

CORN Market



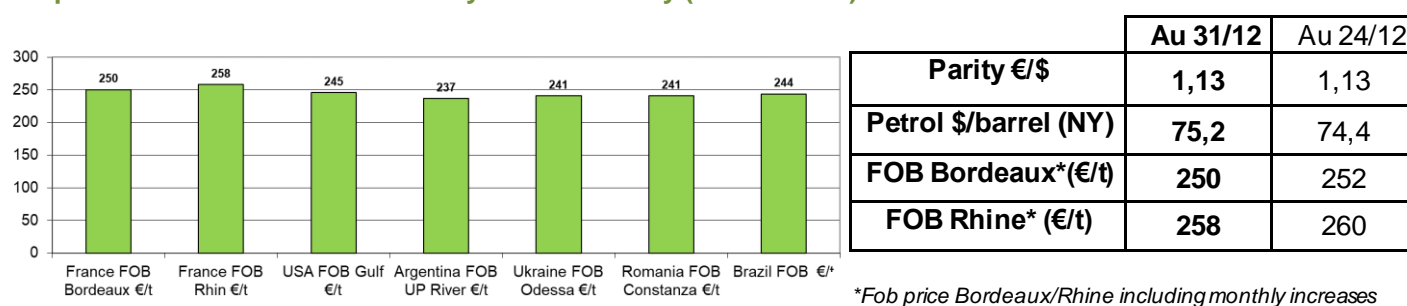
Weekly economic newsletter of the European Confederation of Maize Production

Week 1/2022

N°286

Indicators

FOB prices 31/12/2021 in €/t – January-March delivery (2021 harvest)



WORLD : Drought in South America

Over the last 15 days of December, the March 2022 delivery gained \$4/t to stand at around \$235/t. The end of the year was marked by the reinforcement of the drought in the south of Brazil and in Argentina and a volatility linked to the position of the funds and the arrival of rains on these zones.

In the United States, demand remained firm both for exports and domestically, where ethanol production remained above 1 million barrels/day and stocks below 21 million barrels. Exports have remained buoyant to traditional destinations, with significant purchases from Mexico, as well as to China, which has been modestly returning to purchases since mid-November. Traders are keeping a close eye on Sino-US relations as the Biden administration and the US Congress banned imports from Xinjiang and reiterated their criticism of the Hong Kong situation ahead of the Christmas holidays.

However, it is the weather situation in South America that has dominated in recent weeks and for the weeks to come.

In Brazil, the south of the country is affected by a significant water deficit which is penalising full-season maize, which is in the process of being pollinated, while on the other hand, the centre-west, where most of the safrinha maize will soon be sown, is suffering from excess water which is likely to slow down the start of the soya harvest.

In Argentina, most of the production area is affected by the water deficit, while late maize planting has been underway since the beginning of December. As of 30 December, 71% of maize had been sown, compared with an average of 80% at that date (2016-2021). The drought and the heat are penalising the early maize in particular, which is currently being pollinated. Thus, on 30 December, 58% of Argentine maize was in "good to excellent" conditions, compared with 76% a week earlier.

If the South American weather situation is causing the market to react, the critical months for production potential are still to come, with the sowing of safrinha maize in Brazil (75% of the country's production). The price rise of the last 2 weeks was driven by the purchases of non-commercial funds which reinforced a very important net buying position before proceeding to corrections, with the arrival of rains these last days, source of the recent volatility.

EUROPE: EU production revised upwards

In its December balance sheet, compared to November, the European Commission revised upwards its production forecast for the 2021/22 campaign by 1 Mt (69.4 Mt). Imports are left unchanged (14.5 Mt) as are uses. As a result, carryover stocks for the season are revalued by 1 Mt (18.9 Mt) compared to November 2021.

As of 20/12, the EU had imported 6.5 Mt against an average of 9.5 Mt over the last 3 years. Although the gap remains substantial, European imports have accelerated in recent weeks due to the Ukrainian crop being placed on the market.

We wish you a happy new year 2022