

# Producer Wire

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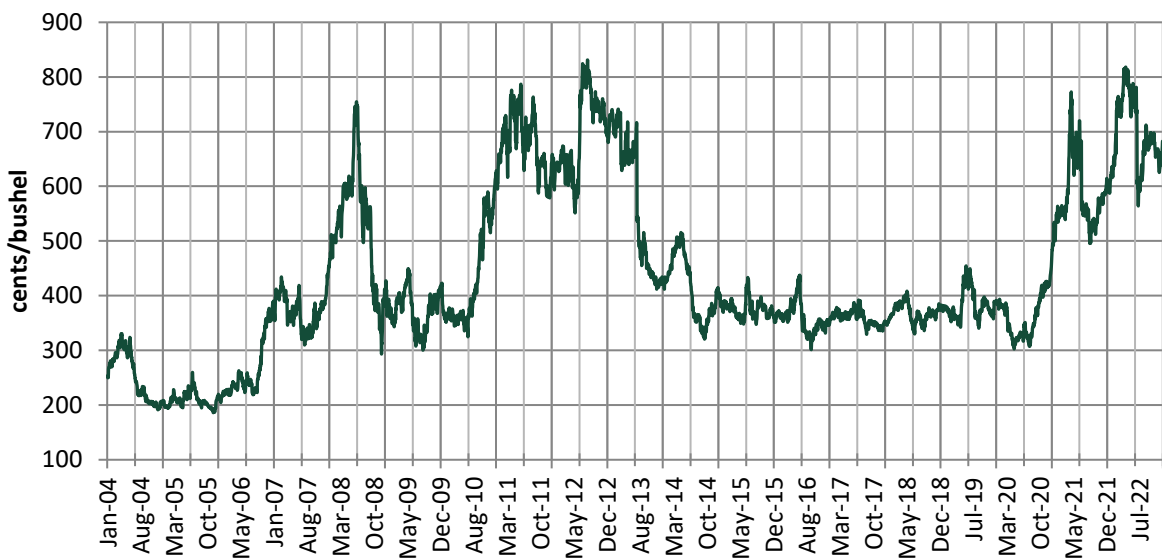
## “A Stroll Down Memory Lane” Underscores Disciplined Market Approach

## Highlights

The 2023 U.S. growing season is likely to have surprises—and opportunities. A review of the corn market since 2004 shows how quickly price perception and trend can change. This underscores how unpredictable prices can be. To manage market volatility, a disciplined approach that provides a floor price but also flexibility to participate in market rallies is a sound risk management strategy to implement. Your *Advance Trading* advisor is prepared to assist in executing a marketing plan for any remaining 2022 crop as well as projected 2023 production.

Market volatility can be viewed with fear or as opportunity

Nearby corn futures



Disciplined approach, providing a floor price and flexibility to participate in rallies, a sound risk management strategy

At current cash prices, losses for a cattle feedyard not hedging ranged from \$54 to \$103/head

### LIVESTOCK

### EGGS/POULTRY

Kansas cash cattle prices were up \$1.10 cwt from last week at \$165.10/cwt. At the current price, a feedyard that was not hedging lost \$54.38 to \$102.67 per head depending on how the feed was purchased. Projections indicate a loss for un-hedged producers. [\(Read more...\)](#)

Egg prices were up 15.0 cents/dozen from last week at 247.7 cents/dozen and remained above estimated production costs. Total production costs were up 0.5 cent/dozen from the week before at 79.2 cents/dozen. With this, producer margins were positive 168.4 cents/dozen. [\(Read more...\)](#)



Ethanol grind:  
1,010,000 barrel/day  
for week end March 3—  
up 0.7% v. last week  
but down 1.8% v. 2022

# Each crop year is unique and has its own share of surprises— and opportunities

Over the past few months, I have traveled to present outlook meetings at various areas around the country. It was good to be “back on the road,” as I always enjoy visiting with producers and hearing about their operations. Each year, we share a brief outlook on markets along with Advance Trading’s risk management philosophy. While combing through my files, I came across the slides below that were previously presented by one of our advisors. After updating the overview with what occurred in 2022, it re-emphasized the difficulty—in fact, impossibility—of predicting price. To summarize, the review highlights the general market consensus for each year as opposed to an ATI strategy recommendation.



## A Stroll Down Memory Lane “General Market Consensus”

**2004** – “Can’t grow near enough corn to keep up with demand” – prices plunge ..... 35-40c LDP’s at harvest

**2005** – Hot & dry summer (“prices have to rally”)- CZ never higher than \$2.75 ..... 40c+ LDP’s at harvest

**2006** – Not much sold ahead last year ... A lot of \$2.50-2.60 corn forward sold .... start of Ethanol Boom & rally to \$4.00

**2008** – Prices rally from \$4.00 to near \$8.00, then drop to below \$2.90 !! by early December

**2010** – \$4.00, \$4.25, \$4.50 are great prices- “just sell it!” Prices soar to \$6.30 on crop problems

**2012** – DROUGHT! Almost any sale becomes a cheap sale as prices rally to \$8.00+. Scale-in sellers thinking 50% sold .... Actually 120% sold!

Source: Advance Trading, Inc.

**Market volatility can be viewed with fear or as opportunity.** It’s easy to see how frustration can set in if a win-lose approach to marketing is implemented. For example, aggressively storing corn at harvest last fall with March 2023 corn futures at \$7.00 did not turn out well. While supply and demand fundamentals are constantly changing, the good news is there are tools available to manage volatility.



## A Stroll Down Memory Lane “General Market Consensus”

**2016** – “Wait until pollination to sell” (market peaked in mid-July in 2015) —CZ 2016 peaks in *mid-June* .... & declines \$1.00 into mid-July

**2019** – New-crop futures rallied into June on unprecedented planting delays—“Wait until \$5.00 to sell”; CZ 2019 peaks at \$4.73 on June 17

**2020** – Smaller U.S. crop sends March corn futures to \$4.50—“\$4.25 is a good sale”; March jumps to \$5.74 as China aggressively buys U.S. corn

**2021** – March corn futures at \$5.50 at harvest—“how often can you sell \$5.00 off the combine?”; March soars to \$8.00 as Russia invades Ukraine

**2022** – March corn futures at \$7.00 at harvest—“corn is going back to \$8.00”; March slides to \$6.20 as U.S. Sept-Nov exports dn 35% vs. 2021

*So many examples of how the markets  
have a NASTY sense of humor!*

Source: Advance Trading, Inc.

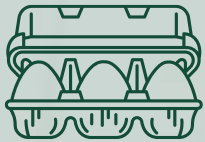
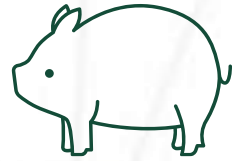
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# LIVESTOCK



The average cash price for 750-pound feeder cattle was up \$11.15/cwt from the week before at \$199.75/cwt. Expected corn costs were up \$0.15 from the week before at \$7.24/bushel. At these levels, we pencil a breakeven price of \$176.28/cwt, up \$7.77/cwt from the week before. With cash cattle in June projected to be \$159.62/cwt, a feedyard could expect a loss of \$208.27 per head.

The Iowa/So. Minnesota weekly average price was up \$0.87/cwt from the week before to \$58.13/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs lost from \$9.91 to \$14.79 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in June and with estimated corn costs at \$6.44/bushel and soybean meal at \$481.30/ton, expected production costs are \$62.88/cwt to raise the pig to a live market weight in December. With cash hogs projected to be \$64.31/cwt, a pork producer would have a profit of \$3.56 per animal.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 02/25/23 were up 0.2% from the week before. Egg sets were up 0.4% from a year ago and average egg set over the last four weeks is up 0.3% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 2.8% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 2.7% above the five-year average. Chick placements were up 0.1 % from year ago levels. Placements during the latest week were down 0.8% from last week and placements over the last four weeks were up 0.5%.

Chicken prices were up \$0.12 per bird from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$5.49 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were down \$0.01 from last week at \$3.97 per bird. With this, estimated returns were up \$0.13 from the week before at \$1.52 per bird.

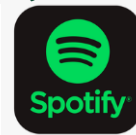


Ethanol grind: 1,010,000 barrels/day for the week ending March 3—up 0.7% versus last week but down 1.8% v. 2022. Stocks were 25.320 mb, up 0.545 mb from the prior week, and up 0.049 mb versus last year.

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