

CORN Market



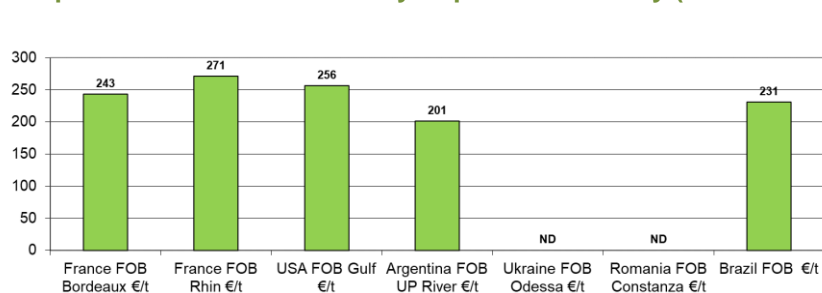
Weekly economic newsletter of the European Confederation of Maize Production

Week 27/2021

N°273

Indicators

FOB price 02/07/2021 in €/t – July-September delivery (2020 harvest)



	02/07	25/06
Parity €/€	1,18	1,20
Petrol \$/barrel (NY)	75,2	74,1
FOB Bordeaux*(€/t)	243	247
FOB Rhine* (€/t)	271	266

*Fob price Bordeaux/Rhine including monthly increases

WORLD : US acreage increase less than expected

From 25 June to 2 July, the price of the December 2021 delivery in Chicago rose by \$24/t to reach \$228/t.

This sharp rise in US prices is due to the release of the USDA's annual acreage report on 30 June, which refines the acreage projections made at the beginning of the crop year. Due to a rapid sowing pace and a very favourable price context, operators were expecting a very significant increase in acreage (+1.2 million hectares) compared to the USDA's initial projections. However, the USDA announced a 644 Kha increase in the acreage sown with maize. Moreover, a large part of this acreage is located in the northwestern Corn Belt, a region which is suffering from adverse weather conditions. Rains are expected in this area this week. As of 27 June, 64% of maize was in "good to excellent" condition, down 1 point from the previous week.

Although US maize production is expected to increase due to higher acreage, this is likely to weigh on the USDA's yield projection in its July report, limiting the rebuilding of US maize stocks.

In Brazil, safrinha maize, already affected by one of the worst droughts in 50 years, was hit by 3 consecutive days of frost in the centre-south of the country. Frost events are common at this time of year and are usually of little consequence. However, the safrinha maize was sown late and is therefore affected while a large part of the acreage is at the grain filling or pollination stage. This new hazard should once again reduce Brazilian maize production, which many analysts now see at between 85 and 90 Mt. Paraguay, a regional maize producer, has also been hit hard.

In Argentina, logistical difficulties are worsening on the Paraná due to the water deficit affecting the river basin. The water level is now at its lowest for 80 years, which is hampering cargoes and increasing freight costs.

EUROPE: European imports to fall sharply in 2020/2021

The 2020/21 import season is coming to an end. With around 14.5 Mt imported, mainly from Ukraine and Brazil, compared with 19.7 Mt in 2019/20, EU imports are at their lowest level since the 2016/17 crop year (13.4 Mt). This situation is mainly explained by the good competitiveness of intra-EU maize and the lack of Ukrainian availability due to climatic hazards. The situation should continue during the 2021/22 crop year thanks to the large availability of straw cereals and the good competitiveness of French and Eastern European maize compared to Ukraine.

The area between Hungary and Ukraine should remain relatively dry this week. Hungarian and Serbian maize are expected to continue to suffer from water deficits, while Poland is expected to receive beneficial rainfall.

To be monitored:

- USDA Report
- Corn Belt Weather
- Exports Ukraine