

CORN Market

CEPM
maiz'EUROP

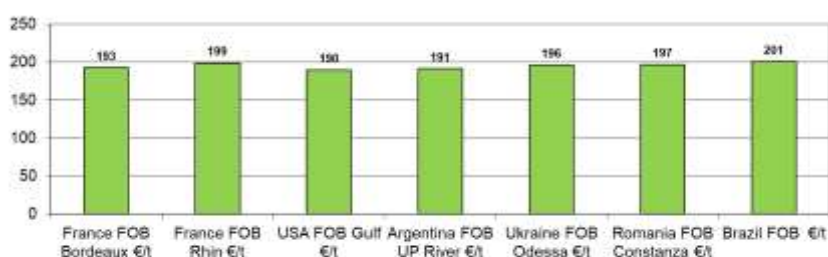
Weekly economic newsletter of the European Confederation of Maize Production

Week 45/2020

N°240

Indicators

FOB price 30/10/2020 in €/t – October-December delivery (2020 harvest)



	30/10	23/10
Parity €/€	1,17	1,19
Petrol \$/barrel (NY)	35,8	39,9
FOB Bordeaux* (€/t)	193	196,5
FOB Rhine* (€/t)	199	200

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Declining prices in Chicago

From 23/10 to 30/10, the December expiry price in Chicago fell by \$4 per tonne to \$159/t.

The maize market has experienced a sharp decrease in recent days, despite rather bullish fundamentals and strong global demand. Indeed, markets, including the maize market, are suffering a decline linked to the resumption of the coronavirus epidemic in the northern hemisphere and the containment measures that will impact global growth. In addition, the prospect of a victory of J. Biden this Tuesday during the American presidential elections is also pushing the American prices back. J. Biden could take stronger measures than D. Trump in terms of containment against the coronavirus but also, in the medium term, in terms of taxation and environmental requirements. Thus, oil prices have been falling back below the \$40/barrel level which has been their level for several months. In addition, non-commercial funds, which hold a very large net long position, are taking profits, which accentuates this drop in prices.

In Argentina, the rains of the past 15 days improved soil moisture and crop conditions for maize. On 29/10 36% were in "good to excellent" conditions, a gain of one point compared to the previous week. 30% of the maize crop had been planted compared to an average of 37% at this date over the last 5 crop years. The dry conditions at the beginning of the season mean that Argentinean producers will plant more late maize, starting in early December, with generally lower yields.

In Brazil, producers are also taking advantage of the scattered rains of the past 15 days to make progress on the sowing of soybeans before maize. By 29/10, 25% of them had been planted compared to an average of 34% at that date.

In both countries, next week is expected to be dry.

Due to very limited stocks awaiting the harvest, domestic maize prices are soaring in Brazil. The country has recently removed tariffs on maize, while the price of imported US maize is coming close to the price of local production, which could lead to more imports by June.

EUROPE: Ukrainian harvest below 30 Mt?

As of 29/10, 62% of Ukrainian maize had been harvested, bringing the collection to 16 Mt. At this date, the average yield was 48 q/ha vs 68 q/ha in 2019. The harvest in northern Ukraine, a region less affected by the summer drought, is not enough to raise the average yield. In this context, some analysts estimate that the Ukrainian harvest could be less than 30 Mt. Moreover, because of these harvest problems and the price increases they generate, some producers have defaulted on delivery contracts and the start of the export campaign has been delayed.

In its October assessment, compared to September, the European Commission revised EU production downwards by 2.9 Mt (60.2 Mt). It revised its import projection upwards by 3 Mt (22 Mt). Demand remains unchanged. In view of the limited availability in the Black Sea, the end of the export campaign in South America and the wheat-maize price gap, these projections raise questions.

To be monitored:

- IGC Report
- USA Elections