

# MarketNews

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USDA Livestock, Poultry  
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Market updates  
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Daily Market  
Summary



Market Report and  
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# Egg Markets

## Week of October 24, 2022

**TONE:** Retail demand fairly good to good. Supplies close to tight & held confidently. Market full steady to firm.

The regional egg markets are as follows:

	Northeast	Midwest	Central	Southeast
Lg	\$3.12	\$3.05	\$3.23	\$3.16
Md	\$2.70	\$2.65	\$2.75	\$2.70

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

October 14, 2022

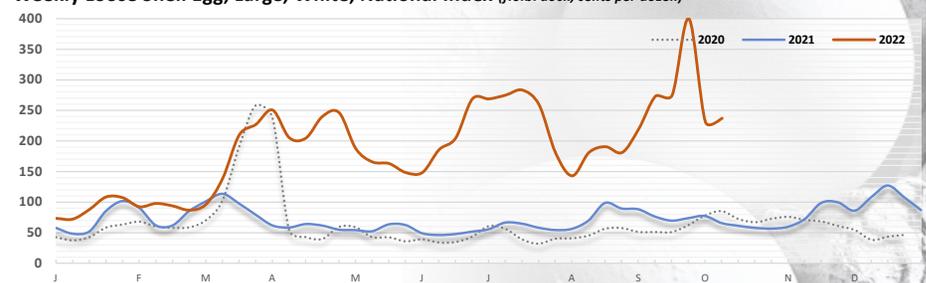
Wholesale prices for cartoned shell eggs posted sharp daily declines as the market sought a workable level. Offerings are light to moderate but supplies are adequate to ample and interest is moderate. The pace of trading is moderate. Wholesale prices for graded loose eggs firmed following early-week losses. Offerings continue light to moderate and supplies are moderate. Interest is improving and trading is moderate. The volume of trailer load loose egg sales this week increased 58% from the prior week with 14% for future delivery. Prices for national trading of trucklot quantities of graded, loose, White Large shell eggs rose \$0.06 to \$2.371 per dozen after overcoming early-week declines. The undertone is higher. The wholesale price on the New York market for Large cartoned shell eggs delivered to retailers declined \$0.52 to \$2.99 per dozen with a weak undertone. The Midwest wholesale price for Large, white, shell eggs delivered to warehouses decreased \$0.50 to \$3.52 per dozen with a lower undertone. Prices paid to producers in the Midwest for Large cartoned shell eggs declined \$0.72 to \$2.61 with a weak undertone. The California benchmark for Large shell eggs decreased \$0.50 to \$4.05 per dozen with a weak undertone. Delivered prices on the California-compliant wholesale loose egg market decreased \$0.77 per dozen to \$2.86 per dozen with a weak undertone.

Consumer demand for shell eggs crept higher over the past week despite a general lack of retail promotional activity – a reflection of good demand with eggs selling themselves without the need for grocers to incentivize sales. Grocers continue to focus their limited feature activity on specialty shell eggs, many of which have feature prices comparable to conventional shell eggs. Demand remains atypical for this time of year and has some marketers wondering if it will continue into the approaching Thanksgiving demand season, the annual high point for shell egg demand, or if consumers will be turned off. While recent pressure for supplies to feed carton demand has eased, the loose egg market is firming – signaling the potential for increasing carton business into late October. In the meanwhile, egg products manufacturers are finding offerings slightly more available and were able to build their stocks. According to the U.S. Bureau of Labor, in September, the Consumer Price Index for eggs declined 3.5%, 30% over the level of September 2021, to an average price of \$2.90 per dozen.

Promotional activity for conventional caged shell eggs in retail outlets is untested this week as retailers continue to avoid incentives to better manage supplies. Promotional activity for specialty shell eggs slows with cage-free and organic offerings accounting for most features. Feature activity for [UEP-defined cage-free](#) shell eggs continues at a limited pace and accounts for 36% of all shell egg types on feature. The average ad price gains \$0.18 to \$3.07 per dozen, its highest level in 2022 to-date, and the average ad price spread between 12-packs of Large caged eggs and UEP cage-free eggs is not measurable this week as caged eggs are not tested.

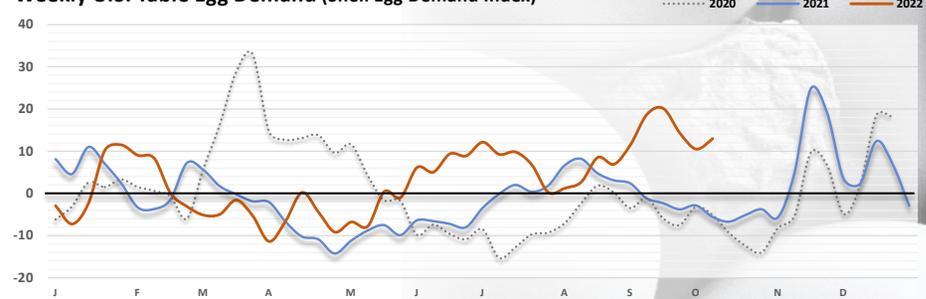
The overall inventory of shell eggs declined 3% and the nation-wide inventory of Large eggs posted a 4% decline. Stocks of Large eggs in the key Midwest production region

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



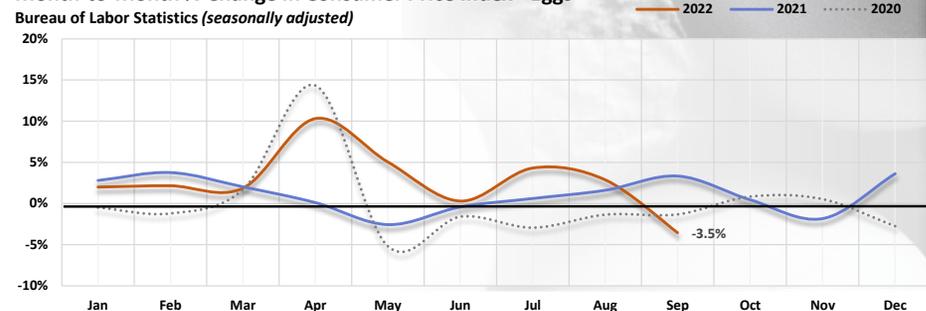
Source: USDA AMS L&P Livestock, Poultry, and Grain Market News

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



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

Month-to-Month % Change in Consumer Price Index - Eggs



Source: Bureau of Labor Statistics

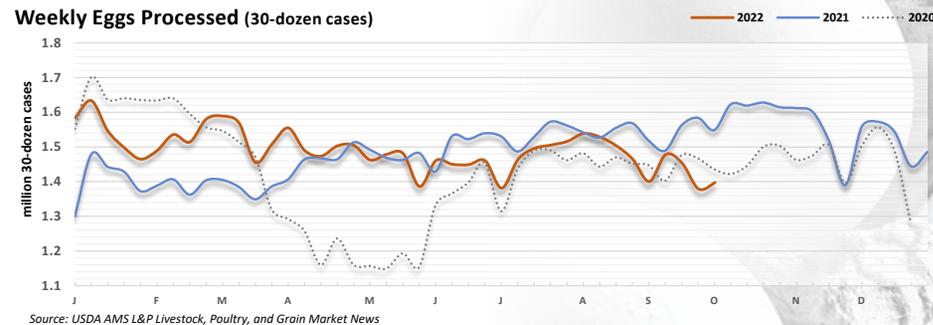
were down 12.5% in a period when marketers would typically be looking to begin building inventory for the coming Thanksgiving demand season. The inventory share of Large class shell eggs lost 0.5% to a 52% share of all shell egg stocks on inventory at the start of the week. Stocks of cage-free eggs were down 2% as these types continue to clear at a consistent pace with little need of retail incentives. The inventory of nutritionally-enhanced shell eggs declined 2% and stocks of organic eggs rose 5%. Breaking stock inventories swelled by nearly 15% as spot market availability has increased. Total estimated table egg production with latest NASS data was unchanged from last week and from last year with an estimated deficit of 3.9 million cases from last year. According to the U.S. Bureau of Labor, in September, the Producer Price Index for Large shell eggs rose 14.6%, nearly twice the level recorded in September 2021.

Wholesale prices for breaking stock in the Central States declined \$0.43 to \$2.40 per dozen with a steady undertone. Offerings and supplies are light to moderate on mixed trading and full schedules. The volume of eggs processed over the past week gain just over a percentage point, representing a 28.5% share of weekly table egg production. Production of whole egg was down about 2.5% while whites and yolks were both up, whites by nearly 10% and yolks by 4%. Production of dried egg was down 2% inedible production was up just under a percentage point. Breaking yields without inedible were down slightly to 41.51 pounds per case broken.

Wholesale prices for most liquid egg products are untested with some liquid yolk trading at largely unchanged levels. Offerings are light, demand is moderate to good, and trading is moderate to active. Prices on frozen whole eggs gained \$0.16 to \$2.76 per pound and those for frozen whites were up \$0.15 to \$1.75 per pound. The undertone is firm. Offerings are light while supplies are mostly light and held with confidence. Demand is moderate to good and trading is moderate to active. Prices for dried whole eggs increased \$0.50 \$13.75 per pound while those for dried yolk were unchanged at \$16.30 per pound. Dried albumen prices were untested. The undertone is steady. Offerings are light to moderate, supplies very light to light with moderate to good interest. Trading is moderate to active.

According to NASS, the August monthly volume of frozen eggs in storage increased 12% from July, 4% below the year ago level. Stocks of whole frozen egg gained 16% from last month and were 10% under year ago levels. The share of whole egg stocks rose 2% to a 38% share of total frozen stocks. Stocks of frozen yolk increased 21%, 13% over last year's level. Stocks of frozen egg whites increased 1% to a level 6% over 2021. Stocks of unclassified eggs saw a 10% rise, 2% under 2021 levels. The share of unclassified frozen stocks decreased 1% to 48% of total frozen stocks.

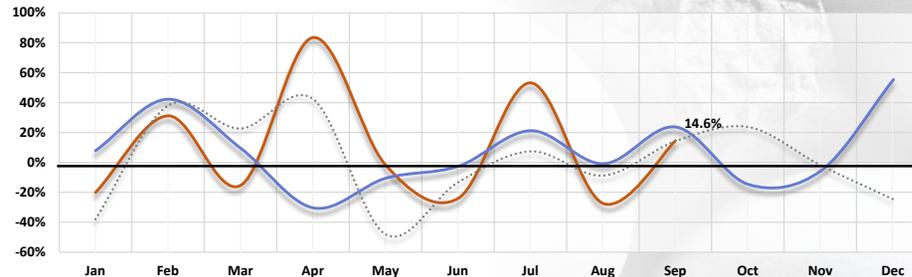
Cage-free commitments as of September 2022 remain about unchanged, requiring 66.7 billion cage-free eggs per year to meet 100% of needs from an approximate cage-free flock of 221.5 million hens (72.5% of the U.S. non-organic flock), indicating a shortage of 134.5 million hens from the current non-organic cage-free flock of 87 million hens. The average lay rate for non-organic, barn/aviary cage-free production is currently estimated at 82.9%.



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

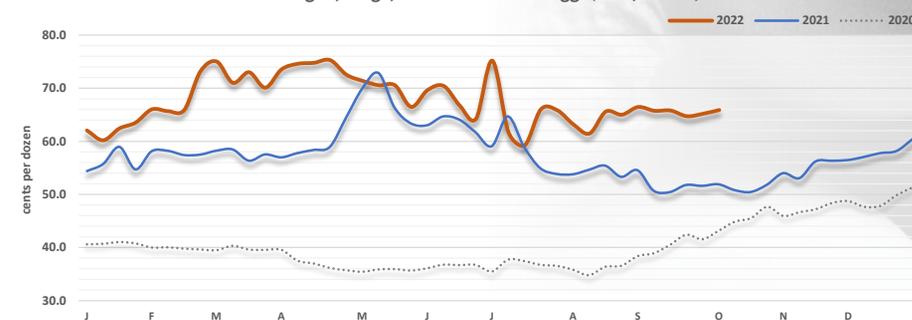
Eggs Processed - Week-to-Week Change						
total	share	whole	whites	yolks	dried	inedible
1.3%	0.3%	-2.4%	9.7%	4.3%	-2.0%	0.7%

Producer Price Index Monthly Percent Change - Large Shell Eggs (WPU01710703) Bureau of Labor Statistics



Source: Bureau of Labor Statistics

Estimated Feed Cost to Produce Caged, Large, White Table Shell Eggs (cents per dozen)

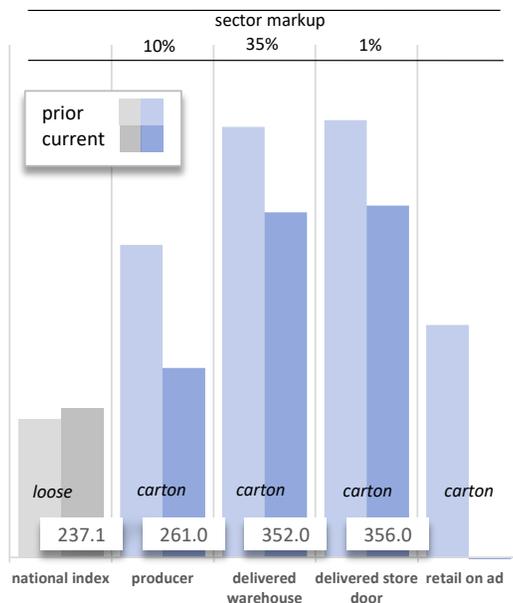


Source: USDA AMS L&P Livestock, Poultry, and Grain Market News

## Shell Eggs Market Price Comparisons

(as of October 14, 2022)

(National Index on a loose-egg basis, all other prices for cartoned 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

	14-Oct	% Change	Recent History				
			7-Oct	30-Sep	23-Sep	16-Sep	9-Sep
<b>SHELL EGGS (Large, White, conventional in cents per dozen)</b>							
National, Loose, (f.o.b. dock prices)	237.08	3%	230.91	400.00	275.00	273.30	220.14
New York, Cartoned (price to retailers)	299.00	-15%	351.00	421.00	395.00	327.00	252.00
Midwest, Cartoned (price dlvr'd to warehouse)	352.00	-12%	402.00	361.00	288.00	225.00	208.00
California, Cartoned, benchmark (cage-free)	405.00	-11%	455.00	434.00	381.00	326.00	313.00
<b>National Retail Shell Egg (avg. ad price in dollars per dozen)</b>							
Conventional, Large, White	n/a		2.86	2.33	1.90	1.24	1.36
Cage-Free, Large, Brown	3.07	6%	2.89	2.92	2.71	2.74	2.90
<b>EGG PRODUCTS (f.o.b. dock prices; dollars per pound)</b>							
Central States Breaking Stock (dlvd prices per doz)	240.00	-15%	283.00	301.00	251.00	200.00	163.00
Whole Frozen Eggs	276.00	6%	260.00	260.00	220.00	200.00	200.00
Whole Dried Eggs	13.75	4%	13.25	13.25	11.75	11.50	11.50
Processed Share of Weekly Egg Production	28.6%	0.3%	28.3%	30.0%	30.6%	29.0%	30.4%
<b>SHELL EGG DEMAND INDICATOR (no units)</b>	13.0	2.5	10.5	14.3	20.1	18.7	11.6

Source: USDA AMS Livestock, Poultry, and Grain Market News

## Key Shell Egg Markets Snapshot - 2022

(Large, White, Conventional Shell Eggs in cents per dozen)	14-Oct	Change	07-Oct	2022 High	2022 Low
National, Loose, (f.o.b. dock prices)	237.1 ▲	3%	230.9	400.0	71.4
New York, Cartoned (price to retailers)	299.0 ▼	-15%	351.0	421.0	126.0
Midwest, Cartoned (price dlvr'd to warehouse) <sup>1</sup>	352.0 ▼	-12%	402.0	402.0	111.0
California, Cartoned, benchmark	405.0 ▼	-11%	455.0	455.0	194.0
Central States Breaking Stock (delivered prices) <sup>1</sup>	240.0 ▼	-15%	283.0	301.0	73.0
Whole Frozen Egg Products (f.o.b. dock prices)	276.0 ▲	6%	260.00	320.0	115.0
Whole Dried Egg Products (f.o.b. dock prices)	13.75 ▲	4%	13.25	16.00	4.12
Natl Average Retail Ad Price - Conventional	n/a	0%	2.86	2.92	0.86
Natl Average Retail Ad Price - Cage-free <sup>2</sup>	3.07 ▲	6%	2.89	3.07	2.11
Shell Egg Demand Indicator	13.0 ▲	2.5	10.5	20.1	-11.4

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



# FLOUR FACTS

Information Provided by General Mills Foodservice  
GeneralMillsCF.com



## Weekly Market Highlights

OCTOBER 20, 2022

- Wheat was up higher at the start of the week due to continued Black Seas tensions but has sold off through the week due to disappointing export numbers and concerns about how competitive U.S. wheat is in the world market.
- The USDA Crop Progress shows 69% of winter wheat planted, compared to 55% last week and compared to analyst expectations of 68%.
- Wednesday, Russia announced that it will be imposing a grain export quota of 25 million tons from mid-February to the end of June to ensure that enough supply is retained for domestic use. As to what the exact volumes for each grain will be, that has not yet been specified.

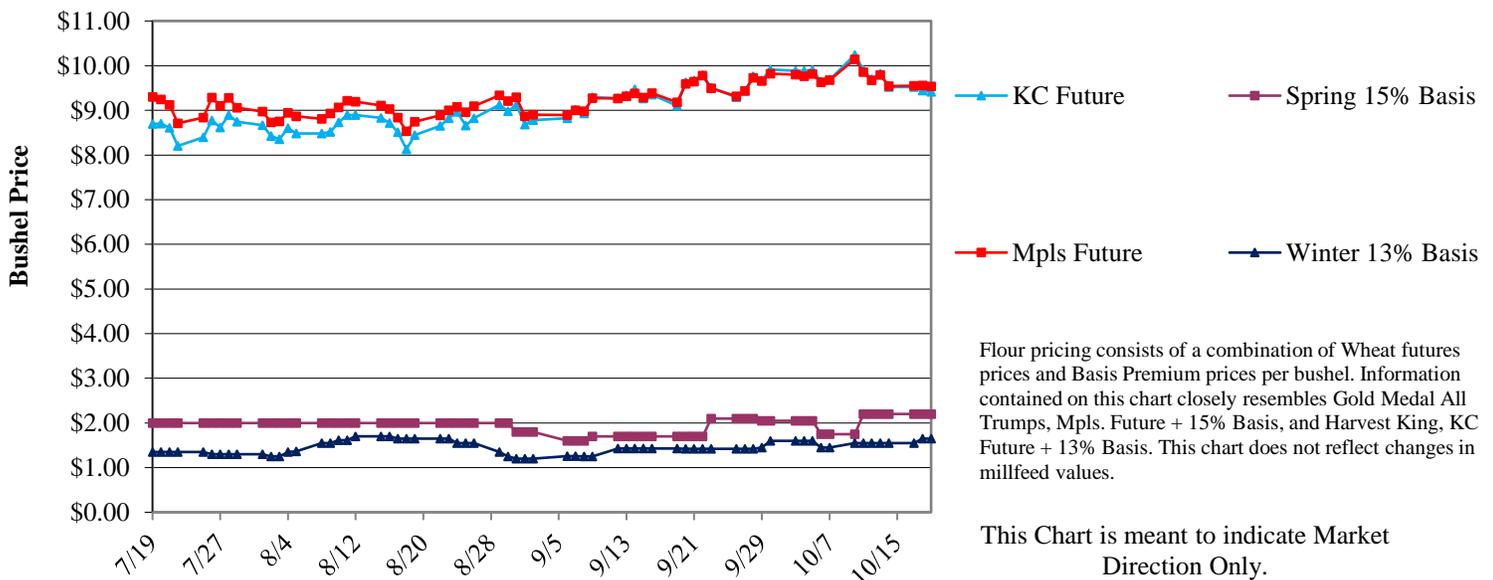
## Facts on Flour

### Hard Spring Wheat

This wheat contains the highest protein content of all the wheat classes averaging between 13.5-14.5 percent. It has superior milling and baking properties and is used to produce bread products requiring strong gluten, including hearth breads and rolls, variety breads, bagels, and thin pizza crust. It is often blended with lower protein flours to improve their bread making qualities. The four-state region of North Dakota, Montana, Minnesota, and South Dakota grows approximately ninety percent of the Hard Red Spring Wheat in the United States. Spring wheat is desired globally for its strong protein qualities.

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### 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.

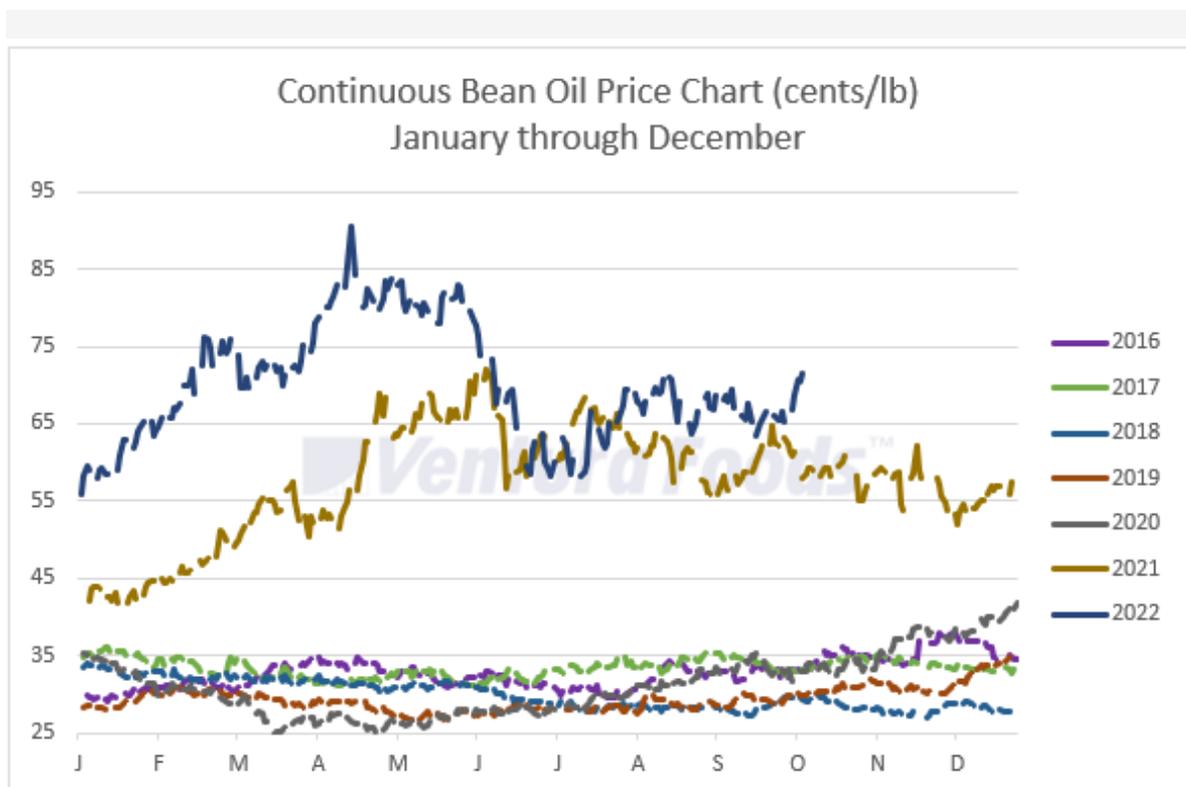


# Ventura News & Views

By Ventura Foods Oil Trading Team • Oct 21, 2022

Smart Brevity® count: 1.5 mins...370 words

<u>Commodities</u>	<u>This Week</u>	<u>Last Week</u>	<u>Last Year</u>	<u>Yr Change</u>
CBOT Soybean oil (¢/lb) Dec	71.50	65.30	62.09	15%
Soybean oil as % of crush value	46.11%	43.83%	48.67%	-5%
CBOT Soybean meal (\$/ton) Dec	417.90	418.50	327.40	28%
CBOT Soybeans (\$/bu) Nov	13.9550	13.8375	12.2050	14%
CBOT Soybean crush margin (¢/bu)	310.38	255.25	182.77	70%
Canola oil - RBD, West Coast (¢/lb)	109.50	103.30	97.09	13%
Corn oil - RBD, Midwest (¢/lb)	155.00	155.00	97.00	60%
Peanut oil - Crude, Southeast (¢/lb)	110.00	110.00	110.00	0%
Cottonseed oil - PBSY, MS Valley (¢/lb)	121.50	115.30	102.09	19%
CME Butter - AA Grade (\$/lb)	320.05	319.08	177.75	80%
Coconut oil - Crude CIF US Gulf (¢/lb)	59.00	57.50	105.00	-44%
Lard - Edible, Chicago, IL (¢/lb)	88.00	88.00	74.00	19%
Palm oil - RBD, CIF US Gulf(¢/lb)	54.25	52.75	70.00	-23%



# CBOT and Soy Factors



CBOT soybean oil futures put in a strong performance this week as prices broke above key technical resistance and closed the week up more than 9%. NOPA released September crush and month end stocks on Monday, both of which came in below analyst expectations. End of September soybean stocks were at their lowest level in 2 years, indicating a tight nearby market. US soybean harvest progress improved by nearly 20% last week, crossing the halfway point at 63% complete and trending well above the 5-year average of 52%. Record low water levels on the Mississippi River continue to restrict barge traffic, threatening Gulf exports; a significant slowdown in meal exports could limit crush processing and slow soybean oil stock builds this Fall. Futures and basis may see limited downside in the near-term as the market awaits EPA guidance on biofuel mandates scheduled to be announced on or before November 16th.

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## 2. Canola Factors



The sideways trade in canola seed futures continues as prices finished the week unchanged. Harvest is complete in Saskatchewan and nearly finished in other provinces. Early yield totals have varied widely across the country with Manitoba yield reportedly ranging between 20-60 bushels per acre. Weakness in European rapeseed oil is expected to challenge Canadian exports over the coming months. However, canola prices, particularly oil basis, could remain firm as a potential increase to renewable diesel demand could lend support to the market if the EPA formally approves the canola oil pathway as many expect.

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### 3. Palm Factors



BMD palm oil futures gained 7% on the week as excessive rains in Southeast Asia and a rally in CBOT soybean oil futures helped lift the market. Monsoon season is underway in Indonesia and Malaysia and the higher-than-normal rainfall the last couple of weeks could reduce production output that already experiences a seasonal decline now through Spring. Indonesian stocks have fallen sharply over the last few months on increased exports but remain well above normal; an extension of the export levy suspension would likely continue the drawdown in inventories. Uncertainty around an extension to the Ukraine/Russia grain corridor and a near record wide discount to competing vegoils could underpin palm oil prices.

*Have a great weekend!*

**Hogs and Pork**

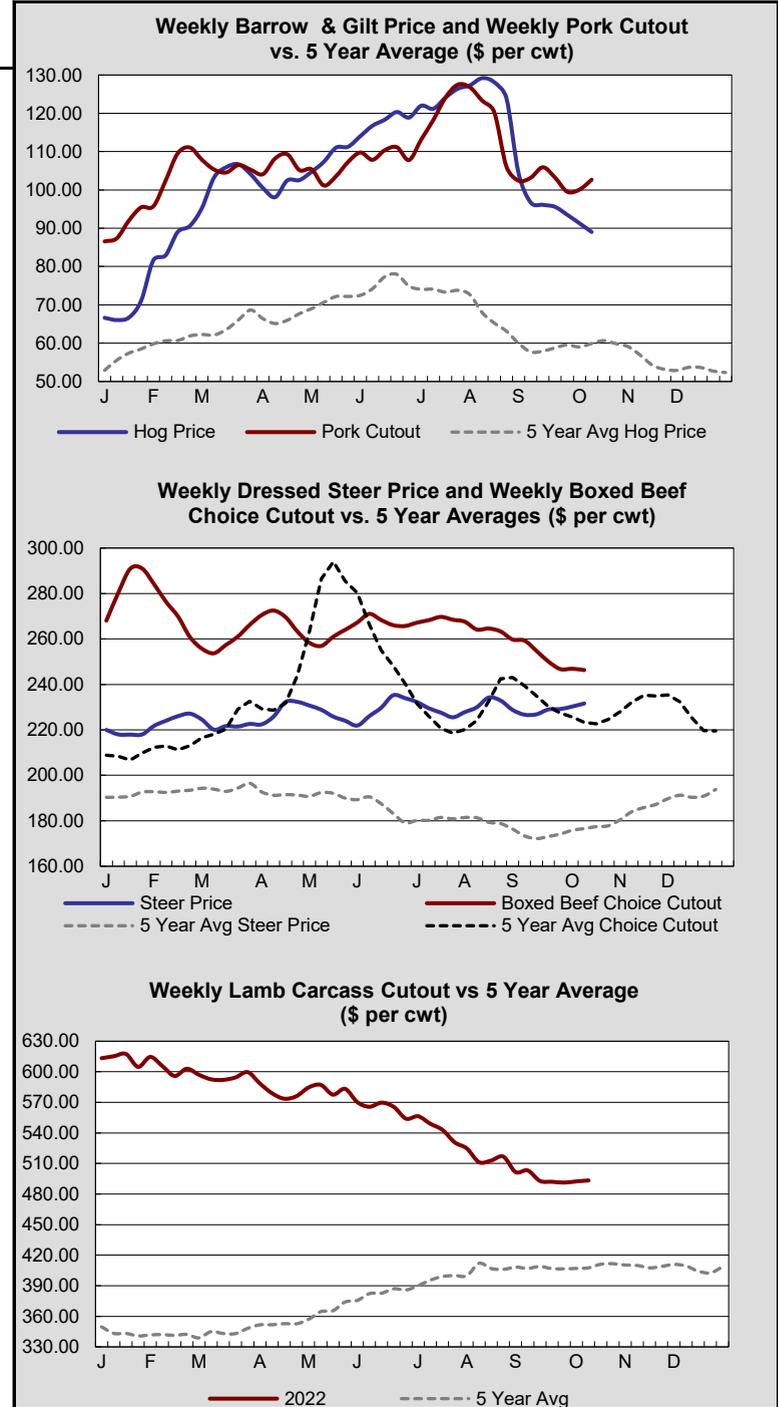
	Current Week	Change From Past Week	Change From Past Year
Nat'l Purchased Carc Wtd Avg Price - Barrows & Gilts (\$/cwt)	89.03	-2.5%	30.3%
Pork Carcass Cutout FOB Plant (\$/cwt)	102.68	2.6%	-1.8%
Segregated Early Weaned (SEW) Feeder Pigs (\$/head)	30.34	-4.7%	-39.5%
Iowa/So. Minn Avg Weight Barrows & Gilts (lbs)	282.1	0.4%	-1.3%
Est. Hog Slaughter	2,545,000	-0.5%	-3.2%
YTD Est. Hog Slaughter	97,924,000	N/A	-3.1%
Est. Pork Production (mil lbs)	540.2	-0.5%	-4.1%
YTD Est. Pork Production (mil lbs)	21,086.5	N/A	-2.5%

**Cattle and Beef**

Live Wtd Avg Steer Price, 5 Area FOB (\$/cwt)	146.99	0.5%	18.7%
Dressed Wtd Avg Steer Price, 5 Area Del (\$/cwt)	231.60	0.6%	18.3%
Boxed Beef Cutout, Choice (\$/cwt)	246.31	-0.2%	-12.2%
Boxed Beef Cutout, Select (\$/cwt)	214.74	-2.0%	-17.7%
Boxed Beef, Choice/Select Spread (\$/cwt)	31.57	3.79	12.02
By-Product Drop Value, Steer (\$/cwt live)	14.55	-1.3%	N/A
CME Feeder Cattle Index (\$/cwt)	174.11	-0.3%	13.5%
Est. Cattle Slaughter	660,000	-0.6%	2.6%
YTD Est. Cattle Slaughter	26,691,000	N/A	1.6%
Est. Beef Production (mil lbs)	547.1	-0.6%	2.2%
YTD Est. Beef Production (mil lbs)	22,014.0	N/A	1.4%

**Lamb and Veal**

Slaughter Lamb, Comprehensive, Carc. Wtd Avg Price (\$/cwt)	123.88	4.9%	-48.2%
Lamb Carcass Cutout (\$/cwt)	493.36	0.2%	-22.7%
Est. Sheep Slaughter	33,000	0.0%	-13.2%
YTD Est. Sheep Slaughter	1,368,000	N/A	-9.3%
Est. Lamb Production (mil lbs)	2.2	0.0%	-8.3%
YTD Est. Lamb Production (mil lbs)	91.7	N/A	-4.5%
Veal Carcass Wtd Avg Packer & Non-Packer Owned (\$/cwt)	438.15	-0.1%	20.1%



**Grain**

	Current Week	Change From Past Week	Change From Past Year
Central Illinois Avg Corn Price (\$/bu)	6.6500	1.1%	34.1%
Central Illinois Avg Soybean Price (\$/bu)	13.5300	1.7%	14.7%
Central Illinois 48% Soybean Meal, Rail (\$/ton)	441.86	-5.4%	39.2%
Hard Red Winter Wheat Truck to Kansas City (\$/bu)	10.1725	-1.6%	32.2%
Dark Northern Spring Wheat, 14%, MN, Rail (\$/bu)	10.9425	2.5%	0.0%
Soft White Wheat Portland (\$/bu)	9.1438	-0.7%	-12.6%
Sorghum, Kansas City, Truck (\$/bu)	6.9300	-3.5%	28.3%

**Broilers**

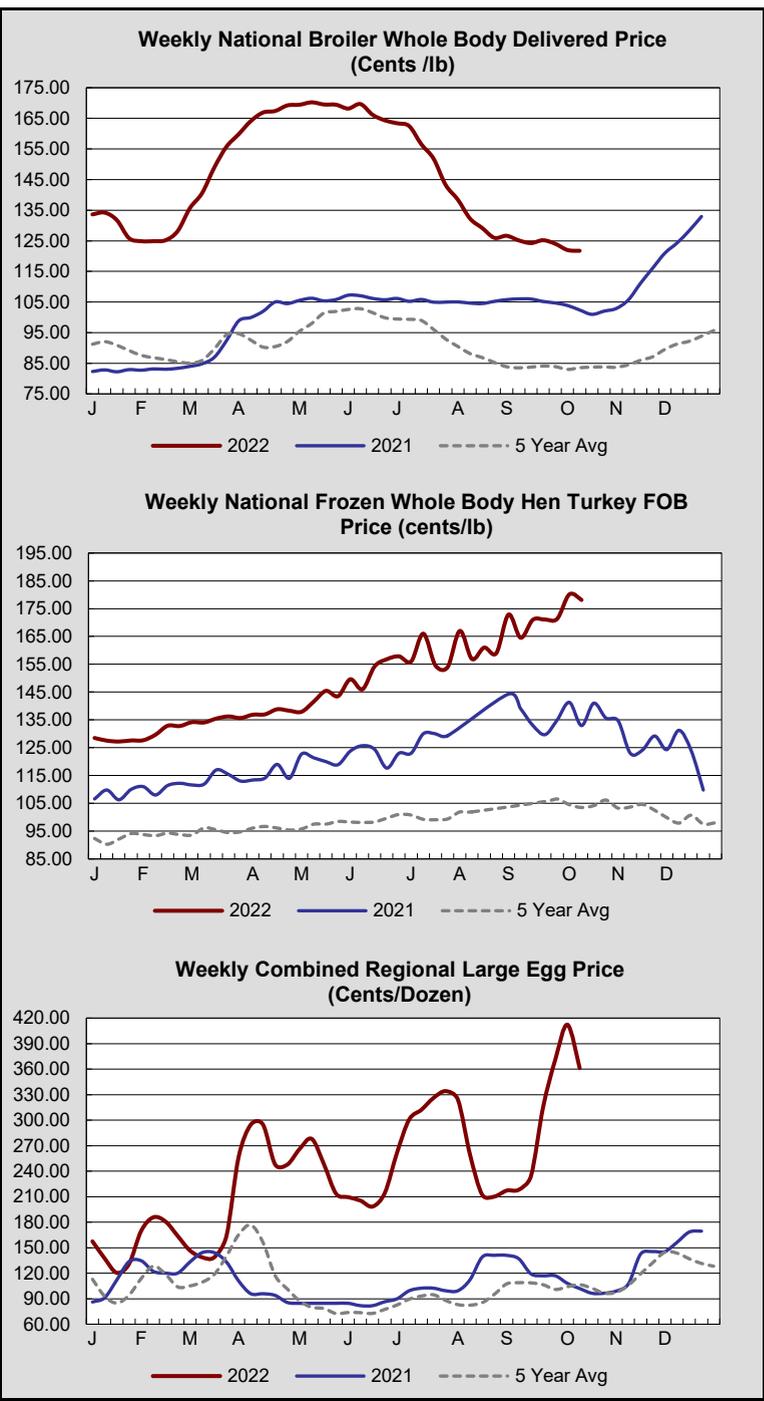
Nat'l Delivered Whole Body Price (cents/lb)	121.74	-0.2%	17.2%
Est. Young Chicken Slaughter - Current Week (000's)	165,451	-1.0%	N/A
Actual Slaughter of Young Chickens (000's)	178,109	2.6%	5.1%
YTD Actual Slaughter of Young Chickens (000's)	6,790,628	N/A	2.0%
Actual RTC Pounds of Young Chickens (000's)	897,456	2.9%	6.9%
YTD RTC Pounds of Young Chickens (000's)	32,880,880	N/A	2.1%

**Turkeys**

Nat'l FOB Frozen 8-16 lb. Hens, Wtd Avg Prices, cents/lb	178.11	-1.1%	26.0%
Actual Slaughter of Turkeys (000's)	3,909	-0.7%	-9.7%
YTD Actual Slaughter of Turkeys (000's)	149,964	N/A	-2.7%
Actual RTC Pounds of Turkeys (000's)	97,368	-2.3%	-12.0%
YTD RTC Pounds of Turkeys (000's)	3,783,519	N/A	-5.0%

**Eggs**

Combined Regional Large Eggs (cents/dozen)	361.11	-12.4%	234.5%
National Shell Egg Inventory (30 doz. Cases/000,s)	1370.9	6.6%	N/A
Shell Egg Demand Indicator (SEDI)	13.00	0.24	18.50
Central States Breaking Stock Av. Price (cents/dozen)	236.50	-14.2%	290.9%
National Breaking Stock Inventory (30 doz. Cases/000's)	332.0	4.7%	N/A
Eggs Broken Under Federal Inspection (30 doz cases)	1,397,207	1.3%	-13.9%
YTD Eggs Broken Under Federal Inspection (30 doz cases)	59,616,843	N/A	0.6%



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



# ThePlasticsExchange

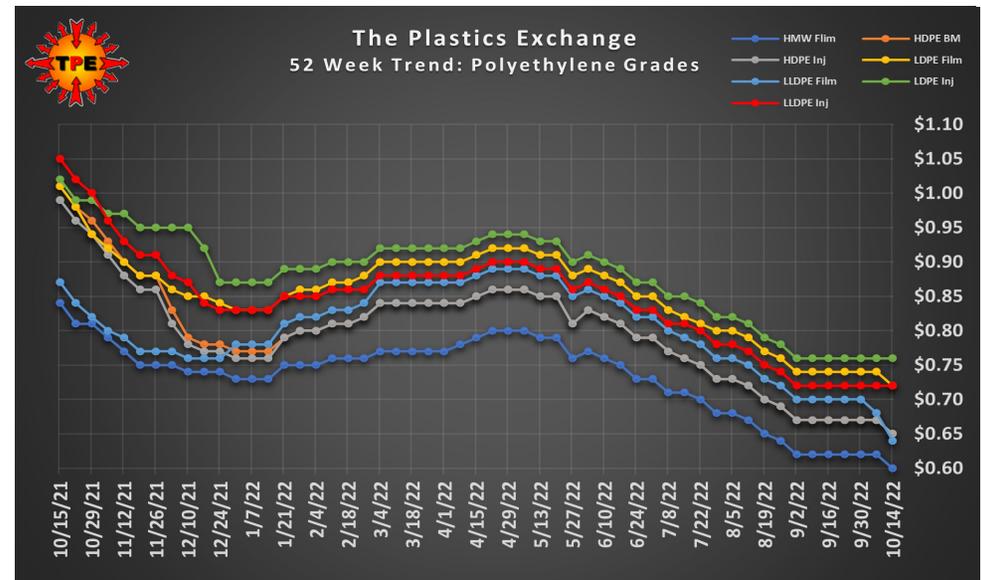
bringing the market to you

Market Update — October 14<sup>th</sup>, 2022

The spot resin markets were fairly active, the flow of buyer inquiries increased, though were at times sporadic. It was somewhat challenging to put transactions together, but our completed volumes were relatively high compared to third-quarter activity. While the lower part of the Polyethylene pricing spectrum again held firm, the top end of the Polyethylene market continued to trim and prime prices sliced off a couple cents as processors shopped their resin needs and suppliers competed for orders, compressing margins. Polypropylene prices remained under considerable pressure, and lopped off another \$.03/lb, as spot PGP prices eroded further, and the resin market remained oversupplied even as operating rates have been cut. The Petrochemical industry has so far skated through the majority of the hurricane season without a scratch, though there is a bit more to go, and just in case, PE producers have kept prices increases on the table. However, sans a nasty and disruptive storm, processors will again push for a price decrease in October to find further relief after decreases in both Aug and Sept. PP contracts will see another large drop in Oct contracts, some attributed to a cost decrease while more should also come through as a margin reduction.

Polyethylene was the dominant resin to transact through our marketplace heading into the mid-month and trading was a bit busier than the previous week. Our spot sales were spread across all PE commodity HDPE, LDPE, and LLDPE resins; Film grades were more sought than Injection, with Blow Molding picking up the rear. Polyethylene producers' efforts to rebalance supply / demand is showing evidence of success as dramatically reduced reactor rates and near-record export sales during September translated into a massive inventory drawdown of more than 575 million pounds, according to the ACC. The 2-month tally was more than 700 million lbs, even as Sept domestic PE sales were lackluster at 120 million lbs below the trailing 12-month average. This brought producers' collective Polyethylene inventories down to a level nearly 150 million lbs below where they stood at the start of 2022. So the huge discounting to encourage export sales along disciplined production is indeed starting to have a statistical impact, even though barely noticed in the domestic market, where resin supplies still remain ample.

Resin for Sale 16,006,932 lbs		Spot Range		TPE Market	
Resin	Total lbs	Low	High	Bid	Ask
PP Homo - Inj	2,832,208	\$ 0.540	\$ 0.670	\$ 0.570	\$ 0.640
PP Copo - Inj	2,754,760	\$ 0.580	\$ 0.730	\$ 0.630	\$ 0.690
LLDPE - Film	2,018,232	\$ 0.545	\$ 0.660	\$ 0.590	\$ 0.640
HDPE - Blow	1,933,816	\$ 0.570	\$ 0.680	\$ 0.600	\$ 0.650
LDPE - Film	1,686,416	\$ 0.650	\$ 0.750	\$ 0.670	\$ 0.720
LLDPE - Inj	1,631,404	\$ 0.630	\$ 0.770	\$ 0.670	\$ 0.720
HDPE - Inj	1,578,232	\$ 0.550	\$ 0.670	\$ 0.600	\$ 0.650
HMWPE - Film	1,042,760	\$ 0.570	\$ 0.670	\$ 0.570	\$ 0.640
LDPE - Inj	529,104	\$ 0.690	\$ 0.760	\$ 0.710	\$ 0.760



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

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# ThePlasticsExchange

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Market Update — October 14<sup>th</sup>, 2022

The free-fall in PE pricing appears over, though bottoming action continues, and sentiment has shifted from bearish to neutral, but not yet bullish. Spot pricing eroded quicker than contracts, so top-end pricing still has some room to slide and another contract decrease is quite possible this month. There has been an uptick in Asian resin prices and despite competitive international offers and a strong US dollar, export interest from the US remained strong during the first part of October. If elevated exports persist and producers continue to run reactors at significantly reduced rates, supply / demand should rebalance during the 4th quarter leading into the 1st quarter with typical seasonally stronger pricing. In the meantime, new capacity coming onstream will add to complexities, though it is not unexpected.

Polypropylene activity tailed off after a decent start to the month and while our completed volumes were healthy, much of it was concentrated in a series of offgrade railcar transactions rather than spread out amongst a wider group of buyers. There was some business done in Prime CoPP too, but mostly truckload transactions, so it was a smaller volume in comparison. Spot PP prices followed PGP lower and finished the week down a few cents. Our HoPP pricing has come off \$.15/lb in the past month or so, while CoPP has shed \$.20/lb, returning towards a more normal price relationship. Polypropylene producers also throttled back reactor rates dramatically in September, producing the 3rd lowest quantity of resin in 32 months, which includes the hurricane and freeze markets.

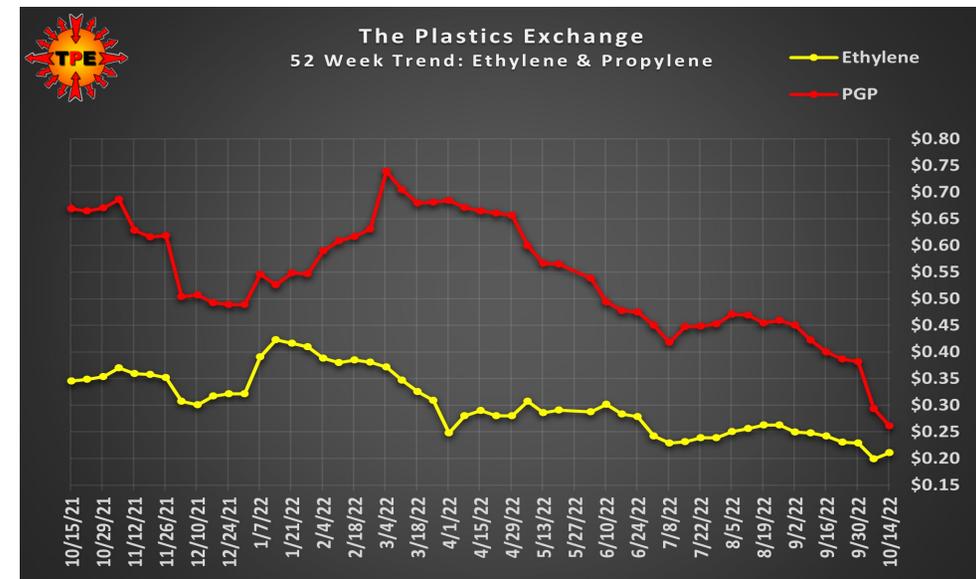
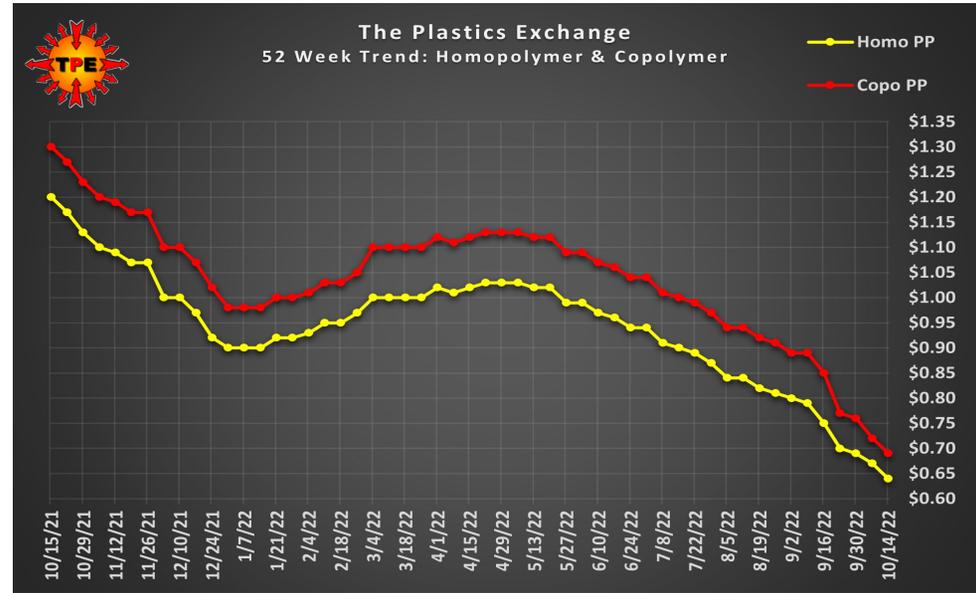
We suspected the sharp slowdown in PP production as it was occurring due to the heavy flow of offgrade railcars hitting the market alongside the dumping of spot PGP monomer that was not needed for resin. However, domestic demand in Sept was just as lethargic as production, as US buyers procured the 3rd smallest volume of PP resin in 28 months. So despite more disciplined production, PP inventories had a small 14 million lb build and the oversupply endures. Producers need to maintain drastically reduced operating rates for some time to help rebalance the market. In the meantime, we expect a very large contract decrease this month, partly from the sharp decline in PGP costs, as well as the lack of producer pricing power which impacts production margins. There is still more capacity to come online, as well as another PDH unit to make more PGP monomer.

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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Monomer market activity snapped back with vigor as overall volume was healthy and prices moved in opposite directions. Participants entered the virtual Ethylene arena on Monday morning ready to engage. Bids and offers were presented for material in both Texas and Louisiana, and a deal for spot Oct Ethylene was struck swapping delivery between those locations. On Wednesday, Oct material exchanged hands in TX at \$.215/lb and then again on Thursday morning at \$.2125/lb. Ethylene prices inched higher daily through Thursday with a slight retreat seen on Friday. At the week's end, spot Oct Ethylene had jumped up 7% to settle at \$.215/lb, a gain of nearly a penny and a half. Deferred month contracts posted gains a touch more and the forward curve's contango widened slightly.

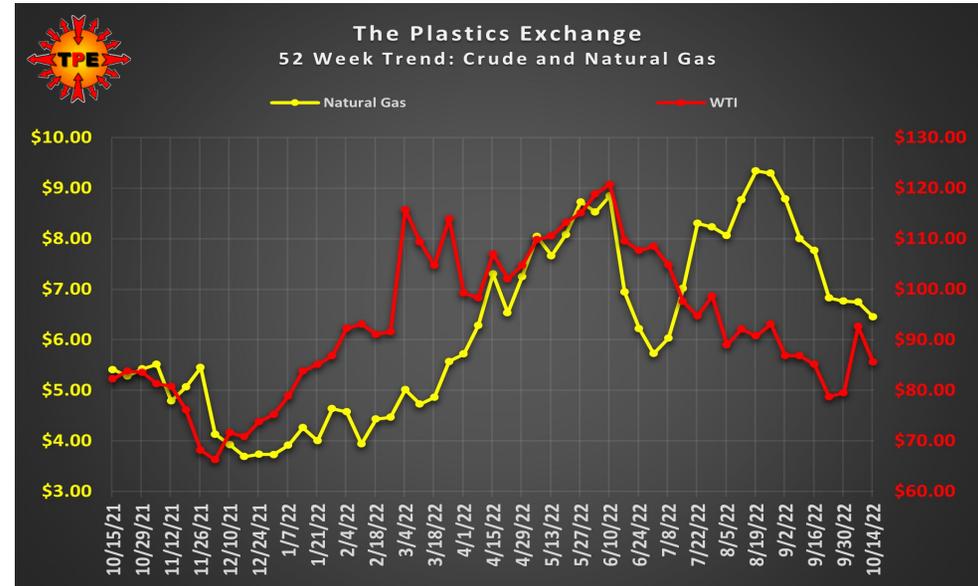
Polymer Grade Propylene saw heavy trading action with hefty volume inked. Participants were eager to test the market Monday morning with inquiries but the first completed transaction was not seen until Tuesday when spot Oct PGP was done at \$.285/lb and then later at \$.275/lb. Two completed deals for 2Q deliveries were also noted at \$.3375/lb. On Wednesday, another deal for 2Q PGP was finalized at \$.32/lb and a transaction for 3Q PGP deliveries was seen at \$.34/lb. Three deals for deliveries to take place during 3Q '23 were also completed at \$.35/lb. Thursday brought several more deals, 1Q '23 PGP came together four times at \$.305/b, 3Q '23 deliveries were cemented twice at \$.335/lb and a trade exchanging Oct/feb PGP delivery timeframes was executed. A few more transactions were posted Friday including PGP deliveries for 1Q at \$.295/lb and 2Q '23 PGP deliveries done twice at \$.305/lb. By the end of the week, spot Oct PGP chunked off nearly \$.0325/lb, settling just north of \$.26/lb, an 11% loss on the week. Deferred contract months saw slightly deeper losses and the forward contango narrowed a tad. With most believing that Sept PGP contracts were previously settled too high at \$.44/lb, upcoming Oct PGP contracts could see massive losses as much as \$.15/lb unless market sentiment changes severely and quickly.

The Energy Complex was mostly down on the week as worries of a recession and inflationary concerns sent Crude Oil markets tumbling. Nat Gas futures were also down as mixed weather conditions weakened demand in parts of the US. Nov WTI was at its highest on Monday when it jumped to \$93.64/bbl. Futures prices gradually eroded over the week and by Friday, Nov WTI peeled off \$8.28/bbl to a low of \$85.20/bbl before ending the day at \$85.61/bbl, showing a weekly loss of just over \$7.00/bbl. Dec Brent followed a similar trend and closed out Friday at \$91.63/bbl down \$6.29/bbl on the week. Nov Nat Gas futures were volatile from the get-go, establishing a \$.50/mmBtu range on Monday alone. By Thursday, Nov Nat Gas dropped to a weekly low of \$6.34/mmBtu, and the week's end, Nov Nat Gas settled at \$6.45/mmBtu, down almost \$.30/mmBtu. NGLs were mixed Oct with Ethane up fractionally to \$.423/gal (\$.179/lb) and Propane down more than \$.07/gal to \$.832/gal (\$.235/lb).

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10/21/2022

**Dairy Market**

BLOCK:	Unchanged	@ \$ 2.0575	0 Sales
BARRELS:	Down .0550	@ \$ 2.0900	6 Sales
BUTTER:	Unchanged	@ \$ 3.2000	0 Sales
NFDM Grade A:	Down .0050	@ \$ 1.4200	2 Sales
CME Dry Whey	Unchanged	@ \$ .4400	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>
10/17/2022	2.0500	Unchanged	0	2.1800	Up .0550	4	-0.1300
10/18/2022	2.0500	Unchanged	0	2.1900	Up .0100	2	-0.1400
10/19/2022	2.0500	Unchanged	0	2.2050	Up .0150	1	-0.1550
10/20/2022	2.0575	Up .0075	1	2.1450	Down .0600	0	-0.0875
10/21/2022	2.0575	Unchanged	0	2.0900	Down .0550	6	-0.0325
<b>Average Market:</b>	2.0530		<b>1</b>	2.1620		<b>13</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>
10/17/2022	3.1675	Down .0075	0	1.4875	Down .0025	4
10/18/2022	3.2000	Up .0325	0	1.4675	Down .0200	0
10/19/2022	3.2000	Unchanged	0	1.4400	Down .0275	7
10/20/2022	3.2000	Unchanged	0	1.4250	Down .0150	0
10/21/2022	3.2000	Unchanged	0	1.4200	Down .0050	2
<b>Average Market:</b>	3.1935		<b>0</b>	1.4480		<b>13</b>

<u>Date</u>	<u>Dry Whey</u>	<u>Dry Whey Change</u>	<u>Dry Whey Sales</u>
10/17/2022	0.4425	Unchanged	0
10/18/2022	0.4375	Down .0050	0
10/19/2022	0.4350	Down .0025	0
10/20/2022	0.4400	Up .0050	1
10/21/2022	0.4400	Unchanged	0
<b>Average Market:</b>	0.4390		<b>1</b>

**--Year Ago--**

<u>Date</u>	<u>Blocks</u>	<u>Barrels</u>	<u>Butter</u>	<u>NFDM Grade A</u>	<u>Dry Whey</u>
10/19/2021	1.7500	1.8100	1.7725	1.5300	0.6000
10/20/2021	1.7500	1.8100	1.8000	1.5200	0.6000
10/21/2021	1.7600	1.8600	1.8450	1.5275	0.6100
10/22/2021	1.8100	1.8625	1.8350	1.5375	0.6175

## Clemens Food Group

Pork Market Commentary Sunday, October 16, 2022 10:26 AM

### **Pork**

- Pork prices were stronger for last week's average pork cutout value, up \$3 over prior week, a 2.5% gain. The cutout value is barely below last year by 2.7%, expected to trend lower through Q4 on a par with seasonal movements and last year's levels. Drivers this week were hams at historic levels with late season buying, along with bellies that are coming back from strong selling pressure three weeks ago.
- Harvest—The harvest level for the week was 2.55 million, below last year by 3.23%, weaker than expected on a lackluster Saturday kill and falling slightly below prior week. Look for harvest levels to slowly widen out further over the next two months, but adding 2% at most from present levels. Peak animal availability will be present by mid-December 2022, and then tighten into July 2023.
- Weights—Carcass weights are 213.9 pounds, barely above last year's 213.4 pounds, and trending higher still on a seasonal basis. Hog weights will be peaking out near the same time that hog supplies peak, expected the second half of December 2022.
- Packer Margins—Packer profitability is calculated between \$25-30 per head, with the average for this time of year close to \$40. Packer margins have been slightly compressed this year on competition for hogs. Look for present margins to persist into the close of 2022.

### **Bellies:**

- Bellies rallied further last week, staging a comeback the last two weeks from the oversold conditions that took the primal down to \$112, a level not seen in a year.
- It is too early to put bellies away for next year, and cold storage is still rotating out from the summer, but the rally is in line with seasonal movements and support is expected with another week or so of possible gains.
- The consistent supply of fresh bellies over the next month should stave off excessive gains, with supply likely to weigh on the market the second half of October.

### **Hams:**

- Hams showed strength again last week, with still no signs of being over-bought at these historic prices well above \$100.
- The fresh supply of hams will get weighty as October progresses, with concessions expected when confidence in ham supplies for year-end stave off US buyers.
- When the markets do break lower, export partners will be glad to pick up extra product in the \$80s, so cheap ham prices are not in the works before the end of November.

### **Butts:**

- Butts closed last week at \$101, but saw bids mid-week that moved them back above \$110 with buyers taking opportunity on one of the few value plays at the moment.
- Consistent fresh supplies should weigh further on the market over the next two months, without significant upside risk potential; however, butts could see healthy support simply due to their price points relative to other protein items.
- Butts are going to move at retailers stronger than typical over Q4, as they are inexpensive and still versatile for cash-strapped consumers.

### **Ribs:**

- Spareribs finally saw some discounts last week, below last year—price concessions due to the increasing fresh supply along with aged product that must be rotated out of cold storage.
- The low \$140s have been clear support, but now the final clearance of product will need to move out of the market, weighing on price for a few more weeks.
- Once the freezer clean up is over, look for spareribs to get back to the support area of \$140 in November.

**Bone in loins:**

- Bone-in loins saw some choppy interest last week, but the week's tall daily harvest levels were more than enough to keep bone-in loins from moving higher.
- Bone-in loins are not going to be on any major buying list for retailers, other than to round out meat cases over the next two months, and the consistent supply of hogs should more than weigh on the market.
- Look for seasonal price declines the next two months, fairly consistently, possibly getting down to the \$80s.

**Boneless loins:**

- Boneless strap-on loins moved in the same direction as bone-in loins last week, choppy support without strength as the steady supply of raw material continues to come to market.
- Boneless loins should find consistent supplies over the next two months, which should more than weigh on price. Look for seasonal price declines the next two months, however, not as strong in concessions as bone-in loins as labor costs for boning are static.
- Look for the \$120s as possible support in December.

**72% Trim:**

- 72s saw support last week after the week prior's surprise, atypical strength.
- The support at the \$100 level comes at the same time sow prices are inching higher and ham prices are historic despite the largest weekday harvest levels in a year.
- Secondary processing is in heavy production mode, but the wide harvest levels over the next six weeks should more than weigh on the market, easily bringing 72s back down, sooner rather than later.

**42% Trim:**

- 42s saw the exact same price action the last two weeks as 72s, on heavy secondary processing schedules, despite the widest fresh supply in a year.
- The harvest levels will be consistent over the next six weeks, continuing at the widest levels in a year, and will weigh on prices fairly heavily through November, especially when buyers get more than caught up on purchasing raw material.
- Lows are still possible in the low \$30s before year's end.