

# Producer Wire

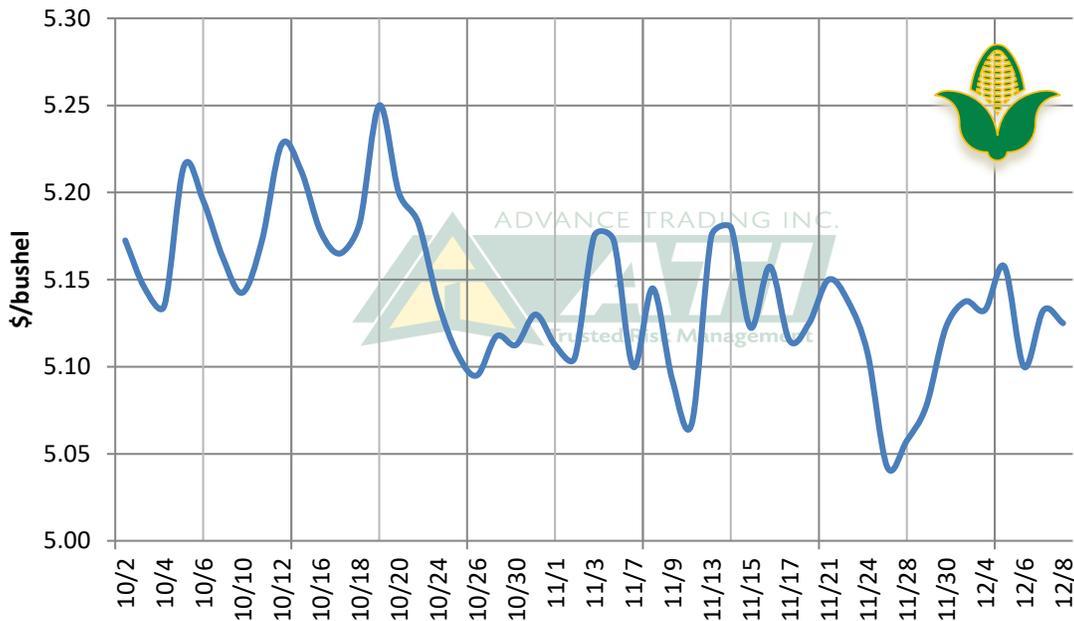
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## First Look at 2024/25 U.S. Corn Balance Sheet

Preliminary U.S. corn supply and demand projections for 2024/25 are surfacing. This year there are questions surrounding South American corn production prospects, as well as Chinese import needs. During a time of market uncertainty, your *Advance Trading* advisor stands ready to assist in developing and implementing a flexible risk management strategy that can help manage price volatility and defend your balance sheet for next year's crop.



## Highlights

Uncertainty centers on South American production prospects, Chinese import needs

Preliminary 2024/25 corn balance sheet reflects potential for significant increase in ending stocks, lower price

At current cash prices, losses for a cattle feedyard not hedging ranged from \$58.78 to \$128.37/head

### LIVESTOCK

Kansas cash cattle prices were down \$2.71 cwt from last week at \$174.24 projected a loss of \$58.78 to \$128.37 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 up 12.1 cents from last week at 102.4 cents/dozen and were above estimated production costs. Total production costs were down 3.3 cents/dozen from the week before at 68.9 cents/dozen. With this, producer margins were positive 99.4 cents/dozen.



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Ethanol grind:  
1,076,000 barrel/day for week ending Dec. 1—up 6.4% compared to last week but down 0.1% vs. 2022

## December 2024 corn futures moderately above five-year average for this time of year

There were few surprises in Friday's USDA Supply/Demand report. Last week we highlighted a preliminary look at the 2024/25 U.S. soybean balance sheet. This week we perform the same exercise for corn. December 2024 corn futures are currently trading near \$5.10, which is moderately above the five-year average of \$4.70 for early December. The table below presents a preliminary look at 2024/25 corn balance sheet prospects for next year.

	12/8/2023	USDA	USDA	ATI	USDA	ATI	ATI
<b>CORN</b>		2021/22	2022/23	2022/23	2023/24	2023/24	2024/25
Planted Acres (myn a)		93.3	88.6	88.6	94.9	94.9	92.5
Harvested Acres		85.3	79.1	79.1	87.1	87.1	84.7
Abandonment		-8.6%	-10.7%	-10.7%	-8.2%	-8.2%	8.4%
Yield		176.7	<b>173.4</b>	173.5	<b>174.9</b>	<b>174.9</b>	<b>178.4</b>
Beginning Stocks		1,235	1,377	1,377	1,361	1,361	2,215
Production		15,074	13,715	13,715	15,234	15,230	15,116
Imports		24	39	40	25	25	25
Total Supply & Impts		<b>16,333</b>	<b>15,131</b>	<b>15,132</b>	<b>16,620</b>	<b>16,615</b>	<b>17,356</b>
Feed/Residual		5,726	5,549	5,501	5,650	5,605	5,563
Food, Seed, Industrial		6,757	6,558	6,605	6,740	6,755	6,825
Ethanol for Fuel		5,320	5,176	5,195	5,325	5,340	5,400
Domestic Use, Total		12,483	12,107	12,106	12,390	12,360	12,388
Exports		2,472	1,661	1,665	2,100	2,040	2,200
Total Use		<b>14,956</b>	<b>13,768</b>	<b>13,771</b>	<b>14,490</b>	<b>14,400</b>	<b>14,588</b>
Ending Stocks		1,377	1,361	1,361	2,131	2,215	2,768
U.S. Stocks/Use Ratio		9.2%	9.9%	9.9%	14.7%	15.4%	19.0%
World Non PRC Stx/Use Ratio		11.4%	10.8%				
CH Mar 1						\$0.05	\$0.05
Expected Avg Farm Price		\$6.00	\$6.54	\$6.25	\$4.85	\$4.50	\$4.25

Focusing first on supply, the "ATI" projection pegs planted acreage at 92.5 million, which is 2.5% decrease compared to 2023. Utilizing a trend yield of 178.4 bpa results in near record forecasted production of 15.116 billion bushels. Factoring in the 2023/24 ending stocks estimate of 2.215 bbu and adding in a small level of imports, total supply is forecast at a record 17.356 bbu.

Exports are likely to be influenced by South American production prospects as well as Chinese import needs. Planting of the safrinha corn crop in Brazil will not take place until soybean harvest is completed in early 2024. For now, the USDA is penciling in a 6% reduction in Brazil corn production for 2023/24, although output in Argentina is projected to increase by 62%. Over the near-term, the market will be watching to see if China steps in and buys more U.S. corn. For this example, "ATI" pegs ending stocks at 2.768 bbu, with an average farm price of \$4.25.

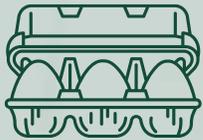
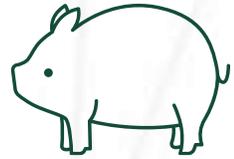
Similar to the soybean analysis last week, this exercise illustrates the potential for a significant increase in ending stocks and corresponding decline in average farm price estimates for the 2024/25 crop year. As always, it is impossible to say what supply and demand factors will eventually influence the market.

# LIVESTOCK



The average cash price for 750-pound feeder cattle was down \$0.40 from the week before at \$239.00/cwt. Expected corn costs were down \$0.09 from the week before at \$5.55/bushel. At these levels, we pencil a breakeven price of \$190.82/cwt, down \$0.70 /cwt from the week before. With cash cattle in May projected to be \$190.82 /cwt, a feedyard could expect a loss of \$198.72 per head.

The Iowa/So. Minnesota weekly average price was down \$2.94/cwt from the week before to \$41.64/cwt. At this price, our calculations indicate a typical Iowa hog producer with un-hedged hogs projected a loss of \$34.90 to \$47.56 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in March and with estimated corn costs up \$0.02 at \$4.63/bushel and soybean meal down \$21.40 to \$412.70/ton, expected production costs are \$55.62/cwt to raise the pig to a live market weight in September. With cash hogs projected to be \$66.60/cwt, a pork producer would have a profit of \$27.46/cwt.



Broiler egg sets during the latest reported week were below last year's levels. Egg sets during the week ending 11/25/23 were up 0.1% from the week before. Egg sets were down 1.6% from a year ago and average egg set over the last four weeks is down 1.4% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 0.4% more than the average set for this time for 2018 through 2022 and over the last four weeks, egg sets have averaged 1.3% below the five-year average. Chick placements were down 2.2% from year ago levels. Placements during the latest week were down 1.4% from last week and placements over the last four weeks were down 3.4%.

Chicken prices were up \$0.20 /bird from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$5.34 per bird. Our estimates indicate feed, growout costs and processing for an average integrator were down \$0.01 from last week at \$3.55 per bird. With this, estimated returns were up \$0.21 from the week before at \$1.78 per bird.



Ethanol grind: 1,076,000 barrels/day for the week ending Dec. 1—up 6.4% versus last week but down 0.1% versus 2022. Stocks were 21.439 mb, up 0.060 mb from the prior week but down 1.818 mb versus last year.

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