

CORN Market



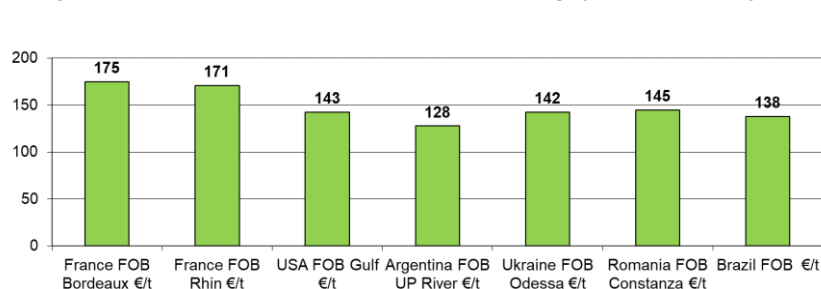
Weekly economic newsletter of the European Confederation of Maize Production

Week 37/2019

N°185

Indicators

FOB price 06/09/2019 in €/t – October delivery (2019 harvest)



	06/09	30/08
Parity €/€	1,10	1,10
Petrol \$/barrel (NY)	56,5	55,1
FOB Bordeaux*(€/t)	175	175
FOB Rhine* (€/t)	171	174

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Political turnaround in Argentina

December maturities lost \$4 / T in Chicago between the 30/08 and the 06/09 to reach \$141 / T. This decline is due to disappointing weekly export figures and improved weather conditions over the eastern Corn Belt (heat and rain). The forecasts for the week provide no support, considering the heat should be favourable to the development of crops and seems to rule out the risk of early frost for the moment. In addition, several analysts announced an average yield close to that of the USDA in August (106.Cwt / ha) which did not allow a price increase: 105.7 Cwt / ha for FCStone and 105.2 Cwt / ha for Allendale.

China-US trade tensions have increased with the announcement of a Chinese complaint to the WTO against US tariffs. However, a ministerial meeting between the two parties is scheduled for early October in Washington.

In Brazil, export figures broke a new record in August (7.6 Mt vs. 3.6 Mt on average over the past three years). Maize sowing has started. As a reminder, the first harvest, in competition with soybeans, is much less important than the second maize crop sown after soybeans. It could experience a shorter development cycle this year. Indeed, soybean sowings could be delayed by the lack of rain.

In Argentina, President M.Macri restored control on foreign exchange in the hope of controlling the fall of the peso and prevent the capital from "leaking" out of the country. This maneuver has uncertain consequences as maize sowing begins. Argentinian producers may reconsider their planting intentions, with lower operating costs for soybeans. In addition, they could sell their stocks faster than expected to avoid a likely rise in export taxes after the presidential election in late October.

EUROPE: Black Sea harvest begins

Without any support element, the November Euronext stock prices followed the trend across the Atlantic and lost €2 / T between 30/08 and 06/09 to reach €161 / t.

The European Commission published its August figures and pushed production down by 1 Mt compared to July. Starting stocks for 2019/2020 remain unchanged at 25 Mt. Although European imports are experiencing a record start since 01/07 (3.6 Mt vs 2 Mt on average over three years), the Commission's imports prediction for 2019/2020 stays at 15 Mt. Moreover, Thursday's ECB meeting should formally announce the continuation of support policies which should maintain the current weakness of the euro vs the dollar. Harvests have started in Russia and Ukraine, where the USDA is expecting a record production of 36.5 Mt due to favourable conditions over the summer and an increase in acreage compared to 2018/2019.

To be monitored:

- US weather
- USDA report