

CORN Market

CEPM
maizEUROP

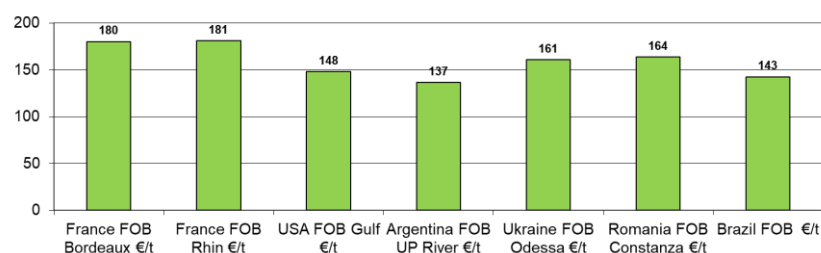
Weekly economic newsletter of the European Confederation of Maize Production

Week 30/2020

N°228

Indicators

FOB price 17/07/2020 in €/t – July-September delivery (2019 harvest)



	17/07	10/07
Parity €/€	1,14	1,13
Petrol \$/barrel (NY)	40,6	40,6
FOB Bordeaux*(€/t)	180	180
FOB Rhine* (€/t)	181	181

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Demand stabilizes Chicago prices

From 13/07 to 17/07, the September delivery price in Chicago rose by about \$2/t to \$131/t.

After a significant drop in prices last week (due to the return of rains in the middle of the pollination period on the Corn Belt), demand figures have brought some stability this week. The market integrated elements related to Chinese demand with more than 2.5 Mt of purchases for the 2020/21 crop year announced last week, including a daily sale of 1.7 Mt, the largest in nearly 30 years. Despite the development of the Covid-19 pandemic in the United States, lockdown measures remain limited for the moment, allowing ethanol production to increase for the 11th consecutive week with 931 thousand barrels/day. This is still about 10% below the production level of the same period last year. In this context, the non-commercial funds again reduced their net short position by 8,000 contracts, allowing them to return to a more usual level at this time of year.

While the drought and heat of the first half of the month had led to two consecutive deteriorations in the condition of US maize (69% estimated to be in "good to excellent" conditions to date), last week's rains should lead to an improvement. This week is expected to be rainy with an opportune temperature, particularly in the Central-Eastern part of the Corn Belt, which was still suffering from dryness in some areas. The entire production area should thus see an improvement in production conditions, as nearly a third of American maize had reached the female flowering stage last week.

EUROPE: Upward revision of the European production projection

As a result of weather-related developments in Chicago, August delivery prices on Euronextfell sharply in the middle of last week before reaching €174.5/t on 17 July (compared to €2.25/t on 13 July).

In its July report, compared to June, *Stratégie Grains* revised its production forecasts for the EU for the 2020/21 crop year upwards. These gained 690 Kt for a total of 66.6 Mt. This increase is due to a slight re-evaluation of the acreage. Additional favourable conditions include a generally favourable spring for European maize crops (after occasionally dry sowings) leading to a higher forecast for yields. The European balance sheet is still expected to be rather sizeable, particularly due to the French figures.

In Central Europe, the situation should remain favourable after last week's rains. Another rainy week is expected in the area from the Czech Republic to the West of Ukraine. The Eastern half of the Black Sea basin should remain dry this week without impacting maize due to its water reserves.

To be monitored:

- International Grain Council Report
- Weather USA
- EU balance sheet

EUROPEAN CONFEDERATION OF MAIZE PRODUCTION

23-25 avenue de Neuilly - 75116 PARIS • Tél. + 33 (0)1 47 23 48 32 - Fax. + 33 (0)1 40 70 93 44
Square de Meeüs 21 - 1050 Bruxelles • Tél. +32 2 230 38 68