

MarketNews

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Market Report - Eggs



Flour Facts



Oil Market News and Views



USDA Weekly Livestock, Poultry & Grain Market Highlights



Market updates from The Plastics Exchange



Daily Market Summary - Plus In-Depth Analysis

Egg Markets

Week of October 17, 2022

TONE: Retail demand mixed. Supplies ample to long. Market soft to weak.

The regional egg markets are as follows:

	Northeast	Midwest	Central	Southeast
Lg	\$3.03	\$2.96	\$3.14	\$3.07
Md	\$2.42	\$2.37	\$2.47	\$2.42

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

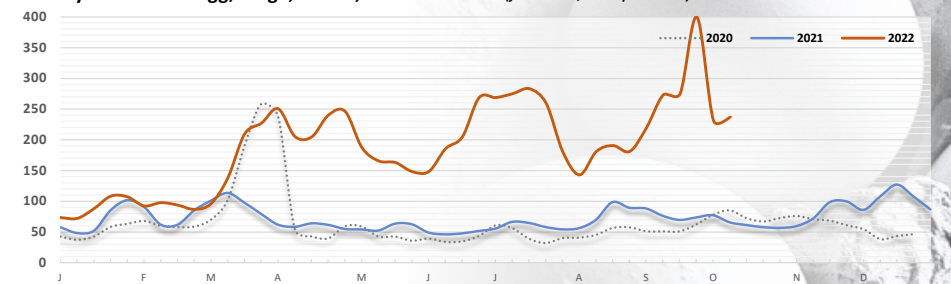
Wholesale prices for cartoned shell eggs posted sharp daily declines as the market sought a workable level. Offerings are light to moderate but supplies are adequate to ample and interest is moderate. The pace of trading is moderate. Wholesale prices for graded loose eggs firmed following early-week 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.

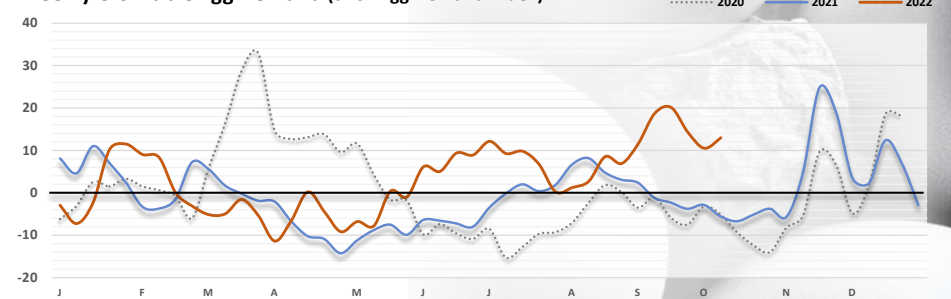
The overall inventory of shell eggs declined 3% and the nation-wide inventory of Large eggs posted a 4% decline. Stocks of Large eggs in the key Midwest production region

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



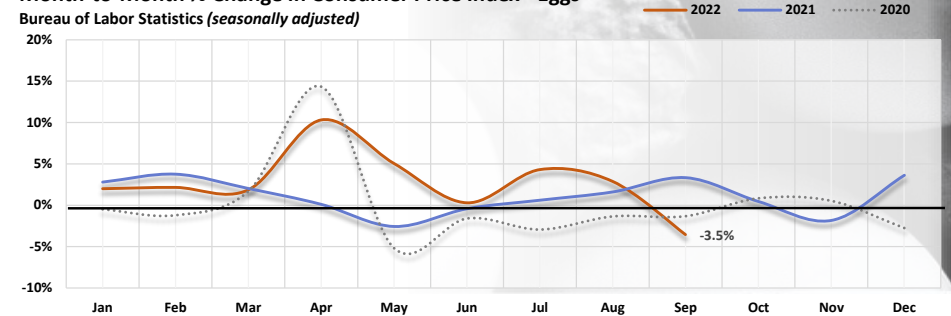
Source: USDA AMS L&P Livestock, Poultry, and Grain Market News

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

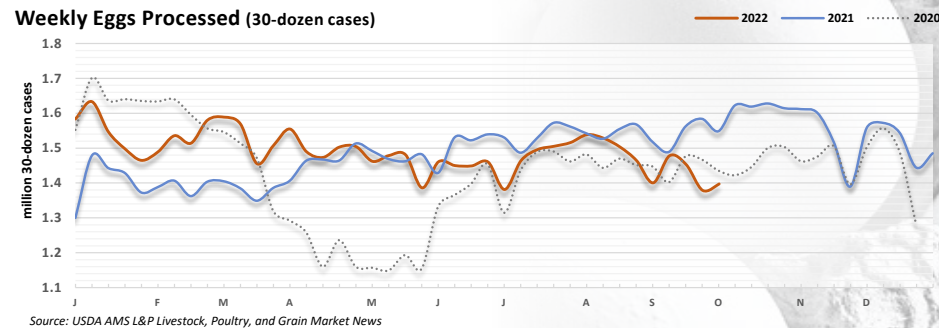
were down 12.5% in a period when marketers would typically be looking to begin building inventory for the coming Thanksgiving demand season. The inventory share of Large class shell eggs lost 0.5% to a 52% share of all shell egg stocks on inventory at the start of the week. Stocks of cage-free eggs were 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.

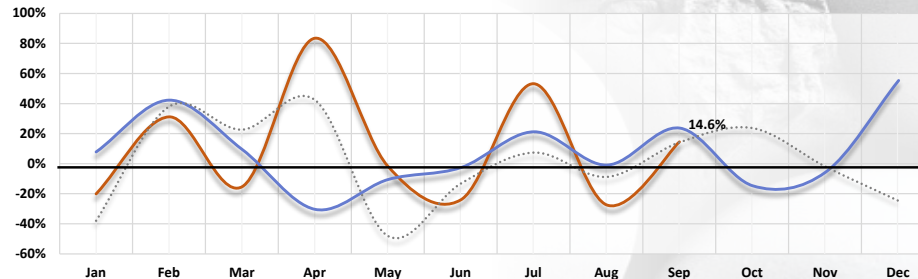
Cage-free commitments as of September 2022 remain about unchanged, requiring 66.7 billion cage-free eggs per year to meet 100% of needs from an approximate cage-free flock of 221.5 million hens (72.5% of the U.S. non-organic flock), indicating a shortage of 134.5 million hens from the current non-organic 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

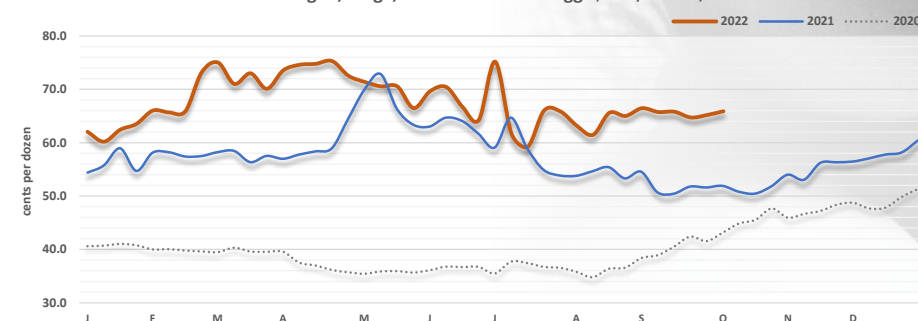
Eggs Processed - Week-to-Week Change						
total	share	whole	whites	yolks	dried	inedible
1.3%	0.3%	-2.4%	9.7%	4.3%	-2.0%	0.7%

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)

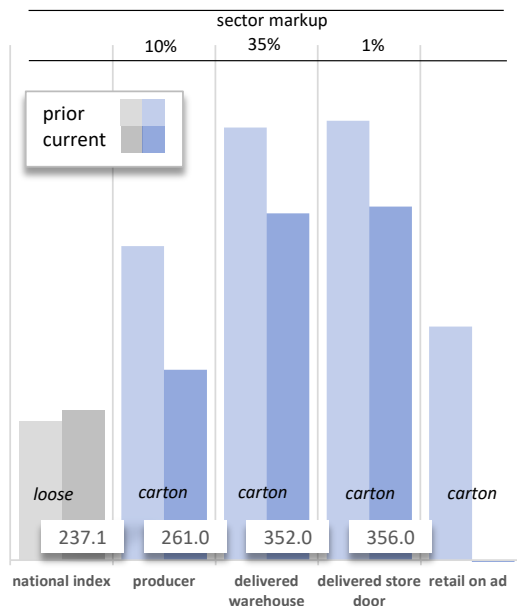


Source: USDA AMS L&P Livestock, Poultry, and Grain Market News

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
SHELL EGGS (Large, White, conventional in cents per dozen)							
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
National Retail Shell Egg (avg. ad price in dollars per dozen)							
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
EGG PRODUCTS (f.o.b. dock prices; dollars per pound)							
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%
SHELL EGG DEMAND INDICATOR (no units)	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) ¹	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) ¹	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 ²	3.07 ▲	6%	2.89	3.07	2.11
Shell Egg Demand Indicator	13.0 ▲	2.5	10.5	20.1	-11.4

¹ mostly high; ² non-organic



FLOUR FACTS

Information Provided by General Mills Foodservice
GeneralMillsCF.com



Weekly Market Highlights

OCTOBER 13, 2022

- The week started out strong as the market reacted to a key bridge between Russia and Crimea being blown up and the market fearing of retaliation from Putin, but the market cooled off on no new news out of the Black Sea region followed by positioning prior to the USDA report and then reaction afterwards.
- Winter wheat planted improved to 55% according to the weekly crop progress report, which is 3% behind last year and the five-year average. Emergence is also tracking behind at 26% vs. 29% last year and a five-year average of 32%.
- Following the USDA WASDE report, wheat exports were reduced by 50 million bushels. Domestic ending stocks were also taken down but not as much as analyst expectations. Yields were taken down for beans and corn.

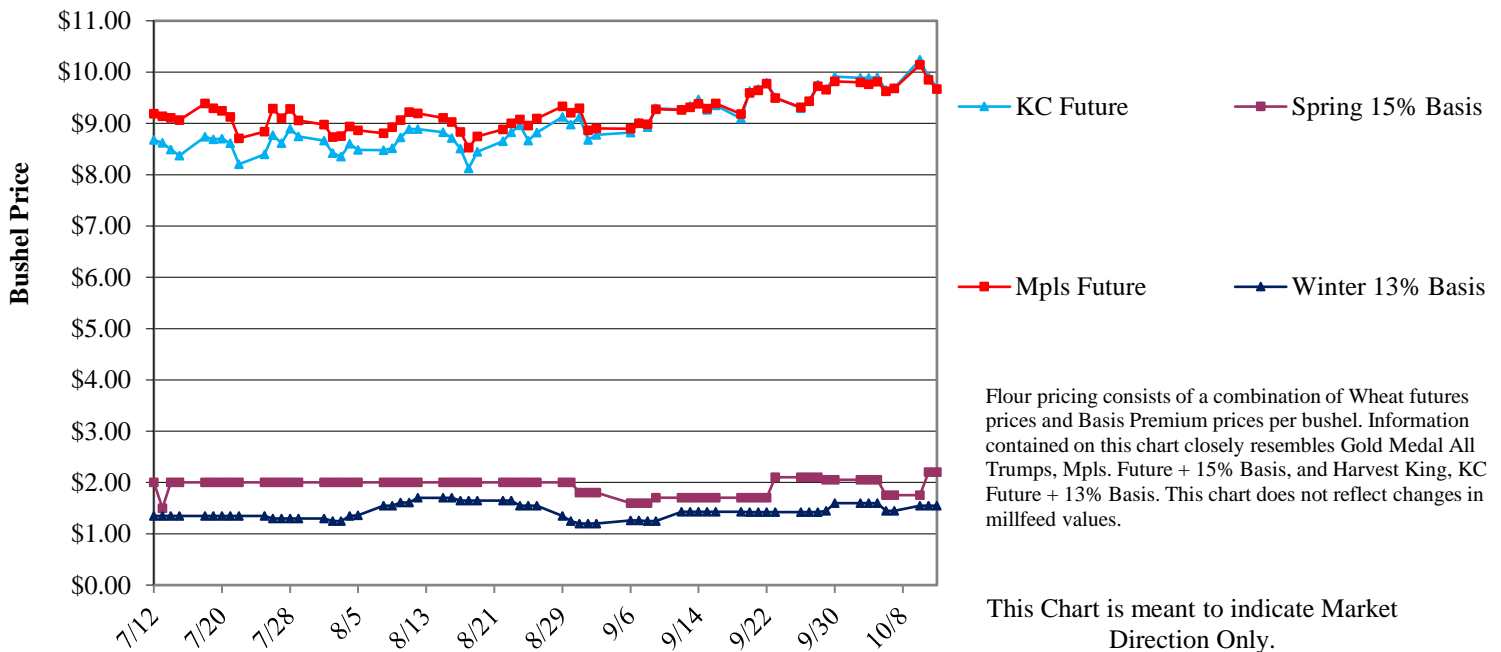
Facts on Flour

Soft Red Winter (SRW)

Soft Red Winter Wheat is grown in the eastern third of the United States. SRW is high yielding wheat, but relatively low in protein, usually about 10%. SRW is used for cakes, pastries, flat breads, crackers and snack foods.

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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.

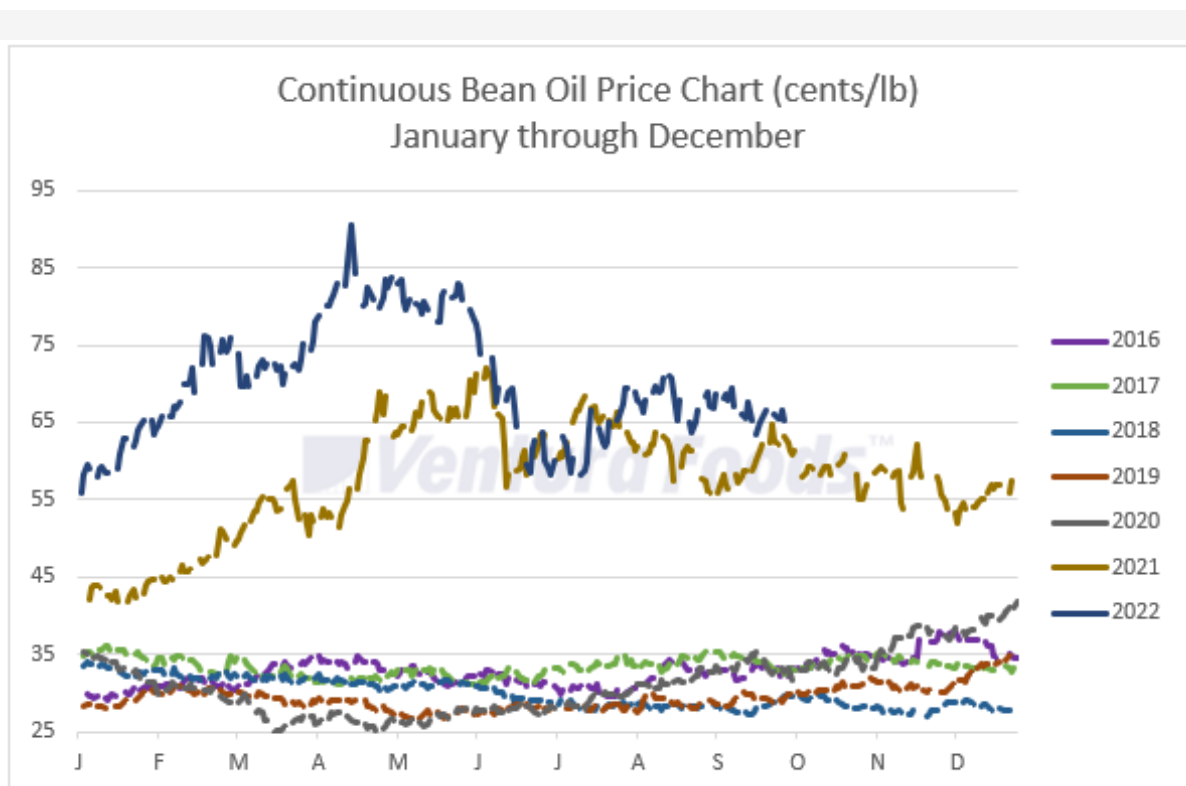


Ventura News & Views

By Ventura Foods Oil Trading Team • Oct 16, 2022

Smart Brevity® count: 1.5 mins...395 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	65.30	66.60	60.44	8%
Soybean oil as % of crush value	43.83%	45.39%	48.67%	-10%
CBOT Soybean meal (\$/ton) Dec	418.50	404.90	318.70	31%
CBOT Soybeans (\$/bu) Nov	13.8375	13.6700	12.0625	15%
CBOT Soybean crush margin (¢/bu)	255.25	247.14	159.73	60%
Canola oil - RBD, West Coast (¢/lb)	103.30	104.60	95.44	8%
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)	115.30	106.60	100.44	15%
CME Butter - AA Grade (\$/lb)	319.08	319.00	176.25	81%
Coconut oil - Crude CIF US Gulf (¢/lb)	57.50	58.50	93.50	-39%
Lard - Edible, Chicago, IL (¢/lb)	88.00	88.00	74.00	19%
Palm oil - RBD, CIF US Gulf(¢/lb)	52.75	52.75	65.50	-19%



CBOT and Soy Factors



CBOT soybean oil futures dropped 2% this week. In the October WASDE report released on Wednesday, the USDA lowered their soybean yield estimate to 49.8 bu/acre, well below the market consensus of 50.5 bu/acre. The report sent CBOT soybean oil futures higher, helping erase a portion of the losses seen early in the week that were largely driven by ongoing macroeconomic headwinds. Soybean harvest progress took a big step forward this week, logging a 22% gain to reach 44% complete (5-year average = 38%). Weather forecasts predict very little rainfall over the next 14 days. The lack of rainfall will likely reduce already historically low water levels in the Mississippi River, further restricting barge traffic to Gulf export terminals. With peak crush approaching, water levels will need to improve to ensure soybeans do not back up at crush plants; this could force plants to slow operations and would prevent soybean oil stocks from reaching full seasonal build potential.

2. Canola Factors



It was a relatively quiet week as canola futures fell slightly with prices trading in a tight range. Farmer selling kept upside limited as harvest progress moved forward at a robust pace in several regions across Canada. Meanwhile, wide yield variability helped limit downside price movement as the market awaits more concrete detail on final production. With minimal harvest remaining, farmer sales may start to slow which could underpin canola futures. Additionally, the market continues to wait for the EPA's final announcement regarding a canola oil pathway for renewable diesel production that is expected to support prices, particularly basis, if/when it is approved.

3. Palm Factors



Despite rallying nearly 5% on Friday, November BMD palm oil futures finished the week unchanged. The MPOB supply and demand report for September was released on Tuesday and pressured prices lower as inventories climbed to 3-year highs. However, Russia's threat to exit the Black Sea grain corridor stoked concerns that edible oil exports out of the region could decline when the agreement officially ends in November, lending support to prices later in the week. Indonesian palm oil exports in August were higher than anticipated, sending stocks lower relative to July; inventories remain healthy at 17% above prior year levels. Heavy rainfall in Malaysia will be watched closely as it could create quality issues if it continues to trend above normal.

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Hogs and Pork

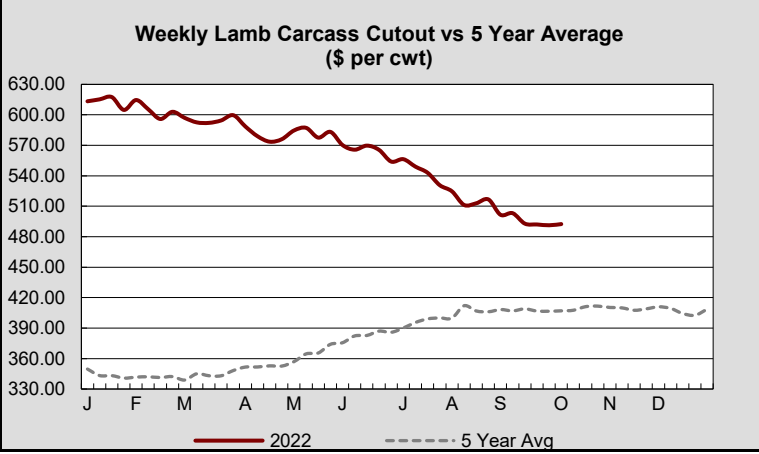
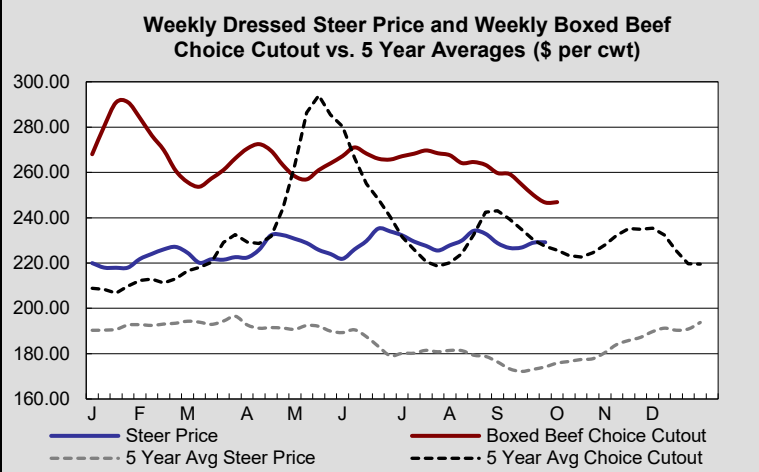
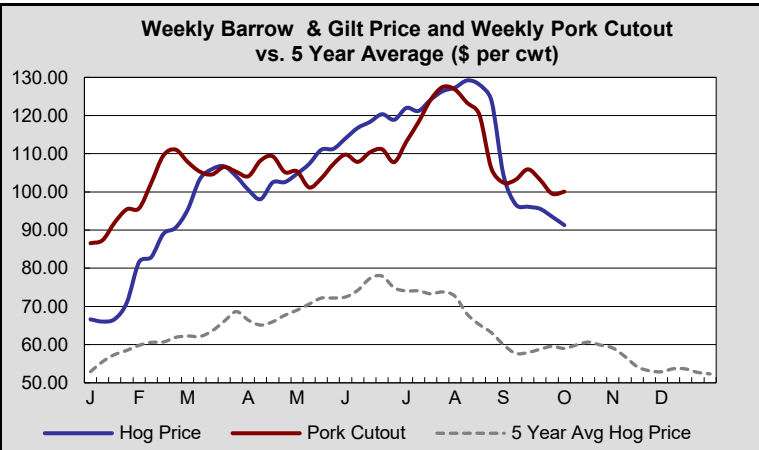
	Current Week	Change From Past Week	Change From Past Year
Nat'l Purchased Carc Wtd Avg Price - Barrows & Gilts (\$/cwt)	91.30	-2.4%	29.7%
Pork Carcass Cutout FOB Plant (\$/cwt)	100.09	0.6%	-9.4%
Segregated Early Weaned (SEW) Feeder Pigs (\$/head)	31.85	-6.1%	-38.2%
Iowa/So. Minn Avg Weight Barrows & Gilts (lbs)	281.0	0.2%	-1.0%
Est. Hog Slaughter	2,558,000	2.9%	-1.6%
YTD Est. Hog Slaughter	95,381,000	N/A	-3.1%
Est. Pork Production (mil lbs)	542.7	3.2%	-2.1%
YTD Est. Pork Production (mil lbs)	20,544.1	N/A	-2.5%

Cattle and Beef

Live Wtd Avg Steer Price, 5 Area FOB (\$/cwt)	146.23	1.0%	18.9%
Dressed Wtd Avg Steer Price, 5 Area Del (\$/cwt)	230.28	0.5%	17.9%
Boxed Beef Cutout, Choice (\$/cwt)	246.89	0.1%	-13.8%
Boxed Beef Cutout, Select (\$/cwt)	219.11	-0.7%	-17.2%
Boxed Beef, Choice/Select Spread (\$/cwt)	27.78	1.79	5.97
By-Product Drop Value, Steer (\$/cwt live)	14.74	-0.5%	N/A
CME Feeder Cattle Index (\$/cwt)	174.64	-0.5%	28.3%
Est. Cattle Slaughter	664,000	0.0%	1.1%
YTD Est. Cattle Slaughter	26,027,000	N/A	1.5%
Est. Beef Production (mil lbs)	550.2	0.2%	0.5%
YTD Est. Beef Production (mil lbs)	21,462.7	N/A	1.4%

Lamb and Veal

Slaughter Lamb, Comprehensive, Carc. Wtd Avg Price (\$/cwt)	118.07	1.6%	-51.3%
Lamb Carcass Cutout (\$/cwt)	492.42	0.2%	-21.5%
Est. Sheep Slaughter	33,000	0.0%	-17.5%
YTD Est. Sheep Slaughter	1,335,000	N/A	-9.2%
Est. Lamb Production (mil lbs)	2.2	4.8%	-12.0%
YTD Est. Lamb Production (mil lbs)	89.4	N/A	-4.5%
Veal Carcass Wtd Avg Packer & Non-Packer Owned (\$/cwt)	438.38	0.1%	21.3%



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

Grain

	Current Week	Change From Past Week	Change From Past Year
Central Illinois Avg Corn Price (\$/bu)	6.5800	0.6%	31.5%
Central Illinois Avg Soybean Price (\$/bu)	13.3100	0.5%	10.1%
Central Illinois 48% Soybean Meal, Rail (\$/ton)	466.90	-0.1%	43.4%
Hard Red Winter Wheat Truck to Kansas City (\$/bu)	10.3375	-3.2%	35.4%
Dark Northern Spring Wheat, 14%, MN, Rail (\$/bu)	10.6800	-4.8%	-0.8%
Soft White Wheat Portland (\$/bu)	9.2071	-3.2%	-11.8%
Sorghum, Kansas City, Truck (\$/bu)	7.1800	2.2%	29.4%

Broilers

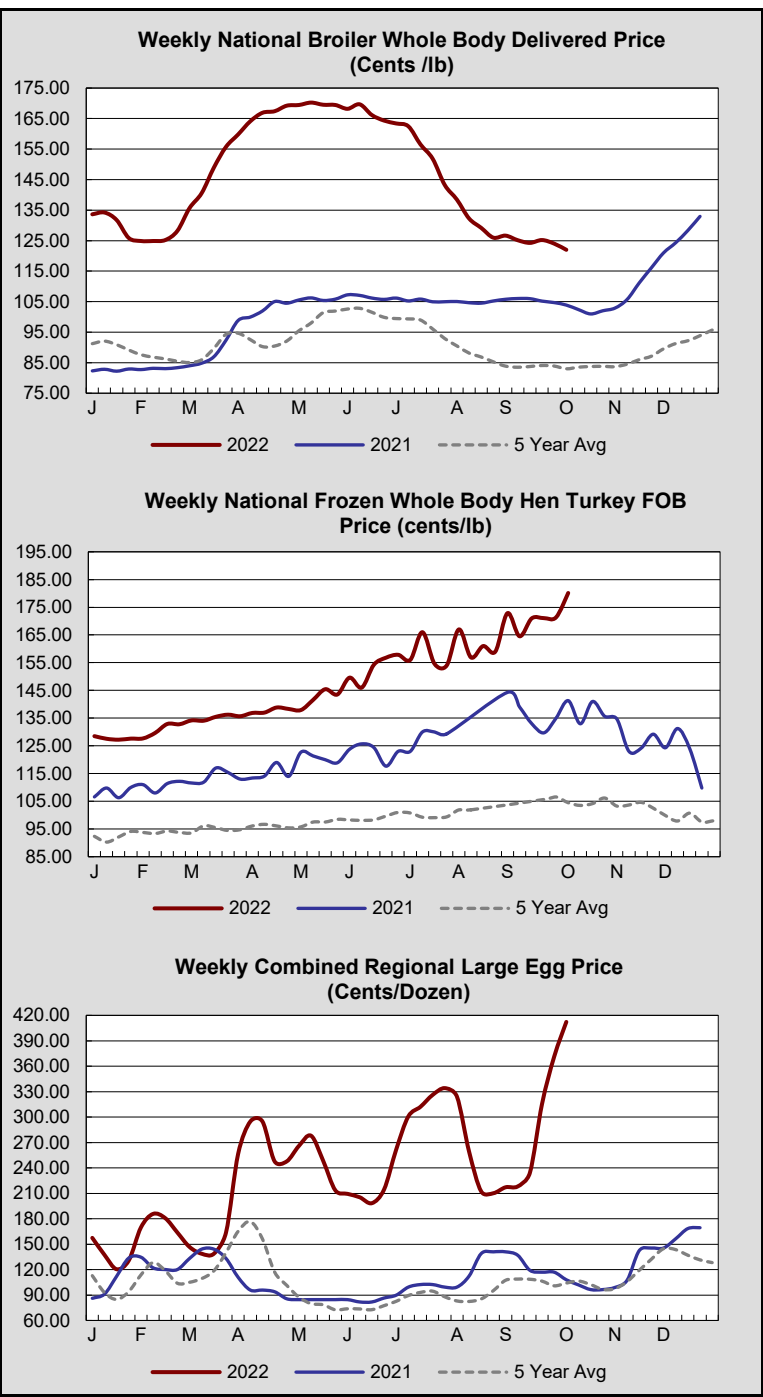
Nat'l Delivered Whole Body Price (cents/lb)	121.99	-1.6%	16.5%
Est. Young Chicken Slaughter - Current Week (000's)	167,078	1.1%	N/A
Actual Slaughter of Young Chickens (000's)	173,602	-0.5%	3.0%
YTD Actual Slaughter of Young Chickens (000's)	6,612,519	N/A	1.9%
Actual RTC Pounds of Young Chickens (000's)	872,107	-0.4%	6.1%
YTD RTC Pounds of Young Chickens (000's)	31,983,424	N/A	2.0%

Turkeys

Nat'l FOB Frozen 8-16 lb. Hens, Wtd Avg Prices, cents/lb	180.15	5.1%	33.4%
Actual Slaughter of Turkeys (000's)	3,935	2.8%	0.3%
YTD Actual Slaughter of Turkeys (000's)	146,055	N/A	-2.5%
Actual RTC Pounds of Turkeys (000's)	99,672	7.1%	-1.6%
YTD RTC Pounds of Turkeys (000's)	3,686,151	N/A	-4.8%

Eggs

Combined Regional Large Eggs (cents/dozen)	412.27	11.0%	252.5%
National Shell Egg Inventory (30 doz. Cases/000,s)	1285.5	-2.9%	N/A
Shell Egg Demand Indicator (SEDI)	10.50	-0.27	13.70
Central States Breaking Stock Av. Price (cents/dozen)	275.50	-7.7%	333.9%
National Breaking Stock Inventory (30 doz. Cases/000's)	317.0	14.9%	N/A
Eggs Broken Under Federal Inspection (30 doz cases)	1,378,636	-5.1%	-11.0%
YTD Eggs Broken Under Federal Inspection (30 doz cases)	58,219,636	N/A	1.0%



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



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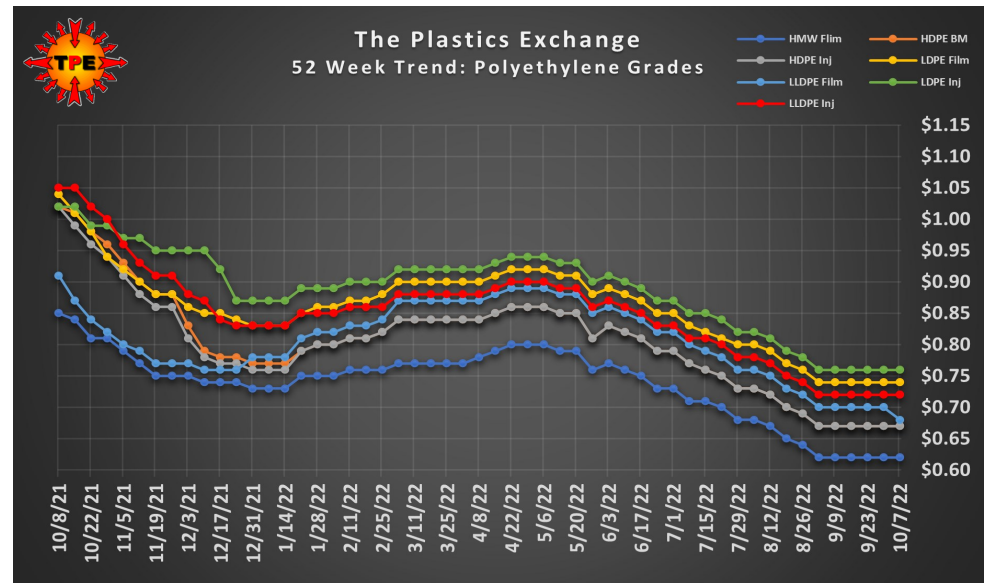
Market Update — October 7th, 2022

The spot resin markets were a bit slow to go early in the week, but activity then picked up and our trading results were ultimately pretty solid. Pricing took a familiar path as Prime Polyethylene was stable for a sixth consecutive week and Prime Polypropylene extended losses into its fifth straight month. A clear difference between both resin markets is quite apparent as producers continue to resist lowball offers from PE buyers looking to snatch up bargain deals while simultaneously discounting PP prices to move material. PE producers also have price increases on the table again for October, which is really a protective measure against these final two months of hurricane season and comes amid lower utilization rates.

There are no formal price increases on the table for PP though, especially following a heavy build in domestic stockpiles in July and August, but PP run rates seem to have been cut hard in September and reactor rates should remain reduced during Q4 as producers seek to rebalance supply / demand. Meanwhile, falling monomer costs have kept downward pressure on the resin markets, and additional PDH, PE and PP capacity is ramping up in North America during the 4th quarter. Logistics are also an ongoing issue with rail congestion, a lack of available cars, and a shortage of ready-to-go trucks still impacting the market.

Polyethylene remained the dominant resin to change hands within our spot trading platform. Transactions were mostly spread between LLDPE and LDPE grades, while HDPE saw limited business in a reversal from a week earlier. Pemex reportedly brought its crackers and derivative units back online in Mexico after an ethane pipeline explosion in mid-September. While our benchmark Polyethylene prices remained flat the first week of October, domestic prime Polyethylene railcar offers mostly came in 1-2 cpp higher, while LDPE asking prices were up 2-3 cpp, in both the domestic and Houston export markets. At the top end of the pricing spectrum, dealing prices for spot truckloads of prime material came off a penny or so as suppliers met competitive offers, again trimming the range of transactional pricing within the industry. This was a continuation of the consolidation trend that we have seen for the past several weeks. Traders were not eager to pay up for their inventory positions, but had no problem at the higher prices if it enabled a back-to-back transaction.

Resin for Sale 16,063,094 lbs		Spot Range		TPE Market	
Resin	Total lbs	Low	High	Bid	Ask
PP Homo - Inj	2,869,036	\$ 0.550	\$ 0.720	\$ 0.600	\$ 0.670
PP Copo - Inj	2,452,208	\$ 0.620	\$ 0.780	\$ 0.660	\$ 0.720
HDPE - Blow	1,950,208	\$ 0.560	\$ 0.690	\$ 0.620	\$ 0.670
HDPE - Inj	1,929,588	\$ 0.590	\$ 0.690	\$ 0.620	\$ 0.670
LLDPE - Film	1,929,588	\$ 0.570	\$ 0.700	\$ 0.630	\$ 0.680
LLDPE - Inj	1,929,588	\$ 0.570	\$ 0.700	\$ 0.630	\$ 0.680
LDPE - Film	1,650,484	\$ 0.650	\$ 0.750	\$ 0.690	\$ 0.740
HMWPE - Film	793,656	\$ 0.540	\$ 0.640	\$ 0.570	\$ 0.620
LDPE - Inj	558,738	\$ 0.620	\$ 0.760	\$ 0.710	\$ 0.760



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MARKET UPDATE

Michael Greenberg
312.202.0002



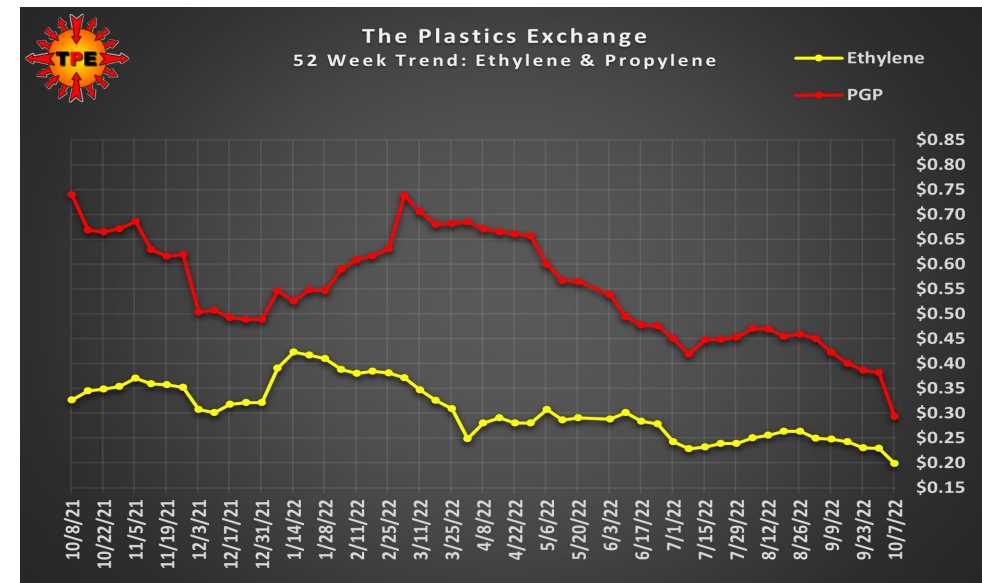
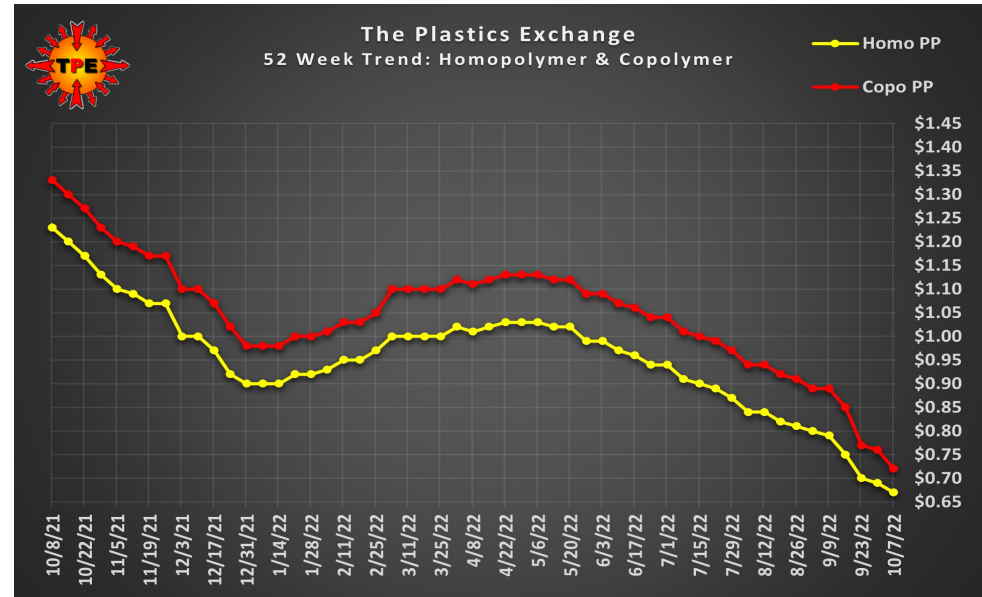
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Market Update — October 7th, 2022

Despite the flat PE pricing, lower operating rates continue into Q4 as producers keep working down the glut of inventory that has kept spot levels depressed for the past 5 months. The effort to draw down supply includes a push for additional exports, but similar supply/demand fundamentals in Europe and Asia, and the strong US Dollar, have kept US producers from shipping out as much as they would like, even as freight costs come down. This also comes as the collective push for increases of \$.05-.07/lb remains in place for October, following producers' unsuccessful attempt to implement a nickel in September, which instead yielded a \$.03/lb decrease. Even with spot pricing stable for more than a month amid lower run rates and a more active hurricane season these past couple of weeks, unless there is a significant disruption in production, an increase in October is unlikely.

Polypropylene trading improved after four slow weeks as a combination of lower prices and procurement for regular production needs coincided. Widespec HoPP was the primary mover in our marketplace, while truckload volume in Prime HoPP was healthy, and Prime CoPP sales were scattered in too. Our Prime HoPP and CoPP prices dropped 2 and 3 cents, respectively, bringing the spread between these major grades down to a nickel, still elevated, but more in line with traditional spot levels. Monomer prices continued to slide, which we largely attribute to reactor rate cuts, limiting the amount of PGP needed to process. The decrease in Sept PGP costs was too mild and caused some processors to push orders into October with imminently lower pricing. Aside from the slight increase in demand, market dynamics were similar to the prior week. Supply was heavy and many buyers remained on the sidelines, shooting lowball bids. While any pickup in demand is notable, this recent week's increase remains suspect as to whether there is strength at this level or if demand will remain subdued with further monetary tightening likely and higher energy prices adding downward pressure/uncertainty to the global economy. Despite resin production getting under control, the PP market seems to still have some further downside ahead. With processors and resellers keeping inventories to a minimum, the demand for prompt truckloads remains and they carry a sizable premium. There are also deeper discounts as volume increases and the sharpest deals are for fresh railcars.



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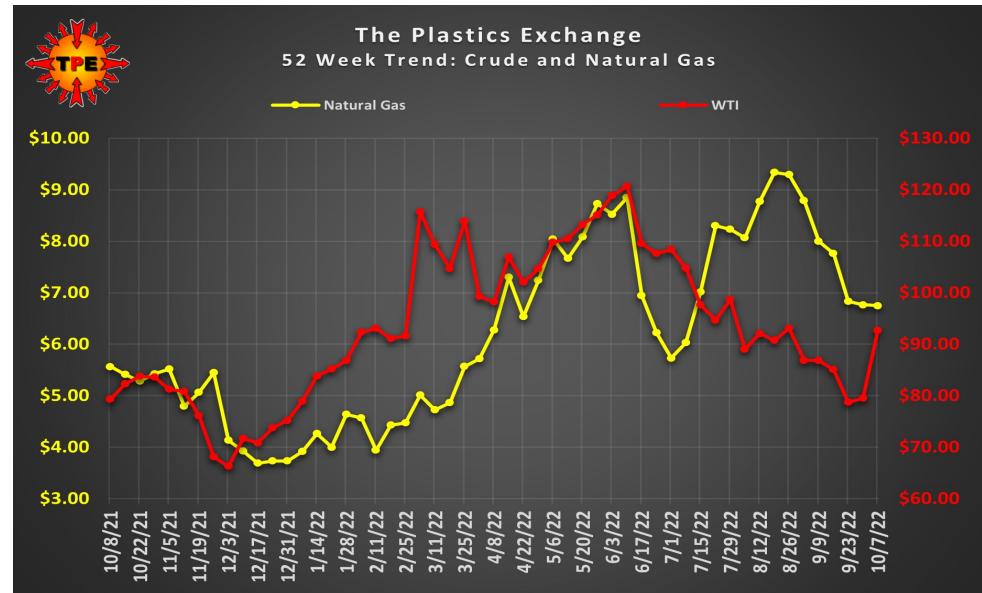
bringing the market to you

Market Update — October 7th, 2022

Activity in the monomer markets was abysmal. Spot rolled to Oct, prices trekked lower, and completed volumes were disappointing. Participants in the Ethylene market were nearly absent. Prices chopped around some but deals were elusive. During the few times market inquiries surfaced, bids and offers were pennies apart. At the end of Friday, spot Ethylene saw a fractional weekly loss, settling just above \$.20/lb. Back-month contracts sustained slightly steeper losses and the forward curve narrowed into nearly a flat line though still in mild contango.

Polymer Grade Propylene started the week off with a little enthusiasm on Monday as a few deals for PGP deliveries for Jul '23 through Dec'23 were executed though prices were undisclosed. The market then fell nearly silent through Thursday as prices continued to leak lower. Interest returned Friday morning and material exchanged hands several times, as spot Oct PGP was bartered at \$.2925/lb, Nov transacted at \$.2975/lb, and a deal for 2Q '23 deliveries was finalized at \$.35/lb. Later that afternoon, a second deal for Oct PGP was completed at \$.2925/lb and traders swapped Oct and Nov delivery timeframes with a slight premium favoring Nov as storage capacity becomes limited. Spot Oct PGP finished the week just below \$.295/lb, a large loss compared to the closing September weighted average. Most deferred contracts shed a little less than \$.015/lb on the week and the normalized contango widened significantly as Sept'23 and beyond are still nestled above \$.37/lb. As a reminder, Sept PGP contracts recently settled at \$.44/lb. There is ample time remaining, but unless market sentiment improves vastly, Oct contracts are pointed toward a large contract decrease.

Energy futures were mixed for a second consecutive week as WTI and Brent extended gains on the back of the OPEC+ decision to cut crude production by 2 million BPD. Nat Gas futures were more volatile due to the onset of colder weather in parts of the US. Nov WTI began Monday under pressure and set a low of \$80.87/bbl and the market rallied from there. By Friday, Nov WTI firmed \$12.44/bbl to a high of \$93.31/bbl before settling at \$92.64/bbl for a very significant gain of \$13.15/bbl (+16.5%) on the week. Nov Brent followed with a floor of \$86.51/bbl on Monday, then rebounded \$12.08/bbl to a high of \$98.59/bbl by Friday before ending at \$97.92/bbl for a weekly net gain of \$12.78/bbl (+15%). Nov Nat Gas futures dropped to start Monday and hit a low of \$6.31/mmBtu before rebounding on colder weather during the week and gaining back \$.88/mmBtu to hit a high of \$7.19/mmBtu on Thursday. Notwithstanding the volatility, the week ended with Nov Nat Gas at \$6.75/mmBtu, down less than 2 cents on the week. NGLs firmed to start Oct with Ethane up just over a penny to \$.416/gal (\$.176/lb) and Propane up more than \$.035/gal to \$.906/gal (\$.256/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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10/14/2022
Dairy Market

BLOCK:	Down .0050	@ \$ 2.0500	0 Sales
BARRELS:	Down .0900	@ \$ 2.1250	0 Sales
BUTTER:	Down .0100	@ \$ 3.1750	0 Sales
NFDM Grade A:	Down .0100	@ \$ 1.4900	2 Sales
CME Dry Whey	Unchanged	@ \$.4425	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>
10/10/2022	2.0350	Up .0125	1	2.1900	Down .0350	2	-0.1550
10/11/2022	2.0350	Unchanged	0	2.1850	Down .0050	0	-0.1500
10/12/2022	2.0525	Up .0175	1	2.2000	Up .0150	6	-0.1475
10/13/2022	2.0550	Up .0025	3	2.2150	Up .0150	3	-0.1600
10/14/2022	2.0500	Down .0050	0	2.1250	Down .0900	0	-0.0750
Average Market:	2.0455		5	2.1830		11	

<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>
10/10/2022	3.2300	Up .0125	1	1.5300	Down .0100	0
10/11/2022	3.1850	Down .0450	7	1.5300	Unchanged	0
10/12/2022	3.1850	Unchanged	0	1.5250	Down .0050	0
10/13/2022	3.1850	Unchanged	0	1.5000	Down .0250	3
10/14/2022	3.1750	Down .0100	0	1.4900	Down .0100	2
Average Market:	3.1920		8	1.5150		5

<u>Date</u>	<u>Dry Whey</u>	<u>Dry Whey Change</u>	<u>Dry Whey Sales</u>
10/10/2022	0.4150	Down .0075	0
10/11/2022	0.4100	Down .0050	1
10/12/2022	0.4100	Unchanged	0
10/13/2022	0.4425	Up .0325	1
10/14/2022	0.4425	Unchanged	0
Average Market:	0.4240		2

--Year Ago--

<u>Date</u>	<u>Blocks</u>	<u>Barrels</u>	<u>Butter</u>	<u>NFDM Grade A</u>	<u>Dry Whey</u>
10/12/2021	1.7825	1.7500	1.7600	1.4550	0.6000
10/13/2021	1.7600	1.7450	1.8200	1.4850	0.6000
10/14/2021	1.8075	1.7900	1.8200	1.5375	0.6050
10/15/2021	1.7800	1.7900	1.7750	1.5325	0.6025



UDDER INTELLIGENCE

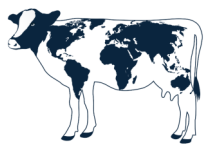
In-Depth Analysis




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Udder Intelligence



October 13, 2022

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What you need to know

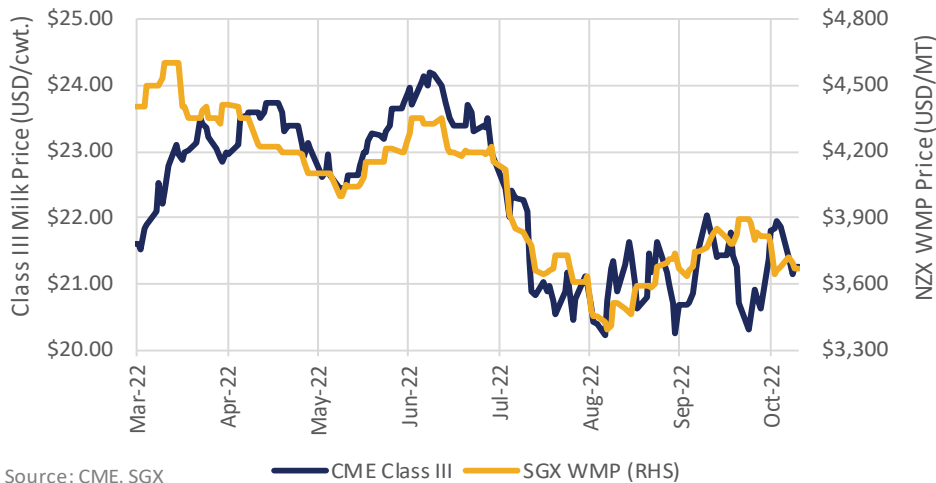
- GDT Pulse was down 2.6% with WMP at \$3,400
- IMF revised down GDP forecasts, but not as much as I expected
- SGX futures are pointing toward higher prices at the GDT Event next week
- Sentiment in Europe remains bearish and prices are down across the board

Dairy Prices (USD)

Cheese				WMP			
	Last (lb.)	Chg.	Last (MT)		Last (lb.)	Chg.	Last (MT)
CME Blocks (Wk Avg)	\$2.05	\$0.03	\$4,510	US	\$2.45	\$0.00	\$5,390
CME Barrels (Wk Avg)	\$2.20	-\$0.03	\$4,850	Dutch	\$2.06	-\$0.04	\$4,542
EU Gouda	\$2.15	-\$0.10	\$4,742	GDT (Avg)	\$1.62	\$0.00	\$3,573
GDT Cheddar (Avg)	\$2.25	\$0.00	\$4,966				
Butter				Dry Whey			
	Last (lb.)	Chg.	Last (MT)		Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$3.19	-\$0.03	\$7,042	Central US	\$0.44	\$0.00	\$970
EEX Index	\$3.11	-\$0.11	\$6,858	EEX Index	\$0.41	-\$0.02	\$912
GDT (Avg)	\$2.26	\$0.00	\$4,983	US WPC34	\$1.81	\$0.00	\$3,985
				US Lactose	\$0.47	\$0.00	\$1,025
SMP/NFDM				Rennet Casein			
	Last (lb.)	Chg.	Last (MT)		Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$1.52	-\$0.02	\$3,349	US	\$6.21	\$0.00	\$13,691
EEX Index	\$1.60	-\$0.05	\$3,529				
GDT (Avg)	\$1.59	\$0.00	\$3,497				

Sources: CME, USDA, EEX, GlobalDairyTrade, Dutch Dairy Board, Trigona, FRED USD/euro rate used: 0.973, -0.012

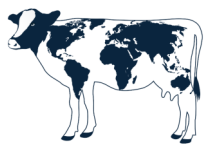
CME Class III and SGX WMP Futures Prices
(November 2022 Contracts)



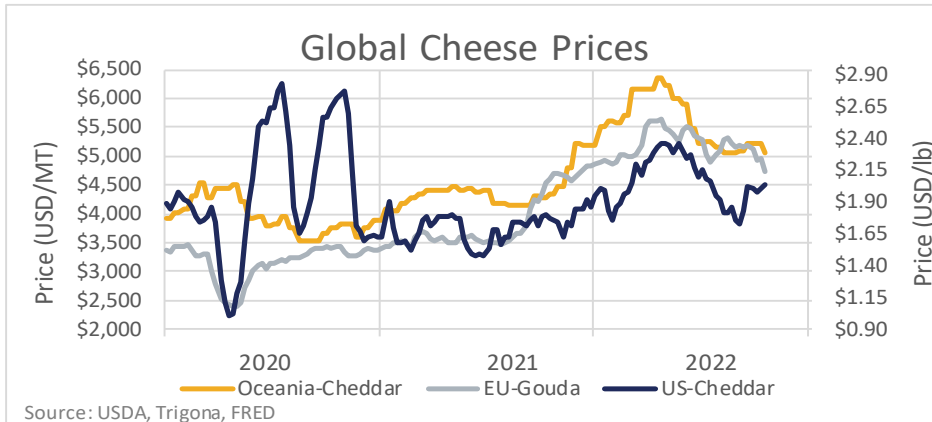
Source: CME, SGX

Market Summary

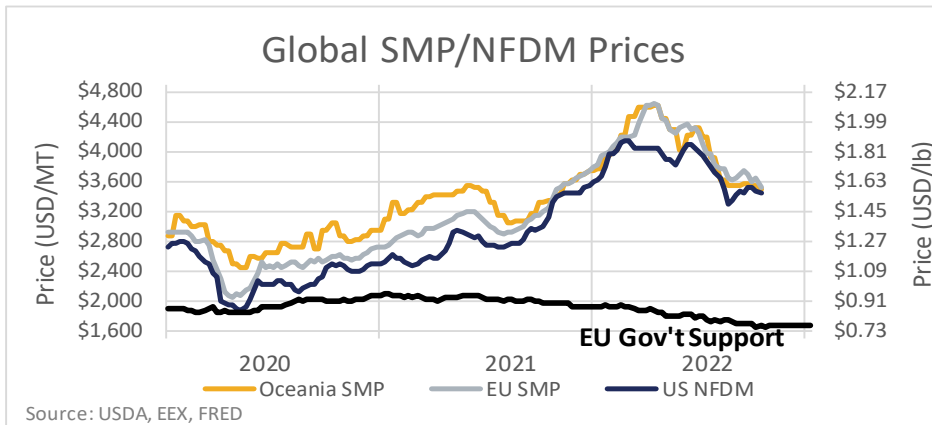
EU/Oceania sentiment remains bearish which has spilled into U.S. powder markets as well. It should eventually drag U.S. cheese and butter down too. It's hard to tell how much of the weakness is driven by continued weak Chinese import demand versus possibly weakening demand elsewhere. Improved milk production in Europe, shifting from declines to flat against year ago, is likely contributing to the bearish sentiment there. Looking at 2023, most of the expected growth in milk production across the major exporters will likely come from the U.S.. But U.S. dairy cow slaughter was above year ago levels for the past two weeks. I've been forecasting the U.S. herd to flatten out, so this isn't a huge surprise, but it is important to keep an eye on the supply side even as demand is current market driver.



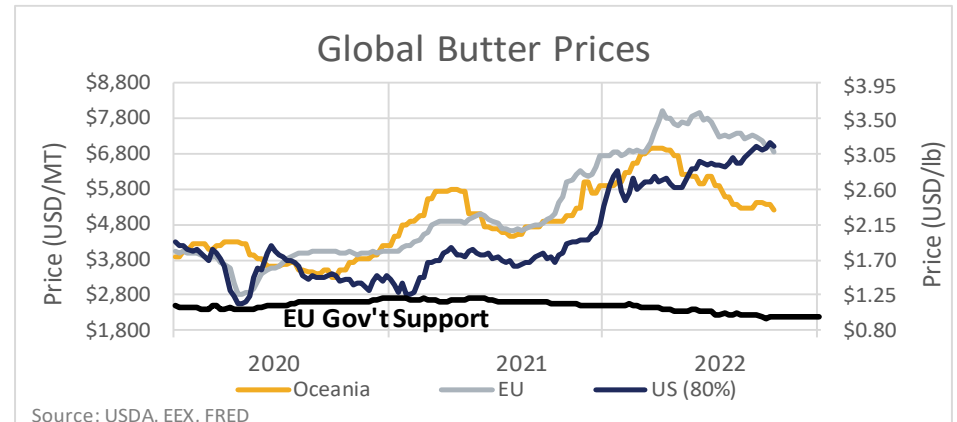
Product Markets



Butter: The CME spot butter market pulled back this year, but remains near record high. Cream has reportedly loosened up, but end users and consumers are seeing news articles about butter shortages and they are still chasing the market. EU butter prices continue to fall with cream prices also dropping. GDT will be interesting. Oceania fat prices are at a big discount, which would argue for higher prices, but with the general sentiment bearish, maybe we'll see downside for GDT butter.



Cheese: CME spot cheese prices were choppy and ended Thursday at the high side of their recent range. Retail demand is reportedly weak while food service is still good. Exports are still moving, but I have to believe that signing new export contracts are going to be difficult with sharply lower cheese prices in Europe. Cheddar is still at a premium to the U.S., but with spot mozzarella in Europe down to \$2.15 (\$4,740), there is likely some decent competition for forward sales.



Powders: NFDM/SMP markets were lower this week on weak demand and enough supply. More than one person has mentioned a downside target of \$1.45 (\$3,200) this week. If SMP/NFDM prices fell to match the value of protein in GDT WMP they would need to drop to around \$1.32 (\$2,910). Dry whey shifted lower in Europe and but the U.S. spot market bounced higher on Thursday. It will be hard to maintain strength in the U.S. market without the EU turning higher as well.



Udder Intelligence



October 13, 2022

Understand · Simplify · Succeed

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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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