

CORN Market



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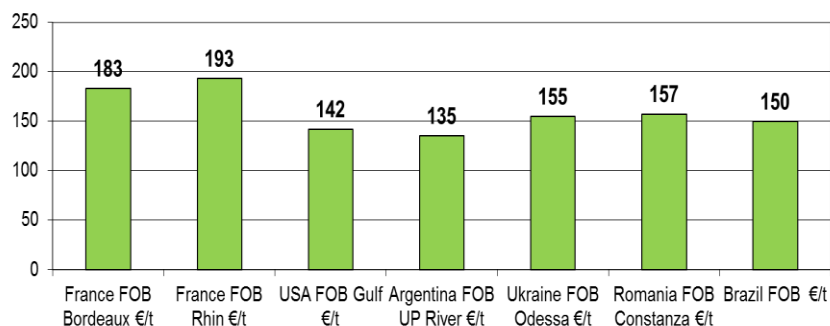
Weekly economic newsletter of the European Confederation of Maize Production

Week 36/2018

N°136

Indicators

FOB price 31/08/2018 in €/t – October delivery** (2018 harvest)



| | Au 31/08 | Au 24/08 |
|-----------------------|----------|----------|
| Parity €/€ | 1.17 | 1.16 |
| Petrol \$/barrel (NY) | 69,8 | 68,7 |
| FOB Bordeaux*(€/t) | 183 | 183 |
| FOB Rhine* (€/t) | 193 | 180 |

*Fob price Bordeaux/Rhine including monthly increases

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

WORLD : generalised uncertainty

The market remains uncertain, waiting for the confirmation of yield previsions for the Northern Hemisphere. Basic figures for wheat and maize remain unchanged this week. In the US, markets have integrated yield figures expected to reach a record-high by both the USDA and private observers. In its last bulletin, the USDA maintained 68% of "good to excellent" maize. Crops are developing quickly in the US, which could strengthen the harvest pressure. At the same time, observers are remaining attentive to the pressure caused by US figures, as markets can react very quickly should maize yield figures be revised downwards.

Geopolitics are also in the news. Markets were up Friday, anticipating the meeting today between the Russian government and the main exporters. The implementation of possible export management tools cannot be excluded. On the other side of the Atlantic, the rumors on the implementation of taxes on maize and wheat exports are getting stronger, while the country has to deal with a strong currency devaluation. The implementation of this tax would further reduce the export availability of South American maize, which has already suffered from a drought. Besides, such a decision would limit the degree of interest for maize sowings, which are currently starting in Argentina.

Finally, the deal reached last week between Donald Trump and his Mexican counterpart should ward off trade disruptions between the US and Mexico.

EUROPE: the Commission reviews its maize production figures upwards

The European Commission reviewed its maize production estimates with a slight increase last week. Indeed, it is now contemplating a production of 64.2 Mt, vs 63.7 Mt last week (and 65.4 Mt in 2017/2018). This figure can still be lowered, especially in France (announced at 13.1 Mt). Forecasts confirm good yields in Romania, Hungary and Bulgaria, expected above the five-year average.

In terms of uses, the Commission increased its forecast for the animal feed outlet (to 59.4 Mt). Imports were also increased to 14 Mt. This figure could still increase depending on the attractiveness of imported maize for the animal feed sector in particular. As a reminder, the EU imported a record level of maize in 2017/2018 (17.8 Mt).

To be monitored:

- US harvest
- Russian export policy

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