

CORN Market

Weekly economic newsletter of the European Confederation of Maize Production

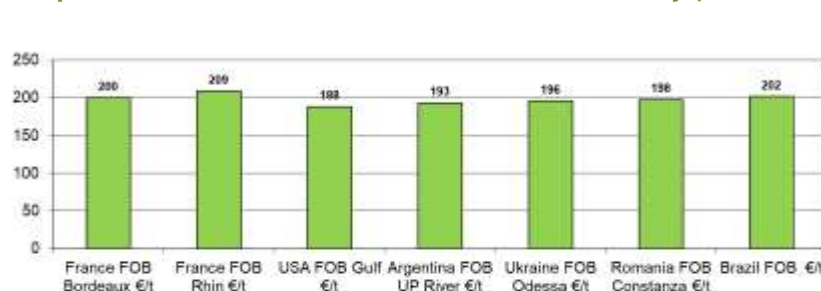


Week 49/2020

N°244

Indicators

FOB price 27/11/2020 in €/t – December-March delivery (2020 harvest)



	27/11	20/11
Parity €/ \$	1,19	1,19
Petrol \$/barrel (NY)	45,5	42,2
FOB Bordeaux* (€/t)	200	200
FOB Rhine* (€/t)	209	209

*Fob price Bordeaux/Rhine including monthly increases

WORLD : A tense worldwide climate

From 20/11 to 27/11, the Chicago December expiry price increased by \$1 per tonne to \$167.5 per tonne.

Prices in Chicago increased slightly despite profit-taking by the funds before Thanksgiving. The good momentum of U.S. exports continues to support prices. The weekly figure for net export sales (export commitment) last week was 1.7 Mt, higher than exporters' expectations, including 300 Kt to China.

Moreover, in its November report, the CIC confirms some tension on the world maize balance sheet in the medium term. Compared to October, the institution revised world production down by 10 Mt (1146 Mt), world consumption down by 4 Mt (1169 Mt) and carryover stocks down by 4 Mt (275 Mt) while those of the 4 main exporters were revised down by 12 Mt (58 Mt). Indeed, the CIC is significantly reducing US carryover stocks due to production cuts and strong export demand. The American origin should meet most of the world demand at least until spring, with the arrival of harvests in Argentina and then Brazil.

In these two countries, the water deficit due to the La Niña climate phenomenon continues to be a cause for concern. Rains were scattered last week but are expected to reach the southern states of Brazil, which are producing high-season maize, next week. Central Brazil, which produces safrinha maize, and central Argentina, the main production area, are expected to remain dry for the next 7 days. In Argentina, sowing is expected to resume, with late maize sowing starting in early December. On 26/11, maize growing conditions deteriorated by one point compared to the previous week, with 34% of maize in "good to excellent" conditions. 20% of maize is in water stress zones, 7 points more than the previous week.

EUROPE: Limited availability in the Black Sea

In its November report, and compared to October, the ICC revised downwards the Romanian maize production significantly. It is estimated at 7.1 Mt against 10.4 Mt in October (15.4 Mt in 2019/20). Similarly, the ICC has revised the Ukrainian production down by 3 Mt to 30 Mt. In both countries, exporters are facing problems of defaults on contracts with producers. At this date, in Ukraine, the production is 26.3 Mt while 92% of the harvest has been carried out. As a result, the export campaign is behind schedule. Loads should be consequent over the end of the year.

In its November balance sheet, the European Commission has revised its import projection downwards by 1 Mt (21 Mt) compared to October. This figure still seems overestimated given the availability and prices in the Black Sea and South America. To date, EU imports are down by 17% compared to the 2019/20 crop year.

To be monitored:

-Production South America

-Swine Fever and Avian Influenza in Europe