

Corn Margin Watch: May



Corn prices and margins were virtually unchanged over the past two weeks, and remain in a tight range. Even the much-anticipated May WASDE report did little to prompt price movement. The initial new crop corn balance sheet offered lower production of 14,065 million bushels, on lower area planted and lower yields of 170.7 bpa. The USDA cites that the carryout estimate of new corn at 2,110 million bushels would be the second highest on record only behind the 2016/17 estimate of 2,295. The new crop ethanol expectation was raised by 50 million bushels from last year and the export estimate is lower by 350 million bushels. The export expectation was reduced as USDA anticipates a recovery in Brazil from the drought-impacted production deficits of last year. In fact, USDA expects South American combined corn export totals to increase by over one billion bushels on a year-over-year comparison. CONAB recently increased the Brazilian corn estimate by almost 40% over last year, to 92.8 million metric tons, while the Buenos Aires Grain Exchange's most recent Argentinian production was upped to 39.0 million metric tons. Those supplies will be available to ship by mid-summer and will compete with U.S. export prospects. U.S. planting progress made great strides this past week as 71% of the corn now is estimated to be seeded, just ahead of the five-year average, in spite of the less-than-ideal planting conditions this spring. Many corn producers continue to maintain flexibility in their hedge positions as the market now awaits corn emergence and development amid the uncertainty of summertime weather conditions.



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 \$-0.22 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 \$-0.25 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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