

AgCountry Farm Credit Services
SEPTEMBER MARKET UPDATE
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The USDA World Agricultural Supply and Demand Estimates September 2023 report was bearish for corn and soybeans, with the trade mainly focusing on the increased planted and estimated harvested acres for both crops.

Corn

Over the course of the last month, corn futures were unsuccessful in finding bullish news to gain any market impact. December corn futures traded in a narrow \$0.33 range between a high of \$5.06 and a low of \$4.73 futures. These are contract lows we haven't seen since September of 2021. In September's USDA WASDE report, USDA increased planted acres by 800,000, to 94.9 million acres, and increased estimated harvested acres to 87.1 million, resulting in a 24-million-bushel production increase to 15.134 billion bushels, above pre-report trade estimates. U.S. average corn yield was lowered by 1.3 bushels per acre from last month's WASDE report to 173.8 bushels per acre, which was in line with pre-report average trade estimates. Despite that decrease, September's projected yield is still above last year's estimated yield of 173.3 bushels per acre. New crop ending stocks increased by 18 million bushels due to increased production.

Soybeans

Since last month's USDA WASDE report, new crop soybean futures have been able to stay above \$13.00 futures, although we are starting to trend back down to that level. New crop November futures have traded in a \$1.06 range, from a high of \$14.09 down to \$13.03. Soybean futures gained bullish momentum due to excessive heat in late August. From that heat, USDA decreased U.S. average yield by 0.8 bushels per acre to 50.1 bushels per acre, in line with pre-report estimates and still above last year's estimated yield at this time of 49.5 bushels per acre. USDA decreased production by 59 million bushels due to the decrease in yield, although it was still slightly above the average trade pre-report estimate. New crop ending stocks decreased 25 million bushels to 220 million bushels, although above pre-report estimates of 213 million bushels.

Wheat

Throughout the last month, we have witnessed the rollover for spring wheat futures to bidding off the December 2023 market. The December 2023 contract has traded in a \$0.74 range from a high of \$8.30 futures to a low of \$7.56. The December 2023 contract has yet to trade or close above the \$8.00 futures mark, in September. The lows we have experienced recently are once again creating contract lows. The USDA estimates 1.734 billion bushels of wheat to be harvested, which is unchanged from last month. The wheat production estimate will be updated on September 29 in the Small Grains Summary. New crop ending stocks are estimated at 615 million bushels, unchanged from August's report and in line with pre-report estimates of 614 million bushels.

Sugarbeets

As a result of increased production and imports, the U.S. sugar supply for 2022/2023 is raised 90,589 short tons, raw value "STRV", along with a 55,000 decrease in use, in reflection of higher imports creating lower deliveries. Reported by processors, beet sugar production increased 31,812 STRV. For 2023/2024, there was a decrease of 277,945 STRV in U.S. sugar supply due to lower production and imports. Reported by the National Agricultural Statistics Service "NASS", sugar beet yield increased to 31.5 tons per acre as well as increasing acres harvested, creating an increase of 149,619 STRV to a total production of 5.223 million STRV.

Ethanol

Ethanol production in the first week of September averaged 1.012 million barrels per day, an increase of 5,000 barrels per day compared to the previous week. At this same time last year, ethanol production per day for the first week of September increased 23,000 barrels per day. Ethanol exports for the first week of September averaged 82,000 barrels per day, a 13,000-barrel increase from the previous week.

Lean Hogs

With a slower-than-anticipated slaughter, pork production is lowered for the second half of 2023. Pork imports are expected to increase in 2023, while pork exports are expected to decrease in both 2023 and 2024 due to weaker demands.

Feeder/Live Cattle

As a result of a slower marketing pace, beef production is reduced. Due to tight supplies and strong Asian market competition, 2023 and 2024 exports are lowered. Price forecasts for 2023 and 2024 are both unchanged from August's report.

Dairy

With the recent Milk Production report stating a reduction in cow inventory, 2023 and 2024 milk production forecasts are lowered from last month. The lower cow inventory is forecasted to continue through 2023 and into the first half of 2024. Forecasted Class III milk prices increased due to higher cheese and whey prices.