

CORN Market



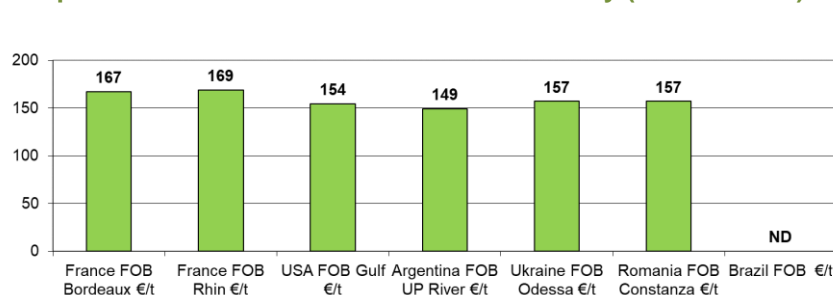
Weekly economic newsletter of the European Confederation of Maize Production

Week 12/2020

N°210

Indicators

FOB price 13/03/2020 in €/t – March-June delivery (2019 harvest)



	13/03	06/03
Parity €/€	1,11	1,13
Petrol \$/barrel (NY)	31,7	41,3
FOB Bordeaux*(€/t)	167	168,5
FOB Rhine* (€/t)	169	173

*Fob price Bordeaux/Rhine including monthly increases

WORLD: High volatility of world prices

Global price volatility continues this week as the coronavirus outbreak continues to spread, disrupting the world's major economies by slowing trade and economic activity. D.Trump has declared a state of emergency in the United States and the Fed is stepping up its action by lowering its rates and announcing \$700 billion in debt buybacks. This did not reassure the markets. From 06/03 to 13/03, the May maturity in Chicago lost \$4/t to stand at \$144/t.

On the other hand, the fall in oil prices and the drop in fuel demand are increasing the difficulties of ethanol producers by lowering their margins, which are back to last summer's level. Production capacity is expected to be reduced eventually, although the Chinese authorities are in the process of approving sites for the export of spent grains and ethanol.

The USDA's March report made little change to the fundamentals: the balance sheets of the US and of other major exporters remain unchanged. The global balance sheet is subject to some minor adjustments. Analysts are awaiting the release of U.S. seeding intentions at the end of the month.

In Brazil, CONAB made few changes to its March balance sheet compared to February. Production is revised down by 400 Kt to 100 Mt and exports are maintained at 34 Mt. Producers in Parana, the second largest producing state, are experiencing difficulties sowing their safrinha maize due to persistent dry weather.

In Argentina, 7% of maize has been harvested. After 3 weeks of drought, maize growing conditions are clearly deteriorating with 38% of maize in "good to excellent" conditions vs 50% last week. Recent rains may have improved the situation of late maize.

EUROPE: Extension of containment measures

From 06/03 to 13/03, prices on Euronext also experienced significant volatility. The June expiry date fell by €1.75 /t to €165 /t.

Throughout Europe, containment measures and border controls are developing, disrupting logistical flows. These disruptions could increase in the coming weeks.

In its March report, the USDA did not readjust its import forecast for the EU (21 Mt) despite a marked slowdown in the pace of imports in recent weeks compared to the 2018/2019 crop year.

In its March report, Stratégie Grains revised its maize acreage forecast for 2020/2021 in the EU very slightly downwards. The forecast is now 8.99 Mha compared to 9 Mha last month.

To be monitored:

- South American weather
- Coronavirus follow-up
- IGC Report