

Corn Margin Watch: January



Corn prices and margins are nearly unchanged from two weeks ago, but were not without movement. Strong demand from exports and record ethanol production, as well as South American weather issues, pushed the corn market higher. But talk of trade uncertainties quickly extinguished that momentum. The new Trump administration has been tweeting tough on trade and borders, leading to a cancelled meeting between President Trump and President Peña Nieto of Mexico, who is no stranger to the twittersphere himself. Mexico is the U.S.'s largest buyer of corn, taking in an average of approximately a quarter of the total shipped abroad over the past five years. The political rhetoric of NAFTA renegotiations, tariffs to pay for a wall along the border, along with the scrapped meeting, gave the market the jitters. In spite of all the talk, corn exports sales continue to do well, already at almost 70% sold of the robust USDA expectation; and weekly ethanol production continues to set new records with each fresh data point. The latest weekly average daily ethanol production figure, for the week ending January 27, was 1.061 million barrels per day, exceeding the last record by 7,000 barrels per day. Ethanol stocks, while not at record levels, have grown considerably since the end of last year, building to 21.870 million barrels from 18.678 million barrels on December 30. Given all the political uncertainty regarding trade and tariffs, many producers are considering maintaining some degree of flexibility until greater trade visibility appears or the political climate eases.



The estimated yield for the 2017 crop is 182 bushels per acre and the non-land operating cost is \$595 per acre. Land cost for 2017 is estimated at \$238 per acre¹. Basis for the 2017 crop is estimated at \$-0.15 per bushel.



The estimated yield for the 2018 crop is 184 bushels per acre and the estimated operating cost is \$547 per acre. Land cost for 2018 is estimated at \$228 per acre¹. Basis for the 2018 crop is estimated at \$-0.2 per bushel.

¹ The Corn Margin Watch yield, land and non-land operating cost values are based upon central Illinois low productivity farmland crop estimates in the "Historic Corn, Soybean, Wheat, and Double-crop Soybeans" report published by the Department of Agricultural and Consumer Economics at the University of Illinois.

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