

Corn Margin Watch: September



Corn prices and margins moved higher over the past two weeks, as the corn market has continued to rally, largely on strong export sales and shipments. The marketing year is off to a robust start, with one-third of the USDA corn export estimate already sold and shipments running just ahead of the pace needed to meet this year's estimate of 2,175 million bushels. In the Quarterly Grain Stocks report, corn stocks as of September 1, 2016, were at 1,738 million bushels. This number will be the official ending stocks figure for the 2015/16 crop year and was below pre-report expectations by just 19 million bushels. The U.S. corn harvest has reached 24% completion, behind the five-year average of 27%. Harvest progress may slow in Iowa and Minnesota due to rain this week, and hurricane Matthew's path along the east coast is being carefully watched. Next week's October WASDE report will reveal updates to yield and acreage estimates, while also taking into account the stocks report. Our corn producer clients are considering adding flexibility to existing hedges that will offer the opportunity to participate in any recovery in corn.



The estimated yield for the 2016 crop is 182 bushels per acre and the non-land operating cost is \$595 per acre. Land cost for 2016 is estimated at \$238 per acre¹. Basis for the 2016 crop is estimated at \$-0.15 per bushel.



The estimated yield for the 2017 crop is 184 bushels per acre and the estimated operating cost is \$547 per acre. Land cost for 2017 is estimated at \$228 per acre¹. Basis for the 2017 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.

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