CORN Market

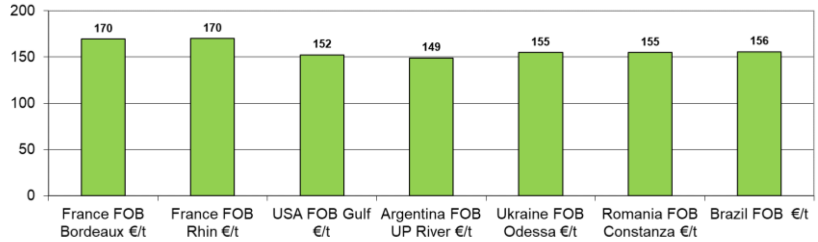
CEPM maiz'EUROP'

Weekly economic newsletter of the European Confederation of Maize Production

Week 37/2020 **N°232**

Indicators

FOB price 04/09/2020 in €/t – September-October delivery (2020 harvest)



	04/09	28/08
Parity €/$	**1,18**	1,19
Petrol $/barrel (NY)	**40,3**	43
FOB Bordeaux*(€/t)	**169,5**	166
FOB Rhine* (€/t)	**170**	169

**Fob price Bordeaux/Rhine including monthly increases*

WORLD : Drought in South America

From 28/08 to 04/09, prices for the December delivery in Chicago remained relatively stable ($141/t).
US prices should not vary too much this week due to the closing of the markets on Monday and the expectation of the USDA's monthly report on Friday. The latter should notably revise US yields following a difficult month of August for crops (lack of rain, storm). In addition, operators are also expecting a revision of the Chinese import figure (7 Mt) due to major purchases this summer. Last week, 62% of US maize was in 'good to excellent' conditions, down 2 points from the previous week.
For the first time in more than a year, non-trading funds are taking a net long position. In response to a more favourable market environment, they bought back short covering positions.
While the US corn export activity has supported prices in recent weeks, demand from the ethanol industry has not yet returned to its usual level (-100 thousand barrels/day). In addition, Brazil, the main market for US ethanol exports, has decided to remove a duty-free import quota of 750 million litres, which is expected to exacerbate the sector's difficulties.
In South America, the start of the export campaign is above average (more than 4 Mt exported by Brazil in July). While the first sowings are about to begin, operators are worried about the drought (climatic phenomenon la Niña). In Argentina, the projected acreages are down (6.2 Mha, -100 Kha compared to the previous crop year). In Brazil, acreages are projected to increase sharply (19.8 million hectares, +1.3 million hectares) due to a decline in cotton acreages and very attractive prices (strong domestic demand). However, the successful planting of safrinha maize (second harvest) will depend on soybeen sowings, which are currently threatened by the dry weather.

EUROPE: Uncertainties about Ukrainian production

In the Ukraine and in Southern Russia, the lack of rain in August penalized maize during the filling stage, which should reduce production potential. However, the extent of production, and therefore exports, remains a matter of debate. The Ukrainian government has announced a production of 33 Mt vs 39.5 Mt according to the USDA (downward revision expected on Friday). Analysts agree on a production between 35 and 37 Mt. A production record is therefore still attainable for this country.
In its August assessment, the European Commission, due to the drought, revised its production projection down by 2.3 Mt compared to July (70.2 Mt). As a result, total imports for the 2020/21 crop year have been revised up by 1.9 Mt compared to last month (18.4 Mt).

To be monitored:
- *South American Weather*
- *USDA Report*

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