

Corn Margin Watch: October



Corn prices and margins continue to waffle within an extremely tight trading range. Corn prices were confined to a ten cent range over the prior two weeks and seem content to continue to be bound to the range. U.S. corn harvest is 54% complete, which is 18% behind the five-year average. Sporadic heavy rains have delayed progress and put Iowa, Minnesota and Wisconsin among the laggards. While there does continue to be wetness in the forecast, the market has not priced in any large potential production losses due to the harvest delays. U.S. corn exports have continued their lackluster start to the marketing year, as cumulative inspections of 199 million bushels are so far almost just half as much as last year. The competition from Brazil has been stiff, as they continue to ship out record levels of corn. The corn seeding progress in Brazil stands at 51% now, with Argentina at 33% in the ground. The NAFTA renegotiation talks have taken a pause, but will resume in mid-November amidst thoughts of fruitful progress wrapped around tough demands thus far. Without any hiccups to U.S. harvest, South American weather is likely to be the main driver of the corn market going forward. The tight range has limited opportunity, but corn producers stand ready to act when the time turns more favorable.



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 \$-0.25 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 \$-0.3 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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