

CORN Market



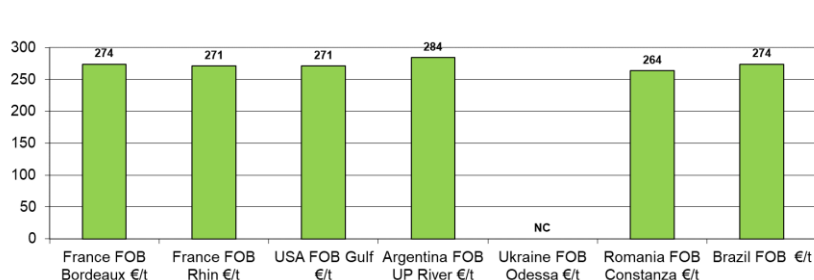
Weekly economic newsletter of the European Confederation of Maize Production

Week 12/2023

N°339

Indicators

FOB prices 17/03/2023 in €/t – April-June delivery (2022 harvest)



	17/03	10/03
Parity €/€	1,06	1,06
Petrol \$/barrel (NY)	66,7	76,7
FOB Bordeaux*(€/t)	274	270
FOB Rhine* (€/t)	271	278

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Chinese purchases in the US and Brazil

From 10/03 to 17/03, the price of May delivery corn in Chicago rose by about \$7/t to reach \$250/t. After two weeks of decline, maize prices were able to rebound in Chicago under the effect of China's return to purchases.

Indeed, China contracted last week the purchase of 2.1 Mt of American maize for the next crop year. It has also recently purchased 1.5mt of safrinha maize from Brazil, which will be available from this summer. China is thus taking advantage of recent price declines to return to the world market. Chinese demand for the coming crop year will continue to be closely monitored as local operators report an increase in cases of African swine fever in the north of the country, the main producing areas. For the current crop year, imports are expected to reach 18 Mt.

In the US last week, ethanol production was flat but inventories continued to rise and, at 26 million barrels, are at their highest level in nearly a year. With oil prices down around \$10/barrel on fears of a banking crisis and its impact on the global economy, the ethanol industry's margin is likely to shrink in the coming weeks.

In its March report, compared to February, the IGC forecasts a global production decrease of 3 Mt (1150 Mt), a consumption decrease of 6 Mt (1174 Mt) and a stock increase of 1 Mt (256 Mt).

In Brazil, export logistics are being challenged by a record soybean crop. As of 14/03, 81% of the safrinha maize crop had been sown, but planting was still behind schedule in the south-central part of the country where about 60% of the crop had been sown.

In Argentina, local analysts have again lowered their crop projection for the current crop year to 35-36 Mt from over 50 Mt at the beginning of the crop year.

EUROPE: Renewal of the Ukrainian corridor

The Ukrainian export corridor was renewed at the end of last week with little impact on prices as this element was already built into the price level. However, Russia announced that it considered that the corridor was renewed for 60 days and not for 120 days as is the case for the other players in the agreement. Mid-May should therefore see new tensions on this issue.

After the United States, it is the European banking authorities that had to react promptly this week as the crisis spread to Credit Suisse, a major but long-standing fragile bank. The ECB, however, did not deviate from its course and announced a 0.5% increase in its key rates, as expected. The US Federal Reserve is expected to make its announcement next week as some banks are weakened by the rate hikes.

To be monitored:

- War in Ukraine
- Grain Strategy Report