

# CORN Market



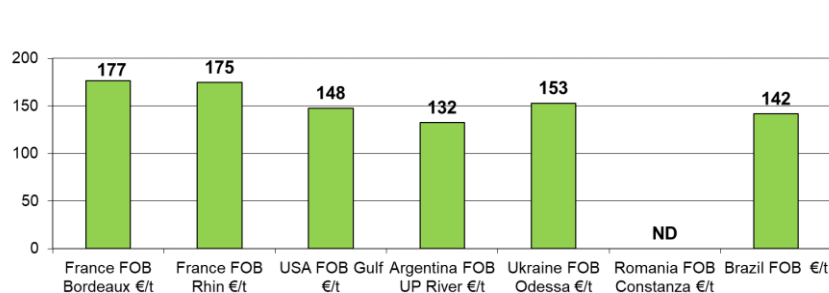
Weekly economic newsletter of the European Confederation of Maize Production

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## Indicators

FOB price 24/08/2019 in €/t – October delivery (2019 harvest)



	24/08	16/08
Parity €/€	1,11	1,11
Petrol \$/barrel (NY)	54,2	54,9
FOB Bordeaux*(€/t)	177	178
FOB Rhine* (€/t)	175	172

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD : China-US tensions intensify

After sharp declines following the USDA's 12/08 report, maize prices did not change much from 19/08 to 23/08, despite the announcement of a cooler climate and rains for the following days, as well as production figures and ethanol production figures below the expectations of operators. In addition, non-commercial funds found their net short position back on 21/08.

On 19/08, 56% of US maize was in "good to very good" condition, 1 point lower than on 12/08. These degraded cultivation conditions and the late maturation of US maize prompted the Pro Farmer field observer to give an average yield estimate of 102.5 Cwt / ha versus 106 Cwt / ha for the USDA's August estimate. It should be noted, however, that Pro Farmer routinely under-evaluates maize yield compared to the final USDA yield ...

China-US trade tensions have resumed in recent days. The Chinese authorities have announced additional tariffs of 5% on soybeans and 10% on cereals including maize. These increases are largely symbolic, as China has already sharply reduced imports of these products. Trump responded by announcing a tariff increase, scheduled for 1<sup>st</sup> September, of 30% on goods currently taxed at 25% and 15% tariffs on the remaining Chinese exports. In addition, on the sidelines of the G7, the United States announced that an agreement in principle had been reached with Japan for a new trade agreement and the purchase of agricultural products, including maize, by the Japanese. Finalization of this agreement is expected in the fall.

The South American countries, Brazil in particular, are benefiting from their good availability after very significant harvests and their competitiveness against the United States to achieve a record season start in terms of exports. In July, these two countries exported 10.8 Mt maize vs 4.13 Mt on average over the last three years.

## EUROPE: Europea production slightly up

From 19/08 to 23/08, maize prices on Euronext for the November deadline have not changed much. The ton loses € 0.75 to reach € 164.5 / T.

Fires in the Amazon have brought the EU-Mercosur agreement back into the spotlight. E.Macron and the Irish Prime Minister have stated that the agreement can not be ratified as it stands due to Brazil's lack of involvement in environmental issues and statements by Brazilian President J.Bolsonaro on this issue. A group of European countries, led by Germany and Spain, opposed a renegotiation of the agreement.

According to Stratégie Grain, yields should decrease in Western Europe and Poland due to drought and heat events. Southeastern Europe (Hungary, Romania, Bulgaria, etc.) experienced favourable weather conditions and their yields should be up. Finally, European production is revised slightly upwards with an additional 600 Kt compared to the July estimates.

### To be monitored:

- US Weather and Yield Outlook
- China-United States relationship
- Black Sea production