

# CORN Market



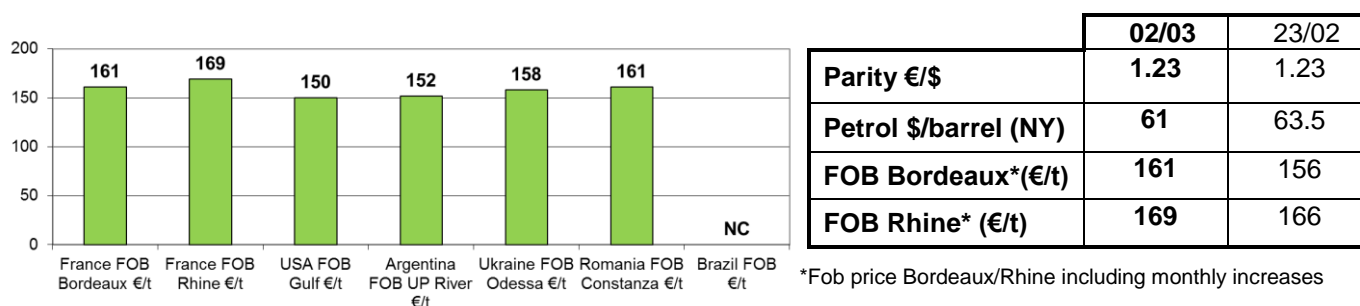
Weekly economic newsletter of the European Confederation of Maize Production

Week 10/2018

N°114

## Indicators

FOB price 02/03/2018 in €/t- March delivery (2017 harvest)



## WORLD: rates clearly progress in Chicago

The situation is critical in Argentina, where the climate remains hot and dry this week again. The "Bolsa de Cereales" decreases its crop rating, only considering 5.5% of the Argentinian maize in good conditions vs 14% two weeks ago.

Water conditions are estimated favorable for only 11.5% of the maize acreages. Without rains within the coming days, the organisation anticipates a potential fall in national yields, which as so far estimated at 64 q/ha.

The decrease of the Brazilian availabilities is confirmed with the significant decline in exports for the month of February (1.25Mt).

Furthermore, in Brazil rains are still slowing down the soybeans harvest and thus, the sowing of maize.

The next USDA report might therefore scale down the South-American production estimates.

The American demand is very positive, with US maize still leading the international market despite its increase in prices. In view of the current exports rythm, will the USDA's estimates still be scaled up ?

In this context, the trend of redemption funds continues to progress. The Chicago market has achieved a significant improvement this week on the May 2018 deadline, increasing by more than 4\$/t.

## EUROPE : customs duties lowered

On its February balance-sheet, the European Commission increased its 2017/18 production figures in the EU to 65.2 Mt(+700Kt), whereas the domestic uses are decreased by 400 Kt compared to last month, mainly due to a decrease in animal feeding. In parallel, exports are scaled up to 14.5 Mt, vs 13.6 Mt last month. Therefore, with an increase in supplies and a decrease in demand, the end of crop year stocks on 30/06/2018 are projected to be higher than 21 Mt, vs 17.4 Mt in 2016/17.

The EU continues to import, comforting the upwards projections of the Commission. On 27 February, they indeed reached 11 Mt vs 7.3 Mt last year on the same date. The week also saw the downward reevaluation of the custom duties applicable to maize imports, due in particular to the increase in American prices. Previously set at 5.61 €/t, these duties amount now to 0.56 €/t.

In line with Chicago, Euronext takes back 2 €/t compared to last week, on the June 2018 deadline. While the slight decrease in the €/€ parity and the world economy play to our advantage, the now almost non-existent custom duties and the high stocks expectedated by the Commission are somewhat ruining the picture.

### To be monitored :

- South American weather forecast
- USDA 8 March report
- EU imports

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