

Corn futures advanced throughout the first half of February as global production continued to decline and geopolitical tension in the Black Sea region lingered. USDA on February 9 released its monthly WASDE report. For corn, the domestic 2021/22 outlook was unchanged from last month. Ethanol production has slipped in recent weeks while ethanol stocks remain at all-time highs for this point in the year. Corn exports were unchanged despite the current pace of shipments lagging the historical pace needed to meet the annual forecast by 59 million bushels. Global production was lowered by 2.7 MMT. Brazilian production was lowered by 1 MMT to 114 MMT. This was slightly higher than the average trade estimate of 113 MMT but within the range of estimates. Despite reduction from last month, Brazilian production expected to remain record large. Argentina's corn production was unchanged from last month at 54 MMT. This was marginally higher than the range of pre-report estimates (51 to 53.5 MMT). Prolonged dryness in Argentina will continue to be the focus of the marketplace moving forward. Chinese imports were also unchanged from last month and would remain the second-highest on record if realized. Global ending stocks were lowered to 302.22 MMT. This was slightly higher than the average trade estimate of 300.3 MMT but within the range of expectations. U.S. corn remains competitive in global feed markets. Concern over drought's impact on the southern portion of Brazil's safrinha corn belt is rising. The world remained focused on Russia's potential invasion of Ukraine (projected by USDA to be the 4th largest corn exporter this year). The possibility of disruption in supply chains in and out of the region in the event of a conflict has built risk premium into the marketplace. Fertilizer prices, availability, and its impact to domestic planting intentions will be a focus over the next several weeks. Our clients have 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 acre¹. Basis for the Mar 2022 crop is estimated at \$-0.09 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 acre¹. Basis for the Dec 2022 crop is estimated at \$-0.14 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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