

CBO Estimates of Farm Program Spending in the Farm Bill

In spring 2023, the Congressional Budget Office (CBO) is expected to update an official scoring Baseline for the 2023 legislative session. The February 2023 CBO Baseline is currently the best indicator as to future funding availability. Farm Bills have both 5-year and 10-year budget projections drawn up according to federal budgeting practices. Converting the February 2023 Baseline into Farm Bill titles and adding funding indicated in law for other Farm Bill programs, the Baseline for all Farm Bill titles is estimated to total \$709 billion over 5 years (FY2024-FY2028) and \$1,426 billion over 10 years (FY2024-FY2033).

Based on the 2024-2033 10-year outlay projection, a 2023 Farm Bill would cost nearly \$1.5 trillion, the most expensive on record. Crop insurance outlays, including delivery expenses, underwriting gains and premium cost-sharing, are projected at \$97.1 billion during the

same timeframe. Spending on commodity support programs such as Dairy Margin Coverage (DMC), Price Loss Coverage (PLC), Agriculture Risk Coverage (ARC) and other authorized disaster support programs are estimated to cost \$61.8 billion, 4% of the total score and 1% higher than the May 2022 forecast. Conservation programs such as the Environmental Quality Incentives Program (EQIP) and the Conservation Reserve Program (CRP) are estimated at \$57.5 billion, or 4%, of the total score.



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What's inside this Issue?

CBO Budget Scores, 2023 U.S. Planting Intentions, Inflation, U.S. Export Competitiveness, Drought Monitor Maps, WOTUS Status, DOL Wage Rates for H-2A Workers, and more!

USDA's 2023 Planting Intentions Survey and Market Implications

USDA pegged planting intentions for corn at 92.0 million, up from trade estimates of 90.9 million, and well above last year's 88.6 million, though that was a year in which planting was disrupted by weather. March 1 corn stocks were reported at 7.401 billion bushels, down from the average analyst estimate of 7.470 billion. USDA reports looked to be bullish for soybeans. USDA reported acreage of 87.5 million, down from an average analyst estimate of 88.2 million, but in line with a year ago. Soybean stocks as of March 1, meanwhile, were at 1.685 billion bushels, down from the average analyst estimate of 1.742 billion. USDA pegged U.S. cotton planting intentions at 11.3 million acres, down sharply from last year's final plantings of 13.763 million, but above the average of trade expectations, which was 11.0 million acres. The higher-than-expected plantings number has put some fresh pressure on cotton futures, but they are holding up well overall. Rice planting intentions came in slightly above the avg. of trade expectations and more than 400,000 acres above last year's plantings. The plantings number put renewed pressure on rice futures. USDA pegged March 1 U.S. rice stocks at 76.479 million cwt., down from 105.785 million on December 1 and 91.087 million. a year ago.



	2023 Prospective Planting Acres (Million)	2022 Planted Acres (Million)	Average Trade Estimate Acres (Million)
Corn	92	88.5	90.88
Soybeans	87.5	87.4	88.24
Wheat	49.9	45.7	48.85
Cotton	11.3	13.7	11.2

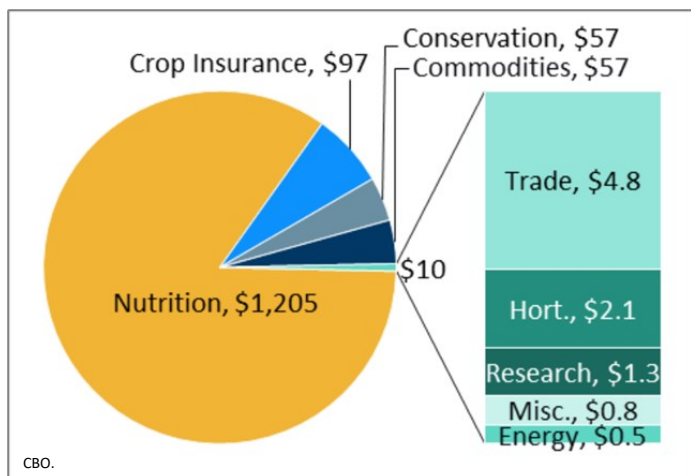
weather market, soybean spreads should continue to gain because of the tighter stock forecast. If the weather pattern prevents growers from planting corn, those acres could move into soybeans. That will bear influence on the old/new crop spreads in the soybean market.

The March Grain Stocks Report seemed to be the one that grabbed the trade's attention, with USDA revealing tighter than expected corn and soybean stocks as of March 1, 2023. When those adjustments are combined with the plantings report, analysts say soybean prices could see some excitement this year.

Continued on page 4

CBO (cont.)

This 3% drop from the May 2022 score is primarily linked to a decline in expected CRP spending. The figure also includes \$34.7 billion in spending included in the Inflation Reduction Act for agriculture, forestry and rural development (IRA). CBO scored the IRA conservation Baseline at \$18.05 billion for programs traditionally authorized through the Farm Bill.



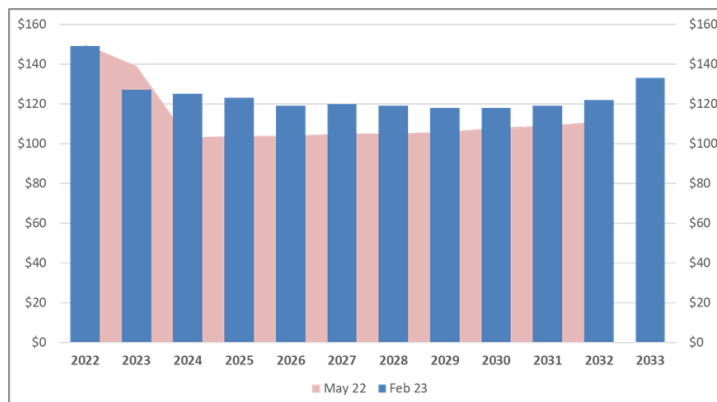
While the current release will get a lot of attention, CBO may choose to update their projections again this spring; if they do, that Baseline likely will be used for writing the Farm Bill. CBO will also typically release – at least to policymakers – their Baseline projections by Farm Bill title. Looking back to the April 2018 Baseline (the scoring Baseline for the 2018 Farm Bill), the spending projections for Commodity Credit Corporation (CCC) Price Support and Related Activities, Conservation, SNAP, and Crop Insurance accounted for \$865.9 billion or 99.85% of the \$867.2 billion in projected total Baseline outlays for the Farm Bill. Applying the same methodology to CBO's most recent February 2023 Baseline update, those four categories are projected to total approximately \$1.45 trillion over the next 10 years. The significant increase is due to an 81.6% increase in projected spending on SNAP, with SNAP now projected to account for \$1.2 trillion, or 83.3% of the total Farm Bill Baseline. By contrast, the income support provisions for agricultural producers that make up the largest component of Title 1 – the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs – are projected to spend \$48.6 billion over the next 10 years, or just 3.4% of the total Farm Bill Baseline.

	April 2018	February 2023	Change (\$)	Change (%)
CCC Price Support and Related Activities ^{1/}	\$64,305	\$71,806	+\$7,501	+12%
Conservation ^{2/}	\$59,689	\$72,610	+\$12,921	+22%
SNAP ^{3/}	\$663,828	\$1,205,440	+\$541,612	+82%
Crop Insurance	\$78,037	\$96,974	+\$19,937	+24%
Total	\$865,859	\$1,446,830	+\$580,971	+67%

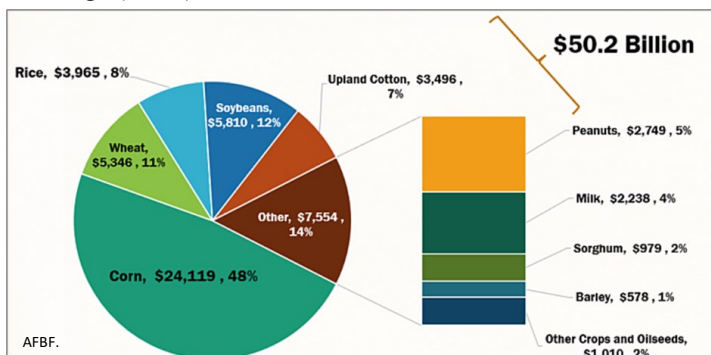
For the ten fiscal years (FY 2024-2033) in the Baseline, SNAP is expected to spend \$1.2 trillion (\$120.5 billion per FY) in direct assistance for the purchase of food by low-income individuals and households. This is an increase in the estimated spending for SNAP compared to the May 2022 Baseline. This figure charts the 2023 Baseline data (bars) and includes the projections from the May 2022 Baseline (area) for comparison purposes. More information in the increases, such as participation projections and benefit payments, await further details from CBO.

For some initial perspective on the increases in SNAP spending, CBO projects an increase in FY2024 (\$14.7 billion) that is roughly

equal to what was spent on the Market Facilitation Program (MFP) in 2019 (\$14.2 billion). Additionally, the total increase in SNAP spending for the next five fiscal years (\$74.4 billion) is less than total spending on ad hoc and supplemental farm payments, including MFP and the Coronavirus Food Assistance Program (CFAP) pandemic assistance, for the four fiscal years 2018 through 2021 (\$75.9 billion), as reported by USDA-ERS.



Costs for many of the provisions of current farm programs move in the opposite direction of commodity prices. Recent periods of higher prices have resulted in lower commodity support payments. The distribution of farm program payments follows base acreage in the U.S. Corn, soybeans and wheat represent over 70% of all program payments, while rice, cotton and peanuts represent another 20%. Sorghum, upland cotton, dairy and other smaller field crops represent the remaining 10% of outlays, as shown in the figure below. These outlays come in the form of PLC or ARC payments, and the margin protection program for dairy outlays through Dairy Margin Coverage (DMC) for milk.



The change in Farm Bill outlays is due to a variety of factors. First, price expectations for several covered commodities are related to supply and demand conditions. For example, consider that strong global supply uncertainty and high production costs have increased corn prices in recent years (over of \$6.00 per bushel) and led to lower actual ARC-CO payments. CBO's February projections are for marketing year average corn prices to remain slightly above \$4 per bushel over the next decade, slightly lower than projections made in previous scores. These lower corn prices contribute to an additional \$8.9 billion in ARC-CO and PLC outlays for corn over the next 10 years compared to CBO's July 2021 report.

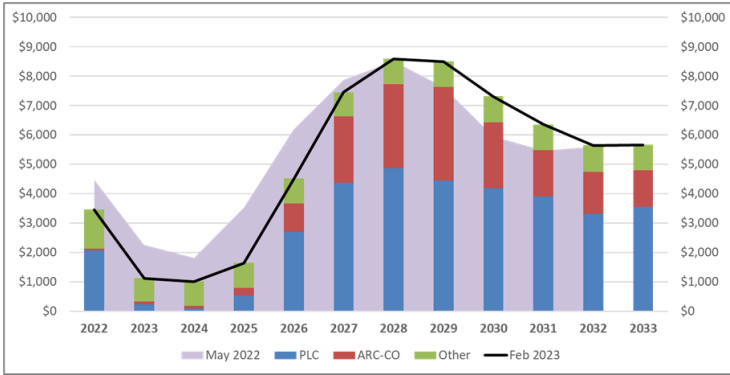
Commodity	July 2021	May 2022	February 2023
Corn	\$16,597	\$20,331	\$24,148
Soybeans	\$3,407	\$3,393	\$5,820
Cotton	\$6,612	\$4,269	\$3,621
Rice	\$5,132	\$4,316	\$4,038

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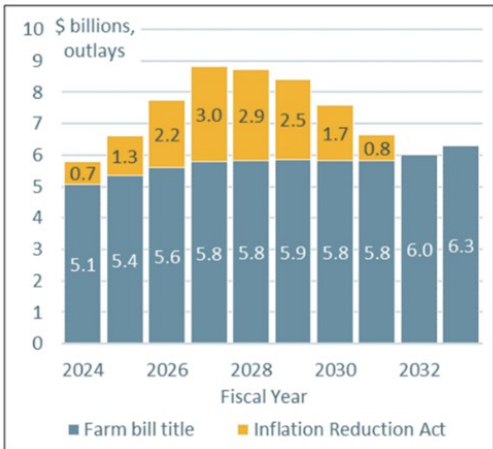
CBO (cont.)

While farmers and ranchers have faced unprecedented circumstances over the past few years, from record prevented-plant acres in 2019 and COVID-19 in 2020 to record-high input costs and now inflation, the one thing that has stayed consistent is the need for a variety of risk management options like ARC, PLC and marketing assistance loans that fit farmers’ and ranchers’ needs. As 2023 Farm Bill discussions continue, prioritization of risk management tools, and the necessary funding to underwrite these tools, remains critically important for farmers and ranchers.

For the Title I Commodities Programs, CBO projects a 10-year (FY2024 to 20233) total of spending just above \$57 billion. These programs include the Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs, as well as support for dairy farmers and disaster assistance for livestock and tree producers. The figure below charts the February 2023 Baseline projections (purple line), including by program (stacked bars), and includes a comparison with the May 2022 Baseline projections (area). For FY2024 through FY2027, CBO estimates a reduction in spending on these programs, but an increase in the outyears (FY2029 to FY2033).



P.L. 117-169 (IRA) added over \$17 billion in outlays for four programs in the Farm Bill’s Conservation title and one program in the Energy title. The IRA funding is not regular Farm Bill funding. It is not permanent; the new budget authority is provided until FY2026, and the law states that outlays may not occur after FY2031. CBO projects relatively little change in total conservation program spending in the February 2023 Baseline as compared to the May 2022 projections. The Conservation Reserve Program (CRP, dark green) remains the largest program in terms of spending, followed by the Environmental Quality Incentives Program (EQIP) which provides cost-share assistance for conservation practices on working lands. Note that the Conservation Stewardship Program (CSP) is the third largest and provides 5-year contracts with annual payments for increasing or improving conservation.



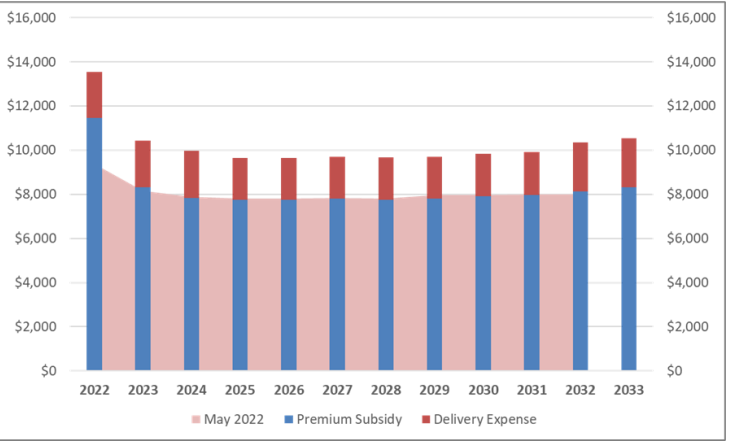
CBO.

The projected spending for the crop insurance Baseline and highlights the outlays for premium subsidy (blue) and combines all other costs of the program, including delivery costs (Administrative and Operating subsidies), underwriting gains

or losses and excess losses. This amount is also compared to the May 2022 projections for the total costs of crop insurance, also on a crop year basis. CBO projects crop insurance to cost above \$97 billion over 10 years which insures estimated total liabilities more than \$120 billion each crop year.

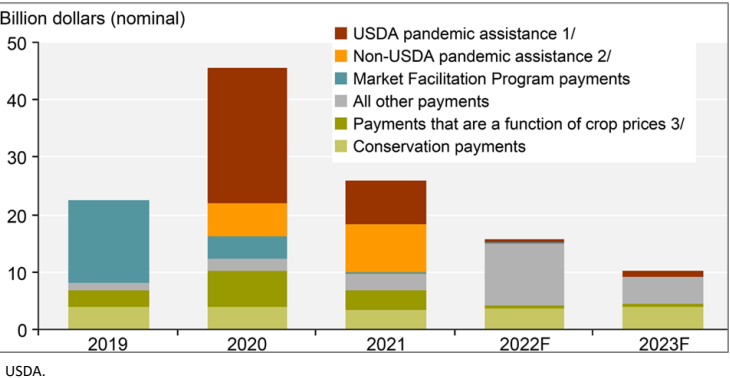
In general, crop insurance cost projections have increased and some of that is likely due to higher crop prices, as well as expectations for losses on those more expensive crops. CBO projects roughly \$10.5 billion in indemnities each crop year, with reported indemnities in the 2022 crop year exceeded \$18 billion.

A series of ad hoc farm programs attempted to quantify the specific economic harm these events caused for U.S. farmers and ranchers and provide compensation in the form of direct payments. These programs were ad hoc in definitional sense of the term; they were



quickly designed as a solution to a specific problem. This stands in contrast to traditional farm programs provided through the Farm Bill legislative process that maintain a consistent design across multiple years to provide a safety net in the event of unpredictable negative future events.

Supplemental and ad hoc disaster assistance payments in 2023 are forecast at \$5.9 billion, a decrease of \$5.7 billion (49.2 percent) from 2022, primarily because of lower payments from other supplemental and ad hoc disaster assistance programs. Lower payments are expected from the Emergency Relief Program (ERP) and the Emergency Livestock Relief Program (ELRP) created through the Extending Government Funding and Delivering Emergency Assistance Act.



USDA.



Planting Intentions (cont.)

USDA shows surveyed farmers expect to plant nearly 92 million acres of corn, which is more than 1 million acres higher than pre-report estimates and a 3.42 million acre jump from last year. Combine the plantings report with tighter-than-expected grain stocks, and USDA's reports sent commodity prices higher. Even though the projected corn plantings look like a big increase, the numbers weren't out of line with trade expectations.

Of interest is where do farmers plan to plant more corn, especially in the northern tier of states that have received historic snowfall and winter moisture with more inclement winter on the way. The corn acreage number printed in the March plantings report could be the highest corn acreage number the market sees this year, especially with the risk of delayed and prevent plant acres in the north.

"There's some demand same things on the demand side of the balance sheet. How much more corn does China want to buy? When you start to look at the lower corn stocks number that USDA published today, pair the lower corn stocks number with the idea that USDA may now be understating corn exports if this China demand thing continues, you could be looking at a drastically lighter old crop."

Soybeans: 87.505 million acres; traders expected 88.242 million acres—compares to 87.450 million acres in 2022. Acres are estimated to hold steady or increase in 15 out of the 29 estimating states.

Soybean acreage did not see the gains the trade had been expecting prior to the report's release, which helped prop up prices in the soybean market. The report was bullish across the board for the soybean complex. The tight stocks suggest that 2022/23 ending stocks will be adjusted lower in the next USDA supply/demand report. With the lack of beans available to crush in Argentina, meal supply could tighten, and this should provide underlying support. Given the tightening ending stocks outlook, the July/November soybean spread as well as the July/December meal spread could trend higher and perhaps move to new contract highs.

Cotton: 11.256 million acres; traders expected 11.212 million acres—compares to 13.763 million acres in 2022. Cotton acres are expected to shift 18% lower this year Texas cotton acres are expected to decline 1.648 million acres (to 6.235 million acres). The ever-present concerns about the overall global economy and the Fed pausing interest rates kept financial markets mixed.

The principal reason that December futures is holding above 80 cents, or 83 cents is because the drought continues in the Texas Plains, the location of about 55% of the U.S. acreage (Texas, Oklahoma, New Mexico). The weather forecasters contend the drought will end in the April May period. If that is the case, or even it ends by mid-June then the rain will make cotton, and U.S. plantings of 12.1 million acres will yield 19 million bales, maybe 21 million...and the bottom will fall out of the market. Yet, the drought may not end. If that is the case the New York cotton contract will stare the dollar bill right in its face again.

All-rice: 2.583 million acres; traders expected 2.48 million acres—compares to 2.22 million acres in 2022. By class, long grain rice plantings of 1,957,000 acres are a 155,000-acre increase (9%) from 2022. The combined medium and short grain rice plantings of 626,000 acres represent a hefty 206,000-acre increase (49%) from 2022.

USDA reaffirmed that rice acreage would be climbing this year, reporting planting intentions of 2.583 million acres. This would be up 16.2% from a year ago. Acreage is seen climbing in all major producing states, except for Texas. Part of the reason was evident in the March 1 Rice Stocks report, also issued Friday. It showed rice stocks down 16% from a year ago, with significant declines in all major states except for Louisiana.

The relentless rains in California are expected to cause planting delays and even preventative planting in some cases; the extent of which will truly be determined by the amount of precipitation that occurs this week, and even the week after. While stocks are tight and prices high, demand is lackluster. USDA continued to report soft weekly export sales. The market may struggle to find buying above the \$18 level unless there are significant planting problems in Arkansas.

Charts continued next page.



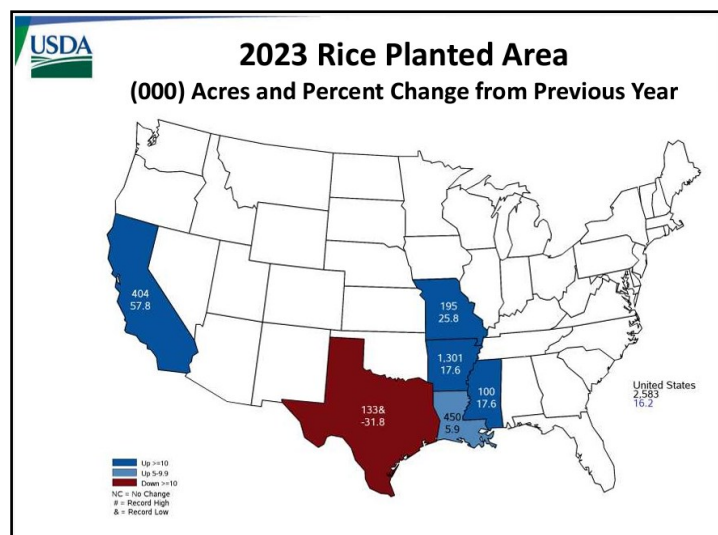
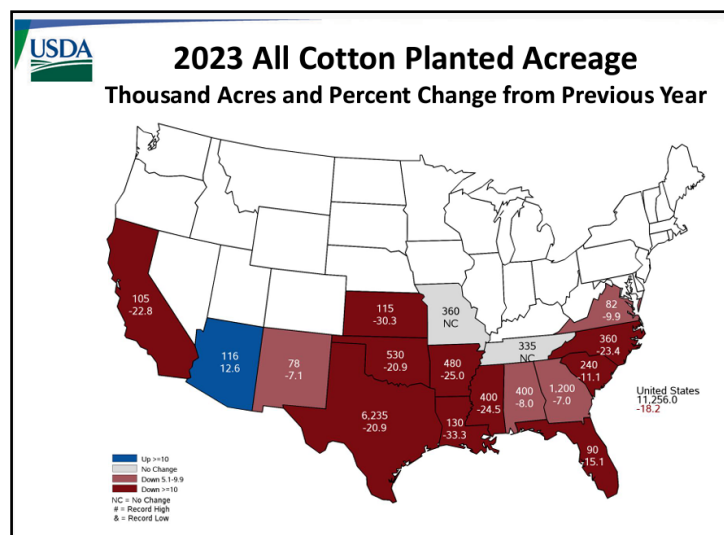
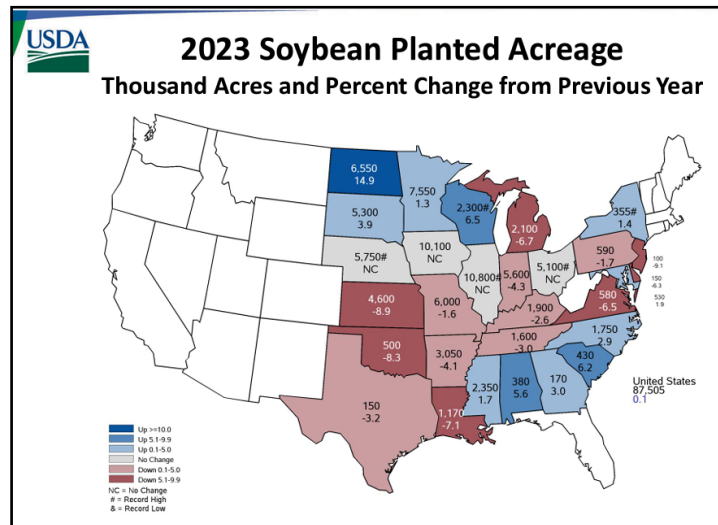
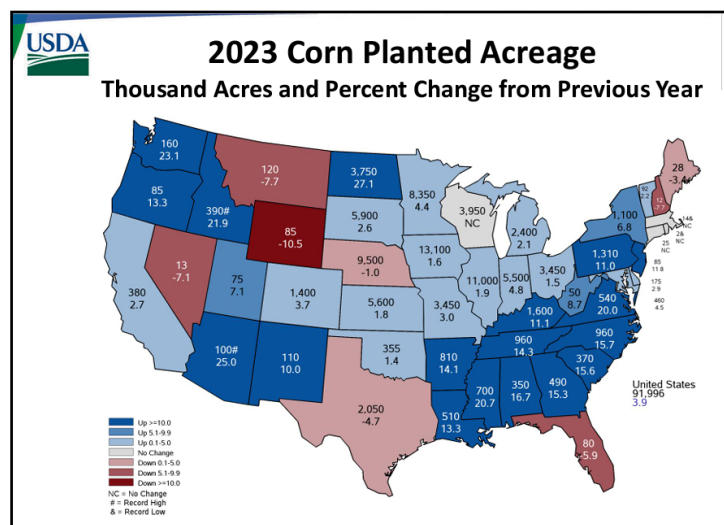
Principal Crops: Area Planted and Harvested - Louisiana and United States: 2022 and 2023

Crop	Louisiana			United States		
	2022	2023 ¹	Percent of previous year	2022	2023 ¹	Percent of previous year
	(1,000 acres)	(1,000 acres)	(percent)	(1,000 acres)	(1,000 acres)	(percent)
Corn	450.0	510.0	113	88,579.0	91,996.0	104
Cotton, upland	195.0	130.0	67	13,580.0	11,102.0	82
Hay, all ²	390.0	410.0	105	49,546.0	50,645.0	102
Rice, all	425.0	450.0	106	2,222.0	2,583.0	116
Long Grain	370.0	390.0	105	1,802.0	1,957.0	109
Medium Grain	55.0	60.0	109	390.0	593.0	152
Soybeans	1,260.0	1,170.0	93	87,450.0	87,505.0	100

¹ Intended plantings in 2023 as indicated by reports from producers.

² Intended area for harvest in 2023 as indicated by reports from producers.

Planting Intentions (cont.)



Dr. Matt Lee named V.P. for Agriculture & Dean of the College of Agriculture

On April 4th, LSU named Dr. Matt Lee as Vice President for Agriculture and Dean of the College of Agriculture, a role Lee has been serving in at an Interim capacity since August 2022.

Lee is a social scientist and community development scholar with extensive expertise in both rural and urban community dynamics. He earned both his master's and Ph.D. degrees from LSU and is a graduate of the Institute for Management and Leadership in Education at Harvard University. Lee is widely published in both academic and popular press outlets and has been elected to several scholarly honor societies. Under his administrative leadership, multiple units have achieved national accolades; various university enrollment, research and retention records have been set; and transformational innovations have been implemented in both curriculum and academic policy.

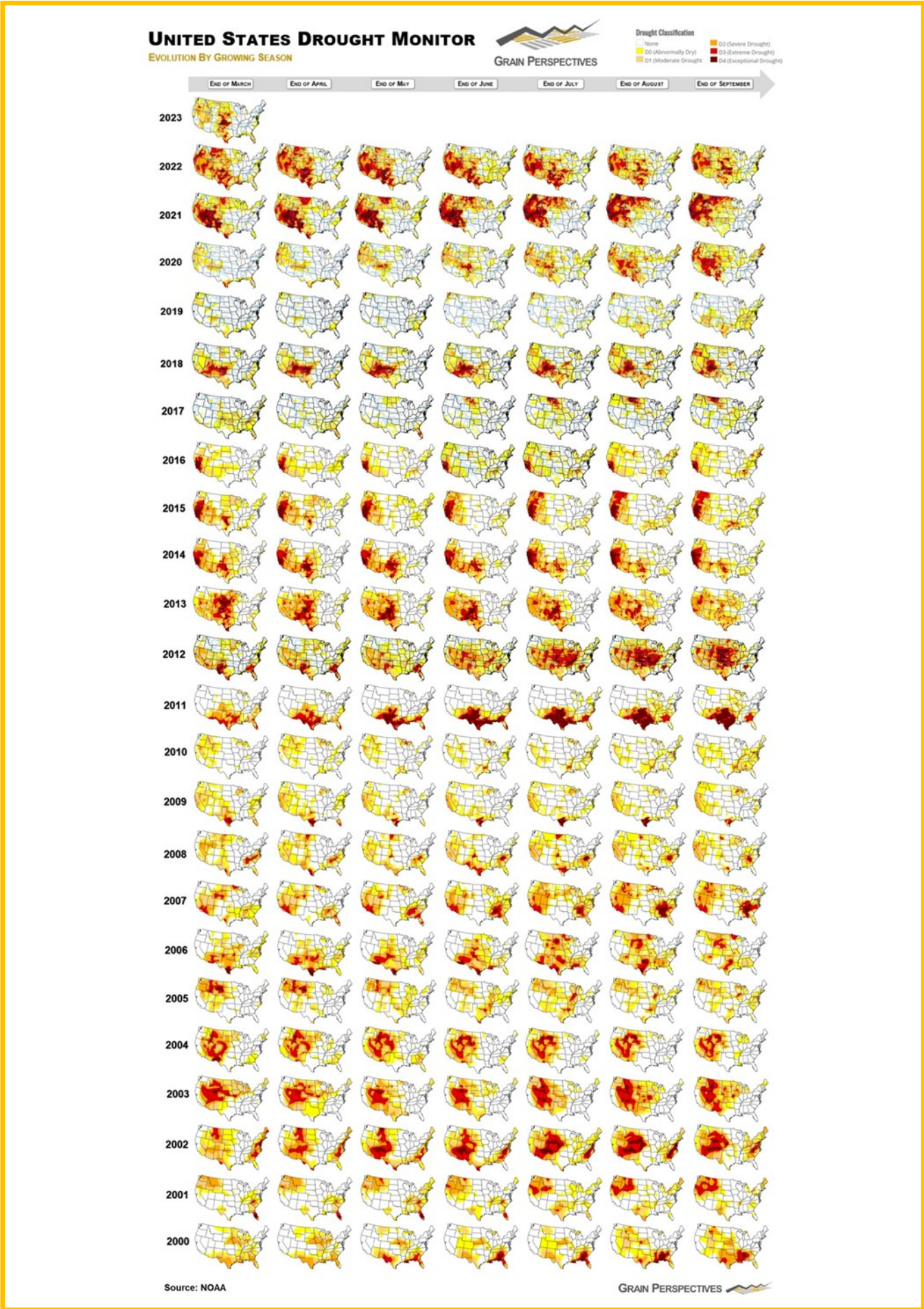
"LSU agriculture is among the most highly recognized University-based agricultural organizations in the country," Lee said. "Working with our colleagues and students in the AgCenter and the college, as well as our broad stakeholder constituency throughout the state, we have a singular goal going forward: To be ranked No. 1. This is what our citizens and industry deserve from their flagship university."

At LSU, Lee previously served in a variety of critical scholarly and research-focused roles, including Interim Executive Vice President & Provost, Vice Provost for Academic Programs and Support Services and Senior Associate Vice President for Research. Prior to LSU, he was a tenure-track faculty member at Mississippi State University, where he was affiliated with the Rural Health, Safety and Security Institute.



LSU. Media Center.

Historical U.S. Drought Monitor Maps



Inflation: What does it mean for agriculture?

Recession fears for 2023 still loom large and are with reason. But with the unemployment rate at a 53-year low and inflation trending lower, forecasts are turning at least a little less gloomy. Nevertheless, the economy will progressively slow through the first half of the year. The economic cracks that emerged in late 2022 in housing and tech are beginning to spread to manufacturing, finance, and retail. These three sectors are showing signs of weakness but not to the degree of pointing to an imminent recession. Manufacturing and retail are going through a painful normalization phase as pandemic consumption of goods has shifted to post-pandemic consumption of services. Banks are setting aside larger reserves as recession risks linger.

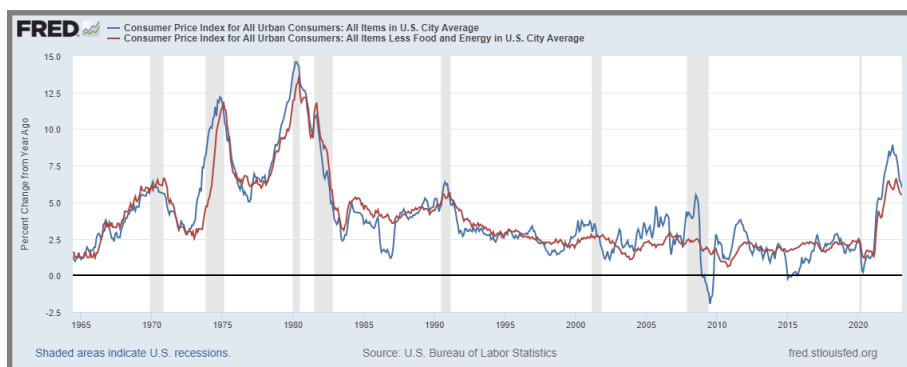
U.S. consumers are still spending but doing so by increasing their dependence on credit. They are also finally pushing back on price increases on goods – a response to continuous declines in real wages and a dwindling stash of pandemic savings. Corporations economy-wide are also pulling back on spending. The consulting firm EY estimates that U.S. businesses expanded capital expenditures by about 20% in 2022, but will slow that capex growth to 6% in 2023. Like consumers, businesses will still spend, albeit more cautiously.

Inflation and increases in the interest rate that were intended to combat swiftly rising prices are some of the motivating factors behind the broad slowdown. The Federal Reserve raised its benchmark overnight rate by more than 400 basis points in 2022 and it is not finished hiking. The Fed has made it clear that it is focused less on headline inflation and more squarely on the labor market and core services inflation, excluding housing. The reasoning is straightforward: Supply chain disruptions are unraveling and goods inflation is slowing accordingly. But with jobs growth far outpacing the availability of workers to fill them (especially in services), the scarcity of labor is cause for concern.

Inflation impacts both producers and consumers. For agriculture, historical data support the hypothesis that commodity prices generally rise during periods of inflation. But so do ag input prices. Higher commodity prices will lead to increased global demand for farm inputs such as seeds, fertilizer, livestock, farm equipment, etc., thus putting upward pressure on input prices, holding all other factors constant. Sustained, “unacceptable” levels of inflation often leads to actions by the Federal Reserve (the central bank of the United States which manages monetary policy) to raise interest rates, resulting in additional cost-push inflation on input costs for businesses that depend a lot on borrowed capital (e.g., agriculture). Higher interest rates can also impact land values, exchange rates, and overall family living expenses – all impacting the overall purchasing power of farm resources.

First, short- and long-term interest rates are high and rising. In recent years, interest expense has been about 5% of farm cash production expenses. Farmers will be facing interest rates double and triple what they were just a few years ago, with corresponding increases in interest expense; high interest rates, caused by both high inflation and the Fed’s steps to address inflation, led to the farm debt crisis in the 1980s. A doubling or tripling of interest expenses now could cause similar pressures, especially for any farmer already committed to new investments, beginning farmers or farmers forced to borrow for succession. If history is to serve as a guide, it could take years for long-term interest rates to come back down to where they were over the past decade. Second, higher interest rates tend to lower property values, including farmland values, which would exacerbate the debt trap of higher interest rates and lower farm returns. Third, rising interest rates will raise the cost of all debt, including government debt, which will ultimately cost the taxpayer and limit the government’s flexibility to provide assistance in a debt crisis. Fourth, inflation is slashing the purchasing power of American consumers, and weakening the economy, culminating together to undercut demand for farm products and lower prices. Fifth, inflation undermines the real value of USDA programs, including the value of reference prices and budgets for most commodity programs. Sixth, the aggressive interest rate increases by the Fed are making the dollar attractive to foreign investors and strengthening the dollar, which undermines U.S. agricultural export competitiveness. Seventh, a Fed-driven recession in the U.S. is bad for the global economy, which will also undermine U.S. agricultural exports.

The rate of inflation may ease a bit in the coming months, but that won’t come as much relief for growers and consumers still facing mounting costs. But while the trajectory of inflation may flatten, actual costs – including those for agricultural inputs – are still going up. Despite rising commodity, labor and energy costs, the farm value of retail food prices has remained low. There were two major factors behind the rise of inflation. The first was that rapid demand growth after the pandemic outpaced growth in production, and the second was supply chain disruptions caused by the pandemic and Russia’s invasion of Ukraine. Coming out of COVID-19 closures, the demand for food, feed and fuel has remained high, and supplies of agricultural products have not kept pace with growth in demand.



Black Sea Grain Deal Extended, but Uncertainty Surrounds the Duration

The Black Sea Grain Initiative (BSGI) has enabled exports to flow since it was brokered by the United Nations and Turkey in July, contributing to a decline in food inflation. Russia's invasion of Ukraine sent wheat futures soaring in the first half of 2022 on fears of severe supply disruptions. Ukraine Infrastructure Minister Oleksandr Kubrakov said over the weekend that the pact had been prolonged for another 120 days, but Russia and an unnamed Turkish official said the extension was for 60 days. The discrepancy will likely add a risk premium compared to if both sides agreed from the start.

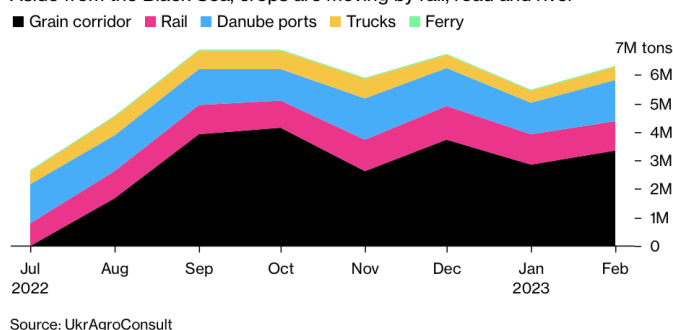
The Financial Times (FT) reported that, "A deal allowing Ukraine to export grain to world markets by ship despite Russia's blockade of the Black Sea has been extended, the UN and the Ukrainian and Turkish governments said on Saturday. "The Black Sea grain initiative, agreed in July under the auspices of the UN and with Turkish mediation, has enabled Ukraine to ship 25mn tonnes of grain and edible oils, easing pressure on global food prices.

The FT article added that, "However, Moscow indicated it had only agreed to a 60-day extension. Russian foreign ministry spokeswoman Maria Zakharova re-posted a letter it had sent to the UN earlier this week, saying it was only willing to extend beyond 60 days if there was 'tangible progress' in unblocking flows of Russian food and fertilizer to world markets.

"The UN confirmed the deal had been rolled over but did not specify for how long, as did Turkish president Recep Tayyip Erdogan. The original agreement struck last year specified that it would continue automatically for 120 days if no party objected. Ukraine, Turkey and the UN backed a full extension. Kyiv says a 60-day extension creates too much uncertainty for grain dealers and shippers." The FT article added that, "Ukrainian officials have complained that Moscow has been undermining the deal by ordering its officials to drag out inspections of Ukrainian ships as they leave the Black Sea for the Bosphorus. Russian inspectors were ordered to work shorter hours and take longer with each ship, delaying scores of ships for weeks, Kyiv claimed." While Ukraine Infrastructure Minister Oleksandr Kubrakov on Saturday — the last day of the deal's current run — said the pact had been prolonged for another 120 days, Russian Foreign Ministry spokeswoman Maria Zakharova told RBC newswire that Moscow had only agreed to a 60-day extension and had alerted all parties."

Ukraine Is Relying On Numerous Crop-Export Routes

Aside from the Black Sea, crops are moving by rail, road and river



Waters of the United States (WOTUS): What is the scope of the Clean Water Act?

Congress established the Federal Water Pollution Control Act, also known as the Clean Water Act (CWA), to restore and protect the quality of the nation's surface waters. The CWA protects "navigable waters," defined in the statute as "waters of the United States, including the territorial seas." The CWA does not further define the term waters of the United States (WOTUS), which determines which waters are federally regulated. Thus, in implementing the CWA, the Army Corps of Engineers (Corps) and the Environmental Protection Agency (EPA)—the two agencies that administer the statute—have defined the term in regulations. However, Congress's intent as to the meaning of WOTUS has been debated and litigated for more than four decades.

For much of the past several decades, regulations promulgated by the Corps and EPA in the 1980s have been in effect. (These regulations, as further interpreted by the courts and agencies are often referred to as the pre-2015 rules.) The agencies supplemented these regulations with guidance, which they developed in response to Supreme Court rulings related to the scope of the federal government's ability to regulate WOTUS. The Corps and EPA acknowledged that their guidance did not provide the public or agency staff with the information needed to ensure timely, predictable, and consistent jurisdictional determinations. Diverse stakeholders and Members of Congress requested a formal rulemaking to revise existing regulations.

Successive presidential administrations have engaged in efforts to define WOTUS in regulation. Both the Obama Administration's 2015 Clean Water Rule and the Trump Administration's 2020 Navigable Waters Protection Rule prompted strong reactions from a variety of stakeholders, with numerous groups filing lawsuits challenging the rules. On January 18, 2023, the Corps and EPA, under the Biden Administration, issued a new rule (the 2023 WOTUS Rule) redefining WOTUS in the agencies' regulations. The Corps and EPA have asserted that their intent in promulgating the 2023 WOTUS Rule was to redefine WOTUS in a durable regulation, updating the pre-2015 rules to reflect consideration of Supreme Court decisions, science, and the agencies' experience and technical expertise. In general, the rule defines WOTUS more narrowly than the Clean Water Rule and more broadly than the Navigable Waters Protection Rule.

Continued next page.

WOTUS (cont.)

While some stakeholders have expressed support for the 2023 WOTUS Rule, others believe that it defines WOTUS too broadly, does not provide regulatory clarity, and should not have been issued prior to the resolution of a pending Supreme Court case addressing aspects of the scope of WOTUS. The new rule is the subject of stakeholder commentary, congressional action, and litigation. Some stakeholders have urged Congress to take actions regarding regulation of WOTUS. In the 118th Congress, Members have introduced a joint resolution to revoke the 2023 WOTUS Rule through the Congressional Review Act. Members may take action to specifically define the term through amendments to the CWA, introducing legislation, for example, to narrow the term's scope, as was done in the 117th Congress. Committees in the 117th Congress and the 116th Congress held multiple oversight hearings to assess the impacts of rules at that time, and the 118th Congress may conduct similar oversight.

The Corps and EPA have asserted that their intent in promulgating the 2023 WOTUS Rule was to redefine WOTUS in a durable regulation, updating the pre-2015 rules to reflect consideration of Supreme Court decisions, science, and the agencies' experience and technical expertise.²⁹ Overall, the definition of WOTUS in the 2023 WOTUS Rule is narrower in scope than the Clean Water Rule and broader than the Navigable Waters Protection Rule.

The 2023 WOTUS Rule is divided into three parts: jurisdictional waters (WOTUS), exclusions, and definitions.

The 2023 WOTUS Rule is scheduled to take effect on March 20, 2023.

Until the 2023 WOTUS Rule takes effect, the pre-2015 regulatory framework applies, as it has since a federal district court vacated the Navigable Waters Protection Rule in August 2021. Litigation could change which rule is in effect. Previous lawsuits challenging the Clean Water Rule and the Navigable Waters Protection Rule resulted in preliminary injunctions and other rulings that barred implementation of the challenged rule and resulted in a prior regulatory framework returning to effect, at least in some places. Parties challenging the 2023 WOTUS Rule have sought a preliminary injunction, which, if granted, could result in similar limitations on the rule's implementation.

A change in regulatory regime does not result in the retroactive application of a new rule to all potentially covered waters. In particular, the transition to the 2023 WOTUS Rule does not necessarily invalidate approved jurisdictional determinations (or AJDs), which the Corps issues to identify whether a particular parcel of land contains WOTUS, and which may be used in the CWA permitting process. Approved jurisdictional determinations completed when the Navigable Waters Protection Rule or pre-2015 regulatory framework was in effect will not be reopened before their expiration date unless they satisfy specific criteria for revision. Additionally, enforcement actions for violations of the CWA are typically based on the statutory and regulatory framework that was in effect at the time the violations occurred, even if the rule has since changed.

On March 29th, the Senate passed a resolution to overturn the Biden administration's "waters of the U.S." rule, 53-43, sending the measure to the White House for what President Biden has already promised will be a veto. The joint resolution cleared the House March 9 in a 227-198 vote with the support of nine Democrats. Neither the House nor Senate margin is close to the two-thirds needed to override a veto — 290 in the House and 67 in the Senate. Congressional Republicans and many farm groups have criticized the EPA for moving forward with new WOTUS rulemaking while a looming Supreme Court opinion could ultimately change regulation's reach. Republican senators who spoke on the floor Wednesday characterized it differently.

The White House has said the president will veto the resolution, which would mark his second veto in the past month. Still, a veto on the WOTUS rule would come essentially while the U.S. Supreme Court has a pending case, *Sackett v. EPA*, that also likely will go a long way in determining whether the latest EPA rule will need to be rewritten.

Implementation of both the Obama administration's 2015 rule and the Trump administration's 2020 Navigable Waters Protection Rule were stymied by the courts. The Biden rule, EPA Administrator Michael Regan has said, is an attempt to find a middle ground between those two rules that can withstand legal scrutiny.

However, a array of agricultural and other trade associations are just as opposed to the Biden rule as they were to the Obama rule, and they and about half the states have sued to block it. Outside of Idaho and Texas, where a federal judge enjoined the rule, new WOTUS language became effective March 20. But opponents have said, as they did on the Senate floor Wednesday, that EPA and the Army Corps of Engineers should have waited until the Supreme Court issues its ruling in *Sackett v. EPA*, a Clean Water Act case argued in October.

On April 6th, President Biden vetoed a joint resolution from Congress to overturn the administration's "waters of the U.S." rule, likely dooming the measure to failure. Both the House and Senate passed the Congressional Review Act (CRA) joint resolution of disapproval – the House by a 227-198 vote and the Senate, 53-43; neither margin is near the two-thirds needed to override a veto.



U.S. Export Competitiveness in Selected Crop Markets

The emergence of new competitors, new and amended trade agreements, and changing export markets have influenced the trade performance of U.S. agricultural commodities over the past two decades. Although the United States remains a major exporter of corn, soybeans (including soybean products), cotton, wheat, and tree nuts, competition from countries such as Brazil and Argentina has limited the presence of U.S. products in certain markets. A recent USDA report provides information about challenges and opportunities in these five crop markets, as well as a commodity-specific analysis of U.S. export competitiveness.

Export shares and exports-to-production ratios indicate the United States continues to be the top exporter of corn, tree nuts, and cotton, while other competitors have penetrated the global wheat and soybean markets. Over the last decade, the United States lost its position in the global wheat market as the European Union (EU), Russia, and Ukraine gained market shares. Similarly, Brazil and Argentina continue to pose a challenge to U.S. soybean exports. For instance, since 2021, Brazil has been the largest exporter of soybean oilseed. The United States' involvement in trade agreements, particularly with emerging markets, contributes to its export competitiveness. U.S. export competitiveness are highlighted for five focal product groups:

- **Corn:** The United States remains the world leader in corn exports, though competition from Brazil, Argentina, and Ukraine has increased in the last decade. U.S. corn exports were valued at over \$9.2 billion in calendar year (CY) 2020 and \$18.7 billion in CY 2021. U.S. corn represents a large share of the corn imported by China, Japan, South Korea, Mexico, and Colombia—all countries with a U.S. trade agreement in place.
- **Soybeans and derivative products:** Soybeans continue to be the most valuable commodity exported by the United States, valued at \$25.5 billion in CY 2020 and \$27.4 billion in CY 2021. Though U.S. soybean (including soybean meal and oil) trade has trended upward since 2000, it faces competition from Brazil and Argentina. China remains the largest market for U.S. soybean oilseed, which accounted for over \$50 billion of U.S. soybean exports from 2016 to 2020. A potential threat to U.S. soybean exports is the heavy dependence on China for purchase.
- **Wheat products:** The United States is one of six major global wheat exporters—the others being the EU, Russia, Canada, Australia, and Ukraine. Jointly these exporters accounted for over 70 percent of global wheat exports by value in CY 2021. However, the U.S. wheat market share has trended downward since 2000. In CY 2021, U.S. exports of wheat products were valued at \$7.7 billion. Major U.S. wheat export destinations shifted since 2000, with U.S. wheat exports to Egypt declining and wheat exports to Mexico and the Philippines increasing over the last decade. Drought and producer preference for higher value crops (e.g., corn and soybean oilseed) may reduce U.S. wheat production and exports.
- **Tree nuts:** U.S. total tree nut production and exports remain the largest in the world, with specialized advantages in almonds, walnuts, and pistachios. Total tree nut exports totaled \$8.4 billion in CY 2020 and \$8.8 billion in CY 2021. Other major tree nut exporters include Turkey, China, Iran, and the EU. Climate-related threats of water shortage and wildfire in major producing regions put U.S. tree nut competitiveness at risk, but production growth in other regions presents opportunities for diversified exports.
- **Cotton:** U.S. cotton exports fluctuated over the past 20 years, most recently accounting for nearly 30 percent of the global cotton trade, valued at \$5.7 billion in CY 2021. U.S. cotton faces increasing export competition from Brazil, India, and Australia.

Continued next page.

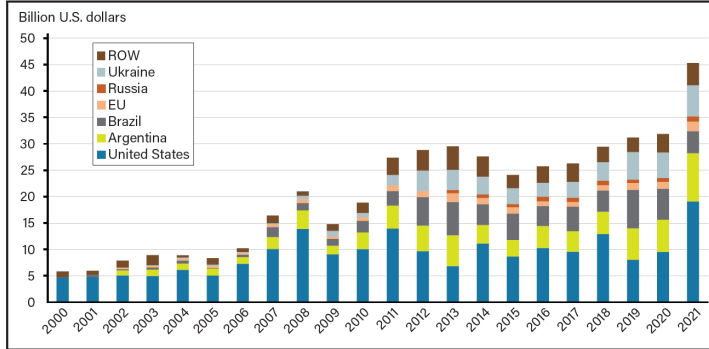
U.S. Seasonal Farm Price Outlook

The following table represents national seasonal average farm prices (\$/unit), as per the USDA WASDE report.

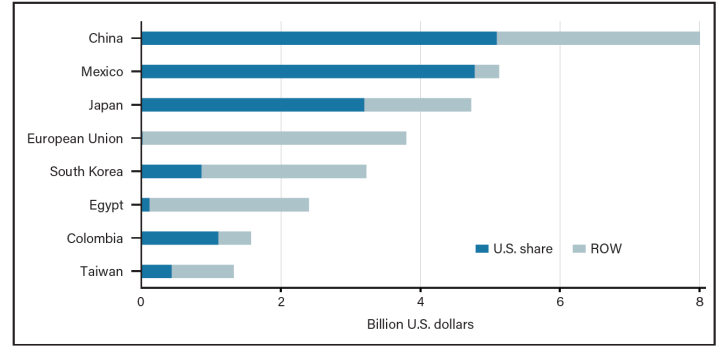
Crop	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 April
Corn	\$3.56	\$4.53	\$6.00	\$6.60
Cotton	\$0.596	\$0.663	\$0.914	\$0.82
Rice (LG)	\$12.00	\$12.60	\$13.60	\$16.90
Rice (Southern MG)	\$11.60	\$13.00	\$13.90	\$17.70
Sorghum	\$3.34	\$5.04	\$5.94	\$6.90
Soybeans	\$8.57	\$10.80	\$13.30	\$14.30

Export Competitiveness (cont.)

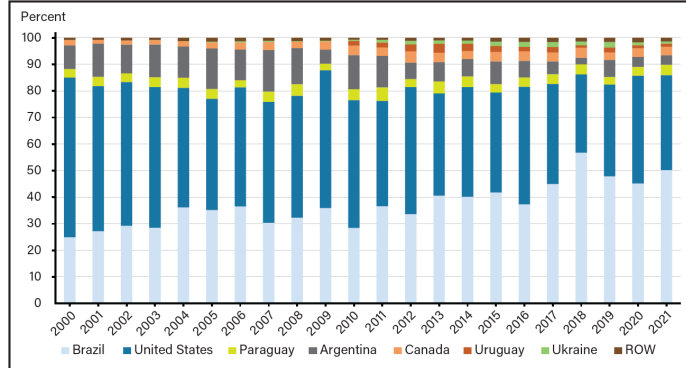
Average global corn exports, CYs 2000-2021



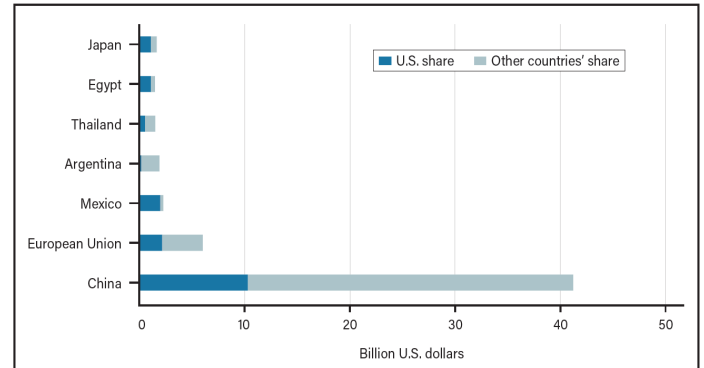
U.S. share of top corn import markets, CY 2021



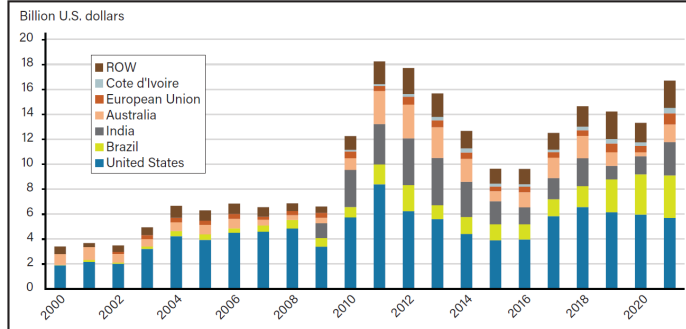
Export shares of top soybean oilseed exporters, CYs 2000-2021



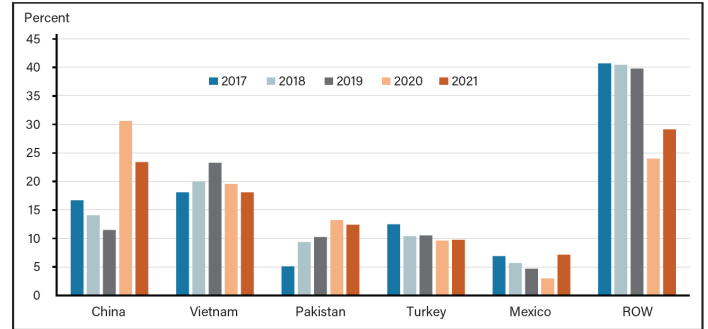
Average imports of top seven importers of soybean oilseed, CYs 2016-2021



Value of global cotton exports by country, CYs 2000-2021



Destinations of U.S. cotton exports, CYs 2017-2021



Congratulations to the LSU Lady Tiger Basketball Team on their National Championship

The LSU Lady Tigers are national Champions! Congratulations to Coach Kim Mulkey (a native of Hammond, LA like myself), her staff, and the incredible players. The Lady Tigers defeated the Iowa Lady Hawkeyes 102 to 85 on April 2nd. This is the first national championship in LSU basketball history.



Crop Market Situation for the Current Marketing Year

The information that is presented in this market update reflects current information as of April 11, 2023.

Corn

This month's 2022/23 U.S. corn outlook is for reductions to imports and food, seed, and industrial (FSI) use, with unchanged ending stocks. Corn imports are lowered 10 million bushels based on observed trade to date. Feed and residual use is unchanged at 5.275 billion based on indicated disappearance during the December-February quarter. FSI is lowered 10 million bushels reflecting cuts to corn used for glucose and dextrose and starch. With supply and use falling by the same amount, ending stocks are unchanged at 1.342 billion bushels. The season-average farm price is unchanged at \$6.60 per bushel.

Soybeans

In the soybean complex, soybean meal initially gained about 10% due to the Argentine drought situation, only to finish the quarter flat. Soybean oil was the standout losing ag commodity since the new year, dropping 21%, continuing a precipitous fall that began in December 2022. In 2022, soybean prices had surged on growing government incentives (including the Inflation Reduction Act) to boost production of renewable diesel, a drop-in commercial fuel that uses soybean oil as a primary feedstock. But in a move that caught industry participants by surprise in December 2022, EPA proposed a lower mandate for the use of biomass-based diesel through 2025, thereby reducing the overall value of tax credits that the agency grants to biofuel producers. The hangover continued into the first quarter. Soy oil prices dropped further in sympathy with falling energy prices and reemerging recession fears, which were seen as a negative to global food demand (and thus lower usage of vegetable oils like soy, palm, and canola).

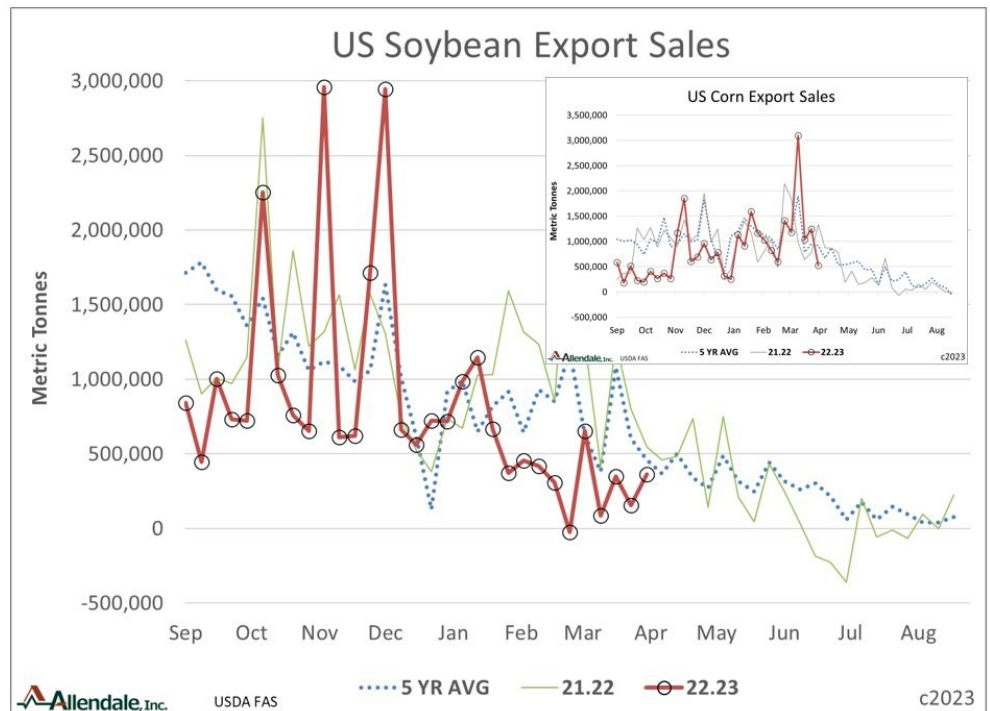
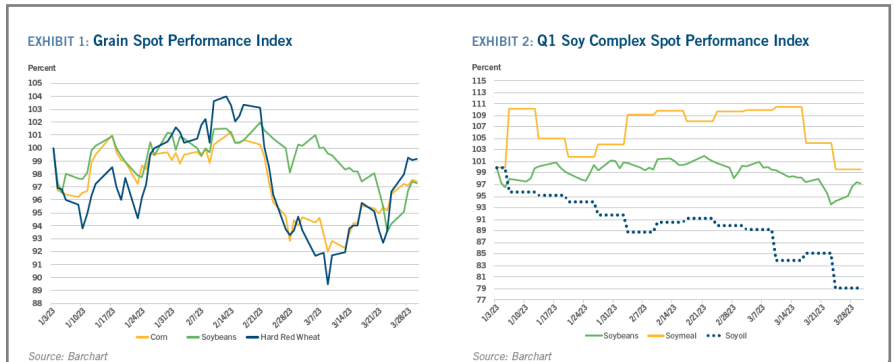
U.S. soybean supply and use forecasts for 2022/23 are unchanged relative to last month. Soybean and soybean meal prices are also unchanged. The soybean oil price is projected at 64.0 cents per pound, down 2 cents.

Global 2022/23 soybean supply and demand forecasts include lower production, crush, and exports. Global soybean production is reduced 5.5 million tons to 369.6 million. Lower crops for Argentina and Uruguay are partly offset by higher production for Brazil. Soybean production for Argentina is lowered 6.0 million tons to 27.0 million on hot and dry weather conditions through March. Uruguayan production is lowered 0.9 million tons to 1.2 million on a lower harvested area and yield. Partly offsetting is higher production for Brazil which is increased 1.0 million tons to 154.0 million on higher area.

Soybean crush is lowered on reduced supplies and slow pace to date for Argentina, China, Bangladesh, Pakistan, and Egypt. Crush for Argentina is reduced 3.3 million tons to 32.0 million leading to lower product exports. Partly offsetting is higher crush and higher soybean oil and meal exports for Brazil. Soybean exports are lowered 0.4 million tons to 168.0 million mainly on lower exports for Uruguay. Imports are lowered for Bangladesh, Egypt, and Pakistan and raised for Argentina. Soybean ending stocks are raised fractionally with higher stocks for China and Brazil that are mostly offset by lower stocks for Argentina.

Soybean sales recovered from the prior nine poor weeks, last week sales were down 21% from average. The remaining sales need to run +17% through August to hit the USDA target. Corn sales, the first week relying mainly on non-China buying, were low at -43% vs. average, but more is needed.

Continued next page



In-depth Crop Market Update (Cont.)

The information that is presented in this market update reflects current information as of April 11, 2023.

Soybeans (Cont'd)

Although the U.S. soybean export program has benefitted from a slower harvest in Brazil, the prospect of a larger than anticipated Brazilian soybean crop is expected to limit summer exports of U.S. soybeans. As a result, the 2022/23 export forecast remains unchanged this month at 2.02 billion bushels.

Argentina has experienced a historically severe drought this growing season. Rainfall received in March was beneficial for the late-planted crops in the major soybean growing provinces. However, it did not help those crops that were planted earlier, as high temperatures depleted already very low soil moisture levels. The first planted soybean crop accounted for nearly 75 percent of total planted area and has entered the mature stage. Argentina's harvest has just begun and early reported yields reflect the severity of the drought.

Like Argentina, dry conditions have persisted in Uruguay this season. By the end of March, the major soybean growing provinces received only 50 percent of their normal rainfall. As a result, soybean harvested acreage and yield are reduced this month. USDA estimates the harvested area to decline to 0.9 million acres, and soybean yield to decline 27 percent this month to 1.33 tons per hectare. Soybean production in Uruguay is now estimated at 1.2 million metric tons, down 0.9 million metric tons from last month's estimate. As a result of low supply, Uruguay's export forecast is reduced by 0.9 million metric tons to 1.1 million metric tons.

In contrast, Brazil's soybean production is raised this month by 1.0 million metric tons to 154.0 million metric tons on greater harvested acreage. The MY 2022/23 harvested acreage is now projected at a record of 43.7 million hectares, 0.3 million hectares higher than last month. Several of Brazil's State agencies reported higher harvested acreage than previous estimates. In addition, the previous year (MY 2021/22) harvested acreage estimates were revised upwards by 0.1 million hectares to 41.6 million hectares. The 2022/23 soybean yield forecast is marginally lower this month at 3.52 tons per hectare. Brazil's harvest started at a slower pace due to wet weather but progressed well through the month of March. CONAB reported 69 percent of soybean acreage were harvested by March 25, 2023, compared with 76 percent last year. Brazil's harvest is largely completed in center-west States and continues in the southern and northern States. The harvest in Paraná was delayed due to rainfall and reached 77 percent by March 26, compared with the 5-year average of 85 percent. In contrast, Rio Grande do Sul received a beneficial rainfall in March where 48 percent of plants were in the reproductive stage by the end of March 2023. Noticeably, MY 2021/22 Brazil's soybean crop is revised up 1.0 million metric tons to 130.5 million metric tons as the final numbers for soybeans used for crush and exports exceeded previous estimates.

Rice

This month's supply and demand outlook for 2022/23 U.S. rice is for smaller supplies, increased domestic and residual use, higher exports, and reduced ending stocks. Supplies are reduced as the import forecast is lowered 2.0 million cwt to 40.0 million on a lower-than-expected pace of long-grain imports. All rice imports continue to be at a record level, however. Based on the NASS March 31 Rice Stocks report, long-grain domestic use is raised 2.0 million cwt to 119.0 million and medium- and short-grain use is raised 2.0 million cwt to 32.0 million. The 2022/23 rice export forecast is raised 2.0 million cwt to 61.0 million (all long-grain) on large February Census exports and additional sales to Iraq in late March under a 2022/23 Memorandum of Understanding. Despite this increase, U.S. exports would still be the lowest since 1985/86. In aggregate, these supply and use revisions result in an 8.0-million-cwt reduction in ending stocks to 28.1 million, the lowest since 2003/04. The long-grain season-average farm price (SAFP) is unchanged at \$16.90 per cwt. While the all medium- and short-grain SAFP price is also unchanged at \$29.20 per cwt, the SAFP for Other States was raised \$0.10 per cwt to \$17.70.

The 2022/23 global outlook is for lower supplies, increased trade, fractionally higher use, and reduced ending stocks. Global beginning stocks are lowered 1.4 million tons to 182.0 million based almost entirely on a multi-year adjustment to use and stocks in the Philippines to better match observed current stock levels. World production is decreased 0.4 million tons to 509.4 million as reduced estimates for Indonesia, Brazil, and Iraq more than offset an increase for Bangladesh. Indonesia's 2022/23 rice production is reduced 0.6 million tons to 34.0 million on lower area and yield for its main-season rice crop that was harvested in February and March. Global trade in 2022/23 is raised 0.8 million tons to 55.7 million, with increased exports for Vietnam and Thailand, in part to account for Indonesia's intention to significantly increase rice purchases in 2023. Total ending stocks are projected 2.0 million tons lower to 171.4 million, primarily on decreases for the Philippines and China. At this level, ending stocks would be 6 percent lower than in 2021/22 and the lowest since 2017/18.

Continued next page

USDA WASDE Report Release Dates for 2023

World Agricultural Supply and Demand Estimates (WASDE) Report: Jan. 12, Feb. 8, Mar. 8, Apr. 11, May 12, Jun. 9, Jul. 12, Aug. 12, Sep. 12, Oct. 12, Nov. 9, and Dec. 8.



In-depth Crop Market Update (Cont'd)

The information that is presented in this market update reflects current information as of April 11, 2023.

Rice (Cont'd)

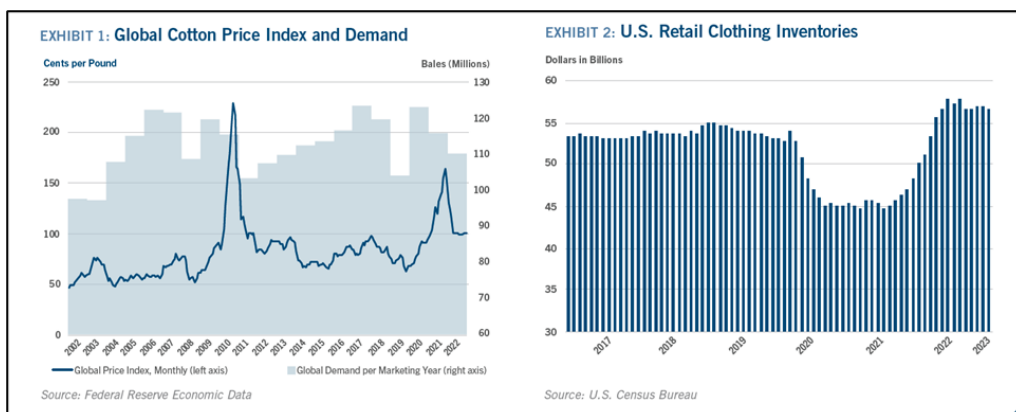
U.S. rice exports continue to lag far behind last year's pace, with accumulated shipments for the current marketing year down 40% YoY. The strong dollar and India's increased exports remain headwinds for the U.S. Indian exports are forecast to climb to a new high as India's government has dramatically increased subsidies to rice farmers. Per USDA's recent GAIN report, the price paid by the Indian government to rice farmers will increase to \$259/ton, up from \$120/ton paid in 2010/11. The Indian government also subsidizes about 85% of farmers' input costs.

Cotton

Eleven years ago cotton prices spiked over 400% in one of the most astronomical (and still not completely understood) farm commodity price run-ups in history. As a result, textile and apparel makers shifted to cheaper and less volatile synthetic fibers, and world cotton consumption plummeted. It took nearly a decade for global cotton demand to recover to 2010 levels but then the 2020 COVID pandemic cratered the world economy and took cotton demand along with it. But in an incredibly positive sign, apparel purchases quickly rebounded

and, moreover, the cotton share of fiber in clothing increased for the first time in 13 years in 2021.

Alas, it was too good to be true. Spurred by a combination of strong demand, tightening global supplies, and the invasion of Ukraine, cotton prices soared to over \$1.50/lb in mid-2022 after spending the previous decade almost entirely within a trading range of 60 cents/lb – 80 cents/lb. And not surprisingly, global cotton consumption is forecast to drop 11% between marketing years 2020/2021 and 2022/2023.



That would be the worst performance since MY 2011/2012 (excluding the 2020/2021 COVID year). Today, it seems the global economic outlook is deteriorating. Clothing inventories are still too high for retailer preferences while real disposable income growth rates in developed economies continue to be anemic. Continued lackluster cotton demand through 2023 seems inevitable.

The 2022/23 U.S. cotton supply and demand forecasts show higher exports and lower ending stocks relative to last month, with production and domestic mill use unchanged. The export forecast is raised 200,000 bales, to 12.2 million, based on the pace of recent sales and shipments. Ending stocks are now forecast at 4.1 million bales, equivalent to 29 percent of total disappearance. The marketing year price received by upland cotton producers is projected to average 82 cents per pound, a decrease of 1 cent from last month.

In the global 2022/23 cotton balance sheet, higher production and reduced trade are contributing to higher ending stocks. World production is forecast 829,000 bales higher than in March as a 1-million-bale increase for China more than offsets a lower Brazilian crop. World 2022/23 ending stocks are projected 867,000 bales higher, with the largest increase in India, where projected stocks are 450,000 higher on lower exports. The expected volume of world trade in 2022/23 is 745,000 bales lower this month, with imports reduced for Bangladesh, China, and Turkey. On the export side, higher U.S. and Australia exports are more than offset by a 550,000-bale reduction for Brazil and a 400,000-bale reduction for India. Projected 2022/23 global consumption is 65,000 bales higher this month as a 500,000-bale increase for China more than offsets declines in Bangladesh and Turkey.

U.S. cotton export prospects are also lower this season as a result of reduced U.S. cotton supplies and the uncertainty surrounding the world economy. Exports are projected at 12.2 million bales in 2022/23, 2.4 million below 2021/22 and the lowest shipments in 7 years. During the first 8 months of 2022/23, U.S. cotton exports totaled 7.1 million bales, or 59 percent of the season's forecast. The pace of shipments is expected to accelerate over the next several months as U.S. cotton becomes more competitive on the world market. As a result, the U.S. share of global trade is forecast at 31 percent, compared with the 3-year average near 35 percent.

StoneX [®] USDA April 11th WASDE Report Source: USDA, Bloomberg				
U.S. Cotton 2022/23 USDA (Million bales)				
	Apr-23	Estimated Average	Estimated Range	Mar-23
Production	14.68	14.66	14.48 - 14.85	14.68
Exports	12.20	12.06	11.80 - 12.25	12.00
Ending Stocks	4.10	4.30	4.05 - 4.50	4.30
World Cotton 2022/23 USDA (Million bales)				
	Mar-23	Estimated Average	Estimated Range	Mar-23
Production	115.92	114.79	114.00 - 115.30	115.09
Consumption	110.17	110.00	109.00 - 110.50	110.11
Ending Stocks	92.01	90.80	89.67 - 92.00	91.15

In-depth Crop Market Update (Cont.)

The information that is presented in this market update reflects current information as of April 11, 2023.

Sugar

The U.S. Department of Agriculture is increasing the fiscal year 2023 (2022-23) overall sugar marketing allotment quantity (OAQ), increasing beet and state cane sugar allotments, revising company allocations to sugar beet and sugar cane processors, and reassigning beet and cane sugar marketing allocations to raw cane sugar imports already anticipated, for all domestic beet and cane sugar marketed for human consumption in the United States from October 1, 2022, through September 30, 2023.

The USDA is increasing the 2022-23 OAQ by 63,750 short tons, raw value, to 10,710,000 tons, including 5,820,885 tons of beet sugar (up 34,648 tons) and 4,889,115 tons of cane sugar (up 29,102 tons), based on an increase of 75,000 tons, to 12,600,000 tons, in the estimated quantity of sugar for domestic human consumption for the year in the March World Agricultural Supply and Demand Estimates (WASDE) report.

The initial 2022-23 OAQ was announced Sept. 30, 2022, at 10,646,250 tons, equal to 85% of the estimated quantity of sugar for domestic human consumption at 12,525,000 tons for the year as forecast in the September 2022 WASDE report (with 54.35% for beet sugar and 45.65% for cane sugar).

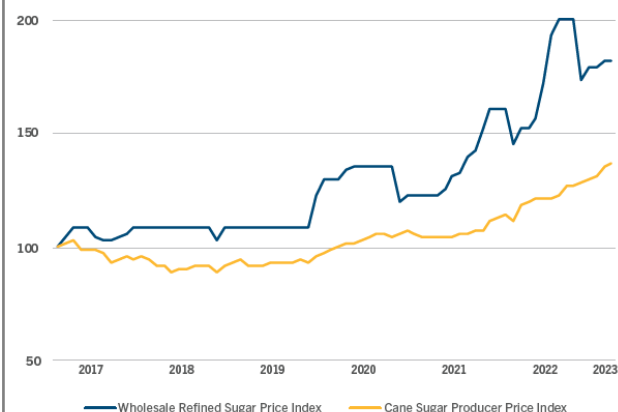
After evaluating individual sugar beet and sugar cane processors' ability to market their full allocation, the USDA is transferring 2022-23 allocations from both beet and cane processors with surplus allocation to those with deficit allocations. Further, the USDA said, U.S. domestic beet and cane sugar supplies were inadequate to fill the 2022-23 beet and cane sugar marketing allotments. Thus, the USDA re-assigned 250,000 tons of the beet sugar deficit and 500,000 tons of the raw cane sugar deficit to raw cane sugar imports already anticipated.

These changes will not prevent any domestic beet or cane sugar processor from marketing their full 2022-23 sugar supply, the USDA said. The USDA will closely monitor the situation going forward. Domestic sugar supplies have been tight this year, and prices have been historically tight. The USDA announcement will be in the April 11 Federal Register.



FBN

EXHIBIT 4: Cane Sugar – PPI and Wholesale Price Index (2017=100)



The 2022/2023 domestic sugar production estimate continues to edge higher, spurred by decade-high recovery rates for beet sugar and increasing sugar-cane acreage. In fact, combined production is forecast to reach a record high 9,310 STRV on higher acreage, yields, and recovery rates. At the same time, prices remain historically high as food manufacturers hold inventories at the bare minimum needed to fill orders. The cane sugar manufacturing Producer Price Index is up about 37% from pre-pandemic levels. But, quoted wholesale spot cane sugar prices have risen by 82% over the same time, which suggests fairly strong margins for sugar refiners. While wholesale beet sugar prices are infrequently quoted, we suspect a similar story is unfolding in that category as well.

U.S. sugar supply is increased by 176,692 short tons, raw value (STRV) to 14.637 million on increased imports from last month. On March 13, 2023, USTR announced the reallocation of 247,182 STRV from countries that state they do not plan to ship their original raw sugar TRQ allocation. USDA projects that only 46.5 percent of the reallocation, or 114,905 STRV, will enter, implying a new shortfall projection of 132,277, down from 254,632 projected last month. High-tier tariff imports are increased to 225,000 STRV on raw sugar imported during March by a refiner and by an increase in projected monthly refined imports based on the pace to date. There is a small partial offset of 10,179 STRV from combined calendar year 2022 FTA TRQs where the sugar failed to enter before December 31. Beet sugar production is down by 10,285 STRV on slightly lower recovery and a corresponding small increase in beet pile shrink. Cane sugar production is up 5,430 STRV on processor reporting in Florida and Texas. Because sugar use is unchanged, ending stocks increase by the full extent of the supply increase to 1.897 million STRV, resulting in an increase in the ending stocks-to-use ratio to 14.89 percent.

Mexico sugar production is increased by 75,000 metric tons (MT) to 5.560 million. It is projected that area harvested will be close to the 828,941 hectares (ha) projected by CONDADESUCA but remains below in yield (USDA's projection of 61.07 MT/ha against 62.37) and below in sucrose recovery (10.98 percent against 11.20). The production increase flows through to an increase in IMMEX deliveries to 331,037 MT and in ending stocks to 937,216 MT.

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In-depth Crop Market Update (Cont.)

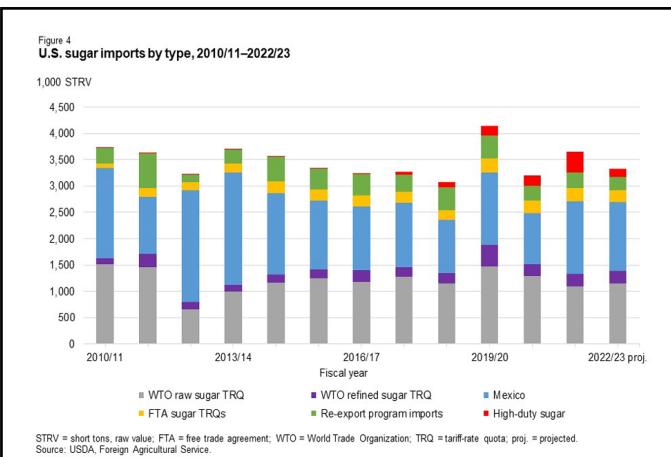
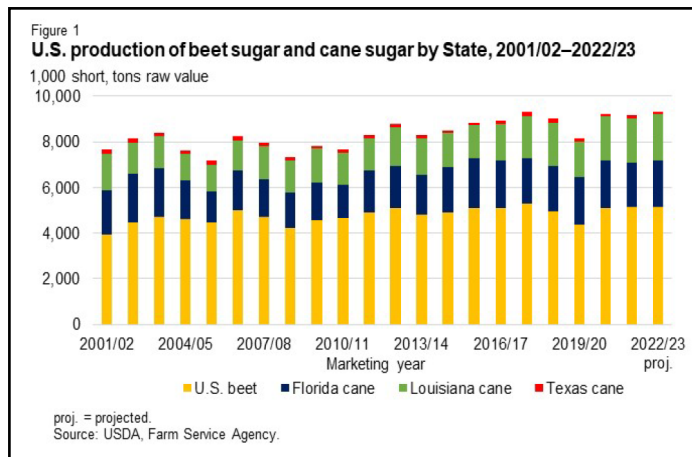
The information that is presented in this market update reflects current information as of April 11, 2023.

Sugar Cont'd

On March 29th, the Department of Commerce indicated that the Mexican government stated that they will be able to supply U.S. sugar needs of 1.118 million metric tons during the remainder of the Export Limit period. USDA projects Mexico production of below 99.2 polarity sugar could be as high as 840,000 metric tons or about 75 percent of allocation. USDA continues to project lower deliveries to IMMEX to maintain Mexico sugar supply and use balance for 2022/23, assuming that Mexico will export up to its Export Limit. USDA projects Mexico imports for IMMEX at 25,000, unchanged from last month.

WASDE - 635 - 16				
U.S. Sugar Supply and Use 1/				
	2020/21	2021/22 Est.	2022/23 Proj. Mar	2022/23 Proj. Apr
	1,000 Short Tons, Raw Value			
Beginning Stocks	1,618	1,705	1,820	1,820
Production 2/	9,233	9,157	9,310	9,306
Beet Sugar	5,092	5,155	5,160	5,150
Cane Sugar	4,141	4,002	4,150	4,156
Florida	2,090	1,934	2,040	2,044
Louisiana	1,918	1,944	2,034	2,034
Texas	134	124	76	78
Imports	3,221	3,646	3,330	3,511
TRQ 3/	1,749	1,579	1,618	1,730
Other Program 4/	292	298	250	250
Non-program	1,180	1,769	1,462	1,531
Mexico	968	1,379	1,306	1,306
High-tier tariff/other	212	390	156	225
Total Supply	14,072	14,508	14,460	14,637
Exports	49	29	35	35
Deliveries	12,277	12,578	12,705	12,705
Food	12,161	12,470	12,600	12,600
Other 5/	116	107	105	105
Miscellaneous	40	81	0	0
Total Use	12,367	12,688	12,740	12,740
Ending Stocks	1,705	1,820	1,720	1,897
Stocks to Use Ratio	13.8	14.3	13.5	14.9

1/ Fiscal years beginning Oct 1. Data and projections correspond to category components from "Sweetener Market Data" (SMD). 2/ Production projections for 2021/22 and 2022/23 are based on Crop Production and/or processor projections/industry data and/or sugar ICEC analysis where appropriate. 3/ For 2021/22, WTO raw sugar TRQ shortfall (151) and for 2022/23 (132). 4/ Composed of sugar under the re-export and polyhydric alcohol programs. 5/ Transfers accompanying deliveries for sugar-containing products to be exported (SCP) and polyhydric alcohol manufacture (POLY), and deliveries for livestock feed and ethanol. Total refiner license transfers for SCP and POLY inclusive of WASDE-reported deliveries: 2020/21 -- 298; estimated 2021/22 -- 303; projected 2022/23 -- 315



2023 H-2A Adverse Effect Wage Rate (AEWR) Final Rule

On February 28, 2023, the Department of Labor (DOL) published a final promulgating regulations establishing a new methodology for determining hourly AEWRs for non-range occupations (i.e., all occupations other than herding and production of livestock on the range) for temporary labor certifications in the H-2A program. The DOL is providing these FAQs to assist employers, workers, and other interested parties in understanding this final rule as it goes into effect on March 30, 2023.

DOL determined that the 2010 Final Rule AEWR methodology did not adequately prevent adverse effect on the wages of agricultural workers in the United States similarly employed in two principal ways. First, that methodology did not accurately reflect the wages paid to workers in jobs outside the Standard Occupational Classification (SOC) codes for field and livestock workers (combined) (e.g., supervisors, construction, logging, tractor-trailer truck drivers). Second, that methodology did not accurately reflect the wages paid to workers in every State or region where employers may seek to employ H-2A workers. The DOL therefore engaged in rulemaking to address these concerns with the AEWR methodology. After consideration of comments received, on February 28, 2023, the DOL published the final rule, Adverse Effect Wage Rate Methodology for the Temporary Employment of H- 2A Nonimmigrants in Non-Range Occupations in the United States. The final rule implements a methodology that uses a combination of wage data reported by the USDA Farm Labor Survey (FLS) and the Department's Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics (OEWS) survey.

Under this final rule, DOL will continue to determine the AEWR for field and livestock worker occupations, which comprise the vast majority of H-2A occupations, using USDA FLS data, as the 2010 methodology did, when FLS reports data for this group and State. In the event the FLS data does not report wages for these workers in certain States, DOL will use the BLS OEWS survey to set a single statewide AEWR applicable to H-2A job opportunities for field and livestock workers (combined) in that State. The field and livestock workers (combined) category includes workers who “plant, tend, pack, and harvest field crops, fruits, vegetables, nursery and greenhouse crops, or other crops” or “tend livestock, milk cows, or care for poultry,” including those who “operate farm machinery while engaged in these activities.”¹ The current SOC codes and titles associated with these workers, and which will be subject to this wage setting approach, are: 45-2041—Graders and Sorters, Agricultural Products; 45-2091 - Agricultural Equipment Operators; 45- 2092 - Farmworkers and Laborers, Crop, Nursery, and Greenhouse; 45-2093 - Farmworkers, Farm, Ranch, and Aquacultural Animals; 53-7064 - Packers and Packagers, Hand; and 45- 2099 - Agricultural Workers, All Other. For all occupations other than field and livestock workers (combined), the hourly AEWRs will be set by the statewide annual average hourly wage for the SOC code, as reported by the OEWS survey. If the OEWS survey does not report a statewide annual average hourly wage for the SOC, the AEWR will be the national annual average hourly wage reported by the OEWS survey.

In rare cases an employer's job opportunity may require the performance of duties that cannot be classified within a single SOC code and the two or more distinct SOC codes assigned are subject to different AEWRs (e.g., an FLS-based AEWR and an OEWS-based AEWR, or two OEWS-based AEWRs). In such cases, the State Workforce Agency (SWA) and OFLC National Processing Center (NPC) will use the highest applicable AEWR when processing the employer's Application for Temporary Employment Certification (Form ETA- 9142A) and job order (Form ETA-790/790A), which will govern the employer's wage obligations unless a subsequent adjustment to the applicable AEWRs changes which of the AEWRs is highest.

Newsletter Information

A group of growers inquired about a quarterly newsletter being delivered to them containing relevant market news and agricultural policy events. As a result, this publication will be delivered electronically per the release schedule. Please contact Dr. Mike Deliberto at mdeliberto@agcenter.lsu.edu to be added to the email distribution list. As always, subscription is free of charge.

QUARTER	Reporting Period	Release Date
1	January 1 through March 31	April 15
2	April 1 through June 30	July 15
3	July 1 through September 30	October 15
4	October 1 through December 31	January 15

Please direct questions and comments to Dr. Michael Deliberto, Department of Agricultural Economics and Agribusiness, LSU AgCenter. Mailing Address: 101 Martin D. Woodin Hall, LSU Campus, Baton Rouge, LA 70803. Office Phone: 225-578-7267. Email: mdeliberto@agcenter.lsu.edu

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