

Producer Wire

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Time to Focus on Protecting Gross Revenue of 2022 Corn Crop

Highlights

Exceptionally high gross revenue per acre available for 2022 corn production in many areas

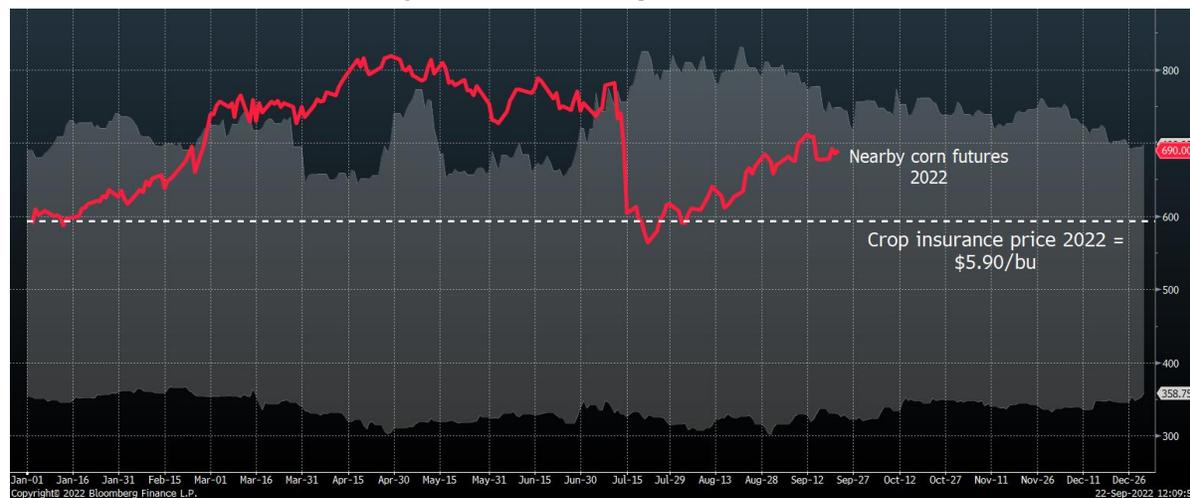
Risk management tools can be utilized to lock in attractive gross revenue and provide upside opportunity

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

Ethanol grind: 901,000 barrel/day for week end Sept. 16—down 6.4% v. last week, down 2.7% v 2021 and down 4.5% v. 2019

December 2022 corn futures are almost \$1.00 above the spring crop insurance price, nearly \$3.00 above the five-year average for December futures at this time of year, and a 10-year high. This has resulted in exceptionally high gross revenue for 2022 corn production in many areas. As a prudent risk manager, you understand the importance of protecting the gross revenue of your operation. Various risk management tools can be utilized to establish a price floor for the 2022 crop and provide upside opportunities. Now is an important time to consult with your *Advance Trading* advisor to execute a marketing program for realized production.

Nearby corn futures prices: 2012-2022



Source: Bloomberg

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EGGS/POULTRY

Kansas cash cattle prices were up \$1.04 cwt from last week at \$142.00/cwt. At the current price, a feedyard that was not hedging lost \$225.91 to \$246.31 per head depending on how the feed was purchased. Projections indicate a loss for un-hedged producers (Read more...)



Egg prices were up 64.3 cents/dozen from last week at 183.2 cents/dozen and remained above estimated production costs. Total production costs were down 1.3 cents/dozen from the week before at 76.8 cents/dozen. With this, producer margins were positive 183.2 cents/dozen. (Read more...)

Opportunity available to protect attractive gross revenue per acre

U.S. corn harvest has begun with the USDA this week pegging nationwide progress at 7%. With generally dry weather forecast over the next two weeks for most growing 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 2022 by the attractive gross revenue that is available in many areas.

		Gross Corn Revenue Per Acre								
	\$6.90	\$966	\$1,104	\$1,242	\$1,380	\$1,518	\$1,656	\$1,794	\$1,932	\$2,070
	\$6.80	\$952	\$1,088	\$1,224	\$1,360	\$1,496	\$1,632	\$1,768	\$1,904	\$2,040
	\$6.70	\$938	\$1,072	\$1,206	\$1,340	\$1,474	\$1,608	\$1,742	\$1,876	\$2,010
	\$6.60	\$924	\$1,056	\$1,188	\$1,320	\$1,452	\$1,584	\$1,716	\$1,848	\$1,980
Cash Corn Price (\$/bu)	\$6.50	\$910	\$1,040	\$1,170	\$1,300	\$1,430	\$1,560	\$1,690	\$1,820	\$1,950
	\$6.40	\$896	\$1,024	\$1,152	\$1,280	\$1,408	\$1,536	\$1,664	\$1,792	\$1,920
	\$6.30	\$882	\$1,008	\$1,134	\$1,260	\$1,386	\$1,512	\$1,638	\$1,764	\$1,890
	\$6.20	\$868	\$992	\$1,116	\$1,240	\$1,364	\$1,488	\$1,612	\$1,736	\$1,860
	\$6.10	\$854	\$976	\$1,098	\$1,220	\$1,342	\$1,464	\$1,586	\$1,708	\$1,830
	\$6.00	\$840	\$960	\$1,080	\$1,200	\$1,320	\$1,440	\$1,560	\$1,680	\$1,800
		140	160	180	200	220	240	260	280	300
		Actual 2022 Corn Yield (bpa)								

For example, at \$6.85, December 2022 corn futures are almost \$1.00 above the spring crop insurance price of \$5.90, nearly \$3.00 above the five-year average for December futures at this time of year, and a 10-year high. Although corn yields generally have fallen short of initial expectations, they remain considerably above the severely reduced levels seen in 2012, when December futures made an all-time price high.

To quantify the current situation, the matrix above shows the cash corn price on the vertical axis and the realized yield on the horizontal; e.g. *if a producer realizes a 220 bushel per acre (bpa) yield (highlighted), then gross revenue per acre would be \$1,408 with a cash corn price of \$6.40.*

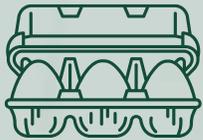
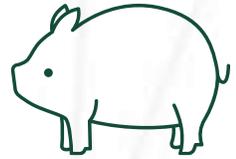
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The average cash price for 750-pound feeder cattle was up \$5.00/cwt from the week before at \$190.00/cwt. Expected corn costs were up \$0.09 from the week before at \$8.15/bushel. At these levels, we pencil a breakeven price of \$175.02/cwt, up \$3.60/cwt from the week before. With cash cattle in January projected to be \$155.89/cwt, a feedyard could expect a loss of \$239.21 per head.

The Iowa/So. Minnesota weekly average price was up \$1.68/cwt from the week before to \$74.10 /cwt. At this price, our calculations indicate a typical Iowa hog producer with unhedged hogs profited \$20.06 to \$20.49 per head, depending on how the feed was purchased. A sow bred today would farrow a pig in January and with estimated corn costs at \$6.80 bushel and soybean meal at \$408.90/ton, expected production costs are \$62.09/cwt to raise the pig to a live market weight in July. With cash hogs projected to be \$76.05/cwt, a pork producer would have a profit of \$34.88 per animal.



Broiler egg sets during the latest reported week were above last year's levels. Egg sets during the week ending 09/10/22 were up 0.8% from the week before. Egg sets were up 5.4% from a year ago and average egg set over the last four weeks is up 4.0% from last year. Egg sets were above the 5-year average for this time of year. Last week's egg set was 10.0% more than the average set for this time for 2017 through 2021 and over the last four weeks, egg sets have averaged 10.4% above the five-year average. Chick placements were up 4.5% from year-ago levels. Placements during the latest week were up 0.1% from last week and placements over the last four weeks were up 3.9%.

Chicken prices were down \$0.04 per bird from last week remaining higher than estimated production costs. Income from both whole broilers and further processed birds was \$5.47 per bird. Our estimates indicate feed, growout costs, and processing for an average integrator were unchanged from last week at \$4.09 per bird. With this, estimated returns were down \$0.04 from the week before at \$1.38 per bird.



Ethanol grind: 901,000 barrels/day for the week ending Sept. 16—down 6.4% versus last week, down 2.7% v. 2021 and down 4.5% v. 2019. Stocks were 22.501 mb, down 0.342 mb from the prior week, but up 2.390 mb compared to last year.

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