

CORN Market



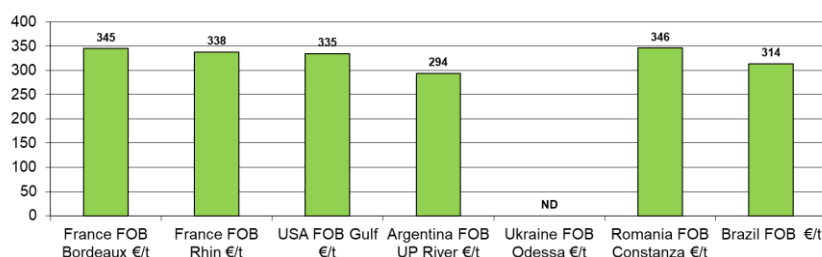
Weekly economic newsletter of the European Confederation of Maize Production

Week 25/2022

N°307

Indicators

FOB prices 17/06/2022 in €/t – June-July delivery (2021 harvest)



	17/06	10/06
Parity €/€	1,05	1,06
Petrol \$/barrel (NY)	109,6	120,7
FOB Bordeaux*(€/t)	345	341
FOB Rhine* (€/t)	338	347

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Uncertainty about global demand

From 10/06 to 17/06, prices for the July delivery in Chicago gained \$4.5/t to stand at \$304.5/t. The evolution of the prices remains torn between the weather worries on the one hand and the uncertainty on the return of the Ukrainian exports and on the level of the world demand on the other hand.

In the United States, as of 12 June, 72% of corn was in "good to excellent" condition, 1 point less than the previous week. The last 15 days of June are forecast to be hot and dry. If this weather persists into July, it will have an impact on yield. US corn acreage is expected to rise slightly by traders in the 30/06 report.

US ethanol production was up slightly last week at 1.06 million barrels/day. However, export demand remains sluggish with 139 Kt contracted for the next season. This weakness in world demand is worrying operators. It can be explained by the current volatility of prices and above all by a strong uncertainty about the macroeconomic context and fears about world growth.

In China, for example, the pork sector is experiencing a sharp price squeeze, which suggests a weakening of demand for maize and soya. Likewise, the return of the confinements in Shanghai, some time after they were lifted, has rekindled fears about freight prices.

In the United States, the explosion of part of the largest liquefied natural gas (LNG) terminal in Freeport, Texas, is adding to the tension in the gas market as Europe seeks to substitute its Russian gas imports with liquefied gas (LNG and/or LPG) from the US and the Persian Gulf.

In Brazil, the safrinha maize harvest began in Paraná in the south of the country. Initial yields are disappointing.

In Argentina, as of 16/06, 37% of the maize crop had been harvested, compared with an average of 51% at that date (2017-2021).

EUROPE: Lack of storage in Ukraine

In Ukraine the wheat harvest has begun in the south of the country. The country is asking the EU and the United States for help with temporary storage (bins, silo bags, etc.), while the usual tools are either damaged or partly saturated by stocks from the old harvest because of the difficulty of exporting. In this respect, we note the first shipment of 18 Kt of Ukrainian maize to Spain via the Baltic. The European states should also approve Ukraine's status as a candidate for entry into the EU, opening the way to financing.

The European Central Bank is trying to reassure the markets as member states' interest rates have risen sharply following the announcement of a programme of gradual increases in the ECB's key interest rates in an inflationary environment.

Last week's heat wave hit Western Europe.

To be monitored :

- Conflict in Ukraine
- IGC Report
- Weather USA

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