CORN Market

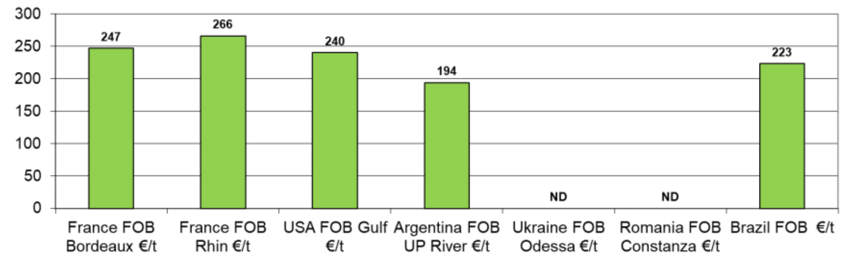
Weekly economic newsletter of the European Confederation of Maize Production

CEPM maiz'EUROP'

Week 26/2021 N°272

Indicators

FOB price 25/06/2021 in €/t – July-September delivery (2020 harvest)



	25/06	18/06
Parity €/$	**1,20**	1,19
Petrol $/barrel (NY)	**74,1**	71,6
FOB Bordeaux*(€/t)	**247**	ND
FOB Rhine* (€/t)	**266**	268

**Fob price Bordeaux/Rhine including monthly increases*

WORLD : Pressure on prices

From 18/06 to 25/06, prices for the December 2021 delivery in Chicago fell by $19/t to reach $204/t.

Prices are under pressure, especially due to sales by non-commercial funds in recent weeks. These are linked to the weather situation in the Corn Belt, where rains hit Iowa last week (the leading producer state), while the rest of the north-west is still affected by the water deficit and should remain dry this week. As of 20/06, 65% of maize was in "good to excellent" condition compared to 68% a week earlier.

Prices were also affected by a Supreme Court decision on the weekend. The court ruled in favour of a refinery that was seeking to maintain its exemption from incorporating ethanol into fuel, exemptions that have long been opposed by the ethanol industry and maize-producing states.

Finally, traders are awaiting the release of the USDA's annual acreage report on Wednesday. According to them, maize acreage should be revised upwards by 1.2 million hectares compared to the USDA's projections at the beginning of June. This would put US maize acreage at 37.95 million hectares. Soybean acreage is expected to rise even more, bringing the total acreage of both crops to a new record.

In its June report, compared to the previous month, the IGC projects world maize production for the 2021/22 crop year to be up by 7Mt (1201Mt) and stocks to be up by 6Mt (267Mt), but at a stable level compared to the 2020/21 crop year. Chinese imports would remain high but are revised down by 1Mt (17.5 Mt) compared to May.

In Brazil, the harvest is off to a slow start and yields, although very disparate, are disappointing. Due to late planting, the harvest is expected to last until mid-August.

In Argentina, as of 24/06, 48% of the maize had been harvested, compared with an average of 54% at that date (2015-2020). The increase in the harvest, and the better yields seen on the late maize, which benefitied from more rainfalls, are putting pressure on FOB prices despite the logistical difficulties.

EUROPE: Decrease in carryover stocks 2021/22

In its June balance sheet for the 2021/22 crop year, compared to May, the European Commission revised downwards its production projection by 344 Kt (70.6 Mt) and its ethanol processing projection by 600 Kt. Carryover stocks have been revised downwards by 442 Kt (19.1 Mt).

In the MARS report of June, the European Commission slightly increases its yield projection for the EU to 78.4 q/ha. The report also notes that cold early spring conditions have slowed maize development in Europe and that the water deficit of the past few weeks is starting to become a problem in Central Europe, from Poland to Hungary.

To be monitored:
-American acreage
-Corn Belt weather
-Ukraine Weather

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