

CORN Market



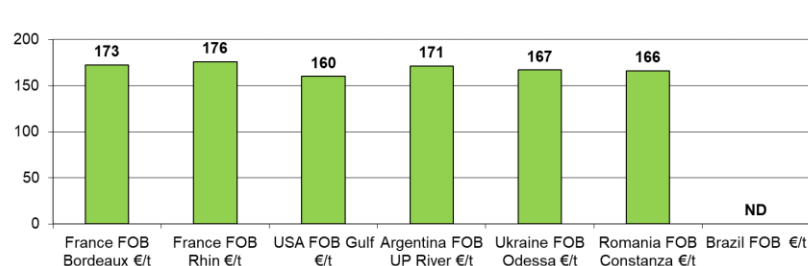
Weekly economic newsletter of the European Confederation of Maize Production

Week 06/2020

N°204

Indicators

FOB price 31/01/2020 in €/t – February-March delivery (2019 harvest)



	31/01	24/01
Parity €/€	1,11	1,10
Petrol \$/barrel (NY)	51,6	54,2
FOB Bordeaux*(€/t)	172,5	177
FOB Rhine* (€/t)	176	178

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Coronavirus impacts global prices

From 24/01 to 31/01, the March prices lost \$2.4/t in Chicago to reach \$150/t.

Despite good export sales last week (1.2 Mt), the maize market experienced a sharp decline. Indeed, like all stock markets, and particularly commodity markets, it is impacted by the outbreak of the coronavirus epidemic in China. This has raised fears about Chinese growth and therefore global growth. It also makes it more difficult for China to comply with the trade agreement concluded with the United States in mid-January. Against this backdrop, non-commercial funds have reduced their short positions in order to benefit from the fall in prices (short selling).

In Argentina, rains in the north of the country should facilitate the final sowings. They are now 97% complete. 60% of maize crops are in "good to excellent" conditions, a stable figure compared to last week. Rains are expected throughout the production zone this week as early maize is filling its kernels and late maize is entering the flowering stage.

In Brazil, on 29/01, 3% of safrinha maize had been sown compared to 8% on average over the past 5 years. The soybean harvest, already delayed by late sowings, is further slowed down by the rains. Producers in some states are requesting derogations to extend the deadline for sowing safrinha maize.

Soybean prices fell sharply in January (-€40 t in Chicago), which, if sustained, could further push towards the expected increase in US maize acreage in the spring. This is explained by the production prospects in South America. The Argentinian harvest should be close to its historical peaks with 53 Mt and Brazil should experience a new record with 123 Mt. This comes in a context of weak Chinese demand, accentuated by the current epidemic, and the weakness of the Brazilian real against the dollar.

EUROPE: EU import forecast revised upwards

In the context of the Coronavirus epidemic in China, Euronext's March price fell by €3.5 /t between 24/01 and 31/01, to reach €168.5 /t.

On 26/01, the EU had imported 12.6 Mt of maize, 1 Mt lower than on the same date in the 2018/19 crop year, but 3 Mt higher than the average over the last 3 crop years.

While the pace of imports tends to slow down, the European Commission has revised its import forecast upwards in its January figures, to 20 Mt vs 19 Mt in December. Uses remaining unchanged, final stocks gained 1Mt to reach 25 Mt.

The MARS report indicates a significant rainfall deficit in the autumn in the Balkans and in the western Ukraine. Heavy rains are expected in the coming month in these areas.

To be monitored:

- Acreage in Brazil
- EU imports