

CORN Market

CEPM
maizeUROPE

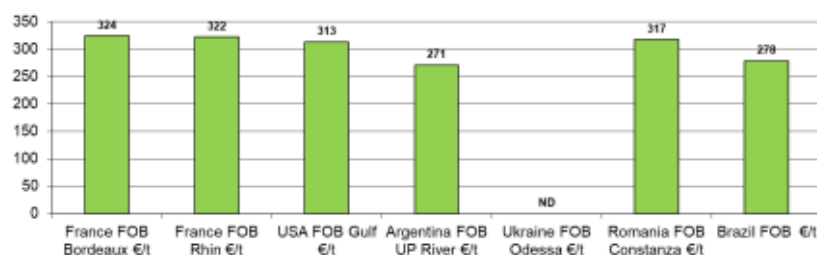
Weekly economic newsletter of the European Confederation of Maize Production

Week 28/2022

N°310

Indicators

FOB prices 08/07/2022 in €/t – July-August delivery (2021 harvest)



	08/07	01/07
Parity €/€	1,02	1,04
Petrol \$/barrel (NY)	104,8	108,4
FOB Bordeaux*(€/t)	324	291
FOB Rhine* (€/t)	322	291

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Price rebound in Chicago

From 01/07 to 08/07, prices for the September delivery in Chicago gained \$6/t to stand at \$249/t. American prices have been rebounding since the end of last week due to a prior correction that was too large and fears about the American weather. Volatility remains very high.

On 03/07, in the US, 9% of maize was in flowering compared to 11% on this date on average (2017-2021). 64% of maize was considered to be in "good to excellent" conditions, a drop of 3 points compared to the previous week. Operators are concerned about the return of dry weather across the Corn Belt and a heat wave in the northwest this week. A derecho (summer storm) event hit the western Corn Belt last week, but it appears to have caused less crop damage than the 2020 event in Iowa.

Domestic demand remains strong with over 1 million barrels of ethanol produced per day since the end of May. Export contracting was in line with traders' expectations last week with 240 Kt. The latter are expecting a return to purchases by importing countries due to the drop in prices in recent weeks.

In Argentina and Brazil, the harvest is continuing. In Brazil, logistical constraints on storage and truck freight are very high due to the speed of the harvest in Mato Grosso.

On the other hand, despite the price of inputs, the cultivation of new land remains profitable. The Brazilian soybean area is expected to increase by 3% in 2022, at the same rate as in previous years.

EUROPE: €/€ exchange rate at its lowest for 20 years

The €/€ exchange rate is at its lowest level in nearly 20 years due to the strengthening of the dollar, a consequence of the rate hikes implemented by the Fed, while the ECB is expected to begin its hikes in July. The prospect of an energy and economic crisis in Europe in the coming months is also weakening the euro. This situation makes imported maize less competitive, but also contributes to the increase in input costs (fuel, fertiliser, etc.).

The 2021/22 import crop year ended with 16.4 Mt imported against 15.2 Mt. Despite the war in Ukraine, EU imports remained dynamic due to the competitiveness of maize on the FOB against wheat. This benefited other origins, first and foremost the United States, but also minor origins such as Moldavia, Russia, etc.

In Russia, the new export tax, now calculated in roubles and no longer in dollars, is more favourable for maize. It has been reduced from \$89/t to \$40/t.

The week is expected to be dry throughout Europe and very hot in Western Europe. Hungary is particularly suffering from the water deficit. Romania and Ukraine have benefited from recent rains, but more rain will be needed during the maize flowering period.

To be monitored :

- Conflict in Ukraine
- USDA report
- EU weather

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