

Producer Wire

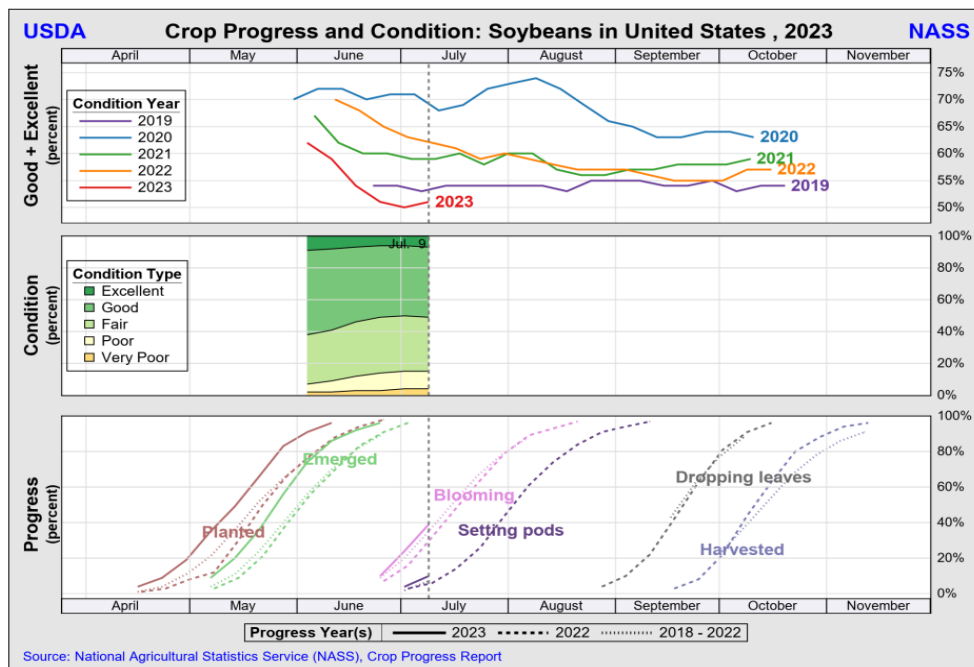
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Critical to Maintain Market Flexibility as Uncertainty Remains Historically High

As pod set of the 2023 U.S. soybean crop begins to accelerate, uncertainty surrounding production potential remains historically high. Some suggest a price peak has already been made, while others contend a late summer rally similar to 2012 may take place. As a student of the market, you know that price prediction is impossible. In this environment, it is critical to maintain market flexibility with your risk management strategies. As always, your *Advance Trading* advisor stands ready to partner in the execution of your marketing plan.



Highlights

Considerable debate surrounds 2023 U.S. soybean production potential

Price prediction is impossible, underscoring the importance of flexible risk management strategies

Cash hog prices firmed last week, and returns were above estimated production costs for most producers

LIVESTOCK

Kansas cash cattle prices were down \$0.19 cwt from last week at \$177.93 profited from \$93.87 to \$118.47 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 up 3.3 cents/dozen from the week before at 71.7 cents/dozen. With this, producer margins were positive 18.9 cents/dozen.

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Ethanol grind: 1,032,000 barrel/day for week ending July 7—down 2.6% compared to last week but up 2.7% vs. 2022



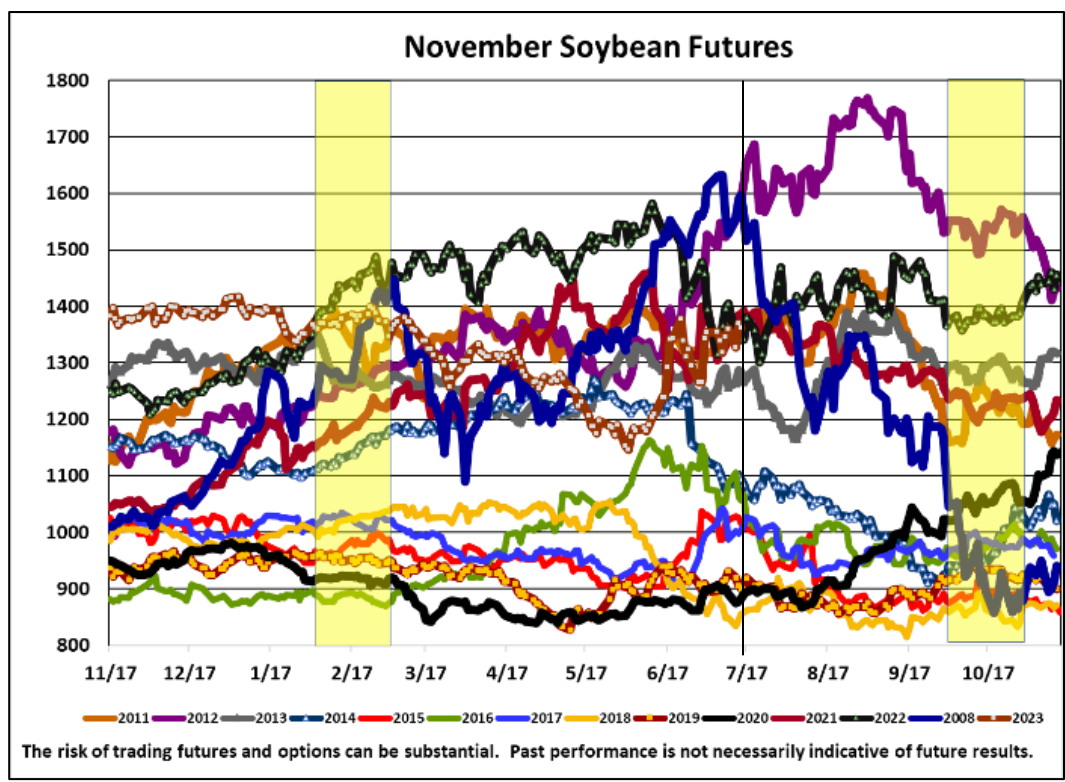
Debate surrounding U.S. soybean acreage, yield generates considerable market uncertainty

Moving into the latter half of July, pod set of the 2023 U.S. soybean crop is beginning to accelerate. Monday's Crop Progress report is expected to show soybeans setting pods approaching 20% and that total could be near 50% by the end of the month. November 2023 soybean futures are currently trading near \$13.60, which is about \$0.70 off the high posted in December of 2022 and \$0.90 below the contract high made in late April 2022.

As we near the critical pod fill month of August, however, there is still considerable debate regarding the level of planted acreage as well as yield potential. Will the surge in prices seen following the surprisingly low USDA acreage estimate in June spur more double crop acres? Or will a delayed soft red winter wheat harvest across the Midwest lead to only a modest increase in acres? Contrasting weather forecasts for the near-term have also clouded the production outlook. Some contend that the recent uptick in moisture across some parts of the Midwest signals a break in drought conditions, while others believe that a much warmer and drier trend will emerge at the end of the month.

All this adds up to an historically high level of uncertainty approaching the start of the 2023/24 crop year on Sep. 1. Some believe a price peak has already been established, which would be consistent with what was seen in from 2014 to 2019, as well as 2021 and 2022. This is depicted in the chart below. Note that the February and October crop insurance pricing periods are highlighted. Others contend, however, that it will take quite some time before the market determines actual production. Under that scenario, the market could stage a rally into the latter stages of summer similar to what was seen in 2012.

As a student of the market, you know that price prediction is impossible. In this environment, it is critical to maintain market flexibility with your risk management strategies. As always, your *Advance Trading* advisor stands ready to partner in the execution of your marketing plan.

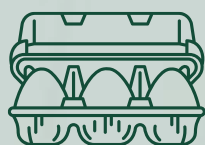
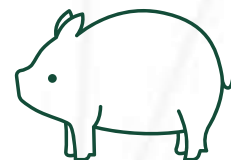


LIVESTOCK



The average cash price for 750-pound feeder cattle was unchanged from the week before at \$215.84/cwt. Expected corn costs were down \$0.01 from the week before at \$6.58/bushel. At these levels, we pencil a breakeven price of \$183.33/cwt, down \$0.01/cwt from the week before. With cash cattle in December projected to be \$183.75 /cwt, a feedyard could expect a profit of \$5.20 per head.

The Iowa/So. Minnesota weekly average price was up \$2.29/cwt from the week before to \$70.75/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs profited from \$18.51 to \$23.46 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in November and with estimated corn costs up at \$5.47 /bushel and soybean meal down at \$389.90/ton, expected production costs are \$56.97/cwt to raise the pig to a live market weight in April. With cash hogs projected to be \$48.03/cwt, a pork producer would have a loss of \$22.34/cwt.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 07/01/23 were down 0.2% from the week before. Egg sets were up 1.1% from a year ago and average egg set over the last four weeks is up 0.8% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 4.2% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 4.3% above the five-year average. Chick placements were up 0.05% from year ago levels. Placements during the latest week were up 0.8% from last week and placements over the last four weeks were down 0.3%.

Chicken prices were down \$0.10 from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$5.61 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were unchanged from last week at \$3.84 per bird. With this, estimated returns were down \$0.10 from the week before at \$1.77 per bird.

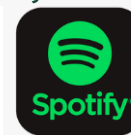


Ethanol grind: 1,032,000 barrels/day for the week ending July 7—down 2.6% vs. last week but up 2.7% versus 2022. Stocks were 22.658 mb, up 0.398 mb from the prior week, but down 0.948 mb versus last year.

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