

# Producer Wire

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## Major Changes Possible in Final U.S. Corn Carryout, Price vs. May USDA Forecast

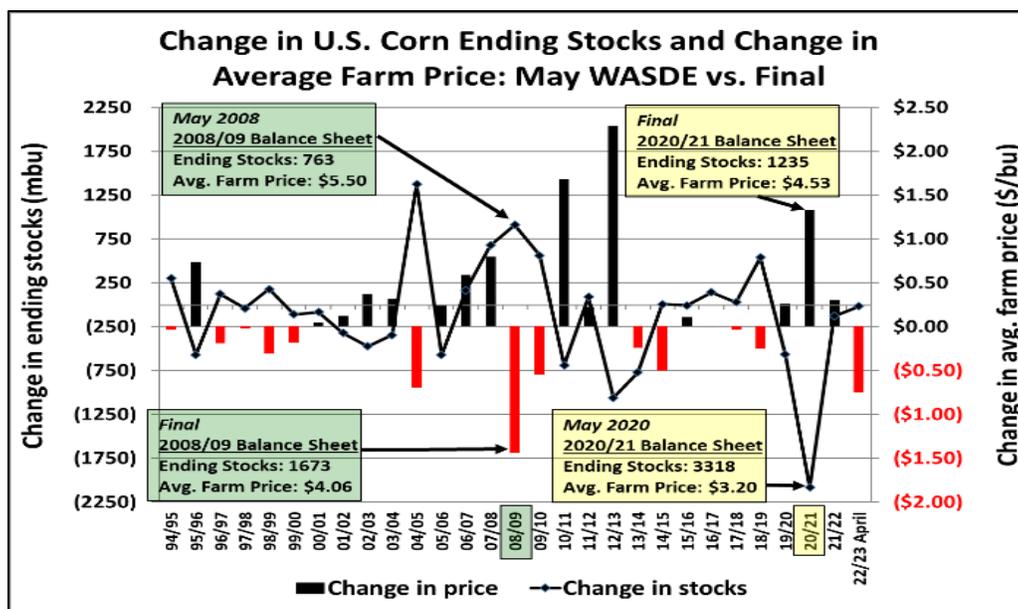
## Highlights

Room for change in preliminary new-crop U.S. corn ending stocks, price estimates

Turn uncertainty into opportunity by designing and executing flexible risk management strategies

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

The USDA's May 12 Supply/Demand report is the first official look at new-crop corn fundamentals. Considerable variability from initial projections of ending stocks and average farm price to final levels has been seen in the past. Uncertainty regarding supply and demand factors creates market volatility, and eventual adjustments to fundamentals can result in a much different market than originally envisioned in May at planting time. As a student of the market, you understand how to turn uncertainty into opportunity by designing and executing flexible risk management strategies. Your *Advance Trading* advisor stands ready to assist in that process.



### LIVESTOCK

Kansas cash cattle prices were down \$1.45 cwt from last week at \$174.64 profited \$34.03 to \$90.79 per head depending on how the feed was purchased. Projections indicate a profit for unhedged producers.

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

### EGGS/POULTRY

Egg prices were down 25.7 cents/dozen from last week at 112.3 cents/dozen and remained above estimated production costs. Total production costs were down 2.1 cent/dozen from the week before at 75.8 cents/dozen. With this, producer margins were positive 36.5 cents/dozen.

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Ethanol grind: 967,000 barrel/day for week ending April 21—down 5.6% compared to last week but up 0.4% vs. 2022



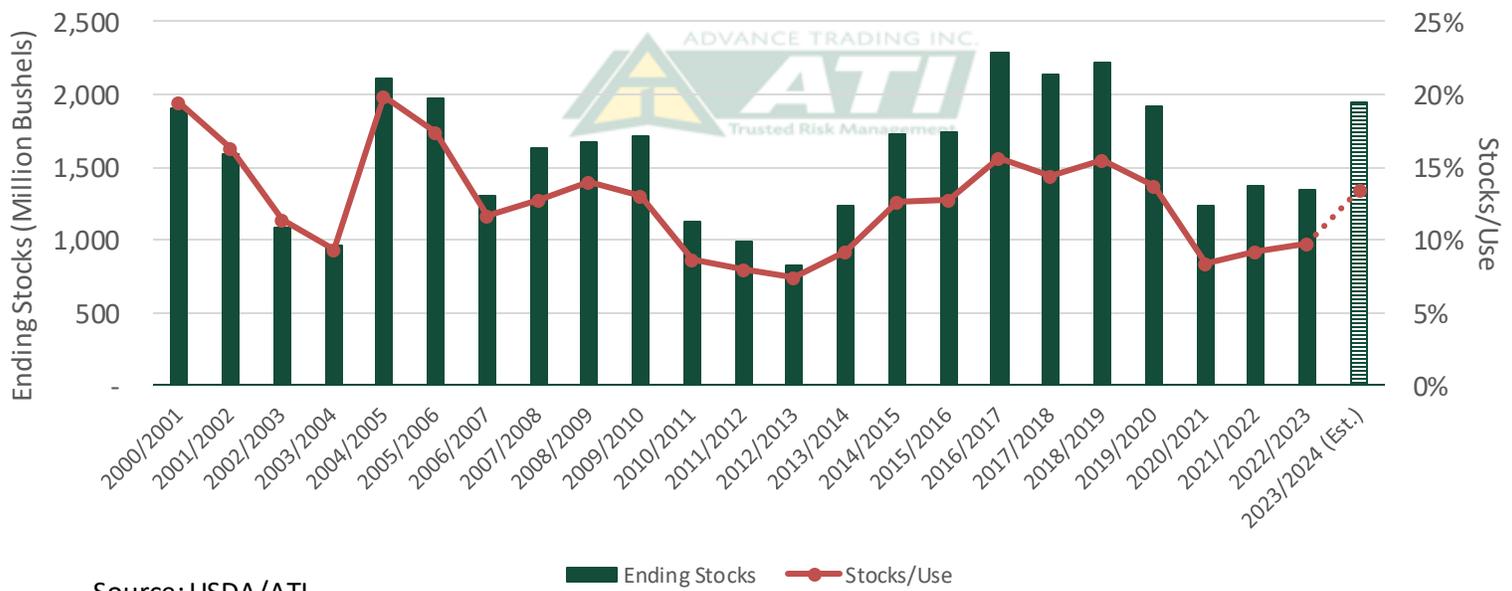
# May USDA Supply/Demand report a starting point but fundamentals—and price—can change a lot

The May 12 USDA Supply/Demand report will provide initial forecasts for new-crop corn (2023/24). It utilizes data from the Prospective Plantings report and trend yield to generate crop size. Usage is based on world supply and demand prospects. The chart on the first page looks at history of changes from the May preliminary forecasts to final results. Specifically, it shows the change in final ending stocks and average price vs. initial projections. The left axis shows the change in final ending stocks vs. May of the preceding year (line). The right axis shows the change in the final average farm price vs. the midpoint of the range in the May report (bar); e.g. final ending stocks for 2018/19 were 539 mbu above the May forecast, and average farm price was \$0.25 lower.

It's important to note that significant adjustments to ending stocks and average farm price vs. the May forecasts are possible. For example, the USDA three years ago pegged ending stocks of U.S. corn for the 2020/21 crop year at 3.318 billion bushels. The average farm price estimate was \$3.20. Although aggregate corn usage for 2020/21 was actually 21 million bushels lower than in May of 2020, total supply was down nearly 2.1 bbu due to (1) sharply lower acreage; and (2) reduced yield. As a result, projected ending stocks of 1.235 bbu for 2020/21 were down 2.083 bbu from the previous year and the average farm price was \$1.33 higher. Alternatively, significant downward adjustments to demand have also been seen. In 2008/09, final usage was 704 mbu lower vs. May of the previous year due to weaker levels of food/seed/industrial (-367), exports (-242) and feed/residual (-95). Final ending stocks that year were 910 mbu higher, and the average farm price fell \$1.44 relative to the May forecast.

**Uncertainty regarding supply and demand factors creates market volatility, and eventual adjustments to fundamentals can result in a much different market than originally envisioned in May at planting time.** As a student of the market, you understand how to turn uncertainty into opportunity by designing and executing flexible risk management strategies. Your *Advance Trading* advisor stands ready to assist in that process.

U.S. Corn Ending Stocks vs Stocks/Use Ratio

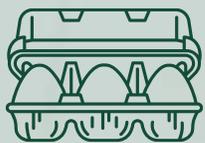
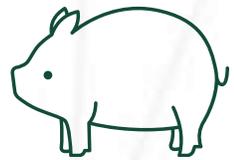


# LIVESTOCK



The average cash price for 750-pound feeder cattle was down \$5.00/cwt from the week before at \$218.00/cwt. Expected corn costs were down \$0.26 from the week before at \$7.02/bushel. At these levels, we pencil a breakeven price of \$186.59/cwt, down \$4.50/cwt from the week before. With cash cattle in September projected to be \$167.47/cwt, a feedyard could expect a loss of \$239.00 per head.

The Iowa/So. Minnesota weekly average price was down \$1.34/cwt from the week before to \$50.82/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs lost from \$25.46 to \$29.33 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in August and with estimated corn costs at \$6.11/bushel and soybean meal at \$430.60/ton, expected production costs are \$60.36/cwt to raise the pig to a live market weight in February. With cash hogs projected to be \$59.20/cwt, a pork producer would have a loss of 2.88 per animal.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 04/15/23 were up 0.2% from the week before. Egg sets were up 0.6% 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 3.9% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 4.1% above the five-year average. Chick placements were down 0.6% from year ago levels. Placements during the latest week were up 0.2% from last week and placements over the last four weeks were down 0.2%.

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 \$6.21 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 \$0.05 from the week before at \$2.24 per bird.



Ethanol grind: 967,000 barrels/day for the week ending April 21—down 5.6% versus last week but up 0.4% versus 2022. Stocks were 24.306 mb, down 0.987 mb from the prior week, but up 0.341 mb versus last year.

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