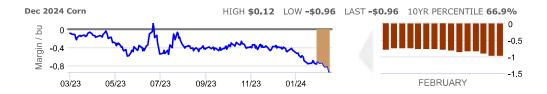
## Corn Margin Watch: February



Corn futures continued to fall throughout the first two weeks of February, remaining at three-year lows amidst USDA reports and projections signaling high domestic supplies. On February 8, USDA released its monthly WASDE report. The 2023/24 corn domestic balance sheet made one small change to food use, reducing demand by 10 million bushels due to lower use for glucose and dextrose YTD. With all other categories on pace to meet USDA estimates, ending stocks are forecast up 10 million bushels to 2.172 billion bushels. While higher than the pre-report average estimate, the figure is still within the range of expectations which ranged from 2.065-2.212 billion bushels. On February 15, USDA released its Grains and Oilseeds Outlook at the Annual Agricultural Outlook Forum. The U.S. corn outlook for 2024/25 calls for lower production, greater domestic use, increased exports, and higher ending stocks. The corn crop is projected at 15.04 million bushels, a 2% decrease over the previous year, planted area is forecast at 91.0 million bushels, down 3.6 million from last year. Total corn supplies are forecast at a record 17.237 billion bushels, influenced by beginning stocks up sharply from the prior year. It's worth mentioning that these projections are used mainly for government budgets and are not a projection based on econometric or survey methods. The first official balance sheet comes in the MAY WASDE report. Ethanol production for the week ending Feb. 9 increased 50 million barrels to 1.08 million barrels per day, a 4.6% increase week-over-week, and the highest production level for this week of the year over the last fifteen years. Ending stocks week-over-week increased 1 million barrels to 25.81 million and are a record for this point in the year as well. Export shipments for corn over the first two weeks of February totaled 66.38 million bushels and are 5.6 million bushels ahead of the historical pace needed to meet USDA's annual forecast. Outstanding export sales remain average for this point in the year. Managed money net short positions in corn continued to grow, nearing the record level set in 2019. The U.S. dollar has risen steadily throughout the month thus far, partially in response to the January Consumer Price Index (CPI) report indicating inflation ticked up higher than expected. Internationally, WASDE reported minor adjustments to the global balance sheet, with USDA reducing the Brazilian corn crop expectations to 124MMTs, down 3MMT from previous estimates. AgRural reports that 2023/24 second-corn production projection for Brazil was raised by nearly 5MMTs to 91.2MMTs from 86.MMTs, based on evidence of farmers planting an area larger than initially estimated. Despite mixed yield projections out Brazil, CONAB further reduced their all-corn crop estimates to 113.70MMTs, down 3.9MMTs from estimates in January. Estimates from CONAB coming in lower than USDA is common, but the current difference is a record spread between the two, insinuating strong uncertainty surrounding yield. Heading into the second half of February, our clients continue to lighten delta to retain upside opportunity, leaving the door open for strategic adjustments as all eyes remain on South American crop yields.



The estimated yield for the Mar 2024 crop is 213 bushels per acre and the non-land operating cost is \$820 per acre. Land cost for Mar 2024 is estimated at \$292 per acre. Basis for the Mar 2024 crop is estimated at \$-0.14 per bushel.



The estimated yield for the Dec 2024 crop is 216 bushels per acre and the estimated operating cost is \$806 per acre. Land cost for Dec 2024 is estimated at \$300 per acre <sup>1</sup>. Basis for the Dec 2024 crop is estimated at \$-0.4 per bushel.

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<sup>&</sup>lt;sup>1</sup> 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.