

CORN Market



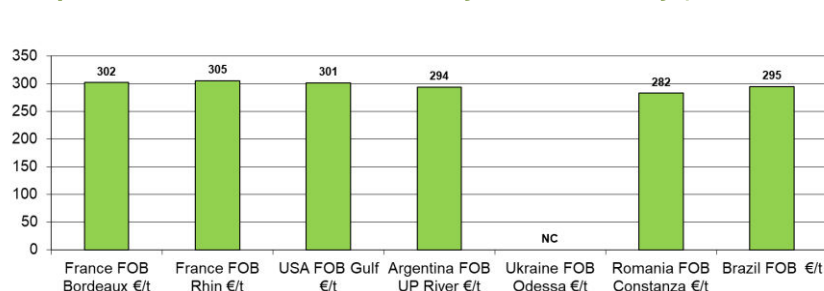
Weekly economic newsletter of the European Confederation of Maize Production

Week 1/2023

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Indicators

FOB prices 30/12/2022 in €/t – January-March delivery (2022 harvest)



	30/12	23/12
Parity €/€	1,06	1,06
Petrol \$/barrel (NY)	80,3	79,7
FOB Bordeaux*(€/t)	302	299
FOB Rhine* (€/t)	305	306

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Health policy change in China

From 15/12 to 30/12, the price of the March 2023 delivery in Chicago gained \$11/t to stand at \$267/t. After losing ground from the beginning of November to mid-December, returning to their level of the beginning of March, American corn prices rebounded at the end of the year under the effect of the change in sanitary policy in China and the intense cold spell that hit the American Midwest, despite technical sales and profit-taking by non-trade funds at the end of the year.

The change in health policy in China, if it leads to an explosion of Covid cases in the short term, is viewed rather favourably by the markets, which consider that it will allow for a more frank economic recovery in the country in the medium term. Agricultural operators in particular are expecting a more pronounced return of Chinese purchases, especially before the traditional festivities at the beginning of the year. China has been present on the maize market in recent weeks, to the benefit of Brazilian and Ukrainian origins. American origin remains too expensive despite the fall in the dollar over the last quarter.

However, the global macroeconomic situation continues to worry the markets, which fear the development of an economic crisis, as shown by the stagnation of oil prices at between \$70 and \$80/barrel. The monetary policies of the main central banks continue to be closely monitored, following further rate hikes by the Fed and the ECB in mid-December.

In the United States, export contracts to traditional customers (Mexico, Korea, Japan, etc.) have increased in recent weeks due to the fall in the dollar. Last week, they reached 782 Kt, at the top of operators' expectations. However, ethanol production ended the year at a low level, probably as a result of the intense cold spell in the US Midwest, while stocks continue to build.

In Brazil, maize exports have hit record highs in recent months, reflecting the competitiveness of this origin on the world market. The country is expected to break its previous year's export record of 45mt. Full-season maize in the south of the country is suffering from a marked water deficit. In the centre-west, safrinha maize planting should start without delay in the coming days after the soybean harvest.

In Argentina, despite some rain in recent weeks, the water deficit remains very marked. As of 29 December, 48% of maize had been sown, compared with 67% on average at that date, and only 15% were in "good to excellent" conditions.

EUROPE: Continuing difficulties in Ukraine

In Ukraine, difficulties persist both for exports and for producers. Loading is made difficult by Russia's policy of systematically targeting energy infrastructures and producers are short of inputs. Moreover, at the end of the year only 3.3 Mha of maize had been harvested, i.e. 78% of the area. The maize still in the fields will have to wait until spring, with the risk of increased losses in terms of quality and quantity.

To be monitored :

- War in Ukraine
- EU imports