

CORN Market



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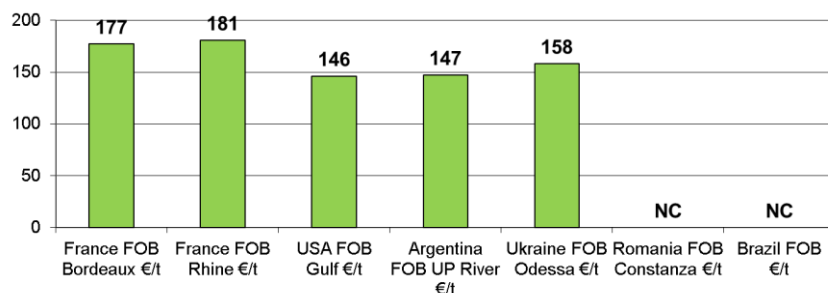
Lettre économique hebdomadaire de la Confédération Européenne de la Production de Maïs

Week 20/2017

N°77

Indicators

FOB price on 12/05/2017 in €/t – April delivery (2016 crop)



	On 12/05	On 05/05
Parity €/€	1.09	1.10
Petrol \$/barrel (NY)	48	46
FOB Bordeaux* (€/t)	177	178
FOB Rhine* (€/t)	181	181

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

WORLD: FIRST 2017/18 USDA FORECASTS

On May 10, the US Department of Agriculture published its monthly supply and demand report. The USA started the 17/18 crop year with the highest stocks since 1988/89, at 58 Mt. But a drop in production (-27.5 Mt), along with exports (-9 Mt, notably due to the expected impact of future Brazilian and Argentine exports), and use in animal feed (-2 Mt) is expected to reduce end-of-year stocks. Ethanol production is expected to increase (+1.3 Mt), mainly due to a forecast rise in fuel use on the domestic market, as well as export demand. It should be noted that a drop in Chinese stocks of around 20 Mt is anticipated by the USDA. The Chinese government announced a decrease in its acreages of 2.5% in 2017 (which accounts for 35.8 Mha) compared to last year.

In Argentina, the Bolsa de Cereales is revising maize acreages up to 5.1 Mha (+200 K ha) this week, with an estimated final production of 39 Mt (+2 Mt). The USDA estimates production for 16/17 at 40 Mt. Harvesting is progressing slowly in the country, with priority given to soybean crops: as of 11 May, 32% of acreages are harvested. In addition, Argentine FOB prices are still poised to keep up with US prices, demonstrating their export competitiveness.

In Brazil, CONAB is seeing an increase in 2016/17 production, with a total of 92.8 Mt vs. 91.5 Mt for the previous month, while the USDA estimates the harvest at 96 Mt. The USDA reports that beneficial rainfall is maintaining good conditions for safrinha maize.

The delay in US maize sowing has been closely monitored by the operators. If it becomes protracted, it could result in an increase in soya acreages to the detriment of maize. Weekly export sales are at their lowest weekly level this week, at 278 Kt. However, we note that, since the start of the current crop year, cumulative US exports remain very high. Weekly ethanol production has once again surpassed one million barrels per day, while stocks decrease slightly.

The Chicago market appears stable from one week to the next. The funds continue to strengthen their selling positions.

EUROPE: UKRAINIAN MAIZE STILL A COMPETITIVE EXPORT

Prices remain stable, with maize at 173.75 €/t on June 2017 maturity, as listed on Euronext. Ukraine remains competitive on the international market. With 16 Mt exported since last July, Ukraine is ahead of time when compared to its five-year average. Romanian maize, which saw a sharp drop in prices last month, now list FOB prices almost equivalent to those of Ukraine for the crop. However, with larger amounts still available, Ukraine is expected to supply most of the EU's major maize imports over the summer.

To be monitored:

- USA sowings
- Brazilian weather
- Ukrainian exports