

# CORN Market



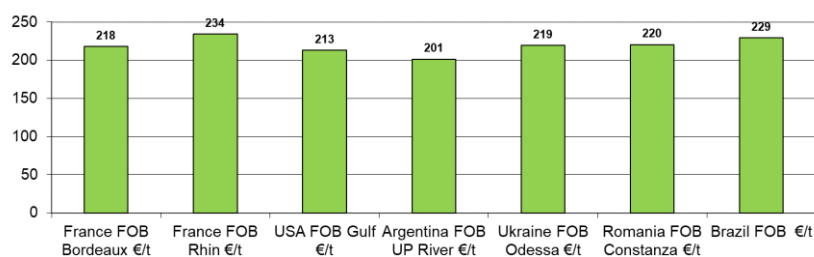
Weekly economic newsletter of the European Confederation of Maize Production

Week 13/2021

N°259

## Indicators

FOB price 26/03/2021 in €/t – April-June delivery (2020 harvest)



	26/03	19/03
Parity €/€	1,18	1,19
Petrol \$/barrel (NY)	60,9	61,4
FOB Bordeaux*(€/t)	218	225
FOB Rhine* (€/t)	234	234

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: Towards a new world production record?

From 19/03 to 26/03, prices for May delivery in Chicago fell by \$/4t to reach \$215 /t.

The week ended with a drop in prices due to the anticipation of a larger 2021 harvest by non-commercial funds. Indeed, on 30/03, the USDA will publish two reports that could lead to strong price volatility. The first report will present quarterly maize stocks, which traders expect to be at their lowest level in 6 years. However, the USDA in its recent stock reports has made unusually large revisions, misleading expectations, which could happen again. The second report will present US growers' planting intentions. At its February outlook forum, the USDA gave its first maize planting forecast for 2021/22: 37.2m ha (36.8m ha in 2020/21). Analysts expect an even higher figure (37.7 Mha) due to the high price environment and at the expense of minor crops (cotton and sorghum in particular). Any announcement that is out of line with these expectations will create great instability in the market. Larger-than-expected areas could prompt non-commercial funds to liquidate a significant portion of their net buying position, which is at its highest level since 2011.

For the 2021/22 crop year, at the global level, the CIC expects a record acreage (199 Mha), which would generate a new production record: 1193 Mt (+5% compared to the current crop year). However, the CIC notes that world stocks should remain low due to an increase in animal consumption, the resumption of ethanol production and the maintenance of significant demand in China, although under the level of the current crop year. China would remain the world's largest importer of maize.

In Brazil, the drier weather has allowed safrinha maize sowing to be completed well beyond the usual period, despite the risk of climatic hazards, due to a very attractive price context. In Argentina, rains again affected part of the production area. These rains stabilised the latest maize crops, but some of the damage is irreversible. It is also slowing down the harvest of early maize. On 25 March, 26% of maize was in "good to excellent" condition, compared with 22% a week earlier. On the same date, 7% of maize had been harvested, compared with an average of 14%.

## EUROPE: Chinese purchases in Ukraine

China recently bought 600 to 800 Kt of new-crop Ukrainian maize (October-November 2021 period), reflecting the country's buying interest in the next crop year and its reaffirmed desire to limit the rise in domestic prices by replenishing stocks.

In its March report, compared to February, the European Commission revised its production forecast for the current crop year very sharply upwards: + 6.4 Mt (71.2 Mt) while the USDA estimates it at 63.7 Mt. Initial stocks are revised down by 2.9 Mt and uses up by 973 Kt. As a result, carryover stocks for the 2020/21 crop year increase by 2.5 Mt (19.1 Mt).

### To be monitored:

- US sowing intentions
- US quarterly stocks
- EU imports