

Producer Wire

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Previewing the USDA Prospective Plantings and Grain Stocks Reports

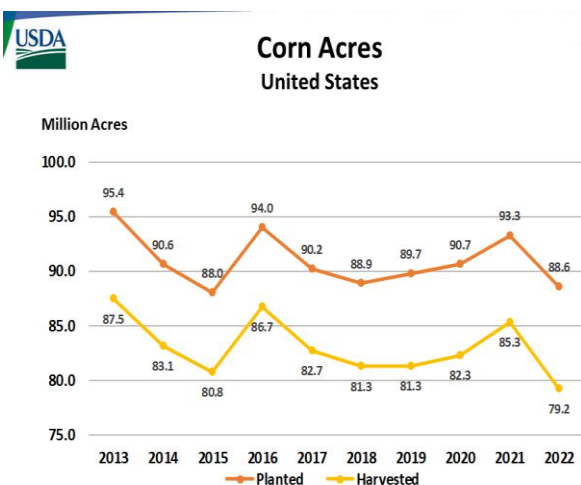
Highlights

USDA to release
Prospective Plantings,
Grain Stocks reports on
March 31

Increased price
volatility may lead to
opportunity

Cash hog prices
declined last week and
returns were below
estimated production
costs for most
producers

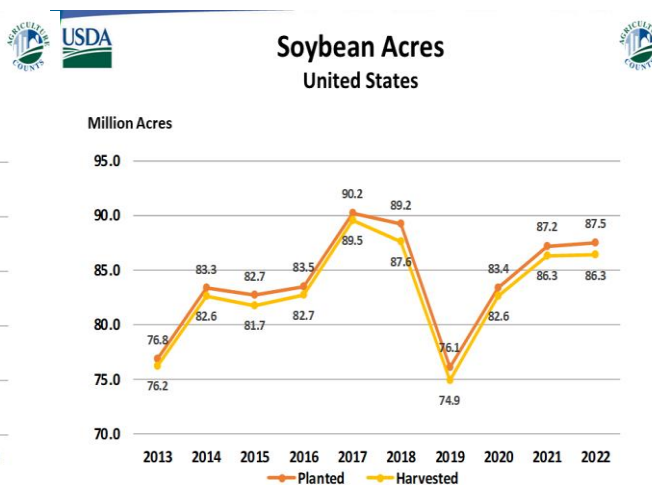
Ethanol grind: 997,000
barrel/day for week
end March 17—down
1.7% v. last week and
down 4.3% v. 2022



United States Department of Agriculture
National Agricultural Statistics Service

January 12, 2023

Source: USDA



United States Department of Agriculture
National Agricultural Statistics Service

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LIVESTOCK

Kansas cash cattle prices were down \$1.17 cwt from last week at \$163.90/cwt. At the current price, a feedyard that was not hedging lost \$57.48 to \$123.45 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 26.7 cents/dozen from last week at \$3.02/dozen and remained above estimated production costs. Total production costs were down 1.3 cent/dozen from the week before at 76.9 cents/dozen. With this, producer margins were positive \$2.25 cents/dozen. (Read more...)



USDA Prospective Plantings report to provide first survey-based estimate of 2023 acreage

The long-awaited USDA *Prospective Plantings* and *Grain Stocks* reports will be released on March 31. As noted in last week's wire, significant changes in corn and soybean futures prices are possible after the release of these reports. Our objective this week is to spotlight trade expectations for the reports and underscore the importance of executing risk management strategies, regardless of post-report price action.

Starting with the *Prospective Plantings* report—the first survey-based estimate of 2023 acreage—there seems to be a wide range of expectations for corn. The USDA at last month's Agricultural Outlook Forum pegged 2023 planting at 91.0 million, or 2.7% above the 2022 total of 88.6. Alternatively, one private firm has released an estimate of just 87.7 million, or 1.0% lower than a year ago. We can utilize this range of estimates to forecast a range for production by penciling in normal harvested acreage and incorporating the national average yield of 181.5 bpa from the Forum. For example, if plantings are 91.0 million and harvested 83.4 million, total production at the high end of the range would be 15.085 billion bushels. At the low end of the range at 87.7 million, projected production would fall 549 million bushels to 14.536 bbu. For soybeans, the USDA Outlook Forum estimated 2023 plantings at 87.5 million acres, which is unchanged from a year ago. The same private firm noted above, however, is projecting an increase in plantings of 2.4% to 89.6 million. Performing the same exercise as corn with harvested acreage and yield (Forum yield estimate was 52.0 bpa), the projected range in production is 4.510-4.617 bbu.

Grain Stocks report enables comparison of usage trends within a crop year

The *Grain Stocks* report is only released four times during the year: January, March, June and September. *Not only does the March provide a point of reference to the trade estimates, but it also enables a comparison of usage trends **within** a crop year.* For example, one of the items that the market will be watching closely is the level of implied corn feed/residual usage in December-February. That's because the 6.0% year-to-year decrease in feed/residual usage during Sept-Nov last year was notably below the 7.7% decrease in the annual forecast by the USDA. Will the USDA confirm higher-than-expected feeding again in the second quarter of the marketing year, or was usage curtailed in line with the USDA forecast? For soybeans, the report will potentially shed light on whether the 2022 crop was overstated or understated by the USDA.

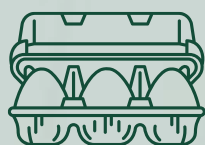
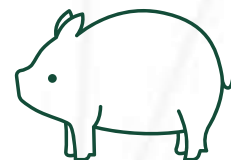
As highlighted last week, recent history suggests increased price volatility is possible on the day the reports are released. As a student of the market, you understand that increased price volatility may lead to opportunity. Your *Advance Trading* advisor can help you design and execute risk management strategies for 2022 and 2023 production.

LIVESTOCK



The average cash price for 750-pound feeder cattle was down \$4.45/cwt from the week before at \$195.30/cwt. Expected corn costs were up \$0.14 from the week before at \$7.30/bushel. At these levels, we pencil a breakeven price of \$173.64/cwt, down \$2.08/cwt from the week before. With cash cattle in August projected to be \$159.62/cwt, a feedyard could expect a loss of \$200.94 per head.

The Iowa/So. Minnesota weekly average price was down \$1.04/cwt from the week before to \$57.18/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs lost from \$10.88 to \$12.47 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 \$6.47/bushel and soybean meal at \$461.00/ton, expected production costs are \$62.46/cwt to raise the pig to a live market weight in January. With cash hogs projected to be \$57.95/cwt, a pork producer would have a loss of \$11.27 per animal.



Broiler egg sets during the latest reported week were below last year's levels. Egg sets during the week ending 03/11/23 were down 0.5% from the week before. Egg sets were down 0.1% from a year ago and average egg set over the last four weeks is up 0.4% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 2.1% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 2.2% above the five-year average. Chick placements were up 0.1 % from year ago levels. Placements during the latest week were down 0.2% from last week and placements over the last four weeks were up 0.6%.

Chicken prices were up \$0.11 per bird from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$5.73 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were down \$0.01 from last week at \$3.96 per bird. With this, estimated returns were up \$0.12 from the week before at \$1.76 per bird.

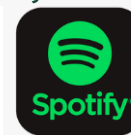


Ethanol grind: 997,000 barrels/day for the week ending March 17—down 1.7% versus last week and down 4.3% v. 2022. Stocks were 26.188 mb, down 0.206 mb from the prior week, and up 0.040 mb versus last year.

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