

CORN Market



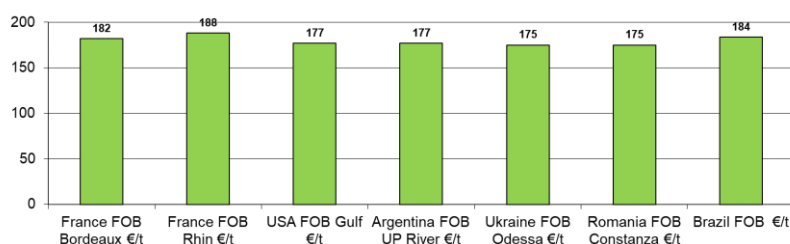
Weekly economic newsletter of the European Confederation of Maize Production

Week 42/2020

N°237

Indicators

FOB price 09/10/2020 in €/t – October-December delivery (2020 harvest)



	09/10	02/10
Parity €/ \$	1,18	1,17
Petrol \$/barrel (NY)	40,6	37,1
FOB Bordeaux* (€/t)	182	175
FOB Rhine* (€/t)	188	179

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Lightening of the American balance sheet

From 02/10 to 09/10, the Chicago December delivery price rose by \$6 per tonne to reach \$155.5 per tonne.

Due to dry weather on the Corn Belt in recent weeks, harvesting is progressing. By 04/10, 25% of US maize had been harvested, a figure similar to the average figure for the last 5 crop years at the same date.

In its October report, compared to September, the USDA revised downwards the maize acreage harvested due to the storm in early August in Iowa and the acreage planted in North Dakota. Yields are almost stable. As a result of these decreases in acreage (-400 Kha), US production has been revised downwards by 3 Mt.

Total maize consumption for ethanol has been revised downwards by 2 Mt (128 Mt). The US ethanol industry continues to suffer from the consequences of the coronavirus epidemic. At 923 thousand barrels/day on 02/10, production was 5% below last year's level on the same date.

The fall in US production, combined with a sharp downward revision of initial stocks for the 2020/21 crop year (-6 Mt), already announced in the USDA's quarterly report on stocks, has led to a 9 Mt downward revision of US carryover stocks, which are now projected at 55 Mt against 64 Mt in September. This significantly lightens the US and world balance sheets. These elements were anticipated by the operators and already partly integrated by the market.

In fact, these changes are also carried over to the world balance sheet where stocks are now projected at 300 Mt against 307 Mt in September. Furthermore, the USDA did not change the figure for Chinese maize imports (7 Mt) despite major purchase commitments and record imports in August-September.

In Brazil and Argentina, the weather was dry last week and is expected to remain dry this week. In Brazil, soybean planting, which precedes much of the maize acreage, is lagging behind. In Argentina, as of 07/10, 21% of maize had been planted compared to an average of 27% on the same date over the past 5 crop years. Because of the drought, growing conditions are deteriorating. 32% of maize is in "good to excellent" conditions, down 11 points from the previous week.

EUROPE: Increase in Euronext prices

From 02/10 to 09/10, the price of the November maturity on Euronext rose by €6 /t to €176.5 /t. This increase is in the wake of the rise in prices in Chicago and also due to a very sharp rise in wheat prices due to sowing difficulties in the Black Sea.

In its October report, compared to September, the Ukrainian production was revised downwards by only 2 Mt to 36.5 Mt. Most analysts estimate the Ukrainian harvest at a much lower level, at 32-33 Mt. As of this date, about 20% of Ukrainian maize has been harvested.

To be monitored:

- Stratégie Grain Report
- MARS Report