

CORN Market

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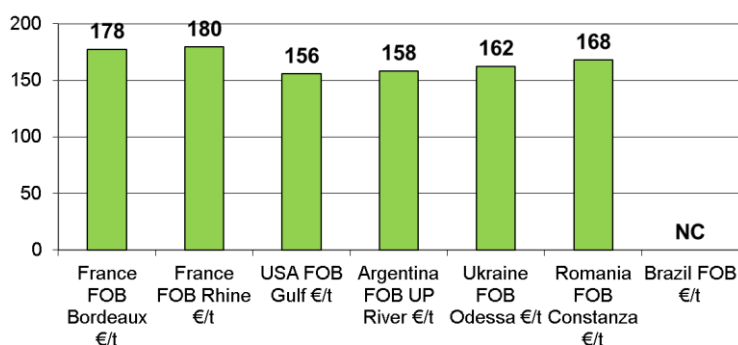
Weekly economic newsletter of the European Confederation of Maize Production

Week 08/2017

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Indicators

FOB price on 17/02/2016 in €/t – February delivery (2016 crop)



	On 17/02	On 10/02
Parity €/€	1.07	1.06
Petrol \$/barrel (NY)	53.4	53.9
FOB Bordeaux*(€/t)	178	180
FOB Rhine* (€/t)	180	179

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

WORLD: GOOD CONDITIONS FOR SOUTH AMERICAN MAIZE

South America is benefitting from good weather conditions. According to the USDA, sowings for safrinha in Brazil are progressing rapidly compared to last year, partly due to the early harvest of soybean. Therefore, in the Mato Grosso area (the primary maize-producing region for safrinha), 47% of the acreage was sown as of 10 February, vs. 21% a year ago. Still according to the USDA, high yields are envisaged as a result. In Argentina, the Bolsa de Cereales is maintaining its production forecasts at 37 Mt, which is 23% more than last year.

In the US, the latest figures for weekly export sales are showing a decrease, but nevertheless, one should keep an eye on the substantial total of accumulated exports since the start of the crop year. In parallel, some issues on the market have arisen regarding Mexican maize supply due to the country's situation with the US. Indeed, Mexico, which accounts for 25% of US exports over the last five years, would like to reduce its dependency on US imports by switching to the South American demand. This will therefore be monitored closely by operators and could have an impact on the demand balances of the current market.

Like export sales, the production of ethanol is decreasing compared to last week (-1.5%). In parallel, stocks continue to increase for the 6th week in a row, reaching 22.5 million barrels. The US Grains Council is therefore forecasting a regular decrease in production until the end of spring.

After a short rebound, prices have declined on the Chicago Market, reaching 145 \$/t. This week, a few relatively high fund redemptions have surprised the market, bringing some support despite decreasing demand figures.

EUROPE: STRONG UKRAINIAN EXPORTS DESPITE DECREASING EU IMPORTS

Stratégie Grains is revising the 2016/17 EU production to 59.6 Mt, vs. 56.8 Mt for the last crop year. The organisation is forecasting a 2017/18 harvest increasing slightly to 61.5 Mt, resulting in an increase in acreage (+2%) and a potential increase in yields too. This week, Euronext has been losing 1.75 €/t (March delivery) because very few new elements came to supply the market. Despite the tight latest report published by the European Commission, EU imports remain considerably lower than those of last year for the same period.

In Ukraine, even if the share of EU imports has logically decreased during the first months of the crop year, the country has managed to maintain a good export rate. Trade with Iran, and even Egypt, is important, and Ukraine is also managing to gain new markets. Therefore, from September to December 2016, it was exporting around 10% more volume than the previous year for the same period. In Russia, the Ministry of Agriculture is forecasting a fresh increase in maize acreage for 2017, because the crop is more attractive for farmers.

To be monitored:

- US-Mexico Political relations
- US demand
- Maize availability in Eastern Europe

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