

CORN Market



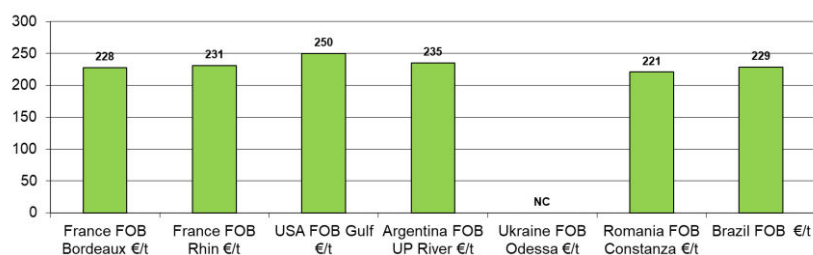
Weekly economic newsletter of the European Confederation of Maize Production

Week 22/2023

N°349

Indicators

FOB prices 26/05/2023 in €/t – May-June delivery (2022 harvest)



	26/05	19/05
Parity €/€	1,08	1,08
Petrol \$/barrel (NY)	72,7	70
FOB Bordeaux*(€/t)	228	231
FOB Rhine* (€/t)	231	237

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Warm, dry weather in the Corn Belt

From 19 to 26 May, the price of July delivery in Chicago rose by \$20/t to \$238/t. This strong rebound is linked to weather models forecasting a dry June in the Corn Belt, leading speculative funds to react.

By 21/05, 52% of maize had been sown in the Corn Belt, compared with an average of 45% at that date (2018-2022). Plantings were up sharply in North Dakota (32% of maize sown), with 25/05 marking the deadline for crop insurance. Some of the area initially earmarked for maize could be transferred to soya or remain unplanted ("prevented planting"). Although US maize crops are still ahead of schedule overall, operators are concerned about the hot, dry weather that has prevailed in the Corn Belt since last week. According to weather models, this could last until at least mid-June. This situation has caused speculative funds in Chicago to react strongly, causing prices to rise last week. Indeed, funds have been net sellers of maize since March, which has led them to seek to hedge by buying back part of their positions ("short covering"). The US weather is likely to remain a major factor in volatility over the coming weeks.

US demand remained weak last week, with net export contracts once again slightly negative (more cancellations than new contracts) and ethanol production stable. The only positive sign came from ethanol stocks, which fell back to 22 million barrels, their lowest level since last November.

An agreement in principle has been reached between Democrats and Republicans on raising the US debt ceiling. This is due to be put to the vote on Wednesday, which will prevent the federal government from defaulting on its debts in a fragile US economy.

In China, the wheat harvest is starting in the north of the country, and appears to be abundant in feed quality, which should reduce some of the need for maize imports from Brazil and the United States over the coming months.

In Brazil, the earliest safrinha maize crops are starting to be harvested. The dry season is a little more marked than usual in the centre and south of the country, which should penalise the latest safrinha maize. However, with just one month to go before the bulk of the harvest, the overall impact on production should remain limited.

EUROPE: Larger than expected acreage in Ukraine

In Ukraine, sowing has been completed, and on 25 May the Ministry of Agriculture announced that 3.7 Mha of maize had been sown, slightly more than expected (3.5-3.6 Mha). The production zone has been experiencing dry weather since mid-May, and this is set to continue this week.

In addition, although the agreement on Ukrainian exports was renewed on 18/05, the Ukrainians are accusing the Russians of banning inspections of ships from the port of Pivdenny, one of the most important ports in the greater Odessa area.

In its May reports, the European Commission revised upwards imports by 500 Kt for 2022/23 (24.5 Mt) and revised downwards acreage by 40 Kha for 2023/24 (8.47 Mha).

To be monitored :

- War in Ukraine
- EU imports

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