

CORN Market



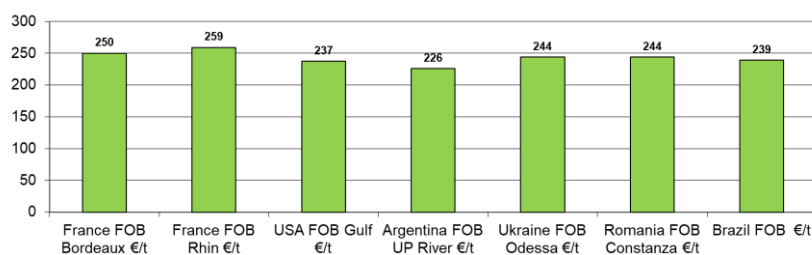
Weekly economic newsletter of the European Confederation of Maize Production

Week 49/2021

N°289

Indicators

FOB prices 03/12/2021 in €/t – December-March delivery (2021 harvest)



	Au 03/12	Au 26/11
Parity €/€	1,13	1,13
Petrol \$/barrel (NY)	66,3	68,2
FOB Bordeaux*(€/t)	250	262
FOB Rhine* (€/t)	259	262

*Fob price Bordeaux/Rhine including monthly increases

WORLD : Increase in area in Argentina

From 26/11 to 03/12, the price of the March maturity in Chicago lost \$3/t to stand at \$230/t.

During the week, prices remained volatile due to fears about the global economic recovery caused by the appearance of the omicron variant. After selling by non-commercial funds at the beginning of the week, corn prices in Chicago consolidated at the end of the week. With a very large net buying position for this time of year, the action of these funds is crucial to the price trend.

US maize prices are also being supported by ethanol production, which remains at a high level despite the recent drop in oil prices. OPEC announced that it would continue its programme of production increases in January, a sign of its confidence in continued global growth despite omicron. Despite this, US traders remain cautious ahead of the release of the USDA's monthly report and especially, according to Reuters, the EPA's recommendations on the requirement to incorporate ethanol into fuel. The EPA is expected to rule retroactively on the 2020 and 2021 mandates and on the 2022 mandate. Ethanol and corn producers - 35% of US production will be transformed into ethanol this year - are worried about rumours that the mandate will be revised downwards a posteriori for 2020 and 2021 and that it will be restored to normal for 2022. The issue is politically very sensitive for the Biden administration ahead of the 2022 mid-term elections, which is facing high inflation, especially on fuel, and is caught between the interests of two key constituencies: Midwestern producers and oil industry unions.

In Brazil, full-season maize is suffering from drought in the south of the country, particularly in the state of Rio Grande do Sul, which has around 18% of the safra maize area entering the pollination period. In Argentina, late maize planting will begin in the coming days, as recent rains have reassured producers. The Buenos Aires Cereals Exchange has also revised upwards its area projection for the current season to 7.3 Mha (+200 Kha).

EUROPE: Geopolitical tensions in the Black Sea

In recent weeks tensions have been growing between Ukraine and Russia, with troop movements at the borders, leading observers to fear a resumption of the conflict that has been going on since 2014.

Furthermore, the Interfax agency announced that a future grain export quota, in addition to export taxes, was being studied in Russia and would be more restrictive than expected by operators.

In Ukraine, the harvest is about to end with a significant delay. Due to the rise in gas and drying prices, farmers have preferred to delay work.

To be monitored :

- Ethanol mandate USA
- USDA report