

January 2021

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### A Then and Now look at Corn

It's been said that history often repeats itself and that we cannot know where we're going unless we know where we've been. Our behaviors are often influenced by what we've experienced in the past. As we start 2021, let's look at corn, now and 25 years ago.

### Corn Supply & Demand 2020/21 vs 1995/96

Taken from the Supply & Demand spreadsheet we publish each month, the chart below compares the final report (December) of 2021 and 1995. In 1995/96, you may recall, China was a fairly aggressive buyer of corn. Obviously, the balance sheet (stocks/use) was much tighter in 1996, but keep in mind that the 2021 number are still a liquid situation.

<i>Dec-20</i>	<u>2020/21</u>	<u>1995/6</u>
PLANTED	91.0	71.2
HARVESTED	82.5	65.2
YIELD	175.8	113.5
<b>PRODUCTION</b>	<b>14,507</b>	<b>7,400</b>
BEGIN STOCKS	1995	1,558
IMPORTS	25	15
<b>TOTAL SUPPLY</b>	<b>16,527</b>	<b>8,948</b>
FEED/RESIDUAL	5700	4,722
FOOD/SEED	6475	1,598
Ethanol	5050	
EXPORTS	2650	2,228
<b>TOTAL DEMAND</b>	<b>14,825</b>	<b>8,522</b>
END STOCKS	<u>1,702</u>	<u>426</u>
STOCKS/USE	11.4%	5.0%

## Corn: 1996 vs 2021



Looking at the chart above, you can see the trendlines are close to parallel for July corn. The chart below is a snapshot of December Futures – 1996 vs 2021. It will be interesting to see if these trendlines continue to parallel.



## July/Dec Corn Spread

As stated earlier, the balance sheet was tighter and China was an aggressive buyer in 1995/96. How did this affect the spread? While the 2021 numbers are still in flux, you can see from the chart below that back then the July/Dec corn spread traded to over \$1.50 premium July in the summer. Recall the angst this caused to the new HTA contracts!



## In Summary...

What do we make of this look back in time? Only time will tell how 2021 plays out but looking to the past might give us some idea.

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