

MarketNews

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Dairy Market Link



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Market Report -
Eggs



Flour Facts



Oil Market Watch



Weekly Market
Review



USDA Livestock, Poultry &
Grain Market Highlights



Market updates
from The Plastics
Exchange



Daily Market
Summary - Plus In
Depth Analysis

Egg Markets

AJ PY027

Atlanta, GA Fri. Oct 27, 2023 USDA Market News

SHELL EGGS: Daily National Egg Market-at-a-Glance

New York egg prices are 2 cents higher for all sizes. Regional and California prices are steady. Asking prices for next week's deliveries are trending lower to higher. The undertone is steady to fully steady. Demand ranges light to fairly good, but mostly moderate. Offerings are light to moderate. Supplies are moderate. Market activity is slow to mostly moderate. Breaking stock supplies are moderate; breaking schedules are full-time. Spent fowl supplies are moderate to heavy for the light demand.

SOURCE: USDA Livestock, Poultry & Grain Market News Division
Atlanta, GA 404.562.5850 email: Atlanta.lpgmn@usda.gov
<http://www.ams.usda.gov/market-news/livestock-poultry-grain>

Prepared: 27-Oct-2023 01:00 PM E NBS



Egg Markets Overview

The weekly Egg Markets Overview is now available on our website and may be accessed by clicking on the link or graphic below.



<https://www.ams.usda.gov/sites/default/files/media/Egg%20Markets%20Overview.pdf>

<https://www.ams.usda.gov/mnreports/pybshellegg.pdf>

<https://mymarketnews.ams.usda.gov/viewReport/2733>

USDA Egg Markets Overview

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

October 27, 2023

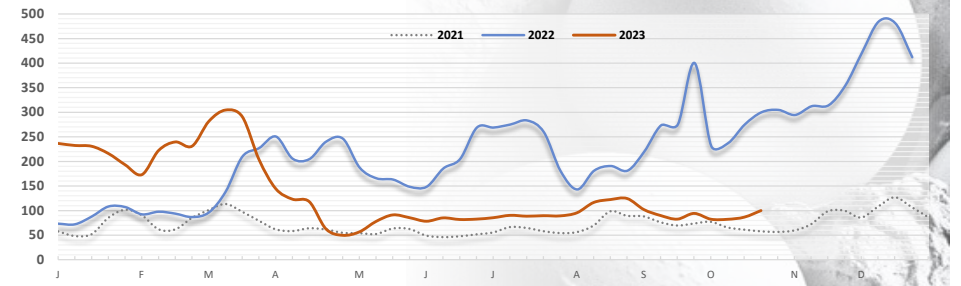
Wholesale prices for cartoned shell eggs began to move higher as the week ended with a firm undertone. Demand is mostly moderate for light to moderate offerings and moderate supplies. Trading is slow to moderate. Wholesale prices for graded loose eggs are higher on moderate to good demand, light to moderate offerings, and moderate supplies. Trading is moderate. The volume of trailer load loose egg sales this week rose 1% from last week with 35% for out-front business, signaling that start of the Thanksgiving season. Prices for national trading of trucklot quantities of graded, loose, White Large shell eggs rose \$0.13 to \$1.00 per dozen with a firm undertone. The wholesale price on the New York market for Large cartoned shell eggs delivered to retailers increased \$0.02 to \$1.32 per dozen with a firm undertone. In the major Midwest production region, the wholesale price for Large, white, shell eggs delivered to warehouses was unchanged at \$1.17 per dozen with a firm undertone while prices paid to producers for Large cartoned shell eggs held at \$0.98 per dozen. The California benchmark for Large shell eggs was steady at \$1.66 per dozen with a mixed undertone. Delivered prices on the California-compliant wholesale loose egg market increased \$0.28 to \$1.40 per dozen with a firm to higher undertone.

Overall demand for shell eggs is mixed with most interest from marketers looking to build their stocks in anticipation of increased consumer demand into early November and the start of the Thanksgiving demand season for baking. For the moment, consumer demand is average but past history would indicate increasing interest over the next few weeks. For now, retailers continue to focus their promotional activity on specialty shell eggs. Demand among egg products manufacturers is currently in a range from very light to moderate and equal to the reduced level of offerings in the spot market. Breaking schedules have moderated to a pace that can be supplied largely from stocks and in-line production.

Promotional activity for conventional caged shell eggs in retail outlets begins to stir ahead of the start of the Thanksgiving demand season. The average ad price drops sharply, down \$0.41 to \$1.14 per dozen signaling deals to come. Promotional activity for specialty shell eggs doubles last week's pace with organic dominating ad space followed by nutritionally-enhanced types. Feature activity for [UEP-defined cage-free](#) shell eggs is limited and accounts for 9% of all ad activity this week. The average ad price rises \$0.43 to \$3.07 per dozen on the thin test and the average ad price spread between 12-packs of Large caged eggs and UEP cage-free eggs widens by \$0.84 per dozen to a spread of \$1.93 per dozen.

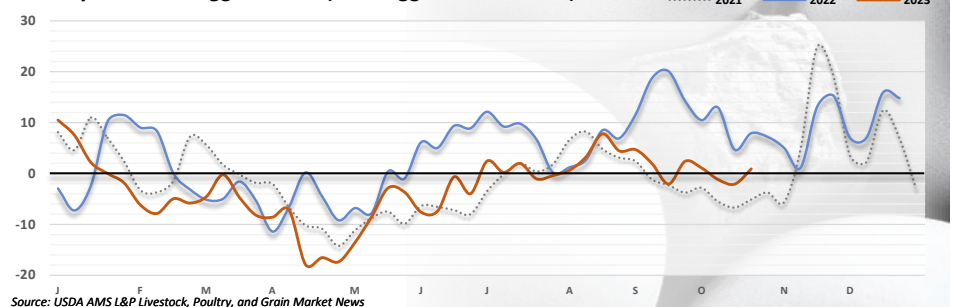
The overall inventory of shell eggs decreased 2% while the nation-wide inventory of Large eggs declined about 1.5% and the inventory level for Large eggs in the key Midwest production region was up 2%. Supply and demand are currently balanced as the market is looking forward in anticipation for the approaching Thanksgiving demand period. The

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



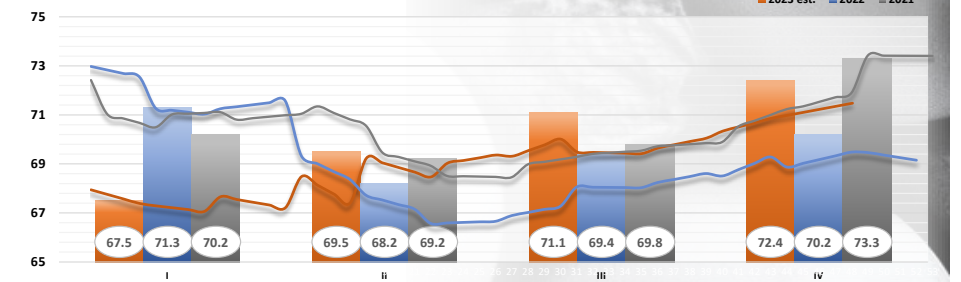
Source: USDA AMS L&P Livestock, Poultry, and Grain Market News

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



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

Egg Per Capita Disappearance vs. Weekly Est. Production (as of October 2023)



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

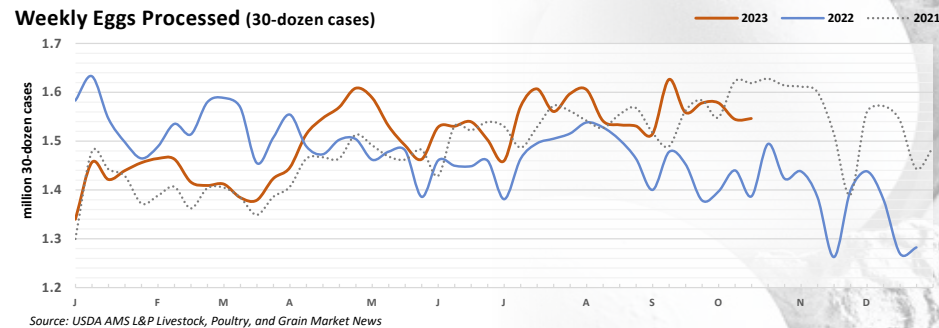
inventory share of Large class shell eggs was about unchanged at a 51.5% share of all shell egg stocks on inventory at the start of the week. Stocks of cage-free eggs declined just over 1.5% as retail incentives slow while stocks of nutritionally-enhanced shell eggs were unchanged. Stocks of organic shell eggs increased nearly 9% to supply increasing retail promotions. While the inventory of breaking stock decreased 2.5% as spot market availability has begun to decline in favor of carton demand and breakers draw from stocks to maintain normal schedules. Total estimated table egg production was unchanged from last week and down slightly from last year's level for an estimated equivalent of 4 million cases over last year.

Wholesale prices for breaking stock in the Central States held steady at \$0.84 per dozen with a steady undertone. Offerings are light to moderate with a very light to instances moderate level of demand. Supplies are moderate for full-time schedules with slow to moderate trading. The volume of eggs processed over the past week was about unchanged, representing a 30.5% share of weekly table egg production. Production of whole egg increased 5% while egg component production declined – whites by 8.5% and yolks by 9%. The production of dried eggs declined nearly 11% while production of inedible egg was down 3%. Breaking yields without inedible declined slightly to 41.29 pounds per case broken.

Wholesale prices for certified liquid whole eggs remain untested with a steady undertone. Demand is light to instances moderate, best for whole egg and yolk. Offerings are light to moderate with slow to moderate trading. Prices on frozen liquid whole eggs increased \$0.04 to \$1.02 per pound while prices for frozen liquid whites rose \$0.08 to \$1.05 per pound. The undertone is steady. Demand is moderate for light to moderate supplies and offerings. Trading is slow to moderate. Prices for dried whole eggs are unchanged at \$7.00 per pound and the price for dried yolk was unchanged at \$5.45. Prices for dried albumen were too few to report. The undertone is steady to instances lower. Offerings and supplies are light to moderate. Demand is mixed, mostly moderate with slow to moderate trading.

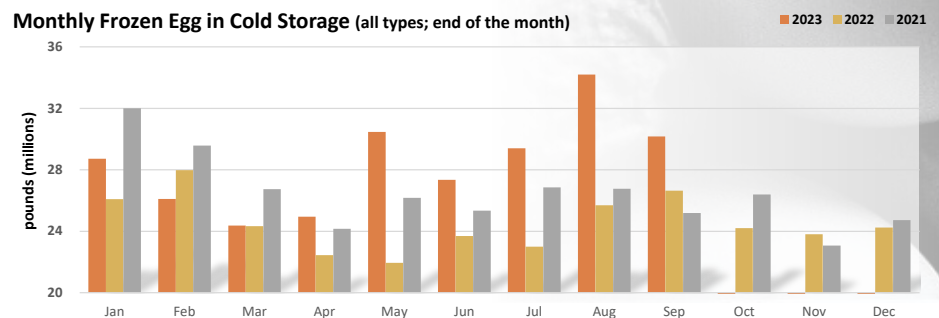
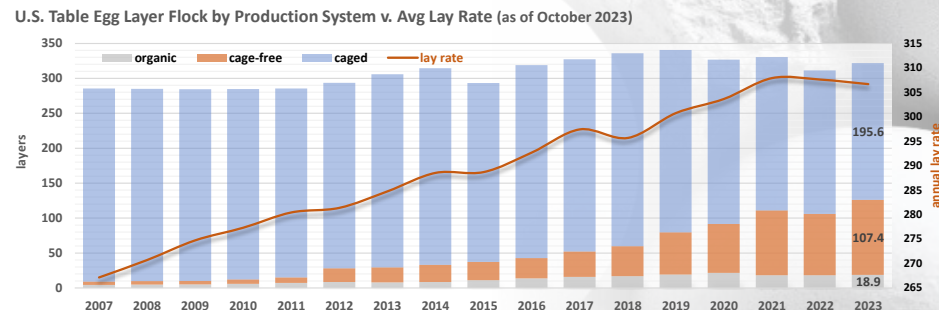
According to NASS, the September monthly volume of frozen eggs in storage decreased 6% from the prior month, 13% over the year ago level. Stocks of whole frozen egg declined 11%, 38% over last year's reduced production due to avian influenza. The share of whole egg stocks declined 6% to a 40% share of total frozen stocks. Stocks of frozen yolk increased 22% from last month, 90% over last year's level while stocks of frozen egg whites decreased 21%, 31% below year ago levels. Stocks of unclassified eggs were down 1% from last month, up 4% from last year. The share of unclassified frozen stocks gained 5% to a 49% share of total frozen stocks.

Cage-free commitments as of October 2023 remain about unchanged, requiring 66.7 billion cage-free eggs per year to meet 100% of needs from an approximate cage-free flock of 221.4 million hens (69% of the U.S. non-organic flock), indicating a shortage of 114.0 million hens from the current non-organic cage-free flock of 107.4 million hens. The average lay rate for non-organic, barn/aviary cage-free production is currently estimated at 82.2%.



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

Eggs Processed - Week-to-Week Change						
total	share	whole	whites	yolks	dried	inedible
0.1%	-0.1%	5.1%	-8.6%	-9.1%	-10.8%	-2.9%

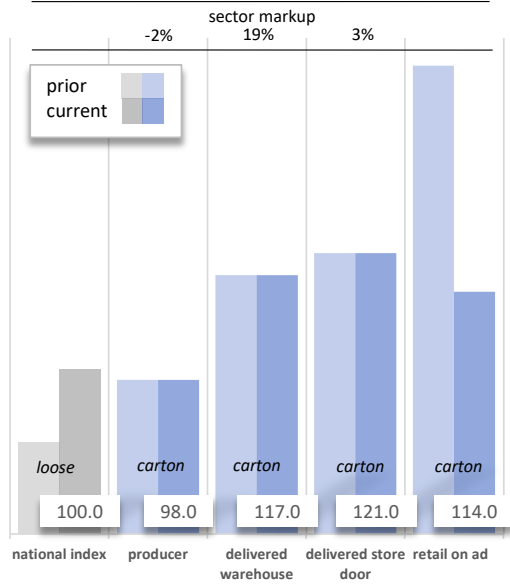


Source: USDA AMS L&P Livestock, Poultry, and Grain Market News; NASS

Shell Eggs Market Price Comparisons

(as of October 27, 2023)

(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

	27-Oct	% Change	Recent History				
			20-Oct	13-Oct	6-Oct	29-Sep	22-Sep
SHELL EGGS (Large, White, conventional in cents per dozen)							
National, Loose, (f.o.b. dock prices)	100.00	16%	86.57	82.21	82.42	94.20	82.55
New York, Cartoned (price to retailers)	132.00	2%	130.00	130.00	130.00	130.00	130.00
Midwest, Cartoned (price dlvr'd to warehouse)	117.00	0%	117.00	117.00	117.00	117.00	127.00
California, Cartoned, benchmark (cage-free)	166.00	0%	166.00	171.00	191.00	181.00	182.00
National Retail Shell Egg (avg. ad price in dollars per dozen)							
Conventional, Large, White	1.14	-26%	1.55	1.15	1.36	1.38	1.41
Cage-Free, Large, Brown	3.07	16%	2.64	2.76	3.28	2.71	2.98
EGG PRODUCTS (f.o.b. dock prices; dollars per pound)							
Central States Breaking Stock (dlvr'd prices per doz)	84.00	0%	84.00	84.00	87.00	86.00	86.00
Whole Frozen Eggs	102.00	4%	98.00	95.00	95.00	105.00	98.00
Whole Dried Eggs	7.00	0%	7.00	7.00	7.00	7.00	7.80
Processed Share of Weekly Egg Production	30.5%	-0.1%	30.6%	31.4%	31.4%	31.2%	32.6%
SHELL EGG DEMAND INDICATOR (no units)							
	0.9	3.0	-2.1	-1.2	1.1	2.4	-2.1

Source: USDA AMS Livestock, Poultry, and Grain Market News; "n/a" = not available.

Key Shell Egg Markets Snapshot - 2023

(Large, White, Conventional Shell Eggs in cents per dozen)	27-Oct	Change	20-Oct	2023 High	2023 Low		
National, Loose, (f.o.b. dock prices)	100.0	▲ 16%	86.6	304.6	17-Mar	47.1	02-May
New York, Cartoned (price to retailers)	132.0	▲ 2%	130.0	474.0	03-Jan	91.0	02-May
Midwest, Cartoned (price dlvr'd to warehouse) ¹	117.0	▬ 0%	117.0	517.0	03-Jan	78.0	08-May
California, Cartoned, benchmark	166.0	▬ 0%	166.0	737.0	03-Jan	148.0	08-May
Central States Breaking Stock (delivered prices) ¹	84.0	▬ 0%	84.0	367.0	03-Jan	43.0	02-May
Whole Frozen Egg Products (f.o.b. dock prices)	102.0	▲ 4%	98.00	300.0	06-Jan	84.0	09-Jun
Whole Dried Egg Products (f.o.b. dock prices)	7.00	▬ 0%	7.00	14.3	24-Mar	7.00	29-Sep
Natl Average Retail Ad Price - Conventional	1.14	▼ -26%	1.55	4.94	24-Mar	1.02	01-Sep
Natl Average Retail Ad Price - Cage-free ²	3.07	▲ 16%	2.64	4.99	10-Feb	2.00	27-Jan
Shell Egg Demand Indicator	0.9	▲ 3.0	-2.1	10.5	04-Jan	-19.0	10-May

¹ mostly high; ² non-organic

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

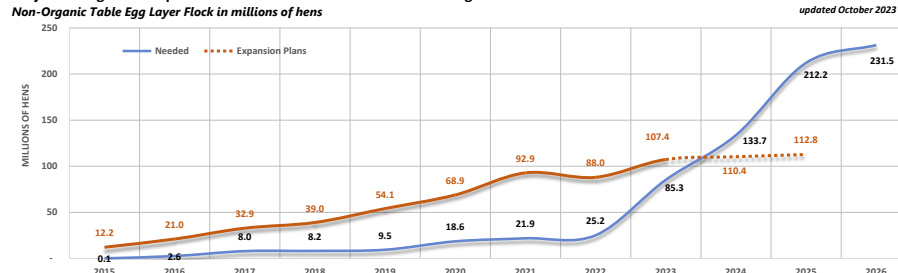
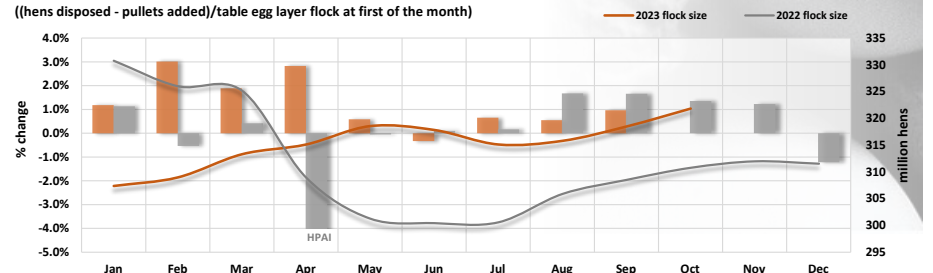


Table Egg Layer Replacement - Net Flock Change



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

U.S. Table Egg Layer Flock Estimates

As of October 2023	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total U.S. Caged¹ Flock:	60.8%	65.9%	66.4%	72.0%	76.6%	82.2%	84.0%	86.6%	87.3%	89.5%	90.3%	90.4%
Layers (millions)	195.6	205.3	219.4	235.5	261.0	276.1	275.1	276.1	256.1	281.6	276.4	265.5
Total U.S. Cage-Free Flock:	39.2%	34.1%	33.6%	28.0%	23.4%	17.8%	16.0%	13.4%	12.7%	10.5%	9.7%	9.6%
Layers (millions)	126.2	106.2	111.1	91.7	79.7	59.9	52.4	42.9	37.3	33.2	29.6	28.3
NON-ORGANIC Cage-Free	33.4%	28.2%	28.1%	21.4%	17.7%	12.8%	11.1%	9.1%	8.9%	7.8%	7.0%	6.7%
Layers (millions)	107.4	88.0	92.9	69.9	60.3	42.9	36.4	29.0	26.0	24.5	21.4	19.8
▪ Barn/Aviary	30.8%	27.0%	26.9%	19.9%	15.9%	11.6%	10.0%	7.9%	7.7%	6.7%	6.0%	5.7%
Layers (millions)	99.1	84.1	89.0	65.1	54.1	39.0	32.9	25.3	22.5	21.0	18.5	16.9
▪ Free-Range	1.0%	0.8%	0.7%	0.9%	0.8%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%	0.6%
Layers (millions)	3.1	2.4	2.4	2.8	2.9	1.5	1.3	1.6	1.5	1.5	1.7	1.6
▪ Pastured	1.6%	0.5%	0.5%	0.6%	1.0%	0.7%	0.7%	0.7%	0.7%	0.6%	0.4%	0.4%
Layers (millions)	5.2	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%	5.8%	5.5%	6.7%	5.7%	5.1%	4.9%	4.4%	3.9%	2.8%	2.7%	2.9%
Layers (millions)	18.9	18.2	18.2	21.8	19.4	17.0	16.0	13.9	11.4	8.7	8.2	8.5
▪ Organic	3.8%	3.8%	3.5%	4.6%	4.4%	3.9%	3.7%	3.4%	3.1%	2.2%	2.2%	2.5%
Layers (millions)	12.2	11.7	11.7	15.1	14.9	13.1	12.3	11.0	9.0	7.0	6.7	7.3
▪ Organic Free-Range	1.1%	1.2%	1.1%	1.2%	0.9%	0.8%	0.8%	0.7%	0.6%	0.4%	0.4%	0.3%
Layers (millions)	3.7	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%	0.9%	0.8%	0.8%	0.4%	0.4%	0.4%	0.3%	0.2%	0.1%	0.1%	0.1%
Layers (millions)	3.0	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 September 2023

State	Deadline Date	Layers on Hand (Sept. 2023)	Est. Caged Layers	Est. Cage-Free Layers	Est. Annual Egg Production			Est. 2022 Population	Annual Egg Consumption	Self-Sufficiency Rate	
					caged	cage-free	combined			overall	cage-free
California.....	Jan 2022	10,506,000	0	10,506,000	0	3,166,406,443	3,166,406,443	39,029,342	11,181,906,483	28%	28%
Massachusetts*.....	Jan 2022	675,000	0	675,000	0	203,438,449	203,438,449	6,981,974	2,000,335,551	10%	10%
Nevada*.....	Jul 2022	5,000	0	5,000	0	1,506,951	1,506,951	3,177,772	910,431,678	0%	0%
Washington.....	Jan 2024	5,529,000	1,833,000	3,696,000	559,798,200	1,113,938,531	1,673,736,731	7,785,786	2,230,627,689	75%	50%
Oregon.....	Jan 2024	2,264,000	2,117,000	147,000	662,536,320	44,304,373	706,840,693	4,240,137	1,214,799,251	58%	4%
Arizona*.....	Jan 2025	8,500,000	5,840,000	2,660,000	1,649,683,200	801,698,186	2,451,381,386	7,359,197	2,108,409,941	116%	38%
Colorado.....	Jan 2025	3,328,000	2,956,000	372,000	866,580,960	112,117,190	978,698,150	5,839,926	1,673,138,799	58%	7%
Michigan.....	Jan 2025	15,728,000	5,105,000	10,623,000	1,496,581,800	3,201,669,107	4,698,250,907	10,034,113	2,874,773,375	163%	111%
Utah.....	Jan 2025	6,437,000	3,552,000	2,885,000	1,037,041,920	869,511,002	1,906,552,922	3,380,800	968,599,200	197%	90%
Rhode Island*.....	Jan 2026	56,000	43,000	13,000	12,146,640	3,918,074	16,064,714	1,093,734	313,354,791	5%	1%
*=layers on hand estimated.		53,028,000	21,446,000	31,582,000	6,284,369,040	9,518,508,307	15,802,877,347	88,922,781	25,476,376,757	62%	37%

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

From last week
OCTOBER 19, 2023

- Wheat has moderately firmed this week on some short covering and stronger European prices.
- Monday's USDA report showed 68% of winter wheat is now planted. That is 1% below expectations but on par with the five-year average and 1% higher than last year.
- Wheat export inspections reached 13.0 million bushels last week, which was 16% above the prior week's tally. It was also near the middle of analyst estimates, which ranged between 9.2 million and 16.5 million bushels.

Facts on Flour

Gold Medal Semolina and Extra Fancy Durum Patent

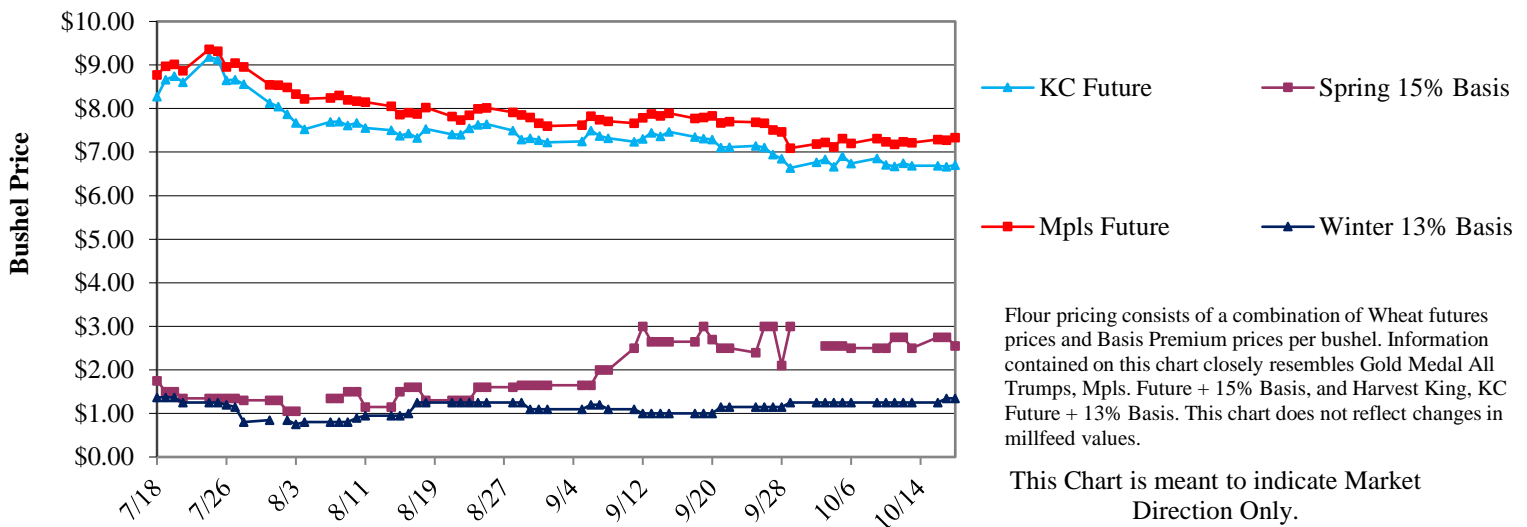
Gold Medal Semolina and Durum are milled from 100 percent durum wheat. Their high protein level and gluten quality gives them the cooking characteristics required for creating the perfect pasta that consumers love.

Description: High quality Semolina or Durum flour milled from 100 percent durum wheat.

Uses: Semolina can be used for any pasta product but is primarily used for long pasta goods. These include spaghetti, fettuccine, vermicelli, linguine or lasagna. Durum is preferable for short pasta products, including elbow macaroni or shells; and sheeted pasta products, including noodles and egg noodles.



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.





Stratas Foods Market Watch 10.27.23

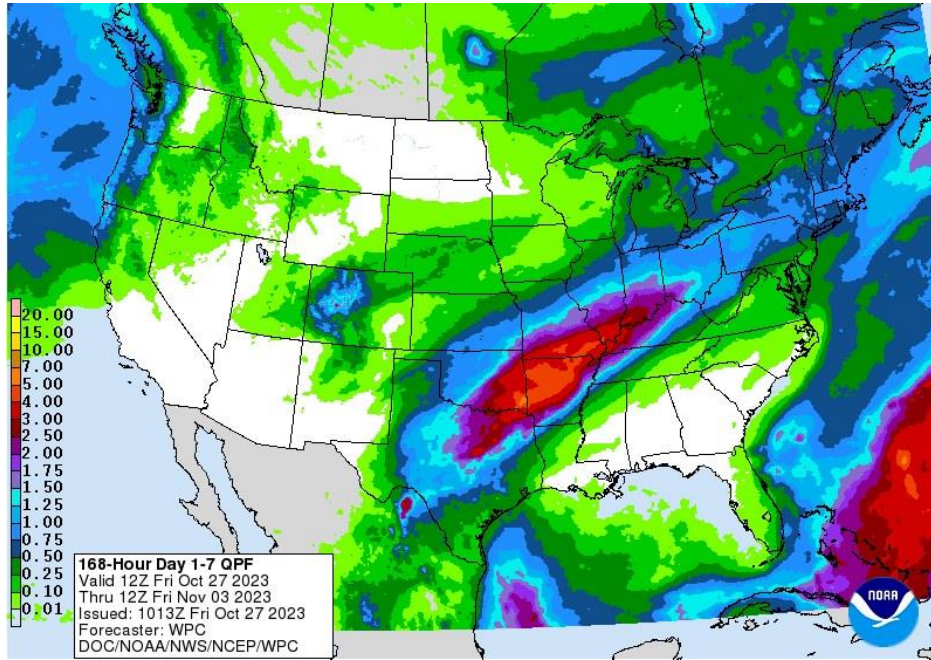
What to Watch For in the Week Ahead

•**Fundamentals**– CFTC COT, Weekly Export data, Crop (Harvest) progress

•**Weather** – Weather focus is shifting to South America. Rains are coming for Brazil and Argentina with Argy in the most need. Their drought left the cupboard bare! Brazil's beans will need the rain more soon as their crop is in the ground and growing in the north.

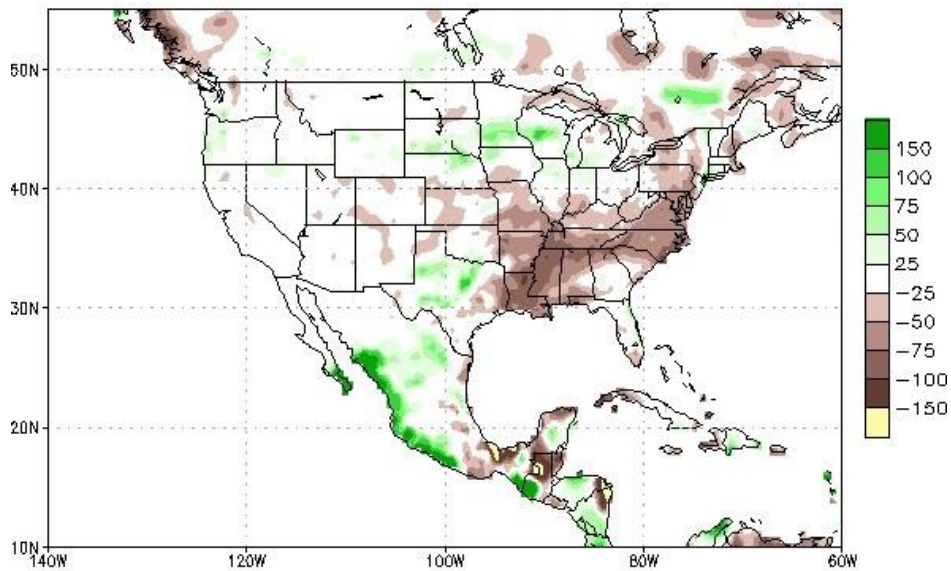
•**Politics/Macro** – Middle East conflict is creating a lot of weekend risk. Energy markets provide all the volatility one could hope for.

US 7 Day Precipitation



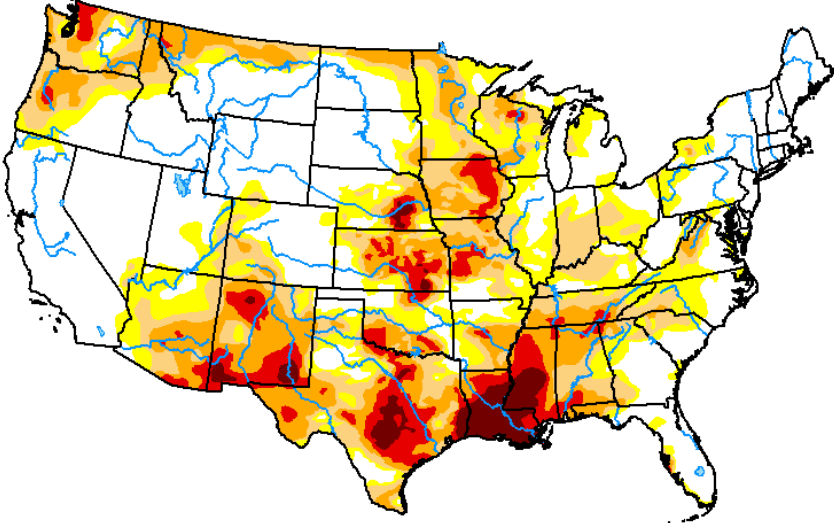
US 30 Day Anomalies

Prcp Anomalies (mm) 27SEP2023-26OCT2023



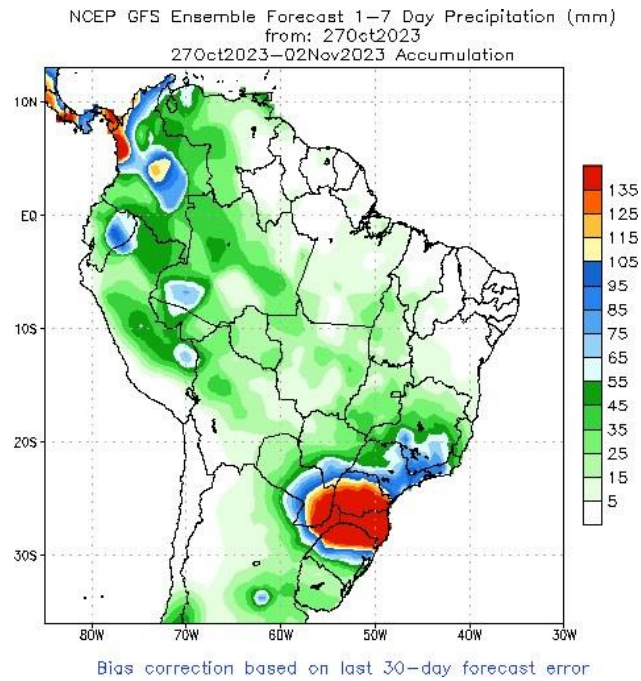
Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis Climatology (1991-2020)

US Drought Monitor

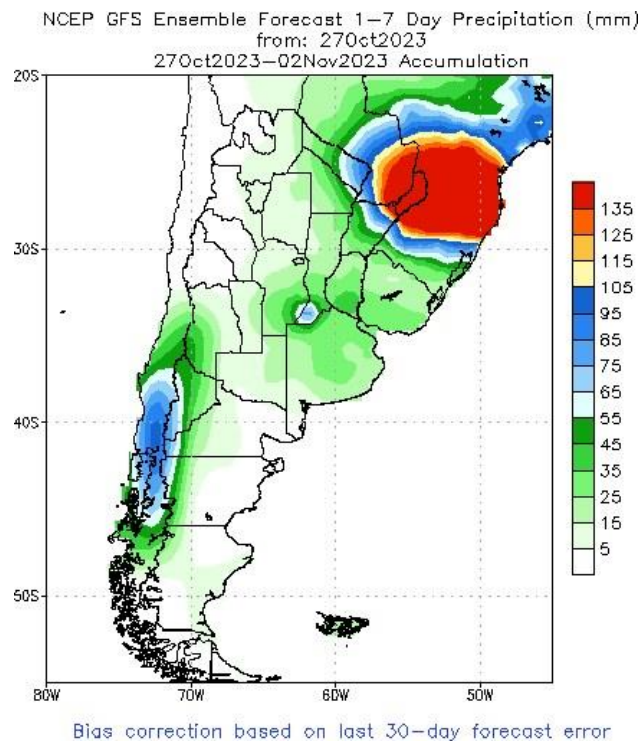


7 Day Precipitation

Brazil

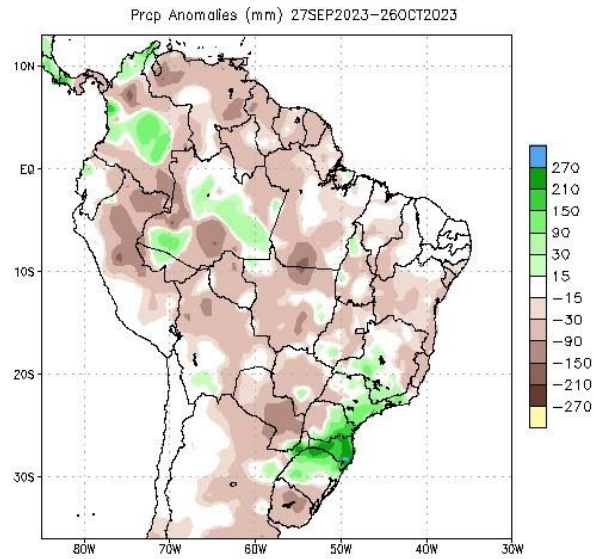


Argentina



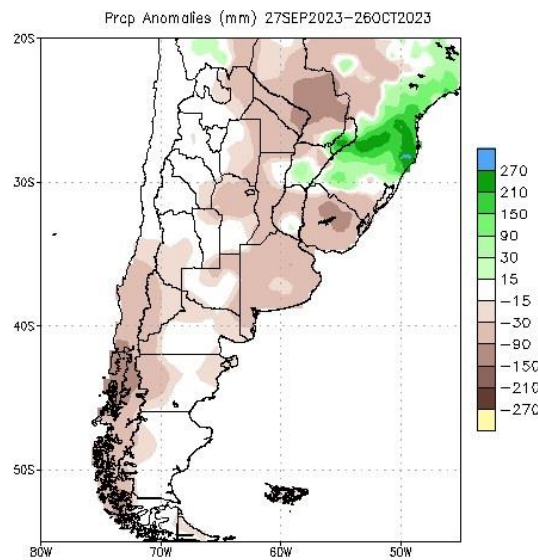
30 Day Anomalies

Brazil



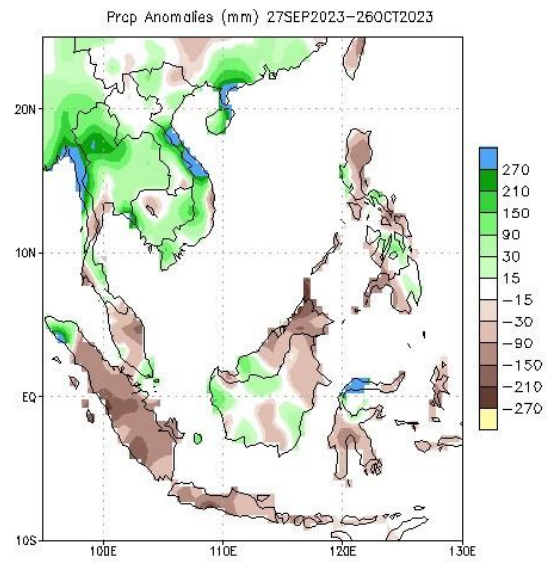
Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis Climatology (1991-2020)

Argentina



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

Southeast Asia

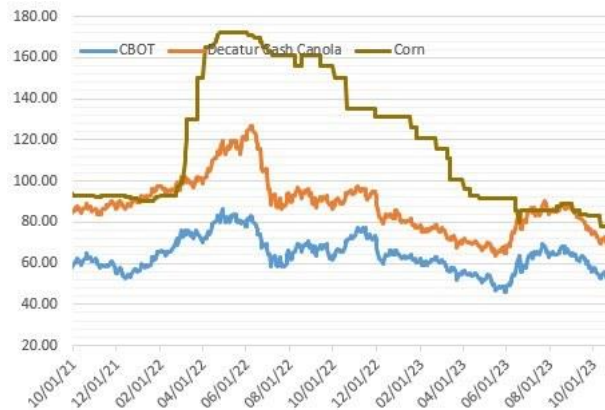


Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis Climatology (1991-2020)

Tropical Oils



North American Oils



Moving Averages

	CBOT	Canola	Palm Olein	Coconut
10/26 Price	51.74	68.24	55.00	63.00
9-day MA	53.36	70.19	55.11	62.43
20-day MA	54.24	71.42	55.23	63.58
50-day MA	59.40	78.27	56.65	66.38
200-day MA	58.25	76.31	61.86	68.85

Soybean Oil

WASDE

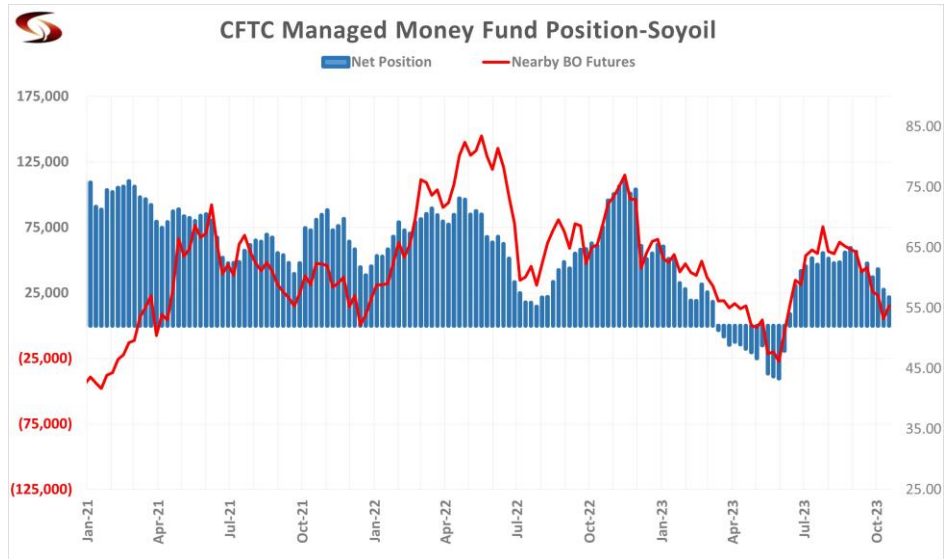
- Yield dropped on soybeans from 50.1 bushels per acre in September to 49.6 bushels per acre in October
 - Soybean oil beginning stocks dropped 100 million pounds from 1,861 to 1,761 million pounds.
 - Soybean oil ending stocks reduced from 1,821 to 1,736 million pounds.
 - Biofuel line was increased by 300 million pounds to 12,800 million pounds.
-

CFTC COT

-
- *Fund longs 57,566 cts (-3,628 on the week) as of 10/17*
 - *Fund shorts 35,715 (+1,982 on the week)*
 - ***Net Fund position: +21,851 (-5,610 on the week)***
-

Soybean Oil Outlook

- *The story this week has been in the meal side of the trade and not necessarily the oil. We have seen meal soar by almost 20% since early October. Crush is running hard and meal is still soaring. Oil has obviously moved down with the heavy crush and oilshare has gotten demolished.*
 - *Oilshare beneath 37% breaking through the recent lows in mid-May of 37.5%. Obviously with meal soaring and oil falling, the crush favors the meal value.*
 - *Energy has generally moved down for the previous 2 weeks even with questions lingering around the Middle East. Firm bid for crude at 79 with the government targeting that price for refilling the quickly draining strategic reserve.*
 - *Solid buying pressure in the soybean oil market around 51 on your nearby Dec contract. We broke through very quickly on Tuesday but didn't linger around. If we can somehow close beneath 51 in the coming trade days where is our next bid?*
 - *Harvest flying into the silos as the weather (up until the past two days) has been very favorable for field work. South America seeing good progress on planting.*
 - **IF* we can close beneath 51, your next lower range could be nearing the 47.50 mark.*
- ***Expected CBOT Range 51.00-56.00***
-



Canola/Rapeseed Oil



Fundamental Updates

-
- *Stats Canada reported 22.1M Acres for 2023 (+0.5 from March estimates)*
 - *US August 2023 Canola crush was 190,240 vs 209,247 tons in July and Aug'22 was 171,334 tons.*
 - *Canola oil production was at 155 mln lbs in July'23. This was down 7% vs July and up 15% vs Aug 2022.*
-

Flash Summary

- *Canola seed futures rallied late in the week to end effectively unchanged.*
 - *With Meal strength continuing to outpace Oil weakness, crush margins were stronger on the week.*
 - *Whisper numbers have the Canola crop above Stats Can's latest estimate to between 18-19mmt. Canola harvest is almost (if not completely) done. New crop seed looks good and prices into the US are competitive with Soy Oil in most markets.*
 - *Biofuel interest in Canola is expected to grow in 2024. Basis for Q1-Q3 should be considered given the smaller well to draw from vs soybean oil. Once it starts to trade, it could move higher quickly.*
-

Tropical Oils



Fundamental Updates

*MPOB September **Actual** vs Estimates:*

- *Production: **1.83** vs 1.86 MMT*

- Exports: **1.20** vs 1.32 MMT
 - Ending Stocks: **2.31** vs 2.41 MMT
 - *Despite being down close to 4% mid-week, the BMD rallied to close near unchanged vs last Friday as positions were squared prior to the GAPKI conference next week; a tightening range of 3650-3800 was observed with physical business failing to follow the market to the higher end.*
 - *October stocks in Malaysia appear set to grow as MoM exports have trailed off to unchanged/lower whereas production is estimated +5%. As such, stocks are estimated to build up over 2.5mmt prior to the beginning of the seasonal drawdown.*
 - *Indian imports for August had Palm volume up 13.7% and Sun up 12%, taking stocks to recent highs at 3.7 mmt. Coupled with concerns over the Chinese economy, this creates some uncertainty over forward export demand.*
 - *El Nino concerns remain on the horizon with potential production impacts in 2024 though rains thus far have largely been normal. With that said we are starting to hear more about some pockets of dryness, particularly in Indonesia.*
 - *A counter to the El Nino production concerns voiced by the MPOB suggest that increased labor availability and higher yielding younger trees could minimize the weather impact. The market will trade the weather ahead of the harvest so any dampening of the El Nino bull effect would come later on real production.*
-

Weekly PRODUCE ALLIANCE Market Report



October 26, 2023

OVERVIEW

Stable supply out of the Southeast on squash, cucumbers, and bell pepper. Tomatoes supplies are lighter as we approach November; with Florida scratching and the rain events this past week in Mexico, volume is down and could make for some active markets between now and Mid-January. The California season is finishing up over the next week while we expect the early fall and winter programs out of Central Mexico to increase over the next three weeks. Grape tomatoes seem to be the shortest still. Hot pepper will be very active over the next several weeks, Habanero, Poblano and Serrano seem to be the shortest. We expect blueberry supplies to improve out of Peru in mid-November but will then tail off again as we head into December. This is a long-term supply gap and most likely will not be corrected entirely until Chilean arrivals (volume) begin to hit the U.S. ports in late December or early January 2024. Avocado crop estimates call for strong volumes from now through the Super Bowl. As the new year approaches, the sizing curve is expected to peak on 48 counts and larger. Current sizing is peaking on 60 counts.

- **Guatemala Update:** Political unrest continues but seems to be dying down a bit. We are still seeing challenges in the ability to get tropical trade to the ports for export. At this time, there are some commodities being impacted more than others, such as highly perishable like french Beans. Freight and logistics companies in Guatemala are beginning to close until access to the ports is safe. Should this not get resolved soon, we will see this escalate and affect arrivals and unloading at the U.S. Ports which receive Guatemalan products. The following commodities may be affected: **bananas, plantains, french beans, peeled baby carrots, peeled baby carrots tricolor, broccoli florets, snow peas, sugar snap peas, baby squash, and specialty tomatoes.**
- **Storm Alert:** It's been an active season in the western pacific as El Nino ramps up. Tropical Storm Norma made landfall in Sinaloa Mexico bringing up to 18 inches of rain to isolated areas, this will certainly impact the front of the winter season. It's too soon to assess those impacts but we are speaking with our growers daily for updates. Further south, Hurricane Otis brought its separate impacts to Guerrero and Michoacan, will keep you posted as we get any updates from the region.
- **California:** The transition to Yuma is fast approaching as we will see a few items starting out of Yuma the first week of November with most shippers being transitioned the week of November 13th. Please see transition schedule attached to the market report email.

MARKET ALERTS



AVOCADOS – ESCALATED (48 CTS & LARGER)

Last week's total inbounds were just under 57.6M pounds, a 50% increase from the previous week. Hurricane Otis made landfall near Acapulco Tuesday night as a Category 5. It dissipated as it headed north through Michoacán. However, there is rainfall in the growing region, which will cause delays in harvest over the next few days. Demand for fruit continues to be strong, and although harvest levels have been strong all last week, the industry is still working on refilling the pipeline from the shortage of 2 weeks ago. The size curve is trending toward 60 counts due to inconsistent sunshine needed to help the fruit grow larger.



ASPARAGUS – ESCALATED

Production continues to be low due to heat in Northern and Southern Baja. Growers are still seeing seedlings and spreading due to the weather. Fields have started to close due to seasonality. Peru's volume is steady, but quality is still fair at best. With more fields opening in the south, we will see larger sizing available starting in seven days. Markets have become very active, with less volume available from Mexico.



TABLE GRAPES – ESCALATED

We expect the California season to wrap up in approximately 3 weeks; fortunately, we are starting to see Peruvian fruit at the ports and expect to see high demand and very high pricing. With the Peruvian volume down and the front end of the Chilean forecast down, markets are expected to remain very active through January. We still recommend scaling back portions and consider sub to other options such as diced apples, or mixed melon chunks during that estimated timeline if needed. California quality will be hit and miss while the offshore fruit looks good.



HOT PEPPER – EXTREME

In the east, the hot pepper market is hit or miss out of South Georgia on the mainland of Mexico, we are seeing very light volume continue; Serrano, Poblano, and Habanero seem the shortest. There is some volume out of Baja which seems to be improving post-Hilary. California production remains hit or miss at this time. Tomatillo will firm up and quality will be fair at best on all varieties.



POTATOES – ESCALATED

We are beginning to see some stability in the market at the current price levels. Even though potatoes have not been through the sweat yet, and cannot be stored, there



BLUEBERRIES – EXTREME

Early weather in the Peruvian season negatively affected crops and subsequent production. Yields are less than 50% from areas, and some crops were utterly wiped out. The El Niño phenomenon brought both extreme heat and windy, wet weather. Supplies out of Peru are expected to improve mid-November but tail off quickly in December. Supplies remain very light out of Mexico, and crops are behind 3-4 weeks. Furthermore, growers saw tropical weather last week that decreased estimates by 30-50%. The markets are not expected to be wholly corrected until Chilean arrivals begin to enter the U.S. in late December or early January.



BRUSSELS SPROUTS – ESCALATED

We are seeing steady supplies, and most shippers will be covering averages. Sizing is heavier to medium and small, large sizes remain short. Market remains strong although we should see pricing start to settle over the next few weeks although demand will increase significantly as we head into the holidays.



CARROTS (MEDIUM & JUMBO) – ESCALATED

Very limited supply on Jumbo and Medium Carrots in California and growers are in a demand exceeds supply situation. Fields in the Salinas and Bakersfield region are not sizing up. Expect Jumbo carrots to remain in light supply, well into Q1, 2024.



GREEN BEANS - ESCALATED

Markets are very strong, and supply is limited out of South Georgia. There are some local beans available by region, however a wide range of quality will be present. This is expected to improve over the next few weeks as we prepare for Thanksgiving.



LIMES - EXTREME

Demand was off significantly this week, causing some weakness in the market with lower prices. Most shippers are still receiving primarily small fruit, so we are still seeing a significant difference in the pricing between small and large sizes as large sizes remain demand exceeds supply with many shippers. We expect the market to be steady to slightly lower next week but will see market firm back up when the holiday approaches. We still expect lighter supplies to continue through Q4.

MUSHROOMS– ESCALATED

Quality is good, and supply is volatile as growers scaled back some of their production due to lack of demand in recent weeks. We are seeing very short markets on white and cremini mushrooms. We expect the seasonal volatility to further increase as Thanksgiving demand will increase at retail over the next few weeks. Markets will most likely remain volatile through December.

is not much room left for the market to fall. Growers will likely have the luxury of being able to turn down prices if they are too low and focus on storing. We are seeing Washington's early potatoes sizing on the larger range – so 40ct through 70ct have been plentiful, and there have been a lot of straight load deals. In Idaho, tuber counts are high, which tells us that yields are strong. The unknown there will be how the crop is sizing overall. Due to the high levels of heat, they have experienced over the last several weeks, it is possible we see smaller potatoes more plentiful this season. The outlook remains optimistic this season on yields, sizing, and quality. Barring any unforeseen weather events that would negatively impact harvest or storage, the industry should be in for some much-needed relief on fresh potatoes this season. Truck rates continue to increase back to more healthy rates as well and should continue to remain firm or increase as we move into Q4.



SNOW & SNAP PEAS – ESCALATED

Supplies in the east remain tight, due to protests in Guatemala, that did not allow containers to leave the country. However, containers should be arriving, which should help alleviate the pressure on the markets. Out of the west, snow and sugar snaps pea supply is improving with good quality.



TOMATOES (GRAPE) – ESCALATED

EAST COAST: Grape tomato supply will be short this week, FOB prices will continue to escalate this week. We may see lighter markets for the next two to three weeks.

MEXICO: Lighter supply and increased demand from the east has pushed pricing higher this week on volume crossing through McAllen, Nogales and Otay. Overall quality is good off the mainland crossing in McAllen while still hit and miss in Otay from the Baja. We could see stronger markets for the next 2-3 weeks.

GOOD BUYS

Commodity	Expert Tip
Slicer Cucumber	Cucumbers are a delicious, fresh, and easy snack. Now only do they taste amazing sliced with hummus, ranch, or whatever you would like to dip in, they are rather versatile as well and can be used in cocktails too!

WEATHER



SALINAS, CA

Thu 10/26	Fri 10/27	Sat 10/28	Sun 10/29	Mon 10/30	Tue 10/31	Wed 11/1	Thu 11/2
66° 46°F	64° 46°F	67° 38°F	71° 41°F	75° 43°F	77° 46°F	74° 48°F	72° 51°F
Partly Cloudy	Partly Cloudy	Partly Cloudy	Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy

OXNARD, CA

Thu 10/26	Fri 10/27	Sat 10/28	Sun 10/29	Mon 10/30	Tue 10/31	Wed 11/1	Thu 11/2
68° 52°F	69° 51°F	69° 50°F	72° 50°F	73° 52°F	78° 55°F	76° 53°F	73° 54°F
Partly Cloudy	Partly Cloudy	Sunny	Sunny	Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy

CULIACAN, SIN

Thu 10/26	Fri 10/27	Sat 10/28	Sun 10/29	Mon 10/30	Tue 10/31	Wed 11/1	Thu 11/2
88° 64°F	89° 65°F	90° 65°F	89° 65°F	89° 64°F	89° 65°F	89° 66°F	90° 67°F
Sunny	Sunny	Sunny	Sunny	Sunny	Sunny	Mostly Sunny	Mostly Sunny

JALISCO, NAYARIT

Thu 10/26	Fri 10/27	Sat 10/28	Sun 10/29	Mon 10/30	Tue 10/31	Wed 11/1	Thu 11/2
79° 60°F	80° 64°F	81° 64°F	81° 63°F	80° 62°F	80° 62°F	80° 63°F	80° 62°F
Mostly Sunny	Partly Cloudy	Isolated Thunderstorms	Mostly Sunny	Mostly Sunny	Mostly Sunny	PM Thunderstorms	Partly Cloudy

VIZCAINO, BAJA SUR

Thu 10/26	Fri 10/27	Sat 10/28	Sun 10/29	Mon 10/30	Tue 10/31	Wed 11/1	Thu 11/2
82° 56°F	84° 56°F	85° 58°F	83° 56°F	87° 55°F	88° 58°F	89° 61°F	89° 61°F
Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy	Sunny	Sunny	Sunny	Sunny









ADEL, GA

Thu 10/26	Fri 10/27	Sat 10/28	Sun 10/29	Mon 10/30	Tue 10/31	Wed 11/1	Thu 11/2
82° 60°F	82° 60°F	83° 58°F	86° 60°F	87° 59°F	84° 52°F	66° 42°F	65° 45°F
Partly Cloudy	Mostly Sunny	Mostly Sunny	Sunny	Mostly Sunny	Mostly Sunny	Mostly Sunny	Sunny









RUSKIN, FL

Thu 10/26	Fri 10/27	Sat 10/28	Sun 10/29	Mon 10/30	Tue 10/31	Wed 11/1	Thu 11/2
86° 68°F	88° 68°F	89° 67°F	89° 70°F	87° 70°F	86° 68°F	80° 60°F	80° 64°F
Mostly Sunny	Mostly Sunny	Sunny	Mostly Sunny	PM Showers	Partly Cloudy	Partly Cloudy	Partly Cloudy









JALISCO, NAYARIT

Thu 10/19 75° 66°F  Cloudy	Fri 10/20 82° 65°F  Cloudy	Sat 10/21 79° 64°F  Scattered Thunderstorms	Sun 10/22 79° 63°F  Scattered Thunderstorms	Mon 10/23 78° 63°F  Scattered Thunderstorms	Tue 10/24 78° 63°F  Scattered Thunderstorms	Wed 10/25 79° 62°F  Partly Cloudy	Thu 10/26 79° 60°F  Partly Cloudy
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VIZCAINO, BAJA SUR

Thu 10/19 101° 75°F  Sunny	Fri 10/20 103° 71°F  Mostly Sunny	Sat 10/21 99° 69°F  Mostly Sunny	Sun 10/22 95° 62°F  Sunny	Mon 10/23 89° 56°F  Sunny	Tue 10/24 79° 56°F  Sunny	Wed 10/25 82° 59°F  Sunny	Thu 10/26 85° 58°F  Sunny
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ARVIN, CA

Thu 10/19 95° 65°F  Sunny	Fri 10/20 96° 64°F  Sunny	Sat 10/21 85° 58°F  Mostly Sunny	Sun 10/22 77° 59°F  Sunny	Mon 10/23 65° 55°F  AM Showers	Tue 10/24 78° 57°F  Sunny	Wed 10/25 79° 56°F  Mostly Sunny	Thu 10/26 76° 55°F  Mostly Sunny
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ADEL, GA

Thu 10/19 76° 56°F  Mostly Sunny	Fri 10/20 78° 52°F  PM Showers	Sat 10/21 78° 55°F  Sunny	Sun 10/22 80° 51°F  Mostly Cloudy	Mon 10/23 77° 52°F  Partly Cloudy	Tue 10/24 79° 53°F  Sunny	Wed 10/25 79° 57°F  Mostly Sunny	Thu 10/26 81° 59°F  Partly Cloudy
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RUSKIN, FL

Thu 10/19 82° 62°F  Mostly Sunny	Fri 10/20 81° 69°F  Sunny	Sat 10/21 85° 64°F  Sunny	Sun 10/22 85° 63°F  Partly Cloudy	Mon 10/23 87° 66°F  Partly Cloudy	Tue 10/24 86° 67°F  Mostly Sunny	Wed 10/25 85° 68°F  Mostly Sunny	Thu 10/26 86° 68°F  Partly Cloudy
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Hogs and Pork

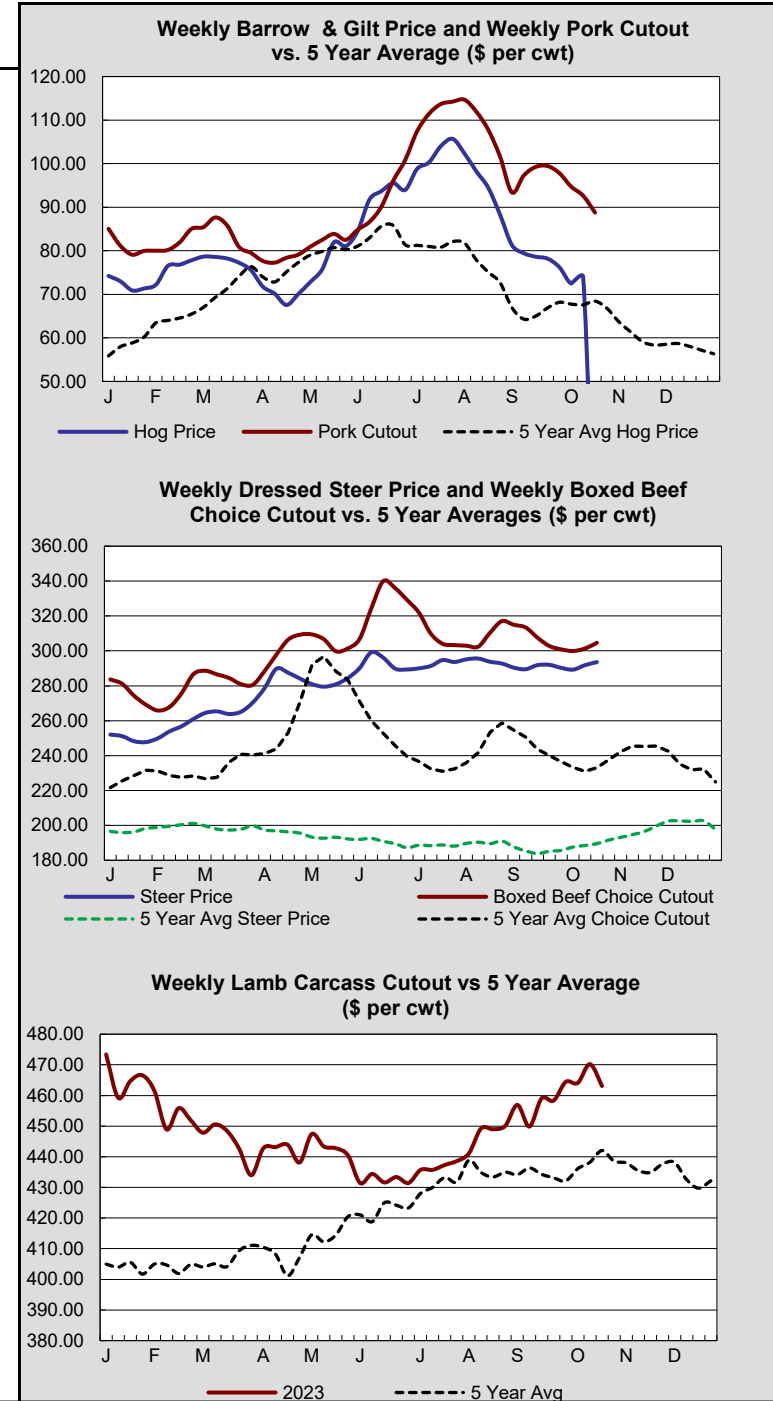
	<u>Current Week</u>	<u>Change From Past Week</u>	<u>Change From Past Year</u>
Nat'l Purchased Carc Wtd Avg Price - Barrows & Gilts (\$/cwt)	72.98	-1.3%	-22.6%
Pork Carcass Cutout FOB Plant (\$/cwt)	88.76	-4.2%	-13.4%
Segregated Early Weaned (SEW) Feeder Pigs (\$/head)	24.06	1.6%	-18.8%
Iowa/So. Minn Avg Weight Barrows & Gilts (lbs)	283.5	0.6%	0.2%
Est. Hog Slaughter	2,610,000	0.0%	1.6%
YTD Est. Hog Slaughter	101,911,000	N/A	1.4%
Est. Pork Production (mil lbs)	547.2	0.4%	-0.7%
YTD Est. Pork Production (mil lbs)	21,695.9	N/A	0.2%

Cattle and Beef

Live Wtd Avg Steer Price, 5 Area FOB (\$/cwt)	186.15	1.0%	24.0%
Dressed Wtd Avg Steer Price, 5 Area Del (\$/cwt)	293.57	0.6%	24.8%
Boxed Beef Cutout, Choice (\$/cwt)	304.63	1.1%	20.9%
Boxed Beef Cutout, Select (\$/cwt)	278.07	0.8%	25.3%
Boxed Beef, Choice/Select Spread (\$/cwt)	26.56	1.10	-3.47
By-Product Drop Value, Steer (\$/cwt live)	13.03	-1.5%	N/A
CME Feeder Cattle Index (\$/cwt)	243.99	-1.7%	41.1%
Est. Cattle Slaughter	638,000	3.4%	-5.5%
YTD Est. Cattle Slaughter	26,122,000	N/A	-5.5%
Est. Beef Production (mil lbs)	527.8	3.5%	-6.1%
YTD Est. Beef Production (mil lbs)	21,402.7	N/A	-5.3%

Lamb and Veal

Slaughter Lamb, Negotiated, Live Wtd Avg Price (\$/cwt)	197.43	0.8%	64.9%
Lamb Carcass Cutout (\$/cwt)	463.08	-1.5%	-6.7%
Est. Sheep Slaughter	36,000	5.9%	5.9%
YTD Est. Sheep Slaughter	1,452,000	N/A	3.6%
Est. Lamb Production (mil lbs)	2.1	0.0%	0.0%
YTD Est. Lamb Production (mil lbs)	91.2	N/A	-2.7%
Veal Carcass Wtd Avg Packer & Non-Packer Owned (\$/cwt)	442.17	0.2%	0.9%





Weekly Livestock, Poultry & Grain Market Highlights
October 23, 2023

Grain

	Current Week	Change From Past Week	Change From Past Year
Central Illinois Avg Corn Price (\$/bu)	4.6600	1.3%	-29.6%
Central Illinois Avg Soybean Price (\$/bu)	12.6700	2.4%	-5.4%
Central Illinois 48% Soybean Meal, Rail (\$/ton)	430.40	8.0%	-9.8%
Hard Red Winter Wheat Truck to Kansas City (\$/bu)	7.0300	0.1%	-30.6%
Dark Northern Spring Wheat, 14%, MN, Rail (\$/bu)	8.8075	-0.1%	-20.8%
Soft White Wheat Portland (\$/bu)	6.9444	0.6%	-21.9%
Sorghum, Kansas City, Truck (\$/bu)	5.1400	0.7%	-24.5%

Broilers

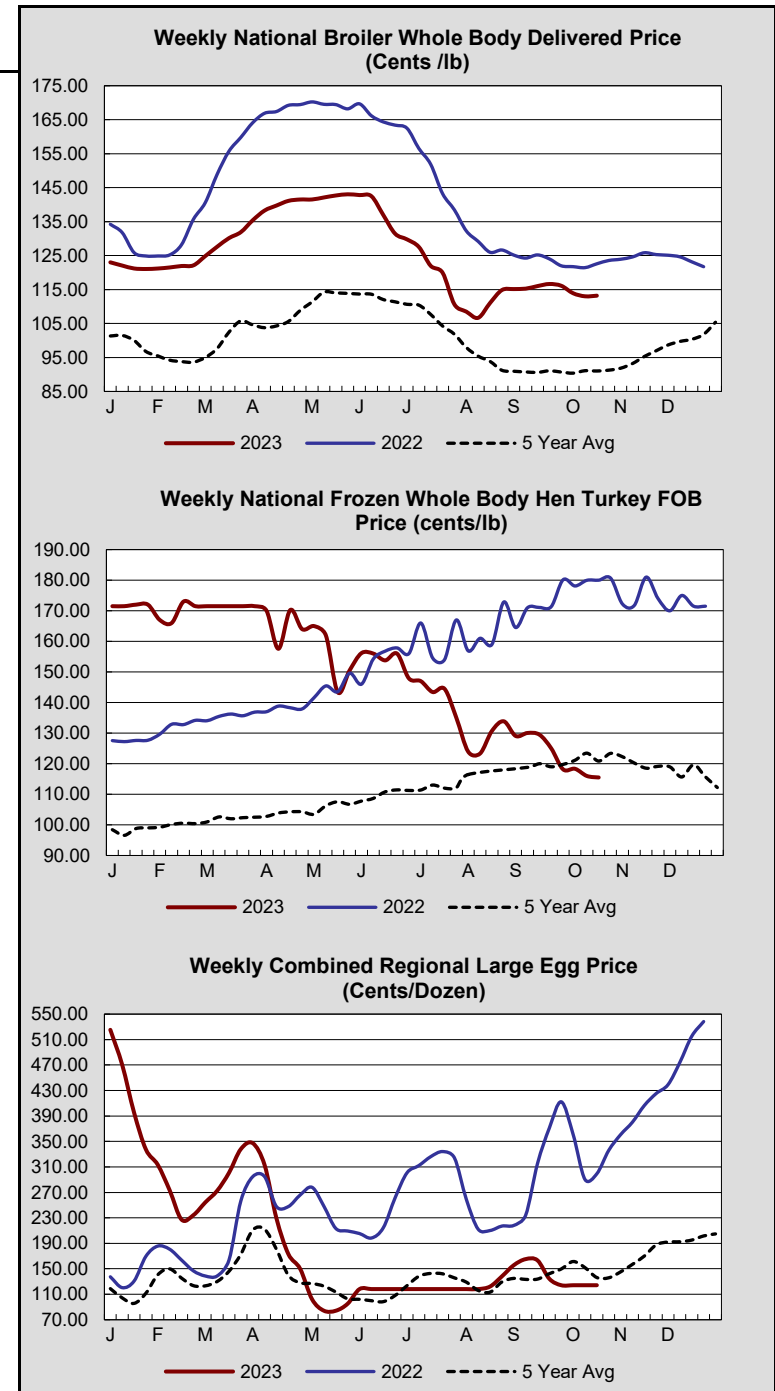
Nat'l Delivered Whole Body Price (cents/lb)	113.19	0.2%	-6.8%
Est. Young Chicken Slaughter - Current Week (000's)	160,893	0.5%	N/A
Actual Slaughter of Young Chickens (000's)	166,280	-2.3%	-4.7%
YTD Actual Slaughter of Young Chickens (000's)	6,825,191	N/A	0.1%
Actual RTC Pounds of Young Chickens (000's)	827,742	-1.9%	-4.7%
YTD RTC Pounds of Young Chickens (000's)	33,052,625	N/A	0.0%

Turkeys

Nat'l FOB Frozen 8-16 lb. Hens, Wtd Avg Prices, cents/lb	115.50	-0.4%	-35.8%
Actual Slaughter of Turkeys (000's)	4,246	13.3%	-3.9%
YTD Actual Slaughter of Turkeys (000's)	158,229	N/A	4.3%
Actual RTC Pounds of Turkeys (000's)	103,316	7.2%	-2.6%
YTD RTC Pounds of Turkeys (000's)	3,986,161	N/A	4.3%

Eggs

Combined Regional Large Eggs (cents/dozen)	124.22	0.0%	-57.2%
National Shell Egg Inventory (30 doz. Cases/000,s)	1475.9	-1.9%	N/A
Shell Egg Demand Indicator (SEDI)	-2.10	0.75	-6.8
Central States Breaking Stock Av. Price (cents/dozen)	79.50	-4.2%	-67.6%
National Breaking Stock Inventory (30 doz. Cases/000's)	344.0	-2.5%	N/A
Eggs Broken Under Federal Inspection (30 doz cases)	1,544,956	-2.1%	7.3%
YTD Eggs Broken Under Federal Inspection (30 doz cases)	61,732,011	N/A	1.1%



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



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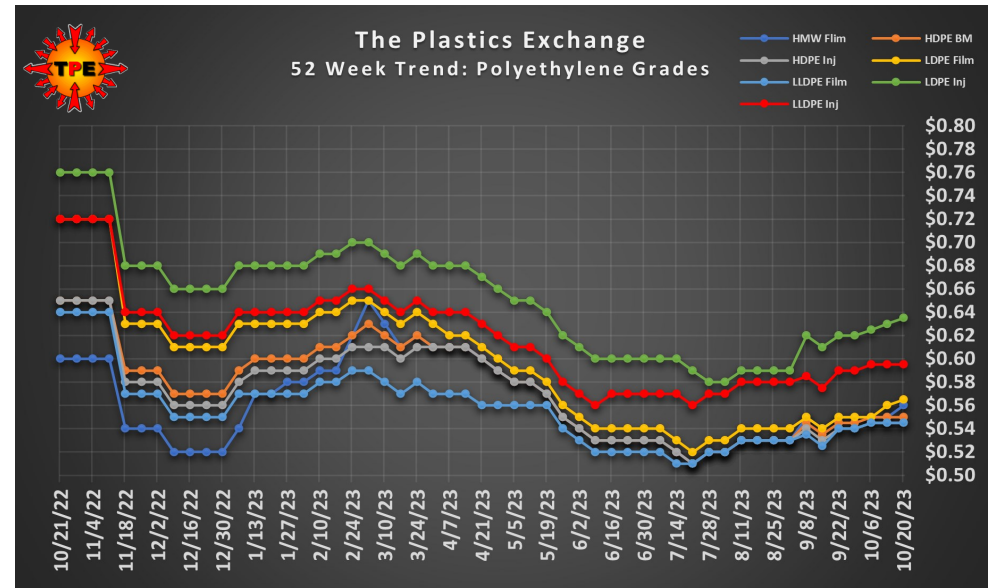
bringing the market to you

Market Update — October 20th, 2023

After a solid start to October, spot resin trading slowed this past week. Polyethylene prices were steady to a penny higher, while Polypropylene jumped \$.02/lb as monomer costs climbed. Interest remained strong, but deals were harder to complete and our transacted volumes slipped back more towards the typical levels that we saw in earlier 2023. There was a lot more quoting than trading and it seemed that some processors were just taking the temperature of market conditions; we ultimately saw better demand for packaged truckloads than railcars. This came after a previous surge of demand, including some precautionary buying following the Hamas terrorist attack against Israel and the potential for the conflict to expand regionally. Though volatile Crude Oil prices have remained elevated, keeping upward cost-push pressure on international resins, the export market seemed to lose a little of its upward momentum when prices came off their highs earlier in the month. Producers remain steadfast in their effort to implement their third straight \$.03/lb PE price increase, while PP contracts will endure another monomer-led price hike, which is now targeting around \$.06/lb.

The Polyethylene market remained firm, and while transacted volumes pulled back from the high levels seen during the first half of the month, some prices still edged higher. We saw better demand for LDPE, both film and injection grades, which each picked up a half-cent. HDPE, which mostly saw steady pricing, was by far the flavor of the week; blow molding material was our biggest mover and HMW for film gained a penny, reflecting the snugly supplied situation. Overall exports still remain very good and continue to support the market, though incremental demand has eased and buyers have pushed back a bit against rising prices. Producers moderated PE reactor rates in September amid continued heavy exports to record sizable back-to-back inventory draws. The balanced-to-tight supply / demand conditions have encouraged producers to seek another 3-cent price increase for October. Meanwhile, Nova and CP Chem remain on a Force Majeure, though CP Chem has recently restarted its previously offline HDPE unit in Texas.

Resin for Sale 16,424,870 lbs		Spot Range		TPE Market	
Resin	Total lbs	Low	High	Bid	Ask
LDPE - Film	2,605,578	\$ 0.500	\$ 0.590	\$ 0.520	\$ 0.570
PP Copo - Inj	2,422,996	\$ 0.550	\$ 0.700	\$ 0.610	\$ 0.670
HDPE - Blow	2,281,588	\$ 0.485	\$ 0.570	\$ 0.505	\$ 0.555
LLDPE - Film	2,135,340	\$ 0.495	\$ 0.565	\$ 0.500	\$ 0.550
PP Homo - Inj	2,085,186	\$ 0.530	\$ 0.640	\$ 0.550	\$ 0.610
HDPE - Inj	1,652,674	\$ 0.485	\$ 0.575	\$ 0.495	\$ 0.540
LLDPE - Inj	1,458,908	\$ 0.530	\$ 0.620	\$ 0.545	\$ 0.595
HMWPE - Film	1,145,858	\$ 0.500	\$ 0.570	\$ 0.510	\$ 0.560
LDPE - Inj	636,742	\$ 0.510	\$ 0.620	\$ 0.585	\$ 0.635



Disclaimer: The information and data in this report is gathered from daily exchange observations, actual transactions, and commercial interactions with producers, distributors, brokers and processors. These are all considered reliable, but the accuracy and completeness of this information is not guaranteed. Any decision to purchase or sell as a result of the opinions expressed in this report will be the full responsibility of the person authorizing such a transaction. Our market updates are compiled with integrity and we hope that you find them of value. Chart values reflect our asking prices of generic prime resin bagged in Houston, TX.

www.ThePlasticsExchange.com

MARKET UPDATE

Michael Greenberg
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ThePlasticsExchange

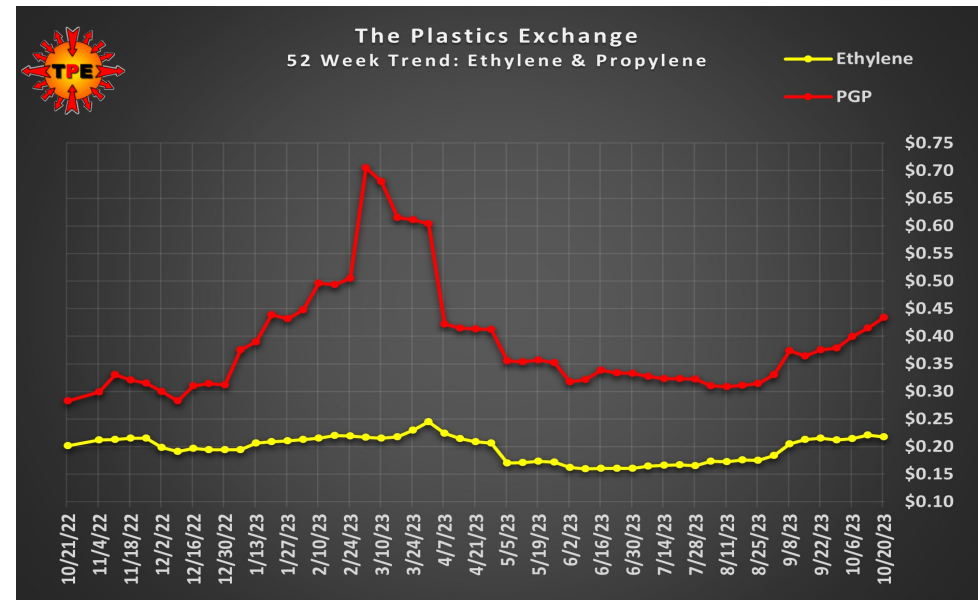
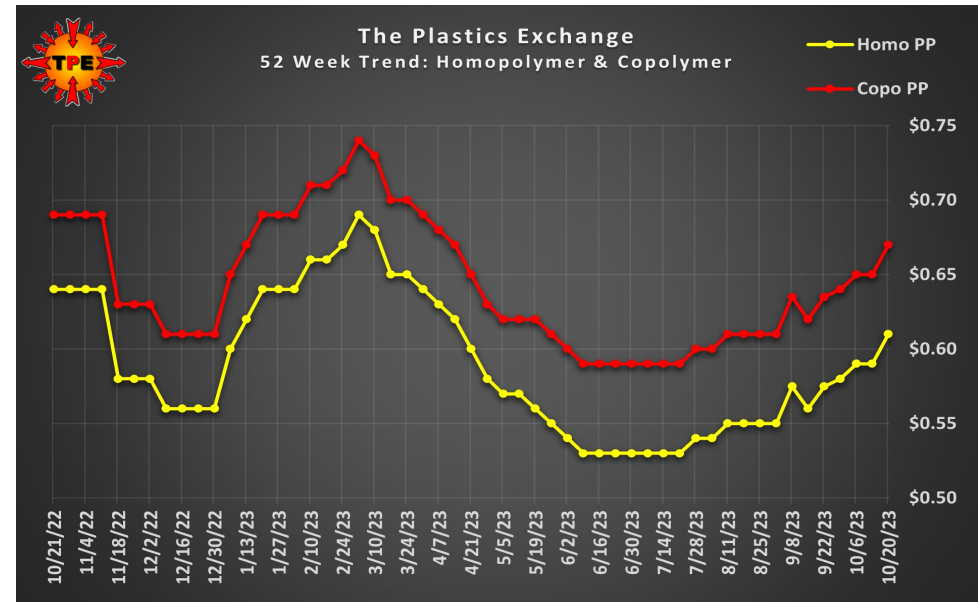
bringing the market to you

Market Update — October 20th, 2023

Baystar’s newly commissioned PE unit in Texas will also bring more supply into the market and should improve overall availability, though Shell’s Prime production has been inconsistent and much of the industry’s new production in recent years has been geared towards the export market.

Polypropylene trading started the week slowly but finished with strength, activity increased mid-week when PGP price jumped as buyers sought to secure more spot material ahead of the imminent Oct contract price increase, which began growing in magnitude. Some suppliers were pleased to sell into the better buying behavior while others pulled their packaged offers and scattered. Offgrade railcars continued to flow and were bid up. Prime PP railcars were somewhat difficult to procure, and producers have throttled back production, so availability has been tighter, and while fresh cars can be made to order, the margin over monomer has been expanding. By the end of the week, our Prime Polypropylene prices had added another \$.02/lb, bringing current levels to \$.08/lb above the July low. We maintain our bullish stance that we have held since the summer; producers’ collective PP inventories entered October at the lowest point of 2023 and we believe that downstream inventories have been drawn down significantly, leaving the market susceptible to supply-chain disruptions, like the current PGP situation. Oct PP contracts are poised to jump around \$.06/lb and producers are starting to get serious about implementing a margin-enhancing increase as well.

Monomer market activity was only about average, but completed volumes were again weighty as Ethylene eased while PGP prices jumped. Ethylene initially edged higher on Monday before a plethora of prompt transactions were done on Tue/Wed, when at least 10 separate transactions for October were completed at \$.225/lb and \$.2275/lb. The market then reversed course and began to drift lower, by the end of the week spot Oct Ethylene had dived off three-quarters of a penny, finishing at \$.215/lb. The forward curve saw similar movement and remained mostly flat.



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MARKET UPDATE

Michael Greenberg
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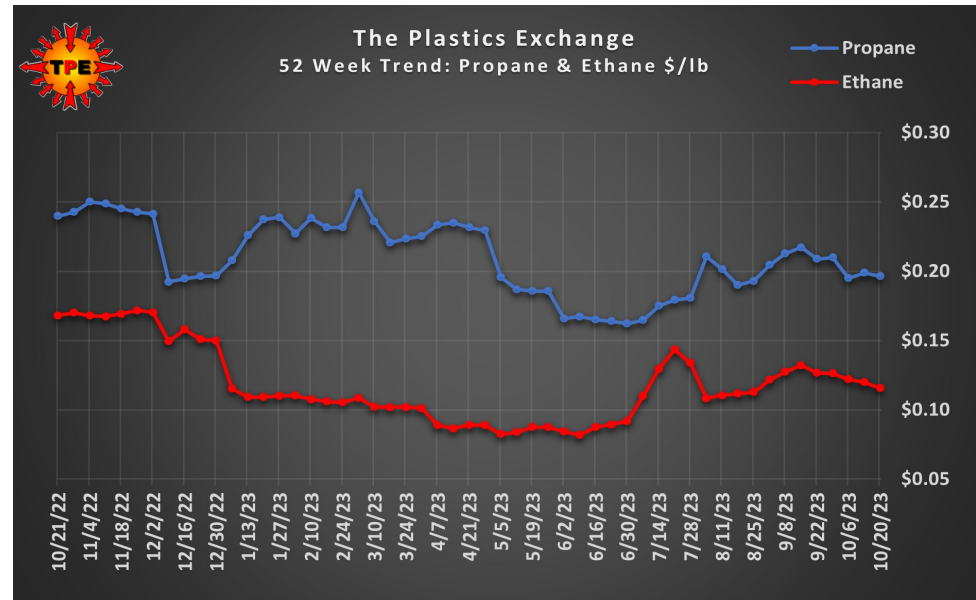
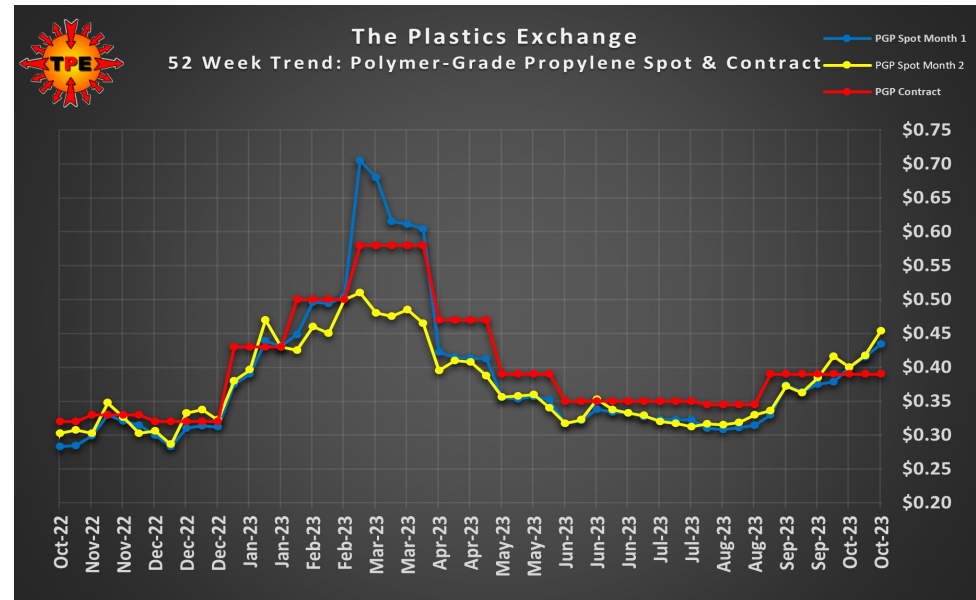
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Market Update — October 20th, 2023

Spot Propylene (PGP) prices continued to run higher as monomer production disruptions persisted. High volumes of material changed hands for Oct, Nov and Dec PGP, while several calendar strips for all of 2024 were done too. Prompt months traded up to \$.46/lb this week, after October ended the previous Friday at \$.415/lb. Front months saw larger gains than the back months, flipping the forward curve into backwardation. The weighted average of spot Oct PGP, which spent the first half of the month in the low \$.40s/lb, added nearly two cents during the week and closed Friday just below \$.435/lb. Sept PGP contracts had settled up \$.045/lb to \$.39/lb and the recent run-up in spot prices now suggests a larger price increase for the upcoming Oct contract settlement, which could now be in the realm of \$.06/lb.

We recall recent outages at the Dow Propane Dehydrogenation (PDH) and Enterprise PDH #1 units in September, which have both been brought back online, but left the market short of PGP monomer. The newest issue to impact the market is an unplanned outage at the Enterprise PDH #2 unit in Chambers County, TX, that began on October 7th. This unit, which commenced operations in July, with an annual PGP capacity of 1.65 billion pounds, is the newest PDH in North America. This PGP production has been estimated to be offline for 3-4 weeks; though, bringing a PDH unit back online to consistent operations has been historically challenging. In the long-term, PDH units, and we expect more to be built in the US and abroad, will help PP producers lower their overall feedstock costs with cost-advantaged Propane used to make on-purpose PGP. However, in the meantime, the industry has already come to rely on PGP produced from PDH, and the supply / production has proven to be less consistent than desired. This has contributed to some extreme price volatility, like we saw in the first half of 2023 when PGP prices went from \$.31/lb to \$.73/lb in Q1 before cratering back to \$.32/lb in Q2. Once again, we are in the midst of another supply-constrained PGP rally, and do note that there is planned maintenance at PDH and refineries for Q1'24.



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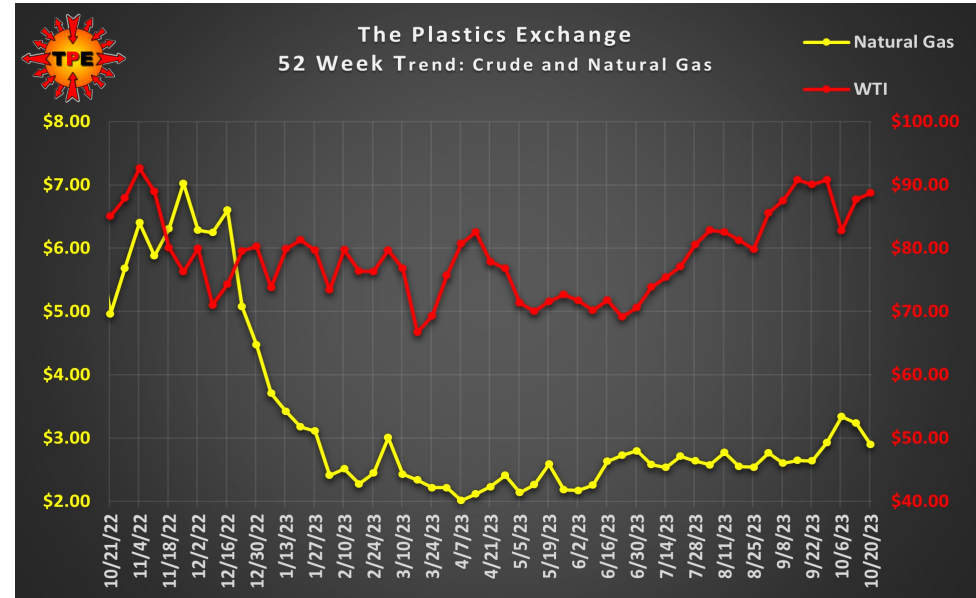


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Market Update — October 20th, 2023

The energy complex was mixed again as products maintained their recent directions. The Crude Oil market gained ground during the week as tensions remained high in the Middle East following the horrific terrorist attack by Hamas against Israel on Oct 7. Nat Gas, meanwhile, stayed on its downtrend for another week as production improved while demand was sluggish. After dropping to a low of \$85.60/bbl on Tuesday, Nov WTI rebounded \$5.18/bbl to set a Friday high of \$90.78/bbl. At the final Friday bell, the prompt WTI futures contract settled at \$88.75/bbl for a net weekly gain of \$1.06/bbl. Dec Brent followed a similar course and ended the week up a net \$1.27/bbl to \$92.16/bbl. Nov Nat Gas went the opposite direction, making a high of \$3.185/mmBtu on Monday before falling some 30 cents to end the week at \$2.899/mmBtu, a net loss of 33.7 cents. NGLs were both down with Nov Ethane dropping slightly more than a penny to \$.274/gal (\$.116/lb), while Propane slid nearly a cent to \$.69/gal (\$.196/lb).



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MARKET UPDATE

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10/27/2023

Dairy Market

BLOCK: Unchanged @ \$ 1.7300 0 Sales
 BARRELS: Unchanged @ \$ 1.6825 0 Sales
 BUTTER: Down .0575 @ \$ 3.1925 1 Sales
 NFDM Grade A: Unchanged @ \$ 1.1975 0 Sales
 CME Dry Whey Up .0050 @ \$.4000 8 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>
10/23/2023	1.7650	Down .0225	5	1.7350	Up .0250	3	0.0300
10/24/2023	1.7425	Down .0225	0	1.7350	Unchanged	0	0.0075
10/25/2023	1.7300	Down .0125	3	1.7000	Down .0350	3	0.0300
10/26/2023	1.7300	Unchanged	4	1.6825	Down .0175	3	0.0475
10/27/2023	1.7300	Unchanged	0	1.6825	Unchanged	0	0.0475
Average Market:	1.7395		12	1.707		9	

<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>
10/23/2023	3.3750	Up .0150	3	1.2400	Up .0075	4
10/24/2023	3.3650	Down .0100	3	1.2200	Down .0200	5
10/25/2023	3.3000	Down .0650	4	1.2100	Down .0100	0
10/26/2023	3.2500	Down .0500	0	1.1975	Down .0125	0
10/27/2023	3.1925	Down .0575	1	1.1975	Unchanged	0
Average Market:	3.2965		11	1.213		9

<u>Date</u>	<u>Dry Whey</u>	<u>Dry Whey Change</u>	<u>Dry Whey Sales</u>
10/23/2023	0.3800	Down .0150	9
10/24/2023	0.3675	Down .0125	1
10/25/2023	0.3675	Unchanged	0
10/26/2023	0.3950	Up .0275	1
10/27/2023	0.4000	Up .0050	8
Average Market:	0.382		19

--Year Ago--

<u>Date</u>	<u>Blocks</u>	<u>Barrels</u>	<u>Butter</u>	<u>NFDM Grade A</u>	<u>Dry Whey</u>
10/25/2022	2.0400	2.0050	3.1525	1.4200	0.4400
10/26/2022	1.9975	1.9800	3.1500	1.4200	0.4300
10/27/2022	1.9600	1.9250	3.1450	1.4200	0.4300
10/28/2022	1.9600	1.9250	3.1400	1.4300	0.4300



UDDER INTELLIGENCE

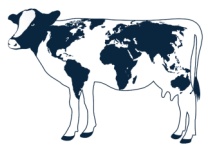
In-Depth Analysis




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What you need to know

- GDT Pulse was down, WMP -1.1%, SMP -4.0%
- Sep. NZ milk solids production was a little stronger than forecast, up 1.3%
- Sep. NZ exports were weaker than expected, down 16.5%
- Sep. Chinese imports were close to forecast, down 13.3% and Oct. was likely down 10% too

Dairy Prices (USD)

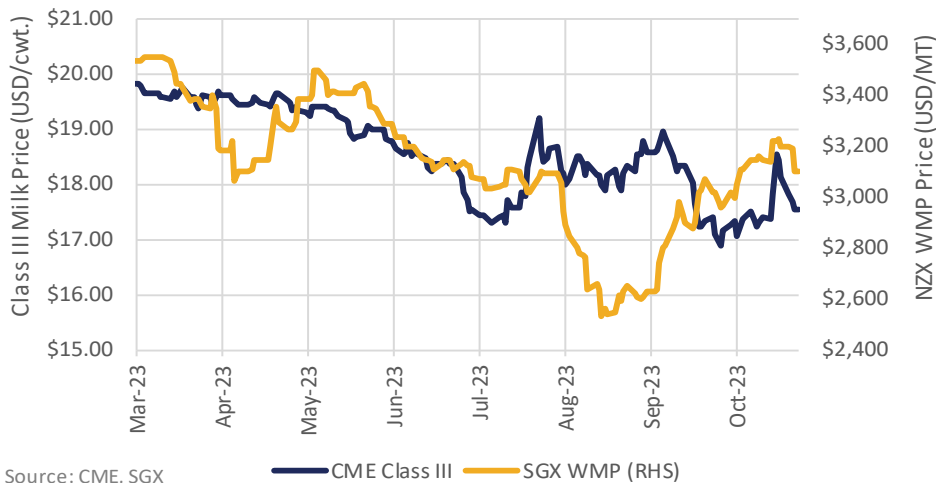
Cheese	Last (lb.)	Chg.	Last (MT)	WMP	Last (lb.)	Chg.	Last (MT)
CME Blocks (Wk Avg)	\$1.74	-\$0.01	\$3,839	US	\$2.00	\$0.02	\$4,409
CME Barrels (Wk Avg)	\$1.71	\$0.03	\$3,767	Dutch	\$1.71	\$0.06	\$3,775
EU Gouda	\$1.87	\$0.06	\$4,124	GDT (Avg)	\$1.39	\$0.00	\$3,059
GDT Cheddar (Avg)	\$1.75	\$0.00	\$3,858				

Butter	Last (lb.)	Chg.	Last (MT)	Dry Whey	Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$3.30	-\$0.09	\$7,269	Central US	\$0.34	\$0.01	\$750
EEX Index	\$2.36	\$0.03	\$5,211	EEX Index	\$0.38	\$0.02	\$837
GDT (Avg)	\$2.24	\$0.00	\$4,940	US WPC34	\$0.87	\$0.00	\$1,924
				US Lactose	\$0.25	\$0.00	\$546

SMP/NFDM	Last (lb.)	Chg.	Last (MT)	Rennet Casein	Last (lb.)	Chg.	Last (MT)
CME Spot (Wk Avg)	\$1.21	-\$0.01	\$2,675	US	\$3.70	-\$0.10	\$8,157
EEX Index	\$1.26	\$0.04	\$2,776				
GDT (Avg)	\$1.21	\$0.00	\$2,659				

Sources: CME, USDA, EEX, GlobalDairyTrade, Dutch Dairy Board, Trigona, FRED USD/euro rate used: 1.057, 0

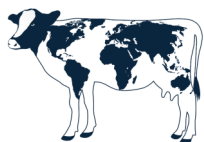
CME Class III and SGX WMP Futures Prices (November 2023 Contracts)



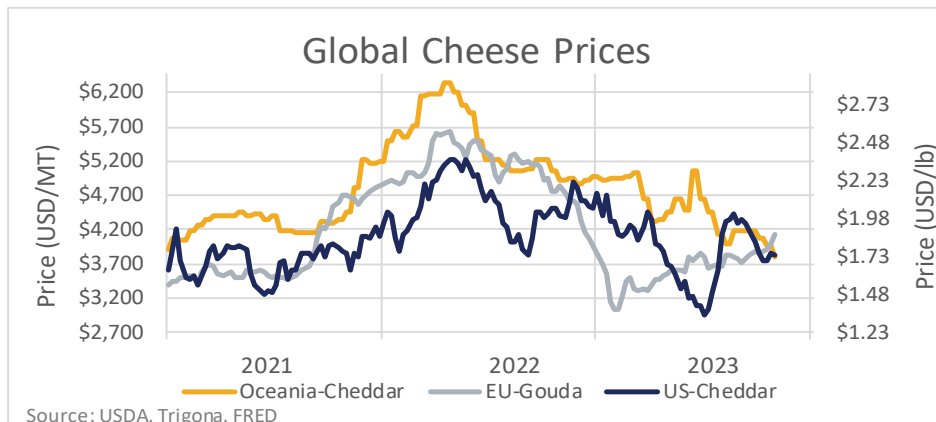
Source: CME, SGX

Market Summary

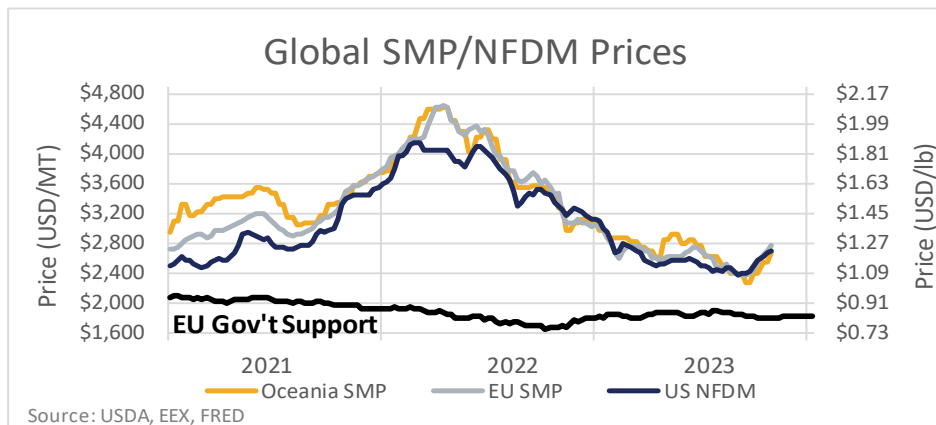
While there was a little bit of downward pressure on WMP/SMP/NFDM futures late last week a weaker GDT Pulse auction seemed to set off more selling in the powder futures and spot markets this week. But prices for cheese and butter were more mixed with both prices moving higher in Europe while U.S. butter was weaker and CME spot cheese has seen some mixed action but has trended lower through the course of the week. The powder markets might have gotten a little ahead of where demand actually is and it wouldn't be surprisingly to see a little more weakness, but I doubt we will retest the lows and end users should use this weakness to add coverage. I am surprised by the strength in EU cheese prices because there continue to be comments about tough global competition.



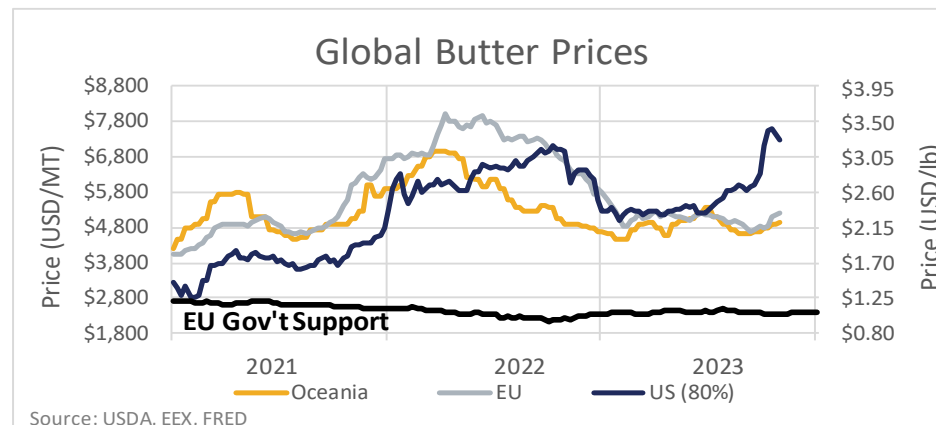
Product Markets



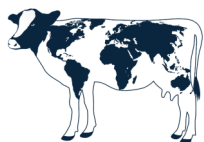
Butter: CME spot butter trended lower with cream supplies loosening around the country. If the CME spot market follows the same pattern as last year, it could drop 50 cents (\$1,100/MT) next week. U.S. butter stocks at the end of September were larger than forecast and up 3.0% from last year suggesting that domestic demand might have cooled a bit. EU butter prices were a little stronger while cream prices were mixed.



Cheese: CME spot cheese prices trended down through the week while EU prices were a little stronger. U.S. cheese stocks at the end of September were close to forecast and up 0.2% from last year. Stocks of American style cheese were up 0.9% while Italian styles were up 3.0%. If inventory stayed flat against last year into November (which I think it probably has), the model would say \$1.90 CME blocks (\$4,200/MT) would be a fair price, but with Oceania/EU Cheddar at \$1.83 or weaker, CME blocks will likely be in the \$1.70s for Nov/Dec (\$3,850).



Powders: NFDM/SMP prices were weaker across the major exporters this week. The trigger seemed to be GDT Pulse moving lower. We haven't really seen a Pulse auction be a turning point before. There will be another Pulse auction next week, we are on a 2 week gap between GDT Events. My guess is Chinese buying for January customs clearance has wrapped up, causing prices to drop. Dry whey saw some mixed trading in the U.S. as dairy protein prices came under pressure, but the market pushed higher on Thursday and EU prices were up.



Udder Intelligence



October 26, 2023

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.

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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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