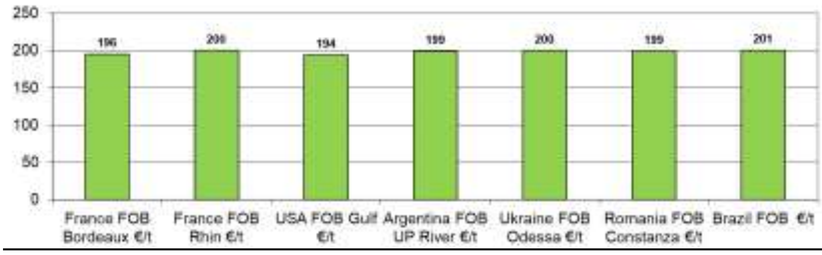
CORN Market
CEPM maiz'EUROP
Weekly economic newsletter of the European Confederation of Maize Production

Week 44/2020 **N°239**

Indicators

FOB price 23/10/2020 in €/t – October-December delivery (2020 harvest)



	23/10	16/10
Parity €/$	**1,19**	1,17
Petrol $/barrel (NY)	**39,9**	40,9
FOB Bordeaux*(€/t)	**196,5**	192
FOB Rhine* (€/t)	**200**	191

**Fob price Bordeaux/Rhine including monthly increases*

WORLD : Sustained Chinese imports

From 16/10 to 23/10, the Chicago December delivery price rose by $6 per tonne to $165 per tonne.
If, in the United States, the ethanol industry remains in difficulty because of the Covid-19 epidemic, with a production of 913 thousand barrels/day (about 10% below its normal level), prices are supported by export figures and in particular by Chinese demand. Last week, net export sales reached 1.8 Mt, including 434 Kt for China, a figure higher than market expectations. With the end of the South American export season, the United States and Ukraine, with a production significantly lower than last year, are now the only suppliers to the world market until next spring. However, the dynamic of purchases by China is being confirmed. Since July, this country has been importing more than 1 Mt per month. From January to September, China will have imported 6.7 Mt and, according to Reuters, the shipments for October reach 1.4 Mt. In this context, the annual quota of 7.2 Mt of duty-free maize should soon be revised upwards while domestic prices remain high (strong demand and a typhoon-damaged crop). This context is favourable to maintaining current price levels.
In addition, South American maize is still threatened by drought. Indeed, despite rains in central Argentina and Brazil, water deficits persist amid slow sowing.
In Argentina, as of 22/10, 34% of maize was in "good to excellent" conditions (up 3 points from the previous week) and 28% of it had been sown, compared to an average of 34% over the last 5 crop years. The north remains dry but new rains are expected in the centre of the production area.
In Brazil, the water deficit is delaying the sowing of soy, which precedes 75% of maize (safrinha maize). On 22/10, 7% of soybeans had been sown, compared with an average of 17% over the past 5 years. In Mato Grosso, the leading producer state, these figures are 8% and 43% respectively. New rains are expected this week.

EUROPE: Water deficit and rising prices in the Black Sea

The November delivery's price on Euronext continues to rise. Between 16/10 and 23/10, they gained €10.25 per tonne to stand at €196.5 per tonne.
In Ukraine, 52% of maize had been harvested on 22/10. Yields remain disappointing despite the progress of the harvest in the north of the country. The average yield at this date is 47 q/ha compared to 67 q/ha in 2019. This situation is pushing prices up, especially since Turkey, one of the main buyers in the Mediterranean basin, has abolished its customs duties on maize.
Despite recent rains in Ukraine and Russia, there are still concerns about the sowing of winter crops (straw cereals and rapeseed), particularly in southern Ukraine. The rains have not fully absorbed the water deficit and some of the acreage may be replaced in spring by other crops (sunflower and maize).

To be monitored:
- IGC Report
- Balance sheet EU

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