

CORN Market



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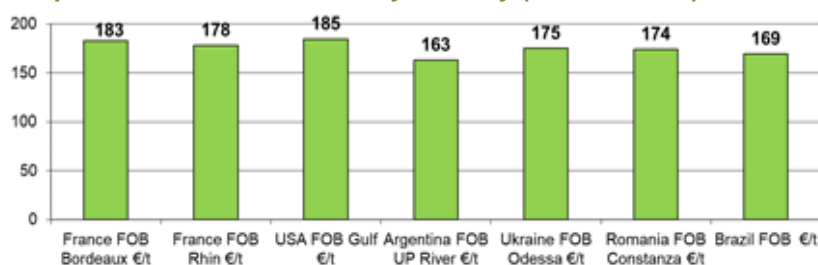
Weekly economic newsletter of the European Confederation of Maize Production

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Indicators

FOB price 12/07/2018 in €/t - July delivery (2018 harvest)



	12/07	05/07
Parity €/€	1.13	1.13
Petrol \$/barrel (NY)	60.2	57.5
FOB Bordeaux*(€/t)	183	181
FOB Rhine* (€/t)	178	177

*Fob price Bordeaux/Rhine including monthly increases

WORLD: After the rainfall, drought for the Corn Belt?

After the rains and the cool weather in May and June which disrupted sowing, operators are now concerned with the risk of hot and dry weather. Indeed, the weather is threatening the maize flowering period, which is crucial in yield development. Against this backdrop, prices in Chicago are close to record-high levels from mid-June, and gained about \$ 6 / T from 08/07 to 12/07 for the September (\$ 180 / T) and December (\$ 181 / T) deadlines. The release of the July USDA report, based on late-June maize acreage estimates, did not have much influence on prices. Most operators prefer to wait for revised data from the August report. On 8 July, compared to the previous week, maize in "good to excellent" conditions had gained 1 point to reach 57%, but still remained 18 points below its 2018 level. 8% of the maize acreage had reached the female flowering stage vs 34% last year at the same date.

In Argentina, harvest is 53% done (as of 15 July). It has been delayed by the rains in June and the beginning of July. The pace should accelerate with the announcement of drier conditions for the end of July. In addition, President M.Macri announced a cut in export duties for popcorn maize. These duties go from 4 to 3 pesos per dollar exported. Argentina is the world's second largest popcorn maize producer.

EUROPE: Contents of the Mercosur agreement

According to information received from DG Trade, the Mercosur agreement provides for a duty-free quota of 1 million tonnes for maize and sorghum (set up in 6 stages), a quota of canned sweet corn, full liberalization for frozen sweetcorn, a duty-free quota of 400,000 tonnes of ethanol for the chemical industry (set up in 6 stages) and a division by three of consolidated tariffs for a quota of 200,000 tonnes of ethanol for other uses (set up in 6 stages). Data on several industrial products (starch, dextrose-glucose ...) are still unknown.

Strategie Grain forecasts in its July report a 2.2 Mt drop in the European wheat harvest, and of 0.7 Mt for corn due to the June heat wave. However, the straw cereals harvest is forecast at 305 Mt, a large increase compared to last year, which leads to expectations of better incorporation in animal feed and a decrease in maize imports. The weather conditions in Ukraine are good. Harvest is forecast at 34 Mt by the USDA. Russia sees its harvest forecast decrease due to the drought affecting the south of the country.

To be monitored:

- Weather conditions in the USA
- Cereals harvest in Europe

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