

CORN Market

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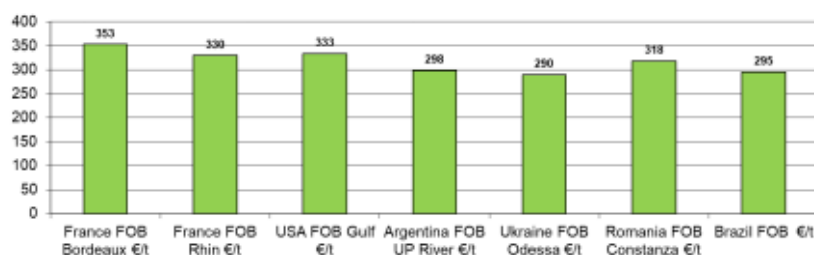
Weekly economic newsletter of the European Confederation of Maize Production

Week 39/2022

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Indicators

FOB prices 23/09/2022 in €/t – October-December delivery (2022 harvest)



	23/09	16/09
Parity €/€	0,98	1,00
Petrol \$/barrel (NY)	78,8	85,1
FOB Bordeaux*(€/t)	353	342
FOB Rhine* (€/t)	330	322

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Weakened macroeconomic outlook

From 16/09 to 23/09, prices for December in Chicago remained stable at \$267/t. The week was marked by the hesitations of operators between renewed tension in Ukraine and a gloomy global macroeconomic context.

In the United States, the corn harvest continues. As of 18/09, 7% of the US maize crop had been harvested, compared with an average of 8% at that date (2017-2021). The dry weather expected this week in the Corn Belt should allow harvesting to progress. Export contracts last week reached 182 Kt, well below analysts' expectations. US corn lacks competitiveness against South American and Ukrainian origins. Moreover, physical exports could be disrupted with the start of the hurricane season in the Gulf of Mexico. US ethanol production continues to decline, handicapped by lower fuel consumption across the Atlantic.

The US central bank raised its key rates by 0.75%, as expected by analysts. This tightening of monetary policy by the main central banks is a concern for the prospects of global economic growth.

In Brazil and Argentina, some rain was recorded in the driest areas last week. However, this is not enough to solve the water deficit. Dry weather is expected this week. In Brazil's Mato Grosso, growers are waiting for more rain to plant soybeans, while wet weather in the south of the country is favourable for safra maize. In Argentina, the water deficit remains marked over most of the production area, leading producers to delay sowing early maize. They may also favour soya due to input costs and government incentives. As of 22/09, 3% of maize was planted compared to an average of 9% at that date (2017-2021).

EUROPE: Escalation in Ukraine

The conflict in Ukraine is escalating further following Russia's decision to partially mobilise and annex occupied Ukrainian territories. Drone bombings have taken place in Odessa, raising fears for the sustainability of the maritime corridor which, together with land-based exports, brings Ukraine closer to its pre-war export levels. Russia also announced the closure of the Kerch Strait on the Sea of Azov until further notice.

The Euro lost further ground against the Dollar after the Fed rate hike and because of the victory of G. Meloni in Italy, in a delicate economic context for this country (3rd European economy). This situation makes European maize more competitive with imported origins but also increases the cost of imported inputs: fertilisers, gas, etc.

To be monitored :

- War in Ukraine
- IGC Report
- EU stocktaking