

Corn futures fell sharply in the last couple trading days of May but finished the second half of the month slightly higher as planting in the U.S. rolls on. The grain markets have been caught in a bearish macroeconomic trend as Russia and Brazil continued to aggressively price new crop corn and wheat. Temperatures in parts of the Midwest are expected to peak in the mid-90s over the next week leading to considerable market chatter on the yield impact of early season heat stress. USDA reported 92 percent of the U.S. corn crop was planted through the week ending May 28. This was 11 points higher than the previous week and 7 points ahead of the 5-year average. Seventy-two percent of the crop had emerged through Sunday, 9 points ahead of average for this time of the year. Ethanol production fell to an average of 983,000 barrels per day for the week that ended May 19. This was 0.4 percent lower than the previous week and 3 percent behind a year ago. Ethanol stocks fell for the fifth straight week to 22.041 million barrels. This was 7 percent below a year ago and the lowest stocks level since last November. Corn used for ethanol continues to run some 97 million bushels behind the historical pace needed to meet USDA's annual forecast. Corn export shipments have picked up in recent weeks as China's large purchases throughout the spring have come to fruition. Despite the increase in shipments, corn exports remain about 103 million bushels behind the historical pace needed to meet USDA's annual forecast. Total commitments of old crop (2022/23) corn export to Japan are at 10-year lows for this time of the year. The Black Sea Grain Initiative was renewed in mid-May for another two months, although Russia continues to threaten to pull out of the deal. Market attention will focus on crop conditions as we enter the heart of the summer. Our clients are remaining patient in pricing new crop corn and will be looking to scale into stronger delta coverage if weather premium is added in the coming weeks.



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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