

# CORN Market



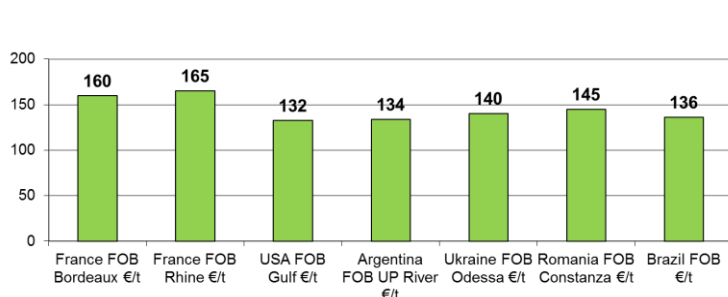
Weekly economic newsletter of the European Confederation of Maize Production

Week 02/2018

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## Indicators

FOB price 05/01/2018 in €/t- January delivery (2017 crop)



	05/01	29/12
Parity €/€	1.20	1.20
Petrol \$/barrel (NY)	61	60
FOB Bordeaux*(€/t)	160	158
FOB Rhine* (€/t)	165	163

\*Price Fob Bordeaux/Rhine including monthly increases

## WORLD : FOCUS ON SOUTH AMERICA

In Argentina, 78% of maize surfaces have been sown, versus 83% on the same date last year. The Bolsa de Cereales of Buenos Aires estimates that 55% of acreages of "early" maize have reached the flowering stage, even though the general conditions in the country remain dry. This organisation also reported that 33% of this maize is considered to be in good to very good conditions. In this context, will the USDA anticipated production figures of 42 Mt be decreased? In Brazil, the pace of exports remains stable with 4 Mt exported in December, versus respectively 1 Mt and 6.3 Mt in December 2016 and 2015. Estimates for second harvest maize acreages could decrease compared to the past year for two main reasons: prices that remain low and that will not allow much of a profit margin, and the delays of soy harvesting due to late sowing. A decrease in acreage could impact the 2017/18 Brazilian exportable volumes, which could in turn influence the evolution of markets.

At 100 Kt in the last week of December, US weekly export sales have reached the lowest level of the crop year. The country's ethanol production has decreased by 5% compared to the previous week. Despite South American concerns, Chicago maize prices remain low, at 138 \$/t on the March 2018 deadline. Will this Friday's USDA report be able to support the market? Along with the Argentinian and Brazilian weather forecast, it will remain a prime focus this week.

## EUROPE: 4 MT OF BRAZILIAN MAIZE IMPORTED IN THE EU

The European Commission is upgrading its 2017/18 EU production figures by 2.5 Mt compared to last month, reaching in total 64.6 Mt. Imports assessments are thus downgraded at 13 Mt (vs 15 Mt in November and 13.6 Mt last year).

The € reaches high levels compared to the \$, as in last September, exceeding 1.20 €/€. This increase reinforces the competitiveness of imported goods in the EU. As of 3 January, out of the 7.5 Mt imported by the EU since the beginning of July, 54% came from Brazil and 30% from Ukraine. In the same period in 2015 and 2016, imports were of 6.5 Mt and 5.1 Mt. With the entering into effect on 1 January 2018 of the zero-rate tariff quotas for Ukraine and the recent opening of the EU to the Canadian market, the situation appears difficult for the next months.

Ukraine, whose exports have weakened in the first months of the crop year due to Brazil's return on the market, has resumed its activity in December with the loading of 2.5 Mt. It has to be noted that despite a decrease of the production, Ukrainian exportable volumes are still estimated at 20.5 Mt by the USDA. Those are significant volumes, which will have to find buyers despite the competition...

Prices slightly increase on Euronext on the March 2018 deadline, rating 159.25 €/t.

### To be monitored :

- USDA Report 12/01
- South-American weather forecast
- €/€ evolution

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