

CORN Market



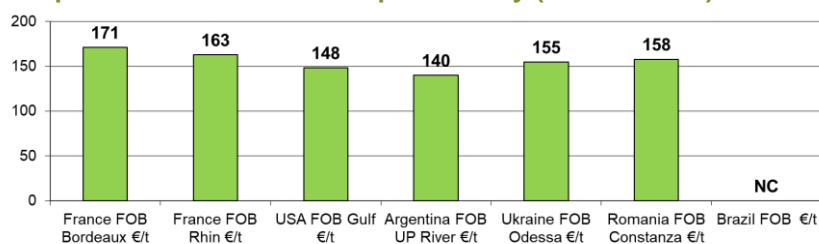
Weekly economic newsletter of the European Confederation of Maize Production

Week 15/2019

N°165

Indicators

FOB price 05/04/2019 in €/t – April delivery (2018 harvest)



	05/04	29/03
Parity €/€	1.12	1.12
Petrol \$/barrel (NY)	63,08	60,14
FOB Bordeaux*(€/t)	171	170
FOB Rhine* (€/t)	163	165

*Fob price Bordeaux/Rhine including monthly increases

WORLD : still no certainty on markets

The market is evolving without any real direction since the "shock" of USDA's publications on 29 March. Given the magnitude of the price decline triggered by the USDA's findings, the Chicago market somewhat corrected itself with a slight recovery last week. Operators therefore remain uncertain, shared between a projected increase in acreage and stocks revised upward on one side, and weather difficulties still very present, on the other side. This situation may continue for a few weeks, until we have more clarity on sowing progress and US maize acreage. In this sense, the USDA report of tomorrow should not bring any major information, however the USDA should integrate its latest data on US stocks and logically revise them for the end of the crop year. The funds back up their short position, with a clear increase in their position now to 246,000 lots! A rapid hedge of these positions could be likely to bring high volatility to this product ...

There is still competition for exports in the medium term. Cultivation conditions in South America indeed still seem favorable, with production prospects now estimated at 96/97 Mt by traders vs 94.5 Mt currently by the USDA. In Argentina, 17.2% of acreages have been harvested, with a record yield of 98.2 q / ha. The Bolsa de Cereales is counting on a production of 46 Mt. 53% of the production is judged in good to excellent conditions, vs 6.7% last year. These good production prospects undoubtedly weigh on mid-term prices, as these origins are trying to gain market share, especially against the United States.

EUROPE: Ukraine still very present

Ukraine is still present on the international market, still benefiting from the availability from the very good harvest recorded in 2018. This origin thus still represents 90% of the 590 kt imported by the EU during the previous week. Nevertheless, it seems that some retention of Ukrainian producers is observed, allowing to support prices (slight increase) on the domestic market.

Ukraine could also benefit from India's request for non-GM maize. Indeed, India has introduced a reduced duty quota (15% vs 60% normally) for 100 kt, and additional volumes are expected. Ukraine seems to be the only one today able to respond to this demand. Euronext is slightly up, closing the week at +€ 2.25 / t on the June deadline.

To be monitored:

-9 April USDA report

-China/US talks

-Sowings in Northern Hemisphere