

# CORN Market



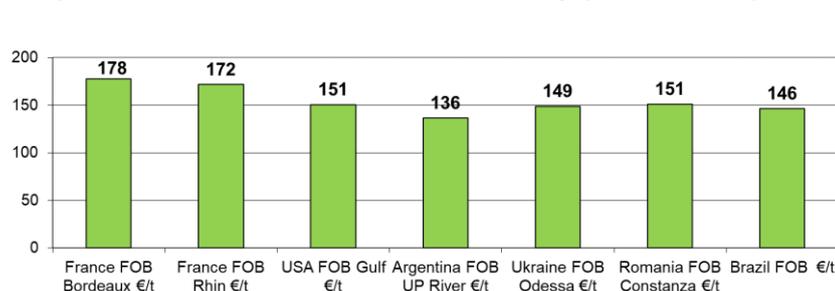
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## Indicators

FOB price 16/08/2019 in €/t – October delivery (2019 harvest)



	16/08	09/08
Parity €/€	1,11	1,12
Petrol \$/barrel (NY)	54,9	54,6
FOB Bordeaux*(€/t)	178	183
FOB Rhine* (€/t)	172	177

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD : Chicago prices falling

The release of the USDA report on 12/08 caused Chicago prices to fall. The downward revision of maize acreage was smaller than expected with about 700,000 fewer hectares than the July figures. In addition, the USDA forecast a 2.2 Cwt / Ha increase for yields, raising the average yield expectation at 106 Cwt / Ha. Finally, US production is revised upwards by 660,000 T. These forecasts were surprising for all market observers! The consequence was immediate with a fall in prices similar to July price movements. Thus, from 09/08 to 16/08, the December deadline lost \$ 14.6 / T to reach \$ 150 / T.

The bearish elements (pressure of South American harvest and Ukrainian harvest perspectives) are gaining ground. However, the American weather could counteract this trend: fears of drought on part of the Corn Belt could affect late sowings from June as well as possible early frosts. In addition, growing conditions remain poor with only 57% ratings "good to excellent" vs 70% last year.

With the end of the harvests, the first acreage forecasts for the new crop year are emerging in South America. In Brazil, the maize acreage will depend on soybean sowing, but farmers should be encouraged to sow maize because of good conditions this year. In Argentina, Maizar, the organization of Argentinean producers, expects an acreage increase of 5 to 10% for the same reasons but the political context should still be monitored with the presidential election in October. The current President Mr. Macri is struggling in the opinion polls. He had promised to abolish export taxes on agricultural products ("retenciones"), unlike A. Fernandez, his opponent. Moreover, the prospect of Mr. Macri's defeat contributes to the fall of pesos rates.

Meanwhile, D. Trump pushed his plan for additional 10% tariffs on \$300 billion of Chinese exports back to December.

## EUROPE: decrease of the euro

In the wake of the USDA report, between 09/08 and 16/08 the November deadline lost €4.75 / T on Euronext to reach € 168 / T.

Since 1<sup>st</sup> July, the level of European maize imports has been high, particularly in Benelux and Spain. Operators in these countries are protecting themselves in the face of uncertainties about the French harvest, the weakness of the Ukrainian stocks from the old harvest, and the good competitiveness of Brazilian maize. However, the maize import projection for the 2019/2020 crop year is down from the previous crop year due to the good availability of straw cereals. Stratégie Grain forecasts in its August report total European corn imports of 16.1 Mt vs 24.7 Mt in 2018/2019.

The USDA in its August report predicts an increase in Ukrainian production due to larger acreage and good weather conditions. The production should reach 36.5 Mt in 2019, a 2.5 Mt increase compared to the July estimate.

### To be monitored:

- US weather
- South American sales
- European maize production estimates.