

2023 Corn Markets & Cost-Returns

2023 Kansas Corn School

Parsons, Kansas

January 20, 2023

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Corn Market Prices

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CME Corn Futures – Thursday, 1/19/2023			
Month	Close	Change	Carry /mo
Mar^{Lead} 23	\$6.77 ¼	↓ \$0.04	---
May 23	\$6.74 ¾	↓ \$0.04 ½	-\$0.01 ³⁷⁵
July 23	\$6.63 ¼	↓ \$0.04 ¾	-\$0.05 ¾
Sept 23	\$6.11	↓ \$0.05 ½	-\$0.26 ¹²⁵
Dec^{Hvst} 23	\$5.96 ¼	↓ \$0.04 ¾	-\$0.04⁹¹⁷
Mar 24	\$6.03	↓ \$0.04 ¾	+\$0.02 ²⁵
May 24	\$6.05 ¾	↓ \$0.04 ¾	+\$0.01 ³⁷⁵
July 24	\$6.03 ¾	↓ \$0.04 ¾	-\$0.01

CME Corn Futures

March 2023
OHLCs

\$6.77 ¼ /bu
Close on
Thursday,
1/19/2023

ELEC. CORN (@C2023H)



CME Continuous Corn Futures *Weekly to 1/19/2023*

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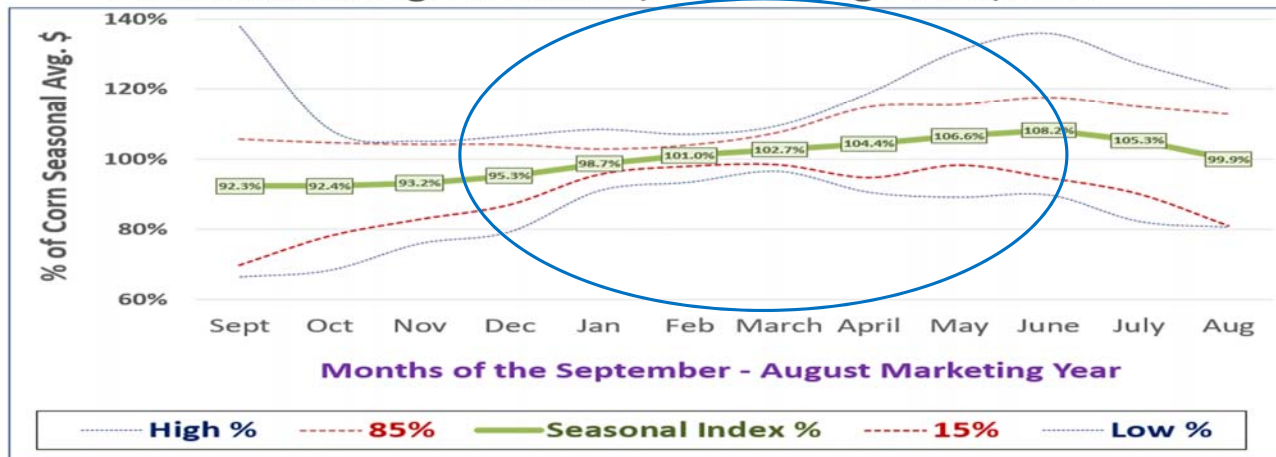


Changing Seasonal Avg. Corn \$ Indices

For the last 5, 10, & 15 Years in Southeast Kansas

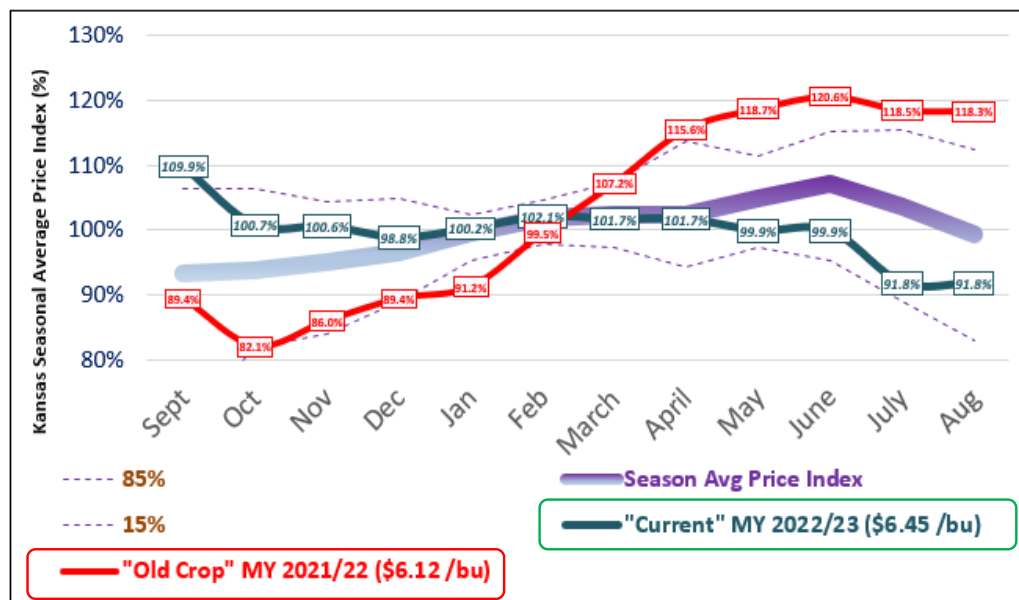
Corn Seasonal Price Index *Southeast Kansas*

Last 23 Marketing Years: 1999/2000 through 2021/2022



Kansas Corn Seasonal Prices

Long Term Seasonal \$ Trends + MY 2021/22 & "Current" MY 2022/23 As of 1/19/2023



USDA
Forecasts:

"Old Crop"
MY 2021/22
= \$6.00 /bu U.S.

"New Crop"
MY 2022/23
= \$6.70 /bu U.S.

Kansas Cash & Futures Prices

Date						
1/19/2022 (Closing Prices)						
Grain Futures Contracts	Closing \$					
MAR 2023 Corn <small>(2023 Lead contract)</small>	\$6.7725					
DEC 2023 Corn <small>(2023 Harvest Contract)</small>	\$5.9625					
1/19/2022 (Closing Prices)	Cash Grain & Harvest Contract Prices @ Kansas Grain Elevators					
	<i>Representing the highest bids available at each location</i>					
Cash Market Spot & FC Bids	Colby ^{Area}	Salina ^{Area}	Topeka ^{Area}	Garden City ^{Area}	Hutchinson ^{Area}	Columbus ^{Area}
	NW KS	NC KS	EC-NE KS	SW KS	SC KS	SE KS
Corn Spot Cash\$	\$7.52	\$7.52	\$7.28	\$8.07	\$7.67	\$7.77
<i>Corn Spot Cash Basis</i>	\$0.75	\$0.75	\$0.51	\$1.30	\$0.90	\$1.00
Corn Harvest FC\$: Fall ²⁰²³	\$5.71	\$5.76	\$5.66	\$6.41	\$5.96	\$5.66
<i>Corn Harvest FC\$ Basis</i>	(\$0.25)	(\$0.20)	(\$0.30)	\$0.45	(\$0.00)	(\$0.30)

Elevator/Location	Jan 2023	Feb 2023	Mar 2023	Aug 2023	Oct 2023	Nov 2023	Dec 2023
MIDWEST FERTILIZER LIBERTY, KS	7.47	---	---	---	5.63	---	---
BEACHNER GRAIN INDEPENDENCE, KS	7.56	---	---	---	---	---	---
BARTLETT CO-OP ASSOCIATION MOUND VALLEY, KS	7.70	---	---	---	---	---	5.66
BEACHNER GRAIN NEODESHA, KS	7.54	---	---	---	---	---	---
BEACHNER GRAIN THAYER, KS	7.52	---	---	---	---	---	---
BEACHNER GRAIN ALTAMONT, KS	7.60	---	---	---	---	---	---
MIDWEST FERTILIZER COFFEYVILLE, KS	7.47	---	---	---	5.63	---	---
BEACHNER GRAIN PARSONS, KS	7.58	---	---	---	---	---	---
BARTLETT CO-OP ASSOCIATION EDNA, KS	7.70	---	---	---	---	---	5.66
BEACHNER GRAIN-NEOSHO VALLEY ERIE, KS	7.56	---	---	---	---	---	---
SEK COOP FREDONIA, KS	---	7.42	---	5.66	---	---	---

My DTN Cash Bids for Postal Code 67335,

My DTN Cash Bids

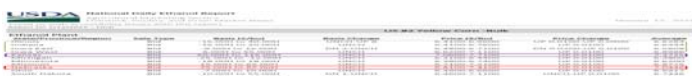
9:00 a.m., Friday,
January 20, 2023

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My DTDN Cash Bids

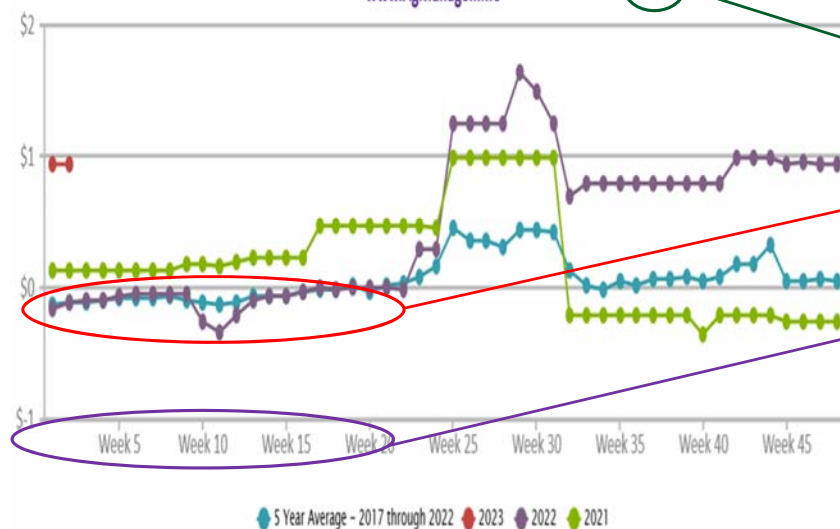


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COLUMBUS, KS: Corn Basis - FARMERS COOP

www.AgManager.info

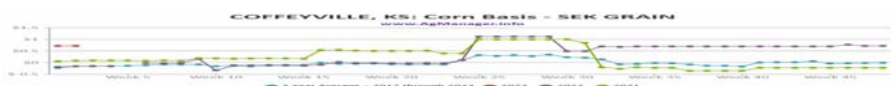


2023 Corn Costs Southeast KS

Yield = 120 bu /ac

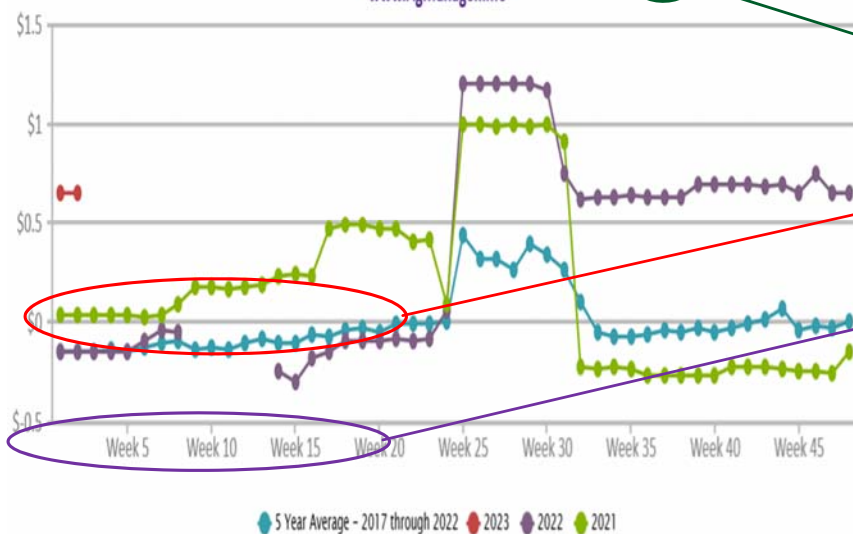
Total Direct Expenses
= \$3.63 /bu

Total of ALL Expenses
= \$4.74 /bu



CHANUTE, KS: Corn Basis - BEACHNER GRAIN

www.AgManager.info



2023 Corn Costs South Central KS

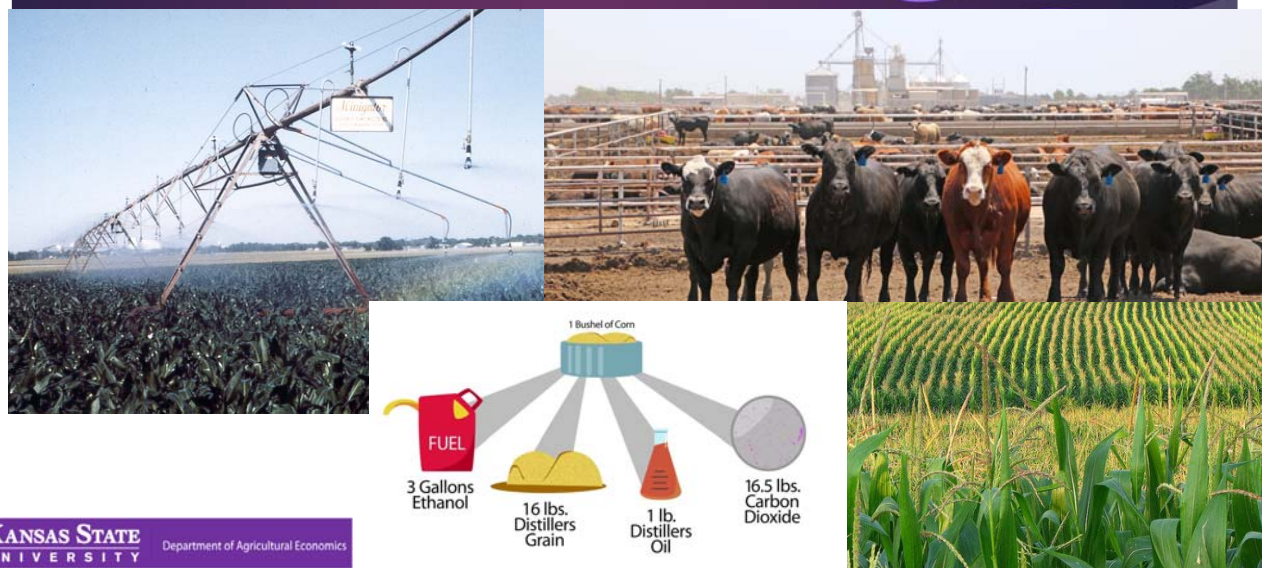
Yield = 110 bu /ac

Total Direct Expenses
= \$3.39 /bu

Total of ALL Expenses
= \$4.42 /bu

Corn Market Perspective

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Grain & Corn Market Outlook ²⁰²³ in Kansas, the U.S. & Globally

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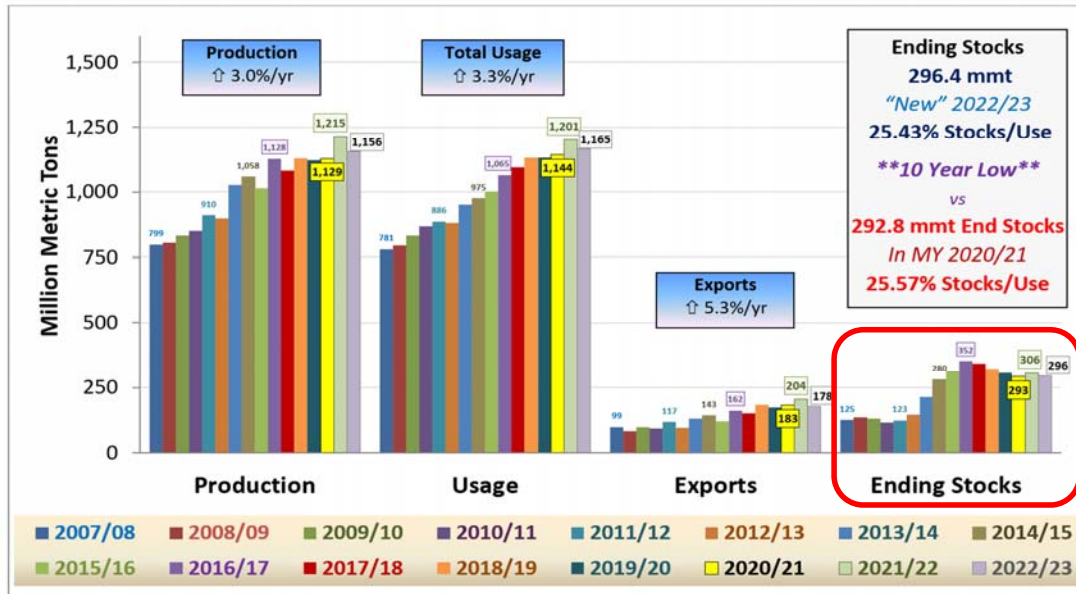
1) “Tight!” 2023 Global Corn, Other Grain & Oilseed Stocks

- *The importance of South America’s 2023 corn & soybean crops!!*
- Occurring &/or Anticipated in 2023:
 - Drought in Argentina
 - Smaller Crops & Exports from Ukraine

World Corn Supply-Demand

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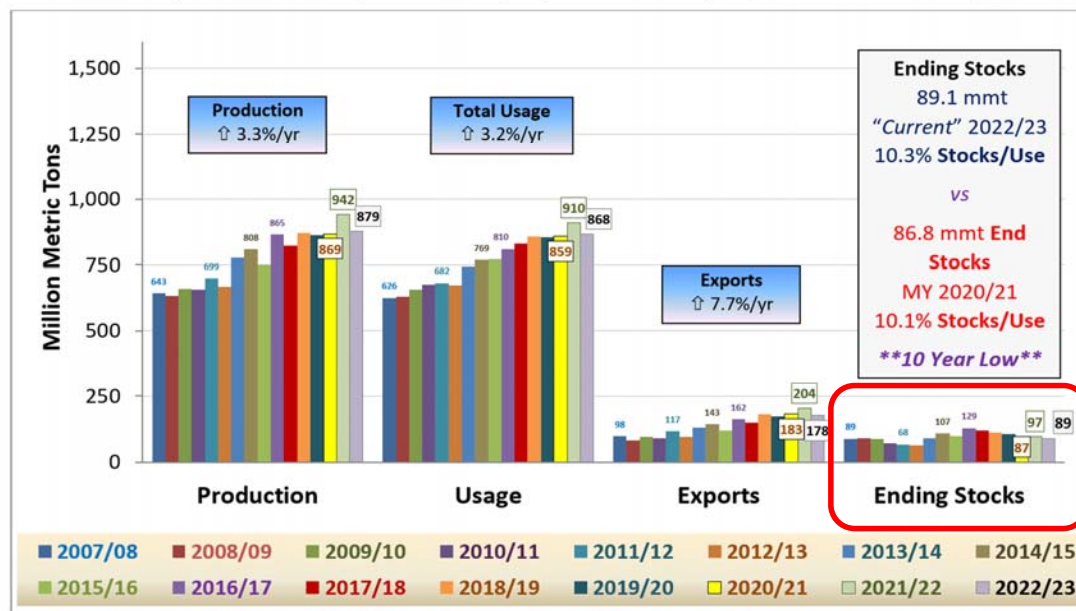
MY 2007/08 – “New Crop” MY 2022/23 as of the January 13, 2023 USDA WASDE Report



“World Less-China” Corn Supply-Demand

20

MY 2007/08 – “New Crop” MY 2022/23, as of the January 12, 2023 USDA WASDE Report



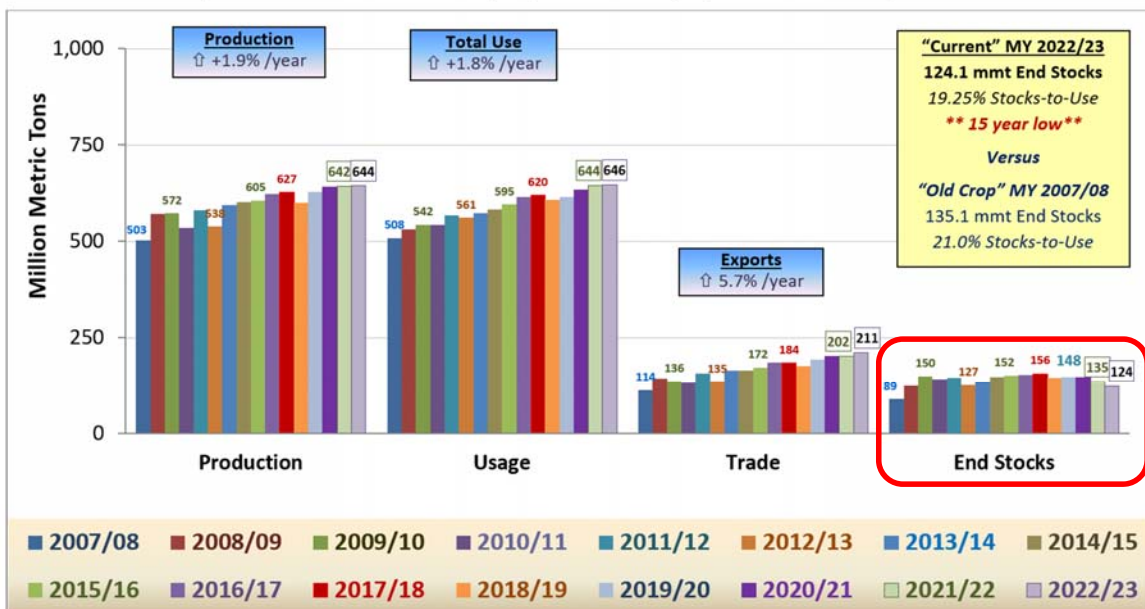
World vs "World-Less-China" Corn % Stocks-to-Use:

MY 2007/08 through "New" MY 2022/23, as of the January 12, 2023 USDA WASDE report.



"World-Less-China" Wheat Usage & Ending Stocks:

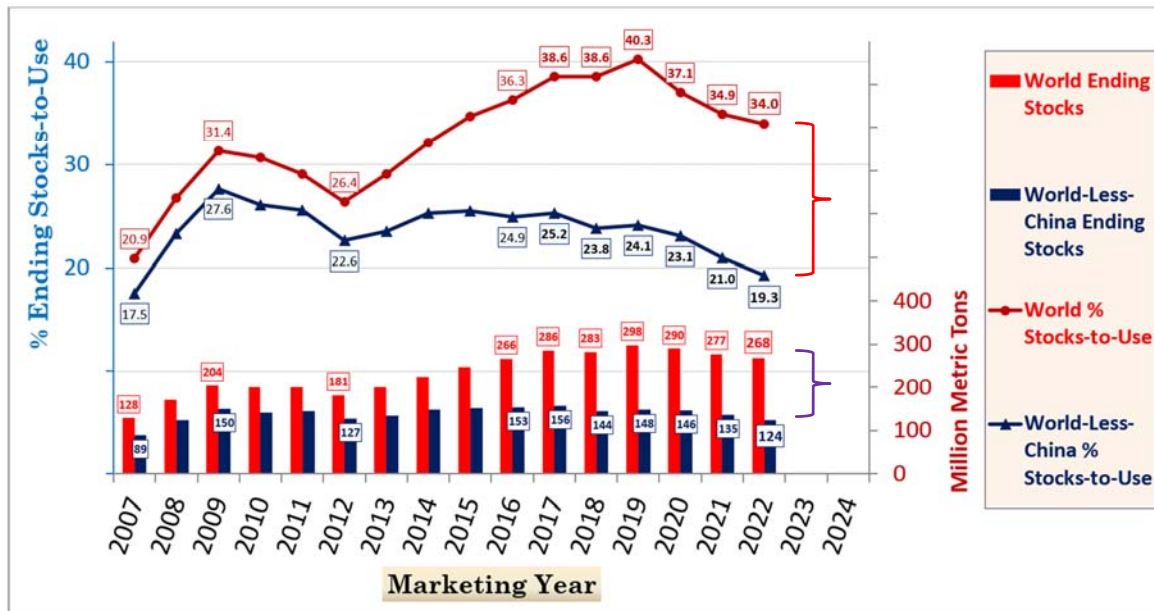
MY 2007/08 - "Current" MY 2022/23, as of the January 12, 2023 USDA WASDE Report



World vs "World Less-China" End Stocks & % Stocks-to-Use

23

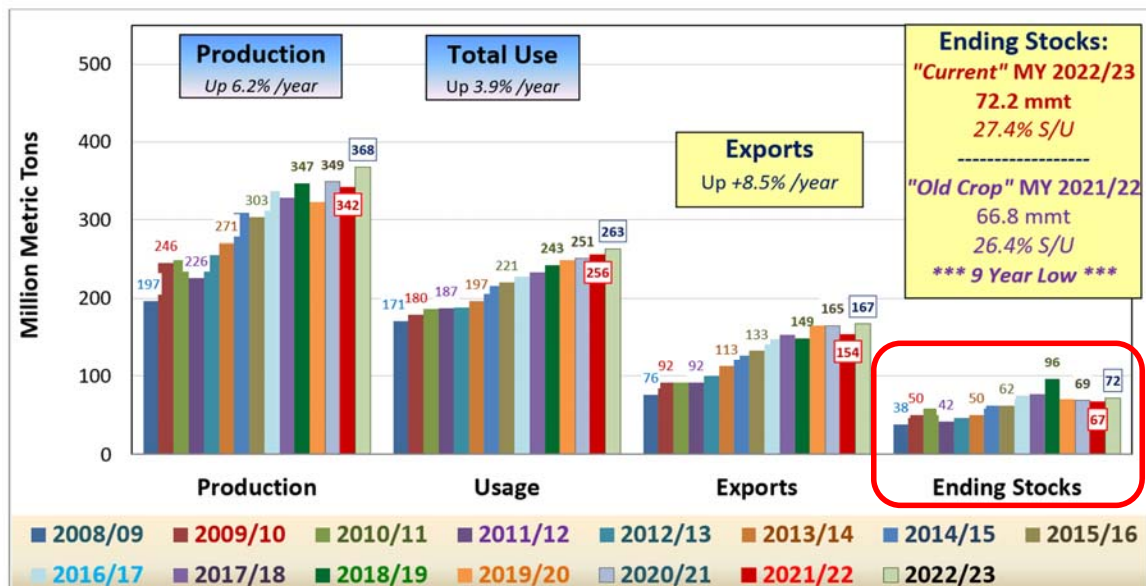
MY 2007/08 through "Current" MY 2022/23 as of the January 12, 2023 USDA WASDE report



"World Less-China" Soybean Use & Ending Stocks

24

MY 2008/09 - "Current" MY 2022/23 as of the January 12, 2023 WASDE Report



World vs % "World Less-China" Soybean Stocks-to-Use

25

MY 2007/08 through "Current" MY 2022/23, as of the January 12, 2023 USDA WASDE report



Grain & Corn Market Outlook 2023

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2) Impact of the Corn Production damage in the Western-Central Plains during 2022

- *Western Kansas / OK / TX / NE → Corn Basis strength* ^{Historic++}

► Q? 2023 U.S. Corn Production?

→ Seasonal risk-Spring-Summer 2023 – dry subsoils



Grain Market Outlook ²⁰²³

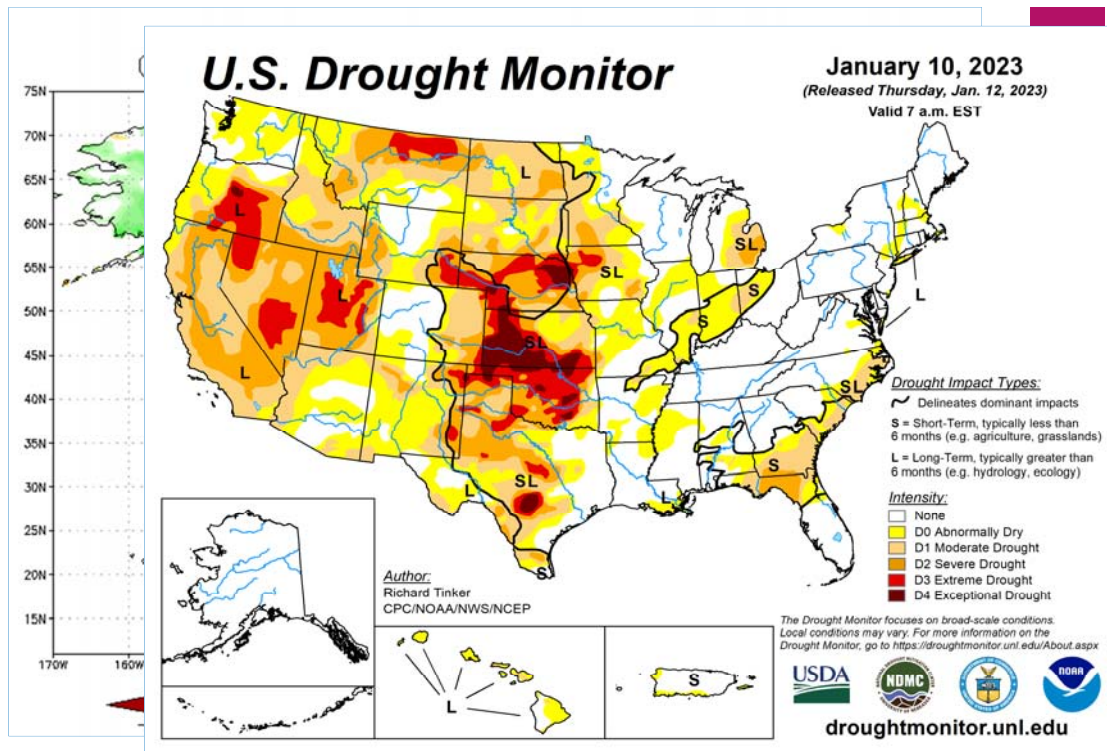
3) Continuance of dry La Nina Weather Pattern in 2023???

- “La Nina is expected to continue into winter, with equal chances of La Nina & ENSO-neutral during January-March 2023. In February-April 2023, there is a 71% Chance of ENSO-neutral.”

U.S. Climate Prediction Center / NCEP January 3, 2023

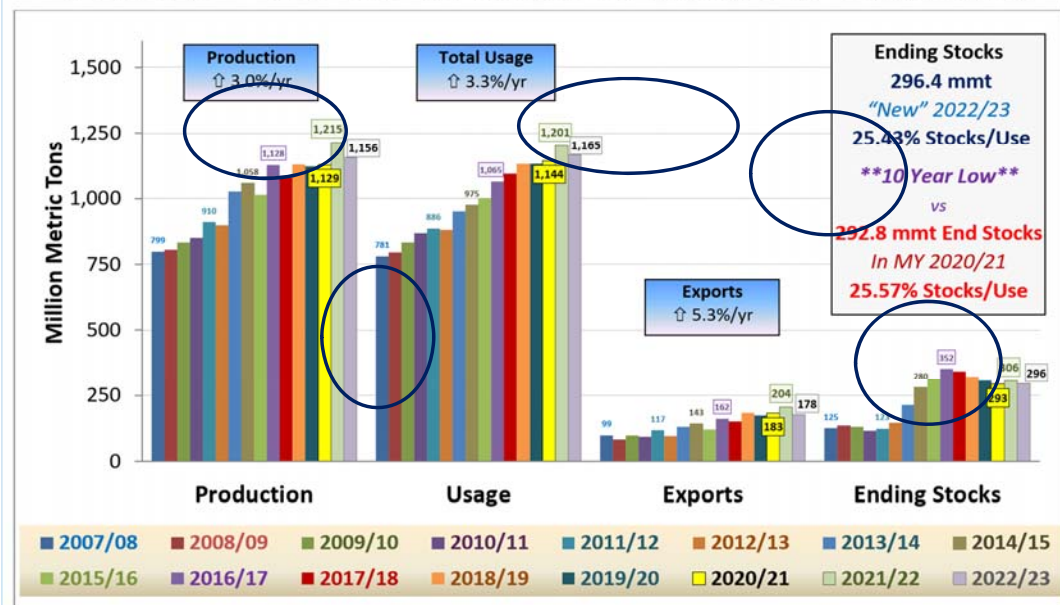
- “La Nina is breaking down, and an El Nino is forecast to emerge in 2023. Returning after several years, an El Nino can completely change the weather patterns for the weather seasons of 2023 & 2024.”

Severe Weather Europe, Andrej Flis January 11, 2023



World Corn Supply-Demand

MY 2007/08 – “New Crop” MY 2022/23 as of the January 13, 2023 USDA WASDE Report

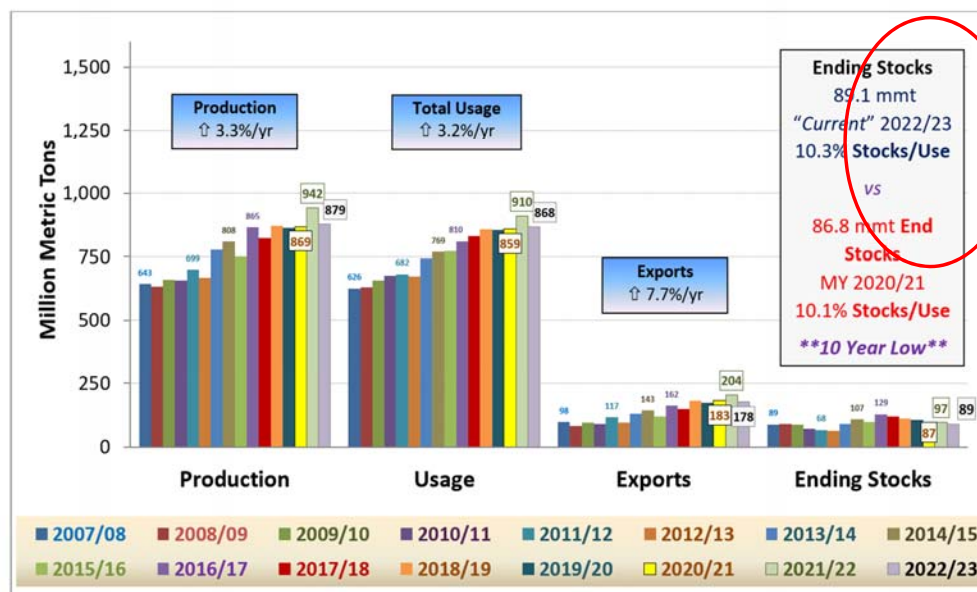


4) Moderating prices for Fertilizer & other Crop Inputs – (*but still historically high!*)

- Lower natural gas prices, w. *but continued supply-chain challenges*
- Lower fertilizer / crop input costs will encourage **2023 U.S. Corn Acres** – **≈ 92 million acres in 2023**
 - 88.6 million acres in 2022
 - 93.3 million acres in 2021
 - 90.7 million acres in 2020

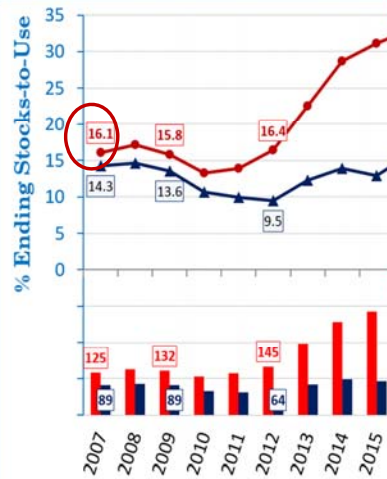
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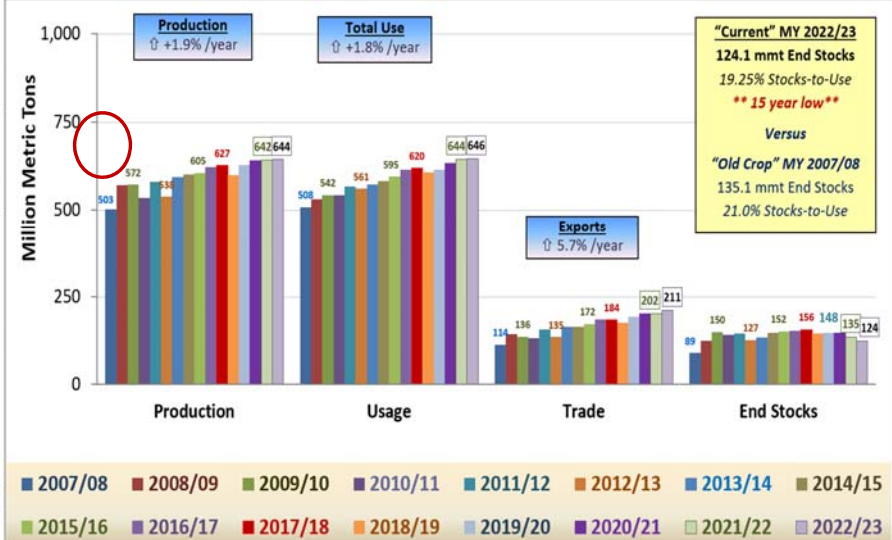
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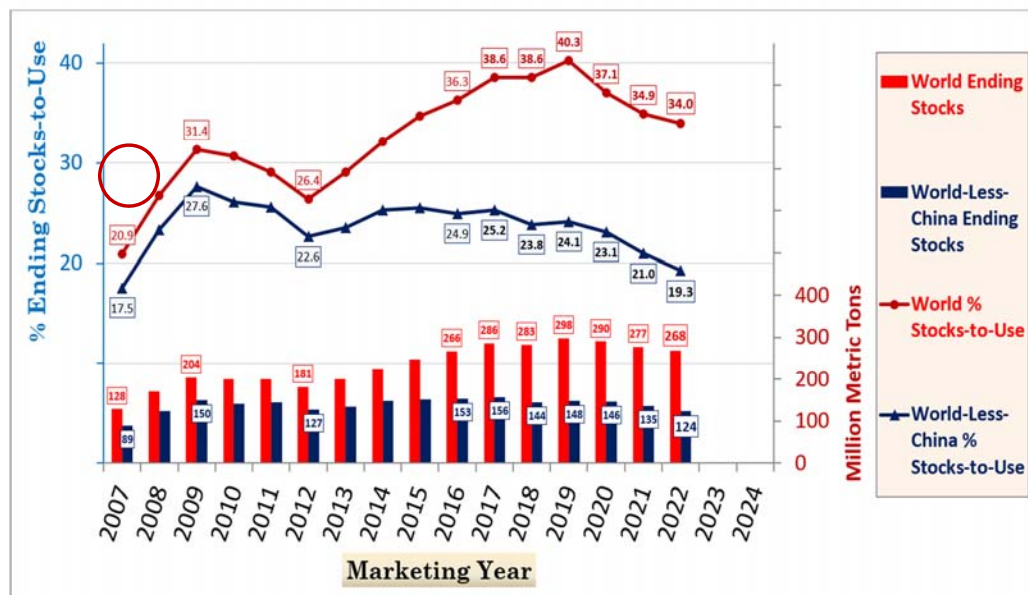
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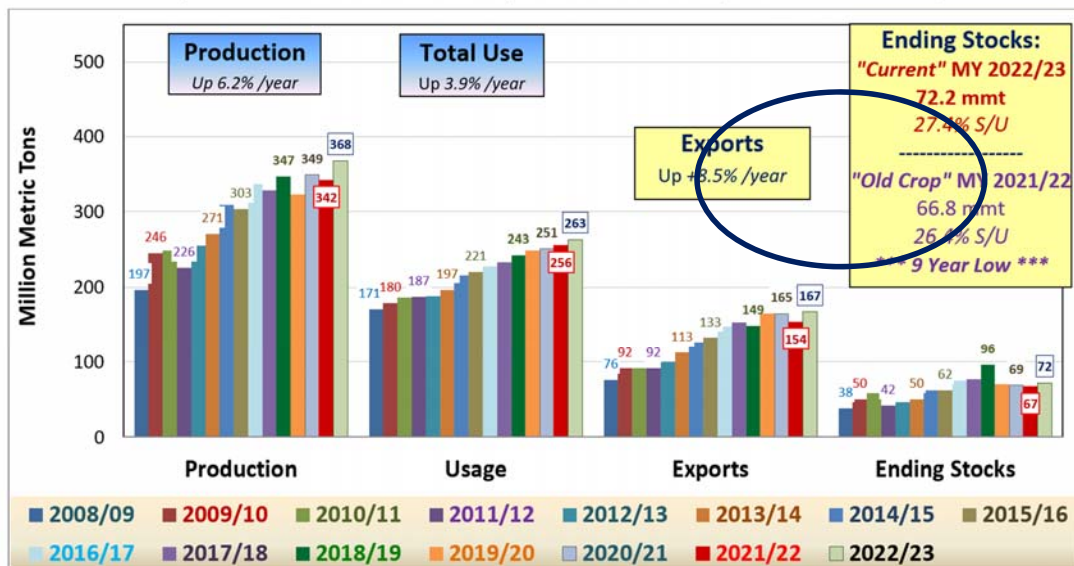
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“World Less-China” Soybean Use & Ending Stocks

MY 2008/09 - “Current” MY 2022/23 as of the January 12, 2023 WASDE Report



Grain Market Outlook 2022-2023

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5) U.S. & Foreign Ag response in 2023 to current corn prices?

- **Crop Acres?** Usually, \uparrow Prices \rightarrow \uparrow Corn Acres, **BUT ALL** crop \$'s are high (especially soybeans)
- **Crop Costs?** **IF** high fertilizer & other crop costs, **THEN** it limits Corn Acres in higher cost cropping systems²⁰²³
- **Rationing Grain Use:** Evidence of reductions in Ethanol, Exports....
- **Cropland Markets & Cash Rents:** High corn prices being reflected

6) Impact of Ongoing & Possible Geopolitical Conflicts ^{In 2023}

- *Ukraine-Russia War???: Prospects for de-escalation & grain trade?*
- *China-Taiwan??? - IF this occurs, it would impact the global economy along with U.S. grain trade*
 - *Impacting U.S. soybeans, grain sorghum, likely all U.S. agricultural commodities – including U.S. corn*

6) Overall Prospects for 2023 Corn Markets???

- U.S. Corn Prices supported @ Moderate-to-High Levels – *until* grain markets are confident of larger crops & rebuilding of stocks
 - “2023/24 ‘New Crop’ Forward Bids” are vulnerable to decline in late Spring – Summer²⁰²³ on into 2023 Fall harvest
- Ukraine-Russia War Effect: *Smaller* Ukraine corn exports
- South America Crop Impact: **Brazil & Argentina** corn crop prospects will effect U.S. corn prices through August 2023

South America Corn-Soybean Calendar

□ South America Planting Influences ⇒ “*Bid for Acres*”

• Brazil & Argentina Corn & Soybean Crop Calendar

○ Brazil

- Corn: 1st crop *Planting* – October-December ⇒ Harvest: February-June
- Soybeans: *Planting* – October-December ⇒ Harvest: March-June
- Corn: 2nd crop *Planting* – January-February ⇒ Harvest: March-June

○ Argentina

- Corn: *Planting* – mid September-December ⇒ Harvest: mid March-early June
- Soybeans: 1st crop *Planting* – November-December ⇒ Harvest: Late March-early May
- Soybeans: 2nd crop *Planting* – December-early Jan. ⇒ Harvest: mid April – mid June

What to anticipate in Year 2023 (1st of 3)

□ 2023 Spring Planting of Feedgrains & Oilseeds

- With tight stocks across crops – any threats to planting 2023 U.S. corn or soybeans could cause **STRONG** price volatility
 - NOV²⁰²³ Soybean futures @ \$13.64 ½ /bu ^{1/19/2023}
 - DEC²⁰²³ Corn futures @ \$5.96 ¼ /bu ^{1/19/2023}
 - 2023 “New Crop” Soy/Corn \$ Ratio = $\$13.64 \frac{1}{2} \div \$5.96 \frac{1}{4} = 2.29$ (Neutral)
- Strong “new crop” price competition likely for 2023 planted acres between Feedgrains & Oilseeds ⇒ Likely in February-April 2023

What to anticipate: Year 2023 (2nd of 3)

Q? Are Corn, Soybeans & Wheat futures *at risk* to fall sharply in the last ½ of year 2023?

- With *"tight" beginning stocks* across these crops – less risk of major declines until at least *late spring – early summer*
- **THEN** the *risk* to grain sellers is that crop markets will discount the possibility of *"short crops"* in 2023
- ⇒ *IF* in Summer ²⁰²³ U.S. & Foreign crop prospects become *"OK-to-Good"*, **THEN** grain prices *"slide" lower* into Fall 2023 (by traders with no immediate incentive to "buy corn")

What to anticipate: Year 2023 (3rd of 3)

- **USDA Reports** ⇒ *Often a "driver" of grain market volatility*
 - **WASDE**: Jan. 12**, 2/8, 3/8, 4/8, 5/12, 6/9, 7/12, 8/11, 9/12.....
 - **Planted Area**: Prospective Plantings – March 31, Acreage – June 30
- **Prospects for "Active" Demand-Pull for Corn in Western KS**
 - User's securing available "new crop" supplies (i.e. "scrambling!")
 - *Possibility of "Inverted" futures & strong basis* during **Sep-Nov**²⁰²³ Quarter *IF* a short crop happens in 2023 ⇒ What are the odds?



Questions?

Daniel O'Brien – Extension Ag Economist

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KSUGrains on Twitter

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