AgCountry Farm Credit Services Market Update

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**MARCH 2023 MARKET UPDATE**
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## Corn

Within the last month we have seen new crop December 23 futures drop $0.40 off the high and old crop May 23 futures drop $0.62. This brings both contracts below support levels to the lowest they have been since last July. This was mostly due to the bearish USDA outlook forum projections and the March USDA World Agricultural Supply and Demand Estimates (WASDE) report. USDA outlook projections were estimated for the 2023-2024 corn crop at 91.0 million acres, which is up 2.5 million acres from last year. The estimated corn yield came in at 181.5 bpa, which would make a total production of 15.09 billion bushels. Ending stocks moved up to 1.887 billion bushels, which is up 620 million bushels from last year. If that is the case, we would see the U.S. stocks to usage ratio go back up to around 13%.

Looking at March's USDA WASDE report, Argentina's corn production was cut by a massive 7mmt from last month's report to 40mmt. Even though that is a dramatic decrease in production that was almost right in line with pre-report trade estimates that the market had already taken into consideration. Brazil's corn production was left untouched at 125mmt. The bearish tone to the WASDE report was brought to us by a continued lack in U.S. exports. The USDA decreased U.S. export estimates by 75 million bushels, which reflected directly into U.S. ending stocks increasing them by 75 million bushels to 1.342 billion bushels.

## Soybeans

Even though we have seen a $0.75 range off the May 23 contract and $0.57 in the November 23 contract, we are $0.33 off the high on the May contract and $0.31 on the November contract. Throughout the month soybean futures remain attractive simply due to Argentina experiencing drought conditions. The USDA reduced the Argentine production 8mmt from last month's report to 33mmt while leaving Brazil's record production untouched at 153.0mmt. U.S. soybean ending stocks were decreased 15mb from last month's report to 210mb due to a 25mb increase in export demand but a 10mb decrease in crush estimates.

## Wheat

Wheats had a tough ride this past month, seeing the nearby May 23 contract fall $0.78 while new crop September 23 contract has dropped off $0.73. This is the lowest the new crop September 23 contract has been since last March. This also is a new contract low for the May 23 contract. Throughout the month the drought-stressed winter wheat areas received much needed precipitation. There is continued domination in the export market from Russia with up to a $2.50 per bushel discount compared to the U.S. We'll note there are talks of Russia and Ukraine renewing the Black Sea Grain Initiative, which is set to expire on March 18th. U.S. ending stocks were left untouched from last month's report at 568mb.

Even with this being the lowest ending stocks in 15 years, the wheat market can't find any traction to turn the market around.

**Sugar beets**

Due to lower supply and an increased use, ending stocks for 2022/2023 were reduced by 154,186 STRV to 1,720,240. That reduction resulted in an ending stocks to use ratio of 13.5%. Beet sugar production was increased by 59,941 STRV to 5,160,157 due to an increase in sucrose recovery form the 2022 sugarbeet crop.

**Ethanol**

The USDA held its estimate for corn used in ethanol in 2022-2023 at 5.25 billion bushels, compared to 5.326 billion bushels in 2021-2022. Ethanol production average 1.01 million barrels per day, bringing ethanol ending stocks up 2%.

**Lean Hogs**

Pork production was lowered 25million pounds to 27.41 billion, due to a higher-than-expected slaughter pace in the first quarter.

**Feeder/ Live Cattle**

Slaughter projections were raised for the first three quarters of the year due to higher cow slaughter as well as increased placement of cattle in feedlots in the first quarter. Due to strong demand and tight feedlot numbers, cattle prices were increased for all four quarters of 2023.

**Dairy**

Milk production in 2023 increased because of larger cow inventory. Output per cow is left untouched from last month. Imports for 2023 were raised while exports were reduced for both fat and skim solids bases.