

CORN Market



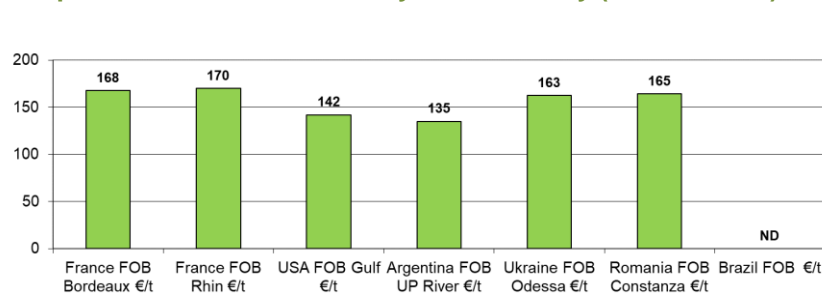
Weekly economic newsletter of the European Confederation of Maize Production

Week 21/2020

N°219

Indicators

FOB price 15/05/2020 in €/t – May-June delivery (2019 harvest)



	15/05	08/05
Parity €/€	1,08	1,08
Petrol \$/barrel (NY)	29,4	24,7
FOB Bordeaux*(€/t)	168	168
FOB Rhine* (€/t)	170	171

*Fob price Bordeaux/Rhine including monthly increases

WORLD: towards a historic production record in the United States?

From 08/05 to 15/05, prices for the July delivery were stable at \$126/t.

Oil prices are on the rise and have crossed the \$30/barrel threshold. This can be explained by recent well shutdowns in the United States, the reduction in Saudi Arabia's production and increased consumption due to the resuming of activity. These factors are supporting the ethanol industry. Production is up by 3% (19 thousand barrels/day) compared to the previous week. Similarly, inventories decreased by 1.4 million barrels last week and are now at 24.2 million barrels. However, the pace and good sowing conditions are bringing an element of pressure. On 10 May, 67% of maize had been planted compared to 56% on the same date on a 5-year average.

In its May report, compared to April, the USDA revised exports for the 2019/20 crop year up by 1 Mt, as well as cattle feed consumption, while ethanol production was revised down by 2 Mt. Analysts expected larger revisions in demand due to pandemic-related difficulties in the feed and ethanol sectors. For 2020/21, based on planting intentions in early March, USDA is projecting a record harvest of 406 Mt. Despite an expected increase in cattle feed and export demand, stocks would reach a high level at 84 Mt.

At the global level, for the 2019/20 crop year and compared to April, the USDA revises the carryover stocks up by 11.6 Mt to 314.7 Mt. This is explained by lower industrial consumption, particularly for ethanol.

For the 2020/21 crop year and compared to the 2019/20 crop year, the USDA announces world production up by 72 Mt to 1,187 Mt, world consumption up by 41 Mt to 1,162 Mt and carryover stocks up by 24.9 Mt to 339.6 Mt. In Brazil, CONAB reviews the maize production up by 470 Kt compared to April. It is now projected at 102.3 Mt. In Argentina, 40% of the maize has been harvested. The harvest of late maize is starting. Exports are penalized by the level of Paraná river, which is at its lowest level in 50 years.

EUROPE: downward revision of European acreages

In its May report, Stratégie Grains revised its projection for European acreage slightly downwards compared to April. It loses 20 Kha and is now estimated at 8.97 Mha.

The USDA report of May projects for 2020/21 a record Ukrainian production with 39 Mt. Russian production is projected at 14.5 Mt. European production is planned to reach 68.5 Mt and imports 23 Mt.

To be monitored:

- Weather in Europe
- Growing conditions USA