

CORN Market

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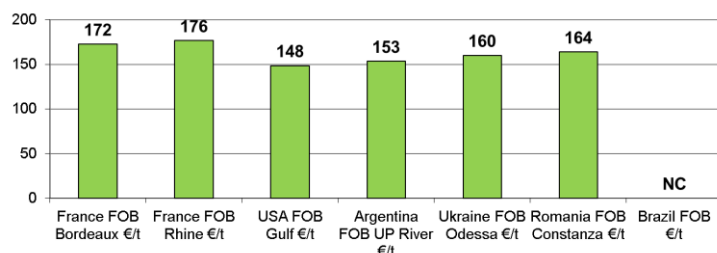
Weekly economic newsletter of the European Confederation of Maize Production

Week 14/2017

N°71

Indicators

FOB price on 17/03/2017 in €/t – April delivery (2016 crop)



	On 31/03	On 24/03
Parity €/ \$	1.07	1.08
Petrol \$/barrel (NY)	50.6	48
FOB Bordeaux* (€/t)	172	174
FOB Rhine* (€/t)	176	181

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

WORLD: 4% REDUCTION IN US MAIZE ACREAGE COMPARED TO 2016/17

The much anticipated USDA report on US farmers' sowing intentions announces a 4% reduction in US acreage dedicated to maize cultivation, at 36.4 Mha. US soybean acreage is expected to rise sharply (+7%) to 36.2 Mha, covering an area comparable to that of maize. Regarding wheat acreage, the lowest readings recorded in the US are expected. The quarterly report on US grain stocks, also followed closely by the market, reveals particularly high stocks of maize, slightly above those expected by the operators. The IGC has also published its monthly report, revising the 2016/17 worldwide production upwards at 1,053 Mt (+4 Mt). Worldwide stocks are expected to hit 225 Mt this crop year. As concerns 2017/18 projections, the organization foresees a 9% reduction in stocks, due to reductions in China and among the main exporters.

Argentina had harvested 11% of its maize acreage by 30 March, according to la Bolsa de Cereales. This is slightly behind last year (-1.9%) but there is now, it must be remembered, a much higher surface area to harvest. In Brazil, conditions are good according to the IGC, but the crucial period of maize pollination (safrinha) in April and May lies ahead.

Ethanol production is up this week in the US, but stocks are growing, reaching high levels that will surely put pressure on ethanol producers' pricing and margins. Despite competitive Fob prices on the international scene, weekly export sales are disappointing, with just 717 Kt sold this week.

The Chicago market is rising slightly following the publication of the sowing intentions report, with maize now at 143.5 \$/t (May delivery). However, the low price situation will not reverse in the short-term in the absence of any unforeseen climatic events in South America. Regarding fundamentals, selling positions have been reinforced this week.

EUROPE: THE EUROPEAN COMMISSION UPDATES ITS BALANCE SHEET FORECASTS

The Commission recapitulated its balance sheet forecasts for 2016/17 and 2017/18. In 2016/17, imports were revised downwards compared to the previous month at 12.6 Mt (-0.4 Mt), surely in connection with the reduction in imports registered by the EU last year (-24% to date). Use in animal feed is estimated at 53.5 Mt (-1.5 Mt). Stocks were therefore revised upwards to 12.1 Mt (+1 Mt). For 2017/18, stocks were likewise revised upwards from last month, reaching 14.3 Mt.

There were no developments of note this week regarding Euronext.

UkrAgroConsult notes South Korea's renewed interest in Ukrainian maize this season, most notably due to South America's withdrawal from the export market.

To be monitored:

- Fund movements
- Argentinian harvest
- South American weather

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