

# MarketNews

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Dairy Market Link



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Market Report - Eggs



Flour Facts



Oil Market Watch



Weekly Market Review



USDA Weekly Livestock, Poultry & Grain Market Highlights



Market updates from The Plastics Exchange



Daily Market Summary



Rice Production update

# Egg Markets

Washington, DC

Fri. May 19, 2023

USDA Market News

Weekly Combined Regional Shell Eggs

Average prices on sales to volume buyers, USDA Grade A and Grade A,  
White eggs in cartons, delivered warehouse, cents per dozen

REGIONS	EX LARGE	LARGE	MEDIUM
NORTHEAST	85.00	82.00	72.00
SOUTHEAST	101.50	86.50	74.00
MIDWEST	78.50	76.50	66.50
SOUTH CENTRAL	103.50	90.50	77.50
COMBINED REGIONAL	92.62	84.18	72.72

Computed from simple weekly averages weighted by regional area populations

Source: USDA Livestock, Poultry, and Grain Market News  
Washington, DC 202-720-6911 email: PYMN@ams.usda.gov  
[http://www.ams.usda.gov/mnreports/WA\\_PY001.txt](http://www.ams.usda.gov/mnreports/WA_PY001.txt)

Prepared: 19-May-23 12:02 PM E SMC



## 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>  
<https://www.ams.usda.gov/mnreports/pybshellegg.pdf>  
<https://mymarketnews.ams.usda.gov/viewReport/2733>

# USDA Egg Markets Overview

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

May 12, 2023

Wholesale prices for cartoned shell eggs steadied this week as demand remains light to moderate for moderate offerings. Supplies are moderate to heavy and trading is moderate. Wholesale prices for graded loose eggs steadied with moderate offerings and mostly moderate supplies. Demand is in a full range and trading is slow to moderate. The volume of trailer load loose egg sales this week declined 35% from last week's active pace with only 3% for future delivery, indicating more interest in close-in business. Prices for national trading of trucklot quantities of graded, loose, White Large shell eggs increased \$0.07 to \$0.566 per dozen with a steady undertone. The wholesale price on the New York market for Large cartoned shell eggs delivered to retailers was unchanged at \$0.91 per dozen with a steady undertone. In the major Midwest production region, the wholesale price for Large, white, shell eggs delivered to warehouses declined \$0.18 to \$0.78 per dozen with a steady undertone while prices paid to producers for Large cartoned shell eggs were unchanged at \$0.59 with a steady undertone. The California benchmark for Large shell eggs decreased \$0.20 to \$1.48 per dozen with a steady undertone. Delivered prices on the California-compliant wholesale loose egg market were untested this week with a steady undertone.

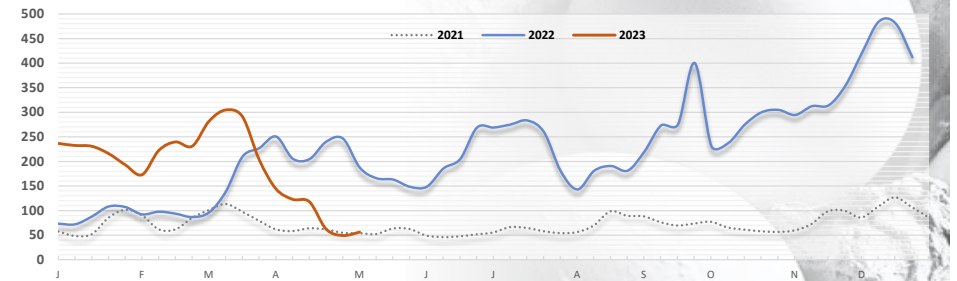
Consumer demand for cartoned shell eggs over the past week remains lackluster and well below average as shoppers are seeing little price incentive at their local grocer to buy beyond their basic needs. With demand at low levels, supplies continue to become more available and the recent sharp declines in wholesale egg prices appears to be finally stimulating a response from retailers, even if their focus is on cage-free offerings over conventional caged fare. If any positive can be seen in the avian influenza outbreaks it is that the price spread between caged and cage-free shell eggs at retail is becoming more acceptable to consumers. The most active movement of shell eggs continues to be from egg products manufacturers who are breaking eggs as a share of total production at levels not seen since early 2016 as the industry was recovering from the last major avian influenza outbreaks. Breakers are finding wholesale spot market prices almost too good to pass up and they have been running schedules at full pace while at the same time increasing their stocks. According to the U.S. Bureau of Labor, in April, the Consumer Price Index for eggs declined 1.5%, 121% over the level of April 2022, to an average price of \$3.27 per dozen, down \$0.18 per dozen from March.

Promotional activity for conventional caged shell eggs in retail outlets continues to improve to its most active pace for the year to date and the average ad price rises \$0.07 to \$1.94 per dozen. Promotional activity for specialty shell eggs hits its most active pace since October 2022 with nutritionally-enhanced offerings dominating ad space. Feature activity for [UEP-defined cage-free](#) shell eggs drops off from last week's pace and accounts for only 8% of ad activity. The average ad price rises \$0.28 to \$3.99 per dozen on the limited test. The average ad price spread between 12-packs of Large caged eggs and UEP cage-free eggs widens by \$0.21 per dozen to a spread of \$2.05 per dozen.

The overall inventory of shell eggs decreased one percent while the nation-wide inventory of Large eggs was up 2%. Stocks of Large eggs in the key Midwest production region

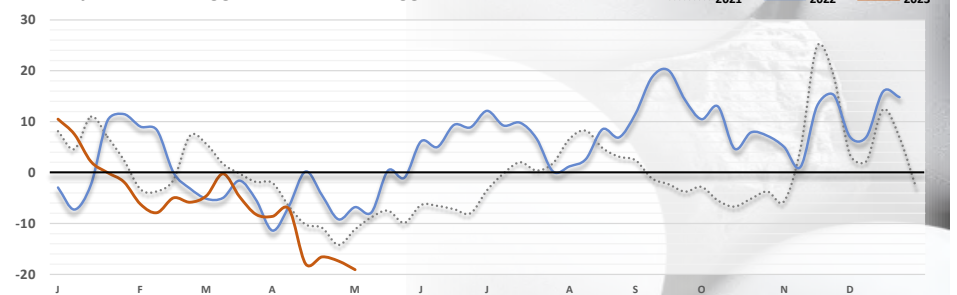
Source: USDA AMS Livestock & Poultry Program, Livestock, Poultry, and Grain Market News Division

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

Consumer Price Index Average Price Data - Large A Shell Eggs per Dozen  
Bureau of Labor Statistics



Egg Markets Overview

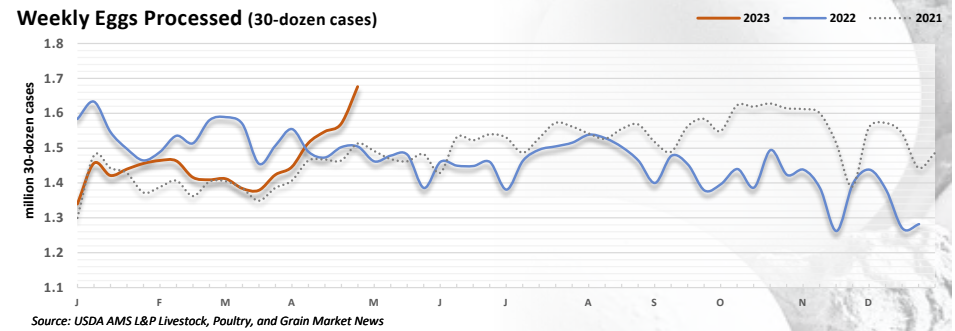
increased 2% as movement of eggs into marketing channels is just off the pace of increase in supply. The inventory share of Large class shell eggs increased 1.5% to a 55.5% share of all shell egg stocks on inventory at the start of the week, its highest level recorded at least over the past 8 years if not an all-time high. Stocks of cage-free eggs increased 4% to support ongoing active retail featuring and the inventory of nutritionally-enhanced shell eggs was down nearly 14% to support breaking features. Stocks of organic eggs were down 3.5% were down 4.5% as breakers are working to keep their stock rotated. Total estimated table egg production was unchanged from last week and from last year at a deficit of 0.5% from last year, about 815 thousand cases. According to the U.S. Bureau of Labor, in April, the Producer Price Index (a measure of average prices received by producers of domestically produced goods and services), for Large shell eggs declined 35.3%, 76% above the level recorded in April 2022.

Wholesale prices for breaking stock in the Central States are holding steady at \$0.43 per dozen. Demand and offerings are light to moderate with moderate to heavy supplies. Schedules are running full-time to extended and trading is slow to moderate. The volume of eggs processed over the past week increased nearly 7%, representing a 35% share of weekly table egg production, the largest share since Spring of 2016. Egg processing is now 11% over year ago levels. Production of whole egg rose 8% while production of egg whites was down 3% and production of yolk decreased 2%. The production of dried eggs increased 11% to its highest weekly level since the pre-pandemic period in March 2022. Inedible egg production increased 4.5%. Breaking yields without inedible declined nearly 1.25 pounds to 40.40 pounds per case broken.

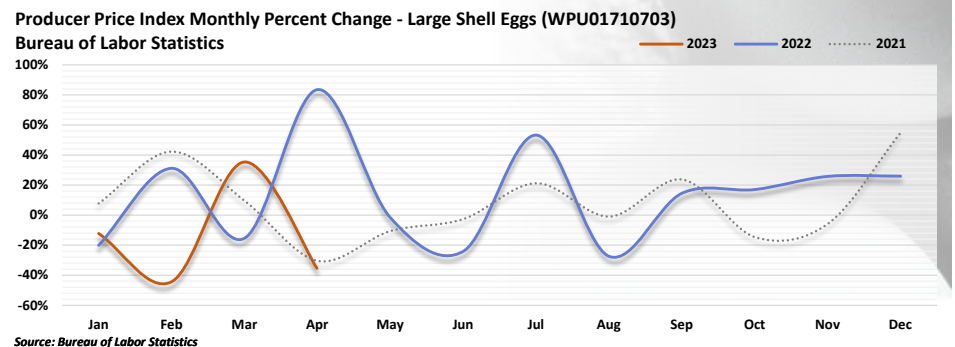
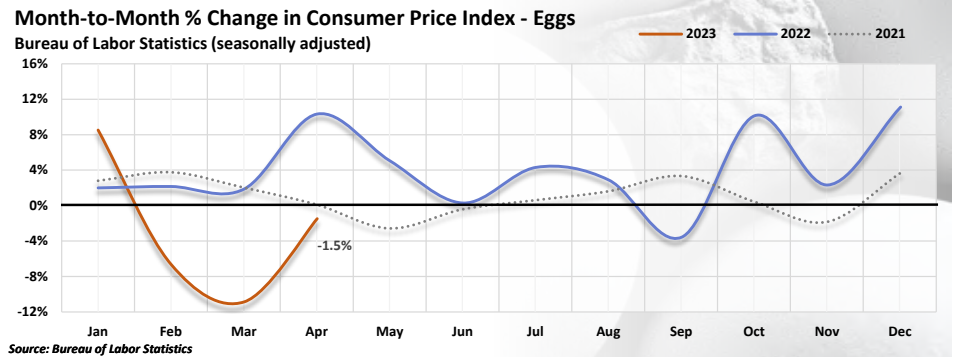
Wholesale prices for liquid egg products are too few to report with a steady to weak undertone. Demand and offerings are mostly light to moderate on tight supplies and slow trading. Prices on frozen liquid whole eggs decreased \$0.05 to \$1.42 per pound while those for frozen liquid whites were down \$0.03 to \$1.69 per pound. The undertone is steady to weak for mostly light demand and offerings and light supplies. Trading is slow. Prices for dried whole eggs were down \$0.25 to \$11.25 per pound and those for whole dried yolk were down \$0.25 to \$9.55 per pound. Dried albumen remains untested. The undertone is steady to weak, offerings are mostly light with light to very light supplies, best for yolk. Demand is light to moderate and cautious as marketers are closely monitoring current market conditions. Trading is slow to moderate.

According to NASS, the March monthly volume of frozen eggs in storage decreased 7% from the prior month, unchanged from the year ago level. Stocks of whole frozen egg rose 2% during the month to a level 18% over last year. The share of whole egg stocks gained 4% to a 47% share of total frozen stocks. Stocks of frozen yolk decreased 7%, 18% over last year while stocks of frozen egg whites decreased 12%, 19% under year ago levels. Stocks of unclassified eggs were down 11% from last month and last year. The share of unclassified frozen stocks was decreased 2% to a 40% of total frozen stocks.

Cage-free commitments as of April 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 (70.5% of the U.S. non-organic flock), indicating a shortage of 118.2 million hens from the current non-organic cage-free flock of 103.2 million hens. The average lay rate for non-organic, barn/aviary cage-free production is currently estimated at 81.4



Eggs Processed - Week-to-Week Change						
total	share	whole	whites	yolks	dried	inedible
6.8%	2.3%	7.9%	-3.2%	-2.3%	11.3%	4.5%

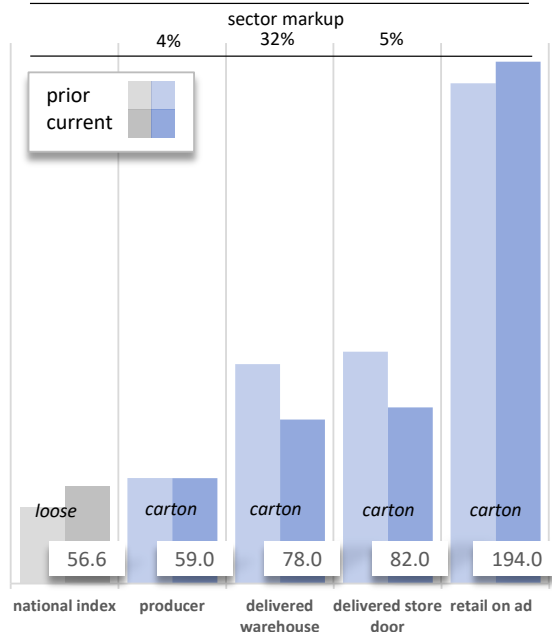




## Shell Eggs Market Price Comparisons

(as of May 12, 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

	12-May	% Change	Recent History				
			5-May	28-Apr	21-Apr	14-Apr	7-Apr
<b>SHELL EGGS (Large, White, conventional in cents per dozen)</b>							
National, Loose, (f.o.b. dock prices)	56.63	14%	49.63	62.62	118.16	123.13	144.42
New York, Cartonned (price to retailers)	91.00	0%	91.00	99.00	149.00	177.00	236.00
Midwest, Cartonned (price dlvr'd to warehouse)	78.00	-19%	96.00	146.00	168.00	223.00	306.00
California, Cartonned, benchmark (cage-free)	148.00	-12%	168.00	225.00	251.00	306.00	398.00
<b>National Retail Shell Egg (avg. ad price in dollars per dozen)</b>							
Conventional, Large, White	1.94	4%	1.87	2.28	2.50	2.74	3.29
Cage-Free, Large, Brown	3.99	8%	3.71	3.61	3.50	3.99	3.49
<b>EGG PRODUCTS (f.o.b. dock prices; dollars per pound)</b>							
Central States Breaking Stock (dlvr'd prices per doz)	43.00	0%	43.00	58.00	128.00	145.00	200.00
Whole Frozen Eggs	142.00	-3%	147.00	164.00	200.00	250.00	280.00
Whole Dried Eggs	11.25	-2%	11.50	12.00	12.25	12.50	13.50
Processed Share of Weekly Egg Production	35.2%	2.3%	32.9%	32.3%	31.4%	29.8%	29.2%
<b>SHELL EGG DEMAND INDICATOR (no units)</b>	-19.0	-1.7	-17.4	-16.5	-17.9	-7.2	-8.6

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)	12-May	Change	05-May	2023 High	2023 Low
National, Loose, (f.o.b. dock prices)	56.6 ▲	14%	49.6	304.6	47.1
New York, Cartonned (price to retailers)	91.0 ▬	0%	91.0	474.0	91.0
Midwest, Cartonned (price dlvr'd to warehouse) <sup>1</sup>	78.0 ▼	-19%	96.0	517.0	78.0
California, Cartonned, benchmark	148.0 ▼	-12%	168.0	737.0	148.0
Central States Breaking Stock (delivered prices) <sup>1</sup>	43.0 ▬	0%	43.0	367.0	43.0
Whole Frozen Egg Products (f.o.b. dock prices)	142.0 ▼	-3%	147.00	300.0	142.0
Whole Dried Egg Products (f.o.b. dock prices)	11.25 ▼	-2%	11.50	14.3	11.25
Natl Average Retail Ad Price - Conventional	1.94 ▲	4%	1.87	4.94	1.75
Natl Average Retail Ad Price - Cage-free <sup>2</sup>	3.99 ▲	8%	3.71	4.99	2.00
Shell Egg Demand Indicator	-19.0 ▼	-1.7	-17.4	10.5	-19.0

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



# FLOUR FACTS

Information Provided by General Mills Foodservice  
GeneralMillsCF.com



## Weekly Market Highlights

MAY 18, 2023

- The Black Sea Grain Corridor was officially extended for another 60 days. This caused markets to fall despite the fact the majority of the grain has already been exported from the Ukraine this crop year.
- Wheat Quality Tour found an average of 29.8 bushel per acre for Day 1, well below five-year average of 45.4 bushel per acre. Tour is also projecting a high rate of abandonment. Day 2 news continues the trend. Follow along on twitter → #wheattour23
- The USDA released its weekly crop condition ratings report on Monday which showed that winter wheat conditions had improved by 1% in the good/excellent category to 29%. Spring wheat planted came in at 40% which is 3% ahead of last year.

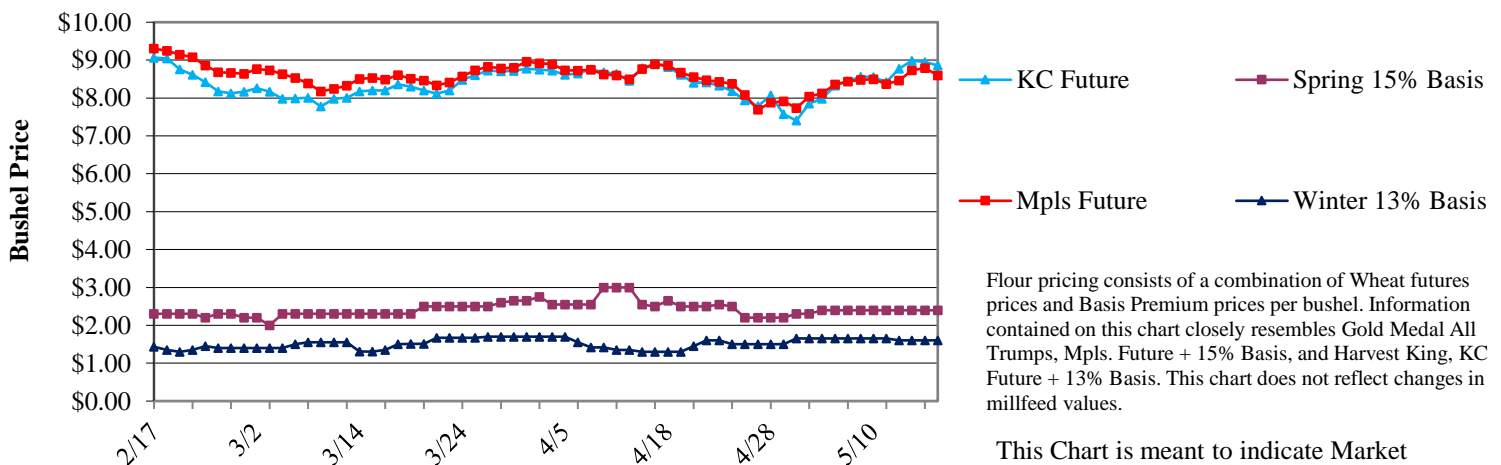
## Facts on Flour

### Hard and Soft

Another major classification category for wheat is kernel hardness. The wheat kernel, often called a berry, will either be of a hard or soft variety. The terms are very self-descriptive. Hard wheat has hard kernels and soft wheat has soft kernels. Although it sounds simplistic, this difference is critically important to the functionality of the finished flour. Hard wheat flours have the correct protein structure for yeast-raised goods: breads, bagels, pizza crust, etc. Soft wheat flour protein will not support yeast fermentation, but is ideal for products using baking powder for the rising action. In future publications, we will discuss the difference between soft and hard wheat proteins.



## Futures & Basis Markets



Flour pricing consists of a combination of Wheat futures prices and Basis Premium prices per bushel. Information contained on this chart closely resembles Gold Medal All Trumps, Mpls. Future + 15% Basis, and Harvest King, KC Future + 13% Basis. This chart does not reflect changes in millfeed values.

This Chart is meant to indicate Market Direction Only.

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 5.19.23

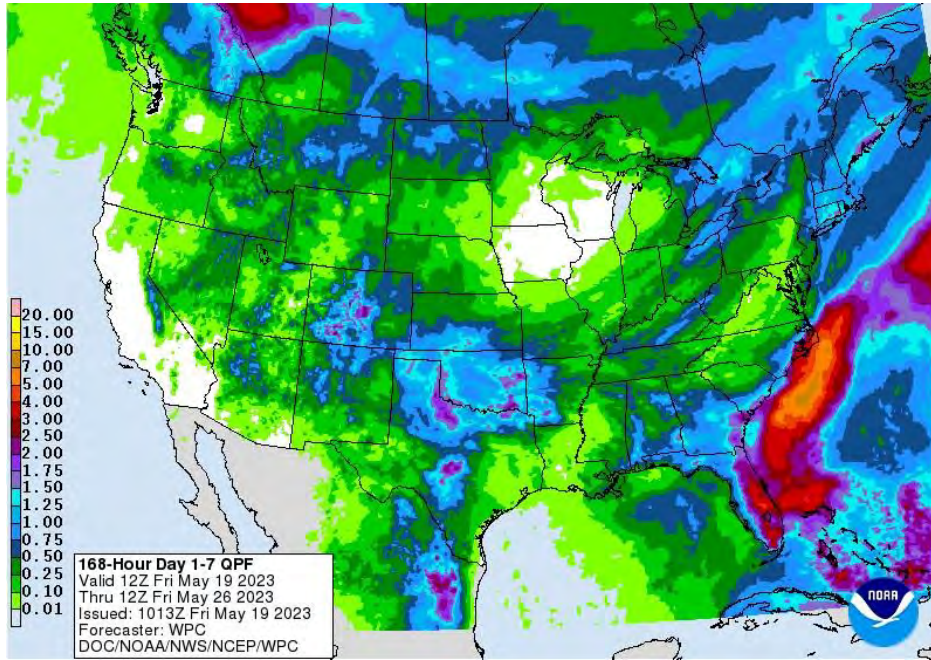
### *What to Watch For in the Week Ahead*

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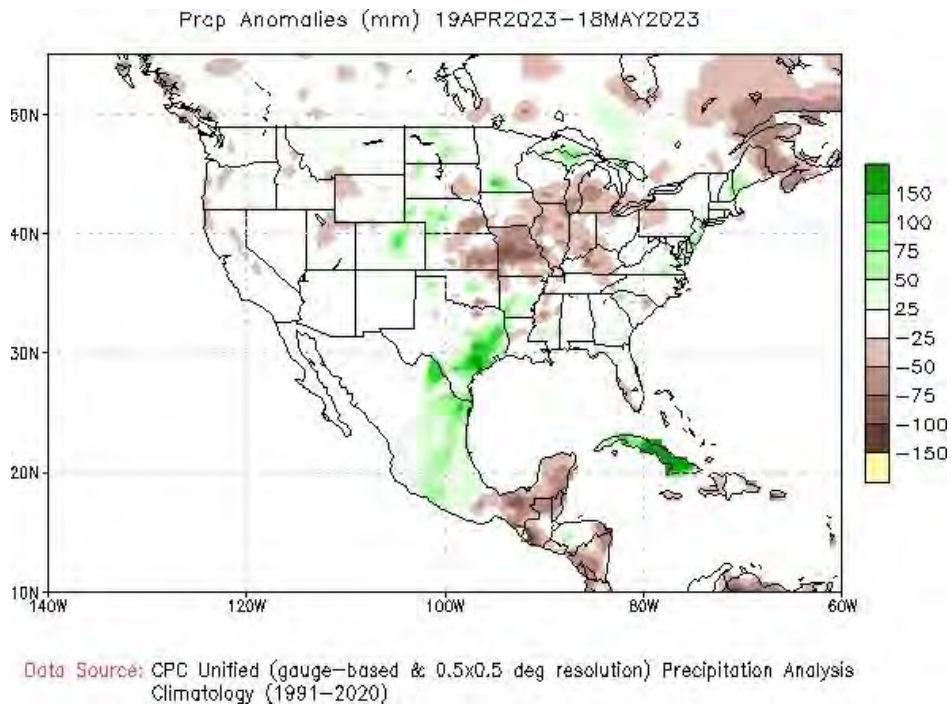
- **Fundamentals**– CFTC COT, Weekly Export data, Crop Progress Report
  - **Weather** – Planting progress continues to show that concerns are not wide-spread. Focus will quickly focus on Summer Weather. The El Nino "watch" is as well. Monsoon season starting in SE Asia.
  - **Politics/Macro** – Debt Ceiling/cliff/apocolypse affecting our markets? What will the CFTC data show on the soy positioning and how will it affect Sunday night's trade.
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## US 7 Day Precipitation

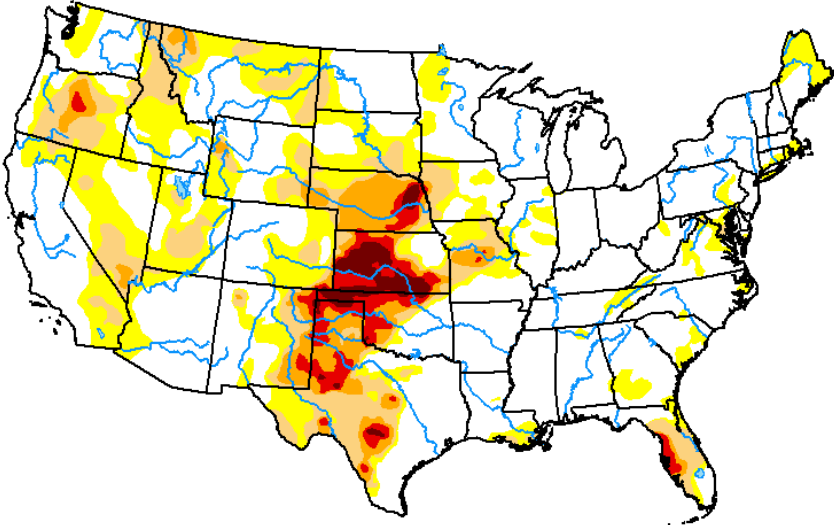


## US 30 Day Anomalies



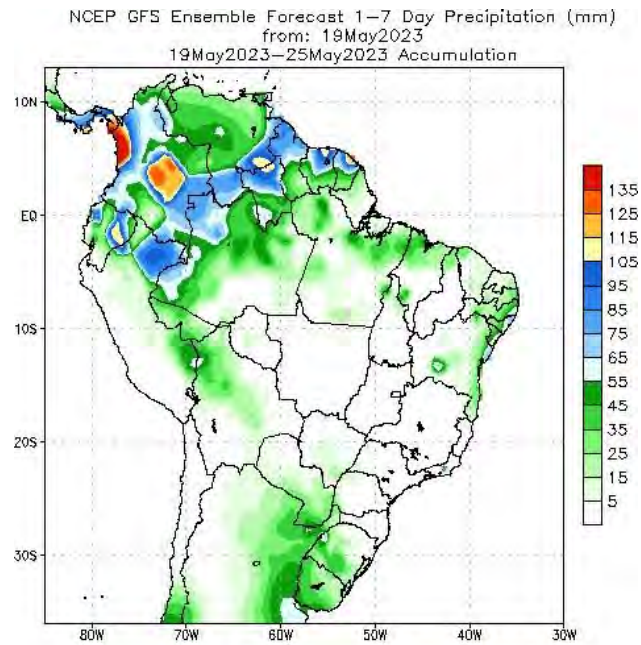


# US Drought Monitor



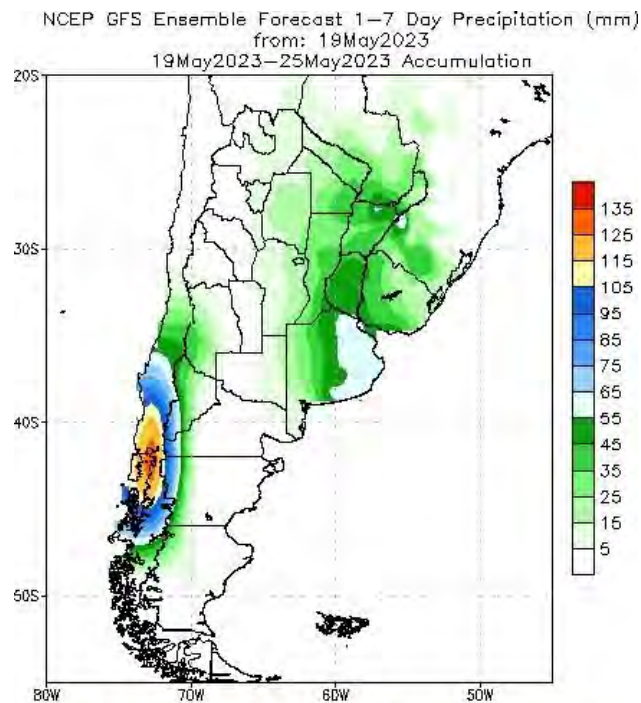
## 7 Day Precipitation

### Brazil



Bias correction based on last 30-day forecast error

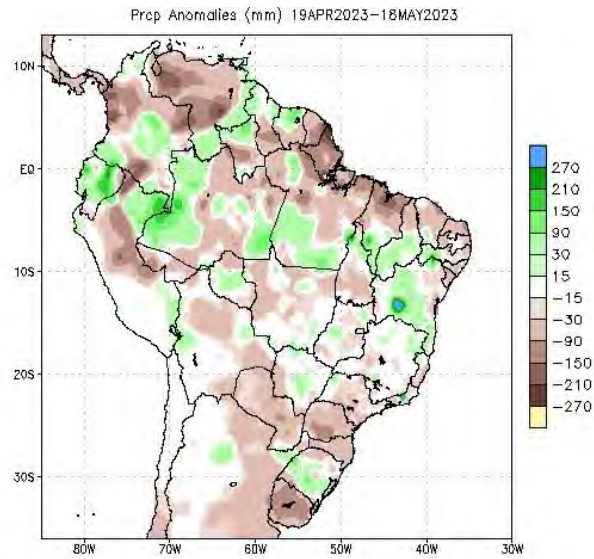
### Argentina



Bias correction based on last 30-day forecast error

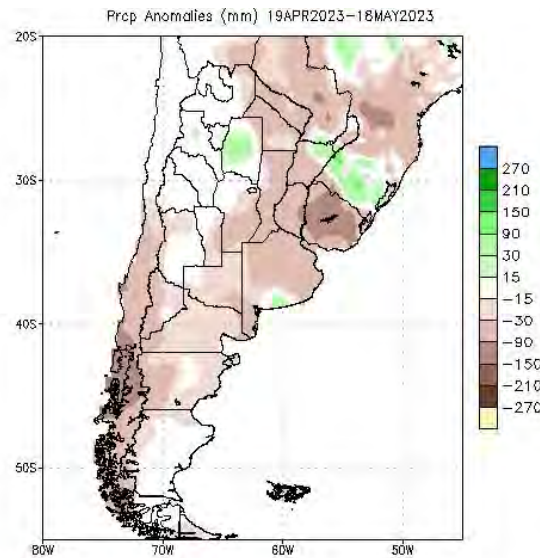
# 30 Day Anomalies

## Brazil



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

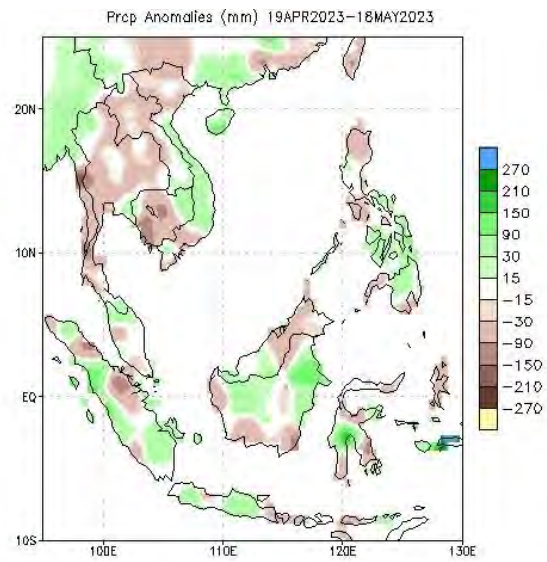
## Argentina



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
5/19 Price	47.27	64.77	64.00	68.50
9-day MA	49.32	65.99	63.83	67.44
20-day MA	51.02	67.22	64.85	67.43
50-day MA	53.47	69.17	66.39	67.61
200-day MA	62.80	81.87	68.60	76.03

## Soybean Oil

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### May WASDE

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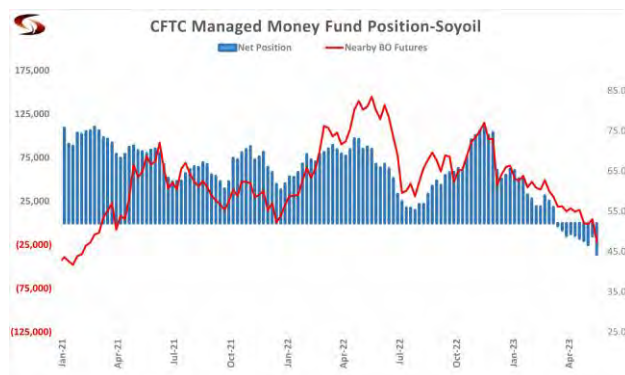
- Soybean ending stocks increased 120 million bushels from 215mb in April to 335 mb in May.
  - Yield per acre increased from 49.5 bushels per acre in April to 52 bushels per acre in May.
  - Bean oil ending stocks decreased from April as we moved from 1,936 million pounds to 1,831 million pounds.
    - Bean crushings increased from 2,220 million to 2,310 million bushels in May.
  - (A possible prelude to EPA finalization in June) Biofuel line item increased from 11,600 million pounds in April to 12,500 million pounds in May.
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## Soybean Oil Outlook

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- *Another week of creating new lows in the soybean oil contracts. July oil ends the trade Friday at 47.27 after being as low as ~45.50 on Wednesday.*
  - *Contracts spent the majority of the day giving back the overnight gains before settling down 2 points on the day..*
  - *Monday's NOPA crush report showed a large soybean oil stocks number with 1.957 billion pounds versus the trade expected range of 1.75-1.95. Actual soybean crush came in at the low end of expectations with 173 million bushels crushed versus the range of 172-177.5 million bushels.*
    - *Oilshare stayed within the historically normal range and is at 36.6%.*
  - *Managed money went short an additional 21k contracts for the week. Now total short of 36k contracts.*
  - **Expected CBOT Range 45.00 - 55.00**
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## Canola/Rapeseed Oil



### Fundamental Updates

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- *Stats Canada reported 21.6M Acres for 2023 (+0.9% YoY)*
  - *US March 2023 Canola crush was 191,291 tons vs 171,529 tons in February and Mar'22 was 163,923.*
  - *Canola oil production increased as well: 155M lbs in Feb'23. This was up 9% vs February and up 1% vs March 2022.*
  - *Canola Seed Stock at the end of March was 5.9mmt, up 800kmt vs last year but below market estimates*
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### Flash Summary

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- *Canola seed futures fell to close the week in July and Nov. Both pricing in near their respective contract lows.*
  - *Oil share values were down on the week but well off of their mid-week lows.*
- *Crush margins moved lower on the weak in total, but late week movement helped to stem the losses.*

- *Q2 brings key downtime windows into focus for Canola oil and is going to have to be closely watched.*
  - *Q3 volume has traded in good volume in anticipation of Renewable Diesel facilities opening up. Basis has firmed off of this and weaker margins.*
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## Tropical Oils



## Fundamental Updates

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### **MPOB:**

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- *April Production Estimate: 1.196MMT (-7.13%)*
- *April Export Estimate: 1.074MMT (-27.78%)*
- *April Stock Estimate: 1.497MMT (-10.54%)*
- *Palm Futures recovered into the weekend after selling off to start the week*
- *April MPOB data showed stocks tightening more than expected but the market shook of the news as Indonesian stocks are growing and production is expected to rebound*
- *SPPOMA Production May 1-10 is +30% vs April*

- *AmSpec Exports May 1-10 is +1.7% vs April*
  - *Indian demand for Palm continues to be slower than normal given cheaper soft oils taking import share*
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# Weekly PRODUCE ALLIANCE Market Report



May 18, 2023

## OVERVIEW

Markets are stronger on tomatoes out of Mexico and Florida as we are transitioning in both regions. Over the next few weeks we will see more transitions to Otay/Baja, Coachella, Quincy and Carolinas. We expect to see active markets through the rest of May on and possibly June rounds and romas. We could see shortages etc. Supplies are stable on pepper, cucumber, squash, and corn. The hot pepper market continues to improve, but serrano, shishito and anaheim the highest priced and shortest available, minis are also short this week. Offshore melons are sung while crossings from Nogales are ramping up in the desert and will most likely start in 3 weeks. Market is extremely tight this week as the volume of offshore season comes to an end. Fortunately, we may see new crop fruit crossing from Mexico this week but very few. We expect an extremely volatile and short market for the next few weeks. We feel this next ten days might be the roughest on supply then gradually improve. Over the next two weeks, shorts will occur and substitutions to alternate items such as mixed melons will be necessary to keep the supply chain constant. Supplies continue to improve in the Salinas Valley and markets continue to settle at lower levels and lettuce, romaine, leaf items, broccoli, and cauliflower. We will still see some growers continue to have unstable supplies through the balance of the month of May and into June, but we are not anticipating any major shortages over the next few weeks. In the next few weeks, the avocado market will likely adjust by a few dollars as several transitions occur. Mexico's current crop is winding down, but it will overlap with the beginning of the Loca harvest. The biggest unknown is how Jalisco will affect the market this year. More & more orchards have been approved for export to the US, and its biggest impact will be evening out the Michoacán transition between Old Crop and Loca. With plenty of fruit from Mexico, California, and Peru, there are continued opportunities to promote.

## MARKET ALERTS



### ASPARAGUS – ESCALATED

Baja continues with slow production. Guanajuato should start next week and go through the end of August. Peru's volume is better at the end of this week, but quality has been fair at best. Washington continues with good volume. Michigan and Canada have started with better than expected volume. Markets remain about the same, but we should see lower markets with more volume from multiple regions.



### BOK CHOY – ESCALATED

Market continues active with very light supplies.



### BRUSSELS SPROUTS - ESCALATED

Supplies will continue to decrease on both bulk pack 25lb and VA category. Yields are dropping and there are still issues with quality. Expect to see short supplies and rising prices for the next 4-6 weeks as we will see a drop in volume.



### CABBAGE (RED) – ESCALATED

We will experience a shortage of supplies in the upcoming weeks until the beginning of the new crop up north becomes available.



### CARROTS (Jumbo) – ESCALATED

Overall supplies are good but, Jumbos are still slow getting ramped up. Quality is good.



### LETTUCE, ICEBERG – ESCALATED

Current supplies are slowly increasing but normal growing cycles are still off schedule due to storms earlier in the year. Quality is much improved although weights and head size are still a little lower than normal. The market has been active with wide ranges in prices and quality.



### MELONS (CANTALOUPE & HONEYDEW) – ESCALATED

**Cantaloupe: ESCALATED** We are starting to hit the home stretch with offshore melons and anticipate steady supplies through this week before we begin to see seasonal declines the week of 5/15. Good availability on the cantaloupe continues with a nice spread of sizing. There is some Athena Melons available out of Central Florida and improving supply crossing through Nogales.

**Honeydews: ESCALATED (OFFSHORE)** Offshore fruit is rapidly declining while we are seeing some improvement on supply crossing through Nogales.



**CAULIFLOWER – ESCALATED**

Supplies have improved and although pricing is still escalated, market is slowly adjusting downward. Quality is good and we look for volume to continue to increase although we still anticipate unstable supplies through the month.



**CELERY – ESCALATED**

Many suppliers are in a demand exceeds position as seeders and other quality issues continue to plague general production in Oxnard. Because of seeders, many are harvesting weeks ahead of maturity date to save the celery from bolting, making the large sizes 24's/30's very limited. Projections for the next coming weeks are extremely light as the industry gets closer to the transition from Oxnard to Salinas. The volume shift has moved to smaller sizes, 36, 48, and hearts. Over the last two weeks, smaller sizes have been much cheaper than 24/30s. However, with less overall product available and many customers switching over to 36s, the overall market on all sizes has tightened. We are also seeing some additional pull due to Memorial Day weekend, also forcing FOB higher. We expect the overall industry to be light on volume through the middle of June. Warm weather will help with sizing in Oxnard, but it may be too little too late.



**GARLIC – ESCALATED**

Quality is good with moderate supplies



**GINGER – EXTREME**

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



**GRAPES (ALL COLORS) – EXTREME**

Market is extremely tight this week as the volume of offshore season comes to an end. Fortunately, we may see new crop fruit crossing from Mexico this week but very few. We expect an extremely volatile and short market for the next few weeks, but we feel this next ten days might be the roughest on supply then gradually improve. Over the next two weeks, shorts will occur and substitutions to alternate items such as mixed melons will be necessary to keep the supply chain constant.



**TOMATOES (ROUNDS/ROMAS) FLORIDA AND MEXICO - ESCALATED**

**East Coast:**

Round Tomatoes: **ESCALATED** Overall inventory is very short, and markets are very active as Florida rapidly winds down for the tomato season. Quincy, South Georgia, and South Carolina are still a few weeks away from production; we expect very light volume and fair quality through Mid-June.

Roma Tomatoes: **ESCALATED** Overall Florida supply is extremely short driving prices high and seeing pro-rates. Quincy, South Georgia and South Carolina are still a few weeks away from production. We do not expect any relief on east coast romas until Mid-June.

**Mexico:**

Round Tomatoes: **ESCALATED** Lighter supplies on big fruit this week as we ramp up transition to Central Mexico. Improving quality but we are short on mid to upper range sizes and left with availability in 3X4's and smaller fruit. Growers are still making deals out there but quality on cheaper fruit may be compromised. With the increased demand out of Florida and delays in California, we could see active markets over the next 3-4 weeks.

Roma Tomatoes: **ESCALATED** Lighter supply and strong demand from the east are pushing prices higher this week. We are still in the seasonal transition from Sinaloa to Southern and Central Mexico. We are seeing a few crossings in Olay as well with good quality being reports at all crossings. Expect higher markets through the rest of May.



**NAPA – ESCALATED**

Effects of the warm weather last week in the desert, along with the weather events in California in March are affecting quality on Napa out of all areas. Market is active.



**PARSLEY (CURLY & ITALIAN) - ESCALATED**

Quality is improving but market is still active as we continue to see some slight yellowing/burn in some of the fields.



**POTATOES - ESCALATED**

Potato demand on cartons has returned to normal levels during Q1. While we have not seen carton pricing take any sharp increase, we are seeing product significantly tighten up. We are beginning to approach the point where growers start to wind down on their Norkotah supplies. Once we get to the middle/end of April, we should see growers shipping Burbanks just about exclusively. Growers continue to receive record offers from processors (even higher than last season),



**GREEN BEANS – EXTREME**

Bean demand exceeds supply in many markets due to lack of supply and quality. We are seeing a two-tier market. In the east, we are finally starting to see some relief as production ramps up in South Georgia market while in the west there is very little supply crossing from Nogales, and the Desert is late. We hope to see downward pressure on price as more supply becomes available. Overall quality in the west is fair at best and mostly good in the east.

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 as we head into the Spring/Summer. Other growing regions are echoing the same sentiments as well. We have already seen Nebraska finish up, and we are seeing much less supply out of Colorado and Wisconsin as well. Both regions will finish up over Q2, and it could potentially mean a volatile Summer ahead. National supply reports are showing that there are approximately 3% less potato stocks on hand than there were during this time last year. Depending on how product stores, as well as what happens with demand, will really determine where the market will climb to.



**HOT PEPPER – ESCALATED**

In the east, chilies were still tighter than normal; however, expect to see some improvement in two weeks on Cubanelle, Long Hots, Poblano, Hungarian Wax, Jalapeno and Shishito (very short). In McAllen, volume is gradually improving on all varieties but Yellow Caribe and Serrano. Pricing remains firm but there is downward pressure on most varieties. Tomatillos are stable.



**SNOW & SNAP PEAS – ESCALATED**

Production remains the same on Snow peas. Sugar snaps continue to be slow due to the weather in Guatemala.



**LIMES – ESCALATED ON LARGE SIZES**

Overall supplies and quality have improved, market is lower. We look for supplies to continue to improve through the balance of the month.

**GOOD BUYS**

Commodity	Expert Tip
Honeydew - Mexico	Looking for a lovely afternoon summer treat? Try making some honeydew sorbet! Slice the honeydew into chunks and spread them out onto a baking sheet. Put them in the freezer for 4-6 hours until frozen and then put them in the blender with some agave and lemon juice. Add some water as needed until smooth, and enjoy!

**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.











**SALINAS, CA**

Thu 5/18	Fri 5/19	Sat 5/20	Sun 5/21	Mon 5/22	Tue 5/23	Wed 5/24	Thu 5/25
66°   52°F	66°   53°F	64°   53°F	66°   53°F	70°   53°F	67°   53°F	65°   53°F	65°   52°F
Partly Cloudy	Partly Cloudy	Partly Cloudy	AM Clouds/PM	Partly Cloudy	Partly Cloudy	Partly Cloudy	Mostly Sunny









**OXNARD, CA:**

Thu 5/18	Fri 5/19	Sat 5/20	Sun 5/21	Mon 5/22	Tue 5/23	Wed 5/24	Thu 5/25
66°   57°F	66°   57°F	66°   56°F	66°   55°F	64°   56°F	63°   55°F	63°   54°F	62°   54°F
Partly Cloudy	Partly Cloudy	Partly Cloudy	Mostly Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy









**JALISCO, MX**

Thu 5/18	Fri 5/19	Sat 5/20	Sun 5/21	Mon 5/22	Tue 5/23	Wed 5/24	Thu 5/25
85°   61°F	87°   63°F	86°   63°F	90°   62°F	89°   61°F	89°   59°F	89°   57°F	88°   57°F
							
Partly Cloudy	Mostly Cloudy	Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy









**WIMAUMA, FL**

Thu 5/18	Fri 5/19	Sat 5/20	Sun 5/21	Mon 5/22	Tue 5/23	Wed 5/24	Thu 5/25
94°   64°F	95°   69°F	102°   65°F	107°   65°F	104°   64°F	102°   64°F	101°   64°F	100°   64°F
							
Mostly Sunny	Cloudy	Partly Cloudy	Sunny	Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy

**ADEL, GA**

Thu 5/18	Fri 5/19	Sat 5/20	Sun 5/21	Mon 5/22	Tue 5/23	Wed 5/24	Thu 5/25
80°   66°F	82°   64°F	85°   66°F	85°   67°F	83°   66°F	81°   64°F	81°   63°F	83°   64°F
							
Thunderstorms	Mostly Cloudy	Isolated	PM	Isolated	PM	Partly Cloudy	Partly Cloudy

**COACHELLA, CA**

Thu 5/18	Fri 5/19	Sat 5/20	Sun 5/21	Mon 5/22	Tue 5/23	Wed 5/24	Thu 5/25
101°   68°F	99°   72°F	101°   75°F	104°   76°F	104°   72°F	101°   69°F	100°   67°F	98°   66°F
							
Sunny	Mostly Sunny	Mostly Sunny	Mostly Sunny	Mostly Sunny	Mostly Sunny	Sunny	Sunny





## **PA Market Alert: Table Grapes & Tomatoes**

**May 19, 2023**

### **Table Grapes**

Market is extremely tight this week and volume is almost no-existent on offshore fruit, as well as quality is quickly deteriorating on the older fruit. Fortunately, we may see new crop fruit crossing from Mexico this week but very few and we expect an extremely volatile conditions and pro-rates on orders for the next 10 to 14 days then gradually improve. For the immediate future, shorts are likely to occur, and we are recommending to scale backs on menu portions or substitutions to alternate items such as mixed melons. Our entire network is doing everything possible to avoid this market condition and apologize for the inconvenience.

### **Tomatoes**

Markets are stronger on tomatoes out of Mexico and Florida as we are in the middle of transition in both regions from the late Winter/Spring crop to Early Summer regions such as Central Mexico, Baja, North Florida, and the Carolinas. We expect to see active markets through the middle of June at the earliest, particularly on rounds and romas. We could face some shortages/pro-rates over the next two weeks as growers move to these new regions and scratching newer fields. To keep the supply chain full in conditions like this; there may be a need to be very flexible on sizes and variety should we see any pro-rate activity. Every shipper is doing what they can to mitigate issues during these conditions and will provide updates as soon as possible.

We will keep you posted as soon as we have any additional updates and thank you for your patience during this time.



**Hogs and Pork**

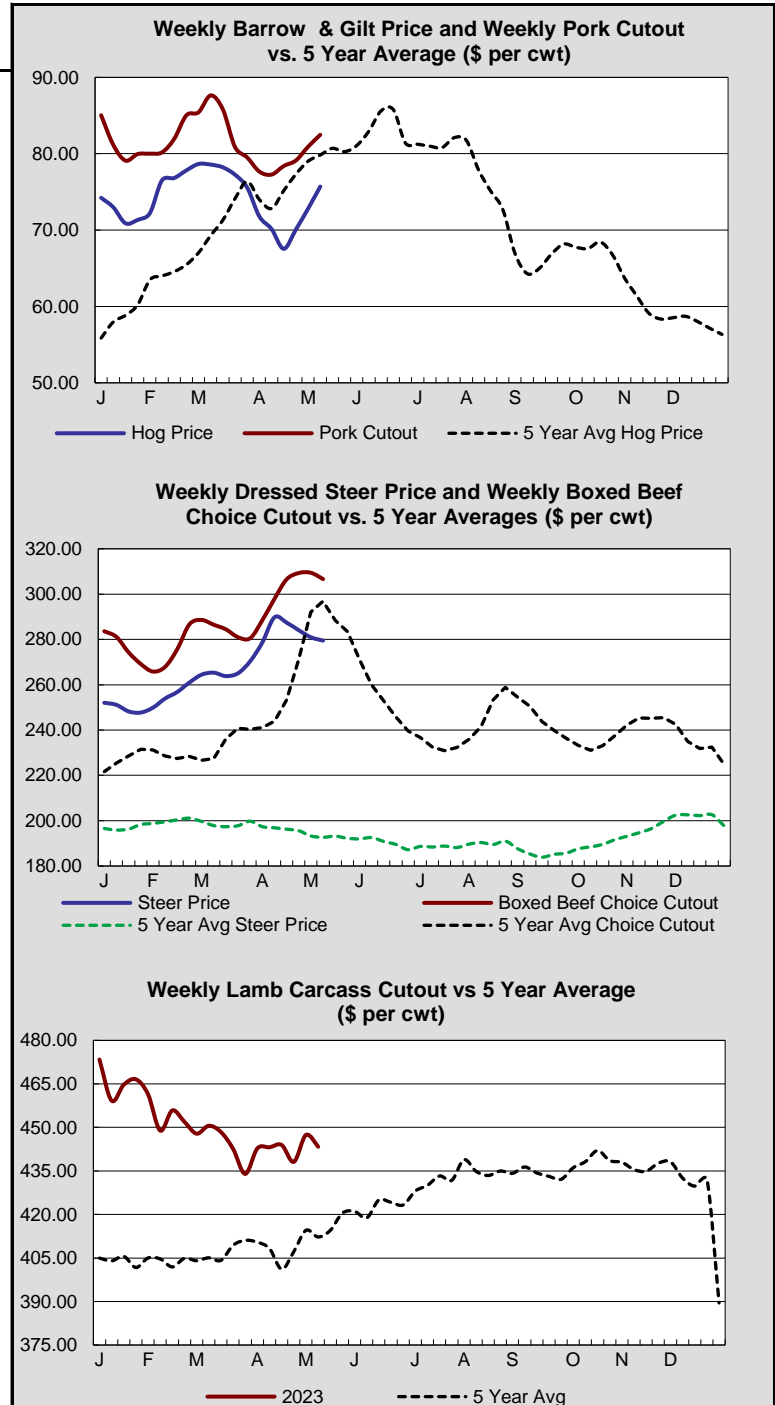
	Current Week	Change From Past Week	Change From Past Year
Nat'l Purchased Carc Wtd Avg Price - Barrows & Gilts (\$/cwt)	75.70	4.0%	-29.5%
Pork Carcass Cutout FOB Plant (\$/cwt)	82.48	1.9%	-18.5%
Segregated Early Weaned (SEW) Feeder Pigs (\$/head)	10.19	-26.5%	-76.7%
Iowa/So. Minn Avg Weight Barrows & Gilts (lbs)	285.6	-0.1%	-1.1%
Est. Hog Slaughter	2,375,000	-2.9%	0.5%
YTD Est. Hog Slaughter	46,970,000	N/A	1.5%
Est. Pork Production (mil lbs)	515.0	-3.0%	0.2%
YTD Est. Pork Production (mil lbs)	10,198.6	N/A	0.9%

**Cattle and Beef**

Live Wtd Avg Steer Price, 5 Area FOB (\$/cwt)	174.13	0.1%	22.2%
Dressed Wtd Avg Steer Price, 5 Area Del (\$/cwt)	279.48	-0.5%	22.1%
Boxed Beef Cutout, Choice (\$/cwt)	306.63	-0.9%	19.3%
Boxed Beef Cutout, Select (\$/cwt)	284.76	-1.3%	17.1%
Boxed Beef, Choice/Select Spread (\$/cwt)	21.87	0.95	8.10
By-Product Drop Value, Steer (\$/cwt live)	13.10	0.2%	N/A
CME Feeder Cattle Index (\$/cwt)	200.58	0.6%	28.3%
Est. Cattle Slaughter	646,000	3.7%	-0.8%
YTD Est. Cattle Slaughter	11,925,000	N/A	-3.1%
Est. Beef Production (mil lbs)	526.5	3.5%	-1.0%
YTD Est. Beef Production (mil lbs)	9,789.8	N/A	-4.7%

**Lamb and Veal**

Slaughter Lamb, Negotiated, Live Wtd Avg Price (\$/cwt)	156.00	1.9%	-27.0%
Lamb Carcass Cutout (\$/cwt)	443.35	-0.9%	-24.5%
Est. Sheep Slaughter	35,000	0.0%	9.4%
YTD Est. Sheep Slaughter	688,000	N/A	6.3%
Est. Lamb Production (mil lbs)	2.2	4.8%	0.0%
YTD Est. Lamb Production (mil lbs)	44.2	N/A	2.1%
Veal Carcass Wtd Avg Packer & Non-Packer Owned (\$/cwt)	422.34	-0.7%	3.4%





**Weekly Livestock, Poultry & Grain Market Highlights**  
**May 15, 2023**

**Grain**

	<b>Current Week</b>	<b>Change From Past Week</b>	<b>Change From Past Year</b>
Central Illinois Avg Corn Price (\$/bu)	6.1600	0.2%	-21.6%
Central Illinois Avg Soybean Price (\$/bu)	13.8800	-3.9%	-18.4%
Central Illinois 48% Soybean Meal, Rail (\$/ton)	438.90	1.6%	2.0%
Hard Red Winter Wheat Truck to Kansas City (\$/bu)	9.4200	4.9%	-26.8%
Dark Northern Spring Wheat, 14%, MN, Rail (\$/bu)	10.4600	2.7%	-29.3%
Soft White Wheat Portland (\$/bu)	7.2143	0.0%	-35.3%
Sorghum, Kansas City, Truck (\$/bu)	6.3475	0.8%	-17.1%

**Broilers**

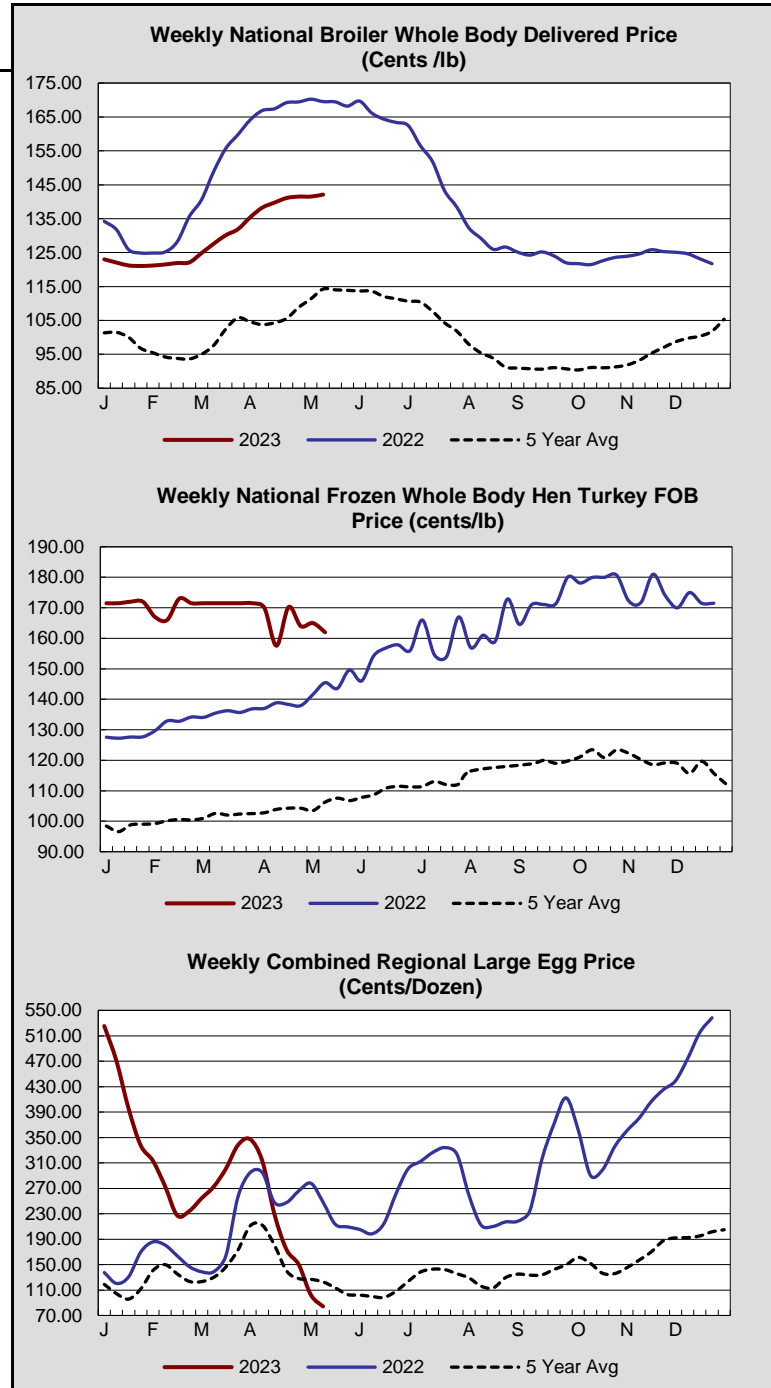
Nat'l Delivered Whole Body Price (cents/lb)	142.11	0.4%	-16.5%
Est. Young Chicken Slaughter - Current Week (000's)	159,335	1.8%	N/A
Actual Slaughter of Young Chickens (000's)	166,543	0.4%	2.2%
YTD Actual Slaughter of Young Chickens (000's)	2,985,187	N/A	1.1%
Actual RTC Pounds of Young Chickens (000's)	803,737	-0.3%	2.7%
YTD RTC Pounds of Young Chickens (000's)	14,415,290	N/A	1.5%

**Turkeys**

Nat'l FOB Frozen 8-16 lb. Hens, Wtd Avg Prices, cents/lb	161.96	-1.8%	14.4%
Actual Slaughter of Turkeys (000's)	4,049	-2.6%	23.1%
YTD Actual Slaughter of Turkeys (000's)	67,536	N/A	0.8%
Actual RTC Pounds of Turkeys (000's)	101,205	-3.7%	22.8%
YTD RTC Pounds of Turkeys (000's)	1,732,973	N/A	-1.3%

**Eggs**

Combined Regional Large Eggs (cents/dozen)	84.18	-17.6%	-69.7%
National Shell Egg Inventory (30 doz. Cases/000,s)	1432.7	-5.4%	N/A
Shell Egg Demand Indicator (SEDI)	-19.00	0.09	-12.20
Central States Breaking Stock Av. Price (cents/dozen)	41.50	3.8%	-78.4%
National Breaking Stock Inventory (30 doz. Cases/000's)	332.6	-9.9%	N/A
Eggs Broken Under Federal Inspection (30 doz cases)	1,675,842	6.8%	11.4%
YTD Eggs Broken Under Federal Inspection (30 doz cases)	26,215,693	N/A	-4.6%



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



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Market Update — May 12<sup>th</sup>, 2023

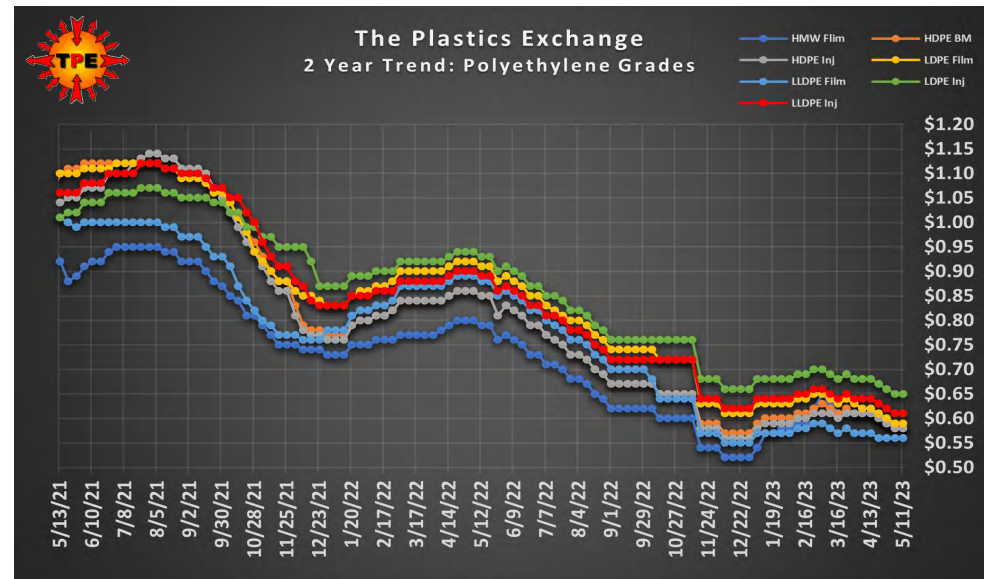
After a healthy few weeks of activity, spot resin trading reverted back to a steady flow of below-average business more like we have typically seen during 2023. Our Prime Polyethylene and Polypropylene prices held flat as business became a bit more challenging amid additional upstream inventory growth and only scattered buying interest. There was a good smattering of both PE and PP offgrade railcars available in the spot market, and while some sold, offers seemed to accumulate. Prime railcars could be ordered with a little lead time. There was good demand for packaged truckloads for prompt shipment, some fringe commodity grades were scarce, and when found, buyers willingly paid a premium. We saw decent export interest, but Houston levels did not necessarily support incremental sales through the secondary market. Producers have increases nominated for May PE and PP contracts, but we do not see much of a chance for implementation.

The Polyethylene market was slightly less active compared to the previous week as demand eased as material availability has grown. Ineos lifted its Force Majeure on HDPE at its La Porte facility in Texas, leaving 3 producers with FMs still in place for now. Spot PE prices held flat having already come off over the past several weeks. Relatively heavy offerings of widespec railcars continued and prime material was available for the asking. Resellers were eager to flip railcars so competitive offers were plentiful, though they have also thinned their inventories creating some sourcing challenges for packaged truckloads. LLDPE and LDPE film grades transacted the most on our platform, followed by HDPE blow molding, with little interest seen for PE injection grades. Meanwhile, Shell's PE facility in the Northeast is scheduled to be down until Q3.

According to preliminary figures released by the American Chemistry Council, domestic Polyethylene sales dropped off considerably in April after producers managed to implement their \$.03/lb increase in March, which was not supported in the spot market. Though resin reactor rates were dialed back down, this fall off in demand, including lighter exports, the lowest since Oct and somewhat due to competitive international offers, caused upstream inventories to swell significantly for a second straight month.

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.

Resin for Sale 15,190,454		Spot Range		TPE Market	
Resin	Total lbs	Low	High	Bid	Ask
HDPE - Inj	2,479,588	\$ 0.510	\$ 0.600	\$ 0.530	\$ 0.580
PP Homo - Inj	2,456,958	\$ 0.470	\$ 0.600	\$ 0.500	\$ 0.570
LDPE - Film	2,153,544	\$ 0.560	\$ 0.620	\$ 0.540	\$ 0.590
LLDPE - Film	1,875,362	\$ 0.510	\$ 0.580	\$ 0.510	\$ 0.560
PP Copo - Inj	1,785,576	\$ 0.500	\$ 0.640	\$ 0.550	\$ 0.620
LLDPE - Inj	1,672,300	\$ 0.530	\$ 0.630	\$ 0.560	\$ 0.610
HDPE - Blow	1,455,036	\$ 0.520	\$ 0.600	\$ 0.530	\$ 0.580
HMWPE - Film	768,440	\$ 0.510	\$ 0.580	\$ 0.530	\$ 0.580
LDPE - Inj	543,650	\$ 0.550	\$ 0.620	\$ 0.600	\$ 0.650



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## Market Update — May 12<sup>th</sup>, 2023

Undeterred by these negative fundamentals, producers continue their pursuit of a nickel increase for May before the unpredictable summer hurricane season. Given plentiful supplies and the soft spot market, we feel that the May increase is unlikely to take hold and just keeping the March increase intact might be considered a win upstream.

The Polypropylene market remained soft heading into mid-month; buyers sought truckloads more than railcars and spot prices managed steady after already giving back the bulk of their 2023 gains. Contracts have also been unwinding their steep increases, with \$.11/lb relinquished in April and another sizable chunk expected to come off in May, alongside the imminent PGP cost decrease. Ineos lifted its Force Majeure on PP out of La Porte, TX and even though one other FM remains, there has generally not been an issue in obtaining material. There was good demand for somewhat scarce Copolymer and processors were willing to pay a premium for spot supplies of No Break resins in a variety of melt flows. Preliminary April PP supply/demand data showed a sizable drop in year over year domestic sales, but they did come in about average compared to the past 8 months. Reactors ran just under 75% capacity for the third month in a row while exports grew nicely, all together contributing to a fourth straight monthly inventory increase, albeit a relatively small one. We encourage you to subscribe to the ACC for the specific figures.

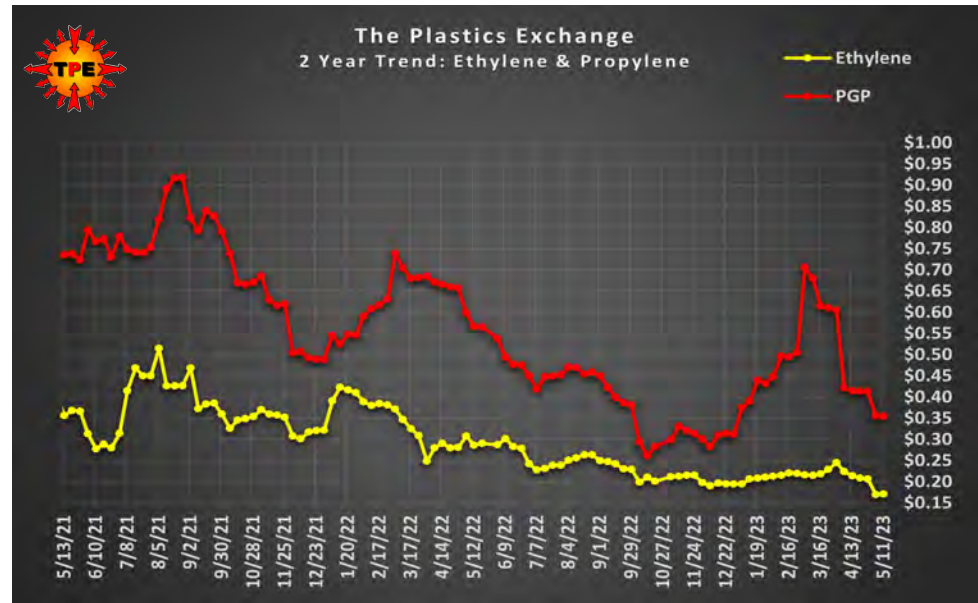
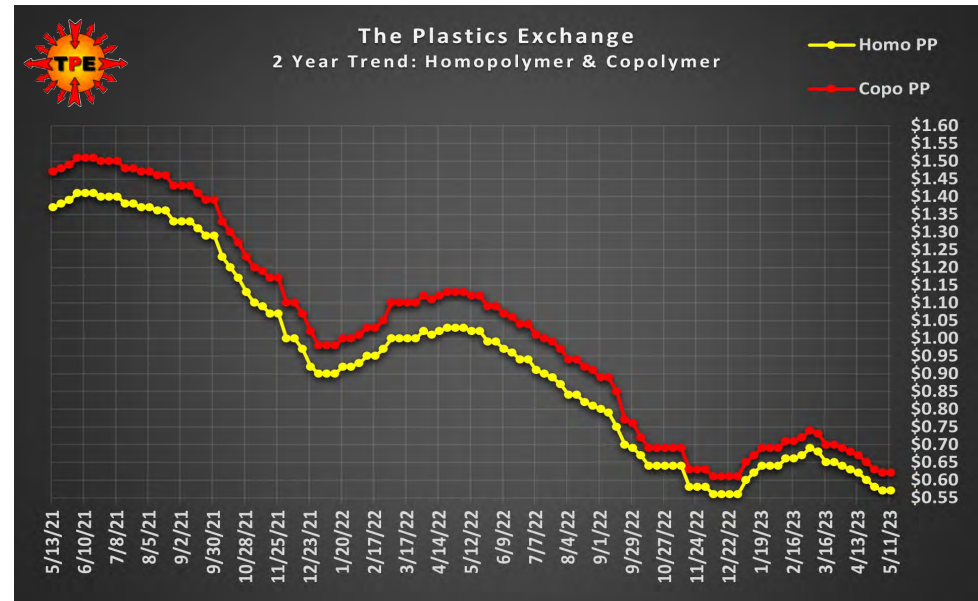
Monomer markets were active, transacted volumes were heavy through Wednesday, and prices were fractionally lower. On Monday, May Ethylene in TX traded at \$.175/lb, while selling twice at \$.155/lb in Louisiana, noting the 2-cent geographic spread. Prompt monomer in both locations gained a half-cent on Tuesday, 2H'23 TX deliveries confirmed at \$.1875/lb and 1Q'24 was agreed at \$.195/lb. On Wednesday the focus returned to LA and spot May Ethylene transacted four separate times at \$.155/lb. The 2-cent TX premium remained when May material dealt at \$.175/lb and several more forward deals were done at a nice contango. Traders bantered during the balance of the week and spot softened with May Ethylene ending fractionally lower at \$.16875/lb, the forward curve moved along with prompt and remained in contango.

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MARKET UPDATE

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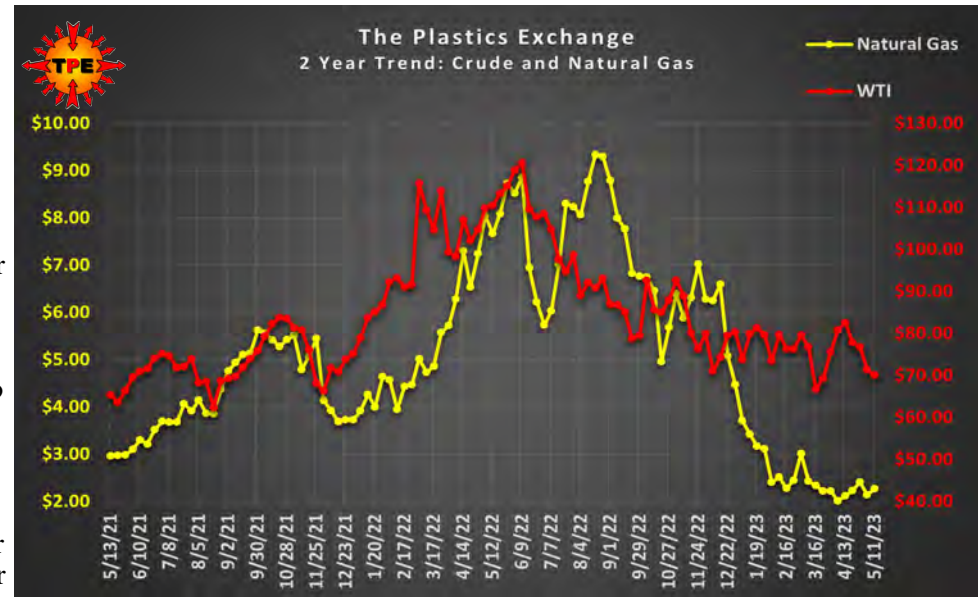
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## Market Update — May 12

Polymer Grade Propylene also saw solid early week interest; on Monday, May PGP exchanged hands twice at \$.355/lb and a deal for June PGP was also completed a shade under \$.36/lb. Prices slipped on Tuesday and multiple transactions were seen done, May PGP swapped ownership twice at \$.3525/lb, June transacted at \$.35375/lb, a deal for June-July Propylene deliveries was inked at \$.355/lb and 1Q '24 PGP traded four separate times at \$.385/lb. On Wednesday, June PGP changed hands twice at \$.345/lb. The prompt market was offered lower on Thursday but recovered Friday and the weighted spot May PGP average ended the week slightly lower at \$.3525/lb. The forward curve remained in a normalized contango, though all deferred months stayed below \$.40/lb. As a reminder, April PGP contracts decreased \$.11/lb to \$.47/lb, given May activity to date and current spot levels, we expect another large contract decrease in the high single digits this month.

The Energy Complex was mixed amid reduced volatility as Crude Oil declined for a third straight week on the back of a recovering US dollar and overall ongoing economic concerns. Nat Gas prices picked up after the US oil and gas rig count recorded its largest weekly decline since Feb 2016, and fell to its lowest level since June 2022, according to a weekly report from Baker Hughes. June WTI reached the week's high of \$73.89/bbl on Wednesday before shifting direction and sliding nearly \$4/bbl to penetrate the \$70/bbl level on Friday, June WTI then settled at \$70.04/bbl, down a net \$1.30/bbl on the week. In Brent Oil, the market took its typical path alongside WTI, posting a high of \$77.60/bbl midweek before losing \$3.57/bbl to a low of \$74.03/bbl on Friday. Brent went into the weekend at \$74.17/bbl, down a net \$1.30/bbl. June Nat Gas rose from a Monday low of \$2.14/mmBtu and gained 19.5 cents over the week to hit a Friday high of \$2.335/mmBtu. The market set back a bit before the close and June Nat Gas finished Friday at \$2.266/mmBtu, up 13 cents on the week. NGLs were also mixed; Ethane notched a quarter-cent gain to \$.20/gal (\$.084/lb) while Propane dropped just 3-cents to \$.66/gal (\$.186/lb).



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MARKET UPDATE

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**05/19/2023**
**Dairy Market**

BLOCK:	Up .0350	@ \$ 1.5350	5 Sales
BARRELS:	Up .0275	@ \$ 1.4700	15 Sales
BUTTER:	Unchanged	@ \$ 2.4600	0 Sales
NFDM Grade A:	Unchanged	@ \$ 1.1525	3 Sales
CME Dry Whey	Down .0050	@ \$ .2650	13 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>
05/15/2023	1.4700	Down .0600	10	1.4750	Down .0150	4	-0.0050
05/16/2023	1.5050	Up .0350	4	1.4475	Down .0275	12	0.0575
05/17/2023	1.5400	Up .0350	8	1.4550	Up .0075	12	0.0850
05/18/2023	1.5000	Down .0400	8	1.4425	Down .0125	11	0.0575
05/19/2023	1.5350	Up .0350	5	1.4700	Up .0275	15	0.0650
<b>Average Market:</b>	<b>1.51</b>		<b>35</b>	<b>1.458</b>		<b>54</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>
05/15/2023	2.4375	Up .0375	3	1.1650	Down .0050	3
05/16/2023	2.4375	Unchanged	0	1.1650	Unchanged	0
05/17/2023	2.4600	Up .0225	4	1.1650	Unchanged	0
05/18/2023	2.4600	Unchanged	2	1.1525	Down .0125	3
05/19/2023	2.4600	Unchanged	0	1.1525	Unchanged	3
<b>Average Market:</b>	<b>2.451</b>		<b>9</b>	<b>1.16</b>		<b>9</b>

<u>Date</u>	<u>Dry Whey</u>	<u>Dry Whey Change</u>	<u>Dry Whey Sales</u>
05/15/2023	0.3025	Unchanged	15
05/16/2023	0.2975	Down .0050	20
05/17/2023	0.2875	Down .0100	13
05/18/2023	0.2700	Down .0175	14
05/19/2023	0.2650	Down .0050	13
<b>Average Market:</b>	<b>0.2845</b>		<b>75</b>

**--Year Ago--**

<u>Date</u>	<u>Blocks</u>	<u>Barrels</u>	<u>Butter</u>	<u>NFDM Grade A</u>	<u>Dry Whey</u>
05/17/2022	2.3700	2.4500	2.7700	1.7450	0.4975
05/18/2022	2.3750	2.4500	2.7925	1.7450	0.5025
05/19/2022	2.3800	2.4000	2.8275	1.7900	0.5000
05/20/2022	2.3800	2.3475	2.8500	1.8000	0.5075



# UDDER INTELLIGENCE

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# Udder Intelligence



May 18, 2023

Understand · Simplify · Succeed

## What you need to know

- GDT was a little weaker than expected with SMP -1.6%, AMF -4.5%, WMP +0.3%
- Mar. EU exports were stronger than expected, up 8.7% with SMP exports up 42%
- Dec-23 U.S. corn fell below \$5.00/bu., but that still leaves breakeven Class III milk price near \$18.55

## Dairy Prices (USD)

Cheese				WMP			
	Last (lb.)	Chg.	Last (MT)		Last (lb.)	Chg.	Last (MT)
CME Blocks (Wk Avg)	\$1.51	-\$0.10	\$3,322	US	\$2.10	\$0.00	\$4,630
CME Barrels (Wk Avg)	\$1.45	-\$0.06	\$3,206	Dutch	\$1.65	\$0.01	\$3,628
EU Gouda	\$1.63	\$0.00	\$3,601	GDT (Avg)	\$1.47	\$0.01	\$3,244
GDT Cheddar (Avg)	\$2.00	-\$0.07	\$4,407				

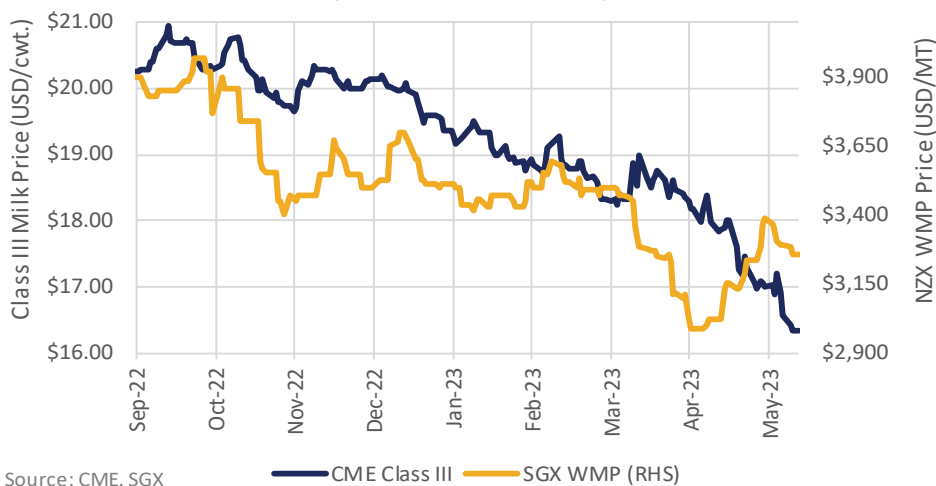
Butter				Dry Whey			
	Last (lb.)	Chg.	Last (MT)		Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$2.45	\$0.04	\$5,395	Central US	\$0.35	-\$0.03	\$772
EEX Index	\$2.29	-\$0.02	\$5,041	EEX Index	\$0.31	-\$0.01	\$686
GDT (Avg)	\$2.30	\$0.05	\$5,068	US WPC34	\$1.09	-\$0.05	\$2,403
				US Lactose	\$0.26	\$0.00	\$562

SMP/NFDM				Rennet Casein			
	Last (lb.)	Chg.	Last (MT)		Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$1.16	-\$0.02	\$2,557	US	\$4.75	\$0.00	\$10,472
EEX Index	\$1.19	\$0.01	\$2,628				
GDT (Avg)	\$1.25	-\$0.01	\$2,766				

Sources: CME, USDA, EEX, GlobalDairyTrade, Dutch Dairy Board, Trigona, FRED USD/euro rate used: 1.083, -0.011

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



Source: CME, SGX

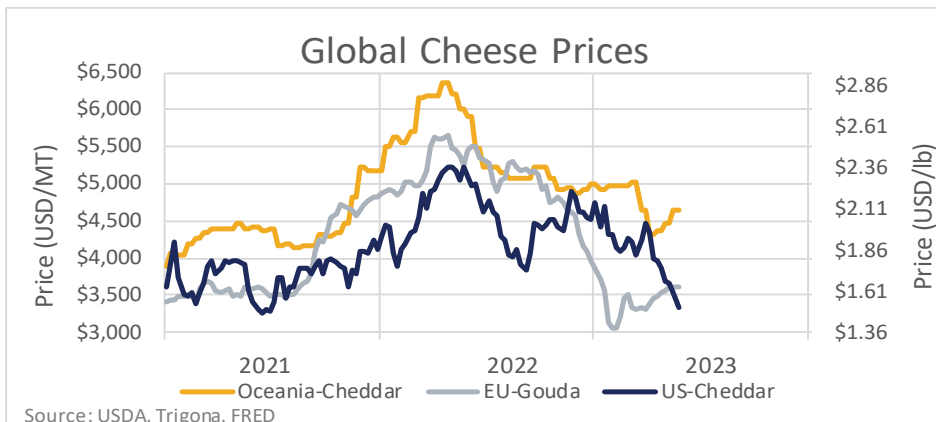
## Market Summary

Sentiment has turned weaker across all dairy products in the U.S. this week. CME spot prices for everything other than butter were down with block cheese down particularly hard. At the same time, prices were a little firmer in Europe and mixed at GDT. U.S. cheese prices might need to stay on the weak side for a while to regain some export demand, but in general the market is likely carving a bottom as milk production peaks across the northern hemisphere and margins tighten for dairy farmers (which should slow production later this year/early 2024). Lower feed prices will help margins later this year, but the cost of production remains relatively high even with \$5.00 corn. USDA will release the April Milk Production report Friday, I expect U.S. production up 0.6% YoY.



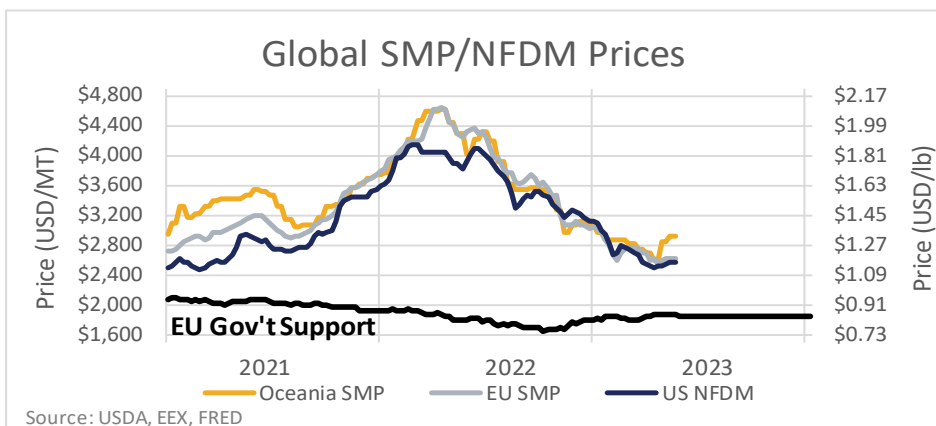
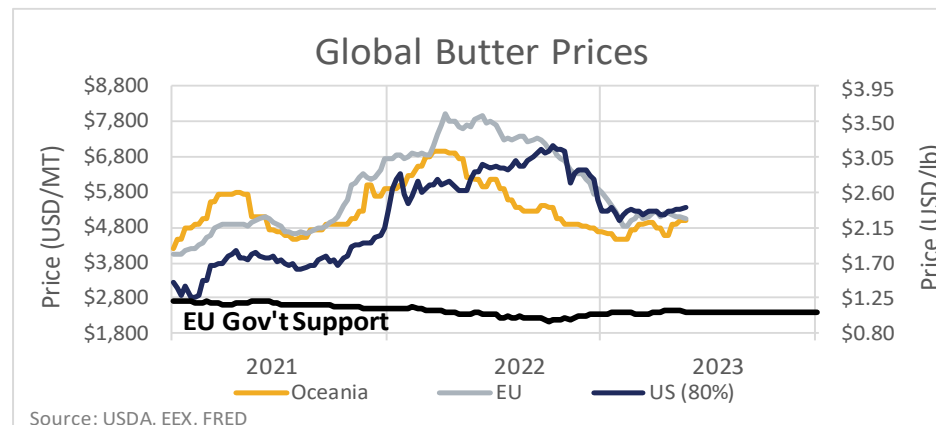


## Product Markets



**Butter:** The CME spot butter price was bid higher this week. Cream is available and butter production is still strong, so the strength is a little strange. I think the market has a little downside risk (\$2.36 / \$5,200) in the next month before it starts to trend higher on seasonal strength and slowing production growth. EU butter was steady to higher with the cream market continuing to tighten.

**Cheese:** CME spot cheese prices fell into the \$1.40s (\$3,250/MT) on Monday, blocks then bounced a little higher, but faced downward pressure again on Thursday. EU Gouda and mozzarella prices have been well below U.S. cheese prices since December which has likely taken some market share from the U.S. and is now leaving the U.S. market heavy. EU cheese prices, particularly mozzarella, were up this week in euro terms. I think CME spot prices are probably stuck in a range of \$1.50-\$1.70 (\$3,300-\$3,750) for a few months.



**Powders:** GDT SMP was slightly weaker and U.S. NFDM continued to soften, but SMP in Europe was a little higher. EU exports for March were much stronger than forecast, up 42% from last year. That has pulled estimated EU inventories slightly below year ago. I think Oceania SMP could pull back a bit to match EU/US price levels, but in general I think EU/US prices are currently forming a bottom. U.S. dry whey prices fell hard this week. U.S. high protein whey prices are still stuck at low levels, but demand seems to be improving.

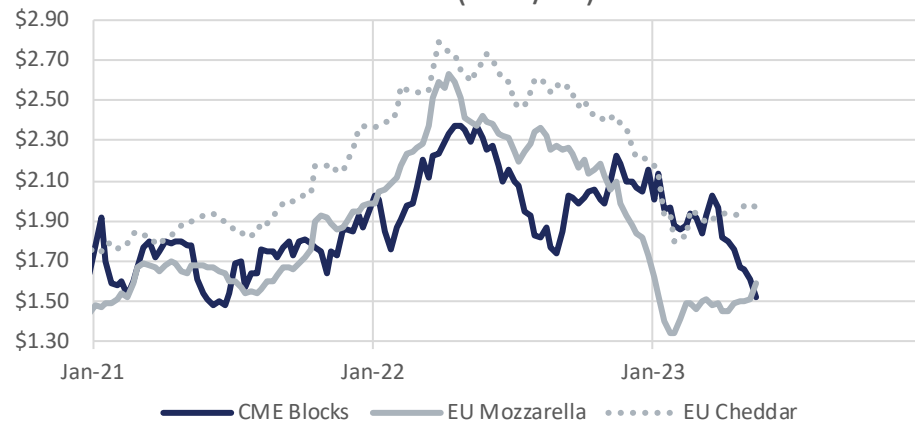


## In-Depth Analysis - U.S. Cheese Market

CME spot cheese prices have been trending down since mid-March with both blocks and barrels trading into the \$1.40s in mid-May. If spot cheese prices stay this low, it would put Class III milk into the \$14.00 range, which is a scary prospect for dairy farmers around the country. What has pushed cheese prices down to these levels?

We only have supply and demand data through March, and the fundamentals were still relatively balanced with cheese stocks still down 0.4% from last year. But there were some signs of stress that probably got worse in April and May. Total cheese production was weak, down 0.2% in March compared to last year, but Cheddar production was up 3.6% while mozzarella production was down 1.4%. European mozzarella prices collapsed in December and January, falling well below U.S. cheese prices. One important thing I should mention is that U.S. mozzarella is typically priced off of CME blocks, so for the sake of argument, assume U.S. Cheddar (CME blocks) and mozzarella prices are effectively the same.

CME Block Cheese and EU Mozzarella/Cheddar Prices (USD/lb.)



Source: CME, Trigona, StoneX Calculations

The decline in EU mozzarella prices was driven by strong milk production growth and a weakening domestic market. Export deals are often done on a quarterly basis, and despite U.S. prices being expensive relative to EU mozzarella in the first quarter, U.S. cheese exports have held up well through March. That likely started to change in April as second quarter contracts started and buyers switched over to sourcing from Europe. With U.S. mozzarella makers losing those Q2 export sales, they likely started to reduce mozzarella production and the milk was pushed into Cheddar plants which has now pushed CME spot prices lower.

What next? With the drop in CME prices, and a little firming for EU cheese prices, the U.S. prices are now at parity with Europe which should make the U.S. competitive for spot export orders. However, most of the mozzarella export deals are done on a forward basis. Despite the CME spot market being very weak, the Q3 cheese futures are still sitting near \$1.86/lb. Right now EU mozzarella for Q3 is on offer around \$1.70, so the U.S. might be competitive for spot sales, but we aren't very competitive for forward offers yet and that could keep U.S. mozzarella exports on the weak side in coming months and continue to push milk into Cheddar production.



**To: Producers Rice Mill Customers**  
**From: Gary Reifeiss, Producers Rice Mill, Inc**  
**Re: Rice Market Update: May 2023**

**Old crop, general:** The domestic market remains solid. With inflation hitting food prices hard, particularly on the value-added side, long grain rice has been a retail and foodservice staple and continues to offer value and nutrition. A bright spot in exports are Iraq's purchases of milled rice totaling over twice that of last year. Although driven by a decline in rough rice sales to Mexico, exports continue to remain soft. On balance with a smaller crop size this year, sales this year vs last year must lag somewhere.

**New crop, general:** Good weather in the mid-south has expedited new crop planting, resulting in planted long grain acres ahead of both last year and the 5-year average. With a much larger medium grain crop to plant and adverse weather, California is behind last year's planting by about 50%. No big concerns yet with time remaining to continue and complete planting.

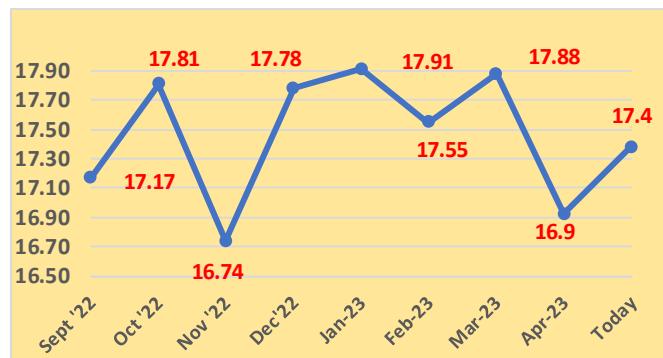
**New crop, statistics:** May is the first month that USDA reports supply vs usage estimates for the upcoming rice crop. USDA has a good track record based on history and surveys, projecting planted acres and sales to both domestic and export markets.

**Long grain:** Long grain production of new crop will be about 11% greater than last year. Before we get too excited, this increase is offset by a 32% smaller carry-in inventory, due to this year's smaller crop size and flat imports. Total long grain supply will only increase about 3% from this year. With both domestic and export sales projected to increase during the new crop marketing year, next year's ending inventories are forecasted at the same critically low levels as this year.

**Medium grain:** The drought that plagued California for several years causing drastic cuts in agriculture acres last year seems to be over. Their medium grain crop this year is up over 50%. With a smaller beginning inventory and a slight reduction in imports total supply of medium grain is still expected to increase 25%.



Rice now emerging in fields across the south.



CBOT rough rice futures from the beginning of the crop year.

**Rice Article:** A few weeks back, you may have seen articles discussing a possible worldwide rice shortage. The articles blamed weather in major rice producing countries and the war between Ukraine & Russia stating that raising wheat costs are causing an increased world demand on rice. There should be no concern for our domestic customers. The US is self-sufficient in rice production. We only consume about 65-75% of our crop, exporting the remaining. As our domestic demand increases, we simply export less. Remember, Producers is a grower/processor, controlling the total vertical supply chain.

