

# CORN Market



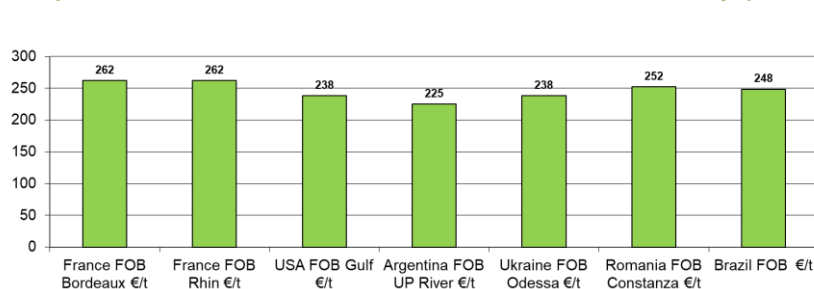
Weekly economic newsletter of the European Confederation of Maize Production

Week 48/2021

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## Indicators

### FOB price 26/11/2021 in €/t – November-December delivery (2021 harvest)



	26/11	19/11
Parity €/€	1,13	1,13
Petrol \$/barrel (NY)	68,2	76,1
FOB Bordeaux*(€/t)	262	256
FOB Rhine* (€/t)	262	253

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD : Maize disrupted by Omicron variant

From 19/11 to 26/11, prices for the December maturity in Chicago gained \$6 /t to stand at \$231 /t.

At the end of the week, however, maize prices were clearly disrupted, like other commodities and the world's financial markets, by the detection of a new variant of Covid-19. The markets fear an epidemic rebound that would counteract the global economic recovery that has been underway for several months, which is causing considerable volatility.

However, the fundamentals remain unchanged, particularly with regard to the pressure on global grain balances. This is increasing in wheat due to the intense rains in Australia, which are compromising the quality of the crop in this exporter. Similarly in maize, demand from the US ethanol sector remains strong despite the fall in oil prices and export contracting, at 1.43mt, exceeded traders' expectations last week.

In its November report, the CIC also confirms this tension on the world maize balance. Thus, despite an upward revision of world production and Chinese stocks, the organisation considers that the world stocks/usage ratio for the 2021/22 crop year, at 24%, is at its lowest level for 10 years and that the stocks/usage ratio outside China, at 10%, remains below the average of recent crop years (13%).

In Brazil, soybean sowing is finishing in good conditions and ahead of past crop years. This suggests that, in the absence of weather hazards, safrinhas maize (sown after soybeans) will be sown on time. In the south of the country, full season maize is beginning to suffer from water stress as pollination approaches. The week is expected to be relatively dry in this area.

In Argentina, planting is on pause to avoid a pollination phase in January-February (hot and dry months). They should resume with the late maize in early December. Although they are generally a little less productive than early maize, their sowing dates make them more protected from climatic hazards.

## EUROPE: Suspension of tariffs on US maize

The European Union has suspended the ad valorem tariffs (25%) on US corn since 2018. They were introduced in retaliation for Donald Trump's tariff dispute on steel. The US is a minor supplier of maize to the European market (500 Kt-1.5 Mt/year).

In its November report, the European Commission revised upwards its production projection compared to October for the 2021/22 crop year by 522 Kt (68.4Mt). Imports are left unchanged (14.5 Mt). Due to an upward revision of the initial stocks (+2.4 Mt), the carry-over stocks for the crop year are revised upwards by 3 Mt (17.9 Mt).

### To be monitored :

- Whether in South America
- EU Imports
- Harvest in Ukraine