

CORN Market



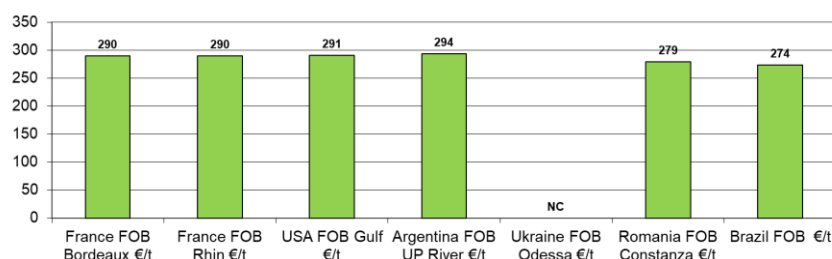
Weekly economic newsletter of the European Confederation of Maize Production

Week 50/2022

N°327

Indicators

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



	Au 09/12	Au 02/12
Parité €/€	1,06	1,05
Pétrole \$/baril (NY)	71	80
FOB Bordeaux* (€/t)	290	299
FOB Rhin* (€/t)	290	300

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Hedge fund pressure in Chicago

From 02/12 to 09/12, the price of the March 2023 delivery in Chicago again lost some ground to \$253/t. Non-commercial funds continue to reduce their net long positions by adding short positions and closing long positions. These moves put significant pressure on grain prices in early December, especially after Abares, the Australian statistical agency, reported that, contrary to expectations, a record wheat crop is now expected.

Markets also continue to worry about the health situation in China as the government announced further easing of its anti-Covid policy.

The USDA's monthly report released late last week was rather neutral for the market. In the US, for the current crop year and compared to November, exports were revised down by 2 Mt (53 Mt) leading to a slight decrease in the pressure on American stocks which are now projected at 32 Mt (+2 Mt), beyond operators' expectations.

At the world level, the same report, compared to November and for the current crop year, revises downwards: production by 7 Mt (1162 Mt), consumption by 5 Mt (1170 Mt) and stocks by 2 Mt (298 Mt), in line with operators' expectations.

Oil prices have remained under pressure in recent weeks due to fears about the global economic situation, discussions between Venezuela and the US, and the implementation of the G7 cap on Russian oil with a maximum of \$60/barrel allowed to be transported or insured by G7 member companies.

In Brazil, 93% of the safra maize (full season) has been sown but it is suffering from the lack of rain in the centre of the country, which has led CONAB to revise downwards the production of safra maize by 930 Kt (27 Mt). Total production, including safrinha maize (sown after soybeans) is estimated at 126 Mt.

In Argentina, despite some rain last week, maize has suffered from a heat wave with occasional peaks of over 40°C. The week is expected to be hot and dry as late maize planting has started. As of 07/12, 33% of maize had been sown compared to an average of 43% at that date.

EUROPE: Ukrainian exports disrupted

The Odessa region has again been the target of Russian attacks, notably on the power grid, which is causing major disruption to export logistics. In its November report, the USDA revised Ukrainian production down by 4.5 Mt (27 Mt) and exports up by 2 Mt (17.5 Mt) as a result of the extension of the export agreement in mid-November.

Analyst UkrAgroConsult forecasts Ukrainian maize acreage to fall sharply in 2023 to 3.5 Mha, a further decline from 4 Mha in 2022 and 5.5 Mha in 2021.

In the December USDA report, European maize imports for the current season are revised upwards by 1.5mt to 21.5mt.

To be monitored:

-Next publication on 03/01/2023

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