

CORN Market



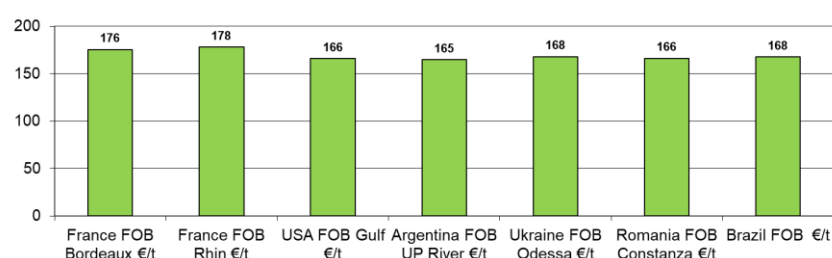
Weekly economic newsletter of the European Confederation of Maize Production

Week 41/2020

N°236

Indicators

FOB price 02/10/2020 in €/t – October-December delivery (2020 harvest)



	02/10	25/09
Parity €/€	1,17	1,16
Petrol \$/barrel (NY)	37,05	40,3
FOB Bordeaux* (€/t)	175	175,5
FOB Rhine* (€/t)	179	178

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Revision of US Stocks

From 25/09 to 02/10, the Chicago December delivery price rose by \$6 /t to \$149/t.

This increase is explained by the release of the USDA's quarterly inventory report. The report sharply reduced US maize stocks. Stocks as of 1 September are estimated at 51 Mt, 11% below the figure expected by operators. As a result, the USDA's October balance sheet, which will be published this weekend, should be revised and US carryover stocks could be reduced to under 60 Mt compared to 64 Mt in the September report. US production is also expected to be revised downwards due to frost damage to North Dakota maize and a downward revision of Iowa's acreage following the storm in early August. Against this backdrop, non-trading funds have the largest net buying position in this period since 2015.

Weekly demand figures are mixed. Despite the absence of China on the international markets this week (celebration of a bank holiday), net export sales, at 2 Mt, are above operators' expectations, mainly on traditional markets for the United States (Mexico and Japan). On the other hand, the ethanol industry remains depressed due to the coronavirus epidemic: production this week is down 3% compared to the previous week, with 881,000 barrels/day.

The week promises to be dry on the Corn Belt, which should encourage the progress of harvesting.

In Argentina, 15% of acreages have been sown compared to 21% on average over the past five crop years. The production area is suffering from drought, no rain is expected this week, and maize growing conditions are deteriorating. 43% were in good to excellent condition on 1 October, down five points from the previous week.

In Brazil, some rains are expected in the Central-Western part of the country, which could speed up the planting of soybeans ahead of safrinha maize. As of 02/10, only 2% of soybeans had been sown, compared to 10% on that date in the past five crop years. Most of the sowing takes place in October. On the other hand, safra maize sowing (full season), which takes place in the more Southern and more humid states, is ahead of the five-year average.

EUROPE: Rising Imports

As of 02/10, 18% of the Ukrainian harvest had been carried out. The first yields are below average which should confirm a harvest between 33 and 35 Mt. Operators are expecting a revision in this direction in the USDA's October report. Furthermore, the drought is affecting the Black Sea area and in particular the eastern half of Ukraine. A drop in the acreage of autumn crops would lead to a carry-over to spring crops, particularly sunflower and maize.

In its September assessment, compared to August, the European Commission revised its import forecast upwards (19 Mt, +400 Kt).

To be monitored:

- USDA Report
- Weather in South America
- Ethanol