

# CORN Market



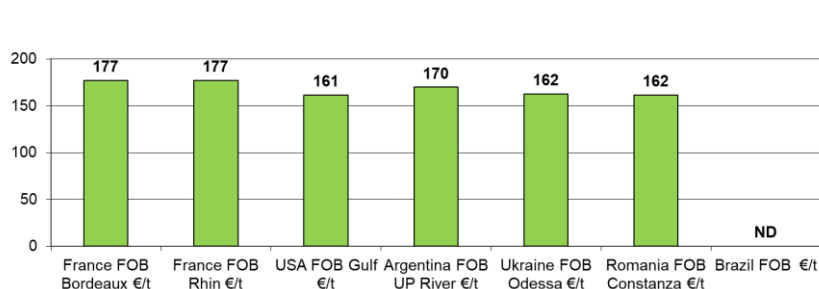
Weekly economic newsletter of the European Confederation of Maize Production

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## Indicators

FOB price 17/01/2020 in €/t – January-March delivery (2019 harvest)



	17/01	10/01
Parity €/€	1,11	1,11
Petrol \$/barrel (NY)	58,5	59
FOB Bordeaux*(€/t)	177	175
FOB Rhine* (€/t)	177	175

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: Disappointment following the China-USA agreement

From 10 to 17 January, prices for the March maturity in Chicago remained stable at around \$153/t. This is masking the strong variability of prices at the end of the week, following the signing of the China-US trade agreement and the presentation of its content, which was considered disappointing by traders. The agreement provides for \$36.5 billion in agricultural product purchases in year 1 and \$44 billion in year 2 (compared to \$24 billion in 2017), which includes products such as grains and ethanol. However, no amount of purchases by product was revealed, as China has also reaffirmed its willingness to buy on market terms and not to disrupt its other suppliers. Moreover, the two parties do not intend to go back on the increases in customs duties in recent months before a hypothetical second agreement on more sensitive subjects (subsidies to industries, industrial espionage, etc.). In this context, operators are still waiting to see a real increase in Chinese purchases and remain sceptical in the meantime.

American exports reached 785 Kt, a higher figure than expected, and ethanol production reached 1.1 million barrels/day, its best level since last June. However, stocks exceeded 23 million barrels, reflecting the difficulties in the sector.

In Argentina, 91% of sowings have been completed. Rains affected the centre of the country, improving the state of water reserves. However, the situation remains difficult in the south of the production zone and the next 15 days should remain dry. 55% of maize is in "good to very good" conditions compared to 51% last week.

In Brazil, sowing of safrinha maize have started in Mato Grosso. However, in general, the soybean harvest should be 2 to 3 weeks late which will induce as much delay for the sowing of maize. The latter could then be threatened by frost at the end of the cycle. Domestic maize prices remain high, which should encourage producers to sow, especially considering that part of the safrinha maize production in the south of the country has been lost due to the drought. JBS, a major meat producer, plans to import 200 Kt of Argentine maize to cover its needs before the safrinha maize harvest in June.

## EUROPE: Increase in surface area in 2020

From 10 to 17/01, prices on Euronext for the March maturity remained stable at €173 /t. The European Commission has still not published updated European import figures.

In its January report, Stratégie Grains forecasts 8.97 million hectares of maize in Europe in 2020, a 3.5% increase compared to 2019. This can be explained in particular by the difficulties in sowing winter cereals in France and Germany.

The same report revises the import forecasts for the 2019/20 crop year, down by 100 Kt, compared to December, to 18.7 Mt.

### To be monitored:

-IGC Report

-EU imports

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