

CORN Market



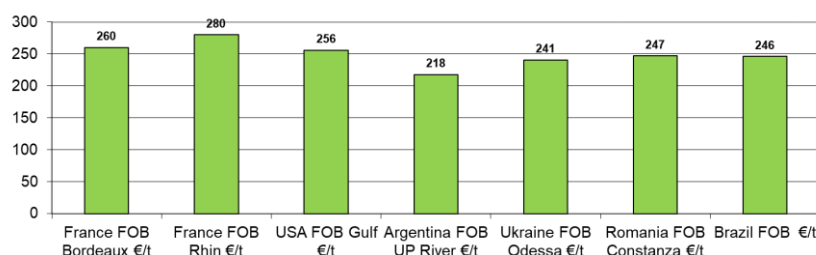
Weekly economic newsletter of the European Confederation of Maize Production

Week 23/2021

N°269

Indicators

FOB price 28/05/2021 in €/t – July-September delivery (2020 harvest)



	04/06	28/05
Parity €/€	1,21	1,21
Petrol \$/barrel (NY)	69,6	66,3
FOB Bordeaux*(€/t)	260	274
FOB Rhine* (€/t)	280	279

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Weather drives up prices

From 28/05 to 04/06, prices for the July delivery in Chicago gained \$10/t to \$269/t. For the new harvest, prices for the December delivery gained \$18/t to stand at \$234/t.

Despite continuous high volatility, prices rose last week due to the weather situation in the US and Brazil.

In the United States, after a limited frost last week, it is now the lack of rain that worries operators, especially in the northern part of the Corn Belt. Indeed, since the beginning of the month, hot and dry weather has settled on this area, already affected by a water deficit. According to various models, this weather could persist until after mid-June. By 30/05, sowing was almost complete and 81% of maize had emerged, compared with an average of 70% at that date (2016-2020). 76% of maize was in 'good to excellent' conditions, slightly above operators' expectations.

In Brazil, despite late rains in the south of the country, the situation for safrinha maize continues to deteriorate. As harvesting begins on the most advanced lots in Paraná, most private analysts have revised their production projections to a range of 88-92 Mt this week.

In this respect, the USDA June report to be published this Thursday will be scanned by operators who will be attentive to the Brazilian production figure for the current crop year (102 Mt in May) as well as to the level of American stocks for the end of this crop year, while ethanol production is back on the rise and Brazilian supply will be less available during the summer.

Despite the weather, at a less sensitive stage than flowering, the US production projection for the 2021/22 crop year is not expected to change significantly. At this time of year, the USDA bases its production projection on sowing intentions surveyed in March and a yield model. Analysts expect acreage to be 1 to 1.5 million hectares higher due to the rapid pace of sowing and a price ratio more favourable to maize than soybeans. The average yield, however, could be somewhat lower than initially projected by the USDA in May, which will release a new acreage figure in a report at the end of June.

EUROPE: Evolution of export taxes in Russia

In order to control the level of domestic prices and to limit inflation on food products, Russia has recently changed its taxation formula for cereals exports. While this has led to a de facto reduction in the tax on wheat, the tax on maize has increased from €25/t to around €40/t. This level will be re-evaluated every week from 15 June. As of 31/05, Russia had exported around 340 Kt of maize to the EU, making it the EU's 5th largest supplier of maize, taking advantage of the lack of availability in Ukraine.

As of 31/05, the EU had imported 13.3 Mt of maize compared with an average of 18.9 Mt at that date (2017-2020). With 5.8 imported Mt, Ukrainian maize volumes are down by half compared to the 2019/2020 crop year.

To be monitored:

- USDA Report
- USA weather