

Top Headlines / Macro News / Upcoming Reports



- **US \$ continues to slide:**
- **RUS/UKR WAR:** Some believe RUS will soon launch a major offensive to finish what they started. Grain and energy markets do not seem too concerned, caring more about the Safe Passage deal that expires in mid-February. But if the situation escalates, market will have to take notice.
- **US December PPI:** Moderated slightly, now only +9.4% above YA
- **Global Food Price Index:** Declined by 1.0% during December, YoY

Recent/Upcoming Reports

- **FOMC meeting on 1/31 & 2/1...** expectations are for a 25 basis pt interest rate hike, which would mark a slow down to 4.5-4.75%

Market Factors

Bullish vs Bearish



Corn



Futures...March ↑ 1 ¼-cents (0.2%)...

- Brazil: Cordonnier 22/23 est. production unchanged @ 125 MT with neutral bias going forward. First corn crop is 5.9% harvested vs. 10.9% YA. Safrinah corn 1% planted vs. 5.4% YA.
- Argentina: Cordonnier 22/23 est. production unchanged at 44 MT with a neutral to lower bias going forward. Corn is 88.6% planted vs. 92.2% avg.
- Better rains and a better forecast in Argentina!
- Ag Rural lowers Brazilian estimate by 400,000 MT to 123.9 MMT; still a record!



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...
- Better Arggie rains...

Wheat

- **Futures WoW:** Chicago ↓2¢ (unch); KC ↑4¢ (unch); and MPLS +/-0¢ (unch)
- **INTERNATIONAL PRICING:** Friday's market, with WoW change in ()... US-HRW, Fob Gulf = \$378 (+4); US-SRW, Fob Gulf = \$322 (-1); ARG, Fob BA = \$377 (+7); FRA, Fob Rouen = \$309; UKR = No Quote; RUS = No Quote, *but sources report trade @ \$306*
- **FUNDS:** Specs in Chicago are now the shortest they've been since 5/19 @ <65K> contracts
- **RUSSIA:** IKAR estimates total exports this year of 45.1 MMT (USDA 43.0)...
- **SAFE PASSAGE DEAL:** Current deal runs through 2/20/23... watch for an extension or an end



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

Soy Complex



Futures...Soybeans (H) ↓ 21 ¼-cents (1.4%); SBO (H) ↓ 109 points (1.4%); Canola (H) ↓ \$27.10 (3.2%) ...

- **NOPA December Crush report surprises!** Crush well below expectations; SBO stocks considerably higher than expected
- **Brazil:** Cordonnier 22/23 est. production unchanged @ 151 MT with neutral bias going forward. Soybean harvest is just beginning with only 1.8% harvested vs. 3.4% avg.
- **Argentina:** Cordonnier 22/23 est. production lowered 2 MT down to 39 MT with a neutral to lower bias going forward. Soybeans are 95.5% planted vs. 98.3% avg.



BULLISH MARKET FACTORS

- USDA – smaller crops/tighter supplies



BEARISH MARKET FACTORS

- YUGE Brazilian crop looms...
- U.S. exports soft and...(see above)
- NOPA Surprises

Palm



FOB RBD...Palm (March) ↑ \$20/MT (2.2%)....markets closed Monday & Tuesday for Lunar New Year

- Market rangebound: \$900 to \$999 for last 3-months...
- Indo B35 to start Feb 1...
- Malaysia Jan 1 – 20 exports down 38% vs December
- Production down about 11%; stocks forecast to rise counter-seasonally in January by as much as 8%...



BULLISH MARKET FACTORS

- Indo – B35 & export restrictions
- China – market still hopeful



BEARISH MARKET FACTORS

- Palm exports WAY down in January
- China – still largely absent
- Jan stocks higher?

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 loss of 82 points (3.1%) to break 2 week winning streak
- March coffee finished the week with a gain of 3.10 cents (2%) to break 3 week losing streak
- March sugar finished the week with a loss of 1 tick for third negative weekly result in past 4 weeks



BULLISH MARKET FACTORS

- Coffee production issues in Colombia with heavy rains; Brazilian flowering not as good as expected.
- ICE exchange coffee stocks declined nearly 8K bags Friday; largest daily decline since October.
- India 22/23 sugar production forecast to fall below 34.5 MT expected vs. 36.5 MT last season



BEARISH MARKET FACTORS

- Large YoY decline in North American Q4 cocoa grindings weighed heavily on market.
- SPEC largest short coffee position since November 2019.
- India talking of potential second sugar export tranche for this season beyond 6.1MT.

Proteins

Futures

- Futures: Live Cattle \$156.625 down .70% vs Last Week, up 6.2% vs Last Year
- Futures: Feeder Cattle \$180.975 down 1.04% vs Last Week, down 3.17% vs Last Year
- Futures: Lean Hogs \$77.825 down 1.05% vs Last Week, down 5.95% vs Last Year



BULLISH MARKET FACTORS

- Last Friday's Cattle on Feed report was in line with expectations. Less animals available going forward
- Heifers on feed accounted for 40% of the on feed inventory. Signaling little to no herd retention for breeding. Largest percentage in 10 years



BEARISH MARKET FACTORS

- Global pork production forecasted up a modest .3% versus 2022
- Global chicken production is forecasted to be up 1.8% lead by increases in the EU and Brazil

Proteins Prices – Weekly Average Price



Updated 1-23-23

		Current Week 1/21/2023	% Change from Last Week	% Change from Prior Year
Beef	Choice Beef Cutout	274.28	-2.40%	-5.70%
	Rib, Primal, Choice	465.57	-6.10%	12.70%
	Round, Primal, Choice	217.45	-2.20%	-11.10%
	Chuck, Primal, Choice	220.90	-3.20%	-12.70%
	Fresh Beef 50's Trimmings	114.99	7.20%	-7.50%
	Fresh Beef 90's Trimmings	247.75	0.30%	-10.50%
Pork	Pork Cutout	79.1	-2.50%	-14.00%
	Ham, Primal	74.37	1.10%	2.00%
	Belly, Primal	91.42	2.60%	-38.90%
	Loin, Primal	81.73	-1.60%	-10.90%
	Fresh Pork 72"s Trimmings	85.05	-1.30%	-18.70%
Poultry	National Composite Whole Bird Index	122.00	0.00%	-7.40%
	National Leg Quarters	33.29	-4.90%	N.A.
	National Breast B/S	100.77	3.80%	N.A.

- **USDA** releases December Cold Storage estimates on Wednesday... look for strong growth in butter from November, +8-10%... Cheese likely not as strong, but still positive +0.5-1.0%



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	1/16	1/17	1/18	1/19	1/20	1/23
Block Cheddar	HOLIDAY	\$2.0275	\$2.0350	\$1.93	\$1.8350	\$1.99
Grade AA Butter	HOLIDAY	\$2.4175	\$2.37	\$2.3225	\$2.3225	\$2.2825

CHEESE – 5 blocks / 14 barrels traded last week... Blocks at lowest level since 9/22

- Milk is still cheap... Midwest spot average was \$8 under Class III (-\$2 YA; -\$2.05 5YA)
- Cheesemakers are busy, and export and retail demand is steady, but food service is picking up
- Q2 block cheese futures average = \$1.9493

BUTTER – 1 lots traded... Another quiet week of trade, and spot pricing continues to fall

- Across all regions, cream is available for processing, and butter makers are running strong
- Retail demand for butter is strong... food service demand is steady
- Midwest cream multiples = 109.5
- International prices: Dutch = \$2.21/lb (-.11)... German = \$2.25 (-.11)
- Q2 futures average = \$2.4058

GDI – Last auction 1/17... TOTAL = -0.1%... CHEESE = +4.0% (\$2.21)... BUTTER = -0.6% (\$2.02)

Currencies / Financial Markets



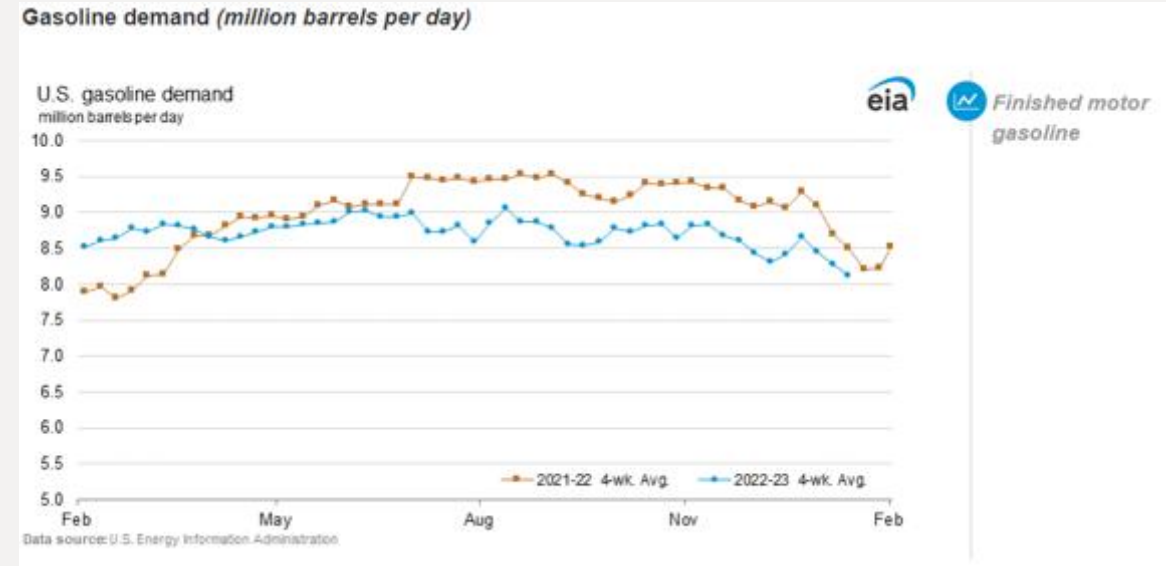
- US Fed meeting next week
- Weekly jobless claims 190,000 -15,000 from WA
- USD trading at 102.03, lowest levels since May 2022

	Spot	Last Week	Last Year
US \$	102.030	102.250	95.921
CAD \$	1.337	1.341	1.263
Euro €	1.087	1.082	1.132
Chinese ¥	6.775	6.743	6.334
Brazilian R\$	5.201	5.147	5.488
Arg ₳	184.360	182.150	104.420

Energy



- Feb nat gas ended the week 3.457 up 4 cents for the week.
- Crude oil up \$1.50 last week ending at \$81.31
- US gasoline demand continues to trail last year due to higher prices



	This Week	Last Week	Change
Baker Hughes Rig Count	613	623	-10
US Weekly Crude Oil Production	12,200	12,200	N/C
Crude Stocks	448,000	439,600	+8,400

Past week losers vs. gainers

