

CORN Market



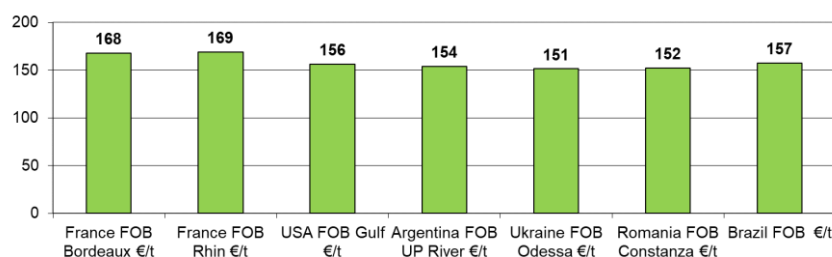
Weekly economic newsletter of the European Confederation of Maize Production

Week 47/2019

N°195

Indicators

FOB price 15/11/2019 in €/t – December delivery (2019 harvest)



	15/11	08/11
Parity €/ \$	1,10	1,10
Petrol \$/barrel (NY)	57,2	56,9
FOB Bordeaux* (€/t)	168	163
FOB Rhine* (€/t)	169	168

*Fob price Bordeaux/Rhine including monthly increases

WORLD : stalled talks between China and the United States

From 8 to 15 November, the December deadline lost \$ 2.4 / T in Chicago to reach \$ 146 / T. Despite the decline in ethanol stocks, which lost 4% between 1st and 8 November, the harvest pressure is lowering US prices. As of 10 November, American maize had reached its maturity level. 66% of maize had been harvested vs 83% at the same date in 2018 and 52% a week before on 3 November. The drier weather since the end of October allowed harvests to progress. Moisture levels are sometimes higher than the average which should increase the costs of production. The stalled US-China talks are not supporting prices. The Chinese refuse to commit to buy \$ 50 billion worth of US agricultural products and the Trump administration does not intend, at present, to make the requested concessions on the withdrawal of the tariff increase from 15 December or on previous increases.

In Brazil, on 13 November, 58% of soybeans had been sown at a pace in line with the 5-year average. Despite the rains, soil moisture in some southern states remains below average. Conab announces 39 Mt of exported maize in 2018/19 and expects 34 Mt for the 2019/20 crop year. It should be noted that in 2018/19, Japan was the second largest customer of Brazilian maize, while it usually buys mainly American maize, which is a sign of the lack of competitiveness of the American origin. In Argentina, on 13 November, 72% of early maize had been sown compared to 77% on the same date, according to the 5-year average. 48.5% of maize are in "good to excellent" conditions vs 46% a week earlier.

EUROPE: Acreage growth expected in 2020

In its monthly report, Stratégie Grains announced a 2% increase in maize acreage in 2020 to reach 8.83 Mha. Part of this increase would come from the carry-over of the acreages originally planned for rapeseed or soft wheat that will not be sown this fall due to rains (Western Europe) or drought (Balkans, Western Ukraine). As such, the Ukrainian Ministry of Agriculture is counting on 5.9 Mha of wheat in 2019/20, which is 200 Kha lower than in 2018/19. These acreages will certainly be reported on spring crops including maize. In its report, SG decreases by 90 Kt compared to October the European production of maize for 2018/19 to reach 63.5 Mt. Imports for 2019/20 are revised up by 600 Kt, to 17.5 Mt, because of a lack of available maize to be exported from Romania and Bulgaria on the Union market. This gap will be filled by Ukraine. SG is increasing by 800 Kt this month the incorporation of maize by animal feed producers in 2019/20 to reach 57.4 Mt due to higher wheat prices. In Ukraine, Agritel is lowering its production estimates due to lower than expected yields. Production is now estimated at 35.5 Mt, of which 29.5 Mt is exportable (vs more than 30 Mt in 2018/19). In Russia, due to higher than expected yields, production is estimated to be 1 Mt higher than in October with 14.5 Mt in total.

To be monitored:

- November CIC Report
- End harvest in the USA