

CORN Market

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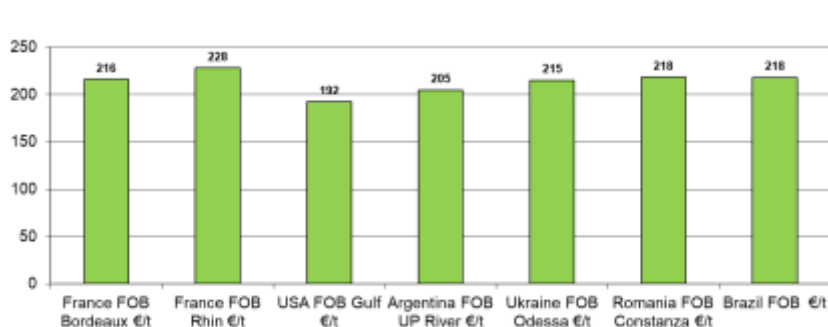
Weekly economic newsletter of the European Confederation of Maize Production

Week 4/2021

N°250

Indicators

FOB price 22/01/2021 in €/t – January-March delivery (2020 harvest)



	22/01	15/01
Parity €/€	1,22	1,21
Petrol \$/barrel (NY)	52,3	52,4
FOB Bordeaux*(€/t)	216	218
FOB Rhine* (€/t)	228	230

*Fob price Bordeaux/Rhine including monthly increases

WORLD : High volatility in Chicago

Prices for the March delivery in Chicago ended the week down sharply. From 15/01 to 22/01, this maturity fell by \$12/t to reach \$197/t.

This significant drop in prices is due to non-commercial funds, which sharply reduced their net buying position over the weekend. For the day of 22/01 only, funds were net sellers of more than 40,000 contracts. This is explained by a willingness to take profits while weather conditions have improved in South America and the global pandemic context is becoming uncertain again due to a slow pace of vaccination and multiplication of coronavirus variants. This downward trend could continue in the event of significant new fund sales. As such, operators are closely monitoring the situation in South America. In Argentina, heavy rains have affected the heart of the production zone where a large proportion of the maize crop is in the flowering phase. Thus, on 21/01, 28% of maize was in "good to excellent" conditions compared to 19% a week earlier. Rains are expected to be less important this week, except in the north of the country where the last areas of maize remain to be sown. In Brazil, the rains also alleviated part of the water deficit, particularly in the Center-West. In this region, the soybean harvest is just beginning, which promises a delay in planting for about a third of the safrinha maize area. This exposes maize to a risk of water deficit at the end of the cycle.

In the United States, ethanol production is still suffering from the epidemic context. As of 15/01, daily production was 7% below the 2015-2020 average and stocks were up 3%. However, the new Biden administration is expected to be much more favorable to ethanol producers than the Trump administration, which has multiplied until its departure the incorporation exemptions of ethanol for the oil industry.

In its January report, compared to November, the CIC revised global stocks downward by 6 Mt (268 Mt). They are now projected at their lowest level in 8 years.

EUROPE: Export restrictions in Ukraine?

From 15/01 to 22/01, on Euronext, the prices for the March and November (new harvest) deliveries fell by €3 /t to €209.25 /t and €184.25 /t respectively.

After Russia, it is now Ukraine that could impose export restrictions. Indeed, maize users, especially farmers, are complaining about the recent price increase (more than €30 /t in January on FOB Odessa) and are asking for export restrictions in the form of a quota or a tax. A meeting is scheduled to take place this Monday (25/01). In any case, it is unlikely that exports will be affected below the volumes available for exports (about 22 Mt). Consequently, such restrictions are expected to have a negligible impact.

To be monitored:

- Chinese Imports
- EU balance sheet