

CORN Market



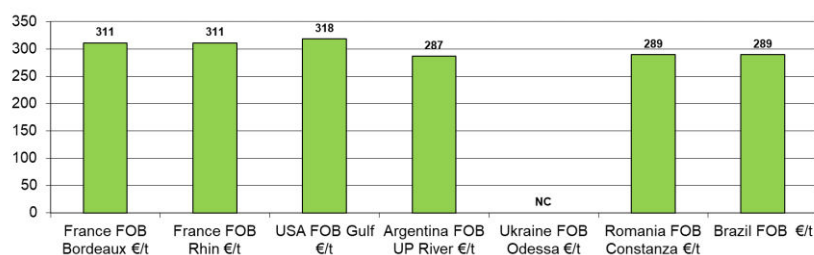
Weekly economic newsletter of the European Confederation of Maize Production

Week 47/2022

N°324

Indicators

FOB prices 18/11/2022 in €/t – November-December delivery (2022 harvest)



	18/11	11/11
Parity €/€	1,04	1,03
Petrol \$/barrel (NY)	80,1	88,96
FOB Bordeaux*(€/t)	311	326
FOB Rhine* (€/t)	311	325

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Renewal of the Ukrainian agreement

From 11/11 to 18/11, the price of December corn in Chicago rose by \$4/t to \$263/t. The price of maize in Chicago consolidated last week after having fallen sharply in view of the renewal of the agreement on Ukrainian exports (see Europe section).

In the US, 93% of the maize crop had been harvested by 13/11, well ahead of the average for that date. The arrival of snow on the Corn Belt could complicate the harvest of the last plots.

The USDA has released its first corn acreage projections for 2023. These are expected to rise sharply, due to a maize/soybean price ratio clearly in favour of maize, with 34 Mha compared to 32.4 Mha in 2022 and 33.3 Mha on average.

International buyers are taking advantage of the recent fall in the dollar. Contracted exports to the US reached 1.2 Mt last week, mainly to Mexico. Physical exports are becoming more fluid as the Mississippi River rises, driving down premiums in the Gulf of Mexico. Finally, operators remain attentive to the development of avian influenza in Asia which could limit demand.

US ethanol production fell slightly last week, but stocks also fell sharply (-1 million barrels), returning to almost their average level.

In its November report, compared to October, for the current crop year, the IGC maintains its world production projection (1166 Mt), world consumption is revised up by 2 Mt (1190 Mt) and stocks are expected to reach their lowest level in 10 years (257 Mt) after a 0.5 Mt drop. This situation is a support factor for prices.

In Argentina, rains returned last week but the weather is expected to be dry again this week. The government is expected to reintroduce a preferential exchange rate for soybeans to bring in foreign exchange as the country's economic situation has deteriorated significantly.

In Brazil, producers are reluctant to sell their production. They fear a devaluation of the real after the recent election of President Lula. Soybean planting has been delayed in the south-central part of the country due to the lack of rainfall in recent weeks.

EUROPE: Continuation of Ukrainian exports

With just a few days to go, the agreement on Ukrainian exports has been renewed for a further four months, as opposed to the one year requested by the UN and Ukraine, in identical terms. Uncertainty about Russia's position on this renewal had led to high volatility in recent weeks. This announcement has put pressure on maize prices as Ukraine is one of the EU's main suppliers. Volatility is expected to return in the spring, when the agreement is due to expire.

In Ukraine, maize stocks for the 2021 crop have almost all been exported. The country is now facing a slow 2022 harvest (storage deficit, drying restrictions) with 39% of maize harvested to date.

To be monitored :

- War in Ukraine
- EU imports
- EU balance sheet