

CORN Market



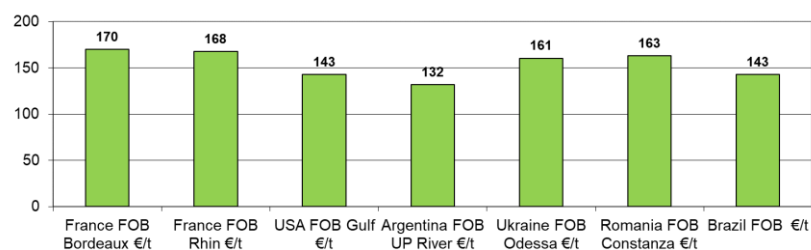
Weekly economic newsletter of the European Confederation of Maize Production

Week 25/2020

N°223

Indicators

FOB price 12/06/2020 in €/t – July-September delivery (2019 harvest)



	12/06	05/06
Parity €/€	1,13	1,13
Petrol \$/barrel (NY)	36,3	39,6
FOB Bordeaux*(€/t)	170	173,5
FOB Rhine* (€/t)	168	170

*Fob price Bordeaux/Rhine including monthly increases

WORLD : WORLD: Towards a 2nd wave of the epidemic?

From 05/06 to 12/06, prices for the July delivery in Chicago remained relatively stable at \$130/t. Ethanol consumption is now close to its pre-epidemic level (-12%). Compared to the previous week, ethanol production is up by 9% (to 836 thousand barrels/day) and stocks are down by 3% (to 21.8 million barrels). However, oil prices have halted their rise with the fear of a major global economic crisis, while the resumption of the epidemic in China and its development in the United States pose a major threat to oil demand. Last week's exports of 661 Kt were in line with traders' expectations.

On 08/06, 85% of American maize had raised and 75% was in "good to excellent" conditions, one point higher than the previous week. This week the Corn Belt is expected to experience warm and humid weather (on the northwest). Non-commercial funds have an unusually large net short position at this time. It is due to the ethanol crisis and the heavy outlook for the future crop year. This position could be a factor of price volatility in the coming weeks. The funds will seek to hedge by buying back positions in the event of climate change on the Corn Belt.

In its June report, the USDA made few changes to the 2019/20 and 2020/21 crop year figures. A further drop of 1.3 Mt compared to May, was made to maize consumption for ethanol in the United States. This brings the estimated loss for the 2019/20 crop year to 13 Mt compared to the beginning of the epidemic. Contrary to the USDA, CONAB has lowered its estimate for the Brazilian harvest from 1.3 Mt to 101 Mt mainly due to lower yields in the southern states of Brazil (drought).

EUROPE: A favourable spring for maize

After sometimes difficult sowing and planting conditions for maize, the month of May was relatively favourable for maize in Europe and the Black Sea basin. The rains reduced or absorbed water deficits in Central Europe and the Black Sea (Ukraine and Romania in particular) while the heat favoured crop development. These conditions are being repeated this week in these areas.

In Russia, maize acreage is expected to reach 2.9 million hectares, a significant increase compared to the 2.5 million hectares of the previous crop years and compared to the first forecast. In its June report, compared to May, Stratégie Grains reviews the EU maize acreage slightly down by 70 Kha, to 9 Mha. The report also points to a lower feed production projection for the coming crop year and a record barley harvest in Spain. Both will weigh on EU maize demand.

To be monitored:

- Brazilian harvest
- US acreage
- MARS report