

# Top Headlines / Macro News / Upcoming Reports



- **US markets waiting for Thursday reports ... potentially explosive**
- **RUS/UKR War:** A Putin proposed 36-hour ceasefire for Russian Orthodox Christmas was a bust on Friday, as UKR forces did not adhere to the halt.
- **FOOD INFLATION:** UN-FAO global food price index dropped for 9<sup>th</sup> straight time in Dec, and is now -1.0% below YA.

## **Recent/Upcoming Reports**

- **USDA January reports (WASDE, Dec 1 Stocks, Winter Wheat Seedings)**  
– **1/12/23... see preview**

# Corn



- **Futures:** March futures Corn ↓ 24 ½ - cent (3.6%)....
- **Brazil:** Cordonnier 22/23 est. production unchanged @ 125 MT with neutral bias going forward. Corn harvest is just getting started with just over 2% harvested.
- **Argentina:** Cordonnier 22/23 est. production lowered 1 to 45 MT with a neutral to lower bias going forward. The corn crop is 70% planted vs. 84.5% average.
- **WATCH OUT:** 1/12 USDA releases final production, & Dec 1 stocks



## Bullish Market Factors

- Argentina remains hot & dry
- UKR war drags on
- China reopening?



## Bearish Market Factors

- Brazil continues to get good rains
- U.S. exports sales trail LY by 48%
- A bull market must be fed and everything in the bullish column is old news!

# Wheat



- **Futures WoW:** Chicago ↓48¢ (-6.0%); KC ↓56¢ (-6.3%); and MPLS ↓34¢ (-3.6%)
- **INTERNATIONAL PRICING:** Friday's market, with WoW change in ( )... US-HRW, Fob Gulf = \$392 (-20); US-SRW, Fob Gulf = \$325; ARG, Fob BA = \$374 (-6); FRA, Fob Rouen = No Quote; UKR = No Quote; RUS = No Quote, *but sources report trade @ \$310*



## Bullish Market Factors

- **ARGENTINA:** Harvest progress at 92%, but close to half of what was expected
- US winter wheat conditions poor
- US ending stocks tightest in 15 years
- Putin Factor



## Bearish Market Factors

- **AUSTRALIA:** Privates reporting 42MMT production, well above current ABARES 36.6... Extra production outweighs quality concerns
- **INDIA:** Early reports of record production... ~112 MMT?
- **US Exports:** 40+ year low, and only 10% of world share, but still good enough for 4<sup>th</sup> largest... 15 years ago was 30% market share
- **US winter wheat acres up ~5%??**
- **La Nina >>> El Nino???**

# Soybeans / Soy Complex / Oils



- **Soybeans/SBO: SB (March) ↓ 31 ½ (2.1%). SBO ↓ 34 points (0.5%)...**
  - **Brazil: Cordonnier 22/23 est. production unchanged @ 151 MT with neutral bias going forward. Soybean harvest is just beginning with less than 1% of soybeans harvested so far.**
  - **Argentina: Cordonnier 22/23 est. production lowered 2 MT down to 41 MT with a lower bias going forward. Soybeans are 81.8% planted vs. 92.8% avg.**
- **Palm Oil: March ↓ \$7.50/MT (0.8%)...Canola seed: ↓ \$8.10/MT (0.9%)...**



## Bullish Market Factors

- **EPA comment period open now on RVO proposal. Final in June. Changes?**
- **MPOB (next week) stocks expected down 5%**
- **Arggie weather still poor**



## Bearish Market Factors

- **Malaysia PO exports forecast 50% Jan**
- **EPA proposed RVOs for 2023, 24 & 25**
- **Spec record long in SBM (31.8% of OI)**
- **India stockpiles large**
- **Canola crush ahead of LY (5.9%) but trails 3-yr avg (3.8%)**

# Softs (Coffee, Cocoa, Sweeteners, OJ)



- March cocoa finished the week with a gain of 5 points (0.2%) for second positive weekly result in past 3 weeks.
- March coffee finished the week with a loss of 9.00 cents (5.4%) for second negative weekly result in a row.
- March sugar finished the week with a loss of 1.08 cents (5.4%) for second negative weekly result in a row.
- Last Friday, spot (Jan) FCOJ closed @ 208.70 vs. 206.40 WA vs. 143.35 YA vs. 122.80 2YA



## Bullish Market Factors

- Colombia's 2022 production came in at 11.084 million bags; lowest annual total since 2013.
- Most recent USDA GAIN report forecasts 22/23 Brazil orange crop @ 16.52 mmt, -2% vs. YA; assumes normal weather through Sao Paulo/Minas Gerais citrus belt for rest of the growing season; exports forecast +15% vs. YA, mostly US due to lower supplies vis-à-vis H. lan.



## Bearish Market Factors

- Ivory Coast cocoa bean exports down 47% from YA in Oct & Nov.
- ICE exchange coffee stocks rose again Friday to hit highest levels since July.
- India's sugar cane production looking better than expected for early production.
- 2 week low in RBOB gasoline prices put downward pressure on sugar markets as that will limit near term demand for ethanol.

# Proteins

- Futures: Live Cattle \$156.775 down .71% vs Last Week, up 6.8% vs Last Year
- Futures: Feeder Cattle \$182.700 down .54% vs Last Week, up .41% vs Last Year
- Futures: Lean Hogs \$80.275 down 8.47% vs Last Week, down 1.56% vs Last Year



## Bullish Market Factors

- Long term trend (2023/2024) for beef is higher prices as the U.S. herd continues to contract
- Pork production remains forecasted lower in 2023 as producers' margins continue to be compressed
- Poultry production while forecasted higher in 2023, will not be at the same level as 2022 due to producers' lower margins going forward



## Bearish Market Factors

- Pork prices have made significant moves lower nearby as animal weights have been higher and holiday demand was lower than anticipated
- Nearby poultry prices remain under pressure as production increased 2.9% in 2022

# Proteins Prices – Weekly Average Price



		Current Week	% Change	% Change
		1/7/2023	from Last Week	from Prior Year
<b>Beef</b>	Choice Beef Cutout	283.62	1.27%	5.82%
	Rib, Primal, Choice	522.85	-3.96%	33.82%
	Round, Primal, Choice	224.87	3.37%	-0.21%
	Chuck, Primal, Choice	229.41	1.76%	-0.45%
	Fresh Beef 50's Trimmings	100.38	7.07%	-0.55%
	Fresh Beef 90's Trimmings	245.29	1.39%	-10.75%
<b>Pork</b>	Pork Cutout	85.04	-4.28%	-1.77%
	Ham, Primal	80.78	-6.85%	39.40%
	Belly, Primal	91.21	-8.26%	-34.38%
	Loin, Primal	84.23	1.34%	5.42%
	Fresh Pork 72"s Trimmings	84.16	6.02%	1.72%
<b>Poultry</b>	National Composite Whole Bird Index	123.01	1.06%	-7.95%
	National Leg Quarters	33.70	-5.50%	N.A.
	National Breast B/S	97.99	-0.64%	N.A.

# Currencies/Financial Markets

- **Market Factors**

- US Fed Meeting Jan 31
- Weekly jobless claims 204,000 -19,000 from last week
- USD trading at lowest levels since mid-June

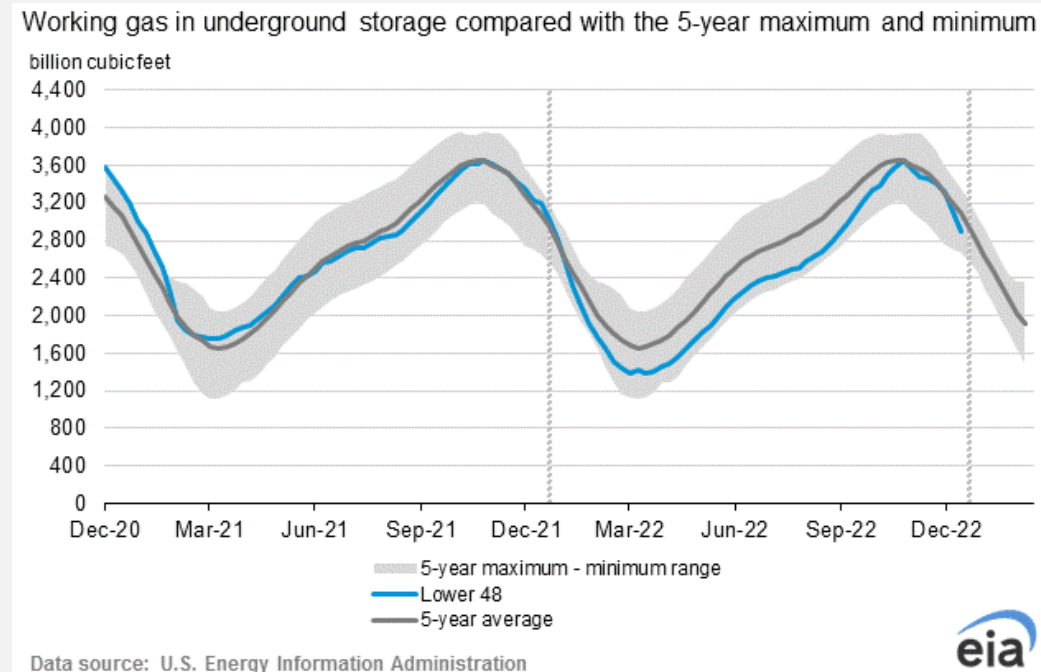
	Spot	Last Week	Last Year
US \$	103.010	103.740	95.935
CAD \$	1.336	1.357	1.268
Euro €	1.075	1.066	1.132
Chinese ¥	6.776	6.927	6.360
Brazilian R\$	5.258	5.363	5.663
Arg ₱	180.090	178.100	103.450



# Energy

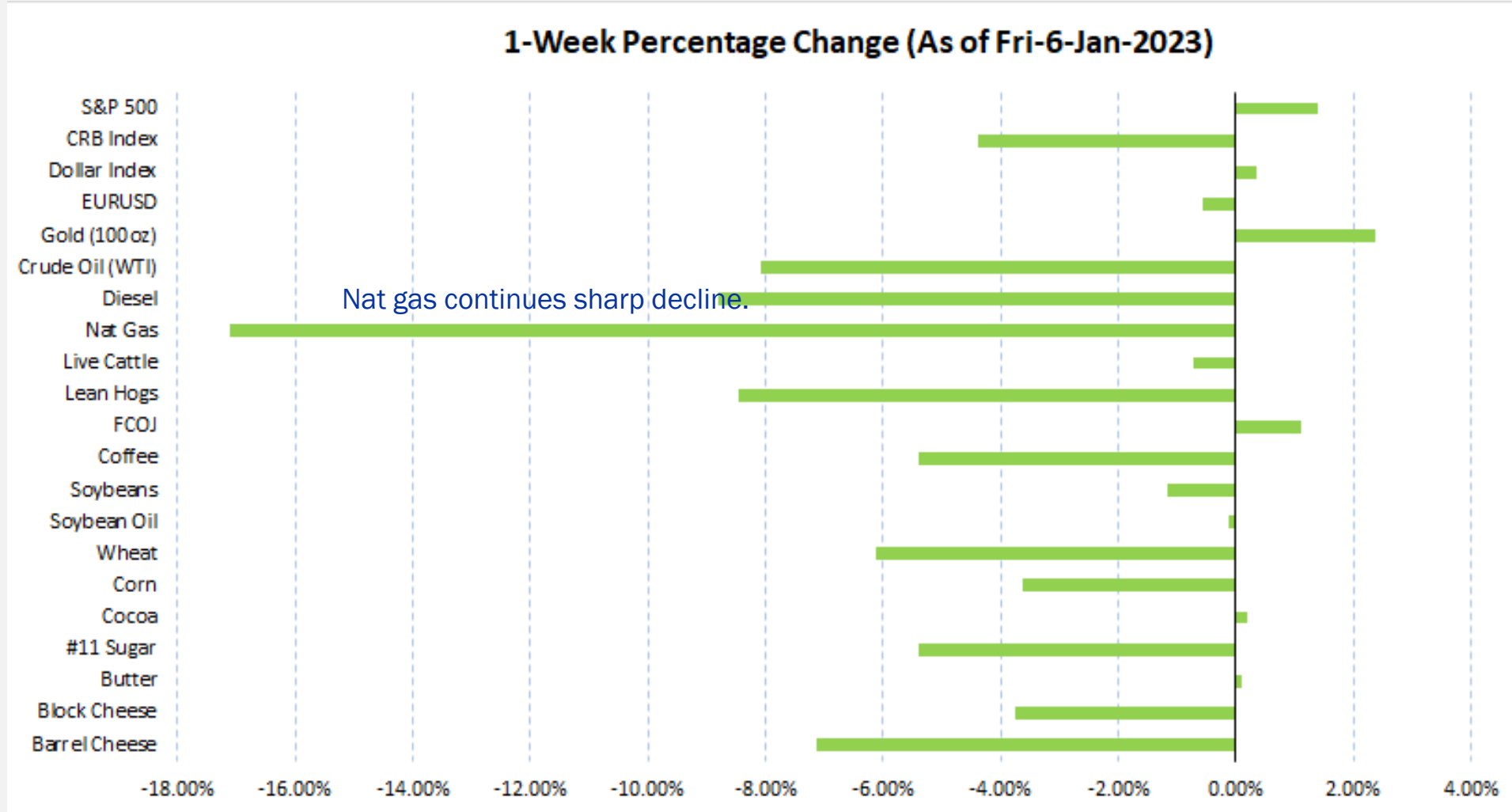
- **Market Factors**

- Feb nat gas traded at the lowest level since August 2021. US inventories adequate with warmer than normal temps
- Crude oil prices continue range bound between \$70-\$80
- US gasoline demand continues to trail year ago numbers



	This Week	Last Week	Change
Baker Hughes Rig Count	618	621	-3
US Weekly Crude Oil Production	12,100	12,000	+100
Crude Stocks	420,646	418,952	+1694

# Past week losers vs. gainers



Nat gas continues sharp decline.

# Dairy



**CHEESE** – US production for November was +1.6% YoY... this should put 2022 over 2021.

**BUTTER** – US production for November was +8.9% YoY... this was lower than expected due to transportation and labor



## Bullish Market Factors

- Global milk production slowing... EU -0.6% YTD, and Oceania averaging -4.5% YTD
- **CHEESE** – even with holidays done, football playoffs followed by March Madness will keep cheese in demand through Q1



## Bearish Market Factors

- **MILK PRODUCTION:** AES is forecasting +1.1% growth in 2023, with the cow herd stabilizing to start 2023
- **BUTTER** – with holiday baking season over, demand will decline until Q2 spring holidays, but that also coincides with spring flush.



# Dairy Weekly Update

CME Spot	1/2	1/3	1/4	1/5	1/6	1/9
Block Cheddar	NO MARKET	\$1.9975	\$1.9725	\$1.98	\$2.0550	\$2.1975
Grade AA Butter	NO MARKET	\$2.38	\$2.38	\$2.38	\$2.3825	\$2.42

**CHEESE** – 5 blocks / 11 barrels traded last week... After brief dip below \$2, big bounce on Monday

- Cheesemakers say milk is available, and still below Class, but higher WoW (-\$3.00)
- Cheap milk is allowing for busy production schedules
- Food service demand is steady, but retail continues to soften... Export demand is mixed
- Q1 block cheese futures average = \$1.9710 (+.0650)

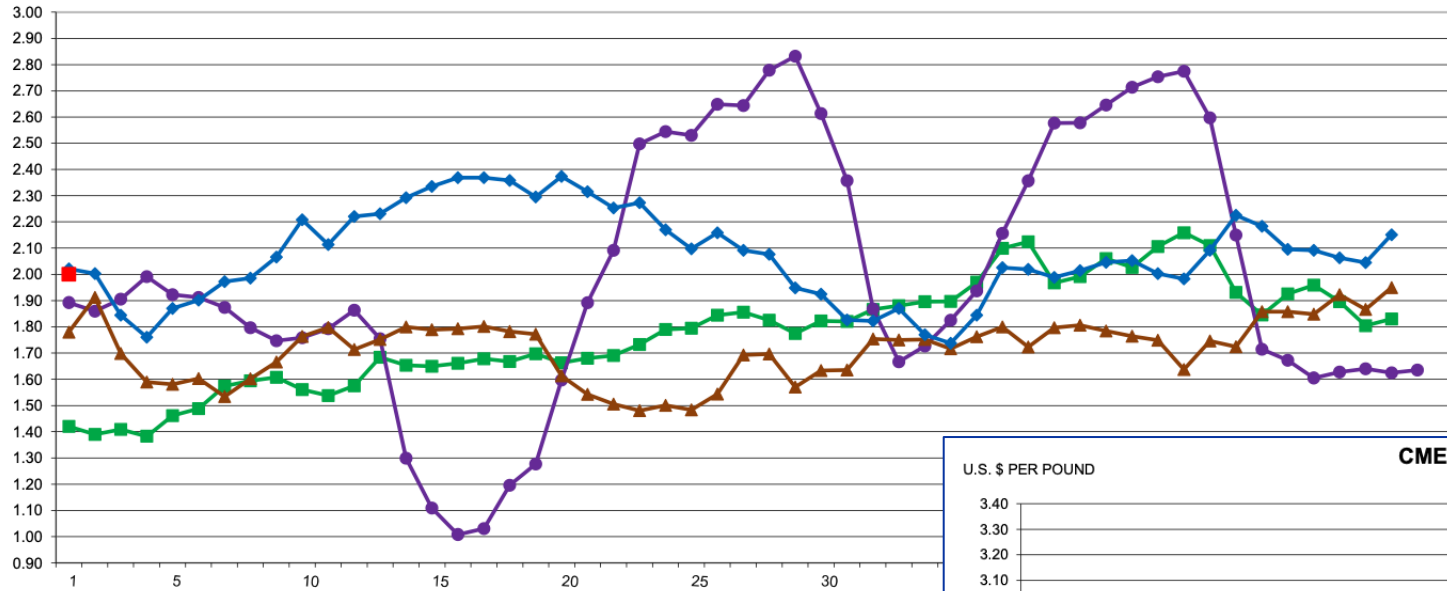
**BUTTER** – 0 lots traded... Another quiet week of trade, where prices went nowhere fast

- Plenty of cream throughout the country, offered at low multiples
- Nationwide multiples averaged 111 (110 WA)
- Demand in most regions is down from pre-holiday levels
- However, there is still high demand in the West, and inventory is tight
- Q1 futures average = \$2.3583 (-\$.0132)



U.S. \$ PER POUND

### CME Weekly Average Cash Cheddar Block Prices

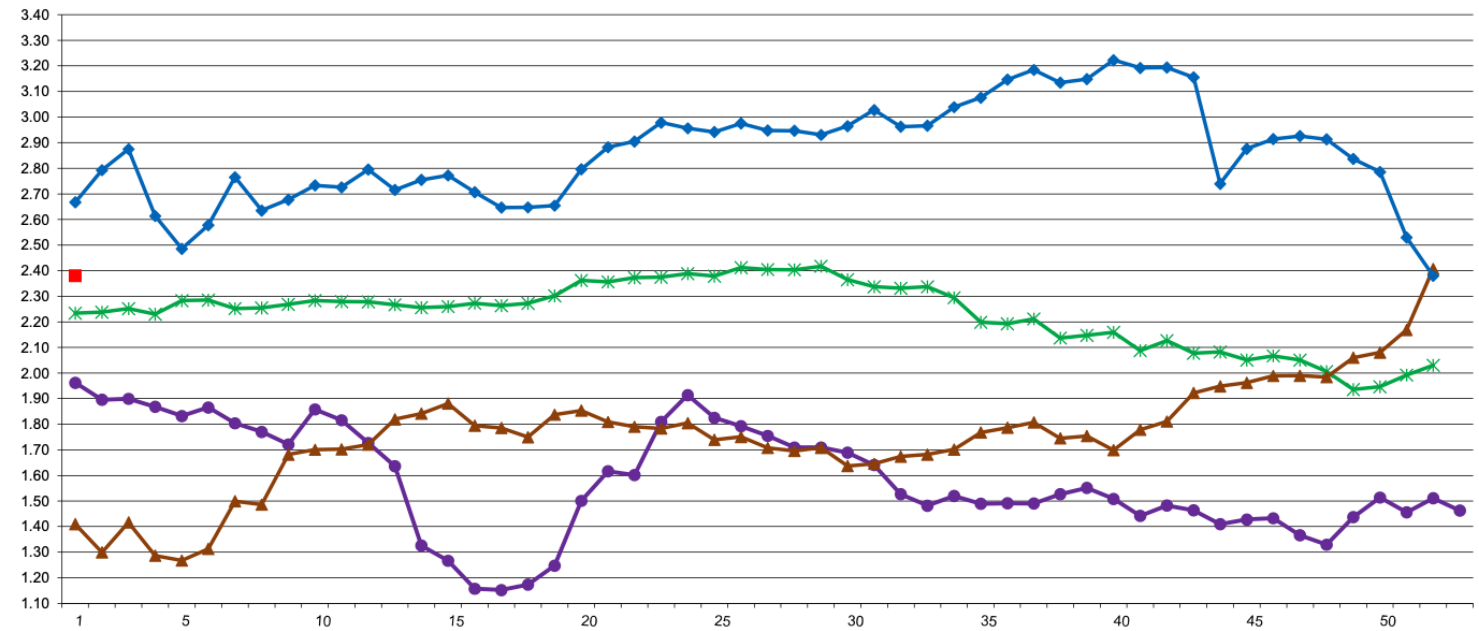


1/6/2023 GRAPH USDA, DMN; SOURCE CME GROUP  
USDA/AMS/Dairy Market News, Madison, Wisconsin, (608) 422-8587  
Dairy Market News website: [www.ams.usda.gov/market-news/dairy](http://www.ams.usda.gov/market-news/dairy)

■ 2019

U.S. \$ PER POUND

### CME Weekly Average Cash Grade AA Butter Prices



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USDA/AMS/Dairy Market News, Madison, Wisconsin, (608) 422-8587  
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■ 2019   ■ 2020   ■ 2021   ■ 2022   ■ 2023