

CORN Market



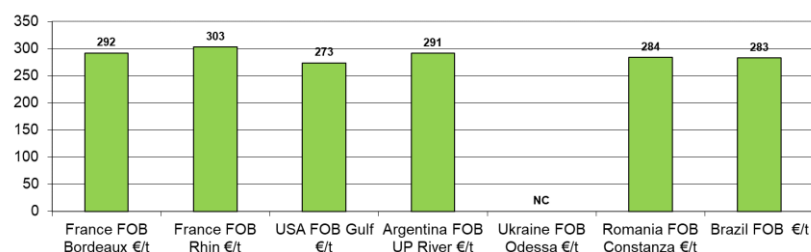
Weekly economic newsletter of the European Confederation of Maize Production

Week 9/2023

N°336

Indicators

FOB prices 24/02/2023 in €/t – February-March delivery (2022 harvest)



	24/02	17/02
Parity €/€	1,06	1,06
Petrol \$/barrel (NY)	76,3	76,3
FOB Bordeaux*(€/t)	292	311
FOB Rhine* (€/t)	303	307

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Towards an increase in the US balance sheet?

From 17/02 to 24/02, the price of the March delivery in Chicago fell by \$11/t to \$256/t. Chicago prices have fallen due to the publication of the USDA's outlook for the 2023/24 crop year, the first figures for the next crop year.

The USDA is projecting an increase of 900 Kha (36.8 Mha) in 2023 planted area. This figure was expected by operators given the soybean/corn price ratio and the drop in fertilizer prices. However, the USDA has also assumed a record yield (114 q/ha) in its balance sheet projection for the next crop year, which mechanically leads to a very strong increase in US stocks for 2023/24. They would reach 48 Mt (+16 Mt compared to the current season), a projection well beyond the expectations of operators, which explains the sharp drop in prices in Chicago. However, these first projections remain to be confirmed and the next USDA publications, in particular the seeding intentions at the end of March, as well as the spring weather in the Corn Belt will be major factors of price evolution in the coming months.

Export contracting reached 823 Kt last week in the US, in line with traders' expectations despite a 70 Kt purchase cancellation from China. Despite lower oil prices, ethanol production held steady last week. However, inventories continue to rise and now stand at 25.6 million barrels. American producers are concerned about the restoration of Brazilian customs duties on ethanol: 16% in 2023 and 18% in 2024.

In Argentina, poor yields are being confirmed for early corn, which is now being harvested. Late corn, in full pollination, is facing a return of water deficit and heat waves but also early frosts. This situation has led the Buenos Aires Grain Exchange to lower its production projection for the current crop year once again, to 41 Mt (-3.5 Mt). It should eventually fall below 40 Mt given the weather conditions.

In Brazil, despite recent progress, nearly 50% of the safrinha maize acreage should be planted in March, outside the ideal planting window, which will expose them to a greater risk of climatic hazards.

EUROPE: Chinese pressure on Russia

China is putting pressure on Russia by asking to "facilitate grain exports" a few weeks before the renewal of the agreement on Ukrainian exports. Ukraine is asking for the addition of the port of Mikolayiv to this agreement, which currently only covers the port area of Odessa.

The European Commission is proposing an extension until the summer of 2024 of the liberalization measures granted to Ukraine in the summer of 2022. It is also considering providing financial support, via the crisis reserve, to Eastern European countries where producers are suffering from competition from Ukrainian grain.

To be monitored :

- War in Ukraine
- Demand Brazil
- EU balance sheet

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