

Corn futures collapsed in the last half of June as wetter Midwest forecasts were met with a bearish Acreage report. NASS indicated through June 25 the corn crop was rated 50 percent good/excellent. This was 5 points behind the previous week and the second-lowest reading for this point in the growing season over the past 38 years. Only 1988 had readings lower ratings at this point in the year. Fifteen percent of the crop was rated poor or very poor. Through June 27, 70 percent of the corn production area was affected by drought. The major market mover, however, was the June 30 Acreage report release. Corn planted acres were pegged at 94.1 million. This was up from 91.9 million acres in March's Prospective Plantings report and above the upper range of analysts' pre-report estimates. If realized, 94.1 million acres would be 6 percent higher than a year ago. Acreage increases were forecasted for most major producing states, with Illinois (+500,000 acres) and Texas (+450,000 acres) leading the way. USDA also released its Quarterly Grain Stocks report. U.S. corn stocks on June 1 were pegged at 4.106 billion bushels, lower than a year ago and lower than the pre-report trade average estimate of 4.255 billion. The implied disappearance for March-May of 3.29 billion bushels was 3.5 percent below the same timeframe last year. Ethanol production margins have improved immensely on the break in corn. Data from the EIA indicated ethanol stocks for the week ending June 23 rose to 22.979 million barrels. This marked the highest level in six weeks and the highest level for this point in the year over the past decade. The pace of old crop corn export shipments has slowed significantly in the past two weeks. Year-to-date, corn exports are 58 million bushels behind the historical pace needed to meet USDA's annual forecast. Outstanding old crop sales are at a decade low for this point in the marketing year, which ends August 31. Outstanding new crop export sales remain near 10-year lows for this time of the year, as well. Internationally, 19 percent of the safrinha corn harvest in Mato Grosso was complete last week. Chinese domestic prices have been rising and Ukrainian corn is not offered beyond July. Our clients scaled into coverage over the past several weeks and are evaluating adjustments to lighten delta and 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 \$-0.25 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 \$-0.3 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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