

CORN Market



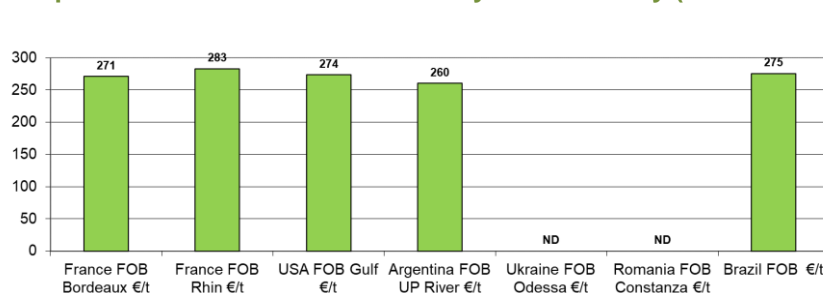
Weekly economic newsletter of the European Confederation of Maize Production

Week 9/2022

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Indicators

FOB prices 25/02/2022 in €/t – February-June delivery (2021 harvest)



	25/02	18/02
Parity €/€	1,12	1,14
Petrol \$/barrel (NY)	91,6	91,1
FOB Bordeaux*(€/t)	271	261
FOB Rhine* (€/t)	283	276

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Russian invasion of Ukraine

The invasion of Ukraine by Russia is causing extremely high volatility in the maize market. After the invasion, prices for the March delivery in Chicago reached as high as 283 \$/t before falling back due to significant liquidation of positions by operators in this context of major geopolitical uncertainty. As a result, prices must be analysed with caution these days, as they are above all nominal.

The war is disrupting the maize market because of Ukraine's position as the world's fourth largest maize exporter. The Russian invasion is obviously disrupting Black Sea logistics (see Europe section). A sustained conflict could also disrupt spring maize planting for the 2022/23 crop year.

Other commodity markets are also under great pressure: Russia is the world's largest wheat exporter and Ukraine is also a major exporter. Both countries also dominate the sunflower oil market.

Finally, Russia is also a major exporter of non-agricultural raw materials: fertilisers, aluminium, palladium, etc. and above all energy products (gas and oil). In an already tense context, energy prices have risen sharply. The barrel of oil has exceeded \$100, the first time this has happened since 2014.

The sanctions imposed by Western countries will also greatly disrupt trade between the rest of the world and Russia, particularly due to the suspension of the Russian SWIFT banking network, which will slow down and increase the cost of interbank trade, and due to the sanctions imposed on the Russian central bank, which will limit its ability to mobilise its reserves to deal with the crisis. As a result, the rouble depreciated sharply on Monday and had already lost more than 30% of its value.

While market fundamentals have obviously taken a back seat to the invasion, and should remain so for some time, traders have been paying attention to the USDA's "Outlook" forum in the middle of last week. This gave the first official acreage outlook for the year. Maize acreage is projected at 37.2 Mha, slightly above operator expectations but down 567Kha from 2021. Maize is expected to lose acreage, mainly to soybeans. At the end of March, farmer surveys should refine this figure obtained by modelling.

EUROPE: Disrupted logistics in the Black Sea

The war is affecting Black Sea logistics heavily. The ports of Odessa and Mikolayiv have been attacked, preventing shipments. Navigation in the Sea of Azov is banned, preventing Russian exports through Rostov. In Russia, the Novorossissk terminals on the Black Sea are still in operation. In Moldova, Romania and Bulgaria, loading is also continuing. The context is very uncertain as merchant ships have been attacked or boarded by Russia in recent days.

As a result, cereal flows in Europe have been severely disrupted and raw material prices have been affected, which suggests a worsening of the price squeeze for livestock farmers. On average, 1 in 8 tonnes of maize consumed in the EU comes from Ukraine.

To be monitored :

- Ukrainian conflict
- Ethanol USA
- Weather in South America

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