

CORN Market



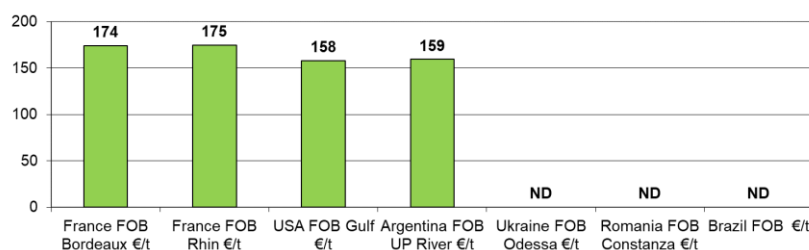
Weekly economic newsletter of the European Confederation of Maize Production

Week 02/2020

N°200

Indicators

FOB price 03/01/2020 in €/t – January-March delivery (2019 harvest)



	03/01	27/12
Parity €/€	1,11	1,12
Petrol \$/barrel (NY)	63,1	61,7
FOB Bordeaux*(€/t)	175	173
FOB Rhine* (€/t)	174	175

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Iranian-American conflict

From 27/12/19 to 03/01/20, the Chicago March maturity lost \$1.4/T to reach \$152/T. The growing tensions between the United States and Iran are worrying operators because of the threats they pose to world trade and energy supplies. In addition, US exports have remained at low levels in recent weeks. Weekly figures for ethanol production and stocks are better, but the medium-term outlook remains poor for manufacturers, who are finding it difficult to recover their benefit margins. In this context, operators and analysts are waiting to learn more about the content of the China-US trade deal announced in December. The agreement is expected to be signed on 15 January at the White House, provided the global context allows it. Purchases of maize, spent grains and a reduction in customs duties (45%) on US ethanol could be among the announcements.

In Brazil, the earliest soybean harvests have begun. The weather forecast is overall favourable except in the Nordeste and Rio Grande do Sul where mid-season maize is suffering from drought. Due to low stocks and strong demand for export and especially animal feed, domestic prices are high and very attractive for Brazilian producers.

In Argentina, export taxes on cereals have increased to 15%. Talks are underway between the government and producers to regionalize this tax so as not to penalize too much producers located far away from the ports. Generally speaking, this tax should limit the use of inputs, particularly fertilisers. The maize acreage estimate, 6.3 Mha, has not been changed for the moment but could be revised downwards in areas where profitability is no longer guaranteed. On 1 January, 84% of sowings had been carried out. Despite recent rains, drought is affecting much of the production zone, particularly the north (where the last sowings have yet to be done) and the south. Only 36 % of maize is in "good to excellent" conditions compared to 43 % in mid-December.

EUROPE: Higher import forecasts

From 27/12/2019 to 03/01/2020, the Euronext January maturity gained €2.5 /T to reach €168/T. Maize prices are driven by wheat prices.

On 23/12/2019, the EU had imported 10.2 Mt of maize vs 7.2 Mt on average in the last three crop years. Despite a record rate of exports for Ukraine (about one third of the available supply has been exported), this origin is currently slightly down compared to the previous marketing year in terms of share in European imports.

In its December balance sheet, the European Commission revised its production forecasts upwards to 67.8 Mt (67 Mt in November) as well as carryover stocks to 23.9 Mt (22 Mt in November) and imports to 19 Mt (17 Mt in November).

To be monitored:

- USDA Report
- CONAB Report