

CORN Market



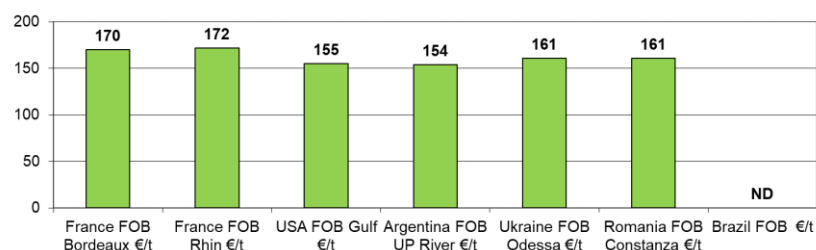
Weekly economic newsletter of the European Confederation of Maize Production

Week 13/2020

N°211

Indicators

FOB price 20/03/2020 in €/t – March-June delivery (2019 harvest)



	20/03	13/03
Parity €/€	1,08	1,11
Petrol \$/barrel (NY)	25,2	31,7
FOB Bordeaux*(€/t)	170	167
FOB Rhine* (€/t)	172	169

*Fob price Bordeaux/Rhine including monthly increases

WORLD: China resumes purchasing

From 13/03 to 20/03, the Chicago May maturity price fell by \$8.7/t to reach \$135/t. The volatility of the last few weeks continues, with US prices torn between the problems of the ethanol industry and Chinese purchases. In fact, demand for maize for ethanol production is declining. As a reminder, ethanol production has historically represented an outlet for 40% of the US maize production on average in recent years. Operators' margins have collapsed as a result of lower demand for fuel and the fall in oil prices, which have returned to their level of the early 2000s. Manufacturers are therefore reducing their production capacity with partial or total plant closures in the Corn Belt for an indefinite period. China's return to buying American agricultural products has not yet fundamentally reversed the trend. China is beginning its economic recovery after more than two months of fighting the coronavirus epidemic. Thus, last week, the Chinese bought 756 Kt of American maize as well as wheat and soybeans. However, operators expect these purchases to be maintained in the long term within the framework of the trade agreement signed last January.

In Brazil, the lack of rainfall over a large part of the country is disrupting the emergence of safrinha maize, particularly in Parana. Sowing is ending, to a significant extent, after the ideal time window (until the beginning of March).

In Argentina, 14% of maize had been harvested by 19/03, compared to an average of 9% over the last 5 crop years. For the remaining maize, growing conditions have slightly deteriorated due to the persistent dry weather. 35% of maize is in "good to excellent" conditions compared to 38% last week.

The coronavirus epidemic is disrupting port logistics in South America with strike movements in Brazil and containment measures in certain port areas in Argentina.

EUROPE : Exports still dynamic in the Black Sea

From 13/03 to 20/03, the June maturity on Euronext was highly volatile. It gained €3.25 /t to stand at €168.25 /t. The rebound at the weekend, tempered by the fall in prices in the United States, was made possible by industrialists seeking supplies in view of logistical difficulties.

In the Black Sea, Ukrainian exports remain dynamic, particularly to Asian destinations. Some analysts fear a lack of soil moisture as maize sowing will soon begin.

As of 15/03, the EU had imported 14.8 Mt vs 17.3 Mt on the same date in the previous crop year. Ukrainian maize, the leading imported origin, sees its imported volume in net decrease, minus 18% compared to the 2019/20 crop year.

To be monitored:

- EU balance sheet
- Coronavirus follow-up
- IGC Report