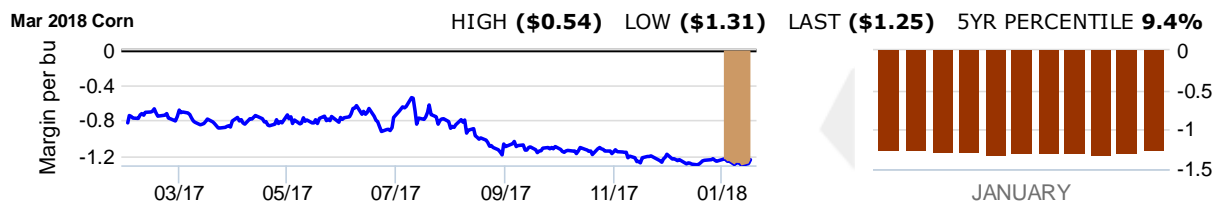


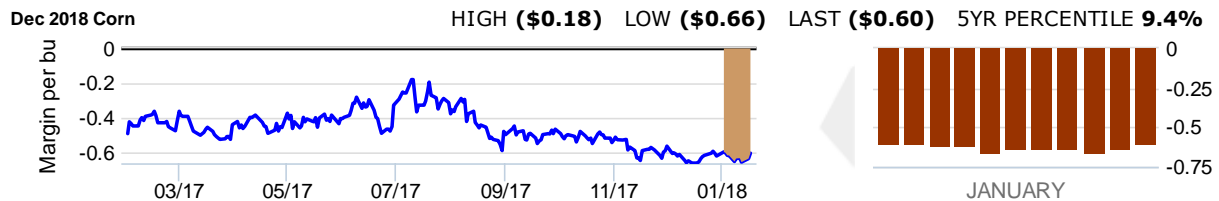
Corn Margin Watch: January



The USDA released the final estimates for the 2017/18 corn crop, and as has been the trend the entire year, yields surprised to the upside. National yield of 176.6 bpa was 1.4 greater than pre-report expectations, outpacing the November harvest forecast by 1.2, and was a new record high. This crop has confounded the pundits all summer long, as drought in the Plains and periodic dryness throughout parts of the Corn Belt had many expecting a greater negative impact on yield potential. Nevertheless, whether improved seed technology or just timely moisture, Illinois, Minnesota and Ohio all achieved record high yields, compensating for production deficits elsewhere. December 1 corn stocks were 12.516 billion bushels and the carryout was 40 million bushels higher at 2,414 million, as demand adjustments were minimal. Exports and ethanol expectations were both left unchanged. Weekly average ethanol production readings have finally backed off the torrid pace since late last fall, and ethanol stocks remain stubbornly high. There are whispers of Brazil scrapping the 20% tariff on ethanol imports, perhaps opening an opportunity to clear stocks. NAFTA negotiations are set to restart at the end of January amid increased rhetoric and speculation that the U.S. will invoke a nonbinding six-month notification of withdrawal, perhaps as a bargaining tactic. The agricultural community, however, is hopeful it does not come to such a point. The weather has improved in Argentina, delivering desired moisture, and remains fairly rainy in Brazil, potentially delaying second crop corn seedings.



The estimated yield for the 2018 crop is 182 bushels per acre and the non-land operating cost is \$595 per acre. Land cost for 2018 is estimated at \$238 per acre¹. Basis for the 2018 crop is estimated at \$-0.2 per bushel.



The estimated yield for the 2019 crop is 184 bushels per acre and the estimated operating cost is \$547 per acre. Land cost for 2019 is estimated at \$228 per acre¹. Basis for the 2019 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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