

# Producer Wire

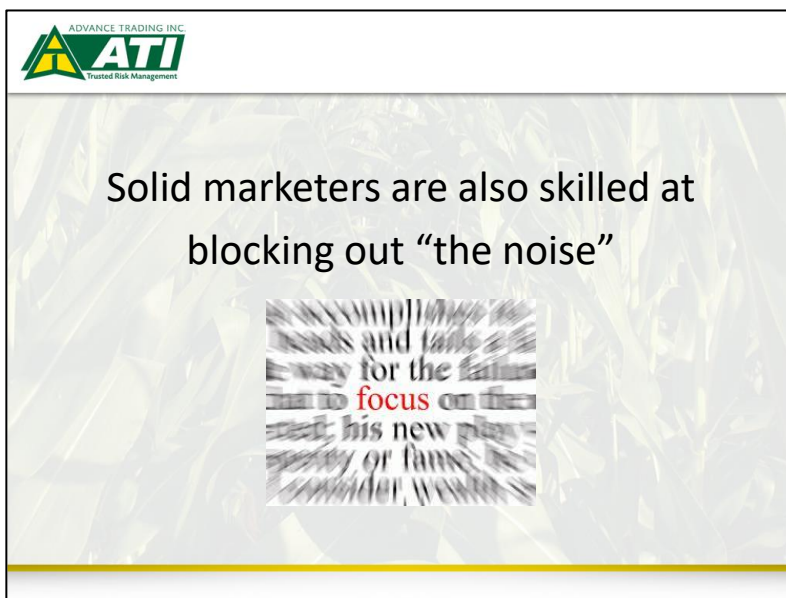
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## Important to Stay Disciplined with Your Marketing Strategy and Execute

Trading has been exceptionally volatile the past month in December corn and November soybean futures. On top of the surprise USDA *Acreage* report, weather forecasts are changing by the minute with some projecting a cooler and wetter pattern may soon affect more of the U.S. Midwest, while others believe a warmer and drier trend may develop late-month. Flexible marketing strategies that manage price volatility—whether higher, or lower—can be a highly effective tool. With uncertainty high, now is the time maintain close contact with your *Advance Trading* advisor, stay disciplined and focus on executing your risk management strategy.



Corn and soybean price volatility remains extremely high

Uncertainty noted in U.S. weather forecasts

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

### LIVESTOCK

Kansas cash cattle prices were down \$1.57 cwt from last week at \$178.12 profited from \$120.20 to \$148.19 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 unchanged from last week at 90.7 cents/dozen and were above estimated production costs. Total production costs were down 5.5 cents/dozen from the week before at 68.4 cents/dozen. With this, producer margins were positive 22.2 cents/dozen.

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Ethanol grind: 1,060,000 barrel/day for week ending June 30—up 0.8% compared to last week and up 1.5% vs. 2022



## Changing weather forecasts highlight rising market uncertainty

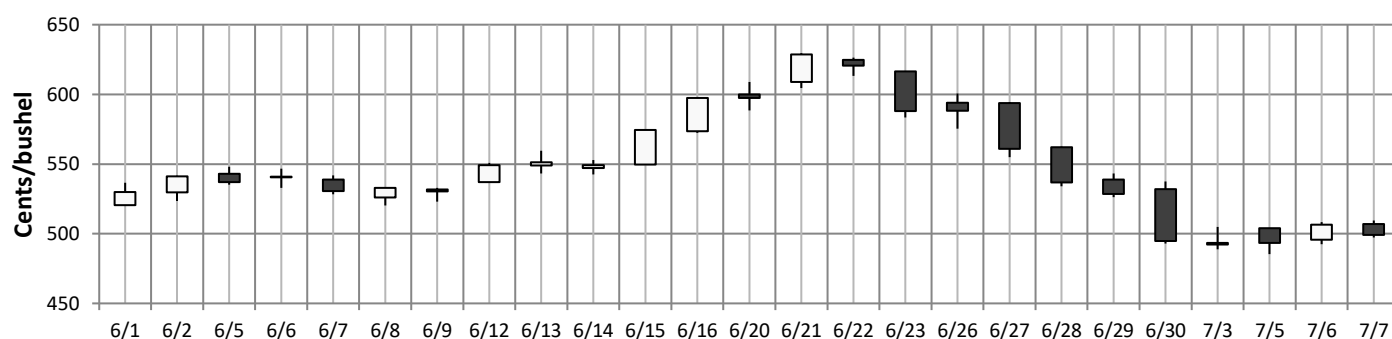
Price trends over the past month in the corn and soybean markets have been extremely volatile. For example, December 2023 corn futures soared \$1.00 to \$6.29  $\frac{3}{4}$  from June 7 to June 21 before plummeting \$1.44  $\frac{1}{4}$  to \$4.85  $\frac{1}{2}$  on July 5. Increased volatility was also evident in November 2023 soybean futures, including a twist. The contract rallied \$2.10 to \$13.78 from June 8 to June 21 before falling \$1.21  $\frac{1}{4}$  to trade at \$12.56  $\frac{3}{4}$  on June 28. The surprisingly bullish Acreage report reignited the rally, however, pushing the contract back to \$13.91  $\frac{3}{4}$  on July 3. While the critical pollination period for corn is at hand, the important pod set and pod fill stage of development for beans is still several weeks away.

Weather forecasts are changing by the minute with some projecting a cooler and wetter pattern may soon affect more of the U.S. Midwest, while others believe a warmer and drier trend may develop late-month. *Needless to say, market volatility goes hand in hand with this type of uncertainty—particularly as it relates to the weather.* The foundation for the upcoming 2032/24 marketing year will be the size of U.S. crops, so weather forecasts are garnering quite a bit of attention. Something like a slight—and unpredictable—shift in the position of a high-pressure ridge could potentially result in a several bushel swing in the national average yield of corn and beans.

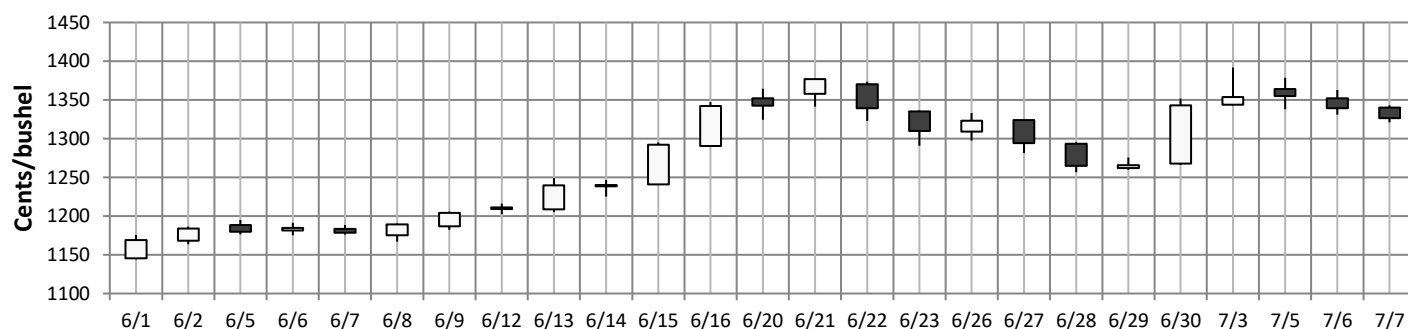
At this critical time of year for crop development, you will undoubtedly hear quite a bit of “noise” relating to bits and pieces of market news, including but not limited to the latest weather forecasts. As a student of the market, you understand that rather than attempting to predict weather (and price) trends, a much more productive use of your time is to implement flexible strategies that manage price volatility—whether higher, or lower. With uncertainty high, now is the time maintain close contact with your *Advance Trading* advisor, stay disciplined and focus on executing your risk management strategy.



Dec-23  
Corn



Nov-23  
Soybean

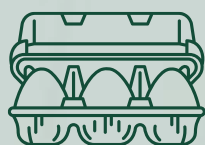
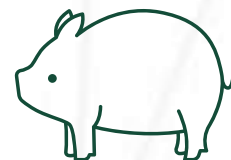


# LIVESTOCK



The average cash price for 750-pound feeder cattle was unchanged from the week before at \$215.84/cwt. Expected corn costs were down \$0.76 from the week before at \$6.59/bushel. At these levels, we pencil a breakeven price of \$183.35/cwt, down \$3.90/cwt from the week before. With cash cattle in December projected to be \$184.05 /cwt, a feedyard could expect a profit of \$8.76 per head.

The Iowa/So. Minnesota weekly average price was down \$1.50/cwt from the week before to \$68.46/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs profited from \$13.41 to \$17.09 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in November and with estimated corn costs down at \$4.78 /bushel and soybean meal down at \$413.90/ton, expected production costs are \$54.76/cwt to raise the pig to a live market weight in April. With cash hogs projected to be \$46.50/cwt, a pork producer would have a loss of \$20.65/cwt.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 06/24/23 were up 0.3% 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 0.5% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 3.4% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 3.5% above the five-year average. Chick placements were down 0.8% from year ago levels. Placements during the latest week were down 0.4% from last week and placements over the last four weeks were down 0.6%.

Chicken prices were down \$0.07 from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$5.71 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were down \$0.01 from last week at \$3.83 per bird. With this, estimated returns were down \$0.06 from the week before at \$1.88 per bird.

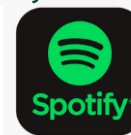


Ethanol grind: 1,060,000 barrels/day for the week ending June 30—up 0.8% vs. last week and up 1.5% versus 2022. Stocks were 22.260 mb, down 0.719 mb from the prior week, and down 1.230 mb versus last year.

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