

CORN Market



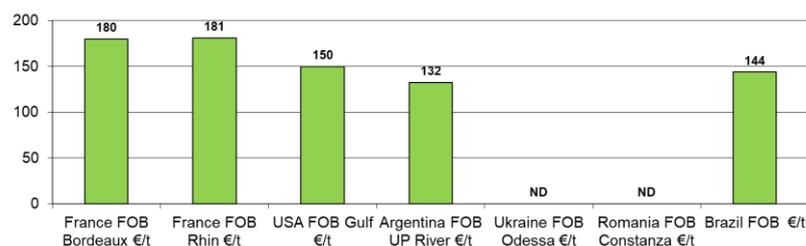
Weekly economic newsletter of the European Confederation of Maize Production

Week 29/2020

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Indicators

FOB price 10/07/2020 in €/t – July-September delivery (2019 harvest)



	10/07	03/07
Parity €/€	1,13	1,12
Petrol \$/barrel (NY)	40,6	40,8
FOB Bordeaux*(€/t)	180	173
FOB Rhine* (€/t)	181	176

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Rain over the Corn Belt

From 03/07 to 15/07, the Chicago September delivery price dropped \$7/t. The weather elements dominated the market evolution, despite upwards elements noted in the American balance sheet.

In its July report, the USDA revised, compared to June, the American production for the 2020/21 crop year downwards. The production projection loses 25 Mt to 381 Mt. This is explained by the decrease in maize acreage recorded at the end of June. Yields remain unchanged and will eventually be modified in the August report by the surveys conducted in the coming weeks. Uses remain practically unchanged with a 5 Mt drop in cattle feed. Taking into account an increase in initial stocks, carryover stocks for the 2020/21 crop year are projected to fall by 17 Mt (to 67 Mt), a figure slightly lower than operators' expectations; but still quite significant.

In addition, over the last ten days, the USDA has announced significant maize sales to China. 765 Kt for the 2019/20 crop year and nearly 2.5 Mt in total for the 2020/21 crop year. However, the criticism and sanctions taken by Donald Trump in view of the situation in Hong Kong could jeopardize this dynamic.

Despite this support, maize prices in Chicago have fallen. In fact, market developments were dominated by the return of rainfall on the Corn Belt. Previously, forecasts predicted a hot and dry period in full bloom, a critical period for yield development. Despite a four-point decrease in maize under "good to excellent" growing conditions in two weeks, this return of rain was considered reassuring.

The USDA report also revised, compared to the previous month and for the 2019/20 crop year, Argentina's exports (37 Mt) up by 2 Mt and Brazil's exports (34 Mt) down by 1 Mt.

EUROPE: Towards an end of customs duties?

Over the last ten days, the August delivery prices on Euronext have risen sharply, gaining €13/t to stand at €181/t. Elements related to the improvement in weather conditions on the Corn Belt have not yet been incorporated.

The rise in US prices, compared to the peak of the crisis, as well as the increase in the Gulf premium and freight costs to Rotterdam, should lead to the end of customs duties in the short term. These were triggered at the end of April and are based on the difference between a threshold based on the Community intervention price (€157/t) and a representative import price in Rotterdam based on the three previous elements (Chicago price, Gulf premium, freight).

This prospect, together with the strong competitiveness of South American origins, has led to dynamic imports at the beginning of the crop year, with 482 Kt imported by the EU in the first half of July.

To be monitored:

- Grain Strategy Report
- Weather in the USA
- Weather in the EU and Black Sea