



Corn Futures

Overview

In this report we summarize the Corn Future Market fundamentals, factors that affect the Corn future prices, Corn production cycle and contact details

Corn is the largest component of global coarse-grain trade, accounting for about three-quarters of total volume in recent years.

Corn is the most widely produced feed grain in the United States, and is mostly used for feed; smaller amounts are traded for industrial and food uses.

Corn Production Cycle

- **Pre-planting**:- The business of growing corn fills the calendar, with tasks ranging from seed selection and soil preparation to marketing, technology updates and a constant awareness of the weather forecast
- **Growth**: - scouting field conditions and protecting the health of the crop from insect, weed and disease
- **Post Planting**: - Dry and harvest equipment gathers the crop. Soil sampling, fertilizer applications and tillage decisions follow the large harvesting machine known as a combine, as does another round of bookwork to close the year and begin another. In July, farmers prefer mild temperatures and adequate rainfall to reduce stress as the corn plant pollinates and creates kernels.

Genetically Modified Organism (GMO)

GMOs are living organisms whose genetic material has been artificially manipulated in a laboratory through genetic engineering, or GE. This relatively new science creates unstable combinations of plant, animal, bacteria and viral genes that do not occur in nature or through traditional crossbreeding methods.

Genetically Modified Corn

GMO corn is genetically engineered to be herbicide resistant and to produce its own insecticide.

While genetically engineered or genetically modified (GM) wheat has not been approved for commercial planting, GM corn already reign supreme on American farms.

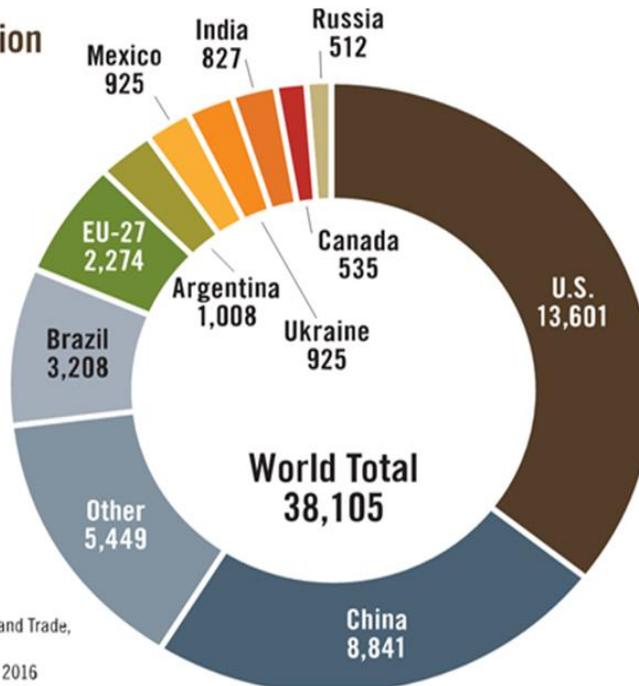
The adoption of herbicide-resistant corn, which had been slower in previous years, has accelerated, reaching 89 % of U.S. corn acreage in 2014 and in 2015, according to the U.S. Department of Agriculture.

Corn has been modified to improve resistance to weeds and insects, helping the farmers boost productivity. As U.S is the biggest producer of corn in the world, genetically engineered (Modified) corn helped increasing the supply of corn.

Corn Market Fundamentals

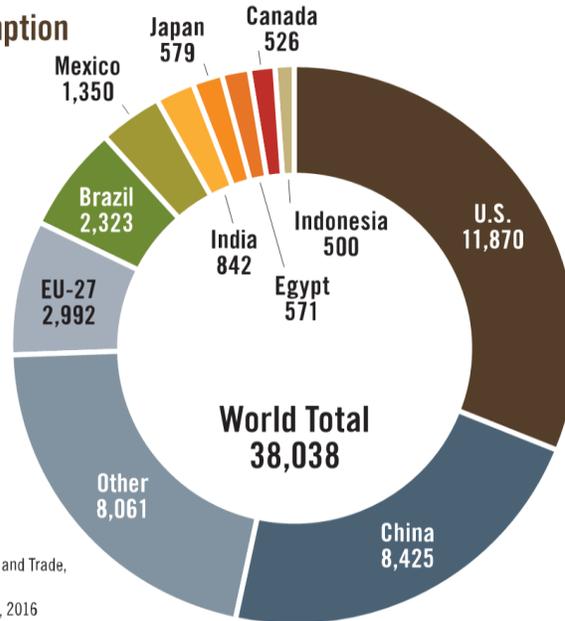
As the following charts illustrate that the U.S. make the majority of the corn market followed by China. They produce more than 55% of the global corn market thus the corn prices are extremely sensitive to their demand and supply.

World Corn Production
 2015–2016*
 (million bushels)



Source: USDA, FAS Grain: World Markets and Trade,
 Jan. 12, 2016
 *Marketing Year Oct. 1, 2015 – Sept. 30, 2016

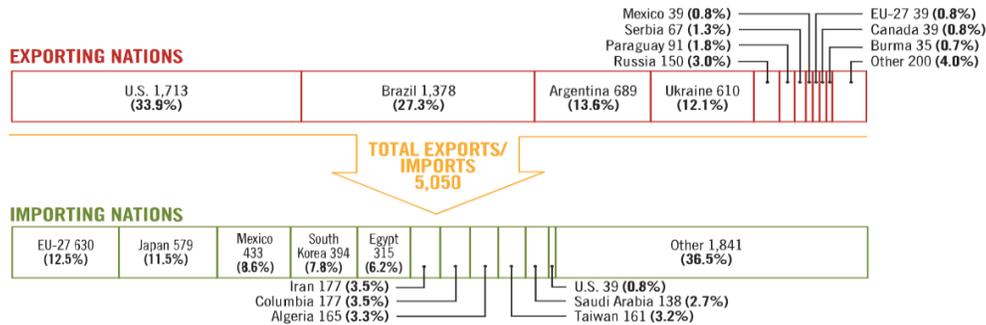
World Corn Consumption
 2015–2016*
 (million bushels)



Source: USDA, FAS Grain: World Markets and Trade,
 Jan. 12, 2016
 *Marketing Year Oct. 1, 2015 – Sept. 30, 2016

U.S and China are both the largest consumers and producers of corn in the world also U.S is standing as the biggest exporter followed by Brazil. Even though china produces 95% of its consumption, it's not one of the world largest corn importer or export due some losses in production and storage its demand.

World Corn Exports/Imports
 2015–2016*
 (million bushels)



Corn Future Contract Details

- Corn Futures trading months are March (H), May (K), July (N), September (U) & December (Z)
- Corn futures contract size is 5,000 bushels (~ 127 Metric Tons)
- Corn futures symbol ZC

Major Factors That Affect the Prices of Corn

- **Ethanol effect:** - The ethanol market is an important variable in pricing corn. Therefore, it is important to monitor the price of crude oil, which determines the demand for ethanol. Because About 40 percent of the corn crop goes to ethanol production, fundamentally, an increase in the demand for ethanol is going to increase the demand for corn.
- **Crude oil prices:** - Corn is fast growing into an energy commodity. This means that it would develop a price relationship with other energy commodities.
- **Climate:** - summer months is when trading corn futures takes on another dimension. The high price for corn is often set between late June and August for corn, due to weather scares that happen during the summer. Extreme heat and droughts is the biggest fear for farmers and corn traders. Corn prices often make their lows around harvest time. This is usually around November when the largest supplies are online after harvest and many corn farmers are selling their cash crops. Corn prices tend to have less volatility during the winter months, while exports and demand is the main thing to watch for corn

Technical analysis



Resistance level 1	Resistance level 2	Resistance level 3
367.1667	383.5833	393.4167
Support level 1	Support level 2	Support level 3
340.9167	331.0833	314.6667

Pivot Point	357.3333
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Conclusion

Investors should know that the market value of organic corn or grains grown without genetically modified seeds is harder to find. These crops are traded privately, with growers negotiating rates with buyers over the phone or via e-mail.

Sources

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