

CORN Market



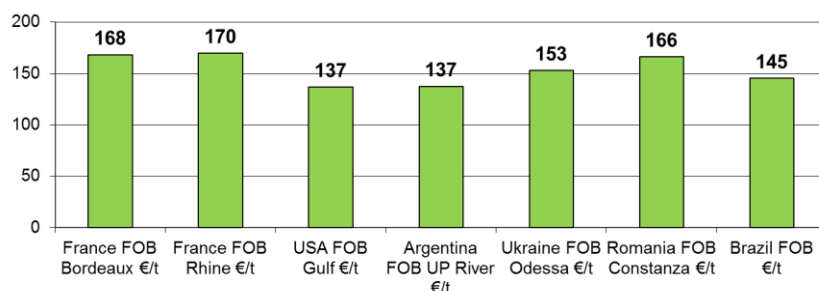
Weekly economic newsletter of the European Confederation of Maize Production

Week 29/2018

N°132

Indicators

FOB price 13/07/2018 in €/t - July delivery (2017 harvest)



	13/07	06/07
Parity €/€	1.16	1.17
Petrol \$/barrel (NY)	71	73.8
FOB Bordeaux*(€/t)	168	172
FOB Rhine* (€/t)	170	171

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Chicago still dropping

The USDA report does not change the basic trends established by the previous report, and strengthens the expected decrease in global stocks. Compared to last month, the increase in 18/19 world production (+1.9 Mt) is largely offset by the increase in uses (+1.5 Mt) and by the downwards review of initial stocks (-1 Mt). Finally, the global stocks of the end of the 18/19 crop year are estimated at 152 Mt (-2.7 Mt), which would represent a 40 Mt decrease of compared to last year, still driven by China (-21 Mt) and by the USA (-12 Mt).

In the US final figures, the announced acreage increase has an impact on the 18/19 production (+4.8 Mt). An increase in exports (+3.2 Mt) as a result of the decreasing availabilities in South America and Russia is also integrated. All in all, the US stocks remain nearly stable compared to last month with 39.5 Mt.

As expected, the Conab reviews its production estimates downwards, 2 Mt lower than last month, for a total Brazilian harvest of 83 Mt. This is a 15 Mt decrease for the country, compared to the previous harvest, which was exceptionally high.

Crop conditions in the USA have decreased by 1% this week, but remain much higher than last year (75% vs 65%). The US demand, both in ethanol and in export, is decreasing compared to last week.

Finally, the USDA report is confirming the significant decrease in stocks announced for the USA, despite the upwards review in acreages. However, the good ratings of American maize indicate a good yield potential... to be confirmed over the next weeks. The impacts of the trade war are also being felt. In this context, the American markets have not recovered and have reached a lower level. Following the same trend, net sellers stocks are progressing again this week.

EUROPE: Russian yields impacted

The EU continues importing maize, with 220 Kt over the past week. Should Chicago prices continue their fall, custom duties could be triggered soon on maize imports in the EU.

Impacted by the lower national production and a lack of competitiveness on a portion of the crop year, Ukrainian exports (17.7 Mt) have lost 3 Mt over the July-June 17/18 crop year. On the contrary, Russian exports have gained 8% on the crop year, to reach 5.8 Mt. It should be noted that the USDA corrected its production (-3 Mt) and export (-1.5Mt) figures for Russia compared to last month, in order to take into account the heatwaves and droughts that affected certain districts in June.

Euronext rates €171.5/t on the November 2018 deadline, losing €3.25/t compared to last week.

To be monitored:

- US weather forecast
- Trade war follow-up
- European weather forecast

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