

Corn Margin Watch: September



Corn prices and margins were largely unchanged over the past two weeks in spite of more bearish news from the USDA. The September WASDE report forecast national corn yields at 169.9 bpa, 0.4 above the August shocker and 2.1 above the average pre-report expectations. Before the report's release, many market watchers were speculating that the USDA would begin to walk down the yield estimate, given the disappointing crop conditions and below normal moisture levels across waves of the production areas throughout much of the summer. Nevertheless, the debate rages on, as many still cast doubt on the near trend yield projection; certainty, however is right around the corner, as actual yield anecdotes from rolling combines soon will be at hand. The USDA also offered adjustments to demand in both old and new crop positions. Old crop exports were raised 70 million bushels to 2,295 million, bringing the estimate in line with actual FAS monthly shipment data. By contrast new crop export expectations were left unchanged at 1,850 million, as sales in the new marketing year are off to a slow start against robust Brazilian competition. Other adjustments included reductions in the food, seed and industrial category, as well as ethanol use in both old and new crops, resulting in 2017/18 carryout at 2,335 million bushels. As the U.S. harvest approaches, the corn market eagerly awaits the verdict from the field on actual national corn yield and production. Given the current uncertainty, our corn producer clients continue to square their hedges ahead of the coming fieldwork.



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 acre ¹. Basis for the 2017 crop is estimated at \$-0.2 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 acre ¹. Basis for the 2018 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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