

CORN Market



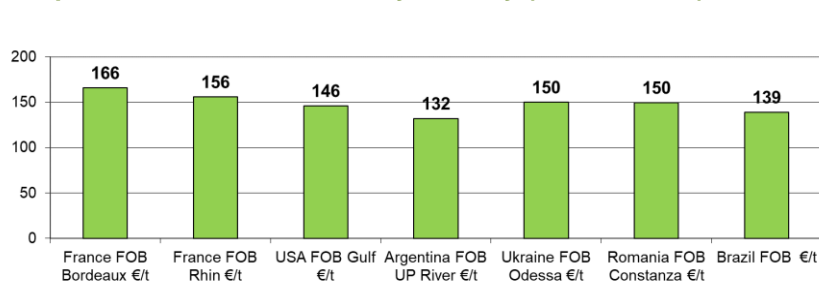
Weekly economic newsletter of the European Confederation of Maize Production

Week 20/2019

N°170

Indicators

FOB price 10/05/2019 in €/t – May delivery (2018 harvest)



	10/05	03/05
Parity €/€	1.12	1.12
Petrol \$/barrel (NY)	61,66	61,94
FOB Bordeaux*(€/t)	166	167
FOB Rhine* (€/t)	156	157

*Fob price Bordeaux/Rhine including monthly increases

WORLD : markets under pressure

The trend, which started early last week following Donald Trump's announcements, was confirmed in the following days. The additional taxes (from 10 to 25%) on \$ 200 billion worth of goods exported by China to the United States came into effect last Friday. The procedure to tax the remaining \$ 325 billion was launched at the same time ... enough to put an end to any prospect of a trade agreement between the two countries. It seems that the American authorities are preparing for this scenario, with the White House asking the Minister of Agriculture to set up an exceptional aid program financed from additional taxes. Direct aid and export aid (international aid) are mentioned.

The release of the USDA report is another highlight of the week. Here again, the report remains bearish for maize, but the conclusions remain to be qualified. It confirms a very strong production in South America for 2018/2019, largely anticipated by the market. Still, the production of 100 Mt for Brazil is very significant, and implies a strong presence on the market of Brazilian maize for the coming months. The USDA also reported its first estimates for the 2019/2020 figures. It is still early to comment on these figures, especially since the USDA does not seem to be taking into account the impact of late sowings on the 2019 US yields (close to the 2018 yield). We will wait for the June report to have a more precise vision of the reality of maize sowings and the impact on yields. For now, there is a marked delay in sowings, with only 23% of surfaces sown on May 5 vs 46% on the five-year average.

In this context, prices in Chicago were down 4% for December 2019.

EUROPE: sowings ongoing

Sowings are taking place under generally normal conditions on the European continent. It should be noted, however, that Ukraine is slightly behind with 71% of the acreage sown according to the Ministry of Agriculture vs 81% last year. 56% of acreages are sown in Russia.

The USDA reports 64 Mt production for the EU in 2019 and imports down to 20 Mt. Production in Ukraine is projected at 33 Mt.

Imports on May 6 rise to 20.5 Mt for the current crop year.

Prices on Euronext follow the global trend and fall by € 3.25 / t (€ 163.5 / t) on the June deadline and by € 3 / t (€ 166.5 / t) for November.

To be monitored:

- US sowings
- China/US trade conflict