

# Key Market Drivers – 04/26/2022 (Page 2)

## Macro Factors / Top Headlines

- **RUS/UKR WAR:** 62 days into the war... Rumors are Putin has given up on peace, and it appears US will be stepping up to help UKR more and are sending diplomats back.
- **US STOCKS:** The Dow was off nearly 1,000 pts on Friday, and is -7% YTD... SP500 is -10.4% for the year, and NASDAQ has lost almost 18%
- **CHINA – COVID:** Beijing may be moving toward strict lockdowns like Shanghai

## Recent/Upcoming Reports

- **FOMC – 5/3-5/4...**Market looking for 50 basis pt hike

## Weather Headlines

- **SOAM:** Far northern and southern Brazil Safrina areas are in good condition but central regions remain very dry.
- **NOAM:** Corn belt looking at some good rain chances this week as temperatures begin to normalize.

## Corn

- **Crop Conditions:**
  - **Planted:** 7% vs. 4% WA vs. 15% avg.
  - **Emerged:** 2% vs. 3% avg.
- **Futures:** May futures ↑ 2 ¾ ¢ (0.3%)...
- US export inspections for week ended 4/21 largest of the season; 65 MM bu.
- IGC lowers forecast of global corn production to 1.197 BMT; down 13 MMT.
- **BRAZIL: Cordonnier** leaves estimate at 112 MMT; lower bias going forward...
- **ARGENTINA: Cordonnier** still at 49 MMT, and he has a neutral bias... RGEX increases estimate to 49.2 MMT, up from 47.7. Corn crop is 19.4% harvested vs 14.2% LY....

## Wheat

- **Crop Conditions:** Worst WW conditions since 1999...
  - WW headed: 11% vs. 7% WA vs. 19% avg.
  - WW conditions: 27% G/Ex vs. 30% WA vs. 49% YA
  - Spring wheat planted: 13% vs. 8% WA vs. 15% avg.
  - Spring wheat emerged: 2% vs. 4% avg.
- **Futures WoW:** Chicago ↓31¢ (-2.8%)... +65% YoY; KC ↓12¢ (-1.0%)... +72% YoY; and MPLS ↓16¢ (-1.4%)... +60% YoY
- **UKRAINE: IGC** pegs wheat crop at 18.6 MMT... **APK- Inform** has raised their wheat estimate for 2022 to 17.0 MMT (+2.1 from previous)... -48% YoY
- **RUSSIA: SovEcon** estimates crop at 87.4 MMT
- **CHINA:** Halts weekly wheat auctions... seen as bullish.
- **INTERNATIONAL PRICING:** US export values still highest in the world: Friday's market, with WoW change in ( )... US-HRW, Fob Gulf = \$512 (-4); US-SRW, Fob Gulf = \$447 (-4); ARG, Fob BA = \$439 (+26); FRA, Fob Rouen = \$440 (+1); UKR, FOB Black Sea = No Quote; RUS, Fob Azov Sea = No Quote, *but Black Sea reportedly offered at \$380 (+10)*

## Oilseeds/Vegetable Oils

- **Crop Conditions:**
  - **SB Planted:** 3% vs. 1% WA vs. 5% avg.
- **Soybeans/SBO:** Soybeans (May) ↑ 33 ¾¢ (2%); SBO ↑ 435 points (5.5%)...
  - **BRAZIL:** National harvest progress is 87.5%, vs. 87% YA... **Cordonnier** leaves production @ 123 MMT with a neutral bias...
  - **ARGENTINA: Cordonnier** raises production to 40 MMT; higher bias going forward... RGEX increases estimate to 41.2 MMT, up from 40... 18% of crop is rated as either G or Ex, down 5% from LW...

Soybeans 30.8% harvested vs. 18.5% YA...

- **CHINA:** SB planted area +16.7% and production forecast to nearly +26% this year, as they make a serious bid to become more self-sufficient on food... China's SB imports in March only 3.37 MMT, down from 7.18 YA... China reported March veg oil imports at 420,000 MT; down over 50% from YA.
  - **Palm Oil:** PO (May) ↑ \$15 (0.9%) on the week
    - **Indonesia** President announces, "ban on exports of palm oil" in a desperate effort to curb inflation and shortages. On Monday, president clarifies that ban will only be on export RBD olein. Unclear how long the ban will last. See slide.
    - **Malaysia:** April 1-25 exports reported at 10% & 12% lower by ITS and AmSpec respectively. MPOA reports April 1 - 20 production up 7% vs March. Stabro predicting stocks to rise by 6% to 1.568 MMT at end of April.
  - **Rapeseed/Canola Oil:** Canola futures (May) ↑\$33.20 (2.9%)
    - **StatsCan planted area report out 4/26** – Reuters survey expects area down slightly to 22.11 MM acres, vs 22.48 LY.
    - YTD Canadian canola crush -17.9%; exports - 50.1%.
  - **Sunflower:**
  - **Corn Oil:**
- ## Biofuels
- **EPA RIN generation up in March:** 1.27 B ethanol RINs (D6) vs 1.07 in Feb and 490 M biodiesel (D4) vs 396 in Feb.
  - **MPOB** urges "countries to temporarily reconsider food vs fuel priorities" saying, "It is time for countries to temporarily stop or reduce biodiesel mandates".

# Key Market Drivers – 04/26/2022 (Page 3)

## Coffee

- **July finished** the week with a gain of 3.40 cents (1.5%).
- **Dry weather expected** through next week in key growing regions in Brazil.
- **Chinese coffee imports** forecast to rise 5% this year.

## Cocoa

- **July finished** the week with a loss of 82 points (3.1%) for second negative weekly result in a row.
- **NOAM Q1 grind fell over 2.5% YOY** due to poor demand prospects.

## Sweeteners

- **July finished** the week with a loss of 82 ticks (4.1%) for second negative weekly result in a row.
- **US sugar beets** are 11% vs. 7% WA vs. 29% avg.
- **Brazilian currency** lost 3.5% pressuring prices along with lower energy markets.
- **India's 21/22 production** still expected to be record high with Brazil's 22/23 cane crop expected to be 16% higher than YA.

## Citrus/Frozen Concentrated Orange Juice

- Spot FCOJ futures closed last week at 179.65 vs. 181.05 WA vs. 112.80 YA.
- In last Friday's monthly Cold Storage update, the USDA reported US FCOJ stocks on 03/31 at 465.4 M pounds -27% vs. YA following Feb 28 -31% and Jan 31 -30% vs. YA; tighter stocks amid returning food service demand poor growing conditions in Brazil and US.
- USDA Crop Production report next week will update US citrus forecasts; volatility remains high.

## Dairy

- **USDA-NASS March Reports: MILK production:** 19.69 B lbs; -0.5% YoY... **50-state COW** numbers: 9.395 MM head; +15K MoM; -87K YoY... **COLD STORAGE:** Cheese stocks @ 1,458.1 MM, -0.7% YoY... **BUTTER** stocks @ 283.1 MM, -20.4% YoY
- **CHEESE:** Spot cheese prices have stayed in their current range (\$2.3925 on Monday). Cheesemakers are active, but

labor issues are still a problem. Retail and export demand is strong, and food service demand is increasing... Q3 futures: Block cheese = \$2.3827/lb (+.0050)... International prices: German Edam = \$2.45 (+.05) milk. Manufacturers still facing production problems due to labor and trucker shortage. Cheese inventories are growing & available for spot purchasing. Domestic demand is steady to strong for retail and food service. Export demand is strong also, due to favorable discount to world prices... Q3 futures: Block cheese = \$2.3563/lb (-.0047)

- **BUTTER:** Spot prices have relaxed into the mid \$2.60's (\$2.6575 on Monday). Cream inventories are mixed, as ice cream production continues to grow. Butter production is steady, but staffing shortages still plague manufacturers. Demand for butter is steady, but rising retail prices may be curtailing demand. Inventories vary across the country. Midwest cream multiples: 127 (131 WA; 129 YA; 115 5YA)... Q3 futures = \$2.6359/lb (-.0738)... International prices: Germany = \$3.41 (+.01)... Dutch = \$3.47 (-0-)

## Proteins (Beef, Pork, Poultry)

- **PROTEIN COMPLEX:** USDA's Cattle on Feed Report this last Friday was seen as a bearish signal. The April 1<sup>st</sup> feedlot inventory and March placements were above expectations. April 1<sup>st</sup> feedlot inventory up 1.7% and placements dropped only 0.4% versus an expectation for a 7.8% decline. The Cold Storage Reports also showed March beef inventories up to a record 536.9 million pounds for the month. On the same USDA report, pork inventories were up 7.3 million pounds when we would normally see a decline on average of 18.6 million pounds over the last five years. Poultry continues to be impacted by the Bird Flu with egg laying hens impacted the most. Forecasts now estimate the decline to the flock at roughly 7%.
- **Beef:** Live cattle futures ended the week higher again with a strong cash market.
  - Last Friday, Spot Live Cattle futures closed at 138.4 up 1.5% vs LW; up 10.5% vs. YA. Spot Feeder Cattle closed at 163.9 up 1.3% vs LW; up 5.4% vs YA.
  - Choice Beef Cutout closed at 269.58 down 1.06% vs LW; down 3.8% vs YA; Ribs 428.4 down .08% vs. LW, down

12.2% vs YA; Round primal 216.01 down 2.8% vs LW, up 9.7% vs YA; Chuck primal 205.7 down 2.5% vs LW, down 1% vs YA; beef 50's 123.5 down 1% vs LW, up 26.1% vs YA; beef 90's 277.2 down 1% vs. LW, up 15.7% vs YA.

- **Pork:** Lean hog futures closed higher Friday with a very strong cash market and demand increasing seasonally.
  - Lean Hog futures closed at 111.85 down .08% vs LW; up 30.2% vs. YA.
  - Pork Cutout closed at 109.32 up 1% vs LW, down 4% vs YA; Hams 83.9 up 1.3% vs LW, down 10.9% vs. YA; Bellies 189.4 up 0.4% vs LW, down 1.1% vs YA; Loins 101.3 up 0.9% vs LW, up 5% vs YA; 72's 115.2 up 4.4% vs LW, down 2.7% vs YA.
- **Poultry/Eggs/HPAI:** Last Friday, the National Composite Whole Bird Index closed at 167.4 up 0.3% vs LW, up 64.2% vs YA; NE Breast B/S 305.5 up 2.9% vs LW, up 72.6% vs YA; NE Leg quarters 44.9 up 3.4% vs LW, up 6.5% vs YA.
  - Bird flu (Eurasian H5N1) has now impacted a reported combined 30.95 million birds. Roughly 67% of the birds have been egg laying hens. April 1<sup>st</sup> inventory of egg laying hens reported at 305.2 million birds. The lost would represent about 7% of the egg laying flock.
  - Turkey's lost to bird flu are estimated at 4.3 million head with 77% concentrated in Minnesota and South Dakota. Supply was tight for turkey's before and will continue to remain so well into Q4 of 2022.

## Major Currencies v. US Dollar

- **US \$:** 101.70 v. 100.81 LW and 90.843 LY
- **Canadian \$:** 1.2739 v. 1.2624 LW and 1.2395 LY
- **Euro €:** 1.0715 v. 1.0777 LW and 1.2083 LY
- **Chinese ¥:** 6.5708 v. 6.3791 LW and 6.4796 LY
- **Brazilian R\$:** 4.8591 v. 4.6518 LW and 5.4364 LY
- **Arg ₳:** 114.68 v. 113.61 LW and 93.27 LY

## Energy (Petroleum/Natural Gas)

- **Baker Hughes Rig Count** @ 549 +3 from last week.
- **US Weekly Crude Oil Production** @ 11,900 +100 v. week ago. **Highest weekly crude oil output in 2 years!**

## Major Vegetable Oils: World Production by Vegoil Type

	17/18	18/19	19/20	20/21	21/22	% Change
Palm	70.61	74.25	73.03	73.11	77.05	5.4%
Soybean	55.27	56.04	58.52	59.16	58.97	-0.3%
Rapeseed	28.13	27.79	28.10	29.22	28.49	-2.5%
Sunflowerseed	18.58	19.60	21.12	19.07	20.39	6.9%
Peanut	5.89	5.86	6.22	6.40	6.45	0.9%
Palm Kernel	8.23	8.57	8.51	8.39	8.87	5.6%
Cottonseed	5.09	4.96	5.14	4.81	5.05	5.0%
Olive	3.29	3.17	3.12	2.92	3.28	12.4%
Coconut	3.56	3.64	3.46	3.44	3.50	1.7%
<b>Total</b>	<b>198.6</b>	<b>203.9</b>	<b>207.2</b>	<b>206.5</b>	<b>212.0</b>	<b>2.7%</b>
	5.3%	2.6%	1.6%	-0.3%	2.7%	

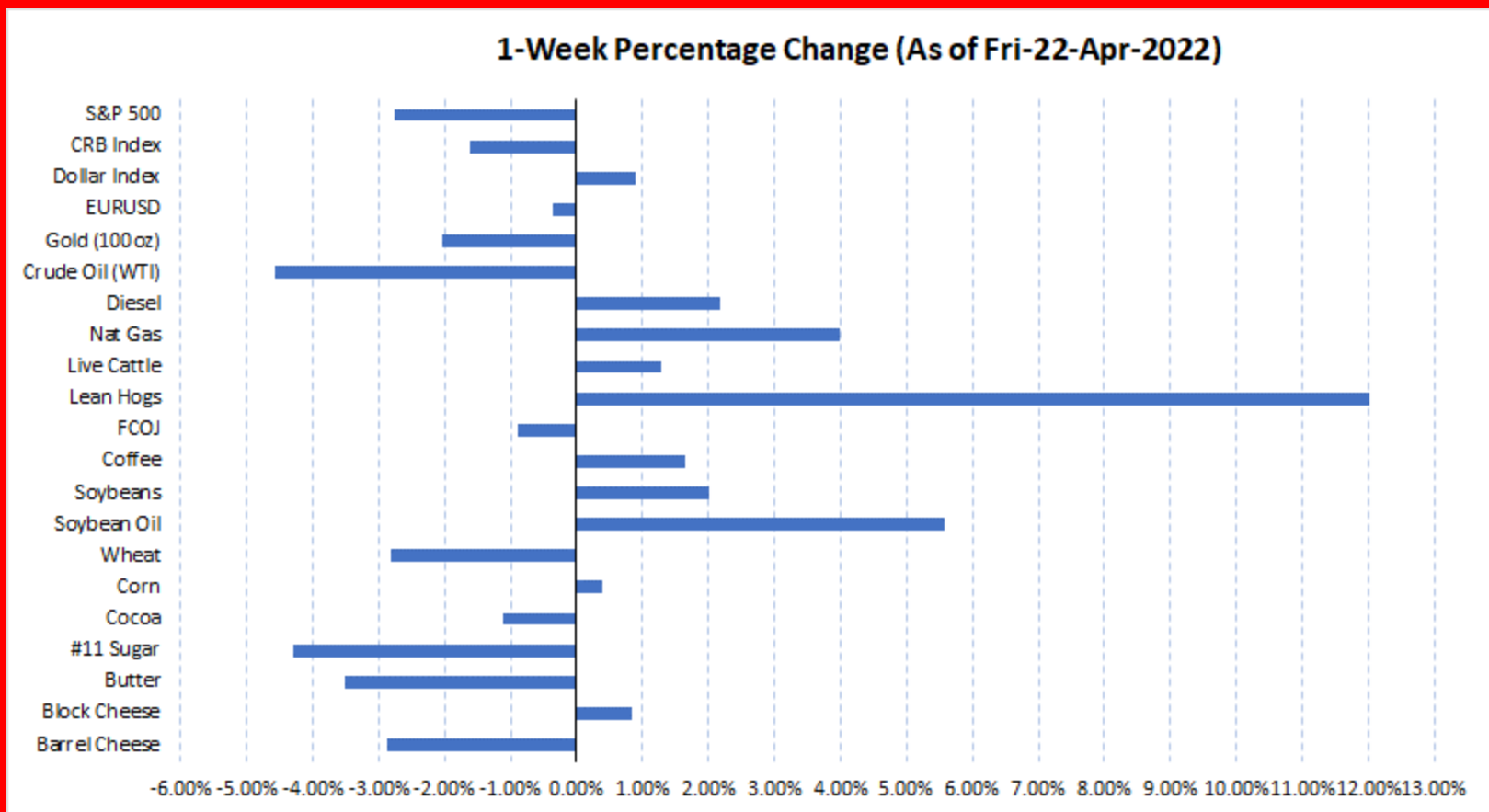
## Major Vegetable Oils: World Production by Country

	17/18	18/19	19/20	20/21	21/22	% Change
Indonesia	45.08	47.21	48.32	49.50	51.68	4.4%
Malaysia	22.02	23.24	21.53	19.95	21.22	6.4%
China	27.77	26.43	27.39	27.96	27.45	-1.8%
EU-27	18.01	17.84	17.46	17.94	18.31	2.1%
United States	12.11	12.20	12.64	12.70	13.09	3.1%
Argentina	8.79	9.61	8.98	9.40	9.39	-0.1%
Brazil	9.60	9.50	10.40	10.28	10.48	2.0%
Other	5.48	6.31	7.15	6.66	7.53	13.0%
<b>Total</b>	<b>198.6</b>	<b>203.9</b>	<b>207.2</b>	<b>206.5</b>	<b>212.0</b>	<b>2.7%</b>

## PO Facts & Figures:

- Indo world's #1 VEGOIL producer
- Indo produces nearly TWICE as much veg oil as world's #2 (China)
- Indo produces about 51 MMT annually; consumes only 18
- Indo accounts for 24.4% of world veg oil production
- PO nearly 60% of world trade in veg oil
- Veg oil production (%):
  - Palm 36%
  - SBO 28%
  - Canola 13%
  - Sun 10%

# Past week losers vs. gainers



# DAIRY Update

CME Spot	4/18	4/19	4/20	4/21	4/22	4/25
Block Cheddar	\$2.3975	\$2.36	\$2.3350	\$2.3625	\$2.3925	\$2.3925
Grade AA Butter	\$2.74	\$2.7175	\$2.72	\$2.69	\$2.6675	\$2.6575

**USDA-NASS March reports** – see slides

**CHEESE** – 12 blocks; 23 barrels traded last week...

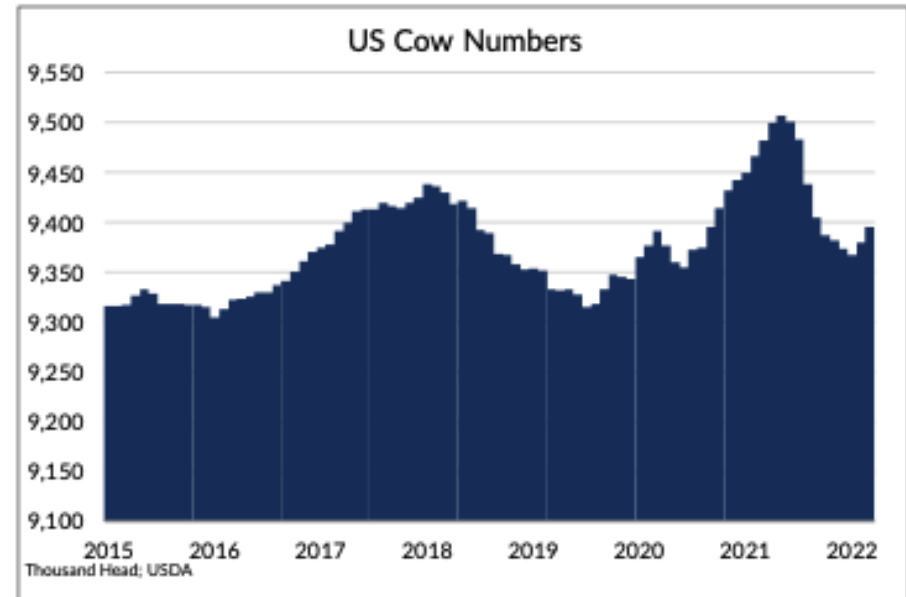
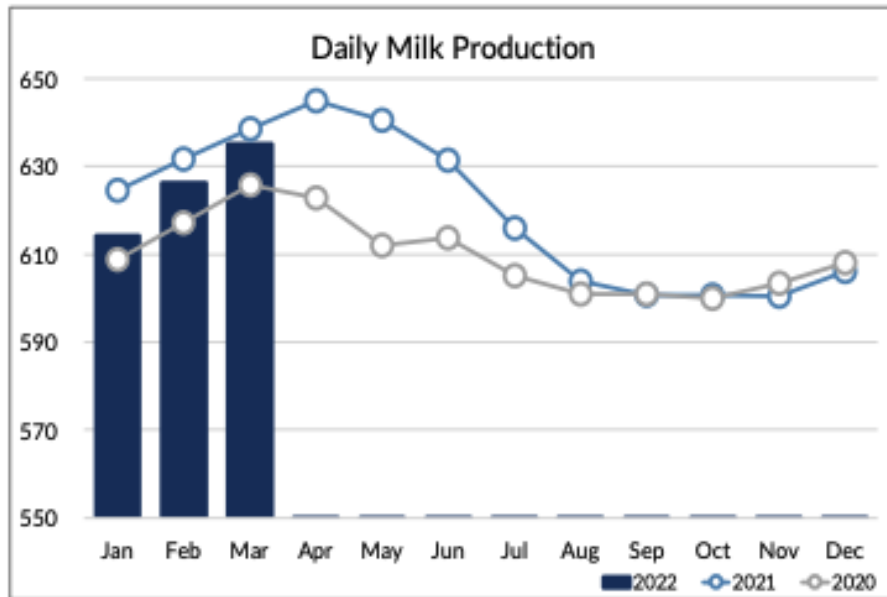
- Cheesemakers are active, but labor issues are still a problem
- Retail and export demand is strong, and food service demand is increasing
- Q3 futures: Block cheese = \$2.3827/lb (+.0050)
- International prices: German Edam = \$2.45 (+.05)

**BUTTER** – 22 lots traded last week...

- Cream inventories are mixed... ice cream production is growing, drawing more cream
- Butter production is steady, although staffing shortages still plague manufacturers
- Demand for butter is steady, but rising retail prices may be curtailing demand
- Inventories vary across the country
- Midwest cream multiples: 127 (131 WA; 129 YA; 115 5YA)
- Q3 futures = \$2.6359/lb (-.0738)
- International prices: Germany = \$3.41 (+.01)... Dutch = \$3.47 (-0-)

**GDT** – Last auction 4/19... Total Index = -3.6%... Cheese = -4.4% (\$2.81)... Butter = -3.6% (\$3.01)

# USDA-NASS March Milk Production

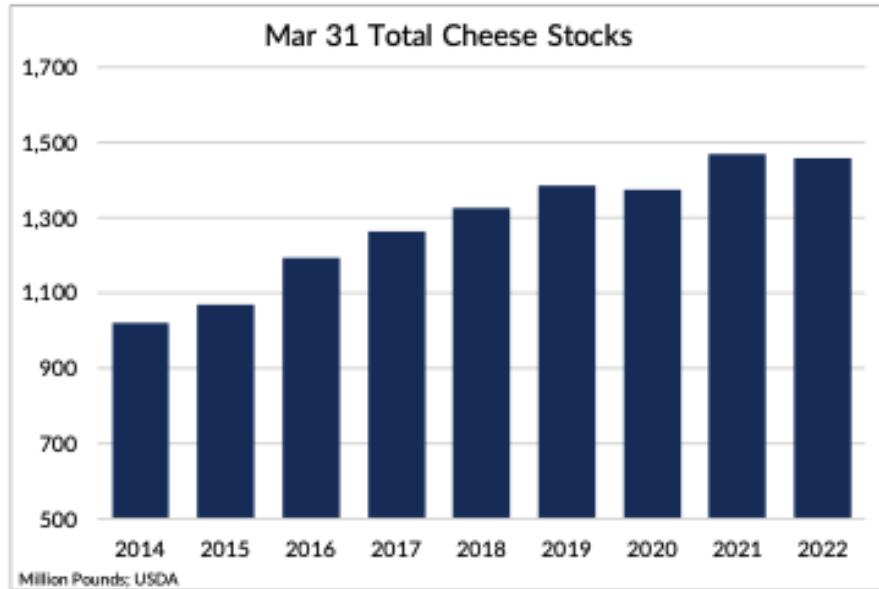


- MILK production: 19.69 B lbs; -0.5% YoY... Milk/cow efficiency +0.3% YoY...

- 50-state COW numbers: 9.395 MM head; +15K MoM; -87K YoY

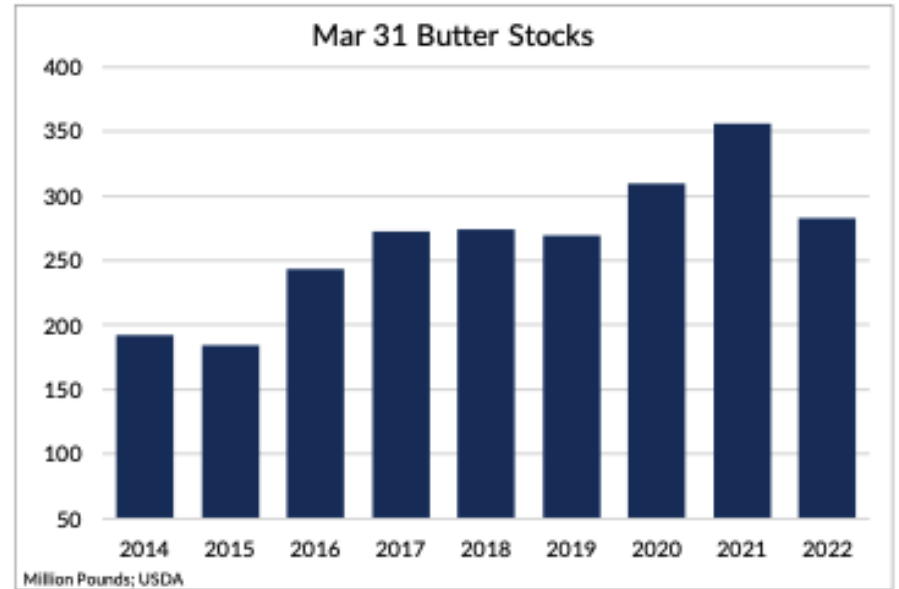
•**Neutral** – Slight decrease YoY was in line with pre-report expectations, but better than last 2 months. Streak of declines has reached 5 straight months... Cow numbers showed the largest MoM increase since last April, but YoY the herd was still lower.

# USDA-NASS March Cold Storage



- **CHEESE** stocks @ 1,458.1 MM, -0.7% YoY (-10.9 MM), and -0.6% MoM (-8.9 MM)... 5YA MoM = +21.1 MM

- *Bullish – First MoM decline from Feb to March since 2011, and at a time when stocks are usually building*



- **BUTTER** stocks @ 283.1 MM, -20.4% YoY (-72.7 MM), and +7.6% MoM (+20.1 MM)... 5YA MoM = +9.2 MM

- *Slightly Bearish – Again, a nice MoM growth that more than doubled the 5-year avg.*

