

Corn gapped higher overnight after closing limit bid yesterday. CZ21 up 13 ½¢ at 0530 at \$6.02 with solid volume to this point of 39K contracts. SX21 opened a scratch higher but traded as much as 23¢ lower before rebounding to trade higher. SX21 now 10¢ higher at \$14.09 on volume of just over 30K contracts.

NASS corn and soybean acreage numbers a bullish surprise. Both numbers on the low side of trade expectations and well under the average trade guesses. Incorporating new acreage numbers (holding everything else constant) tightens balance sheets and some argue for additional risk premium.

The largest corn acre additions (compared to USDA's March report) came from Minnesota, North Dakota, and South Dakota – three states struggling with drought and a high % of acres in the poor / very poor crop rating category. IA NE and WI lost corn acres from the March report.

Yesterday we looked at new crop corn and soybean scatter charts that incorporated new acreage. Data suggested potential upside on beans, corn, already holding a premium to regression equilibrium.

Weekly EIA data had ethanol production up 1 percent on the week with stocks up 2.1%. Gas consumption off 3% from the previous week. Weekly corn grind totaled 107.1 mln bu and is near 6.3 mln bu above the pace needed to hit USDA annual use estimate.

Acreage data (taken at face value) makes it a must to have a good corn yield this year. Any national yield that is significantly subpar creates a rationing scenario. Same for beans. Some will take issue with NASS total acreage data. Counting all crops, total acreage down 3.3 mln from a year ago?

No corn or meal deliveries again overnight. Same 13 beans delivered yesterday put back on the street.

Corn OI up 10K contracts yesterday. First OI increase in 13 sessions.

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