

# Producer Wire

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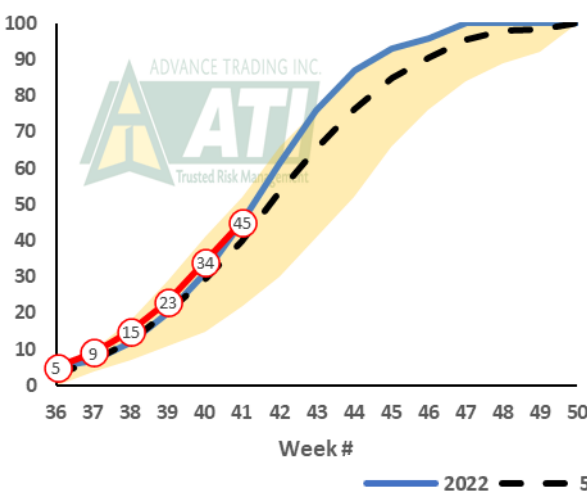


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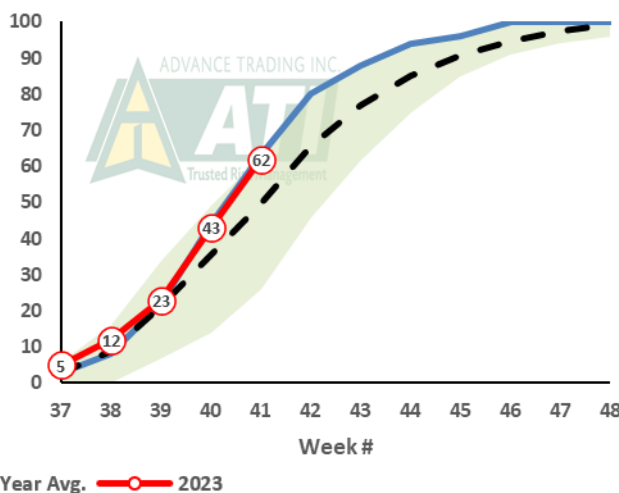
## Avoid Trying to Predict Price in Implementation of Risk Management Strategy

The recent rebound in prices for 2023 U.S. corn and soybeans has led many to question if the harvest low has been established for both crops. As a student of the market, you understand that price prediction is impossible. That principle also has important implications for projected 2024 production since decisions are already being made regarding crop rotations for next year. What makes marketing successful is not attempting to predict price but execution of a carefully mapped out plan.

% of Corn Harvested



% of Soybean Harvested



Source: USDA

### LIVESTOCK

Kansas cash cattle prices were up \$0.95 cwt from last week at \$182.95 projected a loss of \$9.24 to a profit of \$54.26 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 again unchanged from last week at 95.7 cents/dozen and were above estimated production costs. Total production costs were up 2.0 cents/dozen from the week before at 63.5 cents/dozen. With this, producer margins were positive 32.2 cents/dozen.

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## Highlights

Price prediction is impossible

Deciding to plant a crop in 2024 but postponing pricing it can potentially inflict severe financial damage

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

Ethanol grind: 1,035,000 barrel/day for week ending Oct. 13—up 3.1% compared to last week and up 1.9% vs. 2022

## It's impossible to determine if 2023 harvest low has been established

While there are regional differences being observed, a rapid harvest pace in general has been seen for 2023 U.S. corn and soybeans. For example, nationwide corn harvest as of Oct. 15 was pegged at 45%, which was three points above the 5-year average. The pattern for soybeans is even more pronounced with 62% of the crop harvested compared to the 5-year average of 52%. Depending on weather trends, it's not unrealistic that nationwide corn and soybean harvest could approach 80% and 90%, respectively, by the end of the month. Historically, many have equated the completion of harvest with a bottom in the market, setting the stage for a post-harvest price recovery. That theme has been repeated this year, with some suggesting that in the wake of the recent rebound in prices the market has already recorded a "harvest low."

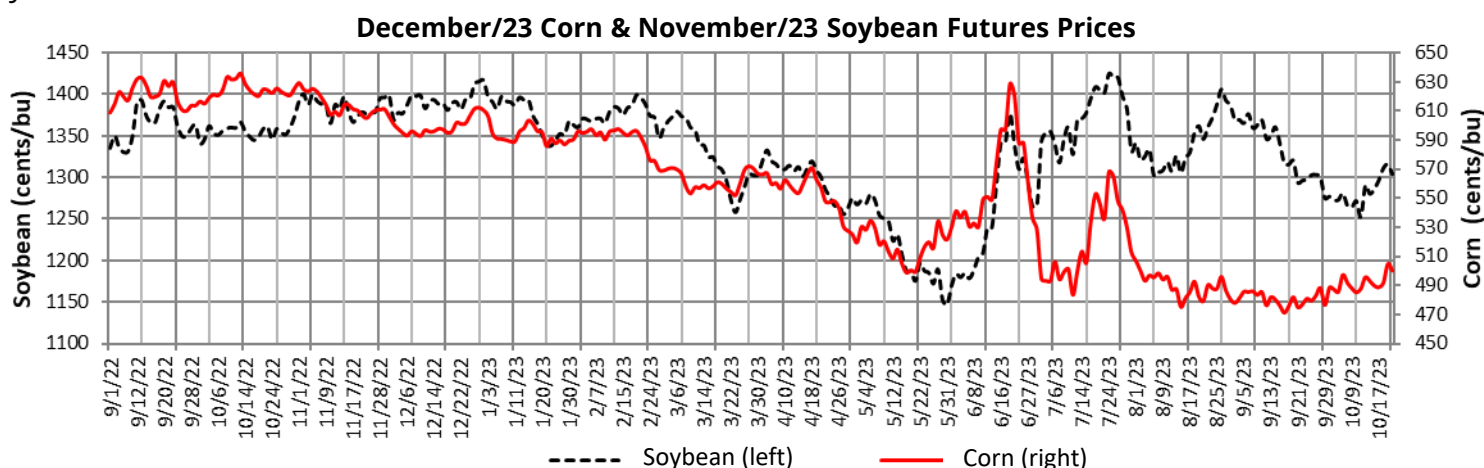
As a student of the market, you understand that price prediction is impossible. There are too many supply and demand factors impacting the market each day to achieve that goal. Accepting and embracing this principle can make marketing much less frustrating. Most importantly, it can provide the foundation for the development and implementation of a risk management strategy that provides flexibility, regardless of price direction.

## The importance of pricing 2024 crop when the production decision is made

Whether you are now busy with harvest or have already wrapped up work, this is a key time to look ahead to 2024 strategies. We've covered this ground before but believe it's worthy of revisiting, particularly in light of the more challenging financial position that many are now confronting with the decline in prices compared to last year.

The importance of pricing 2024 crop when the production decision is made for next year cannot be emphasized strongly enough. Once the commitment to plant a crop is made, there is unlimited downside price risk if a risk management strategy is not simultaneously executed. Viewed in another way, deciding to plant corn in 2024, for example, but postponing pricing it in anticipation of a stronger market later (i.e., price prediction) can potentially inflict severe financial damage. In contrast, by establishing floor price protection that provides flexibility if a rally develops, you are defending your balance sheet.

What makes marketing successful is not attempting to predict price but execution of a carefully mapped out plan. Your Advance Trading advisor can help design and implement a risk management strategy best suited for you.

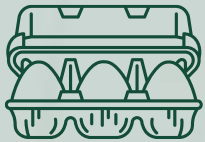
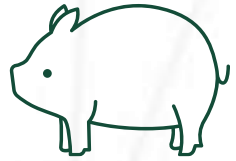


# LIVESTOCK



The average cash price for 750-pound feeder cattle was up \$0.05 from the week before at \$264.75/cwt. Expected corn costs were up \$0.16 from the week before at \$5.88/bushel. At these levels, we pencil a breakeven price of \$209.16/cwt, up \$0.87 /cwt from the week before. With cash cattle in March projected to be \$195.08 /cwt, a feedyard could expect a loss of \$176.04 per head.

The Iowa/So. Minnesota weekly average price was down \$0.58/cwt from the week before to \$55.15/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs projected a loss of \$4.98 to \$11.05 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in February and with estimated corn costs up \$0.16 at \$4.78/bushel and soybean meal up \$22.90 to \$385.00/ton, expected production costs are \$54.36/cwt to raise the pig to a live market weight in August. With cash hogs projected to be \$61.68/cwt, a pork producer would have a profit of \$18.30/cwt.



Broiler egg sets during the latest reported week were below last year's levels. Egg sets during the week ending 10/07/23 were down 0.6% from the week before. Egg sets were down 4.0% from a year ago and average egg set over the last four weeks is down 3.7% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 2.5% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 3.1% above the five-year average. Chick placements were down 3.8% 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 3.9%.

Chicken prices were down \$0.04/bird from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$4.97 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were down \$0.01 from last week at \$3.60 per bird. With this, estimated returns were down \$0.03 from the week before at \$1.37 per bird.

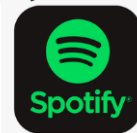


Ethanol grind: 1,035,000 barrels/day for the week ending Oct. 13—up 3.1% v. last week and up 1.9% versus 2022. Stocks were 21.112 mb, down 0.414 mb from the prior week and down 0.732 mb versus last year.

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