

CORN Market



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Week 2/2021

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Indicators

FOB price 08/01/2021 in €/t – January-March delivery (2020 harvest)



	08/01	31/12
Parity €/€	1,23	1,23
Petrol \$/barrel (NY)	52,2	48,5
FOB Bordeaux*(€/t)	208	204
FOB Rhine* (€/t)	214	211

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Maize over \$5/bu in Chicago

From 31 December to 8 January, the March expiry price in Chicago increased by \$5/t to reach \$195/t. By mid-week, Chicago prices even surpassed the \$5 per bushel threshold (\$197/t) before falling back.

Non-commercial funds maintained the upward trend of the last few weeks with a record net long (buyer) position of nearly 350,000 lots. This position is explained by the fear of a production accident in South America and the expectation of massive Chinese purchases in 2021. Operators are focusing on tomorrow's release of the USDA's monthly report where both the US and global balance sheets are expected to be tighter than in December. Otherwise, funds could make a technical correction and prices could fall. Indeed, if American exports were significant during the first 3 months of the crop year, with more than 11 Mt, including 4 Mt to China, they must now accelerate to match the record projected by the USDA for the 2020/21 crop year (67 Mt). In addition, the ethanol industry remains in great difficulty due to the persistent drop in fuel consumption. In this regard, manufacturers will be attentive to the actions of Joe Biden, who now has a majority in Congress. He is more open to the interests of this industry, which has been battered by Donald Trump's policy in favor of oil companies, but he could also favor electric vehicles in his next recovery plan.

Mexico, the world's second largest importer and the leading destination for American maize, plans to ban the import of GMO maize for human consumption from 2024. The Mexican government is also considering a ban on cattle feed. China, on the other hand, is preparing to allow the import of new GM maize, even though it has a great need to meet this year's demand.

In Argentina, a compromise has been reached: the ban on maize exports has been lifted and replaced by an export quota of 30 Kt/day. In this country and in neighboring Brazil, drought persists and affects the crops but rains are expected this week.

EUROPE: Rising prices in the Black Sea

In recent days, maize prices in the Black Sea (Ukraine and Romania) have increased significantly (+\$10/t). Importers, especially from the Mediterranean basin, are turning to these origins to the detriment of Argentinean maize, which has suffered from the export ban finally lifted in recent days.

On 04/01, the EU imported 8.4 Mt of maize vs 10.8 Mt on the same date in the previous crop year and 9.7 Mt on this date during the past 3 crop years. In 2020/21, due to a poor harvest and high price, the Ukrainian origin is less competitive on the EU market. At this date, with 2.4 Mt, the volumes of imported Ukrainian maize are down 55% compared to the 2019/20 crop year. According to UkrAgroConsult, the maize acreage in Ukraine for the 2021/22 crop year could slightly decrease due to the disappointment encountered by producers in the 2020/2021 crop year.

To be monitored:

- USDA Report

- Grain Strategy Report