

CORN Market



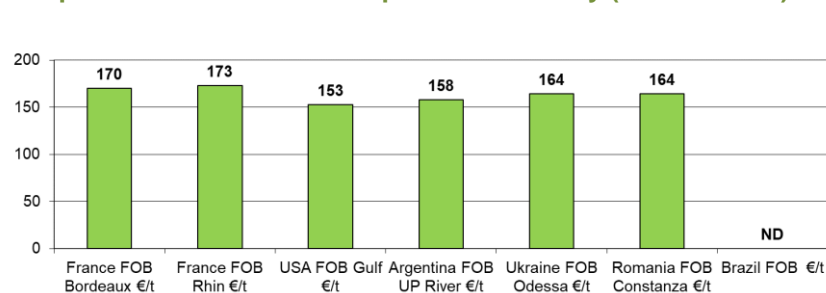
Weekly economic newsletter of the European Confederation of Maize Production

Week 14/2020

N°212

Indicators

FOB price 27/03/2020 in €/t – April-June delivery (2019 harvest)



| | 27/03 | 20/03 |
|-----------------------|-------|-------|
| Parity €/€ | 1,10 | 1,08 |
| Petrol \$/barrel (NY) | 21,5 | 25,2 |
| FOB Bordeaux*(€/t) | 170 | 170 |
| FOB Rhine* (€/t) | 173 | 172 |

*Fob price Bordeaux/Rhine including monthly increases

WORLD: US ethanol production declines

From 20/03 to 27/03, the Chicago May maturity price rose by \$1/t to \$136/t. The week was marked by much less volatility than at the beginning of the month.

The good level of exports, 1.8 Mt exported last week, helped support prices in the face of the difficulties facing the ethanol industry. As a result of the price war on the oil market, U.S. ethanol prices have fallen by nearly 48% since mid-February. In this context, US production is declining. It has lost 30 K barrels/day to stand at 1 million barrels/day last week. It is now back to its October 2019 level. Furthermore, the American Biofuels Producers Association is announcing production capacity closures due to negative margins, in the order of 75.7 million hectolitres, which corresponds to 18.4 Mt of maize annually.

In addition, operators are awaiting the publication tomorrow of US sowing intentions. The USDA had projected a net increase in maize acreage in February with 38 Mha sown (vs 36.3 Mha in 2019). A Reuters survey of American growers this week announced 38.2 Mha. However, the USDA survey was conducted in early March, before the drop in ethanol prices. We will therefore have to wait until June to have a more precise estimate of American acreage.

In its monthly report, the CIC raises world production for the 2019/2020 crop year from 4 Mt in March to reach 1,116 Mt due to a revaluation of European production. Consumption is seen to be down by 1 Mt to 1,150 Mt. Carryover stocks are thus seen to increase by 5 Mt to 298 Mt.

For the 2020/21 crop year, the CIC announces a world production record with 1,157 Mt, due to the general increase in acreage. World consumption is also expected to rise to 1173 Mt, leading carryover stocks to their lowest historical levels, at 274 Mt. On the other hand, due to the American situation in particular, the carryover stocks of the 4 main exporters (United States, Brazil, Argentina, Ukraine) are projected to increase significantly with 74 Mt (+13 Mt compared to 2019/20). This situation is likely to weigh on world prices during the next crop year.

EUROPE: Strong increase in expected acreage in Ukraine

From 20/03 to 27/03, the June maturity on Euronext fell by €0.5 /t to €167.75 /t.

As of 22/03, the EU had imported 15.4 Mt of maize compared to 17.7 Mt at the same date last year.

The Ukrainian authorities announced a maize acreage of 5.4 Mha vs 5 Mha in 2019, i.e. an 8% increase. With such an acreage and current trend yields, Ukraine could produce 40 Mt of maize in 2020/21.

The European Commission's MARS report announces a water deficit on the western shore of the Black Sea (southwestern Ukraine, Romanian and Bulgarian coasts).

To be monitored:

- EU balance sheet
- Coronavirus follow-up
- Situation South America