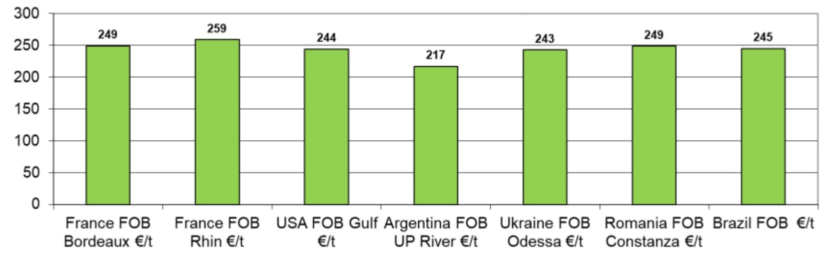
CORN Market
Weekly economic newsletter of the European Confederation of Maize Production
CEPM maiz'EUROP'

Week 20/2021 **N°266**

Indicators

FOB price 14/05/2021 in €/t – May-June delivery (2020 harvest)



	14/05	07/05
Parity €/$	**1,21**	1,21
Petrol $/barrel (NY)	**65,4**	64,9
FOB Bordeaux*(€/t)	**249**	259
FOB Rhine* (€/t)	**259**	269

**Fob price Bordeaux/Rhine including monthly increases*

WORLD : Sharp drop in prices in Chicago

From 7/05 to 14/05, maize prices in Chicago fell sharply. Prices for the July delivery dropped $30/T to $254/T and for the new harvest, prices for the December delivery dropped by $37/T to $214/T.

This sharp decline was due to heavy selling by hedge funds which held a record net buying position for this crop year. These profits were taken after the publication of the USDA report in May. Indeed, it announces a slightly less tight US balance sheet in 2021/22 with carryover stocks reaching 38.3 Mt vs traders' expectations of 34.1 Mt. Moreover, the USDA expects a record average maize yield for the next crop year (112.7 q/ha), which would lead to the second best harvest in the United States with 381 Mt. These elements will have to be confirmed during the crop year.

Bullish fundamentals for both the current and next crop years failed to stem the price decline last week. Thus, Chinese purchases of US maize are increasing for 2021/22 (1.36mt last week) and the USDA has revised upwards its Chinese import projection for the current crop year by 2mt from last month (26mt). Another element, expected by the market, was the USDA's downward revision of its production projection for Brazil, which dropped from 109 Mt in April to 103 Mt in May. Most analysts now expect a harvest below 100mt in Brazil.

As of 09/05, 67% of maize in the US had been planted compared to the average of 52% at that date (2016-2020). Informa expects maize acreage to rise by over 2 mha to 39 mha compared to the USDA May forecast. If this is confirmed in June, prices will fall significantly again.

In Brazil, rains remained absent from the safrinha maize production area last week. Scattered rains are expected in the south of the area this week, particularly in Paraná where maize is most affected by the drought.

In Argentina, as of 13/05, 25% of the maize had been harvested, compared to an average of 33% at that date (2015-2020).

EUROPE: What level of imports in 2021/2022?

As of 16/05, the EU had imported 12.8 Mt of maize compared with an average of 18.3 Mt on the same date over the last three crop years. For the 2021/22 crop year, the European Commission is projecting stable imports compared to the current crop year with 16 Mt (July-June). On the other hand, Stratégie Grains sees European imports rising slightly for 2021/22 with 15.3 Mt against 14.5 Mt for the current crop year (October-September). This increase could be explained by a return to normal Ukrainian production, but it would remain contained due to the large availability of wheat.

To be monitored:
- Chinese imports
-Funds positions

EUROPEAN CONFEDERATION OF MAIZE PRODUCTION
23-25 avenue de Neuilly - 75116 PARIS • Tél. + 33 (0)1 47 23 48 32 - Fax. + 33 (0)1 40 70 93 44
Square de Meeûs 21 - 1050 Bruxelles • Tél. +32 2 230 38 68