
INTRODUCTION TO CORN FUTURES

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WHAT IS CORN?



- A tall, warm-season annual cereal grass.
- A starchy vegetable.
- Its seeds are known as corn which is **edible**.
- One of the most extensively grown food crops worldwide.

WHERE IS CORN FROM?



Corn was domesticated by the natives in **southern Mexico** around 10,000 years ago.

Corn is now cultivated in most **U.S.** states. and has become a staple food throughout most of the world.

The primary corn production area is:

- the Heartland region
- Iowa
- Illinois

CORN PLANTING

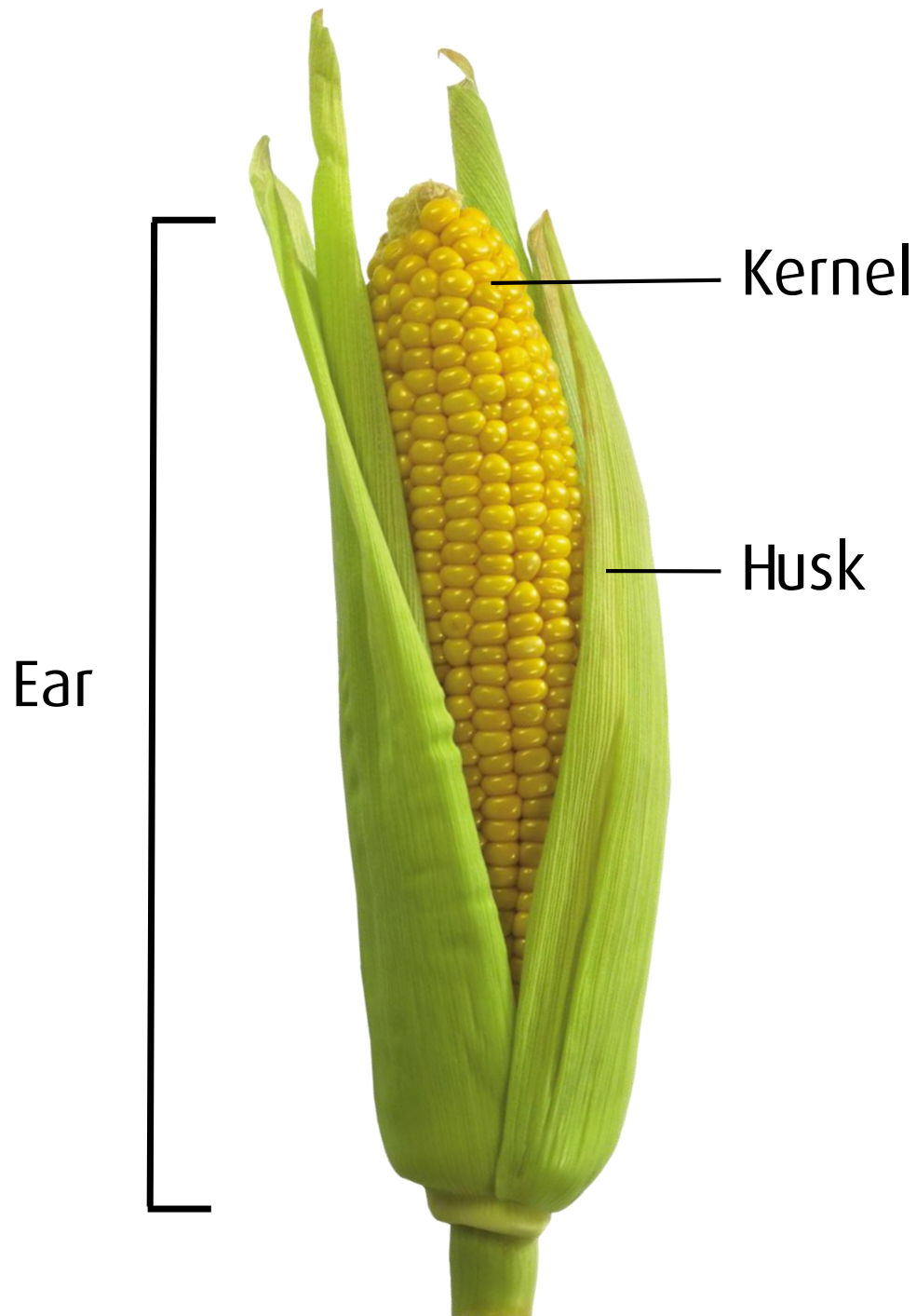
The optimum temperature for planting corn is **16-35°C**.

Corn plant requires **6 to 8 hours** of direct sunlight daily.

The flowers of corn are **wind-pollinated**.

Corn takes **60 to 100 days** to reach harvest.

STRUCTURE OF CORN



Corn comes as kernels on a cob and is covered by a husk.

TYPES OF CORN



Sweet Corn

- Yellow, white or bi-colour
- Standard sugary corn
- Is marketed fresh to consumers
- Mostly grown in Northern States



Flint/Indian Corn

Red, white, blue, black and gold
Harder than sweet corn
Used as fall decorations in U.S.
Grown in Central and South America



Dent Corn

White and yellow
Has a dent on top of each kernel
Used for animal feed and manufactured food (e.g. grits, tortilla chips)

TYPES OF CORN



Pod Corn

Each kernel is enclosed in a husk
Used for ornamental purposes
Grown in South and Central America



Pop Corn

A type of corn all its own
A variety of flint corn
Puffs up and expands when heated
A popular snack food in movie theaters



Flour Corn

Used to make corn flour
With a soft shell
Its kernel is soft, mealy and easily ground

USAGE OF CORN



Human Food

- Third largest plant-based food source worldwide
- Used for staple food (e.g. tortillas, tamales, arepas), popcorn, corn oil, cornstarch, corn syrup

Biofuel

- Corn ethanol is combined with gasoline to produce "gasohol"



USAGE OF CORN



Livestock Feed

- Corn makes up 50 to 70% of the diets of poultry and pigs.
- Corn gluten is used to feed dairy and beef cattle, poultry, and pigs

Industry Raw Material

A raw material for industrial products:

- starch
- oil
- alcoholic beverages
- food sweeteners
- cosmetics



BENEFITS OF CORN

Lower the chances of getting heart disease, cancer and type 2 diabetes.

Prevent colon cancer by feeding healthy bacteria in the digestive tract.






Rich in vitamin C that protects your cells from damage.

Promote better gut health.



DEMAND & SUPPLY FOR CORN

2023 Top 5 Corn Importers

<u>Country</u>	<u>Billion USD</u>
 China	7.56
 Mexico	5.80
 Japan	4.52
 Vietnam	2.58
 South Korea	2.49

2023 Top 5 Corn Exporters

<u>Country</u>	<u>Billion USD</u>
 Brazil	14.40
 United States	14.40
 Argentina	6.62
 Ukraine	5.46
 France	2.01

FACTORS AFFECTING DEMAND AND SUPPLY

FOOD CONSUMPTION

Population growth, market development and changes in tastes will influence the demand for corn-based food.



ANIMAL FEED

Corn demand increases when the animal feed consumption for cattle, poultry and pigs increases.

WEATHER

Adverse weather conditions like droughts and frost can negatively affect corn production, thus reducing supply.



PRODUCTION AREA

The absence of well-drained soil with a minimum temperature of 16°C will impact the total production of corn.

GOVERNMENT POLICIES

Import/export policies, trade agreements and exchange rates can impact the global supply of corn.



INDUSTRIAL USE

Industrial usage of corn to produce starch and alcohol will impact the demand for corn.

WHAT ARE CORN FUTURES

A fully electronic, exchange-traded contract listed on CBOT under **CME Group**.

The **most active** and **liquid** market in grains.

Summer months (Jun-Aug in the U.S.)
= active period

Winter months (Dec-Feb in the U.S.)
= quiet period

A **price-hedging tool** for companies that rely on corn-related products



WHY TRADE CORN FUTURES

Gain leveraged exposure to Corn Futures with a small amount of capital

LEVERAGE

High liquidity that allows easy market entry and exit

LIQUIDITY

Available to trade in both U.S. and Asian market hours

FLEXIBILITY

Regulated by a central exchange thus minimising trading risk

SECURITY



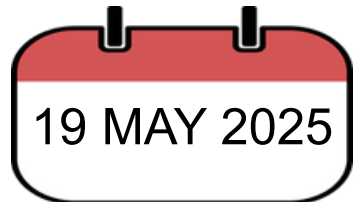
CONTRACT SPECIFICATIONS

	Corn Futures	Mini Corn Futures	Micro Corn Futures
Underlying Instrument	Corn		
Contract Code	ZC	XC	MZC
Contract Size	5,000 bushels	1,000 bushels	500 bushels
Minimum Fluctuation	0.25 pt = \$12.50 (1 pt = \$50)	0.125 pt = \$1.25 (1 pt = \$10)	0.50 pt = \$2.50 (1 pt = \$5)
Contract Month	9 monthly contracts of Mar, May, Sep and 8 monthly contracts of Jul and Dec listed annually after the termination of trading in the December contract of the current year.		Two Decembers and all prior March, May, July, and September contracts
Settlement Method	Physical		Cash
Trading Hours	21:30 - 02:15 08:00 - 20:45, 21.30 - 02:20 (Globex)		

MICRO CORN FUTURES (MZC)

Trading Examples

Bullish Market



19 MAY 2025

You think the price of MZC will go up and **BUY 1 lot @ 445**



21 MAY 2025

You close your position and **SELL 1 lot @ 460**

Gross Profit
= Price Difference x Contract Size
= (460 - 445) x USD 5
= **USD 75**

Bearish Market



1 MAY 2025

You think the price of MZC will go down and **SELL 1 lot @ 476**



5 MAY 2025

You close your position and **BUY 1 lot @ 458**

Gross Profit
= Price Difference x Contract Size
= (476 - 458) x USD 5
= **USD 90**

CORN FUTURES OVERVIEW 2024



Corn prices were initially firm in early 2024 due to drought in South America but declined later as weather improved and U.S. production rose, hitting a low of \$3.60 in August.

Therefore, weather in the U.S. and South America will be key for future prices amid concerns over drought and La Niña effects.



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