

CORN Market



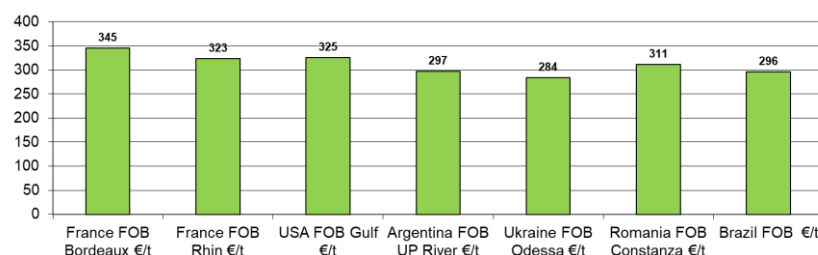
Weekly economic newsletter of the European Confederation of Maize Production

Week 37/2022

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Indicators

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



	09/09	02/09
Parity €/€	1,00	1,00
Petrol \$/barrel (NY)	86,8	86,9
FOB Bordeaux* (€/t)	345	332
FOB Rhine* (€/t)	323	320

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Tensions on Ukrainian exports

From 02/08 to 09/09, the price of the December delivery in Chicago gained \$8/t to stand at \$270/t. American prices progressed last week despite a closed market on Monday 2nd (Labor Day) and the publication of the monthly USDA report on Monday, traditionally preceded by profit taking. This reaction of the markets is explained by threatening statements of Russian officials concerning the future of the Ukrainian maritime corridor after the setbacks suffered by the Russian army in the Donbass last week.

In the US, as of 04/09, 54% of corn was in "good to very good" conditions, unchanged from the previous week. The US corn yield estimate will be the focus of the USDA report due out on Monday. Traders are expecting a downward revision of the average yield to 108.3 q/ha, compared to the USDA's estimate of 110.1 q/ha in August. Such a revision would, according to operators, given the dynamic demand, lead to a strong pressure on US stocks for 2022/23 which, at 30.9 Mt, would be at their lowest for 10 years.

OPEC+ announced a 100,000 barrel/day cut in oil production last week, but this news did not allow for a clear recovery in oil prices, which are handicapped by the international economic context and by the prospect of a new agreement with Iran, which could allow for the return of 1 million barrels/day to the international market.

The Fed is expected to implement another sharp interest rate hike on 21/09 according to its director, Jerome Powell. The US monetary policy remains under scrutiny given its impact on other central banks and on the contraction of global economic growth.

The rice market is facing major disruptions that could eventually affect other grains. After the major drought that affected Chinese production, India announced a 20% tax on its exports.

EUROPE: Energy crisis in the EU

The progress of the Ukrainian army in the Donbass led Russian officials to threaten the sustainability of the Odessa maritime corridor last week, causing maize prices to rise. To date, nearly 2 Mt of agricultural products have been exported through Odessa, a figure that remains insufficient in view of the country's storage deficit ahead of the maize and sunflower harvests.

The ECB has scheduled a further sharp increase (0.75%) in its key rates in an attempt to combat inflation and bring the € back above \$1. This policy is worrying because it weighs on the EU's growth prospects, which are already seriously threatened by the energy crisis. Indeed, the gradual cutting off of Russian gas exports is increasing the price of energy in the EU, which is unable to fully substitute Russian gas volumes. This price level weighs, via the price of inputs, on agricultural production but also on industrial production, pointing to a sharp contraction in demand and a price squeeze in the coming months.

To be monitored :

- War in Ukraine
- US Exports
- USDA report

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