

CORN Market

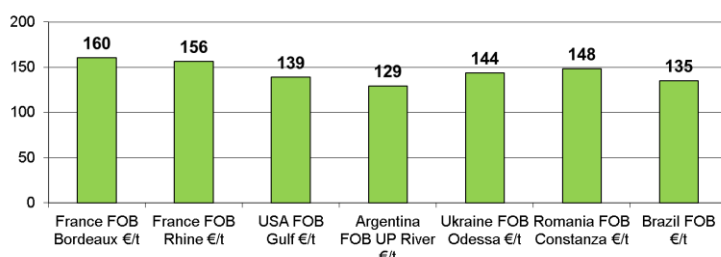


Weekly economic newsletter of the European Confederation of Maize Production

Week 34/2017
Indicators

N°88

FOB price 18/08/2017 in €/t- October delivery (2017 crop)



	On 18/08	On 11/08
Parity €/€	1.17	1.18
Petrol \$/barrel (NY)	48.5	48.7
FOB Bordeaux*(€/t)	160	166
FOB Rhine* (€/t)	156	157

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

WORLD: CHICAGO PRICES PLUMMET

In South America, harvesting is proceeding at a fast rate. 85% of Argentinian maize acreage has been harvested, and in Brazil, while the second Mato Grosso harvest is nearly over, two-thirds of the harvesting has been completed in Parana. Lack of storage is still a problem in Brazil, with the use of open-air storage an alternative, which could lead to quality issues later on. Moreover, with current prices offering little to no profit margin to Brazilian maize growers, the 2017 safra acreage should decrease. We will know more as soon as sowing begins in early September.

The US Agriculture Department is revising its crop rating to 2% higher than last week, with 62% of the surfaces considered "good" to "very good". Despite this increase, the rating remains the lowest it has been at this time of the year since 2013. In its report, the USDA also lowered its provisional yield to 106.4 q/ha (-0.8 q/ha), to the surprise of operators who were expecting a more significant yield decrease given the deteriorated crop conditions. The US Pro Farmer Crop Tour, highly anticipated by operators, should bring additional information to help assess yields.

Concerning US demand, weekly export sales are weak with 62 Kt, but are within market expectations due to South American competition. Weekly ethanol production is strong this week, flirting with the record production figures already reached during the current crop year. Stocks however are increasing by more than 2% compared to last week. Under pressure from the South American harvests piling up, improved US weather conditions, and a bearish outlook in the August USDA report, Chicago prices are plummeting, coming close to last September's low prices.

EUROPE: EUROPEAN UNION CUSTOM DUTIES TRIGGERED

With such low prices in Chicago and a strong euro compared to the dollar, EU custom duties on imports were triggered on 8 August. These floating duties, automatically triggered when the average Rotterdam cif price for US maize falls below the 152€/t threshold, are currently set at € 5.16 per ton of imported maize. The aim of the duties is – at a minimum – to prevent prices from falling further in the EU. EU imports are lower this week (132 kt), possibly influenced by the new custom duties.

In Ukraine, the maize production potential is being assessed as good despite dry weather. Russian production is expected to increase compared to last year.

To be monitored:

- US Crop Tour
- EU custom duties
- Maize acreage in South America

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