

# CORN Market

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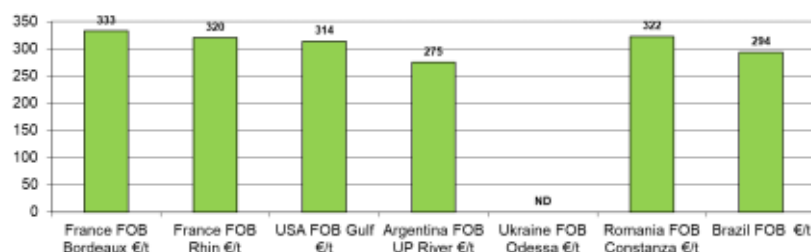
Weekly economic newsletter of the European Confederation of Maize Production

Week 35/2022

N°312

## Indicators

FOB prices 26/08/2022 in €/t – October-December delivery (2022 harvest)



	26/08	19/07
Parity €/€	1,00	1,01
Petrol \$/barrel (NY)	93,1	89,9
FOB Bordeaux*(€/t)	332,5	329
FOB Rhine* (€/t)	320	307

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: US yields revised downwards

In August, the price of December maize in Chicago initially lost ground due to the resumption of Ukrainian exports and Sino-US tensions in Taiwan. The price of maize in the US then rose due to unfavourable weather conditions for maize yields in the US and tensions around the Zaporizhia nuclear power plant in Ukraine.

From 19/08 to 26/08, the price of the December delivery gained \$16/t to stand at around \$262/t. This strong rise is mainly due to the conclusions of the ProFarmer Tour which, due to the summer weather on the Corn Belt, announces an average corn yield in the United States of 105.5 q/ha, well below the USDA estimate of the beginning of August (110.1 q/ha), which was already lower than at the beginning of the crop year. This drop, if confirmed, would put additional pressure on the US and world balance sheets in a context already tense due to the war in Ukraine. As of 22 August, 31% of US maize had reached the "dent grain" stage, compared with an average of 35% at that date (2017-2021). 65% of maize was in "good to excellent" conditions, a further 2 point drop from the previous week.

Export contracting was relatively dynamic in August, with some sales to China in particular. On the other hand, since mid-August, US ethanol production has fallen slightly to below one million barrels/day.

China is experiencing a major drought in the southern 2/3 of its territory. This does not affect the main maize production area in the north-east of the country, but is likely to have a strong impact on rice and broken rice production for animal feed. China may therefore have to import more grain than initially expected in the coming months. In addition, analysts remain attentive to the development of the real estate crisis in China, even if it seems to be controlled by the government for the moment.

## EUROPE: Recovery of Ukrainian exports

Following the diplomatic agreement concluded at the end of July and valid for 4 months, Ukrainian port exports were able to resume from the greater Odessa (65% of port capacity). Insurance premiums in the Black Sea remain high but after the release of loaded vessels blocked in ports by the invasion, new large tonnage shipments (>50 Kt) have been noted since the last days of August. As of 28/08, 53 ships of all sizes have been able to leave the greater Odessa area, thus increasing Ukraine's export capacity, which had been based on rail and truck since the invasion. However, these new export capacities are not enough to relieve storage capacity at a time when, after wheat, the sunflower and maize harvests are due to start soon. Despite international aid, it is likely that part of the Ukrainian maize crop will remain in the fields until stocks are freed up. Despite the sharp drop in acreage, Ukrainian production is estimated at between 28 and 30 Mt due to regular rainfall.

### To be monitored :

- Drought in Europe
- Energy crisis
- Sowing in South America

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