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MARKET OUTLOOK FOR UNITED STATES & SOUTH AMERICA

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 ***March 15, 2022.*** *This report is intended to be informative and does not guarantee price direction.*

The USDA's March report was neutral for corn, positive for soybeans and negative wheat prices. After the March USDA report, May soybean futures traded down from 17.02 to 16.38. May corn traded from 7.31 up to 7.67 but has dropped back to 7.36. Chicago May wheat futures traded from a high near 13.63 down to a low near 10.43. May soymeal traded from 471 to 491 and then fell to 475. May soyoil traded from 73.05 to 78.58 then fell to 72.29.

Grain futures are becoming more volatile as the geopolitical uncertainties remain, and the increase in China's Covid cases could reduce commodity demand, especially for crude oil. In March, the USDA dropped the U.S. 2021/22 corn carryout to 1,440. The USDA increased exports 75 mil and ethanol 25 mil bu. The USDA left the Brazil corn crop at 114 mmt and dropped the Argentina crop 1 mmt to 53. The USDA dropped Ukraine exports to 27.5 mmt. Further declines in 2022 South America corn supplies and Ukraine exports could increase U.S. corn exports to 2,800 mil bu versus USDA 2,500.

In March, the USDA lowered the U.S. 2020/21 soybean carryout to 285 mil bu. This was due to an increase in exports. The USDA lowered world soybean end stocks 2.9 mmt. Brazil's crop was lowered 7 mmt. Argentina was lowered 1.5 mmt. May soybean futures could be in a wide trading range waiting for news on China's import needs and actual South America export supplies. Argentina is talking about new soymeal export taxes. Palmoil futures dropped on concerns over China's demand, while world sunoil prices have doubled due to a drop in Ukraine exports.

In March the USDA increased the U.S. 2021/22 wheat carryout to 653 mil bu. The USDA dropped exports 10. The USDA increased the world 2021/22 wheat end stocks to 281 mmt. This is due to higher Russian stocks. Some feel the USDA could be overstating actual wheat exports by 15 mmt. The key now is global export supply and world 2022 weather. The USDA rated the U.S. 2022 HRW winter wheat crop lower than last year due to dryness. The long range U.S. south plains forecast is for continued dry weather.

Corn Futures - Weekly

Chart from QST

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

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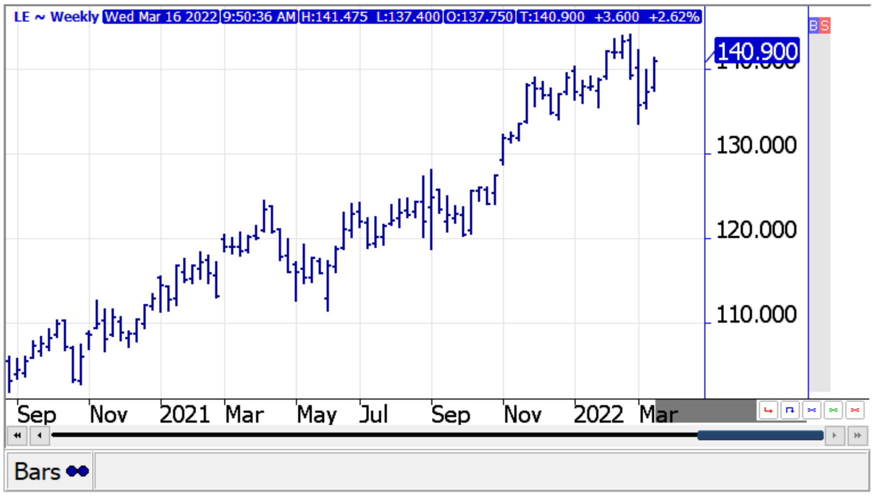
Live Cattle

Cattle and beef prices fell in February. Often February is a weak month for beef prices as consumers pay off credit card bills from the December holidays. They have higher home heating expenses and they go out to eat less during the winter. Demand for beef drops especially for the expensive cuts such as steaks and roasts. However, in February 2022 another factor became a consumer concern; inflation. By February 2022 it was estimated that retail beef prices increased by 22.0% over the past year.

February live cattle futures fared better than beef for the first three weeks of February 2022. On February 1, February 2022 live cattle settled at $139.57/cwt and moved higher to February 22 settling the day at $143.75/cwt. But about the time households were receiving credit card bills from the holidays with additional higher payments with fast rising gas prices by February 28, February 2022 live cattle were lower and settled at $140.50cwt, gaining less than $1.00/cwt for the month. Choice boxed beef prices on February 1 were $286.41/cwt and by February 28 fell to

$257.51/cwt. Consumers were buying beef but bypassing steaks and expensive roasts. Primal rib sections began the month at $397.01/cwt and ended the month at $377.54/cwt with primal loins dropping from $378.54/cwt to $337.53/cwt.

Live Cattle Futures - Weekly



Lean Hogs

Pork benefited from high beef prices in February 2022 and a lower than expected hog slaughter. Consumers were shopping for meats with lower prices. Pork sales, especially ground pork sales were up 11.0% over the same period a year ago. Inflation has seen pork prices move higher with gains of 13.0% but compared with higher prices beef, pork is cheaper. Pork prices were also higher in February 2022 with the year to date hog slaughter on February 28 at 8.0% less than the same period in 2021.

The five-day USDA pork carcass price on February 1 was $95.48/cwt. On February 28 it was $113.25/cwt. With increasing pork demand and fewer available hogs for slaughter, packers paid more for hogs in February 2022. The CME lean hog index on February 1 was $82.15/cwt and by the end of the month the CME lean hog index was $98.40/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

Stock index futures continue to come under pressure due to the dominant fundamentals, which remain the geopolitical tensions in Eastern Europe and to a lesser degree hawkish major central banks, including the Federal Reserve. Federal Reserve officials discussed a faster timetable for raising interest rates this year.

There was some support for futures after the release of the minutes of the Federal Reserve's January 25-26 policy meeting a showed the minutes did not appear to differ from recent public comments from Federal Reserve officials. Traders were relieved that they did not show an even more hawkish tone. The minutes made no mention of a discussion of a potential 50 basis point rate hike at the Fed's March meeting.

Recently there was a limited recovery for stock index futures due to slightly reduced geopolitical risks as traders were hopeful that a fifth round of peace talks impacting Eastern Europe could yield results.

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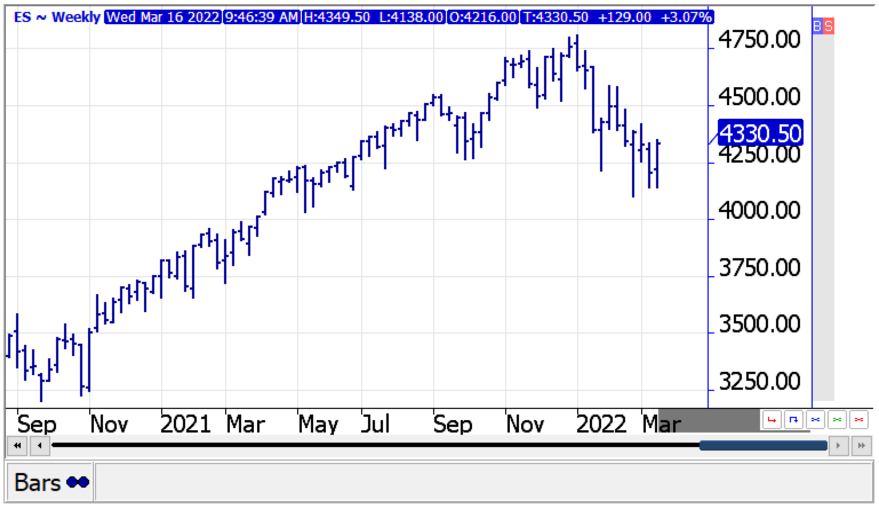
S&P 500 Futures - Weekly



U.S. Dollar Index

In light of tensions in Ukraine, safe-haven flow of funds have supported the U.S. dollar, which recently traded at its highest level since May 2020. In addition, the hawkish Federal Reserve has underpinned the greenback. The U.S. dollar has been well bid despite indications of weakening growth in the U.S. economy.

U.S. economic reports have mostly been weaker than expected. For example, the February Philadelphia Federal Reserve manufacturing index was 16.0 when 19.7 was predicted.

The dominant influence now are the geopolitical risks, followed closely by the hawkish Federal Reserve.

The U.S. dollar index is likely to trend higher.

Euro Currency

The euro currency weakened to its lowest level since May 2020 despite news that new orders for German manufactured goods increased 1.8% month-to-month in January of 2022, following an upwardly revised 3.0% gain in December and much better than market forecasts of a 1.0% advance.

There was limited support for the euro on news that the German economy contracted 0.3% on the quarter in the last three months of 2021, which is much less than initial estimates of a 0.7% decline. Also, the economic sentiment indicator in the euro area increased to a three-month high of 114 in February of 2022, beating market forecasts of 113.1.

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The ZEW Indicator of Economic Sentiment for Germany fell by 93.6 points to -39.3 in March of 2022, which is the lowest since March 2020, and was below market expectations of 10. This was the largest drop in expectations since the survey began in December 1991.

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

Japanese Yen

The Japanese yen declined to a five-year low. There was pressure on the yen when a Bank of Japan board member said the Bank of Japan will maintain its accommodative stance to ensure the Japanese economy strengthens enough to bring the inflation rate to the BoJ's 2.0% target.

The BoJ, which is scheduled to meet on Friday, March 18 has repeatedly stated that it will keep ultra-loose monetary policies to support the economic recovery.

Interest rate differential expectations suggest the Japanese yen will trend lower.

Crude Oil

Crude oil prices have surged since mid-December reaching multi-year highs. Most of the gains are related to geopolitical factors. However, some of the strength can be attributed to unexpected production gaps. The U.S. benchmark oil's nearly $30.00 drop over the past week has been partly attributed to hopes for successful peace talks between Ukraine and Russia.

The combination of relatively good demand and limited supply hikes are helping to push crude stockpiles lower, which will keep oil prices supported.

Crude Oil Futures - Weekly

Gold

Gold futures this month were sharply higher due to the precious metal's safe-haven status amid ongoing geopolitical uncertainty. In addition, there are the increasing inflation concerns. Any conflict escalation will drive economic disruptions and more persistent inflationary pressures, which will lead markets to adopt a more risk-off mood and in turn, underpin gold prices. However, more recently safe-haven longs were liquidated due to more positive developments on the outlook for Ukraine-Russia talks.

Another tailwind for gold prices includes some easing of interest rate increase expectations. I anticipate central banks may be less hawkish than many analysts expect later this year, in response to slower global economic growth, which is long-term supportive to the price of gold.

Gold Futures - Weekly

Chart from QST

Support and Resistance

Grains

May 22 Corn

Support 7.00 Resistance 8.00

May 22 Soybeans

Support 16.00 Resistance 17.00

May 22 Chicago Wheat

Support 10.50 Resistance 12.00

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Livestock

April 22 Live Cattle

Support	133.50	Resistance	144.50

April 22 Lean Hogs

Support	91.50	Resistance	112.00

Stock Index

June 22 S&P 500

Support	4150.00	Resistance	4430.00

June 22 NASDAQ

Support	13200.00	Resistance	14200.00

Energy

May 22 Crude Oil

Support	90.00	Resistance	106.50

May 22 Natural Gas

Support	4.120	Resistance	4.900

Metals

April 22 Gold

Support	1892.0	Resistance	2015.0

May 22 Silver

Support	24.20	Resistance	26.75

May 22 Copper

Support	4.4500	Resistance	4.7800

Currencies

June 22 U.S. Dollar Index

June	97.550	Resistance	99.500

June 22 Euro Currency

Support	1.08900	Resistance	1.11600

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MARKET OUTLOOK FOR CHINA AND ASIA REGION

by Kevin Yang, ADMIS Shanghai Representative Office

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

The key Chinese and Asian events over the last 30 days are China's resilient export performance, improving Korea, Japan's manufacturing activities and Australia's recovering service PMI.

China

In February, the CAIXIN China manufacturing PMI rebounded 1.3 percentage points from the previous month to 50.4% indicating that the overall prosperity of the manufacturing sector has improved. Production moved back to the expansion zone and posted moderate growth. New orders recorded an eight-month high. Affected by the worsening of the overseas COVID-19 situation and the disorder of transportation, external demand remained weak, and the new export orders remained in the contraction range for seven consecutive months. However, the decline narrowed from the previous month. Despite the improvement in market supply and demand, surveyed enterprises are more cautious in the use of labor, and the employment index has been in the contraction range for seven consecutive months.

China's consumer inflation rate remained moderate thanks to low pork prices, which declined 42.5% from last year. The CPI rose 0.9% year-on-year in February. Worth mentioning is the PPI picked up on a monthly basis by increasing 0.5%, due to the sharp increase in commodity prices, such as crude oil and copper, which was caused by geopolitics and military conflicts. On a yearly basis, the PPI increased 8.8%. Given the ongoing conflict between Russia and Ukraine and restrictions on energy exports from Russia, it is not likely for the PPI to continue the downward trend and the possibility of turning around cannot be ruled out.

In the first two months of 2022, China's exports in dollar-denominated terms rose 16.3% year-on-year to $544.7 billion, while imports rose 15.5% to $428.75 billion, leaving the country with a trade surplus of $115.95 billion. Exports remained a bright spot for the Chinese economy that has slowed sharply in recent months due to virus outbreaks, a property market slump and regulatory crackdowns on key sectors. China's coal imports in the first two months doubled from a year earlier as Beijing scrambled to replenish supplies after a shortage late last year caused power cuts that slowed large parts of the economy.

China imported 13.94 million tons of soybeans in the first two months of this year, up by 4.1% year-on-year. This was higher than market expectations, as adverse weather cut new crops and delayed shipments in Brazil. Some crushing plants suspended production due to shortages of soybean supplies, which pushed up the price of soymeal. Some buyers turned to American supply, since prices are more appealing than in Brazil. Arrivals of soybeans for March and April are expected to remain limited as adverse weather continues to impact production and shipment.

Other Asian Countries

The IHS Markit South Korea Manufacturing PMI rose to an eight-month high of 52.8 in February 2022 from 52.8 in January, marking the 17th straight month of growth in factory activity. Output expanded at the fastest pace in seven months, boosted by car production and semiconductors. Also, new orders rose the most since last June, and export growth was at a 10-month high with demand from the U.S., Europe and China strengthening. Buying levels were up for the 19th month running, reflecting efforts to protect against supplier delays and further price rises. Employment rose for the third straight month, growing the most in 11 months, while backlogs of work gained further. On prices, input cost inflation accelerated for the first time in three months, while rising for the 20th straight month. Factory gate inflation, meantime, hit its highest level since the survey began. Finally, sentiment was at a 12-month high, boosted by hopes that the end of the pandemic would trigger a recovery in the global economy.

Producer prices in Japan rose by 9.3% year-on-year in February 2022, above the market consensus of 8.7% and after an upwardly revised 8.9% gain a month earlier. This was the 12th straight month of producer price inflation, with the February index at 110.7 being the highest level since May 1985, amid surging commodity prices. The au Jibun Bank Japan Composite PMI was at 45.8 in February 2022, compared with the flash figure of 44.6 and a final 48.8 in the previous month. The latest print marked the second straight month of decline in the private sector and the steepest rate in six months with services activity shrinking the most since last August, while manufacturers recorded a decline in output for the first time since September 2021. New orders saw a renewed contraction, as demand for manufactured goods rose the least in five months, and service sector firms had the sharpest decline since last August. In line with this trend, outstanding business was depleted at a faster rate. At the same time, employment grew for the 13th month running, with the pace of job creation the fastest in four months.

The IHS Markit Australia Services PMI was revised to a nine-month high of 57.4 in February of 2022 from a preliminary estimate of 56.4 and rebounding from January's 46.6. The receding of the COVID-19 Omicron wave from its peak in January supported rebounds in both new orders and business activity. As a result of higher overall demand, hiring activity picked up at the fastest rate since June 2021 as firms expanded operating capacity accordingly. Meanwhile, price pressures persisted with both input and output prices rising at a survey record rate. Finally, overall optimism improved as service providers were hopeful for continued growth in demand as the economy recovers. The Reserve Bank of Australia kept its cash rate unchanged at a record

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low of 0.1% for the 15th month in a row at its March 2022 meeting, as expected. While mentioning that the war in Ukraine was a major new source of uncertainty, policymakers reiterated the unpredictability of Australia's inflation trends on the back of recent developments in global energy markets and ongoing supply-side problems.

The Reserve Bank of New Zealand raised its official cash rate by 25 basis points to 1.0% during the February meeting, as widely expected. This was the third consecutive rate hike that brings borrowing costs to pre-pandemic levels, amid soaring inflation and surging housing prices. The board mentioned that more monetary tightening was needed to cool a heated economy, adding the cash rate would reach 2.2% by the end of this year and 2.57% by March 2023, which is a more aggressive path than the 2.1% and 2.3% seen in November's projections. The committee also stated that it will commence the gradual reduction of its bond holdings under the Large Scale Asset Purchase program through both bond maturities and managed sales. That said, policymakers acknowledged that the spread of the Omicron COVID-19 variant would further disrupt economic activity and weigh on consumer and investor confidence in the near term.

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

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