

Old crop corn futures traded on either side of unchanged while new crop contracts scored new highs throughout the last half of March as Ukrainian conflict premium continued to be added and removed. A ceasefire agreement between Russia and Ukraine, which together account for about 16 percent of global corn exports, remains elusive. USDA on March 31 released its annual Prospective Plantings report and record-high fertilizer costs seem to have made an impact on planting decisions. Acreage estimates were based on surveys conducted during the first two weeks of March. USDA pegged 2022 corn acreage at 89.49 million acres. This was 3.87 million acres below a year ago. The average analyst pre-report estimate was 91.995 million acres with a range of estimates from 89.7 to 93.5 million acres. If realized, this would mark the lowest corn planted acreage since 2018. USDA on March 31 also released its quarterly Grain Stocks report. Old crop corn stocks on March 1 totaled 7.85 billion bushels, 2 percent higher than a year ago. Analysts expected corn stocks to range between 7.630 to 8.087 billion bushels, with the average analyst estimate pegged at 7.885 billion. The December 2021-February 2022 indicated disappearance of 3.79 billion bushels was higher than last year's disappearance of 3.60 billion bushels during the same period. U.S. ethanol stocks continue to build amid flat domestic blend consumption and weak export disappearance. The latest Energy Information Administration report indicated ethanol inventory levels have surged to their highest levels in 11 months. The Biden Administration is reportedly considering temporarily removing restrictions of higher blends of ethanol during the summer. Export shipments were very strong for the week ending March 24. Year-to-date, export shipments are 13 million bushels behind the historical pace needed to meet USDA's annual forecast. Outstanding corn export sales remain robust and trail only the 20/21 and 17/18 crop years for this point in the year. The U.S. will remain the dominant supplier of corn to the world until South American product hits the market in mid/late summer. Internationally, the story remains Brazilian production potential and war in Ukraine. Brazilian weather is aiding the potential of their winter corn crop, which is well-watered and has record yield potential if spring rains are normal. Reports of mines planted in the Black Sea, damage to Ukrainian ports, and the inability for carriers to obtain insurance to conduct commerce in the region complicate the region's ability to be a reliable supplier of goods on the global stage for the foreseeable future. Our clients have benefited from having flexible coverage in place and have increased coverage and strengthened delta in deferred periods.



The estimated yield for the May 2022 crop is 220 bushels per acre and the non-land operating cost is \$595 per acre. Land cost for May 2022 is estimated at \$275 per acre¹. Basis for the May 2022 crop is estimated at \$-0.13 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 \$-0.05 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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