

Producer Wire

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Time to Focus on Protecting Gross Revenue of 2023 Soybean Crop

Highlights

Attractive gross revenue per acre still available for 2023 soybean production in many areas

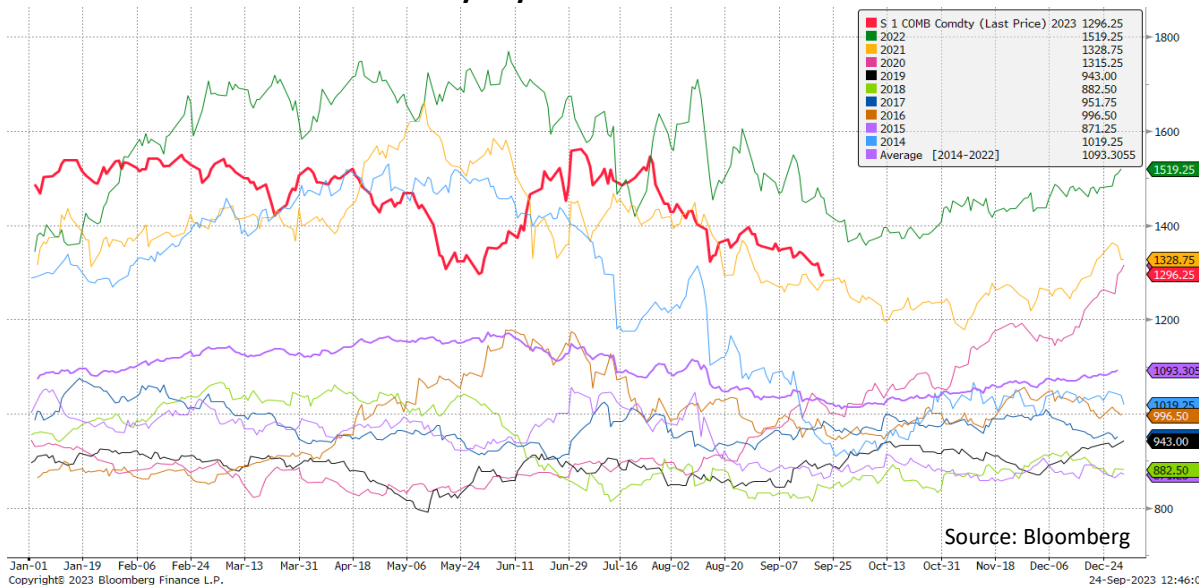
Risk management tools can be utilized to lock in attractive gross revenue and provide upside opportunity

Cash hog prices eased last week, and returns remained below estimated production costs for most producers

Ethanol grind: 980,000 barrel/day for week ending Sept. 15—down 5.7% compared to last week but up 8.8% vs. 2022

Despite the recent downturn, November 2023 soybean futures are at the second highest level of the past 10 years and are almost \$2.00 above the five-year average for November futures for this time of year. This has resulted in attractive gross revenue for still being available for 2023 soybean production in many areas. As a prudent risk manager, you understand the importance of protecting gross revenue of your operation. Various risk management tools can be utilized to establish a price floor for 2023 crop and provide upside opportunity. Now is an important time to regularly consult with your *Advance Trading* advisor to execute a marketing program for realized production.

Nearby Soybean Futures Prices



LIVESTOCK

Kansas cash cattle prices were up \$2.66 cwt from last week at \$182.62 projected a loss of \$35.83 to \$95.70 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 down 18.7cents/dozens from last week at 101.0 cents/dozen and were above estimated production costs. Total production costs were down 2.5 cents/dozen from the week before at 61.9 cents/dozen. With this, producer margins were positive 39.1 cents/dozen.

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Opportunity available to protect attractive gross revenue per acre

U.S. soybean harvest has begun with the USDA this week pegging nationwide progress at 5%. With warmer and drier than normal weather forecast over the next two weeks across key Midwest production areas, progress is likely to accelerate into early October. As a student of the market, you understand it is imperative to get control of bushels and defend your balance sheet as harvest takes place. That is underscored in 2023 by the attractive gross revenue that is still available in many areas.

For example, despite the recent downturn, November 2023 soybean futures are at the second highest level of the past 10 years and are nearly \$2.00 above the five-year average for November futures at this time of year. While bean yields have generally fallen short of initial expectations, they are well above the severely reduced levels seen in 2012 when November futures made an all-time price high.

To quantify the current situation, the matrix below shows the cash bean price on the vertical axis and the realized yield on the horizontal; e.g., *if a producer realizes a 65 bushel per acre (bpa) yield (highlighted), then gross revenue per acre would be \$813 with a cash bean price of \$12.50.*

As a prudent risk manager, you understand the importance of protecting gross revenue of your operation. **Various risk management tools can be utilized to establish a price floor for 2023 crop and provide upside opportunity.** Now is an important time to regularly consult with your *Advance Trading* advisor to execute a marketing program for realized production.

Gross Soybean Revenue Per Acre

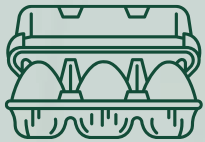
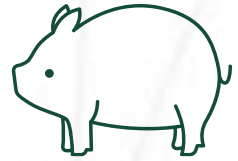
		45	50	55	60	65	70	75	80	85	
Cash Soybean Price (\$/bu)	\$13.75	\$619	\$688	\$756	\$825	\$894	\$963	\$1,031	\$1,100	\$1,169	
	\$13.50	\$608	\$675	\$743	\$810	\$878	\$945	\$1,013	\$1,080	\$1,148	
	\$13.25	\$596	\$663	\$729	\$795	\$861	\$928	\$994	\$1,060	\$1,126	
	\$13.00	\$585	\$650	\$715	\$780	\$845	\$910	\$975	\$1,040	\$1,105	
	\$12.75	\$574	\$638	\$701	\$765	\$829	\$893	\$956	\$1,020	\$1,084	
	\$12.50	\$563	\$625	\$688	\$750	\$813	\$875	\$938	\$1,000	\$1,063	
	\$12.25	\$551	\$613	\$674	\$735	\$796	\$858	\$919	\$980	\$1,041	
	\$12.00	\$540	\$600	\$660	\$720	\$780	\$840	\$900	\$960	\$1,020	
	\$11.75	\$529	\$588	\$646	\$705	\$764	\$823	\$881	\$940	\$999	
	\$11.50	\$518	\$575	\$633	\$690	\$748	\$805	\$863	\$920	\$978	
		45	50	55	60	65	70	75	80	85	
		Actual 2023 Soybean Yield (bpa)									

LIVESTOCK



The average cash price for 750-pound feeder cattle was up \$13.75 from the week before at \$262.50/cwt. Expected corn costs were up \$0.03 from the week before at \$5.66/bushel. At these levels, we pencil a breakeven price of \$207.01/cwt, up \$8.79 /cwt from the week before. With cash cattle in February projected to be \$196.33/cwt, a feedyard could expect a loss of \$133.55 per head.

The Iowa/So. Minnesota weekly average price was down \$0.52/cwt from the week before to \$58.40/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs ranged from a loss of \$0.28 to \$10.87 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in January and with estimated corn costs down \$0.28 to \$4.46/bushel and soybean meal down \$9.10 to \$378.60/ton, expected production costs are \$53.04/cwt to raise the pig to a live market weight in July. With cash hogs projected to be \$60.08/cwt, a pork producer would have a profit of \$17.60/cwt.



Broiler egg sets during the latest reported week were below last year's levels. Egg sets during the week ending 09/09/23 were down 0.3% from the week before. Egg sets were down 1.7% from a year ago and average egg set over the last four weeks is down 2.1% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 3.6% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 4.7% above the five-year average. Chick placements were down 2.3% 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 2.1%.

Chicken prices were up \$0.03/bird from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$5.10 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were down \$0.03 from last week at \$3.70 per bird. With this, estimated returns were up \$0.06 from the week before at \$1.40 per bird.

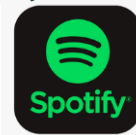


Ethanol grind: 980,000 barrels/day for the week ending Sept. 15—down 5.7% vs. last week but up 8.8% versus 2022. Stocks were 21.681 mb, up 0.510 mb from the prior week but down 0.820 mb versus last year.

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