

# CORN Market

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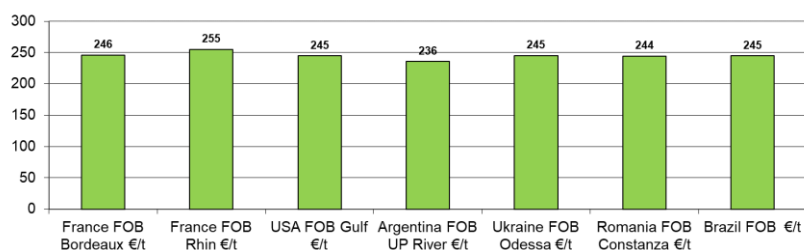
Weekly economic newsletter of the European Confederation of Maize Production

Week 3/2022

N°288

## Indicators

### FOB prices 14/01/2021 in €/t – January-March delivery (2021 harvest)



	Au 14/01	Au 07/01
Parity €/€	1,14	1,13
Petrol \$/barrel (NY)	83,8	78,9
FOB Bordeaux*(€/t)	246	251
FOB Rhine* (€/t)	255	257

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD : Rain returns to South America

From 07/01 to 14/01, prices for the March delivery in Chicago lost \$1/t to stand at \$235/t. However, this relative stability hides a high volatility. The American market is closed on Monday 17/01 because of Martin Luther King Day.

Last week was marked by the publication of the USDA's monthly report. For the United States, compared to December and for the crop year 2021/22, the report revises upwards the US corn production by 1 Mt (384 Mt) following a revaluation of the areas. US exports, at the bottom of expectations in recent weeks, are revised down by 1.9 Mt (62 Mt) while corn consumption for ethanol, due to production dynamics, is revised up by 1.9 Mt (135 Mt). Carryover stocks for the year are revised up by 1.2 Mt to 39.1 Mt, above operators' expectations.

In addition, the US market was also affected by a rumoured proposal by Joe Biden to lower the ethanol incorporation mandate for 2022 when it is supposed to return to its normal level after two retroactive cuts for 2020 and 2021.

At the world level, for the current crop year, due to the revision of the Brazilian balance sheet, the USDA revised downwards the carryover stocks by 2.5 Mt (303 Mt) compared to December, below operators' expectations. For its part, the IGC, in its January report, revised world maize production (1207 Mt) and consumption (1199 Mt) down by 4 Mt compared to November. World stocks remain stable at 287 Mt and the IGC notes that the tension on the world balance sheet remains with a stocks/usage ratio at its lowest for 10 years.

South American weather has caused significant volatility on the markets. After a heat wave in southern Brazil and Argentina, the return of heavy rains in the coming days has pushed prices down in Chicago.

In Argentina, most of the production area experienced almost a week of temperatures above 40°C. As of 13 January, only 23% of maize was in 'good to excellent' conditions. Early maize, which is in the flowering stage, is expected to see its yield potential affected. However, late maize, which is nearing the end of planting, will be less affected. The weather in February will be crucial for the Argentinean crop. In Brazil, the USDA has revised production down by 3mt (115mt) due to the full season maize situation. Here again, the February weather will be key for the good progress of the safrinha maize planting (75% of the production).

## EUROPE: Decline in EU acreage in 2022

In its January report, Stratégie Grains estimates that EU corn acreage will fall by 210 Kha in 2022, compared to 2021, to 9.08 Mha. The decline is marked in France (80 Kha), Poland and Hungary (50 Kha) and Germany (40 Kha). Only Romania would significantly increase its area (+40 Kha).

In its report, the USDA revised upwards the Ukrainian production record by 2 Mt (42 Mt). After having exported nearly 10 Mt between July and December, Ukraine would still have 22 Mt available for export, but remains less competitive than EU maize on the Community market for the time being.

To be monitored :  
-American Exports

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