

Beef Margin Watch: September



Live cattle futures and corn input costs advanced over the first half of September while feeder prices slumped. USDA released the September WASDE report which confirmed lower projected yields for both corn and soybeans. Corn production was lowered 415 million bushels from August on both lower yield and harvested area, with soybean production was reduced 152 million bushels with similar cuts to both harvested area and yield. Continued declining crop condition ratings combined with a warmer late summer to the growing season is helping to keep risk premium in the feed markets ahead of harvest, particularly for the soy complex. USDA's ERS also reported July exports of frozen, fresh, and processed beef at 101,594 MT, up 3.5% from last year. On a value basis, beef exports of \$895.6 million in July were up 5.7% from last year and quite impressive given U.S. dollar strength. The cumulative year-to-date value of beef exports in 2022 through July of \$6.457 billion is up \$1.457 billion or 27% higher than a year ago, much of this gain occurring in Q1 as the world economy began emerging from Covid. The top three markets of Japan, South Korea and China continue to show robust demand, with July export volume of 67,510 MT to those destinations up 7.1% from 2021 and representing about 2/3 of all beef exports during the month. China has been a particular highlight for beef demand with expectations that they may become our largest export market destination by early next year. However, USDA published its annual review of the Chinese livestock market prepared by the USDA's Office of Agricultural Affairs in Beijing which projects Chinese beef imports in 2023 down 19.4% from this year, with an increase in domestic beef production expected to offset about half the decline in imports. Our clients continue to evaluate crush opportunities as well as potential strategic adjustments on existing positions.

USDA September WASDE U.S. Domestic Corn Summary:

U.S. Corn Supply and Use (MBu)					
Marketing	21-22	22-23		Change	22-23 Pre-Report*
	Sep	Aug	Sep	Sep-Aug	Sep
Area					
Planted	93.4	89.8	88.6	-1.2 -1.3%	
Harvested	85.4	81.8	80.8	-1.0 -1.2%	
Yield per Harvested Acre (Bu.)	177.0	175.4	172.5	-2.9 -1.7%	172.4
Beginning Stocks	1,235	1,530	1,525	-5 -0.3%	
Production	15,115	14,359	13,944	-415 -2.9%	14,077
Imports	25	25	25	0 0.0%	
Supply, Total	16,375	15,913	15,494	-419 -2.6%	
Feed and Residual	5,600	5,325	5,225	-100 -1.9%	
Food, Seed & Industrial	6,775	6,825	6,775	-50 -0.7%	
Ethanol & by-products	5,330	5,375	5,325	-50 -0.9%	
Domestic, Total	12,375	12,150	12,000	-150 -1.2%	
Exports	2,475	2,375	2,275	-100 -4.2%	
Use, Total	14,850	14,525	14,275	-250 -1.7%	
Ending Stocks	1,525	1,388	1,219	-169 -12.2%	1,180
Stocks to Usage Ratio	10.27%	9.56%	8.54%	-1.02%	

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