

# Corn Margin Watch: July



Corn prices and margins were well above recent lows the past two weeks, and finished at highs for the month. There has not been any concrete progress on trade resolutions on any of the varied fronts, but there definitely has been a cooling of rhetoric on two of three fronts. A letter to President Trump from Mexican President-elect Andres Manuel Lopez Obrador, seeking “a common path on resolutions on trade, immigration, economic development and security” jumpstarted hopes for a NAFTA deal in short order. A meeting between President Trump and EU President Jean-Claude Juncker also demonstrated a tension tone down. The meeting yielded nothing but a commitment to work toward a future framework for a potential trade agreement, certainly delaying further escalations for the near term. U.S. and China relations are another story. While whispers of some possible progress were in the air, the U.S. announced a change from 10% to 25% on an earlier proposal to tariff an additional \$200 billion dollars of Chinese imports; the final determination will take time to work out, allowing for hopes of further talks. In the meantime, the USDA announced a \$12 billion dollar program to mitigate farmers partially from the pains of the trade war, details of which are forthcoming. Corn conditions remain elevated at the 72% good to excellent levels, even as some heat has crept into the equation. U.S. exports of old crop corn have remained strong in spite of the current trade picture. Looking forward the corn market is certainly ready for concrete NAFTA and China solutions, as well as the August release of the NASS new crop yield projection.



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 \$-0.25 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 \$-0.2 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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