

CORN Market



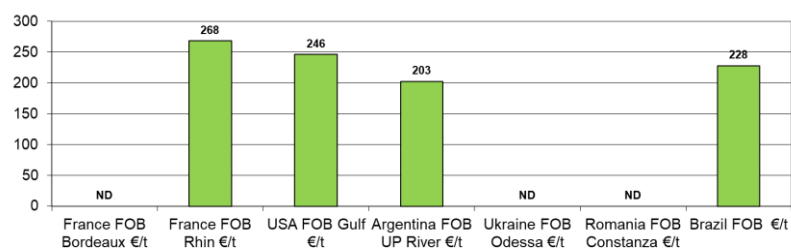
Weekly economic newsletter of the European Confederation of Maize Production

Week 25/2021

N°271

Indicators

FOB price 18/06/2021 in €/t – July-September delivery (2020 harvest)



	18/06	11/06
Parity €/€	1,19	1,21
Petrol \$/barrel (NY)	71,6	70,9
FOB Bordeaux*(€/t)	ND	ND
FOB Rhine* (€/t)	268	283,5

*Fob price Bordeaux/Rhine including monthly increases

WORLD : How large is the maize acreage in the US?

From 11 to 18 June, there was still high volatility in the US. The prices of the December delivery, for the new harvest, decreased by \$17/t to reach \$223/t.

The week was indeed marked by scattered rains, but also hail and wind which caused local damage in the Corn Belt areas which were most affected by the water deficit. Further rain is expected this week, which should improve maize growing conditions. As of 13 June, 61% of maize was in "good to excellent" conditions, down by 7 points from the previous week.

In addition, political elements have caused the market to react. The Biden administration has hinted that it may break its campaign promise and maintain the system of exemptions for the incorporation of ethanol into fuel, which was strongly reinforced by Donald Trump. The American authorities are under very strong pressure from American oil companies and refiners who consider that the suppression of these exemptions would have too great a financial cost for their sector.

Finally, the US central bank announced that it would gradually raise key rates from next year, which strengthened the dollar against other currencies and caused the markets to react downwards, including the maize market.

In this macroeconomic context and due to the improvement in weather conditions, speculative funds took significant profits and reduced their net buying position.

Operators are now awaiting the USDA acreage report to be released on June 30. A very large acreage increase is expected due to a favourable spring price environment and a rapid planting pace. Analyst ProFarmer has predicted an increase in maize acreage of 1 million hectares compared to current USDA projections. Confirmation would lead to a sharp drop in prices.

In Brazil, harvesting of the earliest safrinha maize has started. Yields are very heterogeneous.

EUROPE: Dry forecast for Ukraine

As of 14/06, the EU had imported 13.9 Mt of maize compared with an average of 19.6 Mt on these dates over the last three crop years. European imports have recovered somewhat in recent weeks, a sign of a still dynamic demand, while European supplies are scarce and awaiting the straw cereal harvest.

While conditions have been favourable so far in Ukraine, the forecast is for hot and dry weather in the coming days.

To be monitored:

- IGC Report
- Growing conditions Europe
- EU figures