CORN Market

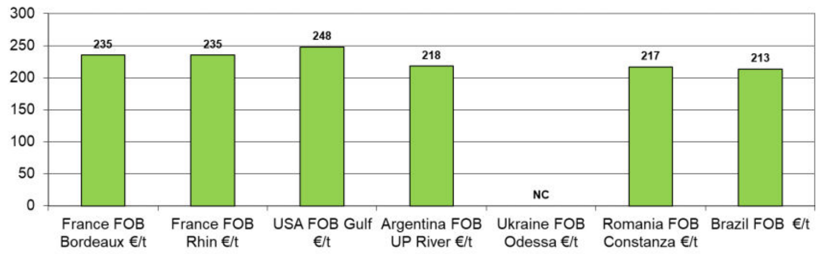
CEPM maiz'EUROP'

Weekly economic newsletter of the European Confederation of Maize Production

Week 24/2023 **N°351**

Indicators

FOB prices 02/06/2023 in €/t – June-September delivery (2022 harvest)



	09/06	02/06
Parity €/$	**1,08**	1,08
Petrol $/barrel (NY)	**70,2**	71,7
FOB Bordeaux*(€/t)	**235**	218
FOB Rhine* (€/t)	**235**	221

**Fob price Bordeaux/Rhine including monthly increases*

WORLD: Persistent dryness in the Corn Belt

From 02/06 to 09/06, the price of July delivery in Chicago fell by $2/t to stand at $238/t. Continued dry weather in the Corn Belt is supporting prices, but rain is expected and concerns about demand remain.

As of 04/06, 85% of maize had emerged in the Corn Belt, compared with 77% on average at that date (2018-2022). The dry weather continued across the Corn Belt this week. The few rains received over the weekend were deemed insufficient by operators, despite the fact that the rainfall deficit reached 50% in May. However, the stage of the crop and moderate temperatures are limiting the impact of this water stress, while more substantial rainfall is expected this weekend. On 04/06, 64% of US maize was in "good to excellent" condition, down 5 points on the previous week.

While the weather conditions are supporting prices for the time being, there are still concerns about the level of demand for American maize, with strong competition from Brazil and a growing world wheat balance.

Compared with last month and for the current crop year, the USDA has once again revised US exports down by 1.3 million tonnes (43.8 million tonnes), given their poor momentum. This has led to an increase in carryover stocks of 900 Kt (36.8 Mt). In addition, net export contracts for the coming crop year were negative last week at -107 Kt (more cancellations than new contracts). This is the result of a cancellation by Mexico, the United States' leading customer, in the face of a more competitive Brazilian origin.

Finally, the USDA report confirmed an increase in world wheat stocks compared with last month. Stocks are up by 6 Mt (271 Mt), exceeding operators' expectations. This could make feed wheat more competitive, particularly in China, where manufacturers are replacing some maize with more competitive wheat.

Brazil's Supreme Court has approved the resumption of work on the Ferroagro railway line, which will link Mato Grosso, the country's leading maize producer, to the port of Miritituba on the Amazon, and from there to the ports of the "Northern Arc" on the Atlantic coast. This should ultimately reduce logistics costs on this route, which is increasingly used by Brazilian agricultural exports.

EUROPE: Intensified fighting in Ukraine

Following the destruction of a dam on the Dnieper, flooding the Kherson region, and the destruction of an ammonia pipeline that the Russians were demanding be restarted as part of the agreement on exports to the Black Sea, uncertainties remain in Ukraine. Developments in the situation will be closely watched, as the risk premium linked to the conflict has been wiped out and the agreement on exports is due to be renewed by 18 July.

The European Commission has extended the control measures on imports from Ukraine until September. With just a few weeks to go before the end of the crop year, European maize imports have already broken the 2018/19 record (24.1 Mt), with 24.6 Mt to date.

After a generally cool and wet sowing period in Europe, with the exception of the Iberian Peninsula, the last few weeks have shown, as in France, a clear north-south divide in terms of rainfall.

To be monitored :
- War in Ukraine
- Fed meeting