

Producer Wire

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Preparation, Execution Keys to Marketing Success as Volatile Summer Begins

Highlights

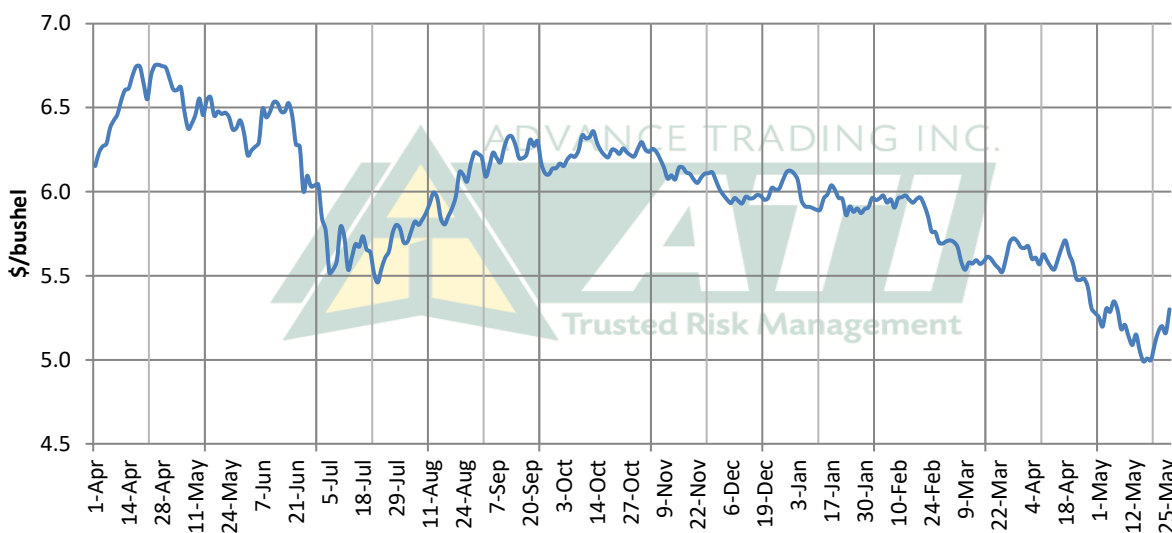
Corn stages major downturn since harvest

More surprises—bearish and bullish—are likely prior to harvest

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

Ethanol grind: 983,000 barrel/day for week ending May 19—down 0.4% compared to last week and down 3.1% vs. 2022

December 2023 Corn Futures



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Kansas cash cattle prices were up \$0.33 cwt from last week at \$170.67 ranged from -\$11.86 to +\$16.99 per head depending on how the feed was purchased. Projections indicate a profit for un-hedged producers.



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EGGS/POULTRY

Egg prices were up 18.0 cents/dozen from last week at 74.3 cents/dozen and were above estimated production costs. Total production costs were down 3.0 cents/dozen from the week before at 70.7 cents/dozen. With this, producer margins were positive 3.6 cents/dozen.

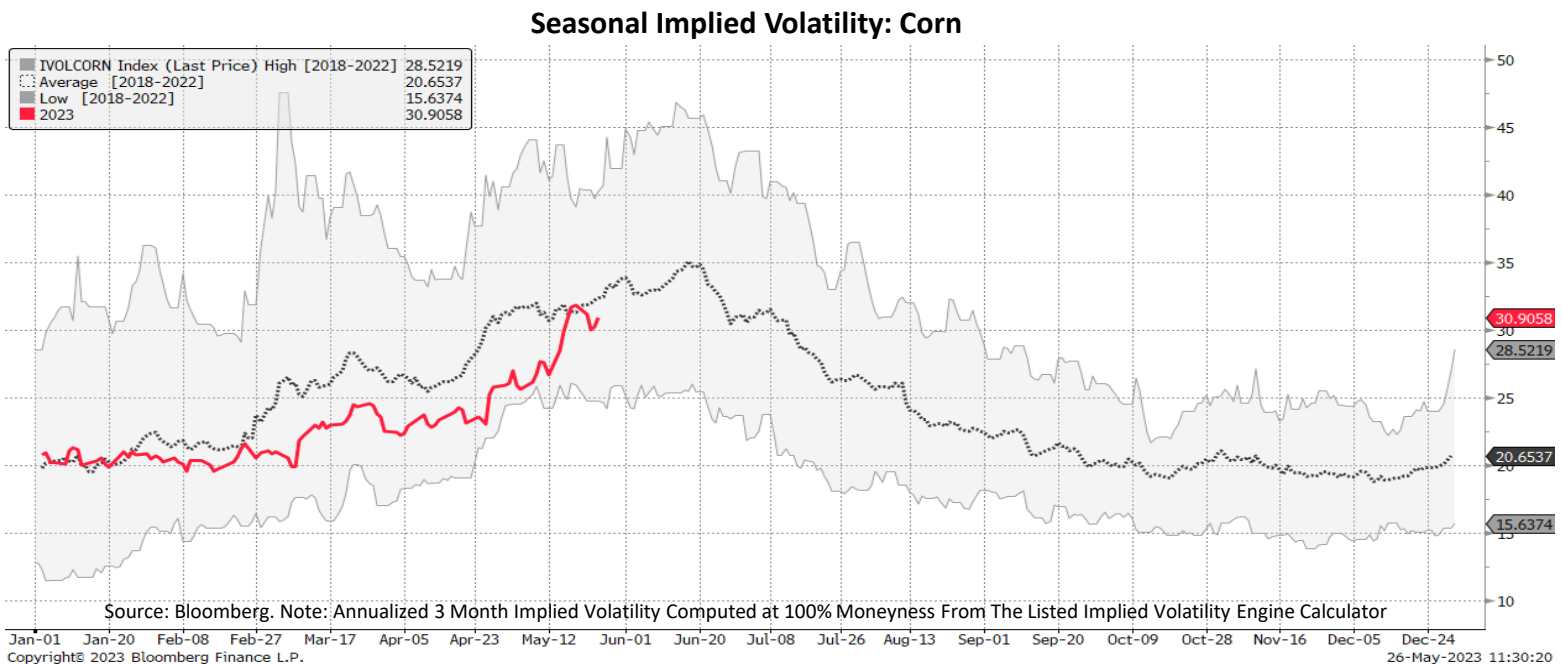


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Major change seen in corn market psychology since harvest

Memorial Day weekend is often referred to as the unofficial start of summer, when corn price volatility often increases amid uncertainty surrounding the critical northern hemisphere growing season.

It's hard to believe that at the start of the 2022/23 marketing year in September, December corn futures were trading above \$6.25. The fundamentals have shifted since then, however, with the biggest change being a sharp decline in U.S. corn exports. Larger than expected exports from Brazil and Ukraine combined with a reduction in foreign corn use have resulted in the forecast of U.S. corn exports for 2022/23 declining 500 mbu from 2.275 bbu in September to 1.775 bbu in May. December 2023 corn futures fell more than \$1.25.



Lessons for successful marketing this summer

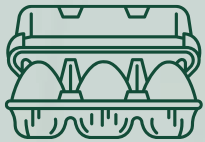
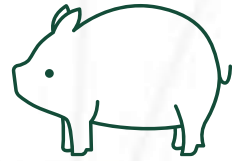
In the context of developing and implementing a risk management strategy, what have we learned the past few months that can help you to be successful with your marketing this summer? First, and most importantly, it re-affirms that price prediction is impossible. Nine months ago, very few were talking about \$5.00 December corn by Memorial Day. In addition, change in market trend happens and can very fast. This is probably more true today than it's ever been given the geopolitical uncertainty in the world at the moment. *Finally, a consistent approach to marketing helps reduce the emotions associated with selling the grain.* Just as the past few months have contained some unexpected developments, more surprises—bearish and bullish—are likely to be seen before the 2023 corn crop is ready to be harvested this fall. **Keys to successful marketing in this type of environment include preparation and execution of a flexible and disciplined risk management strategy.** As always, your *Advance Trading* advisor is ready to assist in developing a marketing program to defend your balance sheet.

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The average cash price for 750-pound feeder cattle was up \$16.45/cwt from the week before at \$226.45/cwt. Expected corn costs were down \$0.30 from the week before at \$6.66/bushel. At these levels, we pencil a breakeven price of \$190.06/cwt, up \$8.82/cwt from the week before. With cash cattle in October projected to be \$168.96/cwt, a feedyard could expect a loss of \$263.77 per head.

The Iowa/So. Minnesota weekly average price was up \$6.09/cwt from the week before to \$64.85/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs profited from \$6.07 to \$8.97 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in September and with estimated corn costs at \$6.01/bushel and soybean meal at \$396.10/ton, expected production costs are \$59.05/cwt to raise the pig to a live market weight in March. With cash hogs projected to be \$43.76/cwt, a pork producer would have a loss of \$38.21/cwt.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 05/20/23 were down 0.4% from the week before. Egg sets were up 0.02% from a year ago and average egg set over the last four weeks is up 0.3% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 2.6% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 2.8% above the five-year average. Chick placements were down 0.3% from year ago levels. Placements during the latest week were up 0.9% from last week and placements over the last four weeks were down 0.8%.

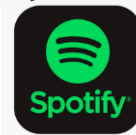
Chicken prices were up \$0.03 from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$6.28 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were down \$0.03 from last week at \$3.85 per bird. With this, estimated returns were up \$0.06 from the week before at \$2.43 per bird.



Ethanol grind: 983,000 barrels/day for the week ending May 19—down 0.4% versus last week and down 3.1% versus 2022. Stocks were 22.041 mb, down 1.150 mb from the prior week, and down 1.671 mb versus last year.

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