

Key Market Drivers – 9/7/2022 (Page 1)

Top Headlines

- **RUSSIA-UKRAINE WAR:** Putin weaponizes the Nord Stream I pipeline, cutting off NG to Europe until the “collective west” removes sanctions.
- **OPEC+** votes to modestly CUT oil production.
- **US Acreage Ideas for 2023:** Farm Futures magazine and some private analysts are already noodling about next year’s acres, and the early thoughts lean towards corn acres near 94.4 MM (+5%), soybeans @ 86.1 (-2%), and wheat @ 48.8 (+4%). We shall see...
- **U.N. Food Price Index** – down for the 5th straight month. August data down 1.9% from July, but still 7.8% above YA. Veg oil portion of the index down 1.6% from YA.
- **U.S.\$ Index** hits levels not seen since 2002. See slide

Recent/Upcoming Reports

- **USDA September WASDE – 9/12**
- **US Small Grains Final & Sept 1 Stocks – 9/30**
- **MPOB August Production & Stocks – 9/12**

Weather Headlines

- **NOAM:** Corn belt still looking overall warm and dry which should be beneficial to kickstarting harvest.
- **SOAM:** Central Brazil not looking to get much rain over the next week during a time where they could use some help on soil moisture. Southern Brazil looking cool and wet as farmer will wait for soil temperatures to warm up.
- **LA NINA:** Australia Bureau of Meteorology is calling for 70% chance of La Nina in OND-'22... now in “alert” status.

Corn

- **Crop Conditions:** see slides
- **Futures:** September futures $\uparrow 1 \frac{1}{2}\text{¢}$ (0.2%)...
- **Cordonnier** US yield estimate unchanged at 170 bpa
- **StoneX** cuts yield est. to 173.2 bpa; 14.168 B bushels

- **BRAZIL:** First corn crop 9% planted vs. 10% YA.

Wheat

- **Futures WoW:** Chicago $\uparrow 9\text{¢}$ (+1.1%); KC $\downarrow 12\text{¢}$ (-1.3%); and MPLS $\downarrow 22\text{¢}$ (-2.5%)...
- **US WHEAT HARVEST: WW** harvest is complete, and testing by US Wheat Associates is nearly complete. 460 of 500 samples show average protein of 12.9% (11.8% 5YA), with good FN, and flour data showing above avg loaf volume and bake absorption... **Spring wheat** harvest is catching up at 71% vs. 83% on avg. Early returns are very good.
- **UKRAINE:** Ag minister is reporting 2023 wheat area may fall between 20-40% YoY... Oct ag exports could be 6-6.5 MMT... RUS hit grain facilities in Mykolaiv, but that port was not part of the export deal.
- **AUSTRALIA: ABARES** is forecasting wheat production for the coming year at 32.2 MMT, 2nd largest on record, following last year’s monster 33.0 MMT crop.
- **ARGENTINA:** BAGE is reporting good rains and a favorable 2-week forecast should continue to help the wheat crop center-south, but the damage may already be done. Private analysts reducing harvested acres to the low 6 MM ha range, vs. 6.7 MM YA.
- **INTERNATIONAL PRICING:** Friday’s market, with WoW change in ()... US-HRW, Fob Gulf = \$383 (-4); US-SRW, Fob Gulf = \$340 (+8); ARG, Fob BA = \$400 (-8); FRA, Fob Rouen = \$330 (-6); UKR = No Quote; RUS = No Quote, *but sources report trading at \$300/ton FOB (-40 to 50)*

Oilseeds/Vegetable Oils

- **Crop Conditions:** see slides
- **Soybeans/SBO:** Soybeans (Nov) $\downarrow 40 \frac{1}{2}\text{¢}$ (2.8%); SBO $\uparrow 2$ points (0.0%)... **Cordonnier** keeps US-SB yield estimate at 50.5 bpa; production at 4.4 Bil bu. **StoneX** raises SB yield estimate to 51.8 bu/acre; crop of 4.515. New record!
 - **CHINA:** Chinese firms have booked at least 40

cargoes of SB from US/BRA/ARG in the past 2 weeks alone.

- **BRAZIL:** Cordonnier forecasting Brazilian SB production at 149 MMTs. CONAB forecasts ‘22/23 crop at massive, record 150.36 MMT, +21% YoY. Of course, they must plant it and grow it first!
- **ARGENTINA:** Cordonnier forecasting upcoming Arggie SB crop at 51 MMTs.
- **Palm Oil:** PO (Oct) \downarrow \$50 (4.9%) on the week...
 - **Indonesia:**
 - **Malaysia:** MPOB Aug report out 9/12. Reutter’s ATE indicates stocks rising over 14% to >2 MMTs. ... MPOA reported Aug production +11%... **Stabro** forecasting Aug ending stocks to climb 7% to 1.89 MMT.
 - **India** – PO imports hit 11-mo high... Aug imports of PO at 1.03 MMT nearly double the July total.
- **Rapeseed/Canola Oil:** Canola futures (Nov) \downarrow \$38.70 (4.5%)...
 - **Canada:** Canola harvest progress: MB < 1% (8/30); SAS is 8% harvested (8/29); AB at 1.1% (8/30)...
 - **ND** canola harvest 37% complete, vs 57% LY and 52% average.
 - **Strategie Grains** increased estimate of EU rapeseed crop by 0.6 MMT to 19.15 MMT; up 12.7% from LY.
- **Sunflower: Strategie Grains** reduces estimate of EU sun seed crop by 1.2 MMT to 9.17 MMT; down 11.3% from LY, despite a large increase in seeded area.

Biofuels

- **EPA** is expected to announce RFS mandates for three years (2023, 2024 & 2025) by mid-November. The switch to a 3-year rule is “aimed at providing longer-term certainty to refining & biofuels industry”.

Key Market Drivers – 9/7/2022 (Page 2)

Coffee

- **December finished** the week with a loss of 9.30 cents (3.9%) after a big up week.
- **ICE exchange stocks** have been climbing but took another hit and are on track for another monthly decline.
- **Honduras exports** down almost 30% from last year due to Roya fungus damaging crops.

Cocoa

- **December finished** week with a gain of 3 points (0.1%)..
- **22/23 West African** production in question with high fertilizer prices.
- **Ghana production** expected at only 700,00 tonnes which would be 12 year low.

Sweeteners

- **October finished** the week with a loss of 32 ticks (1.7%).
- **CONAB** taking Brazil's sugar cane crop down to lowest levels since 2011.
- **Global surplus** expected in 21/22 & 22/23 seasons.

Citrus/Frozen Concentrated Orange Juice

- Spot FCOJ futures closed last week at 185.35 vs. 174.60 WA vs. 143.80 YA.
- Per Brazil's citrus exporters association CitrusBR, 22/23 OJ output there is likely +25% vs. YA while ending stocks will remain relatively low due to strong global demand.

Dairy

- **CHEESE:** Spot block cheese prices hold in the mid-\$1.70's (Monday close = \$1.76). Midwest spot milk was \$1.25 under Class III (-\$1.00 WA; +\$0.03 5YA). Cheesemakers are running busy production schedules. Demand for cheese is mixed, with declining retail demand, while food service demand is steady. Cheese priced in the \$1.70's is keeping

export interest high as well... Q4 block cheese futures average = \$2.0013 (-.1087)

- **BUTTER:** Volume backed off a bit with only 19 loads trading, and prices climbed even higher, closing at \$3.12 on Monday... the 2nd highest spot close on record. Better cream availability last week, heading into Labor Day. Butter makers put the extra cream to use and increased their production schedules. Churning and micro-fixing are nearly even production-wise. Demand from food service and retail is steady, and inventories remain tight. Cream availability loosened going into long weekend... Midwest multiples = 142 (152 WA; 135 YA; 131 AVG)... Q4 futures average = \$2.8516 (-.0401)
- **GDT:** Last auction 9/6/22... TOTAL Index = +4.9%... CHEESE = +1.0% (\$2.29)... BUTTER = +3.3% (\$2.43)

Proteins (Beef, Pork, Poultry)

- **PROTEIN COMPLEX:** Cash markets for both beef and pork are moving seasonally lower as we begin the transition from Summer and into Fall.
- **Beef:** Live cattle futures ended the week higher as cash markets moved lower. Animals continue to move into the market and that is forecasted to continue in the near future. Last Friday, Spot Live Cattle futures closed at 144.6 up 1.1 vs LW; up 7.2% vs. YA. Spot Feeder Cattle closed at 184.9 up .8% vs LW; up 6.6% vs YA.
 - Choice Beef Cutout closed at 259.7 down 1.4% vs LW; down 23.5% vs YA; Ribs 416.2 down 2.3% vs. LW, down 30.6% vs YA; Round primal 218.3 up .5% vs LW, down 18.7% vs YA; Chuck primal 209.5 up .8% vs LW, down 22.7% vs YA; beef 50's 108.5 up 3.9% vs LW, down 24.8% vs YA; beef 90's 267.9 unchanged vs. LW, down 3.7% vs YA.
- **Pork:** Lean hog futures ended the week lower as we

continue to move seasonally lower as more animals are forecasted to come to market.

- Lean Hog futures closed at 90 down .7% vs LW; up 16.9% vs. YA.
 - Pork Cutout closed at 102.4 down 3.5% vs LW, down 5.7% vs YA; Hams 98.8 up 2.1% vs LW, up 22.5% vs. YA; Bellies 143.6 down 9.7% vs LW, down 11.9% vs YA; Loins 97.6 down 4.2% vs LW, down 13.9% vs YA; 72's 85.7 down 24.6% vs LW, down 18.8% vs YA.
- **Poultry/Eggs/HPAI:** Last Friday, the National Composite Whole Bird Index closed at 126.6 up .5% vs LW, up 20.4% vs YA; NA; NE Leg quarters NA
 - Bird flu (Eurasian H5N1) summary: 45 states with cases detected in wild birds (unchanged vs LW), 39 states with cases in poultry (unchanged vs LW).
 - While the states for wild birds and poultry remain unchanged, there were new reports of turkey's being impacted in California and Minnesota. This is new and highlights the risks as we move into Fall bird migration.

Major Currencies v. US Dollar

- **US \$:** 110.26 v. 108.75 LW and 92.5240 LY
- **Canadian \$:** 1.3148 v. 1.3011 LW and 1.2647 LY
- **Euro €:** .9902 v. .9995 LW and 1.1839 LY
- **Chinese ¥:** 6.9688 v. 6.9147 LW and 6.4600 LY
- **Brazilian R\$:** 5.2378 v. 5.0282 LW and 5.1692 LY
- **Arg ₳:** 140.56v. 138.30 LW and 97.785 LY

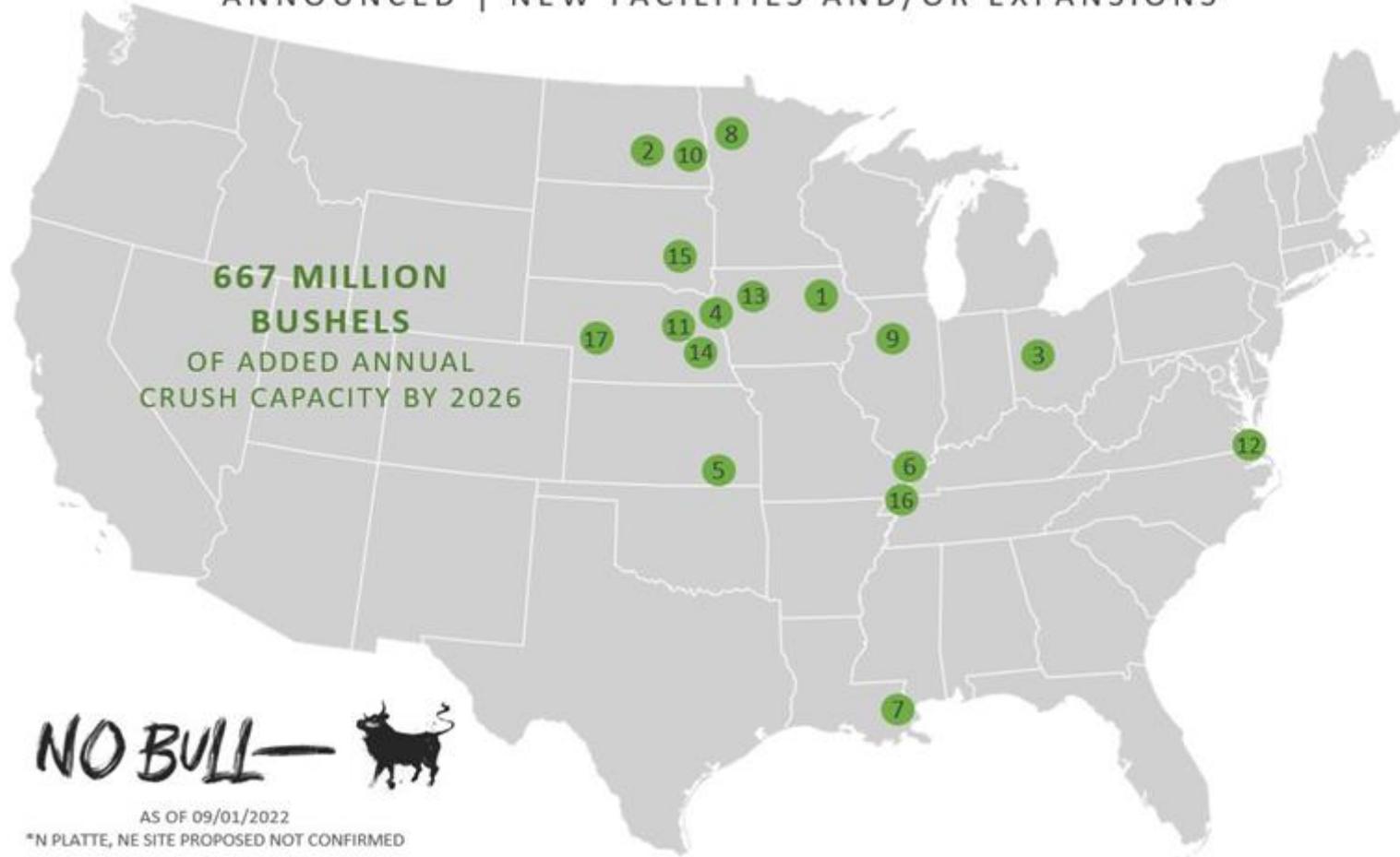
Energy (Petroleum/Natural Gas)

- **Baker Hughes Rig Count** @ 596 -9 from last week.
- **US Weekly Crude Oil Production** @ 12,100 +100 v. WA

New Soybean Crush Capacity

Totals over 500 MILLION bushels

U.S. SOYBEAN CRUSH CAPACITY EXPANSION ANNOUNCED | NEW FACILITIES AND/OR EXPANSIONS



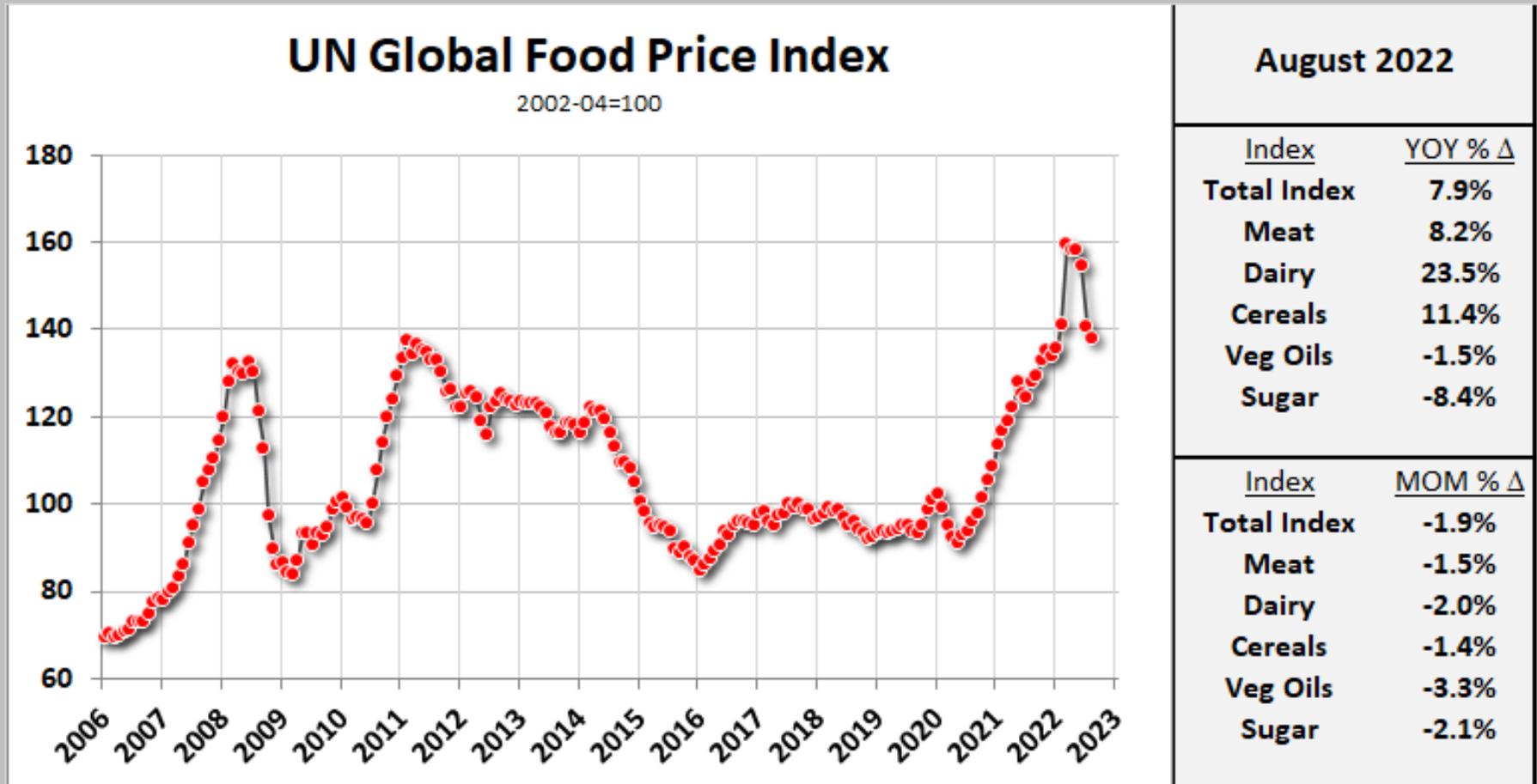
- 1 SHELL ROCK BY FERTISOLAR
- 2 ADM M
- 3 Cargill
- 4 AGP Ag Processing Inc.
- 5 BARTLETT A SARGENT COMPANY
- 6 BÖNGE CHRYSLER
- 7 BÖNGE CHRYSLER
- 8 Epitome Energy
- 9 MARQUIS ENERGY
- 10 NDSP
- 11 Norfolk Crush LLC
- 12 PLEBE AgriBusiness
- 13 PLATTE CRUSH
- 14 AGP Ag Processing Inc.
- 15 SOYBEAN INDUSTRIAL
- 16 Cargill
- 17 TBD*



AS OF 09/01/2022

*N PLATTE, NE SITE PROPOSED NOT CONFIRMED

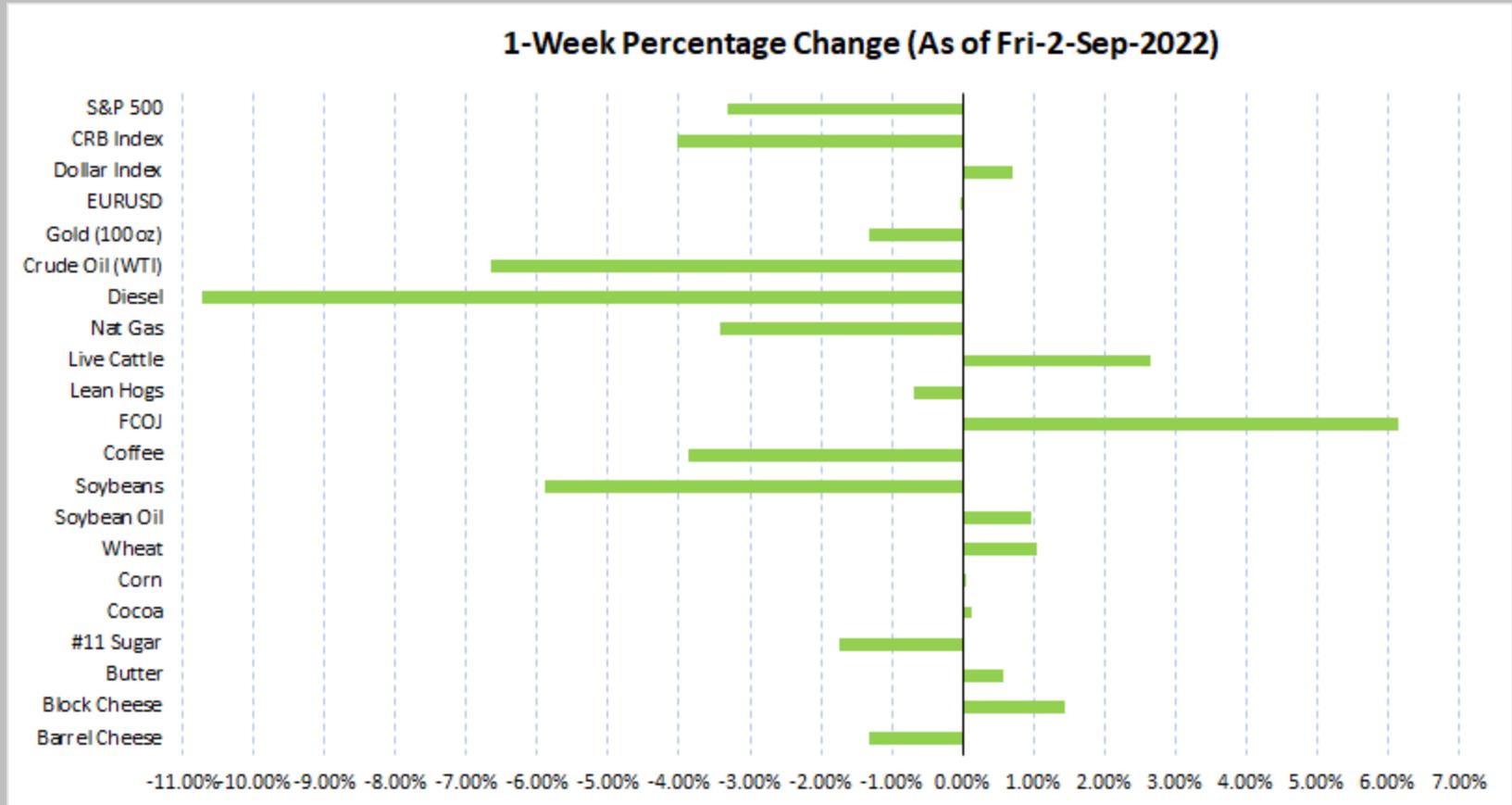
Food inflation falls again MoM... *but still up YoY*



U.S. \$ Index hits levels not seen since 2021



Past week losers vs. gainers



DAIRY Update

CME Spot	8/29	8/30	8/31	9/1	9/2	9/6
Block Cheddar	\$1.7150	\$1.75	\$1.7250	\$1.7350	\$1.7650	\$1.76
Grade AA Butter	\$3.0825	\$3.05	\$3.0550	\$3.0925	\$3.10	\$3.12

CHEESE – 1 blocks & 9 barrels traded last week...

- Midwest spot milk was \$1.25 under Class III (-\$1.00 WA; +\$0.03 5YA)
- Cheesemakers are running busy production schedules
- Demand for cheese is mixed, with declining retail demand, while food service demand is steady
- Cheese priced in the \$1.70's is keeping export interest high as well
- Q4 block cheese futures average = \$2.0013 (-.1087)

BUTTER – 19 lots traded...

- Better cream availability last week, heading into Labor Day
- Butter makers put the extra cream to use and increased their production schedules
- Churning and micro-fixing are nearly even production-wise
- Demand from food service and retail is steady, and inventories remain tight
- Cream availability loosened going into long weekend... Midwest multiples = 142 (152 WA; 135 YA; 131 AVG)
- Q4 futures average = \$2.8516 (-.0401)

GDT – last auction 9/6/22... TOTAL Index = +4.9%... CHEESE = +1.0% (\$2.29)... BUTTER = +3.3% (\$2.43)