

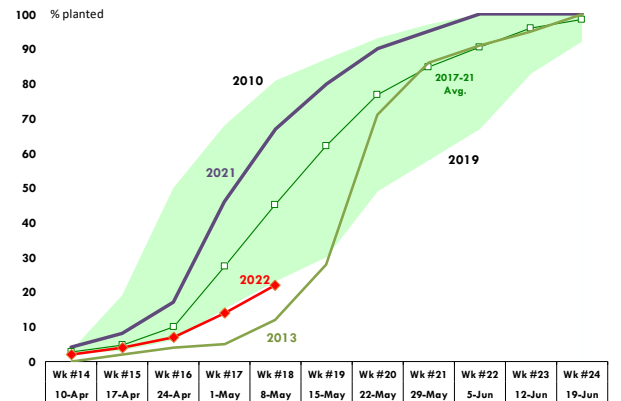
It is a spring ritual to talk about corn planting progress and potential yield impacts even as evidence of the correlation can be fleeting sometimes. But with corn futures at +\$7/bu. already and plenty of weather/demand risk, it gives us an excuse to discuss the grain market. Also, in a couple of days USDA will issue its monthly WASDE report, that will include the first projections of commodity supplies and demand for the new marketing year. Hopefully this discussion brings some context ahead of this key update.

Corn plantings are off to one of the slowest starts in more than a decade. For the week ending May 8 USDA reports that just 22% of the corn crop had been planted compared to 64% at this time last year and an average 50% for the last five years. Current progress is similar to 2019, which saw one of the slowest corn planting trends of the last 15 years. Developments in technology have made it possible for farmers to quickly catch up, however. So a slow start to plantings does not correlate well with final yields. In 2013 plantings were off to an extremely slow start but in about two weeks farmers were able to get back to normal. Part of the reason for the pullback in corn futures yesterday was speculation that plantings made good progress last week and are expected to move along this week as well. Grain analysts always caution that the pace of plantings is not as important for yields as rainfall in late June and July. But planting corn late is not helpful, especially in a market with a very small margin for error. In 2019 final yields were below trend following five years of above trend yields. Last year's corn yield was 177 bushels per acre and in February USDA presented an outlook that used 181 bushels per acre for the new marketing year. Farmers are expected to plant almost 4 million fewer acres with corn this year than a year ago. Crop rotations, high price of soybeans and wheat, fertilizer challenges will likely impact the supply of corn coming to market this fall. The four bushel increase in yields for this year may not appear as much but it represents an additional 325 million bushels of corn. Without that extra supply, ending stocks would imply demand rationing needed. Futures have clearly been trading at higher levels for that reason as well.

Once the crop is planted, there will probably be more meaningful discussions about drought and implications for corn supply. A recent USDA report (see map on page 2) noted that 23% of the corn crop area is currently experiencing drought. But last year 26% of the corn crop was in areas experiencing drought, so what's important is how drought conditions progress, not what they are today. Just as important will be the trajectory in fuel costs (ethanol demand) as well as plantings/crop conditions in other parts of the world (EU, China, Ukraine, Brazil).

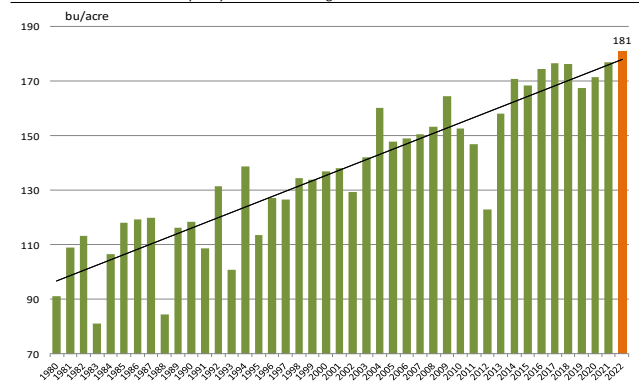
CORN PLANTING PROGRESS: PERCENT PLANTED

Corn Crop Planted in 18 Major Production States. Source: USDA-NASS. Prepared by Steiner Consulting



Corn Yields & Trend: 1980 - 2021 + USDA Feb. Ag. Forum Est. for 2022

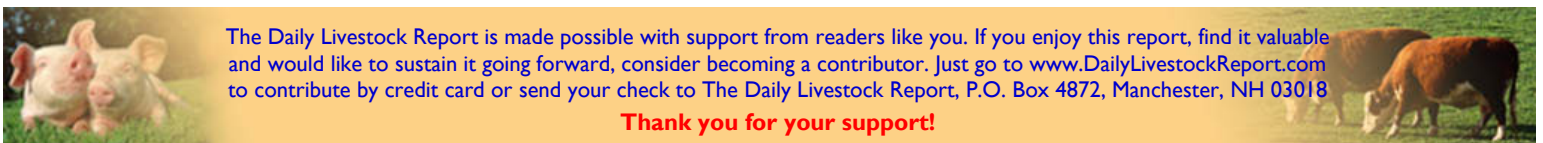
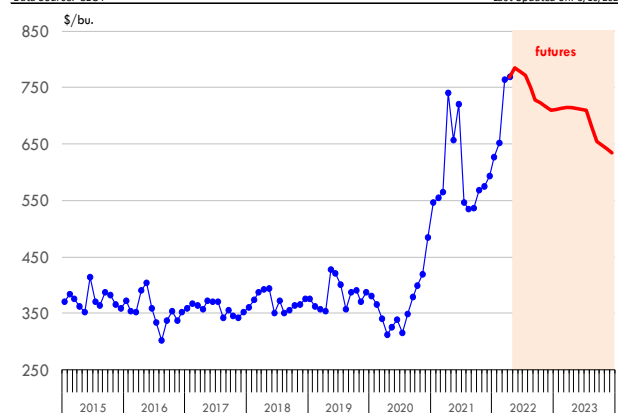
Data Source: USDA-NASS. Analysis by Steiner Consulting



Nearby Corn. CBOT. Actual + Latest Futures. US\$/bushel

Data Source: CBOT

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*This product was prepared by the
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Corn Areas in Drought

Reflects **May 3, 2022**
U.S. Drought Monitor data

