

CORN Market



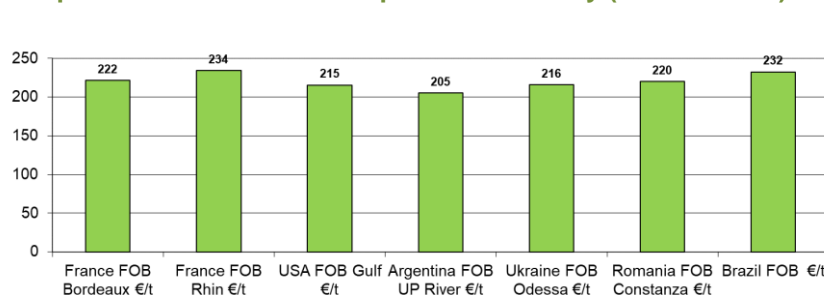
Weekly economic newsletter of the European Confederation of Maize Production

Week 14/2021

N°260

Indicators

FOB price 02/04/2021 in €/t – April-June delivery (2020 harvest)



	02/04	26/03
Parity €/€	1,17	1,18
Petrol \$/barrel (NY)	68,7	60,9
FOB Bordeaux* (€/t)	221,5	218
FOB Rhine* (€/t)	234	233

*Fob price Bordeaux/Rhine including monthly increases

WORLD : High volatility

From 26/03 to 5/04, prices of May maturity in Chicago remained relatively stable at \$218 /t.

However, this apparent stability hides a strong weekly volatility linked to the publication of the USDA report on planting intentions for the 2021/22 crop year. Prices for the May maturity reached more than \$226 /t on April 1st after the release of this report.

Indeed, while operators were expecting a clear increase in acreage compared to the 2020/21 crop year and to the USDA's initial projections, the sown acreage is announced to be lower than expected. It reaches 36.9 Mha, vs 37.6 Mha expected by operators and 36.7 Mha for the current crop year. Certain operators are skeptical about this figure because of the very favorable price context for maize producers. The next data on the sown surfaces will be known at the end of June.

As of April 5, 2% of maize had been planted in the United States, a beginning of the crop year in line with the 5-year average. These plantings are mostly located in the southern states of the country, as Corn Belt plantings are traditionally later and could be disrupted this year by dry soils in the eastern part of the area.

With the rapid progress of the vaccination campaign, and the accompanying economic recovery, ethanol production has returned to a level similar to the average of the last 5 years (965,000 barrels/day as of March 26) while stocks are 11% below the 5-year average (21.1 million barrels as of March 26). The pace of export shipments remained at a good level last week with 1.9 Mt.

Chinese purchases, currently a little over 30 Mt of maize (imports and contracting), could now slow down as maize prices in Dalian have fallen in recent weeks, a sign that the demand/supply imbalance has been resolved in China.

In South America, the weather situation has improved in Argentina with rains that have stabilized the conditions for late maize crops. As of March 31, 27% of maize was in "good to excellent" conditions, 1 point higher than the previous week. On the same date, 8% of maize had been harvested, compared with an average of 18% over the last five crop years. More rain is expected this week. In Brazil, on the other hand, producers fear that dry weather will set in over the Center-East (southern Mato Grosso) and Center-South (Mato Grosso do Sul, Goias, etc.). This week should remain dry.

EUROPE: Changes in export taxes in Russia

In Russia, the government is testing a new export tax system on cereals in order to implement it at the beginning of June. This tax will replace the current €25/t tax on maize and will be equivalent to 70% of the difference between the FOB price of maize and \$185/t.

As of 05/04, the EU had imported 11.8 Mt of maize, compared to an average of 16.1 Mt on the same date over the past three years. Ukraine is now the 1st imported origin (5 Mt) ahead of Brazil (4.4 Mt), Serbia (1.3 Mt) and Canada (0.4 Mt). Russia appears in 5th position with 0.3 Mt.

To be monitored:

- USDA report
- CONAB report