

CORN Market



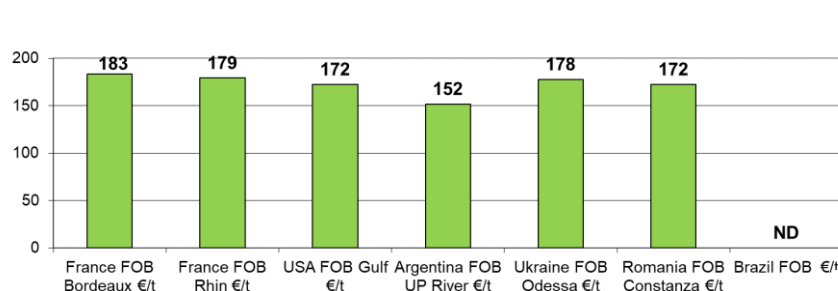
Weekly economic newsletter of the European Confederation of Maize Production

Week 31/2019

N°181

Indicators

FOB price 26/07/2019 in €/t – July delivery (2018 harvest)



	26/07	19/07
Parity €/€	1,11	1,12
Petrol \$/barrel (NY)	56,2	55,6
FOB Bordeaux*(€/t)	183	186
FOB Rhine* (€/t)	179	179

*Fob price Bordeaux/Rhine including monthly increases

WORLD : New aid program in the United States

Prices in Chicago have returned to their level from beginning of July. From July 22nd to July 26th, the September maturity fell from \$ 3 / T at \$ 163 / T and the December maturity from \$ 1 / T at \$ 167 / T. The decline in weekly US exports compared to South American corn, especially Brazilian, is affecting prices. Non-commercial funds are supporting this move, reducing their long net position by 34,000 contracts, a first since establishing this position in May.

As of July 21st, 35% of American corn was in female flowering compared to 66% for the five-year average. The weather conditions are rather favorable, the heat remains moderate and the Corn Belt is watered by storms. However, some areas lack rainfall. At the same date, 47% of maize is in "good or excellent" condition compared to 72% in 2018.

In addition, trade talks have resumed between China and the United States. R. Lighthizer (Trade Representative) and S. Mnuchin (Minister of Economy) are visiting China earlier this week. Agricultural topics should be on the agenda, D.Trump having made it a prerequisite for any American concession. However, these negotiations may be inconclusive because of the prejudices of both parties and the US electoral calendar.

In this context, the USDA revealed last week the details of the second aid program related to trade tensions with China ("MFP 2"). In the coming months, American farmers will benefit from an exceptional package of \$ 16 billion, of which \$ 14.5 billion will be direct aid. However, this year, this program is no longer coupled with production, in order to better comply with the rules of the WTO. The aid is fixed per hectare and per county, from \$ 37 to \$ 370 / ha depending on the county. Most counties in the Corn Belt are expected to receive \$ 120 to \$ 170 / ha. It should be noted, however, that the hectares subject to "prevented planting" will automatically receive the minimum amount of \$ 37 / ha.

In Argentina, harvest is at 69% as of July 24th. The new sowing season is approaching, and the Rosario Stock Exchange estimates that there will be an increase of 500,000 hectares of corn for a total of 7.4 Mha for the next season.

EUROPE: Fall of the euro

Euronext prices from 22/07 to 26/07 have remained relatively stable. The August deadline loses 1.25 € / T at 179.25 € / T and the November maturity loses 0.25 € / T at 178.5 € / T.

In Russia, analysts are lowering their wheat crop projection from 3 to 4 million tonnes to 73 or 74 Mt due to adverse weather conditions in the northern Caucasus and the Volga region. Even if this decline is confirmed, it would remain a very good year for Russian production.

In the context of the economic slowdown in the European Union, the European Central Bank announced last week that it will continue its aid measures, including the low interest rate policy. This leads to a depreciation of the euro against the dollar, a move favorable to exports.

To be monitored:

- No publication the next two weeks