

CORN Market



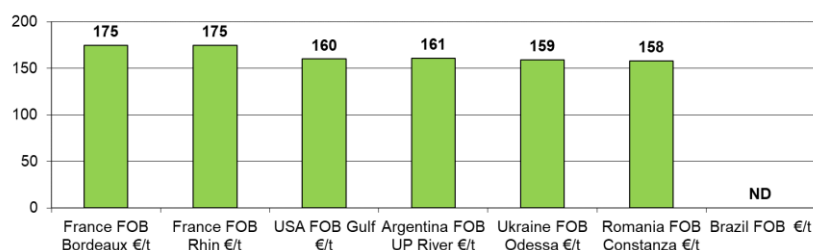
Weekly economic newsletter of the European Confederation of Maize Production

Week 03/2020

N°201

Indicators

FOB price 10/01/2020 in €/t – January-March delivery (2019 harvest)



	10/01	03/01
Parity €/€	1,11	1,11
Petrol \$/barrel (NY)	59	63,1
FOB Bordeaux*(€/t)	175	175
FOB Rhine* (€/t)	175	174

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Uncertainties around the China-US trade agreement

From 03/01 to 10/01, Chicago prices for the March deadline remained stable at \$152/t. Weekly demand figures were poor: 162 Kt exported vs the expected 350 to 725 Kt and a 7% increase in ethanol stocks compared to last week, while production remained stable. However, the various USDA reports caused prices to rebound over the weekend. The Quarterly Inventories Report estimates U.S. inventories at 290 Mt as of 12/1/2019, down 5% from the same date in 2018. Moreover, the USDA monthly report slightly and somewhat surprisingly re-evaluated American production (+787 Kt to 348 Mt, compared to December) thanks to an increase in average yield (105.5 qx/ha vs 104.8 qx/ha in December) and despite a decrease in harvested acreage (-121 Kha to 33 Mha). However, an increase in American demand (+4 Mt compared to December), thanks to higher FOB consumption, has reassured the markets, as has the slight decrease in carryover stocks (-457 Kt compared to December).

On a global level, the monthly figures are rather favourable as well. Production is up by 2 Mt to 1,111 Mt, consumption is up by 6 Mt to 1,133 Mt and stocks are down by 3 Mt to 298 Mt.

This week, the signing of the China-US trade agreement is expected to take place, which should provide more information on its contents. Last week, the Chinese authorities cleared some doubt by claiming that the reduced duty import quotas for cereals (7.2 Mt for maize) would not be reviewed and that the mandate to incorporate 10% ethanol into fuel had been abandoned.

In Brazil, according to CONAB, stocks should fall below 10 Mt before the beginning of the crop year on 1st February. While part of the safrinha maize crop is impacted by the drought affecting the south of the country and demand from feed manufacturers and the ethanol industry is strong, domestic prices should be a strong incentive to plant safrinha maize from February onwards.

In Argentina, heavy rains have improved the crop situation and the latest sowings. 88% of the sowings have been carried and 51% of the maize is in "good to very good" conditions compared to 36% last week.

EUROPE: Ukrainian exports on the rise

Between 03/01 and 10/01, Euronext prices for the March maturity remained stable at €173 per tonne. Due to a technical problem, European import figures have not been updated since the end of December by the European Commission.

The USDA's monthly report revised European production slightly upwards compared to December (+0.5 Mt to 65 Mt), Russian production (+0.5 Mt to 14.5 Mt) and Ukrainian exports (+0.5 Mt to 30.5 Mt) due to a very dynamic export rate in the first months of the crop year.

To be monitored:

-China-US trade agreement