

Corn Margin Watch: October



Corn prices and margins were lower the past two weeks, as the glow from the October WASDE report has worn off. The market is also suffering from dismal export sales the prior few weeks. Corn export sales have averaged 14.8 million bushels the last three weeks, which compares to an average of 44.0 million bushels the same three weeks last year. This slow patch has the current pace of sales at 34% of the USDA expectation versus an average pace of 40% sold over the past ten years. U.S. harvest progress has accelerated with favorable weather and now stands at 63% complete, right on the five-year average mark. Anecdotes of yield off the combine have been mixed depending on location, as now the market looks forward to next week's November crop report and an updated yield forecast. Argentina at 35% and Brazil at 67% seeded have South American planting well underway. Our clients contemplating coverage now are leaning towards flexible strategies.



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 acre¹. Basis for the 2018 crop is estimated at \$-0.4 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 acre¹. Basis for the 2019 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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