

December Bean Newsletter

With harvest all wrapped up we are now shifting seasons towards winter, and for many of us the “meetings season.” We have begun presenting a recap of 2022 production and our outlook for 2023 to growers here in Michigan, and I wanted to use this newsletter to keep you all informed on what the bean markets look like as well.

Starting with a review of 2022 production, the overall trend was higher yields in Minn-Dak and Manitoba helping offset a decrease/little change in acres for most classes. U.S. and Canadian black bean acreage was up only a few thousand acres in 2022, however overall production was up 1.2 million bags from 2021. Navy bean acres in 2022 were down over 50,000, but the strong yields in the west limited the reduction in production to less than 400,000 bags. And finally on pinto beans, acres were down over 40,000 in 2022, however production was still up 3 million bags. Many of you saw the large differences in yield from 2021 to 2022 firsthand, but just looking at the black bean yield numbers its astounding. Manitoba average yields on black beans this year were 18 bags/acre versus 12.7 last year, with similar numbers in both Minnesota (22.8 vs 17.7) and in North Dakota (18.1 vs 9.8). Looking now at the demand side, Mexico remains a very strong buyer of U.S. and Canadian black and pinto beans. Last year we saw exports to Mexico down some due to a combination of high prices and a smaller U.S./Canadian crop. Now with a larger crop this year there is potential for exports to return to “normal” levels, especially as Mexico is faced with a smaller domestic black and pinto crop. The limiting factor again this year will be price, as food cost inflation has made consumers much more price conscious. Turning towards the navy bean market, demand continues to be slower post-Covid. Demand for canned goods sky-rocketed during the pandemic which strongly supported navy bean prices. Now that consumers are returning to their habits of eating more food away from home, we are now faced with a supply of navy beans that outweighs current demand. There was some concern that U.S. beans would take some of the Canadian market share in Europe after the removal of tariffs earlier this year. However, that has really not been the case thus far as U.S. exports to the United Kingdom this year were down 30% from last year when the tariffs were still on.

Some big questions still remain about what 2023 will bring. Due to the wet conditions this spring, we did hear of growers in Minn-Dak and Manitoba being forced to switch acres into dry beans because of their shorter maturity. If conditions are more cooperative this year, it's very possible we see overall dry bean acres fall again as growers switch to other high-priced crops like soybeans, canola or spring wheat. Also looking at the USDA drought monitor, currently the major bean growing regions in Michigan and Minn-Dak are currently seeing moderate drought conditions due to a fairly mild winter thus far. As we saw in 2021, this could drastically affect what crops end up getting in the ground and which don't. Overall black bean outlook for 2023 is for a significant increase of Michigan black bean acres, expected to be offset some by few acres in the west. The black bean price will continue to strongly follow pinto bean prices, especially as Mexico is expected to increase their demand. As for navy beans, it's looking like we will see lower navy bean acreage across the board. The important question is will production decrease enough, and demand increase in order to use up a large chunk of carry-over stocks. Currently ending stocks for 2022 are expected to be 1.5 million bags, in order to balance supply and demand we need to see that ending stock number get below 1 million. European demand will play a vital role in this, as increased exports for either U.S. or Canadian navy beans will help narrow the overall ending stocks.

To wrap things up, we are starting to contract some 2023 crop beans. It's looking like we will see a fair amount of pintos planted again in Manitoba. That being said, regardless of what class you plant to plant next year, make sure you are getting your seed ordered. Hopefully you all have a safe and happy holiday season and as always, we will keep you updated on contracts and other bean market news.

*Happy
Holidays*

Please contact Justin or Tina with any questions on new crop contracts and prices
-Aaron Fahrner, Dry Bean Marketing Specialist Cooperative Elevator Co.

