

Corn Margin Watch: December



Corn prices and margins continued to trade in a fairly tight range, finishing slightly higher over the past two weeks. The USDA released the December WASDE report and left the domestic balance sheet unchanged. It is customary to leave production estimates unchanged in the December report, as final production estimates are updated in the January report using data from the NASS survey of approximately 90,000 U.S. producers, who report on harvested acreage, actual production and storage data. Somewhat surprising, however, was the lack of changes in any demand categories. With robust export movement and continued near-record weekly ethanol production, many were anticipating at least minor upward adjustments. The USDA acknowledged the strong start to corn exports that is well above year-ago levels, but cited competition from South America beginning early next year as a potential headwind for corn exports. Global production projections were raised on the report, largely on the heels of increases in Brazil and China. Corn producers are continuing to monitor the corn market and stand ready to capitalize on any volatility that develops.



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 \$-0.2 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 \$-0.25 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.

The information contained in this publication is taken from sources believed to be reliable, but is not guaranteed by Commodity & Ingredient Hedging, LLC, nor any affiliates, as to accuracy or completeness, and is intended for purposes of information and education only. Nothing therein should be considered as a solicitation to trade commodities or a trade recommendation by Commodity & Ingredient Hedging, LLC. All references to market conditions are current as of the date of the presentation. Futures and options trading involves the risk of loss. Past performance is not indicative of future results. Please visit www.cihmarginwatch.com to subscribe to the CIH Margin Watch report.