

CORN Market

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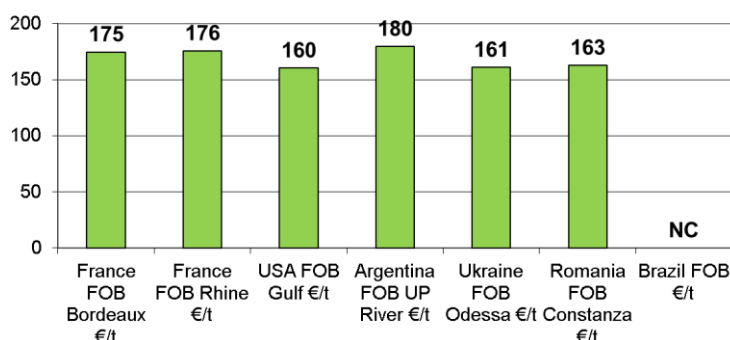
Weekly economic newsletter of the European Confederation of Maize Production

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Indicators

FOB price on 20/01/2016 in €/t – January delivery (2016 crop)



	On 20/01	On 13/01
Parity €/ \$	1.06	1.07
Petrol \$/barrel (NY)	52.4	52.4
FOB Bordeaux* (€/t)	175	173
FOB Rhine* (€/t)	176	175

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

WORLD: SURGE IN CHICAGO PRICES

The IGC is adjusting its estimated worldwide production to 1045 Mt (+3 Mt compared to November), which is compensated by an increase in consumption (+2 Mt), but also by an increase in final stocks (+1 Mt). Forecasted production remains unchanged at 42.5 and 85.4 Mt for Argentina and Brazil respectively.

Overall, crop conditions in Brazil are favourable, and the first harvests have started. Sowings of Safrinha – one of the two most important Brazilian crops – have also started. The impact of this production on the market is particularly important, and will be followed closely by operators. In Argentina, excess water remains an issue with new rainfall over the most affected regions. According to the Bolsa, 6% of the acreage could potentially be affected, but weather conditions in the upcoming weeks will determine the real impact which, to this day, is not very concerning for maize (but much more so for soybean). Furthermore, the Bolsa is not modifying the forecasted Argentinian acreage of 4.9 Mha, which was 95% sown as of 19 January.

In the US, the latest weekly figures for export sales are exceeding market expectations, at 1.4 Mt. At the same time, a new production record for ethanol was established with 1.054 Mbarrels/day for the week of 13 January. However, stocks should continue to increase to reach 21 Mbarrels, and producers' margins have been driven down. On this basis, the ethanol production rate could decrease in the coming weeks.

Due to the new Chinese taxes on ethanol, shipments have been cancelled by that country.

Supported by export demand and ethanol, and by the soybean market as well, Chicago maize is making a rebound, but is reaching a resistance zone at 3.69 \$/b – a level that has not been exceeded since last July. Funds remain net selling, but are pursuing their redemption movement, thus bringing support to the market.

EUROPE: UKRAINIAN EXPORTS ARE STEADY

In the Black Sea region, the IGC is revising Ukrainian production upwards to 28 Mt, close to the 2014/15 level (28.5 Mt). Ukrainian prices are competitive and thanks to European and Chinese demand, export shipments should be maintained at an average of 2.5 Mt per month.

The IGC is slightly revising EU production upwards for 2016/17 to 68.4 MT (+0.1 Mt). France, the biggest producer, is harvesting 11.8 Mt, followed by Hungary and Romania, both harvesting 9 Mt.

Euronext is following the upward US trend and is rating 170 €/t (March 2017 delivery). For the next crop year (2017/2018), Stratégie Grains is forecasting a maize harvest of 61.3 Mt, resulting in a slight increase in acreage (+1%), and an increase in yields, especially in France and Romania.

To be monitored:

- Weather conditions in Argentina
- Impact of Chinese measures

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