

CORN Market



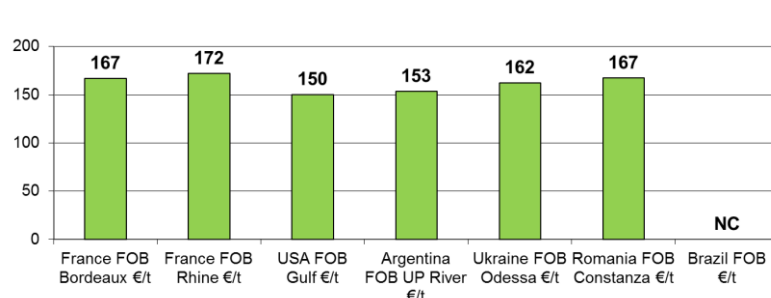
Weekly economic newsletter of the European Confederation of Maize Production

Week 14/2018

N°118

Indicators

FOB price 30/03/2018 in €/t - April delivery (2017 harvest)



| | 30/03 | 23/03 |
|-----------------------|-------|-------|
| Parity €/€ | 1.23 | 1.23 |
| Petrol \$/barrel (NY) | 63 | 66 |
| FOB Bordeaux*(€/t) | 167 | 164 |
| FOB Rhine* (€/t) | 172 | 172 |

*Fob price Bordeaux/Rhine including monthly increases

WORLD: decrease in the US acreage in 2018/19

We have many items from the US this week. First, survey results on maize sowing intentions in the USA have surprised observers, with lower than expected acreage estimations for 2018. The figures are 2.4% lower than last year, i.e. a 0.9 Mha decrease for a total acreage estimated to 35.6 Mha in 2018/19. The release of US maize quarterly stock levels have also surprised, negatively this time, with higher figures than anticipated, 3% higher than last year at the same date.

Finally, China announced late last week a 15% tax increase for ethanol import from the US, amounting to 45% in total. As a reminder, the country had set up a 30% tax on this product in January 2017, strongly affecting the US ethanol exports to China in the following months. Despite these measures, exports resumed by the end of 2017, due to the competitive price of the product. Following this new tax increase, exports to China will surely decrease, but what will be the real impact on markets, in the light of ethanol export volumes already limited to this destination in 2017 ?

On the production side, in South America, harvests continue in Argentina, reaching 18% of acreages. In Brazil, growing conditions are good for the time being. Let us keep in mind that the months of April and May will be decisive for the coming yield potential of safrinha.

Regarding demand, US weekly export sales amount to 1.3 Mt, whereas ethanol production slightly decreases compared to last week. After having reached a peak, ethanol stocks are decreasing for the second week in a row.

Carried by the potential acreage decrease in the US, and in spite of the increase in quarterly stocks in the country, the Chicago market is gains \$4 /t this week, for the May 2018 deadline.

EUROPE : imports still on the rise

In the EU, imports continue at a strong pace, with Ukrainian maize taking over Brazilian maize. The euro remains relatively stable vis-à-vis the dollar over the past few weeks, varying between 1.23 and 1.24 €/€.

Ukrainian Fob prices remain around \$200 /t, maintaining a significant competitiveness gap with American origins.

Euronext follows the American trend, gaining more than €2/t from one week to the next. The rate is €164.5 /t for the June 2018 deadline.

To be monitored :

- Northern hemisphere weather conditions
- EU imports
- Development of prices in Ukraine

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