

MarketNews

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Eggs



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Highlights



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Summary



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Market Report

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Vegetable Crop
Update

Egg Markets

Week of October 10, 2022

TONE: Retail demand mixed. Supplies long. Market weak.

The regional egg markets are as follows:

	Northeast	Midwest	Central	Southeast
Lg	\$3.75	\$3.68	\$3.86	\$3.79
Md	\$2.82	\$2.77	\$2.89	\$2.82

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

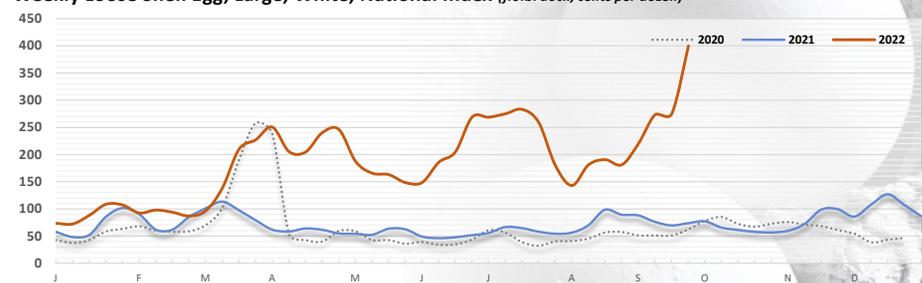
September 30, 2022

Wholesale prices for cartoned shell eggs continued to post strong gains early in the week but slowed late on a combination of very light to moderate supplies and limited offerings. Interest remains moderate to good while the pace of trading was mostly moderate. Wholesale prices for graded loose eggs advanced sharply on limited trading. Supplies range from very light to moderate with light offerings. Interest is moderate to good with continued pervasive concerns over the current and potential impact of the return of HPAI in commercial table egg flocks. Trading has slowed. The volume of trailer load loose egg sales this week decreased 23% from the prior week with 37.5% for future delivery. Prices for national trading of trucklot quantities of graded, loose, White Large shell eggs jumped \$1.25 to \$4.00 per dozen with a steady undertone. The wholesale price on the New York market for Large cartoned shell eggs delivered to retailers rose \$0.26 to \$4.21 per dozen with a steady undertone. The Midwest wholesale price for Large, white, shell eggs delivered to warehouses increased \$0.41 to \$3.83 per dozen with a steady undertone. Prices paid to producers in the Midwest for Large cartoned shell eggs rose \$0.35 to \$3.77 per dozen with a higher undertone. The California benchmark for Large shell eggs increased \$0.53 to \$4.34 per dozen with a firm undertone. Delivered prices on the California-compliant wholesale loose egg market increased \$0.41 per dozen to \$4.07 per dozen with a steady undertone.

Consumer demand for shell eggs weakened in the face of withering increases in wholesale prices with all markets posting record highs. Retailer interest in featuring conventional shell eggs is very limited to as they struggle just to maintain a consistent offering to consumers, opting to focus on specialty eggs through regular feature cycles. Recent outbreaks of highly pathogenic avian influenza (HPAI) have limited supplies in the face of rising demand, a combination that has fueled the sharp price increases. HPAI remains a concern in the industry and has marketers having a difficult time maintaining sufficient stocks to meet the current level of demand. But, as they say, the best cure for high prices is high prices and demand is certainly proving that this week. The increased pressure from the cartoned sector has moderated demand from egg products manufacturers who have slowed production and drawn heavily from owned stocks to avoid a very strong spot market, somewhat unsuccessfully as spot market prices for breaking stock are also at record levels.

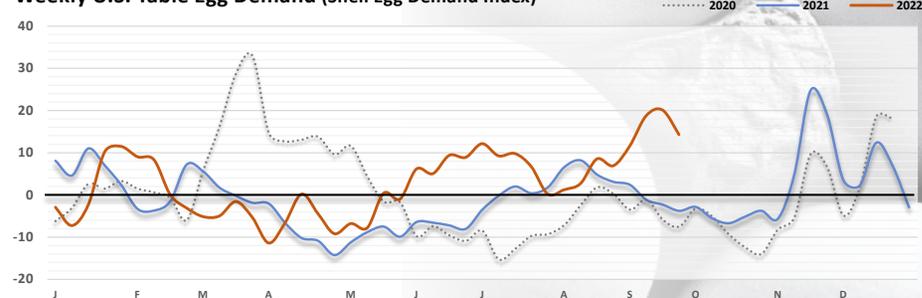
Promotional activity for conventional caged shell eggs in retail outlets is very limited this week as retailers work to manage supplies. The average ad price rises \$0.43 to \$2.33 per dozen. Promotional activity for specialty shell eggs increases on a major push on nutritionally-enhance types. Feature activity for [UEP-defined cage-free](#) shell eggs continues at a limited pace and accounts for 21% of all shell egg types on feature. The average ad price is up \$0.21 to \$2.92 per dozen and the average ad price spread between 12-packs of Large caged eggs and UEP cage-free eggs narrows by \$0.23 per dozen to a spread of \$0.59 per dozen.

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



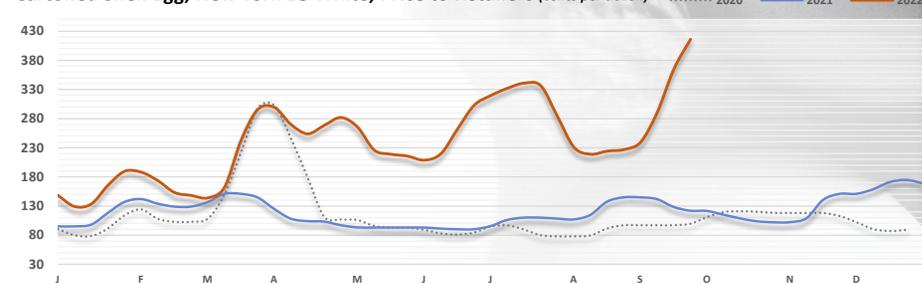
Source: USDA AMS L&P Livestock, Poultry, and Grain Market News

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



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

Cartoned Shell Egg, New York LG White, Price to Retailers (cents per dozen)



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

The overall inventory of shell eggs rose 3.5% and the nation-wide inventory of Large eggs was up 6%. Stocks of Large eggs in the key Midwest production region gained 14% as egg clearance slowed in the face of sharp price increases. The inventory share of Large class shell eggs gained 1% to a 50% share of all shell egg stocks on inventory at the start of the week. Stocks of cage-free eggs were up 4% as movement of these types has been active despite the relative lack of retail promotions. The inventory of nutritionally-enhanced shell eggs declined 3% as eggs cleared into retail channels to support recent feature activity. Organic egg stocks were down 6.5% as retail activity has slowed. Breaking stock inventories were down 10% to its lowest point since the height of the COVID-19 pandemic in 2020. Breakers are seeing limited availability in the spot market and are forced to work from owned production and from stocks to maintain schedules. Total estimated table egg production with latest NASS data was unchanged from last week and from last year to an estimated deficit of 9.1 million cases.

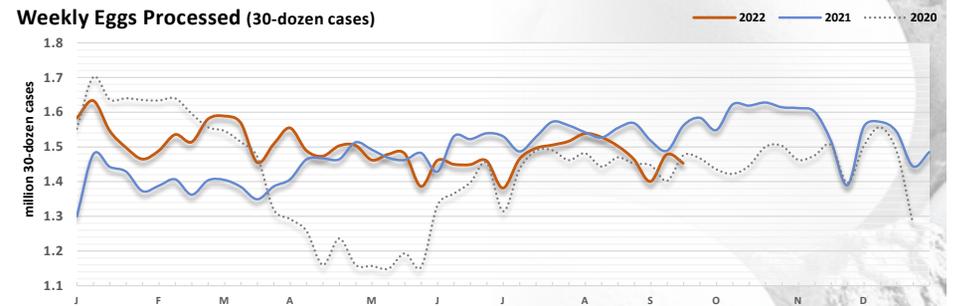
Wholesale prices for breaking stock in the Central States moved sharply higher, up \$0.50 to \$3.01 per dozen with a steady undertone. Offerings are light for heavier-weight stock and light to moderate for lighter weights. Supplies are light to instances moderate. Demand is mostly light. Demand from the carton sector is limiting product availability on the spot market and breakers are drawing heavily from their stocks and owned production to maintain full schedules while limiting their exposure to the market. The pace of trading is mixed, mostly slow. The volume of eggs processed over the past week decreased about 1.5%, representing a 30% share of weekly table egg production. Production of whole egg was down 3% while whites declined 1%. Production of yolks was up 3% and dried egg production rose about 1.5% as did inedible production. Breaking yields without inedible were about unchanged at 41.24 pounds per case broken.

Wholesale prices for whole egg are higher at \$266.50 per pound with other products untested. Offerings are light, demand is moderate to good, and trading is moderate to active. Prices on frozen whole eggs gained \$0.40 to \$2.60 per pound and those for frozen whites were off \$0.14 to \$1.60 per pound. The undertone is higher. Offerings are light while supplies are mostly light. Demand is good and trading is moderate to active. Prices for dried whole eggs are up \$1.50 to \$13.25 per pound while prices for dried yolk rose \$0.80 to \$16.30 per pound and albumen prices were untested. The undertone is higher. Offerings are mostly light, supplies very 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

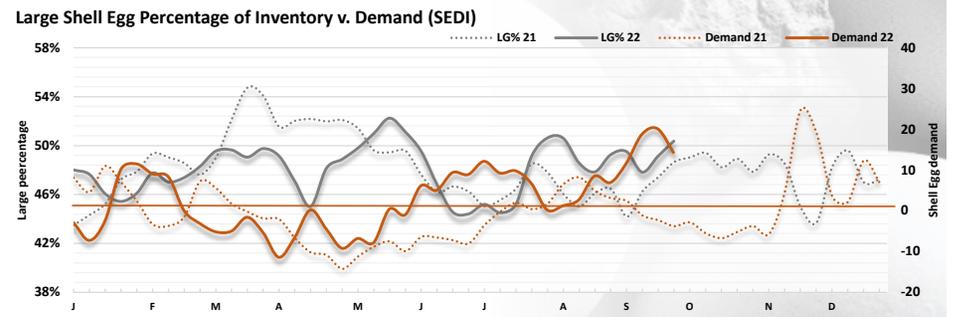
Source: USDA AMS Livestock & Poultry Program, Livestock, Poultry, and Grain Market News Division



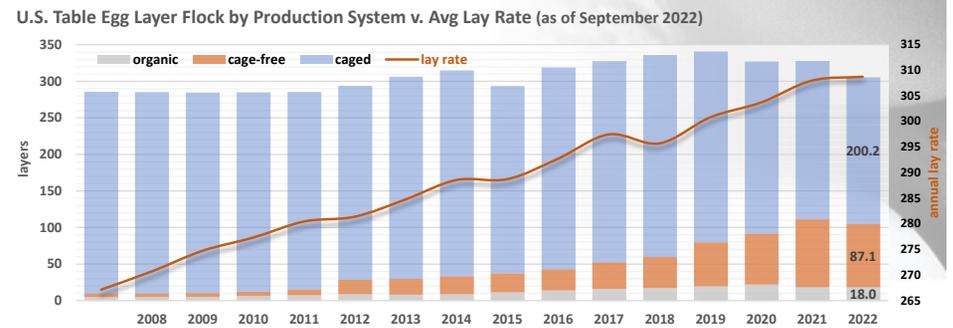
Source: USDA AMS L&P Livestock, Poultry, and Grain Market News

at 82.9%.

Eggs Processed - Week-to-Week Change						
total	share	whole	whites	yolks	dried	inedible
-1.7%	-0.6%	-3.2%	-1.2%	3.0%	1.7%	1.5%



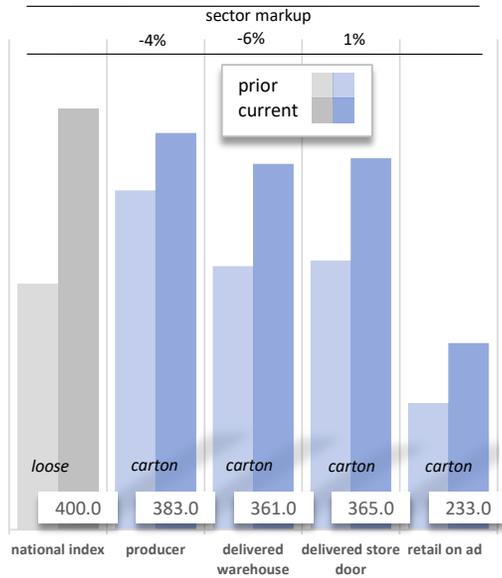
Source: USDA AMS L&P Livestock, Poultry, and Grain Market News



Shell Eggs Market Price Comparisons

(as of September 30, 2022)

(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

	30-Sep	% Change	Recent History				
			23-Sep	16-Sep	9-Sep	2-Sep	26-Aug
SHELL EGGS (Large, White, conventional in cents per dozen)							
National, Loose, (f.o.b. dock prices)	400.00	45%	275.00	273.30	220.14	181.29	190.67
New York, Cartonned (price to retailers)	421.00	7%	395.00	327.00	252.00	227.00	227.00
Midwest, Cartonned (price dlvr'd to warehouse)	361.00	25%	288.00	225.00	208.00	207.00	200.00
California, Cartonned, benchmark (cage-free)	434.00	14%	381.00	326.00	313.00	312.00	288.00
National Retail Shell Egg (avg. ad price in dollars per dozen)							
Conventional, Large, White	2.33	23%	1.90	1.24	1.36	1.61	2.92
Cage-Free, Large, Brown	2.92	8%	2.71	2.74	2.90	2.99	2.61
EGG PRODUCTS (f.o.b. dock prices; dollars per pound)							
Central States Breaking Stock (dlvd prices per doz)	301.00	20%	251.00	200.00	163.00	163.00	163.00
Whole Frozen Eggs	260.00	18%	220.00	200.00	200.00	220.00	230.00
Whole Dried Eggs	13.25	13%	11.75	11.50	11.50	12.00	12.25
Processed Share of Weekly Egg Production	30.0%	-0.6%	30.6%	29.0%	30.4%	31.2%	31.8%
SHELL EGG DEMAND INDICATOR (no units)							
	14.3	-5.8	20.1	18.7	11.6	6.9	8.5

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

Key Shell Egg Markets Snapshot - 2022

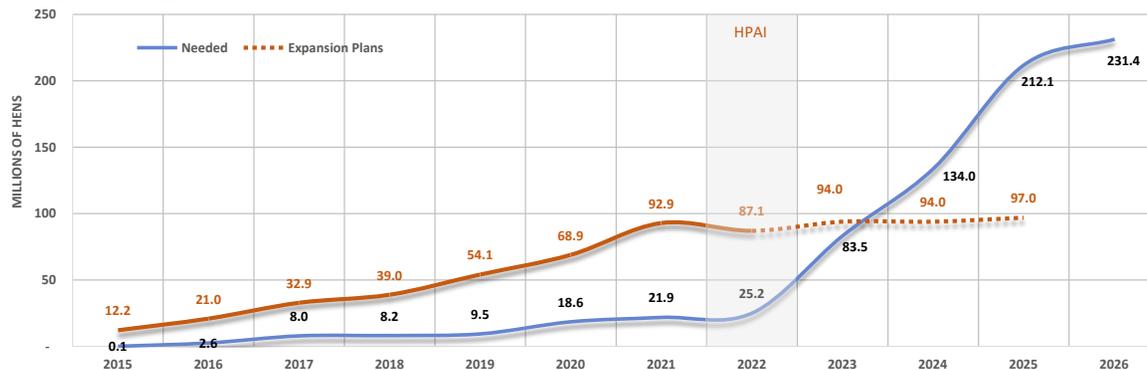
(Large, White, Conventional Shell Eggs in cents per dozen)	30-Sep	Change	23-Sep	2022 High	2022 Low
National, Loose, (f.o.b. dock prices)	400.0	▲ 45%	275.0	400.0	27-Sep 71.4
New York, Cartonned (price to retailers)	421.0	▲ 7%	395.0	421.0	29-Sep 126.0
Midwest, Cartonned (price dlvr'd to warehouse) ¹	361.0	▲ 25%	288.0	361.0	26-Sep 111.0
California, Cartonned, benchmark	434.0	▲ 14%	381.0	434.0	26-Sep 194.0
Central States Breaking Stock (delivered prices) ¹	301.0	▲ 20%	251.0	301.0	29-Sep 73.0
Whole Frozen Egg Products (f.o.b. dock prices)	260.0	▲ 18%	220.00	320.0	01-Apr 115.0
Whole Dried Egg Products (f.o.b. dock prices)	13.25	▲ 13%	11.75	16.00	01-Apr 4.12
Natl Average Retail Ad Price - Conventional	2.33	▲ 23%	1.90	2.92	26-Aug 0.86
Natl Average Retail Ad Price - Cage-free ²	2.92	▲ 8%	2.71	3.02	22-Jul 2.11
Shell Egg Demand Indicator	14.3	▼ -5.8	20.1	20.1	21-Sep -11.4

¹ mostly high; ² non-organic

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

Non-Organic Table Egg Layer Flock in millions of hens

updated September 2022



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

U.S. Table Egg Layer Flock Estimates

As of September 2022	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total U.S. Caged¹ Flock:	65.6%	66.1%	71.9%	76.6%	82.2%	84.0%	86.6%	87.3%	89.5%	90.3%	90.4%
Layers (millions)	200.2	216.5	235.2	261.0	276.1	275.1	276.1	256.1	281.6	276.4	265.5
Total U.S. Cage-Free Flock:	34.4%	33.9%	28.1%	23.4%	17.8%	16.0%	13.4%	12.7%	10.5%	9.7%	9.6%
Layers (millions)	105.1	111.1	91.7	79.7	59.9	52.4	42.9	37.3	33.2	29.6	28.3
NON-ORGANIC Cage-Free:	28.5%	28.4%	21.4%	17.7%	12.8%	11.1%	9.1%	8.9%	7.8%	7.0%	6.7%
Layers (millions)	87.1	92.9	69.9	60.3	42.9	36.4	29.0	26.0	24.5	21.4	19.8
▪ Barn/Aviary	27.2%	27.2%	19.9%	15.9%	11.6%	10.0%	7.9%	7.7%	6.7%	6.0%	5.7%
Layers (millions)	83.2	89.0	65.1	54.1	39.0	32.9	25.3	22.5	21.0	18.5	16.9
▪ Free-Range	0.8%	0.7%	0.9%	0.8%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.6%
Layers (millions)	2.4	2.4	2.8	2.9	1.5	1.3	1.6	1.5	1.5	1.7	1.6
▪ Pastured	0.5%	0.5%	0.6%	1.0%	0.7%	0.7%	0.7%	0.7%	0.6%	0.4%	0.4%
Layers (millions)	1.5	1.5	2.1	3.3	2.4	2.2	2.1	2.0	2.0	1.3	1.3
USDA ORGANIC Cage-Free:	5.9%	5.5%	6.7%	5.7%	5.1%	4.9%	4.4%	3.9%	2.8%	2.7%	2.9%
Layers (millions)	18.0	18.2	21.8	19.4	17.0	16.0	13.9	11.4	8.7	8.2	8.5
▪ Organic	3.8%	3.6%	4.6%	4.4%	3.9%	3.7%	3.4%	3.1%	2.2%	2.2%	2.5%
Layers (millions)	11.5	11.7	15.1	14.9	13.1	12.3	11.0	9.0	7.0	6.7	7.3
▪ Organic Free-Range	1.2%	1.2%	1.2%	0.9%	0.8%	0.8%	0.7%	0.6%	0.4%	0.4%	0.3%
Layers (millions)	3.8	3.8	4.0	3.1	2.7	2.6	2.1	1.7	1.2	1.2	1.0
▪ Organic Pastured	0.9%	0.8%	0.8%	0.4%	0.4%	0.4%	0.3%	0.2%	0.1%	0.1%	0.1%
Layers (millions)	2.7	2.7	2.7	1.4	1.2	1.2	0.8	0.7	0.4	0.4	0.3

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

1 - battery and enriched systems

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

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

State	Deadline Date	Layers on Hand (Aug 2022)	Est. Caged Layers	Est. Cage-Free Layers	Est. Annual Egg Production			Est. 2021 Population	Annual Egg Consumption	Self-Sufficiency Rate	
					caged	cage-free	combined			overall	cage-free
California.....	Jan 2022	13,023,000	0	13,023,000	0	3,885,789,613	3,885,789,613	39,237,836	11,241,640,014	35%	35%
Massachusetts*....	Jan 2022	675,000	0	675,000	0	201,405,820	201,405,820	6,984,723	2,001,123,140	10%	10%
Nevada*.....	Jul 2022	5,000	0	5,000	0	1,491,895	1,491,895	3,143,991	900,753,422	0%	0%
Colorado.....	Jan 2023	1,738,000	1,195,000	543,000	351,186,600	162,019,793	513,206,393	5,812,069	1,665,157,769	31%	10%
Washington.....	Jan 2024	6,414,000	4,224,000	2,190,000	1,346,273,280	653,449,992	1,999,723,272	7,738,692	2,217,135,258	90%	29%
Oregon.....	Jan 2024	1,832,000	1,756,000	76,000	553,350,720	22,676,803	576,027,523	4,246,155	1,216,523,408	47%	2%
Arizona*.....	Jan 2025	8,500,000	5,627,000	2,873,000	1,640,833,200	857,242,844	2,498,076,044	7,276,316	2,084,664,534	120%	41%
Michigan.....	Jan 2025	16,458,000	5,835,000	10,623,000	1,800,914,400	3,169,680,032	4,970,594,432	10,050,811	2,879,557,352	173%	110%
Utah.....	Jan 2025	5,083,000	2,478,000	2,605,000	796,330,080	777,277,274	1,573,607,354	3,337,975	956,329,838	165%	81%
Rhode Island*.....	Jan 2026	56,000	43,000	13,000	12,538,800	3,878,927	16,417,727	1,095,610	313,892,265	5%	1%
* = layers on hand estimated.		53,784,000	21,158,000	32,626,000	6,501,427,080	9,734,912,993	16,236,340,073	88,924,178	25,476,776,997	64%	38%

Note: cage-free includes organic

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



FLOUR FACTS

Information Provided by General Mills Foodservice
GeneralMillsCF.com



Weekly Market Highlights

OCTOBER 6, 2022

- In the weekly crop progress report from the USDA, winter wheat planted improved to 40%, a gain of 9% from last week but slightly trending behind last year’s average of 45%. Emergence came in at 15% which is tracking 3% behind last year.
- Russia is said to be 96% complete with wheat harvest yielding 3.4 billion bushels so far, with speculation that this number includes Ukrainian territories that Russia occupies.
- Energy futures closed higher today after OPEC announced that it will reduce oil production by 2 million barrels/day starting in November due to “uncertainty that surrounds the global economic and oil market outlooks.”

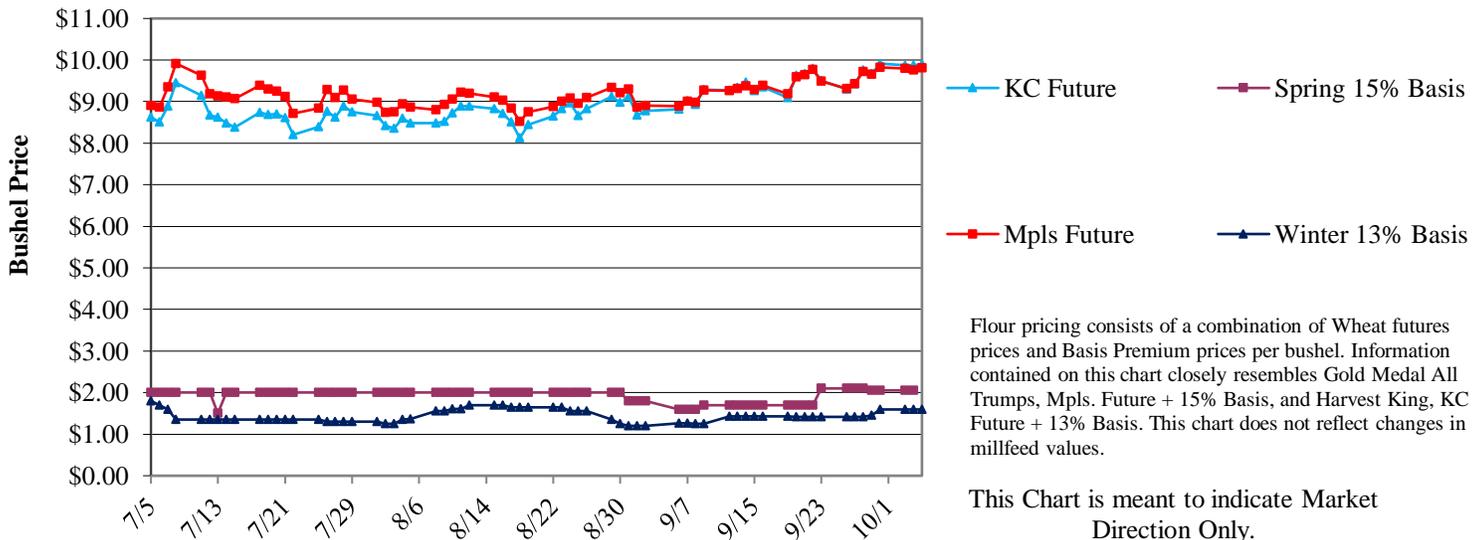
Facts on Flour

Hard Red Winter Wheat

Hard Red Winter Wheat is the largest class of wheat produced in the U.S. Why? Well, when you go to the store to buy that 1 lb. loaf of fluffy white bread, or a bag of chocolate chip cookies, or a 5 lb. bag of all-purpose flour, you’re buying Hard Red Winter Wheat. This wheat type has its use across a wide range of baked goods; from pan breads to cookies, from pizza to pie crusts, from doughnuts to soft rolls. Hard Red Winter Wheat has enough protein strength for good strong dough but is mellow enough to deliver a soft texture. Hard wheat can produce all-purpose flour with a protein around 10 percent up to bread flour with a protein content of 12 percent. With the right ingredients, Hard Red Winter Wheat flour can make a wide variety of baked goods. This variety is what makes Hard Red Winter Wheat the largest class of wheat produced.

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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.



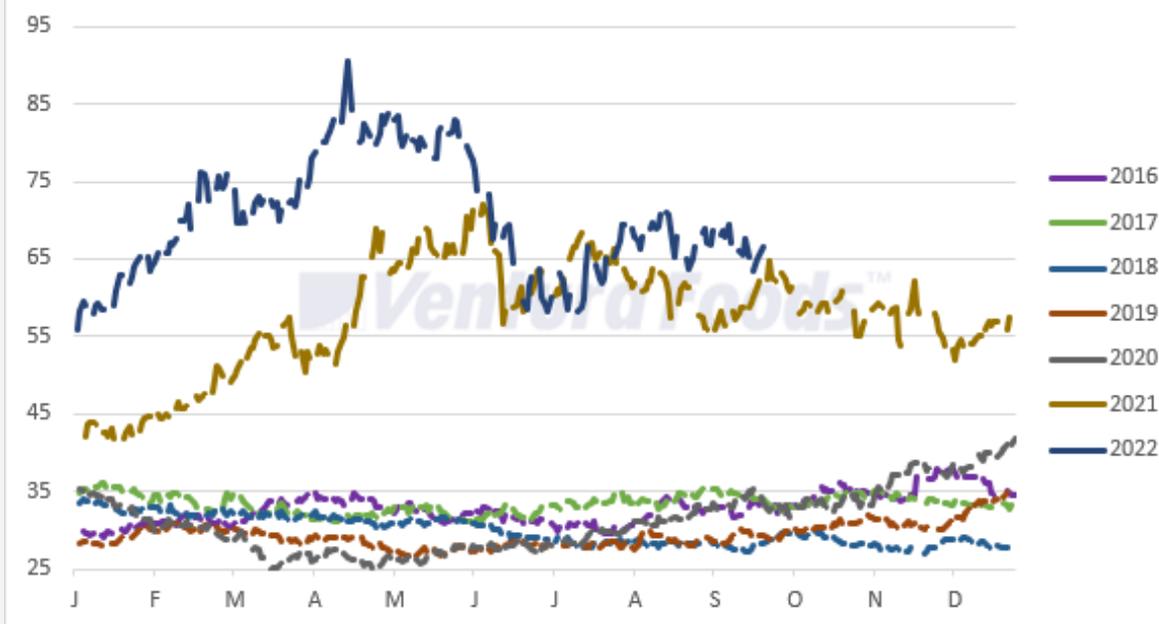
Ventura News & Views

By Ventura Foods Oil Trading Team • Oct 07, 2022

Smart Brevity® count: 1.5 mins... 387 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	66.60	65.35	61.51	8%
Soybean oil as % of crush value	45.39%	44.76%	47.36%	-4%
CBOT Soybean meal (\$/ton) Dec	400.70	403.20	318.70	26%
CBOT Soybeans (\$/bu) Nov	13.6700	13.6478	12.4300	10%
CBOT Soybean crush margin (¢/bu)	247.14	241.11	134.75	83%
Canola oil - RBD, West Coast (¢/lb)	104.60	104.35	93.82	11%
Corn oil - RBD, Midwest (¢/lb)	155.00	165.00	102.00	52%
Peanut oil - Crude, Southeast (¢/lb)	110.00	110.00	110.00	0%
Cottonseed oil - PBSY, MS Valley (¢/lb)	106.60	105.35	98.82	8%
CME Butter - AA Grade (\$/lb)	319.00	310.30	175.00	82%
Coconut oil - Crude CIF US Gulf (¢/lb)	58.50	62.26	80.25	-27%
Lard - Edible, Chicago, IL (¢/lb)	88.00	83.00	74.00	19%
Palm oil - RBD, CIF US Gulf(¢/lb)	52.75	49.75	70.00	-25%

Continuous Bean Oil Price Chart (cents/lb)
January through December



CBOT and Soy Factors



Surging energy prices and oilshare sent CBOT soybean oil futures up 4% this week. OPEC+ announced a 2 million barrel per day production cut starting in November which helped rally diesel prices nearly 20% this week. Soybean oil is a primary feedstock for biodiesel and renewable diesel production and can track changes in diesel prices. Significantly low levels on the Mississippi River forced a barge operator to declare force majeure on Thursday. There are concerns that the lack of barge traffic could limit US soybean & meal exports, slowing soybean crush and lending support to soybean oil prices; oilshare hit a 3-month high this week. US soybean harvest was 22% complete as of 10/3 which is well below last year's progress (31%) and trails the 5-year average (25%). The USDA WASDE report is due out next Wednesday 10/12. Analyst estimates call for soybean yields to remain flat to the September report at 50.5 bu/acre.

2. Canola Factors



Canola oil futures hit their highest level since July but were unable to hold onto the gains as technical resistance, harvest pressure, and slowing export pace limited upside. Warm and dry weather allowed Saskatchewan canola harvest to make good progress over the last week. Harvest was reported at 82% complete which is trending above the 5-year average. Farmers also returned to the market this week, logging fresh sales that helped pressure prices. Healthy rapeseed crops in Europe and Australia are expected to challenge Canadian canola exports over the next several months, though the anticipated approval from the EPA to create a pathway for canola oil into renewable diesel production could generate a new demand stream.

3. Palm Factors



BMD palm oil futures closed higher for the 7th consecutive trading session on Friday, finishing the week up 12%. Strength in outside markets, most notably in CBOT soybean oil and diesel, were the key factors contributing to palm oil's double-digit gain. An improving demand outlook also supported prices as palm oil's heavy discount to competing vegoils could encourage end users to switch to cheaper priced palm oil. However, recessionary concerns still overhang the market and may limit demand growth. Next week, the Malaysian Palm Oil Board (MPOB) releases its supply and demand report for September. Market analysts expect inventories to rise to 3-year highs.

Have a great weekend!

Feedback

Anonymously tell us what you thought of this newsletter. Your responses will help us create better content for you!

Was this edition useful?



Hogs and Pork

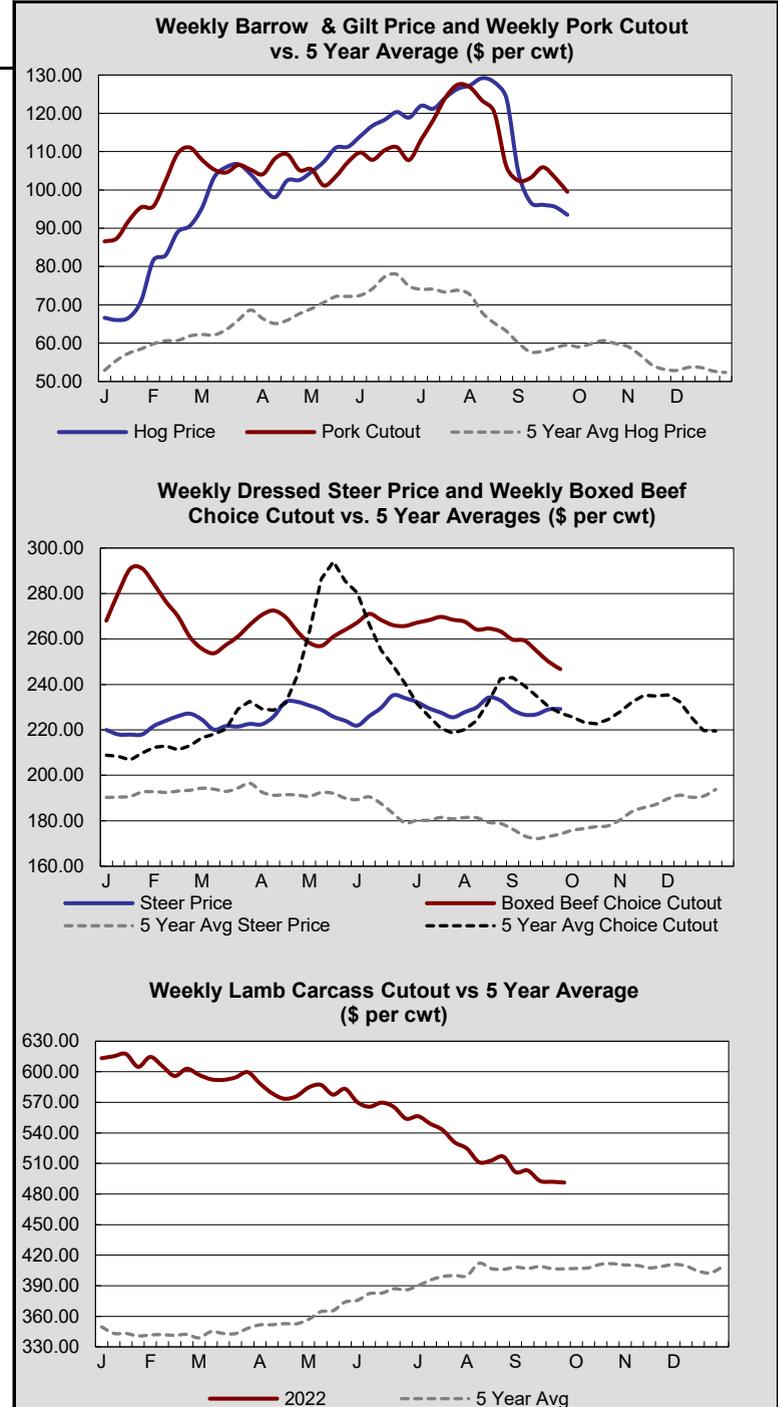
	Current Week	Change From Past Week	Change From Past Year
Nat'l Purchased Carc Wtd Avg Price - Barrows & Gilts (\$/cwt)	93.51	-2.2%	25.8%
Pork Carcass Cutout FOB Plant (\$/cwt)	99.53	-3.6%	-11.9%
Segregated Early Weaned (SEW) Feeder Pigs (\$/head)	33.92	-4.9%	-31.1%
Iowa/So. Minn Avg Weight Barrows & Gilts (lbs)	280.3	0.3%	-1.1%
Est. Hog Slaughter	2,526,000	-0.5%	0.4%
YTD Est. Hog Slaughter	92,845,000	N/A	-3.1%
Est. Pork Production (mil lbs)	534.2	-0.1%	0.1%
YTD Est. Pork Production (mil lbs)	20,002.2	N/A	-2.5%

Cattle and Beef

Live Wtd Avg Steer Price, 5 Area FOB (\$/cwt)	144.78	-0.1%	18.1%
Dressed Wtd Avg Steer Price, 5 Area Del (\$/cwt)	229.17	0.1%	17.4%
Boxed Beef Cutout, Choice (\$/cwt)	246.73	-1.3%	-17.1%
Boxed Beef Cutout, Select (\$/cwt)	220.74	-1.5%	-18.5%
Boxed Beef, Choice/Select Spread (\$/cwt)	25.99	0.08	-0.87
By-Product Drop Value, Steer (\$/cwt live)	14.81	1.3%	N/A
CME Feeder Cattle Index (\$/cwt)	175.44	-2.6%	14.1%
Est. Cattle Slaughter	664,000	-0.4%	3.8%
YTD Est. Cattle Slaughter	25,359,000	N/A	1.5%
Est. Beef Production (mil lbs)	549.0	0.0%	3.5%
YTD Est. Beef Production (mil lbs)	20,906.4	N/A	1.4%

Lamb and Veal

Slaughter Lamb, Comprehensive, Carc. Wtd Avg Price (\$/cwt)	116.20	-1.3%	-53.0%
Lamb Carcass Cutout (\$/cwt)	491.27	-0.2%	-21.2%
Est. Sheep Slaughter	33,000	0.0%	-10.8%
YTD Est. Sheep Slaughter	1,300,000	N/A	-9.2%
Est. Lamb Production (mil lbs)	2.1	0.0%	-8.7%
YTD Est. Lamb Production (mil lbs)	87.0	N/A	-4.5%
Veal Carcass Wtd Avg Packer & Non-Packer Owned (\$/cwt)	438.11	-0.1%	21.3%





Grain

	Current Week	Change From Past Week	Change From Past Year
Central Illinois Avg Corn Price (\$/bu)	6.5400	-0.3%	27.7%
Central Illinois Avg Soybean Price (\$/bu)	13.2500	-10.4%	9.8%
Central Illinois 48% Soybean Meal, Rail (\$/ton)	467.20	-6.2%	35.8%
Hard Red Winter Wheat Truck to Kansas City (\$/bu)	10.6750	4.0%	37.7%
Dark Northern Spring Wheat, 14%, MN, Rail (\$/bu)	11.2200	-0.2%	5.2%
Soft White Wheat Portland (\$/bu)	9.5071	-1.1%	-3.3%
Sorghum, Kansas City, Truck (\$/bu)	7.0250	-2.9%	27.7%

Broilers

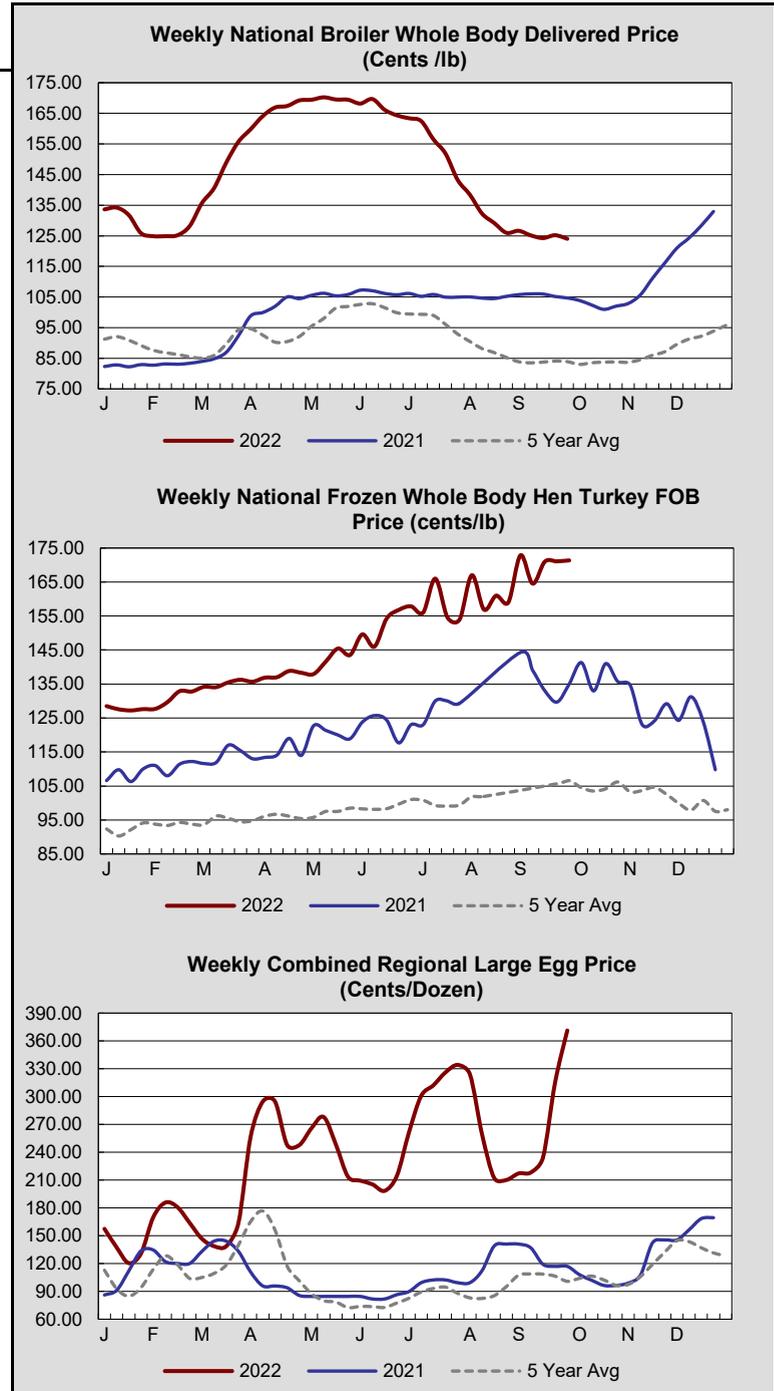
Nat'l Delivered Whole Body Price (cents/lb)	124.02	-0.9%	17.9%
Est. Young Chicken Slaughter - Current Week (000's)	165,203	2.6%	N/A
Actual Slaughter of Young Chickens (000's)	174,550	0.7%	3.9%
YTD Actual Slaughter of Young Chickens (000's)	6,438,917	N/A	1.9%
Actual RTC Pounds of Young Chickens (000's)	875,543	2.4%	6.2%
YTD RTC Pounds of Young Chickens (000's)	31,111,317	N/A	1.8%

Turkeys

Nat'l FOB Frozen 8-16 lb. Hens, Wtd Avg Prices, cents/lb	171.36	0.2%	32.1%
Actual Slaughter of Turkeys (000's)	3,829	1.5%	-6.6%
YTD Actual Slaughter of Turkeys (000's)	142,120	N/A	-2.6%
Actual RTC Pounds of Turkeys (000's)	93,094	3.0%	-10.2%
YTD RTC Pounds of Turkeys (000's)	3,586,479	N/A	-4.9%

Eggs

Combined Regional Large Eggs (cents/dozen)	371.27	17.7%	217.4%
National Shell Egg Inventory (30 doz. Cases/000,s)	1323.3	4.9%	N/A
Shell Egg Demand Indicator (SEDI)	14.30	-0.29	18.10
Central States Breaking Stock Av. Price (cents/dozen)	298.50	25.2%	377.6%
National Breaking Stock Inventory (30 doz. Cases/000's)	276.0	0.8%	N/A
Eggs Broken Under Federal Inspection (30 doz cases)	1,452,726	-1.7%	-8.3%
YTD Eggs Broken Under Federal Inspection (30 doz cases)	56,841,000	N/A	1.4%





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Market Update — September 30th, 2022

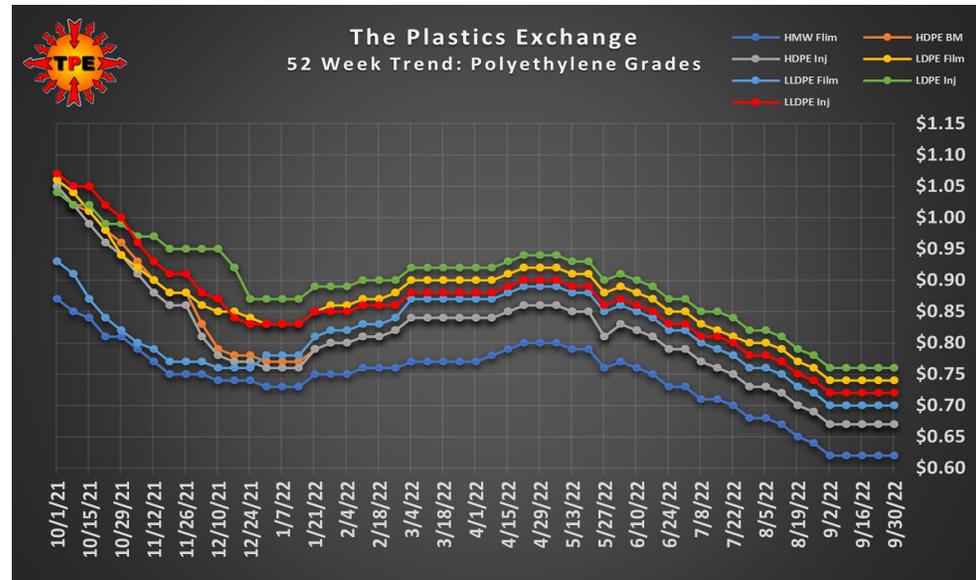
Spot resin trading was decent this past week though completed volumes tallied slightly below average as buyers and sellers closed out September. The slower trading activity came as market participants monitored Hurricane Ian's impact on Florida, far removed from the Texas-Louisiana Gulf Coast's refining / petrochemical / resin infrastructure. Hurricane season officially ends on November 30, leaving enough time for another major storm to hit vulnerable production; there are new storms brewing out in the Atlantic, but nothing that will threaten gulf production in the next week or so. The somewhat limited trade flow also came with mixed price direction as Polyethylene held steady for a fifth consecutive week while Polypropylene dropped yet again for a seventh straight week. There were just a few fresh prime PE domestic railcars offered and most PE export offers had already dried up for the month. PP offers continued to come, and there was a heavy flow of offgrade railcars and producers were eager to drop spot Prime prices as they sought to line out their 4th quarter reactor time.

This clear disconnect between PE and PP pricing highlights a fundamental difference in producer efforts to manage the still over-supplied situation. We have seen PE producers restrict production while leaning heavily on the export market to trim down inventories from record levels. To a certain extent they have been successful reducing their resin stocks and stemming the slide in already well-discounted spot pricing, even as contracts still come down. On the other hand, Polypropylene producers actually ramped up production in July and August, growing inventories to near record levels just as new production capacity had started in Canada. PGP monomer prices did drop substantially in September, which is a sign that PP reactor rates have finally been cut, but the decrease train had already left the station. PP prices have been in free-fall, and many buyers just want to stay out of the way. If indeed PP rates have been cut hard, it could still be some time before the surplus resin is soaked up, but it would be a big step in the right direction for producers who have seen their substantial margins garnered in 2020/2021 erode away over the past several months.

Polyethylene was once again the more dominant resin to change hands in the market and across our trading platform. Our PE prices also stayed flat as the lower end of the offgrade market firmed for another week while the top end of the prime market continued to trim down bringing a tighter range in pricing throughout the marketplace.

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Resin for Sale 15,480,840 lbs		Spot Range		TPE Market	
Resin	Total lbs	Low	High	Bid	Ask
PP Homo - Inj	2,289,036	\$ 0.550	\$ 0.720	\$ 0.620	\$ 0.690
HDPE - Inj	2,164,140	\$ 0.580	\$ 0.690	\$ 0.620	\$ 0.670
PP Copo - Inj	2,053,496	\$ 0.600	\$ 0.790	\$ 0.710	\$ 0.750
LLDPE - Film	1,929,588	\$ 0.620	\$ 0.710	\$ 0.650	\$ 0.700
HDPE - Blow	1,870,208	\$ 0.620	\$ 0.720	\$ 0.620	\$ 0.670
LLDPE - Inj	1,759,496	\$ 0.610	\$ 0.740	\$ 0.670	\$ 0.720
LDPE - Film	1,570,484	\$ 0.635	\$ 0.750	\$ 0.690	\$ 0.740
HMWPE - Film	1,165,656	\$ 0.560	\$ 0.645	\$ 0.570	\$ 0.620
LDPE - Inj	678,736	\$ 0.660	\$ 0.760	\$ 0.710	\$ 0.760



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Most spot trading was split between HDPE and LDPE grades, which have seen somewhat tighter availability, while LLDPE remained more plentiful with fewer spot needs filtering into our platform. PE has also tightened up a bit down south subsequent to a producer in Mexico reporting its crackers and derivative plants were offline due to an ethane pipeline explosion. Polyethylene exports remained good, but also hampered by competitive international offers as well as the rapidly rising US dollar, which makes Houston pricing seem more expensive when converted into a foreign country's native currency. Producers have had better results cutting PE inventory than PP, evident with the nearly 135 million lb drop seen in August stockpiles. PE producers have also cut operating rates in September and are expected to continue reducing rates for the remainder of the year. The drop in inventory and run rates come as producers seek to regain pricing power, there are \$.10-.12/lb worth of increases nominated through the end of October, but mostly seen as a hedge against a potential disruptive hurricane. Even with stable spot pricing for the past few weeks and lower run rates, an increase for September contracts will not happen, as a decrease of \$.03-.06/lb is most likely to confirm.

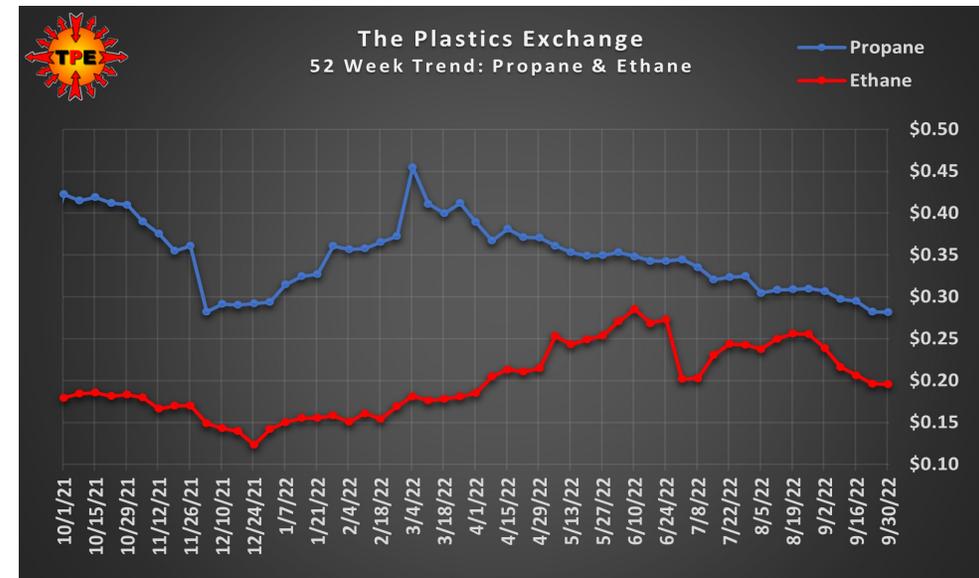
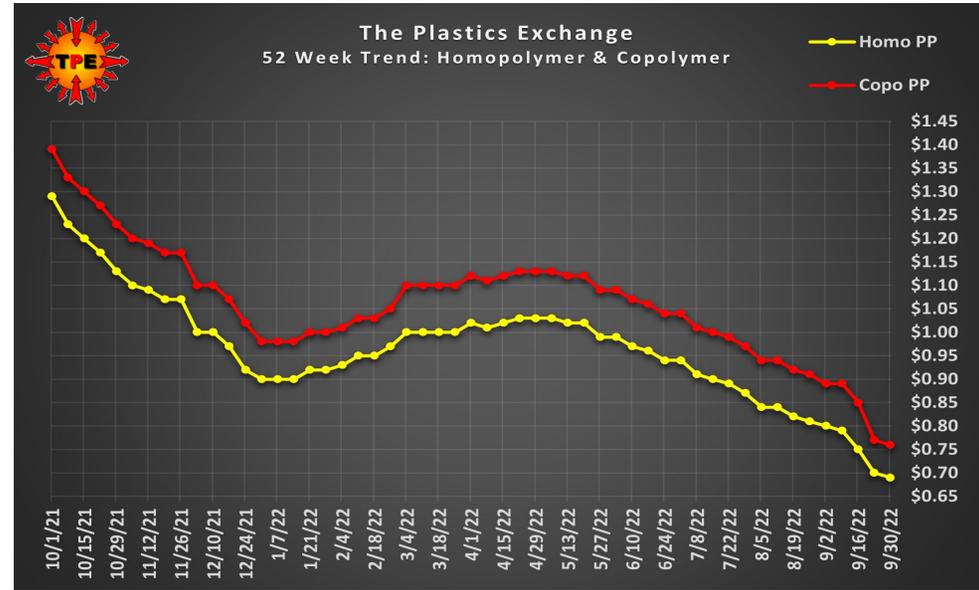
Polypropylene trading was outright slow as a tsunami of resin continued to flood the market while buyers mostly hung out on the sidelines and essentially teased suppliers with ever-dropping bids. Weak demand from a slowing economy highlighted the large overhang of inventory and continued to apply downward pressure on spot and contract prices. Prime HoPP and CoPP dropped another penny as we closed out September, bringing the month's rout to \$.11/lb for HoPP, while CoPP lost some of its premium to bring the month's losses to a steep \$.14/lb. PP offering lists were long and availability more than plentiful, providing buyers with comfort that prices would not shoot higher any time soon. We are however, seeing signs that production has been cut in September, this includes a disproportionate amount of offgrade material and a steep drop in spot monomer prices as less monomer is consumed to make resin. If so, producers will start Q4 with operating rates much lower compared to the previous quarter as they work down inventory levels following the roughly 275 million lb increase seen in July / August.

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In the meantime, PP contracts were estimated to settle down \$.08/lb cents for Sept, which would include a cost-related decrease and a reduction in margins, following the \$.05/lb decline in PGP. Unless something changes, the continued decline in spot monomer prices following the drop in the Sept PGP contracts will bring another sharp decline in October PP contracts. Also keep in mind the additional PP capacity that is still set to come online in Louisiana before the end of the year, which will undoubtedly provide extra downward pressure on the already saturated market.

Prices in the monomer markets continued to leak lower as participation was more energetic though completed volumes only came in about average. Ethylene saw a steady flow of bids and offers for material in both Louisiana and Texas, but overall completed volumes were a tad disappointing. The first transaction was noted on Tuesday afternoon as a deal for 2H'23 deliveries in TX was executed at \$.21/lb. Late on Wednesday, an agreement for Oct Ethylene was finalized at \$.195/lb for the same location. Traders switched delivery zones Friday morning, and a deal for Sept Ethylene in LA was brokered at \$.195/lb before closing the week. By the end of Friday, spot Sept Ethylene sliced off just over three-quarters of a cent, dipping below \$.20/lb for the first time since Nov'20. Oct Ethylene, which becomes the front month next week, finished Friday just above \$.20/lb. The normalized contango widened, and many back-month contracts saw slightly more than half-cent gains.

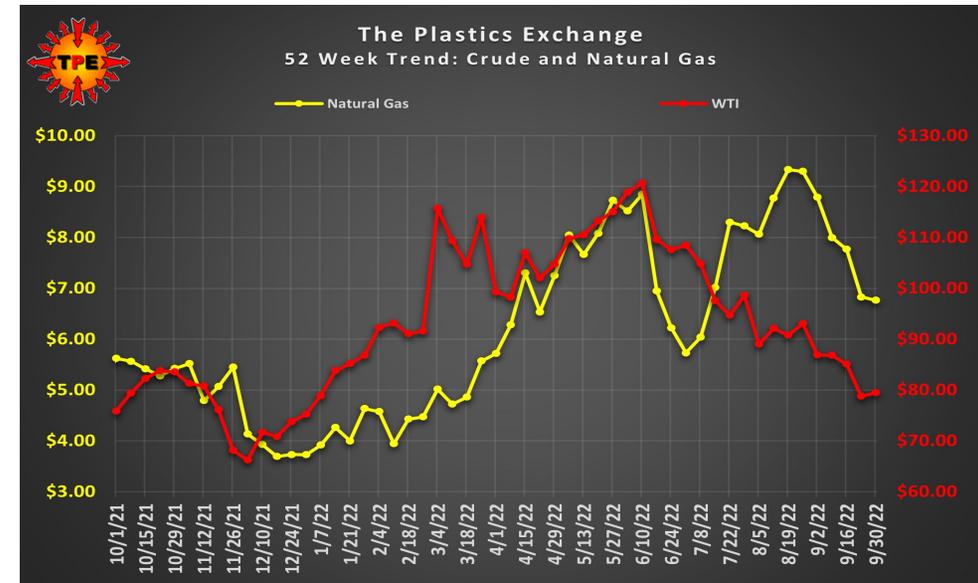
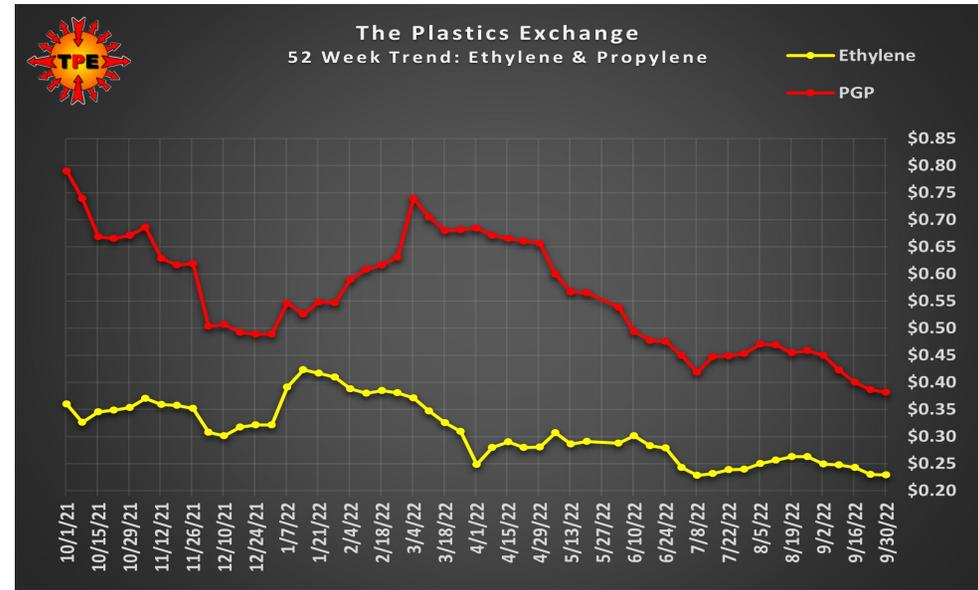
Polymer Grade Propylene exhibited heftier market action than Ethylene and posted the majority of the overall completed volume. The first deal came Monday afternoon when traders booked 1H'23 PGP deliveries at \$.3675/lb. On Tuesday, Oct PGP exchanged hands at \$.345/lb and then twice at \$.3475/lb. Wednesday, the heaviest traded day of the week, saw a deal for 2Q-3Q deliveries inked at \$.38/lb, a transaction for 1Q PGP deliveries completed at \$.36375/lb, and then at \$.35/lb. Traders also swapped Oct PGP ownership three separate times at \$.3275/lb, followed by deals for 2Q-3Q deliveries executed five more times at \$.37/lb. Friday afternoon brought a couple more executions for Oct PGP at \$.32/lb and one final deal involving 2Q-3Q deliveries completed at \$.36/lb.

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The Sept PGP weighted average nipped off almost \$.005/lb during the week and settled just north of \$.38/lb. Forward-month Oct PGP ended Friday considerably lower at just over \$.32/lb, down a few cents on the week. Like Ethylene, deferred PGP contract months saw slight price increases helping to widen the contango, Sept '23 and beyond now rests at \$.39/lb. Also this week, market participants finalized the Sept PGP contract settlement at \$.44/lb for a \$.05/lb drop from August but the drop was a couple cents less than expected based on spot pricing.

Energy futures were mixed with WTI and Brent rebounding after a 4-week slide as traders weigh a potential 1 million bbl/day production cut ahead of an OPEC+ meeting on October 5th. Nat Gas futures were down on the week as Hurricane Ian dampened demand and moderate temperatures across the rest of the US also kept limited buying interest. The Nov WTI contract set the week's low on Monday at \$76.25/bbl, only to pick up \$6.69/bbl to establish a high of \$82.94/bbl on Thursday. By Friday, Nov WTI had come down some to settle at \$79.49/bbl, but managed a \$.75/bbl gain from the previous Friday. Nov Brent followed the same direction and hit a low of \$83.63/bbl on Monday, then jumped back up by \$6.48/bbl to a high of \$90.11/bbl on Thursday. Pricing came off a bit on Friday and closed at \$87.96/bbl, up just over \$1.80/bbl on the week. The Nov Nat Gas futures contract took a different approach and hit a weekly high on Wednesday at \$7.24/mmBtu before dropping to its low of \$6.56/mmBtu the following day. Nat Gas rebounded some by Friday and closed out the week at \$6.77/mmBtu, down just over \$.06/mmBtu. NGLs extended their losses for another week as Ethane was down fractionally to \$.463/gal (\$.195/lb) and Propane also slid slightly to \$.993 (\$.281/lb).

Be sure to follow us on Twitter and LinkedIn for daily news updates!

Visit our website or contact our trading desk for your spot resin needs.

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MARKET UPDATE

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Market Update — September 30th, 2022

Supply Chain Table	Sep Change	2022 Change	End of Sep	End of Aug	End of Jul	End of Jun	End of May	End of Apr	End of Mar	End of Feb	End of Jan	Start of Year	2021 Change	Start of Year
Product	Mixed	Mixed	9/30/22	8/31/22	7/29/22	6/30/22	5/31/22	4/30/22	3/31/22	2/28/22	1/31/22	1/1/22	Mixed	1/1/21
HDPE Film \$/LB	-0.010	-0.110	0.62	0.630	0.680	0.730	0.760	0.800	0.770	0.760	0.750	0.730	0.180	0.550
HDPE Blow \$/LB	-0.010	-0.100	0.67	0.680	0.730	0.790	0.820	0.860	0.840	0.820	0.800	0.770	0.190	0.580
HDPE Inject \$/LB	-0.010	-0.090	0.67	0.680	0.730	0.790	0.820	0.860	0.840	0.820	0.800	0.760	0.180	0.580
LLDPE Film \$/LB	-0.010	-0.080	0.70	0.710	0.760	0.820	0.850	0.920	0.870	0.840	0.820	0.780	0.230	0.550
LDPE Film \$/LB	-0.010	-0.090	0.74	0.750	0.800	0.850	0.880	0.890	0.900	0.880	0.860	0.830	0.150	0.680
LDPE Inject \$/LB	-0.010	-0.110	0.76	0.770	0.820	0.870	0.900	0.940	0.920	0.900	0.890	0.870	0.240	0.630
LLDPE Inject \$/LB	-0.010	-0.110	0.72	0.730	0.780	0.830	0.860	0.900	0.880	0.860	0.850	0.830	0.160	0.670
HoPP Inject \$/LB	-0.110	-0.210	0.69	0.800	0.870	0.940	0.990	1.030	1.020	0.970	0.920	0.900	0.130	0.770
CoPP Inject \$/LB	-0.150	-0.230	0.75	0.900	0.970	1.040	1.090	1.130	1.120	1.050	1.000	0.980	0.150	0.830
Ethylene \$/LB	-0.026	-0.092	0.23	0.255	0.239	0.248	0.286	0.280	0.249	0.373	0.410	0.321	-0.016	0.338
Propylene \$/LB	-0.068	-0.107	0.38	0.450	0.453	0.450	0.538	0.657	0.680	0.713	0.547	0.489	-0.066	0.555
Crude WTI \$/BBL	-10.060	4.280	79.49	89.550	98.620	105.760	114.670	104.690	100.280	95.720	88.150	75.210	26.690	48.520
Crude Brent \$/BBL	-7.680	10.180	87.96	95.640	110.010	109.030	115.600	109.340	104.710	97.970	91.210	77.780	25.980	51.800
Ethane \$/GAL	-0.122	0.127	0.46	0.585	0.575	0.490	0.606	0.509	0.433	0.403	0.376	0.336	0.125	0.211
Propane \$/GAL	-0.104	-0.044	0.99	1.097	1.145	1.208	1.233	1.307	1.399	1.385	1.166	1.037	0.436	0.601
Nat Gas \$/MBTU	-2.361	3.036	6.77	9.127	8.229	5.424	8.145	7.244	5.642	4.402	4.874	3.730	1.191	2.539

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MARKET UPDATE

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10/07/2022
Dairy Market

BLOCK:	Down .0075	@ \$ 2.0225	0 Sales
BARRELS:	Down .0250	@ \$ 2.2250	0 Sales
BUTTER:	Down .0500	@ \$ 3.2175	1 Sales
NFDM Grade A:	Unchanged	@ \$ 1.5400	1 Sales
CME Dry Whey	Unchanged	@ \$.4225	1 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>
10/03/2022	2.0000	Up .0325	1	2.2100	Up .0100	1	-0.2100
10/04/2022	2.0000	Unchanged	0	2.2275	Up .0175	2	-0.2275
10/05/2022	2.0225	Up .0225	2	2.2225	Down .0050	0	-0.2000
10/06/2022	2.0300	Up .0075	3	2.2500	Up .0275	10	-0.2200
10/07/2022	2.0225	Down .0075	0	2.2250	Down .0250	0	-0.2025
Average Market:	2.0150		6	2.2270		13	

<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>
10/03/2022	3.1775	Up .0325	11	1.5425	Down .0275	1
10/04/2022	3.2100	Up .0325	8	1.5375	Down .0050	2
10/05/2022	3.2400	Up .0300	9	1.5375	Unchanged	3
10/06/2022	3.2675	Up .0275	6	1.5400	Up .0025	0
10/07/2022	3.2175	Down .0500	1	1.5400	Unchanged	1
Average Market:	3.2225		35	1.5395		7

<u>Date</u>	<u>Dry Whey</u>	<u>Dry Whey Change</u>	<u>Dry Whey Sales</u>
10/03/2022	0.4400	Unchanged	0
10/04/2022	0.4225	Down .0175	1
10/05/2022	0.4225	Unchanged	0
10/06/2022	0.4225	Unchanged	0
10/07/2022	0.4225	Unchanged	1
Average Market:	0.4260		2

--Year Ago--

<u>Date</u>	<u>Blocks</u>	<u>Barrels</u>	<u>Butter</u>	<u>NFDM Grade A</u>	<u>Dry Whey</u>
10/05/2021	1.8075	1.7925	1.6900	1.4175	0.5900
10/06/2021	1.8075	1.7875	1.6975	1.4300	0.5925
10/07/2021	1.8100	1.7675	1.6975	1.4425	0.5950
10/08/2021	1.8100	1.7900	1.7200	1.4600	0.5950



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October 6, 2022

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What you need to know

- GDT was down more than expected, -3.5%, with all products down
- August AU milk production was weaker than expected, -5.9%
- August U.S. milk equivalent exports were close to forecast, up 6.9%
- August U.S. cheese, butter, NFDM+SMP and dry whey production were all lower than forecast

Dairy Prices (USD)

Cheese	Last (lb.)	Chg.	Last (MT)	WMP	Last (lb.)	Chg.	Last (MT)
CME Blocks (Wk Avg)	\$2.01	\$0.03	\$4,441	US	\$2.45	\$0.00	\$5,390
CME Barrels (Wk Avg)	\$2.23	\$0.03	\$4,907	Dutch	\$2.10	\$0.03	\$4,632
EU Gouda	\$2.25	\$0.02	\$4,964	GDT (Avg)	\$1.62	-\$0.07	\$3,573
GDT Cheddar (Avg)	\$2.25	-\$0.08	\$4,966				

Butter	Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$3.23	\$0.08	\$7,126
EEX Index	\$3.22	\$0.03	\$7,098
GDT (Avg)	\$2.26	-\$0.17	\$4,983

SMP/NFDM	Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$1.54	-\$0.03	\$3,394
EEX Index	\$1.65	\$0.02	\$3,636
GDT (Avg)	\$1.59	-\$0.02	\$3,497

Dry Whey	Last (lb.)	Chg.	Last (MT)
Central US	\$0.44	\$0.00	\$970
EEX Index	\$0.43	-\$0.01	\$948
US WPC34	\$1.81	\$0.00	\$3,979
US Lactose	\$0.47	\$0.01	\$1,025

Rennet Casein	Last (lb.)	Chg.	Last (MT)
US	\$6.21	\$0.00	\$13,691

Sources: CME, USDA, EEX, GlobalDairyTrade, Dutch Dairy Board, Trigona, FRED USD/euro rate used: 0.985, +0.015

CME Class III and SGX WMP Futures Prices
(November 2022 Contracts)



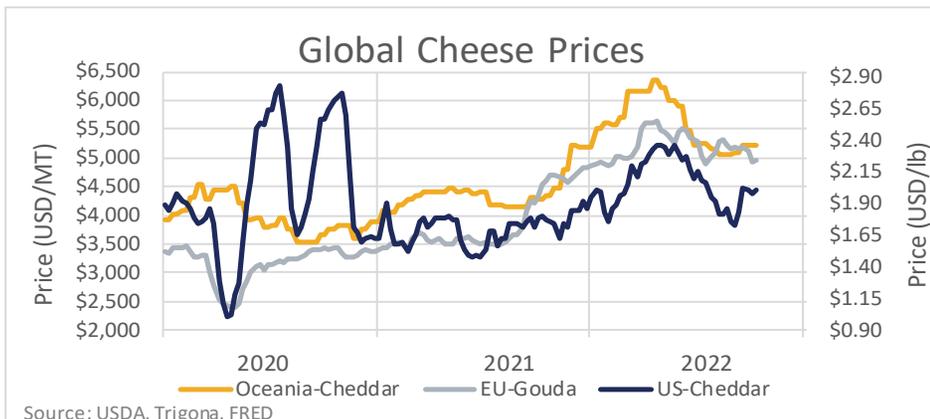
Source: CME, SGX

Market Summary

The disconnect between the U.S. and other dairy markets continued this week, clearly visible in the futures graph to the left. GDT prices were decisively lower and there was continued downward pressure on EU prices (at least in euro terms). And there was downward pressure on U.S. NFDM and dry whey, but CME spot butter pushed to a new record high and CME spot cheese prices moved higher this week. The bearish global concerns still seem mostly centered around demand. Chinese buying doesn't seem to be back in any significantly way and slowing economic growth is expected to dampen demand in the rest of the world. But I would point out that feed costs are still expensive and milk production has remained disappointing in the Southern Hemisphere, which limits downside for prices.

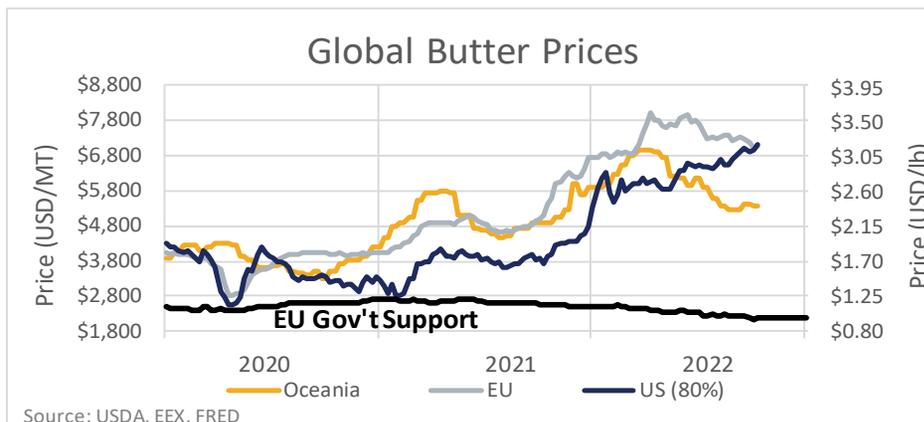
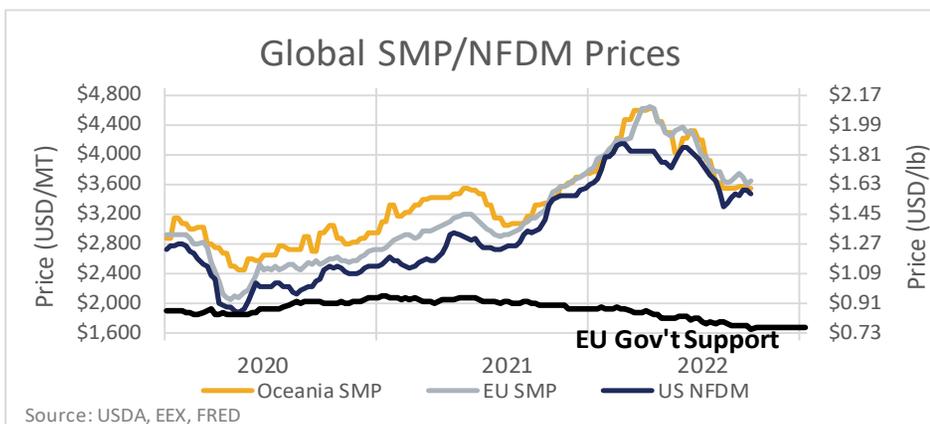


Product Markets



Butter: The CME spot butter price hit a new record high Thursday at \$3.2675 (\$7,203) on aggressive bidding. Like with cheese, a decent amount of product has been brought to the exchange. U.S. butter production was weaker than expected in August, down 2.0% from last year. U.S. butter exports were still strong in August, up 116% from last year. EU and Oceania butter prices moved lower with spot prices in both regions now below the U.S..

Cheese: CME spot cheese prices were higher this week on aggressive buying. The aggressive bidding brought sellers into the market, but the buy side absorbed all the product. U.S. Cheddar production was 12 mil. lbs. weaker than forecast for August and down 2.1% from last year, although mozzarella production was 8 mil. lbs. heavier than forecast and up 3.1%. EU cheese prices were lower in euro terms, but up a little in dollar terms. GDT Cheddar was down, but is still overvalued relative to other Oceania dairy prices.

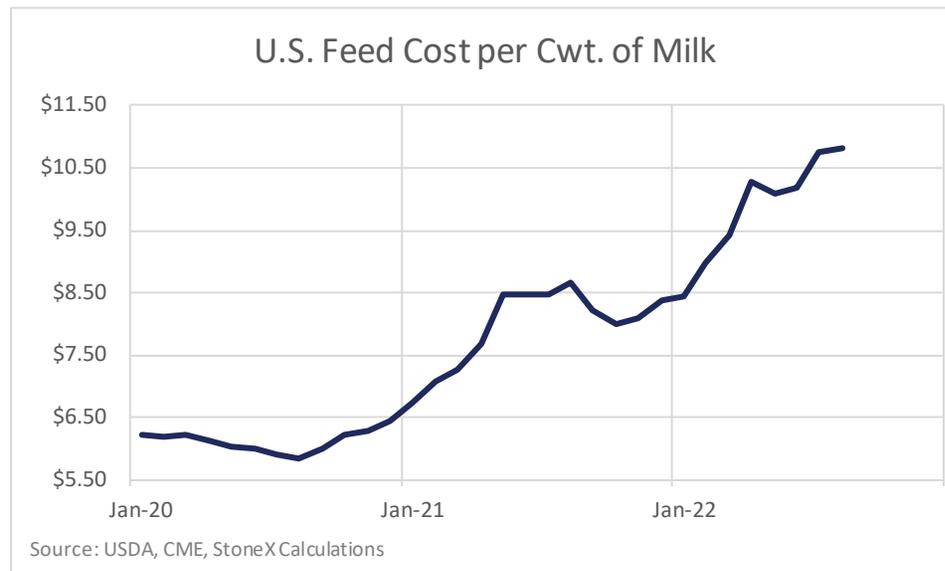
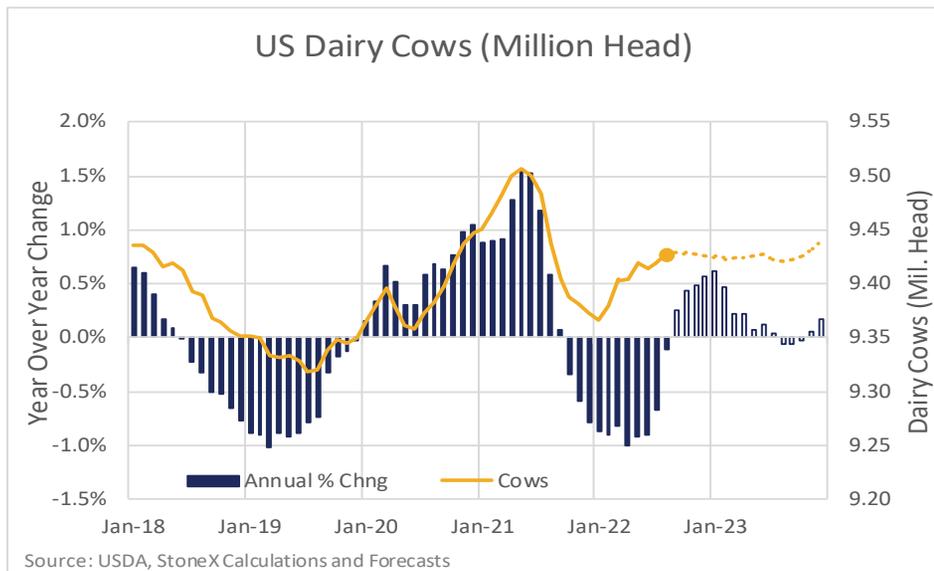
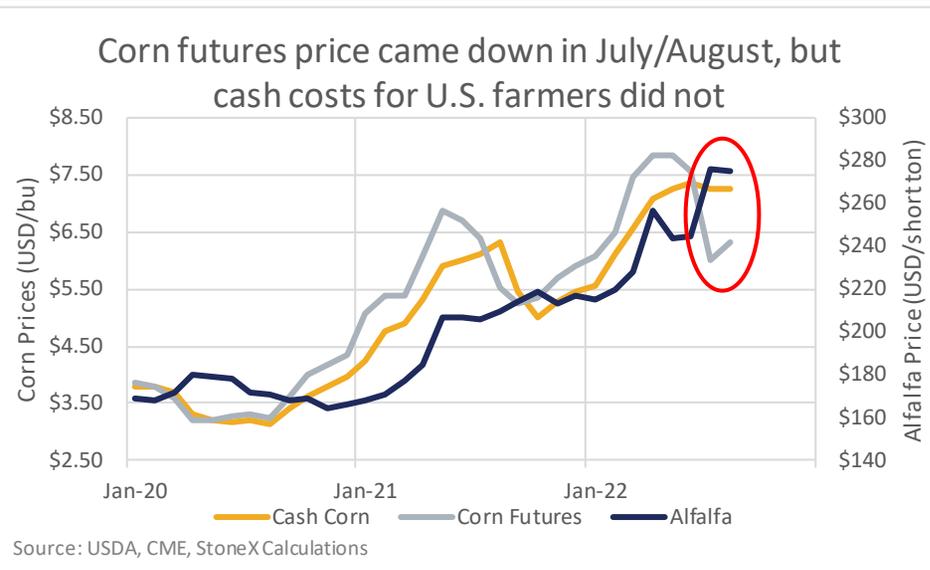


Powders: The EU SMP market felt heavy last week, and the move lower at GDT has only added to the bearish sentiment. U.S. NFDM prices also moved a little lower this week, but with U.S. prices still at a discount, sellers haven't been overly aggressive. August U.S. NFDM+SMP production was lower than forecast by about 22 million pounds, but exports were weaker than expected by a similar amount. Dry whey prices shifted a little lower. The August U.S. dry whey fundamentals look supportive with production and stocks lower than forecast.



In-Depth Analysis - Farm Input Costs

Last month I wrote about the counter-seasonal increase and record high price of U.S. alfalfa hay ([page 6](#)). The price did come down in August, but only slightly. And despite a big drop in the futures price of corn in June/July/August, the cash price of corn that farmers are actually paying has stayed high. That has pushed the estimated feed costs to a new record high in August. We should still get some seasonal weakness in feed costs as harvest progresses, but there are upside risks for prices if yields disappoint in the Southern Hemisphere season and/or the shipping corridor out of Ukraine is closed down again. There are also downside risks around recession and a drop in ethanol/meat/dairy demand that would pull feed costs lower. But I think it is important to recognize that while futures prices came down this summer, cash costs did not and we're still dealing with very high input costs for dairy farmers which could limit herd/milk production growth moving forward.





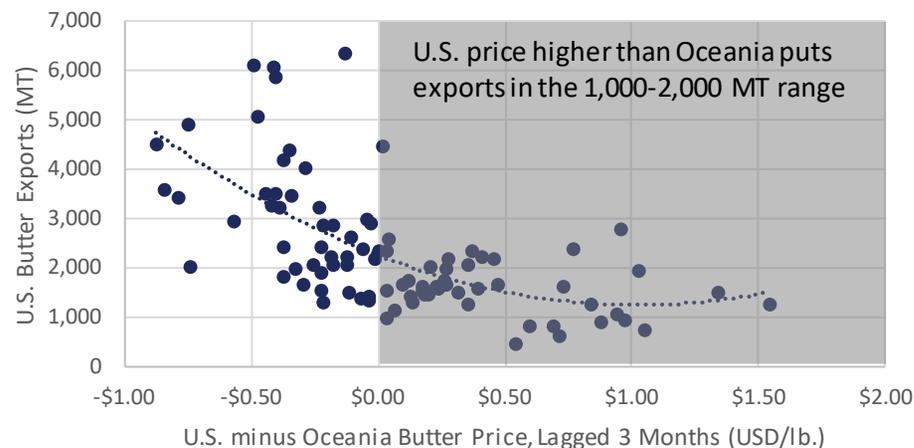
In-Depth Analysis - August U.S. Exports

U.S. milk equivalent exports in August were up 6.9%, which was very close to the +7.2% that I was expecting. One of the big surprises in the data was how strong butter exports were, still up 116% from last year. There is a pretty good relationship between the U.S.-Oceania price spread and the level of U.S. exports, but there is a lag between prices and exports. February-May, the U.S. price averaged -31 cents/lb (-\$680/MT) less than Oceania, which was resulted in very strong exports. But the spread is now running close to +\$0.75 (-\$1,650) which should put U.S. exports down in the 1,000 to 2,000 MT range in coming months.

U.S. Dairy Export Summary (MT)				
	Aug-22	YoY Change	12 Month Total	YoY Change
Milk Equivalent	1,575,136	6.9%	17,602,704	4.8%
WMP	4,153	52.2%	39,692	-0.6%
SMP	64,733	-17.0%	824,655	-5.9%
Butter	6,379	116.1%	56,151	47.1%
AMF	1,529	-9.4%	18,749	137.6%
Cheese	38,517	5.7%	441,268	18.0%
Infant Formula	2,354	-29.4%	29,301	0.5%
Liquid Milk	15,271	-1.0%	202,129	14.9%
Yogurt	1,629	10.7%	19,569	7.4%
MPC	4,250	73.5%	44,628	14.6%
Casein	113	-45.7%	2,116	25.5%
Caseinates	161	-46.4%	2,346	12.4%
Dry Whey	22,804	29.7%	211,413	-8.9%
WPC	15,787	34.7%	155,687	1.2%
WPI	5,035	-19.6%	61,406	-7.3%
Lactose	36,006	45.7%	382,797	25.2%

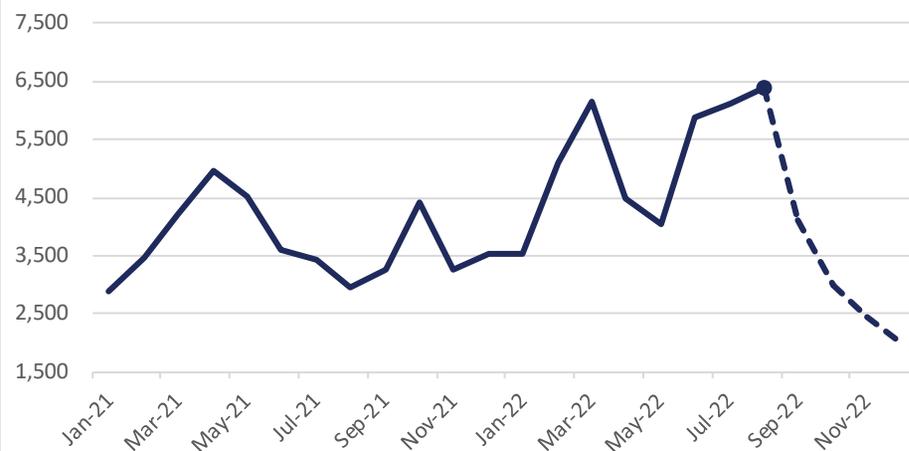
Source: GTT, StoneX Calculations and Estimates

U.S. Butter Exports vs. Price Spread to Oceania



Source: GTT, USDA, StoneX Calculations, Estimates and Forecasts

U.S. Butter Exports (MT)



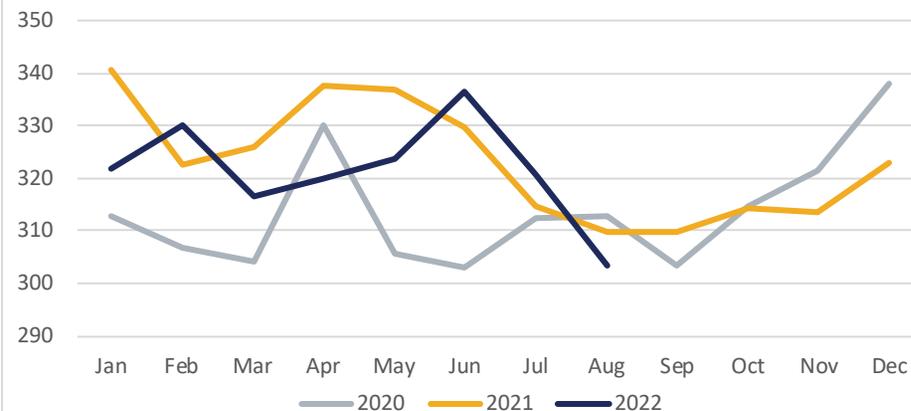
Source: GTT, StoneX Calculations, Estimates and Forecasts



In-Depth Analysis - August U.S. Dairy Product Production

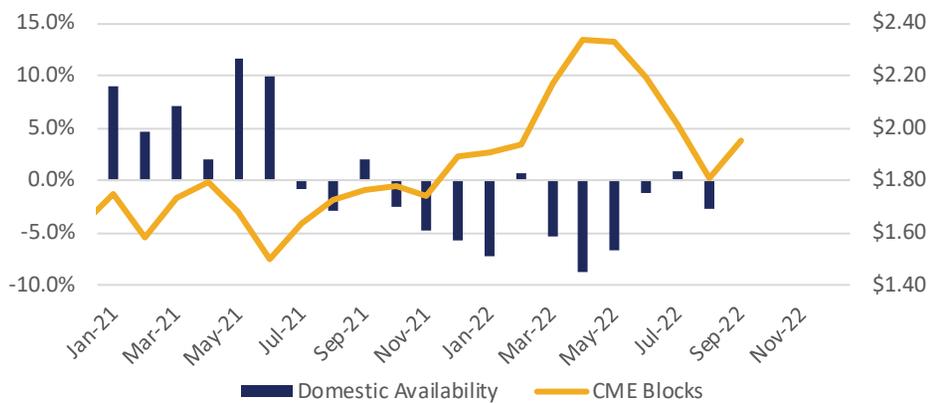
There were a number of surprises in the August Dairy Products report with cheese, butter and NFDM+SMP production all coming in lower than expected. But what caught my eye was Cheddar production being down 2.1% from last year while estimated Cheddar exports were up 11.5% from last year. The only cheese that can be traded on the CME spot market is fresh Cheddar, aged between 4 and 30 days, so when we have Cheddar production down and exports up, the “domestic availability” of fresh Cheddar can get pretty tight and drive the CME spot market higher. Technically the average CME block price in August was down from July, but the market made a bottom early in August and moved higher during the month (and into September). I’ve been blaming the current strength in the U.S. cheese market on domestic year-end holiday demand, and maybe that is the current drive, but the strength started with weak Cheddar production and good exports.

U.S. Cheddar Production (Mil. Lbs., 30 Day Months)



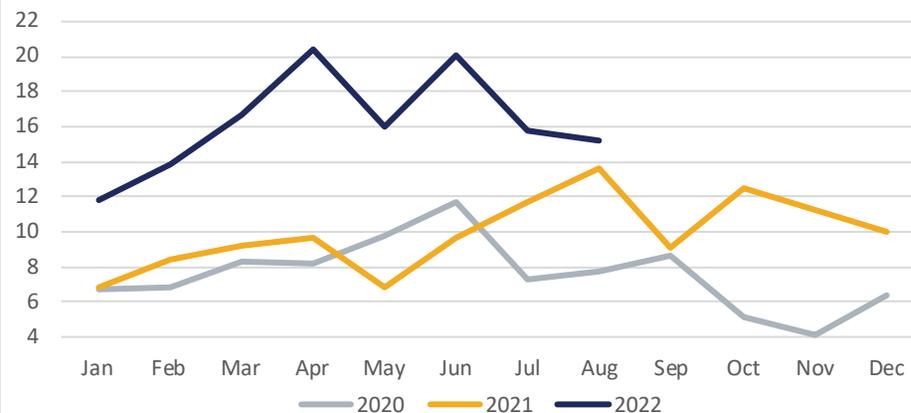
Source: USDA, StoneX Calculations

YoY Change in Domestic Cheddar Availability and CME Block Cheese Price (USD/lb.)



Source: USDA, GTT, CME, StoneX Calculations and Estimates

U.S. Cheddar Exports (Mil. Lbs., 30 Day Months)



Source: GTT, StoneX Calculations and Estimates



Udder Intelligence



October 6, 2022

Understand · Simplify · Succeed

This report is an abbreviated version of our weekly Udder Intelligence report that has been exclusively produced for Schreiber Foods customers. The INTL FCStone Dairy Market Insight team is spread across the US, Europe and Asia. We produce daily, weekly and monthly reports covering the supply, demand prices of dairy products around the world. We work hard to help you understand, simplify and succeed.

Understand – Global supply and demand drive dairy prices. Working across the globe, our team tracks, models and forecasts supply, demand and prices across all of the major dairy exporting regions, as well as dozens of importing countries. This provides you with critical insights into the important drivers behind dairy prices.

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

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

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Bean & Rice Market Update

Bean Market Update:

Dry Bean Harvest is underway. Most states are approaching or have passed the half-way mark. With the exception of Washington and Michigan, all other states are lagging behind the 5-year harvest average due to late planting this spring. Initial accounts indicate yields are about average to slightly above and quality is good. With the lateness of harvest, frost is still a threat to yield and quality, and some weather reports are indicating we will see some freezing temperatures in some of the northern tier states this week.

Dry Bean Crop Progress Report				
9/26/2022				
State	Harvested This Week	Harvested Last Week	Harvested Five yr. Avg	Variance from Avg
North Dakota	48%	31%	64%	-16%
Minnesota	60%	39%	64%	-4%
Colorado	30%	10%	34%	-4%
Nebraska	45%	26%	67%	-22%
Idaho	64%	38%	76%	-12%
Washington	90%	60%	82%	8%
Wyoming	27%	4%	53%	-26%
Michigan	42%	9%	33%	9%

Source: USDA NASS

We are continuing to keep a close eye on the dry bean crop in Mexico. As mentioned in the August report, a large portion of the crop in Mexico was planted late or not at all due to arid conditions in the country. This will mean fewer harvested acres and lower production. Also, the late planted portion of the crop will be at risk of frost damage. A short crop in Mexico will mean increased U.S. exports of Pinto and Black beans. There are also reports of a poor Small Red bean crop in Central America and we are getting indications that we will see higher exports into that region which will add demand to an already tight Small Red bean crop. Based on latest USDA reports, white beans will be in tight supply this year. Great Northern acres are down about 50% versus last year and hot, dry conditions in Nebraska have trimmed potential yields. With normal demand, carryover stocks from previous years should be greatly reduced. Navy bean production is down 15% versus last year. If we see normal demand, supplies will be tight and prices supported.

Chickpea, Lentil, and Pea harvests are wrapping up. Yields are better than last year's drought-impacted crop, but overall are around average. Chickpea acreage was lower than anticipated and yields in Montana were poor which will keep supply relatively tight and prices firm. Pea and Lentil farmers are not selling their new crop and are holding out for better prices. Large purchases by the USDA for food aid continues to add support to these markets as well. With food insecurity increasing throughout the world, we anticipate the USDA will continue to step in and buy Peas, Lentils and possibly dry beans throughout the upcoming year.

Conditions for Blackeye Peas as well as for Large and Baby Lima beans have not improved. The hot, dry conditions in California and Texas caused acres to be cut and yields were trimmed due to these adverse growing conditions. Domestic production will not be adequate to meet normal requirements and product will need to be imported to meet normal U.S. demand.

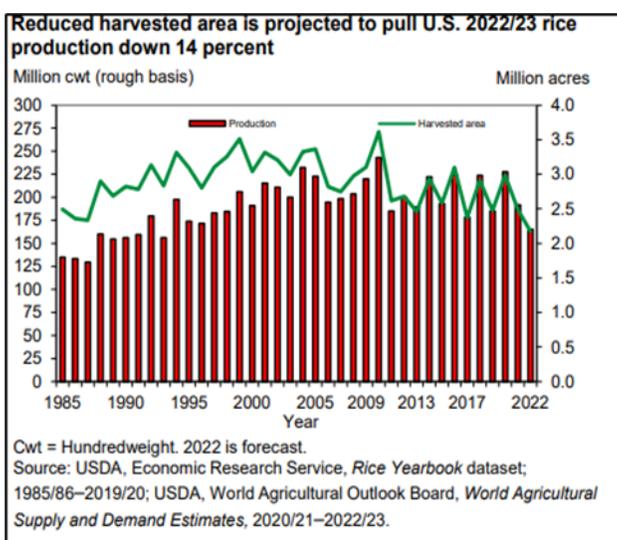
Bottom line, the crop is not in the barn yet and we are still facing some challenges that may impact the overall supply of dry beans for the upcoming crop year. Export markets could have a greater impact on the Pinto, Black, and Small Red bean markets. By the end of October, harvest should be wrapping up and we will have a better feel for total U.S. supply and quality. From there, the focus will then turn to outside markets.



Rice Market Update:

Rice harvest is also underway. The latest USDA Crop Progress report shows 59% of the crop is harvested compared to an average of 63%. Harvest in Arkansas is 61% complete compared to the 66% average. Initial reports indicate yields are below last year, but around historical norms. Early reports are indicating quality is better than last year.

On September 12th the USDA made some revisions to the U.S. rice balance sheets. For 2022/23, the production forecast was lowered 10.9 million cwt to 165.1 million cwt, a result of a 6% drop in the harvested area and a slightly lower yield forecast. The USDA lowered yield to 7,586 pounds per acre. This is 41 lbs. less than the previous forecast. Long-grain 2022/23 production was lowered 8.0 million cwt to 132.3 million, nearly 9% below a year earlier and the smallest since 2019/20. Medium and Short-grain production were lowered 2.9 million cwt to 32.8 million cwt, 30% smaller than a year earlier and the lowest since at least 1972/73 when NASS first reported U.S. rice production by class. At 255,000 acres, California's total 2022/23 rice harvested area is the smallest since 1958/59. This is the second consecutive year of a sharp decline in California rice acreage, a result of a severe and prolonged drought, with low reservoir levels and water restrictions.



Finally, the 2022/23 U.S. all-rice carry-in stocks were lowered more than 4% based on data reported in the NASS Rice Stocks released on August 19th. Long-grain carry-in was reduced 3% and the Medium and Short-grain carryover was lowered more than 4%. Based on current information the all-rice 2022/23 total supply forecast was lowered 4% to 248.9 million cwt, the smallest since 2003/04.

On the export front, Iraq's buying group honored the MOU that the U.S. signed with them last year and has recently purchased 84,000 MT of U.S. milled rice. That brings their total for the past year to 240,000 MT. That is welcome news for the industry, as the timing of it will cause both old and new crop rice to be used. Iraq is a significant market for the milled rice industry, and it is always good to start a new crop year with volume business on the books.

Also, on September 12th the USDA announced it will purchase \$50 million in domestically produced consumer-ready rice for distribution to a variety of food assistance programs, including charitable organizations. Contracts will be awarded in October and shipments are slated to begin in November.

It is very unusual to see U.S. rice acres and production decline two years in a row – mostly driven by reduced production and relatively small carryover stocks. Growers are aware of the tight supply situation and are holding very tight to the crop knowing they can leverage prices higher. The U.S. Rice market should remain firm and supported.

THE OUTLOOK.

Seneca Foods Corporation's crop report newsletter for our valued customers.



Happy Fall!

Fall weather arrived in the Midwest promptly with the Autumnal Equinox. Warm temperatures quickly gave way to cool days and even cooler nights. Overall crop progress is looking good as we start to near the end of the harvest season. Read on for our full Harvest Progress Report on the next page.

New product spotlight:

Seneca Pink Lady Apple Chips are hitting store shelves! Be sure to keep an eye out for our latest offering of Seneca Apple Chips. Don't forget October is National Apple Month and National Breast Cancer Awareness Month, making our partnership with the National Breast Cancer Foundation a perfect match! A portion of the proceeds from Seneca Pink Lady Apple Chips goes straight to the National Breast Cancer Foundation for their continued research and support.

IN THIS ISSUE

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REPORT

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HARVEST PROGRESS REPORT

NOTES THROUGH 10.04.2022

SWEET CORN

Harvest is a little over 80% complete in all areas. Yields are above average and remaining corn looks good with above budget yields projected. Sweet Corn pack is projected to be complete around mid-October.

SNAP BEANS

Harvest is roughly 97% complete. Yields in the Midwest continue to run at or slightly above budget and look to continue through the remaining acres at this time. Yields in NY continue to track slightly below plan. Currently projecting a budget crop and will wrap up later this week.

RED BEETS

Harvest is continuing well in all areas with yields continuing to improve; 77% complete overall. A budget crop is projected.

CABBAGE

Cabbage harvest in NY and WI is underway and looking good.

CARROTS

Carrot crop continues to look good with no issues being reported at this time.

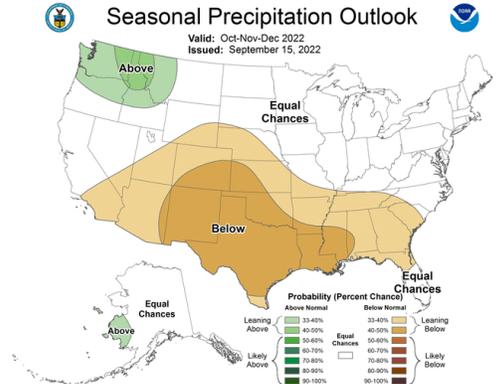
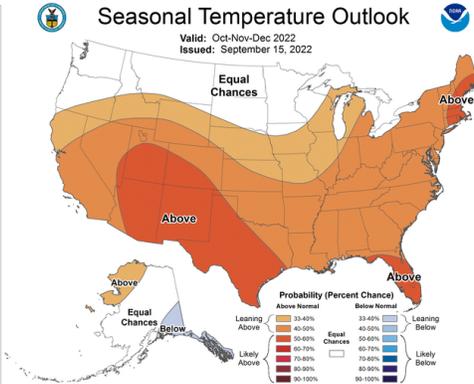
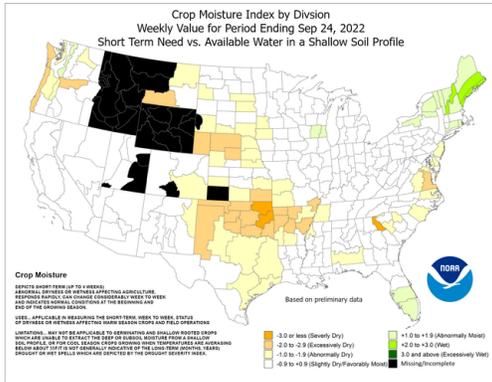
LIMAS

Lima Beans in MN are complete with 90% of the overall plan tons processed. Limas in WI are around 60% complete with yields averaging well above budget. Remaining beans look good.

PUMPKIN

Pumpkin is now 60% complete on harvested acres overall. Local yields are currently trending just under budget.

WEATHER SNAPSHOTS



Crop Moisture Index

For the week ending September 24th, as can be seen by the Crop Moisture Index, almost the entirety of our growing regions in the Midwest and NY are dealing with slightly dry to favorably moist soil conditions. However, recent rains have some parts of south-east WI and NY dealing with conditions that are a little on the moist side. Overall, subsoil moisture levels continue to hold well in WI and eastern MN; while central and western regions of MN continue to be moderately droughty. In NY, subsoil moisture levels have improved dramatically since August due to welcomed rains over the course of the past 5 weeks, and are now mostly normal across the state. Extremely dry conditions persist in the Northwest part of the country especially through the Columbia River Basin along the Oregon/Washington border.

90 Day Precipitation Outlook

The outlook for rain throughout the Midwest and Northeast over the next three months is forecast to be mostly normal, whereas the Pacific Northwest is projecting chances of rains to be above normal through December.

90 Day Temperature Outlook

Temperatures forecast for most of the Midwest and NY growing areas look to stay slightly warmer than normal through December, especially through October as temperatures this next month are expected to stay above normal across the country. Forecasts in the Pacific Northwest, MN, and Northwestern WI look to remain mostly normal through the end of the year following a warm October.



BEET PROCESSING SNAPSHOT



Quick Facts: Beets

Benefits of canned retail beets:



- A Fat Free Food
- No Saturated Fat
- Cholesterol Free
- No Sugar Added
- No Additives or Preservative
- Low Calorie

*Low-Sodium Beets Available in Foodservice

