



Monthly Commodity Futures Overview April 2023 Edition

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

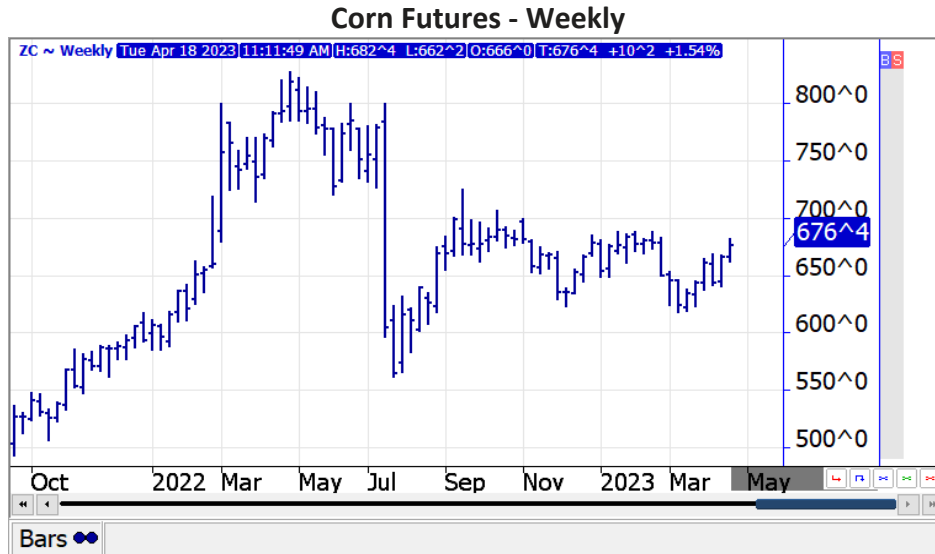
*The following report is an overview of the US and South American economic, political and crop situations as of **April 17, 2023**. This report is intended to be informative and does not guarantee price direction.*

In April the USDA left the U.S. corn carryout and soybean carryout unchanged from March and lowered the wheat carryout due to lower feeding and residual. After the report, corn, soybeans and wheat prices trended higher. July soybean futures are back near 15.00. July corn is back near 6.50 due to tight U.S. supplies. July Chicago wheat futures are back over 7.00. KC and Minneapolis wheat futures are near 9.00. The USDA left the Brazil corn crop at 125.0 mmt but lowered the Argentina crop from 40.0 to 37.0 and left China corn imports at 18.0 mmt.

The USDA raised Ukraine corn exports from 23.5 to 25.5 but there are new concerns about whether or not Russia will extend the Ukraine export corridor deal, if Russia sanctions are not lifted. The USDA left the U.S. 2022/23 soybean carryout at 210 mil bu. The USDA raised the Brazil soybean crop from 153.0 to 154.0 mmt versus 129.5 last year and lowered the Argentina crop from 33.0 to 27.0 and kept China soybean imports at 96.0, versus 91.5 last year. The USDA raised the U.S. 2022/23 wheat carryout from 568 mil bu to 5.98. The USDA estimated world 2022/23 end stocks to be near 265. mmt, versus 267.2 last month. The Russian wheat crop was left at 92.0 versus some private estimates of 100.0. Russia is still offering lower summer wheat export prices versus the U.S.

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

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Live Cattle

By March 2023 it was evident the cattle industry was in for big changes for the year. Federal slaughter was down year-to-date 2.6%, beef exports were down 9.0%, and U.S. consumers were shifting away from high priced cuts and higher grade beef. With severe droughts throughout the southwest and western states in 2021 and 2022, cow herds were culled, bringing down the number of cattle on feed as of March 1, 2023, down 4.0% compared to the same period in 2022.

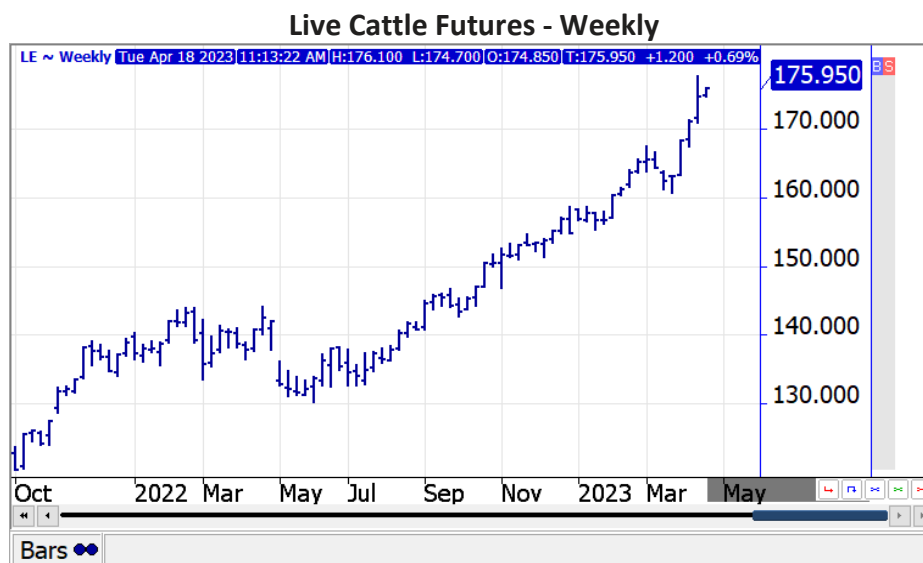
Beef exports were lower as competition from Brazil and Australia, both with increasing cattle supplies as well as better currency exchange rates, took away exports from the U.S. At the same time, U.S. consumers shifted preferences for beef as food inflation took dollars out of their grocery budgets. Boxed beef prices fell as consumers shifted from choice to select grades and from high priced primal cuts, such as rib and loin primal cuts, to increasing purchases of ground beef and select beef. Beef imports to the U.S. increased by 2.76% with the tonnage of certified lean beef as consumers' demand for cheaper beef grew.

For the cattle producer, fewer cattle has been price positive. On March 1, 2023, the 5-day accumulated average price was \$163.91/cwt. By March 15 the price moved to \$163.32/cwt and by month end on March 31 the price was up to \$168.80/cwt. The higher prices came with buyers wanting cattle delivered as soon as they could leave the feedlots and it meant at lighter weights.

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On March 1 the 5-day accumulated weighted average was 1,506 pounds/head, and by March 31 steer weights averaged 1,457 pounds/head.



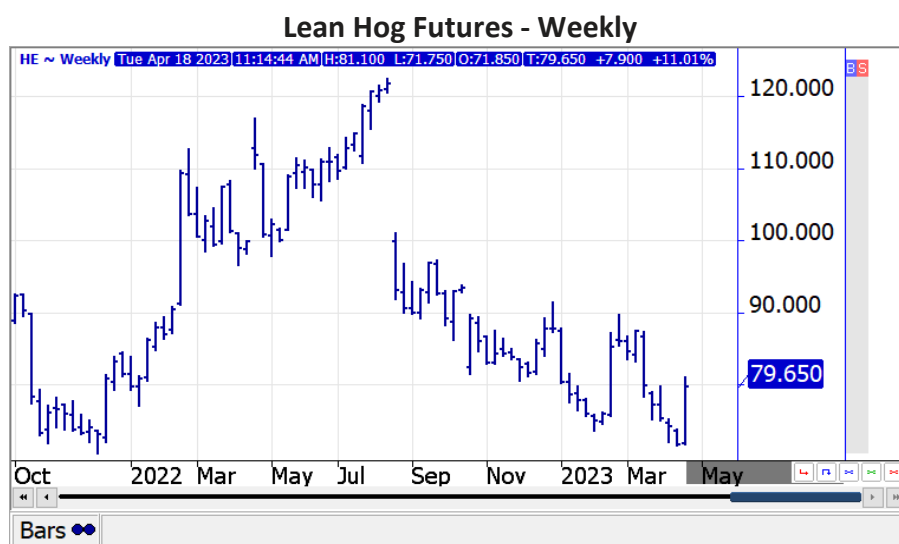
Lean Hogs

The opposite of cattle, where prices rallied in 2023, the hog market has been in a freefall throughout 2023, and the price decline in March added to it. On December 27, 2022, April 2023 lean hogs made a contract high at \$97.40/cwt. On March 31, 2023, April 2023 lean hogs dropped to \$75.00/cwt and closed the month at \$75.25/cwt. On April 13, 2023, the date of this report, April 2023 live cattle posted a contract high over April 2023 lean hogs. April 2023 live cattle futures went \$105.52/cwt over the price of April 2023 lean hogs. Compared to 2022 hogs in the U.S. have increased in herd size. Year-to-date federal slaughter as of March 31, 2023 was up 1.7%. At the same time China has increased hog inventories as well as Brazil putting more pork on the world market. More hogs have driven down pork prices.

Pork and hog prices rallied when China had African swine fever in 2019 and 2020 but it has been two and half years, and now China has more hogs. Mexico supports the U.S. pork market because the Mexican peso is strong versus the U.S. dollar and Mexico is importing pork to help fight high inflation. The CME lean hog index fell in March at a slower rate than the CME pork index, which is negative for the packer. On March 1 the CME hog index was \$78.81/cwt and by March 31 it had dropped to \$75.77/cwt. The CME pork index on March 1 was \$84.95 and by the end of the month was \$80.87/cwt. The difference between the indexes on March 1 was \$6.44 and on March 31 the difference had narrowed to \$4.50. With an increasing hog slaughter and pork prices dropping, packers were not going to fight over hogs.

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Charts from QST

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

*The following report is an overview as of **April 14, 2023** and is intended to be informative and does not guarantee price direction.*

Stock Index Futures

S&P 500 futures advanced to a two-month high in April on the belief that the Federal Open Market Committee could moderate its hawkish monetary policy later this year. Much of the recent strength was linked to evidence of a moderating inflation outlook. The March consumer price index increased 0.1% when a 0.3% gain was expected. The March producer price index declined 0.5% when unchanged was anticipated, and the producer price index, excluding food and energy, fell 0.1% when an increase of 0.3% was predicted.

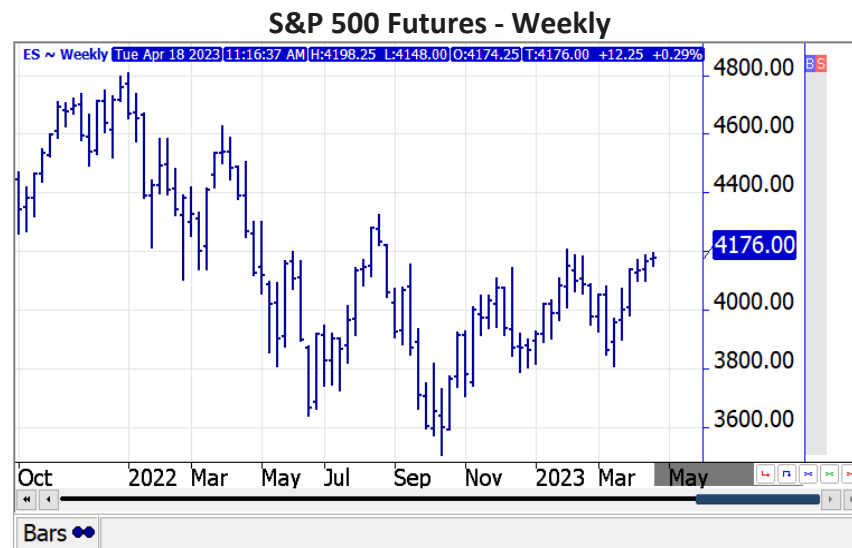
Futures traded higher despite news that U.S. based employers announced 89,703 job cuts in March, which was up 15% from the 77,770 announced in February. This is up 319% from the 21,387 cuts announced in the same month in 2022, according to a report released from global outplacement and business and executive coaching firm Challenger, Gray & Christmas, Inc.

Bearish news from the International Monetary Fund was also ignored. The IMF released its weakest global growth expectations report for the medium term in over 30 years. The IMF expects global growth of 2.8% this year and 3.0% in 2024, which is slightly below its estimates published in January. The new estimates are a reduction of 0.1 percentage point for both this year and next year.

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Stock index futures have performed very well considering recent strains in the international financial system and recent hawkish comments from Federal Reserve officials.



U.S. Dollar Index

The U.S. dollar index peaked on March 8 and trended lower on the growing belief that the Federal Reserve may be near the end of its rate hiking cycle. There has been a sudden shift in expectations due financial pressures on the banking system. The U.S. dollar weakened against all major currencies as the Federal Reserve's move to support the banking system raised questions about the pace of future interest rate increases. There is speculation that the Federal Reserve could take a less aggressive approach to policy tightening to avoid risks to the financial system. Financial futures markets are now suggesting the Federal Open Market Committee could raise its fed funds rate by 25 basis points at the May 3 policy meeting but that could be the last one.

Interest rate differentials suggest lower prices are likely for the U.S. dollar.

Euro Currency

The euro currency advanced to a 13-month high in early April due to mostly stronger than expected economic reports. The S&P Global composite PMI for the euro zone increased to 53.7 from 52.0 in February, its highest level since May of last year. However, this was slightly lower than the preliminary estimate of 54.1 that was released last week. Factory orders in Germany unexpectedly increased 4.8% month-over-month in February, following a downwardly revised 0.5% gain in January and substantially above forecasts of a 0.3% increase.

In addition, industrial production in Germany increased in February for a second consecutive month. Industrial output, comprising production in manufacturing, energy and construction,

increased 2.0% in February compared with the previous month. Economists expected industrial production to be unchanged over the month. Also, investor morale in the euro zone improved in April after a surprise decline in March. The current conditions increased to the highest level in more than a year.

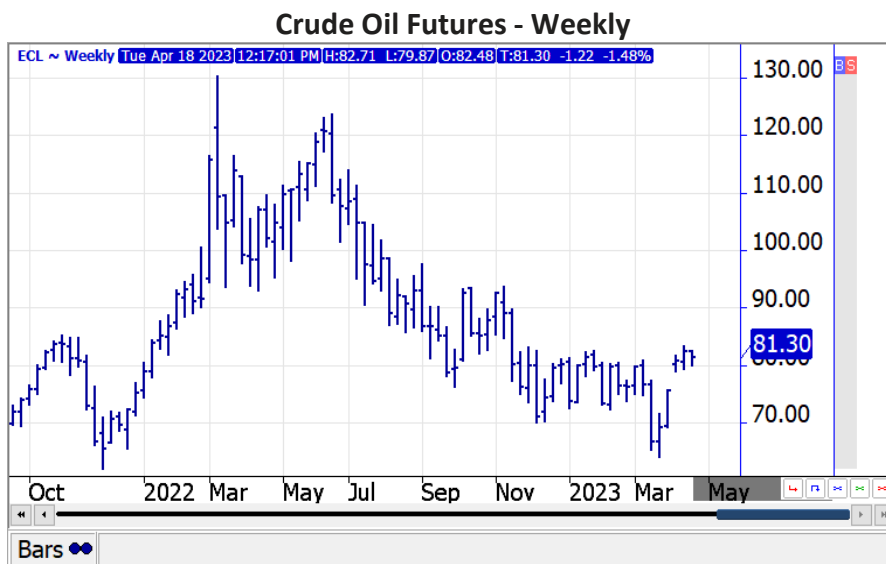
Euro zone industrial production increased more than expected in February. Industrial production, which comprises output from manufacturing, mining and utilities, increased 1.5% in February compared with the previous month. Economists expected industrial production to increase 0.7%.

The euro currency is likely to continue to advance on the belief that the European Central Bank will hike its key interest rate two or three more times in the coming months to combat inflation.

Crude Oil

Crude oil futures advanced to a five-month high as investors weigh the supply and demand outlook. In its latest monthly report, OPEC left its world oil demand growth estimates unchanged at 2.3 million barrels per day but warned that the usual seasonal demand from the U.S. could be hurt by any weakening in the economy due to high interest rates. Early this month, OPEC+ surprised markets by announcing an output cut of 1.16 million barrels per day from May until the end of 2023. In addition, there was some support due to slowing oil shipments from Russia and halted pipeline flows from Iraq's semi-autonomous Kurdistan region.

Futures are likely to trend lower in light of increasing prospects of a weakening global economy.

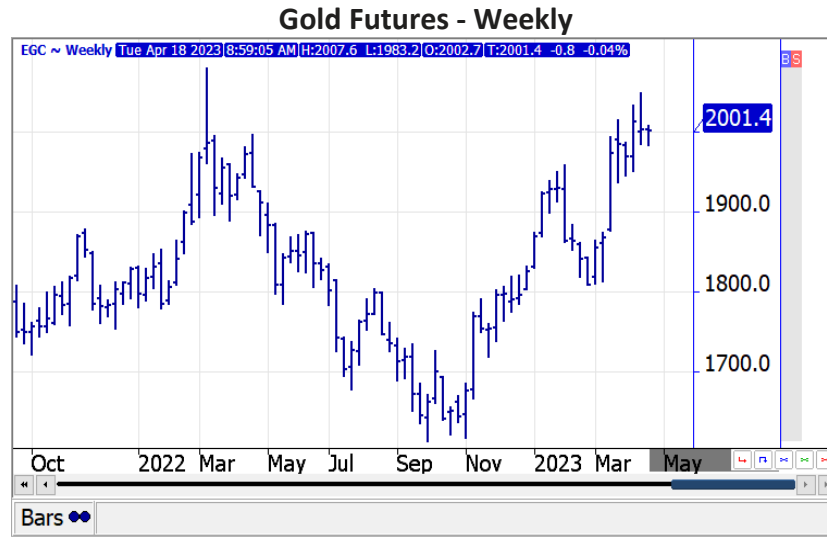


Gold

April gold futures advanced to their highest level since April 2022, boosted by a weaker U.S. dollar after data showed U.S. inflation and labor markets are cooling and increasing speculation that the Federal Reserve could halt interest rate hikes or even lower them soon. Both headline producer and consumer inflation slowed more than expected, while weekly jobless claims

surprised on the upside. Also, FOMC minutes showed the Fed sees more policy firming as appropriate, but some officials considered a pause in the tightening cycle in March due to the banking turmoil.

A less hawkish Federal Reserve is a tailwind that could push gold prices higher.



All Charts from QST

SUPPORT AND RESISTANCE

Grains

July 23 Corn

Support 6.30 Resistance 6.60

July 23 Soybeans

Support 14.75 Resistance 15.25

July 23 Chicago Wheat

Support 6.70 Resistance 7.50

Livestock

June 23 Live Cattle

Support 161.00 Resistance 185.00

June 23 Lean Hogs

Support 68.50 Resistance 94.70

Stock Index

June 23 S&P 500

Support	4090.00	Resistance	4255.00
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June 23 NASDAQ

Support	12920.00	Resistance	13900.00
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Energy

June 23 Crude Oil

Support	73.80	Resistance	82.00
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June 23 Natural Gas

Support	2.050	Resistance	2.600
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Metals

June 23 Gold

Support	1990.0	Resistance	2080.00
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May 23 Silver

Support	24.50	Resistance	27.10
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May 23 Copper

Support	3.9600	Resistance	4.2100
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Currencies

June 23 U.S. Dollar Index

Support	100.200	Resistance	102.300
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June 23 Euro Currency

Support	1.09100	Resistance	1.11250
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Any questions or comments on this special monthly outlook, send them to sales@admis.com.

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