

CORN Market



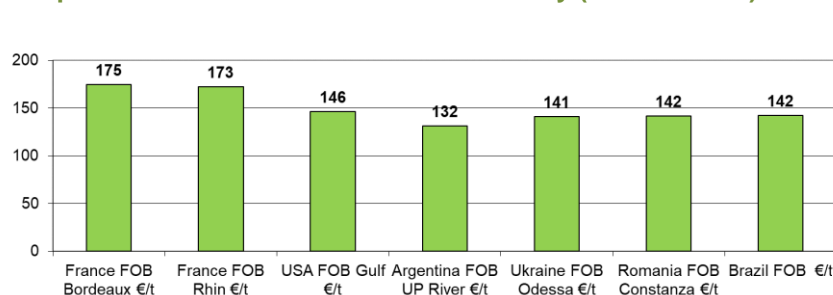
Weekly economic newsletter of the European Confederation of Maize Production

Week 38/2019

N°186

Indicators

FOB price 13/09/2019 in €/t – October delivery (2019 harvest)



	13/09	06/09
Parity €/€	1,11	1,10
Petrol \$/barrel (NY)	54,9	56,5
FOB Bordeaux*(€/t)	175	175
FOB Rhine* (€/t)	173	171

*Fob price Bordeaux/Rhine including monthly increases

WORLD: start of crop year in South America

From 6 to 13 September, the December deadline gained \$ 5.7 / T in Chicago to reach \$ 145 / T. This is due to higher prices in the ethanol market (pending measures from the Trump administration), a deterioration of growing conditions on 08/09 (55% of maize in good to excellent conditions vs 58% on 01/09), and the release of the September USDA report which downgraded the yield forecast to 105.6 Cwt / ha, a decrease of 0.8 Cwt / ha from the August estimate. The potential price increase remains limited: this level of return is slightly higher than analysts' expectations and the weather conditions should be favorable for crops towards the end of the month.

The upturn could come from trade talks. Negotiations between Japan and the United States progressed well and could be concluded at the UN General Assembly at the end of the month. China and the United States are also seeking to reduce tensions before a meeting in early October focused on the trade war. The two countries have pushed back a series of tariff increases last week pending this meeting. In addition, more and more analysts believe that a minimum agreement could be reached between the two parties: a lifting of restrictions on Huawei in exchange for purchases of US agricultural products. Large volumes of US soybeans were bought by China last week.

Analysts are also focusing on the start of the crop year in South America. This is delayed in Brazil because of a persisting lack of rains over a large part of the country, especially in the Central West, where the main producing states are located. In Argentina, early sowing started in the north of the country. The final maize acreage is still uncertain because of the economic problems facing the country. The Buenos Aires Grain Exchange currently maintains a forecast of 6.2 Mha, an increase of 200Kha from 2018/2019.

EUROPE: tensions on exports in Ukraine

From 6 to 13/09, the November maturity gained € 1.75 / T to reach € 162.75 / T on Euronext.

On 12/09, the ECB meeting confirmed the continuation of the support measures and the current monetary policy. This should maintain the current level of the euro vs the dollar, which is rather favorable to exports.

The USDA has revised its production estimate for Ukraine downwards by 500 Kt from August. At 36 Mt, it would still be a record. The exportable supply remains unchanged at 30 Mt. The Ukrainian Grains Association (UGA) estimates production at 35.4 Mt, of which 27 Mt for export. In addition, because of the good harvest in straw cereals, tensions are already reported on export logistics. Agritel estimates that 40% of Ukrainian maize production will be trucked this year.

In view of the level of imports since the beginning of the summer, the USDA has revised upwards by 500 Kt its imports forecast into the EU for 2018/2019. As of 08/09, the EU has gone over 4 Mt of imports.

To be monitored:

- South American weather
- US production
- EU imports