

CORN Market



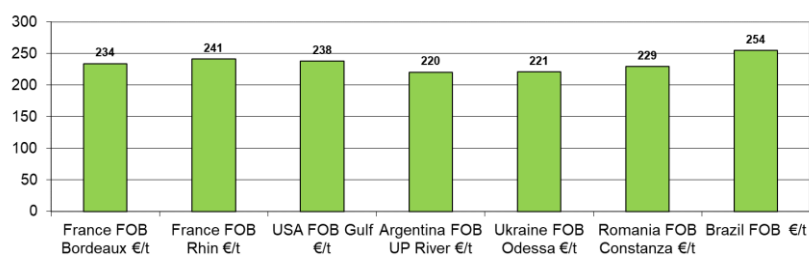
Weekly economic newsletter of the European Confederation of Maize Production

Week 17/2021

N°263

Indicators

FOB price 23/04/2021 in €/t – April-June delivery (2020 harvest)



	23/04	16/04
Parity €/€	1,21	1,20
Petrol \$/barrel (NY)	62,1	63,1
FOB Bordeaux* (€/t)	234	226
FOB Rhine* (€/t)	241	233

*Fob price Bordeaux/Rhine including monthly increases

WORLD: New surge in prices in Chicago

From April 16 to April 23, maize prices in Chicago rose sharply. The May delivery gained \$28/t to \$258/t, the highest in 8 years, while the December 2021 delivery (new harvest) gained \$15/t to \$217/t.

This new surge in US maize prices is explained by a tight global balance sheet and traders' fears of lower production in Brazil and smaller than expected maize acreage in the US. In addition to these market factors, the global economic situation is reinforcing this upward movement. Indeed, with the economic recovery linked to vaccination and the various stimulus plans, liquidity is flowing in and speculative funds are looking for investments, particularly in the commodities markets. This is generating a very high level of volatility, which is expected to increase in the coming weeks in view of the weather situation in Brazil which is being monitored as well as the upcoming sowing season in the United States. Prices could then experience extreme movements, both upwards and downwards.

In this context, China has cancelled the purchase of 120 Kt of American maize for the 2020/21 crop year. China also seems to be turning away from maize for the 2021/22 crop year by buying wheat fodder (500 Kt from France), which is more competitive. This also responds to the directives of the Chinese authorities who recommend to the cattle feed manufacturers of the north of the country to reduce the incorporation of maize in favour of rice, wheat and their by-products by 15%. The authorities are also recommending that other regions reduce maize incorporations, but without setting a target.

In the United States, as of 18/04, 8% of maize had been planted and 2% had raised. This is in line with the average of the last 5 years. Corn Belt plantings are expected to accelerate in May, and analysts will be watching for an increase in acreage as the maize/soybean price ratio shifts back in favor of maize. This week, weather conditions are becoming warmer and heavy rains are expected in the southern Corn Belt. The northern part of the Corn Belt is expected to remain dry, which will maintain the water deficit.

In Brazil, hot and dry weather is expected to continue in the coming weeks over the Central-East and Central-Southern states, which concentrate most of the safrinha maize production (75% of Brazilian production). Consequently, some analysts are revising downwards their production projections at this date to about 105 Mt vs 109 Mt previously (USDA forecast).

In Argentina, on the other hand, the regular rains of the past weeks have improved the situation of late maize. As of 22/04, 17% of maize had been harvested compared to an average of 28% (2015-2020) at that date.

EUROPE: Beginning of sowing in Russia

Despite the continued cooler than normal weather, planting continues in the Black Sea area, although later than the average for recent years. In Ukraine, as of 22/04, 7% of the maize crop had been sown. In Russia, sowing is starting in the south of the country

To be monitored:

- IGC Report
- EU balance sheet
- EU Imports