

CORN Market



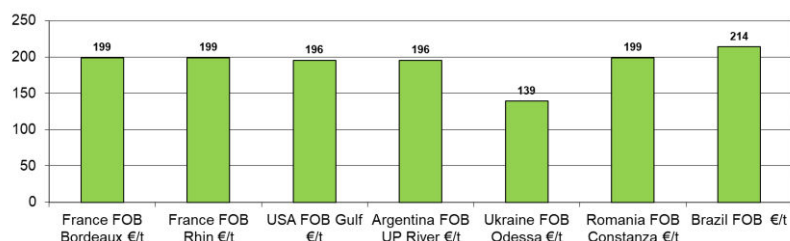
Weekly economic newsletter of the European Confederation of Maize Production

Week 51/2023

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Indicators

FOB prices 15/12/2023 in €/t – January-March delivery (2023 harvest)



	15/12	08/12
Parity €/€	1,09	1,08
Petrol \$/barrel (NY)	71,4	71,2
FOB Bordeaux*(€/t)	199	201
FOB Rhine* (€/t)	199	210

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Tensions over international logistics

From 08/12 to 15/12, the price of the March delivery in Chicago fell by \$1/t to stand at \$190/t. The good news about US demand has not counteracted the downward trend caused by the improved weather in Brazil.

At 1.4 Mt last week, export contracts for US maize were once again at the top end of operators' expectations. Operators remain vigilant about Chinese demand. This made a comeback a few weeks ago, but Chinese maize futures prices on the Dalian market have recently fallen sharply on repeated reports of a record harvest and, more certainly, on the current difficulties on the Chinese pig market. This drop in prices is unfavourable for US exports to China.

International logistics remain a cause for concern. Some US exports passing through the Gulf of Mexico no longer use the Panama Canal, which has been penalised by a severe drought, in favour of the Suez maritime route. The Suez route is now under threat from attacks by the Houthi rebels (Yemen) in the Bab El Mandeb strait (southern Red Sea). Several major maritime freight companies, particularly in the container market, have announced that they are refusing to use this route in view of this new risk. While the grain freight market has not yet been massively affected, this could eventually favour US corn exports via the Pacific Northwest.

Ethanol production remains buoyant, and producers are pleased with an announcement by President Biden that should eventually facilitate the use of corn ethanol in the nascent and buoyant market for sustainable aviation fuels.

In Argentina, producers are confused by the policies of the new government. While it has devalued the peso, as expected, it is preparing to increase the export tax on maize from 12% to 15%.

In Brazil, more regular rainfall is reassuring producers, but temperatures remain high, with frequent peaks of over 40°C. The delay in seed and fertiliser sales would seem to argue in favour of a significant drop in safrinha maize acreage ahead of the start of sowing.

EUROPE: Russia maintains pressure on wheat prices

Following a favourable report from the European Commission, the EU Member States approved the opening of accession negotiations with Ukraine and Moldova.

Wheat remained under pressure this week as Russia, thanks to its competitiveness, was able to place large volumes on the back of numerous calls for tender issued by importing countries. This is putting pressure on all cereals, including maize. This situation has been exacerbated by the rise in the euro, following the European Central Bank's firm statements on interest rates.

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