Most years when the August Crop Production Report is released, questions concerning the first objective yield survey arise. Now in 2019, uncertainty has remained for planted corn acres since the June Acreage report. The wet spring resulted in large prevented planted acres and uncertainty about late plantings that might impact yield.

The Aug. 12 Crop Production report estimated that 90 million acres were planted with corn. Harvested acres would be 82 million acres. This difference of 91.11% is slightly smaller than normal. This reflects the likelihood of corn acres that could be harvested for silage and/or abandoned acres.

According to Lance Honing, Crops Chief at USDA National Ag Statistics Service (NASS), “The best data we've had historically in August has come from the farmer survey, not from the objective yield survey.”

He goes on to explain, “So that'll continue to be the case and, and you know, a lot of folks I think look at it and say, ‘Wow, what a terrible year. It's turned out to be, not having that objective yield.’ You could almost look at it the other way. ‘Good grief, the crops are even less developed than is usually the case in August.’ So, what would we have we really captured if we were out there in the fields taking those counts and measurements in late July?”

**Balance Sheet Adjustments**

Before the Aug. 12 Crop Production Report, many market analysts were expecting planted acres, harvested acres, and yields would project a total 2019 corn production of close to the 13 billion bushels. However, the total was a surprising 13.9 billion bushels. The December
corn futures price sold off 25¢ cents per bushel the day the report was released. It is since trading near $3.69 per bushel.

Review the corn balance sheet below provided by Advanced Trading, Inc. (ATI) dated Aug. 19. The right-hand column provides 3 different final corn yield scenarios for 2019; 160, 167.2 and 172.2 bushels per acre, respectively. Depending on these 3 final corn yields, total production could range from 13.12, 13.71 or 14.12 billion bushels.

The production expectation impacts the total use which could be 1.821, 2.18 or 2.4 billion bushels. Using the ATI Medium Yield, the expected December corn futures price on Dec. 1 would then be $4 per bushel. The average farm price for the marketing year would be between $3.40 and $4 per bushel, with a midpoint of $3.60 per bushel.

Developing Your Harvest Marketing Plan

Expect futures price volatility before and perhaps beyond the Sept. 12 Crop Production Report. Objective yield data collected by NASS enumerators will reflect roughly 1,920 corn fields in 10 major corn producing states. The September corn contract goes into delivery on Aug. 30th when the December corn futures becomes the nearby contract. This price volatility could continue well into harvest when the combines confirm the size of this year’s crops.

Additional speculative fund buying could be stirred by both yield uncertainty as well as concern for crop maturity before a killing frost. This time frame should provide opportunities to sell both old crop as well as new crop bushels.

Farmers should set reasonable futures price objectives and sell bushels incrementally as the futures market moves higher. The chart below assumes the $3.69 per bushel provides contract support and the $4.20 per bushel area will be strong resistance as that’s an area the marketing consolidated before the August report.

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**December ’19 Corn Marketing Strategy**

*Fall Scale-in Incremental Sales: $3.92, $4.06, $4.18, ?*

Consider an initial futures price objective for December corn futures to be $3.92 per bushel. That’s the top of the gap left on Aug. 12. Other reasonable price objectives to consider are the $4.06 per bu. level. That’s a 38% retracement of the June contract high and the Aug. low. The $4.18 per bu. level is a 50% retracement of those same high and low prices.

Try to capture these reasonable futures prices and lock-in the strongest corn basis at harvest in 4 years. Consider your on-farm storage capacity and the importance of managing your cash flow needs for this fall and winter.