

# CORN Market

CEPM  
maiz'EUROP

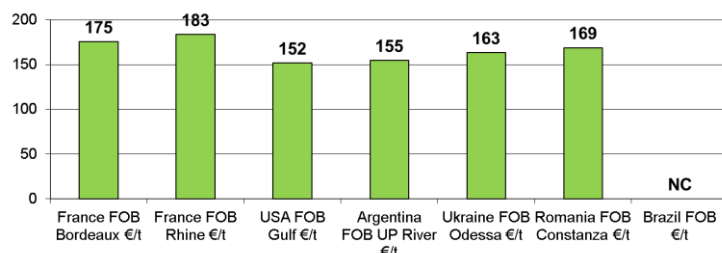
Weekly economic newsletter of the European Confederation of Maize Production

Week 11/2017

N°68

## Indicators

FOB price on 10/03/2016 in €/t – February delivery (2016 crop)



	On 03/03	On 24/02
Parity €/€	1.06	1.06
Petrol \$/barrel (NY)	53.3	54
FOB Bordeaux* (€/t)	180	177
FOB Rhine* (€/t)	182	180

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

## WORLD: PESSIMISTIC USDA REPORT FOR MAIZE

In its new report, the USDA is revising worldwide production upwards by +9 Mt compared to last month, due to the increase in Brazil (+5 Mt), South Africa, India and Argentina. Despite worldwide consumption being revised upwards, global forecasted stocks are increased by an additional 3 Mt compared to February. Export levels are also being revised upwards in Brazil (+3 Mt) and Argentina (+0.5 Mt).

Brazil should produce 91.5 Mt of maize according to the USDA, vs. 89 Mt according to CONAB. The US Department justifies this estimate due to an initial harvest with yields at record highs, and also because of rapid progress in Safrinha sowings, indicating an increase in sown acreage and good crop developments.

In Argentina, production is estimated by the USDA at 37.5 Mt (vs. 36.5 Mt last month), due to greater yields than expected for early maize, but also because of an increase in estimated acreage (+0.1 Mha). The Bolsa is maintaining its estimate at 37 Mt, and is noting very good conditions in the country. Harvests should advance quickly as soon as moisture levels are ideal.

In the US, the USDA is revising upwards the quantity of maize used for ethanol. This increase is compensated by uses in feed revised downwards. Regarding demand, the decrease in ethanol production continues this week, and is accompanied by the first decrease in stocks in several months. Weekly US export sales at 741 Kt correspond to the bottom bracket of market expectations.

Finally, CBOT has been showing a sharp drop for 10 days, as a result, on the one hand, of rumours regarding biofuels, and, on the other hand, of the pessimistic USDA report released. Indeed, high production forecasts for South America point in the direction of significant competition for exports from the US, and therefore to US stocks 2017/18 which will hardly decrease if production conditions are normal.

Funds were still net buying in the latest CFTC report, but the release of the new USDA report should impact positions in the coming weeks.

## EUROPE: EUROPEAN COMMISSION FORECASTING AN INCREASE IN ACREAGE FOR 2017/18

The Commission has published its forecast report for 2017/18 indicating an +8.6% increase in acreage in the European Union, which accounts for 9.25 Mha. This forecast seems very optimistic to us and the EU acreage should slightly decrease.

Euronext, following the CBOT trend, is decreasing.

To be monitored:

- Flow of funds
- South American weather
- US exports

EUROPEAN CONFEDERATION OF MAIZE PRODUCTION

23-25 avenue de Neuilly - 75116 PARIS • Tél. + 33 (0)1 47 23 48 32 - Fax. + 33 (0)1 40 70 93 44  
Square de Meeûs 21 - 1050 Bruxelles • Tél. +32 2 230 38 68