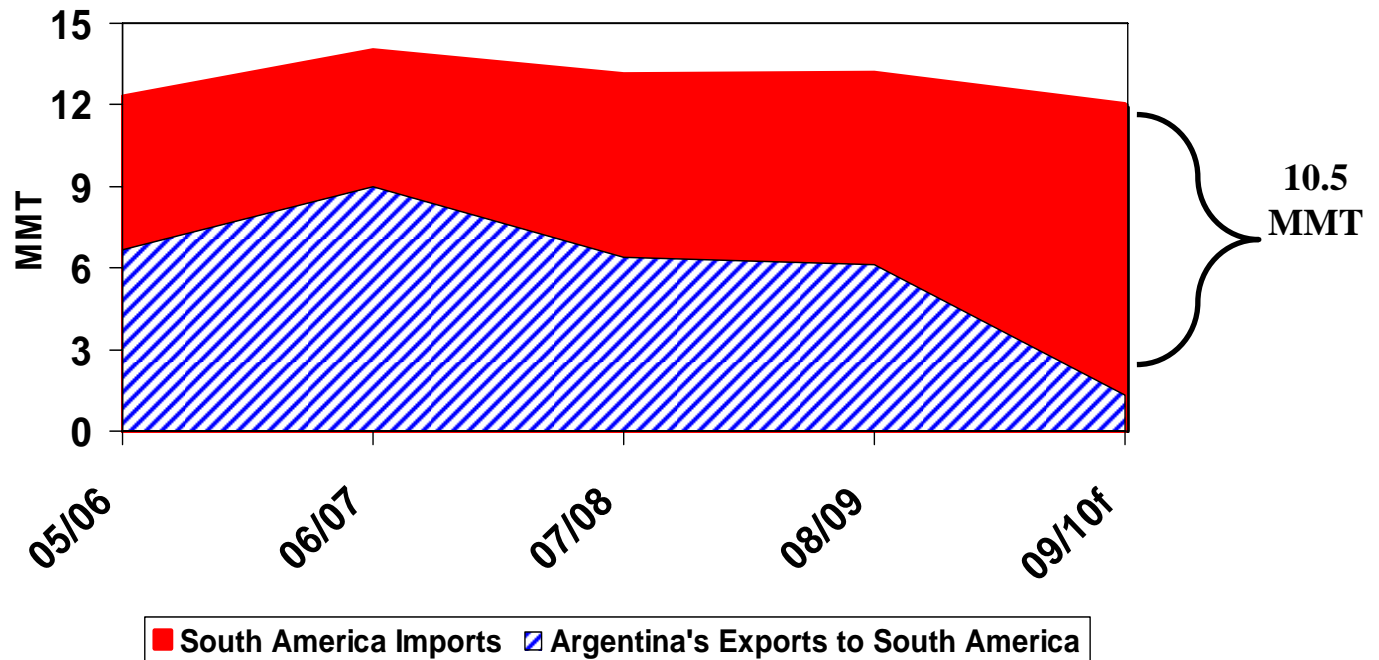




Grain: World Markets and Trade

Shrinking Argentine Wheat Supplies Create Export Opportunities in South America



South America's wheat import demand has been relatively flat over the last 5 years. Argentina has traditionally covered much of the region's import needs because of its logistical and freight advantages, along with preferential market access. Argentina typically supplies 50 percent of the region's imports and between 75-95 percent of Brazil's import needs, the largest South American importer.

However, Argentina is not expected to be a reliable supplier this year because of its smaller crop and drastically lower exportable supplies. That shortage is creating opportunities for both the United States and Canada. However, with a smaller crop and reduced supplies, Canada will not be in a position to take full advantage of this market opportunity. That leaves the United States in the best position to fill South America's import needs vacated by Argentina.

It should also be noted that Argentina's tight exportable supplies will leave other markets short, particularly in Africa, providing opportunities for other exporters as well.

