

# CORN Market



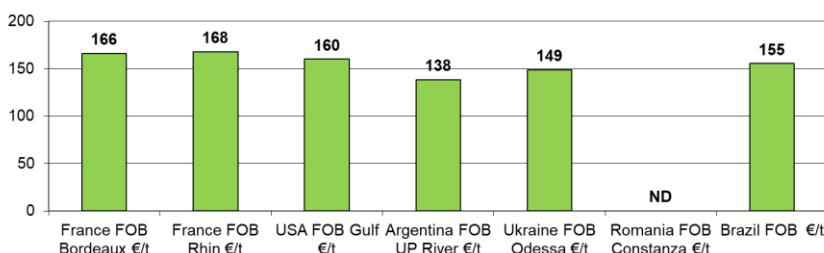
Weekly economic newsletter of the European Confederation of Maize Production

Week 42/2019

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## Indicators

**FOB price 11/10/2019 in €/t – November delivery (2019 harvest)**



	11/10	04/10
Parity €/\$	1,10	1,10
Petrol \$/barrel (NY)	54,7	52,8
FOB Bordeaux* (€/t)	166	163
FOB Rhine* (€/t)	168	164

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD : Towards an agreement between China and the US?

Between 4/10 and 11/10, prices gained \$ 5 / T in Chicago to reach \$ 156.5 / T for the December maturity. This week was marked by high volatility. First, the USDA's monthly report drove prices down by slightly raising US yields, when a drop had been expected, and lowering its 2019/20 final stocks figures by only 6.6 Mt compared to September, as compared to the expected 10Mt. Disappointing export figures further contributed to the trend, as US maize experienced competition from Brazilian exports (6.5 Mt in September). However, the bullish elements gained the upper hand at the end of the week. Analysts took into account weather conditions in the northwest Corn Belt, where an autumn storm was expected. While there was some frost over the weekend, which is expected to impact later maize varieties, which are popular in this area, the magnitude of its impact on yields is still unknown. In addition, the markets reacted to the announcement of a potential preliminary agreement between China and the United States. This would consist of the purchase of \$ 40 to \$ 50 billion worth of US agricultural products. In addition to canceling the next tariff increase, the US counterpart is not yet known. The content, as well as the formal signing, of the agreement are expected at the Asia-Pacific summit in mid-November in Chile. In this context, non-commercial funds reduce their short position. In Argentina weather conditions are concerning analysts. The Rosario grain exchange has reduced its maize acreage figures to 5.9 Mha and its harvest forecast to 47.5 Mt due to economic problems and persistent drought in the central part of the country. It should be noted however that there have been rains in this area over the weekend. In Brazil, Conab has published its monthly report. It estimates its 2019/20 production down by 2 Mt to 98 Mt, compared to 2018/19. Safra maize production is slightly up due to an increase in acreage and an increase in yield forecasts, but this is offset by a decline in the safrinha maize yield forecast (55 Cwt / ha in 2019/20 vs 57 Cwt / ha in 2018/2019) which reduces the production figures (70% of the total production of the country).

## EUROPE: Good forecasts in the Black Sea

From 4/10 to 11/10, the November maturity on Euronext gained €0.75 / T to reach €165.25 / T. In its October report the USDA increased its figures for the Russian production by 500 Kt (13.5 Mt) and for the Russian exports by 500 Kt (5.2 Mt). Paradoxically, Ukrainian figures remained unchanged (36 Mt of production, 30 Mt of exports) while the expected yield decrease compared to 2018/19 is still not confirmed. Indeed, with 36% of the acreage harvested to date, Ukrainian yields still seem to be up compared to 2018/19. Agritel anticipates a record harvest of 37.2 Mt for 2019/20 and an exportable supply of 30.5 Mt.

To be monitored:  
-US yields