

AgCountry Farm Credit Services
NOVEMBER 2023 MARKET UPDATE
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Harvest is starting to wrap up in most locations, which allowed USDA to release production estimates. This provides a better idea of where we stand. This month's USDA World Agricultural Supply and Demand Estimates report brought surprises into the market with trade increasing both corn and soybean production. Farmers must plan on when to sell and at what price for stored bushels. Additional consideration must also be given for pricing their 2024 harvest.

Corn

New crop December 2023 corn futures briefly brought hope to the market after trading above the \$5.00 futures level. We have since returned back to creating contract lows. December 2023 futures traded in a \$0.41 trading range between \$5.09 and \$4.68 futures. December 2024 futures traded in a narrow \$0.21 trading range between \$5.27 and \$5.06 futures. USDA increased U.S. corn production by 170 million bushels from last month's estimate up to 15.234 billion bushels, which is record corn production. Yield was increased by 1.9 bushels per acre to 174.9 bushels per acre. Ending stocks rose as result of large increases in production. An increase in exports of 50 million bushels raised ending stocks by 45 million bushels to 2.156 billion bushels.

South America's production estimates are unchanged from last month with Argentina at 2.165 billion bushels compared to last year's 1.338 billion bushels. Brazil landed at 5.078 billion bushels compared to last year's 5.393 billion bushels. It is too early to know how big South America's production will be with planting now underway.

Soybeans

We are now trading off the January 2024 soybean futures as the November 2023 future contracts expired. January 2024 soybean futures traded in an \$0.85 range between \$13.78 and \$12.93. November 2024 soybean futures traded in a \$0.64 range between \$13.09 and \$12.45. Soybean futures continued their downhill descend until recently. Strong demand for U.S. corn and soybeans is driven by excessive damaging rains in Brazil.

USDA increased U.S. soybean production by 26 million bushels from last month's estimate to 4.129 billion bushels. Yield was increased by 0.3 bushels per acre to 49.9 bushels per acre. Ending stocks were increased 25 million bushels to 245 million bushels. Argentina production is estimated at 1.763 billion bushels compared to last year's 918 million bushels. Brazil production is estimated at 5.989 billion bushels compared to last year's production of 5.805 billion bushels.

Spring Wheat

December 2023 spring wheat futures again set contract lows through the last month after trading in a narrow \$0.41 trading range between \$7.46 and \$7.05 futures. USDA raised ending stocks 14 million bushels to 684 million bushels, well above last years ending stocks of 582 million bushels.

Sugarbeets

Lower beginning stocks, fewer imports, and large production caused U.S. sugar supply for 2023/2024 to increase by 12,345 short tons, raw value. Sugarbeet production is raised 211,290 short tons, raw value to 5.363 million short tons, raw value. This is a result of a higher yield. Ending stocks are estimated at 1.569 million short tons, raw value creating an ending stocks-to-use ratio of 12.39.

Ethanol

Ethanol production in the first week of November averaged 1.052 million barrels per day, above last month's production of 1.009 million barrels per day. USDA estimated 5.325 billion bushels of corn will be used for ethanol production for 2023-2024—a 25 million bushel increase from last month's estimate.

Lean Hogs

Fourth quarter dressed weights were lower along with pork production. Pork exports were lowered while imports rose for 2023. Lower hog prices are forecasted for the remainder of 2023 carrying the lower price forecast into the first half of 2024.

Feeder/Live Cattle

Beef production dropped in the fourth quarter of 2023 because of lower steer and heifer slaughter. Beef production estimates for 2024 rose with higher than anticipated steer and heifer placements. Tight supplies caused imports to also rise in the fourth quarter of 2023.

Dairy

The recently released Milk Production report lowered milk production for 2023 from last month as milk per cow numbers were revised lower. The same report lowered the milk per cow rate for the fourth quarter. Class II and Class IV milk prices are forecaster higher as a result of higher cheese, whey, and nonfat dry milk.