

CORN Market



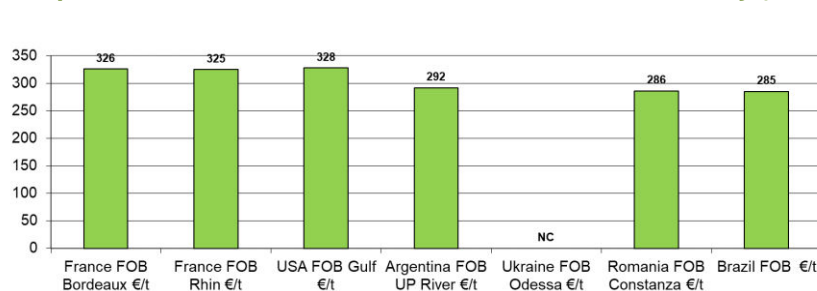
Weekly economic newsletter of the European Confederation of Maize Production

Week 46/2022

N°323

Indicators

FOB prices 11/11/2022 in €/t – November-December delivery (2022 harvest)



	11/11	04/11
Parity €/€	1,03	0,99
Petrol \$/barrel (NY)	88,96	92,6
FOB Bordeaux*(€/t)	326	339
FOB Rhine* (€/t)	325	NC

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Decline in the dollar

From 04/11 to 11/11, the price of the December delivery in Chicago lost \$9/t to stand at \$259/t. This sharp drop is linked to profit taking before and after the publication of the USDA monthly report last Wednesday. However, Friday's session ended slightly higher due to reassuring macroeconomic elements: slowing inflation in the US, a weaker dollar and the easing of the "0 COVID" policy in China.

In its November report, compared to October and for the 2022/23 crop year, the USDA revised US production upwards by 890 Kt (354 Mt). US stocks are revised upwards by only 250 Kt (30 Mt) due to an upward revision of feed consumption. These developments are slightly above traders' expectations.

Last week, ethanol production in the US increased again and now stands at 1.05 million b/d, up 1% from the previous week. Inventories fell to 22.2 million barrels but remain 4% above average at this time. On the other hand, export contracting remained below operators' expectations with 265 Kt last week. If confirmed, the recent fall in the dollar should make US corn more competitive. However, the logistics situation could become tense in early December with a threatened strike by the main US rail freight unions.

At the world level, compared to October and for the current crop year, production is revised downwards by 350 Kt (1168 Mt), demand is revised upwards by 750 Kt (1175 Mt), stocks are revised downwards by 430 Kt (301 Mt).

In Argentina, the production area has received some rain and should receive more this week. As of 02/11, growing conditions were deteriorating with 6% of maize sown in "good to excellent" conditions compared to 10% the previous week.

In Brazil, production is expected to be around 126 Mt by Rabobank, USDA and CONAB. Work has begun on extending the Ferronorte railway, which links Mato Grosso to port facilities. It should reach the centre of the state in 2028, reducing the cost of transporting grain for export.

EUROPE: Uncertainty over the future of the Ukrainian agreement

Negotiations are continuing between Russian and UN envoys to renew the agreement on Ukrainian exports signed last July and due to expire at the end of the week. Volatility could be high if there is no agreement between the various parties in the coming days, as Ukraine makes progress on the southern front and has recaptured the port of Mykolaiv. The European Commission and various international partners have announced the release of 1 billion dollars for the improvement and maintenance of the "solidarity lanes", land routes allowing Ukrainian exports through the EU.

In its November report, compared to October, the USDA revised EU production downwards by 1.4 Mt (54.8 Mt).

To be monitored :

- War in Ukraine
- USDA Area Trends 2023
- Grain Strategy Report

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