

CORN Market



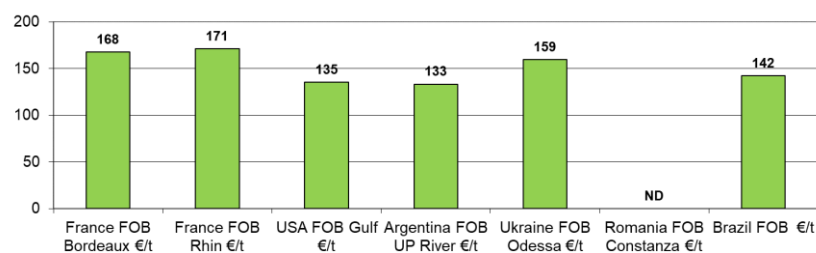
Weekly economic newsletter of the European Confederation of Maize Production

Week 20/2020

N°218

Indicators

FOB price 08/05/2020 in €/t – May-June delivery (2019 harvest)



	08/05	01/05
Parity €/€	1,08	1,09
Petrol \$/barrel (NY)	24,7	19,8
FOB Bordeaux*(€/t)	168	166
FOB Rhine* (€/t)	171	170

*Fob price Bordeaux/Rhine including monthly increases

WORLD: U.S. ethanol production increases

From 01/05 to 08/05, prices for the July delivery in Chicago rose slightly to \$126/t.

American prices rebounded slightly last weekend due to several factors. Taking advantage of higher oil prices and the start of the end of the lockdown, ethanol production is up for the first time in two months. At 598 thousand barrels/day, it is up 61 thousand barrels/day from the previous week. Meanwhile, ethanol stocks continue to decline at 25.6 million barrels, which is down 725 thousand barrels from the previous week.

In addition, Chinese and U.S. officials this week reiterated their intention to respect the January trade agreement. Taking advantage of the level of American prices, China bought 686 Kt of American maize last week, including 371 Kt for the current crop year.

Finally, the weather conditions over the weekend worried operators with the arrival of a cold spell disrupting sowings in the northwestern Corn Belt and causing localized frosts. As of 04/05, 51% of American maize had been planted compared to an average of 39% for the last 5 crop years. This cold spell is expected to continue into the early part of the week. Heavy rains are expected on the Corn Belt over the weekend.

In Brazil, rains fell in the south of the country for the first time in nearly a month as growing conditions in the area deteriorated significantly due to drought. More rains, although less scattered, are expected this week. The situation in the mid-western states is normal.

In Argentina, 38 % of the maize has been harvested compared to an average of 31 % harvested in the last 5 crop years. The rains are slowing down the pace of harvest.

EUROPE: Tariff increases

Between 04/05 and 08/05, the price of the June delivery on Euronext rose by €1 /t to reach €165.75 /t.

On 04/05, the EU had imported 17.5 Mt of maize compared to 20.4 Mt on the same date in the 2018/2019 crop year. In addition, since 05/05, the European Commission has increased customs duties on maize due to the drop in US prices used as a reference for the import price. These import duties are now €10.4 /t compared to €5.3 /t previously. The effects of this increase should remain limited by the mobilisation of Ukrainian quotas at zero customs duty by importers.

The Black Sea basin was watered by heavy rains last week, while the water deficit worried operators. This should allow a good emergence of maize sowings. Further rains are expected this week. As of 04/05, 60% of Russian maize and 73% of Ukrainian maize had been planted.

To be monitored:

-USDA report

-Grain Strategy Report