

CORN Market

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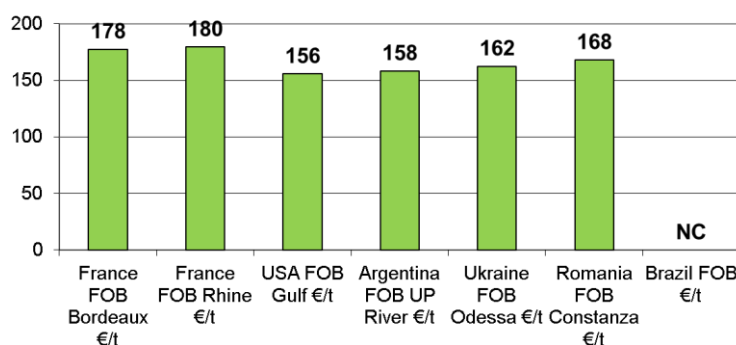
Weekly economic newsletter of the European Confederation of Maize Production

Week 09/2017

N°66

Indicators

FOB price on 24/02/2016 in €/t – February delivery (2016 crop)



	On 24/02	On 17/02
Parity €/ \$	1.06	1.07
Petrol \$/barrel (NY)	54	53.4
FOB Bordeaux* (€/t)	177	178
FOB Rhine* (€/t)	180	180

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

WORLD: FIRST PROJECTIONS FOR THE 2017/18 CROP YEAR

This week, the IGC and the USDA published their first projections for maize production and consumption for 2017/18. This latest report from the USDA, based on statistical projections, will be supplemented by a report on sowing intentions for 2017/18 that will be published on 31 March. Regarding worldwide maize acreage, the IGC is estimating a decrease of 1% compared to the 2016/17 crop year, mainly supported by China and the US. The USDA, whose forecasts are highly anticipated by the market, is predicting a 4.3% decrease in US acreage, while acreage for soybeans is increasing by more than 5%. Indeed, the soybeans/maize price ratio is very favourable for soybeans, and US farmers' yields have been more affected by maize production than that of soybean. Therefore, on the basis of an average yield of 10.7 t/ha, the organisation is expecting a 7% decrease in US production for the next crop year. Regarding uses, exports should decrease due to growing competition from Brazil, Argentina and Ukraine. Forecasts for maize used for ethanol are slightly increasing and represent 38% of total uses in the US. Finally, end-of-crop-year stocks, despite falling by 5%, should remain at a high level (56.3 Mt).

Regarding production conditions, they remain favourable in Brazil and Argentina. CONAB is revising its forecasts for Brazilian safrinha upwards to 58.6 Mt (+2.5 Mt compared to last month). In Argentina, despite a few harvest delays noted by the Bolsa de Cereales, first yields are turning out very well.

US demand is slowing down again this week. Indeed, weekly export sales of 743 Kt are slightly below market expectations, and weekly production of ethanol at 1.034 M barrels per day is continuing its slow decrease. In parallel, ethanol stocks continue to increase.

Despite the procurement funds, good South American conditions, weakened US demand, and the high-forecasted stocks are all impacting prices. CBOT is decreasing this week, rating 143 \$/t (March delivery).

EUROPE: ACCELERATION IN UKRAINIAN EXPORTS

The IGC is expecting an increase in EU maize acreage of 4.6% for 2017/18, which represents 8.9 Mha. Euronext, despite a temporary increase over the course of the week, remains unchanged compared to last week at 171.25 €/t.

Ukraine is accelerating exports before the 25% expected increase in rail freights. Therefore, the country is currently exporting around 500 Kt per week. According to the IGC, in 2017/18 Russian acreage should increase by 6%, and Ukrainian acreage by 3.8%, which reflects the attractiveness of maize crops in these Black Sea countries.

To be monitored:

- Argentinian weather
- US exports
- Procurement funds

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