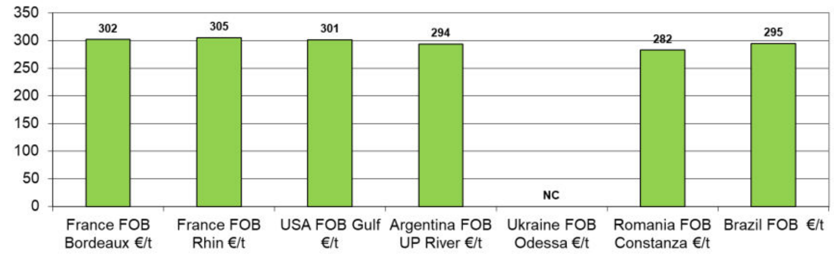
CORN Market
CEPM maiz'EUROP'
Weekly economic newsletter of the European Confederation of Maize Production

Week 2/2023 N°329

Indicators

FOB prices 06/01/2023 in €/t – January-March delivery (2022 harvest)



	06/01	30/12
Parity €/$	**1,05**	1,06
Petrol $/barrel (NY)	**73,8**	80,3
FOB Bordeaux*(€/t)	**296**	302
FOB Rhine* (€/t)	**291**	305

**Fob price Bordeaux/Rhine including monthly increases*

WORLD: Strong volatility in Chicago

From 30/12 to 06/01, the price of the March 2023 delivery in Chicago fell by almost $9/t to $257/t. American prices thus gave up most of the gains made at the end of the year. This high volatility is linked to the reopening of the American market on 3 January and the profit-taking that followed in a context of concerns about American demand. After increasing their net long position at the end of the year, hedge funds were net sellers last week.
In the US, export contracts were lower than expected at 319 Kt. The US-Mexico trade dispute over GMOs now appears to be over. Mexico has postponed its plan to ban GMO imports until 2025, i.e. after the end of the current president's term.
At 844,000 barrels/day, ethanol production at the end of the year reached its lowest level in February 2021. This was due to the severe cold and winter storm at the end of the year. The recovery of production will be carefully monitored as stocks remain high and ethanol producers' margins are reduced. Brazil has suspended its tariffs on US ethanol for another year.
In China, the epidemic rebound is significant, but the lifting of constraints has improved domestic logistics, resulting in lower domestic maize prices. The country is still buying, to the benefit of Ukrainian and Brazilian origins, which are more competitive than American origin.
In Brazil, the attempted putsch by supporters of J. Bolsonaro is worrying the international community. President Lula's room for manoeuvre will be narrow, particularly in the areas of deforestation and agriculture. His centre-right Minister of Agriculture wants to develop the storage of basic products, including maize, via CONAB. The water deficit continues to affect full-season maize in the south of the country, while the soya harvest and safrinha maize planting could be delayed by heavy rains in the centre.
In Argentina, rains relieved crops last week but the water deficit persists. The week looks relatively dry and a heat wave is expected to hit the production area again. As of 05/01, 63% of maize was sown compared to 71% on average at that date and only 15% of maize was in "good to excellent" conditions.

EUROPE: Mass imports

On 3 January, the EU imported 14.7 Mt of maize, compared with an average of 9.3 Mt on this date and 7.3 Mt last year. These imports come mainly from Brazil (6.8 Mt) and Ukraine (6.8 Mt) and are the consequence of the drought that hit Western Europe this summer but also of the price differential between these origins and European maize. In its latest balance sheet (December) for the current crop year, the European Commission forecasts 23 Mt of imports but the EU could beat its previous record of 2018/19 (24.1 Mt).
The cold wave in Russia could cause damage to wheat, in the absence of sufficient snow cover.

To be monitored :
-War in Ukraine
-Exports from Ukraine
-USDA report

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