

CORN Market



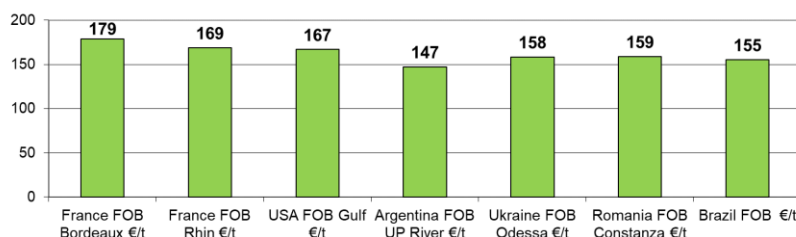
Weekly economic newsletter of the European Confederation of Maize Production

Week 24/2019

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Indicators

FOB price 07/06/2019 in €/t – June delivery (2018 harvest)



	07/06	31/05
Parity €/ \$	1,13	1.12
Petrol \$/barrel (NY)	53,26	53,50
FOB Bordeaux* (€/t)	179	168
FOB Rhine* (€/t)	169	164

*Fob price Bordeaux/Rhine including monthly increases

WORLD : what will the final US acreage be?

The 10 June USDA Crop Progress now indicates 83% of sowings achieved thanks to a slight weather improvement in recent days. It remains to be seen what additional acreage can still be sown. There are few areas still left to sow considering the late date. The state of sowings surveyed is not as good as the previous year with 59% of good to excellent ratings vs 77% in 2018. Yields should decrease, according to several analysts, which should confirm the June USDA report. The combination of these factors is expected to lead to a much lower production at -38Mt, compared to the May USDA estimates for the most optimistic yield forecasts.

After a sharp increase in May, contracts on the July deadline, as well as on the longer maturities, have started the month of June with a slight decrease due to the improvement of the sowing conditions and fears of a trade dispute with Mexico. This decrease could be countered by the release of the USDA's monthly report, which is expected to review production forecasts downwards, and by the resolution of the conflict with Mexico. Non-commercial funds, meanwhile, continue their re-purchasing positions and now have a long position with more than 87,000 lots, for the first time since February.

The United States / Mexico trade dispute seems resolved, with D.Trump satisfied with the measures planned by the Mexicans to stem immigration. He therefore waived the customs duties increase that could have resulted in retaliation on US maize. However, given the difficulties in the Corn Belt and the record harvest in Brazil (more than 100Mt), US maize is less competitive and could still lose market shares this year with its first customer. Last week, a shipment of 35,000 tons of Brazilian maize to Mexico was announced.

EUROPE: decrease on all deadlines

Euronext seems to follow the US trend with a sharp decline last week on all deadlines. This decline is also observed for straw cereals. August contracts for maize loses €5 / T at €174.5. For the new harvest, November contracts also fell with a loss of €3.75 / T to €172.25. This decrease can also be explained by the good forecasts for Europe with good conditions in France as well as in Hungary, Romania and the Black Sea. In Romania and Hungary, June conditions (humidity and heat) are favourable. In Russia and Ukraine despite delicate sowing conditions (rainfall), acreages are expected to increase (respectively by +0.03 and + 0.14 Mha). After record yields in 2018, total production in these two countries is expected to fall by 2.7Mt to 44.5Mt.

To be monitored:

- US acreage
- USDA Report of 11/06
- Prospects straw cereals in Europe