

Producer Wire

By Brian Basting
bbasting@advance-trading.com



www.advance-trading.com

Defend Your Balance Sheet as Corn Pollination Approaches

Highlights

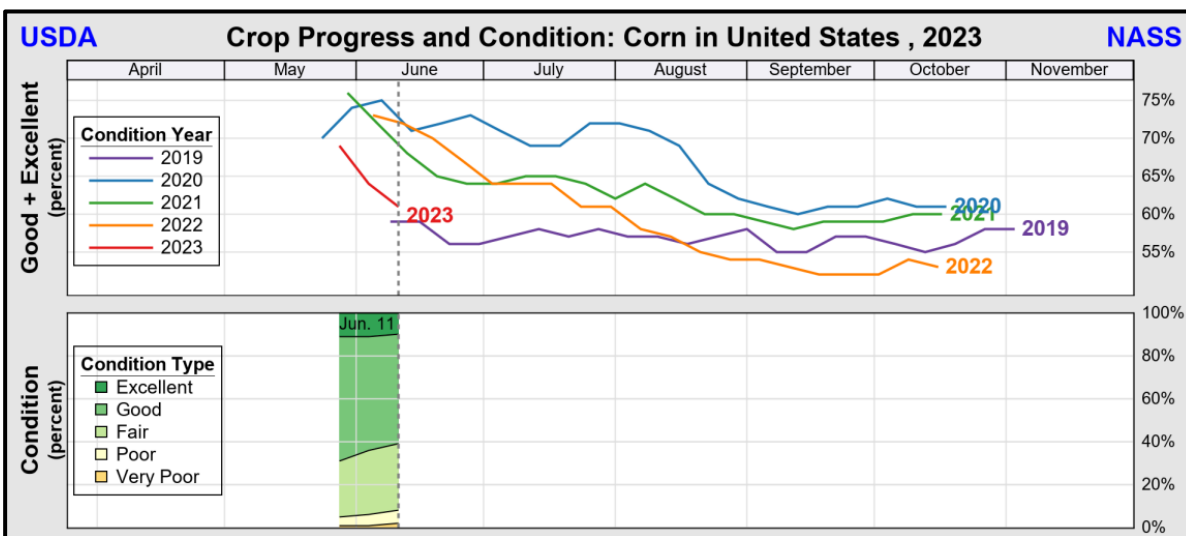
Corn pollination in U.S. Midwest to accelerate during July

Turn uncertainty into opportunity by managing price movement

Chicken prices were lower last week but remained above estimated production costs

Ethanol grind: 1,018,000 barrel/day for week ending June 9—dn 1.7% compared to last week and dn 4.0 vs. 2022

Corn pollination in the U.S. Midwest will begin in late June and accelerate throughout the month of July. This time is characterized by the greatest amount of uncertainty in the corn market, as a change in weather can lead to a major increase (or decrease) in final yield. Rather than attempting to predict the impact of weather on price, a preferred risk management approach is to turn uncertainty into opportunity by managing price movement. As always, your *Advance Trading* advisor stands ready to assist in developing a customized marketing strategy to defend your balance sheet.



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Kansas cash cattle prices were up \$7.28 cwt from last week at \$185.52 profited from \$151.23 to \$189.24 per head depending on how the feed was purchased. Projections indicate a profit for un-hedged producers.

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EGGS/POULTRY

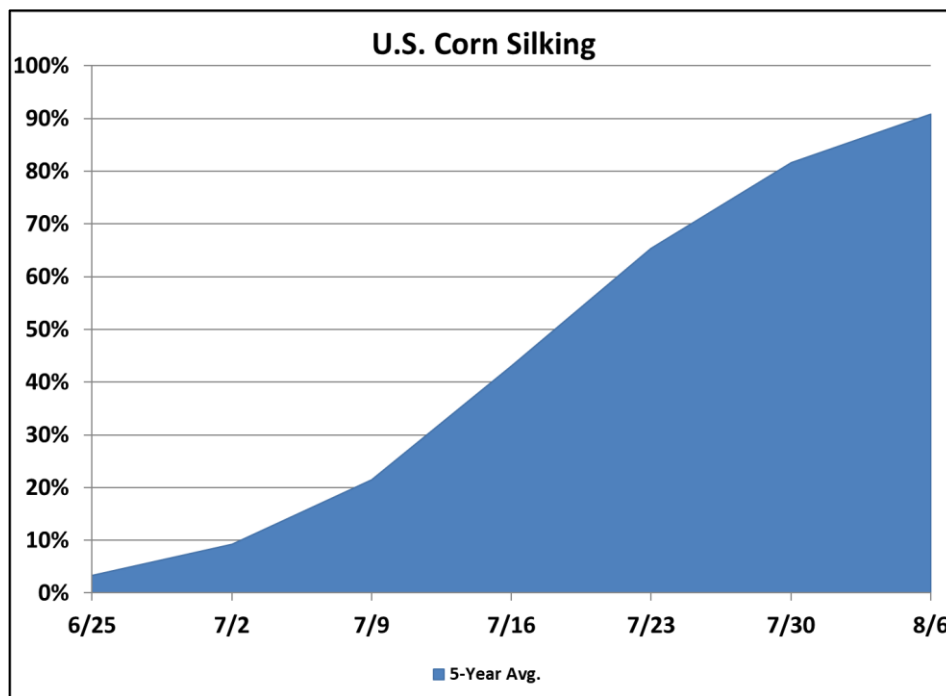
Egg prices were up 0.4 cents/bushel from last week at 90.7 cents/dozen and were above estimated production costs. Total production costs were down 0.3 cents/dozen from the week before at 72.3 cents/dozen. With this, producer margins were positive 18.3 cents/dozen.

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Focus on managing price movement, rather than predicting impact of weather

It seems that those involved with the corn market have focused their attention on weather, as summer officially kicks off on June 21. This also coincides with the time when the USDA typically begins reporting U.S. corn silking progress for the primary 18 producing states in its weekly U.S. *Crop Progress* report. To provide some perspective on the pace of corn pollination, the chart below illustrates the 5-year average (2018-2022) for U.S. corn silking.



Every year is different and the timing of pollination depends on a variety of factors including planting date and accumulated growing degree units. On average, however, U.S. corn silking is at about 10% by July 4. Following that, progress tends to accelerate, reaching nearly 45% by mid-July. By the end of the month, approximately 85% of the crop has pollinated on average. *As a result, in a span of four weeks (July 2-30) nearly 75% of the U.S. corn crop is typically pollinating.* While that is a relatively small time period in the grand scheme of things, it can have a monumental impact on market trends for weeks and months.

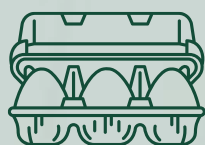
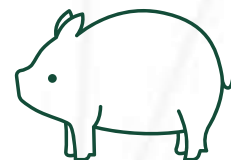
Looked at another way, this time period can make or break production prospects. As a student of the market, you understand that this time is characterized by the greatest amount of uncertainty in the corn market; a change in weather can lead to a major increase (or decrease) in final yield. **The key to successfully navigating this time from a risk management standpoint is to understand that predicting the weather is just as impossible as predicting price.** Once you have accepted that fact, you can focus on turning uncertainty into opportunity by managing price movement. There are a variety of marketing tools available to accomplish that goal. One size does not fit all and what works for one operation may not work for another. In this type of environment, your *Advance Trading* advisor stands ready to assist in developing a customized marketing strategy to defend your balance sheet.

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The average cash price for 750-pound feeder cattle was up \$6.00/cwt from the week before at \$230.50/cwt. Expected corn costs were down \$0.21 from the week before at \$6.75/bushel. At these levels, we pencil a breakeven price of \$193.68/cwt, up \$2.74/cwt from the week before. With cash cattle in November projected to be \$177.44 /cwt, a feedyard could expect a loss of \$202.93 per head.

The Iowa/So. Minnesota weekly average price was up \$5.05/cwt from the week before to \$69.84/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs profited from \$18.86 to \$19.04 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 \$6.32 /bushel and soybean meal at \$397.40/ton, expected production costs are \$60.22/cwt to raise the pig to a live market weight in March. With cash hogs projected to be \$49.81/cwt, a pork producer would have a loss of \$26.02/cwt.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 06/03/23 were up 1.1% from the week before. Egg sets were up 0.4% from a year ago and average egg set over the last four weeks is up 0.03% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 2.7% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 2.0% above the five-year average. Chick placements were down 1.0% from year ago levels. Placements during the latest week were down 0.2% from last week and placements over the last four weeks were down 0.7%.

Chicken prices were down \$0.01 from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$6.27 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were unchanged from last week at \$3.81 per bird. With this, estimated returns were down \$0.02 from the week before at \$2.48 per bird.

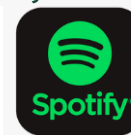


Ethanol grind: 1,018,000 barrels/day for the week ending June 9—down 1.7% versus last week and down 4.0% versus 2022. Stocks were 22.226 mb, down 0.722 mb from the prior week, and down 0.971 mb versus last year.

INFO@ADVANCE-TRADING.COM
TOLL FREE 800.747.9021

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