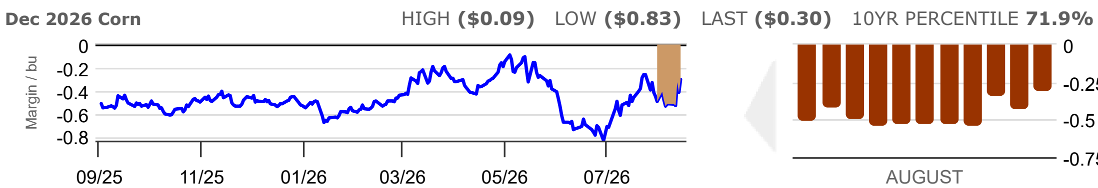
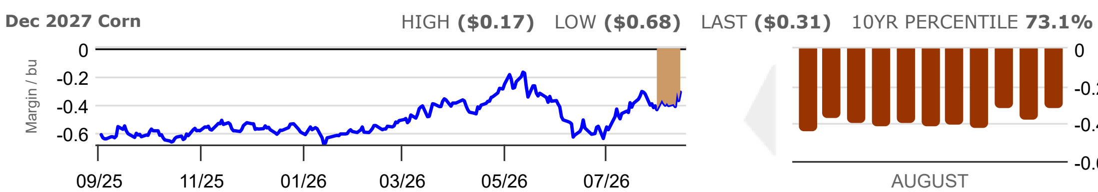
Corn Margin Watch: August

December corn futures traded higher through the first two weeks of August as USDA published a supportive expected balance sheet. On August 12, USDA published its monthly balance sheet setting the tone for acreage and yield but both remain subject to change in the coming months. Old crop exports were raised to 3.40 billion bushels, reflecting strong demand as total commitments stand at 3.44 billion bushels. This change decreased new crop beginning stocks by 75 million bushels to 1.94 billion bushels. Total supply dipped to 17.983 billion bushels as USDA adjusted yield lower to reflect field data and increased planted acreage. USDA uses a trendline yield for its forecasts until this WASDE where survey-based data enters. Given the new information, yield is projected to be 2.3 bushels smaller at 180.7 bushels per acre. Corn yield is expected to decrease from last season in the Plains and the Central Corn Belt while increasing in the Eastern Corn Belt. New crop exports are also increased 75 million bushels to 3.25 billion bushels. These changes reflect tightening supplies and a 10.12% stocks-to-use ratio. On the global side, new crop ending stocks are expected lower than last month at 274.66 MMT with adjustments coming from Brazil, Ukraine, Russia, and the E.U. Brazil's domestic consumption increased from last month fueled by an increase in ethanol production. Ukraine and Russian production are forecast higher by 1.8 and 1.4 MMT, respectively. USDA lowered Ukrainian exports 1 MMT to 22 MMT and Russian exports down 200,000 MT to 3.8 MMT. EU production is lower due to the extreme heat and dry conditions and is now forecast at 50.2 MMT, down 3.58 MMT from last month. EU imports are forecast to increase 1.0 MMT to 23.5 MMT. The market will keep an eye on upcoming crop tours, rising global conflict and tightening supplies. Our clients have engaged flexible strategies that allow for participation in higher prices while maintaining protection to lower prices to account for the recent volatility.



The estimated yield for the Dec 2026 crop is 215 bushels per acre and the non-land operating cost is $768 per acre. Land cost for Dec 2026 is estimated at $293 per acre [1]. Basis for the Dec 2026 crop is estimated at $-0.2 per bushel.



The estimated yield for the Dec 2027 crop is 220 bushels per acre and the estimated operating cost is $835 per acre. Land cost for Dec 2027 is estimated at $274 per acre [1]. Basis for the Dec 2027 crop is estimated at $-0.25 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.