

CORN Market



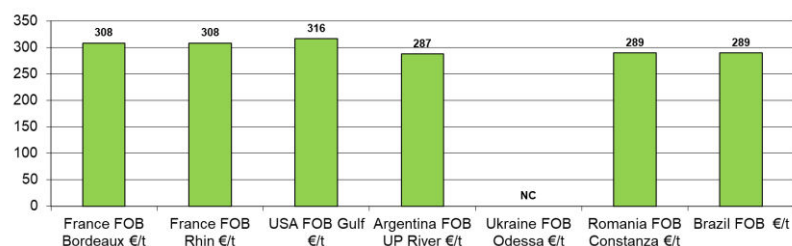
Weekly economic newsletter of the European Confederation of Maize Production

Week 48/2022

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Indicators

FOB prices 25/11/2022 in €/t – December-January delivery (2022 harvest)



	25/11	18/11
Parity €/€	1,04	1,04
Petrol \$/barrel (NY)	76,3	80,1
FOB Bordeaux*(€/t)	308	311
FOB Rhine* (€/t)	308	311

*Fob price Bordeaux/Rhine including monthly increases

WORLD: First deliveries of Brazilian maize to China

From 18/11 to 25/11, the price of the March delivery in Chicago remained relatively stable at \$263/t. This stability is explained by the fact that the week was calm on the geopolitical level and that in the United States the markets functioned at the end of the week because of Thanksgiving.

In the US, as of 21/11, the maize harvest had ended with 96% of the crop harvested compared to an average of 90% at that date (2017-2021).

By 18/11, ethanol production had reversed the previous week's decline and recovered to 1.04 million bpd. Inventories also rebounded strongly to 22.8 million barrels, a level 7% above the average (2017-2021). Last week, export contracting maintained a good level with 1.85 Mt, in line with operators' expectations, due to significant Mexican purchases. Operators remain very vigilant regarding a possible resumption of the social conflict in the rail sector which would strongly paralyse American logistics.

The first three ships of Brazilian maize left for China at the end of November for a total of 158 Kt of maize. This marks the beginning of Brazilian exports to China following the agreement signed between the two countries. Brazilian exporters estimate that they will be able to export up to 5 Mt of maize to China this year, competing with US exports.

The economic situation in China remains very uncertain for the markets due to the Chinese government's procrastination on its sanitary policy and unprecedented public protests against Covid-related confinements.

In Argentina, recent rains, and those expected this week, are improving the situation but the water deficit remains marked. In addition, the Argentine government is expected to introduce a more favourable exchange rate specifically for soybean exports, which should encourage producers to prefer this crop to late maize, which is due to be sown in early December.

EUROPE: Imports revised upwards again

In its November balance sheet for the 2022/23 crop year, compared to October, the European Commission has again revised downwards its maize production forecast for the EU. It is estimated at 53.3 Mt (-1.6 Mt). Import forecasts have been raised by 1 Mt (23 Mt). As of 22/11, the EU imported 11.5 Mt of maize, 51% from Brazil and 42% from Ukraine, compared with an average of 6.6 Mt at that date (2017-2022).

The continued fall of the dollar against the euro, due to a less aggressive monetary policy in the US, is helping to make imports more competitive and is putting pressure on maize prices for European origins.

In Ukraine, winter crop sowing has been completed. Due to the very difficult context for producers, lack of cash flow and inputs, straw cereal and rapeseed areas are down by 20% compared to 2021. According to the Ukrainian Grain Association, producers may prefer sunflower to maize next spring.

To be monitored :

- War in Ukraine
- COVID China
- Seedlings Argentina