Monthly Commodity Futures Overview
August 2023 Edition

Grain Market Outlook for the United States and South America by Mark Soderberg, Senior Grain Market Specialist, ADM Investor Services

The following report is an overview of the US and South American economic, political and crop situations as of ***August 21, 2023.*** *This report is intended to be informative and does not guarantee price direction.*

In August, the USDA raised the U.S. 2022/23 corn carryout 55 mil bu. to 1.457 bil. bu. as a result of lower exports, FSI usage and a modest 10 mil. bu. increase in imports. 2023 production was cut 209 mil. bu. to 15.111 bil. as the average national yield was cut by 2.4 bpa to 175.1. New crop usage was cut 95 mil. bu. with exports down 50 mil., feed down 25 mil., while FSI was cut 20 mil. Ending stocks at just over 2.2 bil. were slightly above expectations. World stocks for 2022/23 were 1.6 mmt to 297.9 mmt. Brazil's production was increased another 2 mmt to 135 mmt. Global 2023/24 ending stocks declined 3 mmt to 311.1 mmt, vs. expectations of holding steady. 2023 production in Ukraine was increased 2.5 mmt to 27.5 mmt, which was offset by a 3.7 mmt reduction in the EU and a 3 mmt reduction in China.

The USDA raised the U.S. 2022/23 soybean carryout at 5 mil. bu. to 260 mil. as imports were increased by this amount. 2023 production fell 95 mil. bu. to 4.205 bil., roughly 30 mil. bu. below expectations. The average yield slipped to 50.9 bpa. The USDA raised soybean oil usage for biofuels 100 mil. lbs. to 11.7 bil. and meal exports .20k to 14.2k tons. Demand for 2023/24 MY was cut 25 mil. bu. through lower exports resulting in ending stocks slipping to 245 mil. bu. Global stocks for 2022/23 were steady at 103.1 mmt. 2023/24 global stocks are expected to rise to 119.4 mmt. Chinese imports for 2022/23 were increased 1 mmt to 100 mmt.

The USDA raised winter wheat production 21 mil. bu. to 1.227 bil. roughly 17 mil. above expectations. By class production was HRW – 585 mil. up 8 mil., SRW – 440 mil., up 18 mil. and white – 202 mil. down 5 mil. Spring wheat production was cut 29 mil. bu. to 450 mil., roughly 20 mil. below expectations. All wheat production at 1.734 bil. was in line with expectations. Exports were cut 25 mil. bu. to 700 mil. resulting in ending stocks rising 23 mil. bu. to 615 mil., which is 20 mil. above expectations. Global 2022/23 ending stocks slipped 1 mmt to 268.3 mmt. 2023/24 global stocks slipped 1 mmt to 265.6 mmt, which was in line with expectations. Noted global production changes were China down 3 mmt to 137 mmt, Canada down 2 mmt to 33 mmt, and Ukraine up 3.5 mmt to 21.5 mmt.

Corn Futures - Weekly

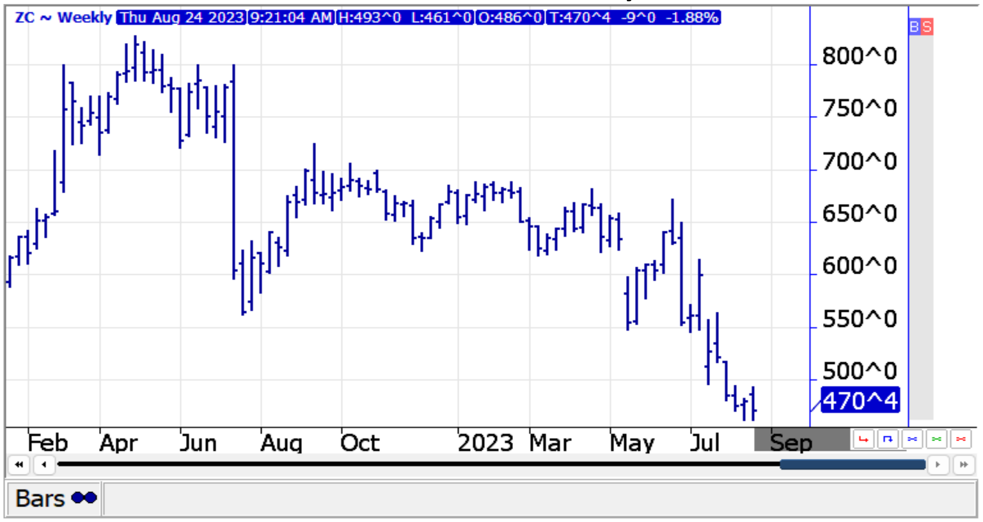


Chart from QST

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

*The following report is an overview as of **August 17, 2023** and is intended to be informative and does not guarantee price direction.*

Live Cattle

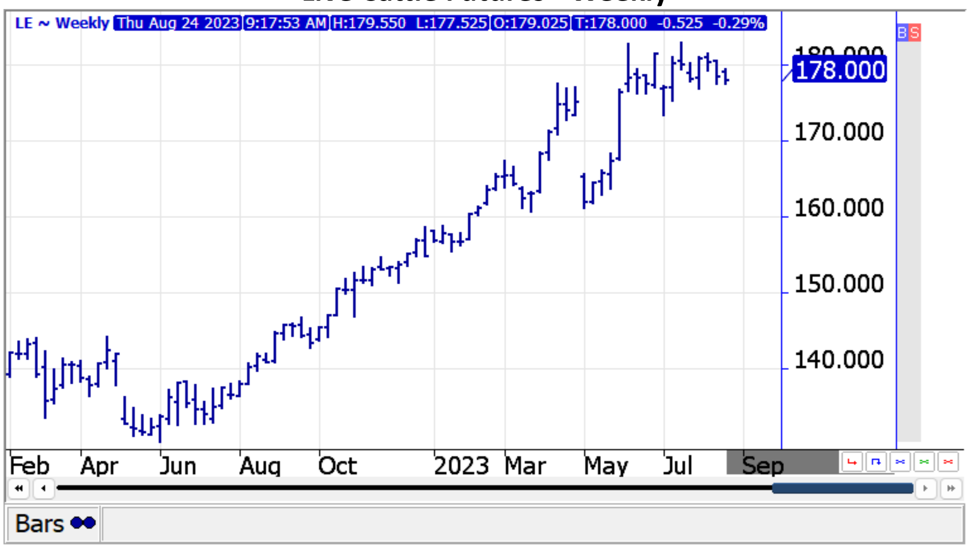
Record breaking elevated temperatures in the Southwest, the Central Plains and Western states continued through July 2023, drastically slowing weight gains for cattle in feedlots and cattle on pastures. Feedlots in the Midwest fared much better with very few days where high temperatures stressed cattle. Elevated temperatures along with inflation concerns also changed the beef products they bought. There was good demand for all beef from steaks to hamburgers for the July 4 holiday, but demand quickly fell for top primal sections, rib primals and loin primals, steaks and roasts, as consumers shifted to beef that took less time to cook and heat up kitchens or time spent outside at the grill.

On June 30 choice rib primals sold for $501.11/cwt and select rib primals were $475.33/cwt. On July 14 choice rib primals had dropped to $454.49/cwt and select rib prices were $363.16. By July 28, choice rib primals were $448.10 but there was an increase in select rib primals at $375.13.

The choice cutout began at $377.22/cwt and ended the month of July at $302.00/cwt. The choice beef cutout was $34.09/cwt over select at the beginning of July and narrowed to $25.95/cwt as consumers shopped for cheaper beef.

Cattle slaughter had been falling throughout 2023 and it continued to drop in July. Year to date slaughter was down by 3.4% at the beginning of July and by month end slaughter was off 3.9%. Fewer cattle did move cattle prices higher. The negotiated steer price average started out July at $180.82/cwt and moved up to $185.56/cwt.

Live Cattle Futures - Weekly

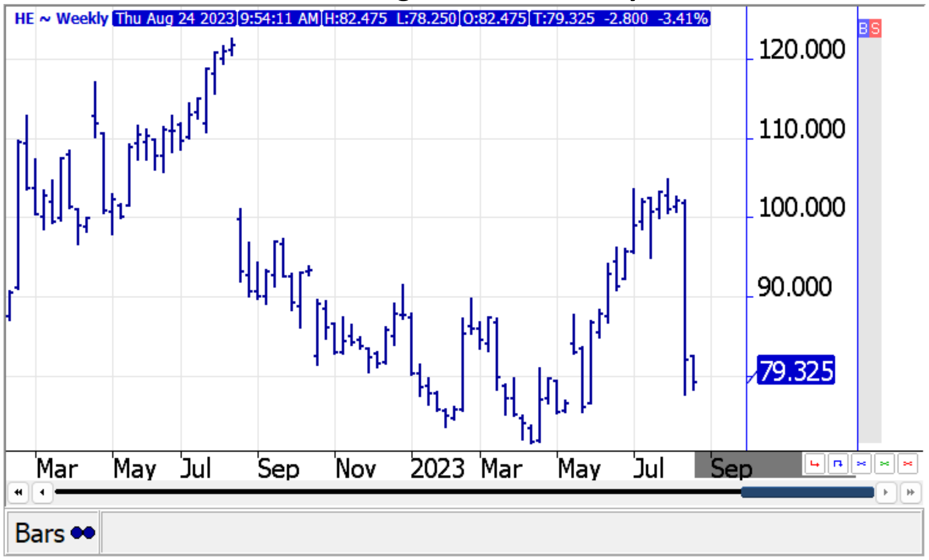


Lean Hogs

Food inflation has been a major concern of consumers. Consumers wanting to pay less at the grocery store began adding more pork to their grocery basket. When hogs bottomed on May 26 the 5-day pork carcass was $82.51/cwt. Loins were $84.91/cwt. Hams were $76.74 and pork bellies were $77.14/cwt. Pork prices and lean hog prices moved higher through June and on June 30 the 5-day pork carcass average was up to $100.83/cwt with loins at $96.29/cwt, hams at $87.12 and pork bellies moving to $109.75/cwt.

The CME lean hog Index was $93.42/cwt. Throughout July 2023 pork prices continued to move higher. On July 31 the pork carcass was $114.24/cwt. Loins were $100.61/cwt. Hams were $97.21/cwt and pork bellies were $218.49/cwt. The CME lean hog index on July 31 was $105.90/cwt. On May 26 July 2023 lean hogs were $74.77/cwt. July 2023 lean hogs expired on July 17th at $102.35/cwt and August 2023 lean hogs on July 31 were $104.12/cwt.

Lean Hog Futures - Weekly



All 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 ***August 24, 2023*** *and is intended to be informative and does not guarantee price direction.*

Stock Index Futures

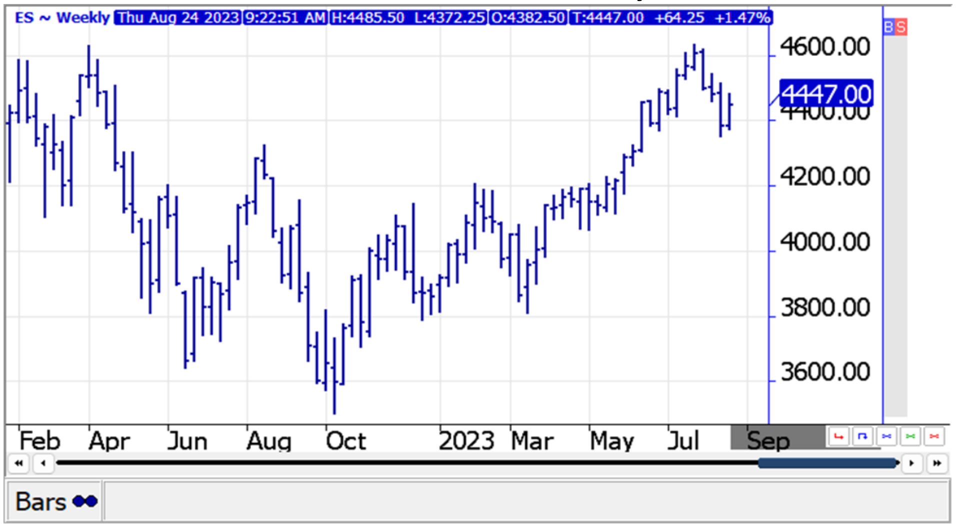
Stock index futures came under pressure in August due to a variety of reasons. Federal Reserve rhetoric has become more hawkish recently. For example, Federal Reserve Governor Michelle Bowman said more interest rate hikes will likely be needed. In addition, Fitch Ratings downgraded the U.S.'s credit rating to AA+ from AAA. This surprise move from Fitch prompted a risk-off mood in the markets. Also, stock index futures were pressured when Moody's cut credit ratings for 10 small and midsize lenders and said it may downgrade some of largest banks.

Economic reports were mixed. Retail sales in July increased 0.7% when up 0.4% was expected, but the August Empire State manufacturing index was negative 19 when negative 0.4 was anticipated.

The Logistics Manager's Index in the U.S. declined to 45.4 in July 2023, marking a third consecutive month of contraction for the overall index. In addition, the index reached a new all-time low for the fifth consecutive month.

Most analysts appear to be bearish on balance, which from a contrarian point of view suggests higher prices for stock index futures longer term.

S&P 500 Futures - Weekly



U.S. Dollar Index

The U.S. dollar index bottomed in mid-July and has been trending higher into August. The greenback recently advanced to the highest level since June 7. In recent weeks flight to quality buying has been a supportive factor as well as the recently more hawkish comments from Federal Reserve officials. Also supporting the U.S. dollar is a growing belief that the Federal Reserve is willing to keep its elevated fed funds rate higher for longer.

In addition, interest rate differential expectations have turned more favorable this week for the U.S. dollar, especially against the European currencies, since the U.S. economy appears to be holding up relatively well compared to the euro zone economy. Also, the greenback has been supported by its safe-haven status because of ongoing worries over the health of the U.S banking sector.

Continued strength is likely for the U.S. dollar.

Euro Currency

The euro currency was pressured by further evidence of an economic slowdown in the euro zone. Industrial production in Germany declined 1.5% month-over-month in June 2023, which is worse than the market consensus of a 0.5% fall and following a downwardly revised 0.1% drop in May. Weaker inflation numbers also undermined the euro. Consumer prices in the euro zone increased less than expected and producer prices fell more than anticipated.

However, not all the news was bearish. The euro zone's jobless rate was 6.4% in June, matching May's downwardly revised figure. The reading was lower than the 6.5% expected by economists. The number of unemployed people fell by 62,000 in the euro zone between May and June.

The ZEW's index for measuring the current economic conditions in Germany declined further in August to minus 71.3 from minus 59.5 in July. Economists anticipated a decline to minus 62.0.

Lower prices are likely for the currency of the euro zone.

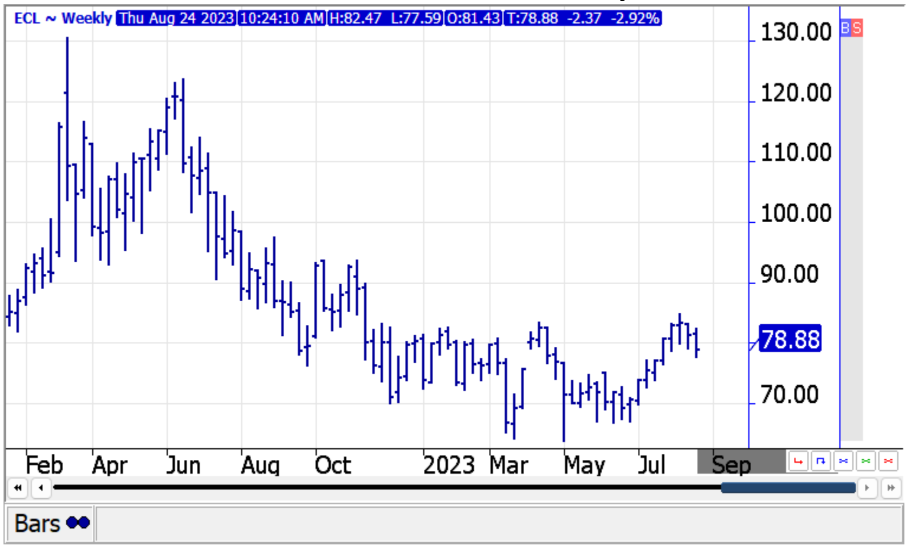
Crude Oil

U.S. crude oil futures fell under $80. On August 23, EIA released its Weekly Petroleum Status Report, which appeared to be mixed. It showed a bullish, 6.1-million-barrel decline in the headline number on U.S. crude oil inventories, which is much larger than forecasts for a 2.8 million barrel drop. At current levels, U.S. crude oil inventories are approximately 2.0% below the five-year average for this time of the year.

However, investors also saw bearish signs in the report since it showed U.S. crude oil production increased to a new 3-year-high at 12.8M bpd. Also, implied gasoline demand came in under 9M bpd for the sixth week out of the past seven weeks, which is a poor showing for what is historically the peak summer driving season. Also, the strategic petroleum reserve grew from 348.4 million bpd to 348.9 million bpd.

Lower prices for crude oil are likely in light of increasing evidence of a slowing global economy.

Crude Oil Futures - Weekly



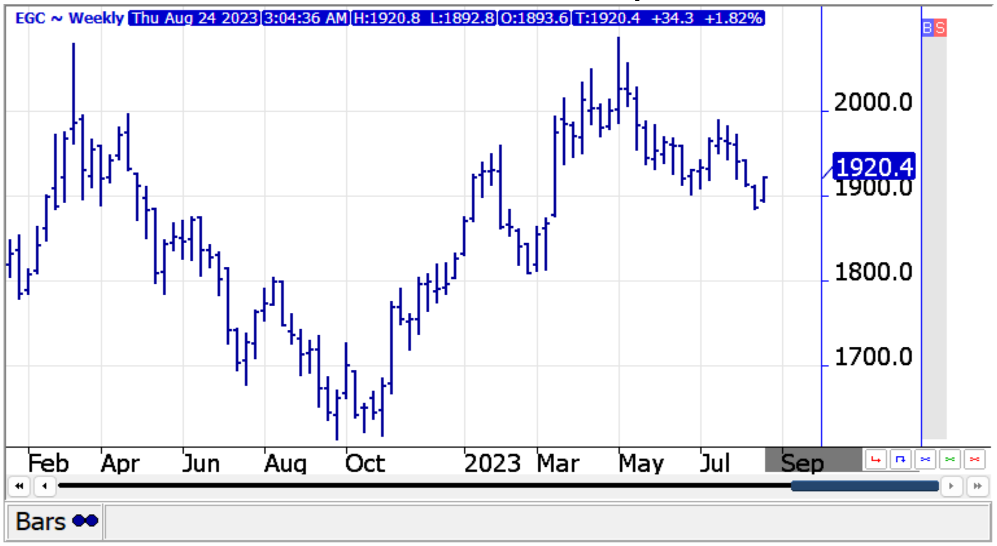
Gold

Gold futures trended lower since July 20 but made a bottom on August 21. Much of the weakness was linked to a strong U.S. dollar and continued hawkish comments from Federal Reserve officials. In addition, there appears to be a movement within the Federal Open Market Committee to be in favor of keeping high interest rates higher for longer.

However, the fundamentals started to shift this week when global interest rates declined.

Futures remain oversold and may be due for a bounce.

Gold Futures - Weekly



All Charts from QST

Support and Resistance

Grains

December 23 Corn

Support 4.63 Resistance 5.25

December 23 Soybeans

Support 12.82 Resistance 14.35

December 23 Chicago Wheat

Support 6.08 Resistance 6.88

Livestock

October 23 Live Cattle

Support 174.00 Resistance 186.00

October 23 Lean Hogs

Support 74.00 Resistance 86.00

Stock Index

September 23 S&P 500

Support 4365.00 Resistance 4555.00

September 23 NASDAQ

Support 14720.00 Resistance 15650.00

Energy

October 23 Crude Oil

Support	74.50	Resistance	81.50

October 23 Natural Gas

Support	2.450	Resistance	2.700

Metals

December 23 Gold

Support	1910.0	Resistance	1980.0

December 23 Silver

Support	24.00	Resistance	26.25

December 23 Copper

Support	3.6900	Resistance	3.8600

Currencies

September 23 U.S. Dollar Index

Support	102.900	Resistance	104.800

September 23 Euro Currency

Support	1.07550	Resistance	1.09500

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