Staff Report No. 2023-63 **November 13, 2023**

November Market Update
Corn, Soybeans, Rice, and Cotton

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Prices at a Glance

Crop	2023/24 U.S. MYA Price Projection
Corn	$4.85 per bu.
Soybeans	$12.90 per bu.
Long Grain Rice	$15.50 per cwt.
Southern Medium Grain Rice	$16.50 per cwt.
Upland Cotton Lint	$0.77 per lb.
Seed Cotton	$0.4022 per lb.

WASDE Summary

This month's U.S. corn outlook for crop year 2023/24 calls for larger production, domestic use, exports, and ending stocks. Corn production is forecast at 15.2 billion bushels, an increase of 170 million bushels over last month's estimates. The adjustment came about upon the news of a 1.9-bushel increase in average yield to 174.9 bushels per acre. With larger supplies, feed and residual use is raised 50 million bushels to 5.7 billion and corn used for ethanol is raised 25 million bushels to 5.3 billion. Exports are raised 50 million bushels to 2.1 billion. With supply rising more than use, corn ending stocks are up 45 million bushels to 2.2 billion. The season-average corn price received by producers is lowered 10 cents to $4.85 per bushel.

The U.S. soybean outlook for 2023/24 includes increased production and ending stocks. Soybean production is forecast at 4.13 billion bushels, up 25 million on higher yields. The largest production changes were made for Wisconsin, Tennessee, North Dakota, South Dakota, and Ohio. With crush and exports remaining unchanged, soybean ending stocks were raised to 245 million bushels. The U.S. season-average soybean price for 2023/24 is forecast at $12.90 per bushel, unchanged from last month.

This month's outlook for 2023/24 U.S. rice calls for slightly lower supplies, unchanged exports and domestic use, and reduced ending stocks. Supplies are fractionally lower on reduced production as the NASS November Crop Production report lowered 2023/24 all rice production 845,000 cwt to 219.7 million cwt, all on lower yields. Average all rice yield is down 30 pounds per acre to 7,707 pounds. All rice ending stocks have subsequently been reduced 845,000 cwt to 40.9 million cwt but are still up 35 percent over last year's production. The season-average farm price (SAFP) for long grain rice has been increased by $0.50 to $15.50 per cwt. The SAFP for southern medium grain rice was increased by a $1.00 to $16.50 per cwt.

The 2023/24 U.S. cotton balance sheet shows slightly lower consumption but higher production and ending stocks this month. Production is 273,000 bales higher, at 13.1 million bales, as lower production in Texas is more than offset elsewhere. Domestic mill use is 100,000 bales lower, reflecting the pace of recent consumption, and exports are unchanged, leaving ending stocks 400,000 bales higher at 3.2 million bales or 22.5 percent of use. The 2023/24 season-average price for upland cotton is reduced 3 cents this month to 77 cents per pound.

Corn

In the October World Agricultural Supply and Demand Estimates (WASDE) report, USDA estimated a 15.064-billion-bushel corn crop with a yield of 173.0 bushels per acre. The critical difference in these latest report estimates is that since nearly three-fourths of the corn crop was harvested when NASS took the survey for November, producers have a much better idea now of how harvest is going. Harvest weather this fall has been mostly favorable, and Monday's report from USDA showed 81% of corn had been harvested, slightly ahead of the normal pace. Unless USDA does something highly unusual, it will be difficult to argue with Thursday's corn production estimate, an estimate that has a plus or minus 3% margin of error over the past 40 years.

Dow Jones' pre-report survey expects USDA to estimate U.S. ending corn stocks at 2.129 billion bushels in 2023-24, based on a 15.076-billion-bushel crop and a yield of 173.2 bushels per acre. The slightly higher estimates could possibly be a little low but are within the realm of possibility as producers from around the country have almost universally registered surprise by better-than-expected corn yields considering the lack of precipitation in 2023.

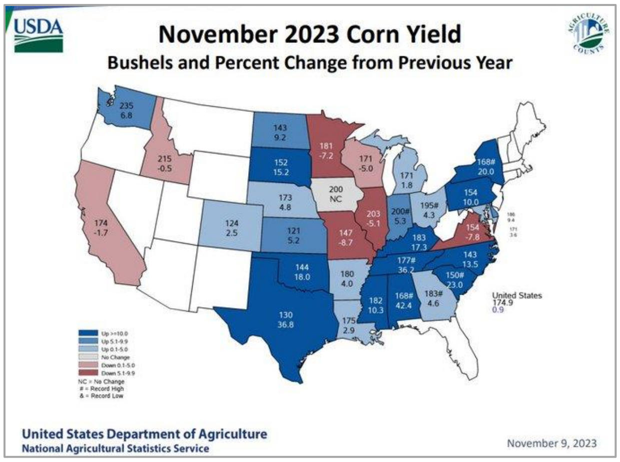
On the demand side, corn export sales and demand for ethanol production have both been running higher than USDA's estimated paces, but USDA may not make any changes this early in the new season. Dow Jones' survey expects USDA to slightly reduce its estimate of world ending corn stocks from 312.40 million metric tons (mmt) to 312.00 mmt. Traders will be watching estimates for Brazil and Argentina. Southern Brazil, especially, has been dealing with heavy rains and flooding, and DTN's longer-term forecast expects above-normal rains in the region to continue into May. In October, USDA estimated Brazil's corn production at 129.0 million metric tons or 5.08 billion bushels and Argentine production at 55.0 million metric tons or 2.17 billion bushels. Brazil's Conab estimated corn production at 119.4 million metric tons or 4.70 billion bushels, saying corn acres will be down in 2023-24.

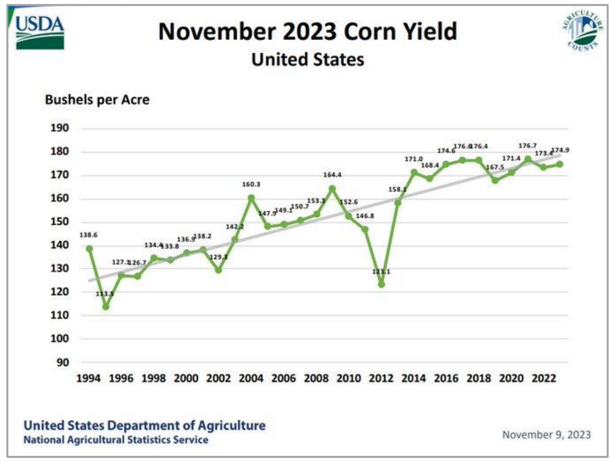
After the November WASDE report released, corn futures dropped to multi-month lows following the USDA Crop Production report that pegged production above nearly all analyst estimates. A pre-report survey done by Bloomberg had production pegged at 15.089 billion bushels with a yield of 173.3 bushels per acre. This morning, USDA reported production at 15.234 billion bushels, equating to a yield of 174.9 bushels per acre. This sent corn futures sharply lower, as the balance sheet expanded to 2,156 million bushels from 2,111 million bushels in October and above expectations of 2,141 million bushels. The

USDA lifted nearly the entire demand side of the balance sheet as well, though not enough to offset the projected increase in production.

This hourly chart of December corn graphically shows a sharp early reaction to the bearish corn and soybean data on Thursday's November WASDE report. Yield, production and ending stocks were all slightly bearish for corn and soybeans, with wheat ending stocks increasing as well. Markets were under pressure even before the report was released, but the losses in corn and soy futures increased as the day wore on (DTN ProphetX chart).

In a surprise move for so late in the season, USDA raised its corn yield forecast by nearly 2 bushels per acre in the November Crop Production Report. With a larger crop currently being harvested across the U.S., it means estimated corn ending stocks are getting even larger, but analysts say the increase wasn't as big as it could have been since USDA also boosted demand. The other surprise in the November WASDE report was the increase in demand, which some analysts feel cushioned some of the possible impact from such a large increase to production. Even though the increase in demand helped offset the larger crop, the 2.156 billion bushels ending stock estimate is a nearly 50% increase in just a year. Producers need to keep in mind that if Mother Nature brings favorable weather during the growing season next year, it is possible that corn ending stocks could increase even more, climbing into the 3-billion-bushel range.





USDA reported export sales of 1.015 million metric tons during the week ending November 2nd, which were up 36% from the previous week and 4% from the four-week average. Sales were near the top end of pre-report estimates between 600,000 metric tons and 1.2 million metric tons. In the November WASDE, USDA lifted their export forecast for 2023-24. The export situation for corn is still dire, leading to questions of a more than 400-million-bushel increase in exports year over year. Unless exports ramp up, a reduction in exports is likely to occur at some point, though will likely be offset by an increase in feed use, which USDA continues to conservatively estimate.

USDA left both Argentine and Brazilian corn production estimates unchanged (though interestingly increased both Ukrainian production and exports). Center west, center south and northeastern Brazil are still advertised to see little rainfall over the next ten days, with temperatures warm to hot, this could lead to some of the most stressful mid-November conditions seen in recent years, World Weather Inc says. Some regions are expected to see temperatures up to 110 degrees, rapidly decreasing soil moisture and increasing crop stress. USDA has been slow to cut South American production estimates, which has added fuel to bearish concerns. This continues to affirm our recent bearish bias and gives us confidence in waiting for additional sales.

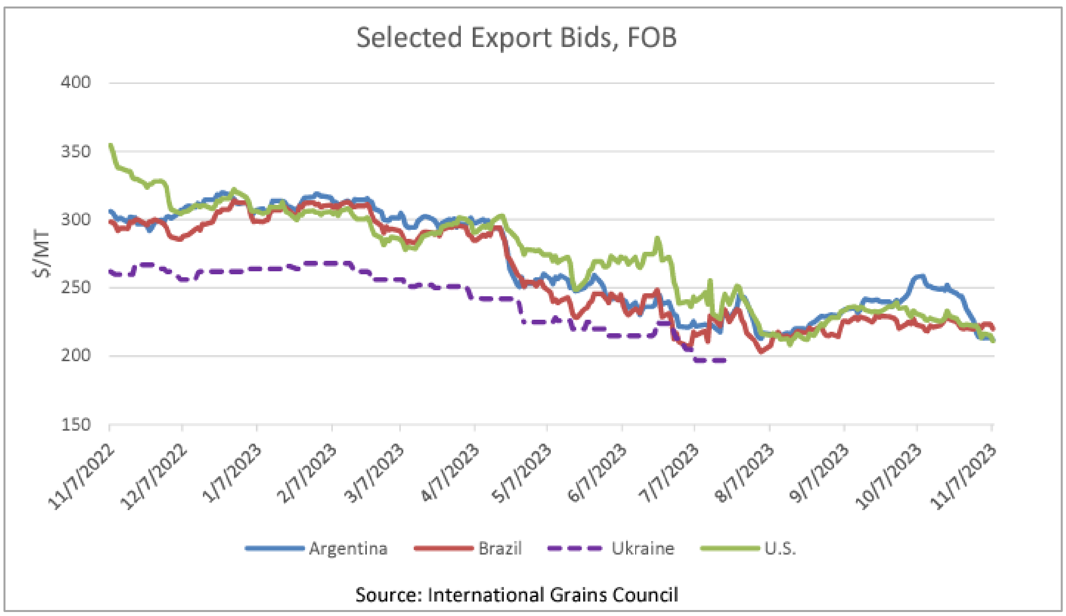
December corn futures continued Thursday's post-report slide despite resurgent strength in soybeans and soaring risk assets. December corn made new lows, falling to the lowest level in over two years. This slide is likely to continue, with the most likely time for a harvest low coming at the end of November. The increase in U.S. production, paired with lagging demand, is likely to continue to weigh on prices, alongside the bearish technical posture. Bears are targeting the psychological $4.50 mark, with little support on the way apart from today's low of $4.61 3/4. Bulls need to close prices above $4.80 to signal a seasonal bottom, though additional resistance at $4.74 and $4.70 will be tough to overcome on the way.

USDA increased nearly each of the demand lines of the balance sheet on Thursday. This is largely due to what USDA refers to as "using economics" to balance the balance sheet. They understand that demand is likely to improve, but they may not quite know exactly where the bulk of the increase is likely to come from. Total commitments for exports have increased, especially from September's depressing figures. The U.S. need more diverse buyers, as the bulk of recent purchases have been to Mexico. Sorghum has replaced nearly all Chinese export demand, substituting nearly 2.0 million metric tons (78 million bushels) of corn. The lower quality U.S. crop also increases feed use, which USDA continues to peg as lower than average, even despite the recent increase.

As winter progresses, attention will turn even more towards South American production. USDA has been slow to adjust Brazilian corn production as too much uncertainty lies ahead, especially as nearly three-quarters of their production comes from second crop (safrinha) corn. Central and northeastern Brazil will remain unfavorably hot and dry through at least the next ten days, increasing stress on crops in those areas. Temperatures are also warm to hot in those areas, with several days in the forecast reaching over 100 degrees Fahrenheit, leading to rapid evaporation and further stressing crops. This will likely lead to more soybeans needing to be replanted, pushing back safrinha plantings past the ideal window following the soybean harvest.

Technical analysis suggests that December futures broke the recent for-the-move low at $4.67 3/4, continuing historical seasonal pressure throughout the month of November. While the Sept. 19 low was broken, bulls managed to limit selling much below the level and managed to close prices above that level. This stands as significant support, backed by today's low of $4.67, though little support remains below that level until the $4.50 mark. Bulls are seeking a daily close above $4.74 resistance before tackling $4.80 resistance.

Since the October WASDE, bids declined for all major exporters. U.S. bids were $211/ton, down $20 from last month. Seasonal pressure from the ongoing harvest and lower logistics costs are softening bids. Brazil bids were $220/ton, down slightly from the previous month. Downward pressure from large supplies is being offset by challenges to inland logistics, stabilizing prices. Argentine bids were $212/ton, down $46 from last month. Competitive pressure from other exporters is sharply lowering prices. Ukrainian bids have not been published since July 21st.



Export bids (fob, US$ per ton)	7-Nov-23	6-Oct-23	7-Nov-22	% change, YoY
Argentina, Up River	212	258	306	-31%
Brazil, Paranagua	220	223	298	-26%
Ukraine	-	-	262	-
U.S. #3 Yellow Corn, Gulf	211	231	355	-40%

Ukrainian corn exports (Oct-Sep) are forecast up 500,000 tons this month to 20.0 million tons. Estimates for 2023/24 corn production have increased over the growing period and current year production is

expected to eclipse last year. In the absence of the BGSI, most Ukrainian corn exports are likely destined for the EU, which is forecast to import a near-record amount of corn. Preliminary data from the Government of Ukraine indicated that only about 1.0 million tons of corn were exported in October. Historically, the 6 months from November to May make up the bulk of Ukraine corn export volume.

Brazil has achieved another record-breaking corn crop, as the second-season corn harvesting of 2022/23 nears completion across the country by early October. The late planting of soybeans, which precedes corn, and excessive rain in the initial stages led to late sowing at the start of the 2022/23 season. However, the optimal weather during the development phases of the crop was highly beneficial in producing a full harvest. Nevertheless, the high availability of the grain has led to lower domestic corn prices, with internal prices below the export parity cost.

After a year of rising prices in 2022 – due to a combination of harvests affected by climate issues worldwide, inflationary effects of the Covid-19 pandemic, and the war between Russia and Ukraine, which affected the shipment of Ukrainian grains and the price of agricultural inputs such as fertilizers – 2023 has seen the price of corn fall significantly. The downward trend is due to, among other factors, the expectation of strong production in Brazil, high supply also in the United States, and, more recently, the appreciation of the real, which makes Brazilian exports less attractive.

Corn production costs are still strongly influenced by volatile internal and external uncertainties. In Brazil, many inputs, such as machinery and seeds, are imported, so their prices will vary with the volatility of the domestic currency (the 'real' - R$) and the government's economic measures. By late September, corn prices showed a slow recovery, mainly due to an appreciation of the dollar, an increase in foreign demand for corn, and better control of producers’ corn stocks since, at the beginning of that month, many of them were selling at lower prices to empty their overflowing warehouses.

The record grain harvest in Brazil for the 2022/23 season has once again shed a negative light on the infrastructure hurdles Brazilian farmers face. With warehouses and silos still filled with soybeans, mountains of grains were left out in the open as producers leveraged between selling at lower prices to avoid losses or holding off, in the expectation of higher profitability, which might not materialize.

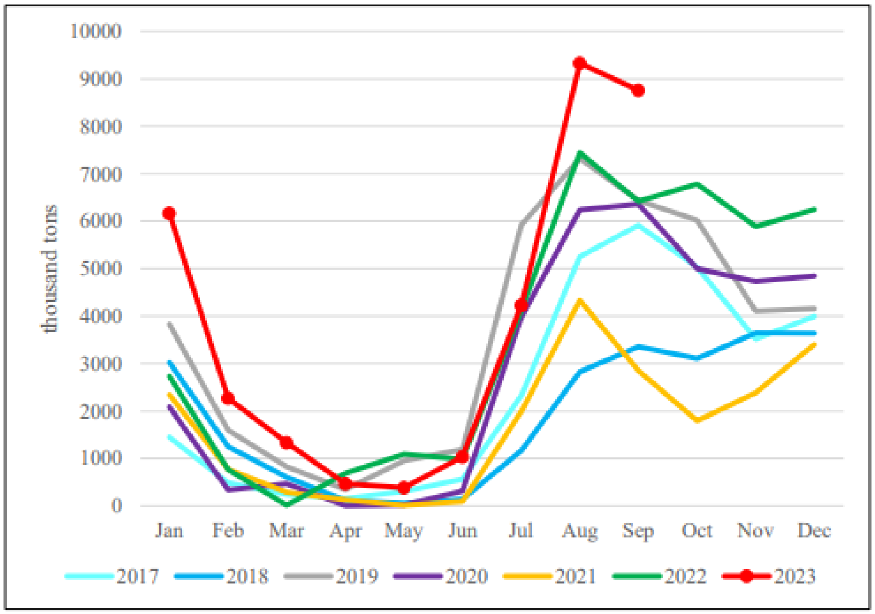
The USDA lowered its forecast for corn export for MY 2023/2024 (March 2024 – February 2025) to 54 million metric tons, down 2 percent from the previous estimate, given Brazil’s smaller forecasted production for the upcoming season. Post increases its forecast for corn imports for MY 2023/24 to 1.8 million metric tons from the previous estimate of 1.5 million metric tons, benefiting from Paraguay’s exchange, free trade, and logistics, as the southern states of Brazil are the main importers.

Corn exports should remain firm, primarily due to increased global demand and with China as a top destination for Brazilian corn. However, the exchange rate may significantly influence prices, with the recent appreciation of the Brazilian real (R$) against the dollar having a negative impact on internal price formation. Furthermore, cases of avian flu in wild birds may also hurt domestic corn prices. Cases continue to increase in Brazil, and if there is a need for large-scale sanitary slaughter, this would reduce corn consumption by commercial herds and impact export markets.

Brazil is expected to overtake the United States this year as the world's largest corn exporter for the first time in a decade. The last time the U.S. lost top billing was when it faced production losses due to a devastating drought. In the 2022/23 harvest, Brazil represented 32 percent of global corn exports, while the United States accounted for around 23 percent. Brazil’s advancement is credited not only to record production but also to the diversification of the logistical export routes.

Post increases its estimate for corn exports for MY 2022/2023 (March 2023 – February 2024) to 56 million metric tons from the previous 53 million metric tons. Brazil has seen an increase in corn exports, reaching 34 million metric tons from January to September 2023, above the 24.2 million metric tons registered in the same period in 2022. China has dominated the imports of corn throughout the year, having purchased 7.9 million metric tons since the beginning of 2023, according to data from MDIC. China overtook Japan, which imported 4 MMT from January to September 2023, followed by Vietnam (2.6 million metric tons), South Korea (2.3 million metric tons) and Iran (1.9 million metric tons).

Monthly Exports of Corn



***Data Source**: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia*

Soybeans

For soybean estimates in November's WASDE, the Dow Jones' survey expects USDA to nudge its estimate of U.S. ending soybean stocks in 2023-24 from 220 million bushels to 221 million bushels, still the lowest in eight years. The survey expects USDA to estimate a slightly lower soybean crop of 4.098 billion bushels with a slightly lower yield of 49.5 bushels per acre. Soybean yield reports have been higher in the eastern Midwest, while the talk has been disappointing in Western growing areas, hurt by the late stretch of dry weather.

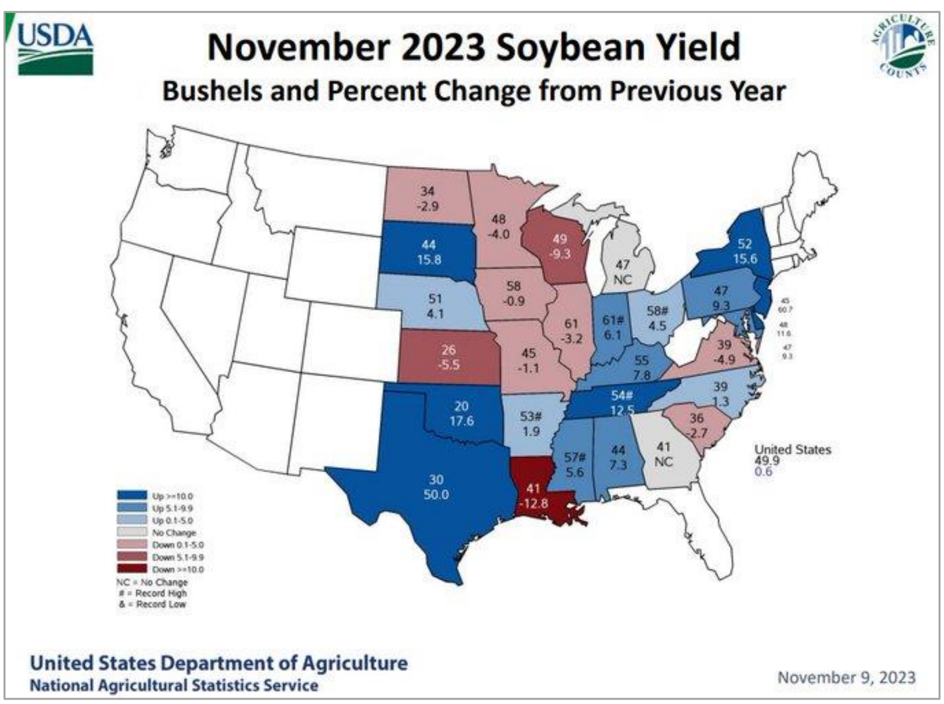
On the demand side, the crush incentive for soybean processors has narrowed modestly in the past month, but part of that has been due to a recognition in the tightness of soybean supplies. Soybean export sales have picked up lately but are running well below USDA's estimated pace. We may see another reduction in USDA's export estimate on Thursday.

Dow Jones expects USDA to slightly reduce its snapshot estimate of world soybean stocks from 115.62 million metric tons to 115.60 million metric tons, a record-high total that is 13% above the previous season, if true. Many will want to see if USDA's record-high 163.0 million metric tons (5.99 billion bushels) soybean crop estimate for Brazil is trimmed back Thursday, due to a combination of excess rain in southern Brazil and lighter-than-normal rainfall in central Brazil. USDA's 48.0 million metric tons

(1.76 billion bushels) soybean crop estimate for Argentina is expected to stay unchanged as crop conditions have been helped by recent rains.

USDA's November production updates earlier cast a shadow over soybean futures amid an 0.3-bushel increase in the national yield to 49.9 bushels per acre. With harvested acres unchanged at 82.791 million acres, the yield bump raised production by 25 million bushels to 4.129 billion bushels, larger than traders' average pre-report estimate of a 1-million-bushel decline from October. Meanwhile, combined with increased production and a 1 million-bushel cut to estimated residual use to 26 million bushels, carryover increased to 245 million bushels, a 25-million-bushel increase from last month. Projected crush was unchanged from last month at 2.3 million bushels, with exports unchanged at 1.755 million bushels. Global soybean carryover was pegged at 114.51 million metric tons for 2023-24, down from 115.62 million metric tons in October, while 2022-23 carryover was estimated at 100.31 million metric tons.

The November report was less of a story for soybeans. While USDA made a slight increase to yield, there wasn't much change on the demand side of the balance sheet. USDA raised soybean yield 0.3 bushels instead of lowering it as some estimates projected and again bucked the historical trend. However, here USDA made no changes to either crush or exports. However, with the increase in yield, it did increase the soybean ending stocks estimate to 245 million bushels. Revising the 220 million bushels carry to 245 million is still extremely tight, but bottom line is when you see the export sales that were posted, they were massive. The sales report indicated that 1.7 million tons of soybeans were sold to China and 'unknown destinations', which is likely China. China's presence int eh U.S. market may suggest that they are a bit nervous about weather in South America. While the 2023 U.S. crop production story isn't over, and there's still a chance USDA could also raise its soybean yield forecast in the January report, the market is currently focused on South American weather. The South American weather story going on appears "real". The weather forecast still looks to see the correct pattern maintained and that is dry in the northern growing regions, regions, Mato Grosso and then to wet down south and that wetness has been exceedingly aggressive rainfall. If that weather pattern continues it will lower Brazil production, but USDA did not make any revisions to the South American crop because it's too early in the season.



Ahead of the government's November crop data, USDA reported daily soybean sales of 1.044 million metric tons to China, which marked the 13th largest ever daily sale, and 662,500 metric tons reported to unknown destinations during 2023-24. The two sales combined pushed the daily sales total to the seventh largest ever.

Weekly export sales data was also released first thing this morning, with USDA reporting net sales of 1.08 million metric tons during the week ended November 2nd, which were up 7% from the previous week but down 8% from the four-week average. Sales for the week were within the pre-report range of 800,000 metric tons to 1.5 million metric tons. Top purchasers included China (692,400 metric tons, including 264,000 metric tons switched from unknown destinations and decreases of 140,300 metric tons), Mexico (230,660 metric tons, including decreases of 20,500 metric tons) and Spain (137,600 metric tons, including 87,500 switched from unknown destinations).

Soybean futures seemingly stabilized today following Thursday's post-report selloff, with support at the 100-day moving average curbing selling. Traders will continue to weigh USDA's production estimates and monitor weather in Brazil. Earlier today, World Weather Inc. reported heat wave and low humidity warnings are currently in effect for northern Brazil crop areas and will likely be in effect most days for the next full week to nearly nine days. The forecaster notes the highest temps will occur in Brazil's key center-west, center-south and northeastern crop areas, which have faced persistently dry conditions, delaying planting. Meanwhile, southern Paraguay into Rio Grande do Sul, southwestern Paraná and Santa Catarina will see frequent rain through November 18th, stalling fieldwork, with more flooding likely in Rio Grande do Sul and Santa Catarina.

As South America's growing season progresses market participants will closely watch for potential changes in Brazil and Argentine production estimates. Crop consultant, Dr. Michael Cordonnier currently estimates Brazil's soybean production will total 160 million metric tons but indicated a neutral to lower bias going forward. Cordonnier noted below normal rainfall during the growing season could still be enough to produce an average crop if the timing is right, however, central Brazil's soils have poor water holding capacity and a week without rain during pod filling could result in moisture stress and reduced yield potential. Cordonnier estimates Argentina's soybean crop at 50 million metric tons, with a neutral bias going forward amid improved weather over the past few weeks. On Thursday, the Buenos Aires Grains Exchange noted that producers could increase soybean plantings due to more favorable weather conditions, as rainfall arrived too late for earlier planted crops, such as corn and sunflowers in the north and western parts of the country.

U.S. exports will serve as the long-term market focus as traders use the data to gauge demand and the global economy. This week, daily export sales gathered seasonal strength, with soybean sales totaling 2.852 million metric tons. Thursday's daily sale of 1.044 million metric tons to China was the thirteenth largest ever, while the combined 662,500 metric tons to "unknown destinations," also reported Thursday, constituted to seventh largest daily sale. Meanwhile, USDA reported net weekly sales of 1.08 million metric tons during week ended November 2nd, which remained steady over the previous week, rising 7%.

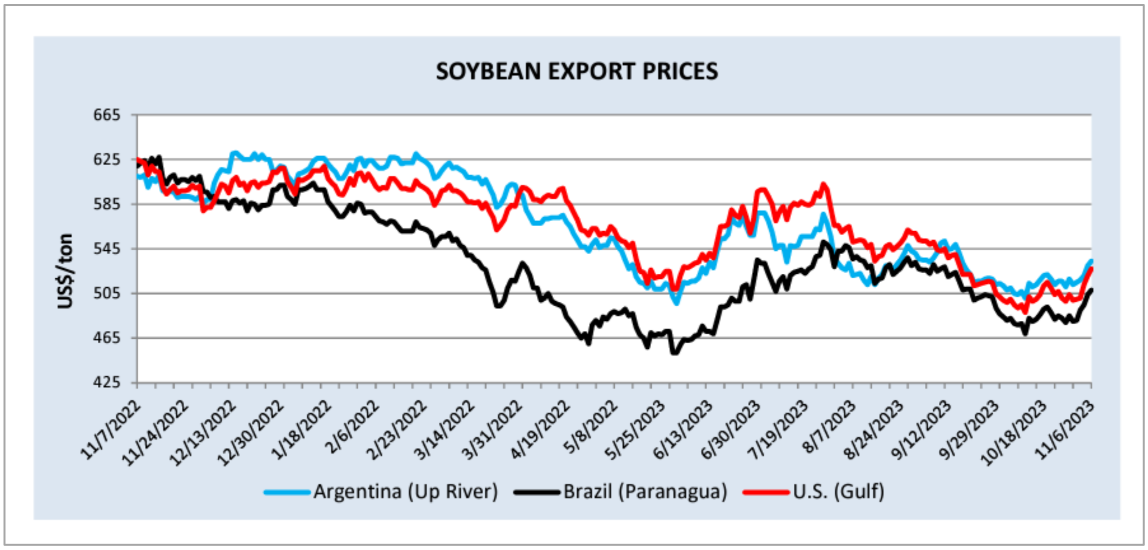
Technical analysis indicates that January soybeans reached the lowest intraday level in five sessions, though support, first at the 100-day moving average of $13.44 and again at the 10-day moving average of $13.37 curbed selling. While support at $13.56 1/4 and $13.46 3/4 ultimately failed, the 100- and 10-day moving averages will now serve as support, along with $13.32 3/4, the 20-, 200- and 40-day moving averages of $13.25 1/4, $13.23 1/4 and $13.16 3/4. Conversely, corrective buying efforts will now face initial resistance at today's failed support levels, then at $13.70 1/4, $13.79 3/4, again at Wednesday's high of $13.84 1/2, $13.93 3/4 and $14.03 1/4.

Soybean export prices were up since the October WASDE. South America soybeans traded higher on strong China demand for Brazil soybeans at the beginning of the new marketing year as well as dry weather in central Brazil delaying planting progress. In the United States, soybean prices were supported by strong September exports and October inspections coupled with high domestic disappearance. Continued tight supplies held Argentine export prices above the United States and Brazil.

Soybean Export Prices (U.S. dollars per metric ton)

	U.S.	Argentina	Brazil
October 12	$502	$514	$483
November 6	$527	$534	$508
Change	**+ $25**	**+ $20**	**+ $25**

Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.



Following higher soybean prices, soybean meal prices increased approximately 10 percent on average from major meal exporters. Furthermore, weak Argentina crush stressed soybean meal supplies and boosted demand for U.S. and Brazil soybean meal exports.

Apart from U.S. soybean oil and Ukrainian sunflowerseed oil, vegetable oil export prices have increased since the October WASDE. U.S. soybean oil prices are elevated compared to other exporters on strong domestic biofuel demand. However, higher soybean crush and record U.S. imports of vegetable oils and used cooking oil put pressure on domestic soybean oil prices over the past month.

In addition, global vegetable oil prices faced upward pressure from palm oil as Indonesia continues to utilize more palm oil domestically, especially for biofuels. Palm oil prices were up, but volatility increased during October due to large stocks for the major importers and competition from Black Sea sunflowerseed oil, which is trading at an abnormal discount.

Rice

The only adjustment for rice in November's WASDE occurred in yield per harvested acre, where overall yields were reduced from 7,737 pounds per acre to 7,707 pounds per acre. This effectively reduced ending stocks on long grain rice to 22.2 million cwt from 22.8 million cwt and on medium grain from 16.7 million cwt to 16.4 million cwt ending stocks. No other adjustments were made to the numbers. With some perceived firmness in the markets an increase in average prices for the year was made in long grain

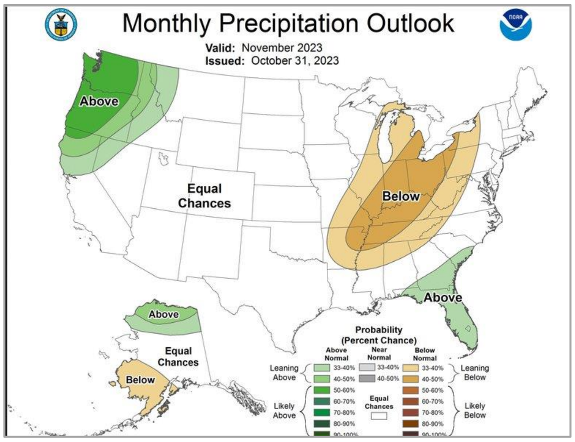
from $15.00 to $15.50 and on medium grain in the south from $15.50 to $16.50 with no change in prices in California.

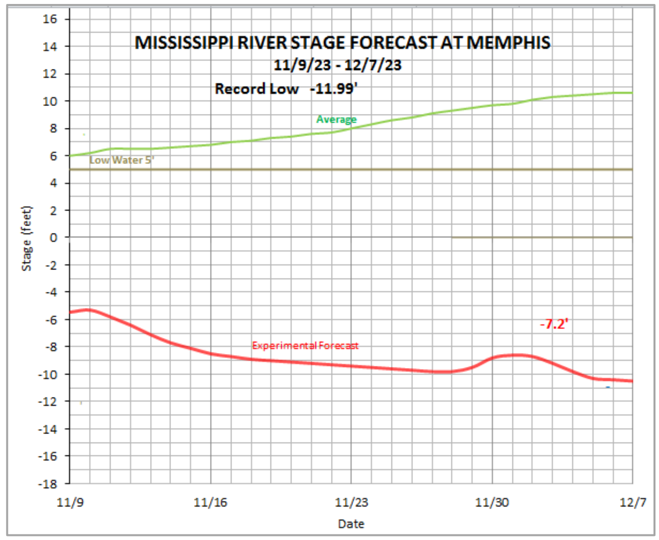
USDA's U.S. updated rice balance sheet yesterday featured minor cuts to 2023 U.S. all-rice production and 2023-24 ending stocks. For long-grain specifically, USDA also trimmed production, leaving the projected long-grain carryout at 22.2 million cwt., down from 22.8 million last month although up from 21.2 million last year. The season-average long-grain rice price was raised to $15.50 per cwt, from $15.00 previously.

Rice futures rallied 22 to 24 cents, settling at $16.90 in the November and $16.74 in the January, after trading a range of $16.44 to $16.79 ½. The market has support from concerns about Asian prices and global food security, along with Brazilian production. Technically, most-active January rice busted out to a two-month high today and looks poised to challenge the September high at $17.02 ½. The contract high is just four cents above that.

As reported in the Rice Market Letter "the futures market may be starting to see trading patterns that are somewhat "normal" for rice futures. The front month Jan futures finally pushed down far enough to draw some substantial buying that kicked in following Friday's five-day low 15.685 and peaked yesterday at 16.50 which was the top of the Bolinger band produced on the continuation chart". Without any substantial export business in the next few weeks, we are concerned that low cash and futures price levels may become more difficult to lift. More fundamental factors need to be known before a solid direction can be estimated. Is the rice there? That appears to be a yes, but low milling outturns appear to be widespread.

El Niño portends different things to different regions, and the impacts are far-reaching across the rice chain. For example, El Niño was the reason cited by the Indian government as the principal motivator behind their export ban. In California, it means a return to wetter weather and a full-size crop. In South America, its absence has meant drought and a reduced crop last year, and its return has gone so far as to cause flooding in places like Ecuador to reduce their crop. Some have blamed El Niño for the problems with the Mississippi River, and a newly emerging problem is the freshwater drought in the Panama Canal and its ensuing reduction of throughput. Let's not leave out that southern Louisiana is suffering salt intrusion from lack of rain. "If we don't get 20 inches of rain by planting season, we will cut back 30% on acres," according to a leading rice farmer. Weather patterns and climate risk continue to play a significant role in the rice market, and being able to respond in a timely manner is of utmost importance.





All this chaos shines a light on the United States as the clear winner in the Western Hemisphere in the next several months — we need only to take advantage of the opportunity. The large crop makes us the only supplier to Central and South America until their harvest in the Spring of 2024, but we are having trouble loading barges due to the low levels of the Mississippi. The poor milling quality and low head yields can be turned into a positive by helping the U.S. industry claw back some of its market share in the parboiled space. Conversations are starting around the possibility of U.S. long grain finding its way to Cuba since Vietnam shipments are getting tied up in the Panama Canal. Even the spread between U.S. long-grain and Asian rice is the smallest it's been in years because of strong demand from Indonesia and no shipments from India. Every opportunity has its challenges, but things are setting up to be an exciting year.

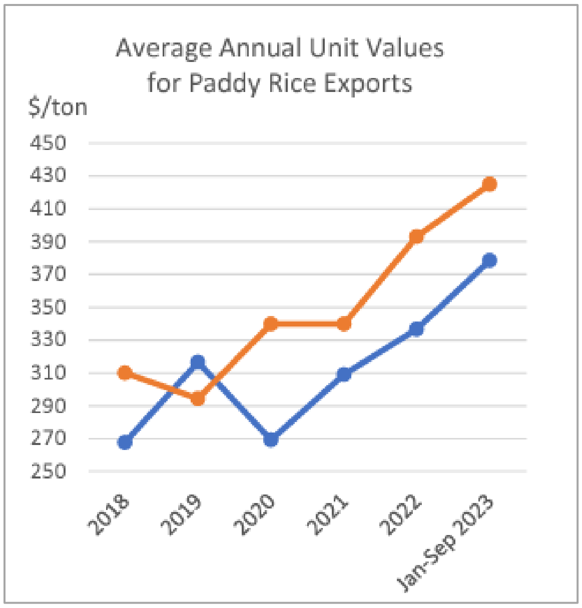
The weekly export sales report shows net sales of 36,000 metric tons this week, down 62% from the previous week and 43% from the prior 4-week average. Increases were primarily for Venezuela and Mexico. Exports of 96,100 metric tons — a marketing-year high — were up noticeably from the previous week and from the prior four-week average. The destinations were primarily to Iraq (43,300 metric tons), Mexico (38,300 metric tons), Haiti (7,000 metric tons), Canada (2,900 metric tons), and Jordan (2,200 metric tons).

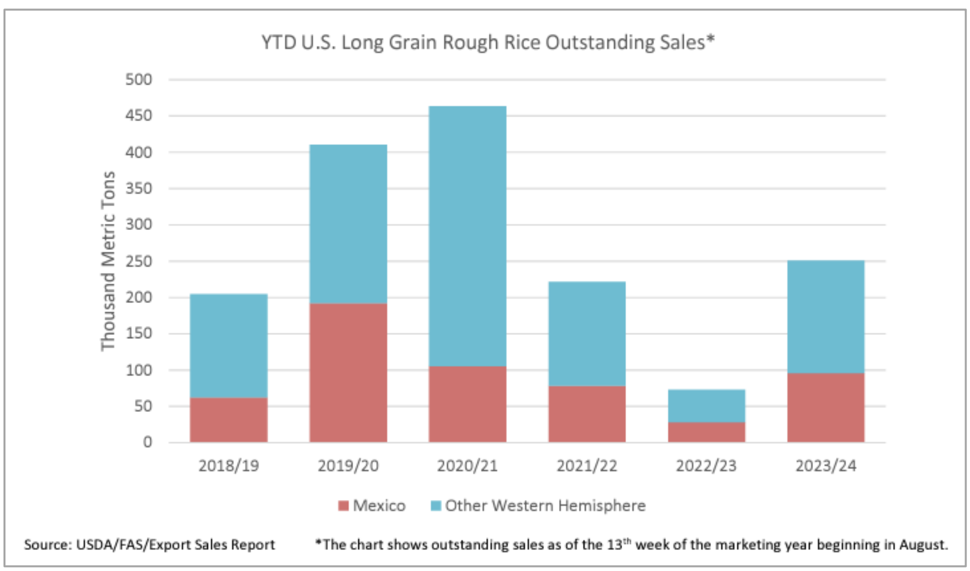
Most rice traded globally is milled white rice, but paddy (rough) rice trade is important within the Western Hemisphere. The United States has historically been the only major rice exporter to ship significant quantities of paddy rice, accounting for about a third of total U.S. rice exports. U.S. paddy rice exports had dominated the paddy market in Latin America, but Brazil has become a major competitor in recent years. Brazil began by encroaching on U.S. market share in Venezuela and Central America. During marketing year 2022/23 (August/July), U.S. paddy rice exports plummeted to the lowest level since 1996/97, largely due to a smaller crop driving higher prices.

The sharp drop in U.S. paddy exports to Mexico was a key factor in this overall precipitous decline. Mexico has long been the top market for U.S. long grain rough rice. In May 2022, the government of Mexico implemented a temporary removal of import duties on a range of commodities, including paddy rice. The original duration was set for 1 year, but exemptions were later extended to April 30, 2024, provided contracts are submitted by January 10, 2024. As a result, the United States lost a major competitive advantage, and demand for South American rice flourished especially given their more

competitive prices. Brazil market share for Mexico paddy rice imports climbed from 16 percent in 2020 to 56 percent during January through September 2023.

However, with the harvest of a larger 2023/24 U.S. crop, the United States is regaining some competitiveness in paddy exports. Brazil did not export any rice to Mexico in October 2023, while U.S. Exports Sales Reporting shows 73,000 tons of U.S. paddy exports to Mexico in the period of October 1-26, 2023. U.S. export sales shows significantly more outstanding sales to Mexico and other Western Hemisphere markets at this point in the marketing year compared to the past two years.

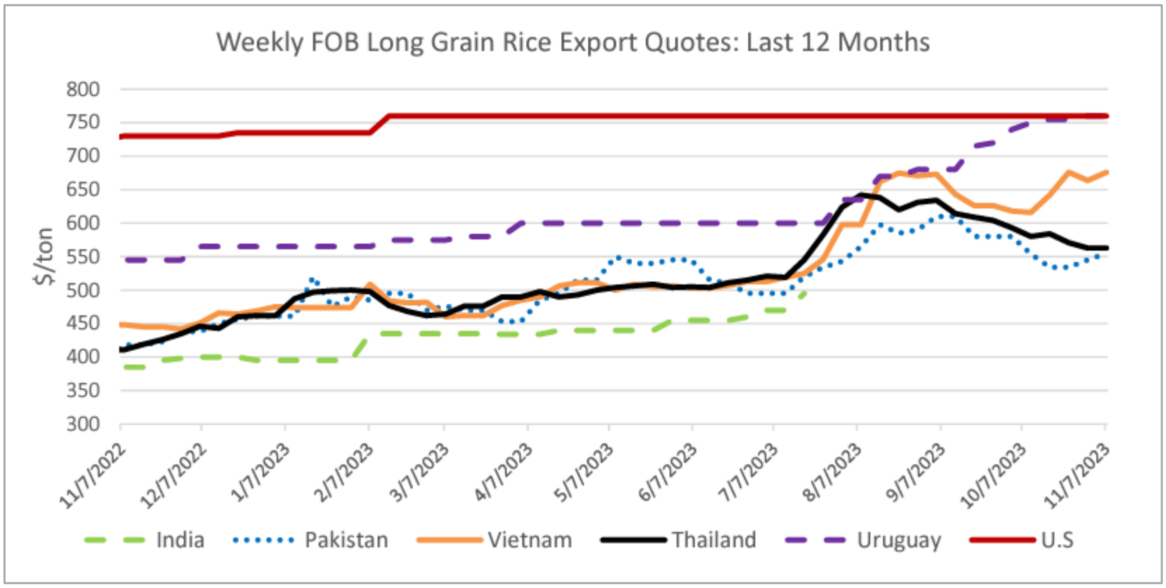




The monthly FAO Rice Price Update dropped for its second consecutive month in October, but it's still 24% more than this time last year. The drop was led by Japonica varieties, falling 9% from last month with California in full swing, while Indica varieties dropped 5.3% as the panic works its way out of the market from the Indian export ban. If Indonesia didn't double its imports in the last quarter of the year,

we could have seen more softening in Thai and Viet prices, but Indonesia's insistence on procuring supplies for food security in the event of severe weather events has kept the pressure on prices.

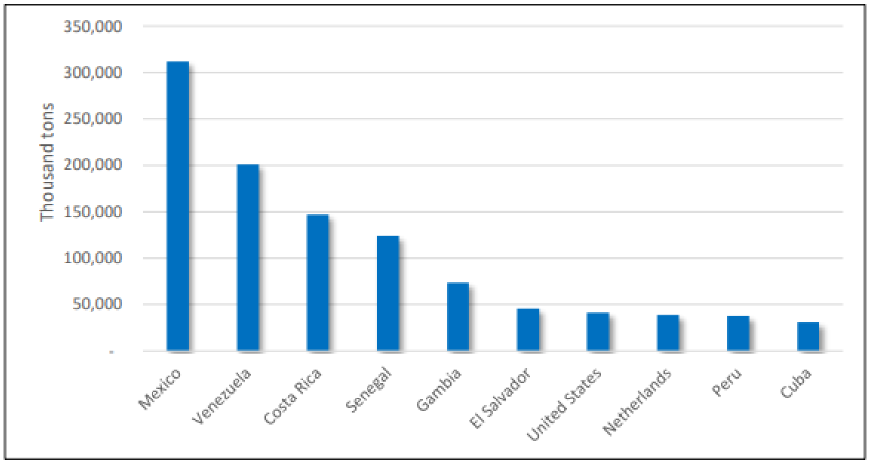
In the past month, U.S. export quotes remained at $760/ton, while Uruguayan quotes rose $10 to $760/ton on strong demand and tightening supplies. This is the first time in over two years that these competitors have had the same quotes. Now at a large premium over other Asian suppliers, Vietnamese quotes rose $60 to $676/ton with strong demand from Africa, Indonesia, and the Philippines. Thai quotes edged down by $32 to $563/ton as new crop harvest entered the market. Pakistani quotes were up slightly to $555/ton as harvest pressure was offset by strong demand caused by India's continued export restrictions. Export quotes for India white rice have been unavailable since imposition of an export ban on July 20th.



The USDA Post in Brazil increased its forecast for rice exports for MY 2023/24 (April 2024 – March 2025) to 1.1 million metric tons from its previous estimate of 900,000 metric tons. This is based on the continued interest in Brazilian rice in foreign markets and a foreseen lower supply from important exporting countries. Post decreases its forecast for rice imports for MY 2023/24 to 950,000 metric tons, down 3 percent from the previous estimate, over the expectation of reduced crop production from traditional exporters to Brazil from Mercosur countries Paraguay and Uruguay.

Post adjusted its rice exports for MY 2022/23 (April 2023 – March 2024) to 1.2 million metric tons, up from the previous estimate of 1.1 million metric tons. Although higher than the previous forecast, the new export figure is 16 percent lower than in 2021/22 and is based on the lower availability of crops for the current harvest. According to the Ministry of Development, Industry, Commerce, and Services (MDIC), Mexico continues to be the leading destination of Brazilian rice throughout 2023, accounting for roughly 27 percent of Brazilian exports of rice (HS Code 1006), followed by Venezuela (17%), Costa Rica (12.6%), Senegal (10.6%) and Gambia (6%).

Main Destinations of Brazilian Rice (January -September 2023)



Data Source: *Ministry of Development, Industry, Commerce and Services (MDIC); Graph Post Brasilia*

Cotton

Cotton futures surged on Thursday despite an unexpected rise in production as reported in the latest Crop Production report, leading to suspicions that recent selling was overdone. Cotton futures surged overnight into this morning's open and saw mild profit-taking from this morning's peak, though prices held onto gains. Production rose month over month, despite all but three analysts cutting production forecasts in a pre-report survey done by Bloomberg. Ending stocks rose outside the highest analyst guess as well, rising to 3.2 million bales from 2.8 million bales in October. The strength seen in the futures market despite the bearish report give confidence to traders that the recent selling pressure, which pushed December futures more than ten cents lower in as many sessions, is overdone. Front-month crude oil futures lent some spillover strength to cotton bulls as well, though prices remain in a firm downtrend on the daily bar chart.

USDA reported weekly sales of 415,500 RB during the week ended November 2nd. While this dipped from 482,900 RB a week ago, sales were the second highest of the marketing year, a breath of fresh air for the struggling market. USDA retains a steep export forecast despite relatively low sales compared to recent years.

December cotton futures saw corrective gains, though the downward trendline that supported prices from late September until it's break earlier this week capped gains at 77.10 cents. Bears, who remain in control of the technical advantage, will seek to keep pressure on prices Friday, targeting yesterday's for-the-move low at 74.77 cents, with support at 75.00 cents on the way. Beyond 77.10 cents, bulls are targeting the 10-day moving average at 78.76 cents, firmly backed by the psychological 80.00 cent level.

U.S. prices are down nearly 10 cents to 72 cents per pound as futures plunged and speculators liquidated their long positions. Basis across most regions are mixed with West Texas-Kansas-Oklahoma improving to around -600 basis points compared with -700 last month. The Southeast is unchanged and North/South Delta basis has fallen from -225 to -325. Average basis across U.S. regions remains around 500 points lower compared with the previous year.

Cotton futures were able to notch follow-through corrective gains following the sharp selloff since the end of October. A move higher transpired Thursday, following an extended period of being technically oversold, with the natural fiber repelling USDA's bearish production data late morning. Today's extension higher was likely underpinned by strength in equities and crude oil futures in addition to a

pause in the U.S. dollar following gains over the past four sessions. Look for corrective gains to extend into next week, with outside markets providing additional influence.

With 57% of the U.S. cotton crop harvested, weather will continue to be of significance as producers wind down harvesting. World Weather Inc. reports a mostly good harvest environment is expected in West Texas over the next ten days, though rains are expected in the Delta next week which will set back fieldwork for a little while and may discolor some of the unharvested cotton fiber. The forecaster notes rain is also expected in the southeastern corner of the U.S. this weekend and again a week later. Meanwhile, moderate to locally heavy rain in Coastal Bend areas of Texas and a part of South Texas with lighter rain the Blacklands will be useful for planting in 2024.

Demand for U.S. cotton will continue to serve as the longer-term focus as traders attempt to grasp the state of the global economy. Earlier in the week, USDA reported net weekly sales of 395,200 RB for the week ended November 2nd, which were down 14% but up noticeably from the prior four-week average. Top purchasers for the week included China (260,000 RB), Vietnam, (54,500 RB) and Pakistan (27,200 RB). However, shipments for the week reached a marketing-year low at 90,600 RB, down 31% from the previous week and 18% from the four-week average. Top destinations included China, Vietnam, and Bangladesh.

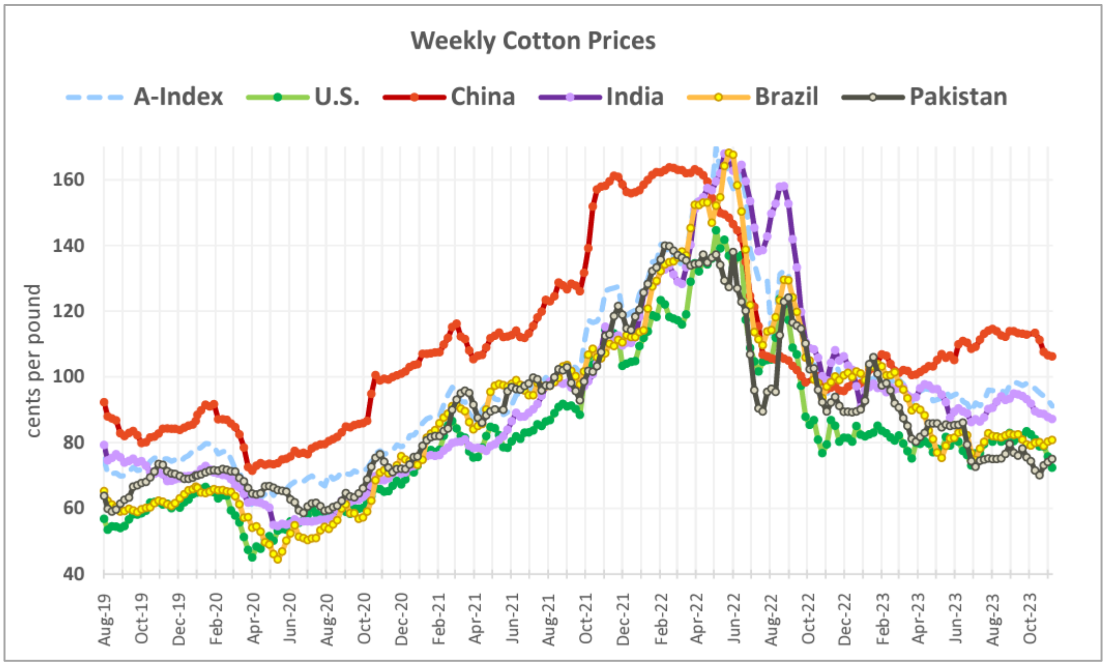
Chinese prices were down roughly 8 cents to 106 cents per pound and owed to futures on the Zhengzhou Commodity Exchange falling from roughly 17,000 yuan per metric ton to 15,700 yuan. Recent sales from government reserves fell significantly relative to the previous 30-day period and somewhat pressured spot prices. Relative to ICE, prices are nearly 30 cents higher and remain the highest of the major producing countries. Higher basis is somewhat supported by higher consumption relative to production; 2023/24 production is forecast to fall by more than 3.5 million bales to 27.0 million bales.

Indian prices have witnessed a less dramatic decline, falling 3 cents to settle at 87 cents per pound as global price movements pressure domestic transactions. Basis is roughly 10 cents per pound, higher than the previous month but significantly lower than last year's level of about 20 cents. 2023/24 beginning stocks are estimated 3.5 million bales higher compared with last year at 11.8 million.

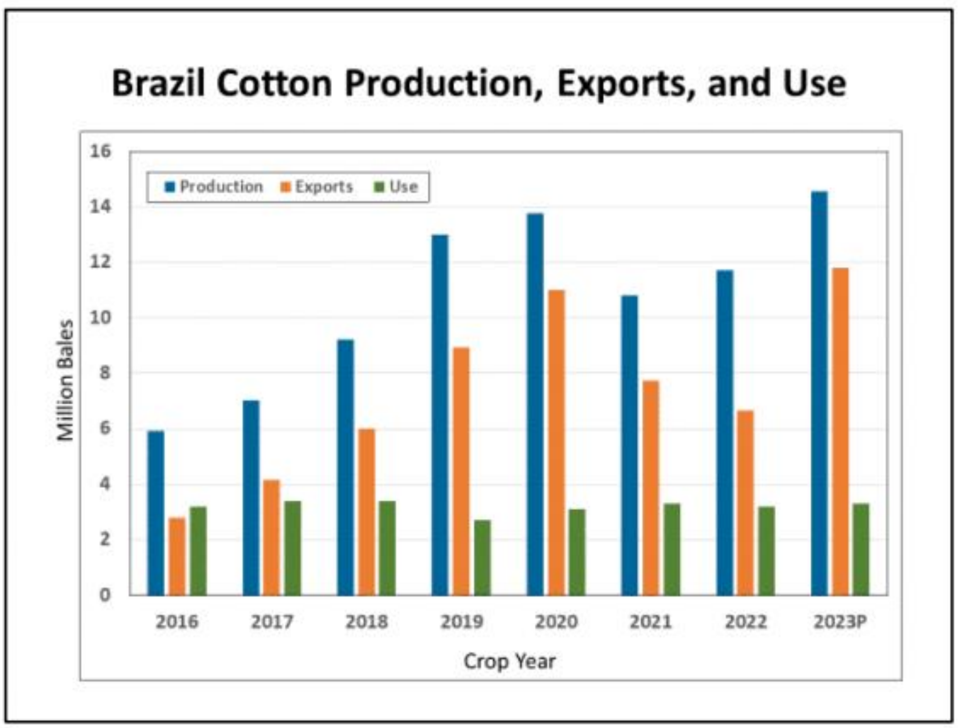
Brazilian prices remain unchanged at 80 cents per pound due to rising export demand and recent discussions of significant purchases for Brazil origin. Basis is 3 cents, up more than 9 cents compared with last month but down from last year's level of 18 cents per pound. Significantly lower basis levels year-over-year is in part attributed to supplies surging roughly 5 million bales compared with the previous year.

Pakistani prices are up 4 cents to 75 cents per pound and spurred by an improvement in domestic demand but remain the lowest of the major producing origins. Pakistan has witnessed the most dramatic annual change in basis as recent levels were -2 cents per pound compared with 10 cents last year.

The observed A-Index this month includes the simple average of the following 5 origins: Brazil, Ivory Coast, Mali, Burkina Faso, and Greece. Brazil and Ivory Coast are the lowest-quoted origin at 90 cents per pound while Greece and Mali are the highest at 91 cents. The A-Index relative to ICE is slightly lower compared with last year at 14 cents per pound but higher compared with the previous month. Note the A-index includes the 5 cheapest origins of 'medium grade' cotton landed at a port in the Far East; quotations are compiled and published daily.



There has been quite a bit reported and written about lately concerning Brazil—how it has become increasing competition for US export market share. Much of the weakness in price we've seen develop over the past month has been due to increasing concerns (fear and uncertainty) about demand and US exports, and Brazil has been somewhere in the conversation. Brazil exports about 70% of production. When production increases, exports tend to increase. The 2023 crop is projected to be 24% larger than last year and a record crop. Exports are projected to increase by 77%



PLC Farm Program Payment Projections – 2023/24 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.

Covered Commodity	***2023/24 MYA Price*****	*Effective Reference Price*	***2023/24 PLC Payment Rate***
Corn	$4.85	$3.70	--
Grain Sorghum	$4.85	$3.95	--
Long Grain Rice	$15.50	$14.00	--
Medium Grain Rice	$16.50	$14.00	--
Seed Cotton	$0.4022	$0.3670	--
Soybeans	$12.90	$8.40	--
Wheat	$7.20	$5.50	--

**national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on November 9, 2023.

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, AEI, Ag Market Network, Agri-Pulse, AgRural, Ag Resource Company, Ag Web, Agricultural Market Information System (AMIS), Allendale, American Farm Bureau Federation, Bloomberg News, Brock Report, CME Group, Co-Bank, Cotbase.com, Cotton Grower, Cotton Incorporated, Cotton Outlook, Creed Rice Report, O.A. Cleveland, Daniels Trading, Delta Farm Press, DTN Progressive Farmer, Farm Futures, Fastmarkets, Fiber 2 Fashion, Gro Intelligence, Hightower Report, Intercontinental Exchange, International Grains Council, Iowa State University, INTER-RICE, Lakefront Futures and Options, LSU AgCenter, Mississippi State University, NOAA, National Cotton Council, NOAA, 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, Standard Grain, Successful Farming, Texas A&M University (John Robinson), University of Arkansas, University of Georgia, University of Illinois, University of Tennessee, U.S. Grains Council, U.S. Rice Producers Association, USA Rice Federation, U.S. Soybean Export Council, United Nations Food and Agriculture Organization (FAO), and the Wall Street Journal.

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