CGI MARKET NEWS

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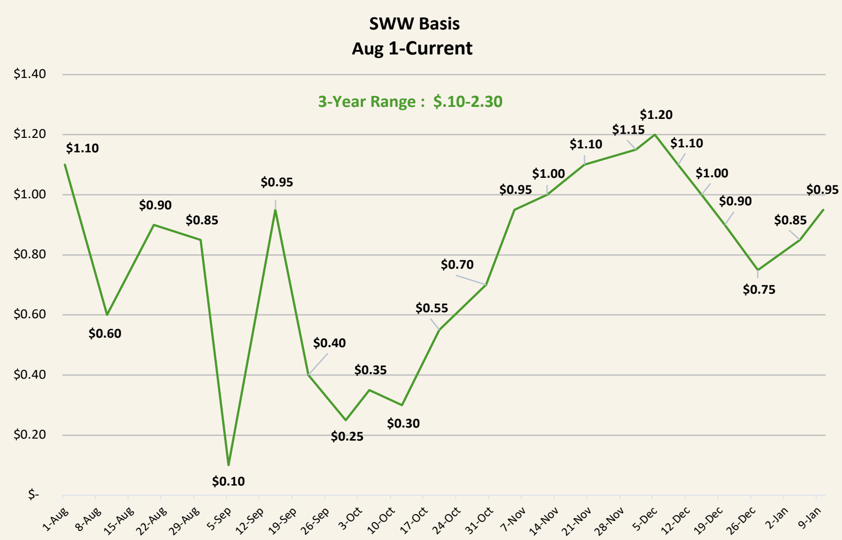
COLUMBIA GRAIN INTERNATIONAL, LLC

WHAT'S INSIDE

SOFT WHITE WHEAT

***Steve Yorke**, Merchant*

Happy New year and welcome to a post-holiday market slide. Futures backed off in the past two weeks mainly on slow demand, improved weather in key growing areas and lack of fresh news out of the Black Sea region. Also, Australia is reporting new crop estimates that put wheat production around 43mmt. This will most likely put a lid on white wheat prices as competition will be fierce. Grower selling was steady going into the holidays but has since backed off, which is probably a good thing or cash prices would be even lower. Exports are steady and ahead of last year by about 22% but the next 90 days appear quiet. China is still on the sidelines, and we haven't seen a CCC donation tender to Yemen in months. Even with a tight white wheat balance sheet I don't see a lot of upside unless weather becomes an issue or the Black Sea escalates again. Still opportunities to look at new crop HTA's and accumulators. As we all know markets change quickly so it's best to have orders in with our buyers to lock in these opportunities. Please feel free to call in to set up one on one meetings to go over our producer solutions tools. Our next grower meeting will be held in Pullman (Marriott Courtyard) on February 2nd at 10AM.



HARD RED WINTER WHEAT

***Justin Beach**, Merchant*

The WASDE and HRW seedings sure provided some fireworks. US HRW seeded acres are up 10% which should weigh on new crop basis and calendar spreads provided the crop in the field doesn't get burned up. the USDA pegged MT up 2%, CO up 13%, KS up 3%, OK up 7%, ID flat, WA down 3% and TX up 26%. Calendar spreads are inverted, and cost of money is high which is prompting shippers to bring their wheat to market, and it has begun weighing on basis levels. The USDA ballooned the HRW carryout today by another 15MBU. We are seeing increased domestic demand for HRW as it is now considerably cheaper than HRS and all is right in the world again.

We do not expect to see a major uptick in PNW exports, however. Business is now focused on last half Feb forward and remains very poor compared to historicals. Counter to everything above remains a lack of on-farm stocks, horrible looking drought monitor, and terrible condition reports from the USDA. KC futures did a nice job of holding and rebounding off of August lows. As we move forward old resistance has become new support. Many traders will now focus on world values to see if they follow today's US price action. Overall, it seems demand rallies sustain, and supply rallies fade but we sure do love strong row crop price buoyancy.

BULLISH FACTORS

- More Expensive HRS
- Crop Conditions and Drought Monitor
- Technically Old Support Has Turned to Resistance

BEARISH FACTORS

- Cheaper Offshore Options
- Increased Carryout
- Increased Acreage
- Lack of Export Demand

HARD RED SPRING WHEAT

***Rudy Weitze**, Merchant*

Spring wheat futures have struggled to make positive gains in the past couple weeks, but todays WASDE report helped to support red wheats with the Minneapolis contract graining 12 cents on the day. US ending wheat stocks were pegged at 567 million bushels coming in slightly lower than the average estimate and world ending stocks were at 268.39 million metric tons which was close to expected. One of the major highlights of the report was winter wheat seedings which are estimated to be at their highest since 2015. The southern plains are still very dry, but a few timely rains could be sending the whole wheat complex into a downward spiral. In the past couple of weeks, the futures market has taken a tumble, but it found support at the 8.90 level just as it did at the beginning of December. There just hasn't been a ton of news to keep feeding the bulls in the market. On the cash side of things, rail shipments/delays have been a focal point as railroads are still struggling with filling car orders. Mills continue to search for nearby cars that can move ASAP. Exports off the PNW still remain quiet less typical business. I would again stress the importance of being an active marketer if you're sitting on spring wheat in the bin. There's plenty of it out there and it feels like it's starting to move. Don't let historically good price levels get away from you. I wouldn't sleep on new crop opportunities either. If you haven't done anything yet we're at good levels to thing about futures only or an accumulator product.

INTERNATIONAL WHEAT

***Ron Williams**, Merchant*

Looking forward, I believe it will be difficult for wheat values to rally. Granted, our U.S. crops are challenged in many areas due to the current dry conditions. However, ample supplies in other origins will work to keep a lid on world values. I have thought for several months that the Australian wheat crop would be above 38 MMT — some believe it could be 40 MMT or higher. The previous record is the 36.35 MMT produced last year. The Australian export business will be limited only by their export capacity. Last year they exported a record 27.5 MMT. The USDA is currently forecasting the Aussie exports to be 27.5 MMT again this year. I believe the final export number will be closer to 28 MMT, if not a touch higher. This would lead to a big carryout this year giving them a buffer against a crop problem next year. Even if they have just an average crop, their stocks would be sufficient to allow them to export at full capacity and be a thorn in our side well into the 2024 calendar year as well. This will make our life in the Asian market exceedingly difficult for the next year plus. In addition, Russia continues to be aggressive in selling and they have the supplies to maintain this stance for some time. They will be able to capture any of the cheap wheat business such as Egypt they wish to. The logistical challenges created by the ongoing war will impact their ability to consistently ship. However, they have the supplies and will work hard to liquidate them.

OILSEEDS

***Sean Ferguson**, Merchant*

The USDA report of 1/12/2023 was a bullish surprise to many traders regarding the oilseed complex. Minor oilseed production was down nominally, although most oilseed headwind was led by soybeans; a tight soybean carry out mixed with a smaller Argy crop were two of the main factors attributing to the rally in the oilseed complex. Despite the recent rally, unknowns about future Chinese demand and a solid Brazilian crop are still bearish factors facing the complex. Canola futures gained traction with the support of CBOT board rallies. World soy oil and soil meal was pegged at nominally lower ending stocks. Despite the recent board rally, March canola futures have seen a decrease of roughly 27 CAD from the high a week ago.

Of the two states reporting canola seedings (Kansas/Oklahoma), acres were down a total of 16k combined at a decrease of 33/44% year over year, respectively.

BULLISH

- China increasing crude import quota for 2023
- Crude slightly higher with lower inflation numbers and Russian sanctions
- Potential of Chinese import demand increase as China is reopened

BEARISH

- Large Australian canola crop
- COVID 19 continuing to affect Chinese demand

COLUMBIA GRAIN PRODUCER SOLUTIONS

Phil Symons

We have seen a mixed bag to start the new year with wheat futures trading lower out of the gate meanwhile corn and soybeans have been relatively stable in comparison to the wheat(s) in the new year so far. A lot of the concerns that we saw materialize in February last year in the wheat complex with the war in Russia and Ukraine are getting 'resolved' for the most part. At least the trade has become hardened to happenings there as world wheat continues to trade and flow to buyers alleviating much of the concerns from last year. As a result, wheat futures have traded lower by close to 80 cents from the start of the new year.

What we all have experienced in the futures market this past year is a great reminder of the importance of getting your marketing plan and target sale prices working. The daily volatility that we have seen this past year has given us some wonderful opportunities to get sales on the books using Good 'til Cancelled orders. Using Good 'til Cancelled orders help remove some of the emotion behind pulling the trigger on your sales and can be used for all aspects of our marketing tools from Cash orders, HTA, Basis and even Accumulator contracts. Be sure to get your marketing ideas out there and working with your local Columbia Grain Merchandiser.

CORN AND SOYBEANS

***Ben Hoggarth**, Merchant*

The corn market remains mostly quiet with very thin trade. Feed and ethanol demand continue to provide most of the support in the market, with exports on the backburner. Railroad performance has improved recently with better weather conditions and shuttle values have cooled, but we're not completely out of the woods, as there's a huge backlog of car orders to work through and the bulk of winter is still ahead of us. The market hopes to see PNW exports pick up later in the year as South American exporters focus their energies on moving soybeans at the expense of corn, but volumes have been dismal to this point in the crop year.

PNW soybean exports continue to wind down as we get to the end of January, though values are still elevated as the market works to cover the last few trains. Once that's done, the market will turn its focus to domestic crush demand, which should remain strong thanks to wide crush margins.

The big news this week was the USDA's January WASDE and December 1st stocks report. Both corn and beans rallied on slightly tighter US carryouts and concerns about Argentine soybean production. Most of the growing region there remains under heat stress with little moisture in the ground and almost none in the forecast. Brazil, meanwhile, is getting more rain than it wants some parts, slowing logistics and harvest pace. The caveat there is that bean production in Brazil is estimated at 152 million metric tons, up over 25 mmt versus last year. While the USDA did cut Argie production from 49.5 mmt to 45 in the January report, the market thinks it could be sub-40. Even so, combined Argie and Brazil production would still be up some 15-20 mmt over last year thanks to the massive Brazil crop, and Chinese import demand is estimated to be down 2mmt, suggesting board rallies will be hard to sustain.

One final note of interest—the USDA raised the national corn yield from 172.2 to 173.2 but lowered the North Dakota yield from 143 to 131. Harvested acreage was also lowered, resulting in a production number 30 million bushels lower than the previous estimate. The stocks report seemed to support this number, with total ND corn stocks over 40 million bushels lower than December 1st, 2021.

***Ryan Statz**, Merchant*

DURUM

Market sentiment over the last few weeks has relaxed with commercial sales being cleaned up from the grower mixed with limited market demand to stand in behind it. The market knows that March/April/May demand is still out there both domestically and internationally, but pace has reverted to the hand-to-mouth nature that the market got accustomed to the last 12 months. International demand has been the big question mark and the closer we get to other origins harvest, the more of a chance the market has, to not be reliant on US and Canada bushels. This thought process has the US market panicky to push markets higher for now until proof is shown otherwise. Additionally, the USDA issued their January stocks report on January 12 which will support the buyer's mindset of not being a hurry and not being forced into making a buying decision today. As seen below, on-farm bushels in Montana as of December 1 went from 7,000,000 bushels in 2021 to 11,500,000 bushels in 2022 (up 65% from '21). This will likely give buyers enough ammo to further sit back for the time being.

Durum Wheat Stocks by Position – States and United States: December 1, 2021 and 2022
[Included in All wheat]

State	2021			2022		
	On farms	Off farms [1]	Total all positions	On farms	Off farms [1]	Total all positions
	(1,000 bushels)	(1,000 bushels)	(1,000 bushels)	(1,000 bushels)	(1,000 bushels)	(1,000 bushels)
Montana	7,000	1,415	8,415	11,500	2,446	13,946
North Dakota	9,500	7,884	17,384	14,000	4,682	18,682
Other States	400	15,787	16,187	400	15,069	15,469
United States	16,900	25,086	41,986	25,900	22,197	48,097

[1] Includes stocks at mills, elevators, warehouses, terminals, and processors.

BARLEY

Old crop markets have been quiet of late as maltsters try to do everything, they can to keep pipelines in an adequate position while also knowing at the same point in time that barley stocks are in the market and are slowly trickling out. Now the question comes down to do the bushels meet necessary demand from a quality and variety standpoint? The notion that barley stocks are in the market was confirmed by the USDA when they issued their USDA Stocks report on January 12. Shown below, bushels are significantly higher than the previous year both in on and off-farm stocks. Total all position bushels for '22 as of December 1 are 13,970,000 bushels compared to 7,531,000 in '21 – up 85% y-o-y.

Barley Stocks by Position – States and United States: June 1 and March 1, 2022

State	June 1, 2022			March 1, 2022		
	On farms	Off farms [1]	Total all positions	On farms	Off farms [1]	Total all positions
	(1,000 bushels)	(1,000 bushels)	(1,000 bushels)	(1,000 bushels)	(1,000 bushels)	(1,000 bushels)
Alabama	(NA)	(D)	(D)	(NA)	(D)	(D)
Arizona	(D)	20	(D)	(D)	46	(D)
Arkansas	(NA)	(D)	(D)	(NA)	(D)	(D)
California	(D)	523	(D)	(D)	529	(D)
Colorado	(D)	4,398	(D)	(D)	5,547	(D)
Delaware	(D)	(D)	(D)	(D)	(D)	(D)
Florida	(NA)	(D)	(D)	(NA)	(D)	(D)
Georgia	(NA)	(D)	(D)	(NA)	(D)	(D)
Idaho	2,600	11,483	14,083	10,500	16,370	26,870
Illinois	(NA)	(D)	(D)	(NA)	(D)	(D)
Indiana	(NA)	(D)	(D)	(NA)	(D)	(D)
Iowa	(NA)	(D)	(D)	(NA)	41	41
Kansas	(D)	14	(D)	(D)	23	(D)
Kentucky	(NA)	9	9	(NA)	6	6
Louisiana	(NA)	(D)	(D)	(NA)	(D)	(D)
Maryland	(D)	(D)	(D)	(D)	74	(D)
Michigan	(D)	10	(D)	(D)	17	(D)
Minnesota	50	(D)	(D)	250	(D)	(D)
Mississippi	(NA)	(D)	(D)	(NA)	(D)	(D)
Missouri	(NA)	(D)	(D)	(NA)	(D)	(D)
Montana	3,000	4,531	7,531	6,500	7,470	13,970

PULSES AND EDIBLE BEANS

***Tony Roelofs**, Vice President of Pulses*

LENTILS

Market has taken a step back in the past few weeks as traditional holiday mode swept over the global industry. Buyers are beginning to return to the market but currently have their focus on logistic and execution. USDA awarded a 6,150 MT Lentil tender just before Christmas which brought momentary strength to the market, but was not able to hold for long as it was quickly covered in.

Globally we're still in a small demand and small supply situation that likely will not change between now and next crop year. This means that prices are still expected to be volatile, and buyers will be covering on a hand to mouth basis. Price spread compared to red lentils is still historically wide and has been so for over a year. If this continues it is possible that we could see more green lentils acres in Canada, however we're always 1-2 crop issues in Australia, India, Canada, or Turkey from Red Lentils gaining traction.

FIELD PEAS

Yellow Peas continue to gain support from USDA tenders that have stepped back in a big way through the month of December. We saw two separate tenders for 10,000 MT each which has fueled additional strength into the Yellow Pea market. Green Peas gained some residual strength from these tenders as well. Overall, we continue to see small amounts of strength to cover USDA tenders and North America is still on a relative high price island, with Canada only exporting to their core demand. A larger than average Canadian crop that they're working through will continue to limit the overall strength of US field peas.

CHICKPEAS

Prices for Chickpeas continue to gain support on demand coming from Subcontinent Asia. Deflating container rates and limited access to Black Sea Chickpeas is the main driver of this demand which is coming to both the US and Canada. There is speculation into how much longer this rally can last due to the approaching Ramadan holiday, and reports the US Dollars are becoming increasing difficult to procure in Pakistan and Sri Lanka. This will cause difficulties for importers especially at these high prices.

EDIBLE BEANS

Dry bean markets are unchanged over the past few weeks. Export demand from Mexico and other countries has been prevalent at a small level over the holidays but largely buyers have been focused on execution of current contracts. Eyes are beginning to look to new crop as turn the calendar year, but trade has been thin so far with a few end users backing grower contracts.

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GLOBALLY WE'RE STILL IN A SMALL DEMAND AND SMALL SUPPLY SITUATION

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Columbia Grain™
CULTIVATING GROWTH™

1300 SW 5th Avenue, 29th Floor
Portland, OR 97201-5636

503 224 8624
columbiagrain.com

@ColumbiaGrain
Columbia-Grain-International
columbia_grain_international
columbia-grain