

# Producer Wire

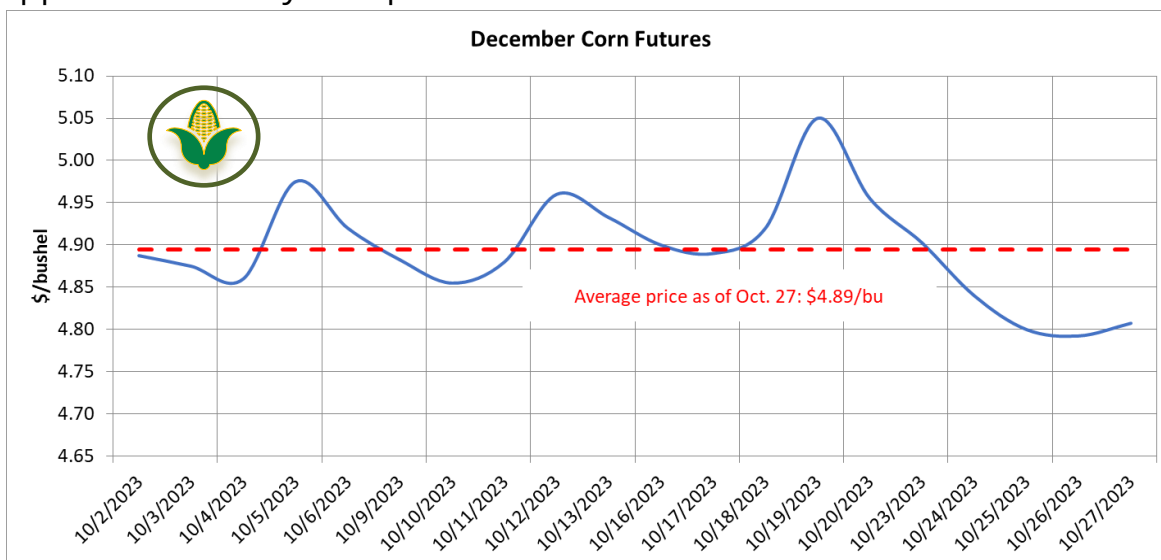
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## Maximizing Marketing Opportunities

As harvest wraps up, there are several important risk management strategies to consider. At the top of the list is the decision to store or sell 2023 crops and which tools to utilize to manage those bushels. In addition, the harvest price for crop insurance will be set on Tuesday, which will effectively eliminate any price floor for 2023 production after Oct. 31. Pricing projected 2024 production also merits consideration. While everyone is now busy with harvest and fieldwork, it's important to continually review, update and execute marketing plans. Your *Advance Trading* advisor is prepared to partner with you to maximize marketing opportunities for your operation.



### LIVESTOCK

Kansas cash cattle prices were up \$1.61 cwt from last week at \$184.56 projected a loss of \$2.34 to \$70.04 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 3.3 cents/dozen from the week before at 67.1 cents/dozen. With this, producer margins were positive 28.6 cents/dozen.

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## Highlights

Final harvest crop insurance price to be established Oct. 31

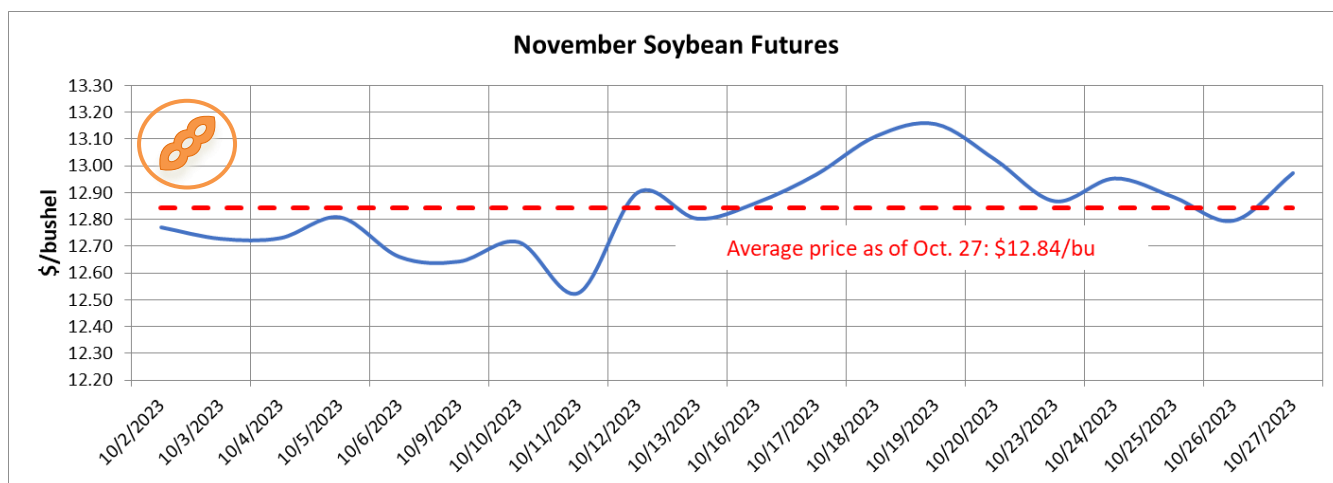
It's important to continually review, update and execute marketing plans

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

Ethanol grind: 1,040,000 barrel/day for week ending Oct. 20—up 0.5% compared to last week and up 0.7% vs. 2022

## Marketing must remain at the forefront even during busy harvest season

As we enter the final days of October, this is an important time of year to safely complete harvest and begin preparations for 2024. By the same token, however, it's critical that marketing remains at the forefront, particularly when opportunities are available. In that light, there are several important risk management strategies to consider. At the top of the list is the decision to store or sell 2023 crops, and which tools to utilize to manage those bushels. Each store-sell decision must be considered individually, but the principles of risk management are consistent. Gaining control of 2023 production entails establishing a price floor but also maintaining flexibility to participate in market rallies. If the decision to store is made, the purchase of a put option can accomplish this goal. Alternatively, if a price floor is established by a sale at harvest, the purchase of a call option can facilitate participation in market rallies.



### Crop insurance pricing period closes Oct. 31

Another factor that underscores the importance of getting control of 2023 production involves crop insurance. As of Oct. 27, the running averages for the December 2023 corn and November 2023 soybean futures contracts were \$4.89 and \$12.84, respectively. Once the harvest price is established and an insurance payment is or is not realized, the implied price “protection” afforded by crop insurance is eliminated. Looked at another way, floor price protection for 2023 production from crop insurance will effectively end Oct. 31.

With fall fieldwork occurring or soon to take place, many are also moving forward with 2024 production plans. As highlighted in last week's wire, the importance of pricing 2024 crop when the production decision is made for next year cannot be emphasized strongly enough. Unless there are changes to basic program guidelines, the projected price for 2024 crop insurance will not be determined until February 2024. There is nothing to prevent the December 2024 corn contract (or November 2024 soybeans) from weakening or strengthening from current levels between now and then.

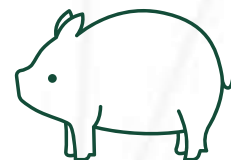
From a risk management perspective, it is prudent to consider getting some downside price protection in place now as any number of domestic and/or worldwide events could send prices lower prior to the establishment of the projected price in February 2024. Your Advance Trading advisor is prepared to partner with you to maximize marketing opportunities for your operation.

# LIVESTOCK

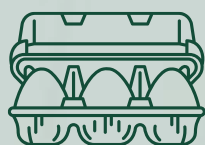


The average cash price for 750-pound feeder cattle was down \$11.25 from the week before at \$253.50/cwt. Expected corn costs were down \$0.13 from the week before at \$5.76/bushel. At these levels, we pencil a breakeven price of \$201.41/cwt, down \$7.75 /cwt from the week before. With cash cattle in March projected to be \$191.73 /cwt, a feedyard could expect a loss of \$121.03 per head.

The Iowa/So. Minnesota weekly average price was down \$2.89/cwt from the week before to \$52.27/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs projected a loss of \$11.45 to \$19.04 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 \$0.05 at \$4.84/bushel and soybean meal up \$33.90 to \$433.90/ton, expected production costs are \$55.86/cwt to raise the pig to a live market weight in August. With cash hogs projected to be \$56.41/cwt, a pork producer would have a profit of \$1.39/cwt.



Broiler egg sets during the latest reported week were below last year's levels. Egg sets during the week ending 10/14/23 were down 0.1% from the week before. Egg sets were down 3.7% from a year ago and average egg set over the last four weeks is down 4.0% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 1.3% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 1.8% above the five-year average. Chick placements were down 2.3% from year ago levels. Placements during the latest week were up 0.3% from last week and placements over the last four weeks were down 3.6%.



Chicken prices were up \$0.01/bird from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$4.98 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were unchanged from last week at \$3.60 per bird. With this, estimated returns were up \$0.01 from the week before at \$1.38 per bird.

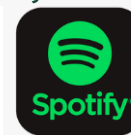


Ethanol grind: 1,040,000 barrels/day for the week ending Oct. 20—up 0.5% v. last week and up 0.7% versus 2022. Stocks were 21.398 mb, up 0.286 mb from the prior week but down 0.893 mb versus last year.

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