

Corn Margin Watch: November



Corn prices and margins held relatively steady over the last two weeks. The November WASDE report confirmed ample supplies of corn, with an updated yield projection of 175.3 bpa. The new estimate exceeds October's by 1.9 bpa and was 2.3 over the average pre-report expectation. The reading was also back near the August surprise number of 175.1, which had surpassed the previous projection by 7.1 bpa. The record yield estimate puts production at a record 15.226 billion bushels as well. While exports were left unchanged, ethanol was raised by 25 million bushels, as weekly production readings have been quite robust. Strong ethanol margins are likely to keep the grind high, driven in part by elevated sugar prices in Brazil slowing ethanol production and increasing the potential of U.S. exports. The carryout of corn is projected higher by 83 million bushels to total 2,403. While the U.S. dollar rose to one-year highs following the election of Donald Trump as President, U.S. sourced corn remains among the world's cheapest alternative. However, agricultural commodity markets are reflecting uncertainty over the extent to which the pre-election anti-trade rhetoric will actually affect U.S. trade policy. Unexpected price movements and opportunities could also be triggered by weather issues in South America. With the 2016 U.S. corn crop at 93% harvested, our producer clients are shifting from the combine to the farm office to set targets for next year and beyond.



The estimated yield for the 2016 crop is 182 bushels per acre and the non-land operating cost is \$595 per acre. Land cost for 2016 is estimated at \$238 per acre¹. Basis for the 2016 crop is estimated at \$-0.1 per bushel.



The estimated yield for the 2017 crop is 184 bushels per acre and the estimated operating cost is \$547 per acre. Land cost for 2017 is estimated at \$228 per acre¹. Basis for the 2017 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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