

AgCountry Farm Credit Services
AUGUST 2023 MARKET UPDATE
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Corn

With the expiration of old-crop July futures, old-crop corn is now trading off the September 2023 futures. September futures have traded in a \$0.94 trading range between \$5.64 and \$4.70 futures. This is the lowest trading level we have seen for old-crop corn off the September futures since July 2021.

Although we are trading at contract lows, we are once again seeing the unusually positive old crop corn basis levels posted throughout our company footprint. This ranges anywhere from \$0 to \$0.55. New crop corn trading off the December 2023 futures traded in a \$0.91 range between \$5.72 and \$4.81 which is the lowest trading levels since September of 2021.

In August's USDA World Agricultural Supply and Demand Estimates (WASDE), the USDA decreased new crop 2023-2024 corn yield estimates 2.4 bpa from last month's estimate to 175 bpa. New crop production was lowered 209 million bushels from last month's estimate to 15.11 billion bushels. New crop ending stocks were lowered 60 million bushels to 2.202 billion bushels. Even with the WASDE report estimates stating bullish estimates, all estimates fell within pre-report estimates in which any gains were already factored into the market.

Soybeans

Like old-crop corn futures, July soybean futures have expired and old-crop soybeans are trading off of September. There are, however, many places trading off of November for old-crop soybeans, too. September futures traded in a \$1.65 range between \$14.90 and \$13.25. New crop November soybeans traded in a \$1.53 range between \$14.35 and \$12.82.

The USDA lowered new crop yield by 1.1 bpa from last month's estimate to 50.9 bpa, which lowered new crop production by 95 million bushels to 4.205 billion bushels. New crop ending stocks were lowered 55 million bushels down to 245 million bushels. Even with bullish estimates, all estimates fell within pre-report estimates.

Wheat

New and old crop wheat futures trading off September have traded in a \$1.36 range from \$9.47 to \$8.11. In mid-July spring wheat futures were taking in every ounce of bullish war influence. With the recent pause in war action, a downhill slide has been the result for the wheat market.

In this month's WASDE report, a slight production decrease of 5 million bushels from last month's report brings new crop all wheat production to 1.734 billion bushels. An increase in ending stocks of 23 million bushels brings new crop ending stocks to 615 million bushels due to a lack of export sales.

Sugarbeets

With an increase in imports of 145,289 short tons, the raw value U.S. sugar supply is slightly raised for 2022/2023. The increase in imports is the result of Mexico having larger supply availability. U.S. sugar supply increased by 222,848 for 2023/2024 due to an increase in beginning stocks, production, and imports. Yield was increased to 30.93 tons per acre, resulting in an increase of 51,302 STRV to 5,073,061.

Ethanol

The Energy Information Administration (EIA) reported week ending August 11th, U.S. ethanol production averaged 1.069 million barrels. This is an increase of 8% or 85,000 barrels compared to this time last year.

Lean Hogs

Production remains unchanged from the July report. The hog prices forecast for 2023 are raised in reflection to current prices due to strong demand and tight supplies. No changes were made to 2024.

Feeder/Live Cattle

A reduction in beef production was noted due to lower steer and heifer slaughter. With higher placements expected in late 2023 and 2024, production is raised due to these cattle being slaughtered in throughout 2024. With a now higher-than-anticipated supply, exports for 2024 are raised from last month's estimates.

Dairy

For both 2023 and 2024, milk production has decreased from last month. Based on July 1 dairy inventory and heifer retention, cow inventory decreased. From the Milk Production report, output per cow for 2023 is reduced. However, it remains unchanged for 2024. Due to a higher cheese price, Class III milk price is raised.