

Corn futures traded mostly lower throughout the first half of October amid a relatively bearish USDA report. USDA on October 12 released its latest WASDE report, which called for higher production, lower use, and larger ending stocks. Corn production was pegged at 15.019 billion bushel, slightly higher than last month. This was higher than the average analyst estimate of 14.948 billion bushels but within the range of expectations (14.702 to 15.188 billion). Corn yield increased from last month to 176.5 bushels per acre. This was higher than the average analyst estimate of 175.9 bushels per acre but within the range of estimates (173.5 to 178.5 bpa). Corn harvest last week reach 41 percent complete, 12 percent higher than the previous week and 10 percent ahead of the 5-year average. WASDE's corn exports were raised 25 million bushels due to expectations of reduced competition from other major exporters while feed and residual use was lowered by 50 million bushels. Outstanding export sales are a record high over the past decade and the sales pace is ahead of the average historical pace to meet USDA's annual projections. Ethanol use was unchanged as spot ethanol production margins remain high. Ethanol production for the week that ended October 8 was the highest since July. The increase in supply, coupled with decrease in total use, led to corn ending stocks being raised by 92 million bushels to 1.5 billion bushels. This was higher than the average analyst estimate of 1.421 billion but within the range of expectations. The stock-to-use ratio of 10.15 percent was higher than last month's estimate but remains relatively tight. Internationally, China is expected to continue to secure grain moving forward amid pressure from rising domestic prices and disappointing economic growth. Dryness in Argentina lingers with La Nina conditions expected to strengthen over the next month and a half. End user demand will continue to be a focus of the marketplace moving forward as U.S. Gulf corn is the cheapest in the world. Our clients have benefited from having flexible coverage in place. They will be evaluating adjustments to strengthen delta and extend coverage should the market strengthen.



The estimated yield for the Dec 2021 crop is 208 bushels per acre and the non-land operating cost is \$587 per acre. Land cost for Dec 2021 is estimated at \$275 per acre<sup>1</sup>. Basis for the Dec 2021 crop is estimated at \$-0.13 per bushel.



The estimated yield for the Dec 2022 crop is 211 bushels per acre and the estimated operating cost is \$665 per acre. Land cost for Dec 2022 is estimated at \$275 per acre<sup>1</sup>. Basis for the Dec 2022 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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