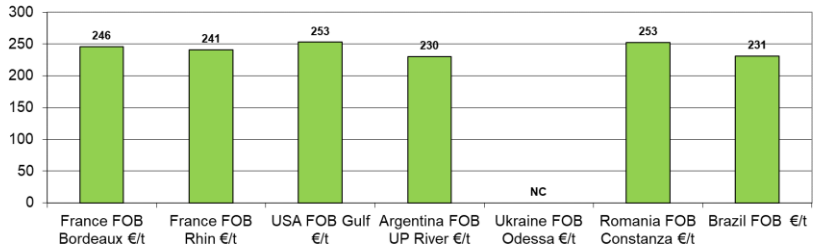
CORN Market
Weekly economic newsletter of the European Confederation of Maize Production
CEPM maiz'EUROP'

Week 18/2023 **N°345**

Indicators

FOB prices 28/04/2023 in €/t – May-June delivery (2022 harvest)



	28/04	21/04
Parity €/$	**1,10**	1,10
Petrol $/barrel (NY)	**75,7**	77,9
FOB Bordeaux*(€/t)	**246**	256
FOB Rhine* (€/t)	**241**	246

**Fob price Bordeaux/Rhine including monthly increases*

WORLD: Maize falls in Chicago

From 21 to 28 April, the price of the July delivery in Chicago fell by $16/t to $230/t. This very strong drop is explained by Chinese purchase cancellations and by the improvement of weather conditions in the Corn Belt.

Last week, export contracting reached 400 Kt in the US, in line with operators' expectations. However, it was two cancellations of purchases by China, for a total of 560 Kt, which put very strong pressure on US prices by making operators doubt the possibility of reaching the USDA's export projection for the current crop year (47 Mt) and by making them fear an increase in stocks (34 Mt). Some wonder about the level of Chinese demand, but these cancellations are understandable in view of the drop in Brazilian prices in recent weeks (over $30/t) while the country is expecting a record crop (130 Mt).

Ethanol production figures were poor last week. Traders are concerned about the downturn in oil prices, however the rise in sugar prices is to be followed, it could lead to unfavourable trade-offs for sugarcane ethanol production in Brazil.

As of 30/04, 26% of maize was planted in the US, in line with the average (2018-2022). Warmer and drier weather is expected in the Corn Belt, which should help planting and has also put pressure on US prices in the past week. Snowmelt in the north of the country is also limiting shipping on the upper Mississippi River.

In Argentina, the harvest continues with a mediocre average yield (41 q/ha) due to the very poor weather conditions throughout the crop cycle. As of 26/04, 15% of the maize crop had been harvested, compared to an average of 25% to date. In Brazil, the soya (154 Mt) and maize harvests are expected to be at a record level, which is putting logistics and storage under great strain. In Mato Grosso, the leading producer state, the expected storage deficit is of the order of 60 Mt, which could force local producers to sell their uncommitted maize at the spot price from the harvest in July, with a strong potential for pressure on prices.

Analysts expect a shift in the coming months from the "La Niña" weather phenomenon, favouring dry weather in Argentina and southern Brazil, to "El Niño", favouring drier weather in central-western Brazil.

EUROPE: Rain in Europe...except in Spain

Sowing has started all over Europe and is sometimes hampered by cool, wet weather. Rainfall returned almost everywhere in the spring, with the notable exception of Spain, where an early heat wave coupled with a long-lasting water deficit severely affected the production potential of cereals. However, this rainfall is still insufficient in certain areas marked by a very dry winter (northern Italy, south-eastern Romania, etc.).

An agreement has been reached between the European Commission and the five Eastern European countries that had announced unilateral measures against Ukrainian imports. These measures have been lifted in exchange for financial support and the assurance that goods, including maize, will only be allowed to transit.

To be monitored :
-War in Ukraine
-EU imports

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