

CORN Market



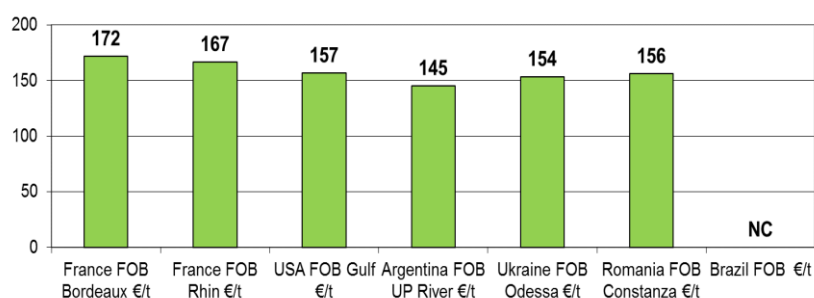
Weekly economic newsletter of the European Confederation of Maize Production

Week 13/2019

N°163

Indicators

FOB price 22/03/2019 in €/t – April delivery (2018 harvest)



	22/03	15/03
Parity €/€	1.13	1.13
Petrol \$/barrel (NY)	59,04	58,5
FOB Bordeaux*(€/t)	172	174
FOB Rhine* (€/t)	167	168

*Fob price Bordeaux/Rhine including monthly increases

WORLD: focus on floods in the Midwest

The past week was marked by pictures of the floods in the American Midwest circulating on social media. It is still too early to draw conclusions on this event and its impact on markets. The impact of this weather phenomenon could be three-fold: destruction of infrastructures (especially stocking infrastructure), significant logistics disruption on the Mississippi supply and of course delays for sowing maize. According to Reuters, the phenomenon already blocked 13% of the US ethanol production capacity (logistics disruption or impacted production plants?). We can imagine that the logistics disruptions will hinder exports flows over the coming days, when exports were already below last year's level.

Like it does each year, the USDA will communicate its previsions for sowing intentions in the end of the week, on the basis of a survey of farmers. Considering the cyclical elements of the past months, the maize acreage is expected to be down. But this publication will not include the most recent events, which should also clearly weigh on final acreages. To which extent? We do not know yet at this stage, the impact could remain limited, even though the floods have touched the States carrying the US maize production (the States impacted represent 40% of the US maize acreage). There is no doubt that the attention of markets will be focused on the floods in the coming days, with a strong volatility to be expected. It should be reminded that non-commercial funds had been holding a record short position on 19 March (261,000 contracts!). They have resumed purchasing positions at the end of the week. A massive repurchase could amplify this increasing momentum motivated by the weather situation...

The Chinese announcement of purchasing 300 kt US maize also animated the end of the week. We will wait to see if real flows will also take place at this end of the crop year...

In South America, the situation still seems favourable, the first Argentinian crops (9%) look promising... In Brazil, conditions remain dry.

EUROPE: dry conditions in the EU

The MARS report published by the European Commission early this week underlines the current dry conditions in the South of Europe and Central Europe. While the maize sowings are about to begin (or are already beginning), these conditions will be closely monitored.

Imports continue with an additional 320 kt registered at the start of the week of 18 March, for a total since 1st July at 17.5 Mt (+41% compared to last year). Spain is for now the top importer with 5.76 Mt.

To be monitored:

- Report on US sowings
- Floods consequences
- Chinese purchases