

CORN Market



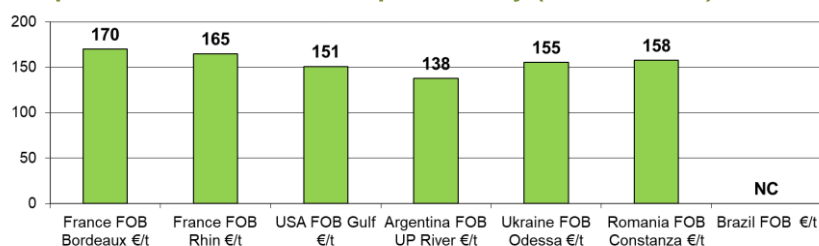
Weekly economic newsletter of the European Confederation of Maize Production

Week 14/2019

N°164

Indicators

FOB price 29/03/2019 in €/t – April delivery (2018 harvest)



	29/03	22/03
Parity €/€	1.12	1.13
Petrol \$/barrel (NY)	60,14	59,04
FOB Bordeaux*(€/t)	170	172
FOB Rhine* (€/t)	165	167

*Fob price Bordeaux/Rhine including monthly increases

WORLD : USDA reports bearish

The reports published last Friday by the USDA were expected by the market. Both the quarterly stock report and the US sowing intentions reports displayed bearish trends for the maize market. 2019 maize contracts list 4.6% in Chicago on Friday only.

Indeed, quarterly maize stocks reached beyond expectations, reflecting notably a decrease in food uses and other uses. The second report, on sowing intentions, was long awaited this year due to the soy/maize competition. With a 4% increase in acreage compared to last year, this projection is clearly above the traders' expectations. This increase in maize acreage is done at the expense of soy acreages, which are decreasing.

The US market possibly over-reacted to these announcements. It should indeed be reminded that the results are based on surveys done in early March, before the the large-scale floods on the American plains. The actual US acreage will only be know in the end of June!

Funds certainly accompanied this bearish trend, with some operators estimating they sold 40,000 lots on Friday. As a reminder, on 26 March (latest published official figures), funds were net sellers of 203,000 lots.

The market will therefore now focus its attention on weather conditions in South America and the US. With no update on the US/China talks regarding maize, only a production incident would lead to a positive trend on global maize prices, all the more when cultivation conditions for wheat seem very promising on the main production areas of the world.

EUROPE: imports above their 2017/2018 level

Very symbolically, EU maize imports overcame their 2017/2018 level on 24 March, with 17.93 Mt (vs. 17.6 Mt last year for the whole crop year). On the basis of the rhythm of the end of the last crop year (350 kt/week), the EU's imports could reach 23 Mt on 30 June. The figure given by the European Commission last week therefore appears to be under-estimated... Indeed, the Commission expects imports to reach 21 Mt. And, according to the Commission still, end-of-year stocks on 30 June 2019 would reach 25.9 Mt, which would be a 5.8 Mt increase over the crop year!

To be monitored:

- US reports follow-up
- Sowings in Northern hemisphere
- Chinese purchases