

MarketNews

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Egg Markets

Week of September 12, 2022

TONE: Retail demand fair to good. Supplies close to tight. Market firm.

The regional egg markets are as follows:

	Northeast	Midwest	Central	Southeast
Lg	\$2.48	\$2.41	\$2.55	\$2.52
Md	\$2.13	\$2.08	\$2.13	\$2.13

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

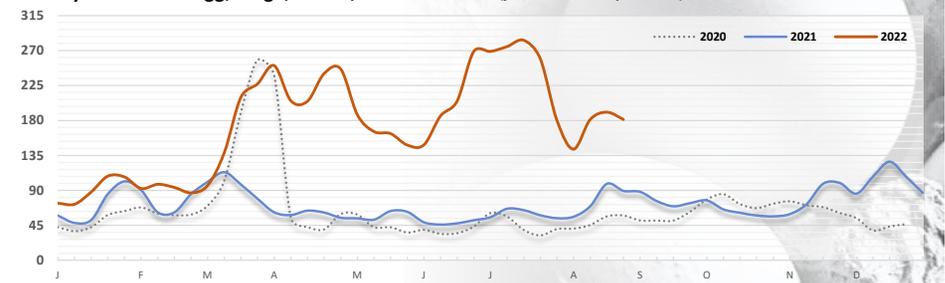
September 02, 2022

Wholesale prices for cartoned shell eggs remained unchanged through the week on light to moderate offerings and moderate supplies, sufficient for current business needs. Interest and trading was moderate. Wholesale prices for graded loose eggs weakened and began to inch lower. Offerings remain light to moderate and supplies are moderate. Interest is moderate and trading remains slow to moderate. The volume of trailer load loose egg sales this week decreased 12% from the prior week with 10% for future delivery. Prices for national trading of trucklot quantities of graded, loose, White Large shell eggs declined \$0.09 to \$1.813 per dozen with a weak to lower undertone. The wholesale price on the New York market for Large cartoned shell eggs delivered to retailers was unchanged at \$2.27 per dozen with a steady undertone. The Midwest wholesale price for Large, white, shell eggs delivered to warehouses increased \$0.07 to \$2.07 per dozen with a steady undertone. Prices paid to producers in the Midwest for Large cartoned shell eggs declined \$0.01 to \$1.89 per dozen with a steady undertone. The California benchmark for Large shell eggs increased \$0.24 to \$3.12 per dozen with a steady undertone. Delivered prices on the California-compliant wholesale loose egg market decreased \$0.12 per dozen to \$2.56 per dozen with a steady undertone.

Consumer demand for shell eggs weakened into the week ahead of Labor Day weekend as thoughts turned to the last summer holiday, marking the unofficial end of summer. Demand typically wanes into September and early October ahead of the big push for Thanksgiving and 2022 appears to be following a similar trend to date. Retailers are reserving their promotional efforts for the post-holiday period and doing little to incentivize egg consumption in the near-term. Highly pathogenic avian influenza (HPAI) remains a concern as recent outbreaks in commercial turkey flocks in the Upper Midwest have shell egg producers on alert. Demand remains good from egg products manufacturers who balanced owned stocks with limited spot market offerings to keep schedules running full this past week.

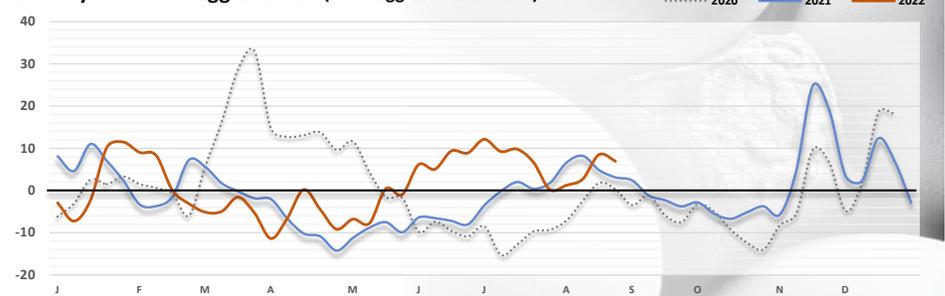
Promotional activity for conventional shell eggs in retail outlets remains limited headed into Labor Day weekend as the trend in retailers relying less on traditional caged shell eggs for their promotional activities continues. The average ad price falls sharply this week, down \$1.31 to \$1.61 per dozen. Retail purchases for delivery into this week were estimated to be up 5% from the prior week estimate. Promotional activity for specialty shell eggs is down again this cycle and led by increasing activity on nutritionally-enhanced eggs. Feature activity for [UEP-defined cage-free](#) shell eggs is very limited and accounts for 15% of all shell egg types on feature. The average ad price rises on the limited test, up \$0.38 to \$2.99 per dozen. The average ad price spread between 12-packs of Large caged eggs and UEP cage-free eggs widens by \$1.38 per dozen to a spread of \$1.70 per dozen.

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



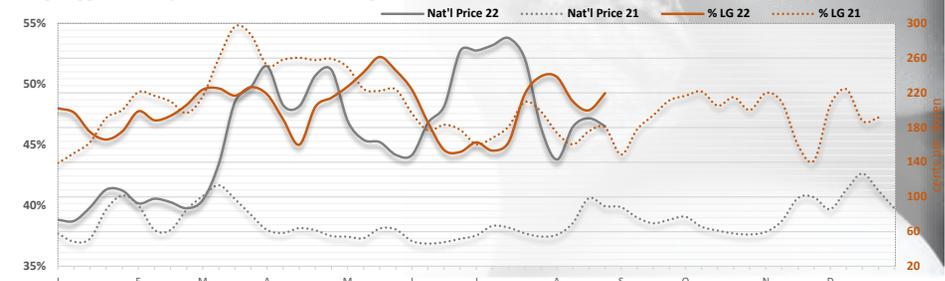
Source: USDA AMS L&P Livestock, Poultry, and Grain Market News

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



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

Large Egg Inventory Share v. Nat'l Loose Large White Price - 2022 vs. 2021



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

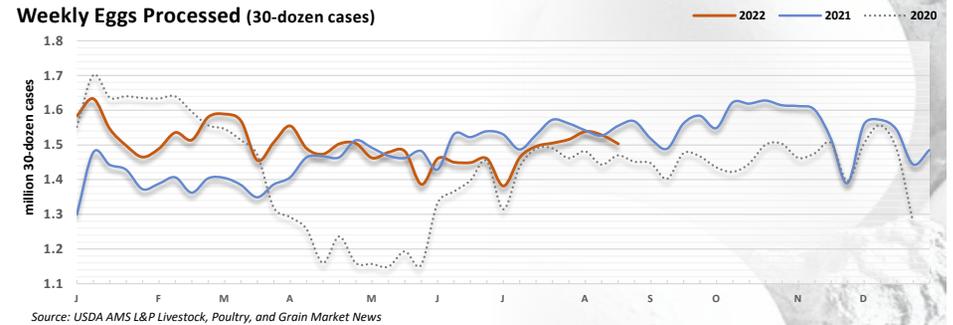
The overall inventory of shell eggs gained 2% and the nation-wide inventory of Large eggs was up 5%. Stocks of Large eggs in the key Midwest production region increased 5% as the push at retail ahead of Labor Day was lackluster, at best. The inventory share of Large class shell eggs increased a percentage point to a 49% share of all shell egg stocks on inventory at the start of the week. Stocks of cage-free eggs rose 13% as retail movement was very limited over the recent cycle. The inventory of nutritionally-enhanced shell eggs gained 14% to support riding retail featuring. Organic egg stocks gained 1% as stocks balanced following recent active feature activity. Breaking stock inventories were down 1% as breakers continue to balance spot market availability with owned stocks to maintain full schedules. Total estimated table egg production with latest NASS data is unchanged from last week but down 4% from last year to an estimated deficit of 9.9 million cases.

Wholesale prices for breaking stock in the Central States were unchanged at \$1.63 per dozen with a steady undertone. Offerings and supplies are light to moderate. Demand is moderate and schedules are adjusted to account for the coming holiday break. Trading is moderate. The volume of eggs processed over the past week was down nearly 2%, representing a 31% share of weekly table egg production. Production of whole egg rose 3% while component parts were both down, whites by 12% and yolks by nearly 10.5%. Dried egg production was down slightly while inedible production saw a 1.5% decrease. Breaking yields without inedible declined by a half percent to 40.89 pounds per case broken.

Wholesale prices for liquid egg products remain untested. Offerings are light, demand is moderate to good, and trading is moderate. Prices on frozen whole eggs were down \$0.10 to \$2.20 per pound as were those for frozen whites at \$1.40 per pound. The undertone is weak to lower. Offerings are light to moderate while supplies are light. Demand is moderate and trading is moderate. Prices for dried whole eggs are down \$0.25 to \$12.00 per pound. Prices for dried yolk are unchanged at \$13.90 per pound and albumen prices are down \$1.00 to \$13.35 per pound. The undertone is weak. Offerings and supplies are light to moderate. Interest is moderate to good and trading is moderate to active.

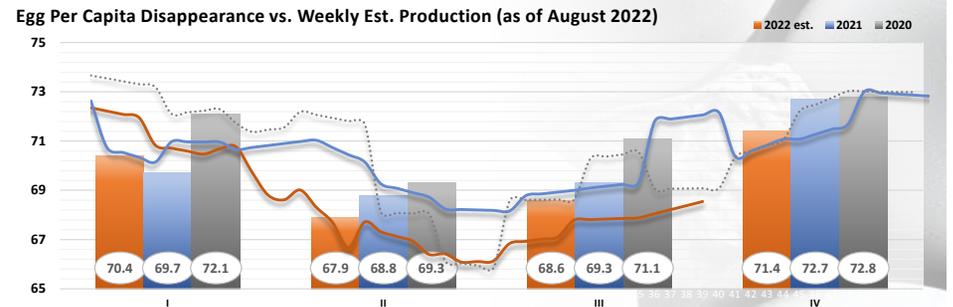
According to NASS, the July monthly volume of frozen eggs in storage decreased 3% from June, 14% below the year ago level. Stocks of whole frozen egg gained 4% from last month and were 25% under year ago levels. The share of whole egg stocks rose 2% to a 36% share of total frozen stocks. Stocks of frozen yolk decreased 20%, 21% below last year's level. Stocks of frozen egg whites increased 10%, 5% over 2021 levels. Stocks of unclassified eggs decreased 9%, 8% under 2021 levels. The share of unclassified frozen stocks decreased 3% to 49% of total frozen stocks.

Cage-free commitments as of August 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 million hens (73% of the U.S. non-organic flock), indicating a shortage of 133.5 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 82.5%.



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

Eggs Processed - Week-to-Week Change						
total	share	whole	whites	yolks	dried	inedible
-1.7%	-0.5%	3.3%	-12.1%	-10.4%	-0.3%	-1.4%



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

Quarterly SHELL EGG Utilization by Market Sector

2022	Retail ¹	Breaker	Exports	HRI ²
Jan-Mar	55.1%	30.5%	2.3%	12.2%
Apr-Jun	55.2%	31.2%	1.6%	12.0%
Jul-Sep				
Oct-Dec				
average	55.1%	30.9%	1.9%	12.1%
2021	Retail ¹	Breaker	Exports	HRI ²
Jan-Mar	58.8%	27.4%	3.3%	10.4%
Apr-Jun	54.2%	29.5%	3.7%	12.6%
Jul-Sep	53.0%	30.3%	3.9%	12.8%
Oct-Dec	56.9%	27.6%	3.8%	11.8%
average	55.7%	28.7%	3.7%	11.9%

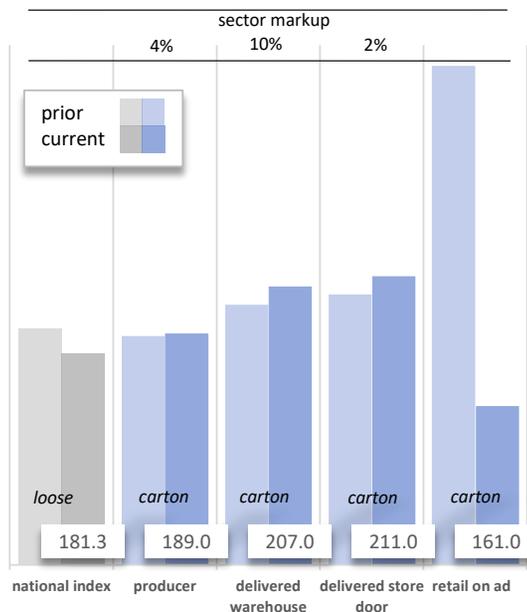
1: food-at-home; 2: food-away-from home

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

Shell Eggs Market Price Comparisons

(as of September 02, 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

	2-Sep	% Change	Recent History				
			26-Aug	19-Aug	12-Aug	5-Aug	29-Jul
SHELL EGGS (Large, White, conventional in cents per dozen)							
National, Loose, (f.o.b. dock prices)	181.29	-5%	190.67	181.11	143.06	180.30	259.50
New York, Cartoned (price to retailers)	227.00	0%	227.00	219.00	219.00	258.00	323.00
Midwest, Cartoned (price dlvr'd to warehouse)	207.00	3%	200.00	202.00	249.00	314.00	324.00
California, Cartoned, benchmark (cage-free)	312.00	8%	288.00	260.00	297.00	360.00	370.00
National Retail Shell Egg (avg. ad price in dollars per dozen)							
Conventional, Large, White	1.61	-45%	2.92	2.50	2.14	2.74	1.26
Cage-Free, Large, Brown	2.99	15%	2.61	2.94	2.49	2.41	2.70
EGG PRODUCTS (f.o.b. dock prices; dollars per pound)							
Central States Breaking Stock (dlvd prices per doz)	163.00	0%	163.00	163.00	164.00	190.00	226.00
Whole Frozen Eggs	220.00	-4%	230.00	230.00	225.00	225.00	230.00
Whole Dried Eggs	12.00	-2%	12.25	12.25	12.75	12.75	13.50
Processed Share of Weekly Egg Production	31.3%	-0.5%	31.9%	32.1%	31.7%	31.4%	31.6%
SHELL EGG DEMAND INDICATOR (no units)	6.9	-1.6	8.5	2.7	1.2	0.2	6.7

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

Key Shell Egg Markets Snapshot - 2022

(Large, White, Conventional Shell Eggs in cents per dozen)	2-Sep	Change	26-Aug	2022 High	2022 Low
National, Loose, (f.o.b. dock prices)	181.3	▲ -5%	190.7	283.4	71.4
New York, Cartoned (price to retailers)	227.0	■ 0%	227.0	343.0	126.0
Midwest, Cartoned (price dlvr'd to warehouse) ¹	207.0	▲ 3%	200.0	324.0	111.0
California, Cartoned, benchmark	312.0	▲ 8%	288.0	370.0	194.0
Central States Breaking Stock (delivered prices) ¹	163.0	■ 0%	163.0	260.0	73.0
Whole Frozen Egg Products (f.o.b. dock prices)	220.0	▼ -4%	230.00	320.0	115.0
Whole Dried Egg Products (f.o.b. dock prices)	12.00	▼ -2%	12.25	16.00	4.12
Natl Average Retail Ad Price - Conventional	1.61	▼ -45%	2.92	2.92	0.86
Natl Average Retail Ad Price - Cage-free ²	2.99	▲ 15%	2.61	3.02	2.11
Shell Egg Demand Indicator	6.9	▼ -1.6	8.5	12.1	-11.4

¹ mostly high; ² non-organic



FLOUR FACTS

Information Provided by General Mills Foodservice
GeneralMillsCF.com



Weekly Market Highlights

SEPTEMBER 8, 2022

- Spring wheat harvest is 71% complete. South Dakota is nearly done at 97%; Montana second closest at 87%; Washington 77%; Idaho 74%; North Dakota 62%; and Minnesota trailing the pack at 57%. Durum is almost at 50% complete.
- Wheat prices jolted higher on Wednesday as Putin accused the Ukraine grain export deal as a sham as only two of Ukraine’s 87 shipments since the beginning of August being sent to “the poorest developing countries” and expressed his intentions to revise the terms of the deal.

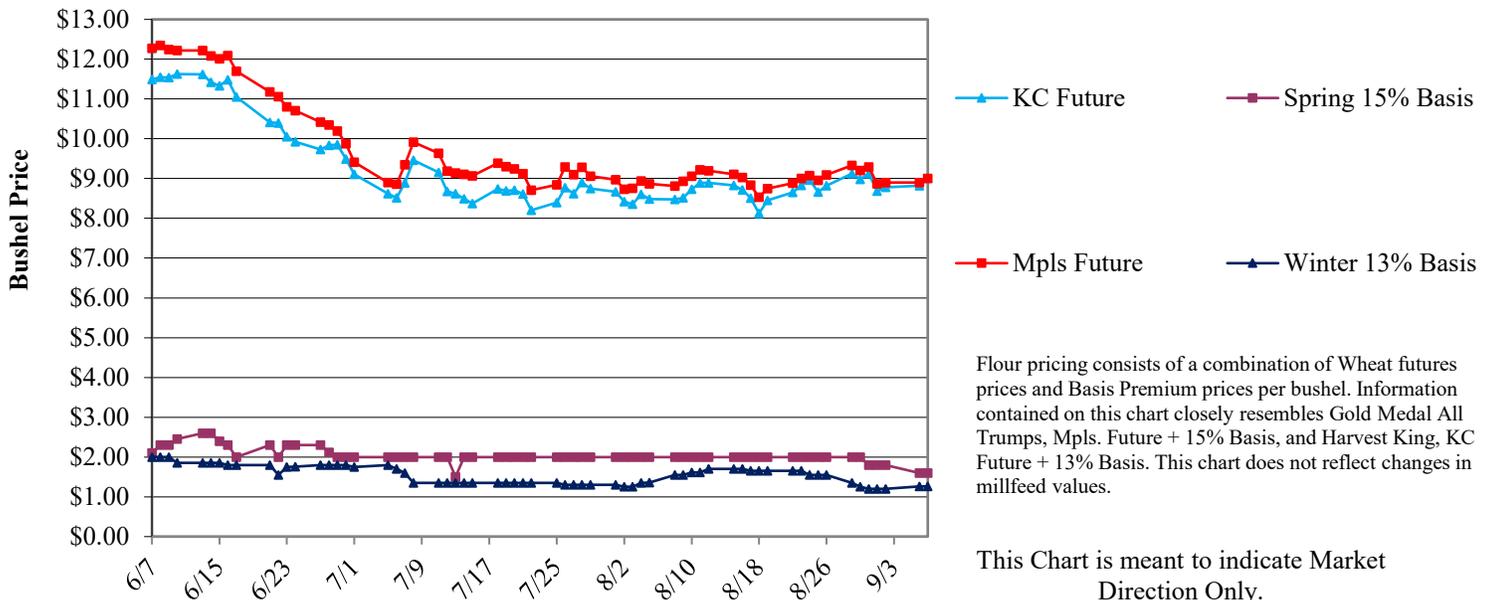
Facts on Flour

What’s Your Favorite Season?

Growing season is one of the major classification categories for wheat. There are two distinct seasons: winter and spring. Winter wheat is planted and begins growth in the early autumn. As winter rolls in, the growth is halted and the plant remains dormant until spring when it resumes its growth. This crop is harvested in late spring through early summer. Spring wheat is grown in areas where the winters are too cold for winter wheat to survive. Spring wheat is planted in the spring and harvested in late summer to early fall. Spring wheat will generally have a higher protein content than winter wheat. Winter wheat flours, when compared to spring wheat, tend to have a more “mellow” protein structure.

◇ ◇ ◇

Futures & Basis Markets



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

This Chart is meant to indicate Market Direction Only.

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

Experience inspires confidence.

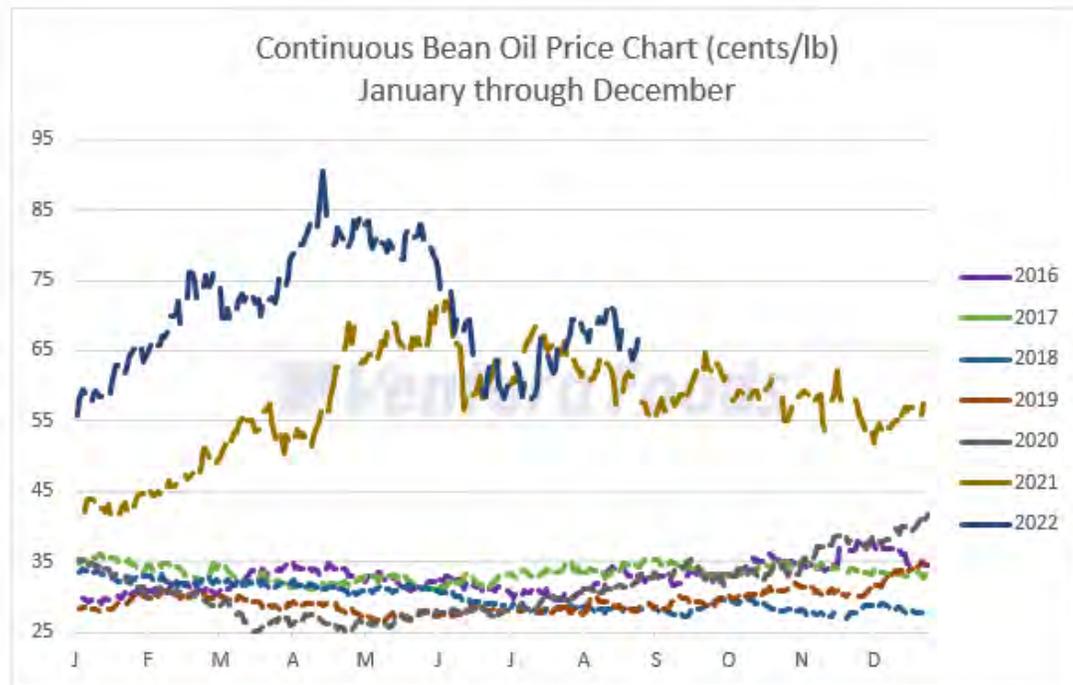


Ventura News & Views

By Ventura Foods Oil Trading Team • Sep 09, 2022

Smart Brevity® count: 1.5 mins... 350 words

Commodities	This Week	Last Week	Last Year	Yr Change
CBOT Soybean oil (¢/lb) Oct	66.68	67.94	55.78	20%
Soybean oil as % of crush value	44.56%	44.48%	45.10%	-1%
CBOT Soybean meal (\$/ton) Oct	414.80	424.00	339.50	22%
CBOT Soybeans (\$/bu) Nov	14.1225	14.2000	12.8650	10%
CBOT Soybean crush margin (¢/bu)	233.79	260.14	73.98	216%
Canola oil - RBD, West Coast (¢/lb)	107.68	108.94	95.78	12%
Corn oil - RBD, Midwest (¢/lb)	165.00	165.00	102.00	62%
Peanut oil - Crude, Southeast (¢/lb)	110.00	110.00	110.00	0%
Cottonseed oil - PBSY, MS Valley (¢/lb)	106.68	107.94	105.78	1%
CME Butter - AA Grade (\$/lb)	314.00	305.98	178.00	76%
Coconut oil - Crude CIF US Gulf (¢/lb)	68.75	69.25	77.25	-11%
Lard - Edible, Chicago, IL (¢/lb)	83.00	83.00	74.00	12%
Palm oil - RBD, CIF US Gulf(¢/lb)	54.25	57.00	58.75	-8%



CBOT and Soy Factors



The shortened holiday week started with a sharp selloff in CBOT **soybean oil futures, though the losses were largely erased by Friday's** close. October futures traded down as much as 7% before bouncing higher largely on technical support, ending the week down just under 2%. Soybean crop conditions were again left unchanged this week at 57% good-to-**excellent, in line with last year. All eyes are on the USDA's** September WASDE report due out on Monday. The average trade guess for 2022/23 US soybean yield is 51.5 bu/acre which would be a slight **drop from USDA's August estimate, but would still be the 2nd highest** yield on record.

2. Canola Factors



Canola futures hit a 14-month low this week on an increase in farmer selling and weaker rapeseed markets. Higher than anticipated rapeseed yields in Europe and forecasts calling for near record high production in Australia are expected to challenge Canadian canola exports. Harvest is slowly getting underway in Canada though it is not expected to ramp up for another 10-15 days; early indications show improved oil yield over **last year's drought**-stricken crop. Nearby canola oil basis has recently eased as a result of the favorable crop outlook. However, an EPA approval allowing canola oil to be used as a pathway into biofuel is anticipated in the coming weeks, which could limit further downside potential for basis.

3. Palm Factors



BMD palm oil futures closed lower for the 4th consecutive week, falling 8% to 3509MYR and settling firmly below the psychologically important level of 4000MYR. Demand concerns heavily pressured prices as China extended COVID-related lockdowns and restrictions across several regions. As one of the top palm importers, China is a major demand center whose limited buying interest may lead to further inventory **builds if it doesn't soon change. The Malaysian Palm Oil Board (MPOB)** releases August supply and demand data on Monday. Analysts expect month end stocks to hit the highest level in 2 years and for production to post healthy seasonal gains. With improving supply/demand fundamentals and historically weak South American soybean oil basis, palm oil prices may continue to face headwinds.

Have a great weekend!

Hogs and Pork

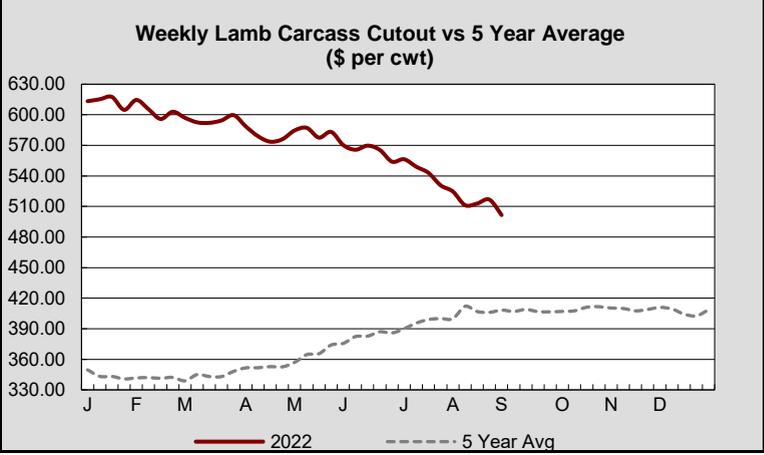
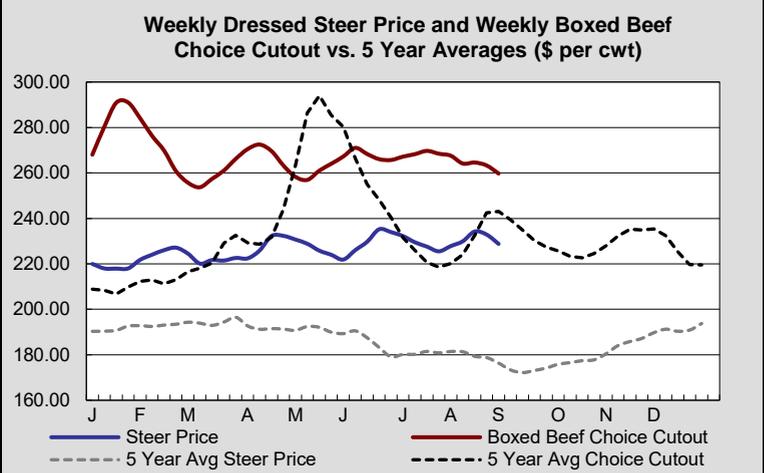
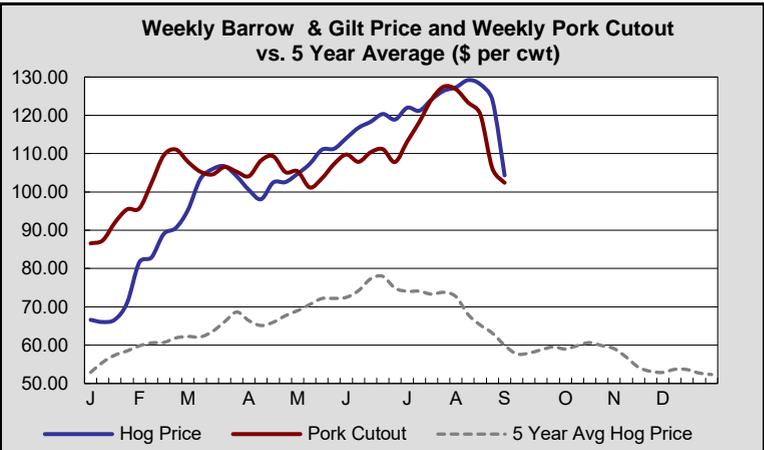
	Current Week	Change From Past Week	Change From Past Year
Nat'l Purchased Carc Wtd Avg Price - Barrows & Gilts (\$/cwt)	104.34	-15.8%	15.2%
Pork Carcass Cutout FOB Plant (\$/cwt)	102.41	-3.5%	-5.6%
Segregated Early Weaned (SEW) Feeder Pigs (\$/head)	39.75	2.4%	-18.7%
Iowa/So. Minn Avg Weight Barrows & Gilts (lbs)	276.9	0.1%	-0.5%
Est. Hog Slaughter	2,350,000	-2.3%	-1.5%
YTD Est. Hog Slaughter	83,016,000	N/A	-3.4%
Est. Pork Production (mil lbs)	493.2	-2.4%	-0.8%
YTD Est. Pork Production (mil lbs)	17,923.6	N/A	-2.8%

Cattle and Beef

Live Wtd Avg Steer Price, 5 Area FOB (\$/cwt)	142.88	-1.3%	13.7%
Dressed Wtd Avg Steer Price, 5 Area Del (\$/cwt)	228.78	-1.8%	13.4%
Boxed Beef Cutout, Choice (\$/cwt)	259.73	-1.4%	-23.5%
Boxed Beef Cutout, Select (\$/cwt)	239.07	0.4%	-22.4%
Boxed Beef, Choice/Select Spread (\$/cwt)	20.66	-4.41	-10.63
By-Product Drop Value, Steer (\$/cwt live)	13.80	1.4%	-10.5%
CME Feeder Cattle Index (\$/cwt)	0.00	-100.0%	-100.0%
Est. Cattle Slaughter	638,000	-5.9%	2.7%
YTD Est. Cattle Slaughter	22,745,000	N/A	1.3%
Est. Beef Production (mil lbs)	520.1	-5.7%	1.8%
YTD Est. Beef Production (mil lbs)	18,736.1	N/A	1.0%

Lamb and Veal

Slaughter Lamb, Comprehensive, Carc. Wtd Avg Price (\$/cwt)	119.02	-11.9%	-52.2%
Lamb Carcass Cutout (\$/cwt)	501.58	-2.9%	-19.3%
Est. Sheep Slaughter	32,000	0.0%	-11.1%
YTD Est. Sheep Slaughter	1,164,000	N/A	-9.8%
Est. Lamb Production (mil lbs)	2.1	0.0%	-4.5%
YTD Est. Lamb Production (mil lbs)	78.2	N/A	-5.4%
Veal Carcass Wtd Avg Packer & Non-Packer Owned (\$/cwt)	436.81	0.1%	25.6%



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



Weekly Livestock, Poultry & Grain Market Highlights
September 06, 2022

Grain

	Current Week	Change From Past Week	Change From Past Year
Central Illinois Avg Corn Price (\$/bu)	6.6900	-4.2%	26.7%
Central Illinois Avg Soybean Price (\$/bu)	15.1200	-6.1%	19.8%
Central Illinois 48% Soybean Meal, Rail (\$/ton)	474.10	-7.1%	35.2%
Hard Red Winter Wheat Truck to Kansas City (\$/bu)	9.5775	-0.5%	27.9%
Dark Northern Spring Wheat, 14%, MN, Rail (\$/bu)	10.4000	-3.2%	3.7%
Soft White Wheat Portland (\$/bu)	9.0563	4.6%	-17.1%
Sorghum, Kansas City, Truck (\$/bu)	7.1225	5.5%	N/A

Broilers

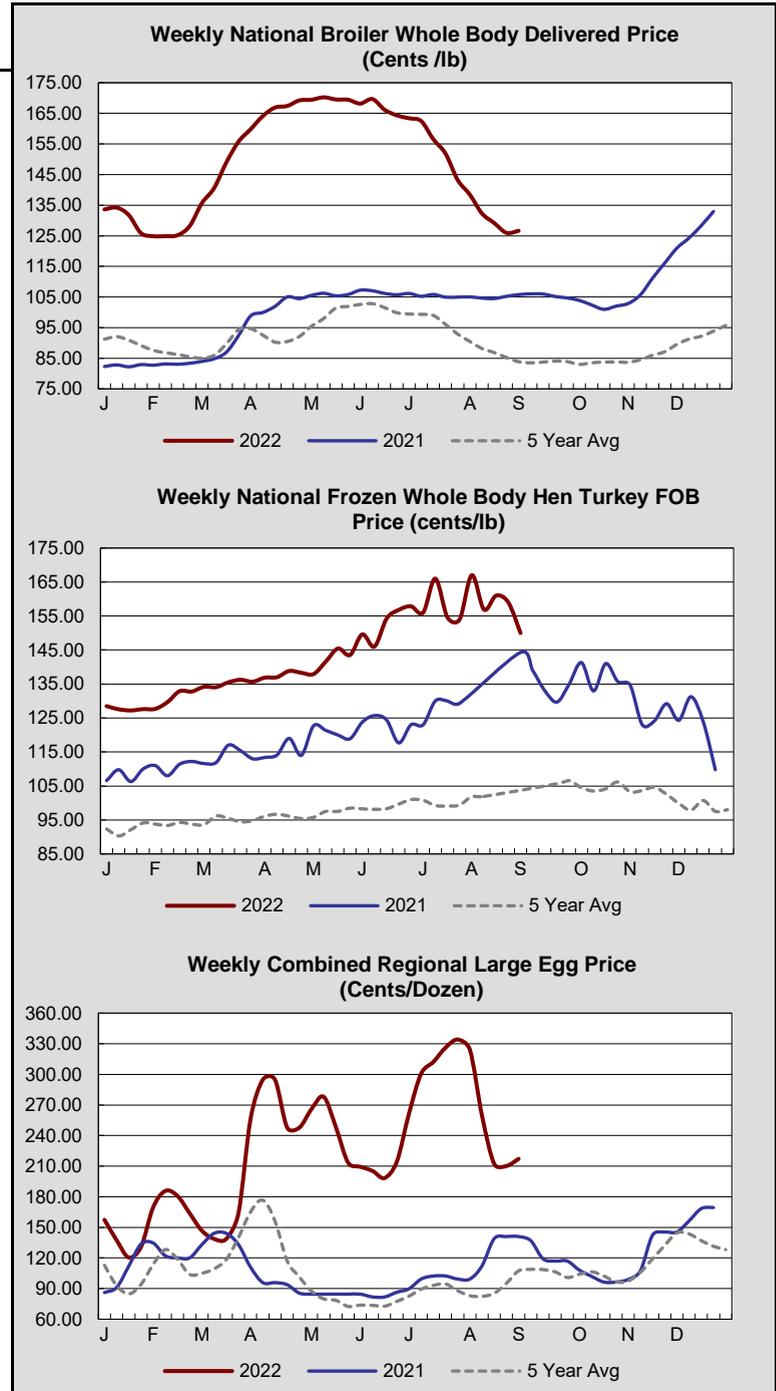
Nat'l Delivered Whole Body Price (cents/lb)	126.64	0.5%	20.3%
Est. Young Chicken Slaughter - Current Week (000's)	169,504	3.4%	N/A
Actual Slaughter of Young Chickens (000's)	170,865	-0.1%	1.8%
YTD Actual Slaughter of Young Chickens (000's)	5,761,311	N/A	1.6%
Actual RTC Pounds of Young Chickens (000's)	836,282	-0.1%	4.6%
YTD RTC Pounds of Young Chickens (000's)	27,771,270	N/A	1.4%

Turkeys

Nat'l FOB Frozen 8-16 lb. Hens, Wtd Avg Prices, cents/lb	150.00	-5.7%	N/A
Actual Slaughter of Turkeys (000's)	3,908	6.7%	-2.1%
YTD Actual Slaughter of Turkeys (000's)	127,394	N/A	-2.6%
Actual RTC Pounds of Turkeys (000's)	95,720	7.1%	-2.6%
YTD RTC Pounds of Turkeys (000's)	3,237,645	N/A	-4.4%

Eggs

Combined Regional Large Eggs (cents/dozen)	217.14	3.3%	54.0%
National Shell Egg Inventory (30 doz. Cases/000,s)	1326.0	-3.3%	N/A
Shell Egg Demand Indicator (SEDI)	7.30	-0.14	4.20
Central States Breaking Stock Av. Price (cents/dozen)	162.00	0.0%	129.8%
National Breaking Stock Inventory (30 doz. Cases/000's)	336.8	5.3%	N/A
Eggs Broken Under Federal Inspection (30 doz cases)	1,502,790	-1.7%	-4.2%
YTD Eggs Broken Under Federal Inspection (30 doz cases)	51,045,980	N/A	2.2%



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

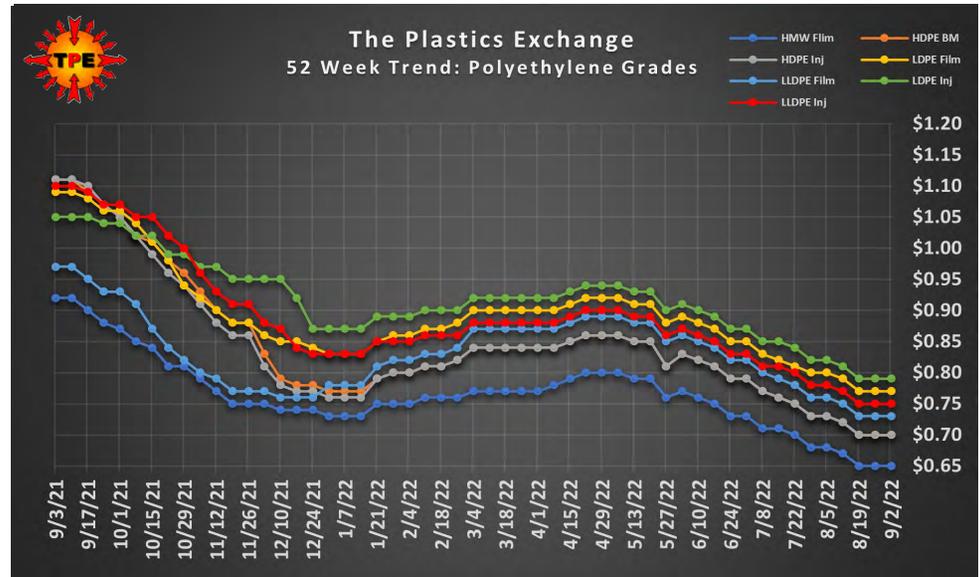
bringing the market to you

Market Update — September 2nd, 2022

Spot resin trading was much improved amid volatile pricing that might ultimately prove to be bottoming activity. Spot and export pricing initially cascaded lower as August drew towards a close, with high volume export transactions completed at deeply discounted prices, well below domestic contract levels. This latest export inventory dump came in the wake of resin production cut announcements as producers seek to rebalance supply / demand fundamentals. It still needs to be seen whether the big purge of material will be enough to relieve a significant amount of the burdensome excess resin supplies that have been hanging over the market, pressuring prices lower during this cycle correction. The blowout pricing was not market wide, but rather for very large certified export sales, though there were also some domestic spot PE and PP railcars that were priced super sharp. By the end of the month, the heavy selling had subsided, though there were still some straggling offers that carried into September, including from recent trader purchases looking for a quick flip. Otherwise, few fresh offers were seen later in the week as the new month began, with indications that producers asking prices would ratchet back up when market participants returned from the long Labor Day holiday weekend. It is worth noting that major cycle changes often occur when long weekends coincide with a new month, creating some distance from the recent market conditions, in this case only time will tell.

Though spot PE and PP prices both spiked lower into month end, there was a quick snap back and we netted out our overall pricing as flat for the week. In the meantime, August resin contracts will see decreases. August PE contracts were in the process of being completed at reductions as much as \$.06/lb, a far cry from the nickel increase that producers initially sought to implement. August PP contracts were also veering towards a \$.01/lb decrease, which would include a \$.02/lb cost increase passed through from the PGP contract increase but then more than offset by a \$.03/lb PP margin contraction for a net 1-cent decline. PE producers have nominated as much as \$.10/lb of increases between Sep/Oct, which could become relevant as we enter the heart of the Gulf Coast hurricane season, which has been very mild to date. Producers have their work out cut out for them as they look to clear record PE inventory and near record level PP inventory from warehouses that are jammed packed full of material as storage costs escalate and additional resin capacity comes online.

Resin for Sale 15,092,060 lbs		Spot Range		TPE Market	
Resin	Total lbs	Low	High	Bid	Ask
PP Homo - Inj	2,611,796	\$ 0.680	\$ 0.850	\$ 0.720	\$ 0.820
HDPE - Blow	2,446,048	\$ 0.620	\$ 0.730	\$ 0.650	\$ 0.700
HDPE - Inj	2,364,140	\$ 0.625	\$ 0.750	\$ 0.650	\$ 0.700
LLDPE - Film	1,761,588	\$ 0.620	\$ 0.740	\$ 0.680	\$ 0.730
LDPE - Film	1,587,312	\$ 0.690	\$ 0.780	\$ 0.720	\$ 0.770
PP Copo - Inj	1,564,208	\$ 0.720	\$ 0.950	\$ 0.820	\$ 0.920
LLDPE - Inj	1,278,668	\$ 0.680	\$ 0.800	\$ 0.700	\$ 0.750
HMWPE - Film	793,656	\$ 0.580	\$ 0.680	\$ 0.600	\$ 0.650
LDPE - Inj	684,644	\$ 0.680	\$ 0.800	\$ 0.740	\$ 0.790



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www.ThePlasticsExchange.com MARKET UPDATE

Michael Greenberg
312.202.0002



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Market Update — September 2nd, 2022

On a good note, logistics are improving somewhat after BNSF lifted its permit embargo in California in late August. The number of vessels lined up to enter the US West Coast dropped to only 8 this past week compared with a record 109 vessels seen back in January. Resin producers continue to ask for their empty railcars back and rail carriers pull additional cars out of storage to serve demand. Vessel space out of Houston has become a bit easier to secure, which could aid exports.

Energy futures were down across the board as Crude Oil dropped sharply amid demand concerns and fresh Covid lockdowns in China, while Nat Gas slid lower following a larger than expected build in inventory and weak demand ahead of the extended holiday weekend. Oct WTI futures hit a high of \$97.66/bbl on Tuesday before falling almost \$12/bbl to a low of \$85.98/bbl on Thursday. By Friday, Oct WTI settled at \$86.87/bbl, down just over \$6/bbl (-6.7%) on the week. The new front-month Nov Brent stayed on a similar trajectory as WTI and set a high of \$103.46/bbl on Tuesday and also shed nearly \$12/bbl to a low of \$91.81/bbl on Thursday. Nov Brent picked up a bit on Friday and settled at \$93.02/bbl, losing roughly \$6/bbl (-6%) on the week. Oct Nat Gas futures began the week on a high note before the market fizzled out by Friday. Monday set a ceiling of \$9.75/mmBtu but sank more than a dollar (\$1.13/mmBtu to be exact) during the week and eventually hit a floor of \$8.62/mmBtu on Friday. Before the closing bell, Oct inched up a bit from the day's low to settle at \$8.79/mmBtu on Friday, losing almost \$.50/mmBtu from the previous Friday's Oct settlement. NGLs were down from the previous week as well as September Ethane dropped \$.056/gal to \$.566/gal (\$.239/lb) and Propane slipped \$.027/gal to \$1.082/gal (\$.306/gal).

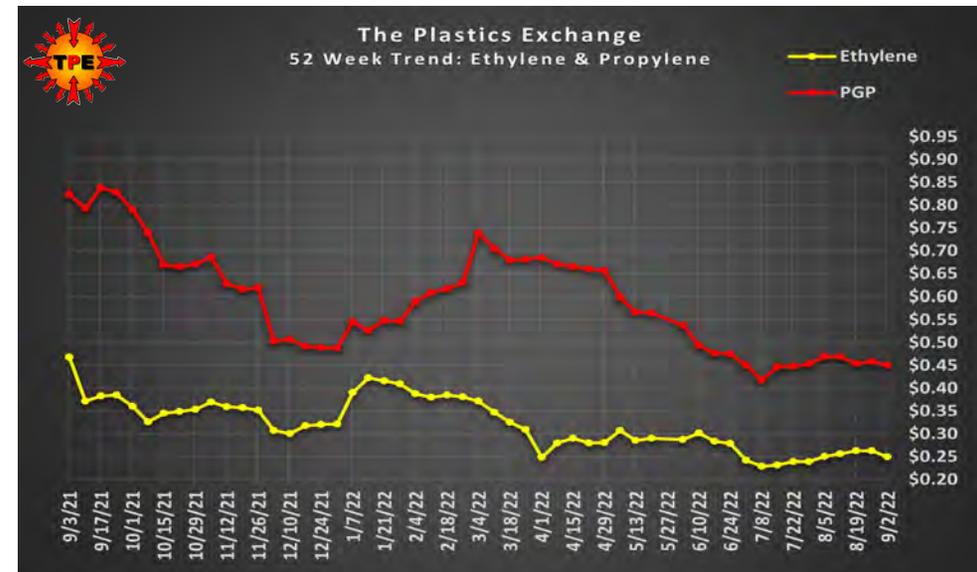
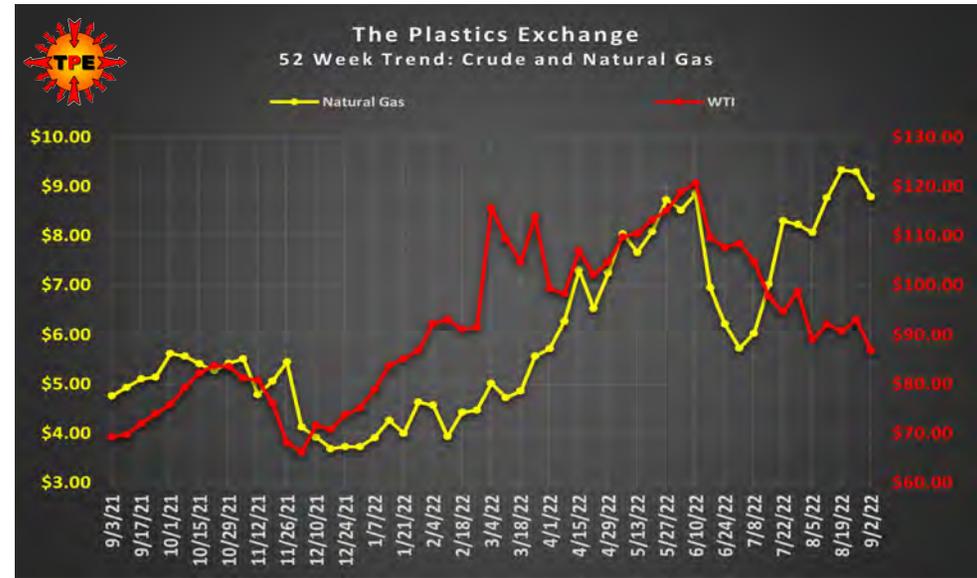
Monomer market action re-emerged with participation nicely elevated from previous weeks. The completed volume tally was stout and prices moved lower, while spot rolled to Sept on Thursday. Ethylene found revived interest Monday afternoon and a deal for 2Q'23 was completed at \$.2675/lb. On Tuesday morning, traders came to agreements for deliveries to take place during 1Q and 4Q at \$.26/lb while another deal for 2Q Ethylene was noted at \$.255/lb. Later that afternoon, August Ethylene found its final completion with spot changing hands at \$.255/lb as the week's losses mounted.

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MARKET UPDATE

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Market Update — September 2nd, 2022

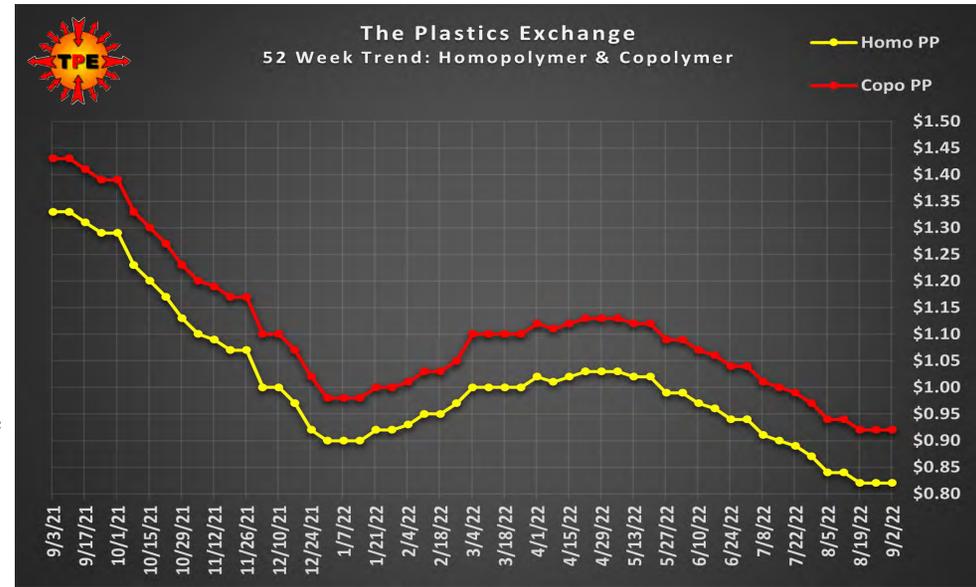
The market retreat paused midweek on Wednesday and four transactions for 2Q Ethylene deliveries were inked at \$.245/lb. Spot Ethylene rolled to September on Thursday but no deals were finalized. On Friday, five transactions for 1Q'23 deliveries were completed at \$.245/lb and daily prices dipped another half-cent. Spot Sept Ethylene finished the week down nearly \$.025/lb, settling just under \$.25/lb, an 8.5% drop for the week. Deferred contract months saw larger losses which widened the forward curve's backwardation.

Polymer Grade Propylene took a back seat to Ethylene during what was a relatively uneventful week for the monomer. Action was dull until Tuesday when deals for 4Q, March and Feb PGP deliveries were finalized at undisclosed prices; fractional losses were seen on the day. Wednesday and Thursday saw a handful of bids / offers brought to the table but no completed trades were noted and prices remained flat. A few more inquiries hit the market Friday but again, no transactions were finalized and prices were stagnant. Spot Sept PGP sliced off a near full penny by week's end, settling at \$.45/lb. The forward curve remains in contango and saw a very slight widening. As a reminder, Aug PGP contracts recently settled at \$.49/lb, a \$.02/lb increase.

Polyethylene trading activity improved as another wave of discounted offers hit the market into month-end, but the market then snapped back in the later part of the week on the heels of solid demand. Market sentiment has been improving the past 2 weeks, ever since producers announced a reduction in production, which we saw as a signal to the market that the down leg of the cycle is coming to an end. At this point, negative sentiment has strengthened to mostly neutral, and buyers are starting to return. Completed business was well spread across all key PE commodity grades, including LDPE, LLDPE and HDPE. The market action seemed like blow-out capitulation and snap recovery which are signs of cycle bottoming, but it will take a little time to confirm whether or not this is truly the case. While much of the purge was to the export market, fairly steep domestic discounts were also seen to a lesser magnitude. It is notable that traders stepped in and bought some of the bargain basement deals, some of which were immediately available for resale, but others were intended to be stored for later sales. Recapping year to date, spot PE prices initially rose from Jan 1st at an average of \$.09/lb with a range based on grade. Our spot PE prices peaked on May 9th and have been eroding ever since, falling an average of \$.16/lb, which leaves spot price down a net \$.07/lb this year. Contract prices have also swung, but the volatility was comparatively muted. Increases of \$.04/lb were implemented in March and another \$.03/lb in May, offset by a \$.03/lb decrease in July and likely \$.05-.06/lb decrease in August will leave PE contracts down a net penny or two for the year. There is a nickel increase on the table for September, but as long as the hurricanes continue to veer up the east coast rather than into the Gulf, implementation will likely be greatly challenged.

Spot Polypropylene interest was fairly lax during the first part of the week and completed volumes were lacking, but some strong dealings developed just as the calendar flipped to September making for an overall pleasantly productive week. There was even some minor bullish sentiment/momentum developing as we headed into the long holiday weekend. Buyers continued to pick away with truckload orders, some just our normal flow but others due to late railcars and delayed packaging. Activity then picked up as several sellers made aggressive offers that buyers met, and as those offers cleared, demand still remained, providing firm bids if similar material could be sourced.

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Most business was done in Prime ready-to-ship TLs, while CoPP slightly outsold HoPP and volume was pretty evenly split between mid and high melt grades. As has been the case for the past several weeks, there remains a supply overhang of some grades while others are outright difficult to source. This comes as some processors have started to buy a bit more extra resin as a protective measure for the remainder of hurricane season, while in the meantime, other processors continue to draw down from on-hand inventories alongside weak throughput demand. Year to date for PP, HoPP spot prices were down \$.08/lb and CoPP spot levels were down \$.06/lb compared with where they were at the start of the year. The spread was even wider compared with late April / early May peak levels at \$1.03/lb and \$1.13/lb for HoPP and CoPP, respectively. Meanwhile, PP contract prices year to date are down \$.13/lb through August while PGP contracts were down \$.07/lb through August.

Supply Chain Table	Aug Change	2022 Change	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	8/31/2022	7/29/2022	6/30/2022	5/31/2022	4/30/2022	3/31/2022	2/28/2022	1/31/2022	1/1/2022	Mixed	1/1/2021
HDPE Film \$/LB	-0.030	-0.080	0.650	0.680	0.730	0.760	0.800	0.770	0.760	0.750	0.730	0.180	0.550
HDPE Blow \$/LB	-0.030	-0.070	0.700	0.730	0.790	0.820	0.860	0.840	0.820	0.800	0.770	0.190	0.580
HDPE Inject \$/LB	-0.030	-0.060	0.700	0.730	0.790	0.820	0.860	0.840	0.820	0.800	0.760	0.180	0.580
LLDPE Film \$/LB	-0.030	-0.050	0.730	0.760	0.820	0.850	0.920	0.870	0.840	0.820	0.780	0.230	0.550
LDPE Film \$/LB	-0.030	-0.060	0.770	0.800	0.850	0.880	0.890	0.900	0.880	0.860	0.830	0.150	0.680
LDPE Inject \$/LB	-0.030	-0.080	0.790	0.820	0.870	0.900	0.940	0.920	0.900	0.890	0.870	0.240	0.630
LLDPE Inject \$/LB	-0.030	-0.080	0.750	0.780	0.830	0.860	0.900	0.880	0.860	0.850	0.830	0.160	0.670
HoPP Inject \$/LB	-0.050	-0.080	0.820	0.870	0.940	0.990	1.030	1.020	0.970	0.920	0.900	0.130	0.770
CoPP Inject \$/LB	-0.050	-0.060	0.920	0.970	1.040	1.090	1.130	1.120	1.050	1.000	0.980	0.150	0.830
Ethylene \$/LB	0.016	-0.066	0.255	0.239	0.248	0.286	0.280	0.249	0.373	0.410	0.321	-0.016	0.338
Propylene (PGP) \$/LB	-0.003	-0.039	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	-9.070	14.340	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	-14.370	17.860	95.640	110.010	109.030	115.600	109.340	104.710	97.970	91.210	77.780	25.980	51.800
Ethane \$/GAL	0.010	0.249	0.585	0.575	0.490	0.606	0.509	0.433	0.403	0.376	0.336	0.125	0.211
Propane \$/GAL	-0.048	0.060	1.097	1.145	1.208	1.233	1.307	1.399	1.385	1.166	1.037	0.436	0.601
Natural Gas \$/MBTU	0.898	5.397	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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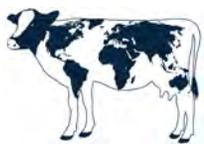
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Udder Intelligence



September 8, 2022

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What you need to know

- GDT was stronger than I was expecting, up 4.9%, but the bigger surprise was low participation by North Asia
- NZ weather conditions remain less than ideal
- July U.S. exports were close to forecast, up 6.9% from last year
- EU natural gas prices might have less impact on product mix than feared

Dairy Prices (USD)

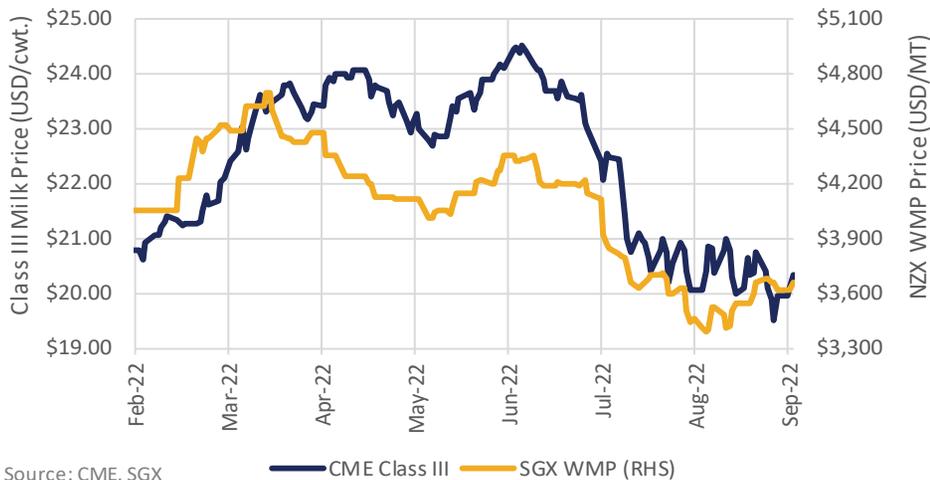
Cheese	Last (lb.)	Chg.	Last (MT)	WMP	Last (lb.)	Chg.	Last (MT)
CME Blocks (Wk Avg)	\$1.84	\$0.10	\$4,045	US	\$2.32	\$0.00	\$5,115
CME Barrels (Wk Avg)	\$1.92	\$0.07	\$4,234	Dutch	\$2.12	-\$0.01	\$4,674
EU Gouda	\$2.33	-\$0.03	\$5,134	GDT (Avg)	\$1.64	\$0.09	\$3,610
GDT Cheddar (Avg)	\$2.29	\$0.02	\$5,046				

Butter	Last (lb.)	Chg.	Last (MT)	Dry Whey	Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$3.13	\$0.06	\$6,909	Central US	\$0.46	\$0.01	\$1,014
EEX Index	\$3.32	\$0.00	\$7,309	EEX Index	\$0.44	\$0.00	\$960
GDT (Avg)	\$2.44	\$0.07	\$5,369	US WPC34	\$1.81	\$0.00	\$3,979
				US Lactose	\$0.46	\$0.00	\$1,003

SMP/NFDM	Last (lb.)	Chg.	Last (MT)	Rennet Casein	Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$1.55	\$0.00	\$3,408	US	\$5.62	\$0.00	\$12,379
EEX Index	\$1.67	\$0.02	\$3,689				
GDT (Avg)	\$1.62	\$0.02	\$3,575				

Sources: CME, USDA, EEX, GlobalDairyTrade, Dutch Dairy Board, Trigona, FRED USD/euro rate used: 0.994, -0.007

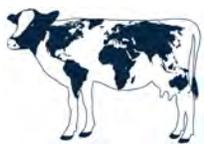
CME Class III and SGX WMP Futures Prices
(October 2022 Contracts)



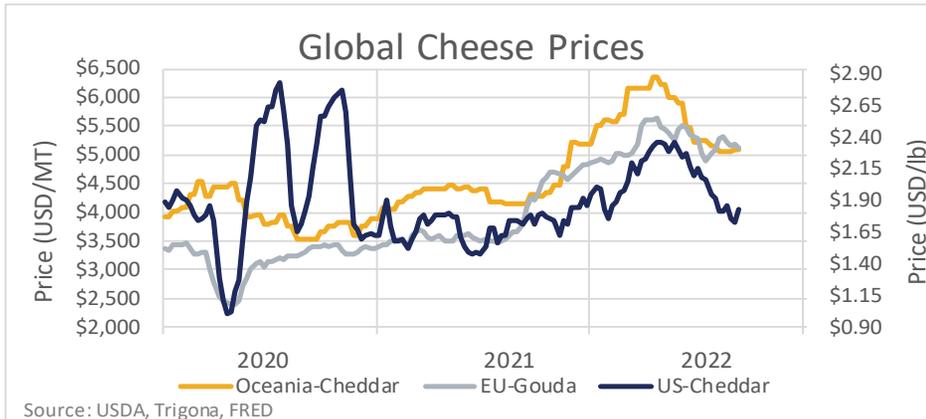
Source: CME, SGX

Market Summary

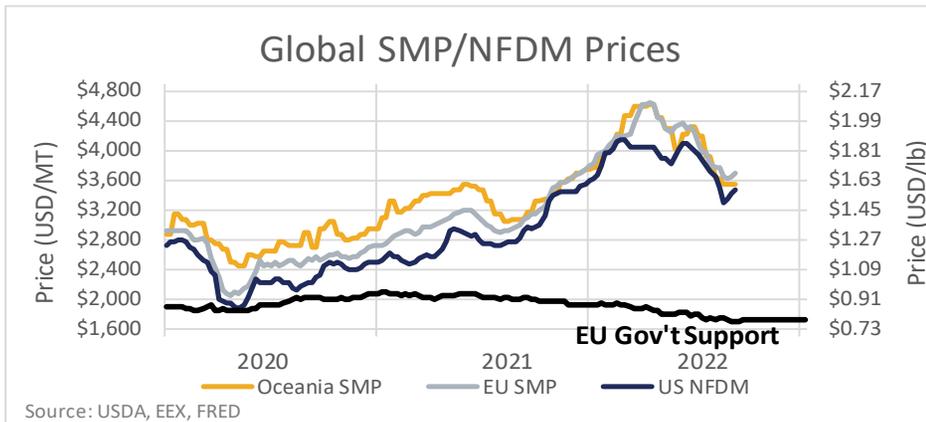
We have our outlook conference in Dublin Ireland next week and I've been digging into the data, models and scenarios over the past week. I now have more conviction in a bullish outlook. Feed/input costs are still painfully high and the weather is not cooperating across the major dairy exporters. All of the risk seems to be to the downside for milk production. I'm still a little skeptical that we can sustain a rally without Chinese import demand improving and the GDT event this week showed Chinese buyers are not willing to chase the market right now. Recession will also act as a drag on the market over the next 6 months also (I hope not longer than that...), but the lack of supply growth is going to limit the downside, and when the demand returns, prices have a lot of upside potential during 2023.



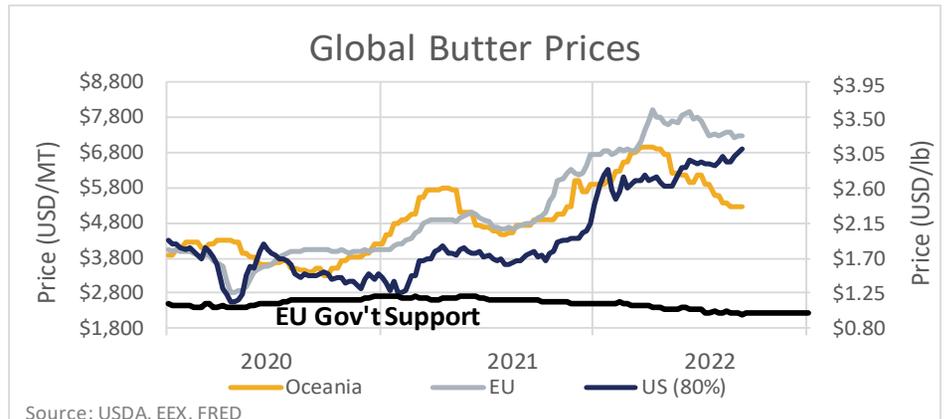
Product Markets



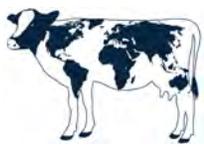
Butter: CME spot butter pushed to a new record high at \$3.1475 (\$6,940) this week, taking out the previous high of \$3.135 set back in September of 2015. Back in 2015 the market surged to that record high, then dropped to \$2.51 (\$5,530) just 3 trading days later. I think the high price has more sticking power this year. EU butter pricing is mixed with official quotes steady to higher while some anecdotal comments suggest weaker prices.



Cheese: The CME futures have been expecting a bounce in U.S. cheese prices, and this week they finally got it. Given where cheese stocks are, you can make a good argument for \$1.70 (\$3,750) CME blocks, but with EU/Oceania prices around \$2.30 (\$5,000), it's hard to get real bearish on U.S. prices for now. U.S. exports were weaker than forecast for July, up just 1.6% from last year. It's hard for me to get a read on the EU market. It felt a little firmer last week, but reported prices are a little weaker this week.



Powders: NFDM/SMP prices were firmer across all the major exporters. Strength at GDT, driven by countries other than China, along with a bump higher in demand from Mexico and hot weather in the U.S. all helped to turn the sentiment a little more bullish. After digging into estimated processing costs I don't think we'll see a big shift in milk away from butter/SMP in Europe despite the record setting energy costs. No matter what a processor chooses to produce (cheese+whey, butter+SMP, WMP), they still have to run a dryer.



Udder Intelligence



September 8, 2022

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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.

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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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