

CORN Market

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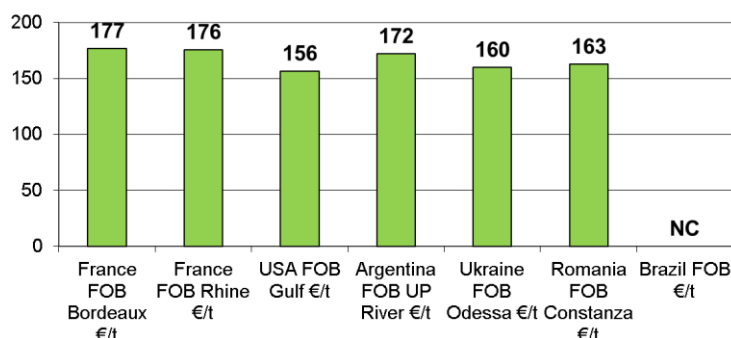
Weekly economic newsletter of the European Confederation of Maize Production

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Indicators

FOB price on 27/01/2016 in €/t – January delivery (2016 crop)



	On 27/01	On 20/01
Parity €/ \$	1.07	1.06
Petrol \$/barrel (NY)	53.2	52.4
FOB Bordeaux* (€/t)	177	175
FOB Rhine* (€/t)	176	176

* FOB prices Bordeaux/Rhine take into account monthly increase and correspond to the 2016 crop year.

WORLD: A CRUCIAL MOMENT FOR SOUTH AMERICAN MAIZE

Previous concerns caused by Argentinian weather conditions are being eased by drying soils in the north and some beneficial rainfall in the south. Argentinian maize has reached flowering stage, which is crucial for assessing yields. Therefore, the market is closely following last week's dry and hot conditions. The Bolsa de Cereales is estimating sowings to be 98% completed.

Meanwhile in Brazil, conditions remain generally favourable despite rainfall delaying harvests for Safra and soybeans. Since sowings for the second harvest – Safrinha – are conditional upon the soybean harvest, Brazilian weather conditions will also be followed closely by operators.

US demand remains steady, thanks to both export sales and the weekly production of ethanol. Indeed, this week has once again seen export sales exceeding market expectations, even beyond the levels required to meet the USDA's objectives. Weekly ethanol production is at 1.051 M barrels/day. Many elements are drawing attention to the development of US demand. First, stocks of ethanol are still increasing, which in turn is leading to a decrease in prices and margins. Secondly, diplomatic relations between the US and Mexico, but also the upcoming decisions of President Trump regarding US trade agreements, could, depending on how they evolve, lead to decreasing US maize exports. Finally, Chinese import figures for ethanol and spent grain for December 2016 are showing a sharp drop compared to last year, probably in anticipation of government taxes.

Therefore, despite steady US demand, South American conditions and operators' fears regarding US policies have probably had a downward impact on CBOT. Thus, last week the Chicago market declined once again.

EUROPE: PRICES ARE SOARING ON EURONEXT

In Ukraine, export demand remains steady, competing with the European Union (EU) on its import purchases.

Low water on the Rhine and the Danube are still restraining trade within the EU, despite the remaining demand from industries in the northern part of the EU and France. Imports into the EU are intensifying, with more than 450 Kt imported this week, for a total of 5.98 Mt since the beginning of the crop year.

Contrary to the US trend, Euronext, under pressure due to the low water levels, is increasing this week.

Ukraine is exporting actively. We note an considerable strengthening of Ukrainian exports to Iran since the start of the crop year, and the return of Chinese purchases. This demand is maintaining prices starting from Odessa.

To be monitored:

- South American weather conditions
- Impact of US policies on US demand
- Rhine and Danube traffic

EUROPEAN CONFEDERATION OF MAIZE PRODUCTION

23-25 avenue de Neuilly - 75116 PARIS • Tél. + 33 (0)1 47 23 48 32 - Fax. + 33 (0)1 40 70 93 44

Square de Meeûs 21 - 1050 Bruxelles • Tél. +32 2 230 38 68