

CORN Market

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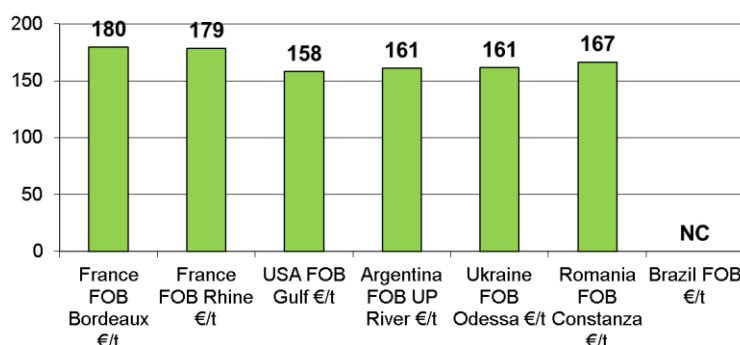
Weekly economic newsletter of the European Confederation of Maize Production

Week 07/2017

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Indicators

FOB price on 10/02/2016 in €/t – February delivery (2016 crop)



	On 10/02	On 03/02
Parity €/ \$	1.06	1.07
Petrol \$/barrel (NY)	53.9	53.8
FOB Bordeaux* (€/t)	180	175
FOB Rhine* (€/t)	179	176

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

WORLD: SAFRINHA SOWINGS WELL UNDER WAY

The USDA report published last week revealed little that is new for the market. Maize used for ethanol in the US has been revised upwards (+0.6 Mt), and exports remain stable despite the current momentum (56.5 Mt). US and worldwide stocks for the end of the crop year have been revised downwards by -0.9 Mt and -3.5 Mt respectively. This is mainly due to a downward revision of Chinese stocks – a consequence of their new policies. Production forecasts for Argentina and Brazil are being followed closely lately and they remain at 36.5 Mt and 86.5 Mt respectively.

In general, weather conditions are favourable for South American maize. The Bolsa de Cereales is estimating Argentinian production at 37 Mt, vs. 30 Mt last year. Brazilian production for its part is being revised upwards by CONAB, at 87.4 Mt, which is an increase of 2.9 Mt compared to last month. According to the USDA, sowings for safrinha are taking a strong lead, and as of 3 February 27% of the acreage was sown, vs. 16% last year on the same date.

US demand is stable. The rate of weekly export sales has decreased to 972 Kt, which is still in line with market expectations. Weekly production of ethanol remains high at 1.055 M barrels/day, but the increase in fuel consumption is not enough to contain the increase in ethanol stocks which are now exceeding 22 million barrels.

Despite the good weather conditions in South America, Chicago prices have increased to reach 147.5 \$/t. Net selling funds progressed again during the first week of February, just before the USDA report was published.

EUROPE: PRESSURE ON THE UKRAINIAN MARKET

The USDA is revising Ukrainian production upwards (+1 Mt) compared to last month, due to a record high forecasted yield of 6.6 t/ha. The country's share of exports is now estimated at 18.7 Mt (+0.7 Mt). At the port, frost has posed challenges for accessing docks and use of infrastructure. This is delaying shipments, which could in turn limit the volume of physical transactions in Ukraine and be momentarily a source of pressure. In addition, a re-evaluation of railway freight tariffs of around +25% is expected in the upcoming weeks. This increase should have an impact on prices for Ukrainian maize and will be anticipated by the market.

The €/ \$ exchange rate has fallen, which favours shipments of EU origin. Euronext is following the bullish move of Chicago, and has increased by +2.5 €/t in a week (March delivery).

To be monitored:

- Progress of safrinha sowings
- US trade relations
- Maize availability in eastern Europe

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