

# CORN Market



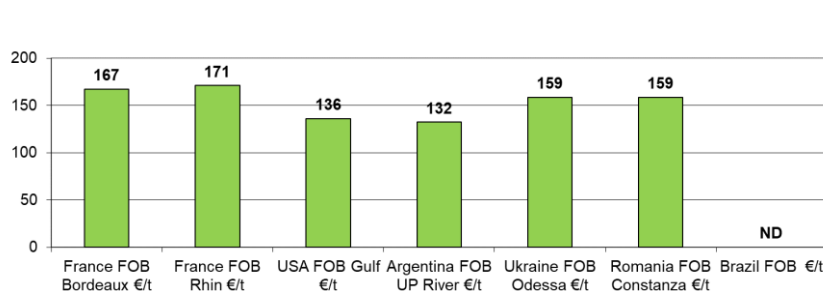
Weekly economic newsletter of the European Confederation of Maize Production

Week 18/2020

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## Indicators

FOB price 24/04/2020 in €/t – May-June delivery (2019 harvest)



	24/04	17/04
Parity €/€	1,08	1,09
Petrol \$/barrel (NY)	16,9	18,3
FOB Bordeaux*(€/t)	167	168
FOB Rhine* (€/t)	171	171

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: U.S. ethanol production stabilizes

From 17/04 to 24/04, the Chicago May delivery price fell by \$2.5 /t to \$124/t. After reaching their lowest levels since September 2009 in the middle of the week, U.S. prices recovered over the weekend, mainly on technical considerations. U.S. planting is under way without major difficulties for the moment. 5% of US maize had been planted by 19/04 compared to a 5-year average of 9% by the same date. Rains are expected on the Corn Belt over the weekend.

The drop in ethanol production seems to have stabilized. As of 17 April, it reached 563 thousand barrels/day compared to 570 thousand barrels/day a week earlier, which is a 1% drop in production. Ethanol stocks are increasing relatively moderately compared to previous weeks. They are still at a record level with 27.7 million barrels (+ 200,000 barrels in one week).

In addition, at the end of the week, American operators were wondering about rumours of a massive purchase of maize by China. According to Reuters, China would consider buying up to 20 Mt of American maize as part of the obligations of the trade agreement signed in January. If such a purchase were indeed to take place, it would again question the real level of Chinese stocks. Over the past 5 crop years, China has only imported between 3 and 5 Mt of maize per crop year.

In Argentina, the harvest has been completed at 35% compared to 33% last week.

In Brazil, the dry weather has persisted for about twenty days now in the southern states and this should continue this week. In the centre of the country, safrinha maize is entering the pollination or filling phase and will need more water over the next few weeks.

## EUROPE: Activation of European customs duties

As a result of the fall in US maize prices, customs duties of €5.27/t are currently being applied from 27/04. These duties are triggered when the CIF Rotterdam US maize price falls below the threshold of €152/t and are equivalent to the difference between €157/t and the CIF Rotterdam price. However, due to the low €/€ parity, the duties are expected to remain limited. Moreover, European importers are already positioning themselves on Ukrainian import quotas at 0 customs duty, which will limit the impact of these duties.

In a context of a very significant water deficit, despite some rain in mid-April, the Black Sea basin is still very dry. Romania and western Ukraine could see rains this week.

### To be monitored:

- ICC report
- EU balance sheet
- EU weather conditions

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