

CORN Market

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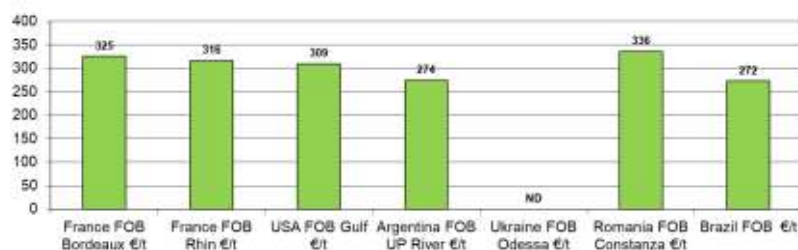
Weekly economic newsletter of the European Confederation of Maize Production

Week 29/2022

N°311

Indicators

FOB prices 15/07/2022 in €/t – July-August delivery (2021 harvest)



	15/07	08/07
Parity €/€	1,01	1,02
Petrol \$/barrel (NY)	97,6	104,8
FOB Bordeaux*(€/t)	325	324
FOB Rhine* (€/t)	316	322

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Flowering in the Corn Belt

From 08/07 to 15/07, prices for the September delivery in Chicago lost \$11/t to stand at \$238/t. Volatility remains very high in Chicago in an uncertain context regarding the American weather and the negotiations in Ukraine.

These factors are prompting non-commercial funds to reduce their net buying position, accentuating the volatility of US corn prices. As of 10/07, 15% of maize in the US was in flower, compared with an average of 25% at that date (2017-2021). 64% of the corn crop was considered to be in "good to excellent" conditions, the same as last week. Weather conditions have been generally good so far, but traders are concerned about the hot, dry weather that is setting in this week as a significant proportion of US maize is about to enter flowering. This weather, if it persists over the next few weeks, could indeed reduce yield potential.

The USDA's July report incorporated the slight increase in acreage announced at the end of June into the US balance sheet for 2022/23. At the global level, compared to June and for the 2022/23 crop year, the USDA makes few changes. World production is stable at 1186 Mt, consumption is revised down slightly by 1 Mt (1185 Mt) while stocks are up 2.5 Mt (313 Mt).

In Paraguay, the maize crop is progressing and yields are good but operators are concerned about grain quality due to mycotoxin levels.

In Brazil, maize exports to China will not be able to start until next year due to the lack of sanitary and phytosanitary documentation and monitoring during the current crop cycle.

China has officially implemented a phosphate export quota, which will put pressure on the price of compound fertilisers. In addition, some local banks are in trouble, which reinforces the concerns of some analysts about the health of the Chinese economy.

EUROPE: Negotiations on Ukrainian exports

The various parties involved (UN, Turkey, Ukraine, Russia) were cautiously optimistic about the conclusion of negotiations on the resumption of Ukrainian sea exports last week. These statements weighed down on prices. A positive conclusion to the negotiations would push maize prices down again, although it will take several months for port activity in Ukraine to resume.

To date, Ukraine exports 2 Mt of grain per month and could manage to increase this to 2.4 Mt - 2.7 Mt or 40% of its usual capacity. Ukrainian agricultural exports through Romania and Bulgaria are expected to slow down due to the start of the wheat harvest in these two countries.

The Bruegel institute predicts a gas deficit of 15% in volume this autumn if Russian exports to the EU are completely cut off.

Ukraine received rain last week. The rest of Europe is experiencing hot and dry conditions which are expected to continue this week.

To be monitored :

-Next publication on 29 August

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