

CORN Market



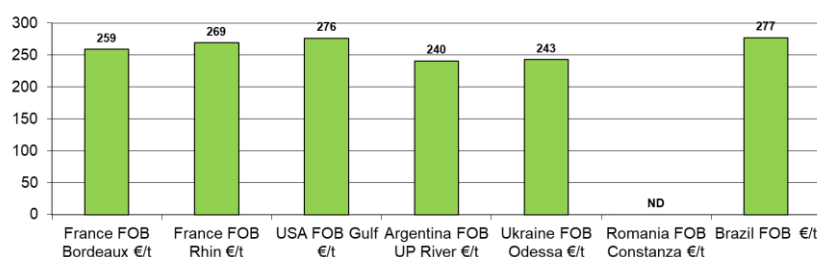
Weekly economic newsletter of the European Confederation of Maize Production

Week 19/2021

N°265

Indicators

FOB price 07/05/2021 in €/t – May-June delivery (2020 harvest)



	07/05	30/04
Parity €/€	1,21	1,21
Petrol \$/barrel (NY)	64,9	63,6
FOB Bordeaux*(€/t)	259	243
FOB Rhine* (€/t)	269	236,5

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Chinese new harvest purchases

From 30/04 to 07/05, maize prices in Chicago rose sharply again. Prices for the July delivery gained \$23/t to \$288/t, crossing the symbolic threshold of \$7/bushel (\$276/t), and those of the December delivery, for the new harvest, gained \$28/t to \$252/t, crossing the symbolic threshold of \$6/bushel (\$246/t). Some profit taking could take place this week ahead of the USDA May report.

As of 02/05, 46% of maize in the US had been planted and 8% had emerged compared to 36% and 9% on average (2016-2020). Cool weather is slowing down emergence. The central Corn Belt is expected to receive more rain this week, while the northwest, which has a water deficit, will remain dry.

The week was marked by the cancellation by China of purchases for the 2020/21 crop year (420 Kt) and by the 1st purchases in new crop (2.38 Mt). Chinese importers are cancelling purchases while domestic demand is less present and are taking advantage of better prices for the next crop year.

Domestic maize consumption is also on the rise again in the US. As a result of the economic recovery, fuel consumption is gradually returning to normal and with it ethanol production. With 952,000 barrels/day produced as of April 30, US ethanol production is now 2% below the 2015-2019 average, while inventories are at their lowest level in seven years at around 20 million barrels. Furthermore, as promised during the presidential campaign, the Biden administration has launched procedures to reverse the exemptions from ethanol blending that refineries enjoy. These exemptions had increased under the Trump administration, which was close to the oil industry.

In Argentina, the harvest slowly continues. As of 06/05, 23% of the maize had been harvested, compared with an average of 32% at that date (2015-2020). Operators are concerned about the low water levels in the Paraná River, due to the water deficit in the river basin, which is disrupting exports. In Brazil, the lack of rain continues this week, once again degrading the growing conditions for safrinha maize. Traders are expecting a sharp downward revision of CONAB and USDA production projections this week. These could be around 100Mt compared to 109Mt in April. Some analysts are already expecting a Brazilian crop below 100Mt.

EUROPE: Sowing progress

In the Black Sea, sowing is progressing rapidly as temperatures return to normal. The start of work had been slowed by a late spring. By 6 May, 46% of maize had been sown, compared with 20% a week earlier. The water reserves were also recharged by the regular rainfall in early spring.

To be monitored:

- USDA Report
- CONAB Report

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