

CORN Market



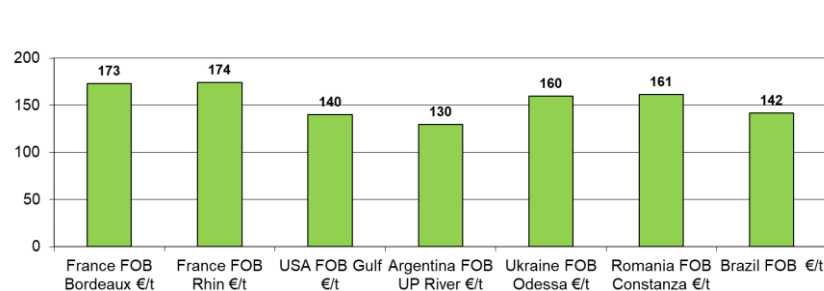
Weekly economic newsletter of the European Confederation of Maize Production

Week 23/2020

N°221

Indicators

FOB price 29/05/2020 in €/t – June-September delivery (2019 harvest)



	29/05	22/05
Parity €/€	1,11	1,09
Petrol \$/barrel (NY)	35,4	33,3
FOB Bordeaux*(€/t)	173	173
FOB Rhine* (€/t)	174	174

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Rising prices in Chicago

From 22/05 to 29/05, the Chicago July delivery price rose by \$3/t to stand at \$128/t. This rise in prices is explained by the CPC's projection of a hot and dry month of June in the Midwest. As of 31/05, 93% of American maize had been planted compared to an average of 89% over the last 5 crop years. 74% of maize is in "good to excellent" conditions, a figure slightly above average.

The increase in US-China tensions is moderating the rise in prices. Following D. Trump's criticism of Hong Kong's crisis management, China has banned its state-owned companies from buying American pork and soybeans. Purchases of Brazilian soybeans, which are more expensive, took place last week.

The news on demand is mixed. As a result of slaughtering problems and compared to before the epidemic, beef slaughtering is down by 10% and pig slaughtering by 20%. This raises fears of a decline in demand for animal feed. Moreover, last week, weekly exports were at 427 Kt, which is a low level. Only ethanol is providing support. Compared to the previous week, production is up by 9% (724,000 barrels/day) and stocks are down by 2% (23.2 million barrels), at their lowest level since January.

In Brazil, heavy rains in the south of the country for several weeks have slightly improved the situation for late-planted safrinha maize, but they are coming too late for most of the production. As a result, the IGC is revising its Brazilian harvest forecast downwards by 1.4 Mt (100.4 Mt) compared to the previous crop year. In Mato Grosso, the harvest of the earliest safrinha maize is starting.

In its May report, the IGC reviews for the 2020/21 crop year world production up by 11 Mt compared to the previous month to reach 1,169 Mt, world consumption up by 4 Mt to 1,177 Mt and carryover stocks up by 8 Mt to 298 Mt. The figures for the 2019/20 crop year are virtually unchanged.

EUROPE: Upward projection for European production

In its May review, the European Commission revised European production for the 2020/21 crop year up by 1.9 Mt to 71.4 Mt compared to April due to an upward revision of the maize sown acreage.

In addition, in recent weeks, the various measures announced by the European Commission to support the recovery of economic activity in Europe have led to an increase in the €/€ exchange rate.

The Black Sea production zone (Romania, Ukraine, Russia) again received heavy rains last week, reducing the water deficit. This should be the case again this week and this month, with a wet June projected.

To be monitored:

- Harvest start Brazil
- Demand USA