

# CORN Market



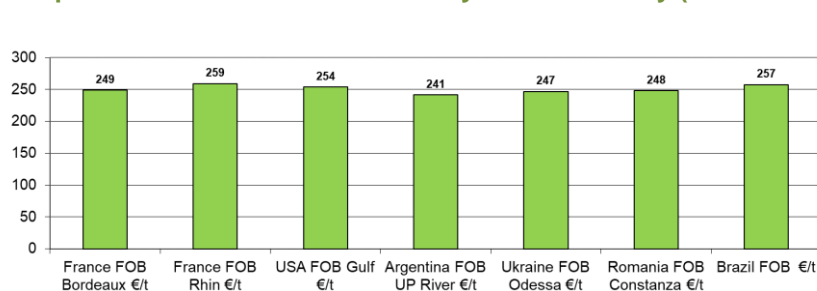
Weekly economic newsletter of the European Confederation of Maize Production

Week 4/2022

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## Indicators

FOB prices 21/01/2021 in €/t – January-March delivery (2021 harvest)



	21/01	14/01
Parity €/€	1,13	1,14
Petrol \$/barrel (NY)	85,1	83,8
FOB Bordeaux*(€/t)	249	246
FOB Rhine* (€/t)	259	255

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: Return of volatility

From 14/01 to 21/01, prices for the March 2022 delivery in Chicago rose \$11/t to \$242/t, thus reaching their highest level since the summer.

Since the beginning of the year, volatility has been high in Chicago due to the action of non-commercial funds. Because of their large net buying position, they make the US corn market very sensitive to various factors: macroeconomic announcements by the Fed, rain in South America, Russian-Ukrainian tensions, etc. In fact, they carry out technical sales and take profits when the news is unfavourable, and on the contrary, they strengthen their net buying position when they anticipate a price increase. This is what happened at the end of last week, particularly due to the renewed tension in the Black Sea.

Furthermore, from a macroeconomic point of view, analysts are concerned about the strict policy against Covid in China ahead of the Winter Olympics. The containment of entire cities could disrupt industrial chains.

Last week, net export contracting for the US was at the top end of operators' expectations with 1.1mt, most of which went to Mexico and Japan. However, many operators consider the USDA's export projection for this crop year (61.6 Mt) to be still too optimistic, despite a downward revision in January, due to a pace of contracting that has not been sufficiently sustained to date.

Ethanol production was maintained at over 1 million barrels/day last week, but ethanol stocks were well over 23 million barrels, up sharply for the third week in a row, and are now 6% above the average (2015-2019) for the same period.

In southern Brazil and Argentina, the weather continues to improve. After heavy rains last week, more scattered rains are expected this week.

In Argentina, the Paraná River is at its lowest level since 1945, which reduces loading possibilities for exports and increases logistics costs. As of 20/01, 22% of maize was in "good to excellent" conditions, 1 point lower than on 13/01. The last late maize sowings are underway. In Brazil, safrinha maize planting is starting but is slowed down by the rains in Mato Grosso and by the drought in the south of Paraná. In addition, some farmers are experiencing problems with the delivery of inputs (herbicides, seeds, etc.). The weather in February will be key for South American maize.

## EUROPE: Tensions rise in Ukraine

After a relative lull at the end of the year, tensions between Russia on the one hand and Ukraine and the United States on the other have continued to rise in recent days: arms deliveries, partial evacuation of embassies, etc. A military conflict in the Black Sea, as well as the international sanctions that would follow, would have major consequences for the agricultural commodities markets, and for cereals in particular, as Ukraine is the world's fourth largest exporter of maize and Russia the world's leading exporter of wheat.

### To be monitored :

- Ethanol USA
- EU balance sheet
- Russia-Ukraine tensions

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