

# Corn Margin Watch: October



Corn prices and margins continue to be extremely range bound and were virtually unchanged over the past two weeks. The October WASDE Report offered higher production projections of 96 million bushels to total 14,280 million. Higher national corn yields trumped lower planted and harvested acreage estimates. Yields were up 1.9 bpa to 171.8, while area planted was reduced by 0.5 million acres and harvested area was 0.4 million lower. Ending stocks were up five million bushels to 2,340 as lower beginning stocks and higher feed and residual offset the production gains. U.S. corn exports were left unchanged in spite of to-date shipments running well behind last year's pace, so far just 50% of last year's clip. Competition from South America has impacted sales as well, which are only 29% sold versus the ten-year average of almost 37% at this point in the marketing year. The U.S. harvest is currently 28% complete, and compares to the five-year average of 44%. Heavy rains recently halted field work, but the current forecast offers clear and dry conditions to move the harvest activity forward. The first corn crop seeding is estimated to be 37% sown in Brazil, which represents about one-third of the total corn production there. The Safrinha, or second crop, corn garners much greater market attention and will not be seeded until early 2018, after the soybean crop is harvested. CONAB, the Brazilian crop estimation service, recently estimated a range of corn production for this year's crop at a mid-point of around 93 million metric tons, a decrease of almost five million from this year, on lower planted acreage estimates. CONAB also does not anticipate growing conditions to be as "kind" this year. The lack of range in the corn market is not providing producers much margin opportunity at the moment, but many have set alerts to take action if the market reaches more favorable levels.



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<sup>1</sup>. Basis for the 2017 crop is estimated at \$-0.3 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<sup>1</sup>. Basis for the 2018 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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