

CORN Market



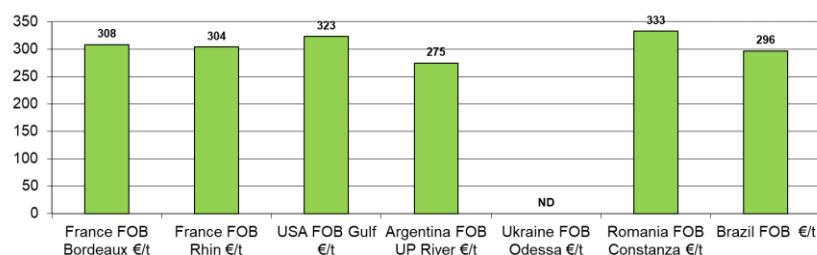
Weekly economic newsletter of the European Confederation of Maize Production

Week 26/2022

N°308

Indicators

FOB prices 24/06/2022 in €/t – June-July delivery (2021 harvest)



	24/06	17/06
Parity €/€	1,05	1,05
Petrol \$/barrel (NY)	107,6	109,6
FOB Bordeaux*(€/t)	308	345
FOB Rhine* (€/t)	304	338

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Strong downward pressure

From 17/06 to 24/06, the price of the July delivery in Chicago lost 13 \$/t to stand at 295 \$/t.

The week was marked by high price volatility and strong downward pressure linked to the activity of non-commercial funds. The latter are selling and taking profits in a context where operators fear an economic recession at the global level and in the United States in particular. This instability is affecting most commodity markets, including maize. Volatility is expected to continue in the coming weeks, due to the focus on these macroeconomic factors but also due to the maize situation in the US.

The USDA acreage report on 30/06 will be closely watched. At 36.38 Mha, analysts expect the 2022 area sown to be 364 Kha higher than the first estimates. In addition, American maize will enter flowering, a critical phase for the development of yield. This period is traditionally volatile, with American prices reacting strongly to weather events. The regularity of rainfall in the Corn Belt in July will be closely watched by operators, whereas June was relatively dry. On 19/06, 70% of maize was in "good to excellent" conditions, 2 points less than on 12/06. The week looks relatively dry in the Corn Belt.

While the global economic context is putting pressure on maize prices, the fundamentals argue for high prices with a tense global balance sheet. In its June report, the IGC notes that, for the 2022/23 crop year and at the world level, production is up by 6 Mt (1190 Mt), demand is up by 4 Mt (1204 Mt), the second largest in history, and stocks are up by 2 Mt (271 Mt). The latter would remain 8% below the levels of recent years.

In South America, the pressure of the harvest is also pushing down FOB prices.

EUROPE: Towards an energy crisis?

Diplomatic talks on Ukrainian exports continue without success as Russian bombing destroyed Viterra and Bunge port terminals in Mikolayiv last week.

Ukraine and Moldova, both exporters of maize to the EU, have been officially granted candidate status for EU membership.

The EU could face an energy crisis at the end of the year due to low gas stocks and the cost of alternatives. Insufficient supplies and/or prohibitive prices could lead to a major economic crisis. Germany is already calling on its citizens and businesses to limit their energy consumption as much as possible.

To be monitored :

- Conflict Ukraine
- US acreage
- EU balance sheet