

CORN Market



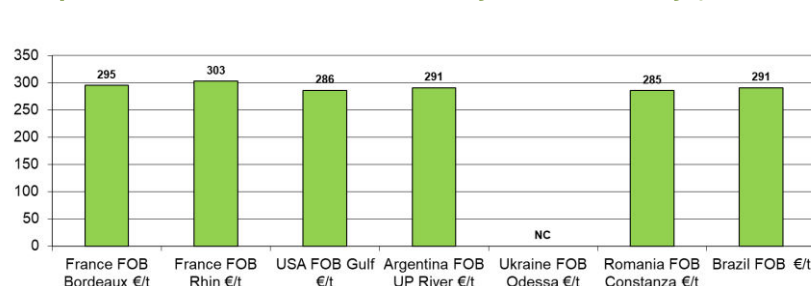
Weekly economic newsletter of the European Confederation of Maize Production

Week 7/2023

N°334

Indicators

FOB prices 10/02/2023 in €/t – February-March delivery (2022 harvest)



| | 10/02 | 03/02 |
|-----------------------|-------|-------|
| Parity €/€ | 1,07 | 1,09 |
| Petrol \$/barrel (NY) | 79,7 | 73,4 |
| FOB Bordeaux*(€/t) | 295 | 289 |
| FOB Rhine* (€/t) | 303 | 297 |

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Rain delays planting in Brazil

From 03/02 to 10/02, the prices of the March delivery in Chicago gained a little more than \$1/t to be located at \$268/t. The week ended in the green thanks to a strong rebound on Friday linked to the renewed tensions in Ukraine. The USDA's monthly report was considered neutral for corn.

The evolution of Sino-American diplomatic relations will have to be followed with attention given that the destruction of flying objects multiplied in North America these last days after the "spy balloon" affair.

US export contracts were at the top end of operators' expectations last week at 1.2 Mt. According to the EIA, ethanol production fell to just under 1 million barrels per day while stocks remained stable at 24.4 million barrels. The sector's difficulties in recent months led the USDA, in its February report, to revise US corn consumption for ethanol down by 635 Kt (133 Mt) for the 2022/23 crop year. With other US balance sheet figures unchanged, carryover stocks have been revised up by 635 Kt (32.2 Mt) but remain tight.

At the world level, for the 2022/23 crop year, this report revises production downwards by 4.6 Mt (1151 Mt), mainly due to the situation in Argentina. World demand is revised down by 3.1 Mt (1162 Mt) but remains higher than supply. Carryover stocks are down by 1.1 Mt (295 Mt), slightly above operators' expectations.

In Brazil, CONAB revised downwards the area of safrinha maize (16.97 Mha) by 280 Kha compared to its first estimate. However, this area is still 3.7% higher than in the 2021/22 crop year. The heavy rains in the central-west continue to penalize the sowing sites. Last week, 12% of safrinha maize sowings had been completed, compared with 24% at this time last year.

In Argentina, as of 09/02, 20% of maize was in "good to excellent" conditions, a drop of 2 points over a week. Dry weather returned last week and is expected to continue for the next few days. The USDA has revised Argentina's production down by 5 Mt (47 Mt), as well as the Rosario Grain Exchange with a further decrease of 2.5 Mt (42.5 Mt).

EUROPE: Return of geopolitics

While prices had fallen back to their March 2022 level in recent weeks, erasing the risk premium linked to the Ukrainian conflict, the Russian bombing campaign at the end of the week caused markets to react. The geopolitical factor will be considered in the coming weeks as the Ukrainian maritime export agreement is up for renewal in mid-March and as a new Russian offensive is expected a year after the invasion of Ukraine. In its report, the USDA raised Ukrainian exports by 2mt (22.5mt) for the 2022/23 crop year.

The decline of the euro against the dollar last week, with \$1.07 per €1 compared to \$1.1 the week before, is providing some respite for European grains.

Given the unprecedented level of European maize imports, the USDA has raised its import projection by 2 Mt (23.5 Mt) for the current crop year.

To be monitored :

- War in Ukraine
- Request Brazil

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