

CORN Market



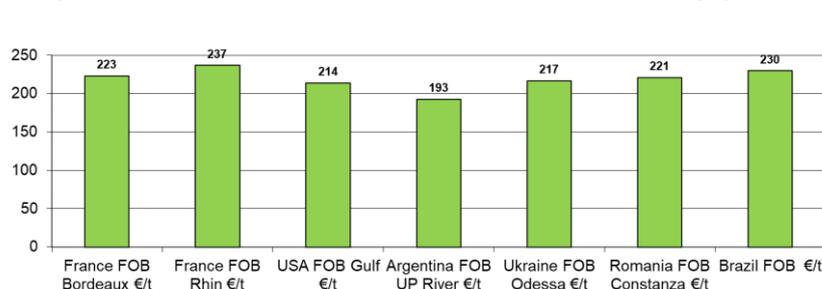
Weekly economic newsletter of the European Confederation of Maize Production

Week 36/2021

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Indicators

FOB price 03/09/2021 in €/t – October-December delivery (2021 harvest)



	03/08	27/08
Parity €/€	1,19	1,18
Petrol \$/barrel (NY)	69,3	68,7
FOB Bordeaux*(€/t)	223	227
FOB Rhine* (€/t)	237	237

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Logistics disruption in the US

From 27/08 to 03/09, prices for the December delivery in Chicago fell by \$12/t to reach \$206/t. The markets are closed this Monday due to the Labor Day.

This sharp drop is explained by the consequences of Hurricane Ida which hit the United States last week. The hurricane brought heavy rains to the northwestern Corn Belt, stabilising the maize which had been badly affected by the summer drought. The hurricane caused little damage to the maize but severely disrupted export logistics. The Mississippi River, the main maize export artery, was blocked to navigation for 5 days before it partially reopened. In addition, many port infrastructures in the New Orleans area were damaged. As a result, shipments are being diverted to other areas of the Gulf of Mexico, causing delays and additional costs. Operators fear that buyers are diverting to other origins such as Argentina or Ukraine.

Other reports are putting pressure on prices. China is reported to have cancelled the purchase of several loads of Ukrainian feed barley and has also cancelled purchases of old US maize in recent weeks. This would be due to the prospect of a good maize harvest in China and possibly the rebound of African swine fever in the country. Traders are questioning the level of Chinese demand after the record 2020/21 crop year (26 Mt of maize). However, the traditional buyers of American maize (Latin America, Canada, etc.) are still buying.

In addition, analysts expect the USDA to revise US acreage upwards in its monthly report due out on Friday, which could rebalance the previously tight US balance sheet.

Finally, ethanol production has been declining in recent weeks. As of 27/08, with 905,000 barrels/day, production is down 10% compared to the 2015-2019 average while stocks, with 21.1 million barrels, are down by 2%.

In Brazil, as the safrinha maize harvest comes to an end, rains last week should allow the start of full-season soybean and maize planting. Producers still fear the return of "La Niña".

EUROPE: What is the consumption of maize in animal feed?

According to Stratégie Grains, for the 2021/22 crop year, animal feed consumption (self-consumption and cattle feed producers) will be stable compared to the 2020/21 crop year with 152.6 Mt (including 54 Mt of maize). The positive effect of the economic recovery is balanced by the rise in raw material costs. For animal feed production, this increase would be relatively limited, with only an additional 500 Kt (139 Mt of cereals). Although maize has become more competitive in recent weeks due to the rise in wheat prices, its incorporations in cattle feed for the 2021/22 crop year would be 500 Kt lower than in 2020/21 (for a total of 22.4 Mt) due to the good availability of feed wheat.

To be monitored:

- USDA Report
- US Exports
- Ukraine harvest