

CORN Market



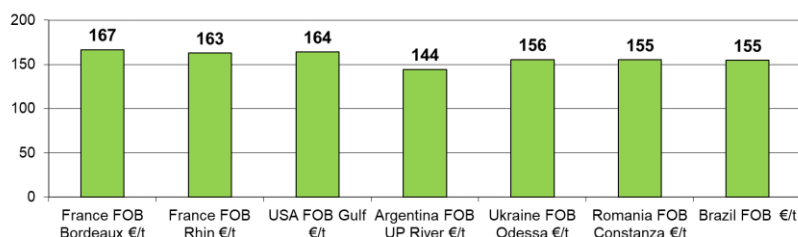
Weekly economic newsletter of the European Confederation of Maize Production

Week 22/2019

N°172

Indicators

FOB price 24/05/2019 in €/t – May delivery (2018 harvest)



	24/05	17/05
Parity €/ \$	1.12	1.12
Petrol \$/barrel (NY)	58,63	62,76
FOB Bordeaux* (€/t)	167	166
FOB Rhine* (€/t)	163	158

*Fob price Bordeaux/Rhine including monthly increases

WORLD: sustained rise in Chicago

It was another week of growth in Chicago on all deadlines, with an increase of around 5.5% both on the near and on more distant deadlines. The weather and the significant delay in maize sowings drive the markets across the Atlantic. The weeks go by, and the situation continues to deteriorate on the Corn Belt, especially with only 49% of the sowing done on 19 May. This is the largest delay since this indicator began being recorded in 1980. The past week has not been favourable for sowings, and operators estimate that only 2/3 of acreages have been sown to date. The USDA will have to confirm this figure in its crop progress which will exceptionally be published tomorrow, as it is a three-day weekend in the United States.

As expected, funds follow this upward movement by buying back their short positions. They made record-high repurchases the week of 14 to 21 May, with 166,000 contracts repurchased. However, they still remained net sellers with around 117,000 lots.

Questions on the impact of this situation remain whole, but it is becoming increasingly clear that significant acreages will not be sown. And this is happening despite the incentive provided by the \$ 14.5 billion support plan in the form of direct aid for American farmers announced by the White House last week. This decoupled aid will only be paid for sown acreages.

In the short term, the attention of operators will be focused on the American weather, with the other factors put on the backburner. We will also monitor the evolution of the Chinese production situation, as important spodoptera damage is being reported. The extent of the damage remains difficult to measure.

EUROPE: upwards revision of imports

The EU's maize imports now reach 21.5 Mt (as of 20/05). The Commission has revised its imports projections for the 2018/2019 crop year to 22.5 Mt. By the end of June, this figure could even be exceeded in view of Ukrainian available volumes. The Commission maintains its production estimate at 69 Mt, well above market estimates. In this context, stock at the end of June would increase by 6.2 Mt compared to the previous crop year.

In Ukraine, sowing is almost complete with 96% of the acreage covered. Difficulties remain, however, in the west of the country. The Ukrainian Minister of Agriculture has shared his optimism on the next harvest. While a slight decline in maize production to 33.1 Mt (vs 35.6 Mt last year) is expected, overall cereal production is expected to increase, thanks to good prospects for straw cereals.

To be monitored:

- American weather.
- Spodoptera attacks in China.
- Prospects for straw cereals.