

# CORN Market



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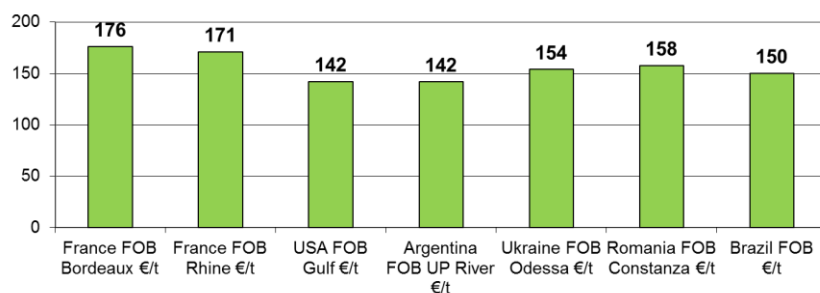
Weekly economic newsletter of the European Confederation of Maize Production

Week 34/2018

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## Indicators

FOB price 17/08/2018 in €/t - October delivery\*\* (2018 harvest)



	17/08	10/08
Parity €/€	1.14	1.15
Petrol \$/barrel (NY)	65.5	67.7
FOB Bordeaux*(€/t)	192	191
FOB Rhine* (€/t)	191	191

\*\*Fob price Bordeaux/Rhine October deadline. Other prices Sept/Oct deadline.

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: new yield record in the US?

With 94% of acreages collected, harvestings are nearly over in Argentina. The Bolsa de Cereales in Buenos Aires maintains its estimations of a 8 Mt decrease compared to last year, despite the increase in sown acreages. Regarding Brazil, the Conab estimates a production decrease of 15.7 Mt, including 12 Mt for the second harvest, usually intended for export. The drought appears to have largely impacted the South American production in this crop year, and exports from Brazil and Argentina should be less present than last year, when harvests had been exceptional.

In the USA, 70% of acreages are estimated in good to very good conditions, vs 62% last year at the same time. Thus, while 2017 set yield records for the country with almost 111 q/ha on average, 2018 could be another record year since forecasts are now at 112 q/ha !

Since the beginning of the crop year, the US sales and exports total (60.3 Mt) has far exceeded last year's total at the same date. Regarding the 2018/19 sales, they have significantly increased in recent weeks to reach a total of almost 9 Mt, while last year at the same date it was less than 6 Mt.

The decrease in production in South America seems to benefit the American export market, which meets an important demand. Will the announced records yields in the USA be revised downwards by the end of the crop year ? From a geopolitical point of view, the announced talks between the US and China may support American markets should they be successful.

Funds are almost back into balance, with some purchases this week.

## EUROPE: mixed potential production in the EU

According to Stratégie Grains, South-East Europe benefited from high rainfall and potential production is promising in Bulgaria, Romania, Hungary and Croatia. The water shortage and the heatwave in Germany, Poland and France, have however impacted potential production in these countries.

Imports in the EU begin "less strong" than last year, with a total of 1.5 Mt since early July.

In Ukraine, drought concerns have decreased thanks to abundant rainfalls in maize production areas, and a strong increase in production is expected compared to last year, thus indicating high volumes available for export.

In the EU, tensions on the wheat market pull the maize prices. It is however to be noted that the gap between maize prices and wheat prices remains significant, with a difference of almost €25/t. On the November 2018 deadline, Euronext rates €190/t, which is an increase of €12.5/t since the last market note (20/07/2018).

### To be monitored:

- Yields in the US and Ukraine
- Evolution of the wheat market
- US-China talks

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