

CORN Market

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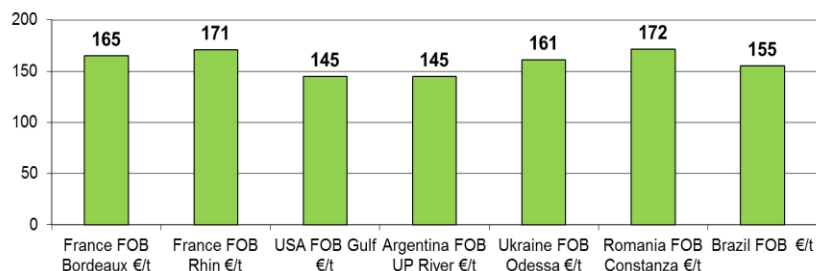
Weekly economic newsletter of the European Confederation of Maize Production

Week 26/2018

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Indicators

FOB price 22/06/2018 in €/t - June delivery (2017 harvest)



	22/06	08/06
Parity €/€	1.16	1.16
Petrol \$/barrel (NY)	68.6	65.0
FOB Bordeaux*(€/t)	165	165
FOB Rhine* (€/t)	171	173

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Still no certainties

American markets were still operating in an atmosphere of uncertainty with in the end a new fall in prices of US maize in Chicago, after already touching bottom during last Wednesday's session. At \$3.57/b, US maize is at its lowest price of the crop year for the July 2018 deadline. China still maintains its decision to apply an additional duty on a series of products, notably in the field of agriculture and including maize, soybean and sorghum. We have to note that the US amount to a third of the Chinese supply in soybean ... with Brazil as the sole short-term alternative given the poor harvest in Argentina. However, the American market continues to decrease in soybean as well as in maize. Crop conditions are still favorable with 78% of crops judged in good to excellent condition by the USDA.

In Brazil, the main item of news is the beginning of the Safrinha harvest in the main concerned states: 6% in the Mato Grosso, 3 to 4 % in the Mato Grosso del Sul and 1% in Parana. Analysts are now announcing harvests forecast below 80 Mt in Brazil. As a reminder, the USDA announced for its part a 85 Mt production in its early June report. Brazil is also undergoing trucker strikes and increases in transports costs. Consequently, Fob prices for Brazilian maize remain higher than other origins.

Non-commercial fund continues to fuel the bearish trend both for maize and for soybean. Concerning maize, non-commercial funds are now net sellers for the first time since last February. However, the balance of the maize market for the coming months remains fragile and highly dependent on the production in the US and in the Black Sea.

EUROPE: degradation of cultures according to the Commission

The European Commission has announced decreasing yields prospects for maize in its MARS bulletin published last week. Indeed, the Commission now estimates an average yield in the EU at 7.35 t/ha vs 7.64 t/ha last month (and as a reminder 7.85 t/ha last year). The main producing countries are concerned by these modifications (France, Romania).

The EU's imports are continuing with an additional 180 kt last week bringing the total to 16.6 Mt. At this pace, we could reach 17 Mt by the end of June. The EU will therefore become the world's biggest maize importer in 2017/2018.

Additional duties applied by the EU on US imports entered into force on 22 June. They amount to 25% ad valorem for maize, thereby "eliminating" the entry of this origin into the EU.

European actors are closely monitoring the Black Sea region, and Ukraine in particular. Weather conditions are announced dry and hot for the next 15 days for a large part of the country, in spite of some thunderstorms. For old crops, Ukrainian prices are under pressure from the South and North American offers.

Prices very slightly step back for the August deadline (€164.75) while they progress for the November deadline (€169.50).

To be monitored:

- Brazilian harvests
- Positioning of funds
- Weather forecast for the Black Sea

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