

CORN Market

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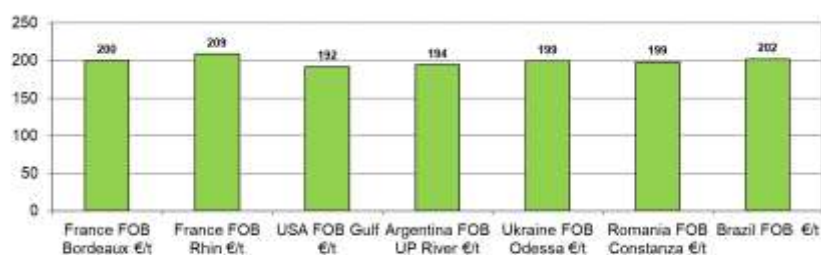
Weekly economic newsletter of the European Confederation of Maize Production

Week 48/2020

N°243

Indicators

FOB price 20/11/2020 in €/t – November-December delivery (2020 harvest)



	20/11	13/11
Parity €/€	1,19	1,18
Petrol \$/barrel (NY)	42,2	40,1
FOB Bordeaux*(€/t)	200	199
FOB Rhine* (€/t)	209	207

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Persistent Water Deficit in South America

From 13 to 20/11, the Chicago December delivery price rose by \$5/t to reach \$167/t.

This increase in prices is due in particular to the good level of American exports and persistent Chinese demand. Last week, net export sales reached 1.1 Mt, exceeding operators' expectations. Moreover, from January to October 2020, China has imported 7.8 Mt, thus exceeding the 7.2 Mt reduced duty quota which should be revised upwards. Indeed, the import dynamic continues and domestic prices remain high despite the arrival of the Chinese harvest. The latter is unable to meet demand. On the other hand, in the United States, the ethanol industry remains in difficulty. On 13/11, production was down 1.5% compared to the previous week and 6% compared to the 5-year average on the same date. Stocks are equivalent to those of the previous week and down 2% compared to the 5-year average at that date. In the short term, ethanol production is threatened by the strong rebound of the epidemic in the United States and by possible federal measures that Joe Biden could take. In the medium term, operators are worried about the willingness of the future American President to promote the development of electric vehicles, although he currently does not have a majority in Congress for major reforms.

In South America, the water deficit persists and affects maize crops. In Brazil, in Mato Grosso, the planting of soybeans, which precedes safrinha maize, is no longer delayed, but since September, with 218 mm of rain, there is a 123 mm shortfall compared to normal rainfall. In Rio Grande do Sul, the main producer of full-season maize, with 218 mm of rain since September, there is a 138 mm shortfall compared to normal rainfall. Next week is expected to be wet over northern Mato Grosso and southern Brazil. In Argentina, as of 18/11, planting remains at 31% and 35% of the maize crop is in 'good to excellent' conditions, a stable figure. In the center of the production area, since September, there has been a 50 to 60mm shortfall in rainfall compared to normal. Rains are expected this week.

EUROPE: Slowdown in European imports

As of 19/11, 86% of maize had been harvested in Ukraine. The collection reached 24.5 Mt and the average yield at that date was 5.2 t/ha vs 7.1 t/ha at the same date in the previous crop year. The country is expected to produce less than 30 Mt. The export campaign has been accelerating in recent weeks and 10 Mt should be loaded between October and December, quite a significant pace.

The volumes imported by the EU should be less significant than in recent years because of the price levels observed in the Black Sea and the more limited availability. On 23/11, the EU had imported 6.7 Mt vs 7 Mt on average over 3 crop years at this date. Volumes from Ukraine are down 20% compared to the 2019/20 crop year. Stratégie Grains estimates in November EU imports for the crop year at 17 Mt vs 19 Mt in October.

To be monitored:

- IGC Report
- Exports Ukraine
- EU balance sheet

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