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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 **May 17, 2022**. This report is intended to be informative and does not guarantee price direction.*

The USDA's May report was bullish for new crop corn, neutral for soybeans and bullish for wheat prices. After the May USDA report, July soybean futures traded up from 15.90 to 16.84 and July corn went from 7.82 to 8.10. Chicago July wheat futures traded from 11.02 to 12.84. July soy meal traded from 395 to 418. July soy oil traded from 81.88 to 84.64.

Grain prices are adjusting to higher food, fuel and wage inflation. Commodity prices are also trying to adjust to higher demand versus lower supply. In May, the USDA left the U.S. 2021/22 corn carryout at 1,440. The USDA estimated the U.S. 2022/23 corn carryout to be near 1,360. Some feel U.S. corn export demand could increase U.S. corn exports to 2,750 mil bu versus the USDA's 2,500. The USDA's May U.S. corn yield of 177 was lower than expected. Late plantings could lower final acres and yield.

The USDA lowered the April U.S. 2020/21 soybean carryout to 235 mil bu. This was due to an increase in exports. July soybean futures could be supported by lower South America supplies and a higher U.S. summer crush and export demand. Late plantings could lower final acres and yield, especially in North Dakota. One group lowered final U.S. soybean acres and raised U.S. double crop acres.

The USDA lowered the May U.S. 2021/22 wheat carryout to 655 mil bu. The USDA estimated the U.S. 2022/23 wheat carryout at 619 mil bu. Some analysts feel private estimates of the U.S. 2022 spring wheat crop may be too high. The USDA estimated the world 2021/22 wheat end stocks at 279 mmt. The USDA estimated world 2022/23 end stocks near 267 mmt. World 2022/23 wheat exports stocks to use ratio is near a record low. The key now is global demand and world 2022 weather. The uncertainty surrounding the Ukraine war impact on Black Sea wheat exports and U.S. 2022 south Plains weather is limiting new volume.

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Corn Futures - Weekly



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

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Live Cattle

Live cattle trading in April gave bulls and bears times to feel good about being in the market. For example, June 2022 live cattle, the most actively traded month in April on April 1, opened at 137.25 and dropped to 132.47 on April 6. By April 21 June live cattle moved off the lows to settle at \$139.90. There was profit taking on April 21 the day before the April 22 bearish Cattle on Feed report and June ended the month on April 29 at \$132.65. Traders and analysts did not expect 2.0% more cattle on feed as of April 1, and as many cattle placed. April 2022 live cattle also saw similar volatility with the exception of the last day when April live cattle open at \$138.05 and closed at \$141.80 near the cash average price at \$143.00.

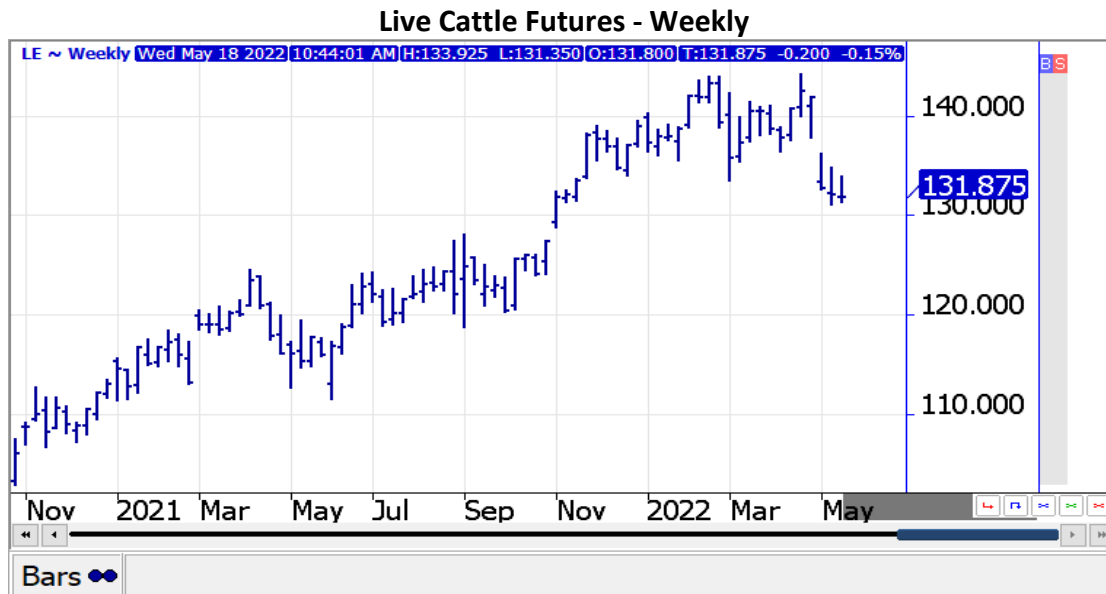
During April there was a change in how packers bought cattle. With high feed prices, feedlots want to move cattle as soon as a packer will buy them. On April 1, steers in the Southwest sold for \$138.00 and in the Midwest steers sold for \$141.00 to \$142.00, a common price difference between the two regions. But by mid-April, packers were buying cattle in the Southwest at \$140.00 and in the Midwest from \$144.00 to \$146.00 with heavier high choice cattle selling for

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\$148.00 to \$149.00, an uncommonly wide price difference. At the end of April packers continued buy cattle with the wide spread.



Lean Hogs

The cash hog market in April traded in a fairly tight range unlike lean hog futures that were volatile. The CME lean hog index began the month at \$103.19, but by April 15 cash hogs moved down to \$100.33/cwt and closed out April at \$101.59/cwt. For the CME pork carcass index there was some movement but nothing big. The pork index was \$103.13/cwt to start, but by mid-month moved to \$108.15/cwt and closed out the month at \$106.67/cwt.

Unlike the quiet cash hog and pork markets, lean hog futures were active in April. With April 2022 lean hogs moving to convergence with the cash hog market and settling on April 14, April lean hogs traded in a similar range of the cash. April lean hogs on April 1 opened at \$102.10/cwt, dropped to \$96.67/cwt low on April 5 and then closed the month's trade at \$99.87/cwt.

June 2022 lean hogs, however, were extremely volatile. June lean hogs on March 31 opened the day on a new contract high at \$127.30/cwt and by the end of the day were down to \$120.37/cwt. The drop continued to April 5 falling to a low of \$114.35/cwt. By April 19 a bounce moved June hogs back up to \$123.07/cwt that was followed by another drop to end April at \$106.22/cwt. Speculative inter and intra market spreading was active during April.

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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

In late March through early May stock index futures stair-stepped downwards as the dominant fundamentals prevailed. These were the geopolitical tensions in the Eastern Europe and the hawkish central banks, including the Federal Reserve.

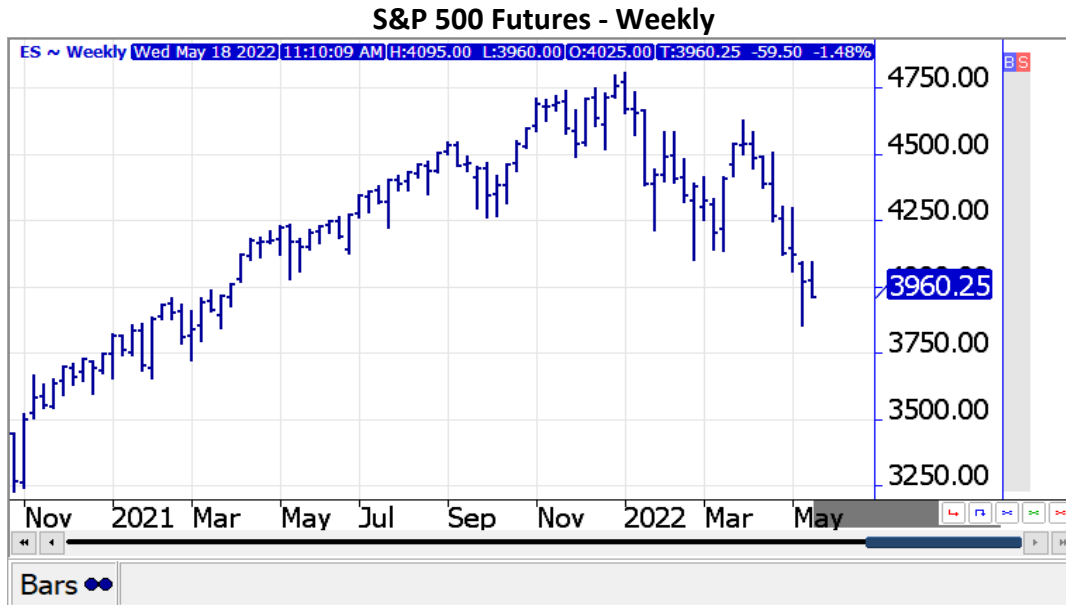
Most economic reports came in weaker than expected, including the National Association of Home Builders housing market index, which fell for a fifth straight month to 69 in May from 77 in April, below market forecasts of 75. This was the lowest level since June of 2020. There was some support for futures when retail sales in April increased 0.9% when up 0.8% was anticipated.

There has been some bounce recently after on May 12 a major downside chart objective was hit in the S&P 500 futures using the midway congestion pattern, measured move technique.

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U.S. Dollar Index

The U.S. dollar index advanced to 20-year highs, as expectations of further Federal Reserve monetary tightening to combat inflation and fears of slowing global economic growth drove investors into the safety of the U.S. dollar.

There was support for the U.S. dollar when Federal Reserve Chair Powell said the central bank would not hesitate to keep raising interest rates even if it involves moving past broadly understood neutral levels.

The greenback has remained firm despite most economic reports in the U.S. coming in on the weak side. For, example, the May New York Federal Reserve manufacturing index was negative 11.6 when positive 15.0 was expected.

Interest rate differential expectations suggest higher prices are likely for the greenback.

Euro Currency

The euro currency trended lower from late April, as most economic reports came in weaker than expected. For example, the economic sentiment indicator in the euro area dropped by 5.4 points from a month earlier to 108.5 in March, which was below market expectations of 109. This was the lowest reading since March 2021, mainly due to plummeting consumer confidence.

There was some support for the euro when European Central Bank President Lagarde said the first interest rate hike will take place sometime after the end of net asset purchases. The ECB confirmed during its April meeting that it will conclude its net asset purchases in the third quarter. Investors are currently expecting the ECB to raise rates by 25 basis points in both July and September, while delivering another increase at the end of the year.

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In addition, European Central Bank Governing Council member Klaas Knot became the first euro zone official to suggest a possible half-point interest rate hike if inflation risks worsen, though he backs a smaller move currently.

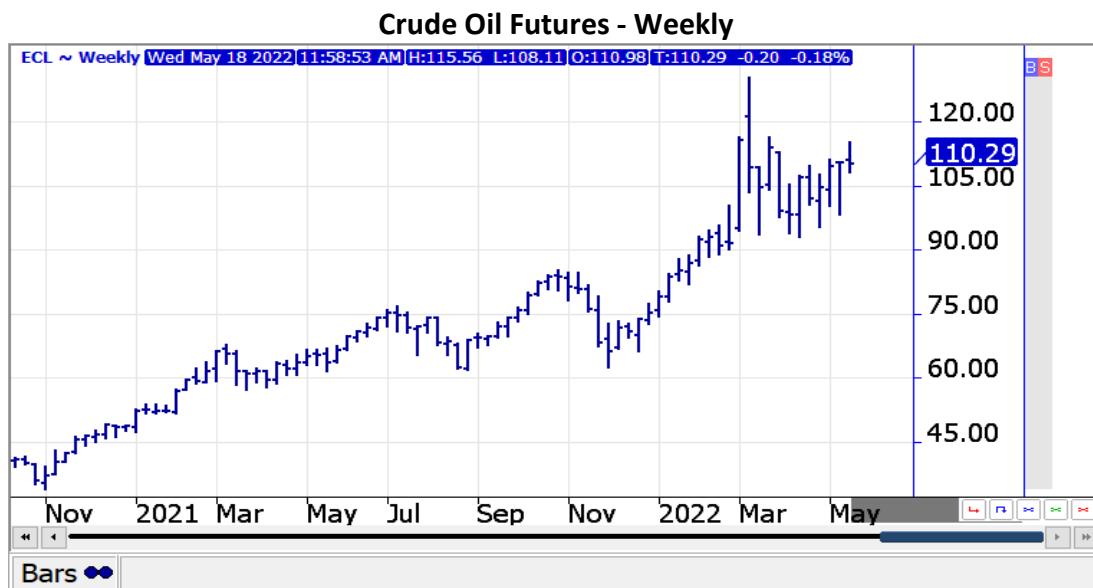
Currently, the fundamentals are bearish on balance for the currency of the euro zone and lower prices are likely over the near-term.

Crude Oil

U.S. West Texas Intermediate crude oil futures are trading near seven-weeks. The catalysts behind the rally are declining Russian oil production, the European Union’s ongoing push for a ban on Russian oil imports that would tighten supply and the possible easing of lockdowns in China that would drive demand higher.

Crude oil prices moved higher after the Energy Information Administration reported an inventory draw of 3.4 million barrels for the week to May 13. At 420.8 million barrels, the EIA said inventories of crude oil were 14.0% below the five-year average for this time of the year.

The combination of relatively good demand and limited supply increases will keep oil prices supported.



Gold

Gold futures have trended lower since mid-April due to the sharply higher U.S. dollar and the hawkish Federal Reserve. There has been some support due to the precious metal's safe-haven status amid ongoing geopolitical uncertainties. Any conflict escalation will drive economic disruptions and more persistent inflationary pressures, which will lead markets to adopt a more

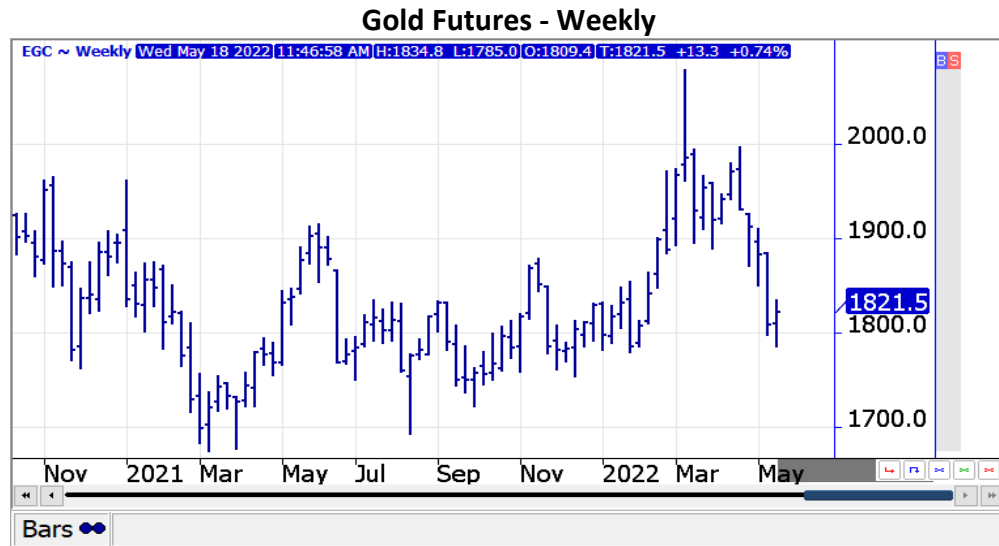
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risk-off mood, and in turn, underpin gold prices. In addition, there are the increasing inflation concerns.

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.



All charts provide by QST

SUPPORT AND RESISTANCE

Grains

July 22 Corn

Support 7.50 Resistance 8.50

July 22 Soybeans

Support 16.50 Resistance 17.50

July 22 Chicago Wheat

Support 11.50 Resistance 13.50

Livestock

June 22 Live Cattle

Support 126.00 Resistance 142.50

June 22 Lean Hogs

Support 92.50 Resistance 110.00

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Stock Index

June 22 S&P 500

Support	3840.00	Resistance	4300.00
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June 22 NASDAQ

Support	11620.00	Resistance	12945.00
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Energy

July 22 Crude Oil

Support	102.10	Resistance	116.00
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July 22 Natural Gas

Support	7.600	Resistance	8.950
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Metals

June 22 Gold

Support	1793.0	Resistance	1885.0
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July 22 Silver

Support	20.50	Resistance	23.55
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July 22 Copper

Support	4.0850	Resistance	4.4200
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Currencies

June 22 U.S. Dollar Index

June	102.300	Resistance	105.400
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June 22 Euro Currency

Support	1.03550	Resistance	1.06700
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Questions or comments on this special monthly outlook, send them to sales@admis.com.

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