

# CORN Market



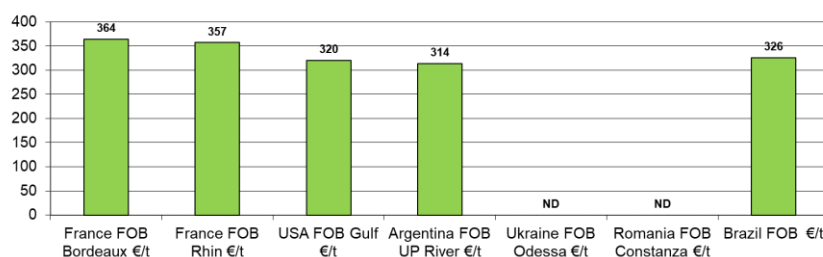
Weekly economic newsletter of the European Confederation of Maize Production

Week 10/2022

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## Indicators

FOB prices 04/03/2022 in €/t – March-June delivery (2021 harvest)



	04/03	25/02
Parity €/€	1,09	1,12
Petrol \$/barrel (NY)	115,7	91,6
FOB Bordeaux* (€/t)	364	271
FOB Rhine* (€/t)	283	283

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: Sharp rise in world food prices

From 25/02 to 04/03, the prices of the May delivery in Chicago gained \$24/t to reach \$297/t. The week remains marked by extremely high volatility linked to the invasion of Ukraine and the disruption of trade flows of many agricultural commodities (corn, wheat, sunflower oil, etc.) and energy. In this context, the fundamentals remain in the background.

Because of the geopolitical situation, world food prices are rising sharply. The FAO price index in February, at the beginning of the invasion, rose by 24% compared to February 2021. It is at its highest level since 2011-2012, when food prices were a trigger for the Arab Spring. It should be remembered that Ukraine and Russia export 30% of the world's wheat, around 20% of its maize and over 80% of its sunflower oil. As a result, the supply capacities of importing countries will be a key element of the global situation in the coming months. After the cancellation of an Egyptian tender, Algerian and Tunisian wheat tenders will be closely watched by operators.

Oil prices continue to rise sharply, topping \$120/barrel, the highest in 10 years. While Russian oil exports could be targeted by a new round of sanctions, the attitude of Saudi Arabia will be followed closely by operators. Saudi Arabia has reserves that could partly replace Russian supply, but it remains linked to Russia through OPEC+ and its oil marketing agreements.

In the United States, the Biden administration is reportedly considering an adjustment or even a suspension of the mandate to incorporate ethanol into fuel in order to limit the inflationary context. As a result of this mandate, on average 35% of US corn production is used for ethanol production.

In China, the government has announced that it fears the worst wheat harvest in its history, with a loss of production of around 20% due to climatic hazards, which could increase inflationary pressure. In addition, new cases of African swine fever have been detected in the east of the country.

In South America, the weather remains favourable for planting safrinha maize in Brazil and late maize in Argentina. Brazilian producers fear a shortage of fertiliser, mainly for the next crop-year, due to the sanctions affecting Russia and Belarus.

## EUROPE: Export restrictions

The ongoing war continues to severely limit shipping in the Black Sea. The port of Mikolayiv in Ukraine as well as Odessa, through which 90% of Ukrainian agricultural exports pass, are among the targets of the Russian army. Civilian ships were again attacked by Russia last week. The Ukrainian railway company has announced that it will be able to ship grain to neighbouring countries for re-export, but this is still at the announcement stage at the moment. There is growing concern that spring planting will only be partial due to the situation there.

Some countries are restricting exports to limit local food inflation: Moldova and Hungary in particular.

### To be monitored :

- Conflict in Ukraine
- USDA report

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