

Dry Bean Newsletter August 2022



Pool Payment Update

The final pool payments for black, navy, and small red beans will be issued this month. A final payment of \$7 on black beans will be paid out, settling the pool at \$47. A final payment of \$10.50 on navy beans will be paid out, settling the pool at \$43.50. And a final payment of \$9.86 on small red beans will be paid out settling the pool at \$47.86. We saw black bean prices strengthen throughout the winter and into the summer as the market felt the effects of last years smaller crop which led to a strong final pool payment. Michigan saw a very strong navy bean yield last year which helped to offset the lower production out west. However, due to our large crop and overall weaker market demand, navy bean prices traded much lower than blacks resulting in the pool settling lower.

Acreage and Markets

New crop black bean prices have remained strong as the Coop has offered several \$47 contracts the last few weeks. With summer winding down traders are turning their attention to the harvest ahead and the USDA acreage numbers. Last Friday the USDA released their crop production report which was the first “official” acreage report that breaks down acreage by individual bean class. Taking a look a U.S. navy bean acres as a whole, if these USDA numbers are realized at 168,500 this would be the smallest U.S. navy bean planted acreage since 2003 when it was 158,200. Now an important thing to remember is that acres are only half the equation. Despite last year’s poor yield out west, the large planted acreage pushed overall production to 3.5 million bags. With this year’s crop looking fairly strong, even with less acres it’s possible we could still see overall navy bean production north of 3.2 million bags. Even with this correction of almost 10% it’s hard to confidently say it will be enough reduction in production to not exceed demand again this year. Now with black bean acreage we are looking at an opposite situation with acres up nearly 10% from last year. As I said before, demand has remained strong through the winter and summer as the market deals with last year’s short crop. Using the USDA acreage, rough figures would put black bean production around 5.5 million bags. Now just like navies there is a fine line between supply rebounding from last year’s deficit and meeting demand and exceeding it. With all that said there’s a couple variables that could affect prices to keep an eye on as we approach harvest. First, a larger percent of U.S. black and navy bean acres are in Michigan this year, so its worth noting that most of the Michigan growing area is classified as under a moderate drought. So you’d have to imagine that yields will be down some from last year, but how much? And two, wet conditions in North Dakota, Minnesota, and Manitoba this spring delayed planting for many growers. Obviously with late planting, there is always concerns of an early frost that could significantly damage the crop.

To wrap things up, it’s exciting to see some beans on the western edge of growing area beginning to “turn” and dry down. We are probably about 2 weeks away from seeing some of the first beans being close to harvest. Stay tuned as we get closer to harvest on updates about initial delivery pool payments and/or board prices.

USDA Crop Production Report

<u>Michigan:</u>	<u>North Dakota:</u>	<u>U.S. Total:</u>
Blacks: 123,000 +25%	Blacks: 74,000 -10%	Blacks: 279,900 +9%
Navies: 62,000 -9%	Navies: 56,000 -26%	Navies: 168,500 -14%
Small Reds: 18,000 -10%	Small Reds: 14,000 -17%	Small Reds: 42,300 -13%
	Pintos: 418,000 -8%	Pintos: 578,300 -4%

As always feel free to contact me with any marketing or contracting questions

-Aaron Fahrner, Grain & Dry Bean Marketing Specialist