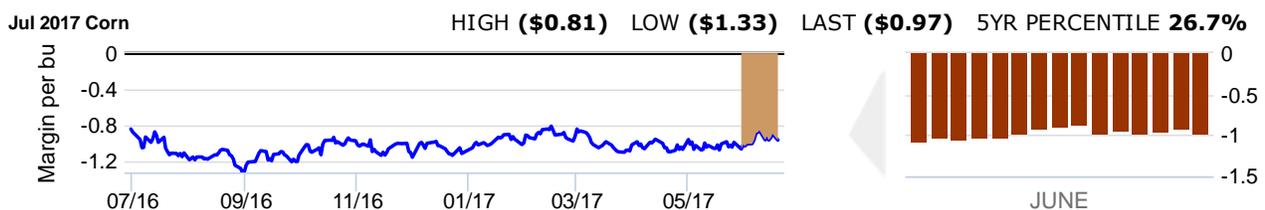


Corn Margin Watch: June



Corn prices and margins rode the weather wave higher amid a quick transition from a cool wet spring to a hot dry start to the summer. The corn market has been inserting premiums to price over concerns that extended dryness could cause rapid diminishment of top and subsoil moisture levels. There have been favorable rains recently tempering the move upwards, as well as corn condition updates that have been fairly steady in the high sixties for the Good/Excellent categories, albeit well below last year's levels. The USDA offered little to the corn market as they left both the old and new balance sheets unchanged. The next big fundamental news will come at month's end with the Quarterly Grain Stocks and Planted Acreage Reports. Old crop corn export sales and shipments continue to run ahead of the pace needed to meet the USDA expectation of 2,225 million bushels, while new crop export sales lag the average pace. Weekly ethanol production runs hover around a million barrels per day, even with slack gasoline demand, running well behind year ago levels. The corn market is moving with the release of updated medium to longer-term weather outlooks. Given that landscape, corn producers continue to favor flexible hedging strategies.



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 \$-0.16 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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