

# CORN Market

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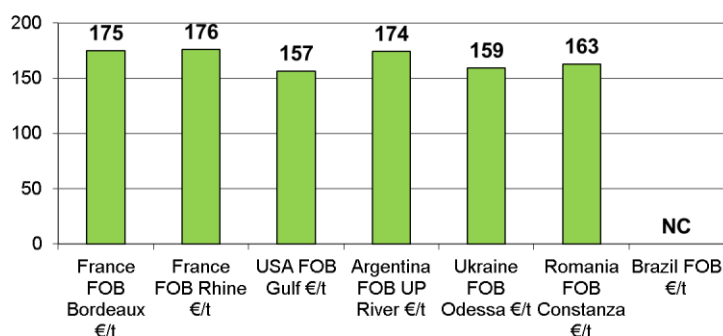
Weekly economic newsletter of the European Confederation of Maize Production

Week 06/2017

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## Indicators

FOB price on 03/02/2016 in €/t – February delivery (2016 crop)



	On 03/02	On 27/01
Parity €/ \$	1.07	1.07
Petrol \$/barrel (NY)	53.8	53.2
FOB Bordeaux* (€/t)	175	177
FOB Rhine* (€/t)	176	176

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

## WORLD: POSITIVE DEMAND SIGNALS FOR THE MAIZE MARKET

According to the Bolsa de Cereales, the very first harvests have begun in Argentina, and sowings are 99% completed. In Brazil, rainfall is slowing down harvests and sowings, but is beneficial for safrinha. However, these sowing delays are relative in view of the figures published by the USDA: as of 27 January, 10% of the acreage was sown, vs. 5% last year on the same date. Therefore, there are no new disruptive elements on the South American market this week.

In the US, positive figures for the maize market were released again this week. For ethanol, a weekly production record has been established at 1.061 M barrels/day, and stocks are increasing, but only slightly. Maize used for ethanol production in December has reached 12 Mt, which is good considering that it is 6% higher than the amount used in December 2015. Export sales are being maintained at a high level (1.14 Mt), which is slightly greater than market expectations. The dollar is continuing its slow depreciation and is therefore supporting US exports. In view of these reports, operators are expecting an upward revision of forecasted exports and of US ethanol production when the USDA report comes out on 9 February.

Funds are net buying since late January. This has not happened since last July. The Chicago market - driven by positive signals - is increasing this week. Despite an encouraging global situation, one should not lose sight of the political and trade uncertainties fostered by President Trump.

## EUROPE: EUROPEAN COMMISSION REVISING ITS REPORTS

Regarding the EU, the Commission has published its monthly forecast reports. Compared to December, it is forecasting a decrease in feed consumption at 56.4 Mt (-1.5 Mt), and an increase in imports at 14 Mt (+1 Mt), as well as an increase in industrial uses, mainly driven by ethanol production at 6 Mt (+1.2 Mt). This latest estimate on ethanol has also been reviewed in the previous reports, leading to major adjustments to final stocks. Today, these stocks are estimated at 9.9 Mt for 2016/17, vs. 15.9 Mt last month. Therefore, stock levels expected on 30 June 2017 will allow EU consumption to be covered for only 1,5 months. This might sound surprising, but Euronext is not under any pressure, and prices decreased slightly last week. This movement is linked to the end of the low water level issues on the Rhine and the Danube. Imports to the EU are continuing, with 337 Kt unloaded this week. Import levels remain lower than those of the previous crop year.

In Ukraine, free-at-port prices are following the CBOT trend and are therefore increasing. However, imports from the EU are decreasing compared to last year (-2 Mt since the start of the crop year). This could impact the country's export rate.

### To be monitored:

- USDA report on 9 February
- US politics
- South American weather

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