

Top Headlines / Macro News / Upcoming Reports



- **US MARKETS** (ag & energy commodities, and equities) are mostly higher in the last week while the US\$ continues lower.
- **RUS/UKR WAR:** 11 months now, and the town of Soledar in the Donetsk region has reportedly fallen into RUS hands, and the city of Bakhmut is close to falling as well. RUS is hinting at renewed escalation in the coming weeks, just as UKR allies pump more money and weapons.
- **US December CPI:** Total CPI for food was +0.3% MoM, & +10.4% YoY... Food at home was +11.8% YoY... away from home +8.3%

Recent/Upcoming Reports

- **USDA January reports on 1/12... see summary slides**

Market Factors

Bullish vs Bearish



Corn



Futures...March ↑ 21-cents (3.2%)...

- Brazil: Cordonnier 22/23 est. production unchanged @ 125 MT with neutral bias going forward. First corn crop is 4.5% harvested vs. 6.3% YA. Conab lowers 22/23 estimate to 125.06 MT.
- Argentina: Cordonnier 22/23 est. production lowered 1 to 44 MT with a lower bias going forward. Corn is 83% planted vs. 89.1% avg.
- USDA tightens U.S. supplies! Final 2022 crop down 200 M bushels to 13.73 B. Ending stocks under 9% of use.
- USDA INCREASES yield to 173.3 (up 1) BUT reduces harvested area 1.6 M; largest decline in over 20-years.



BULLISH MARKET FACTORS

- USDA – smaller crops/tighter supplies
- World supplies still snug
- Putin premium



BEARISH MARKET FACTORS

- Brazil rain continues; record crop?
- US export sales remain poor...

Wheat

- **Futures WoW:** Chicago +/-0¢ (unch); KC ↑12¢ (+1.4%); and MPLS ↑11¢ (+1.2%)
- **INTERNATIONAL PRICING:** Friday's market, with WoW change in ()... US-HRW, Fob Gulf = \$374 (+2); US-SRW, Fob Gulf = \$323 (-2); ARG, Fob BA = \$370 (-4); FRA, Fob Rouen = \$318; UKR = No Quote; RUS = No Quote, *but sources report trade @ \$300*
- **INDIA:** Private analysts are forecasting the coming crop at over 112 MMT. Harvest usually begins in early March, and government already considering removal of export ban



BULLISH MARKET FACTORS

- “Putin Premium”
- US – WW conditions
- US ending stocks tight
- Specs are short



BEARISH MARKET FACTORS

- AUS & RUS crops are YUGE!
- IND crop looks like record
- US Exports at 40-year low
- US winter wheat acres largest in 8 yrs

Soybeans / Soy Complex / Oils



Futures...Soybeans (SH) ↑ 35 ¼-cents (2.4%); SBO ↓ 67 points (1.1%); Palm (March) ↓ \$30/MT (3.1%)...

- USDA – Revised U.S. SB crop DOWN 70 M bushels to 4.276 B bushels; 49.5 bu/acre
- USDA Dec 1 stocks 3.022 B; 4% below YA. Well below market expectations
- **Brazil:** Cordonnier 22/23 est. production unchanged @ 151 MT with neutral bias going forward. Soybean harvest is just beginning with only 0.6% harvested vs. 1.2% avg. Conab lowers 22/23 estimate to 152.71 MT.
- **Argentina:** Cordonnier 22/23 est. production lowered 2 MT down to 39 MT with a lower bias going forward. Soybeans are 89% planted vs. 97.1% avg.



BULLISH MARKET FACTORS

- Indo – B35 & export restrictions
- USDA – smaller crops/tighter supplies
- China – market still hopeful



BEARISH MARKET FACTORS

- Palm: India port stocks 100% over YA; China +68%
- China – still largely absent

Softs (Coffee, Cocoa, Sweeteners, OJ)



Futures...

- Last Friday, spot FCOJ futures closed @ 207.20 vs. 208.70 WA vs. 149.75 YA
- March cocoa finished the week with a gain of 46 points (1.8%) for third positive weekly result in last 4 weeks
- March coffee finished the week with a loss of 6.60 cents (4.2%) for third negative weekly result in a row
- March sugar



BULLISH MARKET FACTORS

- In last Thursday's Crop Production update, the USDA revised their 22/23 US all-orange forecast to 2.70 M tons, ↓5% vs. MA, ↓22% vs. YA; FL 810K tons, ↓10% vs. MA, ↓56% vs. YA; CA 1.84 M tons, ↓2% vs. MA, ↑14% vs. YA; TX 49 K tons, ↑612% vs. YA (no typo!).
- West African cocoa growing regions seeing little to no rains this week with high daily temperatures.
- ICE coffee stocks declined 4 days in a row last week after steady increases.
- Rally in Brazilian currency provided carryover support to both coffee and sugar markets.
- Vietnam coffee sales slow.



BEARISH MARKET FACTORS

- Cane output in Center-South Brazilian growing regions looking to rise in 23/24 season & mills will likely maximize sugar production at expense of ethanol.
- November US CPI PPI YoY readings showing sizeable monthly declines signaling inflation could be declining which could benefit demand for discretionary items.
- Brazil's 22/23 Center-South sugar production 4% ahead of YA pace & should increase with January numbers.
- Thailand receiving heavier than normal rainfall in cane-growing regions which should result in sizeable production increases aside from slower harvest progress.

Proteins



Futures

- Futures: Live Cattle \$157.725 down .60% vs Last Week, up 7.3% vs Last Year
- Futures: Feeder Cattle \$182.250 down .52% vs Last Week, down .38% vs Last Year
- Futures: Lean Hogs \$78.650 down 2.07% vs Last Week, down 4.14% vs Last Year



BULLISH MARKET FACTORS

- U.S. Beef production forecasted 6.5% lower than prior year
- Per capita beef availability forecasted to be down 4.9%, the biggest year on year decline in beef since 1989



BEARISH MARKET FACTORS

- Pork production forecasted up 1.8% versus a year ago
- Per capita pork availability forecasted up .4% versus last year



Proteins Prices – Weekly Average Price

		Current Week	% Change	% Change
		1/14/2023	from Last Week	from Prior Year
Beef	Choice Beef Cutout	281.10	-0.90%	0.30%
	Rib, Primal, Choice	496.08	-5.10%	24.20%
	Round, Primal, Choice	222.42	-1.10%	-6.30%
	Chuck, Primal, Choice	228.1	-0.60%	-5.50%
	Fresh Beef 50's Trimmings	107.29	6.90%	-6.40%
	Fresh Beef 90's Trimmings	246.98	0.70%	-10.40%
Pork	Pork Cutout	81.15	-4.60%	-7.10%
	Ham, Primal	73.53	-9.00%	23.60%
	Belly, Primal	89.13	-2.30%	-37.40%
	Loin, Primal	83.06	-1.40%	-3.10%
	Fresh Pork 72"s Trimmings	86.17	2.40%	-8.40%
Poultry	National Composite Whole Bird Index	122.06	-0.80%	-9.10%
	National Leg Quarters	34.99	3.80%	N.A.
	National Breast B/S	97.12	-0.90%	N.A.

Currencies / Financial Markets



- US Fed meeting the end of January
- Weekly jobless claims 205,000 -1,000 from WA
- USD trading at 102.41, lowest levels since June 2022

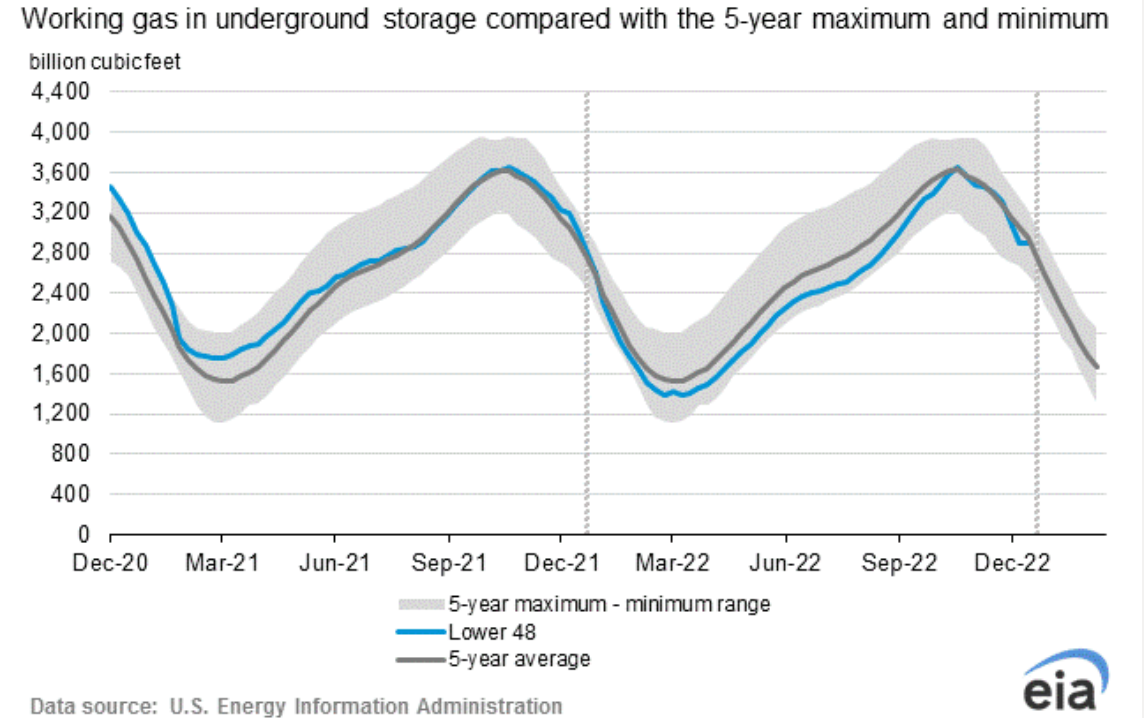
	Spot	Last Week	Last Year
US \$	102.410	103.170	95.262
CAD \$	1.340	1.339	1.252
Euro €	1.081	1.073	1.141
Chinese ¥	6.746	6.782	6.350
Brazilian R\$	5.151	5.255	5.517
Arg ₱	182.150	180.100	104.020

Energy

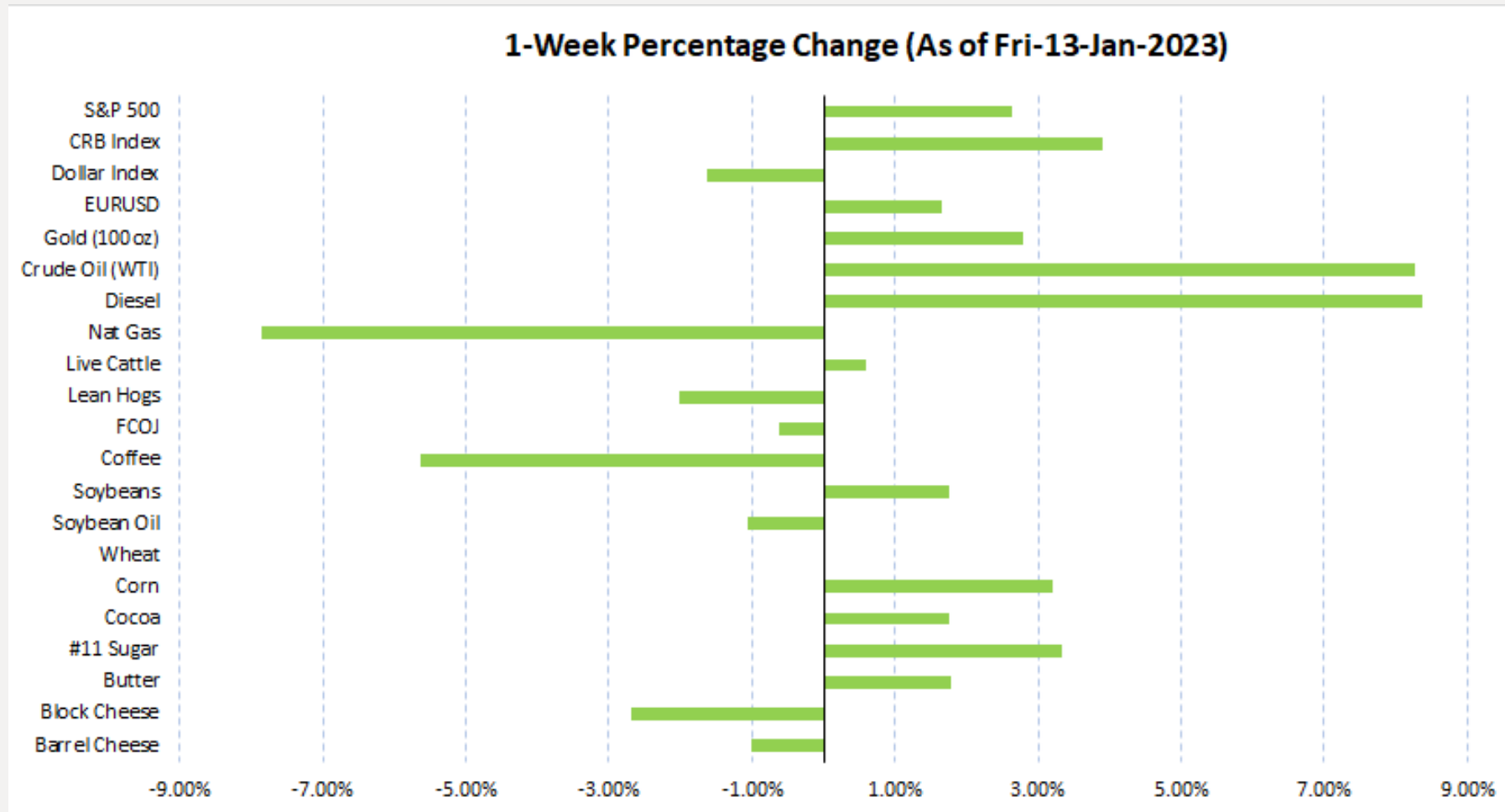


- Feb nat gas ended the week 3.419 down 10 cents for the week.
- Crude oil up \$6 last week ending at 79.86
- US gasoline demand continues to trail last year due to higher prices

	This Week	Last Week	Change
Baker Hughes Rig Count	623	618	+5
US Weekly Crude Oil Production	12,200	12,100	+100
Crude Stocks	439,600	420,646	+18,954



Past week losers vs. gainers



NOAA ENSO Update (El Niño / Southern Oscillation)



- A transition from La Niña to ENSO-neutral is anticipated during the February-April 2023 season.
- By Northern Hemisphere spring (March-May 2023), the chance for ENSO-neutral is 82%.

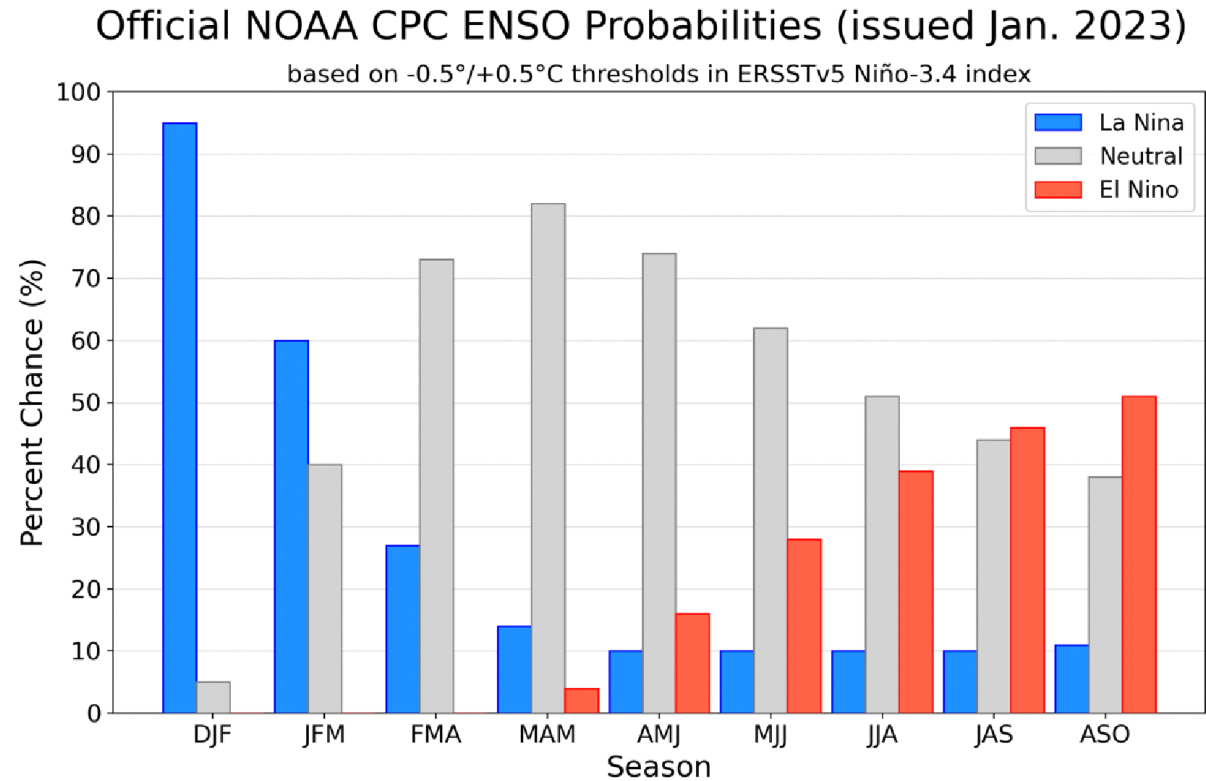


Figure 7. Official ENSO probabilities for the Niño 3.4 sea surface temperature index (5°N - 5°S , 120°W - 170°W). Figure updated 12 January 2023.

Dairy



- **Cheese:** US production was +1.6% for Nov; Stocks were only +0.5% YoY, but 6.6% higher than the 5YA; **Stocks have declined MOM for last 4 months indicating strong demand**
- **Butter:** US production was +8.9% YoY, but -1.2% YTD; Stocks -5.1%, but inventories are above 5YA; Cream supply and prices are improving



BULLISH MARKET FACTORS

- EU & Oceania milk production flat to negative in 2022
- US export demand strong in 2022, and 2023 is set up for a record year
- US drought conditions negatively affect milk production



BEARISH MARKET FACTORS

- US milk production forecast to grow in 2023 (AES estimates +1.09%)
 - Cow herd forecast +0.3%
 - Cow efficiency forecast +0.8%
 - Producer returns should remain positive
- LaNina switching to ElNino??

Dairy Weekly Update

CME Spot	1/9	1/10	1/11	1/12	1/13	1/16
Block Cheddar	\$2.1975	\$2.1825	\$2.1825	\$2.0875	\$2.00	NO TRADE
Grade AA Butter	\$2.42	\$2.43	\$2.43	\$2.43	\$2.4250	NO TRADE

CHEESE – 10 blocks / 24 barrels traded last week... Back down to \$2

- Milk is plentiful, at \$7-10 under Class III in the Midwest
- Cheesemakers continue to use the cheap milk to run busy schedules
- Food service demand is steady; retail is strong, but pricing has stayed subdued
- Inventories are decent, but expected to grow
- Q1 block cheese futures average = \$1.9273 (-.0437)

BUTTER – 2 lots traded... Another quiet week of trade

- Cream remains abundant, and cheap (multiples down 20% since early Nov)
- Butter makers are utilizing the cheap cream to run active production schedules
- Retail demand is focused on nearby needs only, while food service is booking Q1 & Q2
- Spot butter inventories are limited, especially in the West
- Q1 futures average = \$2.4022 (+.0439)