

CORN Market

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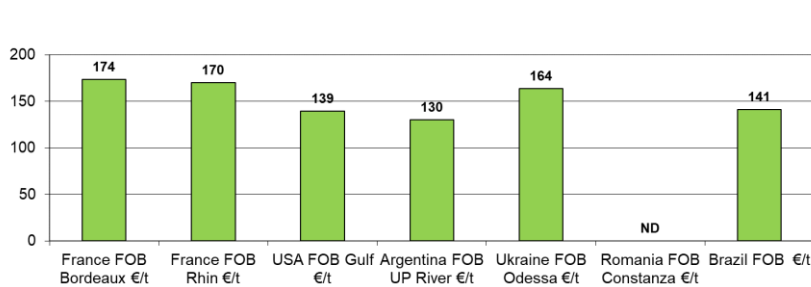
Weekly economic newsletter of the European Confederation of Maize Production

Week 24/2020

N°222

Indicators

FOB price 05/06/2020 in €/t – July-September delivery (2019 harvest)



	05/06	29/05
Parity €/€	1,13	1,11
Petrol \$/barrel (NY)	39,6	35,4
FOB Bordeaux*(€/t)	173,5	173
FOB Rhine* (€/t)	170	174

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Start of the second Brazilian harvest

From 29/05 to 05/06, the Chicago July delivery price rose by \$2/t to reach \$130/t. This increase is explained first of all by technical conditions, hedging of short positions and profit-taking by the funds. It is also due to the rise in oil prices, passing above \$40/barrel, after the announcement this weekend of the one-month extension of the OPEC+ production reduction agreement. However, this rise is currently due more to reduced supply than to a dynamic recovery in demand, although Chinese imports are increasing. In this context, ethanol production continues to increase. Compared to the previous week, it is up by 5% (to 765,000 barrels/day) and stocks are down by 3% (to 22.5 million barrels). Weekly export sales amounted to 638 Kt this week, in line with analysts' expectations. Prices are expected to vary less this week as traders await the release of the USDA report on Thursday. On the other hand, after a hot and dry start to the month, this week is expected to be colder and wetter in the Corn Belt due to the influence of Tropical Storm Cristobal in the Gulf of Mexico.

In Brazil, the second maize harvest ("safrinha" maize) is starting. Most of it is destined for exports. To date, 2% has been harvested, with the earliest harvests having taken place in the Centre-East. Initial yields are above average in these regions, which have suffered little from the drought, unlike the south of the country.

According to Cepea, safrinha maize acreage is expected to increase again for the 2020/21 crop year due to a drop in cotton acreage, the price of which is decreasing, with demand from the textile industry falling sharply.

In Argentina, 56% of the crop has been harvested, compared to 39% on average over the past 5 crop years.

South American exports should be all the more competitive this summer and early autumn as local currencies have depreciated sharply against the dollar.

EUROPE: Contrasting weather

Between 29/05 and 05/06, the price on Euronext for the August maturity rose by €0.75 /t to reach €169.5 /t.

European imports reached 18.5 Mt on 1 June. The European Commission's projection for the entire 2019/2020 crop year ending on 1st July is 19.4 Mt.

While rains are expected over most of Europe this week, the Black Sea Basin is expected to experience a significant heat wave and, in Ukraine and Russia, a return to drought. Romania, which suffers from a significant water deficit, is expected to receive heavy rains.

To be monitored:

-USDA report

-Stratégie Grain report