

Old crop corn futures were mostly flat while new crop corn futures finished the first half of May lower as the domestic balance sheet looks to loosen by the end of the year. USDA on May 12 released its latest WASDE report. The report provided the first glimpse at new crop balance sheets and incorporated acreage estimates from March's Prospective Plantings report. For corn, the domestic 2023/24 outlook called for larger production, greater use, and higher ending stocks. Production was pegged at a record 15.3 billion bushels, the upper end of analysts' pre-report estimates. If realized, this would represent a record production on increases to both yield and area. The yield projection was estimated using a weather-adjusted trend and the 1988-2022 time period. Sixty-five percent of the crop was planted through the week ending May 14. This was 16 points ahead of the previous week and 6 points ahead of the 5-year average. Corn use was increased 5 percent from a year ago on higher domestic use and exports. Corn used for ethanol was also increased by 1 percent from a year ago. Despite the increase in U.S. exports, Brazil was forecasted to be the world's largest corn exporter for the second straight year. Domestic ending stocks were pegged to increase to 2.222 billion bushels. This was larger than the average pre-report estimate of 2.034 billion but in the range of estimates (1.55 to 2.501 billion). The domestic stocks-to-use ratio of 15.3 percent would be the highest since 2018/19. Global ending stocks were pegged at 312.09 million metric tons. This was larger than the average analysts' pre-report estimate of 307.5 million metric tons but within the range of estimates (295 to 327.1 million range). The Black Sea grain deal is set to expire May 18 with no additional talks planned through the end of the week. Market attention will soon shift from planting progress to crop conditions as we enter the summer months. Our clients are remaining patient in pricing new crop corn and have looked to lighten delta on existing hedges to retain protection but reopen upside opportunity.



The estimated yield for the Jul 2023 crop is 205 bushels per acre and the non-land operating cost is \$607 per acre. Land cost for Jul 2023 is estimated at \$252 per acre¹. Basis for the Jul 2023 crop is estimated at \$0 per bushel.



The estimated yield for the Dec 2023 crop is 213 bushels per acre and the estimated operating cost is \$825 per acre. Land cost for Dec 2023 is estimated at \$282 per acre¹. Basis for the Dec 2023 crop is estimated at \$-0.06 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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