

CORN Market



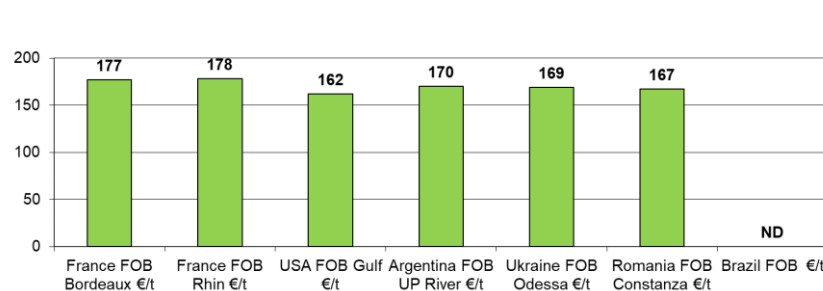
Weekly economic newsletter of the European Confederation of Maize Production

Week 05/2020

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Indicators

FOB price 24/01/2020 in €/t – January-March delivery (2019 harvest)



	24/01	17/01
Parity €/€	1,10	1,11
Petrol \$/barrel (NY)	54,2	58,5
FOB Bordeaux*(€/t)	177	177
FOB Rhine* (€/t)	178	177

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Dynamic global demand

From 17/01 to 24/01, the March maturity lost \$2.4/t in Chicago to reach \$151/t.

Although exports were higher than expected with a little more than 1Mt exported last week, ethanol production is down and stocks are now above 23 million barrels, a 4% increase compared to last week. Moreover, operators are worried about the level of US exports. On the one hand, the Chinese purchases provided for in the mid-January trade agreement are yet to begin, and on the other hand, Ukraine is taking market share from the US on Asian market where it proves its competitiveness, when the absence of South American competition should have left it in a more favourable position.

In its January report, the IGC revised world maize production and demand upwards. Production is now estimated at 1,111 Mt (+8 Mt compared to November) due to a re-assessment of American and Chinese production. World consumption is revised up by 9 Mt compared to November, to 1,150 Mt. This is due to an increase in animal consumption in China and the US and a strong demand for ethanol in Brazil. Stocks are at their lowest level since the 2013/14 crop year with 283 Mt, up 4 Mt compared to November.

In Brazil, analysts estimate that the current soybean harvest should reach a historical record level, between 120 and 125 Mt. This should contribute to weigh on soybean prices, a key element in the choice of crop rotation made by American producers in the spring.

In Argentina, the weather is generally hot and dry and should remain so until early February. The southern part of the production zone is suffering from this situation, while the north and centre benefited from heavy rains at the beginning of the month. At this date, 95% of the maize have been planted and 59% are in "good to very good conditions", a 4-point increase compared to 20/01.

EUROPE: Slowdown in the pace of European imports

From 17/01 to 24/01, Euronext's March maturity lost €1/t to stand at €172/t.

As of 19/01, the European Union had imported 12.2 Mt of maize. This figure is higher than the average of the past 3 crop years (9 Mt to date) but is now lower than that of the 2018/19 crop year (13 Mt to date) which had set a record of 24.1 Mt of imports. Ukrainian origin accounts for 50% of the imported volume so far, but is still 8% below the figures of the 2018/19 crop year. However, Ukrainian exports to Asia are very dynamic and benefit from good competitiveness and better quality compared to US maize. Due to this strong demand, and in anticipation of the South American harvest, Ukrainian prices are at their highest level since the beginning of the crop year.

To be monitored:

- China-US follow-up
- EU acreage
- EU figures

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