

AgCountry Farm Credit Services
MAY 2023 MARKET UPDATE
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Corn

Throughout most of the month, corn futures have been on a downhill slide. The expiring May futures traded in a \$0.61 range, reaching as high as \$6.82 and as low as \$6.21. Old crop July futures traded in a \$0.78 range of \$6.47 to \$5.69, which was the lowest since July of 2022. New crop corn futures off the December contract hit the lowest trading level since January of 2022 with a \$0.60 range of \$5.71 to \$5.11. Bearish news has overtaken most of the corn market. This is led by the old crop corn cancellations of sales to China as well as a better than average planting progress pace. May's USDA World Agricultural Supply and Demand Estimates (WASDE) report didn't bring any bullish support either. The USDA released their first U.S. production and U.S. ending stocks for the 2023-2024 season. Production estimates came in at a record 15,265 million bushels due to 92 million acres planted with a record yield of 181.5 bushels per acre. U.S. ending stocks for the 2023-2024 season were estimated at 2,222 million bushels, which would be the largest ending stocks in five years. With a continued lack in exports, ending stocks for the 2022-2023 season were increased 75 million bushels to 1,417 million bushels.

Soybeans

Soybeans continue to show volatility—although are trending downward. May soybean futures traded in a range of \$1.02 from \$15.31 to \$14.22. July soybean futures traded in a range of \$1.16 from \$15.01 to \$13.85. Moments after the May WASDE was released, new crop soybeans off the November contract traded in a range of \$1.04 from \$13.25 to \$12.21. That's the lowest since July of 2022. U.S. production estimates for 2023-2024 season were estimated at 4,510 million bushels along with ending stocks at 335 million bushels. Soybeans have been trying to sustain a bullish influence from the severe drought damaging the Argentine production. Argentine soybean production estimates are currently at 27 million metric tons (mmt), which were left unchanged from the April WASDE. It is difficult to build a bullish influence in the soybean market while Brazil had a record production of 155 mmt.

Wheat

Spring wheat futures continue to look for support anywhere that's possible. Old crop July futures traded in a \$1.26 range from \$8.95 to \$7.69 setting contract lows along the way. New crop September futures traded in a \$1.23 range from \$8.94 to \$7.71 creating new contract lows. U.S. all wheat production for the 2023-2024 season was estimated at 1,659 million bushels, 123 million bushels less than the average trade estimate. Winter wheat production was estimated at 1,130 million bushels, 88 million bushels below trade estimate. U.S. ending stocks for the 2023-2024 season are estimated at 556 million bushels, 46 million bushels less than the average trade estimate. Ending stocks for the 2022-2023 season came in at 598 million bushels, 5 million bushels less than the average trade estimate.

Sugar beets

U.S. production for the 2023-2024 season is estimated at 33.345 million tons with a yield of 30.77 tons/acre along with a harvested area of 1.084 million acres. With an estimation of average levels of beet pile shrink and slicing recovery, beet sugar production for the August-July fiscal crop year is at 4.961 short tons, raw value (STRV).

Ethanol

Throughout the month ethanol experienced better than anticipated margins, although production fell by 5.6% to 967,000 barrels per day. With expectations of growth in gasoline consumption and ethanol's inclusion rate, corn used in ethanol is projected to increase 1%.

Lean Hogs

With lower-than-expected farrowing in the second half of 2023, pork production is slightly lower and restricting growth in the beginning of 2024. Lower feed prices along with higher anticipated hog prices for 2023-2024 should lead to increased farrowing's into 2024. Estimates for 2024 higher hog prices are expected due to improved demand and tighter supplies.

Feeder/Live Cattle

Beef production is higher due to recent slaughter data showing an increase of slaughter in steers, heifers, and cows in the second half. Compared to 2023 exports, 2024 is expected to be less due to lower production. Imports of beef are expected to rise because of tighter supply. Due to the tighter supply, cattle prices in 2024 are forecasted to be higher than 2023.

Dairy

With gains in milk per cow and additional milking, milk production in 2024 is estimated above 2023's production. Exports from both fat and skim-solids bases are estimated higher in 2024. Related to lower whey prices, Class III price is forecasted lower. The forecasted 2024 all milk price is \$19.90 per cwt.