



Daily Grain / Livestock Marketing Outlook

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Early Call 8:45am EDT: Corn down 0-1, beans down 0-2, wheat up 6-8. The dollar is much lower this morning as CPI data came in lower than expected suggesting inflation is slowing. Grain exports were not supportive and the lower end of corn's range continues to be tested this morning.

Grains: Yesterday's USDA Crop Production and WASDE report was the main event and the reports came in very neutral from a fundamental perspective. The corn crop was raised to 13.930bb from 13.895bb last month and the corn yield was raised to 172.3bpa vs 171.9bpa last month. This led to a 35mb increase in production which was minimized by a higher feed/residual usage of 25mb to 5.300bb. Ending stocks were bumped up by 10 mb to 1.182bb which was below the average trade guess of 1.215bb. Soybean revisions were also minor and within trader's expectations. The soybean crop was raised by 33mb to 4.346bb with the yield increasing to 50.2bpa vs 49.8bpa last month. Crush was increased by 10 mb to 2.245bb. Residual was bumped up 2mb to 22mb.

Weekly export sales were again abysmal for corn and wheat/soybeans came in on the low side as well. Corn for 22-23 exports were 265,300 tons vs 300-600k expected. Wheat exports for 22-23 were 322,500 tons vs 250-600k expected. Soybean export sales for 22-23 were 794,800 tons vs 600k-1.2M expected. 22-23 bean meal came in at 170,200 tons and were -200 tons for 23-24. Soybean oil exports for 22-23 were 2,700 tons.

A fresh export sales for 209,931 tons of 22-23 corn was reported by the USDA as going to Mexico this morning.

While Russian troops are withdrawing from the southern city of Kherson in Ukraine, the focus on the Black Sea grain export deal still is in the balance. Russia wants sanctions lifted on exports of its own grain and fertilizers in exchange for keeping the corridor open. Given that Russia appears to be on the ropes and pulling its forces back, lifting sanctions is unlikely leaving the market in a state of uncertainty.

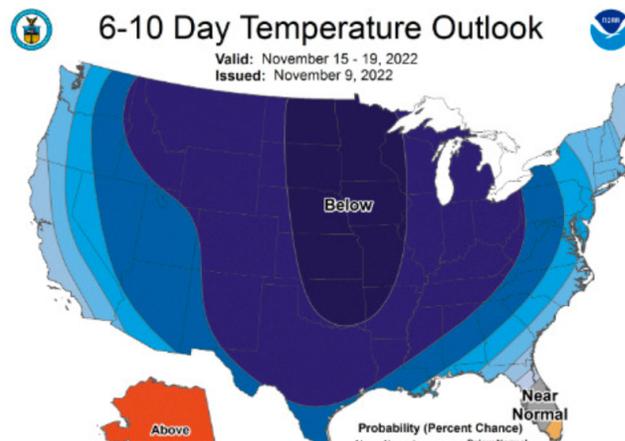
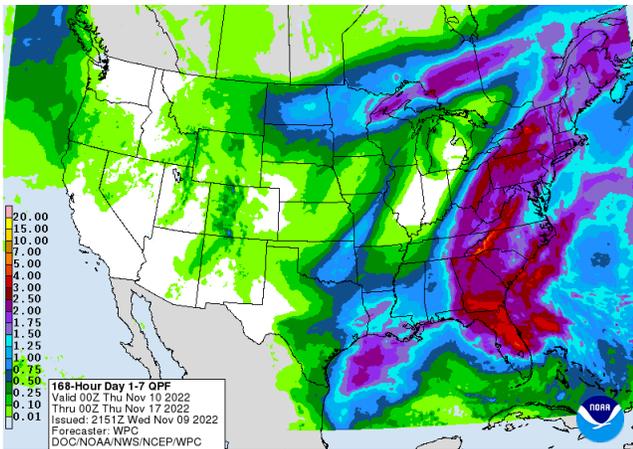
The threat of a rail strike has been pushed back from Nov 20 to Dec 4th as the Brotherhood of Maintenance of Way Employees (BMWED) announced they would match the date of the Brotherhood of Railroad Signalmen (BRS). After voting no to the tentative rail contract agreement (TA), the status quo period of business as usual for the BMWED would have expired on Nov. 19, setting in motion the possibility of a rail strike. The BRS announced their members had also rejected the TA, with their status quo ending date on Dec. 4.

Palm oil prices closed down MYR 18 at MYR 4,180/ton as the Malaysian Palm Oil Board said that end of October stocks were at the highest level in three years at 2.403mt.

Livestock: Cash hogs are called lower as cash hog weakness signals that packers have their needs largely met. National daily direct hogs were up .48 to \$87.70. The cutout value was down 1.02 to \$94.12. Hams lost 4.50, butts lost 1.44, and loins lost 1.39. Picnics were up 2.54, bellies up 2.15, and ribs up .28. There were 339.66 total loads. Slaughter came in at 493,000 vs 488,000 last week and 479,000 last year. Saturday's slaughter is expected at 81,000 head. The IA/MN weekly average weight for hogs ending 11/5/22 continued down to 283.5 vs 284 last week and 290.1 last year. Hogs are being pulled forward pretty quickly based on weights and slaughter levels.

Livestock futures finished mixed after the WASDE report was released. Dec hogs were down .30 at \$85.28, Feb up .65 at \$89.15, and Apr up .425 at \$94.625. The report showed a higher beef production by 211 million lbs for the fourth quarter of 2022, with pork production lowered on a slower-than-expected pace of slaughter. The USDA trimmed its monthly projection for 2023 annual beef production to 26.28B pounds from October's forecast of 26.37B pounds. The beef forecast was lowered on tighter supplies of fed cattle and lower cow slaughter. Price estimate for steers was increased to \$156 from \$154 a hundredweight and left unchanged at \$67 a hundredweight for barrows and gilts. The USDA also forecast lower beef exports for the remainder of 2022 by 29 million pounds and lowered imports by 13 million pounds. Asian markets are expected to have lower beef demand leading to the lower exports. Pork production for 2022 was decreased by 27 million pounds as recent production speeds have waned. Quarterly hog prices for the fourth quarter of 2022 gained \$1.00 from last month to average \$64.00. Hog prices in the first quarter of 2023 are expected to average \$63.00, and prices in the second quarter of 2023 are expected to average \$71.00, both of which were steady with last month's report. Pork imports for 2022 fell by 53 million pounds, exports grew by 20 million pounds. For 2023, pork imports fell by 95 million pounds, but exports remained steady.

Weather: There is a ridge in the east and a trough in the West with another ridge up near Alaska. The trough will push eastward through the country over the next few days. The trough will be reinforced by several pieces of energy over Hudson Bay this weekend through next week as part of a pattern change. The subtropical jet will remain active next week, bringing several disturbances through the U.S. into next weekend. The U.S. and European models are fairly close. For the outlook period, temperatures on Tuesday will be below normal across most of the U.S. and continue that way for most of next week. A couple of shots of reinforcing cold air will move through next week. Some light precipitation is expected with each one, but there is some potential to get heavier precipitation across the southern half of the country early-mid next week with one of the disturbances.



In the central US, heavy snow is falling in the region this morning which will continue into Friday morning before clearing out. Some areas are likely to see over 12 inches of accumulation in the Dakotas. Snow is also likely in Minnesota. With strong winds developing, blizzard conditions will be possible Thursday into Friday. Very cold air is moving in behind the system, lasting through next week with a couple of reinforcing shots of arctic air and some light snow. The southern Plains will get some light rains with this system but gusty winds are coming with the system as well, which continues to dry out soils. Much colder air follows the system, with colder air lasting through next week. This could start to turn wheat dormant in poor condition. Another cold front will push through early next week with some additional showers and potential for accumulating snow across southern areas. There is some limited potential for precipitation over southwestern areas, mostly in the Texas Panhandle.

Global Weather Highlights: Brazil will have isolated showers filling into southern areas on Friday. The showers will not last long over southern areas as another front clears out the area on Monday. Showers next week may still be possible for southern areas, but unlikely. Central areas should fare better with showers. Argentina will also have

isolated showers moving back into the country, but they will be cleared out on Sunday. A long period of dryness has had a significant effect on filling wheat as well as corn and soybean planting and establishment. Showers may still go through late next week with a weaker cold front, but will likely be isolated. If showers disappoint over the next few days, the drought will likely start to damage corn and soybeans, as well as push back planting even further.

Macros: The macro markets are mostly higher as of 8:57am ET with Dow Futures up 2.52%, the US dollar index down 1.43%, gold up 1.55%, and crude oil up 1.39%. Stocks jumped this morning as weaker than expected inflationary data came out of the monthly CPI report. The October CPI report showed inflation easing to 7.7% year over year with core CIP up 6.3% over last year. Oct consumer prices were up 0.4% vs 0.6% expected. Oct CPI ex food/energy was up 0.3% vs 0.5% expected. Energy prices were up 1.8% and food prices were up 0.6% while real average weekly earnings were down 0.1%. The data was bullish for the markets as the Fed may stay on track to approve a half percentage point increase rate increase next month as opposed to anything higher.

Weekly jobless claims were up 7,000 to 225k vs 220k expected for the week of Nov 5th. Continuing claims were up 6,000 to 1,493,000 for the week ending Oct 29th. Meta (Facebook) announced they were laying off 11,000 employees today and Redfin announced it was laying off 13% of it's staff today as well so next week's numbers will likely be expected higher.

While the Dow is more than reversing yesterday's 648 decline on the CPI data this morning, yesterday's turn was partly caused by crypto market bankruptcy worries for FTX. Crypto exchange Binance reversed course on a rescue offer for FTX Wednesday, leaving the prominent digital firm with an uncertain future as it faces a shortfall of up to \$8 billion. In addition to these worries, the uncertainty of the US midterm elections is also not supportive for macro markets.

Summary: December corn put in new lows yesterday but was able to rebound off of the September 28th corrective low of \$6.61 ½. That level was tested again this morning and failure below this level would break corn out of the range it has held through harvest. The neutral report and low exports are not helping corn pull out above the lows this morning and will likely keep pressure on prices as the day goes on. Uncertainty with the Black Sea export corridor this morning is also adding some pressure. The CPI report gave the grain markets a macro boost this morning though as the dollar plummeted. Soybeans continue to have strong export demand for at least the next couple of months, strong crush demand, and strong basis levels. South American weather forecasts look

more favorable through the end of November. Jan futures are in a range of 14.28-14.69 which should act as risk parameters moving forward.

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