Dry Bean Newsletter January 2022

Happy New Year everyone. 2022 has brought more of the same in the dry bean markets so far. We continue to see firm price support from end users on new crop black beans at $40. As I write this newsletter we just wrapped up our 3rd contract at $40 on new crop black beans. I have received many questions on whether or not the market will move higher from here, and to that I would answer it depends. On the demand side we continue to see very strong demand from both end users and consumers on black beans, so supply will be the biggest story moving forward. This past growing season was very difficult for producers in North Dakota, Minnesota, and Manitoba who faced very dry weather throughout their growing season. This drought along with reduced black bean acres had U.S. production down nearly 1.9 million bags in 2021. And as of January 3rd, the USDA reported that 50% of North Dakota's topsoil and 59% of their subsoil moisture levels were short or very short. This will be very important moving forward as growers there begin choosing which class of beans to grow in 2022. If we see a large swing in acres from Black Beans to Pinto Beans (which tend to handle the dry conditions better), then we could potentially see some movement in black bean prices.

Just before Christmas we came out with new crop Pinto and Small Red Bean contracts at $44 total production and $42 for the first 12 bags respectively. These were the price levels we expected to see, as the market tends to pay a premium on the more specialty classes. We saw a fair amount of interest in both, but as expected there are a large number of people growing only black beans in 2022. In the USDA's 2021 production report we saw very little change in acres or production as a whole. With supply basically unchanged, I expect the small red market to follow the black bean market going forward.

I've also had a fair amount of growers asking about new crop navy bean contracts, and unfortunately we have not had any new crop contracts available yet. With that being said, the tariffs with the European Union did end on January 1st which will hopefully help the export side of things. On the supply side, the U.S. had 40,000 fewer acres in 2021, and combined with lower yields in North Dakota and Minnesota led to an overall reduction in U.S. production by roughly 1 million bags. With lower supply carryover and potentially higher demand through exports, we will hopefully see the navy bean price remain firm. As always we will keep you updated as navy bean contracts come available.

2021 USDA Crop Production Report Numbers

Navy Beans:

Michigan Harvested Acres: 67,600

Michigan Yield per acre: 27 cwt

Michigan Production: 1,825,000 cwt

(2,017,000 cwt in 2020)

National Production: 3,536,000 cwt

(4,551,000 cwt in 2020)

Black Beans:

Michigan Harvested Acres: 97,000

Michigan Yield per acre: 24.8 cwt

Michigan Production: 2,406,000 cwt

(2,964,000 cwt in 2020)

National Production: 4,644,000 cwt

(6,555,000 cwt in 2020)

Small Red Beans:

Michigan Harvested Acres: 19,700

Michigan Yield per acre: 22.6 cwt

Michigan Production: 445,000 cwt

(489,000 cwt in 2020)

National Production: 948,000 cwt

(966,000 cwt in 2020)

As always feel free to contact myself with any market or contract questions

-Aaron Fahrner, Grain & Dry Bean Origination Specialist