

CORN Market



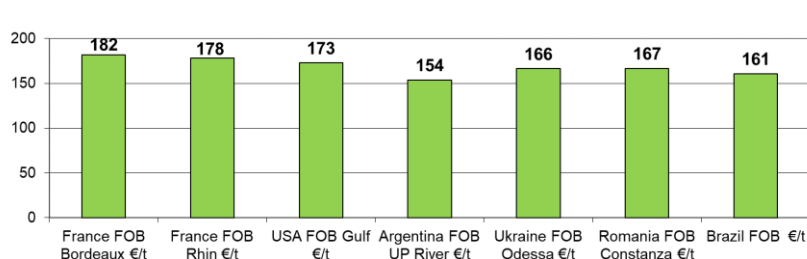
Weekly economic newsletter of the European Confederation of Maize Production

Week 27/2019

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Indicators

FOB price 28/06/2019 in €/t – June delivery (2018 harvest)



	28/06	21/06
Parity €/€	1.14	1.13
Petrol \$/barrel (NY)	58,5	57,4
FOB Bordeaux*(€/t)	182	178
FOB Rhine* (€/t)	178	173

*Fob price Bordeaux/Rhine including monthly increases

WORLD : prices falling in Chicago

While all operators and analysts had been waiting for the USDA to announce a drop in maize acreage in its report of 28/06, following the very bad weather conditions affecting the Corn Belt, the US Department of Agriculture has, on the contrary, re-assessed the maize acreage by close to an additional 700,000 hectares, as compared to its early June estimates. After this announcement, all deadlines lost \$8 to \$9 per tonne from 21 June. However the figures given by the USDA are disputed. Indeed, they still take into account the sowing intentions. During the survey period of this report (first half of June), some farmers were still hoping for a window of weather improvement, that in the end did not happen. Acknowledging this bias, the USDA has announced that it would conduct a corrective poll in the month of July in the Corn Belt states. The more definitive forecasts of the American maize acreage should therefore be available in the 12 August report, which could more accurately establish the sown areas, this time taking into account the June weather and the triggering of the "prevented planting" clauses.

Regarding trade, world news has been marked by bilateral talks between China and the United States on the sidelines of the G20 summit in Japan. They suggest the possibility of easing the tensions between the two countries. Donald Trump has announced a break in the gradual increase of US tariffs on Chinese exports while Xi Jinping announced the Chinese willingness to buy more US agricultural products, without further clarification on this issue.

The North American Free Trade Agreement, USMCA, is still stalling in the US Congress where Democrats, the majority in the House of Representatives, are not satisfied with the terms of the treaty on environmental issues and labor law.

EUROPE: agreement with Mercosur

From 21/06 to 28/06, Euronext rates rose slightly: €3 / T on the August maturity and €0.75 / T on the November maturity. The influence of the USDA report has not yet fully been felt on this side of the Atlantic, however prices were down on all deadlines at closing on Friday 28/06.

Although the summit of the European Council over the weekend did not result in an agreement on the appointment of the next President of the European Commission, the EU and Mercosur signed a free trade agreement. The content of this agreement is currently obscure concerning maize, but fears of distortions of competition are real, considering Mercosur countries do not respect the EU maize production standards at all.

To be monitored:

- State of US crops.
- Contents of the Mercosur agreement.
- Harvesting of straw cereals in Europe.