

CORN Market



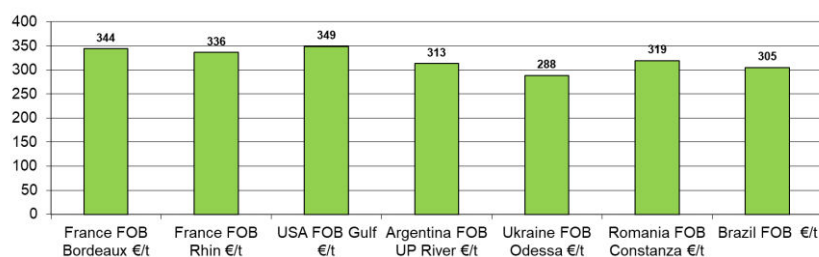
Weekly economic newsletter of the European Confederation of Maize Production

Week 41/2022

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Indicators

FOB prices 07/10/2022 in €/t – October-December delivery (2022 harvest)



| | 07/10 | 30/09 |
|-----------------------|-------|-------|
| Parity €/€ | 0,98 | 0,97 |
| Petrol \$/barrel (NY) | 92,6 | 79,5 |
| FOB Bordeaux*(€/t) | 344 | 352 |
| FOB Rhine*(€/t) | 336 | 335 |

*Fob price Bordeaux/Rhine including monthly increases

WORLD: US exports disrupted

From 30/09 to 07/10, the price of December delivery in Chicago rose by \$ 2/t to \$ 269/t.

In the US, as of 02/10, 20% of American corn had been harvested, compared with an average of 22% at that date (2017-2021).

The Mississippi River is currently very low due to the relatively dry conditions in the US in recent months. This makes it very difficult to export soybeans and maize through the Gulf of Mexico, the main export route for the Corn Belt. Input supplies, especially fertiliser, for the coming crop year are also affected.

Export contracting last week was the lowest since 2012 at 227 Kt, below traders' expectations. Similarly, ethanol production continues to decline and is now below 900,000 barrels/day, its lowest level since September 2020. Against this backdrop of depressed demand, the adjustments to the US balance sheet in the USDA's October report will be closely watched. Traders are expecting a further downward revision of US yields and stocks.

On the macro front, OPEC+ decided to make a significant production cut (2 million barrels/day) in an effort to counteract the current price decline. The price of a barrel of oil has exceeded the \$90/barrel threshold in recent days.

The USDA attaché in Beijing estimates Chinese production at 270 Mt compared with the USDA's official estimate of 274 Mt. On the other hand, its import forecast is the same at 18 Mt. South American maize to China remains the most competitive feed grain, but imported US maize is about \$ 20/t more expensive than local maize.

In Brazil, CONAB forecasts a 1.5% drop in safra maize acreage due to input costs, but a 5% increase in safrinha maize acreage, which is sown after soya.

In Argentina, persistent dry weather is limiting maize planting.

EUROPE: Russian retaliation

After the destruction of the Crimean bridge, linking the two shores of the Kerch Strait in the Sea of Azov, Russia bombed Ukraine in retaliation, which caused agricultural commodity prices to rise.

Russia also appears to be limiting Ukraine's export potential. The inspection time in Istanbul, foreseen in the Ukraine-Russia-Turkey agreement, doubled in early September to 15 days. The Russian side is unwilling to appoint additional inspectors to meet the needs of the inspection centre in the face of the large flow of Ukrainian exports.

According to S&P Global Commodity, Brazilian ethanol exports to the EU could reach 6 million hectolitres, exceeding the 2010 record of 4.7 million hectolitres. This is due to the attractiveness of ethanol in a context of high fuel prices and improved profitability of the European market.

To be monitored :

- War in Ukraine
- USDA report
- Grain Strategy Report

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