



Monthly Commodity Futures Overview March 2024 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 **April 18, 2024**. This report is intended to be informative and does not guarantee price direction.*

Corn

U.S. corn ending stocks dropped 50 mil. bu. to 2.122 bil. in the April-2024 WASDE report, which was in line with expectations and just above our estimate of 2.097 bil. Ethanol and feed usage were both increased 25 mil. bu., with no changes to exports. The average U.S. farm price slipped \$.05 to \$4.70 bu. Global stocks fell 1.3 mmt to 318.3 mmt, which was slightly above expectations. The USDA made no change to Brazil's production forecast keeping it at 124 mmt vs. the revised Conab est. of 111 mmt.

The production gap between the USDA and Conab actually widened. The difference in export forecasts is even wider with the USDA at 52 mmt, vs. Conab's at 31 mmt. The USDA lowered Argentine production only 1 mmt to 55 mmt, still well above most private estimates that are centered around 50 mmt. Disease pressure has driven the lower production forecasts in recent weeks. The Argentine harvest is reported at 15% complete. U.S. corn plantings are off to an average start with 6% of the crop seeded as of April 14, just below the 7% pace from a year ago, however ahead of the 5-year average of 6%.

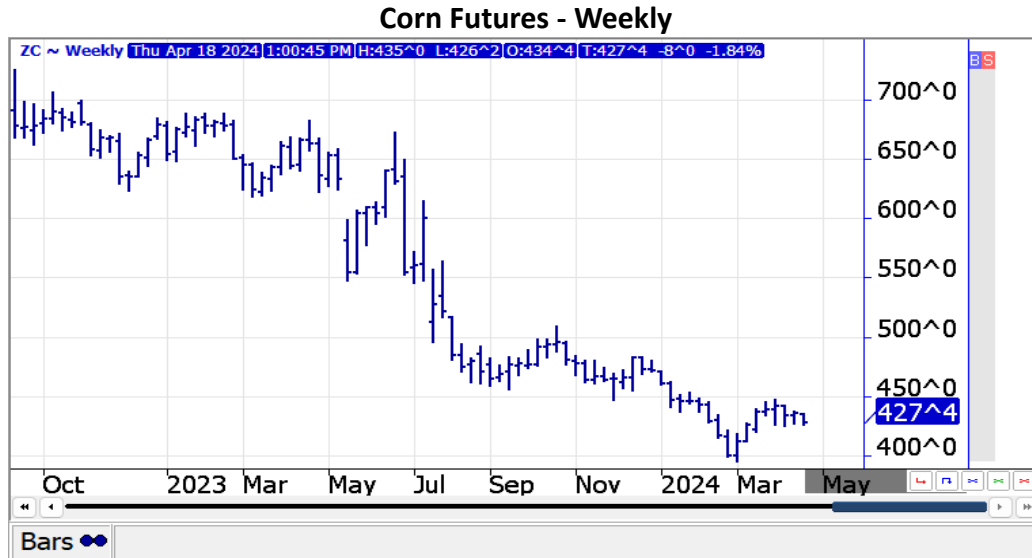


Chart from QST

Soybeans

U.S. soybean ending stocks increased 25 mil. bu. to 340 mil. at the high end of the range of expectations. We were looking for a 10 mil. bu. increase. Exports were cut 20 mil., imports reduced 5 mil. with seed/residual down 11 mil. The average U.S. farm price fell \$.10 to \$12.55. There were no changes to the domestic meal balance sheet. Bean oil stocks rose 45 mil. lbs. to 1.627 bil. after a 95 mil. lb. increase in production and imports, which was partially offset by a 50 mil. lb. increase in exports. Global bean stocks held steady at 114 mmt, roughly 1.5 mmt above expectations. There were no changes to either Brazil's or Argentina's production estimates, as they were left at 155 and 50 mmt respectively. Earlier, Conab lowered its Brazilian soybean production .3 mmt to 146.5 mmt. The USDA, along with exchange estimates in Argentina, are in line at 50 - 51 mmt. The Argentine harvest progress was pegged at 11% as of mid-April. The USDA made no change to its Chinese import forecast of 105 mmt. U.S. soybean plantings are underway with 3% seeded as of April 14.

Wheat

U.S. wheat ending stocks increased 25 mil. bu. to 698 mil. slightly above expectations, however within the range of estimates. We were looking for a 35 mil. bu. increase. Feed usage was cut 30 mil. bu., while imports fell by 5 mil. Exports held steady at 710 mil. By class stocks changes were HRW -5 mil., HRS +20 mil., white +6 mil. and durum +4 mil. The average U.S. farm price fell \$.05 to \$7.10. Global stocks slipped less than 1 mmt to 258.3 mmt, which was in line with expectations. Exports rose 1.5 mmt for Ukraine, 1 mmt for Russia and .5 mmt for Australia. Exports were cut by 2 mmt for the EU and .5 mmt for Argentina. The U.S. winter wheat crop was rated 55% G/E as of April 14, much better than a year ago at only 27%. Overall ratings are the highest since 2020. Spring wheat plantings at 7% are running at a faster than normal pace with only 2% seeded last year, with the 5-year average of 6%.

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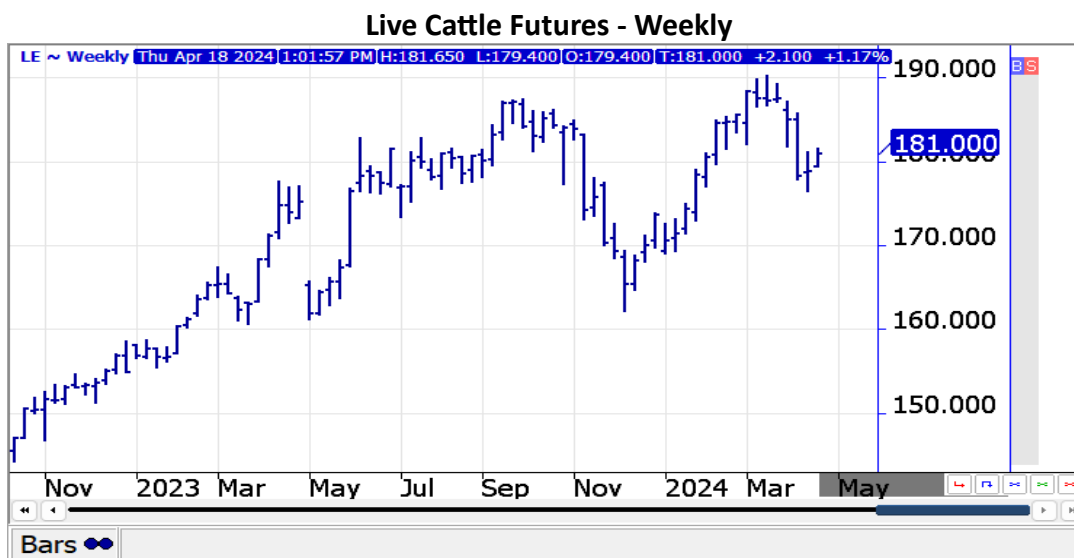
Livestock Outlook by Chris Lehner, Senior Livestock Analyst, contracted by ADM Investor Services

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Live Cattle

U.S. cattle inventory began to decline when U.S. cow/calf producers sold cows during the peak of COVID in 2021 and because of severe droughts in the Southwest and Western states the summer of 2021. In 2022 there was another drought and cow selling, and less heifer retention continued. According to the January 2024 USDA Cattle Inventory report, the calf crop was the smallest calf crop since 1948 and the lowest of all cattle and calves since 1951. By the end of 2023 U.S. federally inspected slaughter was down 4.2% compared to 2022. When the first quarter of 2024 ended, U.S. cattle slaughter compared to the same period in 2023 was down 5.8%. With the drop in slaughter, U.S. packers in March made the decision to cut slaughter hours to guaranteed union hours at 32 hours per week.

With slaughter down, beef supplies dropped. U.S. consumers in 2023 began consuming less beef, approximately 4 pounds per person but less consumption didn't coincide with the large drop in production. March 2024 also had increase in demand for high priced beef cuts for the Easter holiday and warmer weather when outdoor cooking increased. The CME boxed beef index price started the month at \$299.10. By mid-month it was up to \$307.67, and by month-end it was \$307.67. Cattle prices moved from \$184.00 to \$188.00 to month-end averaging \$188.00.



Lean Hogs

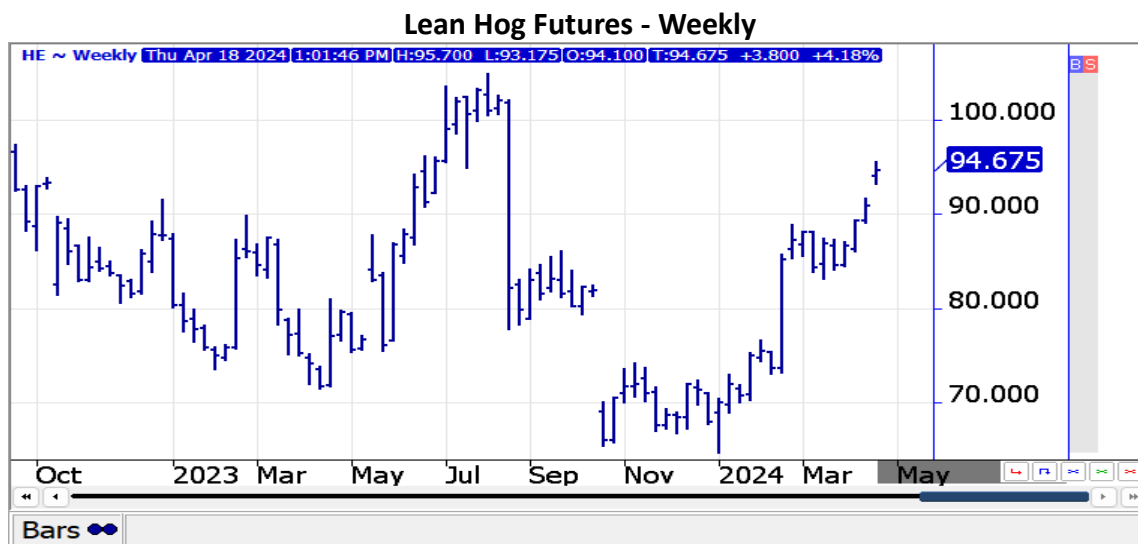
Hog and pork prices benefited from the high prices for beef. By March 2024 U.S. federal hog slaughter was up year-to-date 1.4%, and at the same time consumers were eating more pork in

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the U.S. and U.S. exports were strong. During March 2024 the CME lean hog index started out the month at \$79.42, moved up to mid-month to \$82.19 and ended March at \$84.64. Pork prices moved higher, while hog prices increased giving packers the incentive to maintain an active slaughter. The CME pork cutout Index began March at \$91.25, moved up to \$92.58, and by the end of March was at \$94.67.

As U.S consumers consumed more pork, the U.S. was also exporting more pork. By March 1 U.S. pork exports were up 10%. Mexico, with super inflation and a strong peso compared to the U.S. dollar, increased exports by 12% compared to the same time in 2023. For 2023 total U.S. exports grew by 8%. Mexico's exports were up 14%.



Charts from QST

Stock Index, Currency, Crude Oil and Precious Metal Futures Market Outlook by Alan Bush, Senior Financial Economist, ADM Investor Services

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Stock Index Futures

Stock index futures continued to trade higher into March with S&P 500, NASDAQ and Dow futures advancing to new historical highs. However, there was long liquidation in April when it became apparent that the Federal Reserve will be even slower to pivot to accommodation. This view was enhanced by higher than expected inflation reports, including the February consumer price index excluding food and energy report that came in at up 0.4% when a gain of 0.3% was anticipated, and also when the February producer price index report showed an increase of 0.6% when up

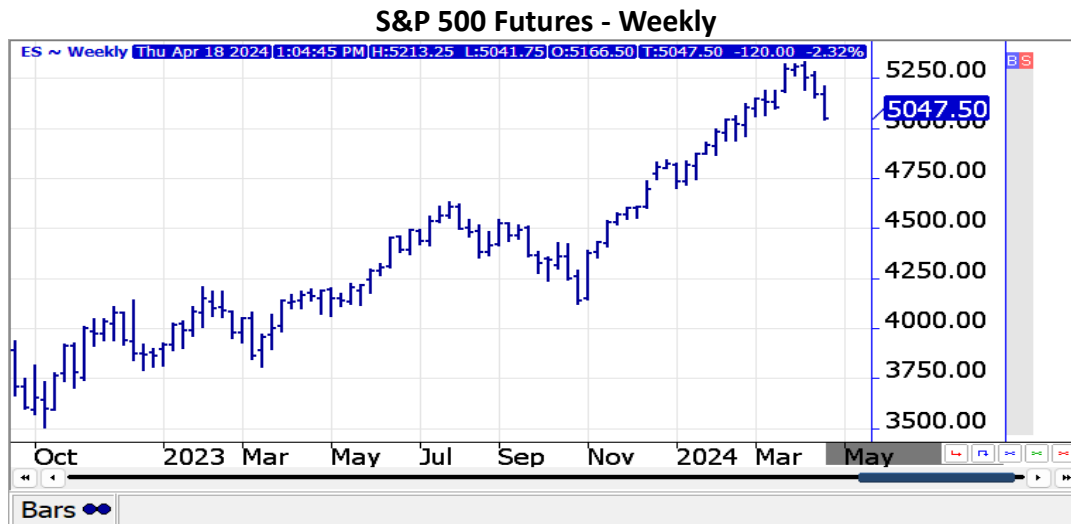
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0.3% was forecast. In addition, the producer price index, excluding food and energy, advanced 0.3% when a gain of 0.2% was estimated.

Stubborn inflation numbers did not go unnoticed by Federal Reserve officials. Federal Reserve Chair Jerome Powell said recent data on inflation had not given U.S. policymakers the confidence needed for them to pivot to interest rate cuts soon. Powell said officials would leave rates at their current level for "as long as needed" if inflation levels remained elevated. In addition, there was pressure on futures due to the increasing geopolitical tensions in the Middle East.

The bullish influence of mostly better than expected corporate earnings is being offset by the bearish influences of geopolitical concerns and a Fed that is slow to pivot to accommodation.



U.S. Dollar Index

The U.S. dollar index has been strong this year and recently advanced to five-month highs. Much of the strength in the greenback has been due to interest rate differentials that have turned more favorable in light of the increasing view that the Federal Reserve is likely to remain restrictive for longer, while other major central banks will probably become accommodative sooner.

Economic report have been mostly stronger than expected. Nonfarm payrolls in March were up 303,000 when an increase of 200,000 was expected, and private payrolls increased 232,000 when a gain of 170,000 was anticipated. The unemployment rate was 3.8% when 3.9% was estimated. Retail sales in March increased 0.7% when up 0.4% was expected.

The housing numbers were disappointing, however. Housing starts in March were 1.321 million when 1.480 million were expected, and building permits were 1.458 million when 1.510 million were anticipated. In addition, the National Federation of Independent Business Small Business Optimism Index in the U.S. declined for a third consecutive month to 88.5 in March 2024, which was the lowest since December 2012 and was well under forecasts of 90.2.

The fundamentals are bullish for the U.S. dollar and higher prices are likely.

Euro Currency

The euro currency topped in early March as pressures started to build for a June interest rate reduction from the European Central Bank. Euro zone inflation slowed across the board last month, reinforcing expectations for easing conditions. Inflation in the 20 nations sharing the euro currency slowed to 2.4% last month from 2.6% in February. In addition, German wholesale prices fell by 3.0% in March compared with the same month last year.

The European Central Bank kept interest rates unchanged as predicted but hinted at a rate reduction at its June meeting. European Central Bank policymaker Peter Kazimir said the ECB can cut rates in June given the persistent decline in inflation, although not committing to any policy path beyond June.

Interest rate differentials are likely to exert downward pressure on the euro.

Crude Oil

Crude oil futures trended higher in March through early April due to concerns about an expansion of the conflict in the Middle East. However in the last few days some pressure has developed with the market again worrying about demand. Demand concerns were rekindled by the EIA's report of a fourth straight weekly build in U.S. crude stocks.

EIA data showed that U.S. crude inventories increased by 2.735 million barrels to their highest levels since June, exceeding market expectations for a 1.6 million barrel build. Fading prospects of U.S. interest rate cuts this year also dampened the demand outlook.

Crude Oil Futures - Weekly

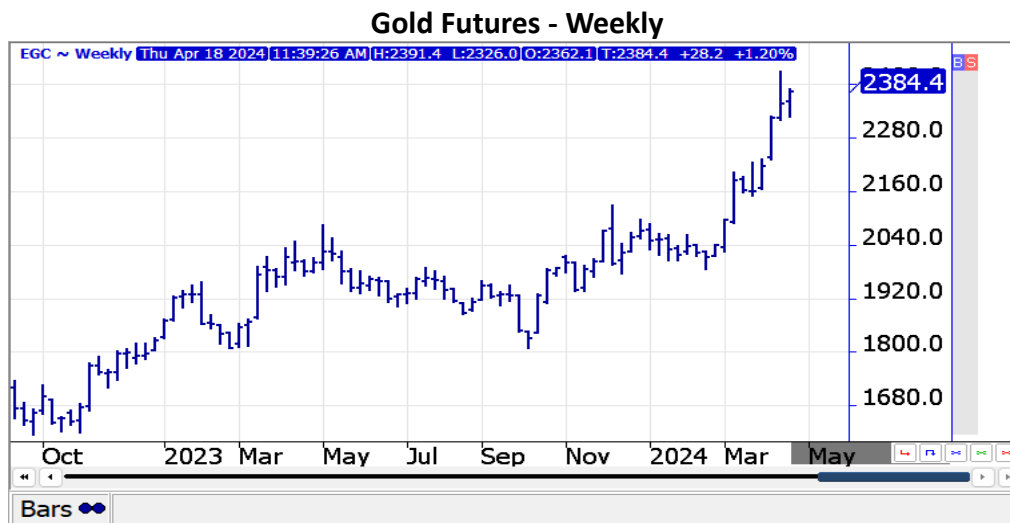


Gold

Gold futures advanced to new record highs on April 12 as central banks continue to be big buyers. However, since then there was some profit taking as Federal Reserve officials continue to indicate that the Federal Reserve will be slow to pivot to accommodation. Federal Reserve Chairman Powell recently make comments suggesting tight monetary policy will need more time to take

effect. Recent strength in the U.S. dollar appears to be having only a limited negative effect on the price of gold, which is a sign of strength. In addition, safe haven buying has provided underlying support for the yellow metal.

The fundamentals are aligned on the bullish side suggesting further gains for gold futures.



Charts from QST

Support and Resistance

Grains

May 24 Corn

Support	4.10	Resistance	4.48
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May 24 Soybeans

Support	11.28 ½	Resistance	12.26 ¾
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May 24 Chicago Wheat

Support	5.23 ½	Resistance	5.75
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Livestock

June 24 Live Cattle

Support	169.00	Resistance	185.00
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June 24 Lean Hogs

Support	97.00	Resistance	109.50
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Stock Index

June 24 S&P 500

Support 4925.00 Resistance 5170.00

June 24 NASDAQ

Support 16900.00 Resistance 18000.00

Energy

June 24 Crude Oil

Support 79.50 Resistance 86.40

June 24 Natural Gas

Support 1.910 Resistance 2.080

Metals

June 24 Gold

Support 2350.0 Resistance 2465.0

May 24 Silver

Support 28.05 Resistance 29.75

May 24 Copper

Support 4.3350 Resistance 4.5500

Currencies

June 24 U.S. Dollar Index

Support 105.310 Resistance 106.800

June 24 Euro Currency

Support 1.05500 Resistance 1.07600

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