

CORN Market



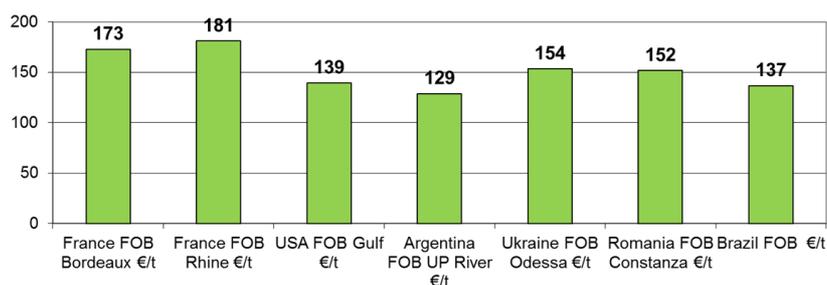
Weekly economic newsletter of the European Confederation of Maize Production

Week 29/2017

N°86

Indicators

FOB price 13/07/2017 in €/t- July delivery (2016 crop)



	On 07/07	On 30/06
Parity €/€	1.14	1.14
Petrol \$/barrel (NY)	46.5	44
FOB Bordeaux*(€/t)	173	173
FOB Rhine* (€/t)	181	181

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

WORLD: market fundamentals influencing prices

The past week was marked by strong price volatility on the US maize market, with weather uncertainties. Indeed, several areas in the Corn Belt are still faced with dry conditions while maize is still flowering. This situation led to a rise in US maize prices earlier in the week, before the USDA monthly report. The report – for now – confirms last month's yield forecast but with higher acreage, which would mean the US 2017 harvest volume is 5 Mt higher than last month, with a total of 362 Mt. This outlook alongside favourable weather forecasts was enough to lead to a 7% price decrease at the end of the week. Market operations contributed to amplifying these trends, with a wave of purchases earlier in the week, and strong sales in the following days.

Corn Belt weather forecasts will continue to command market attention in the next few weeks, up until we receive the harvest forecast from the crop tours.

The USDA has not really changed its forecast for South America, beyond a slight re-assessment of Argentinian production (+1Mt). Volumes from the two South American players will therefore be huge, influencing global prices. The competition between US and Brazilian maize is indeed very strong on the Asian markets, with the Brazilian products benefiting from the possibility of slowdown in the Safrinha harvest. Brazilian maize will therefore be a serious competitor on the EU market, together with Ukraine, which has carved out a place for itself over the last few years.

EUROPE: what is the state of Ukrainian crops?

The weather remains dry in the main Ukrainian maize-producing regions (Center and East). The weather will have to be closely monitored in the coming days, with general delay in crops following cold weather at the start of the crop year.

For now, the USDA is confirming a production of 28.5 Mt maize in Ukraine, based on yield estimates closer to last year's. For many observers, yields should actually be weaker and go back to an average level, after the exceptional 2016 yields.

In the EU, conditions remain positive on the whole. The USDA has slightly lowered its production forecast from 62 Mt to 61.6 Mt.

To be monitored:

- US weather forecast
- South American maize competitiveness.
- Ukraine weather forecast.