

CORN Market



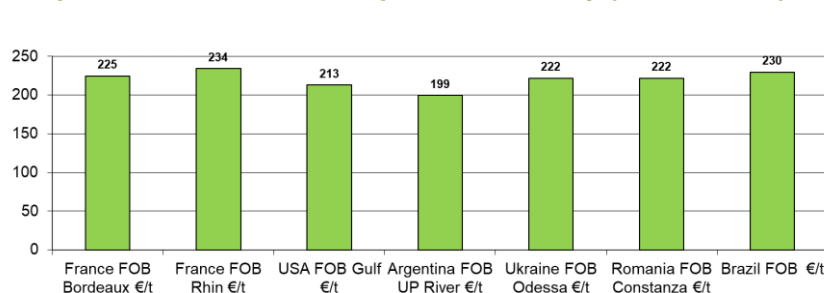
Weekly economic newsletter of the European Confederation of Maize Production

Week 12/2021

N°258

Indicators

FOB price 19/03/2021 in €/t – April-June delivery (2020 harvest)



	19/03	12/03
Parity €/€	1,19	1,19
Petrol \$/barrel (NY)	61,4	65,6
FOB Bordeaux*(€/t)	225	224
FOB Rhine* (€/t)	234	234

*Fob price Bordeaux/Rhine including monthly increases

WORLD : China back to buying

From 12/03 to 19/03, prices of May maturity in Chicago gained \$7 /t to reach \$220 /t.

This upward trend is explained by China resuming its purchases last week. China contracted the purchase of about 4 Mt of maize from the United States ahead of a political summit between the two countries. Chinese purchases for the 2020/21 crop year now exceed 30 Mt (23 Mt of US maize and 7-9 Mt of Ukrainian maize). While the USDA's export target for this year (66 Mt) now appears to be on track with these new purchases, loadings will need to remain strong through the end of the year. U.S. exporters will have to ship an average of 1.8 Mt per week. Furthermore, these purchases should lead to a revision of the USDA's April balance sheet, while the March balance sheet is based on a Chinese import projection of 24 Mt. The Chinese Ministry of Agriculture has announced its intention to replace a portion of soybean and maize imports with other products (wheat, rice, etc.) in order to limit its food dependence, without announcing a target figure.

The situation of the American ethanol industry seems to be improving in recent weeks. With 971,000 barrels/day, production is increasing and is now only 4% below the 5-year average, compared to 10% a few months ago. Inventories have decreased and are 10% under the average of the last 5 years with 21.3 million barrels.

In South America, weather conditions are improving. In Brazil, planting has been able to accelerate. As of March 16, 75% of safrinha maize had been sown compared to 89% at this date last crop year. On the same date in Mato Grosso (1st producing state), only 88% of safrinha maize has been sown, whereas sowing is normally fully completed. In Argentina, rains have hit the production area and more are expected this week. These rains should stop the deterioration of the crop conditions of the last weeks. As of March 18, 22% of maize was in "good to excellent" conditions.

EUROPE: Towards an easing of the EU balance in 2021/22 ?

As of March 22, the EU had imported 11.4 Mt of maize compared to an average of 15.3 Mt on this date over the last three crop years. Imports are continuing at a slower pace, almost exclusively from Ukraine. In a context of limited European wheat and maize supplies, the pace of imports could accelerate in the last part of the crop year.

In its March report, compared to February, Stratégie Grains revised its area forecast for the EU slightly upward (60 Kha) to 8.81 Mha from 8.95 Mha in 2020/21. The publication projects European production at 65 Mt, up from the current crop year (62.5 Mt), due to a return to normal yields. The EU balance sheet would consequently loosen.

To be monitored:

- IGC report
- South American weather
- EU balance sheet