

Corn futures ended the first half of the July lower as slightly better weather forecasts and heavier new crop stock estimates kept pressure on the market. USDA on July 12 released its monthly WASDE report. For corn, the domestic 2021/22 outlook called for larger supplies to outweigh greater usage, leading to higher ending stocks. Beginning stocks were lowered based on last month's Quarterly Grain Stocks report. Corn yield was unchanged at 179.5 bushels per acre. Despite leaving yields unchanged, USDA lowered wheat yields in the Northern Plains due to drought. Market participants are weighing potential yield reduction for corn as well, given Northern Plains states witnessed the largest increase in planted acreage in the June Acreage report. Corn production, at 15.165 billion bushels, was slightly larger than the average of analyst estimate of 15.007 billion bushels. This was an increase of 175 million bushels from last month. Total corn use increased 75 million bushels from last month with increases for feed and residual use and exports. Corn exports were increased by 50 million bushels because of supply concerns in Brazil. New crop export sales have slowed in recent weeks but remain record large. New crop ending stocks increased by 75 million bushels from last month to 1.432 billion bushels. This was slightly larger than the average analyst estimate of 1.309 billion. Crop condition ratings for the week ending July 11 remained relatively constant, with 65 percent of the corn crop rated good/excellent, only 3 percent below the 5-year average. The Dakotas and Minnesota remain significantly behind their respective 5-year averages for this time of the year. Internationally, supply constraints continue to fester in South America. After a historically late start to the season and widespread drought, Brazil's safrinha corn crop is now being impacted by some of the coldest temperatures in the last 20 years. Protests by construction workers in Argentina's key grains hub has caused terrible congestion and halted the loading and unloading of ships. Our clients evaluated adjustments on the pullback over the past several weeks but are remaining patient extending coverage. They are preferring flexible strategies that allow for upside opportunity on both old- and new-crop hedges.



The estimated yield for the Dec 2021 crop is 208 bushels per acre and the non-land operating cost is \$587 per acre. Land cost for Dec 2021 is estimated at \$275 per acre<sup>1</sup>. Basis for the Dec 2021 crop is estimated at \$-0.15 per bushel.



The estimated yield for the Dec 2022 crop is 208 bushels per acre and the estimated operating cost is \$587 per acre. Land cost for Dec 2022 is estimated at \$275 per acre<sup>1</sup>. Basis for the Dec 2022 crop is estimated at \$-0.3 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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