

CORN Market



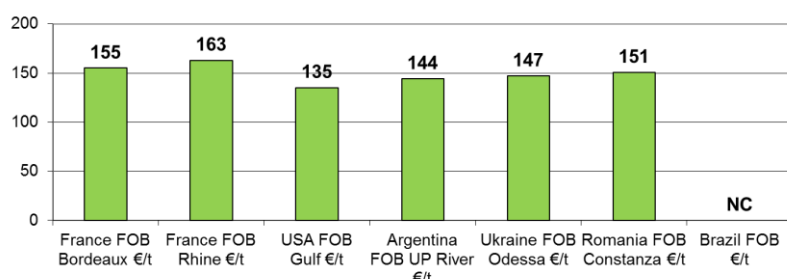
Weekly economic newsletter of the European Confederation of Maize Production

Week 07/2018

N°111

Indicators

FOB price 09/02/2018 in €/t- February delivery (2017 harvest)



	09/02	02/02
Parity €/ \$	1.23	1.25
Petrol \$/barrel (NY)	60	65.5
FOB Bordeaux* (€/t)	155	152
FOB Rhine* (€/t)	163	163

*Fob price Bordeaux/Rhine including monthly increases

WORLD: A RATHER POSITIVE USDA REPORT

The February USDA Report confirms the evolution trends operators expected, bringing positive elements on the US balance sheet. In Brazil, CONAB revises its acreage and production estimates downwards, taking into consideration the unfavourable conditions for the sowing of second harvest maize and the low corn prices. Compared to last year, out of the two ongoing harvests of the current crop year, an acreage decrease of 1.2 Mha is expected by the organisation. This would result in a national production of 88 Mt versus 98 Mt last year. It has to be noted that the USDA maintains its estimates at 95 Mt. Concerning exports, Brazil exported 27 Mt between August 2017 and January 2018.

With 5.4 Mha of maize in Argentina in total, the Bolsa de Cereales of Buenos Aires estimated its sowings to be completed. As anticipated, the Bolsa and the USDA have evaluated Argentina's production at 39 Mt, which is 2 Mt to 3Mt lower than last month. Indeed, the water shortage of the last few months has affected the yield potentials of maize, notably in the principal production regions of the country. Some rains fell in Argentina over the week end but with insufficient results and the coming week is also expected to be dry, which does not leave room for improvements in the short term.

The decrease in export potential estimated in Argentina (-1.5 Mt) and in Ukraine (-0.5 Mt) by the USDA, combined with the resumed competitiveness of US maize in the world, will impact the US export potentials which are currently evaluated at 52 Mt (+3 Mt). The US end of the year stocks are consequently reduced. At 59.7 Mt, they are close to their 2017 level (58.2 Mt).

The market is still supported by the South American situation, by lower than expected US stock levels and by the improvement of the US demand. The weekly US demand –both for ethanol and for exports – has also supported the market. Based on these elements, the CBOT continues its progress. In less than a month, Chicago's market has regained more than 6 \$/t on the March 2018 deadline.

EUROPE: 20 MT EXPORTED BY UKRAINE?

With 7.7 Mt of Ukrainian maize exported between July and January, exports are still delayed compared to the past years. The good loads recovery in December has not been able of increasing these figures. In parallel, due to decreasing available volumes and Ukraine be able to reach the USDA's export estimates (20 Mt)?

Concerning the EU, imports have exceeded 10 Mt this week, 36% of which from Ukraine. The €/ \$ parity is finally decreasing, enabling our markets to regain some competitiveness.

Sustained by the current developments, Euronext progresses by 2 €/t this week on the March 2018 deadline, establishing itself at 154.25 €/t.

To be monitored :

- South America weather forecast
- Evolution €/ \$
- Ukrainian 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