

# Producer Wire

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## Recent History Shows Final U.S. Corn Yield Can be Well Above or Below Trend

## Highlights

Significant variance in actual U.S. corn yield from trend forecast has been seen

Effective management of price volatility is essential to successful marketing

Egg prices were lower from the previous week but remain above estimated production costs

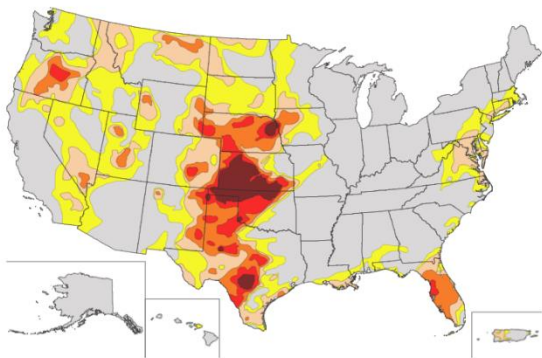
Projections of the trend yield for U.S. corn in 2023 are varied. Regardless, recent history confirms that the final yield can be substantially above or below trend depending on post-planting weather developments. The variability in yield relative to trend projections is a major factor contributing to the increased price volatility that is often seen throughout the growing season. Effective management of price volatility is essential to successful marketing. Working closely with your *Advance Trading* advisor to develop and execute a customized risk management strategy is prudent.

U.S. Drought Monitor



### Seasonal Precipitation Outlook

Valid: May-Jun-Jul 2023  
Issued: April 20, 2023



U.S. Drought Monitor Category

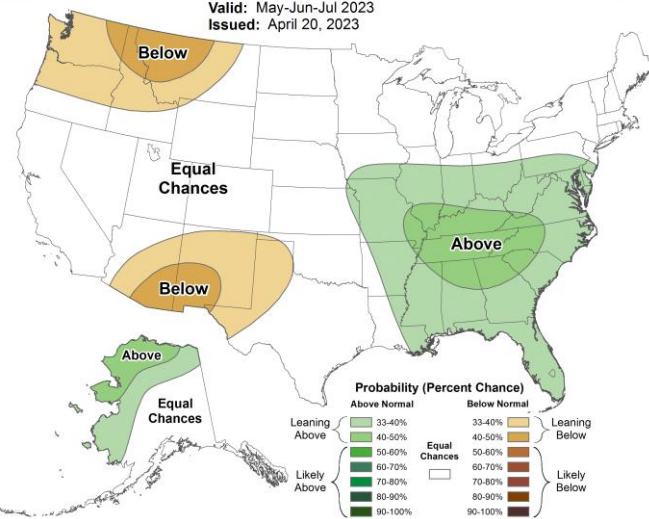
- D0 - Abnormally Dry
- D1 - Moderate Drought
- D2 - Severe Drought
- D3 - Extreme Drought
- D4 - Exceptional Drought

% of U.S.

- 17.3%
- 11.2%
- 5.8%
- 2.8%
- 1.9%
- 21.6%

Total Area in Drought (D1-D4)  
Source(s): NDMC, NOAA, USDA  
Updates Weekly: 04/18/23

[Drought.gov](http://Drought.gov)



Probability (Percent Chance)

- | Above Normal  |         | Below Normal |               |
|---------------|---------|--------------|---------------|
| Leaning Above | 33-40%  | 33-40%       | Leaning Below |
| Likely Above  | 40-50%  | 40-50%       | Likely Below  |
|               | 50-60%  | 50-60%       |               |
|               | 60-70%  | 60-70%       |               |
|               | 70-80%  | 70-80%       |               |
|               | 80-90%  | 80-90%       |               |
|               | 90-100% | 90-100%      |               |

### LIVESTOCK

Kansas cash cattle prices were up \$5.97 cwt from last week at \$176.09 profited \$43.67 to \$114.60 per head depending on how the feed was purchased. Projections indicate a profit for unhedged producers.



[\(Read more...\)](#)

### EGGS/POULTRY

Egg prices were down 52.3 cents/dozen from last week at 138.0 cents/dozen and remained above estimated production costs. Total production costs were up 1.4 cent/dozen from the week before at 77.9 cents/dozen. With this, producer margins were positive 60.1 cents/dozen.



[\(Read more...\)](#)

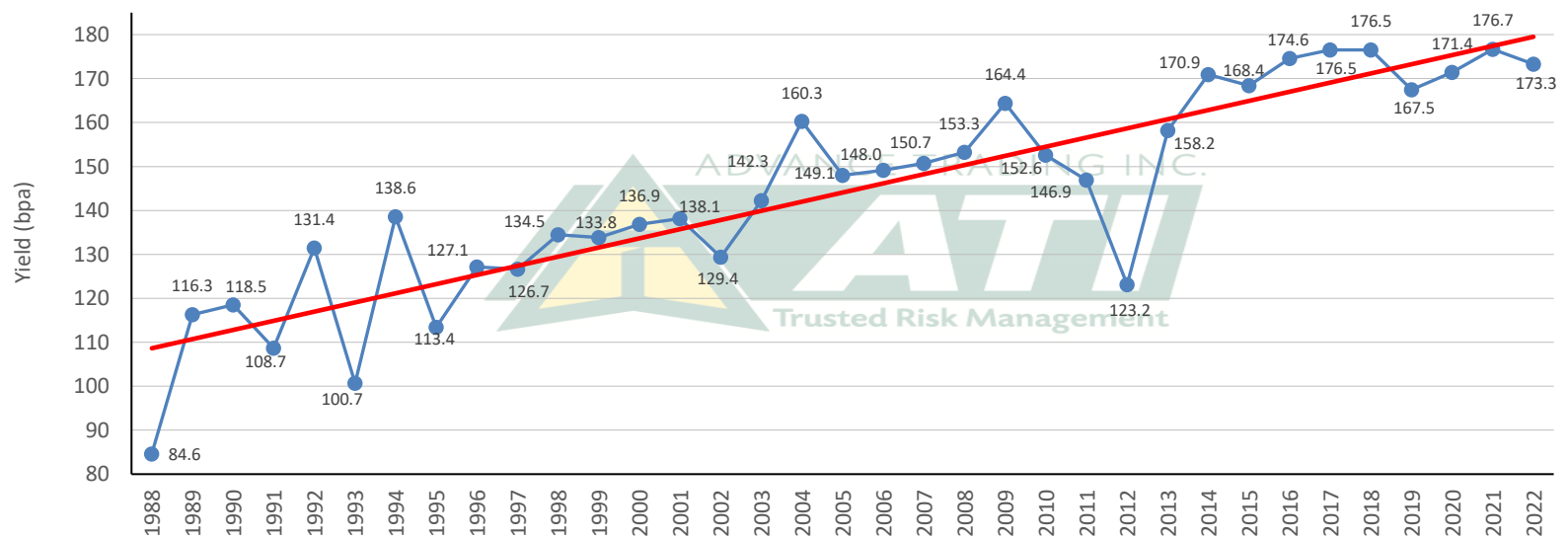
Ethanol grind:  
1,024,000 barrel/day for week ending April 14—up 6.8% compared to last week and up 8.1% vs. 2022

# Trend yield projection a useful benchmark for production forecast but final result can vary significantly

Planting of the 2023 U.S. corn crop has finally begun in earnest in some areas, although cold and wet conditions have slowed progress in other regions. If planting eventually takes place in a reasonably timely manner, the focus of the market will rapidly shift to yield prospects.

Temperature and precipitation data after planting is completed are frequently utilized to construct a national average corn yield forecast. Prior to the completion of planting, however, a common way to approach forecasting yields is to utilize a trend projection. A trend yield is based on a statistical analysis of actual yields from a previous time period, which is utilized to develop a forecast for the upcoming year. Projections of the trend yield for U.S. corn in 2023 are varied. For example, the USDA at its Agricultural Outlook Forum in February pegged the trend yield at a record 181.5 bpa, while others are lower. Let's briefly review how recent actual corn yields have compared to trend projections.

U.S. Corn Yield: Trend vs. Actual



The chart above examines actual yields (blue line) vs. trend (red line) for 1988 through 2022. It's worth noting that there have been periods when the actual yield was very near the trend, e.g., from 2005 to 2008. More often than not, however, significant variance has been observed. For example, in the bumper crop years of 2014 and 2017, the actual yield was well above trend. Alternatively, actual yield was below trend in 2019 and in the extreme case of the drought year of 2012, considerably under trend. Regardless of the trend yield utilized, this review confirms that post-planting weather developments can ultimately result in an actual yield that is substantially above or below that forecast.

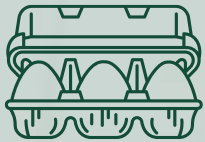
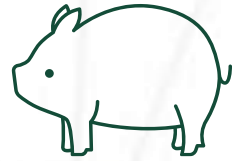
**The variability in yield relative to trend projections is a major factor contributing to the increased price volatility that is often seen throughout the growing season.** Effective management of price volatility is essential to successful marketing. Working closely with your *Advance Trading* advisor to develop and execute a customized risk management strategy is prudent.

# LIVESTOCK



The average cash price for 750-pound feeder cattle was up \$11.50/cwt from the week before at \$223.00/cwt. Expected corn costs were up \$0.04 from the week before at \$7.29/bushel. At these levels, we pencil a breakeven price of \$191.09/cwt, up \$7.44/cwt from the week before. With cash cattle in August projected to be \$161.46/cwt, a feedyard could expect a loss of \$370.29 per head.

The Iowa/So. Minnesota weekly average price was down \$0.42/cwt from the week before to \$52.16/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs lost from \$22.44 to \$26.00 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 \$6.81/bushel and soybean meal at \$459.70/ton, expected production costs are \$63.38/cwt to raise the pig to a live market weight in January. With cash hogs projected to be \$55.65/cwt, a pork producer would have a loss of 19.33.



Broiler egg sets during the latest reported week were below last year's levels. Egg sets during the week ending 04/08/23 were down 0.3% from the week before. Egg sets were down 0.5% from a year ago and average egg set over the last four weeks is down 0.02% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 2.4% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 2.9% above the five-year average. Chick placements were down 0.6% from year ago levels. Placements during the latest week were down 0.1% from last week and placements over the last four weeks were down 0.1%.

Chicken prices were up \$0.06 per bird from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$6.15 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were unchanged from last week at \$3.96 per bird. With this, estimated returns were up \$0.06 from the week before at \$2.19 per bird.

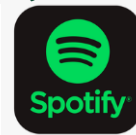


Ethanol grind: 1,024,000 barrels/day for the week ending April 14—up 6.8% versus last week and 8.1% versus 2022. Stocks were 25.293 mb, up 0.165 mb from the prior week, and up 0.951 mb versus last year.

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