ADM Investor Services, Inc.

Monthly Commodity Futures Overview
August 2022 Edition

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 **August 18, 2022.** This report is intended to be informative and does not guarantee price direction.*

The USDA's August report was neutral for corn and wheat and negative for soybeans. Grain prices adjusted to feelings that U.S. central Midwest weather is normal and demand for U.S. corn, soybeans and wheat is below pace to tighten the U.S. carryout. Commodity prices are also trying to adjust to the higher U.S. dollar and lower energy prices. China continues to be a major influence on soybean and soyoil prices. The Ukraine export situation is also causing increasing volatility in corn and wheat prices. Indonesia and Malaysia supply, and reduced demand from China appears to be increasing volatility to world vegoil prices.

In August, the USDA raised its U.S. 2021/22 corn carryout to 1,530. This was due to lower feed use. The USDA's August U.S. corn yield was lowered to at 175.4. The USDA estimated the U.S. 2022/23 corn carryout down to 1,388 due to lower yield. The U.S. domestic basis remains elevated. The USDA lowered the EU corn crop to 60.0 mmt. EU corn imports were increased to 19.0. Ukraine 2022/23 corn exports were also increased to 12.5 mmt. The USDA continues to estimate Brazil's 2023 corn crop at 126.0 mmt and Argentina at 55.0 versus 116.0 and 52 this past year.

The USDA raised the August U.S. 2020/21 soybean carryout to 225 mil bu. This was due to a drop in exports. China's soybean buying to date is behind pace to reach the USDA's goal. Some now estimate their imports closer to 86.0 mmt versus the USDA's 90.0. The USDA increased the U.S. 2022/23 soybean carryout to 245 mil bu from 230 due a higher 2022 yield. The USDA also raised U.S. 2022/23 soybean exports 20 mil bu. The USDA continues to estimate Brazil's 2023 soybean crop at 149.0 mmt versus 126.0 this past year and Argentina at 51.0 mmt versus 44.0 mmt.

The USDA lowered their estimate of the U.S. 2022/23 wheat carryout to 610 mil bu. due to an increase in exports. The USDA estimated world 2022/23 end stocks to be near 267.3 mmt versus 267.5 previous and 276.3 last year. U.S. and Canada 2022 spring wheat crop conditions have improved. Ukraine has resumed Black Sea grain exports. This offered resistance to futures. Russian wheat export prices are lower than the U.S. The USDA raised Russia's wheat crop 7.5 mmt to 88.0. Some are even closer to 94.0. The USDA raised Russia's wheat exports 2 mmt to 42.0, and versus 33.0 last year.

Corn Futures - Weekly

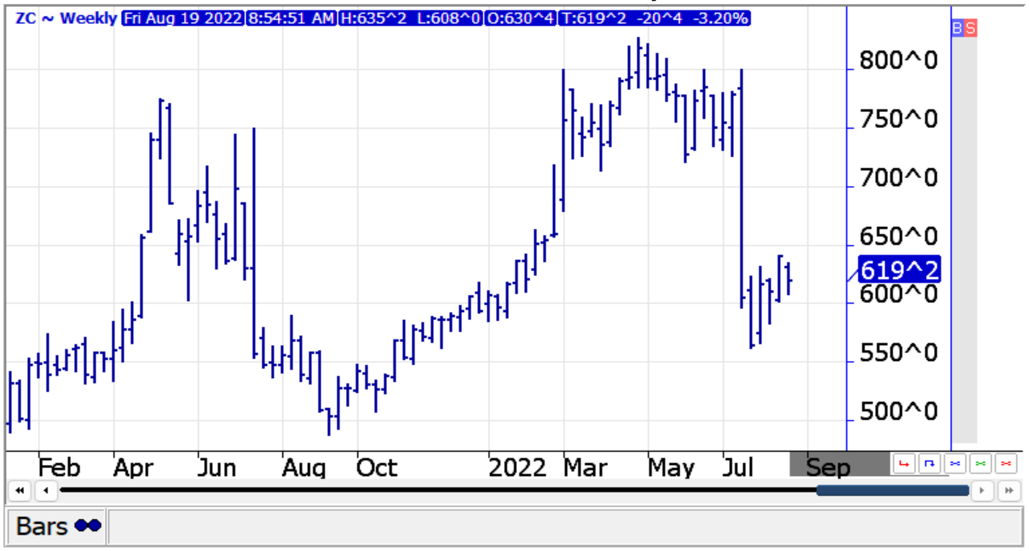

Chart from QST

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

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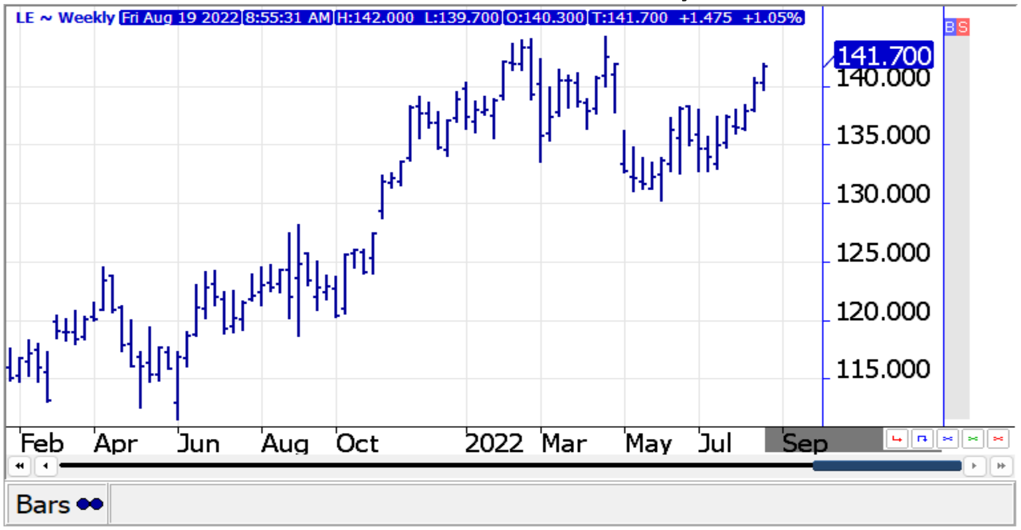
Live Cattle

Cattle prices moved higher in July. On June 30 August 2022 live cattle dropped to a low of $131.70/cwt but on July 1 buyers came in on the open and August live cattle settled the day at $134.60/cwt. By the end of the month August live cattle settled at $136.45/cwt.

In July 2022 packers drastically changed how they priced cash cattle. There often is a price difference between finished cattle in the Southwest and the Midwest from $2.00/cwt to $4.00/cwt with higher prices paid for Midwest cattle. However, in July packers showed they were desperate for heavier high grading cattle and proved it and paid much higher prices for the cattle grading high choice and prime and weighing 1,400 pounds to 1,500 plus pounds in the Midwest.

Record breaking high temperatures in the U.S. Plains to the Southwest, lack of pastures for feeder cattle and breeding stock, along with high grain prices had Southwest feedlots moving cattle as soon as a packer or another feedlot would take them. By mid-July the drought and heat were so severe in the Southwest, that many producers were forced to sell cattle and feeders early. The Midwest weather was not ideal, but cattle gained weight. To encourage feedlots to keep cattle on feed longer, packers paid large premium prices. By the first week of July 2022, finished cattle prices in the Southwest were $136.00/cwt to $138.00/cwt and at the time near the prices on August live cattle futures. In the Midwest packers paid $146.00/cwt to $150.00/cwt. The premiums Midwest cattle producers received remained throughout July.

Live Cattle Futures - Weekly

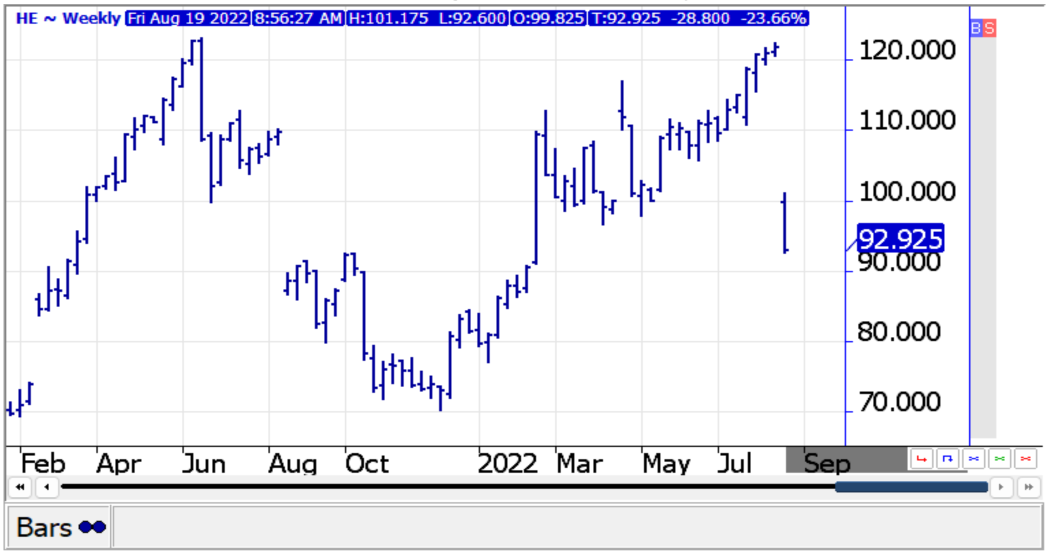


Lean Hogs

On June 30, 2022, August 2022 lean hogs made the month's low at $100.25/cwt and settled the month at $102.10/cwt. During June 2022, August lean hogs lost $10.80/cwt and technically it looked like they could continue lower. But after the July 4 break, buyers entered the market and on July 5 the price moved up to $106.42/cwt, and by June 6 rising to $109.95/cwt. By month end on July 29 August 2022 lean hogs closed at $120.65/cwt. August 2022 lean hogs gained $18.55/cwt in July.

There is a very good reasons why lean hogs rallied in July 2022, and the reason hogs have been high throughout 2022. The lack of hogs, and compared to beef and poultry, pork is cheap and in demand in the U.S. At the end of July 2022, the U.S. federal hog slaughter year to date was down 3.7%, to 2,747,000 head. The U.S. hog market has yet to recover from the liquidation during the spring of 2020 because of the COVID 19 pandemic. The news in 2020 was about hog euthanasia but the long term effect was the breeding stock slaughtered and producers not replacing it. Another reason breeding stock has not been replaced was the high grain and feed prices from the summer of 2021 followed by the big move up in 2022, finally spiking in mid-May 2022.

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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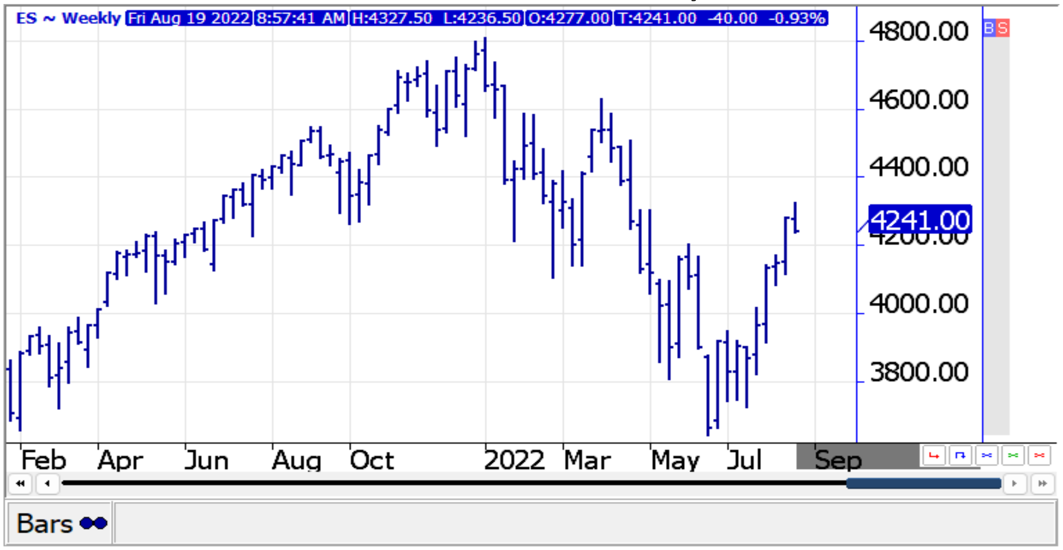
Stock Index Futures

Stock index futures advanced to four-month highs in August despite Federal Reserve officials discussing a faster timetable for raising interest rates this year. Federal Reserve officials' comments have remained hawkish in recent days despite last week's reports that the rate of inflation as measured by the consumer price and produced price indexes may have peaked. Several policymakers have pointed out that a dovish pivot is unlikely.

In addition, investors remain worried about slowing global economic growth. Most economic reports have come in weaker than expected. For example, housing starts in July were 1.446 million when 1.599 million were anticipated.

Despite the increase in the fed funds rate and hawkish comments from Federal Reserve officials stock index futures have held up well.

S&P 500 Futures - Weekly



U.S. Dollar Index

The U.S. dollar index advanced to a 20-year high in mid-July as interest rate differential expectations drove the greenback higher. Most of the strength was linked to Federal Reserve officials indicating a readiness to take more aggressive steps to bring inflation under control as most inflation measures have come in hotter than expected.

However, since the July highs were registered there have been growing indications that inflation in the U.S. may be moderating, and that tended to diminish the bullish interest rate differential advantage that the greenback has enjoyed. Despite less hot inflation numbers in the U.S., the Federal Reserve is likely to continue to hike interest rates this year which is supportive to the U.S. dollar.

Euro Currency

The euro currency declined to the lowest level in 20 years in July, falling towards parity against the U.S. dollar. Pressure on the euro was linked to a growing disparity between the European Central Bank and Federal Reserve policies, economic and political concerns, which could make it more difficult for the European Central Bank to tighten monetary policy.

Most economic reports in the euro zone have come in weaker than predicted. The latest figures showed German investor morale fell in August. Also, euro zone quarterly economic growth was revised lower to 0.6% in the second quarter of 2022 from a preliminary estimate of 0.7%, and following a 0.5% increase in the first quarter.

Currently, the fundamentals are bearish on balance for the currency of the euro zone and lower prices are likely over the near-term, including a decline to below parity against the U.S. dollar.

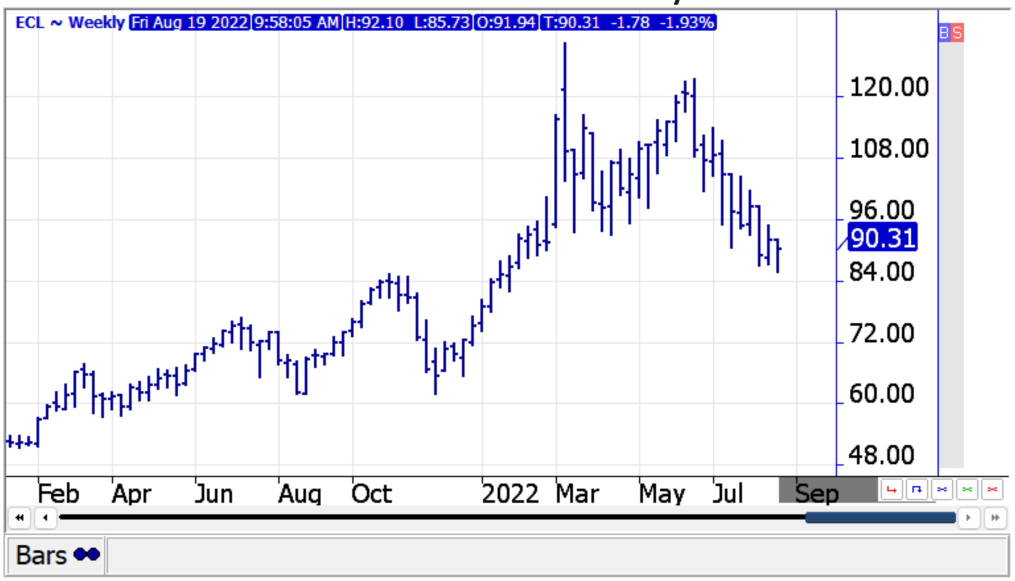
Crude Oil

Crude oil prices topped in early June, falling from the 115 area toward their lowest in three months to near 85. Much of the weakness is linked to falling global demand. The market fell sharply as a result of weak U.S. housing and manufacturing data that some economists say point to recession.

There was some support when OPEC Secretary General Al Ghais reminded energy traders that OPEC could be in a position to reduce production if needed.

Risk sentiment has turned negative and lower prices are likely for crude oil futures.

Crude Oil Futures - Weekly



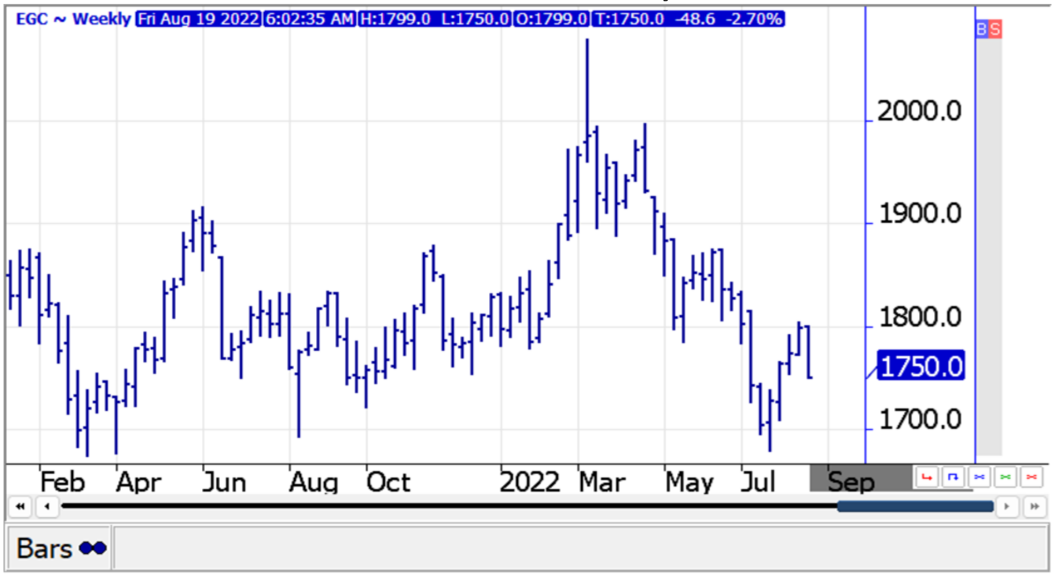
Gold

Gold futures trended higher since mid-July as some of the fundamentals turned more favorable. The U.S. dollar came off its highs. Gains have been limited more recently as Federal Reserve officials have ramped-up their hawkish rhetoric.

St. Louis Federal Reserve Bank President James Bullard said he was leaning toward supporting a third consecutive 75 basis point rate hike in September, while Mary Daly of the San Francisco Fed said hiking rates by 50 or 75 basis points next month would be "reasonable."

In spite of this there are indications that central banks may be less hawkish than many analysts expect later this year, including the Federal Reserve, in response to slower global economic growth. A likely less aggressive Federal Reserve later this year is long-term supportive to the price of gold.

Gold Futures - Weekly



Charts from QST

Support and Resistance

Grains

December 22 Corn

Support 5.75 Resistance 6.50

November 22 Soybeans

Support 13.25 Resistance 14.50

December 22 Chicago Wheat

Support 7.00 Resistance 8.20

Livestock

October 22 Live Cattle

Support 140.00 Resistance 150.00

October 22 Lean Hogs

Support 87.00 Resistance 105.00

Stock Index

September 22 S&P 500

Support 4160.00 Resistance 4300.00

September 22 NASDAQ

Support 12500.00 Resistance 13800.00

Energy

October 22 Crude Oil

Support 82.50 Resistance 95.20

October 22 Natural Gas

Support 8.100 Resistance 10.200

Metals

December 22 Gold

Support 1755.0 Resistance 1820.0

December 22 Silver

Support 18.55 Resistance 20.90

December 22 Copper

Support 3.4800 Resistance 3.7500

Currencies

September 22 U.S. Dollar Index

Support 106.200 Resistance 109.150

September 22 Euro Currency

Support .99500 Resistance 1.02500

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