

CORN Market



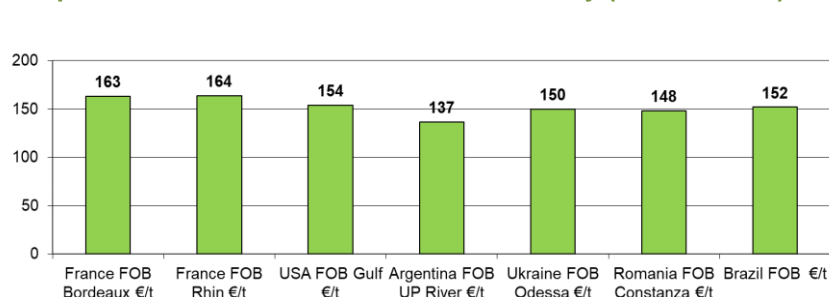
Weekly economic newsletter of the European Confederation of Maize Production

Week 41/2019

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Indicators

FOB price 04/10/2019 in €/t – November delivery (2019 harvest)



	04/10	27/09
Parity €/€	1,10	1,09
Petrol \$/barrel (NY)	52,8	55,9
FOB Bordeaux*(€/t)	163	164
FOB Rhine* (€/t)	164	162

*Fob price Bordeaux/Rhine including monthly increases

WORLD : US stocks reviewed

From 27/09 to 04/10, the December deadline gained \$5 / T in Chicago, to reach \$152 / T. This increase is due to the release on 29 September of the USDA quarterly report on US inventories. On 01/09, these inventories were estimated at 54 Mt, a 1% decrease from the same date in 2018 and an 8 Mt decrease from analysts' expectations. This figure should lead to the revision of the US balance sheet when the October report of the USDA is published on Thursday 11/10. In this context, the funds are reducing their long positions.

FCStone has revised its yield estimate slightly upwards compared to September: +0.6 Cwt / ha to reach 106 Cwt / ha. On the other hand, Informa is reviewing its monthly estimate downwards: -1.3 Cwt / ha to reach 105 Cwt / ha. In addition, operators are concerned by weather forecasts. While freezing temperatures occurred locally over the past weekend, a more significant cold wave is expected to hit the Corn Belt from the end of this week, while on 30/09, 43% of US maize was still not mature. .

Trump has announced his plan to support the ethanol production, which is hampered by the exemptions Trump's administration has granted to some refineries. Not surprisingly, this plan consists in a carry-over of exempt volumes into the federal ethanol incorporation mandate. The Corn Belt is not extremely satisfied with this plan which does not allow to recover the exempted volumes already granted in the past.

In South America, the lack of rain is still affecting large areas and this should continue in the coming weeks. As a result, in Brazil, 1% of soybean seedlings have been planted vs 4.6% at the same date in 2018. Safra maize planting is progressing faster, thanks to more rainfalls in southern Brazil. In Argentina, the lack of rain is still affecting much of the center of the country. As of 02/10, 21% of maize had been sown, including 34% of early maize (sown before the November break). 35% of these seedlings are in "good to excellent" conditions thanks to climatic conditions.

EUROPE: towards a record-high harvest in Ukraine?

From 27/09 to 04/10, the November deadline gained €0.75 / T to €164.5/ T.

Between 01/07 and 29/09, the EU had imported 5 Mt of corn vs 3.1 Mt in the same period on average over the past three years. Because of this high rate, the European Commission has increased its imports figures upwards for the 2019/2020 crop year to reach 17 Mt in its September balance sheet.

In Russia and Ukraine, the appreciation of local currencies (ruble and hryvnia) against the euro and the dollar encourages producers to postpone their sales in a context of low local prices. As of 03/10, 28% of the Ukrainian crop has been harvested. Good yields seem to be confirmed with a yield of 61.2 Cwt / ha or 1.5 Cwt / ha higher than in 2018. If this is confirmed, this could lead to a new production record after the record of the 2018/2019 crop year (35.8 Mt). Indeed, most analysts estimate that the harvest will go above 36 Mt this year due to the good growing conditions and the increase in acreage compared to the 2018/2019 crop year.

To be monitored:

-US weather

-USDA figures on 10/10