

CORN Market



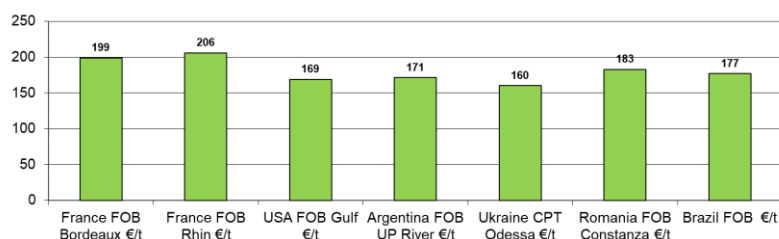
Weekly economic newsletter of the European Confederation of Maize Production

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Indicators

FOB* prices 30/08/2024 in €/t – October-December delivery (2024 harvest)



	30/08	23/08
Parity €/€	1,11	1,11
Petrol \$/barrel (NY)	73,6	74,8
FOB Bordeaux*(€/t)	199	192
FOB Rhine* (€/t)	206	201

*Fob price Bordeaux/Rhine including monthly increases

*CPT price for Odessa

WORLD: American-origin grain interests importers once again

From 23/08 to 30/08, the December delivery price in Chicago gained \$4/t, reaching \$158/t. This is due to short covering by funds in a context where international buyers are renewing their interest in American origin. Thus, American maize breaks a streak of four consecutive weeks of decline, which had been linked to good crop conditions.

Indeed, the USDA announced in its early August report that it expects a record yield (114.9 q/ha), which should strengthen the heavy U.S. stockpile (52.7 Mt). This outlook was confirmed at the end of August by ProFarmer, whose field survey, typically more conservative than the USDA, forecasts an average yield of 115.7 q/ha. As of 08/26, 11% of American maize had reached maturity compared to the 6% average (2019-2023).

After a summer under pressure, U.S. prices rebounded at the end of August due to renewed international interest in American maize. Importers took advantage of lower prices to resume purchases. Last week, export contracts exceeded operators' expectations with 1.5 Mt. As of 08/26, 16% of the USDA's projected imports for 2024/2025 (58 Mt) had already been committed, the highest level in three years for this date. However, it will be necessary to remain vigilant regarding China's activity in the feed grain markets in the coming months, as the central government has issued moderation guidelines to importers to support domestic prices.

In Argentina, as early planting is set to begin in September, the Buenos Aires Grain Exchange estimates a 17% decrease in planted area (1.3 Mha) compared to 2023, due to damage caused by maize leafhoppers.

In Brazil, safra maize planting (main-season), intended for the domestic market, has begun in the south of the country. CONAB expects a decrease in the planted area by 11% (473 Kha), due to unattractive prices and the potential onset of the La Niña climate phenomenon, which could favor droughts in Brazil over the coming months.

EUROPE: The euro penalizes European cereals

The euro strengthened against the dollar throughout the summer due to the European Central Bank (ECB) maintaining high interest rates, while across the Atlantic, concerns about the U.S. economy led the Federal Reserve to announce a rapid rate cut. This has hurt the competitiveness of European cereals. In contrast, the ruble weakened against the dollar as Russian authorities lowered export taxes, putting strong pressure on European wheat and dragging down maize with it. The drop in inflation in the eurozone and sluggish growth figures now suggest a potential rate cut by the ECB, which allowed prices to rebound at the end of August.

Drought affected a large part of the EU during the summer, which is expected to result in maize production of around 62 Mt, slightly down year-on-year despite an increase in planted area. The Black Sea region was also hit, and Ukrainian production may only reach 22-23 Mt, a 10 Mt decrease compared to last year.

To be monitored:

- War in Ukraine
- EU imports
- €/€ exchange rate

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