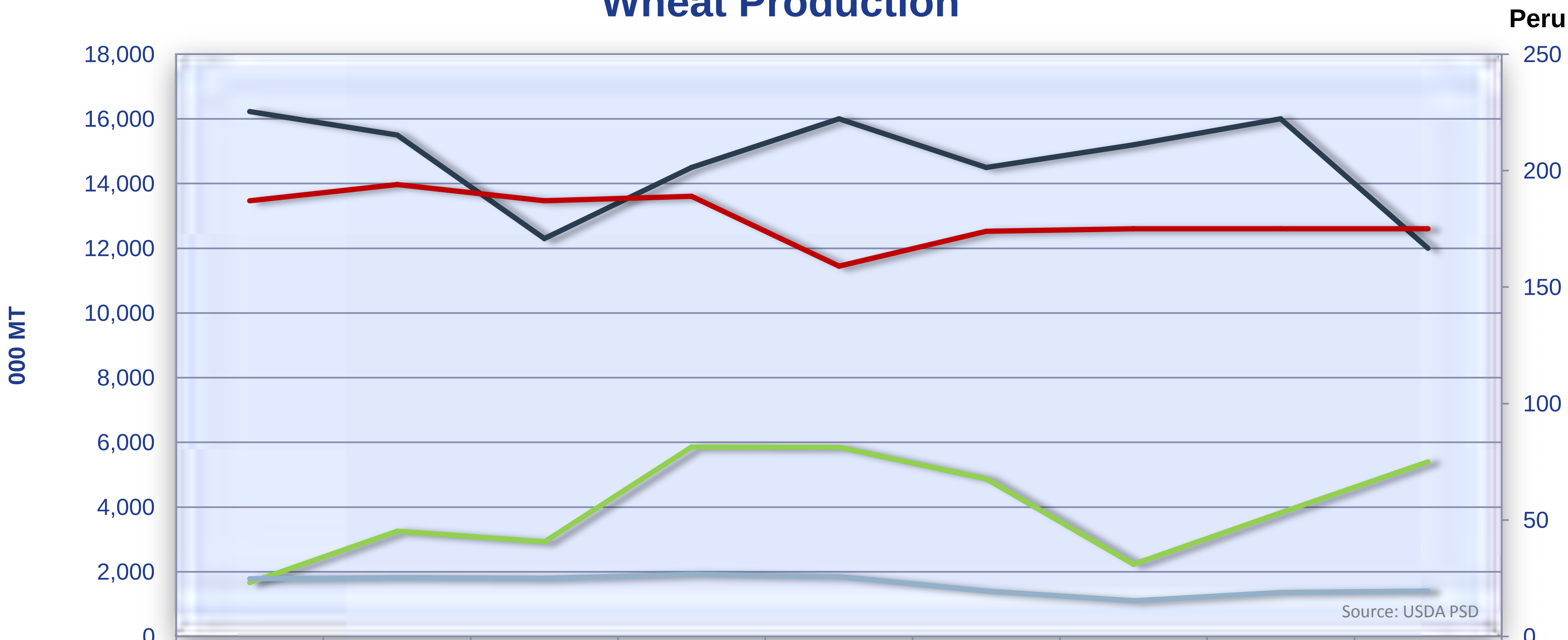
Latin America Wheat

November 2008

November 30, 2008

Latin American Wheat Production

Wheat Production



	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Argentina	16,230	15,500	12,300	14,500	16,000	14,500	15,200	16,000	12,000
Brazil	1,660	3,250	2,925	5,851	5,845	4,873	2,234	3,825	5,400
Chile	1,780	1,819	1,797	1,922	1,852	1,404	1,100	1,357	1,400
Peru	187	194	187	189	159	174	175	175	175

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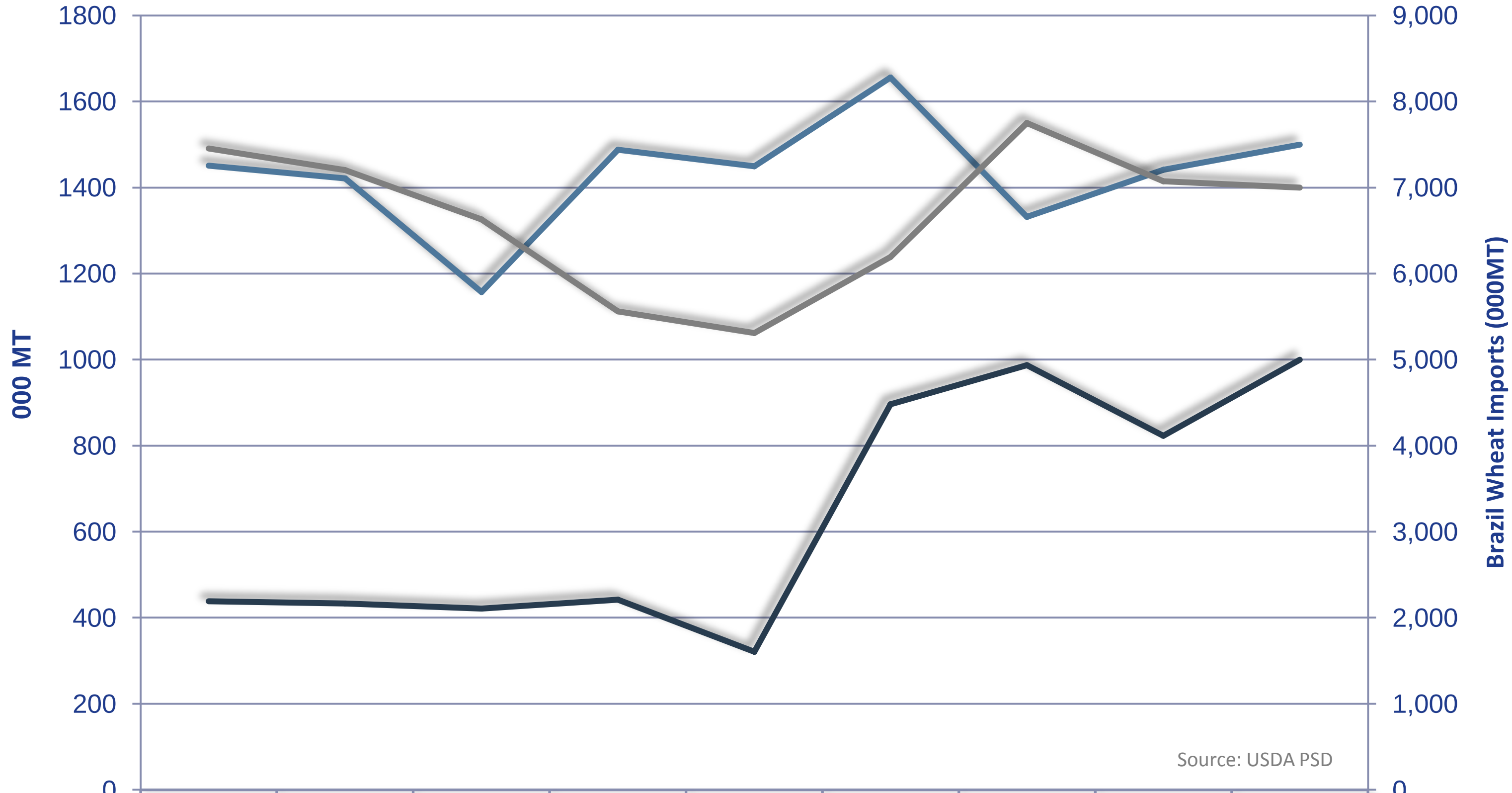
Brazil, Chile, and Peru Wheat Imports



	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009
Wheat TY Imports (1000 MT) Chile	438	433	421	442	321	896	987	823	1,000
Wheat TY Imports (1000 MT) Peru	1,451	1,421	1,157	1,488	1,449	1,656	1,332	1,441	1,500
Wheat TY Imports (1000 MT) Brazil	7,453	7,202	6,631	5,559	5,309	6,194	7,750	7,074	7,000

Maybe too high

Argentina Crop

	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009 (F)
Production	**13.52**	**16.45**	**13.25**	**14.58**	**15.90**	**11.03**
Area Planted	6	6.1	5.1	5.67	5.55	4.5
Area Harvested	5.52	5.98	5	5.5	5.54	4.41
Yield	2.45	2.75	2.65	2.65	2.87	2.5

Lowest since 1995/1996 crop!!!!

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Argentina - Supply & Demand

Supply & Demand

	2006/2007	2007/2008	2008/2009
Carry In	1.5	1.5	1.5
Production	14.57	16	11
Total Supply	**16.07**	**17.5**	**12.5**
Exports	9.3	9.3	5.5
Feed, Seed + Ind.	6.15	6.7	6.5
Total Demand	**15.45**	**16**	**12**
Carry-Out	**0.62**	**1.5**	**0.5**

Farmers Commitments 2008/2009 Crop

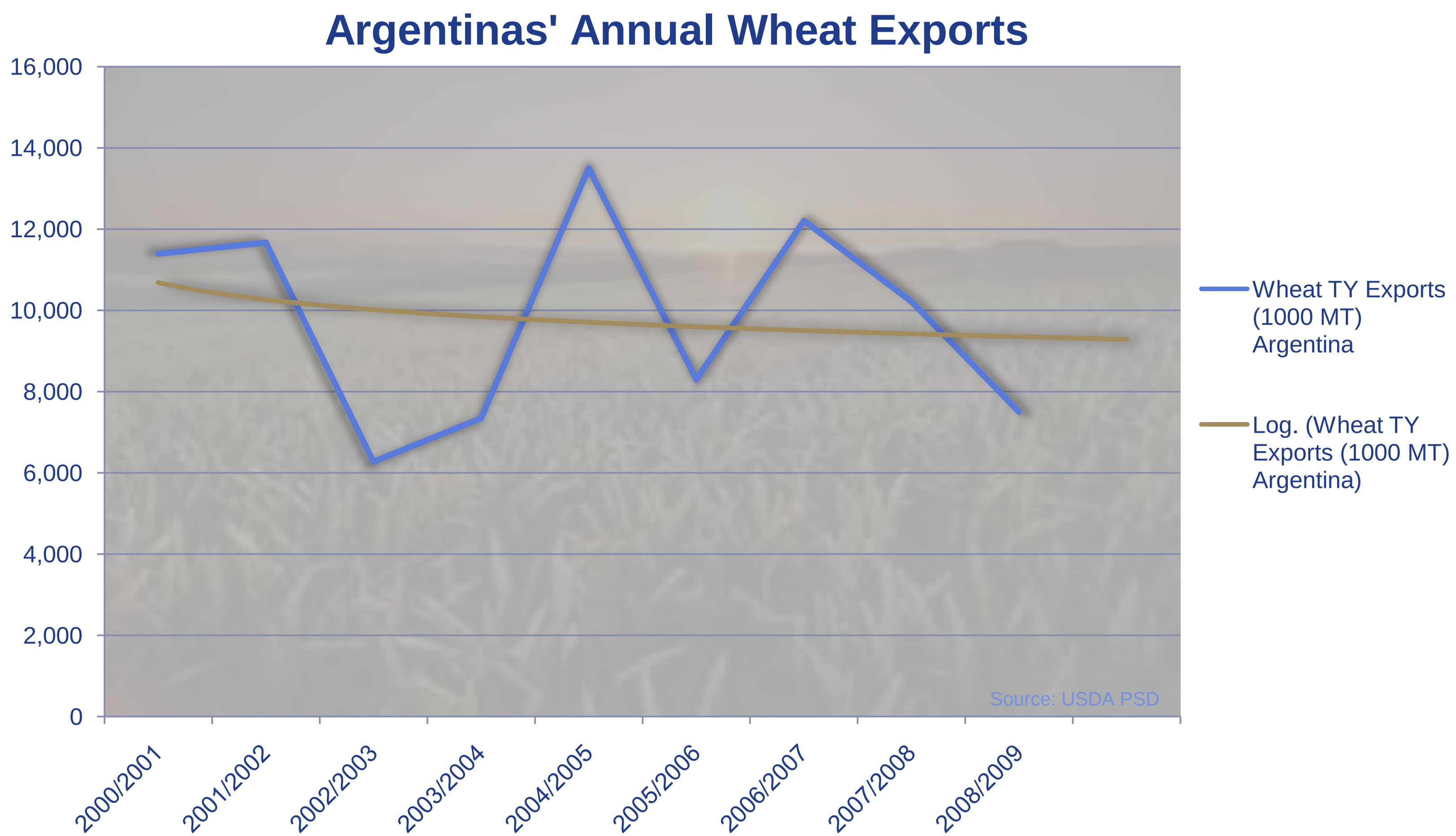
Estimated Priced Carry In	0.943

Total Exports 2008/09	5.5
Estimated 2008/09 to-date FOB sales	0.45

Farmers Commitments to exporters	0.48
Priced	0.335
To be Fixed	0.145
Exporters phisical long/short	1.263
Exporters commercial long/short	0.828

Shipments	0.16
Pending Shipments	5.34

Argentina's Wheat Exports



Destinations - Argentina

DESTINATION	2006/2007	
BRAZIL	4000000	45.38%
PERU	510000	5.79%
SOUTH AFRICA	450000	5.10%
OTHERS	370000	4.20%
CHILE	330000	3.74%
EGYPT	300000	3.40%
UAE	300000	3.40%
MOROCCO	250000	2.84%
CUBA	210000	2.38%
INDIA	200000	2.27%
COLOMBIA	200000	2.27%
ARGELIA	190000	2.16%
OMAN	190000	2.16%
YEMEN	180000	2.04%
KENIA	155000	1.76%
INDONESIA	150000	1.70%
MALAYSIA	145000	1.64%
JORDAN	130000	1.47%
VIETNAM	125000	1.42%
TURKEY	120000	1.36%
CONGO	110000	1.25%
NIGERIA	100000	1.13%
VENEZUELA	75000	0.85%
HAITI	25000	0.28%
TOTAL	8815000	

DESTINATION	2007/2008	
BRAZIL	4082762	44.04%
SOUTH AFRICA	864674	9.81%
PERU	736519	8.36%
ARGELIA	559700	6.35%
INDIA	413736	4.69%
PAKISTAN	334622	3.80%
KENIA	275019	3.12%
MOROCCO	227632	2.58%
NIGERIA	199166	2.26%
UAE	179127	2.03%
CHILE	172860	1.96%
CONGO	159086	1.80%
TANZANIA	157138	1.78%
COLOMBIA	124777	1.42%
MOZAMBIQUE	110880	1.26%
BRAZIL	104040	1.18%
INDONESIA	74656	0.85%
OMAN	69002	0.78%
YEMEN	68080	0.77%
MALAYSIA	57260	0.65%
IVORY COAST	49944	0.57%
ECUADOR	37650	0.43%
VENEZUELA	23425	0.27%
GUYANA	8177	0.09%
CAMEROON	8000	0.09%
OTHERS	172131	1.95%
TOTAL	9270063	

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Expect that most of 2008/09 crop will be exported to South American and South African Countries

Main Issues Argentina Wheat

- Wheat as a political product subject to govt intervention.
- New export regulations that complicate the wheat commerce (i.e. Exporters must have wheat stocks before filing the export registries).
- Wheat was sown during the farmers/govt conflict.
- Very high inputs prices by sowing time (low fertilizer use).
- Farmers looked for alternatives such as barley and canola.
- Wheat crop suffered because of severe drought.

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Consequences for Argentina Wheat

- Risk for exporters to trade the market form the short side.

- New regulations delay logistics (vs last year´s dec-feb bottleneck)

- Climatic conditions + Political uncertainty + Higher Costs of production (less use of technology) = crop of 11-12 MMT = LOWEST CROP SINCE 1995/1996

- At actual prices, Farm Economics give negative returns

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08/09 Wheat Crop – Brazil /1

- Massive increase in acreage, drives crop size growth
- Harvest delayed due to rains in the South Region.
  - Same period last year: 60 % harvested
  - This year: only 20 % harvested
- Delay causing reduction in grain quality
- Prices in the interior around Real 440,00 – hard to perform with such low quality

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08/09 Wheat Crop – Brazil /2

- Market at a slow pace:
  - Mills buying 40.000 MT per month from interior
  - 50.000 MT per month from Argentina:
    - CIF Porto Alegre/USD 215,00 pmt
  - Buying some wheat from Paraguay
    - CIF Porto Alegre @ USD 220,00 pmt
  - Exports = 0

- Due to low quality of the Brazillian wheat, milling intentions for animal feed

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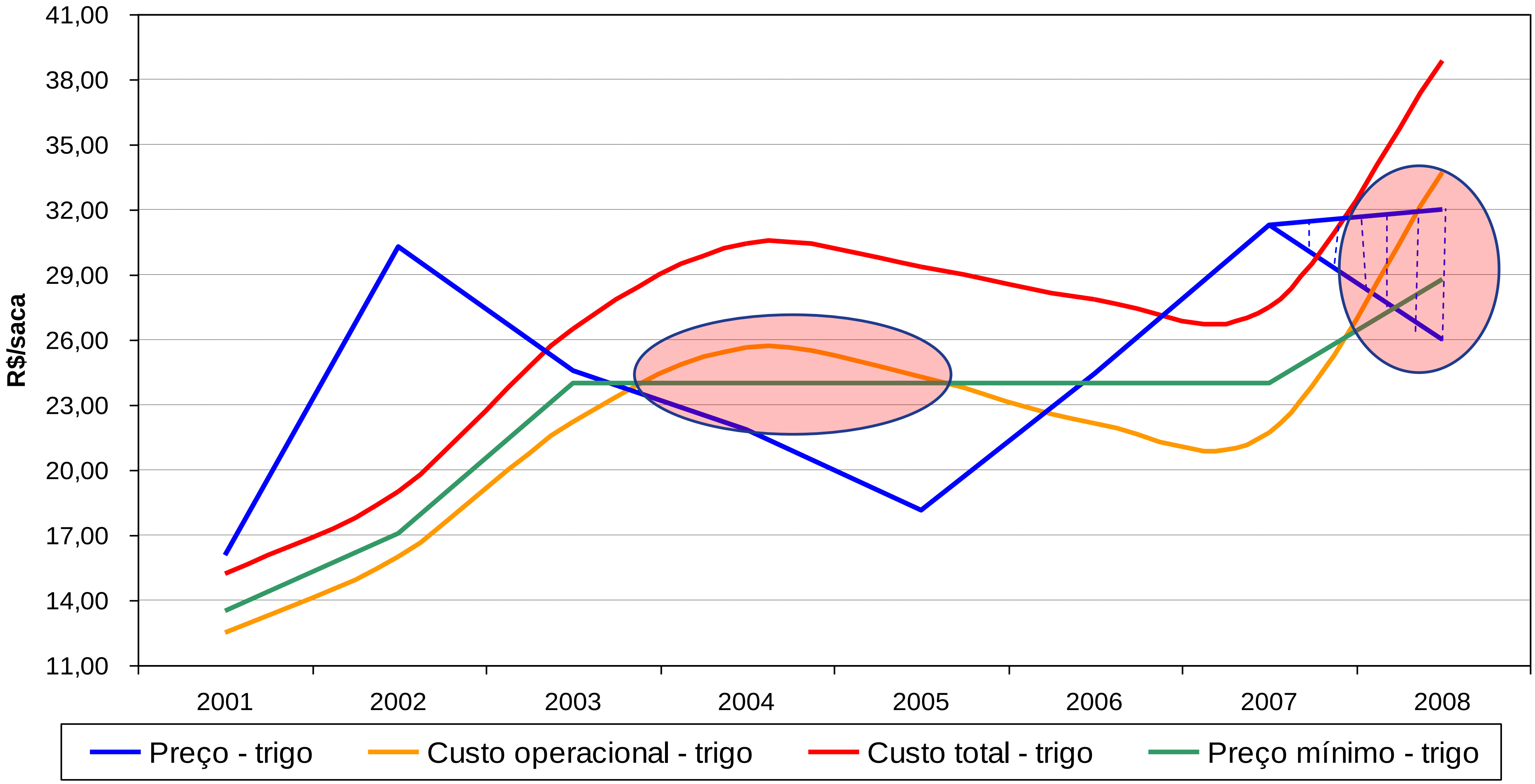
Brazil: Costs exceed Revenues for Farmers



Fonte: Conab, MAPA e Seab/Deral, elaboração: Ocepar,

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