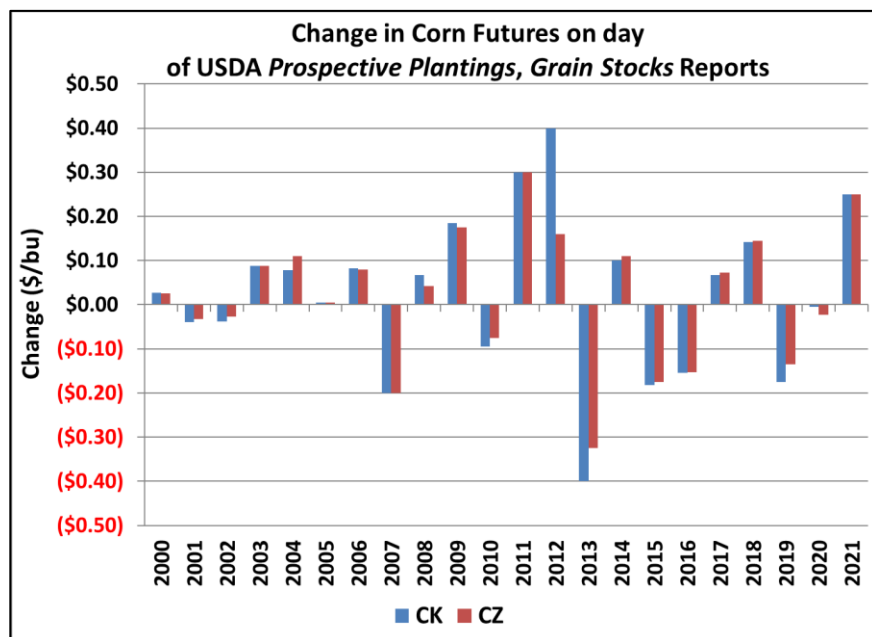


Producer Wire


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March 31 USDA Reports Can Lead to Significant (Unpredictable) Price Swings

Major changes in corn and soybean futures prices have been seen on the day when the USDA releases its Prospective Plantings and Grain Stocks reports. The magnitude of the changes has generally increased in recent years underscoring the financial impact. Price prediction is impossible, but a disciplined risk management program can help manage increased price volatility regardless of market direction. As always, your *Advance Trading* advisor is well prepared to help develop and implement a customized strategy for your operation.




LIVESTOCK



Kansas cash cattle prices were down \$0.03 cwt from last week at \$165.07/cwt. At the current price, a feedyard that was not hedging lost \$42.17 to \$98.45 per head depending on how the feed was purchased. Projections indicate a loss for un-hedged producers. (Read more...)

EGGS/POULTRY



Egg prices were up 28.0 cents/dozen from last week at 275.7 cents/dozen and remained above estimated production costs. Total production costs were down 0.9 cent/dozen from the week before at 78.3 cents/dozen. With this, producer margins were positive 197.4 cents/dozen. (Read more...)



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Highlights

Major price changes have been seen on the day when USDA Prospective Plantings, Grain Stocks reports are released

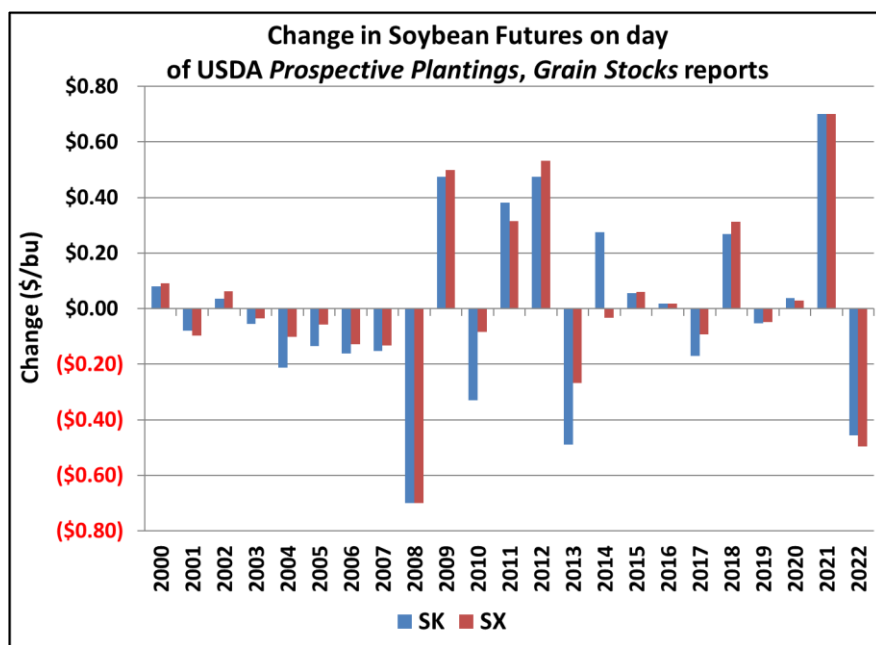
A disciplined risk management program can help manage increased price volatility regardless of market direction

Egg prices were higher from the previous week and remain above estimated production costs

Ethanol grind:
1,014,000 barrel/day
for week end March
10—up 0.4% v. last
week but down 1.2% v.
2022

Increased price volatility has been associated with release of USDA Prospective Plantings, Grain Stocks reports

Two eagerly anticipated reports from the USDA will be released on March 31: Prospective Plantings and Grain Stocks. History shows that major changes in corn and soybean futures prices have been seen on the day when the USDA releases these reports. To illustrate those trends, the charts presented on the first page and below quantify the change in old-crop futures (represented by "CK" and "SK") and new-crop futures ("CZ" and "SX") on the day the reports were released compared to the settlement prices on the previous day e.g., in 2022 the price of December 2022 corn futures ("CZ") closed \$0.2775 higher on March 31 while November 2022 soybean futures ended \$0.4975 lower.



Observations: There is no trend in the changes from one year to the next, e.g. old-crop corn was up \$0.10 in 2014 but *down* \$0.18 ¼ in 2015. Next, while the change for old-crop and new-crop prices for a particular crop is usually in the same direction for a given year, *the direction of corn and soybeans can be different*, e.g. this is what was seen in 2022, as noted above. Finally, the magnitude of the changes has generally increased in recent years, underscoring the financial impact.

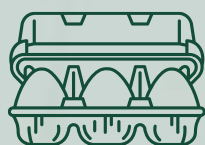
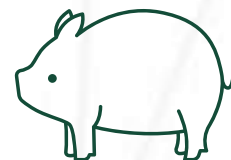
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LIVESTOCK



The average cash price for 750-pound feeder cattle was unchanged from the week before at \$199.75/cwt. Expected corn costs were down \$0.08 from the week before at \$7.16/bushel. At these levels, we pencil a breakeven price of \$175.72/cwt, down \$0.56/cwt from the week before. With cash cattle in August projected to be \$157.56/cwt, a feedyard could expect a loss of \$227.00 per head.

The Iowa/So. Minnesota weekly average price was up \$0.09/cwt from the week before to \$58.22/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs lost from \$9.79 to \$12.69 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in July and with estimated corn costs at \$6.24/bushel and soybean meal at \$483.90/ton, expected production costs are \$62.25/cwt to raise the pig to a live market weight in January. With cash hogs projected to be \$64.24/cwt, a pork producer would have a profit of \$4.97 per animal.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 03/04/23 were up 0.2% from the week before. Egg sets were up 0.9% from a year ago and average egg set over the last four weeks is up 0.6% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 2.2% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 2.0% above the five-year average. Chick placements were up 0.6% from year ago levels. Placements during the latest week were up 0.3% from last week and placements over the last four weeks were up 0.8%.

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 \$5.61 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were unchanged from last week at \$3.97 per bird. With this, estimated returns were up \$0.12 from the week before at \$1.64 per bird.

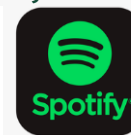


Ethanol grind: 1,014,000 barrels/day for the week ending March 10—up 0.4% versus last week but down 1.2% v. 2022. Stocks were 26.394 mb, up 1.074 mb from the prior week, and up 0.449 mb versus last year.

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