

# CORN Market



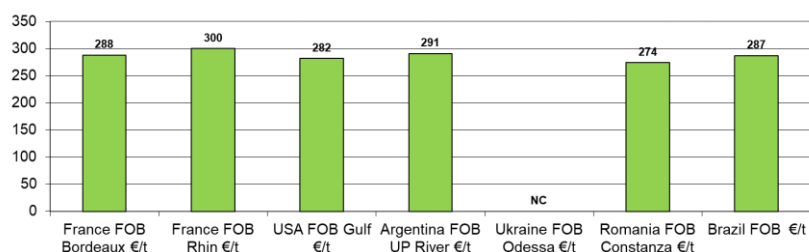
Weekly economic newsletter of the European Confederation of Maize Production

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## Indicators

### FOB prices 03/02/2023 in €/t – February-March delivery (2022 harvest)



	03/02	27/01
Parity €/€	1,09	1,09
Petrol \$/barrel (NY)	73,4	79,7
FOB Bordeaux*(€/t)	289	286
FOB Rhine* (€/t)	297	300

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: Chinese purchases in the US

From 27/01 to 03/02, prices for the March delivery in Chicago fell by about \$3/t to \$266/t. In spite of the good weekly figures of the American demand, the prices in Chicago have slightly decreased. Analysts will be watching closely this week for the release of the USDA's monthly report.

In the USA, export contracts reached 1.6 Mt last week, above operators' expectations. The week was notably marked by the purchase of 184 Kt by China, the first purchase since May 2022. This signals the return of American competitiveness, notably due to the fall of the dollar. Other purchases could follow in the coming weeks, as China is not usually content with one-off purchases.

As of 27/01, US ethanol stocks stood at 24.4 million barrels, down 635,000 barrels over one week. However, they remain slightly above the average of the last 5 years. Production is still increasing at just over one million barrels per day, but operators are concerned that Brazil has, contrary to expectations, reactivated dissuasive customs duties on its ethanol imports. Brazil was until now the fifth largest recipient of US ethanol exports.

In Brazil, heavy rains are still holding back the soybean harvest and safrinha maize sowing, while the ideal sowing window ends at the beginning of March. As of 03/02, only 12% of safrinha maize had been sown compared to 24% at this time last year. The first ship of Brazilian maize arrived in China. China has so far bought 1.1 Mt of Brazilian maize by the end of 2022, contributing to record monthly exports. According to local operators, China could import up to 5mt of Brazilian maize by the end of the season. This is of concern to Brazilian livestock farmers who fear a rise in feed prices as safra maize has been hit by water shortages in the south of the country and Argentina will find it difficult to meet their needs in the coming months due to the drought that has affected early maize.

In Argentina, the regular rains are benefiting the late maize, which is in full bloom. As of 02/02, 22% of Argentine maize was in good to excellent condition, up 10 points in one week.

## EUROPE: The euro strengthens against the dollar

Citing the high level of inflation in the EU, the ECB continues to raise its key rates more sharply than the US Federal Reserve, with a 50 basis point increase compared to the Fed's 25 basis point increase last week. This divergence in monetary policy strengthens the euro against the dollar, making corn imports into the EU more competitive.

In Germany, the ruling coalition would like to phase out biofuel production by 2030.

At a European Commission-Ukraine summit in Kiev, the Commission announced continued financial support for Ukraine. The EU, in partnership with the G7, also announced the extension of the Russian oil price cap mechanism to refined oil products.

### To be monitored :

- War in Ukraine
- USDA report
- Ethanol Brazil