

CORN Market

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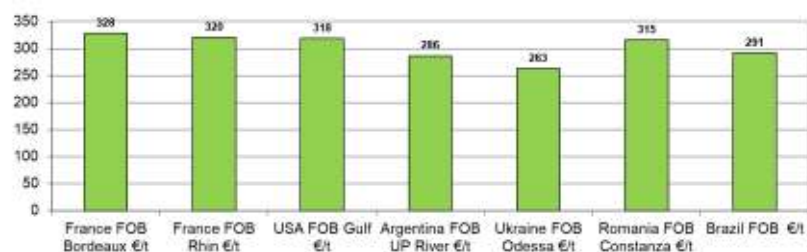
Weekly economic newsletter of the European Confederation of Maize Production

Week 36/2022

N°313

Indicators

FOB prices 02/09/2022 in €/t – October-December delivery (2022 harvest)



	02/09	26/08
Parity €/€	1,00	1,00
Petrol \$/barrel (NY)	86,9	93,1
FOB Bordeaux*(€/t)	332	332,5
FOB Rhine* (€/t)	320	320

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Start of sowing in South America

From 26/08 to 02/09, the price of the December delivery in Chicago gained \$7/t to stand at \$262/t. The US markets are closed this Monday due to the Labor Day. Profit taking is expected this week ahead of a forthcoming interest rate hike by the US central bank and above all the next USDA report to be published on Monday 12/09 in a context of uncertainty about US yields.

Traders are concerned about the lack of information on US agricultural exports. The USDA information system is down until further notice. U.S. ethanol production continued to decline for the fourth consecutive week with 970,000 barrels/day last week. This decline is part of the traditional decline in US fuel consumption after the summer but also a cyclical slowdown linked to inflation in the US. In addition, OPEC+ is meeting on Monday as oil has fallen below \$100 a barrel in recent weeks due to concerns about global economic growth.

In Argentina, the economic context and high inflation are causing much uncertainty for producers. Due to the price of imported inputs, despite the decrease in straw cereal areas, maize areas in 2022/23 are expected to be 200 Kha lower than in 2021/22 (7.7 Mha).

Early maize sowing is expected to start in the next few days as the eastern part of the production area remains affected by a significant water deficit.

In Brazil, the area planted to full-season maize, safra maize, is expected to decline due to input prices and pest pressure in the south of the country. 5% of the safra maize area has been sown so far. Soybean areas, after which safrinha maize is sown as a second crop, are expected to increase by 3.5%, but the water deficit in the centre of the country could delay the first sowings.

EUROPE: Decline in maize production

Due to the drought that affected almost the entire EU this summer, maize production is expected to fall sharply. Stratégie Grains currently estimates EU production in 2021/22 at 55.4 Mt, down 15% from the 2017-2021 average, the lowest since 2008/09. As a result, maize imports are expected to rise sharply and are already at an unprecedented rate. As of 29/08, 3.9 Mt had been imported compared to an average of 2.7 Mt (2017-21) at that date. Brazil will be in demand until the end of the year, alongside stocks of the 2021 Ukrainian crop. The 2022 Ukrainian crop will then take over or the US origin in case of difficulties. In Ukraine, the harvest is starting in the south, which has been hit by drought. Fighting has resumed on the Kherson front, leading to shelling of the port area of Mokolayiv, not far from Odessa.

Grain exports are slowing down in Russia and the arrival of the largest Russian wheat harvest in history is weighing on grain prices.

To be monitored :

- War in Ukraine
- Energy crisis
- USDA report

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