

# Producer Wire

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## South American Production Updates to Highlight USDA Supply/Demand Report

## Highlights

Smaller Argentina corn, soybean crops expected in April 11 USDA report

Trade remains optimistic about Brazil crops, although late planting of *safrinha* corn a potential wild card

Broiler egg sets during the latest reported week were above last year's level

Ethanol grind: 1,003,000 barrel/day for week end March 31—unchanged compared to both last week and 2022

Attention on the USDA monthly Supply/Demand report on April 11 will be on trends in South American production. With a significant percentage of the Argentina soybean crop yet to be harvested, pollination weather for *safrinha* (double crop) corn in Brazil still ahead and the growing season for U.S. crops just beginning, uncertainty remains high. Your *Advance Trading* advisor is well prepared to help you turn uncertainty into opportunity through implementation of customized risk management strategies.

Corn and soybean production in Argentina



### LIVESTOCK

Kansas cash cattle prices were up \$4.06 cwt from last week at \$167.05/cwt. At the current price, a feedyard that was not hedging lost \$23.83 to \$102.15 per head depending on how the feed was purchased. Projections indicate a loss for un-hedged producers. (Read more...)

### EGGS/POULTRY

Egg prices were down 42.0 cents/dozen from last week at 263.3 cents/dozen and remained above estimated production costs. Total production costs were up 2.1 cent/dozen from the week before at 78.1 cents/dozen. With this, producer margins were positive 185.3 cents/dozen. (Read more...)



## Historic drought in Argentina points to decrease in production estimates of corn and soybean crops

The USDA on April 11 will release its monthly Supply/Demand report, with attention centering on corn and soybean production trends in South America. Looking at Argentina, all indications point to smaller estimates of corn and soybean production on the heels of one of worst droughts in decades. According to the Buenos Aires Grain Exchange (BAGE), 66% of the crop is rated Poor/Very Poor compared to 17% a year ago. The USDA in March slashed soybean production in Argentina by 8.0 MMT to 33.0 MMT as a result of major cut in yield (from 38.4 bpa to 31.7) and modest reduction in harvested acreage (from 39.3 million acres to 38.3). Although rain has returned to Argentina the last week or two, it came too late for early planted beans. The average trade estimate for Argentina soybean output is 29.0 MMT, with a range of estimates of 25.0-31.5.

Corn crop potential in Argentina also remains poor. Nationwide harvest is at 10.4% according to the BAGE, with 52% of the crop rated Poor/Very Poor compared to 24% a year ago. The USDA in March lowered corn production by 7.0 MMT to 40.0 MMT due solely to a cut in yield from 111.7 bpa to 95.1. The average trade estimate for Argentina corn output is 37.0 MMT, with a range of estimates of 33.0-39.0.

## Brazil soybean output to rise sharply compared to last year; corn potential is high but key weather period ahead

Soybean harvest in Brazil is near 80% complete, with high yields in many key areas. The USDA in March pegged production at a record 151.0 MMT, up 17% from last year. The average trade estimate for the Supply/Demand report is 153.6 MMT (range: 151.0-157.7). Corn crop potential in Brazil also remains high. The USDA in March projected a 4% increase in acreage and yield compared to last year, resulting in a record production estimate of 125.0 MMT. Still, it's important to remember that pollination of *safrinha* (double crop) corn will not take place until later this month into early May. That's also the time when the dry season for Brazil typically begins, making weather trends over the next month to six weeks very important. Due to a late soybean harvest, planting of the *safrinha* crop occurred outside of the ideal planting window in parts of the south. These areas could be susceptible to yield loss if the dry season begins early or a frost is seen before July. The average trade estimate for corn production next week's report is 126.4 MMT, with a range of 123.0-131.3.

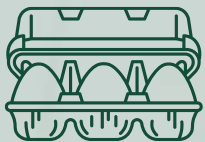
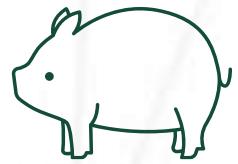
With a significant percentage of the Argentina soybean crop yet to be harvested, pollination weather for *safrinha* (double crop) corn in Brazil still ahead and the growing season for U.S. crops just beginning, uncertainty remains high. Your *Advance Trading* advisor is well prepared to help you turn uncertainty into opportunity through implementation of customized risk management strategies.

# LIVESTOCK



The average cash price for 750-pound feeder cattle was down \$1.80/cwt from the week before at \$195.50/cwt. Expected corn costs were down \$0.06 from the week before at \$7.24/bushel. At these levels, we pencil a breakeven price of \$173.50/cwt, down \$1.43/cwt from the week before. With cash cattle in August projected to be \$163.42/cwt, a feedyard could expect a loss of \$126.02 per head.

The Iowa/So. Minnesota weekly average price was down \$1.46/cwt from the week before to \$56.20/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs lost from \$11.92 to \$15.42 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 \$6.74/bushel and soybean meal at \$466.00/ton, expected production costs are \$63.32/cwt to raise the pig to a live market weight in January. With cash hogs projected to be \$58.88/cwt, a pork producer would have a loss of \$11.10 per animal.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 03/25/23 were up 0.7% from the week before. Egg sets were up 0.7% from a year ago and average egg set over the last four weeks is up 0.5% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 3.0% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 2.6% above the five-year average. Chick placements were up 0.7 % 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 0.3%.

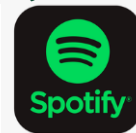
Chicken prices were up \$0.15 per bird from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$5.96 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were up \$0.01 from last week at \$3.96 per bird. With this, estimated returns were up \$0.15 from the week before at \$2.00 per bird.



Ethanol grind: 1,003,000 barrels/day for the week ending March 31—unchanged versus last week and 2022. Stocks were 25.136 mb, dn 0.391 mb from the prior week, and dn 0.767 mb versus last year

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