

CORN Market



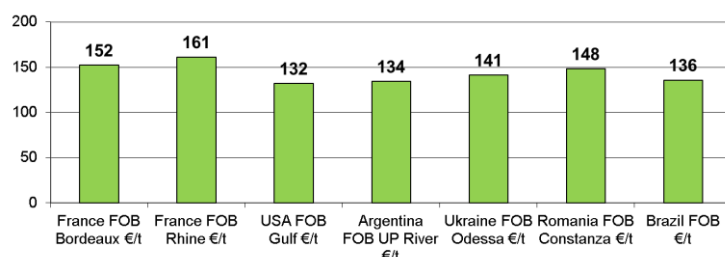
Weekly economic newsletter of the European Confederation of Maize Production

Week 04/2018

N°108

Indicators

FOB price 19/01/2018 in €/t- January delivery (2017 harvest)



	19/01	12/01
Parity €/ \$	1.23	1.214
Petrol \$/barrel (NY)	63.4	64
FOB Bordeaux* (€/t)	152	157
FOB Rhine* (€/t)	161	164

*Fob price Bordeaux/Rhine including monthly increases

WORLD : BEGINNING OF SOY HARVESTS IN BRAZIL

Compared to November, the CIC is upgrading its global production assessment at 1054 Mt (+14 Mt), partly due to an increase in the EU (+5.3 Mt), in Nigeria (+3.6 Mt) and in China (+3.4 Mt). Global exchanges and consumption estimates decrease slightly, whereas stock levels estimates have been strengthened. Indeed, Chinese stock levels, lacking in transparency and difficult to evaluate, have been revised, as well as previous figures. For 2017/18 they have been evaluated at 191 Mt (versus 76 Mt previously), therefore representing 59% of the global stock. This adjustment, although significant, should not disrupt markets since these stocks remain inaccessible to the international market. Furthermore, the level of stocks in the main exporting countries is already well integrated by the market.

On 17 January, the Bolsa de Cereales of Buenos Aires estimated that only 11% of maize is in good to very good conditions, whereas nearly a third of the current acreage will face a potential drought. On 17 January, 91% of acreages had been sown in the country, which is within the average of the previous 5 years.

Soy harvesting has begun in Mato Grosso, the top Brazilian state in terms of safrinha maize production. Safrinha maize is already delayed compared to last year, and in particular compared to the 5-year average, due to sowings delays and recent rains in the region. In the same state, despite the low market prices, maize stocks of the last crop year will have to give way to soy ready to be harvested...

US demand supports the market. Weekly export sales are good, reaching 1.9 Mt, and ethanol production is also progressing this week. The Brazilian government could remove taxes imposed a few months ago on US ethanol imports, which would support the Chicago market.

Prices are slightly increasing in Chicago and net selling positions of commercial funds are still progressing this week. Stakeholders continue to monitor the situation in South America.

EUROPE : EURO STILL SURGING

With 670 Kt imported over the week, total EU imports since July amount to 8.6 Mt, versus respectively 5.6 Mt and 7.3 Mt in 2017 and 2016. The CIC decreased its provisional EU-28 import figures to 15.6 Mt (-1 Mt compared to last month). This decrease is due to strengthened domestic production figures, notably in Romania and France.

The euro continues its surge this week, further weakening our European markets. Euronext continues its decrease, again losing 3.5 €/t over the week for the March 2018 deadline (-7 €/t in 10 days). Market rates are 152 €/t on this same deadline.

To be monitored:

- Weather forecast in Argentina
- Maize sowings in Brazil
- Development €/ \$

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