

CORN Market



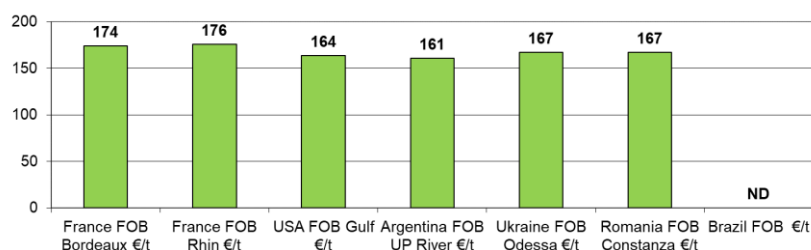
Weekly economic newsletter of the European Confederation of Maize Production

Week 09/2020

N°207

Indicators

FOB price 21/02/2020 in €/t – March-June delivery (2019 harvest)



	21/02	14/02
Parity €/€	1,08	1,08
Petrol \$/barrel (NY)	53,4	52,1
FOB Bordeaux*(€/t)	174	174
FOB Rhine* (€/t)	176	177

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Projection on the rise for American acreages

From 14/02 to 21/02, the Chicago March deadline prices fell by \$1/t to reach \$148.4/t. Export inspection figures are at their best since the beginning of the crop year with 795 Kt, but ethanol stocks continue to increase, 24.8 million barrels to date, with production remaining at high levels. In addition, the spreading coronavirus epidemic is worrying the markets.

The week was marked by USDA's forum on the U.S. agricultural outlook for 2020. With 35 Mha harvested, the projected maize acreage for 2020 would be close to its historical high and would be up by 6% compared to 2019. This can be explained by the return of production to areas subject to "prevented planting", and therefore not harvested, following the climatic variations of spring 2019. The USDA also notes that the soybean to maize price ratio is rather favorable to maize and that the increase in acreage compared to 2019 could have been even greater without crop rotation constraints. With a return to the average yield trend, production is expected at a record level with 392.7 Mt (354.7 Mt in 2019/20). Uses are projected to increase to 374.4 Mt, compared to 357.4 Mt in 2019/20, due to dynamic animal feed producers consumption and increased export competitiveness. However, this would not fully offset the increase in production, resulting in carryover stocks reaching 67 Mt (their highest level since 1987/88). As a result, the average price paid to the producer would fall sharply to \$142/t from \$152/t in 2019/20.

In Brazil, rains are delaying the soybean harvest in the centre of the country. Some safrinha maize is expected to be planted after the optimal date of March 10. In Argentina, growing conditions are improving slightly with 61% of the maize crop in 'good to excellent' conditions compared to 59% last week.

EUROPE: Decrease in the €/€ parity

As a result of the coronavirus epidemic and the difficulties of the German economy, the €/€ parity has reached one of its lowest levels in 2 years at \$1.08 per €. This increases the competitiveness of European cereals.

The Cocéral, the European cereals trade association, estimates the 2020 EU maize harvest at 65 Mt vs 61 Mt in 2019.

On 01/02, Ukraine had exported 6 Mt of maize to the EU vs 7 Mt on the same date in 2018/19. The largest decreases compared to 2018/19 were in the Netherlands (- 500 Kt) and the United Kingdom (- 700 Kt), while volumes to Spain increased (+ 200 Kt). Ukrainian exports to the rest of the world, particularly the Mediterranean basin and Asia, remain extremely dynamic. On 18/02, Ukraine had exported 17.5 Mt of maize vs 14.9 Mt in 2018/19.

To be monitored:

- ICG Report
- China-USA follow-up
- Harvest Argentina