

# CORN Market



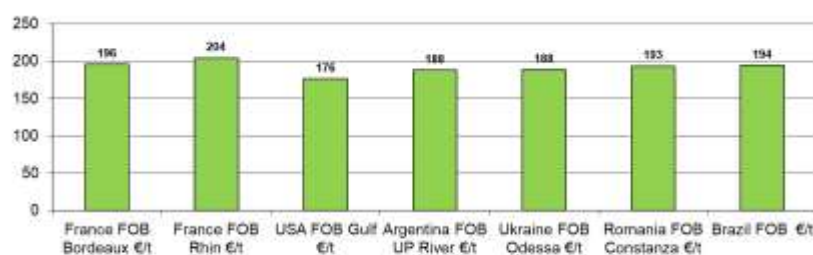
Weekly economic newsletter of the European Confederation of Maize Production

Week 51/2020

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## Indicators

FOB price 11/12/2020 in €/t – December-March delivery (2020 harvest)



|                       | 11/12 | 04/12 |
|-----------------------|-------|-------|
| Parity €/€            | 1,21  | 1,22  |
| Petrol \$/barrel (NY) | 46,6  | 46,3  |
| FOB Bordeaux*(€/t)    | 196   | 196   |
| FOB Rhine* (€/t)      | 204   | 203   |

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD : Decline in production capacity in South America

From 07/12 to 11/12, prices for the March delivery in Chicago remained stable at \$167/t. With the approach of the holiday season and the publication of a rather neutral USDA monthly report, prices changed little.

The USDA's December report left the US balance sheet unchanged compared to November. Traders were expecting a slight downward revision in carryover stocks.

The same report revised Chinese maize imports upwards to 16.5 Mt from 13 Mt in November. Indeed, Chinese imports have remained strong in recent weeks and several new US sales were announced this week. On the other hand, both the USDA and China leave the Chinese production figure unchanged at 261 Mt (similar to 2019/20) which, given the erosion of areas and typhoons that have hit northern China, is unreliable.

In terms of the world balance sheet, the revisions compared to November are minor: carryover stocks are revised down by 2.5 Mt (289 Mt).

In South America, despite recent rains, the water deficit continues to cause concern. In Brazil, rains in the south of the country have partially improved conditions for safra maize. In the central-western part of the country, the rains have been more scattered and the water deficit remains marked in parts of Mato Grosso. This situation has led CONAB to reduce its harvest projection for safra maize to 24.1 Mt (-2.4 Mt compared to November). The USDA has left its projection unchanged for all Brazilian production (110 Mt).

In Argentina, the past week has been dry and the coming one should remain so. On 10/12, 47% of maize had been planted compared to an average of 55% over 2015-2020. Crop conditions are severely degraded with 24% of maize in good to excellent conditions compared to 34% in the previous week. The USDA revised its production projection down by 1 Mt (49 Mt) from November.

In the coming weeks, continued Chinese demand for US maize and changes in South American weather will be the main factors in the price development.

## EUROPE: End of the harvest in Ukraine

As of 10/12, 98% of the maize crop had been harvested in Ukraine. On this date, 28.8 Mt having been collected, the USDA, in its December report, revised Ukrainian production slightly upwards on November: 29.5 Mt (+1 Mt).

Due to a smaller harvest and rising prices, the Ukrainian origin weighs less than usual on the European market. On 14/12, the volumes imported from Ukraine were down 57% compared to 2019/20. The EU imported 7.6 Mt on this date vs 9.9 Mt in the previous crop year.

In addition, with the prospect of a Brexit without an agreement in sight, there are strong imports of maize from the UK, particularly from France.

Next publication on 5 January 2021