

# CORN Market

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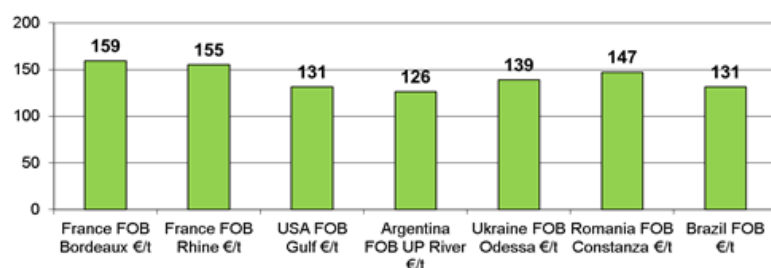
Weekly economic newsletter of the European Confederation of Maize Production

Week 35/2017

N°89

## Indicators

FOB price 25/08/2017 in €/t- October delivery (2017 crop)



	25/08	18/08
Parity €/ \$	1.18	1.17
Petrol \$/barrel (NY)	47.9	48.5
FOB Bordeaux* (€/t)	159	160
FOB Rhine* (€/t)	155	156

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

## WORLD: PRICES CONTINUE TO FALL IN CHICAGO

In 2017/18, the CIC expects world production to fall by about 5% compared to the previous year (1,017 Mt), as well as a drop of more than 15% in world stocks (196 Mt).

The harvest is progressing quickly in the state of Parana (Brazil), with more than 80% of safrinha harvested as of 14 August. As we speak, the end of the harvest is approaching in Argentina, where 89% of the acreage was harvested at the end of last week. The time to sow for the new harvest in South America is getting closer. Therefore, the CIC expects an above average acreage for Argentina, while Brazil is expected to lose about 5% of its safra area compared to last year given the lack of good conditions this season.

Brazil has just approved the introduction of a tax on US ethanol imports in order to combat the boom in imports of the current crop year, and to protect its domestic market. These laws will be implemented for two years and will enter into force when total US ethanol imports exceed 600,000 hl. These customs duties will amount to 20%, which will not be without consequence for the US ethanol market.

Weekly ethanol production in the US, after last week's peak, remains at high levels, while stocks are down. Weekly export sales are below operators' expectations, amounting to 102 Kt and 423 Kt in the old and new harvest respectively. The results of the Profarmer Tour confirm USDA yield estimations. With provisional evaluations of 10.5 t/ha and 10.6 t/ha for Profarmer and the USDA respectively, the US yields would therefore be higher than the crop conditions would have us believe. To this day, the USDA estimates that 62% of the maize acreage in the US is good to very good, compared to 75% at the same time last year.

Prices in Chicago continue to fall, losing more than \$ 5 / t in a week to finish at \$ 133 / t by the September deadline. International physical prices are falling as well. Funds, however, became net purchasers again last week.

## EUROPE: HARVESTS START IN UKRAINE

The European Commission raised its 2017/18 figures, relying on a production of 59.4 MT vs 58.4 MT the previous month. In its MARS newsletter, it has revised the yields upwards to 6.9 t/ha (+0.1/ha), particularly due to better conditions in Romania and Hungary.

Customs duties on imports are still in place and, in light of developments on the Chicago markets and €/ \$ parity, could increase in the coming days. Total imports for 2017/18 are up from last year. Euronext lost 1 €/t this week on the November deadline, quoting € 160 / t. The first harvests began in Ukraine. The Commission estimates that the yields will be lower than last year.

### To be monitored:

- EU customs duties
- South American sowing
- South American exports

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