

CORN Market



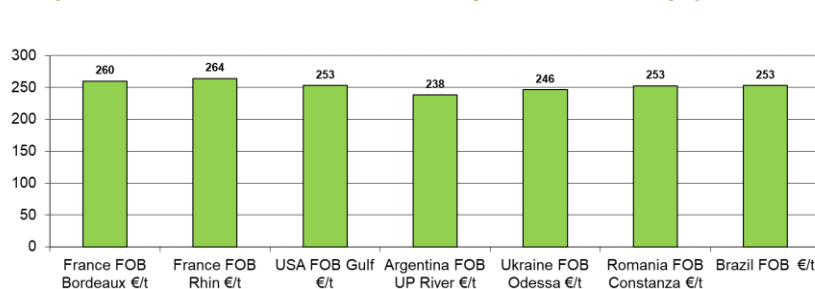
Weekly economic newsletter of the European Confederation of Maize Production

Week 6/2022

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Indicators

FOB prices 04/02/2022 in €/t – February-March delivery (2021 harvest)



	04/02	28/01
Parity €/€	1,15	1,11
Petrol \$/barrel (NY)	92,3	86,8
FOB Bordeaux*(€/t)	260	266
FOB Rhine* (€/t)	264	270

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Cancellation of Chinese purchases

From 28/01 to 04/02, prices for the March 2022 delivery in Chicago fell by \$6/t to \$244/t. However, at the end of the week, prices started to rise again. The high volatility continues.

Last week saw a further increase in ethanol stocks to 28.9 million barrels, up 10% on the average (2016-2021) at this time, against a backdrop of falling fuel consumption in the US. Production remains above 1 million barrels per day, driven by rising oil prices.

The week was also marked by the cancellation of a purchase of 380 Kt of American corn by China for the 2021/22 crop year. This cancellation once again raises the question of the level of Chinese imports for the 2021/22 crop year. After a record of 29 Mt in 2020/21, the USDA has set the projection for the crop year at 26 Mt against 20 Mt for the Chinese authorities. A figure that has just been reached by the USDA attaché in Beijing, while China has been relatively absent from the market since last May. The evolution of this figure in the USDA's monthly report on Wednesday will be followed closely by operators.

In Brazil, maize safrinha plantings are progressing rapidly, particularly in the centre-west, with 14% of maize planted last week. However, planting is slowing down in some southern states where the lack of rain is still being felt. Little rain is expected in these areas this week. The full season maize crop is also progressing rapidly and confirms the poor yields expected due to the lack of rain.

In Argentina, planting is almost complete except in some areas of the northeast where rain is still expected. In the heart of the production zone, particularly the province of Buenos Aires, it is now the excess rainfall that is worrying producers after two weeks of heavy rain causing local flooding. Harvesting of the first early, mature maize should begin shortly when the weather permits.

Traders will be looking to the USDA monthly report for a downward adjustment in South American harvest of corn crops, but more importantly for confirmation of a sharp decline in the Brazilian soybean harvest. This has boosted soybean prices in recent weeks, making it slightly more profitable than the new corn harvest, a key factor in the development of US acreage this spring.

EUROPE: Sino-Russian openings

Tensions between Ukraine and Russia remain and are being closely watched by traders because of the implications for world grain trade. Indeed, there has been some strength in Russian and Ukrainian grain exports in recent weeks as traders seek to hedge their bets on a conflict.

Last week, during the Winter Olympics, Russia and China signed a joint declaration. In its agricultural section, it confirms the opening of the Chinese market to Russian wheat and barley imports, which have been restricted until now. These flows will compete with traditional suppliers in the future.

To be monitored :

- USDA Report
- US exports
- Ukraine conflict-

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