

CORN Market



Weekly economic newsletter of the European Confederation of Maize Production

Week 3/2021

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Indicators

FOB price 15/01/2021 in €/t – January-March delivery (2020 harvest)



	15/01	08/01
Parity €/€	1,21	1,23
Petrol \$/barrel (NY)	52,4	52,2
FOB Bordeaux*(€/t)	218	208
FOB Rhine* (€/t)	230	214

*Fob price Bordeaux/Rhine including monthly increases

WORLD : New price hikes

From 8/01 to 15/01, the Chicago March expiry price increased by \$14/t to \$209/t.

This strong increase is due to the publication of the USDA monthly report. This report revised the maize uses downwards compared to December: -2.5 Mt for ethanol (126 Mt), which is still suffering from low fuel consumption, and -2.5 Mt for exports (65 Mt), as contracts have not yet materialized sufficiently in exports. These figures could have triggered a downward trend in prices, but the USDA has also revised US production downwards, which was not expected by operators. The average yield has been lowered by 2 q/ha (110 q/ha) resulting in a drop in production of 8 Mt (360 Mt in January against 406 Mt last May!). In addition, initial stocks were also revised downwards by 2 Mt (49 Mt). Consequently, carryover stocks are even more stretched with a decrease of 4 Mt (39 Mt). It is this tension that explains the very strong increase over the last few days. Global stocks have been revised accordingly and now stand at 284 Mt. Chinese imports are revised by an increase of 1 Mt compared to December (17.5 Mt).

The USDA also revised South American production figures due to weather conditions: -1.5 Mt in Argentina (47.5 Mt) and -1 Mt for Brazil (109 Mt). However, both countries have experienced significant rainfall in the last 15 days, particularly in the Argentinean production area. This should contribute to improve the conditions for growing maize. As of 14/01, 19% were in "good to excellent" conditions compared to 12% the previous week. The rains arrived in a favorable manner while one third of Argentinean maize is in bloom. In Brazil, the rains were more scattered while the soybean harvest, which is starting, is expected to end about 15 days later than usual. The safrinha maize sowings will be pushed back by the same amount in the areas concerned, exposing them to an increased risk of drought later in their cycle. The weather this week is expected to be relatively dry in both Argentina and Brazil.

EUROPE: Export taxes in Russia

Euronext maize prices also benefited from the rise in the USDA report. Between 7/01 and 15/01, the March deadline gained €11 /t (€212 /t) and, for the new crop, the November 2021 deadline gained €4.5 /t (€187 /t).

In order to counter the rise in domestic prices, Russia has supplemented its export tax system, already present on wheat, by adding maize. This will be subject to a tax of €25 /t starting next 15/03. Ukrainian maize users, especially breeders, have been asking for such a system to be implemented, without success so far, while Ukrainian maize prices have risen by nearly €30 /t since the beginning of the year. In its January report, the USDA revised European imports down by 1 Mt (18 Mt).

For the 2021/22 crop year, in January and compared to 2019/20, Strategy Grains projects that European maize acreage will decrease by nearly 300 Kha (8.62 Mha), including 220 Kha in France (1.45 Mha), in favor of wheat.

To be monitored:

- CIC report
- South American weather
- Ethanol USA