Staff Report No. 2022-46 **September 14, 2022**

September Market Update
Corn, Soybeans, Rice, and Cotton

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WASDE Summary

This month's 2022/23 U.S. corn outlook is for lower supplies, smaller feed and residual use, reduced exports and corn used for ethanol, and tighter ending stocks. Beginning stocks for 2022/23 are projected 5 million bushels lower based on essentially offsetting export and corn used for ethanol changes for 2021/22. Corn production for 2022/23 is forecast at 13.9 billion bushels, 415 million bushels down from last month on reductions in harvested area/yield. Average corn yield is forecast at 172.5 bushels per acre nationally, down 2.9 bushels. Harvested area for grain is forecast at 80.8 million acres, down 1.0 million. Total U.S. corn use has been trimmed by 250 million bushels to 14.3 billion. Feed and residual use has been lowered by 100 million bushels based on a smaller crop and higher expected prices. Exports are cut 100 million bushels to 2.3 billion while corn used for ethanol is lowered 50 million to 5.3 billion. With supply falling more than use, ending stocks are down 169 million bushels to 1.2 billion. The season-average corn price received by producers is raised 10 cents to $6.75 per bushel.

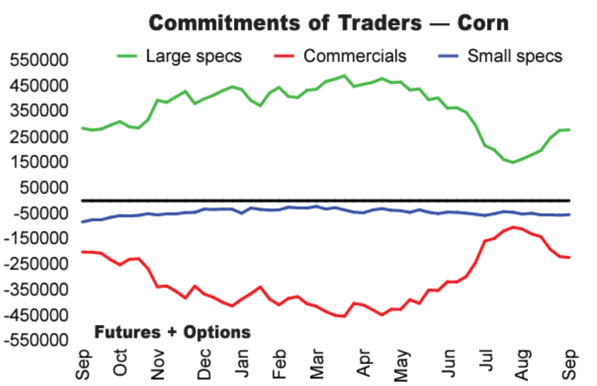
U.S. soybean supply and use changes for 2022/23 include higher beginning stocks and lower production, crush, exports, and ending stocks. Higher beginning stocks reflect a lower export forecast for 2021/22. Soybean production is projected at 4.4 billion bushels, down 152 million with lower harvested area and yield. Harvested area is down 0.6 million from the August forecast. The soybean yield forecast of 50.5 bushels per acre is down 1.4 bushels from last month. The crush forecast is reduced 20 million bushels and the soybean export forecast is reduced 70 million bushels on lower supplies. Ending stocks are projected at 200 million bushels, down 45 million from last month. The U.S. season-average soybean price is forecast at $14.35 per bushel, unchanged from last month. The prices for both soybean meal and oil prices remain unchanged at $390 per short ton and 69.0 cents per pound, respectively. Projections regarding peanut production have been lowered but raised for cottonseed production.

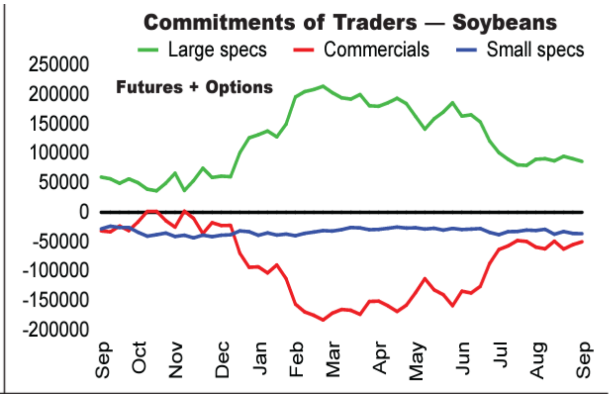
The outlook for U.S. rice in 2022/23 in this month's WASDE calls for lower supplies, reduced domestic use and exports, and smaller ending stocks. Supplies were reduced on a combination of lower beginning stocks and smaller production. Beginning stocks are lowered on the NASS Rice Stocks report, issued

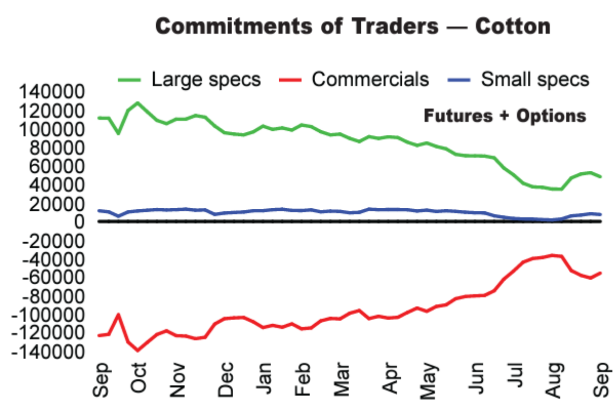
August 19th. The NASS September Crop Production report reduced 2022/23 all rice production by 10.9 million cwt to 165.1 million on decreased harvested area and lower yields. The average all rice yield is down 41 pounds per acre to 7,586 pounds. This is the lowest U.S. rice production since 1993/94. Long-grain production is reduced 8.0 million cwt to 132.3 million, and combined medium- and short-grain production is lowered 2.9 million cwt to 32.8 million. Because of reduced crop size estimates, total domestic and residual use were lowered by 4.0 million cwt to 141.0 million. All rice exports were lowered 2.0 million cwt (all long grain) to 77.0 million as U.S. rice is expected to be increasingly uncompetitive with lower supplies. All rice ending stocks are decreased by 5.6 million cwt to 30.9 million, down 22 percent from last year. The season-average farm price for long grain rice is raised $0.50 to $16.50 per cwt. The season-average farm price for southern medium grain rice is raised $0.50 to $17.00 per cwt.

The 2022/23 U.S. cotton projections include higher beginning stocks, production, exports, and ending stocks this month. Beginning stocks are increased 250,000 bales, largely reflecting 2021/22 reported ending stocks data from the Agricultural Marketing Service and the NASS Cotton System Consumption and Stocks report. Production is 1.3 million bales higher at 13.8 million, with higher production expected in most major producing states. Exports are projected 600,000 bales higher this month as the U.S. share of exportable supplies rises, and ending stocks are 900,000 bales higher at 2.7 million bales. The season-average price for upland cotton is forecast at 96 cents per pound, 1 cent lower than in August.

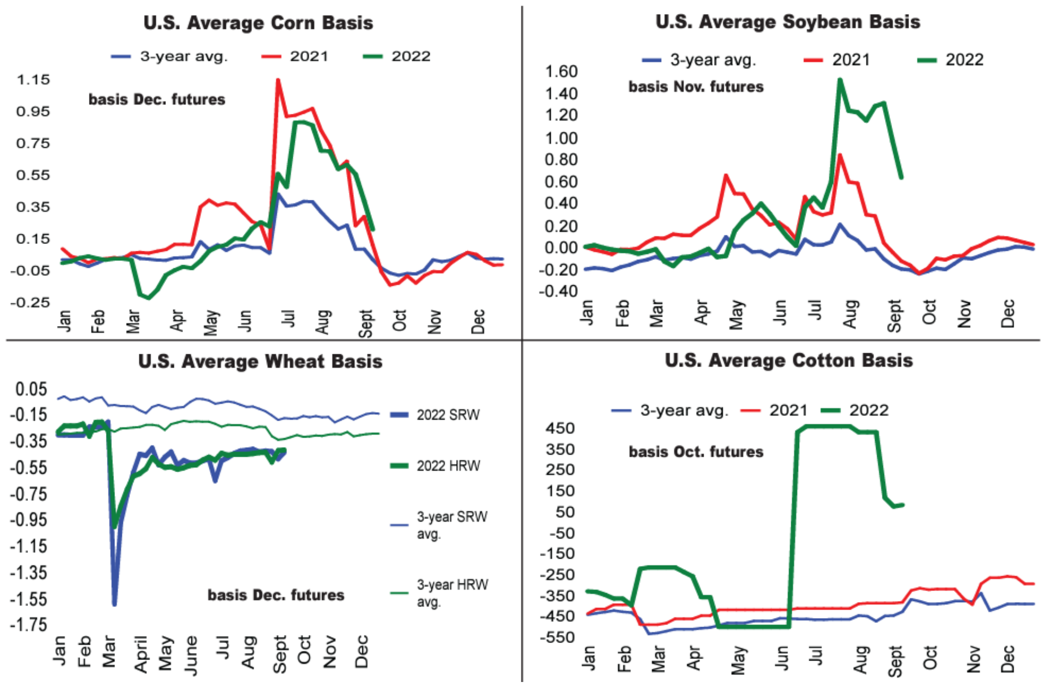
<u>Commitment of Traders Report, Tuesday, September 13, 2022</u>







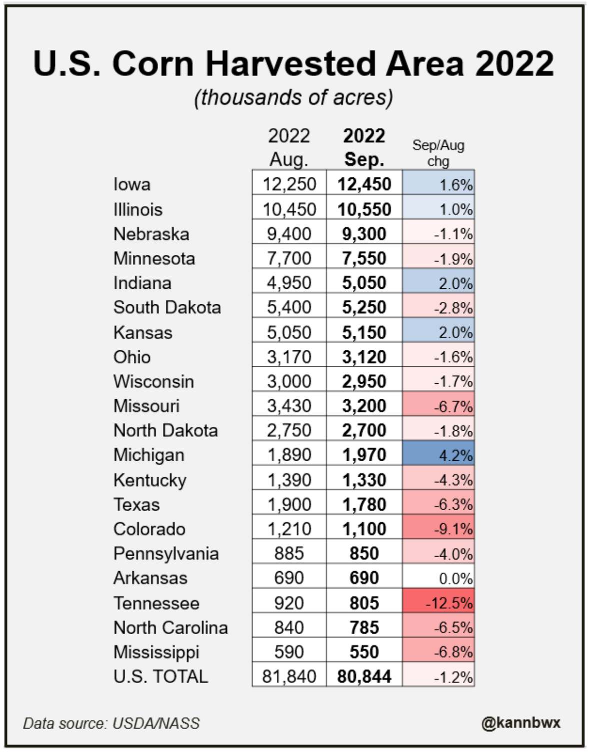
Cash Market Basis Charts, Wednesday, September 14, 2022



Corn

Contrasted with USDA's corn crop estimates for August, USDA cut its September estimate by 415 million bushels, the magnitude of the reduction exceeded traders' expectations of somewhere around 271-million-bushels. The USDA also lowered national average yield by 2.9 bushels to 172.5 bushels per acre. USDA cut harvested acreage by 996,000 acres from its June estimate.

In the top 12 corn-production states, USDA cut its yield estimate in Indiana (↓3 bushels to 186 bushels per acre), Iowa (↓5 bushels to 200 bushels per acre), Kansas (↓1 bushel to 122 bushels per acre), Michigan (↓2 bushels to 168 bushels per acre), Minnesota (↓ 3 bushels to 190 bushels per acre), Missouri (↓4 bushels to 149 bushels per acre), Nebraska (↓5 bushels to 176 bushels per acre), North Dakota (↓4 bushels to 141 bushels per acre), Ohio (↓4 bushels to 186 bushels per acre), South Dakota (↓9 bushels to 138 bushels per acre) and Wisconsin (↓2 bushels to 183 bushels per acre). Illinois was the only of those states that had a higher yield estimate (↑1 bushel to 204 bushels per acre) compared with last month.

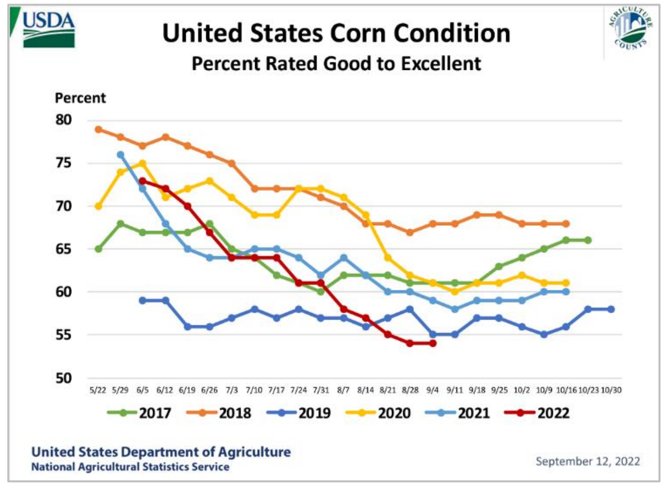


U.S. Corn Harvested Area 2022

(thousands of acres)

	2022 Aug.	2022 Sep.	Sep/Aug chg
Iowa	12,250	**12,450**	1.6%
Illinois	10,450	**10,550**	1.0%
Nebraska	9,400	**9,300**	-1.1%
Minnesota	7,700	**7,550**	-1.9%
Indiana	4,950	**5,050**	2.0%
South Dakota	5,400	**5,250**	-2.8%
Kansas	5,050	**5,150**	2.0%
Ohio	3,170	**3,120**	-1.6%
Wisconsin	3,000	**2,950**	-1.7%
Missouri	3,430	**3,200**	-6.7%
North Dakota	2,750	**2,700**	-1.8%
Michigan	1,890	**1,970**	4.2%
Kentucky	1,390	**1,330**	-4.3%
Texas	1,900	**1,780**	-6.3%
Colorado	1,210	**1,100**	-9.1%
Pennsylvania	885	**850**	-4.0%
Arkansas	690	**690**	0.0%
Tennessee	920	**805**	-12.5%
North Carolina	840	**785**	-6.5%
Mississippi	590	**550**	-6.8%
U.S. TOTAL	81,840	**80,844**	-1.2%

Data source: USDA/NASS **@kannbwx**



USDA cut old-crop corn carryover 5 million bushels from last month, which came in 22 million bushels below the average pre-report trade estimate. USDA cut estimated food, seed & industrial use 20 million bu. (to 6.775 billion) and increased estimated exports 25 million bushels to 2.475 billion. USDA puts the national average on-farm cash corn price for 2021/22 at $5.95, unchanged from last month.

The re-survey resulted this year in a drop of corn planted and harvested acres by 1.2 million acres and 1 million acres, respectively. Dow Jones' pre-report trader survey expected to see a drop of three bushels per acre from August, and they were awfully close, with an actual drop of 2.9 bushels per acre to 172.5 bushels per acre by USDA. That resulted in production falling to 13.94 billion bushels from 14.359 billion in August, which is down 415 million bushels from a year ago.

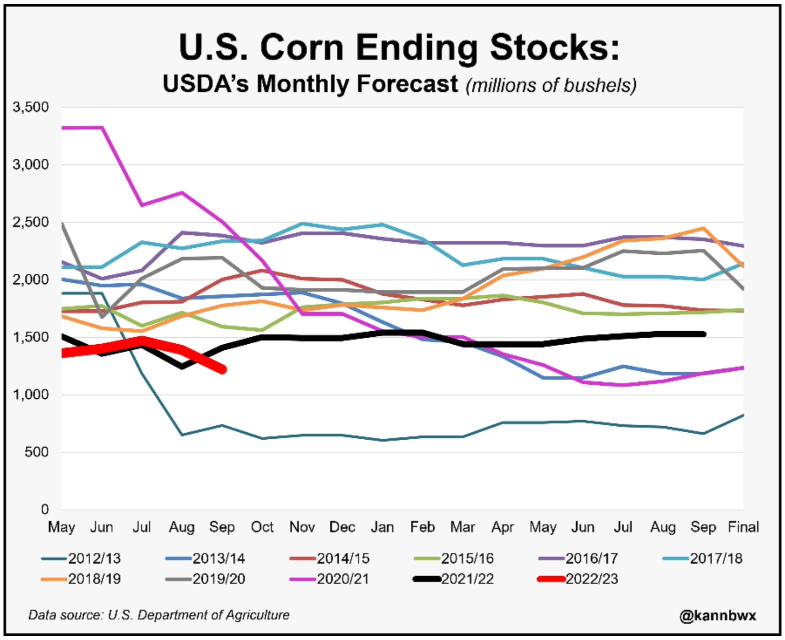
For the 2022/23 corn balance sheet, USDA cut total supplies 419 million bushels due to the slight cut to beginning stocks and the smaller corn crop estimate. Total use was cut 250 million bushels from last month. USDA now projects feed and residual use at 5.225 billion bushels (down 100 million from last month), FSI use at 6.775 billion bushels (down 50 million- all of that cut came out of corn-for-ethanol, which is now put at 5.325 billion bushels) and exports at 2.275 billion bu. (down 100 million from last month). Carryover is down 169 million bushels from last month but is 2 million bushels above the average pre-report trade estimate. USDA puts the national average on-farm cash corn price for 2022/23 at $6.75, up a $0.10 from August.

Corn futures rallied near a three-month closing high after USDA lowered its estimate for the U.S. corn crop more than expected, further illustrating the impact of drought in parts of the Midwest this summer. December futures traded a $0.23 range, gaining traction by holding a close above the 100-day moving average at $6.71, as well as the 10-day moving average at $6.75. CBOT December corn futures topped out at $6.99 per bushel on September 12, its highest since June 22nd. The settle of $6.96 is up 24% from the July 22nd contract low and is 34% higher than on the same day a year ago. USDA's corn forecast came in near expectations.

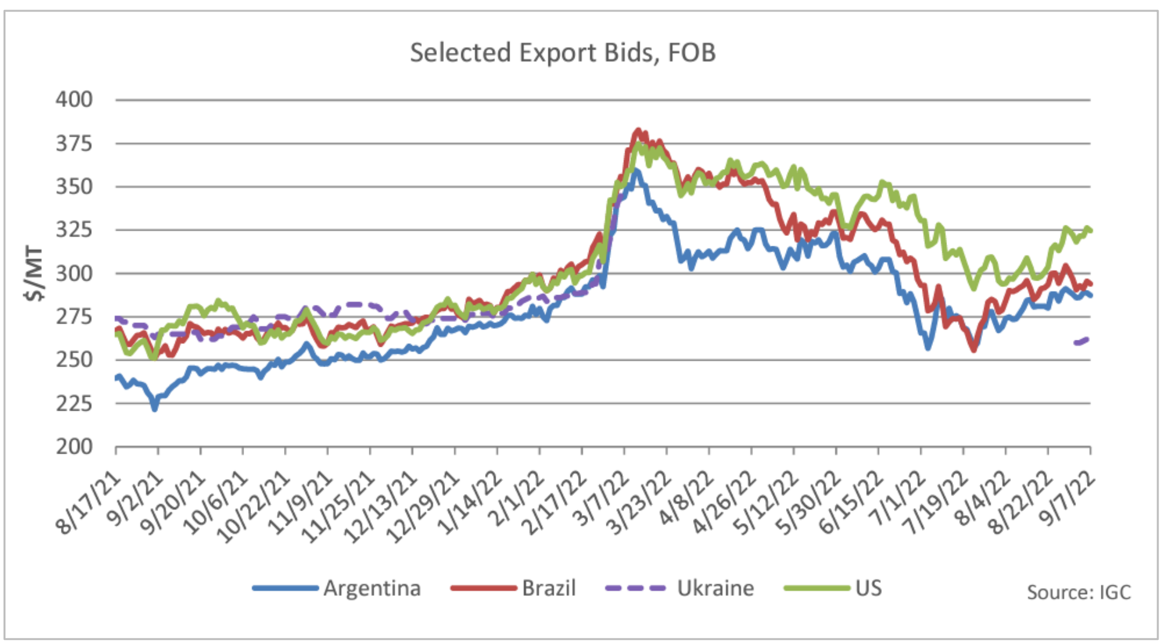
After the release of September's WASDE, trading in corn futures became somewhat turbulent on concerns regarding the general economy and a soaring dollar in the wake of higher-than-expected August CPI numbers. Concerns over a U.S. rail shutdown also weighed on prices. An impending rail shutdown has the potential to be a significant negative factor for the market and could severely hurt grain movement and hamstring the overall U.S. economy. However, corn future losses were limited by the tight U.S. supply situation and the hopes that USDA will lower its U.S. crop estimate further in coming months. The rally in corn futures has stalled out at least temporarily at $7.00 basis December futures, but there have been no good signals that the market has put in a major high again.

Fundamentally, corn futures took mild corrective pressure following the USDA-driven rally, with the market holding up relatively well as sharp declines in the U.S. equities and weakness in crude oil weighed on the commodity sector. Prices likely will remain supported by lower-than-expected numbers in USDA's monthly *Crop Production* report. From a technical perspective, corn futures retain a bullish posture with the December contract in an uptrend for nearly eight weeks and closing well-above key short- and long-term moving averages.

For corn, the 2022/23 U.S. ending stocks of 1.219 billion bushels would be a 10-year low. A corresponding stocks-to-use of 8.5% would be the second lowest since 2012/13 after 8.3% in 2020/21.

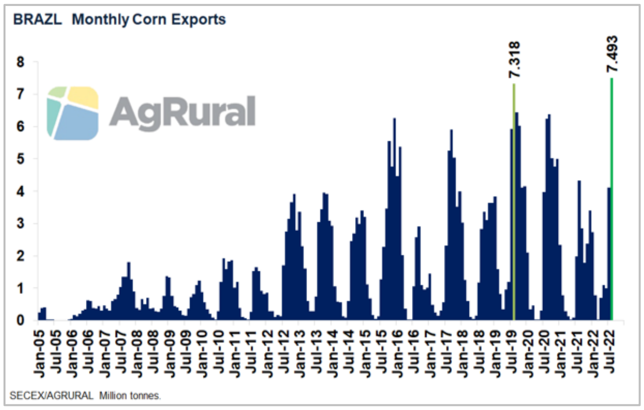


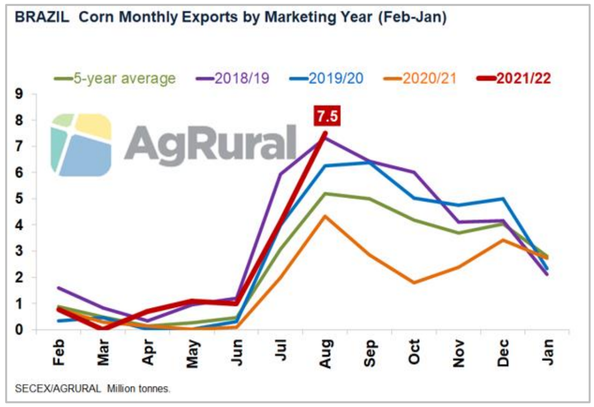
Since the release of August's WASDE, the major exporters' bids have risen. U.S. bids were up $26 per ton to $325. In August, USDA trimmed the national average yield by 1.6 bushels per acre, resulting in lower production and a small cut to U.S. exports. Brazilian bids were up just $4 per ton to $294. Brazil corn exports in August were a record high of 7.6 million tons, reflecting the high level of production and strong global demand. Argentine bids were up $13 per ton to $287. Ukrainian bids were published for the first time since March and were at $261 per ton. The relative discount to other exporters likely reflects the increased risk and continued uncertainty surrounding the Black Sea grain corridor.



With the 2022 second corn crop (safrinha) harvest in Brazil at its final stretch and soybean shipments losing steam, as is usual at this time of the year in Brazil, corn exports took the spotlight in August. Brazilian ports shipped 7.493m tonnes during the month, a new all-time high for the country, surpassing

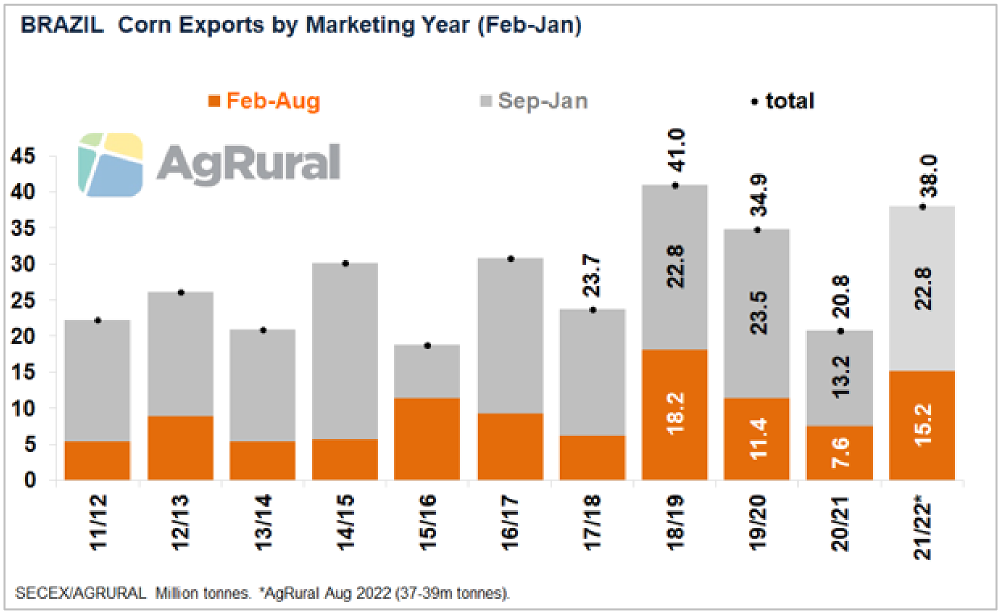
the 7.318m exported in Aug 2019. August is normally the strongest month of the year for Brazilian corn exports. In a year of a huge production, greater demand from the EU, which is facing a harsh crop failure, and ongoing difficulties in Ukraine (which, even with the resumption of shipments through Black Sea ports, has not yet been able to export the usual monthly volumes).





Despite the new all-time high in August and the large volume suggested by the vessel line-up for September, Brazilian corn exports for 2021-22 are not likely to surpass the record 41m tonnes set in 2018-19. Although there is more than enough corn to boost exports, producers are not inclined to continue selling volumes as large as those sold in August – unless prices improve further.

Last week, Conab, Brazil's federal crop agency, reduced export estimates for the 2021-22 marketing year (shipments from February 2022 to January 2023) by 500k tonnes, to 37m. AgRural, for its turn, sees exports between 37m to 39m tonnes. Although Ukrainian exports are still far from reaching their normal, Brazil faces fierce competition from Argentina, which continues to ship at a very strong pace, and from the US, whose harvest is still good, despite losses caused by heat and irregular rains over the past couple of months.

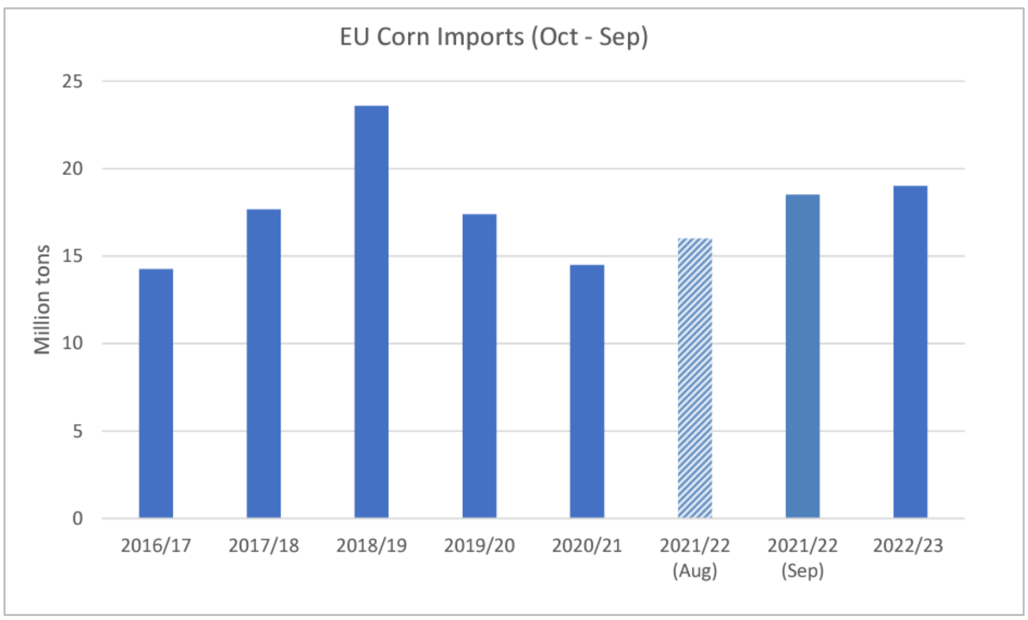


With total production between 113 and 116m tonnes in the 2021-22 crop (depending on the source of the estimate), the country could export 40m tonnes and still end the season with stocks between 6m and 9m

tonnes, a decent level in historical terms, especially if the 2022-23 first crop, which is being planted and will start entering the market from Jan 2023, does not face weather problems. But for exports to reach the mark of 40m tonnes (or more), it will be necessary for China to import a significant volume from Brazil in 2022 (which we consider unlikely); for prices to stop rising in Chicago (avoiding further consumption rationing around the world); and that the Brazilian Real weakens, making prices in the local currency more attractive and encouraging producers to sell the large volume they are still holding on.

Heat and drought have negatively affected corn production in the European Union (EU) for 2022/23, which is forecast at 58.8 million tons, down 1.2 million tons from last month and 17 percent lower than last year's crop. End users appear to be preparing for lower domestic supplies by importing heavily in August and likely into September. As a result of the accelerated pace of imports near the end of the marketing year, USDA has boosted the import forecast for 2021/22 by 2.5 million tons this month, 16 percent over the previous month's forecast. Of this volume, 1.0 million tons is assumed to be held in stocks to support feed use at the beginning of 2022/23. Stocks represent 11 percent of use which, while the highest since 2017/18, likely reflect internal market prices that favored the use of imported corn in some member states.

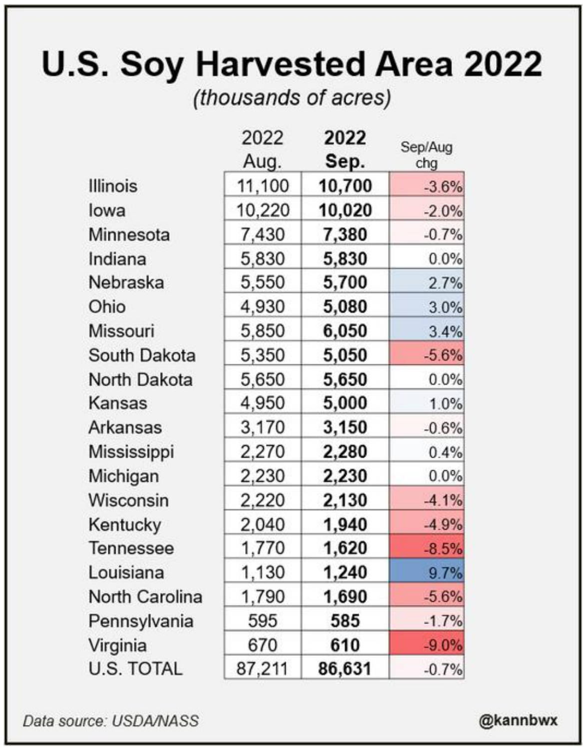
Per EU Customs Surveillance data from July 2022 to present, most imports have been sourced from Brazil. Year-over-year market share and volume are up 12 percent and 59 percent, respectively, for Ukraine. This is likely a result of Ukrainian efforts to export corn via land prior to the opening of the Black Sea grain corridor. EU corn imports for 2022/23 are currently forecast at 19.0 million tons to partially fill gaps in domestic supply gap arising from lower production, as well as a shift to wheat for feed use due to lower prices. There is also continued uncertainty that exists around the future of export prospects for Ukraine, a major supplier to the European Union.



Soybeans

For 2022/23 soybeans, USDA cut total supplies 138 million bushels, with the increase in beginning stocks more than offset by the smaller bean crop estimate. Total use was cut 93 million bushels from last month. USDA now puts soybean crushings at 2.225 billion bushels (down 20 million from last month), exports at 2.085 billion bushels (down 70 million) and residual use at 21 million bushels (down 3 million from last

month). Carryover at 200 million bushels is down 45 million from last month and is 47 million bushels below the average pre-report trade estimate. USDA puts the national average on-farm cash bean price for 2022/23 at $14.35 per bushel, unchanged from last month.

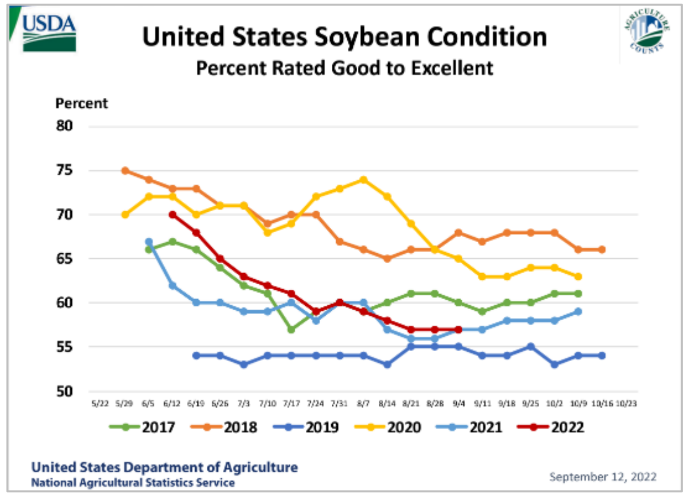


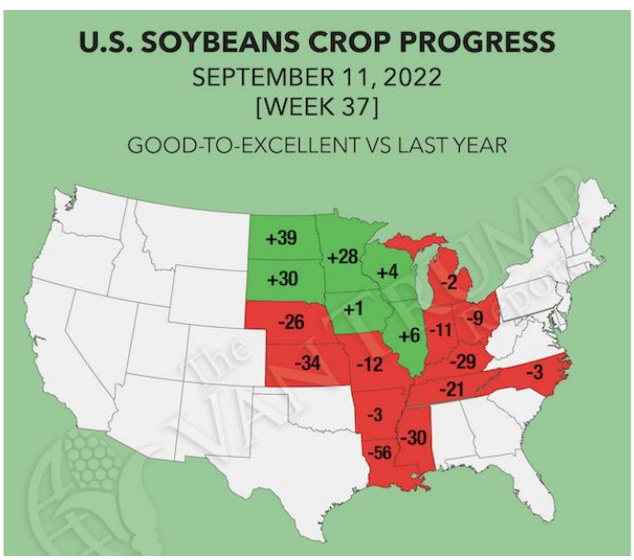
U.S. Soy Harvested Area 2022

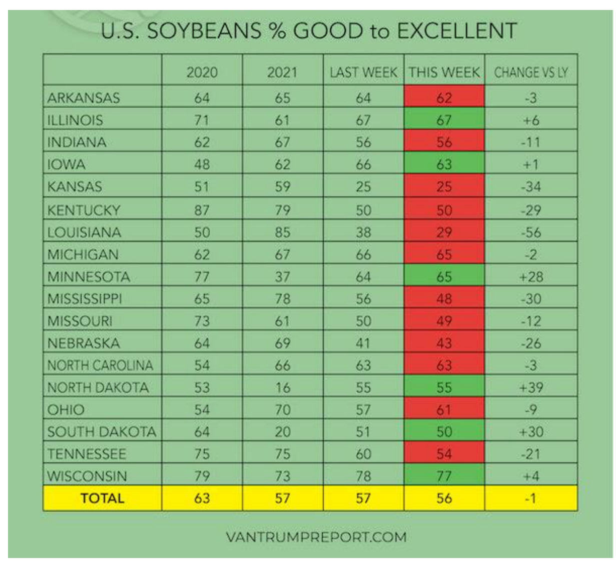
(thousands of acres)

	2022 Aug.	2022 Sep.	Sep/Aug chg
Illinois	11,100	10,700	-3.6%
Iowa	10,220	10,020	-2.0%
Minnesota	7,430	7,380	-0.7%
Indiana	5,830	5,830	0.0%
Nebraska	5,550	5,700	2.7%
Ohio	4,930	5,080	3.0%
Missouri	5,850	6,050	3.4%
South Dakota	5,350	5,050	-5.6%
North Dakota	5,650	5,650	0.0%
Kansas	4,950	5,000	1.0%
Arkansas	3,170	3,150	-0.6%
Mississippi	2,270	2,280	0.4%
Michigan	2,230	2,230	0.0%
Wisconsin	2,220	2,130	-4.1%
Kentucky	2,040	1,940	-4.9%
Tennessee	1,770	1,620	-8.5%
Louisiana	1,130	1,240	9.7%
North Carolina	1,790	1,690	-5.6%
Pennsylvania	595	585	-1.7%
Virginia	670	610	-9.0%
U.S. TOTAL	87,211	86,631	-0.7%

Data source: USDA/NASS **@kannbwx**







U.S. SOYBEANS % GOOD to EXCELLENT

	2020	2021	LAST WEEK	THIS WEEK	CHANGE VS LY
ARKANSAS	64	65	64	62	-3
ILLINOIS	71	61	67	67	+6
INDIANA	62	67	56	56	-11
IOWA	48	62	66	63	+1
KANSAS	51	59	25	25	-34
KENTUCKY	87	79	50	50	-29
LOUISIANA	50	85	38	29	-56
MICHIGAN	62	67	66	65	-2
MINNESOTA	77	37	64	65	+28
MISSISSIPPI	65	78	56	48	-30
MISSOURI	73	61	50	49	-12
NEBRASKA	64	69	41	43	-26
NORTH CAROLINA	54	66	63	63	-3
NORTH DAKOTA	53	16	55	55	+39
OHIO	54	70	57	61	-9
SOUTH DAKOTA	64	20	51	50	+30
TENNESSEE	75	75	60	54	-21
WISCONSIN	79	73	78	77	+4
TOTAL	63	57	57	56	-1

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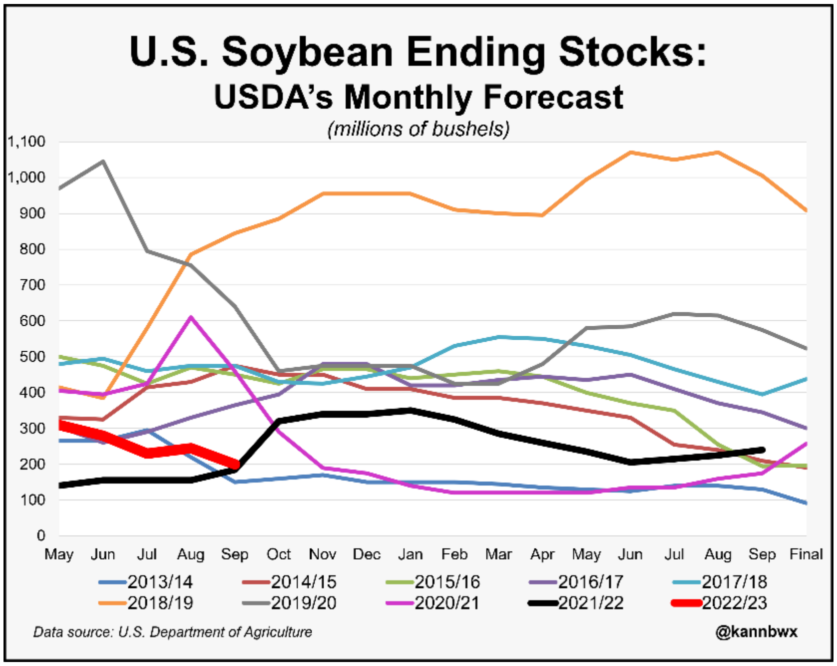
November soybeans rallied to a three-month closing high and soymeal and soyoil also sharply rose after USDA made a larger than expected cut to its crop production estimate, underscoring the toll taken by extreme heat and dryness in parts of the Midwest over the summer. USDA, in its monthly Crop Production report, estimated the U.S. soybean crop at 4.378 billion bushels, with an average yield of 50.5 bushels per acre. Analysts, on average, expected production of 4.496 billion bushels and an average yield of 51.5 bushels per acre, based on a Reuters poll. In August, the USDA estimated the harvest at 4.531

billion bushels and the yield at 51.9 bushels per acre. The smaller crop will lead to historically tight soybean supplies next year, even with usage expected to decline, based on USDA numbers. On September 12, CBOT November soybean futures surged $0.76 per bushel (or 5.4%) after the release of the USDA's latest WASDE report, in which the U.S. crop fell short of expectations. The contract ended at $14.88 per bushel (the highest settle since June 21) after reaching the highest price since June 30 ($14.90 per bushel). Soybean futures gained considerable bullish momentum with a strong performance, as the November contract closed above both the 100-day moving average at $14.51 and the July intraday high at $14.89.

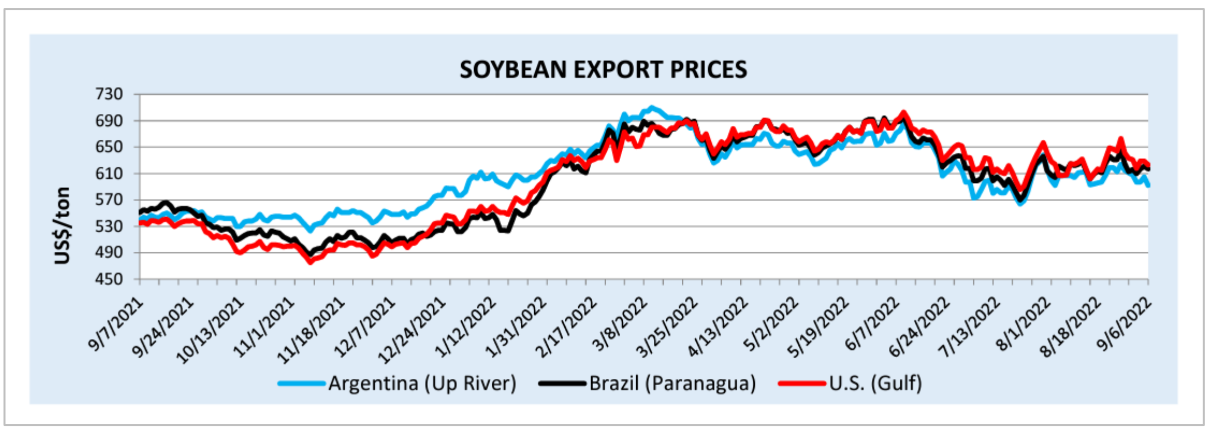
In the wake of the release of September's WASDE, akin to sentiments in the corn market, soybean futures came under pressure from heightened expectations for Fed interest rate hikes and a surging dollar in the wake of the release of the August CPI estimate. Fundamentally, soybean futures fell on profit-taking and spillover weakness from U.S. equities and crude oil but remained near the highs posted in the wake of USDA's lower than expected crop production and yield estimates. Despite a "risk-off" day in financial markets following a higher-than-expected U.S. consumer price index reading, the soy complex is still well supported after USDA lowered the estimated U.S. soybean crop to 4.378 billion bushels and cut expected 2022/23 U.S. ending stocks to 200 million bushels, a seven-year low. Price dips in the near term are likely to be viewed as buying opportunities by the bulls.

The largest surprise in September's WASDE was the decrease in the soybean yield to 50.5 bushels per acre and by the lowering of total harvested area for soybeans by 600,000 acres. Those adjustments lowered expected production in the next marketing year to 4.378 billion bushels, down 152 million bushels for the August estimates, and 57 million bushels below last September's report. Even with the USDA making demand adjustments of 93 million bushels to that side of the balance sheet, projected

carryout for the 2022/23 marketing year is forecasted at 200 million bushels, an extremely tight number. The stocks-to-use ratio, which is a measure of available supply was dropped to a 9-year low of 4.5%. This the equivalent of 16 days of available soybean supplies. Regardless, the soybean market is extremely tight, and price may need to lift in order to ration the U.S. projected stockpile. If realized, it would mean that the stocks-to-use ration has been trimmed to a nine-year low.



Average soybean prices for major exporters were up slightly in August compared to the previous month. Weather uncertainty in the Western Hemisphere, the strengthening of the U.S. dollar to a 20-year high, and purchases by China all contributed to price support in August.



Premiums for U.S. soymeal further increased in August compared to South America. Monthly average prices rose for U.S. soybean meal on strong domestic demand for crush. In August, Argentina farmers faced with weak exchange rates continued to hold soybeans back from the crush market. At the beginning of September, Argentina set a preferential exchange rate for soybean producers at 200 pesos per U.S. dollar (weaker than the official rate of 140 pesos/dollar) to encourage farmer selling.

Rice

Following the release of the September WASDE report on September 12, rice futures ended higher, gaining $0.10 to $0.11 per cwt with help from a bullish report. September rice finished up $0.11 to $17.43 per cwt, and November was up $0.12 per cwt to $17.70, after trading a range of $17.39 to $17.76 per cwt. January rice was up $0.11 cents to $17.95 per cwt. The rice industry was somewhat bullish after the release of September's WASDE as the USDA lowered U.S. all-rice production to by 10.9 mil. cwt and cut its 2022-23 all-rice carryout forecast to 30.9 mil. cwt from 36.5 million.

The rice market received bullish news from USDA as the agency lowered U.S. all-rice production to by 10.9 mil. cwt and cut its 2022/23 all-rice carryout forecast to 30.9 million cwt from 36.5 million. USDA raised its forecast for the 2022/23 on-farm avg. price of rise to $19.40 per cwt from $18.80. USDA also lowered its estimate of 2022/23 world rice ending stocks by 4.96 million to 173.56 MMT, trimming expected production for India, Pakistan, and China.

September 2022 Field Crops
Acreage, Yield, and Production

	Planted (1,000 Acres)	Harvested (1,000 Acres)	Yield (Units per Acre)	Unit	Production (1,000 Units)	Unit
Rice	2,223	2,177	7,586	Lb	165,144	Cwt
% Change from Previous Estimate	↓ 5.1	↓ 5.7	↓ 0.5		↓ 6.2	
% Change from Previous Season	↓ 12.2	↓ 12.5	↓ 1.6		↓ 13.9	

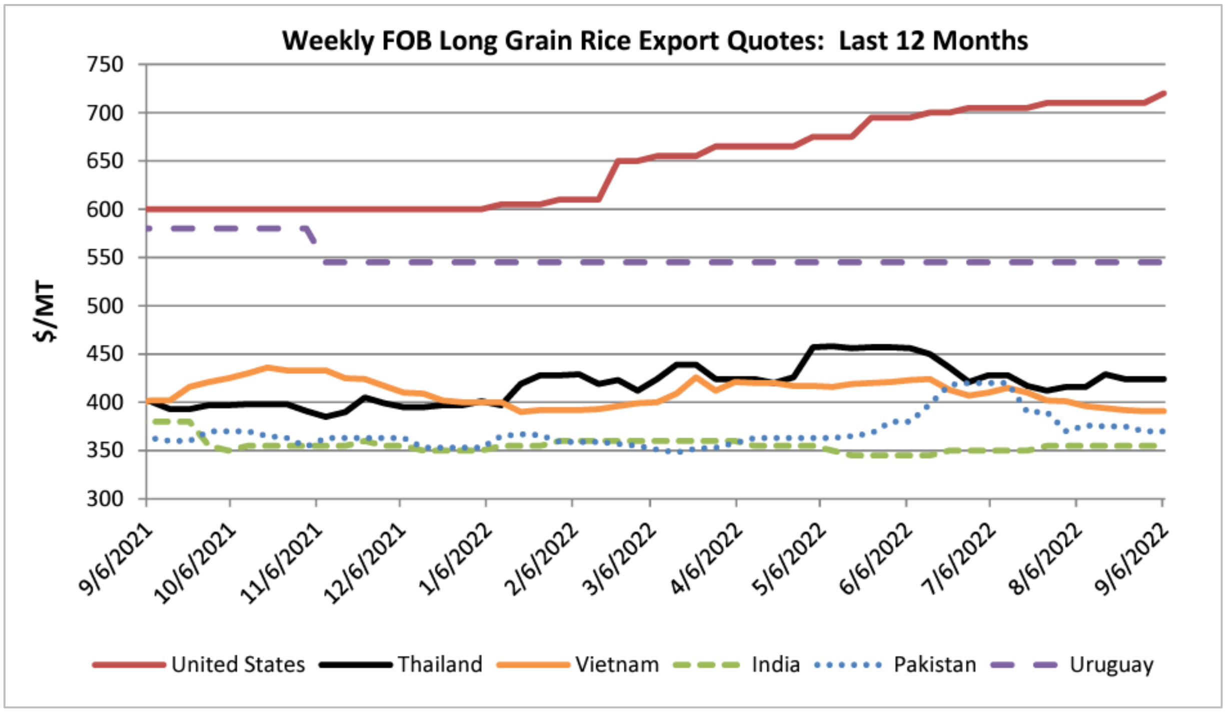
United States Department of Agriculture
National Agricultural Statistics Service

September 12, 2022

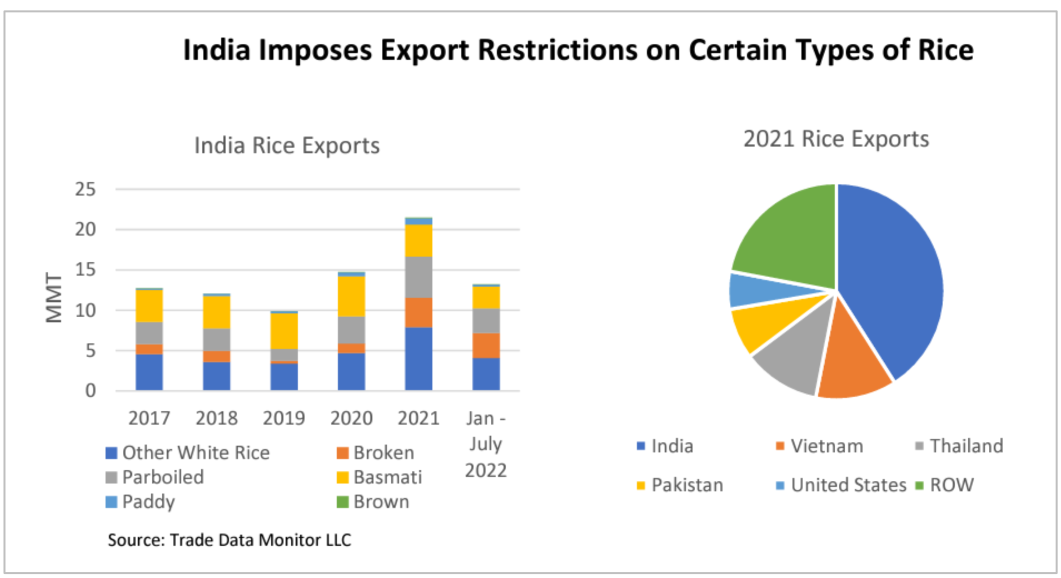
In the past month, U.S. quotes rose $10 to $720 per ton and continue to be the highest since 2008 amid tight supplies. Uruguayan prices remain steady at $545 per ton. Thai quotes increased $8 to $424 per ton driven by new inquiries for white and parboiled rice. Vietnamese prices fell $5 to $391 per ton with harvest of the main autumn crop nearly complete. Pakistani quotes decreased $6 to $370 per ton on weak demand. Indian quotes remained stagnant at $355 per ton and continue to remain the lowest globally. Effective September 9, Indian exports of white rice will face a 20 percent export tax. Quotes for South American rice have been sliding downward with Uruguayan rice now trading at around $520 FOB (and even lower in some instances) and Argentine rice trading as low as $480 FOB. Prices in the far east remain relatively unchanged momentarily, despite India announcing a 20% duty on rice exports and a ban on brokens. This is an attempt to combat soaring food inflation and low rice prices domestically. It should be noted that India accounts for more than 40% of global rice shipment. World prices have yet to respond, but there is concern that this may be a catalyst for higher grain prices across the board, as China, the largest recipient of India brokens will be forced to import more corn for feed purposes. A duty of 20% would put Indian rice right on par with Thai prices, and above Viet prices by about $20 per MT if prices in both Vietnam and Thailand hold.

U.S. rice futures have continued to be a little volatile due to several factors in Asia, coupled with the lack of export data available from USDA FAS domestically. Reports of heat and flood damage in key rice growing regions in both China and Pakistan has spooked importers; however, some in the industry believe the loss will be offset by a large global carry over. Considering beginning stocks are up 61.5

million tons since 2013/14 and global consumption is only up 44.8 million tons, it stands to reason that the recent bumper crops and subsequent larger supplies may alleviate some supply concern moving through the new marketing year.

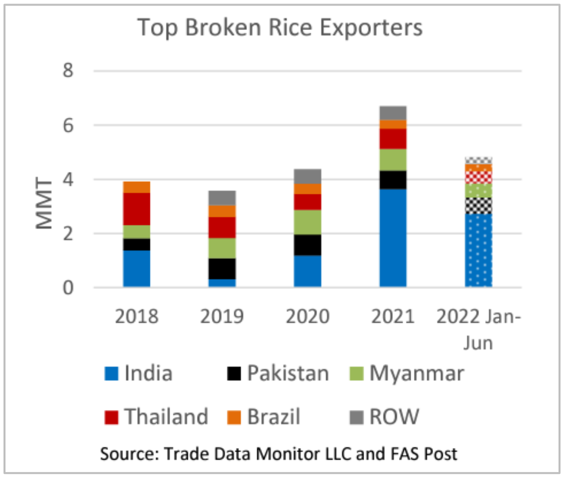


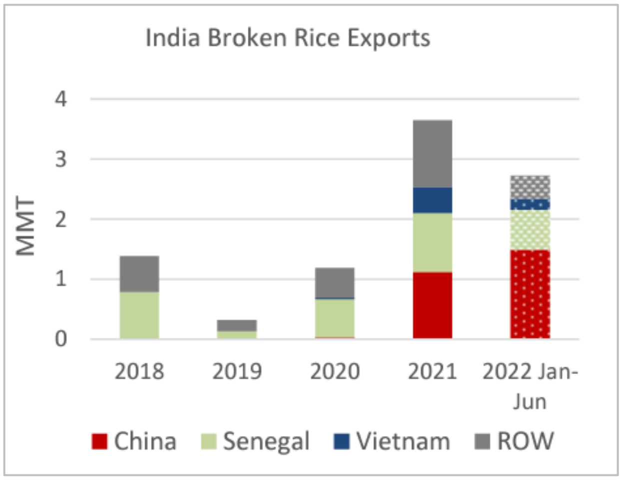
India, the largest rice exporter, implemented policies on September 9th to restrict its exports. The government imposed a ban on exports of 100 percent broken rice and is also implementing a 20 percent tariff on paddy, brown, and white rice that is neither basmati nor parboiled rice. This is the first restriction that India has placed on its exports since it lifted its 3-year ban on non-basmati rice in 2011. Since that time, India has become the primary rice exporter, expanding its domination so that in 2021, India accounted for 41 percent of total global exports, larger than the next 4 exporters (Thailand, Vietnam, Pakistan, and the U.S.) combined.



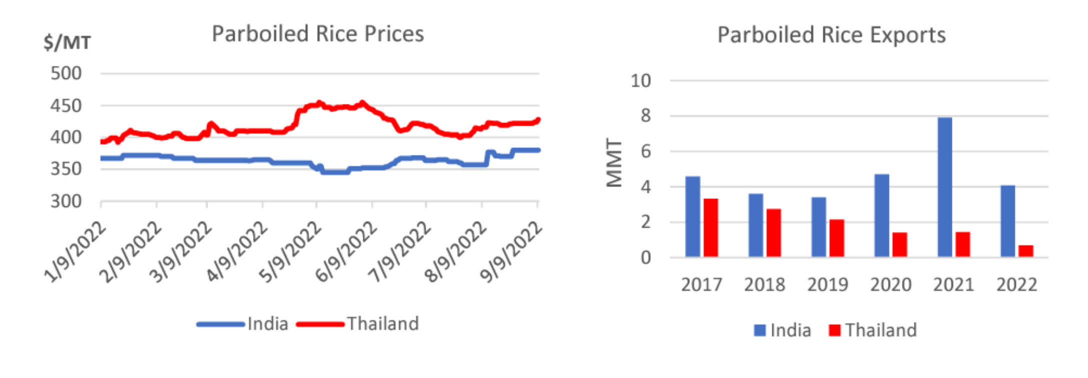
India supplies more than half of global broken rice exports. As a result of this ban, the forecast for total rice export has been cut to 20.3 million tons for 2022 and 20.0 million tons for 2023. India's exports of paddy rice, brown rice, non-basmati, non-parboiled regular white rice are now taxed at 20 percent. The largest of these categories is non-basmati, non-parboiled white rice, which it supplies mainly to Africa and neighboring countries. Especially over the past couple of years, Indian prices have been at a significant discount compared to the other major exporters, making it an attractive option for low-income importing countries. The 20 percent export tariff applied to the export quote for September 9 results in a price above most Asian exporters except for Thailand. The export tax was implemented with less than a day's notice, leaving exporters scrambling. India exports a variety of types of rice and this ban notably excludes basmati and parboiled rice. Basmati rice is a type of fragrant rice that commands a premium and is primarily exported to the Middle East, Europe, and North America. India's basmati rice exports have averaged around 4.3 million tons annually. India is the primary exporter with Pakistan as the main competitor.

So far, for the first half of 2022, broken rice exports are at 4.8 million tons, up 39 percent compared to the same period in 2021. India's new policy will eliminate this trade, which was more than half of global broken rice trade. Prior to 2021, broken rice contributed roughly 10 percent of total rice exports. For the first half of 2022, broken exports accounted for nearly 20 percent. Rising demand began during India's record high exporting year with low-cost rice and an abundant supply. India's largest markets have been China, Senegal, and Vietnam.





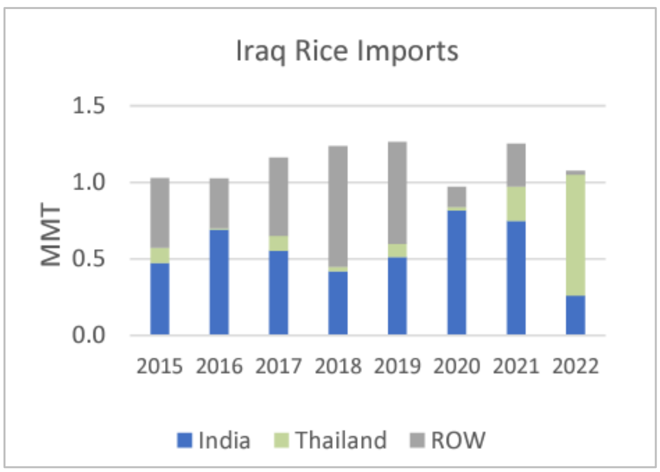
Parboiled rice is produced by steaming regular paddy rice under pressure and then milling it, resulting in different cooking characteristics favored among some parts of India, Bangladesh, parts of Africa, and Saudi Arabia. Since paddy rice can either be processed into regular white rice or parboiled rice, the new policy may encourage more shipments of parboiled, since it will not be taxed. However, over the past several years, India has seized an increasing share of global parboiled exports, shipping 4.1 million tons in the first 7 months of 2022, compared to 0.7 million tons from Thailand for the same period.



Source: Trade Data Monitor LLC

The USA Rice Federation reports that “these restrictions will make India, the world’s largest rice exporter, less competitive in the global market and will result in greater inflation of food costs throughout Africa, Asia, and parts of Europe.” “The restrictions are supposedly intended to help maintain the domestic rice supply, following a small reduction in planted acres this season. The announcement comes several months after export restrictions were put in place for Indian sugar and wheat, which contributed to additional spikes in global commodity prices. Earlier this summer, the U.S. along with Australia, Canada, Japan, Paraguay, Thailand, and Uruguay initiated consultations with India at the World Trade Organization under the Bali Peace Clause to further investigate India’s trade distorting policies for rice.”

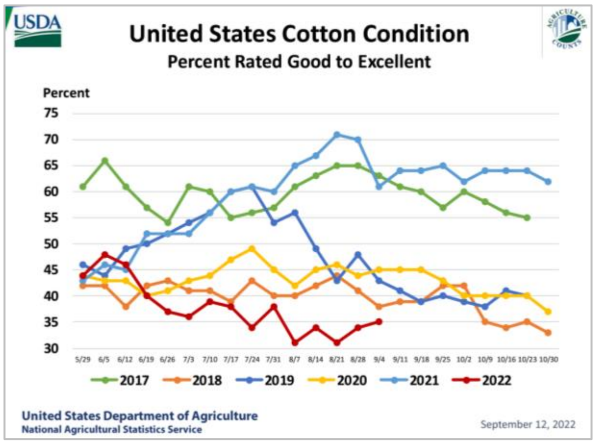
Iraq has historically purchased rice from Western Hemisphere and Asian suppliers, but India has been the dominant supplier in recent years. However, Thailand began to make some inroads in 2021 and has over 75 percent market share in the first 7 months of 2022. Thailand is shipping white rice at prices averaging under $400/ton, which is gaining market share over more expensive Indian rice varieties. So far this year, Thailand has shipped its largest exports to Iraq since 2013.

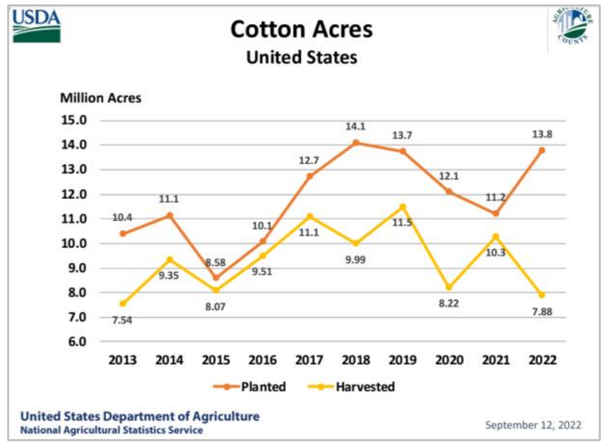


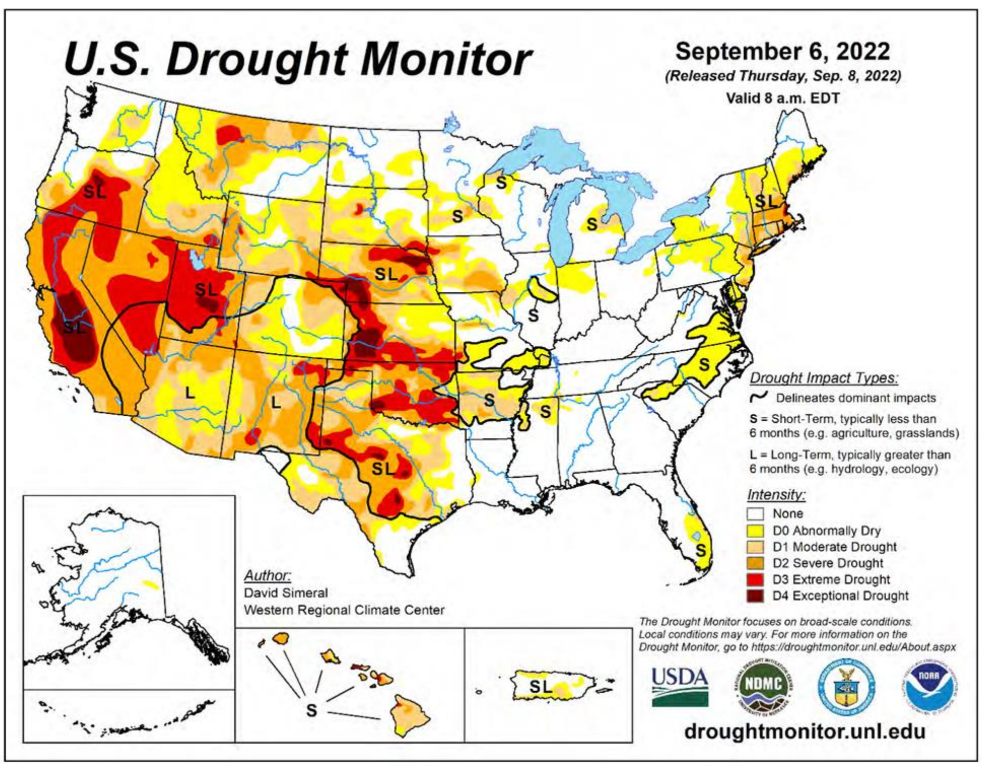
Cotton

Old-crop cotton carryover is up 250,000 bales from last month. Estimated exports were cut 30,000 bales (to 14.62 million) and unaccounted use was cut 220,000 bales (to a negative-240,000 bales). The national average on-farm cash cotton price for 2021/22 is put at 92 cents, unchanged from last month.

Cotton futures ended higher, overcoming a bearish USDA crop report with help from outside markets and technical buying as the market recovers from its recent plunge. Cotton futures rose as strength in crude oil and U.S. equities helped offset USDA's higher than expected increase in its U.S. cotton production forecast. USDA, in its monthly Crop Production Report today, hiked the estimated crop by 1.262 million bales from August to 13.832 million bales. Analysts expected an increase of about 200,000 bales. Harvested acreage was increased to 7.129 million acres, up from last month by 747,000 acres, but estimated yield was slightly reduced by 3 pounds to 843 pounds per acre. Particularly large yield cuts were made for Texas, down eighteen pounds to 616 pounds per acre, while Georgia's yield was reduced by 28 pounds to 900 lbs. per acre.







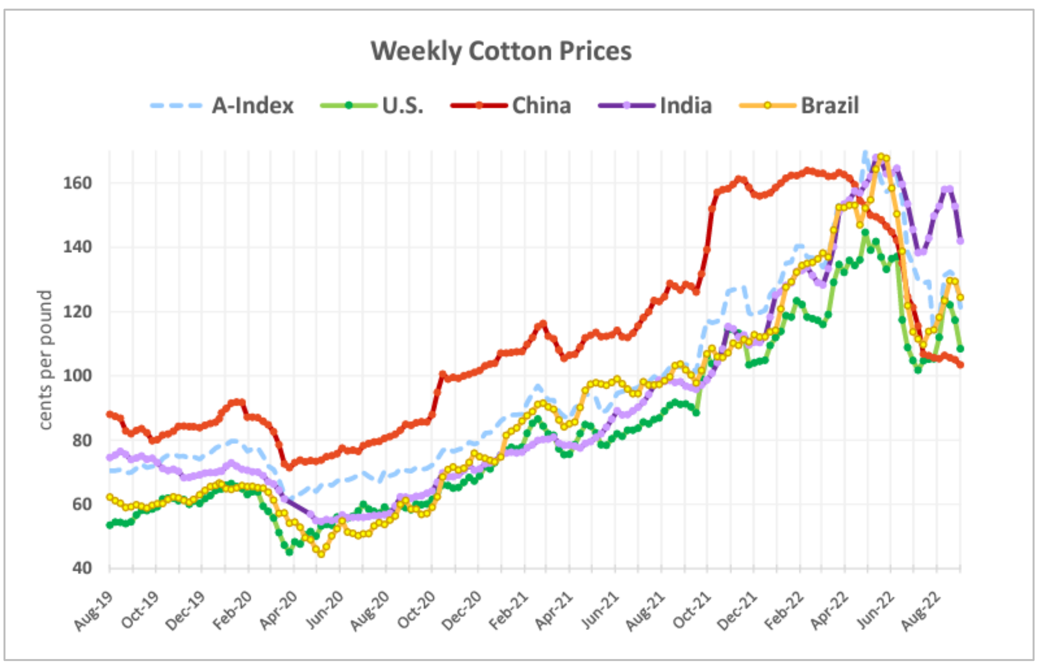
In its September 12th Supply and Demand Report, USDA pegged U.S. carryover for 2022/23 at 2.7 million bales, up from the August estimate by 900,000 bales and 840,000 bales above pre-report estimates. Usage estimates were increased, as exports were boosted by 600,000 bales to 12.6 million, and

20,000 bales were added to unaccounted use. Old-crop carryover was also increased by 250,000 bales from last month to 3.75 million bales, and estimated exports were cut by 30,000 bales to 14.62 million with unaccounted use cut to 220,000 bales. For 2022/23 cotton, total supplies are up 1.51 million bales the result of the increase to beginning stocks and the bigger cotton crop estimate. On the demand-side, USDA increased estimated exports 600,000 bales (to 12.6 million) and added 20,000 bales to unaccounted use (to a negative-10,000 bales).

On September 12th, December cotton futures traded a 608-point range and ended the session mid-range. Resistance at 105.79 and 106.75 were tested as well as 107.66 and the 10-day moving average at 107.37, with both levels just slightly below the top end of the trading range. Support at 103.92, 103.01, and 102.05 was also tested, as well as the 40-day moving average at 103.39. Such a reaction to bearish USDA figures suggests that a near-term bottom was established last week around 101.20 cents and will act as strong support going forward.

Cotton futures fell after the release of the September WASDE as outside financial markets turned bearish following the monthly CPI report. December contracts fell 3.39 cents to 102.32, after trading a range of 101.85 to 105.95. The action was largely about outside markets, including a slight jump in the U.S. dollar and sliding crude oil prices, along with a 1,000-point drop in the Dow as concerns about inflation and the Fed raising interest rates re-emerged.

Global cotton prices were mixed following last month's WASDE. Both the A-Index and U.S. price were mostly unchanged despite a significantly lower projected U.S. crop in last month's report. Prices on the Intercontinental Exchange (ICE) surged to more than 115 cents per pound before falling back to levels around 100 cents. Prospects for higher U.S. interest rates pressured U.S. commodity index funds with the Bloomberg Spot Commodity Index lower than last month. China prices continued to decline and reflect burgeoning commercial stocks in the Xinjiang province before the onset of harvest. Prices in India fell more precipitously relative to other origins as the Securities and Exchange Board of India (SEBI) temporarily suspended trading of 2023 cotton futures on the country's largest commodity exchange, the Multi Commodity Exchange. Volatility and speculation have been a concern for India's commercial participants and pleas to address these issues encouraged SEBI officials to suspend trading.



International cotton prices advanced strongly in the first month of the 2022/23 season, as ICE futures were supported by increasingly tight availability of cotton for nearby shipment and the lowering of production estimates, most notably in the United States. The Cotlook A Index registered its weakest price of 112.30 US cents per pound early in the period, and rose to a high point of 135.25 on the penultimate day of the month, before a sharp inter-day decline saw the Index end almost five cents below that level.

The fall of prices late in August was attributed mainly to a gloomy macroeconomic outlook, rather than cotton fundamentals, and was replicated in other commodity markets. Mill purchasing meanwhile remained fairly subdued as the market was still in its traditionally slow summer period, while yarn purchasing was limited as downstream manufacturers assessed the uncertain outlook for consumer demand for textiles – a discretionary item – in the face of rising inflation.

The major exception to the slow pattern of mill buying was Pakistan, where flooding threatened a severe reduction in the size of the domestic cotton crop and prompted spinners to secure a portion of their requirements for the months ahead. A broad range of growths found buyers, including US, West African and Brazilian, for both nearby and forward shipment. Business was also arranged in Bangladesh, mainly for fourth quarter shipment, although the volume of those purchases was limited by the relationship between raw cotton replacement costs and yarn selling rates, the disparity between which remained substantial. Spinners in Far Eastern countries remained broadly on the sidelines, as mills awaited a greater clarity with regard to the outlook for yarn and textile sales in the remainder of the year.

Chinese customs data revealed that the aggregate volume of raw cotton imported in 2021/22 was slightly more than 1.7 million tonnes, compared with over 2.8 million in the previous season and almost 1.6 million in 2019/20, when Covid related restrictions were at their height. The relationship between local Chinese prices and international parities in recent months failed to tempt buyers to turn to imports on any great scale. The large volume of unsold cotton in that country ('commercial' stocks stood at the end of July at their highest ever point for that moment in the season) and the damaging impact of lockdown measures in some major cities contributed to Chinese prices that are among the lowest in the world. The State Reserve purchasing program that began in July, meanwhile, had lost momentum by the end of August, with just a quarter of the possible maximum volume having changed hands. As ever, the outlook for import purchases from China will be watched with interest but on current indications a strong recovery of demand from that quarter seems unlikely.

The United States was the major supplier to China last season, accounting for over half of total imports. Unfortunately, in the second half of the month under review, technical difficulties precluded publication of the weekly United States export data that usually provide an insight into the state of global mill demand. Regular reporting is not expected to resume until mid-September. However, that the much-reduced US crop is already heavily committed was clear even as the current season began.

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.

Covered Commodity	***2021/22 MYA Price****	*Effective Reference Price*	***2021/22 CY PLC Payment Rate***
Corn	$5.95	$3.70	--
Grain Sorghum	$5.90	$3.95	--
Long Grain Rice	$13.70	$14.00	$0.30
Medium Grain Rice	$14.10	$14.00	--
Seed Cotton	$0.4699	$0.3670	--
Soybeans	$13.30	$8.40	--
Wheat	$7.63	$5.50	--

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

Covered Commodity	***2022/23 MYA Price*****	*Effective Reference Price*	***2022/23 CY PLC Payment Rate***
Corn	$6.75	$3.70	--
Grain Sorghum	$6.65	$3.95	--
Long Grain Rice	$16.50	$14.00	--
Medium Grain Rice	$17.00	$14.00	--
Seed Cotton	$0.4711	$0.3670	--
Soybeans	$14.35	$8.40	--
Wheat	$9.00	$5.50	--

**national marketing year average (MYA) prices reflect the prices contained in the September 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, AgRural, 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, Dr. O.A. Cleveland, 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 (Ms. Karen Braun), Rice Market Letter, Southeast Farm Press, Sovecon, StoneX, Successful Farming, Texas A&M University (Dr. 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), VanTrump Report, and the Wall Street Journal.

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