ADM Investor Services, Inc.

Monthly Commodity Futures Overview
December 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 ***December 14, 2022.*** *This report is intended to be informative and does not guarantee price direction.*

The USDA made few changes in its December report. Since the report, soybean and corn futures have trended higher on concern about Argentina weather. Wheat prices have dropped on lower Russian prices and the extension of the export corridor in Ukraine In 2022, March soybean futures rallied to 15.72 on U.S. weather worries, dropped to 12.99 on demand concerns and since traded between 14.00 and 15.00. March soymeal trade between 375-425 until the EPA biofuel mandates were less than expected. March soymeal then rallied to 469 on the liquidation of the long soyoil and short soymeal spread.

At the same time, March soyoil dropped to 58.50. Similar to the March soybeans trading pattern, March corn rallied to 7.68, then dropped to 5.68, then traded between 6.50 and 7.00. March corn has dropped to 6.35 due to slower demand. March Chicago wheat rallied to 12.73, dropped to 7.60, rallied to 9.62 and then made new lows near 7.23 on lower Russia prices and higher Black Sea wheat exports.

In November, the USDA raised the U.S. 2022/23 corn carryout to 1,257 mil bu from 1,182. This was due to lower exports. The USDA still estimates the 2023 South America corn crop at 181.0 mmt versus 167.0 last year. Some areas of South Brazil and Argentina are drier than normal. Some analysts forecast world 2023 corn supply to be higher than demand.

The USDA left the U.S. 2022/23 soybean carryout at 220 mil bu. The USDA kept the 2023 South America soybean crop to be 211.25mmt versus 175.1. The USDA left the U.S. 2022/23 wheat carryout at 571 mil bu. The USDA kept world 2022/23 end stocks near 267.3 mmt versus 276.3 last year. The Russian wheat crop was left at 91.0 and Ukraine at 20.5. The USDA increased Russia wheat exports to 43.0 mmt versus 33.0 last year. The U.S. south plains remains too dry.

Corn Futures - Weekly

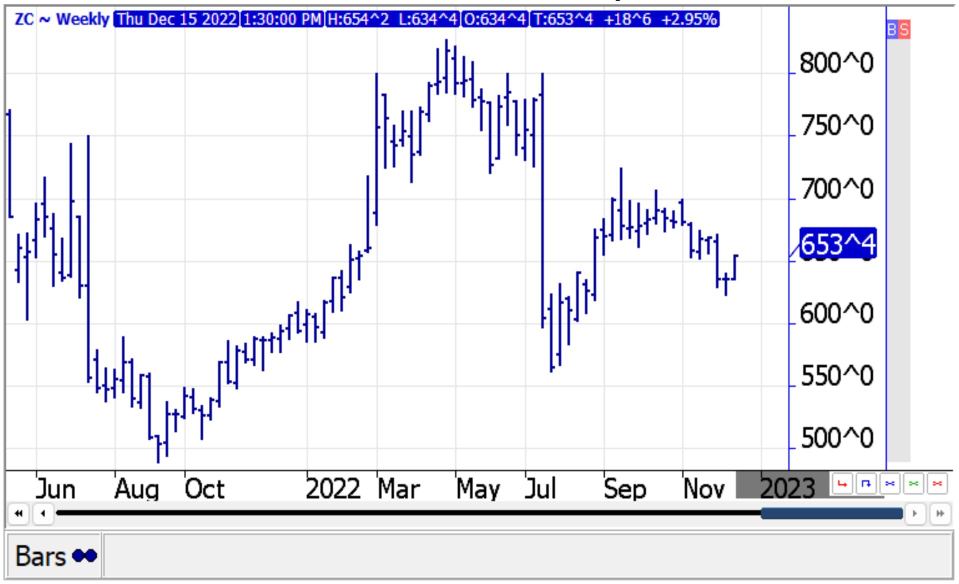

Chart from QST

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

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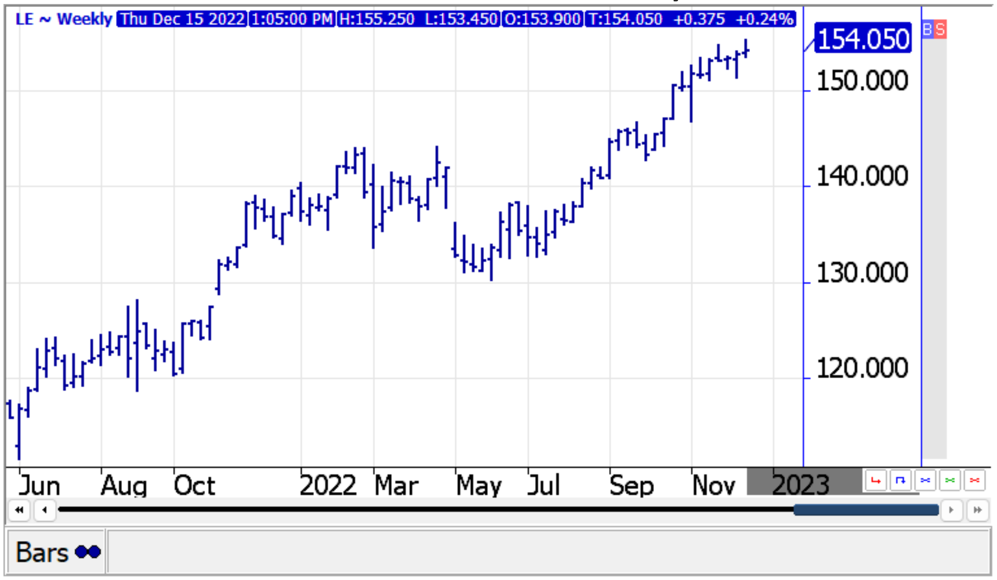
Live Cattle

Seasonal beef demand that began in October 2022 remained strong throughout November 2022 for the highest priced beef primals; choice rib and loin sections where prime rib roast, loin roasts and steaks are sold at grocery stores and restaurants. On November 1 choice primal rib sections were $445.73/cwt. By November 15 the price was $450.20/cwt and by November 30 they were up to $536.53/cwt. At the same time, the beef market was tempered as demand for the largest primal sections; chucks, rounds, briskets, flanks and plate primals slightly dropped in price with many consumers continuing to buy lower priced and lower grade beef and the various lean to fat products for ground beef and trimmings. The chuck primal is the largest primal section. On November 1 choice chuck primals were $229.93/cwt and at month-end they were down to $196.06/cwt.

With the heavy demand and price increase for the seasonal beef cuts, the cattle rally beginning in October had cash cattle and live cattle futures up in November. On November 1 the average cash steer price was $151.92/cwt. By November 15 the price was $152.83/cwt and was $156.10/cwt on November 30. Live cattle futures climbed and were closely correlated to the beef and cash cattle markets. On September 29, 2022 December 2022 live cattle bottomed at

$145.57/cwt and moved higher in October into November. On November 1 December live cattle futures settled the day at $151.90/cwt and ended the month at $153.07/cwt.

Live Cattle Futures - Weekly



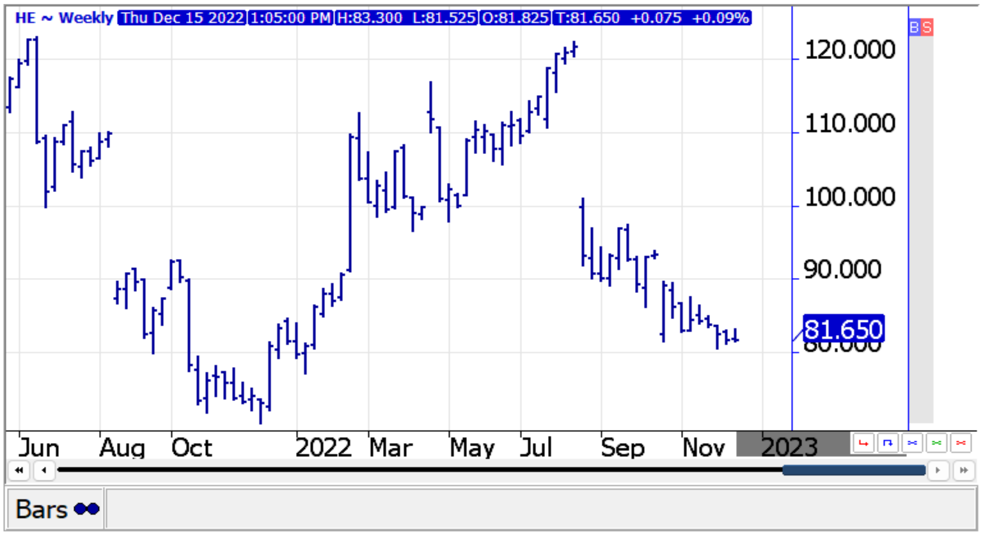
Lean Hogs

November 2022 saw cash hogs, lean hog futures and pork prices dropping throughout the month. Lean hog futures had a big rally in October 2022 from a low on October 4 to the high on October 21 for December 2022 lean hogs. However, when the high was made in October, prices began to decline in November.

On October 21 December 2022 lean hogs settled at $89.12/cwt and fell into November 1 settling at $85.20/cwt to end November at $82.90/cwt. The CME lean hog index on November 1 was $93.29/cwt and on November 30 the price was $83.24/cwt. The CME pork cutout index on November 1 was $98.82/cwt and by the end of the month it fell to $87.93/cwt. The pork and hog market has had to contend with lower pork exports in 2022. January through October 2022 U.S. pork exports were down 13.0% year to date with Mexico, which is the only buyer to increase out of the top 10 exporting counties.

Also, unlike beef there wasn't a seasonal demand for pork in November. Primal loins and hams that make up over 50.0% of the hog carcass dragged hog prices down. On October 21 when hog futures topped, primal loin prices on the 5-day average were $91.62/cwt. By November 30 loins were $82.24/cwt. Primal hams fell from $108.89/cwt to $92.93/cwt. The cumulative pork carcass price fell from $102.46/cwt to November 30 to $87.90/cwt.

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

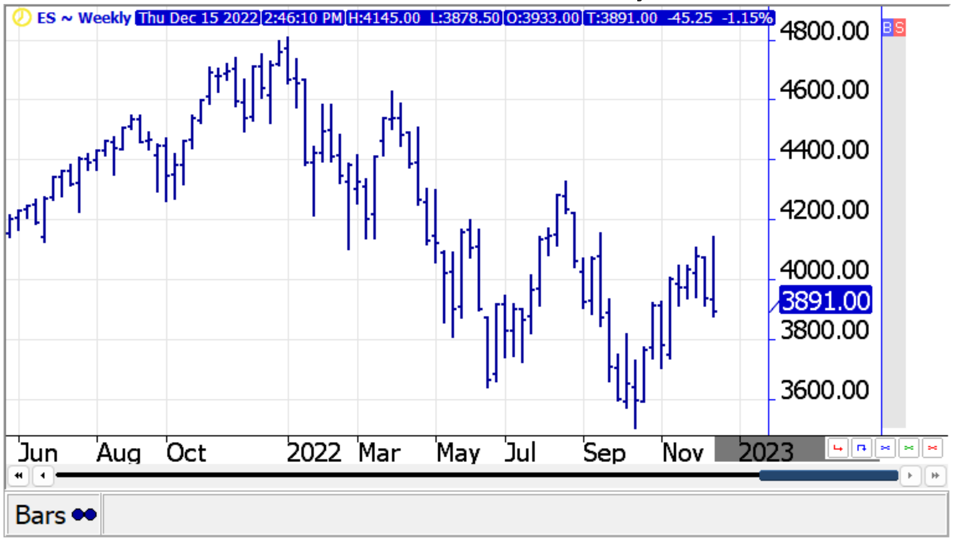
The technicals for stock index futures are improving. The bottom for S&P 500 futures took place on October 13 when there was a one-day reversal pattern and prices have been higher ever since. Also, major downtrend lines have been penetrated on the upside. Most recently a downtrend line that started in March was taken out on the upside on December 13. This breakout to the upside was short-lived, however. Prices declined when the Federal Open Market Committee policy statement on December 14 was more hawkish than many analysts had expected.

Overall though, the fundamentals have been improving. Before the FOMC meeting, stock index futures traded sharply higher due to the bullish U.S. November consumer price index report, which showed a 0.1% increase when a gain of 0.3% was expected. On an annualized basis the consumer price index increased 7.1% when up 7.3% was anticipated.

Futures have held up well despite a report from Challenger, Grey and Christmas, Inc. that showed U.S. based employers announced 76,835 job cuts in November of 2022, which is the most since January of 2021, and compared to 33,843 in October.

The fundamentals and technicals for stock index futures remain supportive.

S&P 500 Futures - Weekly



U.S. Dollar Index

The U.S. dollar index advanced to a 20-year high in late September as interest rate differential expectations drove the greenback higher. Most of the strength at that time was linked to Federal Reserve officials indicating a readiness to take more aggressive steps to bring inflation under control as most inflation measures were coming in hotter than expected.

All of that has changed since September, as more recently there are indications of moderating inflation. The U.S. dollar index declined to its lowest level since late June due to speculation about a possible Federal Reserve policy shift. The U.S. dollar has underperformed in the last three months as interest rate differential expectations have turned against the greenback.

Lower prices are likely for the U.S. dollar.

Euro Currency

The euro currency fell to the lowest level in 20 years on September 28, falling to below parity against the U.S. dollar. Pressure on the euro at that time was linked to a growing disparity between the European Central Bank and Federal Reserve policies. However, all of this has changed in recent months as the euro has been able to sharply advance against the U.S. dollar. Much of the reversal is due to increasing speculation that the Federal Reserve will implement a less hawkish policy stance.

The ZEW think-tank's forward-looking sentiment index for Germany improved to -23.3 in December, which is up from -36.7 in November. Economists had estimated the reading would improve to -26.4.

Higher prices are likely for the euro currency.

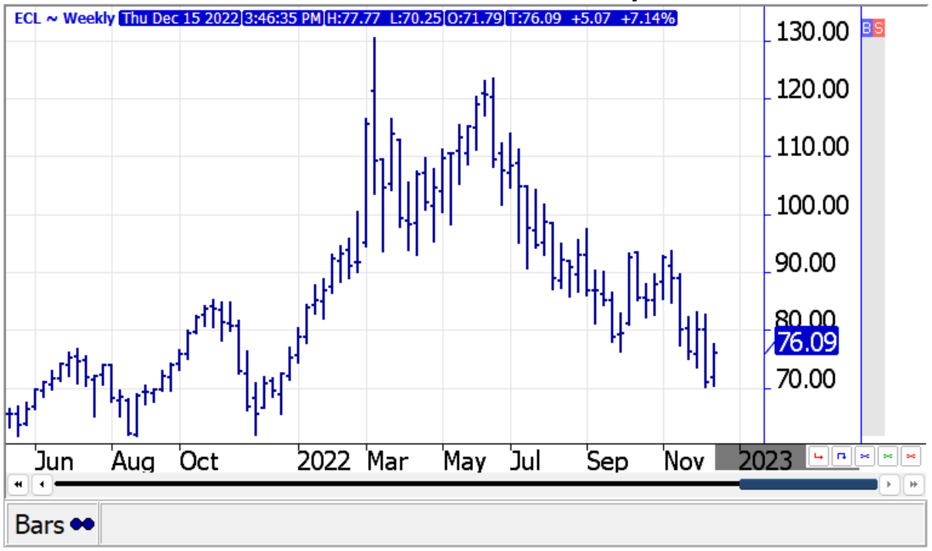
Crude Oil

Crude oil prices peaked on November 7 and then fell to just above 71.00 by December 9. Much of the pressure was linked to fears of a potential global recession-driven demand downturn, which continued to hang over the market. Investors remain worried about a looming recession in the US, with a hawkish Federal Reserve signaling that interest rates will go higher for longer.

Despite this, there was some optimism for a recovery in demand and tight supplies have offered the longs some hope. The International Energy Agency offered a moderately bullish outlook for markets next year, citing the reopening of the Chinese economy and a possibly less aggressive tightening from major central banks next year. On the supply side, OPEC+ decided to retain their existing policy of reducing oil output by 2.0 million barrels a day from November through 2023.

With the U.S. Treasury yield curve remaining 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



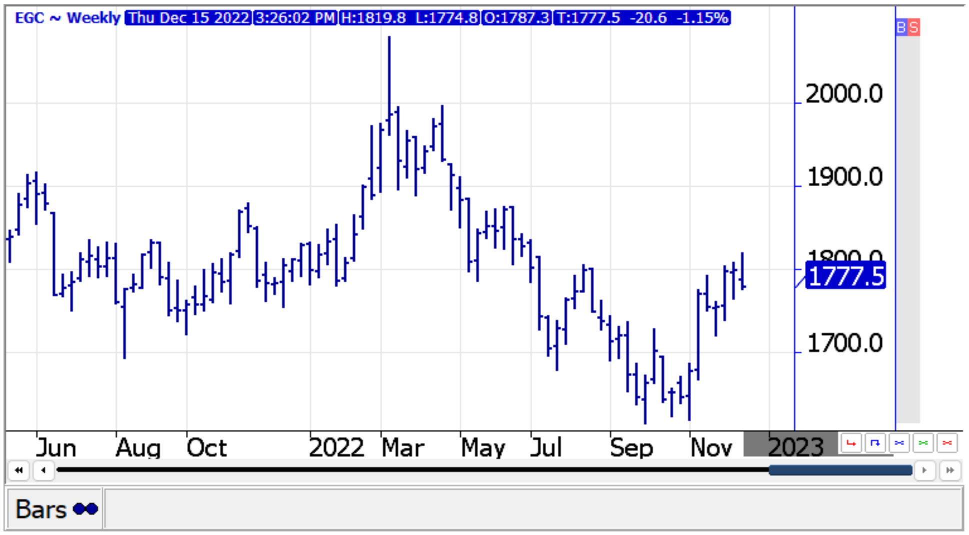
Gold

After falling under a double bottom at 1635.00-1636.00 area on the daily chart on November 3 February futures bottomed at 1632.40. The subsequent rally took prices to 1836.90. Much of the strength in gold can be explained by a sharply declining U.S. dollar and increased speculation that the Federal Open Market Committee will be less hawkish going forward. However, prices declined when the FOMC at its December 14 policy meeting indicated higher-for-longer interest rates than most investors were hoping for after recent inflation data.

In spite of this, there are indications that the Fed and other central banks may be less hawkish than many analysts expect next year in response to slower global economic growth.

Higher prices are likely for gold futures.

Gold Futures - Weekly



All Charts from QST

Support and Resistance

Grains

March 23 Corn

Support 6.25 Resistance 6.75

March 23 Soybeans

Support 14.25 Resistance 15.25

March 23 Chicago Wheat

Support 7.00 Resistance 8.00

Livestock

February 23 Live Cattle

Support 151.00 Resistance 165.00

February 23 Lean Hogs

Support 76.50 Resistance 92.50

Stock Index

March 23 S&P 500

Support	3840.00	Resistance	4200.00

March 23 NASDAQ

Support	11250.00	Resistance	12550.00

Energy

March 23 Crude Oil

Support	69.50	Resistance	80.00

March 23 Natural Gas

Support	5.500	Resistance	7.250

Metals

February 23 Gold

Support	1760.0	Resistance	1850.00

March 23 Silver

Support	22.20	Resistance	25.20

March 23 Copper

Support	3.6500	Resistance	3.9300

Currencies

March 23 U.S. Dollar Index

Support	102.200	Resistance	105.000

March 23 Euro Currency

Support	1.0600	Resistance	1.08900

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

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