

Corn Markets 2022



KANSAS STATE
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Department of Agricultural Economics



Key Dates Coming Up re: Grain Markets

- **January 12th** – **USDA Annual Crop Summary, WASDE, Stocks, Wheat Seedings**
- **February 9th** – **USDA WASDE**
- **February 24-25** – **USDA Agricultural Outlook Forum with MY 2021/22 forecasts**
- **March 9th** – **USDA WASDE**
- **March 31st** – **USDA Grain Stocks & Prospective Plantings**
- **April 8th** – **USDA WASDE**
- **May 12th** – **USDA WASDE with 1st “New Crop” MY 2021/22 monthly forecast**
- **June 10th** – **USDA WASDE**
- **June 30th** – **USDA Grain Stocks & Acreage**

U.S. Corn Supply and Demand

Item	2020/2021 estimate	2021/2022 forecast	Change from December 9	Change from 2020/2021
Planted area (million acres)	90.7	93.4	0.1	2.7
Harvested area (million acres)	82.3	85.4	0.3	3.1
Yield (bushels per acre)	171.4	177.0	**	5.6
----- Million bushels -----				
Beginning stocks	1,919	1,235	-2	-685
Production	14,111	15,115	53	1,004
Imports	24	25	--	1
Total supply	16,055	16,375	51	320
Feed and residual	5,602	5,650	--	48
Food, seed, and industrial	6,466	6,760	80	294
Ethanol	5,028	5,325	75	297
Domestic use	12,068	12,410	80	342
Exports	2,753	2,425	-75	-328
Total use	14,821	14,835	5	14
Ending stocks	1,235	1,540	46	305
----- Percent -----				
Stocks to use ratio	8.3	10.4	0.3	2.0
----- Dollars per bushel -----				
Average market price	4.53	5.45	--	0.92
-- No change. ** Rounds to zero.				

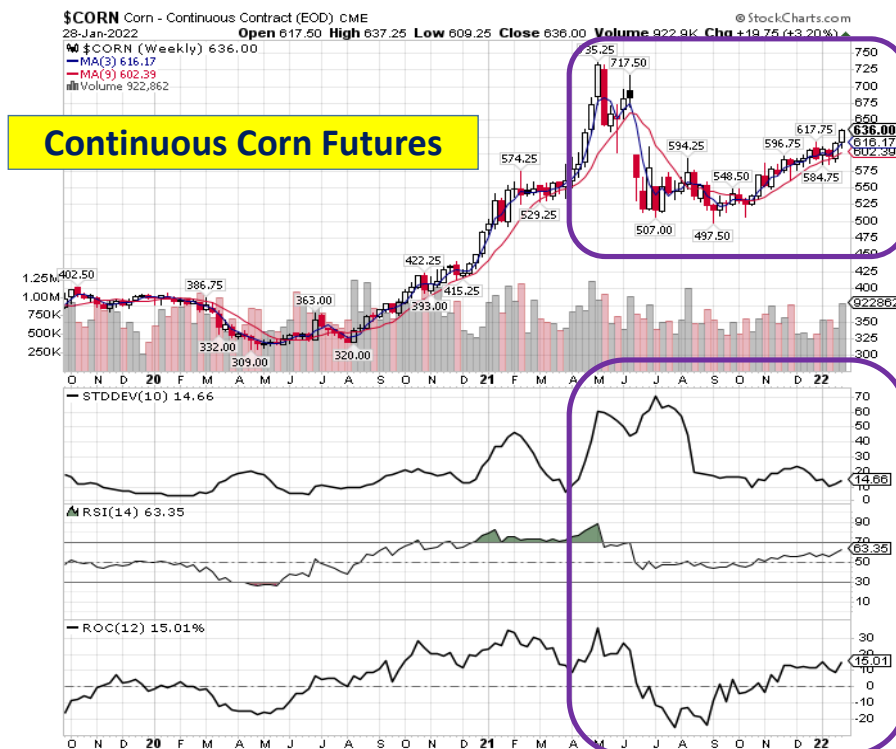
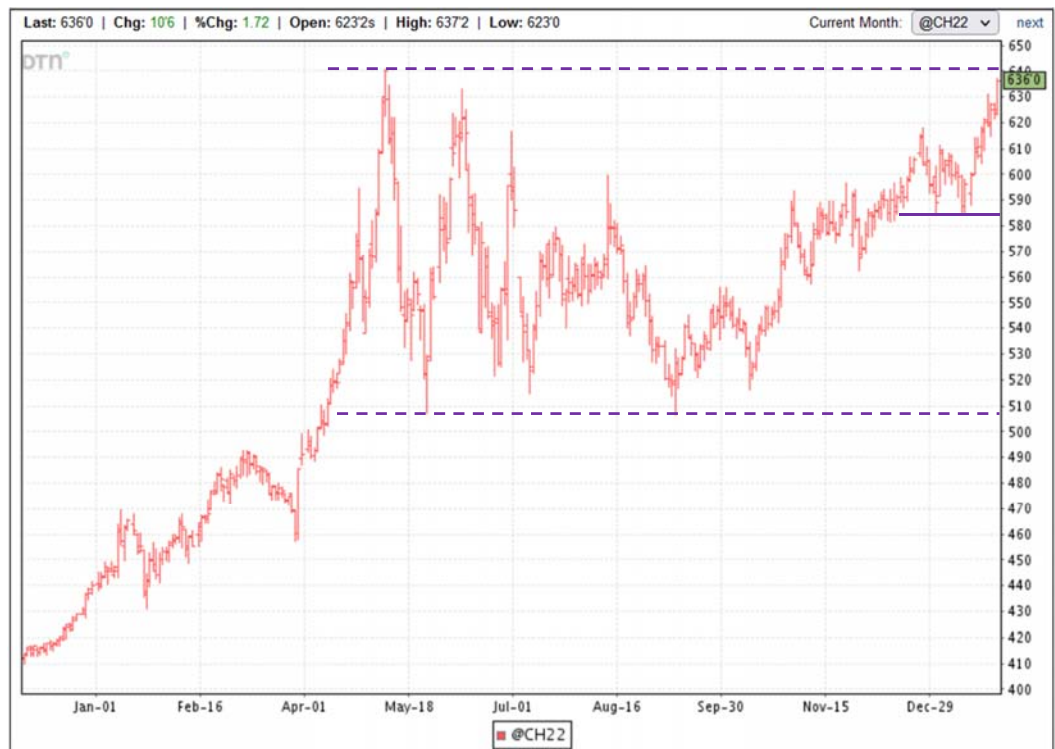
January 12, 2022

Corn Futures Closes, Changes & Market Carry on Friday, January 28, 2022

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Corn Futures			
Month	Close	Change	Carry /mo
<u>Mar^L 22</u>	<u>\$6.36</u>	↑ \$0.10 ¾	---
May 22	\$6.33 ¼	↑ \$0.10 ¼	No Carry
July 22	\$6.26 ¼	↑ \$0.10 ¼	No Carry
Sept 22	\$5.84 ¼	↑ \$0.05	No Carry
<u>Dec^H 22</u>	<u>\$5.69 ½</u>	↑ \$0.02 ¾	No Carry
Mar 23	\$5.77	↑ \$0.02 ¾	\$0.02 ⁵⁰
May 23	\$5.80	↑ \$0.02 ¾	\$0.01 ⁵⁰
July 23	\$5.79 ¾	↑ \$0.02 ¾	No Carry

CME Corn
MARCH²⁰²²
Daily OHLC
12/1/2020 to
1/28/2022

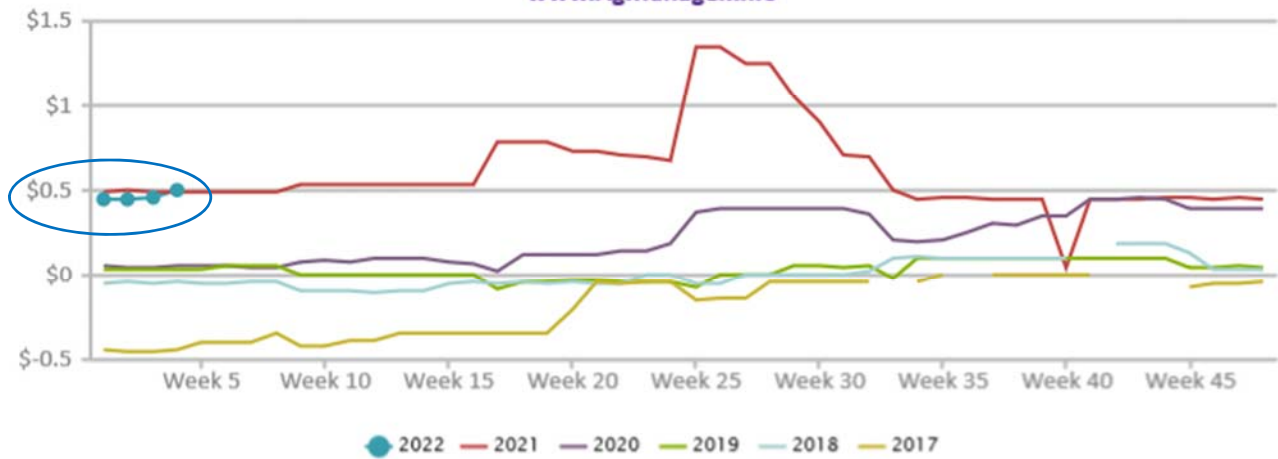


Kansas Cash & Futures Prices						
Date						
1/28/2022						
Grain Futures Contracts	Closing \$					
MAR 2022 Corn <small>(Lead contract)</small>	\$6.3600					
DEC 2022 Corn <small>(2022 Harvest Contract)</small>	\$5.6950					
1/28/2022	Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators					
	<i>Representing the highest bids available at each location</i>					
Cash Market Spot & FC Bids	Colby	Salina	Topeka	Garden City	Hutchinson	Columbus ^{Area}
	NW KS	NC KS	EC-NE KS	SW KS	SC KS	SE KS
Corn Spot Cash\$	\$6.56	\$6.51	\$6.46	\$6.76	\$6.71	\$6.31
<i>Corn Spot Cash Basis</i>	\$0.20	\$0.15	\$0.10	\$0.40	\$0.35	(\$0.05)
Corn Harvest FC\$: Fall ²⁰²²	\$5.50	\$5.45	\$5.40	\$5.85	\$5.60	\$5.45
<i>Corn Harvest FC\$ Basis</i>	(\$0.20)	(\$0.25)	(\$0.30)	\$0.15	(\$0.10)	(\$0.25)

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<i>Corn Harvest FC\$ Basis</i>	(\$0.20)	(\$0.25)	(\$0.30)	\$0.15	(\$0.10)	(\$0.25)
Grain Sorghum Spot Cash\$	\$6.61	\$6.91	\$6.86	\$6.46	\$6.66	\$6.31
<i>Sorghum Spot Cash Basis</i>	\$0.25	\$0.55	\$0.50	\$0.10	\$0.30	(\$0.05)
Grain Sorghum Harvest FC\$: Fall ²⁰²²	\$5.65	\$5.50	\$5.10	\$5.35	\$5.40	\$5.29
<i>Sorghum Harvest FC\$ Basis</i>	(\$0.04)	(\$0.20)	(\$0.60)	(\$0.35)	(\$0.30)	(\$0.41)

LIBERAL, KS: Corn Basis - PERRYTON EQUITY EXCHANGE

www.AgManager.info



GARDEN CITY, KS: Corn Basis - GARDEN CITY COOP

www.AgManager.info



Soybean & HRW-Wheat Futures Closes, Changes & Market Carry

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on Friday, January 28, 2022

Soybean Futures				Kansas HRW Wheat Futures			
Month	Close	Change	Carry /mo	Month	Close	Change	Carry /mo
Mar^L 22	\$14.70	⬆ \$0.21 ¾	---	Mar^L 22	\$8.02 ¼	⬆ \$0.08 ¾	---
May 22	\$14.75 ¼	⬆ \$0.21 ¾	\$0.02 ⁶²⁵	May 22	\$8.05 ¼	⬆ \$0.08 ¼	\$0.01 ⁵⁰
July 22	\$14.73 ½	⬆ \$0.20	No Carry	July^H 22	\$8.04 ½	⬆ \$0.07 ½	No Carry
Aug 22	\$14.43 ½	⬆ \$0.16 ¾	No Carry	Sept 22	\$8.08	⬆ \$0.07 ¾	\$0.01 ⁷⁵
Sep 22	\$13.84 ½	⬆ \$0.14 ¾	No Carry	Dec 22	\$8.15 ¾	⬆ \$0.08 ¼	\$0.02 ⁵⁸³
Nov^H 22	\$13.51 ½	⬆ \$0.13 ½	No Carry	Mar 23	\$8.18 ½	⬆ \$0.08 ¼	\$0.00 ⁹³³
Jan 23	\$13.49	⬆ \$0.11 ¾	No Carry	May 23	\$8.08 ¾	⬆ \$0.08	No Carry
Mar 23	\$13.27 ½	⬆ \$0.06	No Carry	July 23	\$7.74 ½	⬆ \$0.06 ¼	No Carry

CME

Soybean

MARCH²⁰²²

Daily OHLC

12/1/2020 to

1/28/2022



Kansas Cash & Futures Prices

Date						
1/28/2022						
Grain Futures Contracts	Closing \$					
MAR 2022 Soybeans (Lead Contract)	\$14.7000					
NOV 2022 Soybeans (2022 Harvest Contract)	\$13.5150					
1/28/2022	Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators					
	<i>Representing the highest bids available at each location</i>					
Cash Market Spot & FC Bids	Colby	Salina	Topeka	Garden City	Hutchinson	Columbus Area
	NW KS	NC KS	EC-NE KS	SW KS	SC KS	SE KS
Soybean Spot Cash\$	\$13.95	\$14.35	\$14.40	\$13.95	\$14.50	\$14.29
<i>Soybean Spot Cash Basis</i>	<i>(\$0.75)</i>	<i>(\$0.35)</i>	<i>(\$0.30)</i>	<i>(\$0.75)</i>	<i>(\$0.20)</i>	<i>(\$0.41)</i>
Soybean Harvest FC\$: Fall 2022	\$12.62	\$12.92	\$12.92	\$12.57	\$12.76	\$12.82
<i>Soybean Harvest FC\$ Basis</i>	<i>(\$0.90)</i>	<i>(\$0.60)</i>	<i>(\$0.60)</i>	<i>(\$0.95)</i>	<i>(\$0.76)</i>	<i>(\$0.70)</i>

CME HRW
Wheat
MARCH²⁰²²
Daily OHLC
12/1/2020 to
1/28/2022

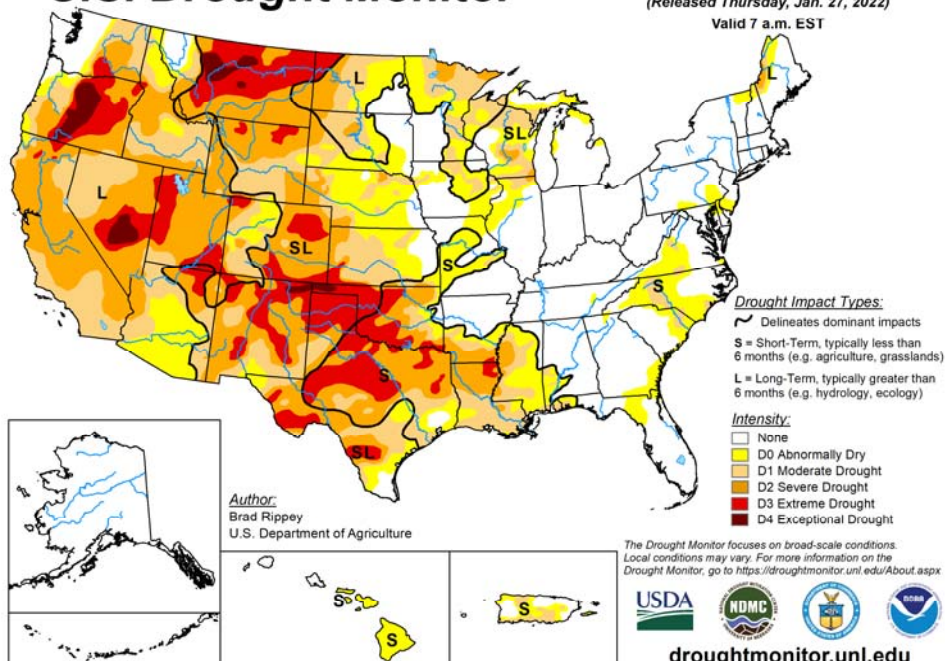


Kansas Cash & Futures Prices

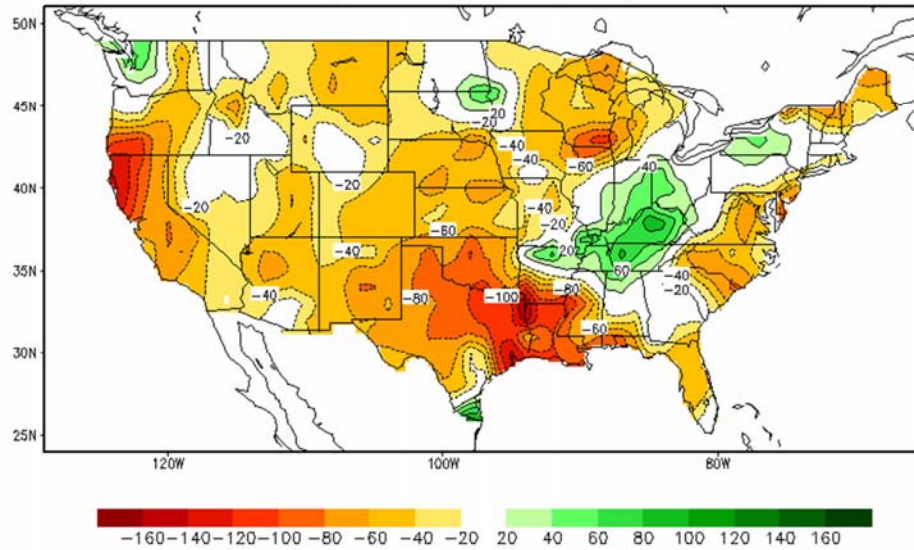
Date						
1/28/2022						
Grain Futures Contracts	Closing \$					
MAR 2022 KC HRW Wheat <small>(Lead Contract)</small>	\$8.0225					
JULY 2022 KC HRW Wheat <small>(Harvest Contract)</small>	\$8.0450					
1/28/2022	Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators					
	<i>Representing the highest bids available at each location</i>					
Cash Market Spot & FC Bids	Colby	Salina	Topeka	Garden City	Hutchinson	Columbus ^{Area}
	NW KS	NC KS	EC-NE KS	SW KS	SC KS	SE KS
KC HRW Wheat Spot Cash\$	\$7.77	\$7.92	\$7.92	\$7.92	\$7.92	\$7.57
HRW Wheat Spot Cash Basis	(\$0.25)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.10)	(\$0.45)
KC HRW Wheat FC\$ - Harvest ²⁰²²	\$7.68	\$7.67	\$7.84	\$7.75	\$7.75	\$7.64
HRW Wheat Harvest FC\$ Basis	(\$0.37)	(\$0.38)	(\$0.21)	(\$0.30)	(\$0.30)	(\$0.41)

U.S. Drought Monitor

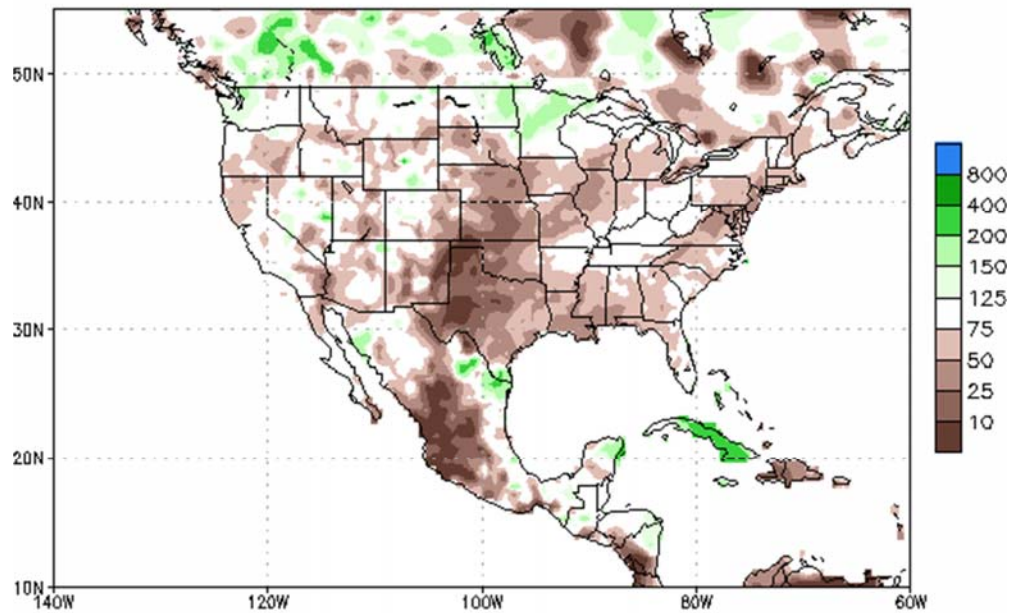
January 25, 2022
(Released Thursday, Jan. 27, 2022)
Valid 7 a.m. EST



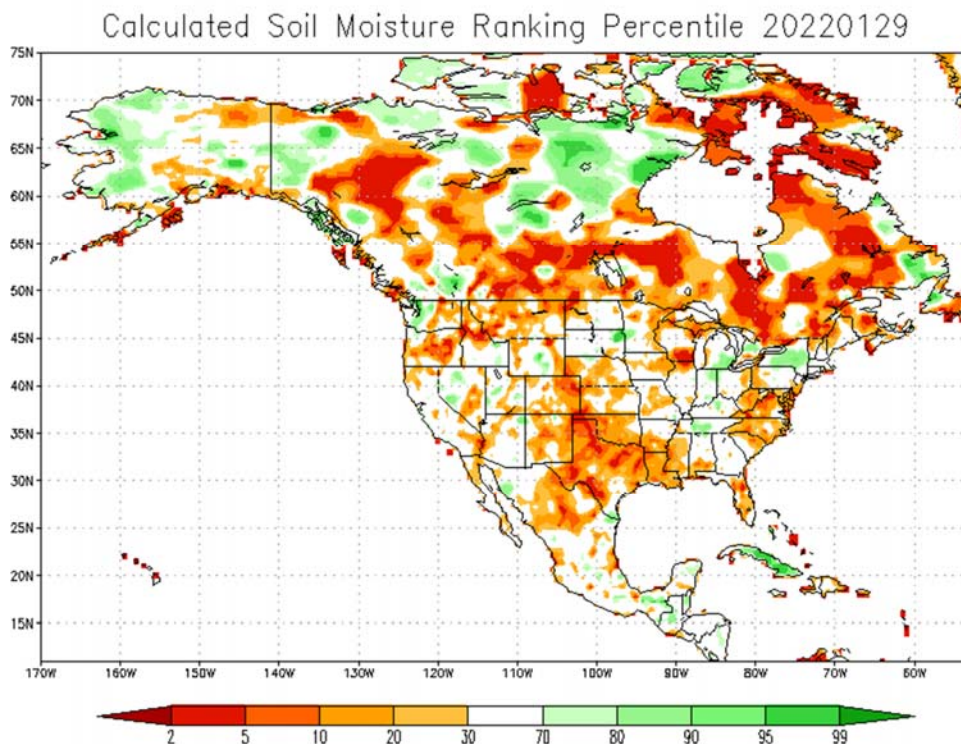
Predicted Soil Moisture Anomaly (mm)
(30Jan2022–06Feb2022)



90-day Accumulated Prep % of Normal 01NOV2021–29JAN2022



Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis
Climatology (1991–2020)



2022 Corn Market “Drivers”

1) U.S. Economy

- A relatively strong U.S. GDP, but fears of inflation causing inflation

2019 Corn Market “Drivers”

1) U.S. Economy

- A relatively strong U.S. GDP, but fears of inflation causing recession

2) 2022 South America Crop Production Prospects

- “Dry” in Argentina & Southern Brazil - ↓ Soybeans, ??? Corn (1st vs 2nd Crop)

Monthly Crop Calendar for Corn

	Plant		Silk		Harvest									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep		
EU	H	H	H	H				P	P	P	P			
US	H	H	H					P	P	P			S	S
Mexico Summer	H	H	H	H	H	H	H		P	P	P	P	P	P
Ukraine	H	H	H					P	P	P			S	S
Russia	H	H	H						P	P			S	S
China	H	H							P	P	P	P		
Indonesia Dry Region	H	H							P	P	P	P	P	P
Philippines Main				P	P	P	P	H	H	H	H	P	P	P
Canada	H	H	H	H					P	P	P	P	S	S
India	H	H	H	H	H	H				P	P	P	P	P
Brazil 1st crop	P	P	P	P	P	H	H	H	H	H	H			
Argentina	P	P	P	P	S	S	S	H	H	H	H			
Philippines 2nd Crop	P	P	P	P	H	H	H	H	H					P
South Africa	P	P	P	P	P	S	S			H	H	H	H	
Mexico Winter					P	P	P	P	P	H	H	H	H	
Brazil 2nd crop					P	P	P	P		H	H	H	H	
Indonesia Rainy Region	H	H	H	H	H	H								
Nigeria							P	P	P	P	P	P	H	H

Sources: USDA, AMIS, and CHS, Inc. locations

*Production estimates are in million metric tons and come from the FAS/USDA's most recent monthly World Agricultural Production report.

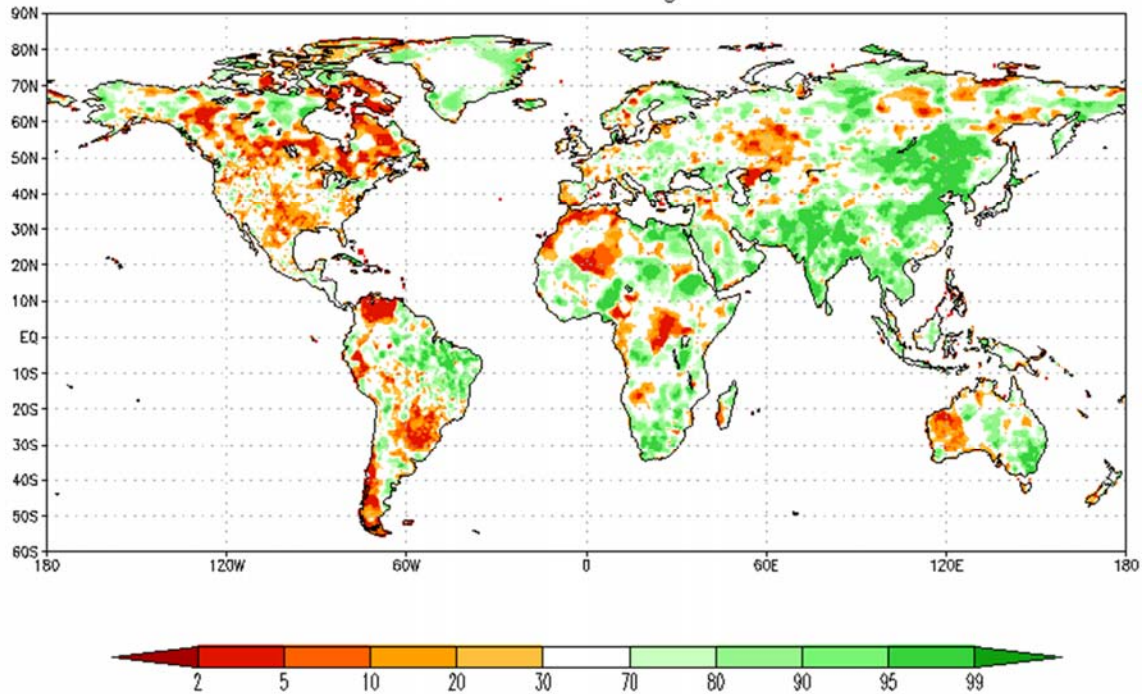
**Production estimates are for ALL CORN. Numbers will be listed next to the variety that comes first in the chart.

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CHS Hedging
Jenna Roe

KANSAS STATE UNIVERSITY Department of Agricultural Economics

Calculated Soil Moisture Ranking Percentile 20220129



Monthly Crop Calendar for Soybeans

	Plant		Bloom		Harvest							
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ukraine				P P	P P			H H	H H			
EU				P P	P P				H H	H H		
Russia				P P	P P				H H	H H	H H	
US					P P P		B B B		H H	H H	H H	
China					P P P P				H H	H H		
Canada					P P P P	B B B B		H H	H H	H H		
Indonesia					P P P P	P P P	H H	H H	H H	H H		
Mexico	H H	H H			P P P P	P P P P	P P P	P P	P P	H H	H H	H H
India						P P P P	P P				H H	H H
Paraguay	H H	H H	H H	H H	H H	H H				P P	P P	P P
Brazil	H H	H H	H H	H H	H H					P	P P	P P
Argentina	P	B B		H H	H H	H H					P P	P P
South Africa		H H	H H								P P	P P

Sources: USDA, AMIS, & CHS, Inc.

2022 Corn Market “Drivers”

1) U.S. Economy

- A relatively strong U.S. GDP, but fears of future inflation



2) 2022 South America Crop Production Prospects

- “Dry” in Argentina & Southern Brazil - ↓ Soybeans, ??? Corn (1st vs 2nd Crop)

3) 2022 U.S. Corn Acres

- Market “Narrative” ⇒ U.S. Corn Acres **Down 2 to 3 mln acres+**
- **BUT** now So. America, U.S.-China issues may change that

4) “Strong” U.S. Corn Usage in “Current” MY 2021/22 (thru 8/31/2022)

- **High Ethanol Plant Profitability**
 - – “Strong” corn ethanol use @ 5.325 bb (vs 5.028 bb & 4.857 bb last 2 years)
- **U.S. Exports @ 2.425 bb^{USDA}** (vs 2.753 bb & 1.777 bb last 2 years)
- **Feed Use @ 5.650 bb** (vs 5.602 bb & 5.900 bb last 2 years)



5) “Tighter” U.S. Corn Stocks & % Ending Stocks-to-Use

- **1.540 bb @ 10.40% Stocks/Use** in “Current” MY 2021/22
- **Impact of +/- 250 mb ?**
 - **1.290 bb vs 1.793 bb** U.S. corn ending stocks
 - **≤ 9% S/U vs ≥ 12% S/U** ➡ **Significant +/-** Corn price effects

6) U.S. Corn Price Outlook ^{USDA}

- \$4.53 /bu in “Old Crop” MY 2020/21
- \$5.45 /bu in “Current Crop” MY 2021/22 (+\$0.92 /bu vs current)

7) “Other” Market Factors

- “Moderate” U.S. Grain Sorghum Exports ⇒ “paced” China demand
- Inflation in crop production costs, especially for fertilizer
 - *Key Question: IF less fertilizer applied to crop acres, THEN will it impact final 2022 production?*
- Other Broad Market Factors
 - Potential for geopolitical problems in Black Sea & Asia-Pacific region
 - U.S. Elections & domestic economic uncertainty
 - U.S. Government or FED policies that could impact the U.S. economy

2022 Corn Markets – Early-Mid April 2022

Key Corn Market Factors to Watch in April 2022

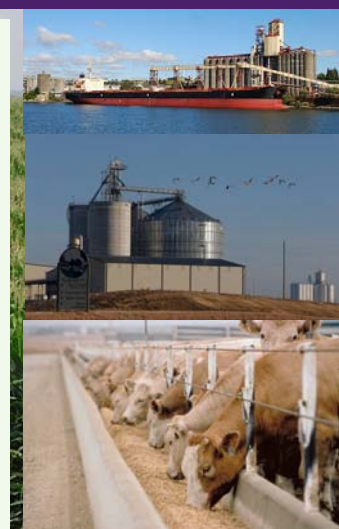
1) If Brazil remains dry & impacts their 2nd corn crop

2) U.S. Soybean Export & Price prospects

- ✓ U.S. vs China Trade Status
- ✓ U.S. Planted Acres of Soybeans vs Corn?

3) Domestic Corn Usage Issues

- ✓ Ethanol production & corn use stronger? (summer driving)
- ✓ Livestock profitability & feed use
- ✓ Exports are a “Wild Card” – watch the South America crop



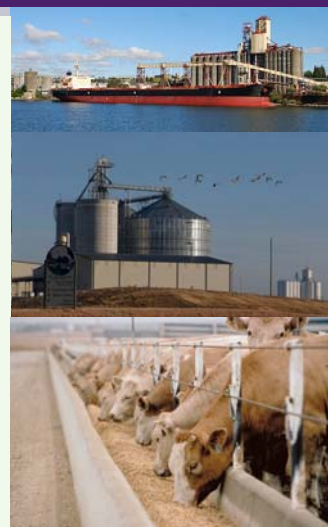
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2022 Corn Markets – Early-Mid May 2022

Key Corn Market Factors to Watch in May 2022

- 1) More accurate view of Brazil 2nd corn crop size
- 2) U.S. Corn Planting underway
 - ✓ Planting problems would support market (“early” for panic)
 - ✓ U.S. Soybean vs Corn Plantings still affecting market
- 3) Domestic Corn Usage Issues
 - ✓ Ethanol production & corn use (“Show me” the corn use!)
- 4) “Decision” time for New Crop Corn Market Direction



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2022 Corn Markets – Early-Mid July 2022

Key Corn Market Factors to Watch in July 2022

- 1) 2022 U.S. Crop Prospects are the Corn market focus
- 2) Brazil 2nd Crop Corn Prospects Known
 - ✓ Whether “large” or not will affect corn \$s
- 3) U.S. July Corn development is time for “Volatility”
 - ✓ “Shifting” *Up/Down* market narratives based on weather
 - ✓ Battle of the “*Bulls vs Bears*” pre-August USDA 2022 report
- 4) Futures may *fall* on 2022 prospects while Basis may *narrow* to finish up “Old Crop” MY 2021/22 usage

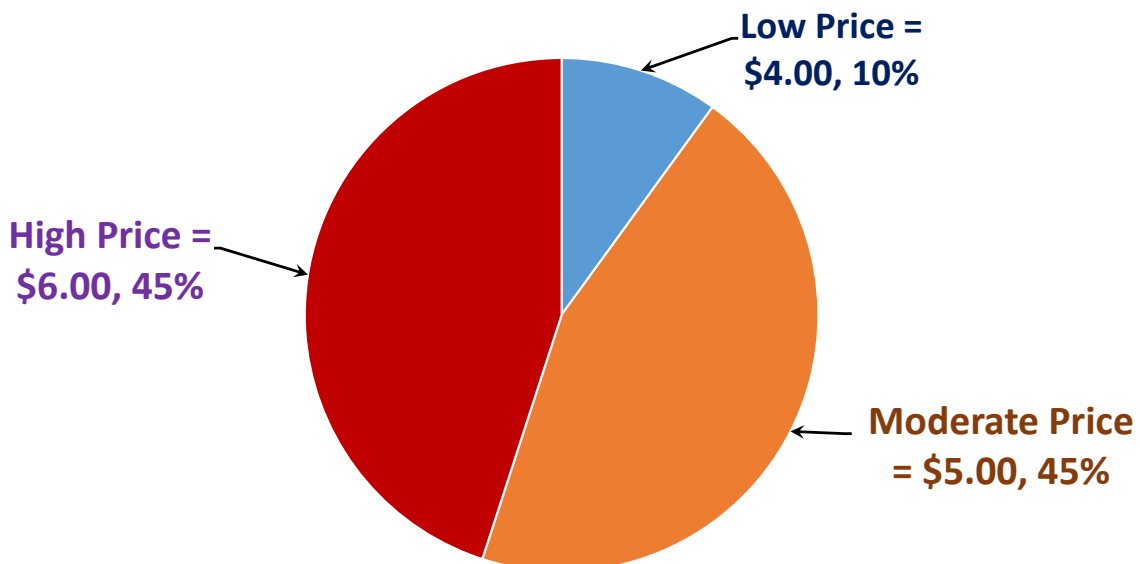


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Drawing the Corn Market Price Outcome on November 1, 2022

Fall 2022 Corn Market Price Possibilities



2022 Corn Markets – Early November 2022

“Low Price” Market Scenario in 2022 (10% prob.)

- 1) 2022 U.S. Corn production of $\approx 15^+$ billion bu.
- 2) “New Crop” 2022/23 Ending Stocks ≈ 2.25 bln. bu
 - ✓ % Ending Stocks-to-Use ≥ 14 -15%
- 3) Overwhelming U.S. Corn Supplies – a “Buyer’s Mkt”
 - ✓ Low corn prices supporting U.S. corn use (a silver lining!)
 - ✓ Stronger U.S. corn exports would result (some now & later!)
- 4) Futures fall to lows (\$4.00) – **BUT** farmers then store en mass & force “some” returns to post-harvest storage



2022 Corn Markets – Early November 2022

“Moderate” Price Scenario in 2022 (45% prob.)

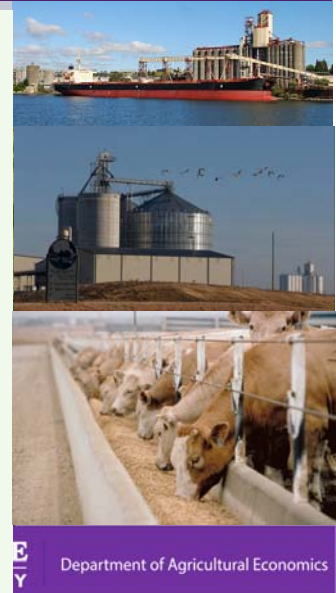
- 1) 2022 U.S. Corn production of ≈ 14.25 -14.5 bln. bu.
- 2) “New Crop” 2022/23 End Stocks ≈ 1.500 bln. bu
 - ✓ % Ending Stocks-to-Use ≈ 9 %-11%
- 3) “OK-Not Tight” U.S. Corn Supplies – a “Neutral Mkt”
 - ✓ “Moderate/Lower” corn \$ - “Good-Healthy” corn use
 - ✓ U.S. corn exports varying on 2022 South America crop size
- 4) Futures fall from \$5.50 in Feb to \$5.00 in November
 - Reflecting risk & uncertainty in Feb 2022



2022 Corn Markets – Early November 2022

“High” Market Price Scenario in 2022 (45% prob.)

- 1) 2022 U.S. Corn production of < 14.000 bln. bu.
- 2) “New Crop” 2022/23 End Stocks < 1.250 bln. bu
 - ✓ % Ending Stocks-to-Use \approx 7%-8%
- 3) “Tight” U.S. Corn Supplies – a “Seller’s Market”
 - ✓ “High” corn prices\$ - “Rationing” corn usage
 - ✓ IF small 2019 South America crop, then drives \$’s higher
- 4) Futures rise from \$5.50 in Feb to \$6.00 in November
 - Reflecting impact of a short crop in U.S.



Questions?

Daniel O’Brien – Extension Ag Economist

Blog: www.ksugrains.wordpress.com

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