

# CORN Market



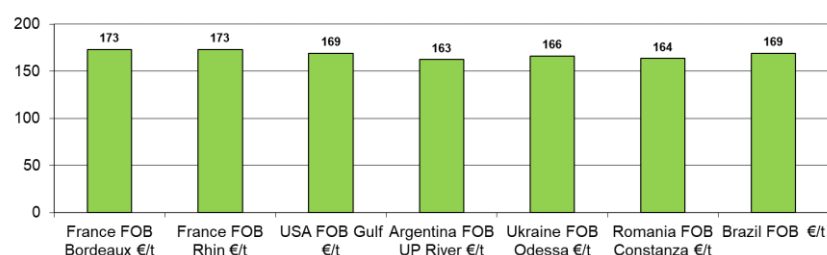
Weekly economic newsletter of the European Confederation of Maize Production

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## Indicators

FOB price 18/09/2020 in €/t – September-October delivery (2020 harvest)



	18/09	11/09
Parity €/€	1,18	1,19
Petrol \$/barrel (NY)	41,1	37,3
FOB Bordeaux*(€/t)	173	169
FOB Rhine* (€/t)	173	170

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: Uncertainties on Chinese demand

From 11/09 to 18/09, Chicago December delivery prices gained \$4 per tonne.

Following the soybean trend, US maize prices are being driven by Chinese demand. Thus, a sale of 210 Kt was again announced this week for the country. In total, for this crop year, China has committed to just over 12 Mt of maize imports: over 9 Mt to the US and about 3 Mt to Ukraine. Operators are therefore wondering about the full extent of this demand and its persistence during the crop year. As the state of Chinese stocks (both quality and quantity) is unclear, projections are difficult. Due to strong animal demand (pig herd in reconstitution), damage to the current harvest (up to 10 Mt lost due to typhoons) and the competitiveness of imports in relation to Chinese production, some analysts estimate that total imports could reach 15 to 20 Mt. The decision of the Chinese authorities to confirm an import quota at reduced customs duties - vs a 65% duty outside the quota - of 7.2 Mt raises questions with regard to the commitments made so far. This could herald a future discretionary management of this import quota. Furthermore, the US harvest is starting with 5% of the maize harvested as of 13/09, in line with the average of the last five crop years. In view of the upcoming presidential elections, Donald Trump has announced a new \$14 billion aid package for US farmers. In Argentina, the recent rains have enabled planting to begin. Five percent of the 6.2 Mha of maize expected for this season have been sown by this date. Rains are still needed to allow planting in some areas and to replenish drought-affected water reserves. In Brazil, farmers in Mato Grosso (the leading producing state) are waiting for the rains to arrive to plant the soybeans that precede maize. In August, the country exported 6.5 Mt of maize, confirming a very dynamic export crop year.

## EUROPE: Decline in European production

In its September report, *Stratégie Grains* revised its production projection for the EU downwards (compared to August). It loses 2.5 Mt for a total of 65 Mt. This drop is due to the deterioration of harvest prospects in France and especially in Romania. In this country the harvest could reach 10 to 11 Mt vs 14 Mt on average during the last crop years. These decreases are not compensated by the good yields in Central Europe, particularly in Hungary. As a result, an increase in imports from the EU is expected, particularly from Ukraine.

Moreover, Germany is affected by African swine fever. As a result, the export to Asia (China, Japan, South Korea) of 800 Kt of pork is now compromised, which risks destabilising the European market and ultimately affecting the consumption of animal feed.

### To be monitored:

- IGC Report
- Weather in the USA
- Weather in South America