

CORN Market



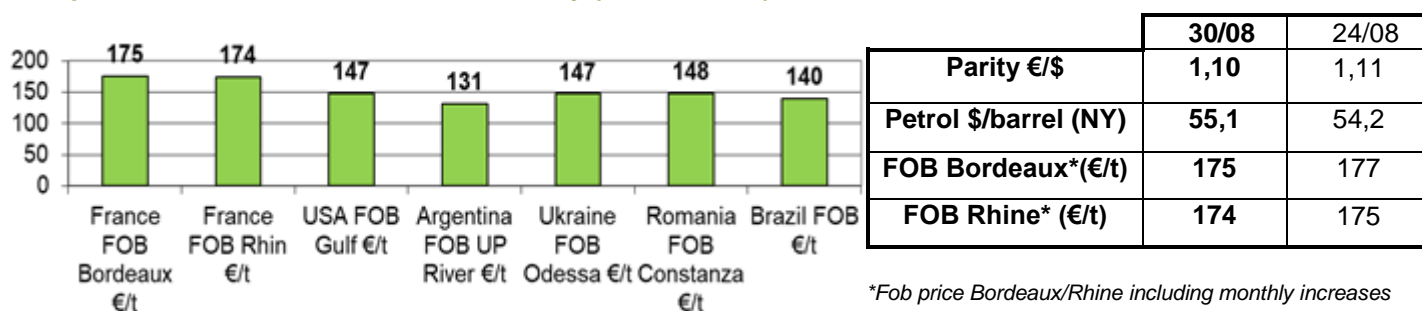
Weekly economic newsletter of the European Confederation of Maize Production

Week 36/2019

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Indicators

FOB price 30/08/2019 in €/t – October delivery (2019 harvest)



WORLD : cool weather on the Corn Belt

Chicago maize prices remained relatively stable from 23/08 to 30/08. The September deadline lost \$0.5 / t at \$141 / t and the December deadline won \$ 0.7 / t at \$ 145.5 / t. The weather forecast is starting to cause concern. Indeed, the cool weather will persist this week in a context of general delay of US maize (27% at the dented stage on 26/08 vs 46% on average on the 5-year average at the same date). Early frost in the fall could threaten some late planting.

The news of the China-US trade war does not reassure operators either. On 1st September, the two countries increased their respective tariffs: on the Chinese side 5 to 10% of additional tariffs on US agricultural products, including cereals, and 15% of additional tariffs on 300 billion Chinese exports on the American side. In addition, D. Trump faces the wrath of the Corn Belt's producers and elected officials after he extended exemptions from ethanol incorporation into fuel production to many refineries. After the following slump, the US president announced the future implementation of a support plan for maize producers and ethanol manufacturers. The content of this plan is still currently unknown.

In its August report, the IGC revised its world maize production upwards to reach 1,100 Mt, which is 8 Mt higher than in July. This is due to an upward revision of US production that the IGC now estimates to 342 Mt (vs 353 Mt for the USDA in August).

Maize acreage in Argentina is estimated to be rising by the Buenos Aires Grain Exchange. They are expected to reach 6.2 million hectares in 2019/2020, a 3.3% increase compared to the 2018/2019 crop year. Soybean acreage, on the other hand, is declining. Brazilian figures should follow the same trend after a good year for producers.

EUROPE: lower yields in the West

Between 23/08 and 30/08, the price of the November maturity on Euronext lost € 1.5/ T to reach €163 / T. The trend is bearish, due to the Ukrainian production potential and the level of US prices, despite the uncertainties weighing on the French harvest and the € / \$ parity.

The European Commission has again lowered its yields estimates for Western and Central Europe in its August MARS report. This decrease is attributed to drought and heat waves. The good potential of the Balkans, and of Romania in particular, only partially corrects this trend. The EU yield is estimated at 79.3 Cwt / ha, ie 1.5 Cwt / ha less than in July.

The IGC estimates Ukrainian production at 34.7 Mt this year due to higher acreage and favorable weather conditions. This would be the second best yield in the country after last year. In Russia, production is estimated at 12.6 Mt. Rainy conditions in the summer have been favorable for maize after a dry spring.

To be monitored:

- US weather
- US ethanol