

CORN Market

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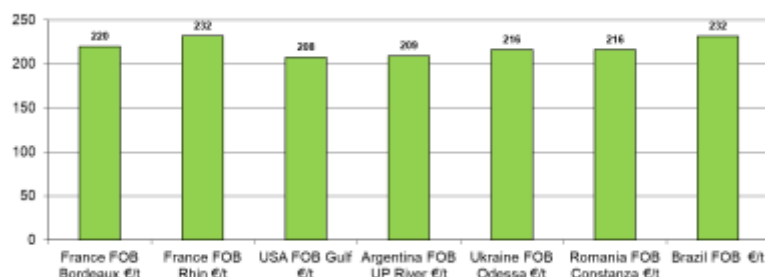
Weekly economic newsletter of the European Confederation of Maize Production

Week 5/2021

N°251

Indicators

FOB price 29/01/2021 in €/t – February-March delivery (2020 harvest)



	29/01	22/01
Parity €/ \$	1,21	1,22
Petrol \$/barrel (NY)	52,2	52,3
FOB Bordeaux* (€/t)	220	216
FOB Rhine* (€/t)	232	228

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Massive Chinese purchases

From January 22 to 29, the Chicago March expiry price increased by 18\$/t to reach 215\$/t.

This sharp rise, after a sharp drop the previous week, reflects the volatility that has been disturbing agricultural markets in recent weeks. It is explained by major Chinese purchases for the 2020/21 crop year. Indeed, last week, China bought just under 6 Mt of American maize in a few days, a quantity larger than the average exports of the United States to this country during the last crop years. In addition, ADM announced that China is expected to purchase more than 750 million liters of U.S. ethanol in the first half of 2021, surpassing the export record set in 2016. Currently, China is ahead of Mexico as the largest customer for U.S. maize. These sales also bring the total maize export contracts at the end of January to 85% of the USDA's 2020/21 export projection (65 Mt). Operators are therefore expecting a significant revision of this figure in the February report, which should put further pressure on carryover stocks. Chinese imports, currently projected at 17.5 Mt, are also expected to be revised upwards.

To a lesser extent, the South American situation has also contributed to the rise in prices. In Argentina, where almost all of the 6.2 Mha of maize has now been planted, growing conditions for maize have deteriorated despite the January rains. On 28/01, 22% of maize was in "good to excellent" conditions compared to 28% the previous week. The weekend rains should help improve the situation of maize, which is in the crucial flowering phase, while next week is expected to be dry. In Brazil, scattered rains affected the Central-Western region last week and heavier rains are expected in the north of this area this week. Due to the late soybean harvest, maize safrinhas sowings in this zone are being delayed, which could lead to greater exposure to climatic hazards at the end of the cycle. To date, 2.5% of maize safrinhas have been sown compared to 15% on average over the past 5 crop years.

EUROPE: Symbolic quota for Ukrainian exports

On January 25, the Ukrainian government introduced a 24 Mt quota for maize exports. Such a measure was demanded by breeders in order to contain the surge in domestic maize prices. More than 10 Mt, out of the 29.5 Mt produced, have already been exported between September and January. However, the level of the quota makes it largely symbolic. It corresponds to the USDA's evaluation of the country's exportable availability in January.

In its January balance sheet, compared to December figures, the European Commission revised imports down by 500 Kt (18.5 Mt) and carryover stocks from the crop year by 462 Kt (18.4 Mt). This import projection may still seem a little too high given the current dynamics of European maize imports. The EU could then lose its position as the world's leading importer, occupied since 2017, in favor of China.

To be monitored:

- US Exports
- EU imports
- African Swine Fever in China

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