

CORN Market



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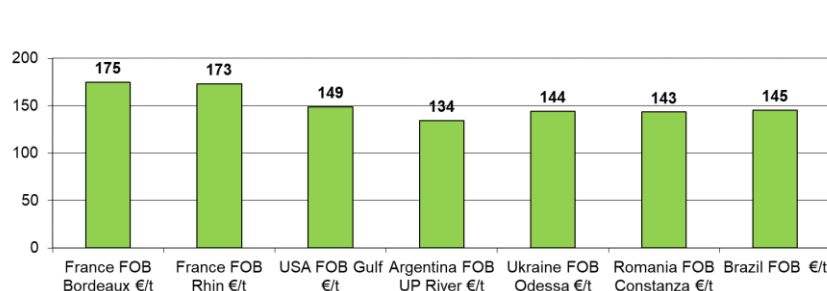
Weekly economic newsletter of the European Confederation of Maize Production

Week 39/2019

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Indicators

FOB price 20/09/2019 in €/t – October delivery (2019 harvest)



	20/09	13/09
Parity €/€	1,10	1,11
Petrol \$/barrel (NY)	58,1	54,9
FOB Bordeaux*(€/t)	175	175
FOB Rhine* (€/t)	173	173

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Favorable weather in the United States

Between 13/09 and 20/09, the price of the December deadline slightly increased by \$0.8 / T to reach \$146 / T. This limited increase is mainly due to the impact of the oil crisis in the Persian Gulf on the US ethanol market. However, the good news in terms of weather forecasts reassured operators who were concerned about early frosts on some of the surfaces. Temperatures above season average are expected on the entire Corn Belt until at least 06/10, and the harvest has started.

Operators are also closely monitoring weather conditions in South America. The absence of rain delayed sowing in Brazil and central Argentina. In Brazil, the state of Parana benefited from rains last week which allowed the beginning of sowing of soybeans and safra corn. Mato Grosso, another important production area, is expected rainfalls this week. Analysts assess the Brazilian maize acreage, both annual harvests included, at 18.1 Mha, which is an increase of 600,000 hectares compared to 2018/2019. In Argentina, rains favoured the central part of the country, which was suffering from drought. However, the sown acreage could fluctuate because of the political and economic uncertainties that affect the country before the upcoming presidential elections.

In Asia, swine fever is now affecting South Korea. Only Japan is still free of the virus. The pig production in this area will decrease, as is already largely the case in China. This should lead to a decrease in maize imports from these countries including two of the world's largest importers: Vietnam and South Korea (about 10Mt each).

The UN General Assembly is being held this week. It could lead to lower tensions in the Persian Gulf and on the oil market. A trade agreement between the US and Japan could also be concluded.

EUROPE: Record level of imports in Europe

Between 13/09 and 20/09, the November maturity on Euronext gained €0.5 / T to reach €163.25 / T.

As of 15/09, the European Union had imported 4.5 Mt of maize compared to 2.5 Mt on average over the past three years. Brazil and Ukraine benefited the most from this trend, with respectively 2.5 Mt and 1.5 Mt. This is due to their very high competitiveness following record-high production. The Ukrainian FOB price is currently at its lowest level of the past 10 years. This situation has pushed Stratégie Grain to revise its imports forecast for 2019/2020 upwards, now reaching 17.8 Mt vs 16.2 Mt in August, but this still remains low compared to 2018/2019.

On the other hand, the production in the Balkan countries was revised slightly downwards by most analysts because of a very dry period over the end of the summer that affected yield potential. This still remains above the five-year average in these countries.

To be monitored:

- European production
- US weather
- US ethanol

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