

# CORN Market



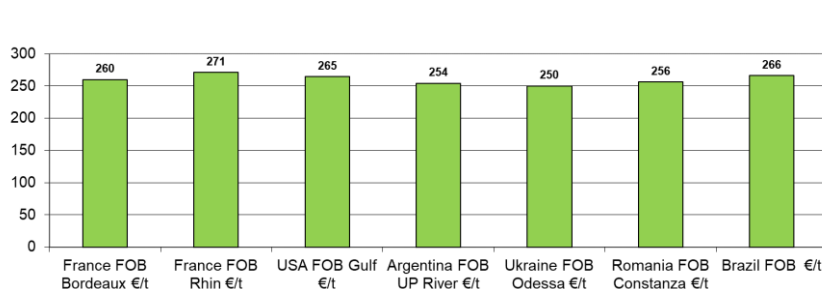
Weekly economic newsletter of the European Confederation of Maize Production

Week 7/2022

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## Indicators

FOB prices 11/02/2022 in €/t – February-March delivery (2021 harvest)



	11/02	04/02
Parity €/€	1,14	1,15
Petrol \$/barrel (NY)	93,1	92,3
FOB Bordeaux*(€/t)	260	260
FOB Rhine* (€/t)	271	264

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: Geopolitical tensions and volatility

From 04/02 to 11/02, the prices of the March delivery in Chicago gained \$12/t to stand at \$256/t. The week was marked by very high volatility after the publication of the monthly USDA report and because of the tensions in the Black Sea. These tensions have dominated the fundamentals in recent weeks.

In its report, the USDA did not change the US balance sheet, contrary to the expectations of operators who were expecting an upward revision of domestic consumption in the US and a drop in carryover stocks due to the good performance of ethanol production in recent months. Ethanol production fell back below 1 million barrels per day for the first time in 18 weeks last week, but inventories, which had been at record levels, are also beginning to fall. Export inspections exceeded traders' expectations last week with 1.46 Mt. A dynamic pace of US exports is needed to reach the current USDA export target for the crop year (62 Mt).

Chinese import levels were also left unchanged at 26 Mt despite the USDA's attachment to Beijing being in line with Chinese import projections (20 Mt).

World stocks are down by 1 Mt against 3 Mt expected by the operators, due to the non-revision of US stocks.

In Brazil, CONAB has revised downwards maize production by a further 560 Kt, after an initial drop in January, due to the drought that affected full-season maize at the beginning of the year. 18% of full-season maize is harvested at this time. Safrinha maize plantings are still progressing at a rapid pace, particularly in Mato Grosso. 24% of maize is sown at this date. On the other hand, CONAB has revised soybean production down sharply (-15 Mt). Most analysts now estimate Brazilian soybean production at less than 130 Mt, whereas a production record was expected a few months ago. As a result, soybean prices across the Atlantic are rising faster than maize prices, a key factor in the Corn Belt for the development of maize acreage areas.

In Argentina, weather concerns are returning as late maize crops enter flowering. Relatively warm and dry weather is expected in the production area over the next 10 days.

## EUROPE: Tensions rise in Ukraine

The past week has seen a resurgence of tensions between Washington and Moscow over the Ukrainian conflict. The United States accused Russia of preparing an invasion of Ukraine in the coming days under the guise of joint military exercises with Belarus. Moreover, in this context, Russian naval manoeuvres in the Black Sea are due to take place in the coming days, which should prevent some Ukrainian exports. An open conflict between these two countries would have major consequences for the agricultural markets because of their position as world exporters of cereals.

In addition, Russia has announced a ban on ammonium nitrate exports, which should further strain the fertiliser market.

### To be monitored :

- Conflict in Ukraine
- South American Weather
- Grain Strategy Report-

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