

CORN Market



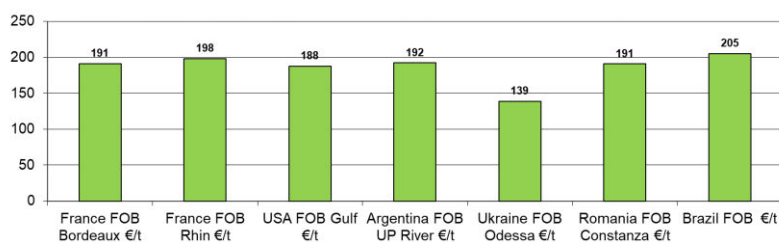
Weekly economic newsletter of the European Confederation of Maize Production

Week 5/2024

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Indicators

FOB* prices 26/01/2024 in €/t – February-March delivery (2023 harvest)



	19/01	12/01
Parity €/€	1,09	1,09
Petrol \$/barrel (NY)	78,01	73,4
FOB Bordeaux*(€/t)	191	189,5
FOB Rhine* (€/t)	197	197

*Fob price Bordeaux/Rhine including monthly increases

*CPT price for Odessa

WORLD: Markets are worried about China

From 19/01 to 26/01, the price of March delivery in Chicago rose by \$1/t to stand at \$176/t.

Operators are increasingly worried about China. Its economic slowdown is leading to fewer purchases of agricultural products, particularly maize and soya. In addition, the crisis in the pork market has led to a reduction of almost 6% in the sow herd in 2023 (41.2 million head), limiting the need for animal feed. Finally, the rampant property crisis continues with the recent bankruptcy of the heavily indebted Evergrande group, which could ultimately destabilise the Chinese banking system and have repercussions for the global economy.

Traders are also keeping a close eye on oil prices. The oil barrel gained a few dollars last week after fresh attacks by the Houthi militia (Yemen) in the Red Sea. It could continue to rise as a result of renewed tensions between Iran and the United States after a pro-Iranian militia attacked a US military base in Syria.

Last week in the United States, export contracts for American maize reached 955 Kt, in line with operators' expectations. Ethanol production contracted sharply, falling below one million barrels/day, as a result of the cold wave that hit the Midwest. It is expected to return to normal.

In Brazil, the soya harvest is accelerating, driving down prices in Chicago. The soybean/maize price ratio in the United States, which has so far been in favour of soybeans, will need to be monitored over the coming weeks, as it will have an impact on intentions to sow maize. In addition, the early harvest of soya in Brazil has brought forward the sowing of safrinha maize. On 22/01, 5% had been sown, compared with an average of 1% at that date. Analysts differ widely on the expected drop in safrinha maize acreage: from -10% to -25%. The February CONAB report should give a first estimate of acreage.

In Argentina, very hot weather is expected this week, above 40°C. This could erode the yield potential of maize that is currently flowering. However, given the good condition of the maize and an upward revision of the acreage by 100 Kha (7.2 Mha), the Buenos Aires Cereals Exchange is revising production upwards by 1.5 Mt (56.5 Mt).

EUROPE: Insurance advances in the Black Sea

Tensions remain high within the EU over Ukrainian imports. This is particularly true in Poland, where the government is attempting to introduce a system of import licenses. After a further delay, the European Commission is due to publish its proposal for the renewal of liberalisation measures with Ukraine this week.

The Ukrainian ship insurance subsidy fund should be up and running soon. This should lower freight costs on the Ukrainian Black Sea corridor, which are still high, and boost the competitiveness of Ukrainian exports.

To be monitored:

- War in Ukraine
- Brazilian acreage
- Importations from Ukraine

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