

# Corn Margin Watch: February



Corn prices and margins were higher again the past two weeks, as weather worries and strong export sales and shipments have provided added fuel to extend the rally. Argentina continues to be extremely dry and near-term prospects for favorable relief rains are bleak. The Buenos Aires Grain Exchange has lowered their production estimate to 37.0 million metric tons, just as harvest collections are in the initial stages at 3% complete. The critical 2nd crop seeding of corn in Brazil is 12% behind last year's pace at 58% and is bumping up against the ideal time to have it in the ground to safely get through the pollination period before the summer rains normally cease. Ironically, abundant moisture has slowed the Brazilian bean harvest, thus preventing a more timely corn planting. This week's U.S. corn export sales were the highest recorded this marketing year at 69 million bushels, continuing the robust pace since the beginning of January. The USDA's annual AG Outlook forum estimated U.S. corn seeding at 90.0 million acres, off 0.2 million from last year, and 4.0 less than 2015/16. NASS will soon begin collecting data from U.S. producers for the annual Prospective Plantings report, those survey results will be released at the end of March and reflect actual farmer seeding intentions. The corn market will maintain focus on drought in Argentina and particularly the progress of 2nd seeding in Brazil, as that crop accounts for nearly two-thirds of total corn production there.



The estimated yield for the 2018 crop is 186 bushels per acre and the non-land operating cost is \$544 per acre. Land cost for 2018 is estimated at \$222 per acre <sup>1</sup>. Basis for the 2018 crop is estimated at \$-0.2 per bushel.



The estimated yield for the 2019 crop is 186 bushels per acre and the estimated operating cost is \$544 per acre. Land cost for 2019 is estimated at \$222 per acre <sup>1</sup>. Basis for the 2019 crop is estimated at \$-0.25 per bushel.

<sup>1</sup> 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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