

# CORN Market

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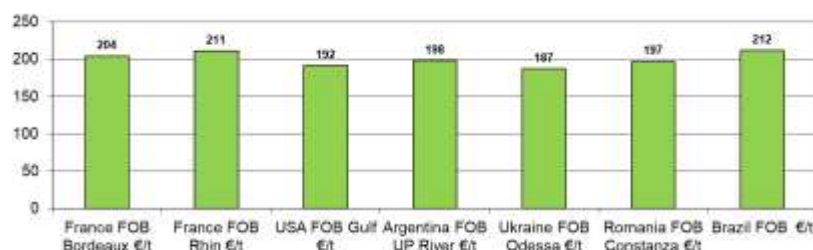
Weekly economic newsletter of the European Confederation of Maize Production

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## Indicators

FOB price 31/12/2020 in €/t – January-March delivery (2020 harvest)



	31/12	24/12
Parity €/€	1,23	1,22
Petrol \$/barrel (NY)	48,5	48
FOB Bordeaux*(€/t)	204	201
FOB Rhine* (€/t)	211	208

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD : Sharp increase in prices at the end of the year

From 18/12 to 31/12, the Chicago March delivery price gained \$18/t to stand at \$192/t.

This strong increase can be explained by several factors. First of all, American exports were very dynamic due to an unfailing Chinese demand (6 Mt imported between September and December including 4 Mt from the USA) and a good competitiveness due to the weakness of the dollar. On the other hand, due to the Covid-19 pandemic and despite the rise in oil prices, the American ethanol industry remains in difficulty. Maize prices have also been supported by concerns about South American crops. These are due in particular to the La Niña weather phenomenon.

In Brazil, the persistent drought is affecting growing conditions for full-season maize (25% of production, mainly in the south of the country). In the central-western part of the country, the safrinha maize sowing (75% of production), which is expected to begin at the end of the month, is causing concern because of the water deficit. Because of incentivising prices, sowing is expected to take place despite the dry weather, but without significant rainfall this could affect yields. Some analysts are already revising their production projections downwards.

In Argentina, the problems are climatic but also political. Here again, drought is affecting the heart of the production zone. On 30 December, only 17% of maize was in "good to excellent" conditions, almost 15 points less than in mid-December. In addition, the high heat is affecting maize in the flowering phase. Finally, 75% of sowings have been carried out compared to an average of 81% at this date over the past 5 crop years. If there is no further rainfall, the areas could once again be revised downwards, as could the production projections. These fears have led the Argentine government to ban the export of the remaining 4 Mt of maize from the 2019/20 crop year, in an attempt to limit meat price inflation in the coming months. In addition, the country has been hit by a major strike by port workers in recent weeks, which is also disrupting export logistics.

## EUROPE: Brexit: no "no deal"

Euronext prices for the January maturity date also rose sharply between 18/12 and 31/12. Over this period, they gained nearly €25 per tonne to stand at €219 per tonne.

The main news of the end of the year was the conclusion, in extremis, of a trade agreement between the United Kingdom and the European Union, which should limit commercial friction after Brexit, contrary to what the prospect of a "no deal" suggested.

In the Black Sea, Ukrainian production for the 2020/21 crop year should finally reach 30 Mt, according to the country's statistics, down sharply from the 2019/20 production (35.8 Mt). In this context, the export potential is limited and the export campaign is less dynamic than the previous one.

### To be monitored:

- Weather in South America
- Exports USA

EUROPEAN CONFEDERATION OF MAIZE PRODUCTION

23-25 avenue de Neuilly - 75116 PARIS • Tél. + 33 (0)1 47 23 48 32 - Fax. + 33 (0)1 40 70 93 44  
Square de Meeûs 21 - 1050 Bruxelles • Tél. +32 2 230 38 68