

CORN Market



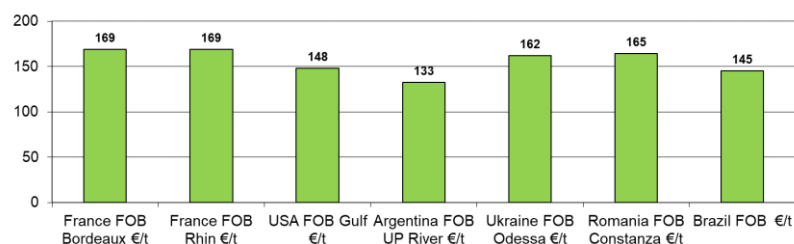
Weekly economic newsletter of the European Confederation of Maize Production

Week 26/2020

N°224

Indicators

FOB price 19/06/2020 in €/t – July-September delivery (2019 harvest)



	19/06	12/06
Parity €/€	1,12	1,13
Petrol \$/barrel (NY)	39,8	36,3
FOB Bordeaux*(€/t)	169	170
FOB Rhine* (€/t)	169	168

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Deteriorating growing conditions in the USA

From 12/06 to 19/06, the Chicago July delivery price rose by \$1 /t to \$131/t.

This increase can be explained by several factors. After a meeting with Chinese officials in Hawaii, R. Lightizer (U.S. Trade Representative) said he was optimistic that the Sino-American trade agreement would be respected due to recent Chinese soybean purchases. He added that China could also buy U.S. maize and ethanol by the fall. Meanwhile, maize growing conditions were revised down by 4 points from the previous week, with 71% of the maize crop in "good to excellent" conditions due to water shortages affecting the eastern and northwestern Corn Belt. This has led the funds to reduce their net long position by 26 thousand lots notably through position buybacks. However, while the heat is expected to persist in the coming weeks, heavy rains are expected over the weekend, particularly on the eastern side of the Corn Belt.

Several elements have countered these bullish factors. Weekly demand figures have worried operators. Ethanol production is up only by 4 thousand barrels/day (to 841 thousand barrels/day) from the previous week. At 358 Kt, weekly exports were also lower than expected. On the other hand, in animal feed, while cattle slaughter has returned to normal levels, pig slaughter remains 10% below its pre-crisis level. Moreover, the current heaviness of the US balance sheet in 2020/21 is tempering the upward movements. Traders are now awaiting the publication of the USDA's acreage report on 30/06, while several analysts (Allendale, Informa...) are announcing planted acreage about 1 Mha lower than the USDA's initial projections (38 Mha vs 39 Mha).

In South America, 71% of the Argentinean harvest has been harvested compared to 44% on average over the past 5 years. The Brazilian harvest of safrinha maize (for export) is 6% completed compared to 4% on average over the past 5 years and 10% last year on this date. While waiting for Brazilian maize to arrive in ports, the Argentinean origin remains the most competitive.

EUROPE: Yields revised upwards

The European Commission's June MARS report revised maize yields in Europe upwards: +2.7% (to 74 CwT/ha) compared to the previous crop year in Ukraine and +2.6 CwT/ha (to 82 CwT/ha) for the European Union compared to the May report. In fact, despite the sometimes difficult planting of maize (sowing in dry conditions), conditions in May and June were more favourable to good crop development. This is particularly the case in Central and Eastern Europe, as well as in the Black Sea, where the heat was accompanied by heavy rains that totally or partially absorbed water deficits.

These conditions are expected to continue again this week in the eastern half of the EU and in the Black Sea.

To be monitored:

- IGC report
- South American Exports
- EU imports