

CORN Market



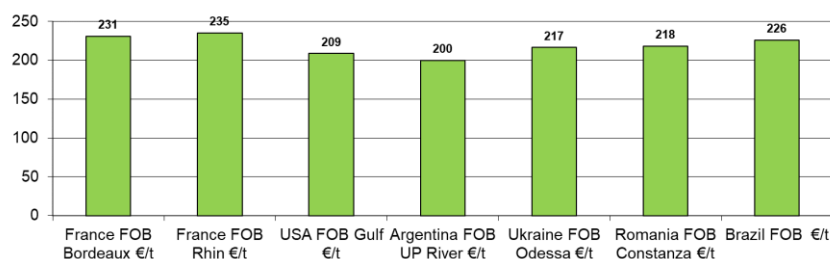
Weekly economic newsletter of the European Confederation of Maize Production

Week 9/2021

N°255

Indicators

FOB price 26/02/2021 in €/t – April-June delivery (2020 harvest)



	26/02	19/02
Parity €/ \$	1,21	1,21
Petrol \$/barrel (NY)	61,5	59,2
FOB Bordeaux* (€/t)	231	229
FOB Rhine* (€/t)	235	233

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Bad week for U.S. exports

From 15/02 to 26/02, the May expiry price in Chicago rose by 2 \$ per tonne to reach 215 \$ per tonne.

The weekend was marked by significant volatility and a drop in prices due to the release of USDA export inspection figures. These figures are clearly below the expectations of the maize operators with 453 Kt. No Chinese purchases were reported due to the vacation period in that country. On the other hand, as of 19/02, ethanol production had fallen to 658,000 barrels/day, a 28% drop compared to the previous week. This is due to the effect of the intense cold spell that hit the Midwest and paralyzed many industries including those of ethanol. Under normal circumstances, however, ethanol production remains about 10% lower than the average of the past 5 years while stocks are slightly higher. Operators are expecting a recovery in fuel consumption that can only come with the end of the Covid-19 epidemic across the Atlantic.

In China, in the annual white paper for agriculture, the government announces that in the next crop year it wants to put in place 667 Kha more than in 2020, i.e. an increase in maize acreage of 1.6% and in production of about 4 to 5 Mt (average yield). This should not allow the country's needs (20 Mt) to be met due to the rebuilding of the pig herd and stocks that are probably lower than estimated.

In Brazil, 15% of safrinha maize had been sown at the end of February vs 50% at this same period last year. Some of this maize will be sown outside the ideal period, especially in Mato Grosso (1st producer state) where about a third of safrinha maize would be concerned. The constant rains in this state in recent weeks have disrupted soybean harvesting and maize sowing. Drier weather is expected this week.

In Argentina, as of 25/02, 30% of maize was in "good to excellent" condition, an increase of 6 points compared to the previous week. However, operators are concerned about the return of heat and drought as late maize is finishing its flowering phase and beginning the grain filling phase.

EUROPE: Downward revision of European imports

In its February assessment, compared to January, the European Commission revised its import projection for the current crop year downwards. This is now 16.5 Mt (-2 Mt), which seems to correspond to the rate of imports observed at that date. On 28/02, the EU had imported 10.6 Mt vs 14.1 Mt on average for the past 3 crop year.

In Ukraine, the government is lowering the VAT rate from 20% to 14% for many agricultural products including maize in order to increase the competitiveness of producers and lower domestic prices.

To be monitored:

- CIC report
- Exports USA
- Weather South America