

Producer Wire

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Be Prepared for Potential Increased Price Volatility with June 30 USDA Reports

Highlights

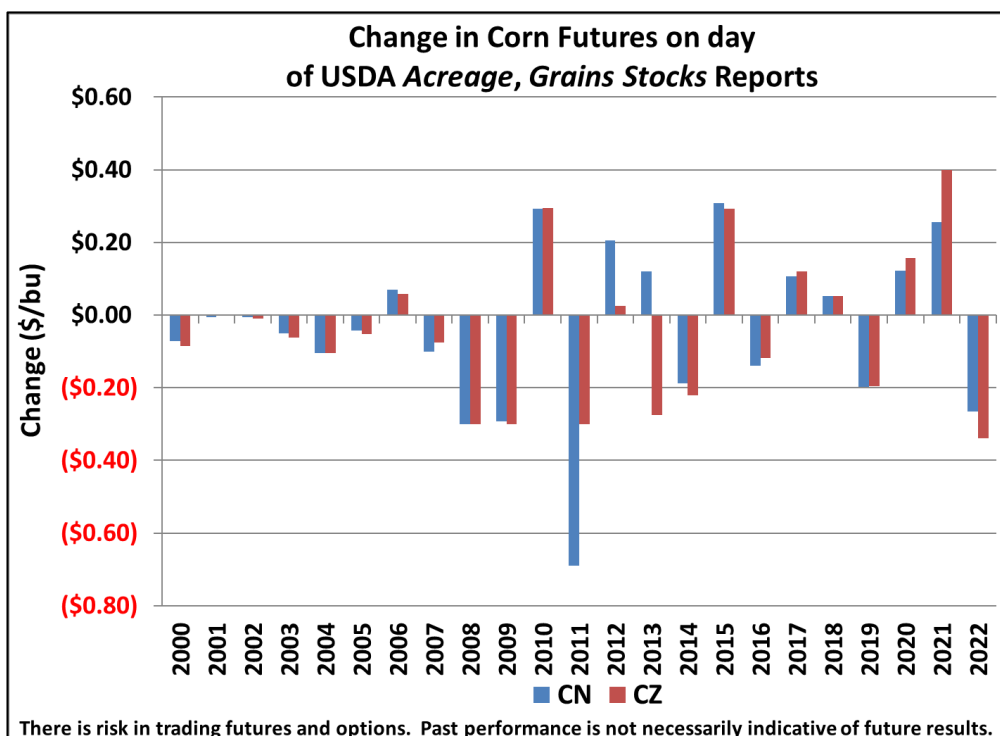
Increased price volatility has often been seen with release of USDA Acreage, Grain Stocks reports

With a key part of the growing season ahead, it is very important to defend your balance sheet

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

Ethanol grind: 1,052,000 barrel/day for week ending June 16—up 3.3% compared to last week but down 0.3% vs. 2022

The USDA on June 30 will release the Acreage and Grain Stocks reports. An uptick in price volatility has often been associated with these reports, which can also be reinforced by uncertainty about weather forecasts. With a critical part of the 2023 growing season ahead, it is prudent to remain in regular contact with your Advance Trading advisor to defend your balance sheet.



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EGGS/POULTRY

Kansas cash cattle prices were down \$3.52 cwt from last week at \$182.00 profited from \$131.99 to \$166.02 per head depending on how the feed was purchased. Projections indicate a profit for un-hedged producers.

Egg prices were unchanged from last week at 90.7 cents/dozen and were above estimated production costs. Total production costs were up 2.7 cents/dozen from the week before at 75.0 cents/dozen. With this, producer margins were positive 15.7 cents/dozen.

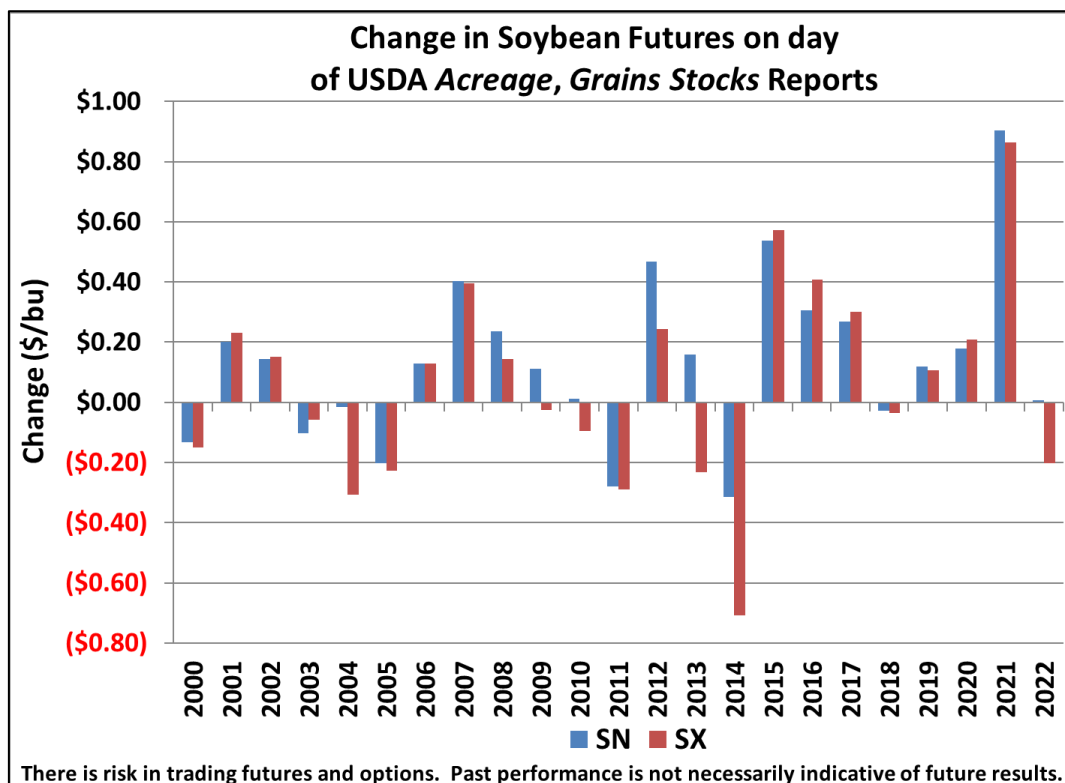
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Release of major USDA reports coincides with uncertainty surrounding growing season

Corn and soybean futures have experienced increased price volatility in recent weeks amid a mixed start to the 2023 growing season. That could continue when the USDA on June 30 releases two key reports: *Acreage* and *Grain Stocks*. The *Acreage* report will provide updated estimates of 2023 planted acreage as well as initial projections of harvested acreage. While seeming to take a back seat, the *Grain Stocks* report is nevertheless important for corn and beans as it enables calculation of disappearance during the March-May quarter. Surprises in one, or both, of these reports in the past have contributed to a significant move in old- and new-crop corn and soybean futures on the day that the reports are released. These trends can also be reinforced by uncertainty about weather forecasts. The charts on the first page (corn) and below (soybean) show the change in old-crop futures (i.e., "CN" and "SN") and new-crop futures ("CZ" and "SX") on the day the June *Acreage* and *Grain Stocks* reports are released.



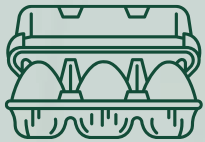
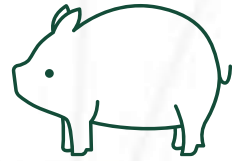
Observations: Directional trends can be different between the crops, e.g., corn was weaker in 2016, while beans were firmer. Occasionally, the direction in old-crop and new-crop futures may be different, e.g., 2013. Or the directional trend may be stronger for old-crop compared to new-crop (or vice versa). **Regardless, the charts confirm that an uptick in price volatility has often been associated with these reports.** With a critical part of the 2023 growing season ahead, it is prudent to remain in regular contact with your *Advance Trading* advisor to defend your balance sheet

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The average cash price for 750-pound feeder cattle was up \$0.40/cwt from the week before at \$230.90/cwt. Expected corn costs were up \$0.61 from the week before at \$7.36/bushel. At these levels, we pencil a breakeven price of \$197.04/cwt, up \$3.36/cwt from the week before. With cash cattle in November projected to be \$179.20 /cwt, a feedyard could expect a loss of \$223.02 per head.

The Iowa/So. Minnesota weekly average price was down \$4.84/cwt from the week before to \$65.00/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs profited from \$5.15 to \$7.06 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in November and with estimated corn costs at \$6.62 /bushel and soybean meal at \$416.40/ton, expected production costs are \$61.81/cwt to raise the pig to a live market weight in April. With cash hogs projected to be \$49.06/cwt, a pork producer would have a loss of \$31.87/cwt.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 06/10/23 were up 0.1% 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 0.2% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 3.1% 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 down 0.4% from year ago levels. Placements during the latest week were up 1.0% from last week and placements over the last four weeks were down 0.7%.

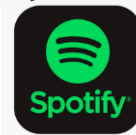
Chicken prices were down \$0.24 from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$6.03 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were unchanged from last week at \$3.81 per bird. With this, estimated returns were down \$0.25 from the week before at \$2.21 per bird.



Ethanol grind: 1,052,000 barrels/day for the week ending June 16—up 3.3% versus last week but down 0.3% versus 2022. Stocks were 22.804 mb, up 0.578 mb from the prior week, but down 0.672 mb versus last year.

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