

CORN Market



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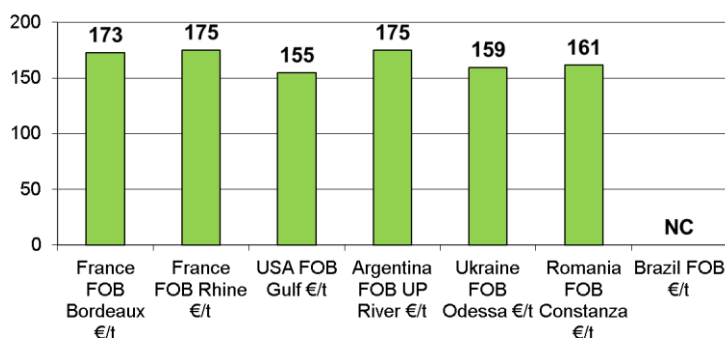
Weekly economic newsletter of the European Confederation of Maize Production

Week 03/2017

N°60

Indicators

FOB price on 13/01/2016 in €/t – January delivery (2016 crop)



| | On 13/01 | On 06/01 |
|-----------------------|----------|----------|
| Parity €/€ | 1.07 | 1.06 |
| Petrol \$/barrel (NY) | 52.37 | 53.99 |
| FOB Bordeaux*(€/t) | 173 | 174 |
| FOB Rhine* (€/t) | 175 | 176 |

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

WORLD : USDA REPORT HAS LITTLE IMPACT ON MARKETS

Friday's USDA report on supply/demand developments for cereals has led to only a few reactions on the maize market. Some changes have been made regarding US figures, with a decline in production as well as in the level of feed use (-2 Mt and -1.3 Mt respectively). Forecasted use of maize for ethanol has increased (+0.6 Mt) in view of the record high consumption observed at the beginning of the crop year. Stocks are decreasing compared to last month (-1.2 Mt), but they nevertheless remain at a very high level (59.8 Mt), which weighs heavily on the market. Evaluation of quarterly stocks is showing a 10% increase compared to last year, which operators had anticipated. The USDA is leaving unchanged its forecasts for South American production; this is focussing all the market's attention.

Once again this week, the Bolsa de Cereales is signalling an excess of water in the main production areas of Argentina. Due to rain, sowings have been delayed in a few northern regions, while only 9% of the country's total acreage needs to be sown. There was beneficial rainfall in the south, a region in need of water. In Brazil, the USDA is noting favourable moisture levels for maize for the first week of January. This month, CONAB is revising the first harvest's forecasted production at 28.4 Mt, for a total of 84.5 Mt for the 2016/17 crop year.

China is also exerting pressure on demand. The government's decision to apply anti-dumping duties (especially prohibitive regarding spent grain of US origin) following an increase in import duties on ethanol, could disturb the market to some extent.

In the US, ethanol stocks are increasing, but weekly production is reaching a record high level, bringing support to the market. Even though export sales progressed during the 05/01 week, they remain very far from the levels recorded recently. As of 10/01, net selling funds were at redemption before the release of the USDA report.

EUROPE: HIGH DEMAND FOR IMPORT CERTIFICATES AT ZERO RATES FOR UKRAINIAN ORIGINS

Ukrainian prices have increased slightly, while remaining competitive. On 1 January, it is said the country has exported 6.7 Mt since the start of the crop year. Exports from Russia are about 2.5 Mt, which is half of its forecasted possible total exports. Low water levels are disadvantageous to the Rhine and Danube activities. The demand for import certificates at zero rates (contingent) is by far exceeding the 450 Kt available for Ukraine (x12), reflecting an import demand particularly high for this origin. Euronext ended the week in decline.

To be monitored:

- Weather conditions in Argentina
- Impact of Chinese political decisions
- Low water levels

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