

CORN Market



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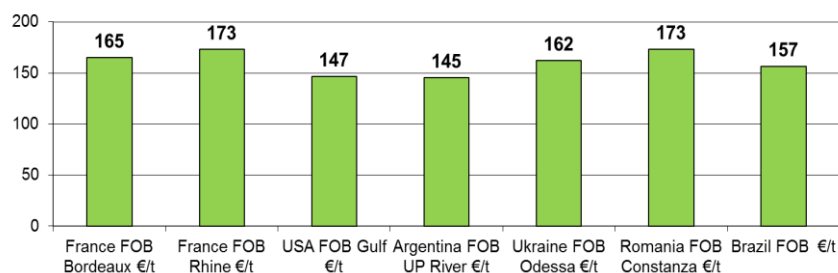
Weekly economic newsletter of the European Confederation of Maize Production

Week 25/2018

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Indicators

FOB price 08/06/2018 in €/t - June delivery (2017 harvest)



	15/06	08/06
Parity €/€	1.16	1.18
Petrol \$/barrel (NY)	65.0	65.7
FOB Bordeaux*(€/t)	165	171
FOB Rhine* (€/t)	173	176

*Fob price Bordeaux/Rhine including monthly increases

WORLD: trade war puts the prices under pressure

Prices of American maize are still losing ground this week despite good basic figures. Indeed, in its monthly report published last week, the USDA has slightly revised its global stock figures downwards for the end of 2018/2019, especially for the USA, due to the increasing demand. The global stock at the end of 2018/2019 should only represent 14% of the annual maize consumption ... if we anticipate a good harvest in the US! In parallel, the USDA revises the Brazilian production (ongoing harvest) down to 85 Mt (-2 Mt), in line with the latest Conab estimates. However, these estimates are still slightly higher than certain private estimates. But these positive basic figures are clearly pushed to the background, as the escalation of the trade war between China and the United States is everyone's top concern, as China announced the implementation of retaliatory measures including an additional 25% duty on US soybean. These measures would enter into force on 6 July.

This situation strongly impacts the prices of US soybeans (as a reminder, China is the world's top soybean importer) but also of maize prices which ended the week downwards. Non-commercial funds have also decreased their long positions for both products over the last days. The precise scale of the liquidation of these positions will only become visible in the next CFTC report.

The market consequently enters a phase of uncertainty, both regarding basic figures and trade relations between the US and the rest of the world ...

EUROPE: EU production at 60 MT

The different production estimates for the EU, published this week, seem to converge towards 60 Mt, both for Cocal (60.28 Mt) and for the USDA (61 Mt).

Everything will obviously depend on the evolution of the climate conditions in the main producing countries which are France, Romania and Hungary. It should be reminded that the beginning of the crop year is presenting contrasted weather conditions between Western Europe (rainfalls) and Eastern Europe where the drought continues.

On this base, the USDA does not anticipate a significant decrease in EU maize imports in 2018/2019... while flows are still progressing this week by 427 kt to bring the total to 16.4 Mt since 1st July.

The USDA maintains its production forecast for Ukraine at 30 Mt. This forecast seems however unlikely in view of the current climate conditions and of the absence of rainfalls for the coming 15 days.

To be monitored:

- China/US consequences
- Trade flows
- Weather forecast Black Sea

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