

Corn Margin Watch: January



Corn prices and margins have rallied since the release of the January WASDE and Quarterly Grain Stocks Reports. Final production, harvested acreage and yield estimates were all slightly lower than pre-report expectations. The final production estimate for the 2016/17 U.S. corn crop was 15,148 million bushels, down 78 from December. Harvested acres were 86.7 million acres, down 0.1 from December. Yields were lower than December by 0.7 bpa, to total 174.6, but still reached a new record, eclipsing the 2014/15 benchmark of 171.0 bpa. Total stocks of corn as of December 1, 2016 were estimated to be 12,384 million bushels, over 10% higher than 2015 totals. The USDA raised the corn for ethanol category by 25 million bushels, as weekly ethanol production numbers have been above one million barrels per day for the past eleven weeks, and last week set another record for weekly production. The carryout of 2016/17 corn is projected at 2,355 million bushels. Globally, there were only modest adjustments to the corn balance sheet. All eyes are now on South America where excessive rainfall in Argentina is raising production worries. Given the recent move higher in corn, corn producers continue to set targets for next year and are considering adjusting position deltas.



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 acre ¹. 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 acre ¹. Basis for the 2018 crop is estimated at \$-0.25 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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