Monthly Commodity Futures Overview
September 2022 Edition

Grain Market Outlook for the United States and South America by Steve Freed, Vice President of Grain Research, ADM Investor Services

*The following report is an overview of the US and South American economic, political and crop situations as of **September 15, 2022.** This report is intended to be informative and does not guarantee price direction.*

The USDA's September report was bullish for corn and soybeans and negative for wheat. The USDA's new estimates of the U.S. 2022 soybean and corn crop yield and acres were below trade estimates. This suggested lower crops and carryouts. Commodity prices are also trying to adjust to talk of recession, a higher U.S. dollar and lower energy prices. China continues to be a major influence on soybean and soyoil prices. There is talk that the Biden administration could impose new sanctions on China.

The Ukraine export situation is also causing increasing volatility in corn and wheat prices. The USDA's Foreign Agricultural Service was unable to release weekly export sales for four weeks. Once released, the data was positive for soybeans, negative corn, and neutral for wheat. Argentina soybeans, soymeal and soyoil export prices, Brazil, Argentina and Ukraine corn export prices, and Russia wheat exports prices are below the U.S.

In September, the USDA lowered its U.S. 2022/23 corn carryout to 1,219 mil bu versus 1,388. This was due to a lower crop. The USDA's September U.S. corn yield was lowered to at 172.5. The USDA dropped feed use 100 mil bu, ethanol 50 mil bu, and exports 100 mil bu. The USDA lowered the EU corn crop to 58.8 mmt. EU corn imports were left at 19.0. Ukraine 2022/23 corn exports were increased to 13.0 mmt. The USDA continues to estimate Brazil's 2023 corn crop at 126.0 mmt.

The shock in the USDA report was a lower than expected estimate of the U.S. 2022 soybean crop. The USDA dropped the crop 138 mil bu to 4,378. They raised the September U.S. 2020/21 soybean carryout to 240 mil bu. This was due to a drop in exports. The USDA lowered the U.S. 2022/23 soybean carryout to 200 mil bu. The USDA lowered the U.S. 2022/23 crush 20 mil bu and exports 70 mil bu. The USDA continues to estimate Brazil's 2023 soybean crop at 149.0 mmt versus 126.0 this past year and Argentina at 51.0 mmt versus 44.0 mmt.

The USDA kept its estimate of the U.S. 2022/23 wheat carryout at 610 mil bu. The USDA estimated world 2022/23 end stocks to be near 268.5 mmt versus 267.3 previous and 275.6 last year. The Russian wheat crop was increased 3 mmt to 91.0 and Ukraine 1.0 to 20.5. Russian wheat export prices are lower than the U.S. The USDA kept Russian wheat exports at 42.0 mmt versus 33.0 last year. Some weather watchers are forecasting La Nina to continue into January. This could keep U.S. south plans dry for 2023 HRW planting.

Corn Futures - Weekly

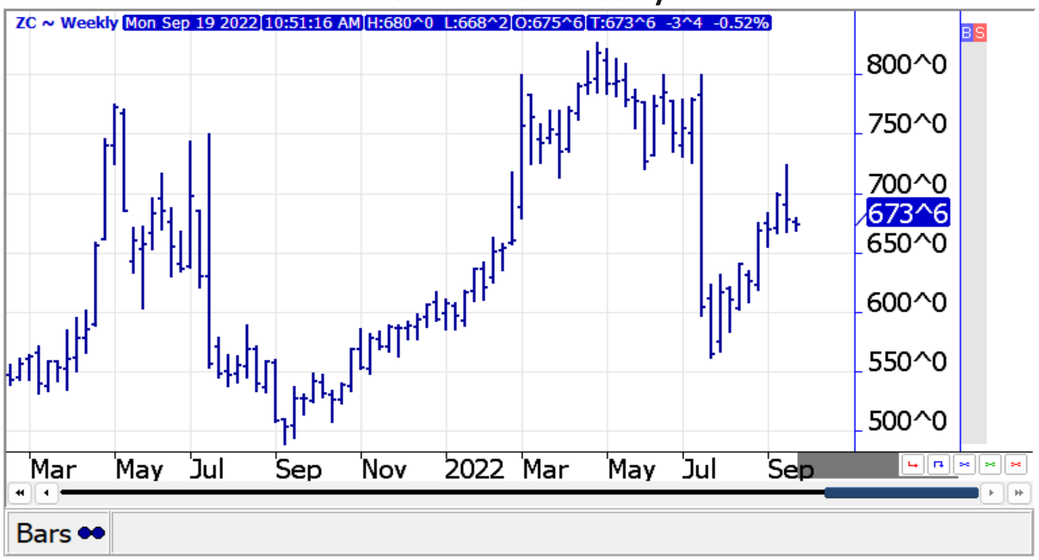

Chart from QST

Livestock Outlook by Chris Lehner,
Senior Livestock Analyst, contracted by ADM Investor Services

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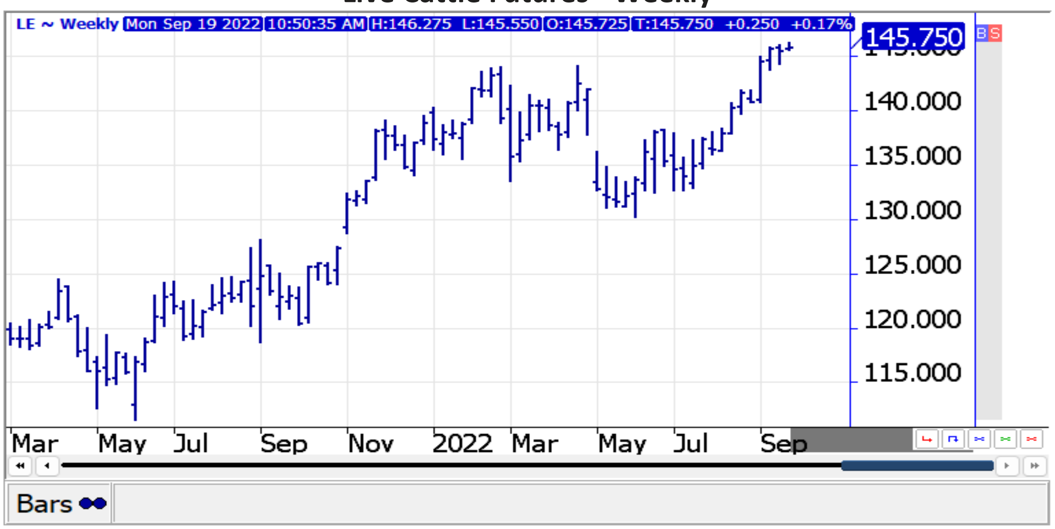
Live Cattle

Inflation is one reason given for high beef prices, but consumer beef demand in 2022 has been strong. People with low incomes buy cheap beef products such as ground beef, and there are consumers who don't feel income restricted with rising prices and buy choice and prime heavily marbled steaks and roasts if and when desired.

By the end of August 2022 the U.S. federal cattle slaughter was up 1.2% compared to the same period in 2021. Tack on the more beef from the U.S. beef cow slaughter, which was up 14% and 28% more than the five-year average, plus the U.S. meat purveyors increasing beef imports, and it shows the strength and demand for beef. U.S. choice and prime beef is also highly desired worldwide. Beef exports reported by the USDA in August as of June 30 were up 6.0% in 2022. For the cattle producer, the strong demand and higher prices for cattle have been extremely helpful with high grain prices.

August 2022 live cattle moved higher in August, up $5.37/cwt to settle at $141.55/cwt. During 2021, August 2021 live cattle settled at $118.95/cwt. On August 31, 2022, the five-day USDA posted average steer weight was 1,477 pounds and on August 31, 2021 the 5-day USDA posted steer weight was 1,459 pounds. On the average, using future settlement prices and USDA weights, steer prices in 2022 compared to 2021 were up $355.00/head.

Live Cattle Futures - Weekly

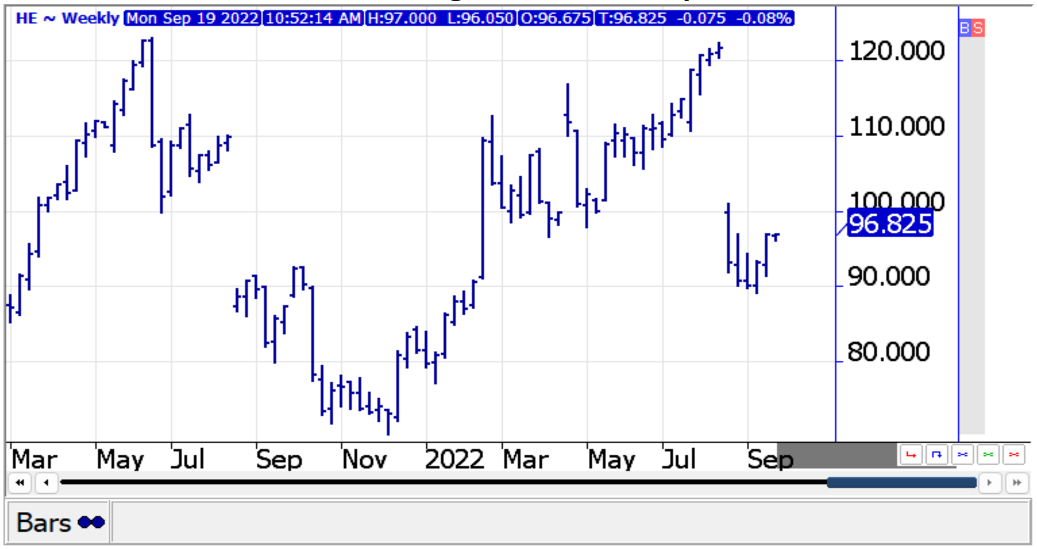


Lean Hogs

August 2022 lean hogs began the month with a continuation of the rally that began July 1. August 2022 lean hogs rallied in July $17.67/cwt and continued moving higher up to when August 2022 lean hogs expired on August 12 and settled at $122.75/cwt. However, when August 2022 lean hogs expired, and October 2022 lean hogs became the lead month, traders quickly reversed positions and lean hog futures fell. Spread traders revealed their outlook on the need to increase slaughter hogs in August and expectations of more hogs available by October.

The spread between August and October lean hogs was wide throughout August indicating traders were expecting to see more hogs for slaughter or lower pork demand than last quarter of 2022. When August 2022 lean hogs expired, the August/October spread was $21.67/cwt. October 2022 lean hogs on August 12 settled the day at $102.00/cwt. On August 31, October 2022 lean hogs closed the month at $91.52/cwt. From the time August 2022 lean hogs settled on August 12 at $122.75/cwt the spread at the end of August would have been at $31.22/cwt. Year to date federal hog slaughter on Friday August 12 was down 3.6% compared to the same period in 2021 at 2,801,000 hogs.

Lean Hog Futures - Weekly



Charts from QST

Stock Index, Currency, Crude Oil and Precious Metals Futures Market Outlook by Alan Bush, Senior Financial Economist, ADM Investor Services

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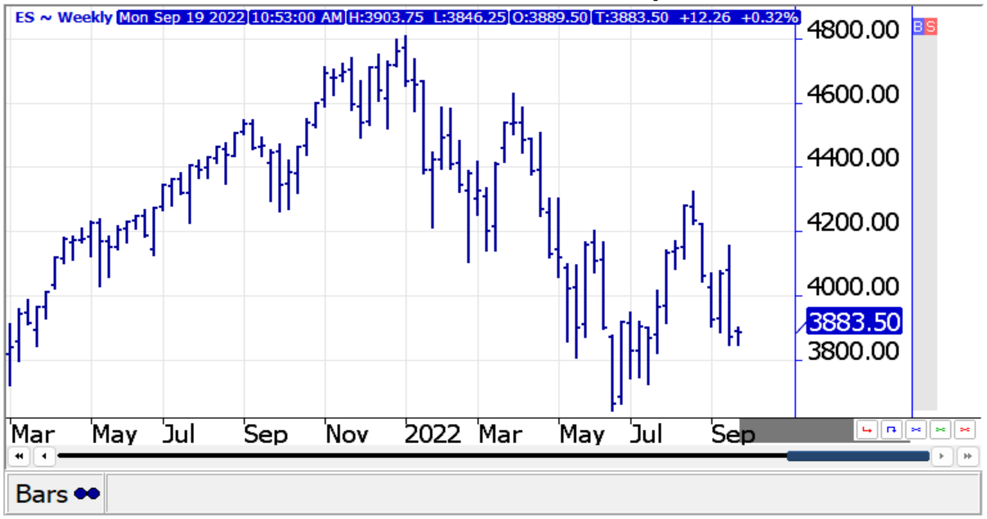
Stock Index Futures

Stock index futures advanced to four-month highs in August despite Federal Reserve officials discussing a faster timetable for raising interest rates this year. However, selling pressure developed in September as Federal Reserve officials' comments became more hawkish.

There was a quick downdraft when the U.S. August consumer price index report showed a 0.1% increase when a 0.1% decline was expected. The consumer price index, excluding food and energy, was up 0.6% when a gain of 0.3% was anticipated. This hotter than expected inflation report caused traders to believe the Federal Open Market Committee at its September 21 policy meeting could hike its fed funds rate by 100 basis points, although a 75 basis point hike appears to be more likely.

Stock index futures are likely to have a difficult time advancing as Federal Reserve officials are becoming more hawkish in their rhetoric. Once the FOMC meeting is out of the way stock index futures will probably firm due to short covering.

S&P 500 Futures - Weekly



U.S. Dollar Index

The U.S. dollar index advanced to a 20-year high in mid-September as interest rate differential expectations drove the greenback higher. Most of the strength was linked to Federal Reserve officials indicating a readiness to take more aggressive steps to bring inflation under control as most inflation measures have come in hotter than expected. Of all the major central banks the Federal Reserve is likely to remain the most hawkish, which suggests the greenback will continue to advance.

Euro Currency

The euro currency declined to the lowest level in 20 years in early September, falling to below parity against the U.S. dollar. Pressure on the euro was linked to a growing disparity between the European Central Bank and Federal Reserve policies, economic and political concerns, which could make it more difficult for the European Central Bank to tighten monetary policy.

Most economic reports in the euro zone have come in weaker than predicted. Industrial production in the euro area fell 2.3% month-over-month in July of 2022, after an upwardly revised 1.1% increase in June. This was the biggest drop in industrial activity since August 2021 and compares with market expectations of a 1.0% decline. In addition, the ZEW Indicator of Economic Sentiment for Germany declined for a third month to -61.9 in September of 2022 from -55.3 in August, hitting the lowest since October of 2008, and was worse than market forecasts of -60.

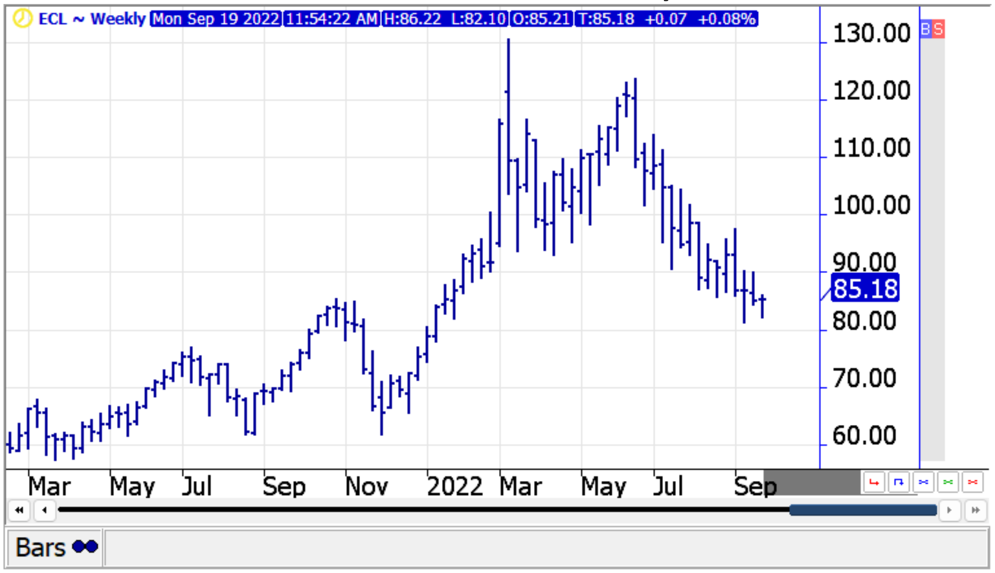
Currently, the fundamentals are bearish on balance for the currency of the euro zone and lower prices are likely.

Crude Oil

Crude oil prices topped in early June, falling from the 115 area toward their lowest in three months to just under 81. Much of the weakness is linked to falling global demand. The market fell sharply as a result of weak U.S. housing and manufacturing data that some economists say point to recession.

With the U.S. Treasury yield curve becoming more inverted, which signals recession, it is likely that in this environment demand for industrial commodities will weaken and lower prices are likely for crude oil.

Crude Oil Futures - Weekly

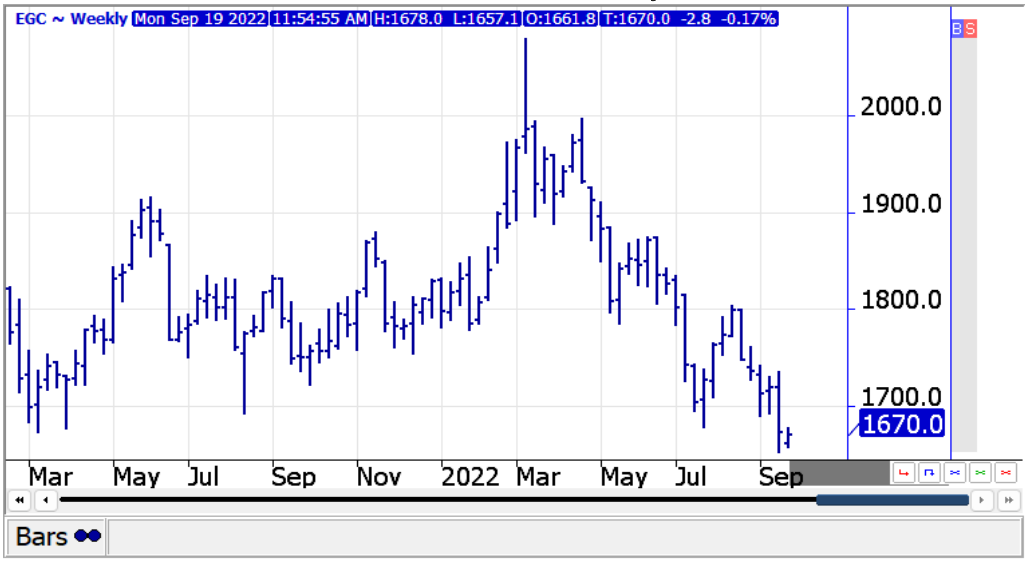


Gold

Gold futures trended lower since August 10 as Federal Reserve officials ramped up their hawkish rhetoric. In addition, the stronger U.S. dollar, has been a headwind.

In spite of this, there are indications that central banks may be less hawkish than many analysts expect later this year, including the Federal Reserve, in response to slower global economic growth. A possibility less aggressive Federal Reserve later this year could be the catalyst for a fourth quarter rally in the price of gold.

Gold Futures - Weekly



Charts from QST

Support and Resistance

Grains

December 22 Corn

Support 6.30 Resistance 7.20

November 22 Soybeans

Support 14.00 Resistance 15.00

December 22 Chicago Wheat

Support 8.00 Resistance 9.00

Livestock

October 22 Live Cattle

Support 140.00 Resistance 152.00

October 22 Lean Hogs

Support 87.00 Resistance 99.50

Stock Index

December 22 S&P 500

Support 3810.00 Resistance 4120.00

December 22 NASDAQ

Support 11500.00 Resistance 12500.00

Energy

November 22 Crude Oil

Support 75.50 Resistance 93.50

November 22 Natural Gas

Support 7.100 Resistance 8.550

Metals

December 22 Gold

Support 1655.0 Resistance 1725.0

December 22 Silver

Support 18.60 Resistance 20.80

December 22 Copper

Support 3.3400 Resistance 3.7000

Currencies

December 22 U.S. Dollar Index

Support 108.500 Resistance 110.500

December 22 Euro Currency

Support .99100 Resistance 1.02300

Any questions or comments on this special monthly outlook, send them to sales@admis.com.