Destinations for Argentinian wheat 2020/21

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Brazil stands strong as the major market for Argentinian wheat, while Asian countries –Indonesia included– were absent this year. Australian wheat reclaimed Asia, but the Argentine cereal increased its sales in Africa.

Argentinian harvesters are moving forward on wheat parcels in the Argentinian Northwest, Santiago del Estero and, more recently, the North of Santa Fe. In a matter of weeks, wheat 2021/22 will start to turn into the domestic market, leaving crop season 2020/21 behind. It is a good moment to make a pause and analyse the destination of the Argentinian wheat exported in the closing crop, according to NABSA shipping data between November 2020 and October 2021. Following this methodology, Argentina has shipped 10.5 Mt of wheat 2020/21, 2 Mt below the amount shipped from November 2019 to October 2020, imputable to goods 2019/20. The decrease of the exportable balance in this crop season is not surprising, since production has suffered a 13% reduction.

Beyond the reduction of exports, there have been important changes in terms of destinations of Argentinian exports during crop season 2020/21. On the verge of the end of October, with data until the 27th, the destination markets for wheat shippings during this crop can be analysed with high confidence.

In 2020/21, Brazil continued being the biggest buyer of Argentinian wheat, rising its purchases by 300,000 tons and increasing its market share in a crop season in which Argentina exported less wheat. The Brazilian market absorbed over half of the cereal exported by our country. The South American region also increased their purchases of Argentinian wheat, which led to an increase in market share of over 10%.

The biggest commercial turn of the crop season came from Indonesia, the second biggest individual market of Argentina in 2019/20, whose purchases collapsed in 2020/21. The South-east Asian country received during the last 12 months only 1/6 of the wheat purchased from our country during the previous crop season. The Indonesian withdrawal from the Argentinian market responds to the better wheat offer from Australia, a much more competitive origin for all Asia. In fact, purchases from this continent (except Indonesia) also shrank strongly crop-on-crop, reaching in 2020/21 half the tonnage purchased during 2019/20.

Opposite of the performance of our cereal in Asia, it had an excellent trade performance in Africa. Shippings to the African continent grew over 700,000 tons during this crop season. With that, Africa went from absorbing 12% of wheat 2019/20 to capturing 21% during the current crop. There was also a change regarding the African countries that demanded the most wheat, with Northern and Western countries of the continent gaining importance, and countries closer to the East cost losing relative weigh.

As it was previously mentioned, shippings of the cereal to Asia were cut by 3.3 Mt regarding the previous crop season. Therefore, the Asian market went from absorbing 37% of Argentinian wheat exports to purchasing only 12% during 2020/21. Undoubtedly, the Australian productive recovery had a decisive role in this change.

Argentina and Australia are the highest offerers of wheat in the Southern hemisphere, and they sell their crops on the international market between November and February each year, counter season from the Northern hemisphere crop. They are both great exporters of the cereal, and their crops often condition directly each other's export performance. As can be observed in the graphic, during the last 10 crop seasons, Argentinian exports have exceeded Australian ones only on two opportunities: 2018/19 and 2019/20. In both cases, the domestic production also exceeded the Australian, since Australia was facing heavy droughts. In 2020/21, the weather favoured the Oceanic country, which reached its highest crop in the last few years, while the lack of rain restricted the cereal's potential in Argentina. This combination of facts led to a phenomenal upturn of Australian wheat shippings, which once again exceeded the 20 Mt mark after three crop seasons. Facing 20201/22, Australian exports are forecast in 23 Mt, approximately. In the case of Argentina, after the lower shippings in 2020/21, a recovery of the trade ground is forecast for 2021/22, with exports for 13 Mt.