

AgCountry Farm Credit Services
APRIL 2023 MARKET UPDATE
Cody Didier, Marketing Education Specialist

Corn

Over the course of the last month the corn market has been getting pulled in both directions from bullish and bearish news. Old crop May futures have traded in a 62-cent range; however, futures are sitting at the highest since the end of February. The July futures, currently also trading at the highest since the end of February, have traded in a 48-cent range. At one point, they dropped down to \$5.97 – the lowest since last July. New crop December futures have traded in a slightly narrower range of 29 cents. Throughout March the corn market had finally experienced an increase in corn exports bringing a bullish factor into the market for several weeks. The highest weekly corn export took place during this time, which was the most since September of 2021. Even with the massive uptick in exports, U.S. corn exports are still down one-third compared to last year. The USDA released their Prospective Plantings report, pouring more bearish news into the corn market. They're reporting that 91.990 million acres will be planted this spring compared to 88.579 million acres planted in 2022. The USDA released their monthly World Agricultural Supply and Demand Estimates (WASDE) report on April 11. Although a mostly neutral report, ending stocks were unchanged from March's report. Ending stocks for corn came in 26 million bushels above the average trade estimate.

Soybeans

Soybean futures continue to ride the roller coaster of volatility. Old crop contracts off the May futures experienced a \$1.22 trading range with a low of \$14.05. July futures had a \$1.17 trading range with a low of \$13.83. New crop November futures traded in a 91-cent range with a low of \$12.47. The start of the selloff throughout March in soybeans began with the closures of Silicon Valley Bank and Signature Bank. This was the second largest bank closures in U.S. history and resulted in fear throughout the U.S. economy. With the fear of a possible banking crisis, mass fundamental selling began creating heavy selling pressure throughout the soy market. The brief fall in crude oil prices carried soy markets along lower, although did turn around from OPEC+ announcing a cut in their oil production. The USDA's Prospective Planting's report brought some bullish news to the volatile soybean market by stating that 87.510 million acres will be planted this year, which is right in line with the 2023 Outlook Forum Estimates. This does, however, fall 700,000 acres below pre-report trade estimates.

Wheat

Old crop and new crop spring wheat futures contracts have all seen a \$1.00 trading range throughout the month. At one point this led to contract lows for the May and July 2023 contracts and the lowest the new crop September futures have been to since February 2022. Even with these huge swings, all contracts are trading at the highest level since late February. On March 18, the Black Sea Grain Initiative was once again extended. Even though it was extended, that does not mean it has been all peace

between all sides of the agreement. Russia has continued to attack Ukraine with missile strikes, as well as the United Nations reporting that inspections were paused on April 11 so that “all parties involved could agree on operational priorities,” per a report by Reuters. USDA’s Prospective Plantings report stated that there would be 49.900 million acres of all wheat crops grown this year compared to 45.738 million acres in 2022.

Sugar beets

Sugar beet production is decreased 10,285 STRV due to lower recovery along with an increase in beet pile shrink. Processor reporting from Florida and Texas has cane sugar production increasing 5,430 STRV. With sugar production unchanged, the increase in supply reflects directly into the ending stocks at 1.897 million STRV, resulting in an increase in ending stocks-to-use ratio of 1.39% to 14.89%.

Ethanol

The U.S. Energy Information Administration left their 2023 production unchanged and slightly decreased their 2024 forecast. In 2023, the EIA estimates 1 million barrels per day will be produced. In 2024, the EIA estimates that 1.01 million barrels per day will be produced, which is slightly down from March’s estimate of 1.02 million barrels per day. The USDA left their estimate of corn used in ethanol unchanged for 2022-2023 at 5.25 billion bushels. This is still slightly down from 5.326 billion bushels in 2021-2022.

Lean Hogs

The lean hog market was needing some much-needed bullish news and the WASDE report didn’t fulfill any of those hopes. Pork production estimates decreased 50 million pounds for 2023. This is due to the December to February pig crop as well as farrowing intentions in the March to May timeframe, which were all lower than the trade expected. Prices for all four quarters are lowered reflecting current price movements and demand.

Feeder/Live Cattle

Higher beef production is forecasted from last month. Beef production in 2023 was raised 110 million pounds. An increase in production for the second and third quarters of 2023, while the first and fourth quarter decreased. The first quarter saw a slight 10-cent decrease to average \$160.90. All other quarters saw an increase of \$3.00-\$6.00.

Dairy

Milk production is forecasted higher due to an expected increase in cow inventory. From a strength in dairy products throughout the first quarter of 2023, fat basis imports have risen. From a strong demand of imports from casein and milk protein concentrates, they are supporting higher skim-solids basis

imports. A lower forecast of exports in 2023 is expected for butter, cheese, nonfat dry milk, and whey markets due to an increase in competition.