

CORN Market



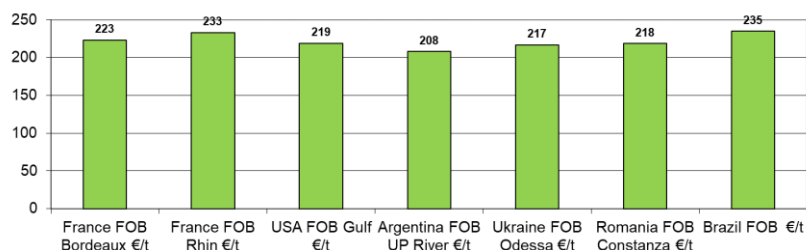
Weekly economic newsletter of the European Confederation of Maize Production

Week 15/2021

N°261

Indicators

FOB price 09/04/2021 in €/t – April-June delivery (2020 harvest)



	09/04	02/04
Parity €/€	1,19	1,17
Petrol \$/barrel (NY)	59,3	58,7
FOB Bordeaux*(€/t)	223	221,5
FOB Rhine* (€/t)	233	234

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Tight US stocks for the end of the crop year

From 02/04 to 09/04, prices of May maturity in Chicago have increased by \$7/t to \$227/t. For the new harvest, the price of the December 2021 contract has also increased.

This is explained by the USDA's April report, which announced an even tighter than expected US balance sheet. Indeed, compared to March, the USDA left US production unchanged but due to the latest Chinese purchases, the export projection, already a record, was raised by 1.9 Mt (68 Mt). Domestic uses have also been revised upwards: FOB by 1.3 Mt but also ethanol, which is back to its average production level of 630 Kt. As a consequence, the carryover stocks for the 2020/21 crop year were again revised downward by 3.7 Mt. At 34.3 Mt, they are below operators' expectations and indicate tight stocks for the end of the current crop year but also for the beginning of the 2021/22 crop year. The stocks/use ratio is now at 9.3% compared to 13.7% in 2019/20.

This revision to the US balance sheet also affects the world balance sheet. The USDA has reduced world stocks by 3.8 Mt. At 283.9 Mt, these are slightly below operators' expectations.

In Argentina, last week was marked by new rains which contributed to the stabilization of late maize. However, compared to March, the USDA revised downward its production projection for the country (47 Mt) by 500 Kt. The harvest continues at a slow pace. As of 8/04, 30% of maize was in "good to excellent" conditions compared to 27% a week earlier. On the same date, 12% of maize had been harvested compared to an average of 21% for 2015-2020. This week should be dry. In Brazil, all of the safrinha maize is now planted, but producers are concerned about relatively dry weather in the center of the country, where rains could remain scattered this week. The USDA left its production projection unchanged at 109 MT.

EUROPE: Ukrainian exports revised downward

In its April report, compared to the March report, the USDA revised the Ukrainian maize exports downwards by 1 Mt to reach 23 Mt. This is explained by a loading pace that is quite different from previous crop years. Ukrainian origin is less available due to the climatic hazards of the summer of 2020 and is less competitive on a number of important markets, including the EU (Ukrainian exports down by 50%). Only China is increasing its imports from the Black Sea in 2020/21.

Maize planting has begun in Ukraine, in the southern part of the country. However, producers should favor sunflower, due to its higher profitability, which would lead to a slight decrease in acreage compared to 2019/20. While the situation is currently favorable for sowing, producers are concerned about some weather models that predict drier and warmer than normal weather around the Black Sea over the coming three months.

To be monitored:

- Grain Strategy Report
- South American weather