

# CORN Market



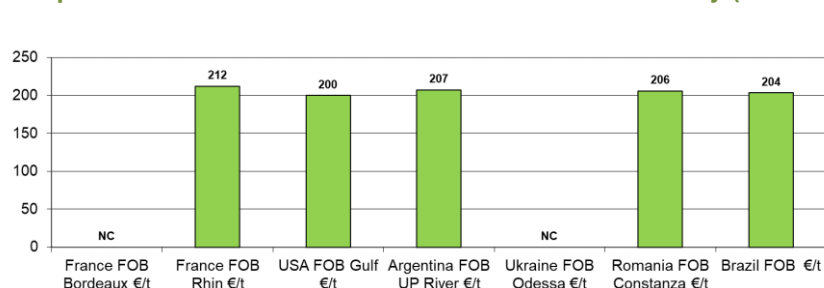
Weekly economic newsletter of the European Confederation of Maize Production

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## Indicators

FOB prices 25/08/2023 in €/t – October-December delivery (2023 harvest)



|                       | 25/08  | 18/08 |
|-----------------------|--------|-------|
| Parity €/€            | 1,08   | 1,09  |
| Petrol \$/barrel (NY) | 79,8   | 81,4  |
| FOB Bordeaux*(€/t)    | NC     | 213   |
| FOB Rhine* (€/t)      | 212,25 | 214   |

\*Fob price Bordeaux/Rhine including monthly increases

## WORLD: US yields revised downwards

From 07/07 to 14/07, the price for the September delivery in Chicago gained \$7/t to reach \$199/t. Despite heavy stocks from 19/08 to 25/08, the price for December in Chicago fell by \$2/t to \$192/t. Notwithstanding the volatility linked to the situation in the Black Sea, prices in Chicago have remained under pressure this summer with the prospect of a heavy toll in the United States.

Indeed, despite a few heat spikes in recent weeks, rainfall has remained regular in the Corn Belt this summer. This has improved growing conditions after a particularly dry June. At 110 q/ha, the yield expected by the USDA in its August report remains above the 5-year average. Private analyst ProFarmer, who has just completed his tour of the plains, is more pessimistic (108 q/ha), but regularly underestimates the final yield used by the USDA. If this were to be revised downwards in the coming months, it would only partially mitigate the sharp rise in stocks expected (56 Mt). Furthermore, an upward revision of acreage is still possible, given the good sowing conditions this spring and the reduced use of the "prevented planting" insurance scheme, which takes acreage out of production.

The lack of competitiveness of US corn exports is also weighing on prices in Chicago. While Latin American buyers, particularly Mexico, are present, American maize lacks competitiveness with major Asian buyers, including China, compared with Brazilian maize and feed wheat. The level of the dollar is exacerbating this lack of competitiveness. Lastly, operators are keeping a close eye on the continuing US-Mexican dispute over GMOs, as Mexico maintains its plan for a gradual ban on GM maize imports. Negotiations have so far failed, and the United States has asked for a dispute settlement panel to be set up under the North American Free Trade Agreement.

Ethanol production remains buoyant, at over one million barrels per day. Ethanol producers' margins are good and should remain so in the coming months. The sharp rise in sugar prices is likely to limit ethanol production from sugar cane, particularly in Brazil.

## EUROPE: Production below the EU average

EU maize production is expected to be 58-60 Mt, below the average for this season. Despite better yields than in 2022 for all countries, the sharp drop in acreage in 2023 has limited the rebound in production. What's more, the heatwave that hit the Balkans in July, at flowering time, affected the potential of Romanian and Bulgarian maize. In Ukraine, where the fall in acreage in 2023 was much more limited than expected, production should reach 27.5 million tonnes, compared with 27 million tonnes in 2022/23. While the cereals agreement was not renewed in July, and Russian attacks on Ukrainian port infrastructures have increased, export logistics have been reorganised around the Danube ports and overland freight to the EU. This has led to higher costs and considerable uncertainty for operators. Despite this, Ukrainian grain remains highly competitive.

### To be monitored:

- War in Ukraine
- South American seedlings
- Chinese demand

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