

Producer Wire

By Brian Basting

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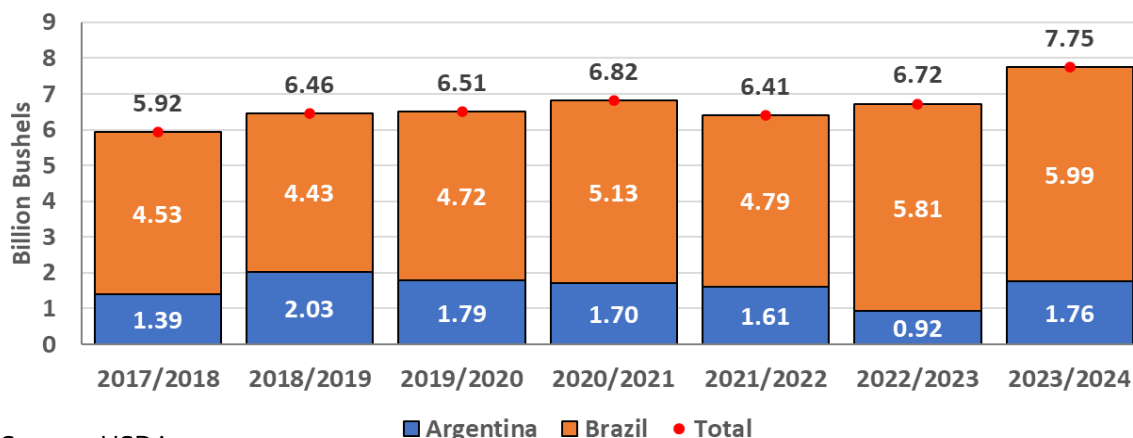


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Defend Your Balance Sheet (cont.)

The harvest crop insurance price for soybeans is \$12.84. A review of “what if” scenarios suggest some producers will not receive an indemnity. Where harvest is completed, gross revenue for 2023 production can now be calculated—and protected. While uncertainty about South American weather is currently supporting soybean prices, the USDA this week forecast record combined production in Brazil and Argentina for the current crop year. Slightly lower Chinese soybean imports from all origins were also forecast. Your *Advance Trading* advisor is prepared to assist in developing and executing a customized risk management program for your operation.

Soybean Production



Source: USDA

LIVESTOCK

Kansas cash cattle prices were up \$0.51 cwt from last week at \$185.08 projected a loss of \$33.32 to \$113.16 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 up sharply 35.7 cents from last week to 129.7 cents/dozen and were above estimated production costs. Total production costs were up 0.2 cents/dozen from the week before at 68.3 cents/dozen. With this, producer margins were positive 61.4 cents/dozen.

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Highlights

Some producers will not receive a crop insurance payment for 2023 soybeans

All unsold 2023 soybean production should be protected against downside price risk

Broiler egg sets during the latest reported week were below last year's level

EIA report on ethanol grind is delayed one week

Uncertainty high on South American weather, but Chinese soybean imports forecast slightly lower in 23/24

Last week, we highlighted the importance of establishing price protection for 2023 corn production. As part of the analysis, we reviewed some “what if” scenarios for quantifying crop insurance payments by varying yield and coverage levels. This week we do the same exercise for beans. The harvest price for November 2023 soybeans is \$12.84 compared to the base level of \$13.76 in February. We can utilize these prices to quantify crop insurance payments under yield and coverage levels e.g., a producer with a 55 BPA guarantee yield with an actual yield of 55 would not receive an indemnity payment under any of the coverage levels.

Crop Insurance Payments for Beans with a Revenue Protection Policy and 55 BPA Guarantee Yield

		Coverage		
		75%	80%	85%
		Dollars per acre		
Harvest Yield bu/acre	30	\$182	\$220	\$258
	35	\$118	\$156	\$194
	40	\$54	\$92	\$130
	45	\$0	\$28	\$65
	50	\$0	\$0	\$1
	55	\$0	\$0	\$0
	60	\$0	\$0	\$0
	65	\$0	\$0	\$0

As the 2023 harvest nears completion, it is clear that some producers will not receive an indemnity this year. While some poor yields were seen in areas that were impacted by hot, dry weather this summer—notably in the western Corn Belt—other regions are reporting yields near or above the guaranteed level. Yields in parts of the Eastern Corn Belt, in fact, are forecast to be record high. Once again, it is important to note that this does not diminish the value of crop insurance as the purchase was part of a comprehensive risk management program.

As noted last week, where harvest is complete gross revenue can be calculated—and protected. Looking ahead, the early growing season in Brazil has been less than ideal; warmer and dry conditions in the central and north have slowed early planting and development, while excess rainfall may cause re-planting in some areas of the south. It’s worth repeating, however, that combined soybean production in Brazil and Argentina is still forecast to be record high at 7.75 billion bushels. Plus, the USDA this week forecast a slight reduction in Chinese soybean imports for the 2023/24 marketing year.

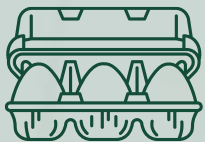
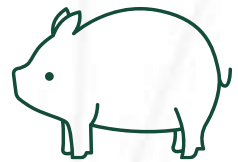
In this uncertain environment, all unsold 2023 soybean production should be protected against downside price risk by utilizing available marketing tools. Your *Advance Trading* advisor is prepared to assist in developing and executing a customized risk management program for your operation.

LIVESTOCK



The average cash price for 750-pound feeder cattle was up \$12.30 from the week before at \$252.30/cwt. Expected corn costs were up \$0.01/bushel from the week before at \$5.77/bushel. At these levels, we pencil a breakeven price of \$200.58/cwt, up \$7.83 /cwt from the week before. With cash cattle in April projected to be \$191.53 /cwt, a feedyard could expect a loss of \$113.06 per head.

The Iowa/So. Minnesota weekly average price was down \$1.16/cwt from the week before to \$50.97/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs projected a loss of \$13.40 to \$22.36 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in March and with estimated corn costs down \$0.08 at \$4.61/bushel and soybean meal down \$0.30 to \$472.10/ton, expected production costs are \$56.08/cwt to raise the pig to a live market weight in August. With cash hogs projected to be \$62.25/cwt, a pork producer would have a profit of \$15.40/cwt.



Broiler egg sets during the latest reported week were below last year's levels. Egg sets during the week ending 10/28/23 were up 0.7% from the week before. Egg sets were down 2.7% from a year ago and average egg set over the last four weeks is down 3.9% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 1.2% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 0.3% above the five-year average. Chick placements were down 5.3% from year ago levels. Placements during the latest week were down 0.5% from last week and placements over the last four weeks were down 4.6%.

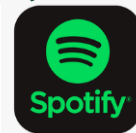
Chicken prices were up \$0.15 from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$5.12 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were unchanged from last week at \$3.60 per bird. With this, estimated returns were up \$0.15 per bird from the week before at \$1.53 per bird.



EIA is delaying scheduled releases for Nov. 8-10 to finish a planned systems upgrade. The Weekly Petroleum Status Report (which has data on ethanol production and stocks) will be published Nov. 15

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