

CORN Market



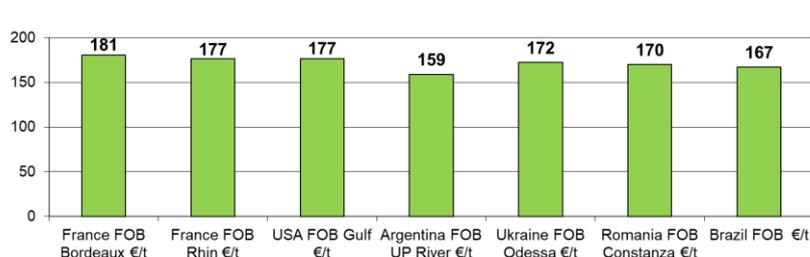
Weekly economic newsletter of the European Confederation of Maize Production

Week 28/2019

N°178

Indicators

FOB price 05/07/2019 in €/t – July delivery (2018 harvest)



	05/07	28/06
Parity €/€	1,13	1.14
Petrol \$/barrel (NY)	57,5	58,5
FOB Bordeaux*(€/t)	181	182
FOB Rhine* (€/t)	177	178

*Fob price Bordeaux/Rhine including monthly increases

WORLD : prices up in Chicago

Last week was marked by the 4th of July, the national holiday of the United States and a public holiday. Prices increased again after the sharp decline following the USDA's 28/06 report, which surprised operators by announcing a deceptive increase in maize acreage. In this context, prices went up: + \$ 9 / T for the July deadline at \$ 171 / T and + \$ 8 / T at \$ 174 / T for the December maturity (from 1st July to 5 July). However, this trend could be shattered by the improved weather conditions on the Corn Belt. The announcement of a temperature increase could improve the rating of growing conditions. On the other hand, the uncertainties of the flowering period, due to the sowing delay, would tend to support prices. In addition, Brazil and Argentina are starting to sell their new harvest, which is expected to reach a record high level for both countries. Both origins are present in the South and Central American markets, especially Mexico, and benefit from their very competitive prices against US operators who saw their exports fall last week.

The harvest forecast for Argentina has been revised upwards by the government thanks to higher than expected yields. The 2019 harvest could reach 57 Mt, a 7 Mt increase from previous estimates.

Finally, in China, the sodoptera pest is now also reaching the north of the country, which concentrates the main maize producing areas.

EUROPE: record-high imports

In the wake of the publication of the USDA report of 28/06, Euronext prices fell slightly before recovering in the middle of the week. From 01/07 to 05/07, the August deadline gained €1.75 / T at €178 / T and the November deadline lost €0.5 / T to €174.5 / T.

The European Union closes the year with a record-high import level (23.6 Mt). 65% of these imports come from Ukraine and 19% from Brazil and Argentina, the two main exporters from Mercosur. This level should not be continued in the next crop year. Stratégie Grains forecasts 16.6 Mt of imports thanks to a greater availability of straw cereals in the next crop year.

The details of the content of the Mercosur agreement are still not available at this time for the cereals sector.

The June assessment of the European Commission forecasts a European production of about 69 Mt of maize and final stocks of about 27 Mt. These two figures appear overvalued in view of the expectations of operators.

To be monitored:

- July USDA report.
- Content of the Mercosur agreement.
- Straw cereals harvest in Europe.