

Producer Wire

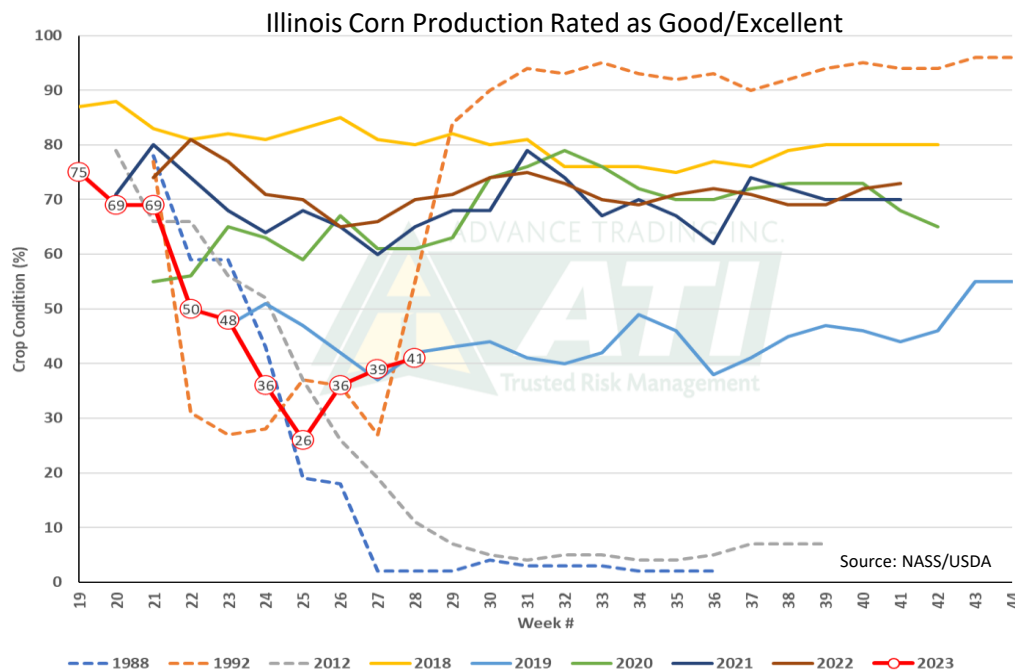
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Avoid Attempting to Predict Corn Yield, Price— Focus on Managing Risk

The USDA next week will begin its crop survey in preparation for release of the *Crop Production* report on Aug. 11. Recent history shows the potential for a significant change from this initial forecast to the final total. Uncertainty about final production could also remain quite high this year given the recent improvement in crop condition ratings. As a student of the market, you understand that attempting to predict yield and accompanying price action is impossible. A more prudent approach is to work in tandem with your *Advance Trading* advisor to develop and implement a disciplined risk management strategy.



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Kansas cash cattle prices were down \$0.84 cwt from last week at \$177.09 profited from \$92.03 to \$111.28 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 4.6 cents/dozen from the week before at 76.3 cents/dozen. With this, producer margins were positive 14.3 cents/dozen.

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Highlights

**First USDA survey-based
2023 U.S. corn yield
estimate to be released
August 11**

Uncertainty about yields this year is quite high given recent improvement in crop condition ratings

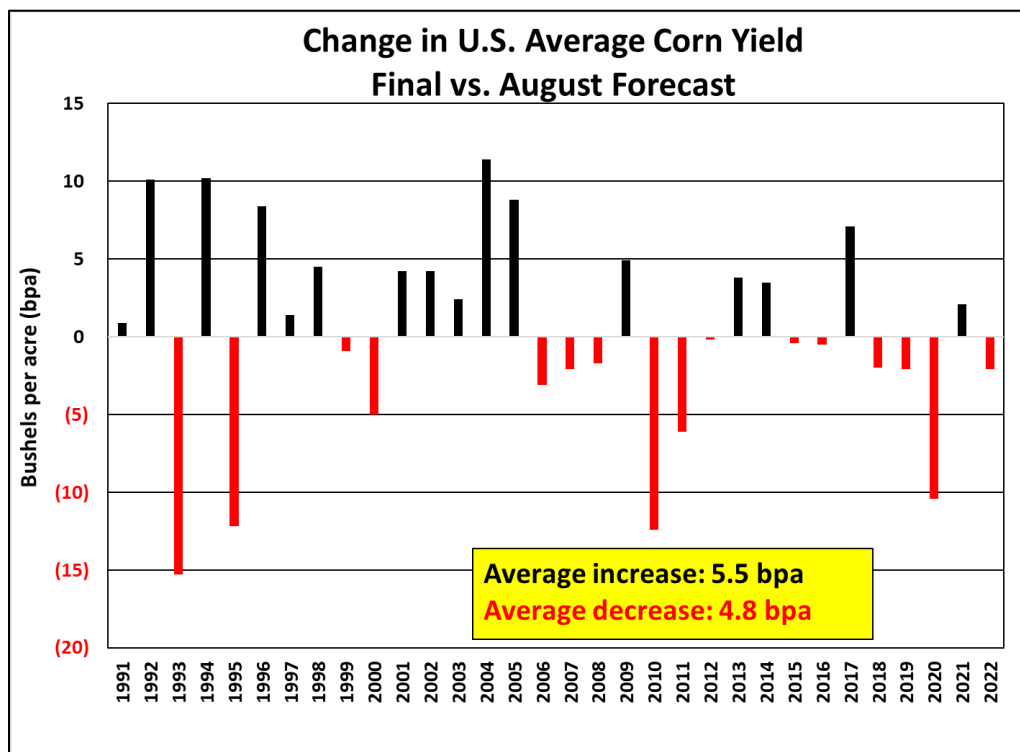
Chicken prices were lower last week but remained above estimated production costs

Ethanol grind:
1,070,000 barrel/day
for week ending July
14—up 3.7% compared
to last week and up
3.5% vs. 2022

Updated U.S. national average corn yield to be released August 11

The corn market is following weather forecasts intensely as a substantial amount of corn pollination will occur by Aug. 1. In its May and June Supply/Demand reports, the USDA incorporated a national trend yield projection for 2023 production. That forecast was lowered by 4.0 bpa, however, in the July report based on widespread dry conditions for key growing areas. Starting next week and continuing into early August, the USDA will conduct its first survey-based estimate of 2023 corn yields that will be released in the *Crop Production* report on Aug. 11. This will be combined with the latest harvested acreage estimate to arrive at a national production forecast. Our goal is to examine accuracy of the August USDA yield in relation to the final estimate.

The chart below shows changes in national average U.S. corn yield from the August report to the final estimate. Since 1991, final yield has been higher than the August forecast 16 times and lower 16 times. The average increase has been 5.5 bpa ranging from 0.9 bushels in 1991 to 11.4 bushels in 2004. The average decrease has been 4.8 bpa ranging from 0.2 bushels in 2012 to 15.3 bushels in 1993. **With harvested acreage currently pegged at 86.3 million acres, the 2023 crop could—on average—increase 475 mbu or decrease 414 mbu from the August forecast.**



Uncertainty about yields this year is quite high given the recent improvement in crop condition ratings. For example, the USDA this week reported the percentage of corn rated “Good” or “Excellent” as of June 25 was only 26% in Illinois. By July 16, however, that total had increased to 41% on the heels of increased rainfall across many areas of the state.

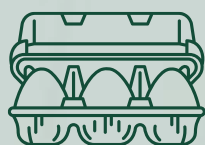
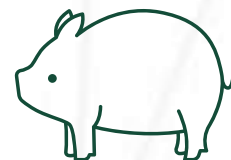
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LIVESTOCK



The average cash price for 750-pound feeder cattle was down \$18.16 from the week before at \$234.00/cwt. Expected corn costs were up \$0.59 from the week before at \$7.17/bushel. At these levels, we pencil a breakeven price of \$197.81/cwt, up \$14.48 /cwt from the week before. With cash cattle in December projected to be \$185.24 /cwt, a feedyard could expect a loss of \$157.21 per head.

The Iowa/So. Minnesota weekly average price was up \$4.23/cwt from the week before to \$74.98/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs profited from \$28.68 to \$34.55 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 \$5.80 /bushel and soybean meal down at \$423.80/ton, expected production costs are \$59.03/cwt to raise the pig to a live market weight in May. With cash hogs projected to be \$50.74/cwt, a pork producer would have a loss of \$20.73/cwt.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 07/08/23 were down 0.4% from the week before. Egg sets were up 0.2% 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 3.0% 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 1.4% from year ago levels. Placements during the latest week were down 0.9% from last week and placements over the last four weeks were down 0.8%.

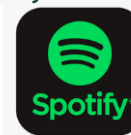
Chicken prices were down \$0.25 from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$5.37 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were up \$0.02 from last week at \$3.86 per bird. With this, estimated returns were down \$0.26 from the week before at \$1.51 per bird.



Ethanol grind: 1,070,000 barrels/day for the week ending July 14—up 3.7% vs. last week and up 3.5% versus 2022. Stocks were 23.166 mb, up 0.508 mb from the prior week, but down 0.387 mb versus last year

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