

CORN Market



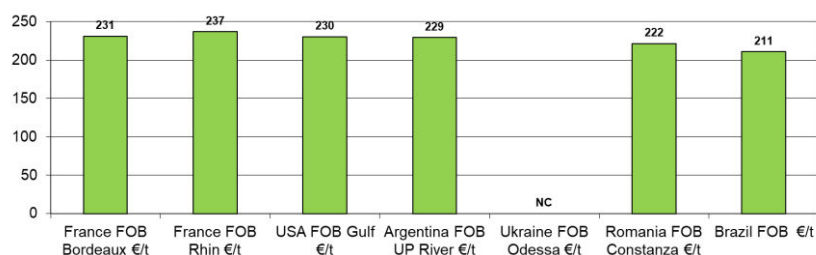
Weekly economic newsletter of the European Confederation of Maize Production

Week 21/2023

N°348

Indicators

FOB prices 19/05/2023 in €/t – May-June delivery (2022 harvest)



	19/05	12/05
Parity €/€	1,08	1,09
Petrol \$/barrel (NY)	70	70
FOB Bordeaux*(€/t)	231	238
FOB Rhine* (€/t)	237	238

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Brazilian pressure is building up

From 12 to 19 May, the price of the July delivery in Chicago fell by \$13/t to \$218/t. The price of maize in the United States has thus reached its lowest level since the autumn of 2021.

As of 14/05, 65% of maize was planted in the Corn Belt, compared to an average of 59% at that time (2018-2022). The delay in North Dakota (5% of maize planted) continued to be a concern due to the May 25 insurance deadline, but the return of warm, dry weather last week has eased work. This should continue this week across the Corn Belt.

Export contracting was once again negative last week (more cancellations than new contracts) with -339 Kt due to a new Chinese cancellation (272 Kt), bringing the total Chinese cancellations to 1 Mt in May. China is reallocating its supply to Brazil, which is more competitive, and this is having a very negative impact on American prices.

In Brazil, despite the arrival of dry weather in the centre-south, the outlook for the crop (130mt) is still record, with 32% of maize in flower and almost half of the crop in grain. This prospect, combined with the lack of storage capacity and the delay in contracting sales, is putting strong pressure on Brazilian prices. This pressure is expected to increase in the run-up to the harvest in early July and is driving the rest of world prices, with Brazil gradually taking over from the US as the world's largest maize exporter.

In its latest report, the IGC forecasts at world level for the next crop year (2023/2024) and compared with the current crop year: a 6% rebound in production (1217 Mt) driven by the United States and close to the last record of 2021/2022; a 3% increase in consumption (1211 Mt) and a 3% increase in stocks (272 Mt). The stocks of the 4 main world exporters in particular would increase drastically by 27% (64.5 Mt) due to the very strong increase in stocks expected in the United States. This outlook is also very negative for the price level.

In Argentina, at least 110 Kha of maize (2% of the area) are expected to be abandoned due to very poor yields caused by the drought.

EUROPE: Renewal of the Ukrainian corridor

The maritime corridor allowing Ukrainian exports was renewed for a further 60 days at the delivery of the agreement on 18 May, although Russian demands were not met. This should allow the resumption of Ukrainian maritime exports, while some sixty ships were blocked in Istanbul while waiting for this renewal.

In Ukraine, after a slow start due to cold and wet conditions, maize sowings had reached 3.3 Mha by 18 May out of the 3.5 Mha currently planned.

3.5 Mha currently planned. The weather conditions are favourable for maize.

To be monitored :

- War in Ukraine
- US debt
- 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