



MARKET SNAPSHOT CORN

Sept. 30, 2021

Executive Summary

Drivers for the corn industry include lower yields in the Northwest, fewer exports and increasing input prices.

- Extreme high temperatures and smoke weighed on Northwest corn production.
- Prices remain strong.
- Crop input costs are set to increase for the 2022 growing season.

Supply/Demand

The World Agricultural Supply and Demand Estimates (WASDE) projects harvested acres to increase to 85.1 million, up 600,000 acres from the previous month. In addition, the USDA increased yield estimates by 1.7 bushels per acre from the previous estimate and up 3.2% year over year. The increased production estimates pressured futures modestly lower. Corn is trading around \$5.50 per bushel, up 31% year over year.

In the Northwest, the USDA has not released corn silage estimates, but grain corn yields are expected to be lower in Washington and Idaho. Idaho grain corn yields are forecast 15% lower. In Washington, grain corn yields are anticipated to be 12% lower. While not a perfect proxy, lower grain yields are indicative of lower silage yields. Lower silage yields are supportive of corn silage prices for the coming year as dairies work to maintain feed inventory.

Pricing

Ending stocks will increase 18.2% as lower export demand compounds additional production. The WASDE increased the ending stocks by 221 million bushels year over year. Usually rising ending stocks would weigh on prices. However, the USDA increased the corn price by \$1.30 per bushel to \$5.75 per bushel for the 2021-22 crop year. Higher corn prices will increase feed costs for cattle and dairy producers in the Northwest. While optimistic for corn producers, higher prices will be partially offset by increased input costs like fertilizer and fuel.

U.S. Corn Supply and Use

	2020-21 Estimate	2021-22 Projected	% Change
Area planted (million acres)	90.8	93.3	2.8%
Area harvested (million acres)	82.5	85.1	3.2%
Yield per harvested acre (bushels)	172	176.3	2.5%
Beginning stocks (million bushels)	1,919	1,187	-38.1%
Production (million bushels)	14,182	14,996	5.7%
Imports (million bushels)	25	25	0.0%
Total supply (million bushels)	16,127	16,208	0.5%
Total domestic use	12,195	12,325	1.1%
Exports	2,745	2,475	-9.8%
Use, total	14,940	14,800	-0.9%
Ending stocks (million bushels)	1,187	1,408	18.6%
Avg. farm price (\$/bu)	4.45	5.45	22.5%

Source: World Agricultural Supply and Demand Estimates, Sept. 10, 2021.

Cost of Production

Corn requires significant amounts of nitrogen, phosphorus and potassium fertilizers. The price of nitrogen fertilizer is up around 55% year over year. Likewise, phosphate and potash fertilizer prices are up 60%-70% year over year. Higher crop input prices will weigh on corn production in 2022.

Ethanol

On Sept. 29, the USDA announced an initiative to finance the development of climate smart farming and forestry practices funded by the Commodity Credit Corporation. The renewable fuels association asserts ethanol and other biofuels are a perfect fit for the new program. However, rumors abound. The Biden administration is considering lowering the amount of ethanol required for blending with gasoline. The landscape is ever changing as the fate of ethanol and its relationship to climate change policy is challenged.

Additional Information

Northwest FCS Business Management Center
www.northwestfcs.com/Resources/Industry-Insights

CoBank Knowledge Exchange
www.cobank.com/Knowledge-Exchange

USDA Economic Research Service
www.ers.usda.gov/topics/crops/corn.aspx

USDA World Agricultural Supply and Demand Estimates
<https://www.usda.gov/oce/commodity/wasde/index.html>

Learn More

For more information or to share your thoughts and opinions, contact the Northwest FCS Business Management Center at 866.552.9193 or bmc@northwestfcs.com.

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