

# MarketNews

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Dairy Market Link



Produce Weekly  
Link

Market Report -  
Eggs



Flour Facts



Oil Market Watch



Weekly Market  
Review



USDA Livestock, Poultry  
& Grain Market Highlights



Market updates  
from The Plastics  
Exchange



Daily Market  
Summary - Plus In  
Depth Analysis

# Egg Markets

## Week of January 30, 2023

**TONE:** Retail demand mixed. Supplies fully adequate to available. Market seeking additional direction.

The regional egg markets are as follows:

	Northeast	Midwest	Central	Southeast
Lg	\$3.21	\$3.21	\$3.36	\$3.32
Md	\$2.67	\$2.61	\$2.66	\$2.66

Source: Esbenshade, Inc.



### Egg Markets Overview

The weekly Egg Markets Overview is now available on our website and may be accessed by clicking on the link or graphic below.



<https://www.ams.usda.gov/sites/default/files/media/Egg%20Markets%20Overview.pdf>

# USDA Egg Markets Overview

A weekly publication of the USDA AMS Livestock and Poultry Program, Livestock, Poultry, and Grain Market News Division

January 27, 2023

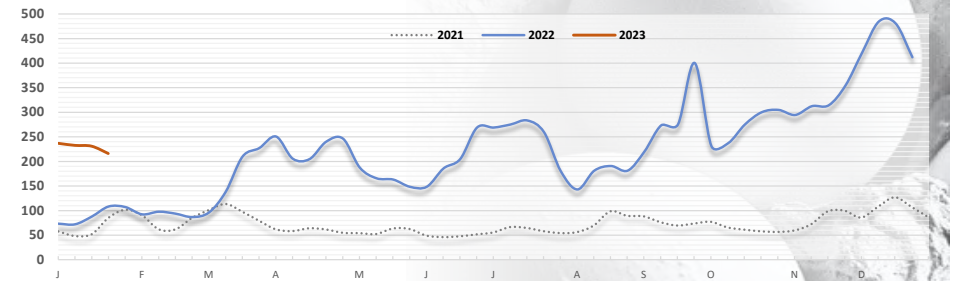
Wholesale prices for cartoned shell eggs continue to move lower through the week with moderate supplies. Offerings remain light to moderate but demand has weakened to a light to moderate level. The pace of trading is moderate. Wholesale prices for graded loose eggs are weak to lower. Offerings are light to moderate with moderate supplies but interest is waning, described as light to moderate. Trading is moderate. The volume of trailer load loose egg sales this week declined 35% from the prior week with 30% for future delivery. Prices for national trading of trucklot quantities of graded, loose, White Large shell eggs declined \$0.15 to \$2.16 per dozen with weak undertone. The wholesale price on the New York market for Large cartoned shell eggs delivered to retailers decreased \$0.23 to \$3.13 per dozen with a weak undertone. In the major Midwest production region, the wholesale price for Large, white, shell eggs delivered to warehouses decreased \$0.58 to \$3.29 per dozen with a weak undertone while prices paid to producers for Large cartoned shell eggs declined \$0.24 to \$2.86 with a weak undertone. The California benchmark for Large shell eggs decreased \$0.35 to \$5.62 per dozen with a weak undertone. Delivered prices on the California-compliant wholesale loose egg market increased \$0.11 per dozen to \$5.13 per dozen with a steady undertone.

Consumer demand for shell eggs falls to average for the first time since August of 2022 as resistance to record high prices in grocery outlets across the country grows. The national media has turned its spotlight on the issue, further raising consumer awareness and resistance. Retailers have been working to stabilize pricing as they work through supplies procured during recent record-high wholesale prices. Wholesale prices have been declining steadily from their recent highs which has helped support retailer efforts to bring pricing down to a more consumer-acceptable level. However, many producers are using the current period to rework their flocks ahead of the coming Easter demand period which is keeping production down and supplies tight. Demand from egg breakers is average as most are content to work from their own production to maintain full-time schedules. This has led to falling prices for breaking stock as offerings outpace interest.

Promotional activity for conventional caged shell eggs in retail outlets remains very limited as wholesale price declines slowly make their way down to the retail level. Promotional activity for specialty shell eggs is also very limited for Large class with nutritionally-enhanced types accounting for most ads. No featuring of [UEP-defined cage-free](#) shell eggs is recorded this week.

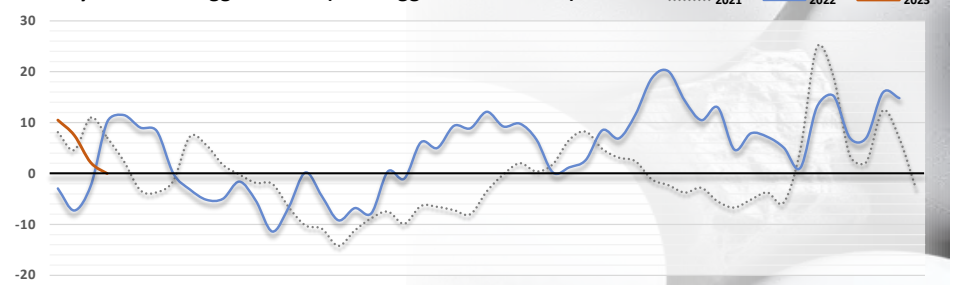
The overall inventory of shell eggs increased 2.5%, while the nation-wide inventory of Large eggs was up nearly 6%. Stocks of Large eggs in the key Midwest production region increased nearly 18% as movement into retail channels slows as grocer turn their focus to football and Valentines fare. The inventory share of Large class shell eggs increased 1.5%

Weekly Loose Shell Egg, Large, White, National Index (f.o.b. dock, cents per dozen)



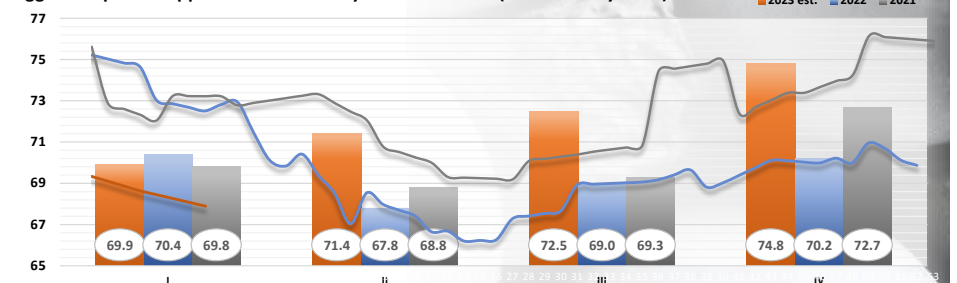
Source: USDA AMS L&P Livestock, Poultry, and Grain Market News

Weekly U.S. Table Egg Demand (Shell Egg Demand Index)



Source: USDA AMS L&P Livestock, Poultry, and Grain Market News

Egg Per Capita Disappearance vs. Weekly Est. Production (as of January 2023)



Source: USDA ERS; AMS L&P Livestock, Poultry, and Grain Market News

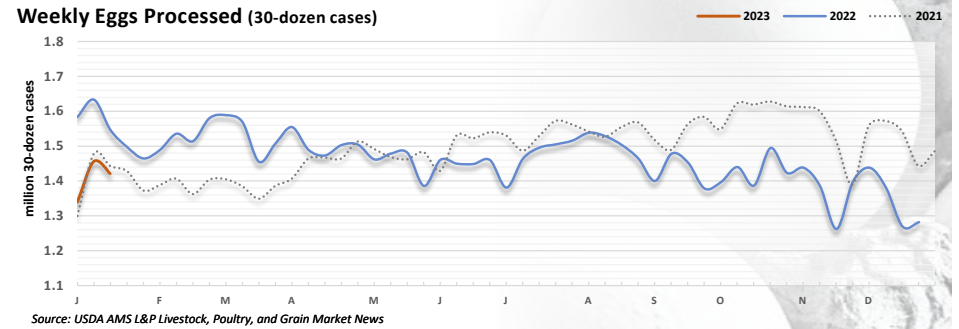
a 49% share of all shell egg stocks on inventory at the start of the week. Stocks of cage-free eggs increased about 3.5% as these types are competitively priced with their caged counterparts. The inventory of nutritionally enhanced shell eggs rose 3% while stocks of organic eggs declined 3%. Breaking stock inventories increased nearly 1.5% as breakers are able to supplement their own production with spot market offerings to maintain full-time schedules. Total estimated table egg production was unchanged from last week and from last year at a deficit of 7% from last year, about 10.5 million cases.

Wholesale prices for breaking stock in the Central States declined \$0.17 to \$2.23 per dozen with a weak undertone. Offerings and supplies are light to moderate with mostly light to moderate demand. Trading is slow to moderate; schedules full time. The volume of eggs processed over the past week decreased about 2.5%, representing just short of a 30% share of weekly table egg production, down slightly for the week. Production of whole egg was about unchanged but white production was down 7% and yolk down just over 3.5%. The production of dried egg increased 5% and inedible egg production was down about 4.5%. Breaking yields without inedible were about unchanged at 41.66 pounds per case broken.

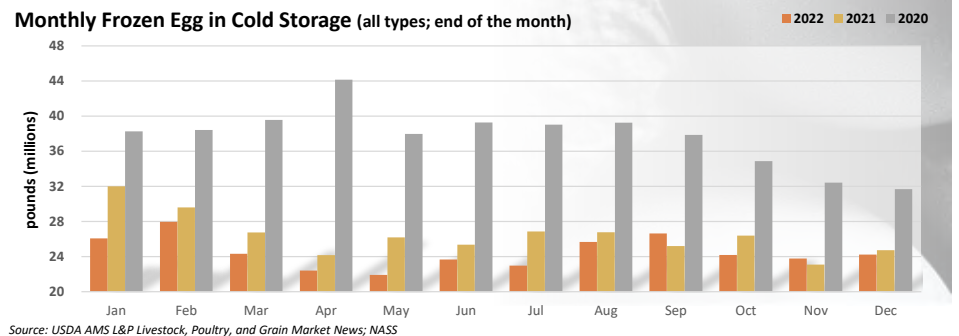
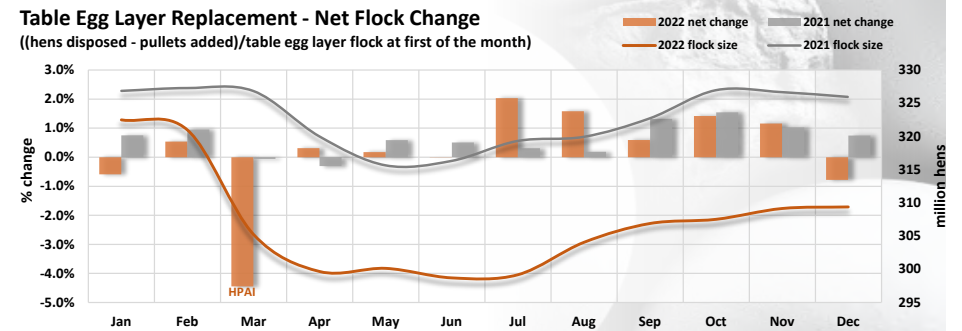
Wholesale prices for liquid egg products are unquoted. The undertone is lower with light to moderate offerings and mixed demand. Prices on frozen whole eggs declined \$0.05 to \$2.40 per pound while those for frozen whites were down \$0.10 to \$2.00 per pound. The undertone is weak to lower for light to moderate offerings and supplies. Demand is moderate to good and trading is moderate to active. Prices for dried whole eggs are down \$1.25 to \$12.00 per pound with whole dried yolk down \$0.30 to \$14.00 per pound. The undertone is weak with light to moderate offerings and light to moderate supplies. Demand is fairly good and trading is moderate to active.

According to NASS, the December monthly volume of frozen eggs in storage increased 2% from November, 2% under the year ago level. Stocks of whole frozen egg were up 6% from last month, 9% under last year. The share of whole egg stocks gained 2% to a 43% share of total frozen stocks. Stocks of frozen yolk increased 63%, 5% over last year's level. Stocks of frozen egg whites increased 13%, even with 2021. Stocks of unclassified eggs declined 8%, 6% over 2021 levels. The share of unclassified frozen stocks decreased 4% to 40% of total frozen stocks.

Cage-free commitments as of January 2023 remain about unchanged, requiring 66.7 billion cage-free eggs per year to meet 100% of needs from an approximate cage-free flock of 221.4 million hens (72% of the U.S. non-organic flock), indicating a shortage of 127.8 million hens from the current non-organic cage-free flock of 83.6 million hens. The average lay rate for non-organic, barn/aviary cage-free production is currently estimated at 81.8%.



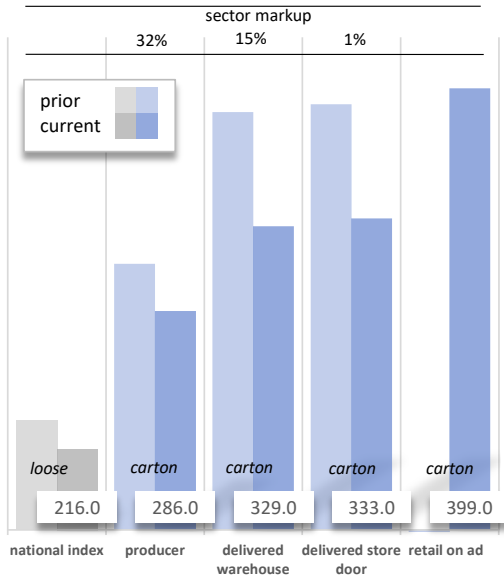
Eggs Processed - Week-to-Week Change						
total	share	whole	whites	yolks	dried	inedible
-2.4%	-0.6%	-0.1%	-7.0%	-3.6%	5.2%	-4.6%



### Shell Eggs Market Price Comparisons

(as of January 27, 2023)

(National Index on a loose-egg basis, all other prices for carton eggs; LG White avg prices in cents per dozen)



Producer, warehouse, & store door = MW; retail no sale NY market; retail on sale Nat'l Retail Feature; loose eggs include minimal

### Key Egg Markets Overview

	27-Jan	% Change	Recent History				
			20-Jan	13-Jan	6-Jan	30-Dec	23-Dec
<b>SHELL EGGS (Large, White, conventional in cents per dozen)</b>							
National, Loose, (f.o.b. dock prices)	216.03	-6%	230.81	232.43	236.57	411.67	474.64
New York, Cartonned (price to retailers)	313.00	-7%	336.00	386.00	459.00	519.00	542.00
Midwest, Cartonned (price dlvr'd to warehouse)	329.00	-15%	387.00	462.00	517.00	530.00	507.00
California, Cartonned, benchmark (cage-free)	562.00	-6%	597.00	672.00	737.00	750.00	660.00
<b>National Retail Shell Egg (avg. ad price in dollars per dozen)</b>							
Conventional, Large, White	3.99		n/a	2.99	n/a	n/a	n/a
Cage-Free, Large, Brown	2.00		n/a	n/a	2.58	3.66	3.66
<b>EGG PRODUCTS (f.o.b. dock prices; dollars per pound)</b>							
Central States Breaking Stock (dlvr'd prices per doz)	223.00	-7%	240.00	246.00	347.00	367.00	375.00
Whole Frozen Eggs	240.00	-2%	245.00	280.00	300.00	315.00	315.00
Whole Dried Eggs	12.00	-9%	13.25	13.75	13.75	n/a	n/a
Processed Share of Weekly Egg Production	29.7%	-0.6%	30.3%	27.8%	26.6%	26.1%	28.3%
<b>SHELL EGG DEMAND INDICATOR (no units)</b>							
	0.0	-2.1	2.1	7.5	10.5	14.8	15.9

Source: USDA AMS Livestock, Poultry, and Grain Market News; "n/a" = not available.

### Key Shell Egg Markets Snapshot - 2023

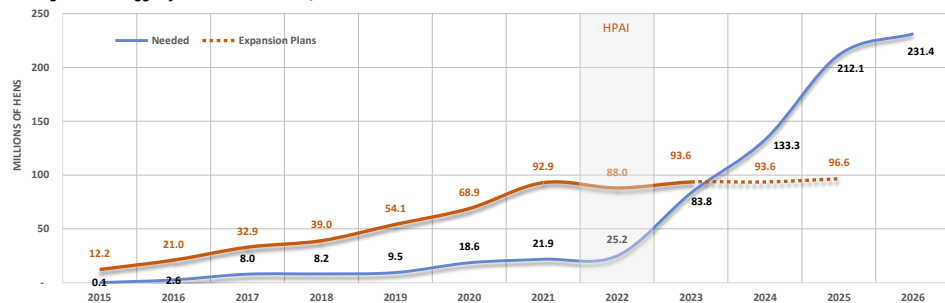
(Large, White, Conventional Shell Eggs in cents per dozen)	27-Jan	Change	20-Jan	2023 High	2023 Low
National, Loose, (f.o.b. dock prices)	216.0	▼ -6%	230.8	237.5 03-Jan	215.6 26-Jan
New York, Cartonned (price to retailers)	313.0	▼ -7%	336.0	474.0 03-Jan	313.0 27-Jan
Midwest, Cartonned (price dlvr'd to warehouse) <sup>1</sup>	329.0	▼ -15%	387.0	517.0 03-Jan	329.0 23-Jan
California, Cartonned, benchmark	562.0	▼ -6%	597.0	737.0 03-Jan	562.0 23-Jan
Central States Breaking Stock (delivered prices) <sup>1</sup>	223.0	▼ -7%	240.0	367.0 03-Jan	223.0 27-Jan
Whole Frozen Egg Products (f.o.b. dock prices)	240.0	▼ -2%	245.00	300.0 06-Jan	240.0 27-Jan
Whole Dried Egg Products (f.o.b. dock prices)	12.00	▼ -9%	13.25	13.8 06-Jan	12.00 27-Jan
Natl Average Retail Ad Price - Conventional	3.99	▬ 0%	n/a	3.99 27-Jan	2.99 13-Jan
Natl Average Retail Ad Price - Cage-free <sup>2</sup>	2.00	▬ 0%	n/a	2.58 06-Jan	2.00 27-Jan
Shell Egg Demand Indicator	0.0	▼ -2.1	2.1	10.5 04-Jan	0.0 25-Jan

<sup>1</sup> mostly high; <sup>2</sup> non-organic

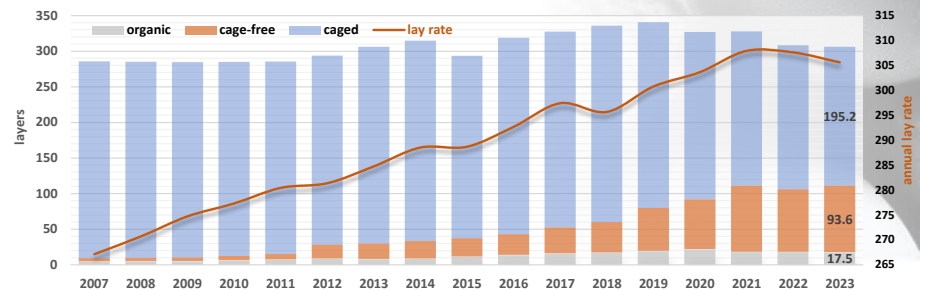
### Projected Cage-Free Expansion Plans Relative to Commitments + Legislated Needs

Non-Organic Table Egg Layer Flock in millions of hens

updated January 2023



### U.S. Table Egg Layer Flock by Production System v. Avg Lay Rate (as of January 2023)



### U.S. Table Egg Layer Flock Estimates

As of January 2023	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total U.S. Caged<sup>1</sup> Flock:</b>	<b>63.7%</b>	<b>65.4%</b>	<b>66.1%</b>	<b>71.9%</b>	<b>76.6%</b>	<b>82.2%</b>	<b>84.0%</b>	<b>86.6%</b>	<b>87.3%</b>	<b>89.5%</b>	<b>90.3%</b>	<b>90.4%</b>
Layers (millions)	195.2	202.3	216.5	235.2	261.0	276.1	275.1	276.1	256.1	281.6	276.4	265.5
<b>Total U.S. Cage-Free Flock:</b>	<b>36.3%</b>	<b>34.3%</b>	<b>33.9%</b>	<b>28.1%</b>	<b>23.4%</b>	<b>17.8%</b>	<b>16.0%</b>	<b>13.4%</b>	<b>12.7%</b>	<b>10.5%</b>	<b>9.7%</b>	<b>9.6%</b>
Layers (millions)	111.1	106.0	111.1	91.7	79.7	59.9	52.4	42.9	37.3	33.2	29.6	28.3
<b>NON-ORGANIC Cage-Free:</b>	<b>30.6%</b>	<b>28.4%</b>	<b>28.4%</b>	<b>21.4%</b>	<b>17.7%</b>	<b>12.8%</b>	<b>11.1%</b>	<b>9.1%</b>	<b>8.9%</b>	<b>7.8%</b>	<b>7.0%</b>	<b>6.7%</b>
Layers (millions)	93.6	88.0	92.9	69.9	60.3	42.9	36.4	29.0	26.0	24.5	21.4	19.8
▪ Barn/Aviary	29.0%	27.2%	27.2%	19.9%	15.9%	11.6%	10.0%	7.9%	7.7%	6.7%	6.0%	5.7%
Layers (millions)	88.9	84.1	89.0	65.1	54.1	39.0	32.9	25.3	22.5	21.0	18.5	16.9
▪ Free-Range	1.0%	0.8%	0.7%	0.9%	0.8%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.6%
Layers (millions)	3.0	2.4	2.4	2.8	2.9	1.5	1.3	1.6	1.5	1.5	1.7	1.6
▪ Pastured	0.5%	0.5%	0.5%	0.6%	1.0%	0.7%	0.7%	0.7%	0.7%	0.6%	0.4%	0.4%
Layers (millions)	1.7	1.5	1.5	2.1	3.3	2.4	2.2	2.1	2.0	2.0	1.3	1.3
<b>USDA ORGANIC Cage-Free:</b>	<b>5.7%</b>	<b>5.9%</b>	<b>5.5%</b>	<b>6.7%</b>	<b>5.7%</b>	<b>5.1%</b>	<b>4.9%</b>	<b>4.4%</b>	<b>3.9%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.9%</b>
Layers (millions)	17.5	18.2	18.2	21.8	19.4	17.0	16.0	13.9	11.4	8.7	8.2	8.5
▪ Organic	3.7%	3.8%	3.6%	4.6%	4.4%	3.9%	3.7%	3.4%	3.1%	2.2%	2.2%	2.5%
Layers (millions)	11.2	11.7	11.7	15.1	14.9	13.1	12.3	11.0	9.0	7.0	6.7	7.3
▪ Organic Free-Range	1.1%	1.2%	1.2%	1.2%	0.9%	0.8%	0.8%	0.7%	0.6%	0.4%	0.4%	0.3%
Layers (millions)	3.4	3.8	3.8	4.0	3.1	2.7	2.6	2.1	1.7	1.2	1.2	1.0
▪ Organic Pastured	0.9%	0.9%	0.8%	0.8%	0.4%	0.4%	0.4%	0.3%	0.2%	0.1%	0.1%	0.1%
Layers (millions)	2.8	2.7	2.7	2.7	1.4	1.2	1.2	0.8	0.7	0.4	0.4	0.3

Note: percentage of U.S. table egg layer flock as reported by NASS; past year annual numbers reflect flock as of the end of each year.

1 - battery and enriched systems

Source: USDA Livestock and Poultry Program, Livestock, Poultry, and Grain Market News Division

### Current Estimates of Table Egg Production and Use in States with Cage-Free Legislation - as of December 2022

State	Deadline Date	Layers on Hand (Dec 2022)	Est. Caged Layers	Est. Cage-Free Layers	Est. Annual Egg Production			Est. 2022 Population	Annual Egg Consumption	Self-Sufficiency Rate	
					caged	cage-free	combined			overall	cage-free
California.....	Jan 2022	11,854,000	0	11,854,000	3,587,524,127	3,587,524,127	39,029,342	11,181,906,483	32%	32%	
Massachusetts*....	Jan 2022	675,000	0	675,000	204,283,684	204,283,684	6,981,974	2,000,335,551	10%	10%	
Nevada*.....	Jul 2022	5,000	0	5,000	1,513,212	1,513,212	3,177,772	910,431,678	0%	0%	
Colorado.....	Jan 2023	1,891,000	1,523,000	368,000	441,182,640	111,372,438	552,555,078	5,839,926	1,673,138,799	33%	7%
Washington.....	Jan 2024	5,671,000	3,188,000	2,483,000	1,025,260,800	751,461,313	1,776,722,113	7,785,786	2,230,627,689	80%	34%
Oregon.....	Jan 2024	1,894,000	1,754,000	140,000	551,457,600	42,369,949	593,827,549	4,240,137	1,214,799,251	49%	3%
Arizona*.....	Jan 2025	8,500,000	5,840,000	2,660,000	1,692,432,000	805,029,035	2,497,461,035	7,359,197	2,108,409,941	118%	38%
Michigan.....	Jan 2025	16,410,000	5,795,000	10,615,000	1,788,568,800	3,212,550,076	5,001,118,876	10,034,113	2,874,773,375	174%	112%
Utah.....	Jan 2025	5,856,000	3,251,000	2,605,000	1,015,092,240	788,383,697	1,803,475,937	3,380,800	968,599,200	186%	81%
Rhode Island*.....	Jan 2026	56,000	43,000	13,000	12,461,400	3,934,352	16,395,752	1,093,734	313,354,791	5%	1%
* = layers on hand estimated.		52,812,000	21,394,000	31,418,000	6,526,455,480	9,508,421,884	16,034,877,364	88,922,781	25,476,376,757	63%	37%

Note: cage-free includes organic

Source: USDA AMS L&P Livestock, Poultry, and Grain Market News; data derived from USDA NASS and ERS; U.S. Census Bureau



# FLOUR FACTS

Information Provided by General Mills Foodservice  
GeneralMillsCF.com



## Weekly Market Highlights

JANUARY 26, 2023

- Wheat was down hard on Monday due to favorable weather but has rallied back through the week, first on freeze concerns and then on renewed concerns over Black Sea tensions as Russia has increased their missile strikes.
- The USDA's NASS released its first 2023 weekly crop progress and condition report for Texas which showed wheat at only 11% in the good/excellent category for the week ending 1/22. Emergence came in at 95% vs. 89% last year and a 5-year average of 91%. Other states will report their conditions starting 1/30.
- Russia's agriculture ministry reported 94% of Russia's winter wheat crop to be in good to satisfactory condition, which bodes favorable for 2023 yield prospects.

## Facts on Flour

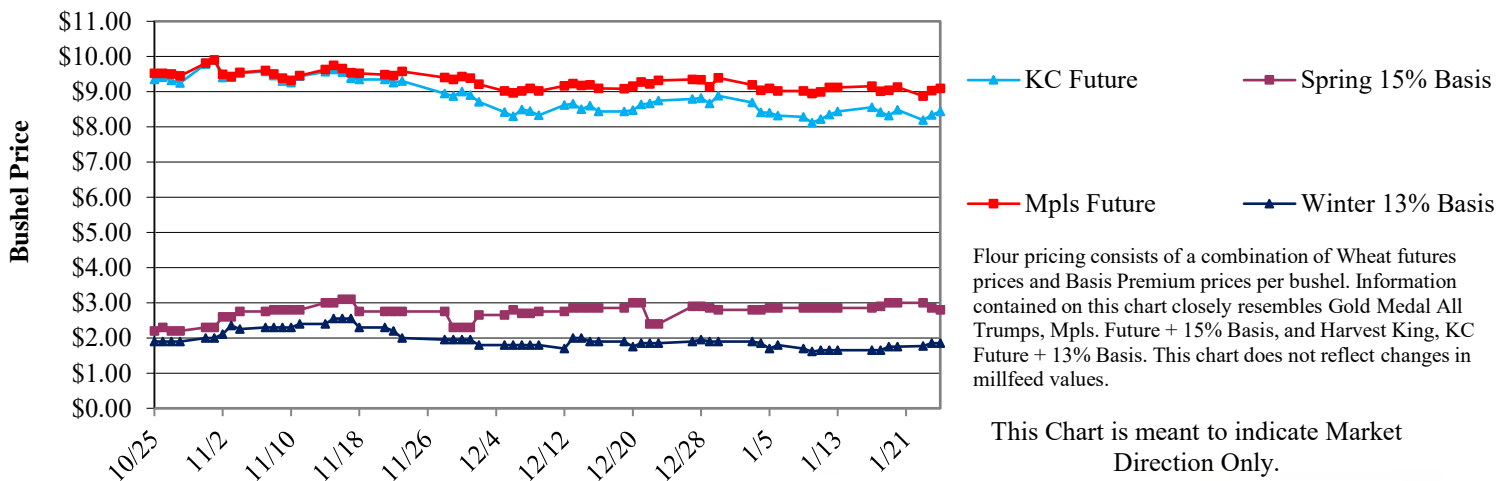
### Measuring Protein Quality

Protein quality can be measured indirectly with dough-testing devices such as the farinograph. The farinograph curve provides useful information regarding the strength, mixing tolerance and absorption characteristics of flour. This instrument measures the resistance of flour and water dough to mechanical mixing. The resistance is recorded as a graph. The shape of the curve indicates the strength of the flour.

From the graph, a technician can determine a few key measurements: *Arrival Time* is the time it takes the curve to reach a standard resistance line. This value represents the rate of hydration of the flour. *Peak Time* is the time required for the dough to reach full development. The measurement can be a predictor of optimum mixing time. *Stability Time* is the amount of time the curve stays above the standard resistance line. This value will relate to the tolerance of the flour to mixing. *Absorption* is the amount of water required to create dough that will center itself on the standard resistance line. The value is not necessarily the true formulation absorption for the baker. *Mixing Tolerance Index* is the distance the curve drops five minutes after it has reached the full development peak. This value will relate to the rate at which the flour breaks down under mixing stress.



### Futures & Basis Markets



General Mills Foodservice is your trusted partner in baking – providing quality products, innovative business solutions and technical support to baking professionals. With product solutions for cakes, pizzas, bagels and breads, we're backed by trusted brands and recognized industry experts to offer a holistic approach to build your business.

Experience inspires confidence.





## Stratas Foods Market Watch 1.27.23

### *What to Watch For in the Week Ahead*

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•**Fundamentals**– CFTC COT, Weekly Export data, NASS December Crush Data

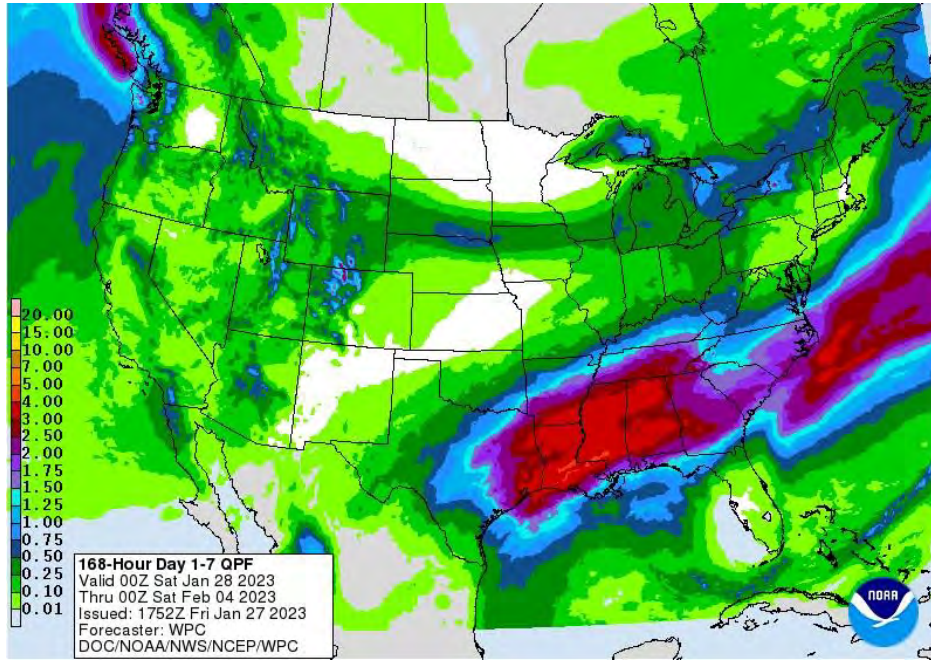
•**Weather** – Rain is falling in Argentina this weekend. How will that affect Meal Sunday night?

•**Politics/Macro** – Falling energy prices, inflation and global tensions rising. Brazilian instability, and Ukraine remain major areas to focus on globally.

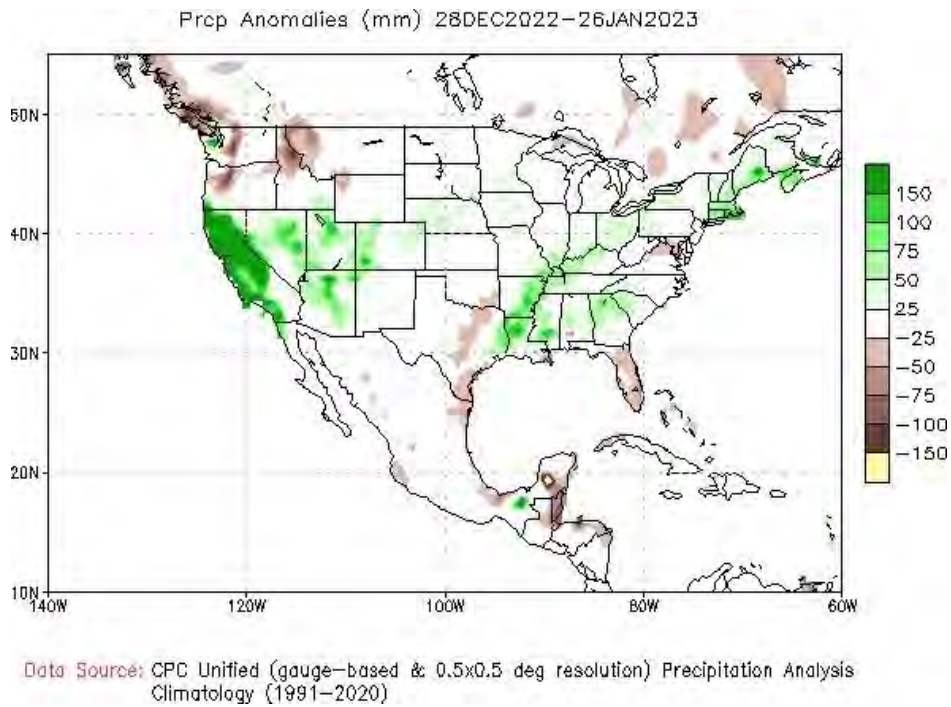
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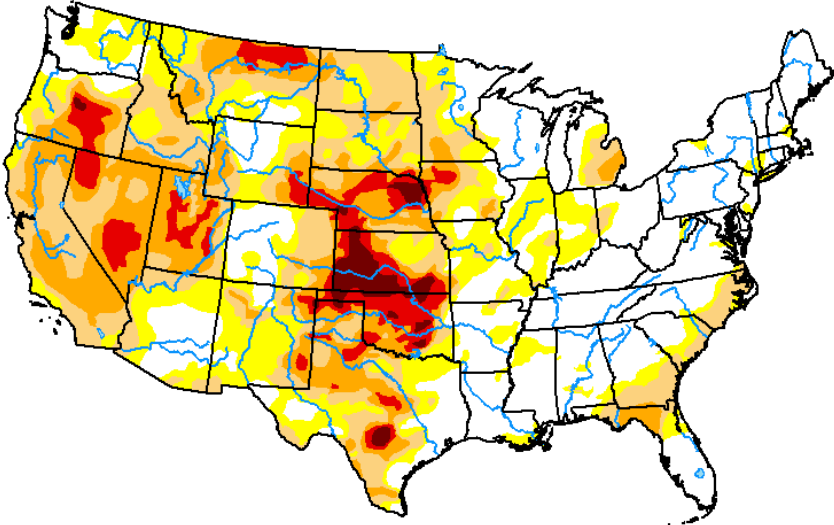
## US 7 Day Precipitation



## US 30 Day Anomalies

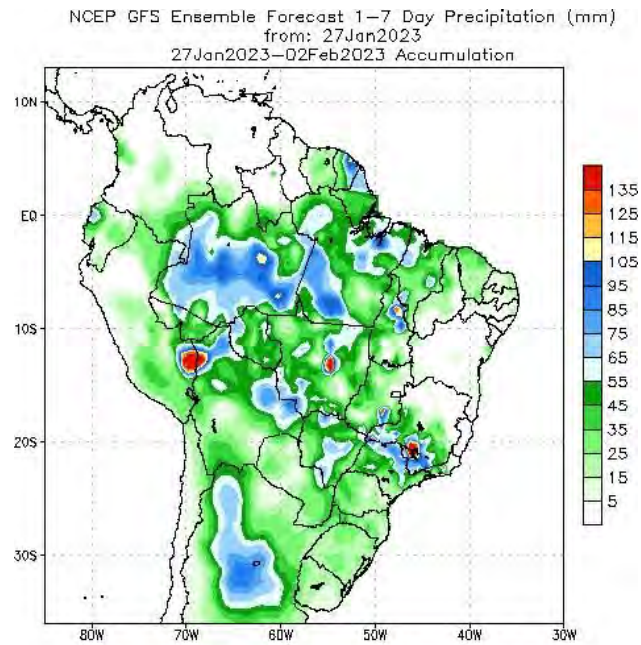


# US Drought Monitor



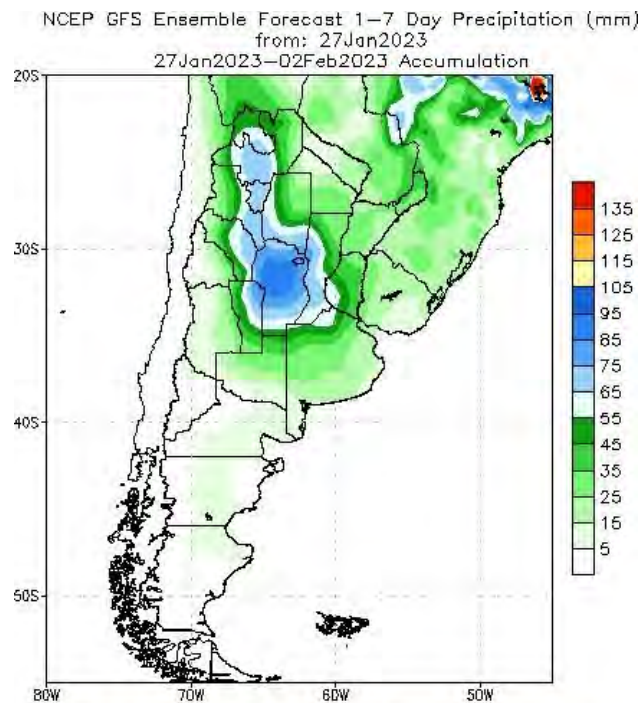
## 7 Day Precipitation

### Brazil



Bias correction based on last 30-day forecast error

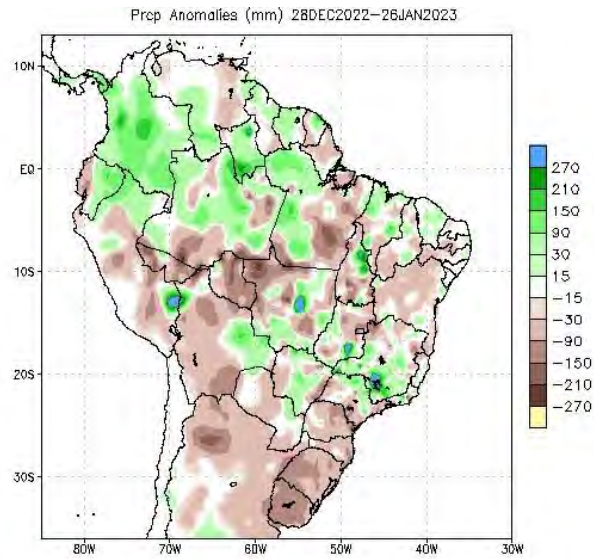
### Argentina



Bias correction based on last 30-day forecast error

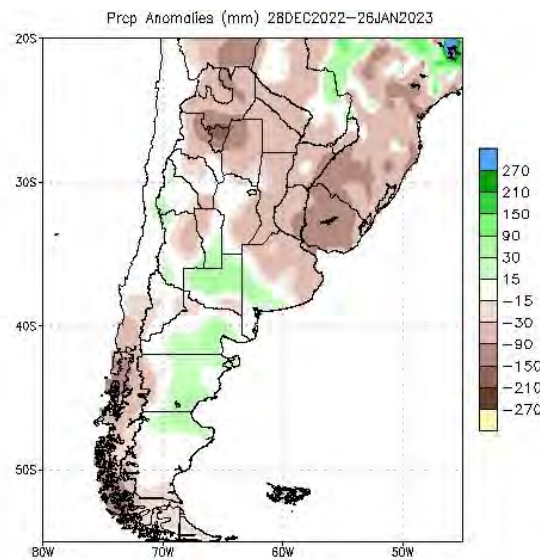
# 30 Day Anomalies

## Brazil



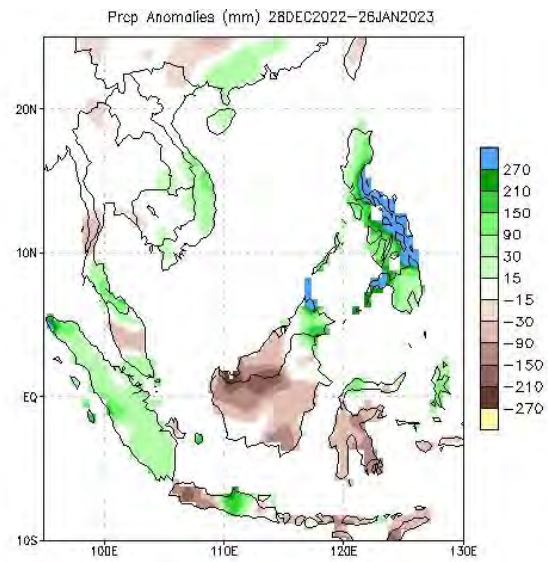
Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis Climatology (1991-2020)

## Argentina



Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis Climatology (1991-2020)

## Southeast Asia



Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis Climatology (1991-2020)

## Tropical Oils



## North American Oils



## Moving Averages

	CBOT	Canola	Palm Olein	Coconut
1/27 Price	60.62	77.12	65.50	76.00
9-day MA	62.01	78.84	65.61	75.56
20-day MA	62.56	79.86	65.88	75.25
50-day MA	64.78	83.49	66.55	74.88
200-day MA	69.31	95.93	81.62	88.41

## Soybean Oil

### Flash Summary

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#### WASDE

#### Soybeans

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- Yield revised down from December to January. Yield per acre dropped from 50.2 bushels to 49.5 bushels.
  - Ending stocks revised down from 220 million bushels in December to 210 million bushels in January.
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## Soybean Oil

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- *Only changes to the soybean oil balance sheet was a reduction in exports from 1,100 million pounds in December to 800 million pounds in January; food use increased from 14,000 million pounds to 14,300 million pounds.*
  - *Board continued momentum from last Friday as 3 of the 5 trading days were in the red. Resistance found at 60 cents in the nearby March contracts.*
    - *Oilshare touching recent lows as the week ends at 39%.*
  - *Brazilian crop on the way out as the Argentinian crop struggles in the hot dry weather. Argentine crop being revised down in yield almost weekly now. Brazil's 'mother of all bean crops' looks to be accurate so far.*
  - *Crush disappointed last month due to the extremely cold weather and tough conditions for logistics. Demand is high and the need is there, crush plants dealing with downtime will have increased desire to get back running.*
  - *Energy was a mixed bag on the week as crude oil bounced between 83 and 80. Started strong on Friday and gave back gains throughout the day. Soybean oil followed initially but found support after touching the 60 in March.*
    - ***Expected CBOT Range 58.00 - 68.00***
- 

## Canola/Rapeseed Oil



## Fundamental Updates

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- *Stats Canada reported 19.5 MMT production for 2022*
  - *US November Canola crush was 180,750 tons in November vs 208,459 tons in October and Nov'21 was 160,197*
  - *Canola oil production increased as well: 145M lbs in Nov'22. This was down 15% vs October but up 3% vs November 2021.*
  - *Canola Pathway has been approved by the EPA*
- 

## Flash Summary

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- *Canola seed futures weaker this week, but Canola rallied to close only down slightly.*
  - *Canola crush margins have softened as the oil share values got hammered on Friday.*
  - *RFS pathway for canola oil should keep soy and canola competitive with each other for the rest of the year. Opportunities can look different in the two oils, so be aware of your goals and risk tolerance to make a quick decision when the stars align.*
- 

## Tropical Oils





## Fundamental Updates

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### **MPOB:**

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- *December MPOB production estimated at 1.63mm mt*
  - *December Shipment Data estimated at 1.49mm mt*
  - *December MPOB stocks estimated at 2.19mm mt*
  - *Indonesian policy is changing the domestic sale proportion for to be 1/7th vs 1/9th (6:1 from 8:1) to help preserve food domestically*
    - *Seasonal production declines expected to continue into January*
  - *Port stocks in China and India are higher YoY creating concern for nearby export demand and the potential for stocks to build in January (vs the expected drawdown)*
    - *DCE remains closed until 1/30*
-

# Weekly PRODUCE ALLIANCE Market Report



January 26, 2023

## OVERVIEW

In South Florida, as well as Mexico, we continue to see very light supply on cucumbers and do not expect improvement for several weeks. Squash and bell peppers seem to be easing and the color pepper supply is excellent! Tomato production is lighter this week in Florida and remains far from normal in a production perspective for this time of year due to several weather impacts over the past three months. We expect lower production and higher than normal market prices, but nothing too concerning. The corn market will be very short as the fallout from last month's freeze is now affecting the crop, causing extremely low yields and more loss than expected. The hot pepper market seems to be staying firm as cold temps and weather damage are causing shortfalls this season, with Serrano and Anaheim the highest priced and shortest available. Honeydew and cantaloupe have become quite a challenge due to cooler weather and will most likely not improve until Mid-February. In Yuma, the weather has cooled with frost showing in the fields each morning, impacting a few of the markets and this will continue into next week but not expected to get extremely cold.

## MARKET ALERTS



### CABBAGE (RED) – ESCALATED

Supplies are improving but market remains very active, pricing is steady. Quality is good.



### CARROTS (Jumbo) – ESCALATED

Overall supplies are improving, although shippers continue to struggle with supply on Jumbos as sizing remains small in California.



### CELERY – ESCALATED

Pricing remains very active, although the market continues a slow downward trend. Quality will continue to improve.



### CILANTRO – ESCALATED

Pricing is still escalated but supplies are improving. Quality is very good.



### CORN – ESCALATED

Markets remain firm out of Nogales and South Florida; quality will start to decline as we are now harvesting in those younger fields that were affected by last month's freeze. We are seeing heavy losses and mixed quality which will be the expectation through February and into March.



### CUCUMBER – ESCALATED

Short supply out of Florida, mostly an impact of last month's freeze while Honduran imports are slow to start and are very inconsistent in quality. In the west, we are seeing more crossings through Texas and Nogales and markets are mixed due to hit and miss quality and volatile supply. We expect active and short markets for the next two to three weeks.



**GINGER – EXTREME** Chinese supply will be very sporadic due to delays in unloading containers and inspecting at the ports. Pricing will be climbing daily.



### MELONS – ESCALATED

The colder temperatures that hit the growing regions have caused a disruption in the market. There have been so many weather patterns affecting the growing regions that have impacted yields and quality. Cold temperatures and some moisture immediately after Christmas affected harvests for almost two weeks. The past ten days have seen a significant and unexpected drop in arrivals on the East Coast, but expect some return to normalcy by next week. The West Coast, on the other hand, will continue to feel the effects of this disruption of supply until Mid-February.

- **Cantaloupe:** Cantaloupe arrivals for the end of the week will see a shift to smaller sizes (9/12/15s) which is also an after-effect of the cooler temps. Quality remains strong with good color for this time of year and internal brix levels of 11-14%.
- **Honeydew:** Honeydews remains in a demand exceeds supply situation in all areas (Central America and Mexico) and there is not enough supply to cover the needs of everyone. Our shippers are restricting volume to cover contract only to get us through this period. We do expect supply to begin to pick up to more consistent levels by next week in Florida, but we are anticipating a shift in sizing to 6/8s as fruit did not size up during the cold snap. Advanced ordering and size flexibility may be necessary until supply increases.
- **Watermelon:** Overall quality is very nice, still seeing firm pricing and moderate demand. Nogales and McAllen are the primary shipping points and mini watermelons seem to be easing back in price as store sets change and demand drops. Offshore watermelons are limited but we are shipping a few 4/5ct this week.



**GREEN BEANS – ESCALATED**

Market remains firm, and supplies will be light through February. We are still dealing with the impacts of last month’s freeze. Cool weather and high demand in the west are keeping price extremely high crossing through Nogales. Mixed quality reported.



**GREEN ONIONS - EXTREME**

Quality is very good, and supply continues to improve. Market continues a slow downward trend.



**SERRANO & ANAHEIM PEPPER - EXTREME**

In the east, supply was lighter this week out of South Florida (Cubanelle, Long Hots, Hungarian Wax, Jalapeno and Shishito). In McAllen, volume is lighter on all varieties: habanero, jalapeno and poblano are all holding at higher-than-normal pricing while the shortest availability is on Serrano and Anaheim due to ongoing supply issues from Coahuila and Chihuahua. Markets will remain firm, but we are starting to see some improvement in crossings out of Nogales. Good supply on tomatillos in all growing regions.



**MUSHROOMS – ESCALATED**

Quality is good despite supply being lighter than expected. We continue to see lack of labor, shortages in component of growing such as peat moss and other inflationary pressures. We expect to see this continue to be a challenge until some of the growing costs can get under control of this particularly labor intensive and cost sensitive item.



**POTATOES - ESCALATED**

Potato demand on cartons has significantly flattened during this past quarter. Q1 generally brings an increase to the market as begin to near the tail end of Norkotah supplies in March. Growers continue to receive record offers from processors (even higher than last season), and reports of further record breaking offers for the Spring continue to roll in. Because of this, the fresh market has a ‘safety net’ of where pricing will likely not fall beneath. We anticipate we will continue to see this trend to get growers to release product on the fresh side. Other growing regions are echoing the same sentiments as well. We will see Nebraska finish up, and less supply out of Colorado and Wisconsin toward the end of Q1. These should give the overall market a boost as well. National supply reports are showing that there are less potatoes this year than last year – and this is not considering the 6M lbs. plus that have already been sold to processors.



**LIMES – ESCALATED**

Pricing still represents somewhat elevated trends; however, demand has lost momentum over the past 3+ weeks. Crossings have increased throughout January, including variable quality grades. However, this week’s crossings are expected to decline again due to rain in the main growing region. The current production cycle is coming to an end; some growers have already begun harvesting the new crop. Overall quality and shelf life will demonstrate improvement and peak sizing will shift towards small fruit. Pricing is expected to increase again towards early February. Overall yields are expected to plummet as the new crop is harvested in response to weather-related trends (cooler temperatures lead to slow crop growth), which aligns with our seasonal timeline.



**SUGAR SNAP/SNOW PEAS – ESCALATED**

Guatemala's production on snow peas is steady and sugar snap production has improved. Excellent supply of sugar snaps from Mexico, light out of California due to rain. A good supply of snow peas from Mexico, light out of California.



**TOMATOES (FLORIDA) – ROUNDS – ESCALATED**

Supply was lighter this week mainly due to cooler weather, causing an uptick in pricing. We will continue to see up and down markets over the next few weeks as growers struggle to get more consistency in harvest projections.

**GOODBUY**

Each week, our team spotlights commodities based on how favorable prices, quality, and supply are in the market. Stay ahead of the trends and look to these good buys for their stellar performance in the fields! Please see each individual product for more information below and reach out to your PA representative for more information on adding this to your order guide.

Commodity	Expert Tip
Zucchini	Looking to make a quick and easy side dish with zucchini and roma tomatoes? Season the squash and tomatoes with some olive oil, garlic and italian seasoning. Throw in the oven to roast, top with parmesan cheese, and you have a delicious and healthy side dish to pair with any meal!
Roma Tomatoes- Mexico	

**TRANSPORTATION & WEATHER**



Although diesel rates are near record highs truckload rates continue to decline as consumer spending on durable goods declines reducing demand in the truckload market.



**OXNARD, CA:**

Thu 1/26 69°   45°F  Sunny/Wind	Fri 1/27 63°   44°F  Sunny	Sat 1/28 59°   47°F  Mostly Sunny	Sun 1/29 55°   42°F  Partly Cloudy/Wind	Mon 1/30 54°   40°F  Partly Cloudy	Tue 1/31 57°   40°F  Sunny	Wed 2/1 59°   42°F  Mostly Sunny	Thu 2/2 61°   47°F  Partly Cloudy
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**JALISCO, MX:**

Thu 1/26 78°   51°F  Partly Cloudy	Fri 1/27 78°   54°F  Partly Cloudy	Sat 1/28 76°   53°F  Mostly Cloudy	Sun 1/29 81°   54°F  Sunny	Mon 1/30 82°   55°F  Mostly Sunny	Tue 1/31 80°   52°F  Mostly Sunny	Wed 2/1 78°   50°F  Mostly Sunny	Thu 2/2 80°   50°F  Mostly Sunny
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**CULIÁCAN, SINALOA**

Thu 1/26 85°   52°F  Mostly Cloudy	Fri 1/27 84°   54°F  Cloudy	Sat 1/28 82°   52°F  Cloudy	Sun 1/29 89°   54°F  Mostly Sunny	Mon 1/30 89°   57°F  Mostly Cloudy	Tue 1/31 84°   49°F  Partly Cloudy	Wed 2/1 82°   47°F  Sunny	Thu 2/2 86°   48°F  Sunny
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**YUMA, AZ**

Thu 1/26 68°   41°F  Sunny/Wind	Fri 1/27 69°   40°F  Sunny	Sat 1/28 71°   42°F  Sunny	Sun 1/29 68°   44°F  Sunny	Mon 1/30 63°   44°F  PM Showers	Tue 1/31 61°   39°F  Partly Cloudy	Wed 2/1 65°   41°F  Sunny	Thu 2/2 67°   43°F  Mostly Sunny
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**IMMOKALEE, FL**

Thu 1/26 75°   51°F  AM Showers	Fri 1/27 65°   56°F  Cloudy	Sat 1/28 81°   63°F  Mostly Cloudy	Sun 1/29 87°   64°F  Partly Cloudy	Mon 1/30 89°   63°F  Mostly Sunny	Tue 1/31 89°   63°F  Mostly Sunny	Wed 2/1 90°   62°F  Mostly Sunny	Thu 2/2 88°   60°F  Mostly Sunny
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**Hogs and Pork**

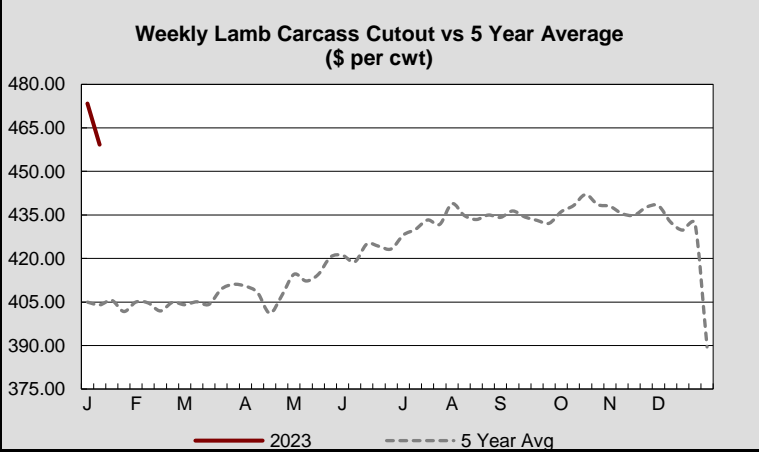
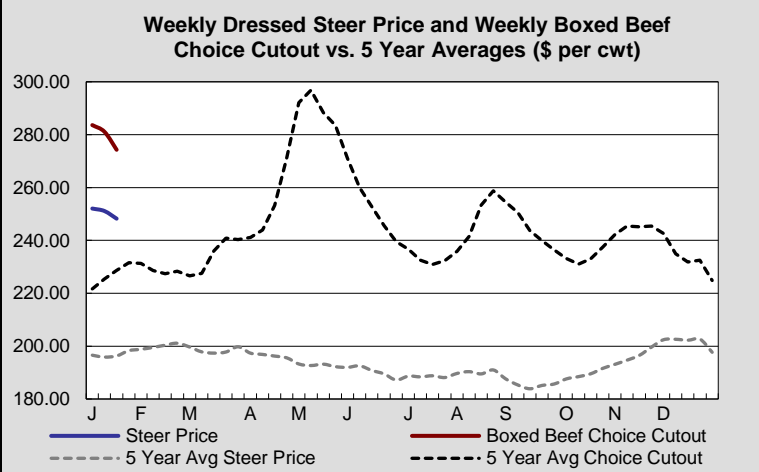
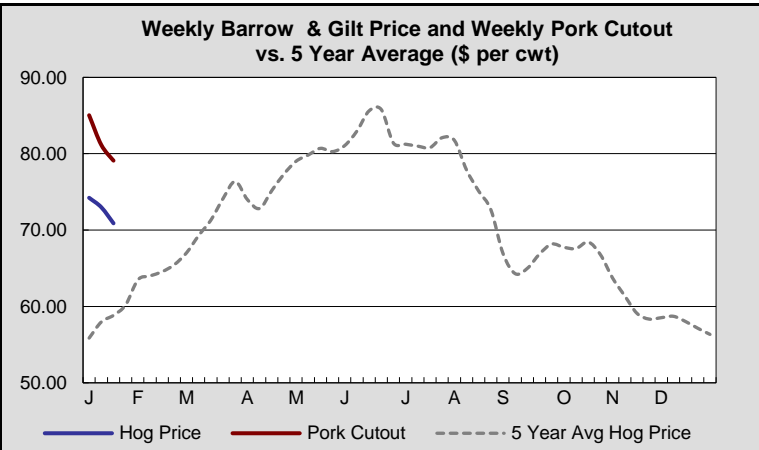
	Current Week	Change From Past Week	Change From Past Year
Nat'l Purchased Carc Wtd Avg Price - Barrows & Gilts (\$/cwt)	70.89	-2.9%	6.3%
Pork Carcass Cutout FOB Plant (\$/cwt)	79.10	-2.5%	-14.0%
Segregated Early Weaned (SEW) Feeder Pigs (\$/head)	67.53	-1.1%	-2.2%
Iowa/So. Minn Avg Weight Barrows & Gilts (lbs)	290.0	-0.6%	-0.5%
Est. Hog Slaughter	2,531,000	-5.7%	3.9%
YTD Est. Hog Slaughter	7,561,000	N/A	2.8%
Est. Pork Production (mil lbs)	550.7	-5.2%	3.1%
YTD Est. Pork Production (mil lbs)	1,647.5	N/A	2.2%

**Cattle and Beef**

Live Wtd Avg Steer Price, 5 Area FOB (\$/cwt)	155.32	-0.9%	13.0%
Dressed Wtd Avg Steer Price, 5 Area Del (\$/cwt)	248.22	-1.2%	13.9%
Boxed Beef Cutout, Choice (\$/cwt)	274.28	-2.4%	-5.7%
Boxed Beef Cutout, Select (\$/cwt)	255.41	-1.0%	-8.8%
Boxed Beef, Choice/Select Spread (\$/cwt)	18.87	-4.24	8.08
By-Product Drop Value, Steer (\$/cwt live)	13.69	-1.2%	N/A
CME Feeder Cattle Index (\$/cwt)	177.03	-2.2%	9.9%
Est. Cattle Slaughter	646,000	-2.3%	1.4%
YTD Est. Cattle Slaughter	1,872,000	N/A	-0.2%
Est. Beef Production (mil lbs)	535.0	-2.4%	-0.4%
YTD Est. Beef Production (mil lbs)	1,550.1	N/A	-1.6%

**Lamb and Veal**

Slaughter Lamb, Negotiated, Live Wtd Avg Price (\$/cwt)	132.36	0.6%	-43.5%
Lamb Carcass Cutout (\$/cwt)	464.72	1.2%	-24.7%
Est. Sheep Slaughter	32,000	-5.9%	6.7%
YTD Est. Sheep Slaughter	97,000	N/A	2.1%
Est. Lamb Production (mil lbs)	2.0	-4.8%	0.0%
YTD Est. Lamb Production (mil lbs)	6.1	N/A	-4.7%
Veal Carcass Wtd Avg Packer & Non-Packer Owned (\$/cwt)	434.28	-0.4%	17.8%



Source: [USDA AMS Livestock, Poultry & Grain Market News Portal](https://www.ams.usda.gov/market-news-portal)  
[LSWLPGMrktHighlight](https://www.ams.usda.gov/market-news-portal/lswlpgmrkthighlight)



**Weekly Livestock, Poultry & Grain Market Highlights**  
**January 23, 2023**

**Grain**

	<b>Current Week</b>	<b>Change From Past Week</b>	<b>Change From Past Year</b>
Central Illinois Avg Corn Price (\$/bu)	6.6600	0.0%	10.8%
Central Illinois Avg Soybean Price (\$/bu)	14.8600	-1.3%	7.1%
Central Illinois 48% Soybean Meal, Rail (\$/ton)	466.70	-3.0%	14.5%
Hard Red Winter Wheat Truck to Kansas City (\$/bu)	9.0800	-0.8%	11.4%
Dark Northern Spring Wheat, 14%, MN, Rail (\$/bu)	11.1275	-0.1%	-4.4%
Soft White Wheat Portland (\$/bu)	8.3386	1.0%	-23.6%
Sorghum, Kansas City, Truck (\$/bu)	6.9025	4.6%	12.3%

**Broilers**

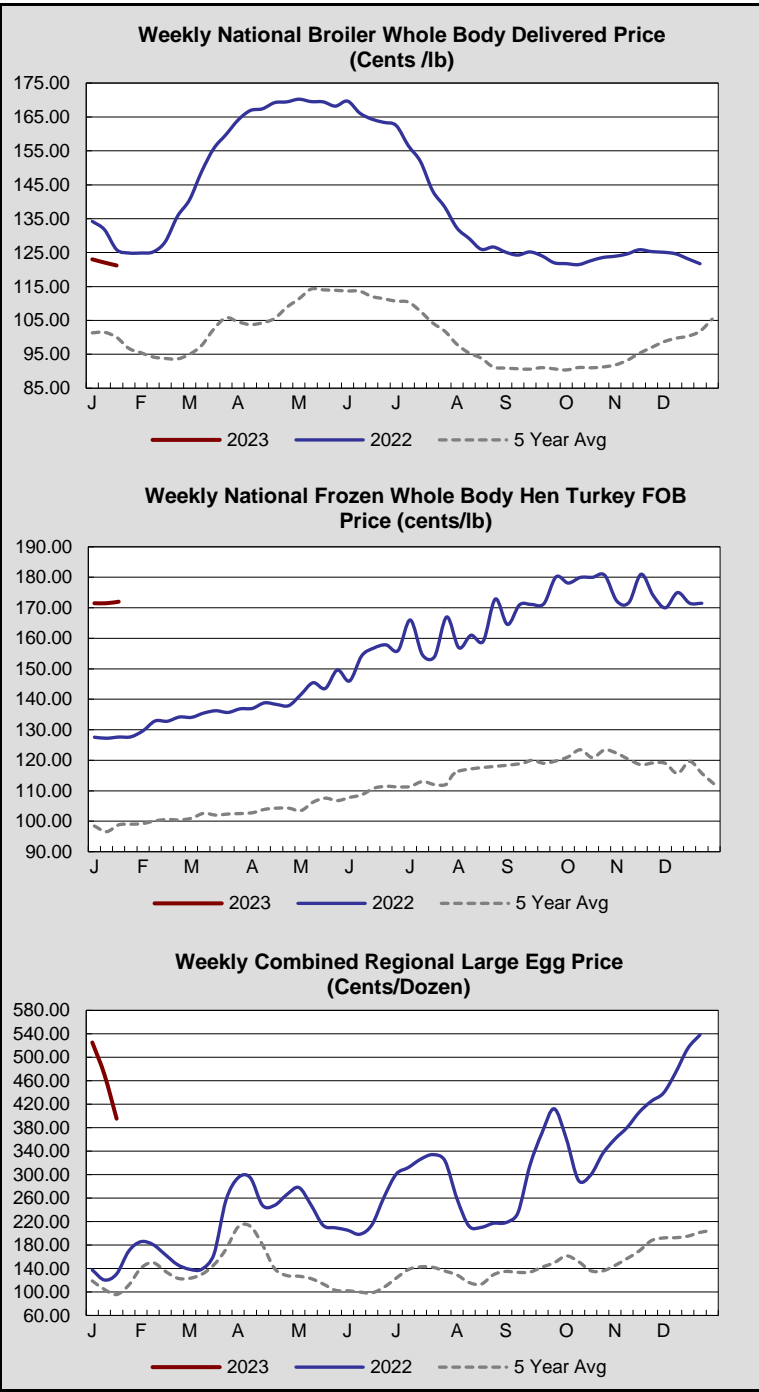
Nat'l Delivered Whole Body Price (cents/lb)	121.20	-0.7%	-8.0%
Est. Young Chicken Slaughter - Current Week (000's)	154,267	-5.7%	N/A
Actual Slaughter of Young Chickens (000's)	172,120	6.2%	0.4%
YTD Actual Slaughter of Young Chickens (000's)	334,243	N/A	-0.1%
Actual RTC Pounds of Young Chickens (000's)	834,575	4.4%	0.9%
YTD RTC Pounds of Young Chickens (000's)	1,634,230	N/A	1.0%

**Turkeys**

Nat'l FOB Frozen 8-16 lb. Hens, Wtd Avg Prices, cents/lb	172.00	0.3%	35.2%
Actual Slaughter of Turkeys (000's)	3,781	20.5%	1.7%
YTD Actual Slaughter of Turkeys (000's)	6,919	N/A	-3.1%
Actual RTC Pounds of Turkeys (000's)	95,619	19.0%	-1.2%
YTD RTC Pounds of Turkeys (000's)	175,938	N/A	-7.4%

**Eggs**

Combined Regional Large Eggs (cents/dozen)	395.32	-16.0%	228.3%
National Shell Egg Inventory (30 doz. Cases/000,s)	1291.4	2.5%	N/A
Shell Egg Demand Indicator (SEDI)	2.10	-0.72	4.40
Central States Breaking Stock Av. Price (cents/dozen)	227.50	6.3%	203.3%
National Breaking Stock Inventory (30 doz. Cases/000's)	325.7	1.4%	N/A
Eggs Broken Under Federal Inspection (30 doz cases)	1,456,404	8.7%	-10.8%
YTD Eggs Broken Under Federal Inspection (30 doz cases)	2,796,194	N/A	-13.1%



Source: [USDA AMS Livestock, Poultry & Grain Market News Portal](https://www.ams.usda.gov/mnreports/lswhlpgmrkthighlight)  
[LSWLPGrktHighlight](https://www.ams.usda.gov/mnreports/lswhlpgmrkthighlight)



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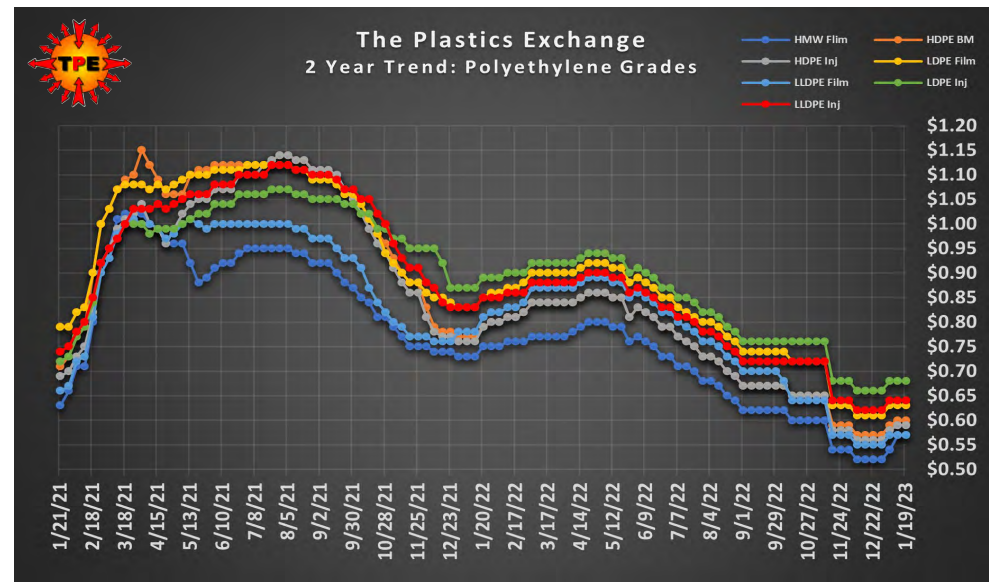
Market Update — January 20<sup>th</sup>, 2023

Spot resin trading remained surprisingly slow and demand was rather uninspired during a time that the market ought to be busier, as Jan typically starts an upswing in seasonally stronger buying. The vast majority of our domestic resin reselling peers shared the same sentiment, while exporters have seen robust sales this month. Still, domestic Polyethylene prices held steady while Polypropylene marched another 2-cents higher as PGP monomer costs continued to rapidly rise. Fresh resin offers were again quite tight due to significantly reduced operating rates over the past 4 months, including some Dec weather related production disruptions, alongside very heavy exports to China and strong sales to Latin America. Asian demand dropped off ahead of the Lunar New Year which will run for about 2 weeks. Despite the weakening US dollar which aids exports, European demand for US resin has been slowed by poor consumer demand and competitive offers from the Middle East.

Polyethylene trading activity was again below average; the market began the year with strength amid tight supplies and a flurry of buying, but processor enthusiasm has since faded. PE prices, both prime and offgrade, firmly held on to their \$.02-.03/lb gains garnered earlier in the month, but did not advance further this past week. The flow of railcar offers has been exceptionally light since early Dec and producers have generally refrained from showing any prime material to the spot market during Jan. Limited volumes of Prime PE railcars have been available to our market from distributor / reseller forecasts, as their processor demand has also been slack and they still have committed resin to sell. Even offgrade railcar offers have only trickled in these past few weeks as the export market seemed to soak up most of the material. Producers essentially sold out of their allotted export resin early in the month, though some material has been available from exporter inventories.

More PE data emerged during the week and revealed a fifth consecutive monthly draw from domestic stockpiles, all together tallying more than a 1.1 billion lb reduction. This resulted from a significant decline in domestic production, record exports, and despite the 4th straight month of dismal domestic sales, producers collective PE stockpiles began Jan at the lowest level since Oct 2021.

Resin for Sale 14,310,454 lbs		Spot Range		TPE Market	
Resin	Total lbs	Low	High	Bid	Ask
PP Copo - Inj	2,766,832	\$ 0.565	\$ 0.720	\$ 0.620	\$ 0.690
PP Homo - Inj	2,321,796	\$ 0.540	\$ 0.690	\$ 0.570	\$ 0.640
LDPE - Film	2,142,760	\$ 0.540	\$ 0.645	\$ 0.580	\$ 0.630
LLDPE - Film	1,934,760	\$ 0.485	\$ 0.600	\$ 0.520	\$ 0.570
LLDPE - Inj	1,363,656	\$ 0.580	\$ 0.695	\$ 0.590	\$ 0.640
HDPE - Blow	1,305,932	\$ 0.520	\$ 0.625	\$ 0.550	\$ 0.600
HDPE - Inj	1,278,668	\$ 0.550	\$ 0.620	\$ 0.540	\$ 0.590
HMWPE - Film	660,590	\$ 0.500	\$ 0.580	\$ 0.520	\$ 0.570
LDPE - Inj	535,460	\$ 0.580	\$ 0.690	\$ 0.630	\$ 0.680



Disclaimer: The information and data in this report is gathered from daily exchange observations, actual transactions, and commercial interactions with producers, distributors, brokers and processors. These are all considered reliable, but the accuracy and completeness of this information is not guaranteed. Any decision to purchase or sell as a result of the opinions expressed in this report will be the full responsibility of the person authorizing such a transaction. Our market updates are compiled with integrity and we hope that you find them of value. Chart values reflect our asking prices of generic prime resin bagged in Houston, TX.

[www.ThePlasticsExchange.com](http://www.ThePlasticsExchange.com) MARKET UPDATE

Michael Greenberg  
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# ThePlasticsExchange

bringing the market to you

## Market Update — January 20<sup>th</sup>, 2023

Dec PE exports smashed all-time records, they ran 23% above the trailing 12-month average, it was the first time they were firmly above 2 billion lbs, and began approaching 50% of all PE sales, more than twice the pace seen 5 years ago and prior. We encourage you all to subscribe to the American Chemistry Council (ACC) for full data sets and actual figures. PE prices may have been flat on the week, but tighter market conditions have shifted pricing power back into the hands of producers. With two Force Majeures still in place, specific grades are becoming outright tight, mostly for HDPE which was by far the most active and sought-after grade on our platform during the week. Lesser volumes of LDPE and LLDPE, both film and injection grades also changed hands. With limited upstream spot availability, the majority of orders were filled by our market-making inventory. We keep all commodity PE and PP grades in stock and ready for immediate shipment.

The drawdown in the industry's PE and PP inventories and the reduction in reactor run rates have put producers in a better position to push for Jan and Feb price initiatives, which have the added support from feedstock monomer markets, especially PGP which continued to spiral higher amid reduced monomer output. As the US domestic market now heads into the heart of Jan contract negotiations, it will be interesting to see whether Polyethylene producers will be able to secure any of their \$.05 -.07/lb increase, which some have already relaxed to a nickel, with as much as another nickel already nominated for Feb. Polypropylene contracts will surely see a large cost-push increase implemented of a dime or more, and there is also a \$.03/lb margin enhancing increase on the table.

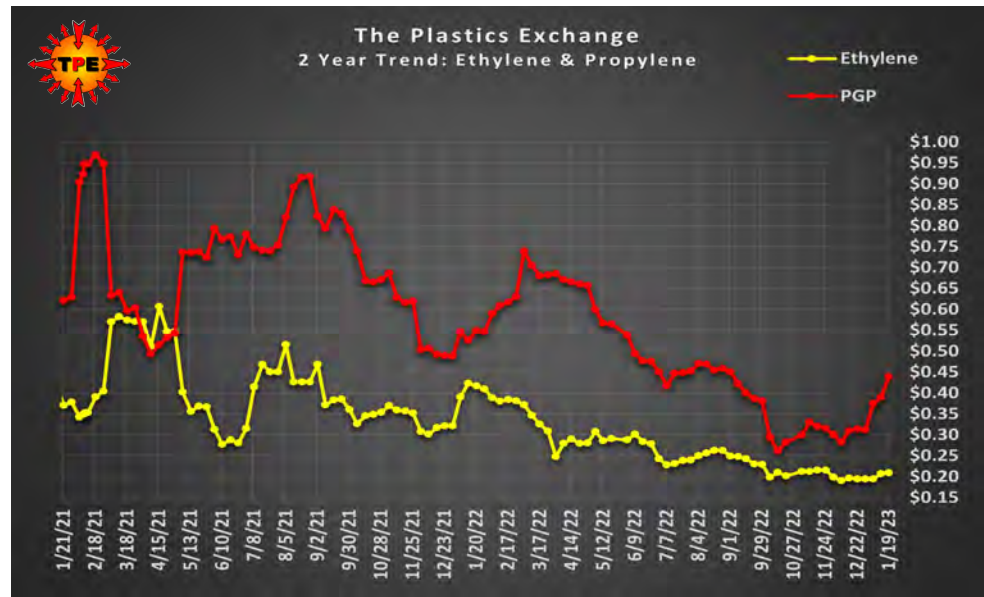
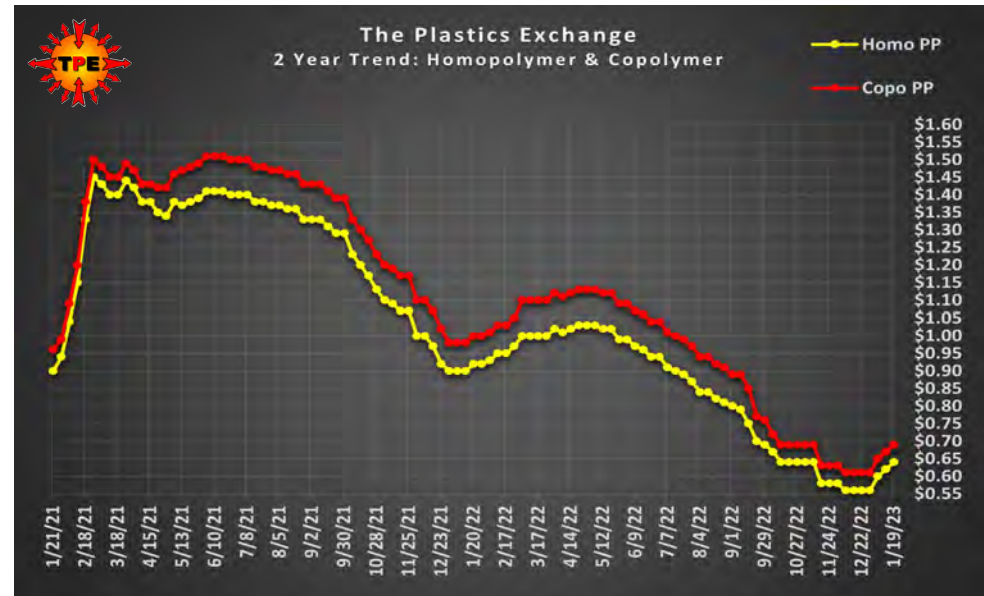
Spot Polypropylene trading was decent, but mostly disappointing, we transacted Prime HoPP and CoPP with some scattered offgrade sales, and prices gained another \$.02/lb, bringing the Jan total to \$.08/lb. The price rise might seem like a lot, but it pales in comparison to the sharp and steep run-up seen in spot Propylene monomer costs. Spot PGP advanced another \$.10/lb this week alone, a total of \$.19/lb since 2023 began, and a whopping 100% since mid-Oct when spot PGP bottomed out at just \$.25/lb. However, poor processor demand has limited the rise in spot Polypropylene levels; sure steep prices have been asked by suppliers, but few processors have been willing to pay up, placing a squeeze on spot resin margins.

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MARKET UPDATE

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# ThePlasticsExchange

bringing the market to you

## Market Update — January 20<sup>th</sup>, 2023

This will create a challenge for producers to push through their proposed \$.03/lb margin enhancing increase this month, despite their efforts to rebalance supply / demand by running reactors less than 70% on average in the 4th quarter, which resulted in a nearly 250 million lbs PP inventory draw.

Still, Jan Polypropylene contracts will endure a huge cost-push led price increase that should land somewhere between \$.10-.15/lb. As long as PGP prices remain elevated, a more mild settlement in Jan could support demand and keep upward pressure on pricing, by leaving some of increase out there for Feb. It will be very interesting to see what demand looks like as we get closer to month end and the official settle. It should spur better spot activity, as spot resin is currently priced below the likely cost of contract resin this month, which is a very strange occurrence in a rising market. While supplies have tightened, some sellers do have material on-hand, but are playing it closer to the hip as and not showing as many offers as replacement costs escalate and amid slower business conditions. The longevity and magnitude of this rally could hinge on monomer producers ability to bring back offline PDH units and consistently produce more monomer balanced against PP producers reduced reactor rate discipline. Of course, ultimate consumer demand also comes into play and whether or not processors will finally whip out their purchase order pads.

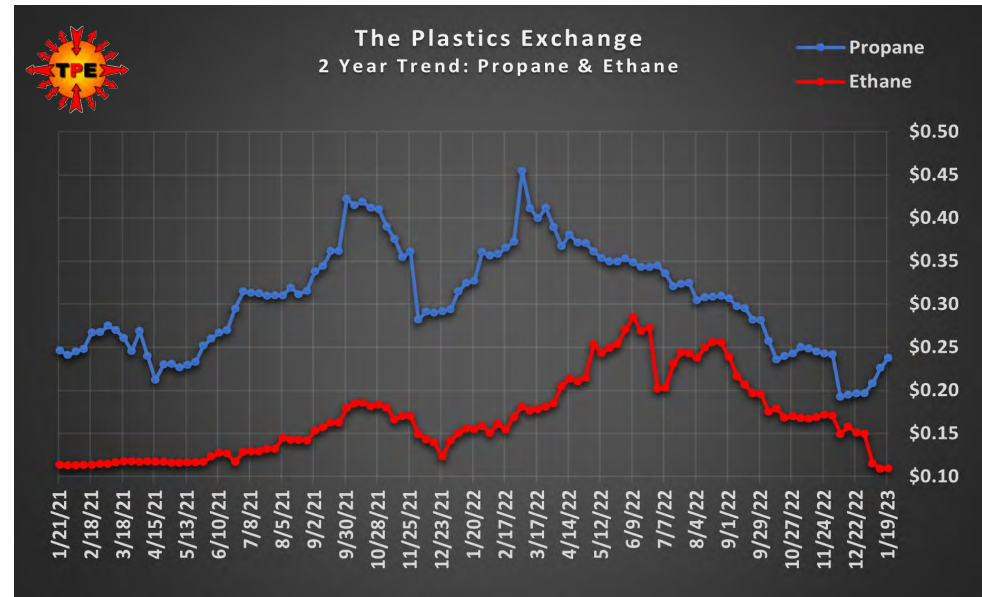
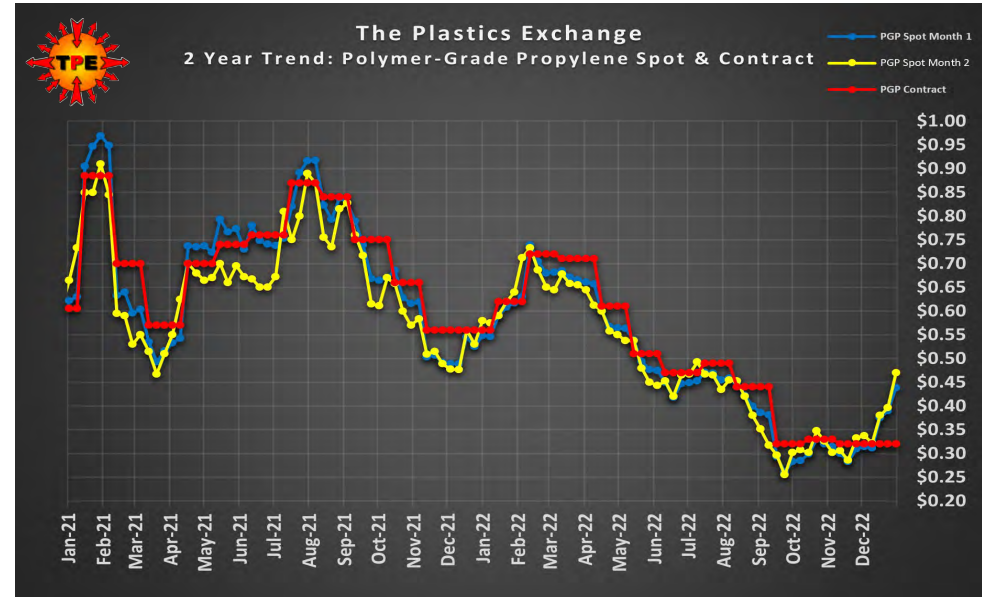
Monomer markets were active, high volumes changed hands as prices moved higher. Ethylene took a backseat to PGP, but still saw relatively good participation. The first Ethylene deal came Tuesday afternoon after traders had finished their daily Propylene trading, a deal swapping Jan and Feb Ethylene was completed and a transaction flipping Jan and Mar delivery timeframes was also done. Over in Louisiana, participants exchanged Jan Ethylene at \$.19/lb. Traders switched their focus back to TX material on Wednesday morning and a deal for spot Ethylene was inked at \$.22625/lb, 2Q Ethylene deliveries were then finalized three times at \$.2025/lb. On Friday, a deal switching delivery locations between LA and TX for Feb/Apr was seen and a final deal for spot Jan Ethylene was noted at \$.2125/lb. By week's end spot Jan Ethylene held onto a fractional gain and settled at \$.2125/lb, minor gains were also seen in Feb and Mar.

Disclaimer: The information and data in this report is gathered from daily exchange observations, actual transactions, and commercial interactions with producers, distributors, brokers and processors. These are all considered reliable, but the accuracy and completeness of this information is not guaranteed. Any decision to purchase or sell as a result of the opinions expressed in this report will be the full responsibility of the person authorizing such a transaction. Our market updates are compiled with integrity and we hope that you find them of value. Chart values reflect our asking prices of generic prime resin bagged in Houston, TX.

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MARKET UPDATE

Michael Greenberg  
312.202.0002





# ThePlasticsExchange

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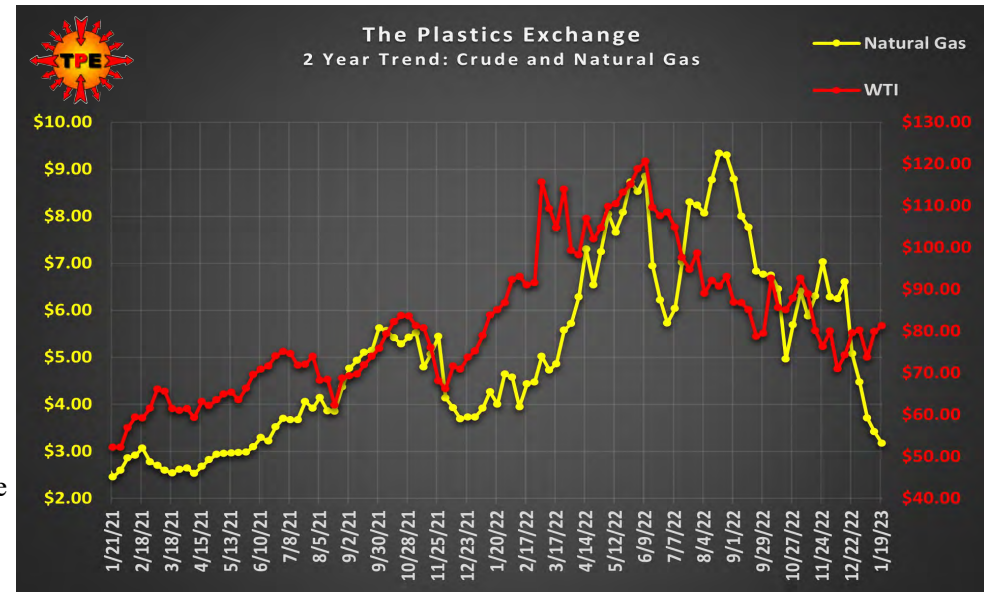
Market Update — January 20<sup>th</sup>, 2023

The Apr contract and beyond moved in the opposite direction incurring slight losses, many future months dipped below \$.19/lb and the curve's backwardation steepened.

Polymer Grade Propylene reclaimed the leadership role over Ethylene noting extreme strength in spot demand and pricing. The week officially began on Tuesday and Jan PGP was immediately bid up to \$.40/lb. With no spot offers present, traders moved a month out and twice scooped up Feb PGP at \$.42/lb. Later that afternoon a willing seller appeared and a deal for Jan PGP was executed at \$.44/lb, already up a quick \$.04/lb. Full participation returned on Wednesday and a plethora of deals came together as prices stepped higher - Jan PGP exchanged hands at \$.455/lb, \$.465/lb, \$.4675/lb, and then twice at \$.47/lb, and transactions involving Apr-Dec PGP deliveries were seen finalized 7 separate times at \$.405/lb, highlighting the steep backwardated shape of the forward curve. The market continued to see a splattering of Jan bids but there was a lack of spot offers. Late in the week it was reported that spot Jan PGP swapped ownership at \$.50/lb, up a full dime. On Friday afternoon, the weighted spot Jan PGP index settled just a touch below \$.44/lb, for nearly a nickel increase during the week. Feb PGP also screamed higher, rallying up almost \$.075/lb.

The weekly gains seen in the PGP front months outpaced the increases seen in deferred months and the already backwardated curve steepened. Though the Flint Hills PDH unit is expected to remain down for another several weeks, the Enterprise PDH unit is now scheduled to be back online sometime this month, some believe it may restart within the next several days. This news may have helped to ease the bullishness for future delivery months, but we still expect to see spot strength maintained. As of last week we were calling for an upcoming contract increase of around \$.10/lb and this week's continued rally should extend contract gains; however, with spot trading erratically to the upside, participants may find PGP contract negotiations difficult to conclude and \$.15/lb, which is now justified by the weighted average, could be seen as very steep.

The Energy complex continued its mixed trend as WTI and Brent Crude Oil extended its gains built on stronger demand out of China, while Nat Gas declined further amid soft demand. After the Federal MLK holiday on Monday, Feb WTI opened Tuesday at \$80.10/bbl and rose to a high of \$82.38/bbl the following day. On Thursday Feb WTI dropped \$4.25/bbl to a low of \$78.13/bbl. By Friday, Feb WTI picked backed up to settle at \$81.31/bbl for a weekly net gain of \$1.45/bbl. Mar Brent futures followed suit, and rose to a weekly high of \$87.84/bbl on Wednesday, before peeling off \$4.10/bbl to hang a low of \$83.74/bbl. By Friday's closing bell, Mar Brent recovered to settle at \$87.63/bbl, up \$2.35/bbl on the week. Feb Nat Gas began the trading week with strength and reached a high of \$3.789/mmBtu on Tuesday, but then declined nearly \$.70/mmBtu through Friday to a low of \$3.091/mmBtu. Feb Nat Gas then bounced back up a bit and finished Friday at \$3.174/mmBtu, down a net \$.245/mmBtu. NGLs were mixed again with Ethane extending its losses by nearly \$.015/lb to \$.259/gal (\$.109/lb), while Propane continued to climb, adding another \$.064/lb to \$.797/gal (\$.225/lb).



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01/27/2023

**Dairy Market**

BLOCK: Unchanged @ \$ 1.9600 0 Sales  
 BARRELS: Down .0375 @ \$ 1.5525 7 Sales  
 BUTTER: Up .0050 @ \$ 2.2725 1 Sales  
 NFDM Grade A: Down .0100 @ \$ 1.1525 9 Sales  
 CME Dry Whey Up .0150 @ \$ .3275 0 Sales

<u>Date</u>	<u>Blocks</u>	<u>Block Change</u>	<u>Block Sales</u>	<u>Barrels</u>	<u>Barrel Change</u>	<u>Barrel Sale</u>	<u>Spread</u>
01/23/2023	1.9900	Up .1550	2	1.6700	Up .0900	2	0.3200
01/24/2023	1.9875	Down .0025	0	1.6650	Down .0050	0	0.3225
01/25/2023	1.9175	Down .0700	2	1.5725	Down .0925	3	0.3450
01/26/2023	1.9600	Up .0425	1	1.5900	Up .0175	22	0.3700
01/27/2023	1.9600	Unchanged	0	1.5525	Down .0375	7	0.4075
<b>Average Market:</b>	1.9630		<b>5</b>	1.6100		<b>34</b>	

<u>Date</u>	<u>Butter</u>	<u>Butter Change</u>	<u>Butter Sales</u>	<u>Grd A</u>	<u>Grd A Change</u>	<u>Grd A Sales</u>
01/23/2023	2.2825	Down .0400	1	1.1725	Down .0025	0
01/24/2023	2.2675	Down .0150	1	1.1675	Down .0050	1
01/25/2023	2.2675	Unchanged	0	1.1650	Down .0025	8
01/26/2023	2.2675	Unchanged	0	1.1625	Down .0025	1
01/27/2023	2.2725	Up .0050	1	1.1525	Down .0100	9
<b>Average Market:</b>	2.2715		<b>3</b>	1.1640		<b>19</b>

<u>Date</u>	<u>Dry Whey</u>	<u>Dry Whey Change</u>	<u>Dry Whey Sales</u>
01/23/2023	0.3275	Up .0025	4
01/24/2023	0.3250	Down .0025	7
01/25/2023	0.3300	Up .0050	0
01/26/2023	0.3125	Down .0175	7
01/27/2023	0.3275	Up .0150	0
<b>Average Market:</b>	0.3245		<b>18</b>

**--Year Ago--**

<u>Date</u>	<u>Blocks</u>	<u>Barrels</u>	<u>Butter</u>	<u>NFDM Grade A</u>	<u>Dry Whey</u>
01/25/2022	1.7600	1.7050	2.7000	1.8025	0.8200
01/26/2022	1.7300	1.6625	2.4900	1.7775	0.8200
01/27/2022	1.7300	1.6775	2.4900	1.7750	0.8300
01/28/2022	1.7900	1.7425	2.5400	1.8050	0.8400



# UDDER INTELLIGENCE

In-Depth Analysis

  
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WITH

  
StoneX™



# Udder Intelligence



January 26, 2023

Understand · Simplify · Succeed

## What you need to know

- GDT Pulse was up 0.6% from the prior Event
- Dec. NZ milk solids production was a little better than forecast, up 0.5% YoY
- Dec. U.S. milk production was up 0.8% YoY, weaker than the +1.8% forecast
- Dec. U.S. cheese and butter stocks both came in higher than forecast

## Dairy Prices (USD)

Cheese	Last (lb.)	Chg.	Last (MT)	WMP	Last (lb.)	Chg.	Last (MT)
CME Blocks (Wk Avg)	\$1.96	\$0.00	\$4,310	US	\$2.19	-\$0.04	\$4,828
CME Barrels (Wk Avg)	\$1.62	-\$0.04	\$3,570	Dutch	\$1.70	-\$0.09	\$3,745
EU Gouda	\$1.38	-\$0.04	\$3,040	GDT (Avg)	\$1.46	\$0.00	\$3,218
GDT Cheddar (Avg)	\$2.21	\$0.00	\$4,871				

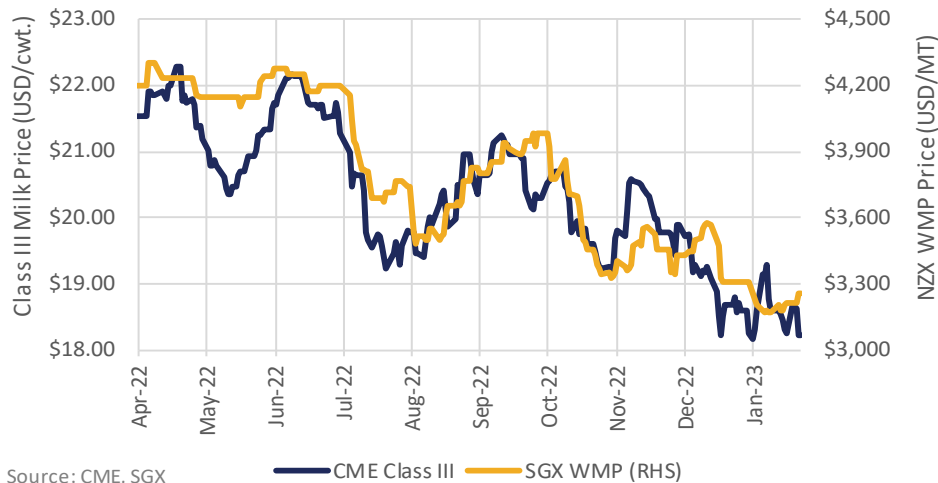
Butter	Last (lb.)	Chg.	Last (MT)	Dry Whey	Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$2.27	-\$0.09	\$4,998	Central US	\$0.36	-\$0.01	\$794
EEX Index	\$2.29	-\$0.11	\$5,051	EEX Index	\$0.37	-\$0.01	\$807
GDT (Avg)	\$2.02	\$0.00	\$4,449	US WPC34	\$1.63	-\$0.05	\$3,583
				US Lactose	\$0.45	-\$0.02	\$981

SMP/NFDM	Last (lb.)	Chg.	Last (MT)	Rennet Casein	Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$1.17	-\$0.04	\$2,569	US	\$5.97	\$0.00	\$13,162
EEX Index	\$1.26	-\$0.04	\$2,781				
GDT (Avg)	\$1.29	\$0.00	\$2,842				

Sources: CME, USDA, EEX, GlobalDairyTrade, Dutch Dairy Board, Trigona, FRED USD/euro rate used: 1.086, +0.004

CME Class III and SGX WMP Futures Prices  
(February 2023 Contracts)



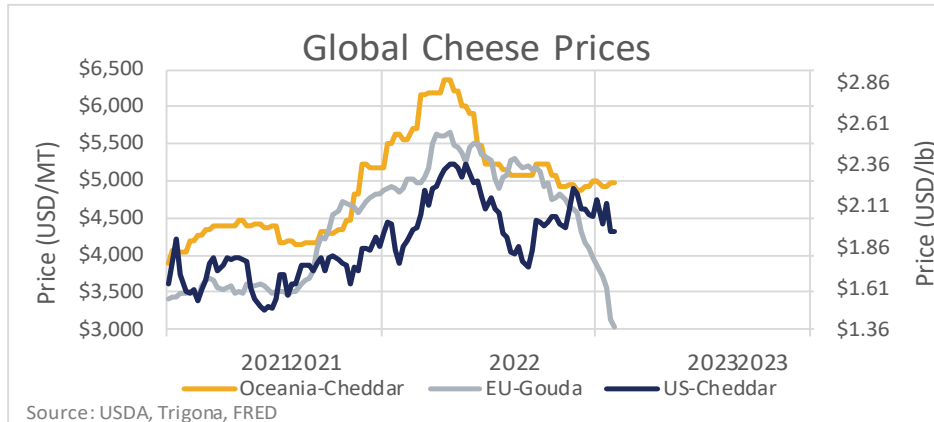
Source: CME, SGX

## Market Summary

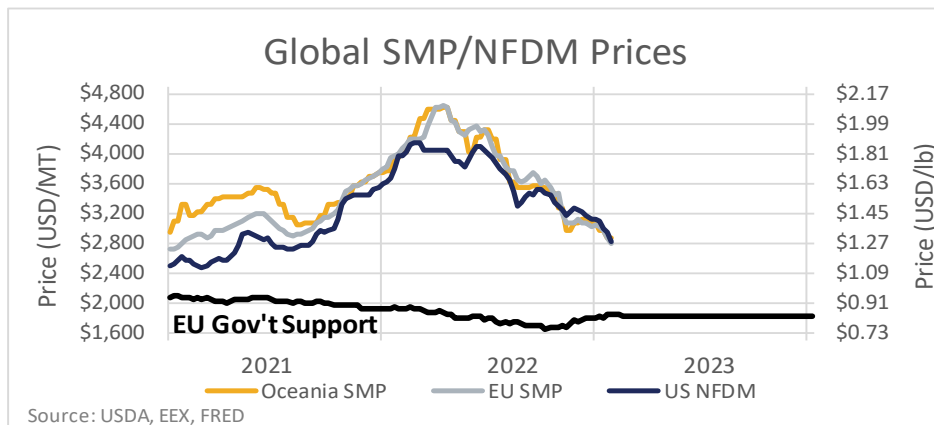
There was record attendance and a healthy buzz at the IDFA conference in Orlando this week, but I didn't meet anyone who was making a bullish argument for spot prices. Everyone recognizes current spot prices are going to put some pain on the farmers and milk production will tighten as we move through the year, but in the short-term, there is plenty of product available across all the major exporters. U.S. milk production was weaker than expected for December with both the number of cows and production per cow coming in lower than forecast. That is good news for the bulls, but it doesn't change the global situation dramatically and U.S. NFDM/dry whey/cheese prices still have to be low enough to keep exports moving whether production is growing at 1% or 2%.



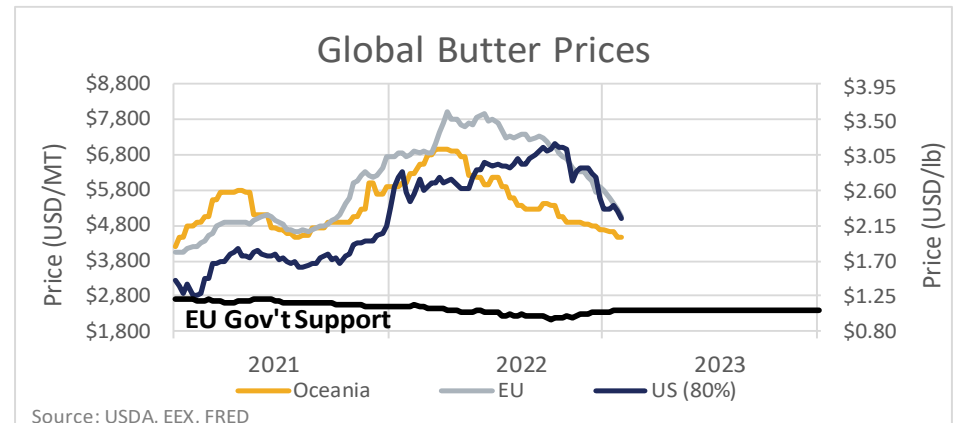
## Product Markets



**Butter:** Butter prices continued to fall in the U.S. and EU. Butter stocks in the U.S. at the end of December were 14 million pounds higher than forecast and up 8.7% from last year. The data suggests that domestic U.S. demand remained very weak in December and full year domestic butter sales were likely down more than 7%, putting them back at 2018 type levels. I think/hope demand bounced a little in Q1, but if it remains as weak as Q4, CME butter could hit \$2.00.



**Cheese:** EU cheese prices continued to fall while CME blocks were roughly steady and barrels fell further. EU production hasn't turned out dramatically worse than expected, but EU prices have fallen much further than forecast. That leads me to think demand is way down, although an EU trader I talked with this week argued it was mostly supply. U.S. cheese stocks at the end of December were a little higher than forecast, but only up 0.2% from last year. If stocks are only up slightly in Jan/Feb, the model would suggest \$1.65-\$1.75 blocks.



**Powders:** NFDM/SMP prices continued to trend a little lower this week, but sellers weren't quite as aggressive. Now that prices have reset aggressively lower I think sellers are trying to hold prices a little and see how the demand side reacts. GDT Pulse was up slightly from the Event last week, although we are talking about WMP which has been undervalued relative to the rest of the complex for more than a year so it may not say much about NFDM/SMP trends. Dry whey prices took a big hit this week. The high protein whey complex is heavy.



# Udder Intelligence



January 26, 2023

Understand · Simplify · Succeed

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**Simplify** – Data overload is a real problem in today’s market analysis. While we track millions of data points, we distill of this information down to indicators, commentary and forecasts that are clear and easy to understand.

**Succeed** – The more you understand the underlying drivers in the market, the easier it becomes to make better, more informed decisions.

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