

CORN Market



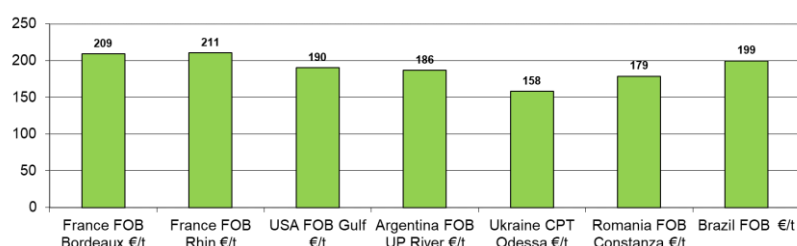
Weekly economic newsletter of the European Confederation of Maize Production

Week 20/2024

N°388

Indicators

FOB* prices 10/05/2024 in €/t – May-June delivery (2023 harvest)



	10/05	03/05
Parity €/€	1,08	1,07
Petrol \$/barrel (NY)	78,3	78,1
FOB Bordeaux*(€/t)	209	203
FOB Rhine* (€/t)	210,5	204,5

*Fob price Bordeaux/Rhine including monthly increases

*CPT price for Odessa

WORLD: Global cereal balances tighter than expected

From 03/05 to 10/05, the July delivery price in Chicago rose by \$4/t to \$184/t, following a similar rise the previous week. This upward momentum was driven by concerns over global wheat and maize production and tighter-than-expected global grain balance sheets, leading to hedging of short positions by non-trading funds.

This tension was confirmed by the USDA in its May report, the 1st to release balance sheets for the 2024/2025 season. In wheat, the USDA expects the stocks-to-use ratio to be close to an all-time low. For maize, the report surprised operators by showing lower-than-expected world and US stocks. At world level, for the 2024/2025 season and compared with the current season, stocks are expected to be down by 1 Mt (312 Mt), below operators' expectations, as a result of a production drop of 8 Mt (1120 Mt) and a consumption increase of 4 Mt (1221 Mt). In addition, the USDA revised US maize stocks for the current season downwards to 51.4 Mt (-3.8 Mt vs. April), and the increase in stocks for the next season is more limited than expected by operators (53.4 Mt) due to better demand prospects.

The weather in the Corn Belt is also supporting prices, with plantings starting to fall behind schedule due to recurrent rains. As of 05/05, 36% of maize had been sown, compared with 39% on this date on average (2019-2023).

The outlook for South American production is also supporting this firming of prices. In Argentina, production continues to be revised downwards by local operators, who have lowered their previous estimates by 3 Mt (46.5-47.5 Mt) due to damage caused by the maize leafhopper. In Brazil, the weather is penalizing the end of the safrinha maize cycle in the Centre-South, with persistent hot, dry weather. On the other hand, torrential rains in Rio Grande do Sul penalized part of the port logistics.

EUROPE: Worries for the weather

After limited rainfall, cold snaps are now likely to penalize wheat production in Russia, the world's leading exporter, and push it well below 90 Mt. The rest of Europe has not been spared, with regular rainfall in Western Europe penalizing maize sowings, and dry weather in parts of the Danube basin (Hungary, Poland, Serbia, etc.).

In Ukraine, weather conditions are milder. As a result, 73% of maize sowings were completed by 09/05, which could lead to an upward revision of maize acreage. After numerous attacks on the ports of Odessa, exports resumed last week. The price of maize is tending to rise in the country due to dwindling stocks.

To be monitored:

- War in Ukraine
- Chinese imports