

Corn Margin Watch: April



Corn prices and margins were lower the last half of April, but off lows set late month. In spite of extremely cool and above normal precipitation, including late season snows, the corn market appears unfazed by lack of planting progress. The USDA estimates 15% seeded as of April 28, which equals last year's pace at this point, however stands 12% behind the five-year average pace. Illinois at just 9% planted, compares to their five-year average pace of 43%, and leads the pack of high production states throughout the Corn Belt as being well behind the five-year average pace of seeding. A record large fund short position has been growing in the corn futures market, and currently stands at just over 334 thousand contracts short. Corn bulls liken the position to tinder that just needs a tiny spark get the fire started. That spark could be favorable trade news, as rhetoric from both the U.S. and China has been encouraging, while they are reportedly getting closer to sealing a deal. Talks resume next week in Washington D.C., and the market is hopeful the final resolution could be in sight. Weather outlooks into mid-May remain damp, but producers are confident a dry enough window appears to get the planters rolling in earnest. Clients remain in favor of flexible strategies in light of the current fundamentals.



The estimated yield for the 2019 crop is 195 bushels per acre and the non-land operating cost is \$584 per acre. Land cost for 2019 is estimated at \$219 per acre¹. Basis for the 2019 crop is estimated at \$-0.3 per bushel.



The estimated yield for the 2020 crop is 195 bushels per acre and the estimated operating cost is \$584 per acre. Land cost for 2020 is estimated at \$219 per acre¹. Basis for the 2020 crop is estimated at \$-0.3 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.

The information contained in this publication is taken from sources believed to be reliable, but is not guaranteed by Commodity & Ingredient Hedging, LLC, nor any affiliates, as to accuracy or completeness, and is intended for purposes of information and education only. Nothing therein should be considered as a solicitation to trade commodities or a trade recommendation by Commodity & Ingredient Hedging, LLC. All references to market conditions are current as of the date of the presentation. Futures and options trading involves the risk of loss. Past performance is not indicative of future results. Please visit www.cihmarginwatch.com to subscribe to the CIH Margin Watch report.