

CORN Market



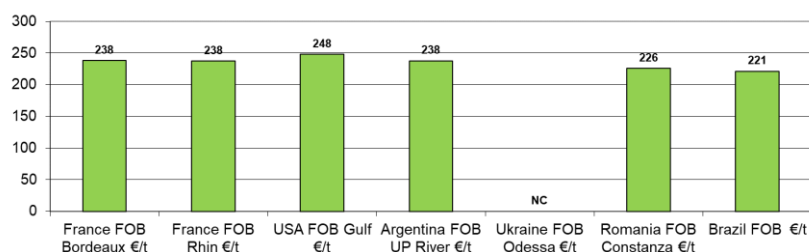
Weekly economic newsletter of the European Confederation of Maize Production

Week 20/2023

N°347

Indicators

FOB prices 12/05/2023 in €/t – May-June delivery (2022 harvest)



	12/05	05/05
Parity €/€	1,09	1,10
Petrol \$/barrel (NY)	70	71,4
FOB Bordeaux*(€/t)	238	243
FOB Rhine* (€/t)	238	243

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Gloomy macroeconomic environment in the US

From 5 to 12 May, the price of July delivery in Chicago fell by \$4/t to \$231/t. The Chicago maize price was affected by further Chinese purchase cancellations and a bearish USDA report.

While overall planting has progressed rapidly in the Corn Belt, the northwestern part of the area remains off the pace due to wet soils, but planting is proceeding through mid-June. The week is expected to be warm and dry across the Corn Belt.

Export contracts reached 257 Kt last week in the US, at the bottom of operators' expectations. Given the Brazilian competition, the week was marked by a new Chinese cancellation (272 Kt) bringing the total of cancellations in recent weeks to 832 Kt. This led the USDA, in its May report for the current crop year, to revise US exports down by 2 Mt (45 Mt) and to revise stocks up by the same amount (36 Mt), a negative outlook for prices.

In its May report, for the current crop year and at the world level, the USDA revised upwards: production by 5.5 Mt (1150 Mt), consumption by 4 Mt (1161 Mt) and stocks by 2 Mt (297 Mt), beyond operators' expectations. Despite a rebound in world consumption and after three years of tensions, the USDA expects a strong easing of the world balance in 2023/2024 due to the production outlook in the US and a return to normal in Argentina. Production is expected at 1219 Mt, consumption at 1204 Mt and stocks at 313 Mt, above operators' expectations.

In the United States, for the next crop year, harvested areas are expected to rise sharply to 34 Mha (+2 Mha compared to 2022). With the average yield projected at a record level (114 q/ha), US stocks for the next crop year are projected at a very high level (56 Mt), which should weigh on prices paid to producers. They are expected to average \$189/t compared to \$260/t for the current crop year.

In its report for the current crop year, the USDA confirms the prospect of a record crop in Brazil with 130 Mt, up by 5 Mt compared to April. Argentine production is left unchanged (37 Mt) despite more pessimistic local figures.

EUROPE: Negotiations on the Ukrainian corridor on hold

As the corridor for Ukraine's maritime exports comes to an end on 18 May, the signals on the negotiations have been contradictory over the past week. While ship inspections in Istanbul have resumed, it seems that discussions are on hold due to the elections in Turkey.

In its report, for the 2023/2024 crop year and compared to the current crop year, the USDA forecasts a decrease in Ukrainian production of 5 Mt (22 Mt) due to the decrease in acreage, and a decrease in exports of 9 Mt (16.5 Mt).

In May, compared to April, Stratégie Grains revised downwards the EU maize area for 2023 by 70 Kha (8.52 Mha), due to a downward revision for Romania.

To be monitored :

- War in Ukraine
- IGC Report
- Ethanol Brazil

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