

27th Distiller's Grain Symposium  
Des Moines, Iowa

# Changing Market Dynamics

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# Outline for Today

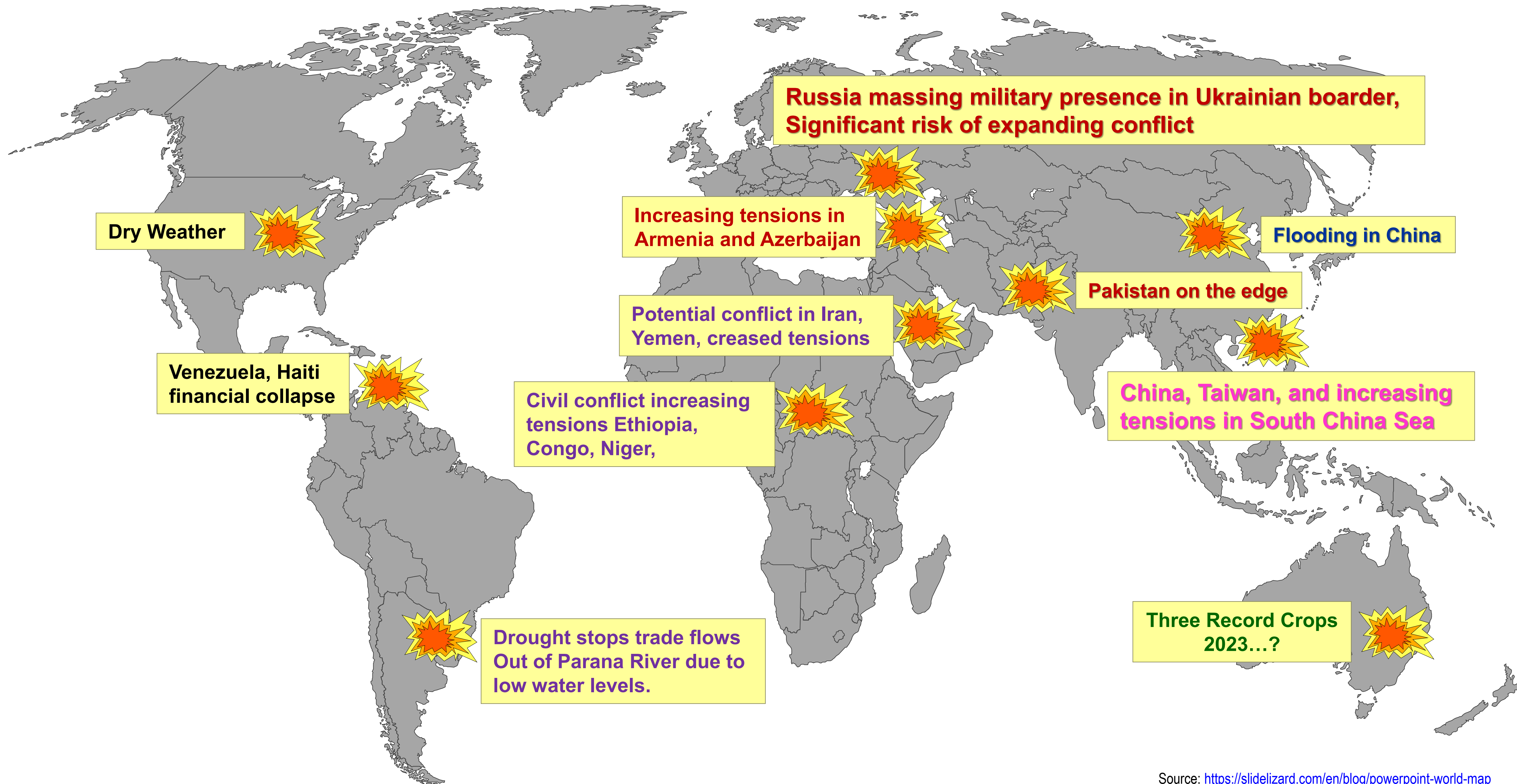
- MARCO ECONOMIC AND GEO-POLITICAL ISSUES
- COARSE GRAINS AND CORN
- ENERGY AND LIVESTOCK
- IMPACT OF OILSEEDS
  
- OCEAN FREIGHT
- WEATHER

# MARCO ECONOMIC AND GEO-POLITICAL ISSUES

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Today's primary drivers of commodity markets...

# Geo-Political Hot Spots





# Geo-Political Risks

- **China** – U.S. Relations and the “Thucydides Trap”  
Strategic diversification of country of origin supplies;  
Taiwan - China: China and their Claim to the South China Sea;  
Import Tariffs and Restrictions: China, U.S., etc...
- **Russia** – re-emergence as a major power (Central Asia, Eastern Europe, Middle East, and China)
  - Ukraine and collapse of Black Sea Grain Initiative
  - Unilateral trade agreements, China, Turkey, India, Middle East and African...
- Increasing government concern on food security,
- Increasing government policies to restrict trade, protect markets, and domestic food prices and security; (Export Taxes and Restrictions: Argentina, Russia, India, etc...)

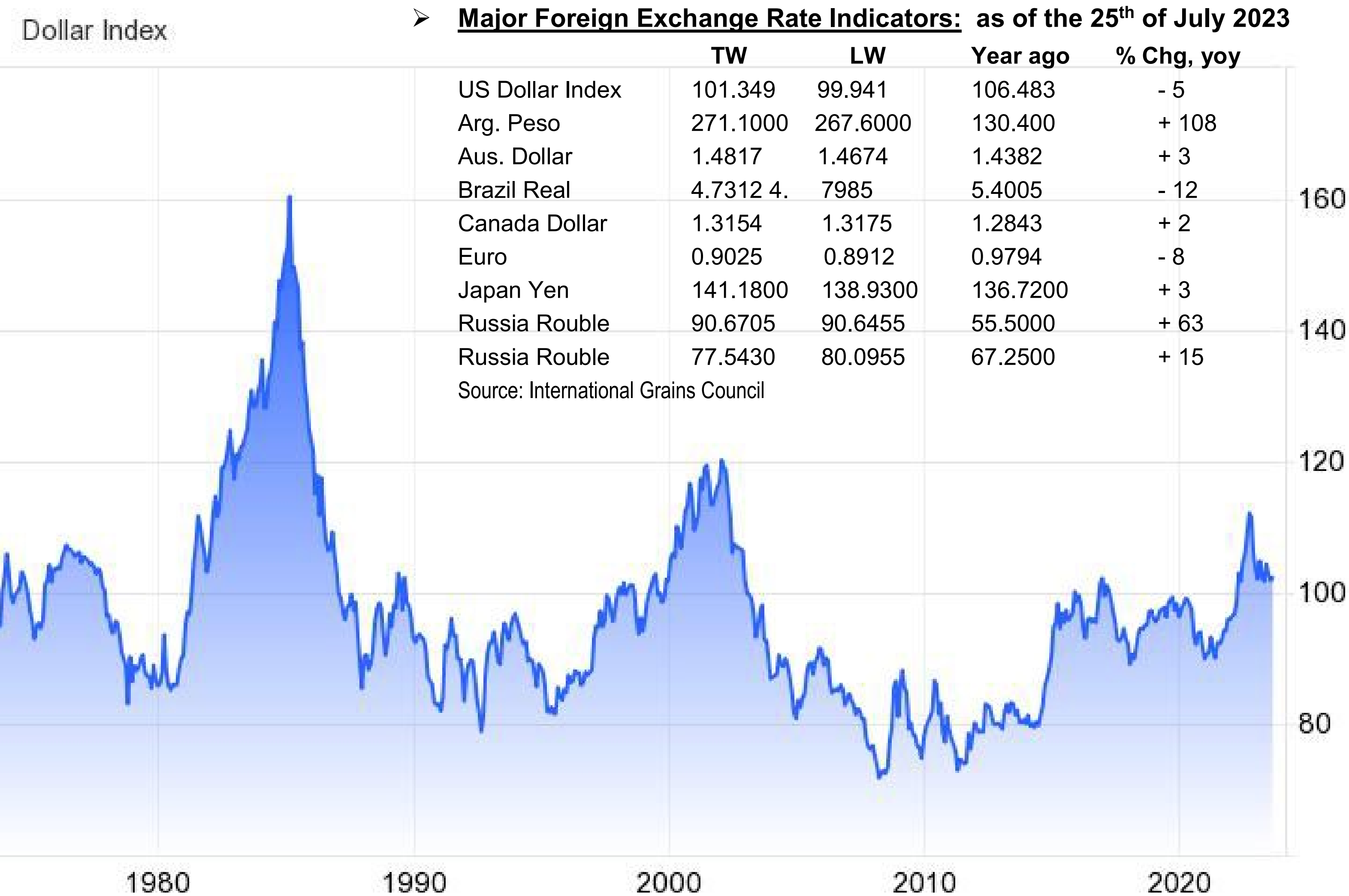
# Geo-Political Risks – Debt Crunch or Default

Below is a look at countries that face a debt crunch or have already defaulted on international loans:

- UKRAINE
- EGYPT
- PAKISTAN\*
- SRI LANKA\*
- LEBANON
- EL SALVADOR
- TUNISIA
- GHANA
- MALAWI
- ZAMBIA

# Current Market Outlook & Issues

## U.S. Dollar Index



### 50 Year Chart

The dollar index appreciated to **102.3** on the first day of August, trading at high levels not seen in nearly a month, as risk appetite waned and investors digest fresh economic data and the monetary policy outlook.

The ISM manufacturing PMI for the US pointed to a ninth-straight month of contraction in the factory sector while job openings went down to over two-year low. The payrolls report due Friday is set to provide further clues on the labour market strength. At the same time, disappointing manufacturing PMIs for China and Europe boosted the greenback safe-haven appeal. Meanwhile, traders are assigning a nearly 81% chance the Fed will leave rates steady in September while the odds for a quarter point increase in November currently stand at 31%.

**Forecast:** The United States Dollar is expected to trade at **103.14** by the end of this quarter, according to Trading Economics global macro models and analysts expectations. Looking forward, we estimate it to trade at **107.53** in 12 months time.

source: tradingeconomics.com

# Current Market Outlook & Issues

## U.S. Interest Rates



### 25 Year Chart

*The three month US Dollar LIBOR interest rate is the average interest rate at which a LIBOR contributor bank can obtain unsecured funding in the London interbank market for a three month period in US dollars.*

US Dollar LIBOR Three Month Rate was at **5.63%** on Tuesday August 1<sup>st</sup>.

Interbank Rate in the United States averaged **3.54%** from 1986 until 2023, reaching an all time high of **10.63%** in March of 1989 and a record low of **0.11%** in September of 2021.

**Forecast:** Interbank Rate in the United States is expected to be **5.75%** by the end of this quarter, according to Trading Economics global macro models and analysts expectations.



# Risks to U.S. Economy

Economic risks and significant headwinds for the U.S. economy:

- Continued tightening of US Monetary Policy, i.e.
  - Higher Interest Rates.
  - Strong U.S. Dollar, particularly against importers of U.S. Commodities
- Slow economic growth in Europe and China,
- Higher Energy Prices, driven by current administration policies and regulatory approach,
- Increasing environmental regulations,
- Persistent U.S. domestic tensions are not likely to wane,
  
- ❖ Move away from a globalized economy to regionalized relationships,
- ❖ U.S. global hegemony under attack, as well as U.S. Dollar status as world's reserve currency.

**All are having a significant impact on commodity prices...**

# Fundamental Issue Impacting Commodities

## Prices

- Historically high “Flat” price volatility,
- Historically high “Basis” price volatility,
- Strong U.S. Dollar, particularly against currencies of importers of U.S. commodities.

## Supply & Demand Issues

- Wheat tight Ending Stocks situation, can no longer afford to be priced as a feed grain
- Corn & Feed Grains at historically tight Ending Stocks situation
- Soybean & Oilseeds at historically tight Ending Stocks situation
- Increasing volatility and costs of fossil fuels; crude oil, coal, natural gas, nitrogen fertilizers
- Tightening supplies and higher prices for phosphate and potassium fertilizers

## Weather

- Changing regional weather impacts;
- Dry weather in the U.S.,
- Flooding in China,
- Dry in Argentina and Paraguay as Parana River is at lowest level in 77 years, frustrating exports from Argentina, southern Brazil and Paraguay;
- Shift from La Nina to El Nino...?

# COARSE GRAINS AND CORN

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Corn, Grain Sorghum Outlook...

# Current Market Outlook & Issues

## Corn – World

Corn World as of July 2023							
Attribute	23/24 Jul'23	Change	23/24 Jun'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	204,742	+999(+.49%)	203,743	200,996	207,287	198,946	194,350
Beginning Stocks (1000 MT)	296,297	-1255(-.42%)	297,552	309,877	293,069	307,488	322,766
Production (1000 MT)	1,224,465	+1697(+.14%)	1,222,768	1,150,684	1,218,704	1,128,943	1,123,118
MY Imports (1000 MT)	188,403	+1400(+.75%)	187,003	175,054	184,483	184,862	167,689
TY Imports (1000 MT)	188,588	+1500(+.8%)	187,088	174,923	186,645	179,870	169,751
TY Imp. from U.S. (1000 MT)	0	-	0	0	62,860	68,323	47,067
Total Supply (1000 MT)	1,709,165	+1842(+.11%)	1,707,323	1,635,615	1,696,256	1,621,293	1,613,573
MY Exports (1000 MT)	198,259	+500(+.25%)	197,759	176,569	206,457	182,703	172,386
TY Exports (1000 MT)	194,867	+1500(+.78%)	193,367	178,256	193,494	184,072	175,871
Feed and Residual (1000 MT)	762,087	+1300(+.17%)	760,787	732,428	745,929	723,990	716,893
FSI Consumption (1000 MT)	434,702	-100(-.02%)	434,802	430,321	433,993	421,531	416,806
Total Consumption (1000 MT)	1,196,789	+1200(+.1%)	1,195,589	1,162,749	1,179,922	1,145,521	1,133,699
Ending Stocks (1000 MT)	314,117	+142(+.05%)	313,975	296,297	309,877	293,069	307,488
Total Distribution (1000 MT)	1,709,165	+1842(+.11%)	1,707,323	1,635,615	1,696,256	1,621,293	1,613,573
Yield (MT/HA)	5.98	(-.33%)	6	5.72	5.88	5.67	5.78

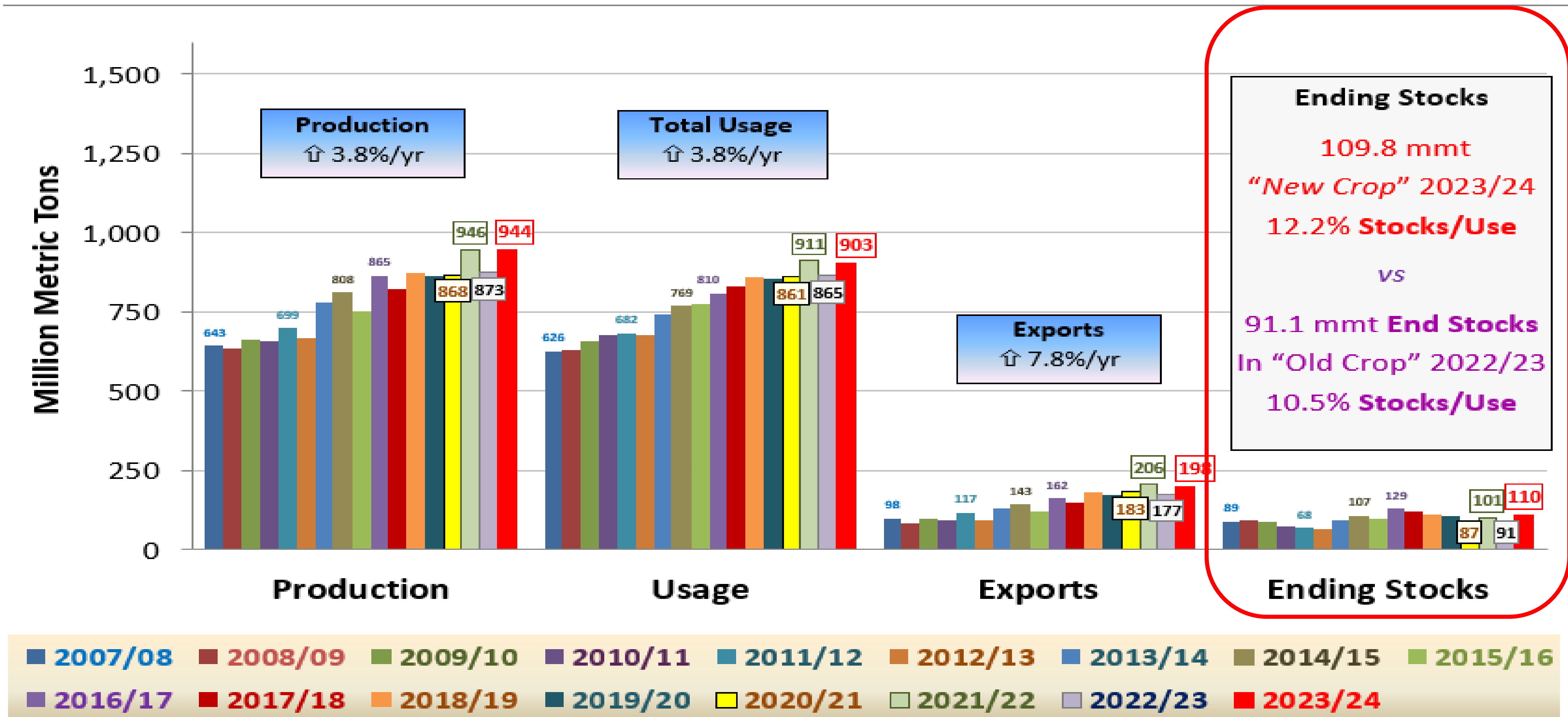
- Record Production – 1,225 mmts, Record Consumption – 1,196 mmts
- Ending Stocks – 314 mmts, up 17.8 mmts YoY, Stx/Use 26% / 25% LY, modest increase on waning demand
- Grain Sorghum will continue to be exported to China at a premium to corn...



## Current Market Outlook & Issues

# Corn – World, Less China Stx vs Use = 12.2%

MY 2007/08 – “New Crop” MY 2023/24 as of the July 12, 2023 USDA WASDE Report



# Current Market Outlook & Issues

## Corn – U.S.

Corn United States as of July 2023							
Attribute	23/24 Jul'23	Change	23/24 Jun'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	34,933	+899(+2.64%)	34,034	32,054	34,527	33,311	32,916
Beginning Stocks (1000 MT)	35,603	-1270(-3.44%)	36,873	34,975	31,358	48,757	56,410
Production (1000 MT)	389,146	+1397(+.36%)	387,749	348,751	382,893	358,447	345,962
MY Imports (1000 MT)	635	-	635	635	615	616	1,064
TY Imports (1000 MT)	600	-	600	600	607	629	959
TY Imp. from U.S. (1000 MT)	0	-	0	0	0	0	0
Total Supply (1000 MT)	425,384	+127(+.03%)	425,257	384,361	414,866	407,820	403,436
MY Exports (1000 MT)	53,342	-	53,342	41,912	62,802	69,775	45,175
TY Exports (1000 MT)	54,000	-	54,000	43,000	62,978	68,293	47,035
Feed and Residual (1000 MT)	143,517	-	143,517	137,801	145,265	142,428	149,830
FSI Consumption (1000 MT)	171,077	-	171,077	169,045	171,824	164,259	159,674
Total Consumption (1000 MT)	314,594	-	314,594	306,846	317,089	306,687	309,504
Ending Stocks (1000 MT)	57,448	+127(+.22%)	57,321	35,603	34,975	31,358	48,757
Total Distribution (1000 MT)	425,384	+127(+.03%)	425,257	384,361	414,866	407,820	403,436
Yield (MT/HA)	11.14	(-2.19%)	11.39	10.88	11.09	10.76	10.51

- Record Production – 389.1 mmts, (2016/17 – 384.8 mmts)
- Near Record Consumption – 314.6 mmts (2021/22 – 317.1 mmts); FSI up 2.0, Feed up 5.7, Exports up 11.4,
- Ending Stocks – 57.4 mmts, up 21.8 mmts; YoY, Stx/Use 18.3% / 11.2% LY, increase on waning demand
- Wheat supplies are now tight enough that wheat has to stay priced out of the feed rations...

Source: USDA FAS PS&D - <https://apps.fas.usda.gov/psdonline/app/index.html#/app/compositeViz>

# Current Market Overview, Outlook & Issues

## U.S. CBOT Corn – Nearby Monthly



### Nearby CBOT Corn

US\$/bushel

25 Year History

#### Highs

July 2012 - \$8.20

May 2021 - \$7.35

#### Low

Aug 2000 - \$1.75

(post GFC)

Sep 2009 - \$3.02

April 2020 - \$3.09



# Current Market Overview, Outlook & Issues

## U.S. Corn Situation

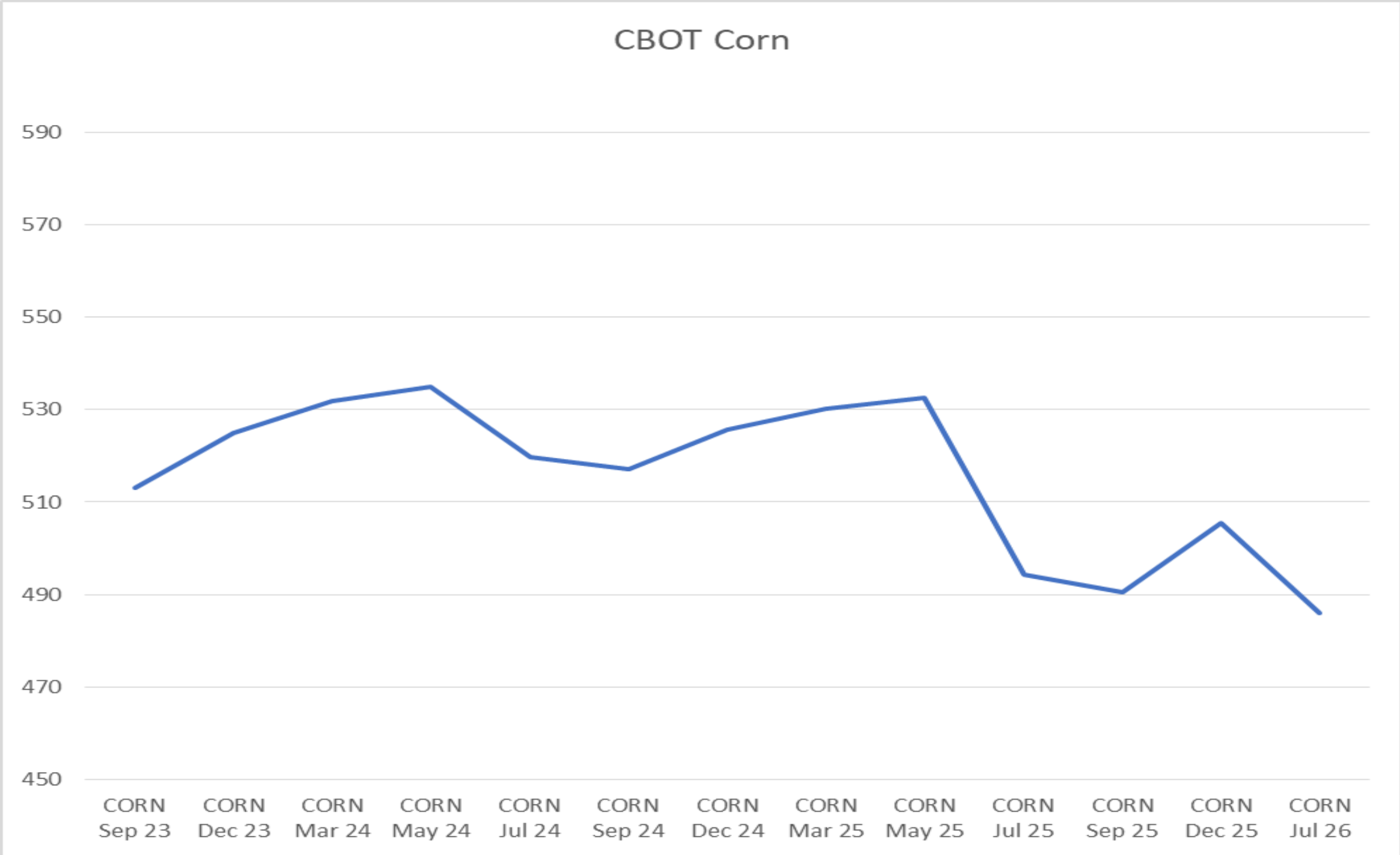


### Forward Pricing Structure

31 July 2023  
US\$/bushel

Nearby Futures prices flat to inverted,  
with little to no carry in the cash markets,,,  
**Market telling us they want the grain NOW!**

Markets likely to move to show more “carry” as  
Stx vs Use increase



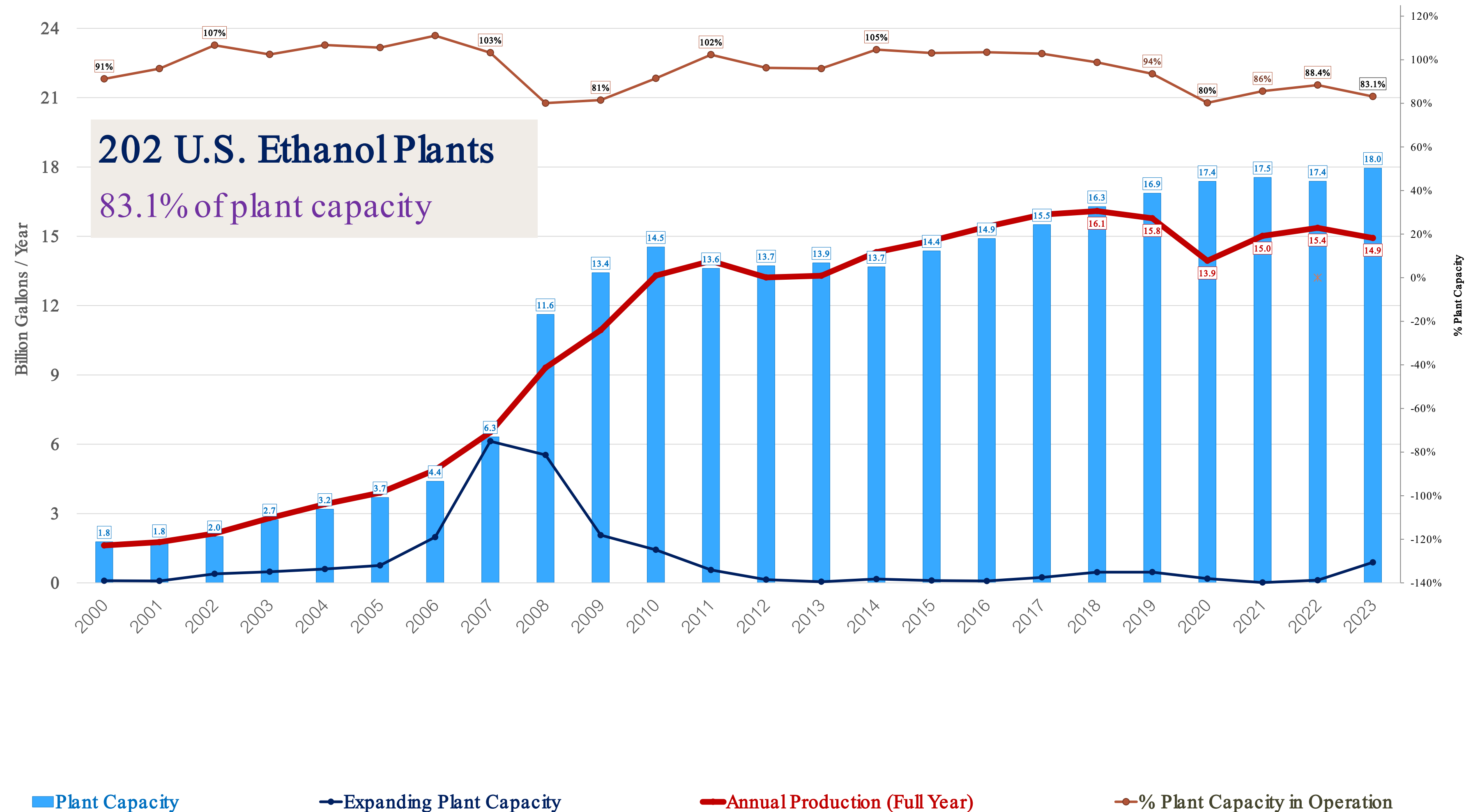
Contract	Sym	Last Trade	Chg	Prev	Open	High	Low	Corn	Last Update
CORN Sep 23	@C3U	499'6	-4'2	504'0	504'0	508'0	499'4	504	9:48A Aug 01
CORN Dec 23	@C3Z	508'2	-4'6	513'0	513'2	517'2	508'2	513	9:48A Aug 01
CORN Mar 24	@C4H	520'4	-4'4	525'0	525'2	529'2	520'4	525	9:48A Aug 01
CORN May 24	@C4K	528'2	-3'6	532'0	532'0	536'0	528'0	532	9:46A Aug 01
CORN Jul 24	@C4N	531'4	-3'4	535'0	535'0	538'6	531'2	535	9:46A Aug 01
CORN Sep 24	@C4U	518'4	-1'2	519'6	520'0	522'0	517'6	519.75	9:44A Aug 01
CORN Dec 24	@C4Z	516'0	-1'2	517'2	517'0	521'2	516'0	517.25	9:48A Aug 01
CORN Mar 25	@C5H	528'2	2'4	525'6	527'0	528'2	525'2	525.75	9:14A Aug 01
CORN May 25	@C5K	550'0	0'0	530'2				530.25	1:15P Jul 31
CORN Jul 25	@C5N	532'4	0'0	532'4				532.5	1:15P Jul 31
CORN Sep 25	@C5U	473'4	0'0	494'2				494.25	1:15P Jul 31
CORN Dec 25	@C5Z	491'0	0'4	490'4	491'0	491'0	491'0	490.5	9:27A Aug 01
CORN Jul 26	@C6N	497'0	0'0	505'4				505.5	1:15P Jul 31
CORN Dec 26	@C6Z	486'2	0'0	486'0				486	1:15P Jul 31



# Current Market Overview, Outlook & Issues

## U.S. Ethanol Capacity & Production

Statistics – As of August 1, 2023

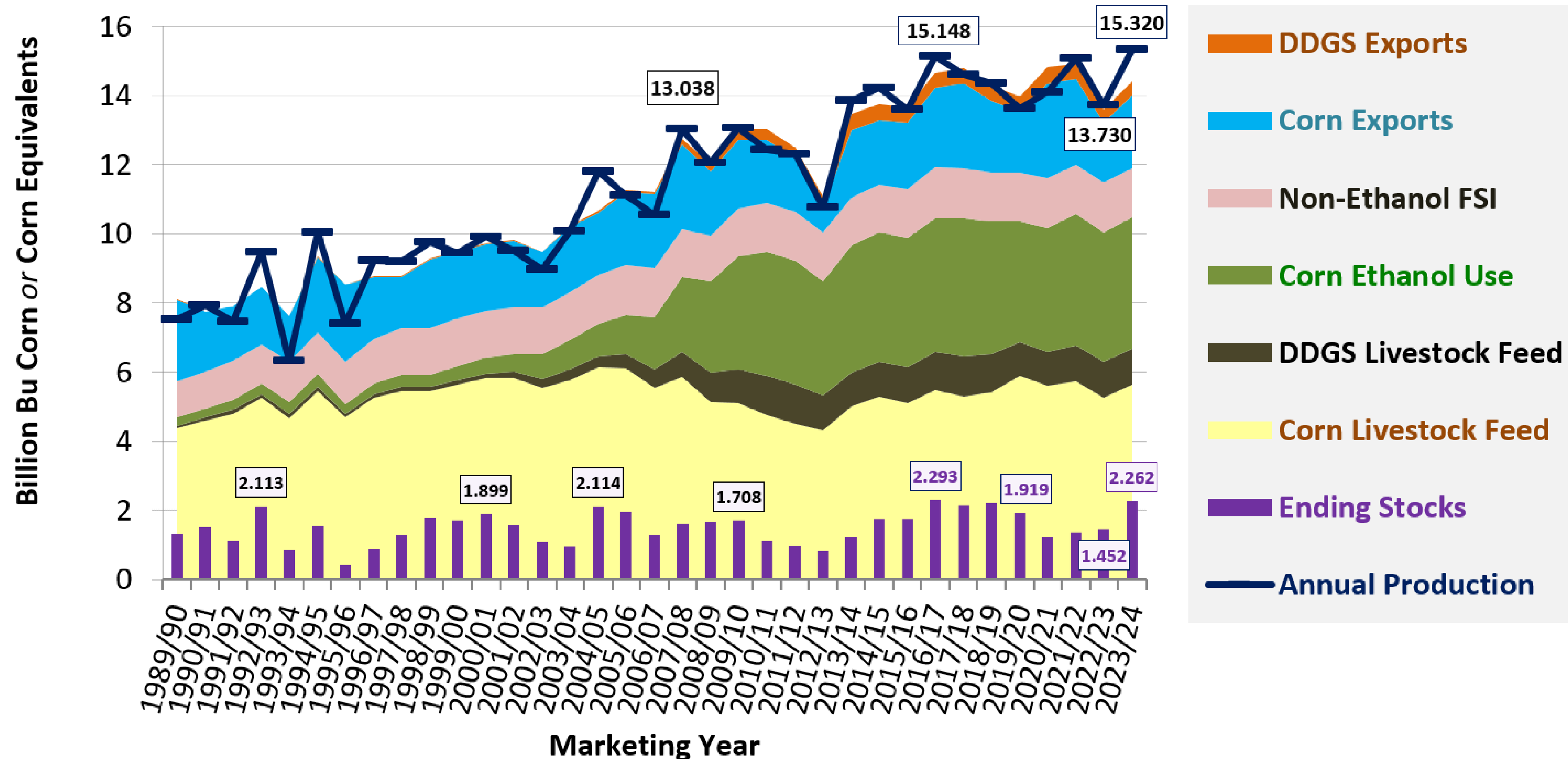


Source: USDA ERS

## Current Market Overview, Outlook & Issues

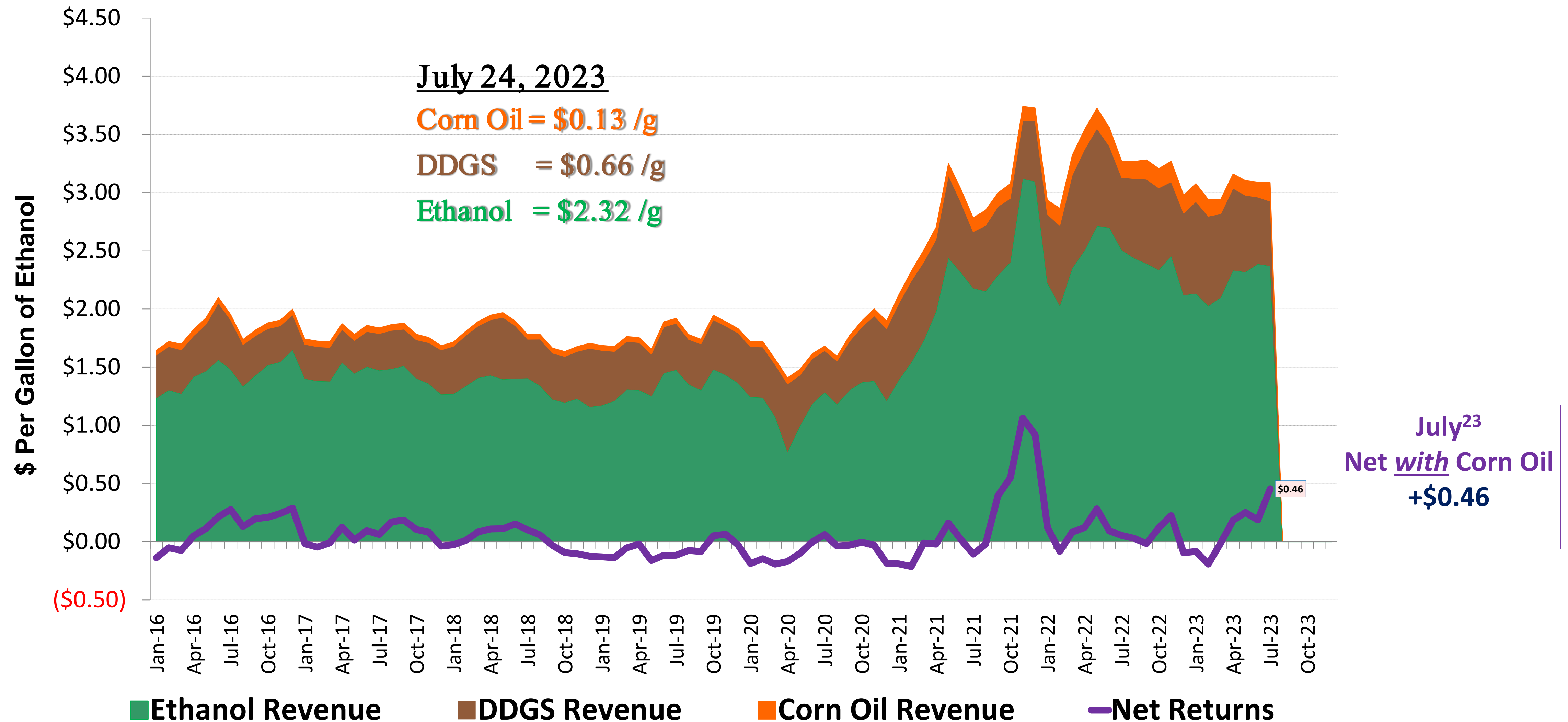
# U.S. Corn & DDGS Supply - Demand

As of the July 12, 2023 USDA Reports + KSU "New Crop" MY 2023/24 estimates



# Current Market Overview, Outlook & Issues

## Ethanol Revenues & Net Returns



Source: ISU Ethanol Plant Model (January 2007 – July 24, 2023)

# ENERGY AND LIVESTOCK

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Crude Oil and Livestock...



# Current Market Overview, Outlook & Issues

## U.S. Crude Oil WTI – Nearby Monthly



### Nearby Cash WTI Crude Oil

US\$/barrel

25 Year History  
4 Aug 2023 = \$82.82



July 2008 = \$145.66

Mar 2022 = \$123.70

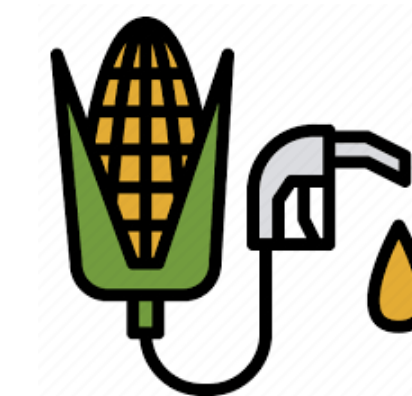
Jun 2022 = \$121.11

Super Cycle  
- 1973 -  
- 2007 -



# Current Market Overview, Outlook & Issues

## U.S. Crude Oil WTI – Nearby Monthly



### Nearby Futures CME Ethanol

US\$/barrel

25 Year History

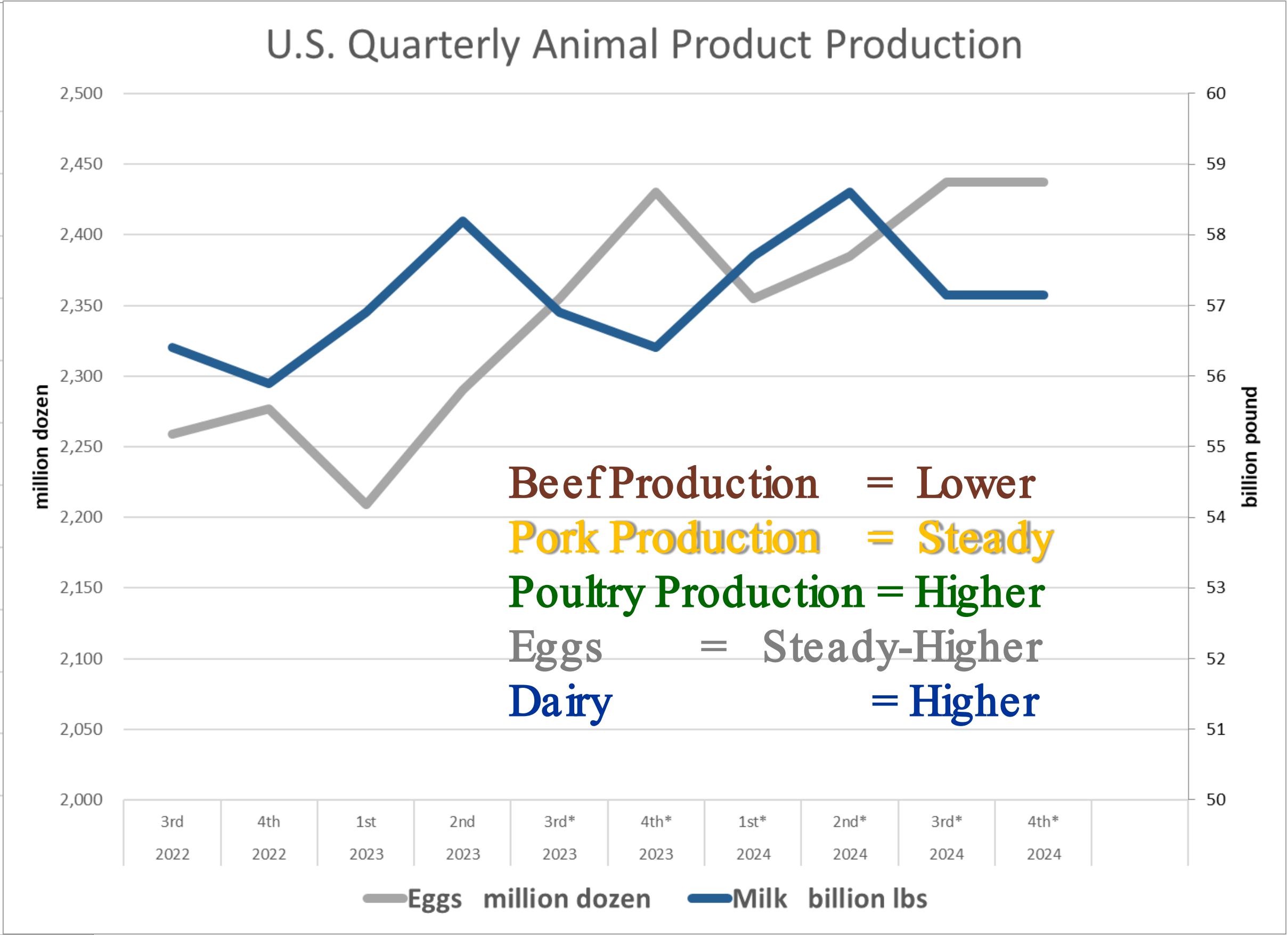
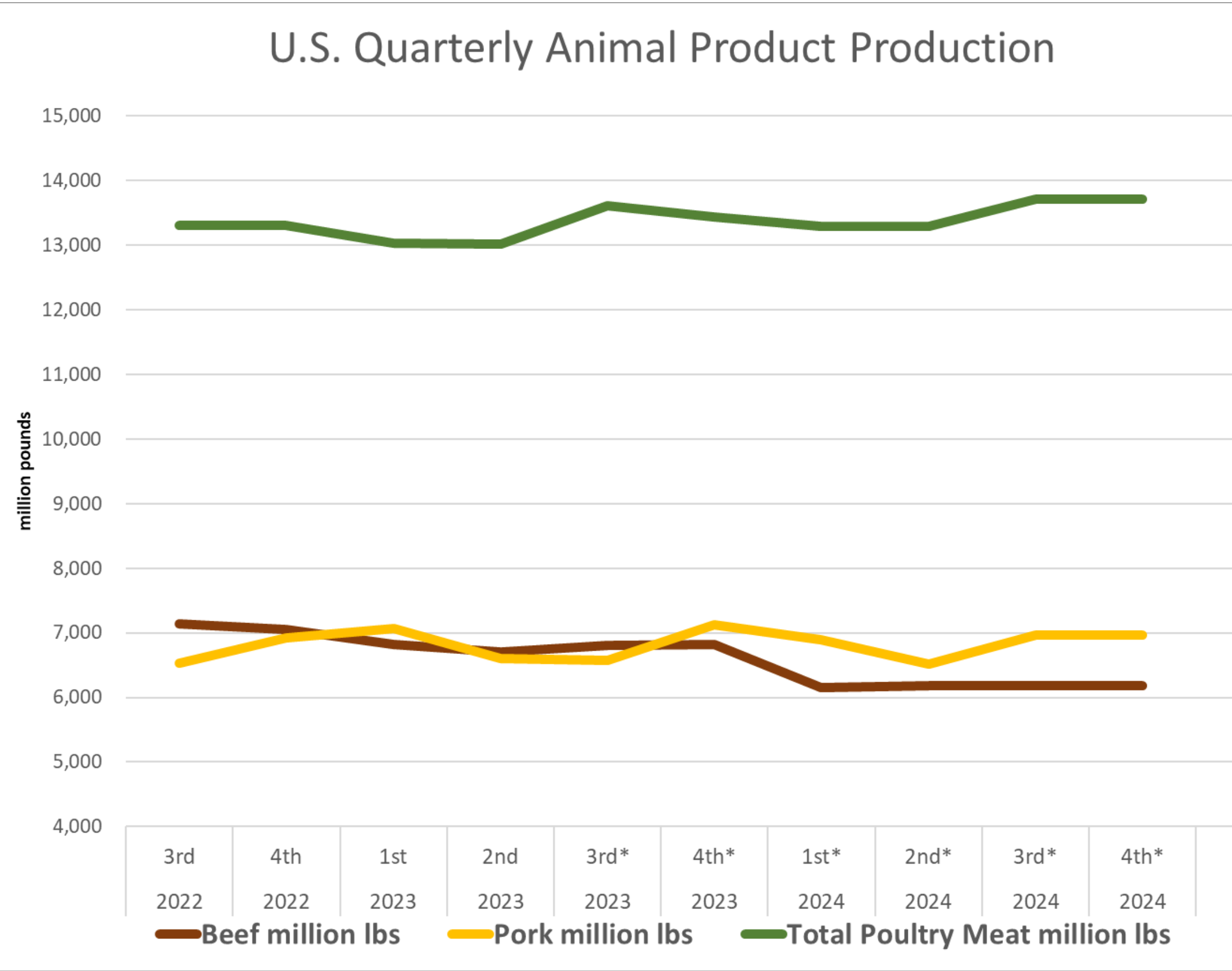
4 Aug 2023 = \$2.1700

Nov 2021 = \$3.4500

April 2014 = \$3.3400

# Current Market Overview, Outlook & Issues

## Livestock Production

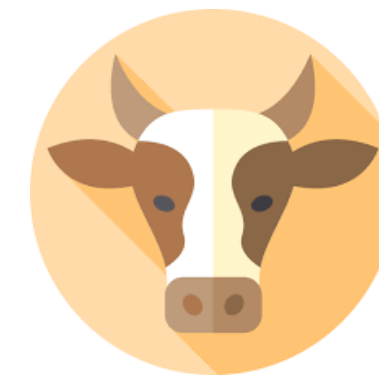


Year		2022	2022	2023	2023	2023	2023	2024	2024	2024	2024
Quarter		3rd	4th	1st	2nd	3rd*	4th*	1st*	2nd*	3rd*	4th*
Beef	million lbs	7,144	7,052	6,821	6,710	6,810	6,820	6,155	6,180	6,183	6,183
Pork	million lbs	6,534	6,919	7,071	6,600	6,570	7,130	6,895	6,520	6,960	6,960
Total Poultry Meat	million lbs	13,312	13,310	13,039	13,020	13,615	13,440	13,290	13,300	13,713	13,713
Eggs	million dozen	2,259	2,277	2,209	2,290	2,355	2,430	2,355	2,385	2,438	2,438
Milk	billion lbs	56	56	57	58	57	56	58	59	57	57

Source: USDA WASDE PS&D - <https://apps.fas.usda.gov/psdonline/app/index.html#/app/compositeViz>

# Current Market Overview, Outlook & Issues

## Live Cattle – Nearby Monthly



### Nearby Cash Index Live Cattle

US\$/cwt

25 Year History

4 Aug 2023 = \$179.00

July 2023 = \$182.975

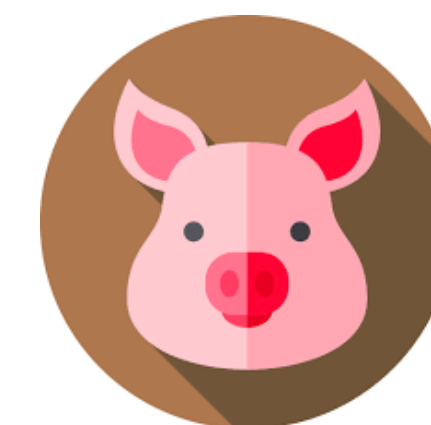
Nov 2014 = \$171.65





# Current Market Overview, Outlook & Issues

## Lean Hogs – Nearby Monthly



### Nearby Cash Index Lean Hogs

US\$/cwt

25 Year History

4 Aug 2023 = \$105.86

Aug 2022 = \$122.45

July 2014 = \$134.17



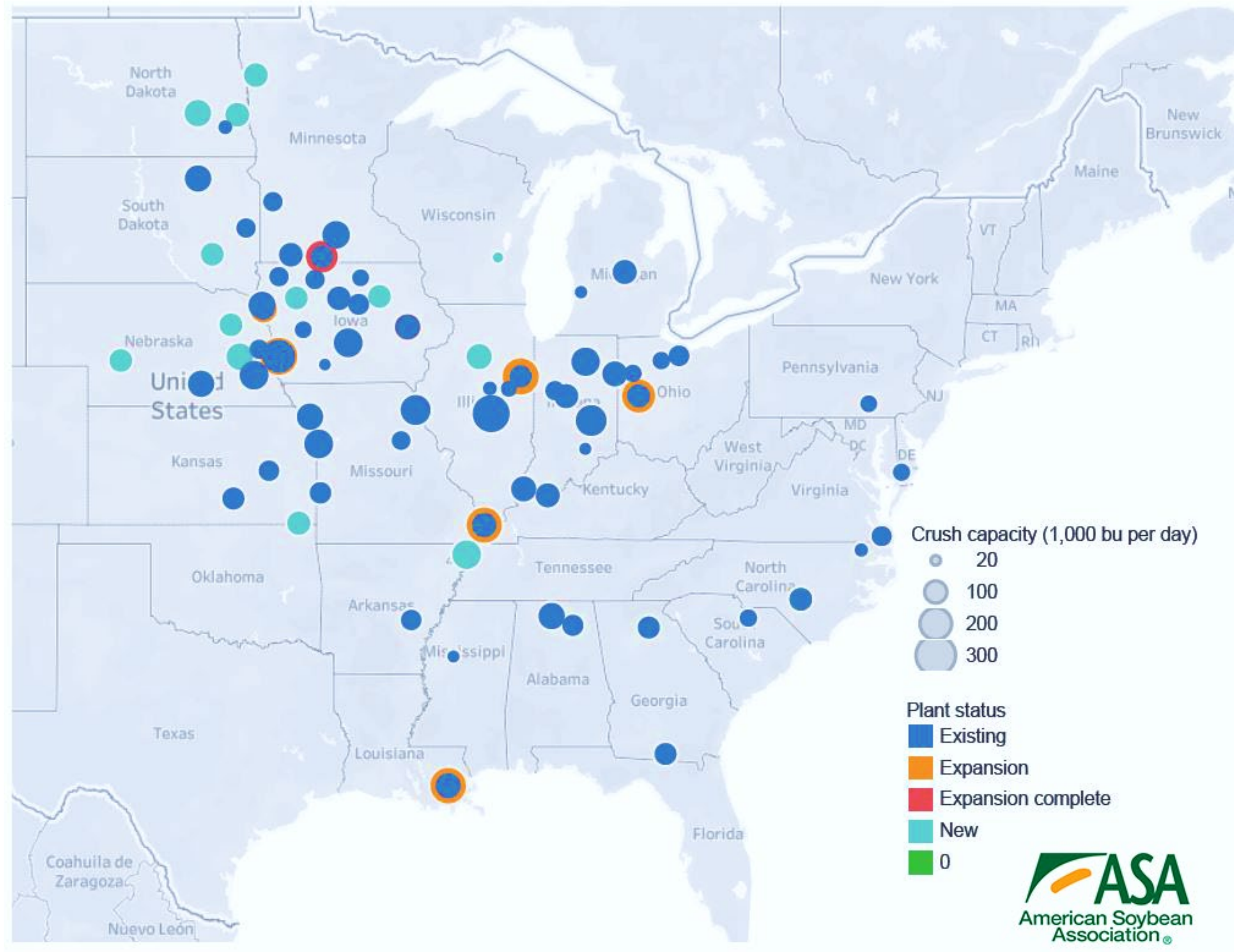
# OILSEEDS

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Soybean Outlook...

# Current Market Overview, Outlook & Issues

## U.S. Crushing Capacity



Soybean crushing capacity is expected to expand to meet growth in renewable diesel demand.

The announced 23 new or expanded crush plants would increase crush capacity by 34%.

Of the 2.33 mbus/day of increased nameplate capacity, 120,000 has been built.

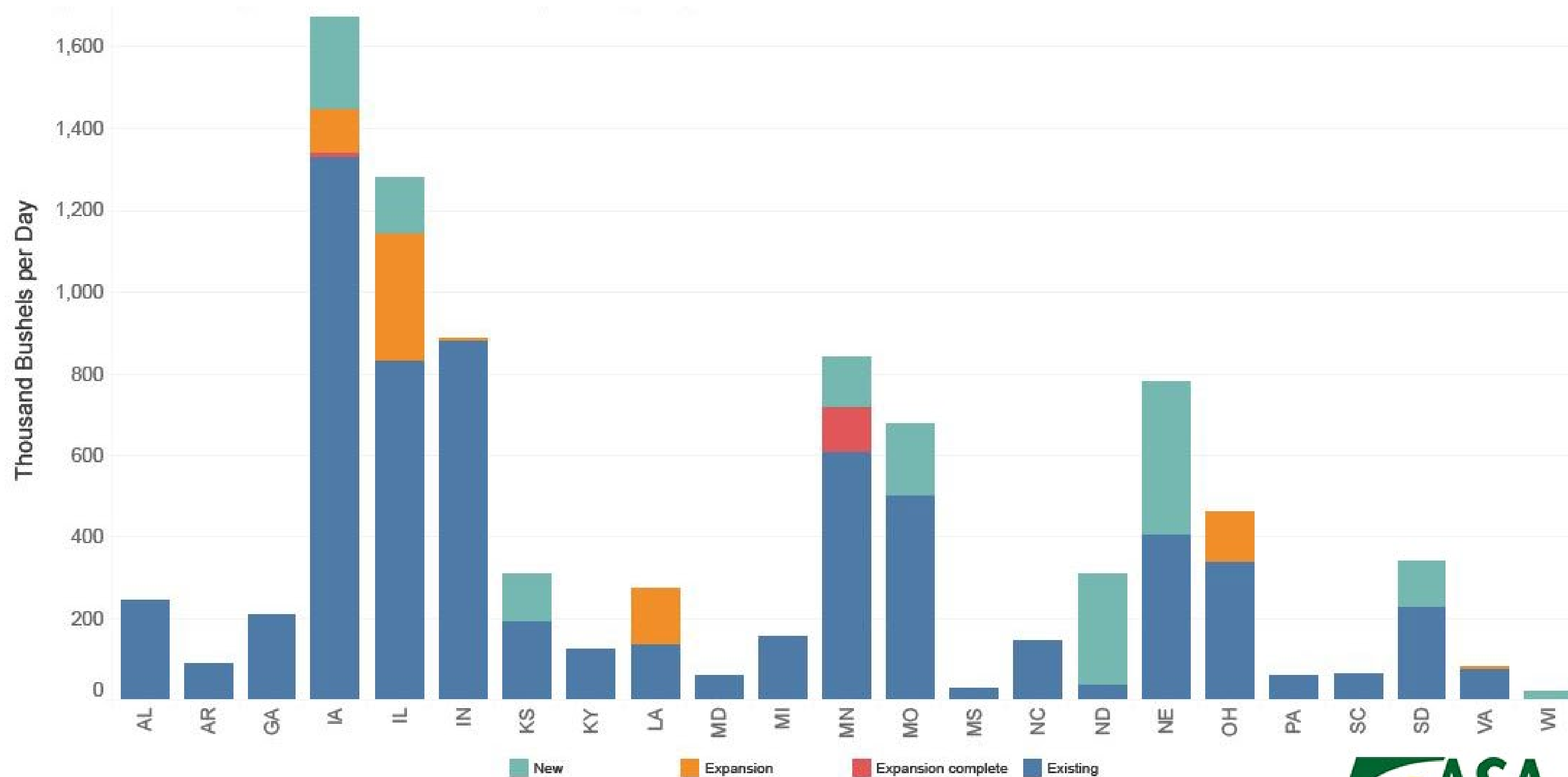
2023 to 2025 calendar years, estimate 430,000 to 530,000 bus/day of capacity planned. Up to 800,000 bus/day in 2026.

A number of these longer timeframe announcements are dependent on market and other factors for completion.



# Current Market Overview, Outlook & Issues

## U.S. Crushing Capacity by State

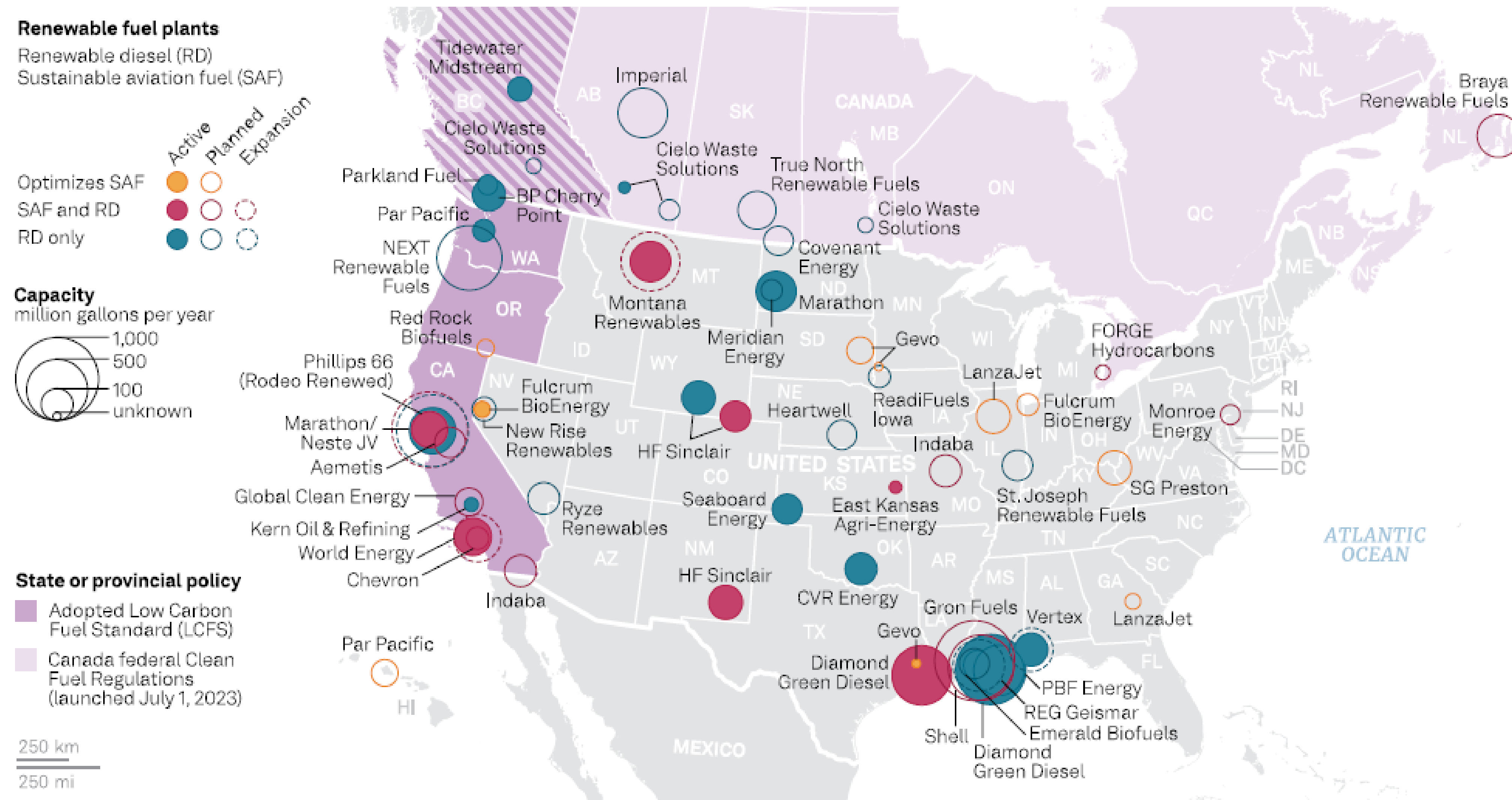


Source: Gordon Denny and American Soybean Association



# Current Market Overview, Outlook & Issues

## U.S. & Canada Renewable Fuel Plants



Source: S&P Global Commodity Insights, US Energy Information Administration



# Current Market Overview, Outlook & Issues

## U.S. & Canada Renewable Sources - Soybeans



- **World Soybeans**

- Estimated seed production 405.3 mmts harvest in 23/22
- Estimated crush capacity at 330.3 mmts, with oil production 62.1 mmts / meal 259.2 mmts in 22/23
- Industrial and fuel consumption of 13.7 mmts,

- **U.S. Soybeans**

- Estimated seed production 117.0 mmts harvest in 22/23
- Estimated crush capacity at 62.6 mmts, with oil production 12.3 mmts / meal 49.1 in 22/23
- Industrial and fuel consumption of 5.6 mmts

- **Brazil Soybeans**

- Estimated seed production 163 mmts harvest in 22/23,
- Estimated crush capacity at 55.8 mmts, with oil production 10.7 mmts / meal 43.2 mmts in 22/23
- Industrial and fuel consumption of 4.5 mmts,

- **Argentina Soybeans**

- Estimated seed production 48.0 mmts harvest in 22/23
- Estimated crush capacity at 36.3 mmts, with oil production 7.2 mmts / meal 28.3 mmts in 22/23
- Industrial and fuel consumption of 2.1 mmts,

# Current Market Overview, Outlook & Issues

## U.S. & Canada Renewable Sources - Canola



- **World Canola / Rapeseed**

- Estimated seed production 88.3 mmts harvest in 22/23
- Estimated crush capacity at 81.1 mmts, with oil production 32.9 mmts / meal 47.3 mmts in 22/23
- Industrial and fuel consumption of 9.00 mmts,

- **Canadian Canola**

- Estimated seed production 19.0 mmts harvest in 22/23, with projected 26 mmts harvest by 2025
- Estimated crush capacity at 10.0 mmts, with oil production 4.2 mmts / meal 5.9 mmts in 22/23
- Industrial and fuel consumption of 0.34 mmts,
- 14 crush plants with 11.1 mmts, with announced 5.7 mmts more capacity by 2025, with a projected 15 mmts crush

- **U.S. Canola / Rapeseed**

- Estimated seed production 1.7 mmts harvest in 22/23
- Estimated crush capacity at 1.9 mmts, with oil production 0.81 mmts / meal 1.16 in 22/23
- Industrial and fuel consumption of 1.13 mmts (imports from Canada),
- Canola Council of Canada estimates 6.5 mmts of canola consumed for feedstock in US by 2030, yielding 2.86 mmts of oil (6.31 billion lbs)



# Current Market Overview, Outlook & Issues

## U.S. & Canada Renewable Sources - Novel

- **Camelina** (Global Clean Energy)
  - Enough seed for 220k acres in 2022, aiming for more than 1 million acres across US High Plains
  - Camelina R&D gallons from 2022
  - ExxonMobil 5-year commitment for 220 million
- **Carinata Brassica** (Nuseed)
  - Commercially grown in Argentina, shipped to EU for feedstock;
  - targeting acres in US Southeast,
  - BP 10-year agreement with BP
- **Penny-Cress / CoverCress**
  - 8-10k acres in Illinois/Missouri in 2022,
  - aiming for 100k acres in 2025, 3 million acres by 2030
  - Bunge to crush product, Chevron to purchase oil feedstock



# Current Market Outlook & Issues

## Soybeans – World

Oilseed, Soybean World as of July 2023							
Attribute	23/24 Jul'23	Change	23/24 Jun'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	138,328	-1495(-1.07%)	139,823	136,029	131,130	129,390	123,217
Beginning Stocks (1000 MT)	102,897	+1577(+1.56%)	101,320	99,142	100,148	95,000	114,116
Production (1000 MT)	405,310	-5390(-1.31%)	410,700	369,717	360,118	368,816	341,100
MY Imports (1000 MT)	166,574	-3250(-1.91%)	169,824	165,810	156,603	165,495	165,294
Total Supply (1000 MT)	674,781	-7063(-1.04%)	681,844	634,669	616,869	629,311	620,510
MY Exports (1000 MT)	169,290	-3122(-1.81%)	172,412	168,929	153,883	164,883	165,582
Crush (1000 MT)	330,251	-1662(-.5%)	331,913	311,199	314,353	315,986	312,591
Food Use Dom. Cons. (1000 MT)	24,388	+5(+.02%)	24,383	23,124	21,994	21,499	20,961
Feed Waste Dom. Cons. (1000 MT)	29,870	+76(+.26%)	29,794	28,520	27,497	26,795	26,376
Total Dom. Cons. (1000 MT)	384,509	-1581(-.41%)	386,090	362,843	363,844	364,280	359,928
Ending Stocks (1000 MT)	120,982	-2360(-1.91%)	123,342	102,897	99,142	100,148	95,000
Total Distribution (1000 MT)	674,781	-7063(-1.04%)	681,844	634,669	616,869	629,311	620,510
Yield (MT/HA)	2.93	(-.34%)	2.94	2.72	2.75	2.85	2.77

- Record Production – 405.3 mmts, Record Consumption – 384.5 mmts
- Ending Stocks – 121 mmts, Stx vs Use 31.4%
- Palm Oil and biofuels demand driving oil demand, improving meal demand from livestock sectors...

# Current Market Outlook & Issues

## Soybeans – U.S.

Oilseed, Soybean United States as of July 2023							
Attribute	23/24 Jul'23	Change	23/24 Jun'23	22/23	21/22	20/21	19/20
Area Harvested (1000 HA)	33,466	-1620(-4.62%)	35,086	34,939	34,929	33,428	30,327
Beginning Stocks (1000 MT)	6,947	+681(+10.87%)	6,266	7,468	6,994	14,276	24,740
Production (1000 MT)	117,027	-5715(-4.66%)	122,742	116,377	121,528	114,749	96,667
MY Imports (1000 MT)	544	-	544	680	433	539	419
Total Supply (1000 MT)	124,518	-5034(-3.89%)	129,552	124,525	128,955	129,564	121,826
MY Exports (1000 MT)	50,349	-3402(-6.33%)	53,751	53,887	58,571	61,664	45,800
Crush (1000 MT)	62,596	-272(-.43%)	62,868	60,419	59,980	58,257	58,910
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3,416	-	3,416	3,272	2,936	2,649	2,840
Total Dom. Cons. (1000 MT)	66,012	-272(-.41%)	66,284	63,691	62,916	60,906	61,750
Ending Stocks (1000 MT)	8,157	-1360(-14.29%)	9,517	6,947	7,468	6,994	14,276
Total Distribution (1000 MT)	124,518	-5034(-3.89%)	129,552	124,525	128,955	129,564	121,826
Yield (MT/HA)	3.50	-	3.50	3.33	3.48	3.43	3.19

- Production – 117.0 mmts, up 2.3 mmts Record Domestic Consumption – 66.0 mmts
- Exports – 50.3 mmts down 3.4 mmts
- Ending Stocks – off 2.6 mmts, still tight
- Biofuels demand driving oil demand, improving meal demand from livestock sectors...

Source: USDA FAS PS&D - <https://apps.fas.usda.gov/psdonline/app/index.html#/app/compositeViz>



# Current Market Overview, Outlook & Issues

## U.S. Soybeans Situation – Nearby Monthly



# Current Market Overview, Outlook & Issues

## U.S. Soybean Oil Situation – Nearby Monthly



### Nearby CBOT Soybean Oil

US\$/cwt

25 Year History

Mar 2008 = \$72.69

Jun 2021 = \$72.13

Super Cycle  
- 1973 -  
- 2007 -

# Current Market Outlook & Issues

## Soybean Meal – U.S.

Meal, Soybean United States as of July 2023							
Attribute	23/24 Jul'23	Change	23/24 Jun'23	22/23	21/22	20/21	19/20
Crush (1000 MT)	62,596	-272(-.43%)	62,868	60,419	59,980	58,257	58,910
Extr. Rate, 999.9999 (PERCENT)	0.79	+(+1.28%)	0.78	0.79	0.78	0.79	0.79
Beginning Stocks (1000 MT)	318	-	318	282	309	310	365
Production (1000 MT)	49,147	-181(-.37%)	49,328	47,685	47,005	45,872	46,358
MY Imports (1000 MT)	590	-	590	612	594	712	580
Total Supply (1000 MT)	50,055	-181(-.36%)	50,236	48,579	47,908	46,894	47,303
MY Exports (1000 MT)	13,426	-	13,426	12,701	12,283	12,406	12,549
Industrial Dom. Cons. (1000 MT)	0	-	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	-	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	36,266	-181(-.5%)	36,447	35,560	35,343	34,179	34,444
Total Dom. Cons. (1000 MT)	36,266	-181(-.5%)	36,447	35,560	35,343	34,179	34,444
Ending Stocks (1000 MT)	363	-	363	318	282	309	310
Total Distribution (1000 MT)	50,055	-181(-.36%)	50,236	48,579	47,908	46,894	47,303
SME (1000 MT)	36,266	-181(-.5%)	36,447	35,560	35,343	34,179	34,444

- Production – Record 49.1 mmts, Domestic Consumption – Record 36.3 mmts
- Exports – Record 13.4 mmts
- Ending Stocks – steady 0.36
- Biofuels demand driving oil demand, improving meal demand from livestock sectors...

# Current Market Overview, Outlook & Issues

## U.S. Soybean Meal Situation – Nearby Monthly



### Nearby CBOT Soybean Meal

US\$/short ton

25 Year History

Sep 2012 = \$541.80

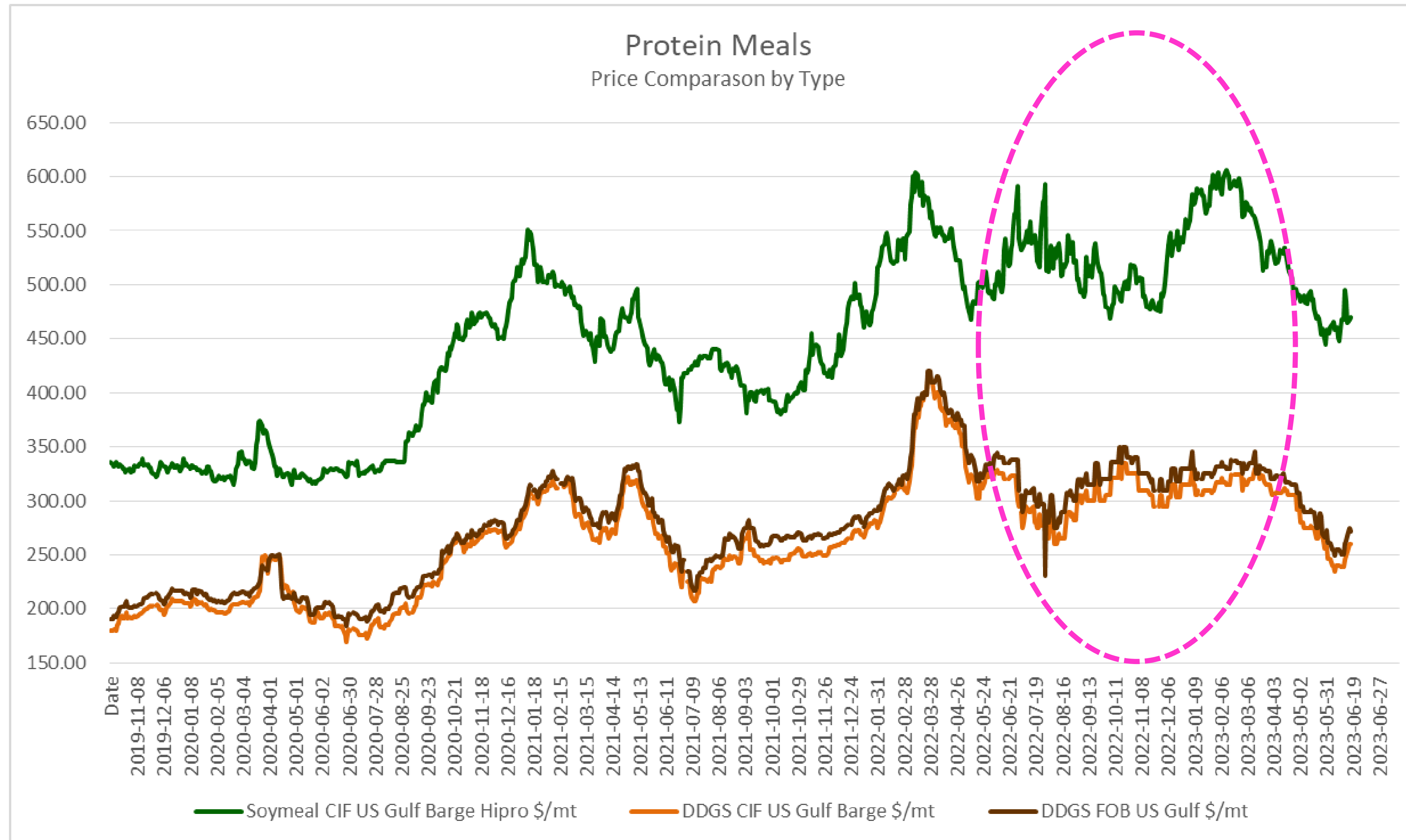
May 2021 = \$457.20

SBM Prices remain relatively strong on good demand from Livestock sector.



# Current Market Overview, Outlook & Issues

## U.S. SBM CIF NOLA vs DDGS CIF NOLA, FOB



### 4 Year History

Prices reasonably correlated as SBM drives the pricing relationship across the protein complex.

### June 22 – March 23

SBM volatility due to Argentina drought and production shortfall and its impact on world meal prices?

U.S. corn export forecast has literally gone south since December with the USDA cutting 425 mbu/20% from its estimate.



# OCEAN FREIGHT

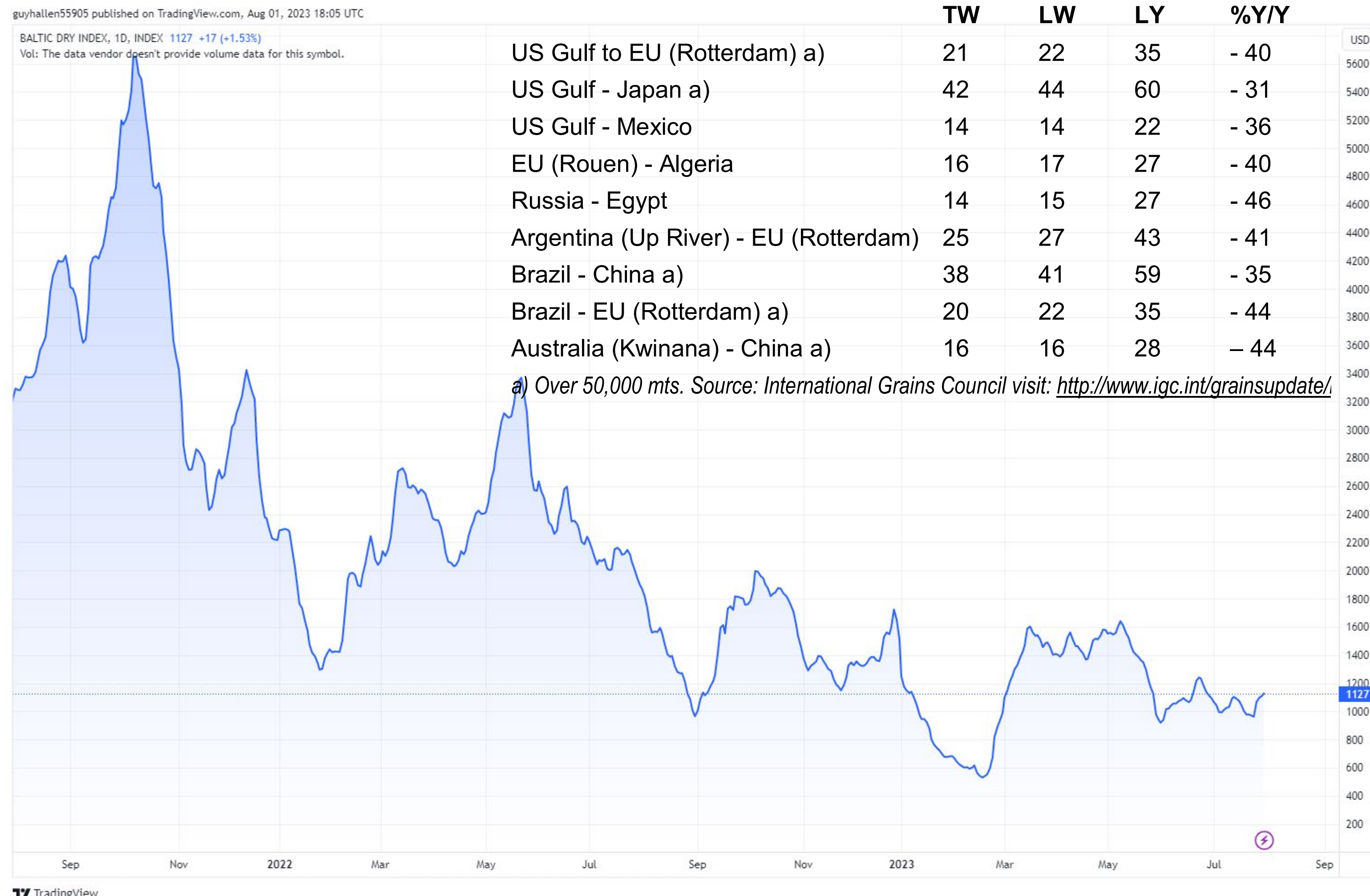
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Blue Water Shipping...

# Ocean Freight Overview

## London Baltic Exchange – Dry Index

### ➤ Ocean Freight Route Prices (US\$/mt) as of the 25<sup>th</sup> of July 2023



### Dry Bulk Index – 1127

1<sup>st</sup> August 2023 1127

8<sup>th</sup> October 2021 5650

- Ocean Freight has rallied to a thirteen year highs
- Robust demand as economies restock
- Capacity down in the wake of heavy “scrapping” program due to initial Covid19 impact
- Higher fuel costs in combination with tighter emission regulations
- **Longer Routes:**  
(Iron Ore)
  - Tubarao, Brazil (1) to Shanghai, China (12) = 10,857 nm
  - Port Walcott, Australia (3) to Shanghai, China (12) = 3,309 nm

# Ocean Freight Overview

## London Baltic Exchange – Dry Index

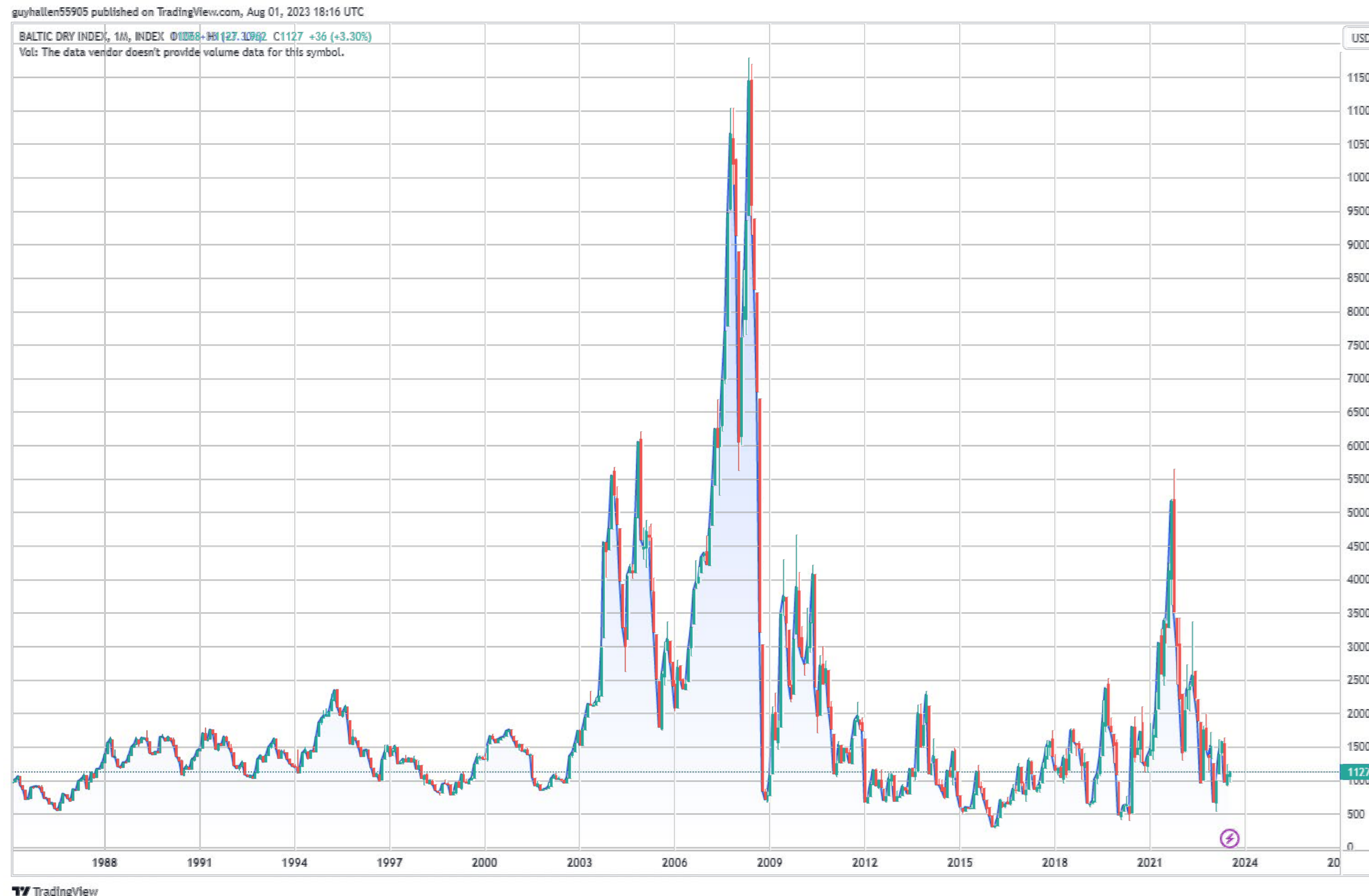


### Dry Bulk Index – 1127

1<sup>st</sup> August 2023 - 2420

8<sup>th</sup> October 2021 - 5650

1<sup>st</sup> May 2008 - 11793



Source: Trading View - <https://www.tradingview.com/chart/?symbol=INDEX%3ABDI>

# WEATHER

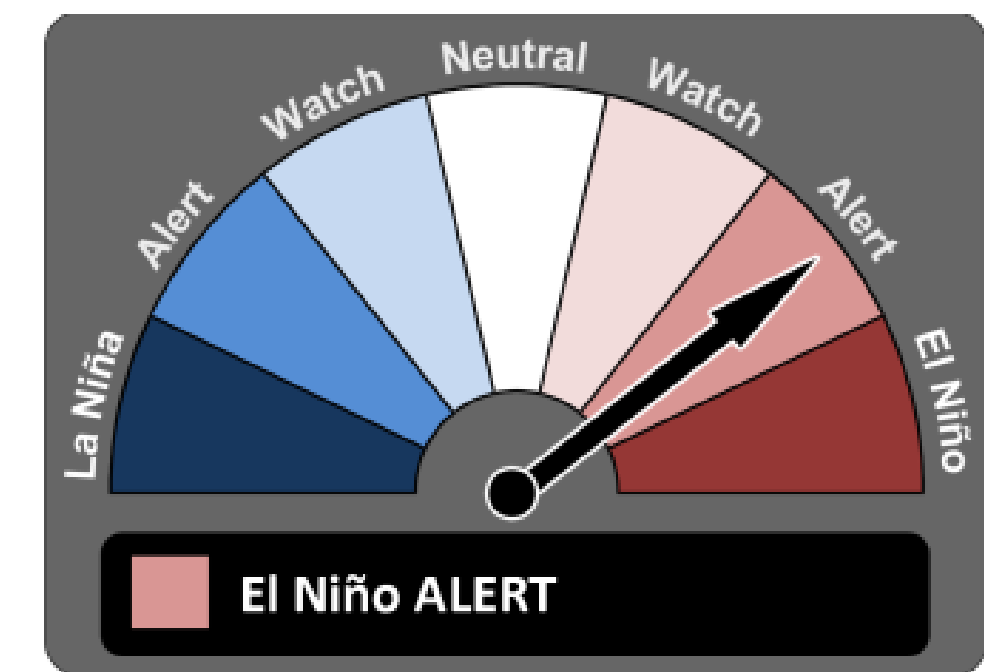
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La Nina to El Nino...



# Weather Impacts

## Southern Oscillation Index – La Nina



### ENSO Outlook is at LA NIÑA.

The Bureau's El Niño Alert continues, with El Niño development considered likely in the coming weeks, despite the current lack of atmospheric response.

When El Niño Alert criteria have been met in the past, an El Niño event has developed around 70% of the time.

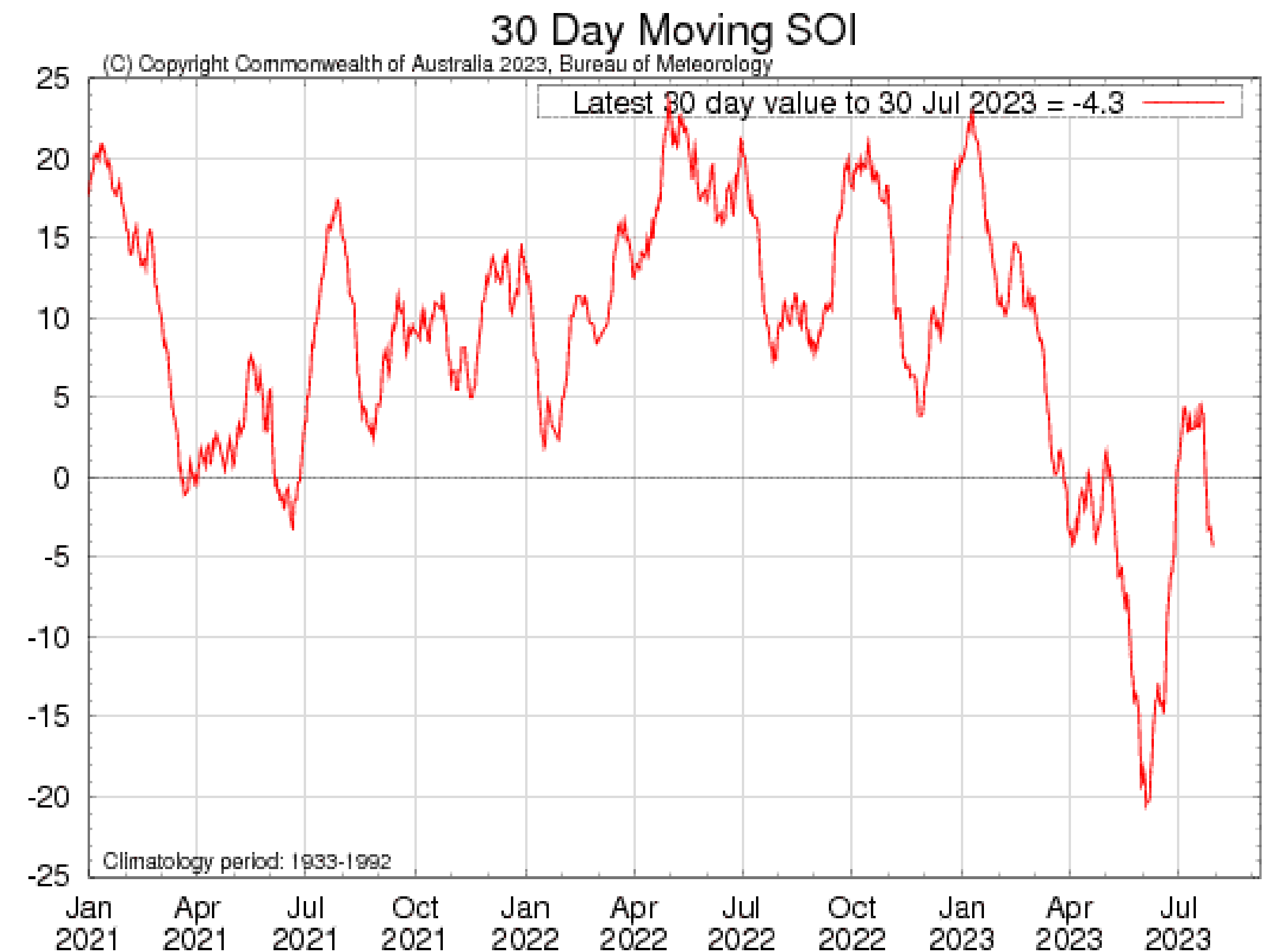
Sea surface temperatures (SSTs) in the tropical Pacific are exceeding El Niño thresholds, with climate models indicating this is likely to continue at least through to the end of the year.

In the atmosphere, however, wind, cloud and broad-scale pressure patterns mostly continue to reflect neutral ENSO conditions. This means the Pacific Ocean and atmosphere have yet to become fully coupled, as occurs during El Niño events.

### Southern Oscillation Index

The 30-day Southern Oscillation Index (SOI) for the period ending 30 July 2023 was  $-4.3$ , with the value decreasing from  $+3.9$  over the past fortnight. The 60-day SOI and the 90-day SOI were  $-2.7$  and  $-7.9$ , respectively.

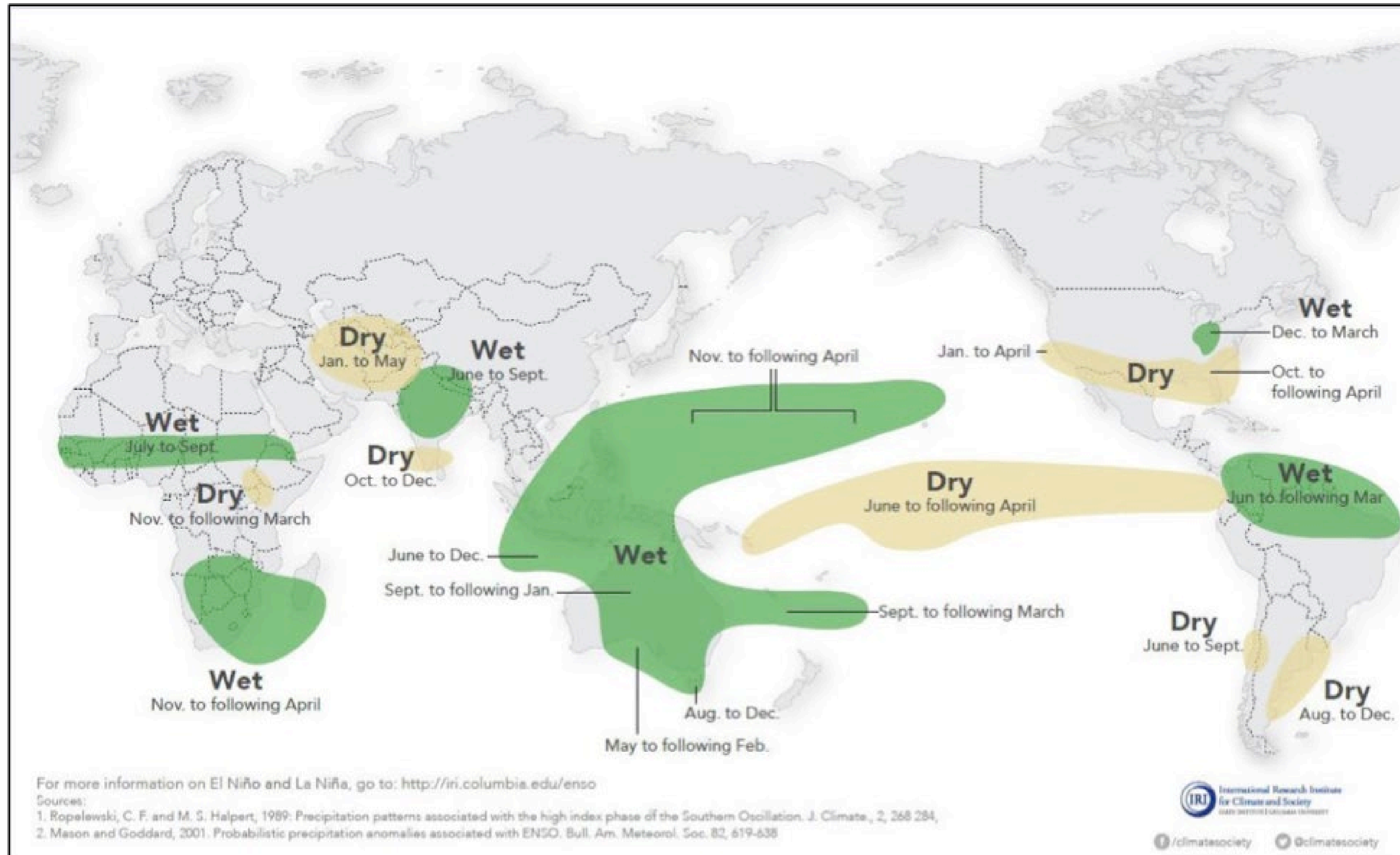
Sustained negative values of the SOI below  $-7$  typically indicate El Niño, while sustained positive values above  $+7$  typically indicate La Niña.





# Weather Impacts

## Southern Oscillation Index – La Nina



### Dry

- Southern U.S.
- Argentina
- S. Brazil
- Middle East
- S. India
- East Central Africa

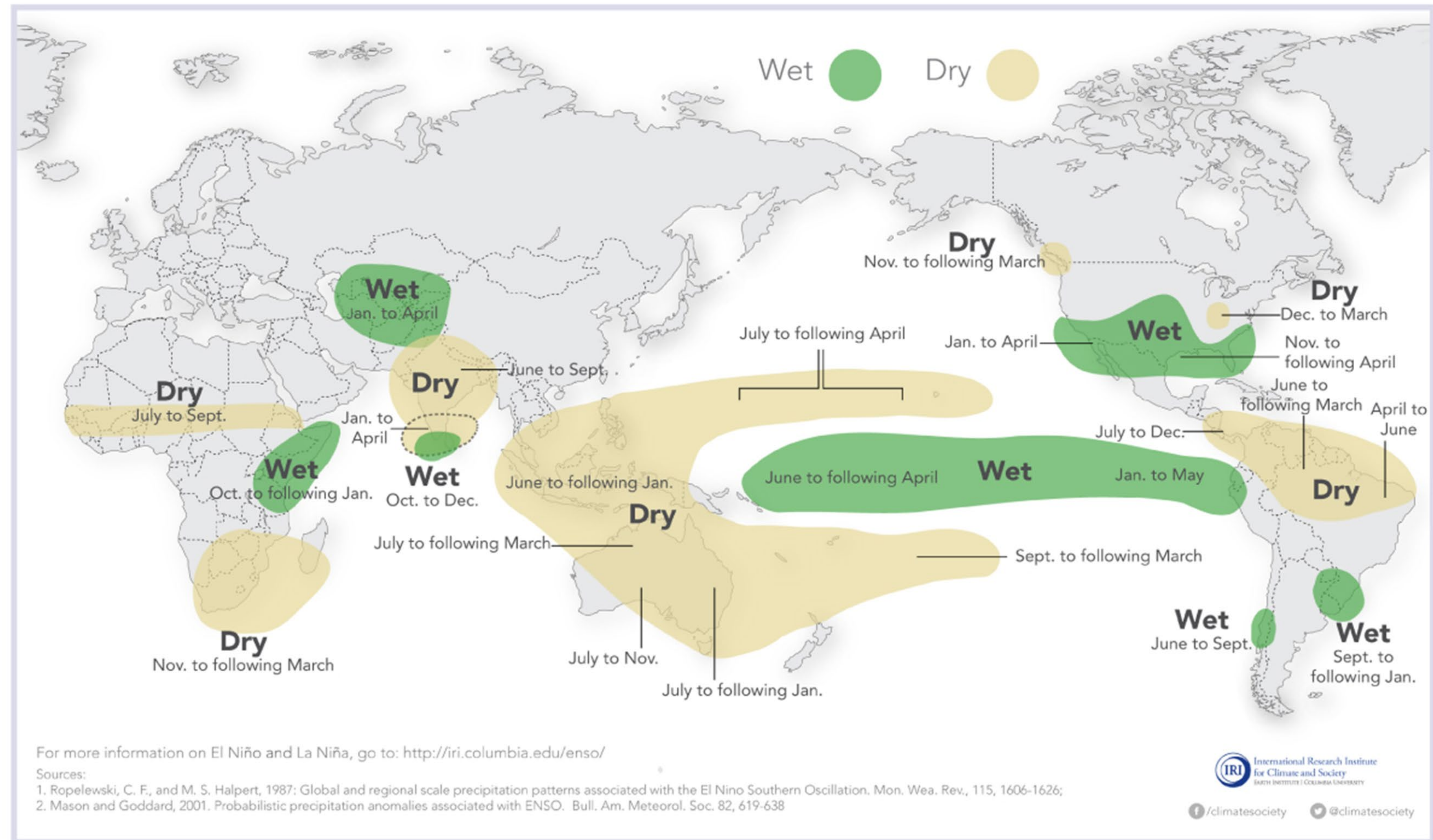
### Wet

- N. South America
- Australia
- Indonesia
- Philippines
- Central & Northern India
- Sud-Sahara Africa
- Southern Africa

# Weather Impacts

## Southern Oscillation Index – El Nino

El Niño conditions in the tropical Pacific are known to shift rainfall patterns in many different parts of the world. Although they vary somewhat from one El Niño to the next, the strongest shifts remain fairly consistent in the regions and seasons shown on the map below.



### Dry

- NE. U.S. Cornbelt
- N. South America
- Australia
- Indonesia
- Philippines
- Central & Northern India
- Sud-Sahara Africa
- Southern Africa

### Wet

- Southern U.S.
- N. Argentina
- S. Brazil
- Central Chile
- N. Central Asia
- S. India
- East Central Africa



# THANK YOU FOR YOUR ATTENTION

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# Disclaimer

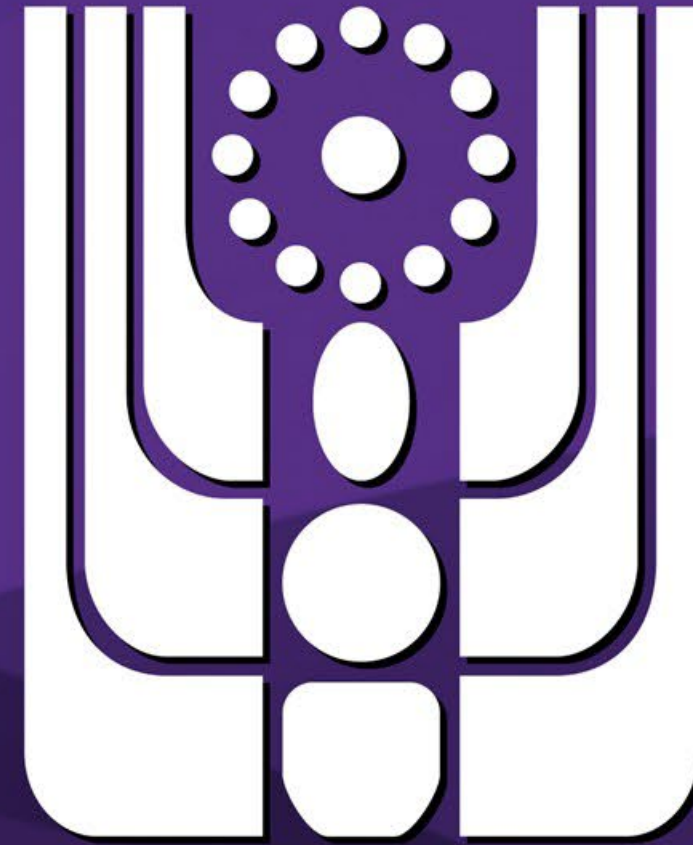
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# IGP Institute

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