

CORN Market



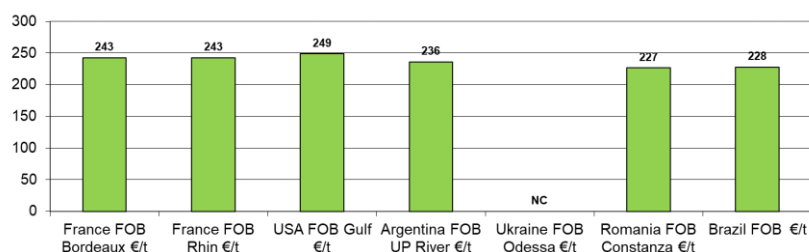
Weekly economic newsletter of the European Confederation of Maize Production

Week 19/2023

N°346

Indicators

FOB prices 05/05/2023 in €/t – May-June delivery (2022 harvest)



	05/05	28/04
Parity €/€	1,10	1,10
Petrol \$/barrel (NY)	71,4	75,7
FOB Bordeaux*(€/t)	243	246
FOB Rhine* (€/t)	243	241

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Gloomy macroeconomic environment in the US

From 28 April to 5 May, the price of maize for the July delivery in Chicago rose by around \$5/t to stand at \$235/t. After a very sharp drop the previous week, maize prices in Chicago consolidated despite a difficult context.

Planting progressed in the Corn Belt thanks to warm and relatively dry weather. As of 07/05, 49% of the crop had been planted, compared to an average of 42% at that time (2017-2022). Such an advance is a pressure factor on prices. The week is expected to be warm but rainy to very rainy in the Corn Belt.

The macroeconomic context is also unpromising. The banking sector continues to be weakened by the Fed's rate hike policy, as shown by the failure of First Republic Bank. In addition, the economic world fears a political showdown over the increase in the US debt ceiling. A refusal to do so could deepen the economic crisis and bring government operations to a halt by early June. This context is pushing non-commercial funds to increase their net short position on maize in Chicago, while uncertainty remains high about the level of US exports. The USDA report in May could bring adjustments to this position.

Last week, export contracting was negative with -316 Kt (more cancellations than new contracts) as a result of the two Chinese cancellations, a first for over 20 years! China continues to demonstrate that it can count on several suppliers. It has received several shipments from South Africa.

US ethanol production rebounded slightly last week as inventories continued to fall, dropping below 24 million barrels for the first time since January. Traders are watching for oil prices to fall as a result of the gloomy macroeconomic environment.

In Brazil, the good weather conditions continue for safrinha maize. Producers in the south of the country are still worried about the early frosts, which have had no impact so far. In the first three months of the year, for the first time, the "Northern Arc" harbors on the Amazon exported more maize (3.6 Mt) than the port of Santos in the south (2.3 Mt). This logistical route is less expensive for producers in the centre-west of the country.

EUROPE: Blockade of ships for Ukraine in Istanbul

While negotiations are still underway for the renewal of the Ukrainian maritime corridor, which is due to expire on 18 May, some sixty ships are blocked at the Istanbul checkpoint due to a lack of Russian inspection.

On 1 May, European maize imports reached 23 Mt compared with an average of 15.8 Mt at that date.

In April, the relatively cool and wet conditions slowed down sowing almost everywhere in Europe, with the exception of Spain. In Ukraine, only 29% of maize had been sown by 5 May. The surface area is still expected to fall sharply to 3.5 Mha from 4 Mha in 2022. In the EU, according to Stratégie Grains, the area is also expected to fall to 8.6 Mha from 8.8 Mha in 2022.

To be monitored :

- War in Ukraine
- USDA report
- Grain Strategy Report

EUROPEAN CONFEDERATION OF MAIZE PRODUCTION

23-25 avenue de Neuilly - 75116 PARIS • Tél. + 33 (0)1 47 23 48 32 - Fax. + 33 (0)1 40 70 93 44
Square de Meeûs 21 - 1050 Bruxelles • Tél. +32 2 230 38 68