

CORN Market



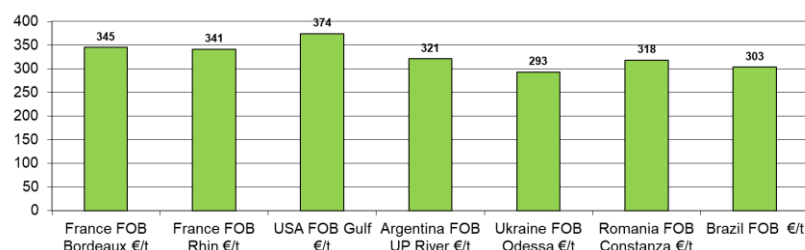
Weekly economic newsletter of the European Confederation of Maize Production

Week 43/2022

N°320

Indicators

FOB prices 21/10/2022 in €/t – October-December delivery (2022 harvest)



	21/10	14/10
Parity €/€	0,97	0,97
Petrol \$/barrel (NY)	85,1	85,6
FOB Bordeaux*(€/t)	345	348
FOB Rhine* (€/t)	341	340

*Fob price Bordeaux/Rhine including monthly increases

WORLD: Areas down in Argentina

Discussions on the Ukrainian maritime corridor were seen as positive.

In the US, as of 16/10, 45% of the US corn crop had been harvested compared to an average of 40% at that date (2017-2021). The rains forecast for this week in the central Corn Belt should break the dry weather of recent weeks. This will slow down harvesting, but it should allow the water level in the Mississippi to rise from its current low level and allow physical exports to flow more freely.

Last week's export contracts gained in importance and, at 408 Kt, they are within traders' expectations for the first time since the end of September. Ethanol production rose back above one million barrels/day last week, benefiting from the advanced US crop and a slight recovery in fuel consumption.

In its October report, compared to September and for the 2022/23 crop year, the IGC revised world corn production down by 2 Mt (1166 Mt), consumption down by 2 Mt (1188 Mt) and stocks down by 4 Mt (258 Mt). The latter remain below the 5-year average and reflect a still strong tension on the world balance sheet.

In China, starch production, which represents around 30% of Chinese maize consumption, is suffering from high energy prices. Low margins are prompting manufacturers to reduce their production. However, this maize has an outlet in FOB where it remains very competitive and in demand due to the profitability of pig production and the lack of feed wheat and broken rice (drought). The Chinese government has also restricted starch exports until further notice, with a view to limiting maize consumption and limiting the rise in local prices.

In Argentina, the drought remains severe despite scattered rains last week. Further rain is forecast this week. In this context, the Buenos Aires grain exchange has once again reduced its area forecast for 2022/23 by 200 Kha. The maize area in Argentina is now expected to be 7.3 Mha (-400 Kha compared to 2021/22).

EUROPE: Delay in the Ukrainian harvest

Diplomatic talks with Russia on the Ukrainian maritime corridor were said by the UN to show signs of progress. This put pressure on grain prices last week.

Winter crop area is expected to fall sharply in Ukraine, by around -20% compared to 2022, due to cash flow shortages, low profitability of straw cereals and wet weather conditions in September-October. In addition, only 12% of maize had been harvested by 20/10 due to the storage deficit and the desire to limit drying costs.

To be monitored :

- War in Ukraine
- EU imports
- Grain Strategy Report