

CORN Market



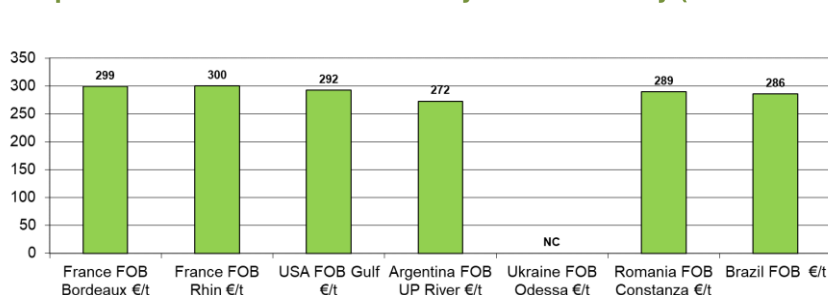
Weekly economic newsletter of the European Confederation of Maize Production

Week 49/2022

N°326

Indicators

FOB prices 02/12/2022 in €/t – January-March delivery (2022 harvest)



	02/12	25/11
Parity €/€	1,05	1,04
Petrol \$/barrel (NY)	80	76,3
FOB Bordeaux* (€/t)	299	308
FOB Rhine* (€/t)	300	308

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Markets hit by Chinese health policy

From 25/11 to 02/12, the price of the March delivery in Chicago lost about \$10/t to stand at \$254/t. This sharp drop is explained by renewed concerns about global economic growth, due to the situation in China. Indeed, the recent challenges to the Chinese government's health policy have made the markets fear a destabilisation of the country and its economy. In this context, non-commercial funds reduced their exposure to the maize market by reducing their net long position, putting pressure on US prices last week.

In the US, export contracting reached 603 Kt last week, at the bottom of traders' expectations. The prospect of a rail strike, which would have paralysed the country's agricultural logistics, appears to have been averted after workers in the sector secured the signature of a law favourable to them. Mexico has said it is ready to discuss with the United States the proposed ban on the import of GMO corn from 2024. The country is one of the world's leading importers of maize and mainly obtains its GMO maize from the US. After some procrastination, the Mexican authorities have specified that this ban should only apply to maize intended for human consumption.

Ethanol stocks, already high, rose again last week in the US and are approaching 23 million barrels. The US Environmental Protection Agency has published its proposed biofuel blending requirement for 2022 to 2025. This requirement would be increased and mainly driven by the development of so-called advanced biofuels. Corn ethanol is expected to increase more gradually, which should help to provide more visibility for the sector after the fickleness of the Trump administration and the Biden administration's initial desire to reduce it.

In Argentina, the hot and relatively dry weather is continuing, which is worsening conditions for maize already sown as it enters the pollination phase. The usual December resumption of planting for late maize is also being hampered by the weather. As of 1 December, 25% of maize had been sown, compared with an average of 39% at that date. Unsurprisingly, the Argentine government has announced a preferential exchange rate for soya.

In Brazil, the analyst StoneX projects that maize production will reach 130 Mt against 126 Mt for the projections of the official bodies.

EUROPE: The dollar continues to fall

With the US Federal Reserve announcing that the increase in US interest rates should start to slow down in December, the dollar continues to fall against the euro. This is helping to make imports more competitive than European maize.

In Ukraine, harvesting is continuing slowly in order to limit drying costs. At the beginning of December, only 60% of maize had been harvested.

To be monitored :

- War in Ukraine
- USDA report
- US Exports

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