

CORN Market



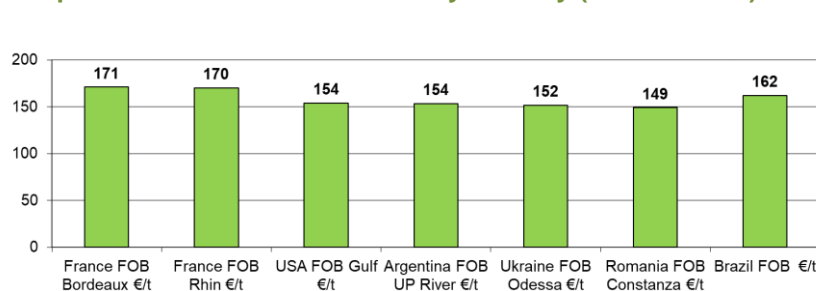
Weekly economic newsletter of the European Confederation of Maize Production

Week 51/2019

N°199

Indicators

FOB price 13/12/2019 in €/t – January delivery (2019 harvest)



	13/12	06/12
Parity €/€	1,12	1,11
Petrol \$/barrel (NY)	60,1	59,2
FOB Bordeaux*(€/t)	171	170
FOB Rhine* (€/t)	170	170

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Agreement announced between China and the United States

From 6/12 to 13/12, the Chicago March maturity gained \$1.3/T to reach \$150/T. This increase was particularly significant towards the end of the week.

Indeed, weekly export figures were better than expected with 874 Kt exported vs 800 Kt expected. In addition, Mexico purchased 1.6 Mt for the next two crop years. However, it was above all the announcement that an agreement on trade issues had been reached between China and the United States that caused the markets to react strongly. However, this upward movement remained limited by a certain amount of uncertainty. The United States is only cancelling the customs duty increase scheduled for 15/12 but it is not reversing previous increases, while Chinese officials have refused to publicly commit to the amount announced by the Americans of \$50 billion in purchases over 2 years. Operators will therefore closely follow the formal content of the agreement, which should be signed in mid-January. In addition, the blocking of the vote in the House of Representatives on the new North American Free Trade Agreement with Mexico and Canada (USMCA) has ended.

The USDA's December review made little change. U.S. supply and demand figures have remained unchanged. Worldwide, production was increased by 6 Mt to 1109 Mt and inventories by 4.6 Mt to 300.6 Mt. Both increases are due to an increase in Chinese production. World stocks, excluding China, are decreasing slightly.

In Brazil, CONAB estimates 2019/2020 production at 98 Mt (100 Mt in 2018/2019) and volumes available to be exported at 34 Mt (40 Mt in 2018/2019) due to an increase in domestic demand (ethanol, animal feed). In Argentina, the lack of rain is becoming a problem for existing seedlings, which are beginning to pollinate, and for seedlings which are yet to be sown (55% of maize has been sown to date). 43% of crops are in "good to excellent" conditions, down 12 points from the previous week. In addition, the government of A. Fernandez has raised export taxes to 12% on cereals and 30% on soybeans. This decision, which did not come as a surprise, could affect the continuation of maize planting depending on the margins of each crop.

EUROPE: towards Brexit

The €/€ parity has increased following B. Johnson's victory in the British elections. His large majority suggests that Brexit will take place on 31 January.

In its December report, Stratégie Grains increased its import forecast for 2019/2020 by 1.3 Mt to reach 18.8 Mt due to the very good competitiveness of maize, and in particular Ukrainian maize, among EU FOBs. This is particularly the case in the Benelux and Spain. Maize incorporation forecasts are up by 700 Kt compared to last month

To be monitored:

-Next Corn Market on 6 January 2020