



July Market Update

Corn, Soybeans, Rice, and Cotton

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WASDE Summary

This month's 2022/23 U.S. corn outlook is for larger supplies and higher ending stocks. Corn beginning stocks are raised 25 million bushels, based on reduced feed and residual use for 2021/22 as indicated in the June 30th *Grain Stocks* report. Corn production for 2022/23 is forecast 45 million bushels higher based on greater planted and harvested area from the June 30th *Acreage* report. Yield remains unchanged at 177.0 bushels per acre. With no use changes, ending stocks are up 70 million bushels. The season-average farm price is lowered 10 cents to \$6.65 per bushel.

The outlook for 2022/23 U.S. wheat this month is for larger supplies, domestic use, exports, and ending stocks. Supplies are raised on increased production, which is up 44 million bushels to 1,781 million, on an increase in harvested area and higher yields. The first 2022 survey-based production forecast for other spring and Durum indicated a large increase from last year's drought-reduced output at 503 million and 77 million bushels, respectively. Winter wheat production is also forecast higher at 1,201 million bushels on an increase in harvested area. The 2022/23 export forecast is raised 25 million bushels to 800 million as the recent decline in U.S. prices makes exports more competitive in international markets. The projected season-average farm price is lowered \$0.25 per bushel to \$10.50 on declines in futures and cash prices.

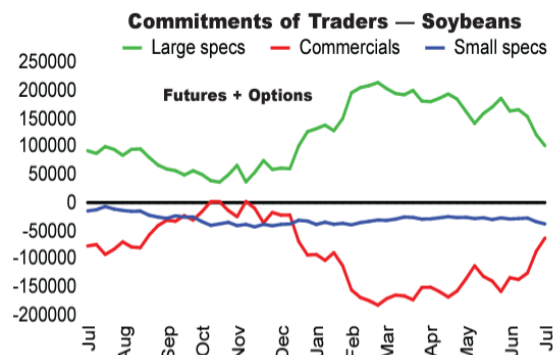
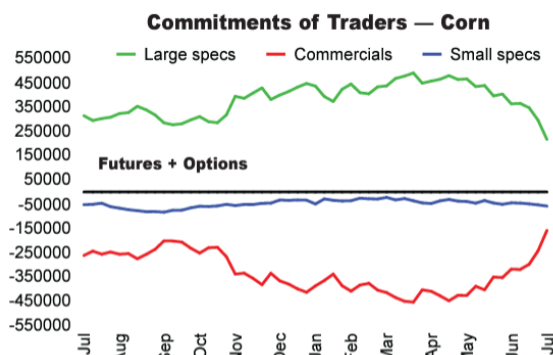
This month's U.S. soybean supply and use projections for 2022/23 include production that is projected at 4.5 billion bushels, down 135 million on lower harvested area. Harvested area, forecast at 87.5 million acres in the June 30 *Acreage* report, is down 2.6 million from last month. The forecast for soybean yield is unchanged at 51.5 bushels per acre. With lower production partly offset by higher beginning stocks, 2022/23 soybean supplies are reduced 125 million bushels. Soybean crush is reduced 10 million bushels reflecting a lower soybean meal export forecast. Soybean exports were reduced by 65 million bushels to 2.14 billion on lower U.S. supplies, increased South American supplies, and lower global imports. With lower supplies only partly offset by reduced use, ending stocks for 2022/23 are projected at 230 million

bushels, down 50 million from last month. The U.S. season-average soybean price for 2022/23 is forecast at \$14.40 per bushel, \$0.30 down from last month

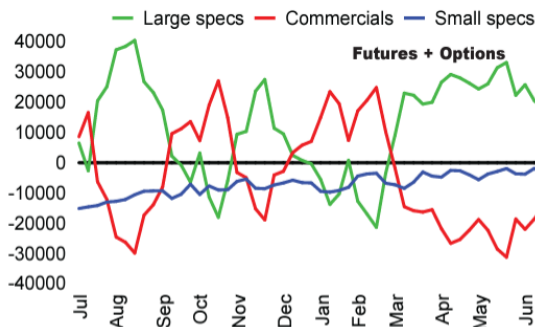
The outlook for 2022/23 U.S. rice this month is for slightly larger supplies, higher domestic use, lower exports, and larger ending stocks. Supplies were raised slightly as increased beginning stocks and imports more than offset lower production. Beginning stocks are projected higher on increased imports and lower exports for 2021/22. All rice production for the 2022 crop is reduced 8.2 million cwt to 174.5 million with most of the reduction in medium- and short-grain. The June *Acreage* report showed California, the leading medium- and short-grain producing state, with the lowest rice acreage since 1958 on limited water allocations. All rice imports are raised to a record 43.0 million cwt on reduced domestic supplies of medium- and short-grain and on the trend of higher Asian aromatic long-grain imports expected to continue. Domestic and residual use is raised to 145.0 million cwt due to record imports. All rice exports are reduced 3.0 million cwt to 79.0 million on reduced supplies of U.S. grown rice. Projected 2022/23 ending stocks are raised to 35.5 million cwt but are still down 16 percent from last year. The season-average farm price for long grain rice is \$15.50 per cwt, while the southern medium grain farm price is estimated to be \$16.00 per cwt.

U.S. cotton projections for 2022/23 call for lower production, exports, and ending stocks as opposed to projections last month. While the June 30 Acreage report shows nearly 250,000 additional acres planted than in the previous NASS survey, harvested area is forecast nearly 600,000 acres lower this month. Persistent deficits in precipitation—primarily in Texas— means abandonment is projected higher this month, nearly 4 times the previous year's level. U.S. production is projected at 15.5 million bales, 1 million bales lower than June estimates. U.S. exports are also projected lower, down 500,000 bales to 14.0 million reflecting both lower U.S. production and a reduction in world trade. At 2.4 million bales, 2022/23 U.S. ending stocks are now expected to be 1 million bales lower than in 2021/22. The season-average farm price remains unchanged at 95 cents per pound.

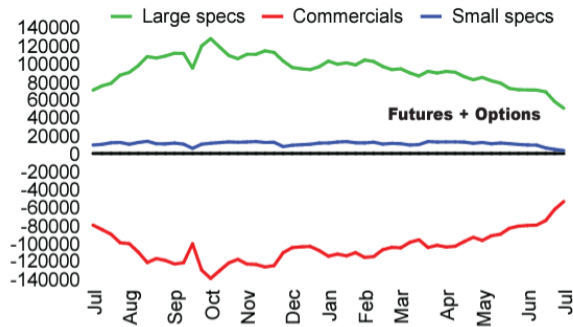
Commitment of Traders Report, Tuesday, July 12, 2022



Commitments of Traders — SRW Wheat

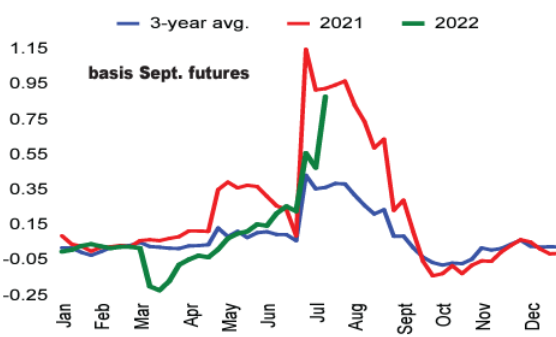


Commitments of Traders — Cotton

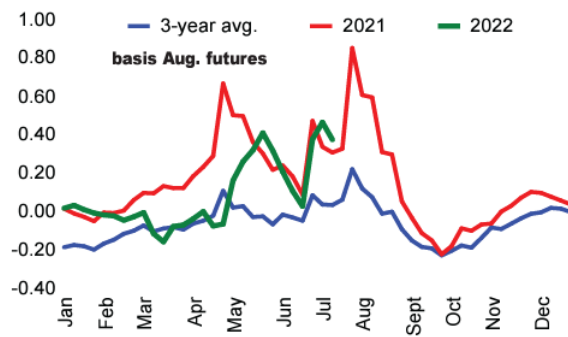


Cash Market Basis Charts, Wednesday, July 13, 2022

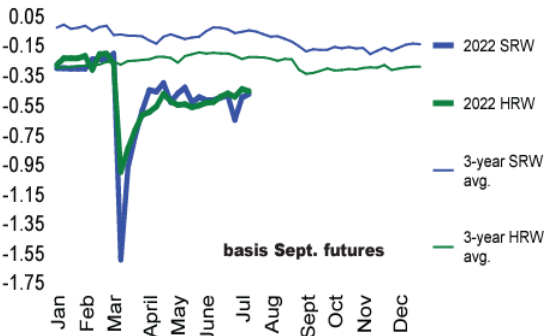
U.S. Average Corn Basis



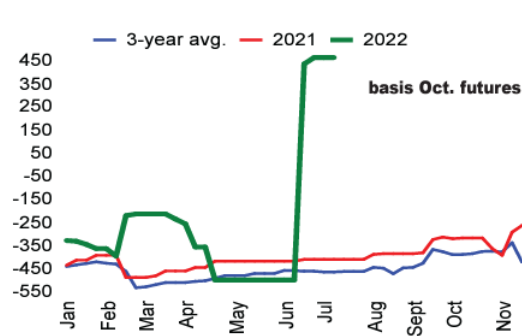
U.S. Average Soybean Basis



U.S. Average Wheat Basis



U.S. Average Cotton Basis



Corn

U.S. feed grain production in 2022 is expected to be slightly higher than last month, reflecting higher planted acreage for corn in the June *Acreage* report. U.S. corn production is raised 45 million bushels on increased harvested acreage. Corn yield remains unchanged, leading to corn production totaling 14,505 million bushels. Corn usage fell by 25 million bushels for 2021/22 on lower feed and residual, due to adjustments from June 1st stock estimates. Corn ending stocks for 2021/22 increased 25 million bushels to 1,510 million bushels. Corn usage in the 2022/23 marketing year remains unchanged.

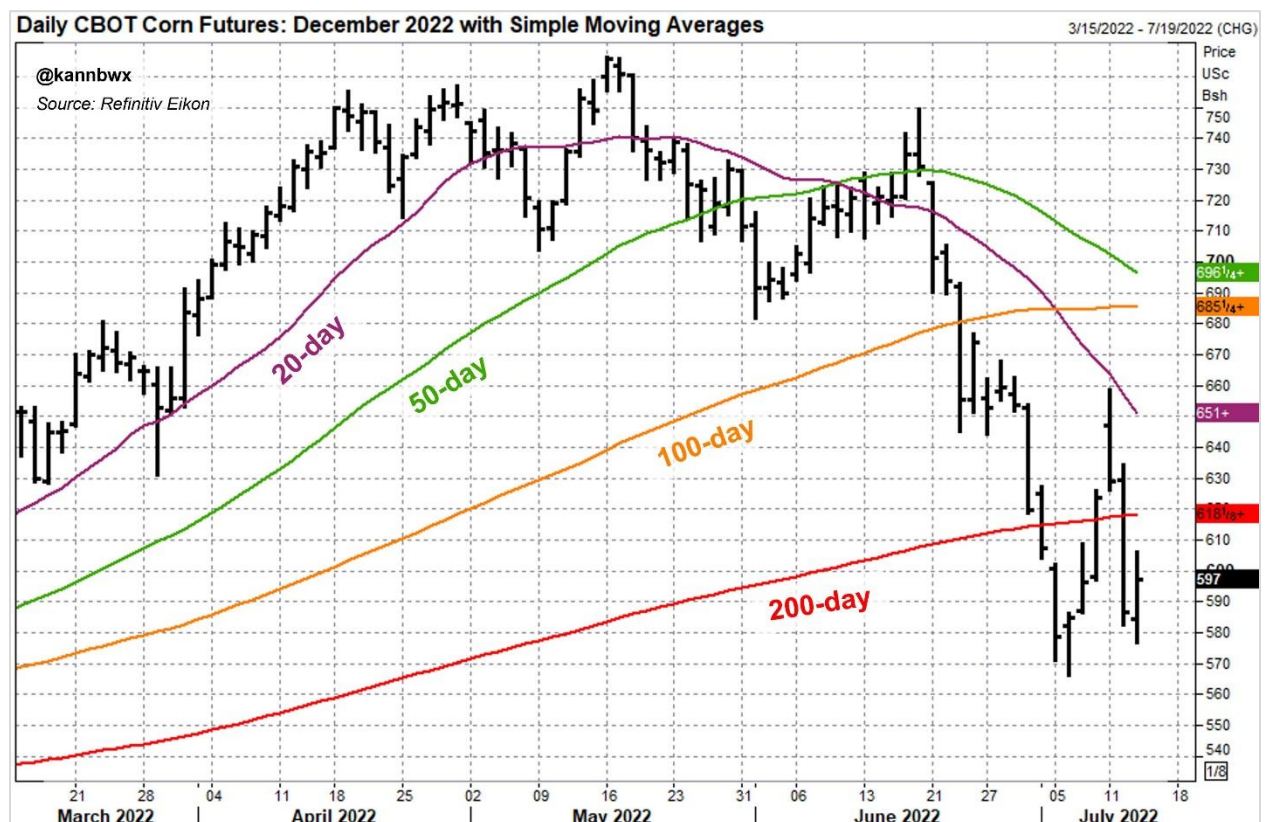
Total corn consumption for the third quarter of the 2021/22 marketing year is estimated at 3,410 million bushels, leaving 4,346 million bushels of corn stored at all positions, according to the NASS June *Grain Stocks* report. Corn stocks in all positions are up 6 percent, the on-farm component of corn stocks is up 22 percent, and commercially held stocks are down 6 percent from the same period in the 2020/21 marketing year. Due the pace of use shown in the third quarter, corn use for marketing year 2021/22 is down 25

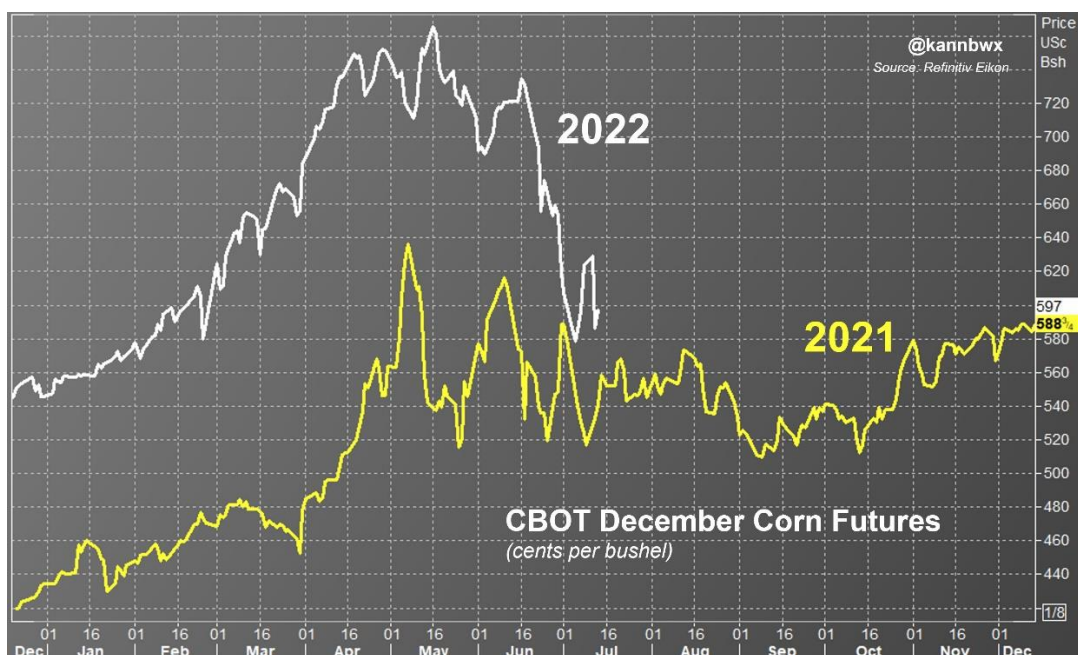
million bushels, on projected lower feed and residual use. U.S. corn exports for 2021/22 are estimated at 2,450 million bushels—unchanged from the June estimate. Despite early July sales cancellations and weakness in export inspections, the export pace through this point in the marketing year supports the current forecast. The lower corn use has led to 2021/22 ending stocks estimated to be 25 million bushels higher at 1,510 million bushels.

Feed and residual use for 2022/23 is unchanged from last month but 2.75 million bushels lower than the 2021/22 marketing year at 5,350 million bushels. Food seed and industrial use for 2022/23 is also projected to remain unchanged from June's estimated total of 6,820 million bushels. Export demand for 2022/23 previous month is projected at 2,400 million bushels, also unchanged from the and 50 million bushels lower than a year ago. The higher projected supplies for 2022/23 are expected to carry over to higher ending stocks of 1.4 million from last month's estimate. The season average farm price in marketing year 2022/23 is projected at \$6.65 per bushel — a \$0.10 reduction from the previous month.

Prior to the release of the USDA's July WASDE report (July 12), December corn was trading down 23 cents. December corn finished the day down 42 1/2 cents, closing at \$5.86 1/2. December corn futures ended higher one-day post-WASDE report release, as U.S. weather forecasts turned drier again, settling at \$5.95-1/4 per bushel, up 8.75 cents on the day. That is still below the 200-day average, but above the year-ago price of \$5.41 per bushel.

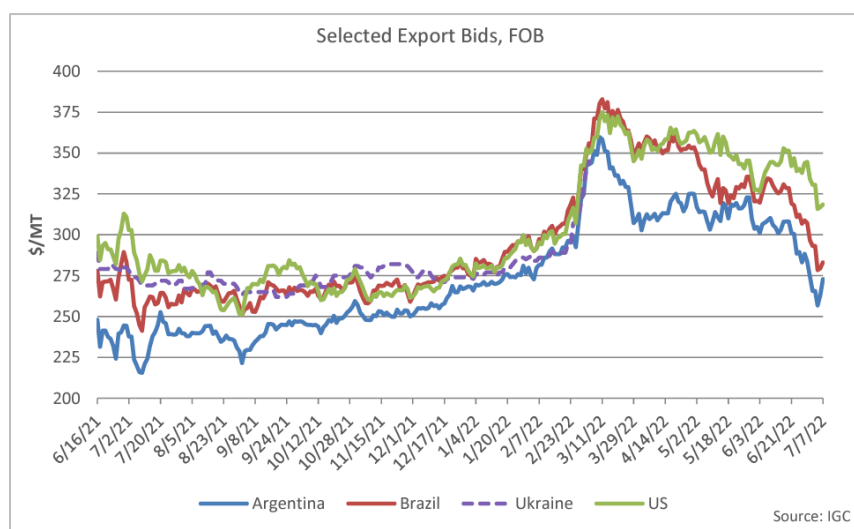
Shortly after USDA's July reports were released, grain and soybean traders reverted to trading outside market influences. The early morning weakness turned into a rout in corn, soybean, and wheat markets. Influencing trade was the new high in the U.S. Dollar Index, the sharp fall in crude oil, more talk of recession and China's potential for more COVID-19 lockdowns. It was more the combination of those factors that brought sellers back into the markets following a two-day correction.





This month's 2022/23 foreign coarse grain outlook is for lower production and use, and larger stocks relative to last month. Foreign corn production is down, with reductions for Russia, the EU, and Kenya partially offset by an increase for Paraguay. Russian corn production is lowered reflecting a cut in area. EU corn production is reduced with a forecast decline for Italy. For 2021/22, corn production is raised for Paraguay with increases in both area and yield. Major global trade changes for 2022/23 include larger corn exports for Paraguay with a reduction for Russia. Corn imports are raised for Zimbabwe. Foreign corn ending stocks are up marginally relative to last month. Global corn stocks, at 313.0 million tons, are up 2.5 million tons relative to last month.

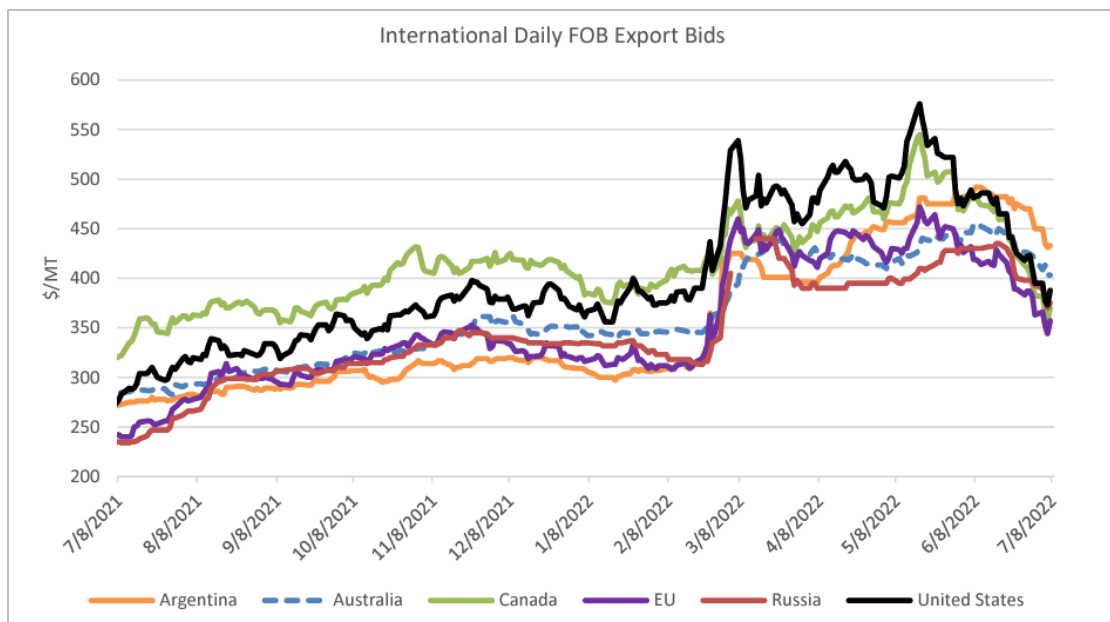
Since June, major exporters' bids have eased. In the U.S., USDA's NASS *Acreage* report showed planted corn area slightly higher than intentions reported in the March. Harvested area was also forecast up from June's estimate. With sluggish demand, U.S. bids were around \$318/ton, down \$20. Argentine bids were down \$34/ton to \$273 and Brazilian bids were down sharply by \$48/ton to \$283 as plentiful safrinha supplies have started to hit the market. Ukrainian bids remain unpublished.



Wheat

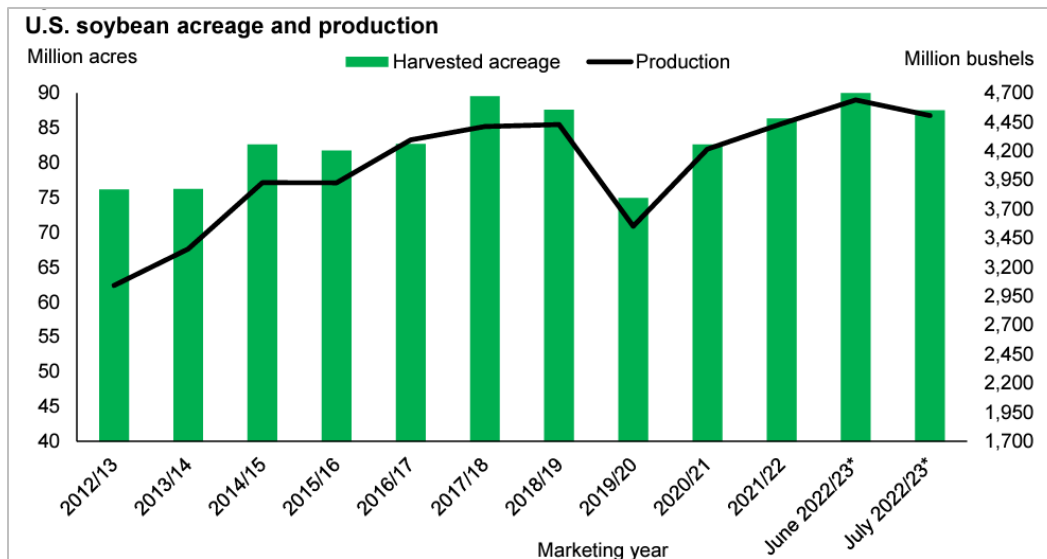
In the July 2022 WASDE, the first by-class 2022/23 balance sheets for wheat were released. U.S. all-wheat exports, projected at 800 million bushels, are down marginally from the previous year. Exports for Hard Red Winter are projected down 74 million bushels from the previous year to 245 million because of smaller supplies from drought impacting major production regions. All other classes of wheat have larger supplies and exports this year. White wheat, Hard Red Spring, and Durum are all projected to have larger production, recovering from severe drought conditions in the previous year. Soft Red Winter is expected to have a bumper crop, facilitating greater exports.

Global wheat prices declined significantly since the June WASDE as ongoing winter wheat harvests in the Northern Hemisphere applied downward pressure. Furthermore, various negative macroeconomic factors have heightened concern of a global recession, and the value of the U.S. dollar continues to surge. EU quotes remain the most competitive and have fallen \$62/ton over the past month amidst its winter wheat harvest and the declining euro. Russian quotes slid \$55/ton as changes to the country's export tax calculation to rubles may allow for additional exports and as production forecasts remain favorable after excessive wetness earlier. Canadian quotes experienced the largest drop of \$113/ton as spring wheat plantings continued with improved conditions. U.S. quotes fell \$95/ton from exceptionally high levels as the winter wheat harvest advances quickly despite a slight downward revision to area planted in the USDA *Acreage* Report. Australian quotes slid \$51/ton as exports slow towards the end of the trade year. Argentine quotes remain the most expensive with old crop supplies being exhausted but dropped \$59/ton since last month as new-crop plantings are over 50 percent complete.



Soybeans

USDA's June *Acreage* report indicated that sown soybean acreage for 2022/23 is 88.33 million acres—a decrease of nearly 2.6 million acres from farmers' planting intentions in March. Overall, this is still a gain of 1.13 million acres from 2021/22. Regionally, the Corn Belt and Delta gained 1.35 million and 0.31 million acres, respectively. In contrast, the Northern Plains lost 1.3 million acres over levels last year as muddy field conditions brought on by a wet spring impacted plantings. U.S. harvested acreage is projected 2.6 million acres lower than the previous forecast at 87.51 million acres.

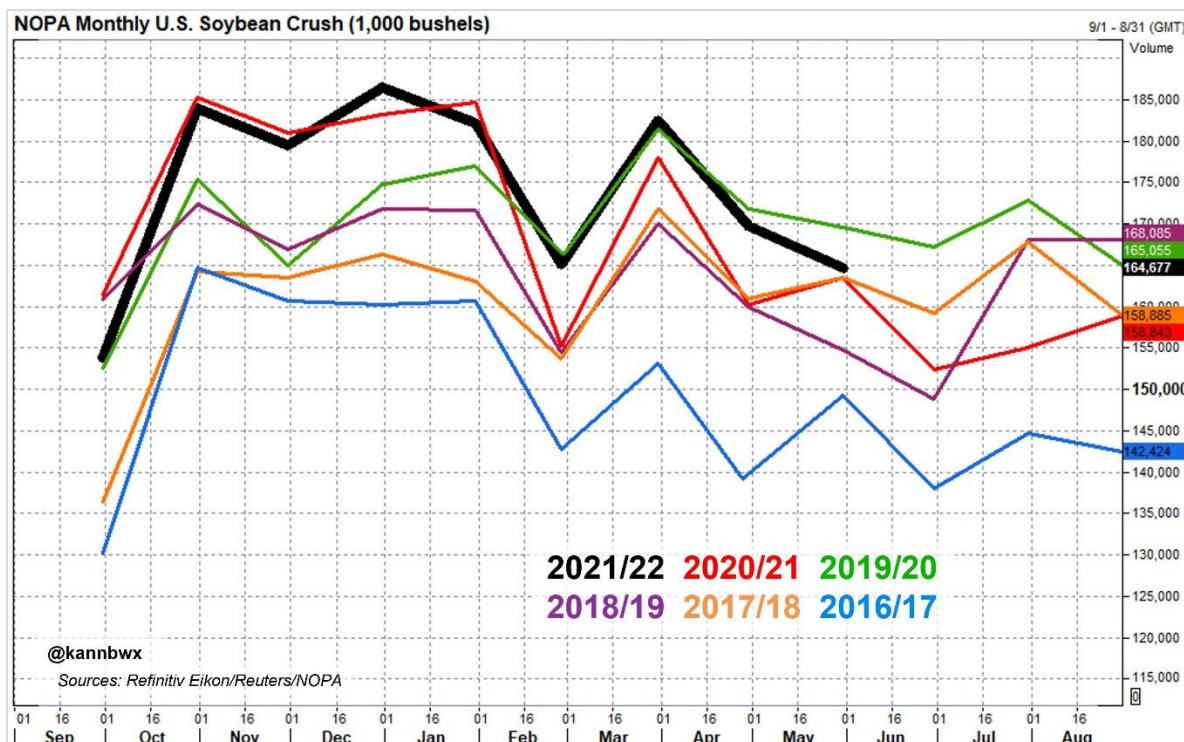


Already under severe selling pressure prior to the release of the July USDA reports, the primary ag markets plunged even further. It seemed, to many, that outside, macro-market forces than grain and soy fundamentals were the deciding factors in the plunge. Even though the report was regarded as slightly bearish for corn, for wheat and soybeans it was perceived as relatively neutral. That mattered little, as markets fell harder after the report. The nearly \$9 plunge in crude oil futures, talk of recession and news regarding the uptick in Chinese COVID-19 cases were all construed as demand destructive.

The daily chart of new-crop November soybean futures shows the price plunge following the USDA July WASDE reports release that, compared to trade expectations, should have been mostly neutral to soybeans. Obviously, the soybean market was more concerned about potential demand issues from outside economic forces and fell hard (DTN ProphetX chart).

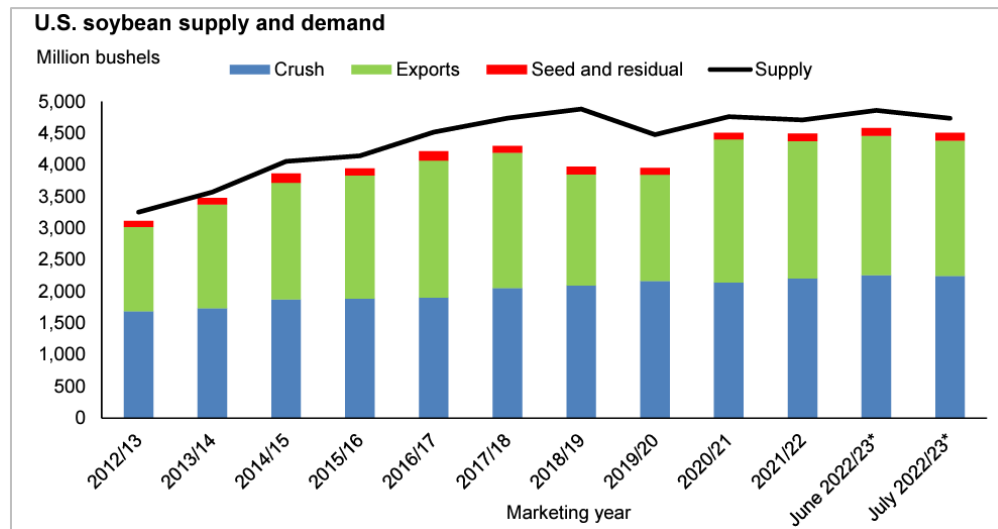


As of July 10, soybean crops are seen developing slower than prior years, with 32 percent of soybeans blooming compared with the 5-year average of 38 percent. Soil moisture conditions are now adequate for supporting crop development, with 62 percent of the crop currently rated in good-to-excellent condition—matching the 5-year average. Thus, the 2022/23 soybean yield forecast is left unchanged from last month at 51.5 bushels per acre, which lowers the production estimate by 135 million bushels to 4.51 billion.



With lower soybean supply in 2022/23, the soybean export forecast was lowered to 2.14 billion bushels, 65 million bushels less than previously estimated. The 2022/23 soybean crush forecast was also lowered this month to 2.25 billion bushels. Nevertheless, this estimate will represent the largest soybean crush volume in a given marketing year if realized.

to continue into 2022/23, lifting the current forecast by 200,000 short tons to 39.2 million. The same is true for soybean oil; however, domestic demand is driven primarily by biofuel production. Remaining unchanged at 12 billion pounds, the 2022/23 forecast of soybean oil for biofuel use represents a year-over-year increase of 12 percent—accounting for 47 percent of domestic soybean oil disappearance compared with 43 percent in 2021/22. Food, feed, and other industrial uses are forecast at 13.7 billion pounds, down 100 million pounds from last month.



The 2022/23 global oilseed supply and demand forecasts include lower production, lower exports, higher crush, and lower ending stocks compared to last month. Global oilseed production is reduced 3.7 million tons to 643.1 million on lower soybean, rapeseed, cottonseed, and peanut production with higher sunflowerseed production partly offsetting. Soybean production is lowered for Canada based on the latest plantings report from Statistics Canada. European Union rapeseed production is lowered 0.4 million tons to 17.9 million based on continued dry conditions especially in France and Germany. Russian sunflower seed production is increased 1.0 million tons to 15.5 million, mainly on higher area shown in government planting progress reports.

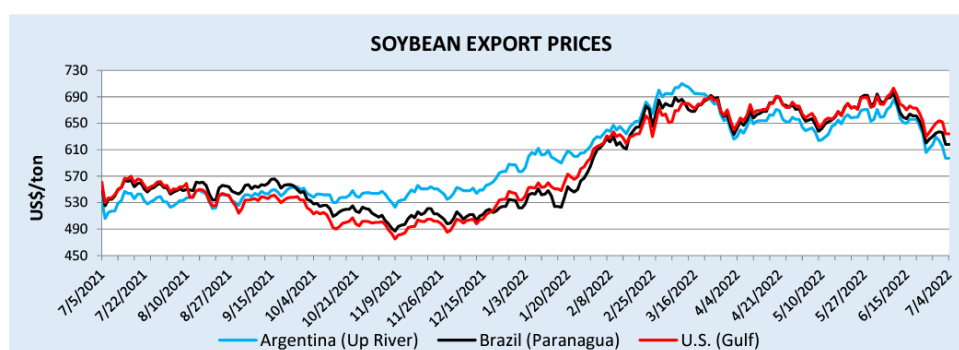
The global soybean production for 2021/22 increased this month by 0.750 million metric tons because of higher soybean production in Argentina and South Africa. With the harvest completed, the final yields results were higher than expected. Argentina and South Africa produced 44 million and 2.1 million metric tons, respectively, bringing the total global soybean production for the 2021/2022 marketing year to 352.74 million metric tons. However, the global soybean demand for crush is lower than expected, so the global crush was reduced by 1.63 million metric tons this month. The global soybean crush is projected to reach 327.13 million metric tons in marketing year 2021/22.

Estimates of Chinese 2021/22 soybean crush were cut by 2 million metric tons this month due to the sluggish soybean meal demand. On the other hand, the crush increased in Brazil and Argentina by 0.75 million metric tons and 0.15 million metric tons, respectively. As a result of lower crush in China, the 2021/22 soybean imports were reduced by 2 million metric tons this month to a total of 90 million. The reduction in global trade, due to lower Chinese soybean imports, is partially offset by higher soybean imports in Argentina, Iran, and the United Kingdom.

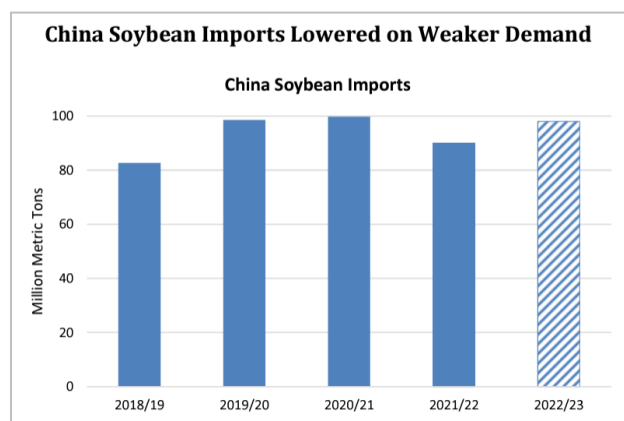
Global 2022/23 soybean production was lowered by 3.97 million metric tons this month to 391.4 million. While the U.S. accounts for most of the decline (mainly due to reductions in planted area), Canadian soybean production was also reduced. The U.S. is expected to produce 122.61 million metric tons of soybeans and Canada 6 million metric tons. This reduction in global production is offset partially by lower trading volume, having been recently reduced by more than 1.42 million metric tons to 168.89 million, with China accounting for 70 percent of this reduction. Global 2022/23 soybean season-ending stocks were lowered 0.85 million metric tons this month to 99.61 million metric tons.

The 2022/23 global soybean ending stocks are reduced slightly to 99.6 million tons as higher stocks for Argentina are more than offset by lower stocks for the U.S., Brazil, and China. Notable changes for 2021/22 include reduced soybean crush and imports for China, and increased soybean production, imports, crush, and ending stocks for Argentina.

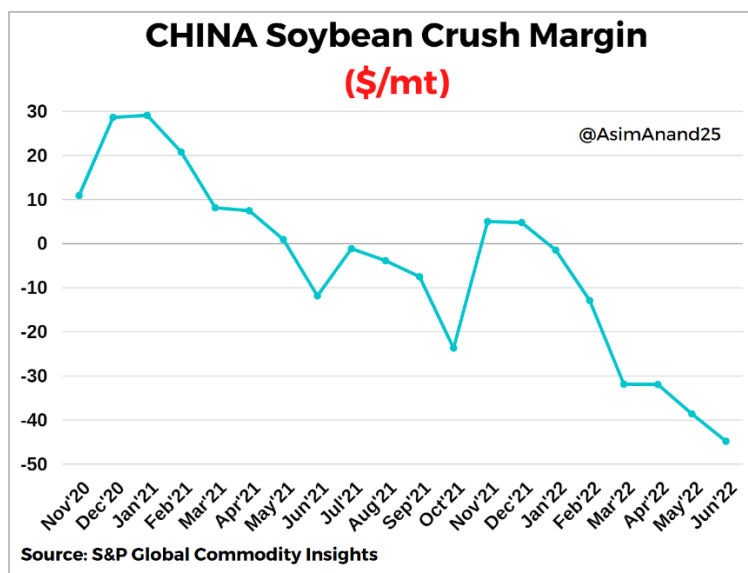
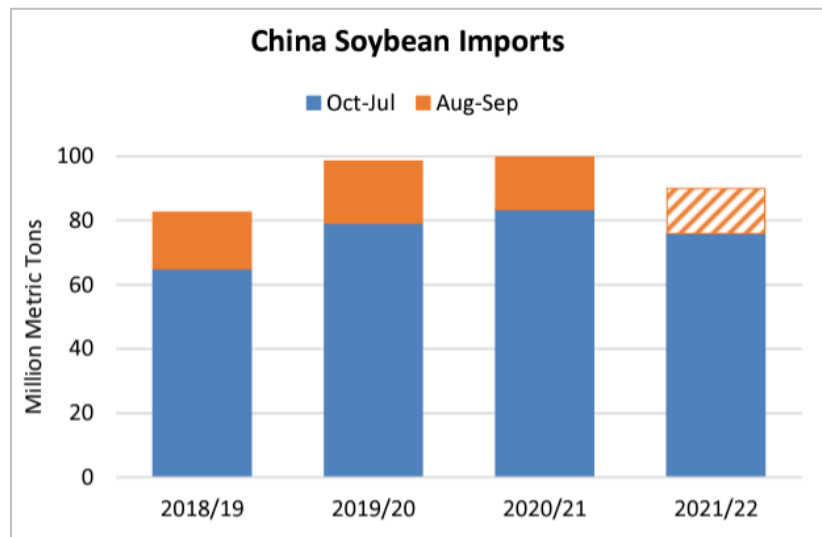
Monthly average soybean prices moved marginally in June with the U.S. price slightly higher, the Brazilian price lower, and no change in the Argentine price. However, after peaking in the first half of the month, prices drifted lower, especially in the final days of the month into early July. This puts early July prices roughly \$50/ton below mid-June levels with U.S. prices remaining at a premium relative to those in South America. These declines mirror recent losses in corn, wheat, and other commodities.



Chinese imports and consumption of both oilseeds and vegetable oils have fallen short of expectations in recent months, and for that reason MY2021/22 soybean imports have been lowered 2.0 million tons to 90.0 million. So far, October-May soybean imports amounted to nearly 61.0 million tons, 5 percent lower compared to the same period a year ago. Additionally, major exporters' trade data indicates a further decline in October-July arrivals to nearly 76.0 million tons, 7.5 million tons (9 percent) lower than last year.

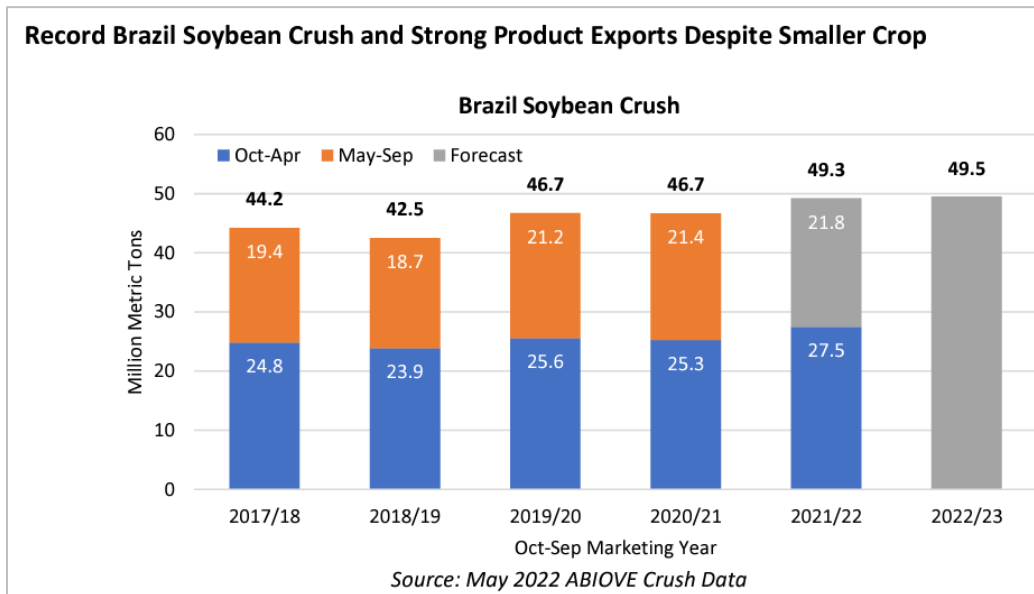


COVID-related restrictions in China, slowing economic growth, and higher global commodity prices have weakened Chinese demand for oilseeds processing, protein meal, and vegetable oil consumption. As a result, MY 2021/22 soybean crush forecasts have been cut this month by 2.0 million tons to 87.0 million. Similarly, MY2022/23 soybean imports have been lowered 1.0 million tons to 98.0 million on weak purchases to date and the assumption that recovery in demand for protein meals and vegetable oils will be more muted.

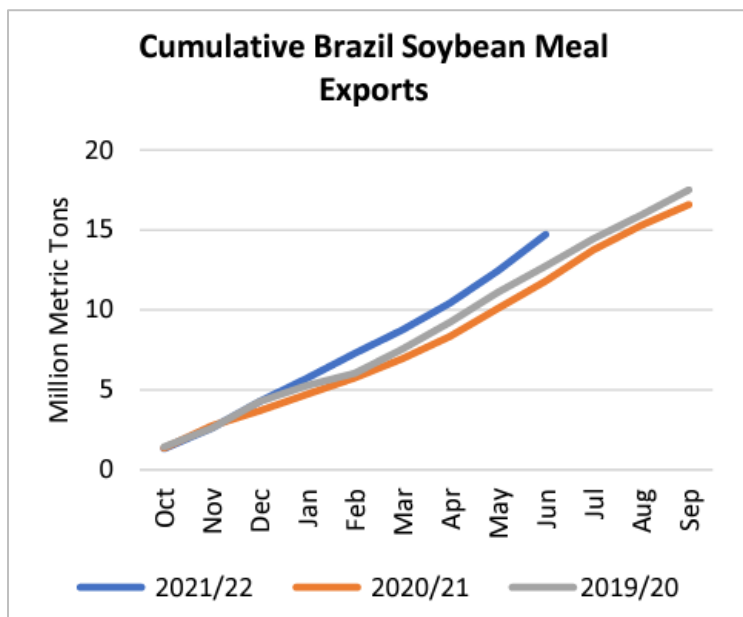


This month, 2021/22 Brazilian soybean crush is up 750,000 tons to a record 49.3 million. Through the first 7 months of the marketing year (Oct/Sep basis), Brazil has crushed a record 27.5 million tons of soybeans, equating to a 9-percent increase in crush over the same timeframe last year despite a crop that is 10 percent smaller than the previous year. Brazilian soybean crush has continued to outpace last year's record despite significant headwinds from the smaller crop, higher soybean prices, and a lower-than-expected biodiesel blend rate for 2022. Instead, record high oil prices and elevated meal prices have driven Brazilian crush margins to record highs, fueling sustained growth. Additionally, slowing soybean

import demand, mainly from China where Brazil typically supplies about two-thirds of beans to the Chinese market, which has led to reduced competition for soybeans for domestic crushers.

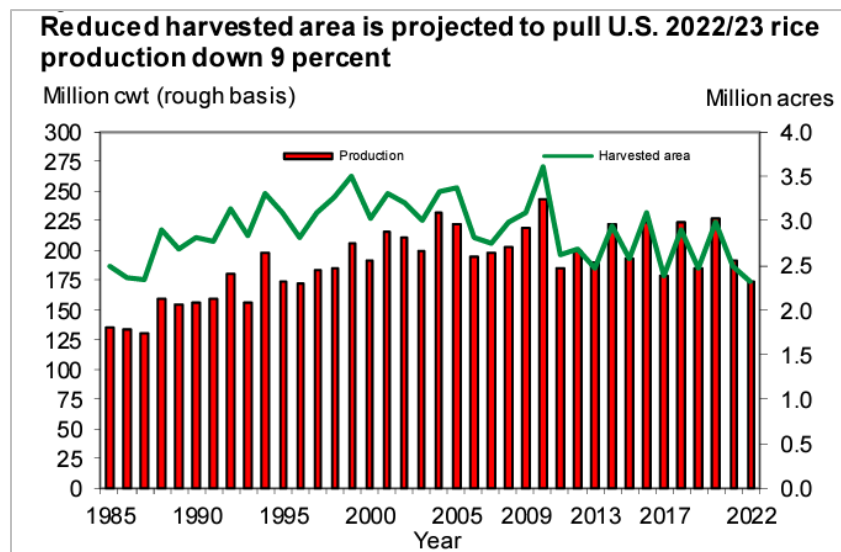


In Brazil, record crush has coincided with record soybean meal exports and decade-high soybean oil exports. For the fourth month in a row, both soybean meal and soybean oil export forecasts for Brazil have been raised. This month, soybean meal exports are up 500,000 tons to 18.5 million and soybean oil exports are up 100,000 tons to 2.1 million. Product exports have been boosted by greater exportable supplies on higher crush as well as reduced competition from other exporters. For meal, Brazilian exports to the E.U., Vietnam, Indonesia, Bangladesh, and Japan are up a combined 2.6 million tons through the first 9 months of the marketing year (Oct-Jun). High premiums for U.S. and Indian soybean meal have encouraged major importing countries to shift to Brazil (cheaper). Additionally, Brazilian meal exports to Japan are up on lower exportable supplies from China this year.



Rice

The U.S. 2022/23 rice production forecast was lowered 8.2 million cwt to 174.5 million based on a smaller harvested area estimate and slightly lower yield. Production is 9 percent below a year earlier and the smallest since 1996/97. Long-grain production was lowered 1.9 million cwt to 139.0 million cwt, 4 percent below a year earlier and the smallest since 2019/20. Medium- and short-grain production was lowered 15 percent to 35.5 million cwt, 25 percent smaller than a year earlier and the lowest since 1985/86. In early June, USDA NASS surveyed U.S. growers regarding actual 2022/23 rice planted acreage and released the survey results on June 30th in its *Acreage* report. NASS reported U.S. 2022/23 rice plantings at 2.343 million acres, down 109,000 acres from the March intended plantings and 7.5 percent below a year earlier and lowest since 1983/84. Based on historic abandonment, NASS estimated 2022/23 harvested area at 2.038 million acres.



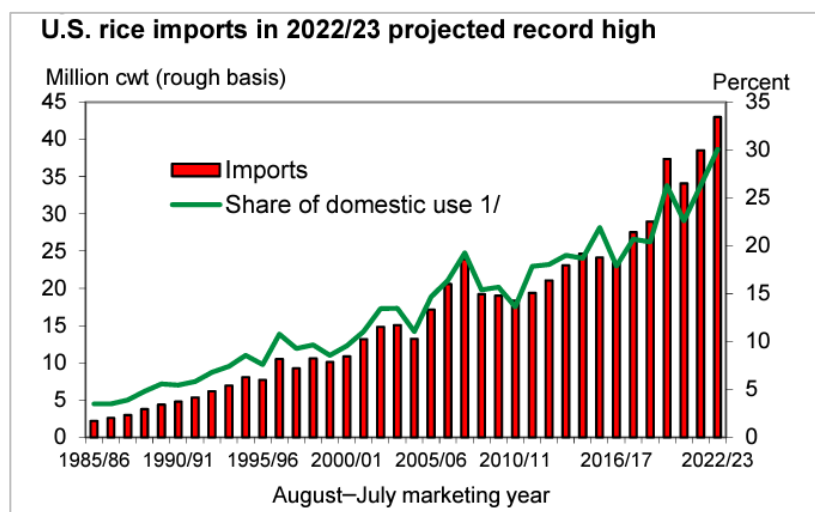
Rice plantings are estimated to be less than those last year in all reported States except Louisiana, with California accounting for the largest annual decline in rice plantings. At 285,000 acres, California's total 2022/23 rice plantings are their smallest since 1958/59. This is the second consecutive year for a sharp decline in rice planted area for California, a result of severe drought, resulting in low reservoir levels and water restrictions. California grows mostly medium- and short-grain rice, typically accounting for around 75 percent of U.S. medium- and short-grain acreage. Arkansas, the U.S.'s largest rice producing State, is estimated to have planted 1.15 million acres of rice, the lowest since 2018/19. Mississippi's plantings of 100,000 acres are their lowest since 1973/74. At 189,000 acres, Missouri's rice plantings are their lowest since 2019/20. Texas plantings of 178,000 acres are also at their lowest point since 2019/20. The decline in rice plantings in these four southern States was largely due to extremely high input prices, only modest increases in rice prices, and higher expected returns for soybeans and for corn, the primary rotation crop in the Delta. In contrast, rice plantings in Louisiana are estimated to have increased 20,000 acres to 440,000. The Gulf Coast has fewer planting options than the Delta due mostly to climate.

The U.S. average yield was lowered 37 pounds per acre to 7,561 pounds, 2 percent below the year-earlier record. The downward revision was based on a smaller share of the U.S. crop coming from California, which achieves the highest yields. The U.S. average yield is based on 10-year trends by class, adjusted to reflect the smaller California acreage. The first survey-based yield estimates for the 2022/23 U.S. rice

crop—including State yield estimates—will be released by NASS on August 12 in its *Crop Production* report.

The substantial crop reduction this month was more than offset by two upward supply-side revisions. First, the 2022/23 import forecast was raised to a record 43.0 million cwt, up 12 percent from the earlier revised estimate. Imports are expected to account for around 30 percent of domestic and residual use in 2022/23, the highest share on record. Long-grain projected imports of a record 33.0 million cwt are up 5 percent from a year earlier, with Asian aromatics again expected to account for the bulk of the shipments and the increase. The U.S. is also expected to import broken-kernel rice based on the smaller U.S. crop. Record medium- and short-grain imports of 10.0 million cwt are up 43 percent from a year earlier, with most of the projected increase due to an expected extremely weak California harvest.

Second, the 2022/23 carryin was raised 9 percent to 42.0 million cwt, up 4 percent from a year earlier. Long-grain carryin of 24.9 million cwt is up 16 percent from a year earlier and combined medium and short-grain carryin of 14.6 million cwt is up almost 28 percent from 2021/22. The larger 2022/23 carryin and import forecasts raised total supply of all rice slightly to 259.5 million cwt, still 5 percent lower from a year earlier and the smallest since 2017/18. Long-grain total supply of 196.9 million cwt is 4 percent below a year earlier. Combined medium- and short-grain total supply of 60.1 million cwt is down 8 percent from a year earlier and the lowest since 1998/99.



The U.S. all rice export forecast for 2022/23 was lowered almost 4 percent to 79.0 million cwt, 5 percent below a year earlier and the lowest since 1996/97. The U.S. rough-rice export forecast of 34.0 million cwt is up almost 10 percent from a year earlier, but little changed from 2018/19-2020/21. The United States is facing increasing competition from South American rough rice exporters in key Latin American markets that is preventing any long-term increase in these shipments.

U.S. milled rice exports are forecast at 45.0 million cwt, 14 percent below a year earlier. These are the lowest milled-rice exports since 1965/66, as U.S. prices are well above those from Asian and Latin American suppliers. Long-grain exports of 60.0 million cwt are projected to be nearly 5 percent below a year earlier and the lowest since 1996/97. The Middle East is expected to account for most of the decline in 2022/23. Medium- and short-grain exports of 19.0 million cwt are projected to be 7 percent below a year earlier and the lowest since 2006/07. The United States is expected to make few sales outside of its core markets in East Asia and Canada due to record-high prices and very tight supplies.

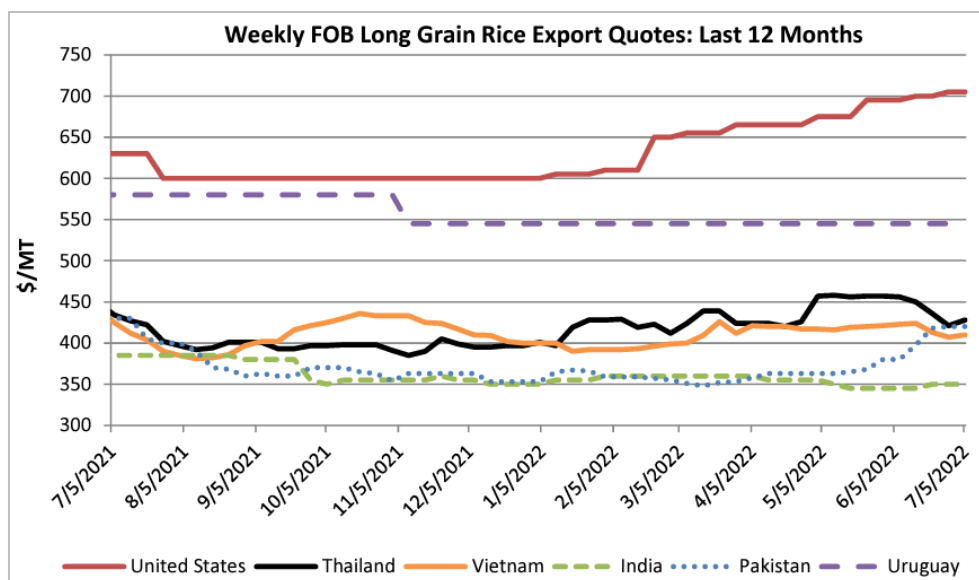
The stronger import forecast raised the all rice total domestic and residual use forecast to 145.0 million cwt, still 2-percent below a year earlier. The annual decline is based on smaller supplies of U.S. rice and fewer expected post-harvest losses resulting from a weaker crop. Long-grain projected domestic and residual use of 115.0 million cwt is 2.5 percent below a year earlier and the smallest since 2019/20. Medium- and short-grain projected domestic and residual use of 30.0 million cwt is almost 2 percent below a year earlier and the smallest since 2014/15, a previous year of a California drought. U.S. 2022/23 ending stocks were revised up to 35.5 million cwt, still 15.5 percent below a year earlier. The long-grain ending stocks forecast was raised to 21.9 million cwt, down 12 percent from a year earlier. Medium- and short-grain ending stocks were lowered to 11.1 million cwt, 24 percent below a year earlier and the lowest since 2019/20.

In 2022/23, season-average farm prices (SAFP) are projected to be higher than a year earlier for both classes of rice in both regions. Tighter U.S. rice supplies, much higher input prices, and substantial price increases for other grains and oilseeds are the major reasons for the higher expected rice prices in 2022/23.

This month, USDA raised its 2022/23 SAFP forecasts for medium- and short-grain rice for both the U.S. and California. In California, the 2022/23 medium- and short-grain SAFP was raised \$2.00 to a record \$31.00 per cwt, up 19 percent from a year earlier. The upward revision was largely based on the much smaller reported California acreage. The higher California SAFP boosted the U.S. medium- and short-grain SAFP to a record \$26.20 per cwt, 18 percent above a year earlier. The 2022/23 southern medium- and short-grain SAFP remains forecast at \$16.00, up \$2.00 from a year earlier and the highest since 2012/13. The long-grain SAFP forecast remains steady at a record \$15.50 per cwt. The U.S. 2022/23 all rice SAFP was raised 40 cents to a record \$18.20 per cwt, up \$2.40 from a year earlier.

The 2022/23 global outlook is for lower supplies, consumption, and stocks with higher trade. Supplies are reduced 1.3 million tons to 701.4 million primarily on lower beginning stocks for India and Pakistan and reduced production from the EU and United States. EU production is forecast at the lowest level since 1995/96 on severe drought conditions in Italy and Spain, the two largest rice producing countries in the EU. World 2022/23 consumption is reduced by 0.6 million tons to 518.6 million, still a record. Global 2022/23 trade is raised 0.4 million tons to 54.6 million on higher exports by Pakistan and Cambodia. Projected 2022/23 world ending stocks are reduced by 0.7 million tons to 182.8 million, primarily on reductions for India and Pakistan.

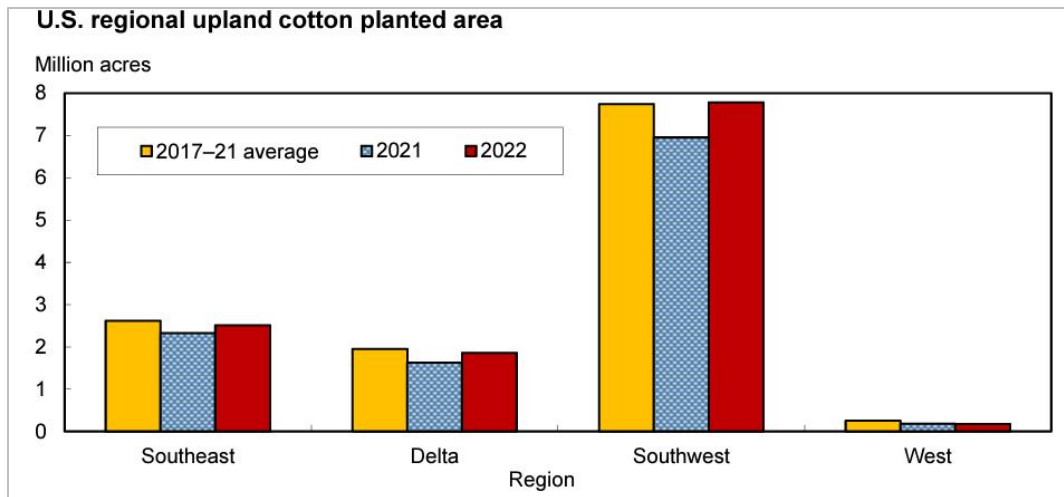
Over the past month, U.S. quotes rose \$10 to \$705/ton amid tight supplies. Uruguayan prices at \$545/ton remain steady. Thai quotes fell to \$428/ton, \$28 lower due to large stocks, a weakening Thai baht, and stiff competition from other Asian suppliers. Vietnamese conditions remain relatively stable, with prices falling \$13 to \$410/ton. Shrinking the price spread with Thailand, Pakistani quotes rose \$40 to \$420/ton amid steady Chinese demand. Indian and Vietnamese quotes rose minimally by \$5 to \$350/ton and remain the lowest globally with large supplies.



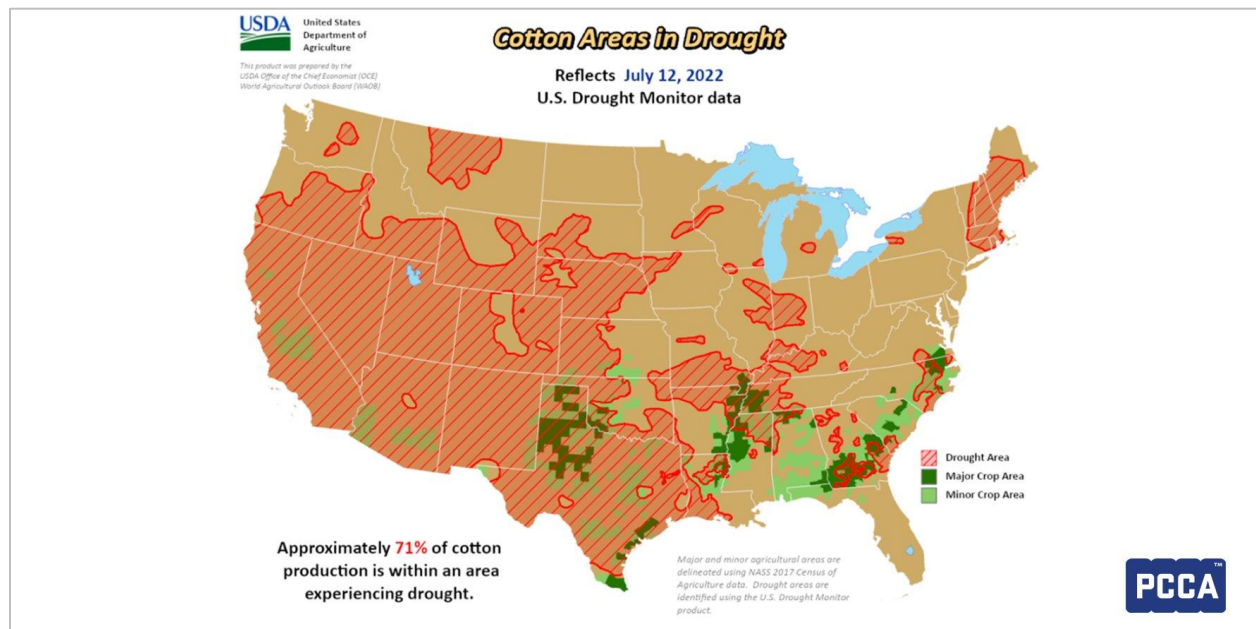
Cotton

U.S. cotton production in 2022 is projected at 15.5 million bales this month, one million bales lower than the June projection and 2 million bales (11.5 percent) below the 2021 crop. Based on USDA's June 30th Acreage Report, U.S. producers planted (or intended to plant) approximately 12.5 million acres of cotton in 2022, about 2 percent (less than 250,000 acres) above the March indications but 11 percent higher than the final 2021 plantings (see table 10 associated with this report). However, below-average rainfall in Texas during 2022 is expected to increase abandonment there considerably and reduce total harvested acreage this season.

Upland cotton area is projected higher for three of the Cotton Belt regions in 2022, with the West marginally below 2021. Planted area in the Southwest is forecast at 7.8 million acres, 825,000 acres above 2021 and the highest in 3 years. The Southwest is expected to account for 63 percent of total U.S. upland area in 2022—comparable to the previous 2 years—indicating the region's importance to U.S. cotton crop expectations. In the Southeast, 2022 cotton acreage is projected at 2.5 million acres, 8 percent above 2021 but below the 2017–21 average. The Southeast is forecast to account for 20 percent of the U.S. area in 2022, similar to the 5-year average. For the Delta region, the 2022 cotton area—estimated at 1.9 million acres—is the highest in 3 years but slightly below the 5-year average. The Delta is expected to account for 15 percent of the U.S. upland area in 2022, similar to the previous 2 seasons. Upland cotton plantings in the West are forecast to decrease slightly to 172,000 acres, about 1.5 percent of the U.S. total and the lowest area since 2015. Extra-long staple (ELS) cotton acreage—mostly grown in the West—is forecast at 156,000 acres in 2022. Although 23 percent higher than a year earlier, 2022 ELS area is the second lowest in more than a decade, as water availability issues limit area despite strong demand and relatively high ELS cotton farm prices.



Total cotton harvested area for July 2022 is projected at 8.55 million acres, nearly 17 percent below 2021. U.S. abandonment in 2022 is forecast at 31.5 percent, compared with 8.5 percent last season and 32 percent in 2020. The abandonment projection is based on 10-year averages by region, with the Southwest adjusted to nearly 50 percent—the third highest on record—reflecting the extreme drought conditions to date. The U.S. cotton yield—projected at 870 pounds per harvested acre—is based on 10-year average yields by region. The U.S. yield would be the highest in 4 years, as a large proportion of lower-yielding Southwest acreage is abandoned, elevating the national yield. In August, USDA NASS will publish its first survey-based estimates for 2022.

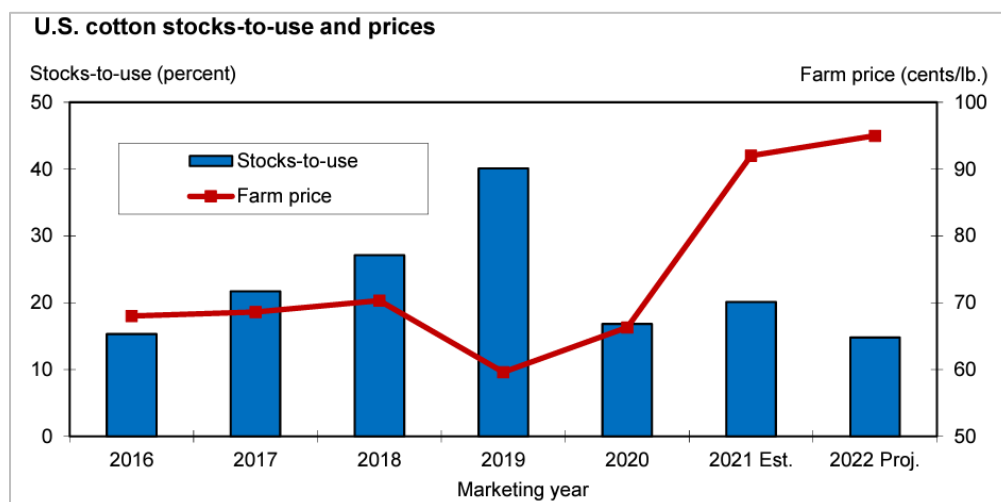


The U.S. cotton demand (mill use plus exports) forecast for 2022/23 decreased in July to 16.5 million bales—500,000 bales below the June projection. The estimate is 800,000 bales below 2021/22 and the lowest since 2015/16. For 2022/23, U.S. cotton mill use is forecast at 2.5 million bales, slightly below 2021/22. Lower 2022/23 U.S. supplies—the smallest in 7 years—are expected to limit exports which are projected at 14 million bales. Also, higher supplies for other exporting countries are expected to support

increased shipments, leading to a lower U.S. share of world trade; for 2022/23, the U.S. share is projected at 30 percent, compared with approximately 33.5 percent in each of the previous 2 years.

U.S. cotton exports for 2021/22 are unchanged this month at 14.75 million bales and are forecast to be the lowest since 2015/16. However, 2020/21 U.S. cotton exports were adjusted slightly (-19,000 bales) to 16.35 million bales based on revisions to the U.S. Census Bureau data, which are used in conjunction with Export Sales shipment data to determine the USDA export estimate.

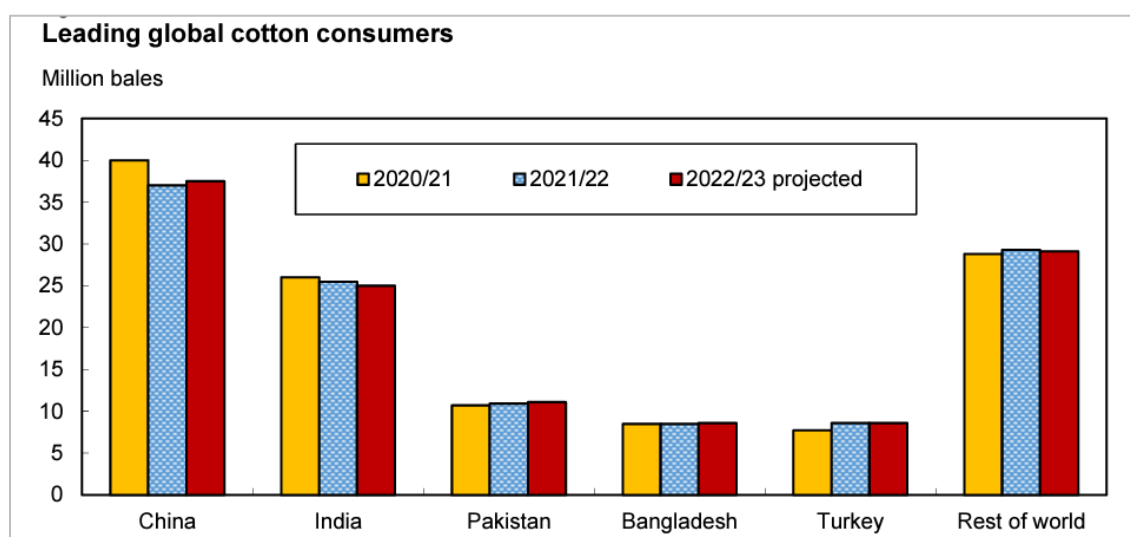
Based on USDA's July supply and demand estimates, 2022/23 U.S. cotton ending stocks are projected at only 2.4 million bales, 1 million below the year before and the lowest in 9 years. In addition, the 2022/23 stocks-to-use ratio (15 percent) is forecast at its lowest in 12 years. As a result, U.S. supply and demand estimates are expected to continue to support cotton prices. For 2022/23, the U.S. upland farm price is forecast at a record 95 cents per pound, compared with 92 cents per pound estimated for 2021/22 and 2020/21's 66.3 cents per pound.



Over the last month, cotton prices have been hit the hardest most relative to all other major commodities, suffering a 32% drop. Despite the July WASDE reporting a tighter U.S. balance sheet for cotton, cotton continues its freefall as recession fears are at fever pitch. With an onslaught of negative macroeconomic data that started with a plunge in the NFIB Small Business Optimism index followed by two days of hotter than expected increases in both the Consumer Price Index (1.3% vs 1.1% expected) and Producer Price Index (1.1% vs 0.8% expected), strong inflation data suggests that the Federal Reserve does not have inflation under control, as of yet. After the announcement, the Federal Funds market immediately jumped to reflect a faster pace of rate hikes, which sequentially lead to a stronger U.S. Dollar (especially in the face of major problems in Europe), and in turn continued to pressure commodities. Stocks also traded lower as the Fed looks unlikely to make a dovish pivot before the July meeting.

U.S. shippers were able to book another 10,200 bales of sales for the remainder of the MY2021/2022 (ending July 31st). Net new sales for 2022/2023 were 139,300 bales and 69,800 bales for 2023/2024. Shipments were healthy at 312,700 upland and 4,400 bales of Pima. Although the shipments reported to the USDA so far are still far off pace to reach the projected 14.75 million statistical bales for this season, adjustments based on the customs bureau's observed exports put U.S. exports on pace. However, given a smaller upcoming cotton crop, likely carryover sales of around two million bales, and committed sales for next season of 4.6 million bales, it looks as though the U.S. is about to start 2022/2023 with nearly half of its exportable surplus already committed to the export market.

World cotton mill use estimates decreased in July for both 2022/23 and 2021/22 as the global economy slows, including consumer demand for cotton textile and apparel products. World cotton mill use for 2022/23 is forecast at 119.9 million bales, marginally above the revised 2021/22 estimate of 119.8 million bales. Given the uncertainties about the global economy, mill use for the major cotton-spinning countries is forecast to vary in 2022/23. China is expected to continue as the largest mill user of cotton as it remains a key exporter of cotton apparel products. China is forecast to account for 31 percent (37.5 million bales) of global cotton mill use in 2022/23. Indian mill use, on the other hand, is projected to decline 2 percent (500,000 bales) to 25 million bales and contribute 21 percent of the global total in 2022/23. In Pakistan, cotton mill use is expected to reach 11.1 million bales in 2022/23, 2 percent or 200,000 bales above the previous year. Meanwhile, Bangladesh and Turkey are each forecast to use 8.6 million bales in 2022/23, with Bangladesh reaching a new record and Turkey matching last season's record.

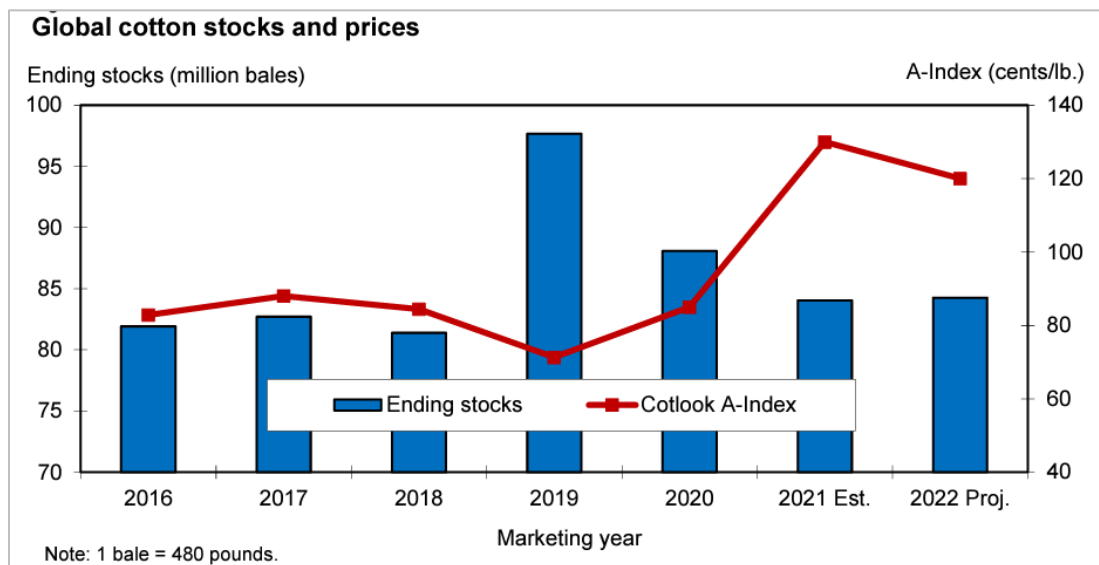


Global cotton trade in 2022/23 is projected at 46.4 million bales, about 5.5 percent above 2021/22 but below 2020/21's record of 48.5 million bales. Total trade is forecast 2.5 million bales higher, led by gains for Australia, Brazil, and Mali, where additional supplies are likely to support exports. Shipments from Brazil and Australia in 2022/23 are forecast at 9.3 million bales (+1.4 million bales) and 6 million bales (+2 million bales), respectively, while Mali's cotton exports are projected to increase 300,000 bales to 1.4 million. Somewhat offsetting these gains are export reductions for the United States and India, where 2022/23 cotton exports are forecast at 14 million bales (-750,000 bales) and 3.7 million bales (-300,000 bales), respectively.

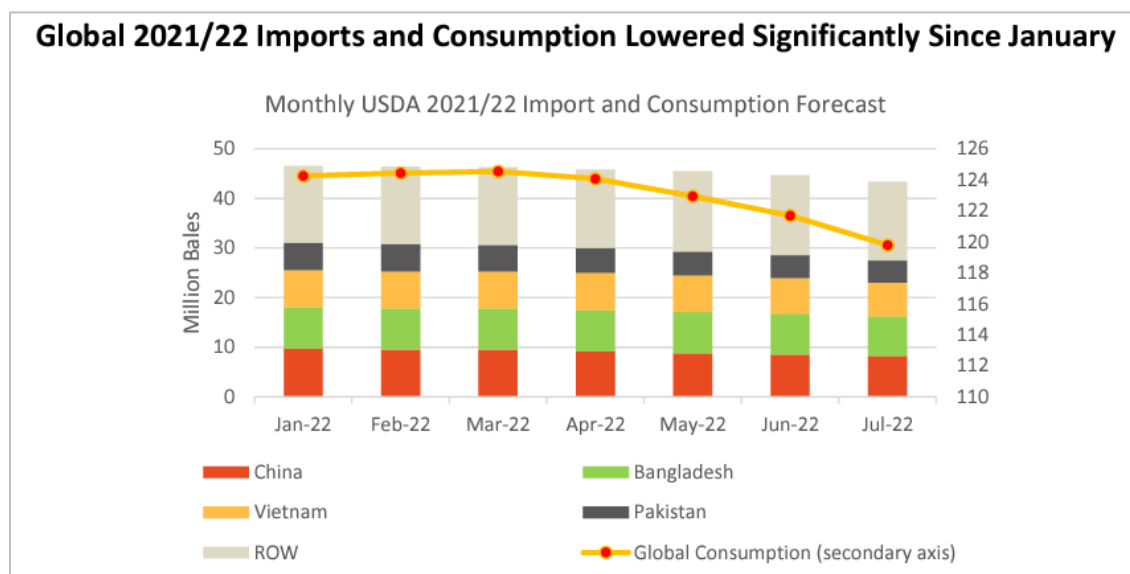
Higher world cotton import projections are due to increased imports by several leading importers, including China, Bangladesh, Vietnam, and Pakistan. Raw cotton imports by China in 2022/23 are forecast at 10 million bales, 1.8 million bales (22 percent) above 2021/22 and one of the highest import levels in recent years. For Bangladesh and Vietnam, 2022/23 imports are projected at 8.5 million bales (+6 percent) and 7.2 million bales (+6 percent), respectively, with each country near its 2020/21 record. Pakistan's cotton imports are forecast at 5 million bales (+500,000 bales) for 2022/23, supporting its mill use expansion.

World cotton ending stocks are forecast at 84.3 million bales in 2022/23, only 200,000 bales above 2021/22, as global production and mill use are projected at similar levels. Stocks are expected to remain at one of their lowest levels since 2018/19, with the decrease anticipated for the United States (-1 million bales) nearly offsetting increases expected for Brazil (+515,000 bales) and India (+500,000 bales). Stocks

in China are forecast at 37.3 million bales for 2022/23, like the year before. China and Brazil hold the most cotton stocks, accounting for 44 percent and 15 percent, respectively. Like stocks, the 2022/23 stocks-to-use ratio is forecast to remain stable at 70 percent and continue to support price expectations. The world cotton price (A-Index) is expected to average near 120 cents per pound in 2022/23, compared with the 2021/22 estimate near 130 cents per pound.



For the global 2022/23 cotton balance sheet, ending stocks are higher than projected in June, despite a 1.2 million bale reduction in expected production. Beginning stocks are higher, as 2021/22 consumption is cut by nearly two million bales and projected consumption in 2022/23 is also reduced by 1.6 million. While China accounts for half of the month-to-month decline in 2021/22 consumption, the change in 2022/23 consumption is spread over four major consumers: China, India, Bangladesh, and Vietnam. Brazil is the only country besides the United States to have its 2022/23 production reduced. World trade is cut 1.1 million bales, with reduced imports by China, Bangladesh, and Vietnam. Brazil's exports are 500,000 bales lower, partly reflecting lower expected production there in 2021/22. Global ending stocks are projected 1.5 million bales higher than in June, and about equal to the 2021/22 level.

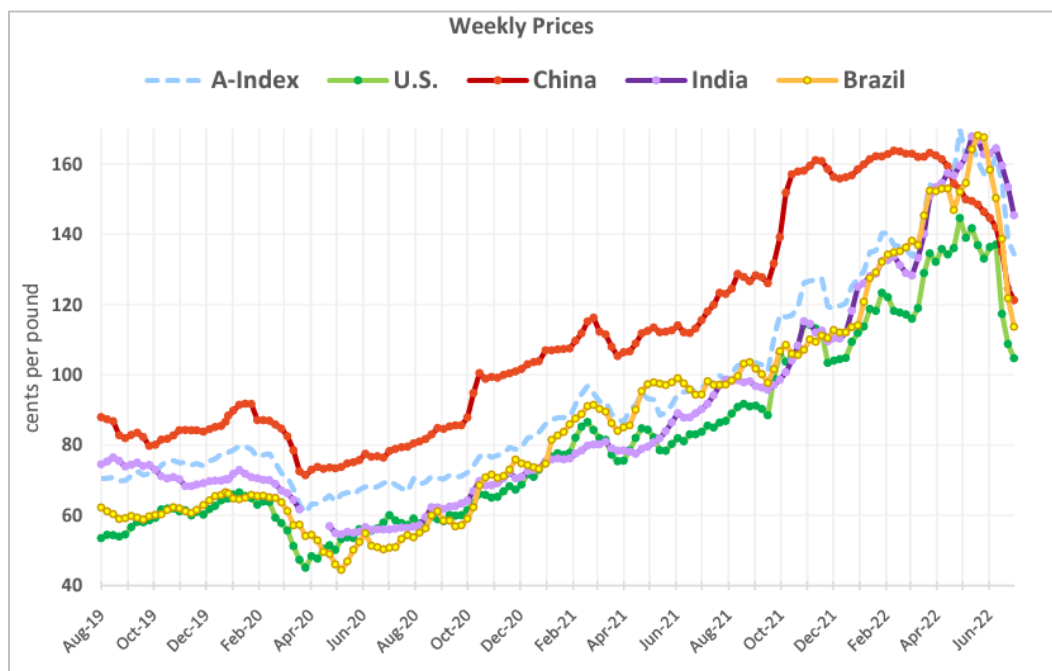


Global consumption prospects have declined as negative macroeconomic forces dampen consumer demand for goods as greater demand for services is manifest and combined with higher inflation. The World Bank and the Organization for Economic Co-operation and Development have downgraded their global economic outlooks recently relative to forecasts from earlier this year, and the International Monetary Fund has signaled a decline in its projections later this month. Lower consumption prospects can also be attributed to a combination of factors including the recent price rally of cotton, high container rates and limited supply, and rising inflation and interest rates globally, including the Federal Reserve's recent actions.

Lower production, late crops, logistical delays, and stalled negotiations related to late shipments are also impeding global trade. Major exporters including India and Australia are dealing with these issues in the current marketing year, with India production down and therefore having less supplies available to ship, and Australia's crop being later than expected and delaying shipments.

Future cotton lint production and consumption continue to be suppressed by weaker demand for cotton products. Moving forward, however, global imports are expected to rebound next year owing to an increase in exportable supplies though use will remain flat.

Global cotton prices plummeted relative to last month's WASDE. This was attributed to a significant selloff in commodity markets and the transition from old to new crop on the Intercontinental Exchange (ICE). The Bloomberg Commodity Spot Index fell more than 20 percent this month and supports the notion of a significant selloff in commodity markets. Cotton futures at this point last month signaled a substantial inversion, and global spot prices now reflect this. The new crop Cotton December 2022 contract (now having the highest open interest) was roughly 25 cents lower than the July 2022 contract at this point last month. All origins dropped over 20 cents with Brazil witnessing the most dramatic downfall of over 40 cents. Nonetheless, prices remain historically high.



PLC Farm Program Payment Projections – 2021/22 CY and 2022/23 CY

The table below projects the national marketing year average prices for purposes of the Price Loss Coverage (PLC) program. A PLC program payment is triggered when the national Marketing Year Average (MYA) price for a commodity falls below that commodity's effective reference price. The payment rate is then multiplied by the farm's program yield and made on 85% of base acres.

<i>Covered Commodity</i>	<i>2021/22 MYA Price*</i>	<i>Effective Reference Price</i>	<i>2021/22 CY PLC Payment Rate</i>
Corn	\$5.95	\$3.70	--
Grain Sorghum	\$5.95	\$3.95	--
Long Grain Rice	\$13.70	\$14.00	\$0.30
Medium Grain Rice	\$14.00	\$14.00	--
Seed Cotton	\$0.4699	\$0.3670	--
Soybeans	\$13.35	\$8.40	--
Wheat	\$7.63	\$5.50	--

*national marketing year average (MYA) prices reflect the midpoint price level from the July 12, 2022 WASDE report.

<i>Covered Commodity</i>	<i>2022/23 MYA Price**</i>	<i>Effective Reference Price</i>	<i>2022/23 CY PLC Payment Rate</i>
Corn	\$6.65	\$3.70	--
Grain Sorghum	\$6.55	\$3.95	--
Long Grain Rice	\$15.50	\$14.00	--
Medium Grain Rice	\$16.00	\$14.00	--
Seed Cotton	\$0.4711	\$0.3670	--
Soybeans	\$14.40	\$8.40	--
Wheat	\$10.50	\$5.50	--

**national marketing year average (MYA) prices reflect the prices contained in the July 12, 2022 USDA WASDE report.

Sources: USDA Agriculture Market Service (AMS), USDA Foreign Agriculture Service (FAS), USDA Farm Service Agency (FSA), USDA National Agriculture Statistics Service (NASS), USDA Economic Research Service (ERS), USDA FAS GAIN Report, USDA Office of Communications, USDA World Supply Demand Estimates (WASDE), ADM Investor Services, AgDay, Ag Fax Media, Ag Market Network, Agri-Pulse, Ag Resource Company, Ag Web, Agricultural Market Information System (AMIS), Allendale, American Farm Bureau Federation, Bloomberg News, Brock Report, CME Group, Cotton Grower, Cotton Incorporated, Cotton Outlook, Creed Rice Report, Daniels Trading, Delta Farm Press, DTN Progressive Farmer, Farm Futures, Fiber 2 Fashion, Gro Intelligence, Hightower Report, Intercontinental Exchange, International Grains Council, Iowa State University, Lakefront Futures and Options, LSU AgCenter, Mississippi State University, National Cotton Council, Peterson Institute of International Economics, Plains Cotton Cooperative Association, Plexus Cotton, Pro Farmer, Refinitiv, Reuters (Karen Braun), Rice Market Letter, Southeast Farm Press, Sovecon, StoneX, Successful Farming, Texas A&M University (John Robinson), University of Arkansas, University of Georgia, University of Illinois, University of Tennessee, U.S. Grains Council, USA Rice Federation, U.S. Soybean Export Council, United Nations Food and Agriculture Organization (FAO), and the Wall Street Journal.



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