

CORN Market



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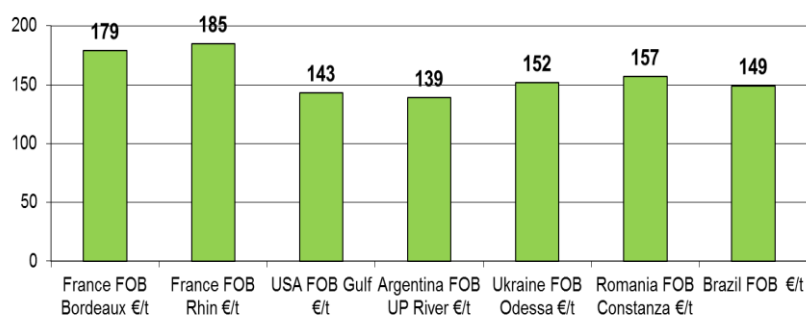
Weekly economic newsletter of the European Confederation of Maize Production

Week 37/2018

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Indicators

FOB price 07/09/2018 in €/t – October delivery** (2018 harvest)



	On 07/09	On 31/08
Parity €/€	1.16	1.17
Petrol \$/barrel (NY)	67.75	69.8
FOB Bordeaux*(€/t)	178	183
FOB Rhine* (€/t)	185	193

*Fob price Bordeaux/Rhine including monthly increases

**Fob price Bordeaux October 2018 deadline. Fob price Rhine January 2019 deadline..

WORLD : waiting for the USDA report

The maize market is still dominated by the US production perspectives and expectations of record yields for American farmers, even though the crop rating was lowered by 1 point by the USDA last week (67% of maize judged good to excellent). The USDA will have to confirm its previous forecast in the report to be published Wednesday. On the demand side, we can note a strong momentum in purchasing commitments for the new harvest, carried by very competitive Fob prices in the last few weeks.

The US/China relations are still tense, with a new series of taxes announced by the White House, which would extend sanctions to the quasi-totality of trade between the two global powers. The resolution of the soy issue therefore seems further than ever. US soy prices should therefore stay low in the coming months, and South American soy should benefit from a premium of \$50 to \$60/t. In the mid-term, and despite the Trump administration's announcement of exceptional direct support for US soy farmers, this should favour the increase of maize acreage in 2019.

In this context, Chicago maize prices remained stable on the December deadline. The reaction of operators after Wednesday's USDA Report will have to be closely monitored.

EUROPE: consequences on Central European yields

According to certain sources, yields in Central Europe and in particular Poland and Hungary are disappointing. In Poland, the yield suffered from droughts and will be lower than last year. In Hungary, the absence of rainfalls in August negatively affected yields. However, expected yields remain higher than in 2017.

Agritel communicated its production perspectives for Ukraine last week, after its crop tour. The Ukrainian production could reach 30.3 Mt! This would leave a significant quantity available for exports. Russian yields however look a bit more negatively affected. The USDA should therefore lower the exports figure (4 Mt according to last month's assessment), all the more taking into account the internal demand. As a reminder, Russia's exports progressed a lot over the past few years in parallel with its production, progressing from 2 Mt in 2011/2012 to 5.3 Mt in 2017/2018.

In the EU, according to operators, the record level of imports of the last crop year could be beaten. Some even talk about 20 Mt imports, taking into account the significant price gap between maize and wheat, and the strong wheat demand for exports to compensate the low level of certain origins, in particular from Russia.

To be monitored:

-US harvest

-USDA Report

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