

Corn futures traded higher through the middle of the month before retreating a bit to finish out the year. Profitable ethanol and livestock margins coupled with potential for a disruption in South American production continue to be digested by the marketplace. The recent run in corn futures has trimmed ethanol margins, but plants continue to run at profitable levels. Ethanol production for the week ending December 24 was 1.059 million barrels a day. This was up from 1.051 million barrels a day the previous week and 8.5 percent higher than a year ago. Ethanol inventories fell to their lowest levels since the week that ended December 3 but are slightly higher than the 10-year average. The latest Cattle on Feed report indicated slightly lower inventory levels on December 1 than a year ago. The quarterly Hogs and Pigs report indicated December 1 inventory of all hogs and pigs at its lowest level since December 2018. Pigs kept for marketing were down 4.4 percent from the previous year and were below the range of analysts' pre-report expectations. Corn export sales marked record high levels to both Canada and Mexico while China remains active in sourcing Ukrainian corn. Weekly U.S. corn export shipments continue to lag the historical pace needed to meet USDA's annual projection. The pace of shipments is 125 million bushels behind the historical pace. Outstanding export sales at this point in the year lag only the 2020/21 crop year, but market focus will be converting those sales into shipments in the months ahead. China is planning on the approval of GMO corn traits to boost its food security amid tightening world grain supplies. China allows the importation of GMO crops for animal feed but has not allowed their seeding. Much of South America's growing season is ahead, but drought expansion in Argentina and southern Brazil is probable. South American drought concern has been primarily focused on southern Brazil. Argentinian weather will be a focus throughout the next month. Market attention will also be focused on the coming USDA January crop report. Our clients benefited from having flexible coverage in place. They will be evaluating adjustments to strengthen delta if the market continues to move higher.



The estimated yield for the Mar 2022 crop is 220 bushels per acre and the non-land operating cost is \$595 per acre. Land cost for Mar 2022 is estimated at \$275 per acre ¹. Basis for the Mar 2022 crop is estimated at \$-0.07 per bushel.



The estimated yield for the Dec 2022 crop is 209 bushels per acre and the estimated operating cost is \$666 per acre. Land cost for Dec 2022 is estimated at \$275 per acre ¹. Basis for the Dec 2022 crop is estimated at \$-0.24 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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