CGI MARKET NEWS

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COLUMBIA GRAIN INTERNATIONAL, LLC

WHAT'S INSIDE

INTERNATIONAL WHEAT

Ron Williams, Merchant

Look for the market volatility brought on by much uncertainty to continue. I see nothing at this time that might calm things down other than people shifting into the holiday mode for a short time. The uncertainty of the Russia Ukraine war is not going away. The uncertainty around how much of Russia's forecasted record crop will be able to ship; the uncertainty of what the Australian crop quality will be given the rains in the Eastern part of their growing region; and the uncertainty Mother Nature is throwing at us with the drought conditions in parts of the U.S. winter wheat areas. To name a few. I wish I had a way to hedge against the risk.

Our customers overseas are struggling to determine what their demand will be moving forward. Many are moving shipment periods around as they work to make sure they have enough product to meet their needs while not having to carry inventory they will not need. Many of our buyers in Asia are behind in buying due the demand destruction they have experienced in their markets brought about by high prices and COVID related changes to consumer buying patterns. The importers are looking to cut costs where they can. Even some of our most loyal buyers will shift to other origins if they can save money and still make the quality work. This has hurt our PNW HRS sales given Canada's aggressiveness and our SWW sales with what we are seeing out of Australia. Our HRW sales have been limited by high prices brought on by our lack of PNW tributary supply.

The uncertainty is causing our buyers to delay making decisions. Some will wait until the timeline is short and are forced into a decision. My advice to them has been to not delay making the decision and run themselves out of time. If they do run out of time and are forced to make a spot move, they are at the mercy of a volatile market; if they see a number that works for them, take it, and move on. High prices and small margins are not helping with decision making either and I do not see prices moving lower near term.

OILSEEDS

***Kevin Chang**, Merchant*

ICE January Canola futures closed Wednesday night at CAD 14, lower than the previous session at CAD 882.40, roughly a CAD10.50 premium to March futures. The inverse officially took off two weeks ago, and the uptrend in the spread has stayed the same since then. Although Canola has been up-trending for the last 60 days, the commercial crush margin remained very strong due to vegetable oil and meal prices. Although the price hovers at resistance and the sentimental level at $900, Canola is still undervalued and has more room to go higher. After seeing good cash bids in most of the central growing regions in Canada, farmer selling got slower, which attributed strength in the front month futures. However, today's pullback is directly related to China's demand. Although Beijing intends to ease Covid zero policy, the Covid rate picked up again as we entered the winter season, which put fear in the market. Additionally, the market sold off the news that confirmation over Russia was not targeting Polish territory. In the next few months, South American weather conditions will become more of an influencing factor, as the state of the Soybean crops in Brazil and Argentina will influence global vegetable oil markets.

As you can see from the chart below, the market has been ranging from 880 to 895 since the beginning of Nov. Today's move was certainly big enough that it could pull down further on a technical trading zone of 860 to 880. Bulls will hope the market can show reversal tonight through tomorrow's close as today's sell-off was directly related to outside of the Canola market.

CHART OF JAN CANOLA FUTURES

CHART OF DEC SOYBEAN OIL FUTURES

CHART OF MAR SOYBEAN FUTURES

DURUM

***Ryan Statz**, Merchant*

Durum markets have been trending higher the last few weeks on fuel from the demand side. Domestic millers cleaned up available harvest bushels that flowed into the system in September. In October and the first few weeks of November, the market has seen international buyers come to the table (with rumors of that continuing). Simply put, demand hit the market in a window when bushels were not being marketed from the grower – harvest was complete, and bushels got put away in on-farm storage. While the price appreciation was needed, is it sustainable in the short term before it shuts off demand? Most Nov/Dec coverage is complete from the domestic buyer, so the price drive needs to continue to come from the international buyer. We would like to see demand continue, but the market needs to realize that international offers are now $50-75/mt higher than they were when the initial international business was put on – will it continue from North America…. or will buyers turn towards other Durum origins? Without this piece of demand coming to North America, prices likely float lower to incent more coverage. No doubt, demand will dictate the next trend.

BARLEY

***Ryan Statz**, Merchant*

It's a critical time in barley world as malting barley buyers are assessing crop quality and ultimately what will be accepted and rejected on Act-Of-God contracts from growers. No doubt, because of the diverse planting conditions mixed with harsh weather throughout barley growing areas, quality is very wide ranging. In general, the higher year-on-year production totals will not be enough alone to get the malting barley buyers back into a favorable or comfortable position from a supplied pipeline scenario. It will continue to support barley prices until we know more of when and how we can adequately refill malting barley supply chains. Please keep us updated on barley lots for sale. There are opportunities as rejected lots to one malting barley might work to a different buyer. These malting barley buyers all have different needs and wants and with the variety of wide-ranging quality, opportunities exist. It is our job to help find you this opportunity.

RED WHEAT

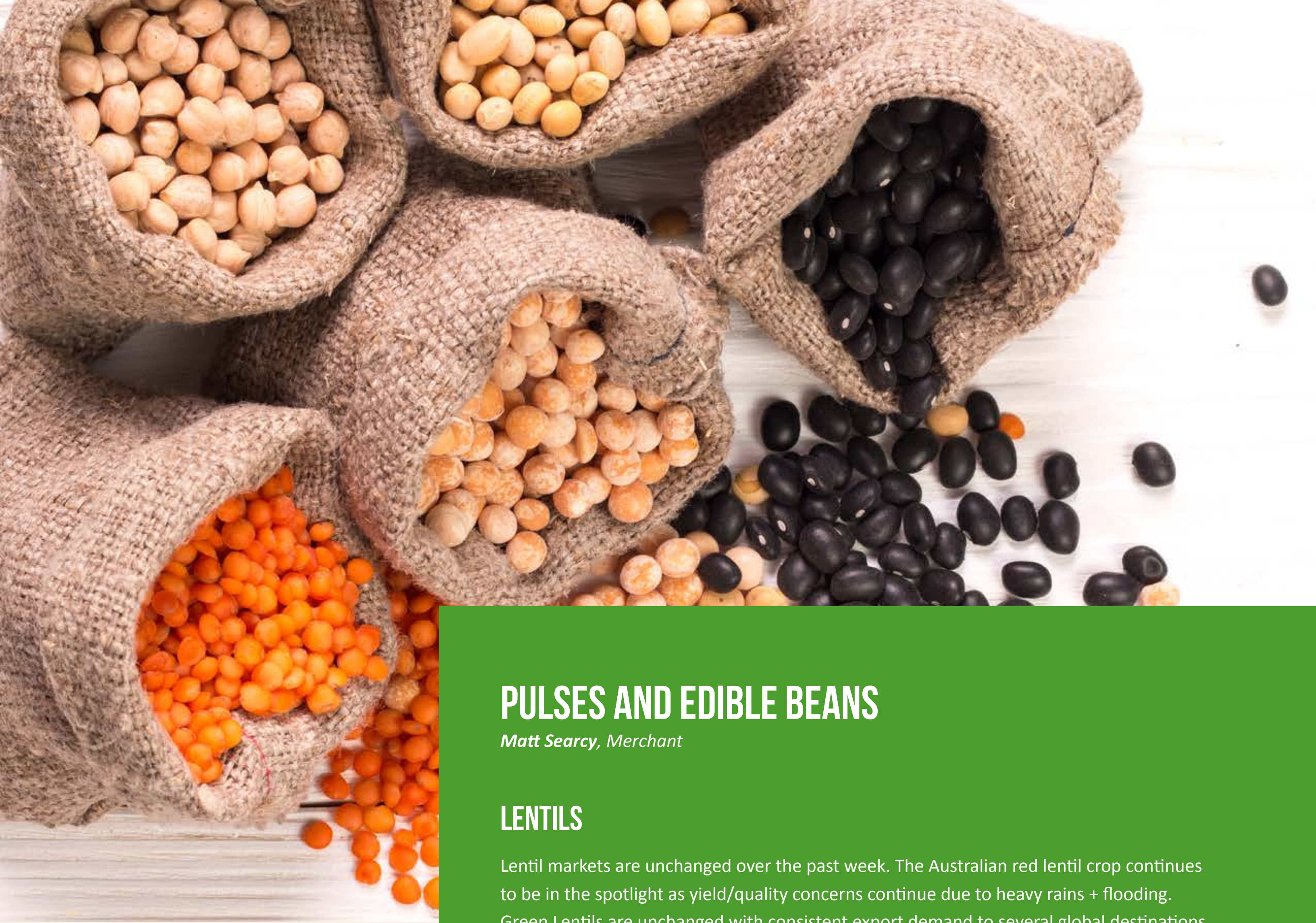
***Rudy Weitze**, Merchant*

It's been another exciting week with red wheats seeing some action. Many were on high alarm this week as it was reported that a missile was fired into Poland, killing two people. While initial reports suggested that it was a Russian missile, it ended up being a Ukrainian missile. This sent markets up, and then right back down to earth. For the month, Kansas City futures have fallen 24 cents and Minneapolis have fallen 13 cents. We're still seeing a lot of sideways trade and any gains we make seem to evaporate within a few days. This week's HRW crop conditions showed us mostly unchanged but some slight improvements with Montana at 41% good to excellent, Washington 61% gte, Kansas 24% gte, Oklahoma 19% gte and Texas 18% gte. It's still very dry along the Southern Plains but showers have been sneaking in from time to time. Some of the snow we are seeing in Montana is a welcome sight too. Domestically, millers are pretty covered nearby and have turned their focus to JFM. Many millers have concern over the chance of a rail strike (again), and what that will do to their supply chain. Rail workers could go on strike as soon as December 4th and it's clearly a situation to be monitored. On the export side of things, we saw a surprise this week when Iraq came in and bought 150,000 metric tons of spring wheat. Outside of that, we're still just seeing typical business as the US struggles to compete in the global marketplace. This week's missile debacle was another prime example of the volatility we can see due to news out of Russia/Ukraine. The market rose fast and went down just as soon. Keep your eye on the markets and reach out to your local elevator on new crop contracting. It's a great time to get things rolling with a GTC or market solutions contract.

SOFT WHITE WHEAT

***Steve Yorke**, Merchant*

November has provided little market direction for wheat of all varieties. White wheat remains locked into a price range of 8.50-9.50 with no reason to break out to either side. Business has been steady with a few surprise purchases from Korea and China but besides that we are looking at routine demand. USDA has exports pegged at 175MBU as of the latest report, that would keep stocks tight. Australia's harvest is off to a slow start due to continued wet conditions in most of the key growing areas. The word is most of the damage will be in its eastern region, known for premium hard wheat, which a portion will likely be reduced to animal feed. The damage will be known after the water recedes. We should still see plenty of competition on the white wheat side from them. I look for white wheat to continue to trade at the levels discussed above. To break out to the upside would take some more swing business from China, Korea or Indonesia which would push the export number over 175MBU and tighten the balance sheet even more. Also, a close eye needs to be on the Russian/Black Sea situation as tensions and uncertainty remain high.



PULSES AND EDIBLE BEANS

***Matt Searcy**, Merchant*

LENTILS

Lentil markets are unchanged over the past week. The Australian red lentil crop continues to be in the spotlight as yield/quality concerns continue due to heavy rains + flooding. Green Lentils are unchanged with consistent export demand to several global destinations.

FIELD PEAS

Field Pea markets remain supported today with sufficient pet-food demand in the US. US export demand is slow due to uncompetitiveness versus the Canadian exporters. Looking forward, US Gov Food Aid tenders, domestic Pea Protein Processors and inelastic export demand will drive the market.

CHICKPEAS

Chickpea markets stay active as global buyers prepare for high seasonal demand (Ramadan). As mentioned in previous reports, the US chickpea market is rangebound due to smaller acres planted and overall sufficient global supply situation. Until there is a change in global dynamics, expect prices to stay stable.

DRY BEANS:

Dry Bean markets are unchanged/slightly firmer over the past few weeks. Export demand has started to come to the table for Pintos but mostly hand-to-mouth buying. Mexico is in the middle of their Spring-Summer harvest and yield reports are poor for Black Beans, Pinto Beans and Colored Beans. Mexico expects their harvest production to be -25% Year-on-Year. The Mexican Government has put price stabilizing policies in place to keep their core basket of food products' price stable. Some of their policies include banning exports as well as restricting private retailer's prices on store shelves.

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