

CORN Market

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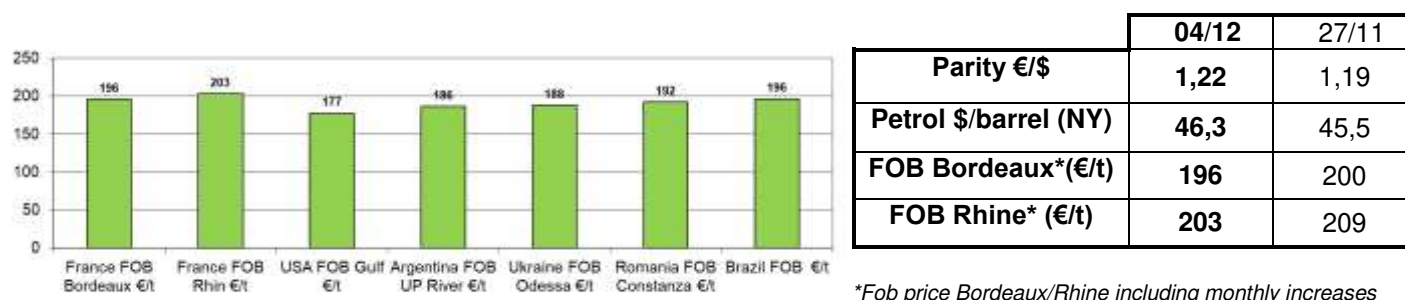
Weekly economic newsletter of the European Confederation of Maize Production

Week 50/2020

N°245

Indicators

FOB price 04/12/2020 in €/t – December-March delivery (2020 harvest)



WORLD : Prices in Chicago drop

From 30/11 to 04/12, the March expiry price in Chicago fell by \$2 per ton to \$165.5 per ton.

In fact, rains affected Argentina and Brazil, which brought an element of relaxation for the prices. In addition, funds were selling last week, in the context of improving weather conditions in South America and some questions about Chinese demand. Some operators are worried about contract cancellations, observed at this date only on soybeans. Last week's net export sales were in line with operators' expectations with 1.4 Mt including 155 Kt for China. To date, 38 Mt have been delivered or contracted, more than 2.5 times more than during the last crop year, including 11.2 Mt for China (and 3.4 Mt delivered).

Despite a major resumption of the Covid epidemic in the United States, oil prices have been rising in recent days due to announcements about vaccines and the fact that OPEC+ has decided to resume production more gradually than initially planned. In the United States, ethanol production remains sluggish, down 2% from the previous week.

The rains that hit South America were an important element of easing for prices. Central Argentina, the main production area, was watered as early maize began to pollinate and planting resumed (late maize). As of 05/12, 35% of the maize crop had been sown compared to an average of 44% at this date over the last 5 crop years. Growing conditions, with 34% of the maize crop in "good to excellent" conditions, were 2 points worse than the previous week, despite the rains. In Brazil, the rains affected the south of the country, a producer of mid-season maize (25% of production, destined for the domestic market). However, the production potential is already reduced. The Center-West, producer of maize as a second crop (after soybean and for export) remained dry. Next week is expected to be dry in both countries.

EUROPE: Surfaces available in Ukraine

Euronext prices followed the trend set by Chicago, but the decline was more severe. Prices for the March maturity lost €6.25 per ton between 30/11 and 04/12 to stand at €187.25 per ton. FOB prices in the Black Sea also decreased.

The sowing campaign for the autumn crops is over in Ukraine. Compared to the 2019/20 crop year, the wheat, barley and rapeseed areas are down by more than 600,000 hectares. These areas will be available for spring crops, primarily sunflower and maize.

In Western Europe, epizootic diseases could disrupt the market. Germany, Europe's main pig producer, is affected by African swine fever, which is destabilizing the European market and could, in the medium term, have consequences for the consumption of maize in animal feed. Similarly, analysts are closely monitoring the development of avian flu.

To be monitored:

- USDA report
- EU imports

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