

CORN Market

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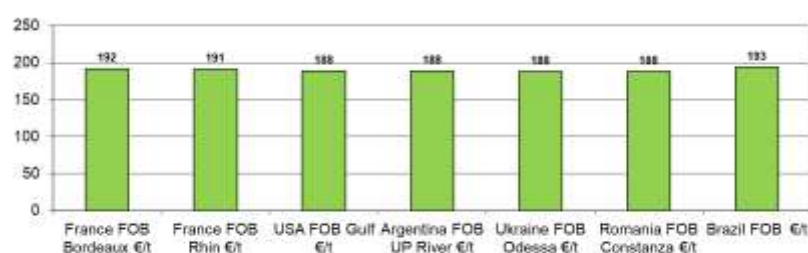
Weekly economic newsletter of the European Confederation of Maize Production

Week 43/2020

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Indicators

FOB price 16/10/2020 in €/t – October-December delivery (2020 harvest)



	16/10	09/10
Parity €/€	1,17	1,18
Petrol \$/barrel (NY)	40,9	40,6
FOB Bordeaux*(€/t)	192	182
FOB Rhine* (€/t)	191	188

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Prices in Chicago above \$4/bu

From 09/10 to 16/10, the Chicago December delivery price rose by \$3 per tonne to reach \$158 per tonne. Against a backdrop of a much lighter U.S. balance sheet and continuing Chinese demand, U.S. prices crossed the symbolic \$4 per bushel threshold (approximately \$158 per tonne) for the first time since the summer of 2019.

Indeed, last week the USDA announced 420 Kt of sales to China, bringing total Chinese commitments to just over 10 Mt of US maize. According to the USDA, China may revise its quota for reduced duty imports (currently 7.2 Mt) for the year 2021. Analysts are still debating the extent of Chinese demand, which some say could be as much as 20 Mt for the 2020/21 crop year.

In this context, the funds are clearly strengthening their net buying position which could lead to high price volatility at the slightest sign of a trend reversal.

Therefore, the climate situation in South America is under particular scrutiny. Central and southern Argentina's production zone received rain this week, as did central and western Brazil, which will help improve the state of the crops and enable sowing work to continue, although this week promises to be drier. In Brazil, soybean plantings are still behind schedule, which could eventually impact the expected sharp increase in safrinha maize plantings. In Argentina on 15/10, 23% of maize had been planted, compared to an average of 31% on that date, and 31% was in "good to excellent" conditions, down 1 point from the previous week.

In the US, harvesting is proceeding rapidly due to relatively dry weather. As of 11/10, 41% of maize had been harvested compared to an average of 32% at that date. This week is expected to be wetter in the western Corn Belt.

EUROPE: Risk on Black Sea deliveries

From 09/10 to 16/10, the price of the November delivery on Euronext rose by €9.25 per tonne to reach €186.25 per tonne.

This increase is due to the contraction of stocks worldwide, very dynamic global demand and production problems in Europe. Thus, Romanian production could, according to Stratégie Grains, go below the 10 Mt threshold with 9.7 Mt only (vs 13.4 Mt in 2019/20). Similarly, in Ukraine, the harvest should be between 32 and 33 Mt vs 35.8 Mt in 2019/20. In this context, some producers may not be able to deliver to stocking organisations or may default on contracts due to price levels that are now much more attractive. Lower maize availability and rising price levels in the Black Sea basin are easing pressure on European maize prices, particularly in France, by making imports less attractive.

In its October report, compared to September, Stratégie Grains revised European production downwards by 2.2 Mt (to 62.7 Mt) mainly due to the downward revaluation of Romanian production.

To be monitored:

- Exports from South America
- Weather in South America
- Weather in the Black Sea basin