Agricultural Policy and Market Situation Newsletter

Volume VI, Issue 2

Will we get a Farm Bill in 2023?

How Congress ultimately approaches the reauthorization of the 2018 Farm Bill is yet to be determined, but it's certainly not going to happen in 2023 based on past events.

The last time a farm bill was enacted into law in an odd-numbered year — the first year of a new Congress — was 1985. The last time the Farm Bill passed without an extension — or following the expiration of many of its authorized programs, as was the case in 2018 — was in 2002. Reauthorization for the last four farm bills has averaged just over 550 days from start to finish; the shortest of those timelines was the 252-day process for the 2018 bill.

Another concern to be addressed is with the upcoming elections. How changes l of the House, Senate and White House. Since the enactment of the 1990 farm bill, the legislation has become law an average of about 240 days before Election Day, with only the 1990 and 2018 reauthorizations standing as exceptions.

The firm Agri-Pulse studied the timelines of

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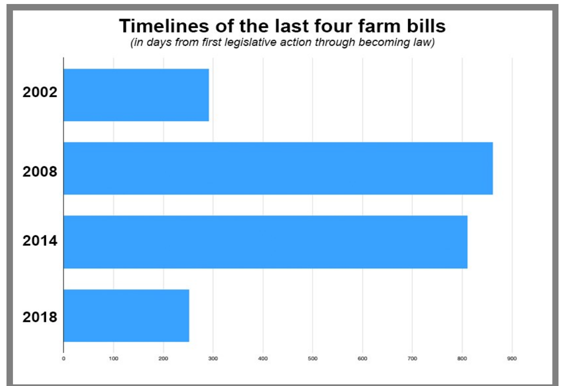

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What's inside this Issue?

Farm Bill news, June Acreage Report estimates, Black Sea Grain Initiative, Raw sugar price rally, H-2A labor rule, Market situation, and more!

USDA's 2023 Acreage Report and Market Implications

USDA released a few big surprises in their June acreage report, including a spike in corn acres and a large reduction in soybean acres. The agency also forecasts grain stocks below trade expectations. The markets had a lot of news to digest on Friday between the report news and the rain and derecho damage across the Corn Belt, but analysts called Friday's reports a "game changer" for soybeans.

The revision in planted acreage numbers makes an already tight market even tighter, as soybeans need to rise to encourage more acres to satisfy the growth in renewable biodiesel that is expected in the future. The added corn acres will be somewhat offset by lower stocks and the potential for yield to fall from the World Agricultural Supply and Demand Estimates' (WASDE) lofty level if that rain does not come in time. It is likely that the market will also now revert to weather as the major issue, as drought has expanded even more, and the forecast rain is needed even more now.

Corn acreage was bearish coming in at 94.1 million acres, which is more than 2 million higher than March and 5.5 million more than 2022. Conversely the increase in corn acres, without a significant decrease in yield, could be problematic for the market. With this acreage number and without a significant weather problem, you could be looking at a 2.6 billon bushel carryout. Even with a 5 bushel drop in yield, you could be looking at 2 billion bushels. December corn was down nearly 34 cents on Friday and closed below $5. However, the contract was down 93 cents for the week as it had started to tumble early on with rains falling in parts of the Midwest and more in the forecast. We saw a higher corn acreage number that went up to 94.1 from 92, even in March. So it was it was a big divergence in the markets sell off in corn on a higher acreage number and a sharp rally in soybeans on a drastically lower acreage number.

The bullish surprise was in soybeans with acreage down 4 million from the March Prospective Plantings report to 83.5 million, which is 5% below last year. The soybean number was still a game changer and could result in ending stocks dropping to around 135 million bushels for the next marketing year. Recently, soybean prices soared in response to the USDA reports by nearly 78 cents for November. The soybean market will be even more sensitive to weather and yield threats moving forward. This means that there is very little room for error in regard to yield and production given this lower acreage number.

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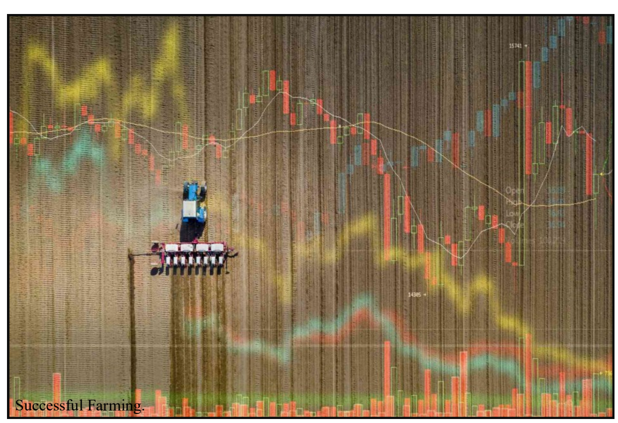
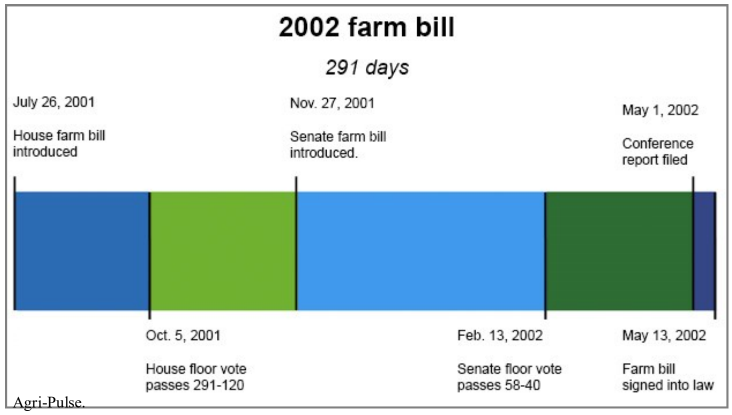


Successful Farming.

Farm Bill (cont.)

each farm bill passed since the turn of the century to catalog the major milestones — the markups, votes, and other key public-facing events that moved the process along. Crafting a Farm Bill also includes lengthy stretches of time to gather feedback and ideas before lawmakers begin their work on the next bill and implementation of the bill at USDA once enacted.



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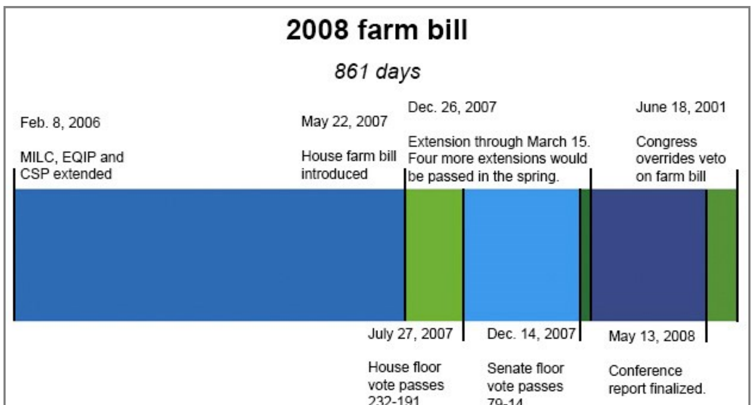
The 2002 Farm Bill was Capitol Hill's first crack at reauthorization since the 1996 law, which ushered in the "freedom to farm" concept of ag policy, ending many of the supply management concepts that had been staples of American agriculture. Lawmakers kept the fixed, direct payments authorized by the 1996 law but introduced countercyclical payments, using some of an additional $73.5 billion in new spending provided for the bill. In addition to a response to the 1996 bill, many point to the upcoming midterm elections and President George W. Bush's subsequent push to win majority control of the Senate in the 2002 midterm elections (the GOP would go on to eke out a 51-49 majority). With a budget surplus to spend, lawmakers also looked to shore up support with their main constituencies.
The legislation was also passed under the shadow of the September 11, 2001, terrorist attacks, which introduced a fresh focus on national security in all areas of policy, including the farm bill. Aside from the security provisions and funding boost, the bill was also noteworthy for its expansion of country-of-origin labeling that would go on to produce a World Trade Organization spat with Canada and Mexico, the first energy title in the bill's history, and a conservation policy spat that nearly sank the bill.

The timeline for the 2008 Farm Bill started — according to the Congressional Research Service — in 2006, when an extension of some dairy and conservation provisions kicked off the legislative activity. It would be more than a year before the House Ag Committee introduced its legislation, a 468-day pause that marks the biggest gap in activity on any of the farm bill timelines. Once that bill dropped on May 22, 2007, it would be another 393 days before the Farm Bill was ultimately the law of the land, a process that included several more extensions and a staring match between the White House and Capitol Hill that ultimately led to this being the only farm bill since the turn of the century never to earn a presidential signature.



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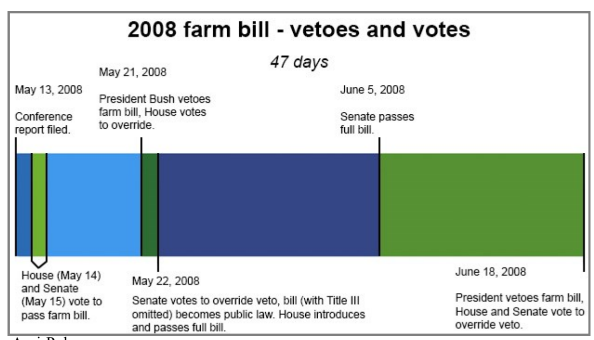
With fifteen titles, the bill was five chapters longer than its 2002 counterpart after adding specific titles on horticulture and organic agriculture, livestock, crop insurance and disaster assistance, reauthorization of the Commodity Futures Trading Commission, and trade and tax provisions. Included in those new titles and throughout the rest of the bill were several tweaks to the 2002 farm bill and a handful of new creations. Some of the language in the livestock title — namely the expansion of country-of-origin labeling and changes to competition language in the sector — still reverberate in modern farm policy as USDA seeks to fine-tune the competition language and chart a path toward a voluntary, but more restrictive, "product of the USA" label on meat products.



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The 2008 Farm Bill was also the first piece of legislation to refer to the food stamp program as the Supplemental Nutrition Assistance Program. It was also the first Farm Bill with a specific crop insurance title and worked toward a permanent disaster structure of a $3.8 billion trust fund "to cover the cost of making agricultural disaster assistance available on an ongoing basis" in the years that followed the bill's enactment, according to the Congressional Research Service. But the 2008 farm bill might be remembered as much for the process leading to its passage than for its actual policies. In all, the 2008 farm bill process involved six extensions and two vetoes.

Bush asked Congress to extend the 2002 Farm Bill for another year or more; instead, Congress voted to override his veto by sweeping margins in both chambers. But in an unprecedented filing error, the trade title was erroneously left out of the Farm Bill that had been submitted to the White House. On May 22, 2008, the Senate followed the House in voting to override President Bush's veto of H.R. 2419, the bill sans trade title. The same day, the House passed H.R. 6124, the completed bill with all fifteen titles. The Senate would follow suit two weeks later on June 5, 2008. The House and Senate's speedy action to move the full farm bill set the stage for President Bush's subsequent June 18, 2008, veto of the full farm bill, an action that was overridden in the House and Senate on the same day.

The 2014 Farm Bill introduced an unthinkable reality on the floor of the House of Representatives — the splitting of the farm and food coalition that had been vital to the passage of every other farm bill to date. The break was not permanent, but it was a sign of things to come for future farm policy efforts when House conservatives flexed their muscle in a floor vote frustrating agricultural policy champions and embarrassing the GOP leadership of the chamber.

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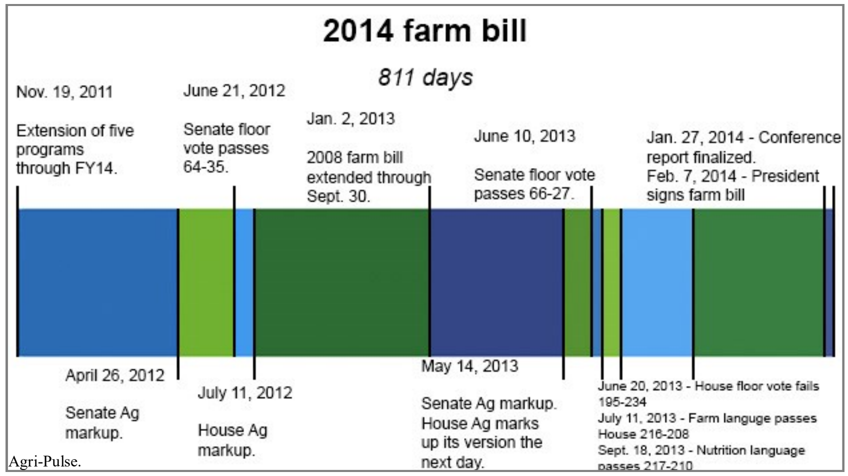
Farm Bill (cont.)

The process that led to that inflection point began in 2011 led to a "Super Committee" who, in a series of meetings throughout the year, sought to slash the federal deficit by at least $1.5 trillion. The committee, the White House said at the time, "can eliminate tax loopholes, just like it can cut spending." Half the cuts were to come from domestic spending programs, the other half from defense spending. When the cadre of Capitol Hill negotiators and the Obama administration were unable to come up with a deal, a provision in the Budget Control Act introduced automatic spending cuts known as "sequestration" took effect. But during the process, House and Senate Ag Committee leaders ultimately agreed on a legislative framework that included about $23 billion in planned savings through the elimination of direct payments to producers and cuts in nutrition and conservation programs.

In the wake of a perplexing process, the 2014 Farm Bill instituted some landmark changes in farm policy. Among them was the creation of the Agriculture Risk Coverage and Price Loss Coverage programs, which reshaped the Farm Bill's commodity title after the elimination of direct payments and also instituted caps on Conservation Reserve Program acreage and shrank the number of titles to 12. But in addition to the finger-prints of the Super Committee and the introduction of ARC and PLC acronyms into the farm policy vernacular, the 2014 Farm Bill's most infamous legacy was the political acrimony that had to be overcome for final passage.



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With many parts of the 2008 Farm Bill set to expire in 2012, the Senate acted in April of that year to mark up a bill in committee, a measure that ultimately cleared the Senate floor on June 21, 2012. Meeting a few weeks later, the House Ag Committee marked up a bill on July 11, 2012, that was doomed to fail. In 2013, Congress ushered in a new session with a January 2nd extension of the 2008 Farm Bill through the end of that September but did so without funding programs that lacked mandatory baseline.

The Senate once again started the legislative process, marking up a farm bill on May 14, 2013; the House Ag Committee would match the progress in a marathon session the next day. The Senate was then able to advance its measure in a June 10, 2013, vote, only for the process to hit a massive speed bump 10 days later. Members of the House Freedom Caucus were able to insert an amendment from then-Rep. Steve Southerland, R-Fla., to allow states to institute their own work requirements for SNAP recipients. Democrats revolted, and the farm bill went down 195-234 on the House floor, a previously unthinkable fate for what had traditionally been a fairly bipartisan bill. Forced to move something to get the measure to conference, House GOP leaders put the farm bill without the nutrition title on the floor for a July 11, 2013 vote, temporarily breaking the urban and rural farm bill alliance. The bill's nutrition language would eventually be passed in September, paving the way for the beginning of a conference process and a bill that would eventually be signed by President Barack Obama on February 7, 2014.

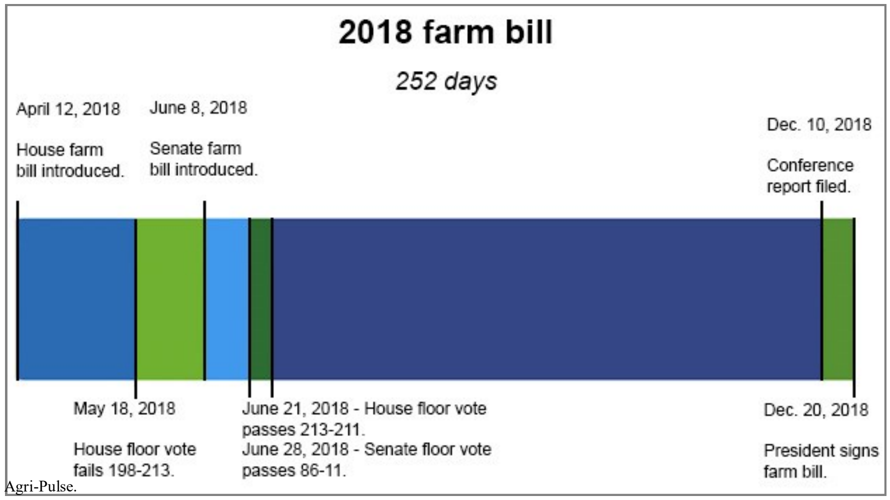
The current Farm Bill enjoys the distinction of being the quickest piece of legislation to cross the finish line in the 2000s and the only version to start and end its process in the same calendar year, something that was enjoyed for those bills passed prior to 1996 . The bill's principal issue — a stalemate over a House GOP plan to change work rules for able-bodied adults without dependents — was evident even before the bill was introduced on April 12, 2018. Just shy of a month earlier, then-House Ag Committee Chair Mike Conaway held off on introducing the bill as he and Peterson, still the committee's ranking member, worked on an agreement. But the committee's Democrats implored Peterson to hold off on negotiating the farm bill without seeing the draft legislative text from Conaway.

Despite the partisan rancor throughout the markup, the bill advanced through committee and headed to the floor, where it ran into another conservative roadblock. An immigration policy rebellion within the Republican Party denied Conaway the votes necessary to pass the farm bill, sinking the measure on the House floor for the second time in as many reauthorization efforts. The dispute would eventually be set aside as House Republicans eked out a two-vote margin to move the bill on the floor with no Democratic support; after 30 Republicans voted against the farm bill during the first floor vote, 20 kept their opposition in a June 21 vote.

On the Senate side, proceedings were much less dramatic , where a bill with a more moderate nutrition title passed quickly through the Senate Ag Committee in a June 13th markup and June 28th floor vote with the legislative support of 86 senators. The conference process for the bill needed to resolve not only ideological differences over nutrition policy, but also differing views on the commodity title and whether or not to include an energy title (the Senate bill maintained it, the House version did not). The bill was also being written against the backdrop of sliding commodity prices and an ongoing trade war with China that had wreaked havoc on once-reliable purchasing relationships for U.S. commodities.

One month after a public conference committee meeting featuring a repeat of many of the same SNAP arguments previously offered in the House, the four lead negotiators — Conaway and Peterson from the House and then-Senate Ag Chair Pat Roberts, R-Kan., and ranking member Debbie Stabenow, D-Mich. — made a show of emerging from a Capitol Hill meeting locked arm-in-arm and declaring they were "in this together." That meeting took place on October 4, 2018, days after much of the 2014 Farm Bill had expired and about four-and-a-half weeks before Democrats would reclaim the House. The change in political dynamics offered negotiators a binary choice: start over on a new farm bill with a new party in control of one of the chambers of Congress or finish the legislation in the lame-duck session. They opted for the latter.

Farm Bill (cont.)



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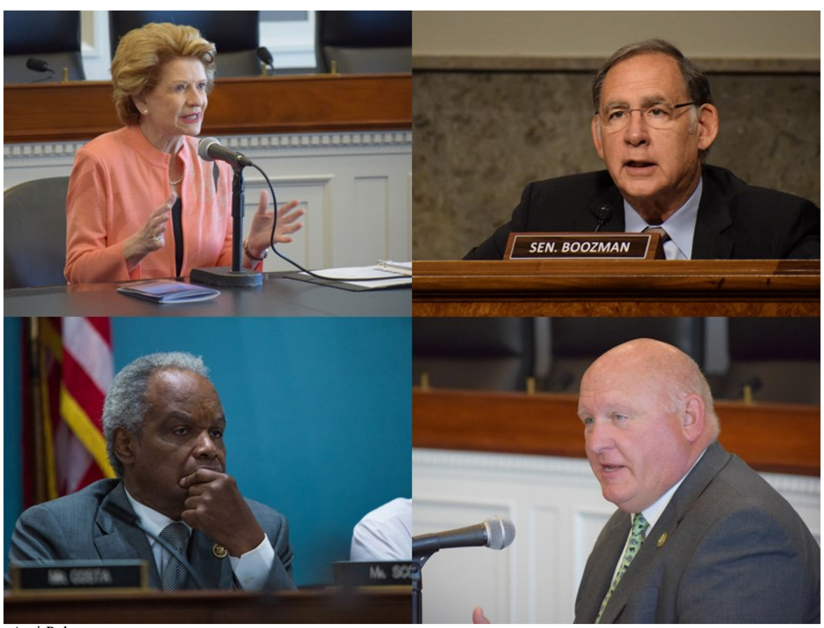
The four leaders announced a tentative agreement Nov. 28 and filed it as legislative text Dec. 10. The bill quickly moved across the Senate floor the next day and was voted favorably out of the House the day after that, clearing the way for a Dec. 20 White House signing ceremony that was kicked off by the blasting of the "Green Acres" theme song, bewildering but amusing a crowd of onlookers waiting for the delayed start of Trump's speech.

The final product ultimately did not include many of the nutrition policy reforms Conaway had championed, but many Republicans on Capitol Hill ultimately supported the bill as then-Ag Secretary Sonny Perdue pointed to rulemaking in the works at the department that could have similar results (the Biden administration would later reverse course). The bill also lacked some forestry provisions pursued by Conaway and Perdue, but did write into law a hemp program championed by then-Senate Majority Leader Mitch McConnell.

The bill's commodity title included some modest reforms, including the ability for producers to switch between ARC and PLC more easily. The bill also cleaned up a dairy policy change resulting from a dispute with the CBO during the 2014 farm bill process — changing the margin calculation and rebranding the industry's risk management program as Dairy Margin Coverage — and created the National Animal Vaccine and Veterinary Countermeasures Bank, a major priority for the livestock industry headed into the bill.

Farm Bill May be More Evolutionary than Revolutionary

With the House and Senate Agriculture Committees still several months away from voting on a new Farm Bill, major issues persist in each of the 12 titles and are coming more into focus even as lawmakers continue offering new proposals that they would like to see included. The bill is setting up to be more evolutionary than revolutionary, reflecting in part farm groups' satisfaction with the structure of the 2018 Farm Bill, as well as the tight budget environment and divided Congress. Plus, the 2022 Inflation Reduction Act pumped $17 billion into farm bill conservation programs with additional funding for clean energy and forestry programs that were priorities for President Joe Biden's climate policy.



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The 2018 Farm Bill was "very effective" 'and tried and tested under some difficult circumstances," including the trade war with China and COVID-19 pandemic," House Agriculture Committee Chairman Glenn "GT" Thompson, R-Pa., said in an Agri-Pulse Open Mic interview. "All of it's going to get critical analysis to make sure that we don't miss an opportunity for refinement.

But … what's the old adage? If it's not broken, don't fix it," Thompson said. Still, Thompson and the top Republican on the Senate Agriculture Committee, John Boozman of Arkansas have pledged to provide for or some kind of increase in Price Loss Coverage reference prices. There also are an array of issue that while relatively small in the grand scheme of the $1.5 trillion bill are important to key sectors, including producers of fruits, vegetables and other specialty crops who are looking to the farm bill in part to expand their crop insurance options and also help accelerate automation.

Title I: Commodity	Title IV: Nutrition	Title VII: Research	Title X: Horticulture
Title II: Conservation	Title V: Credit	Title VIII: Forestry	Title XI: Crop Insurance
Title III: Trade	Title VI: Rural Development	Title IX: Energy	Title XII: Miscellaneous

Planted Acreage (cont.)

Rice futures were higher. Thinly traded in July, rice futures gained 35 cents to $18.05 ½. September rice was up 3 cents to $14.98 ½, after trading a range of $14.90 to $15.42 ½. September futures have near-term potential support at this week's low of $14.69. Below that, the next downside target is $14.30. Nearby July rice is increasingly thin and topped $18.00 per cwt.

The June 30th planted acreage report was a little bearish, with all-rice plantings projected at 2.687 million, up from 2.222 million last year and the trade estimates of 2.539 million. The biggest driver of the increase was more medium-grain rice in California. Crop ratings recently have also improved in Arkansas.

Cotton futures were higher stemming from a weaker U.S. dollar and stronger equities along with a slightly favorable acreage report. Thinly traded July cotton was up 1.59 cents to 82.84. December cotton was up 1.34 cents to 80.37, after trading a range of 78.51 to 80.59. Futures fell to a six-month low in the December early in the week amid improving U.S. crop prospects before the market found its footing and spent the last two days of the week rallying.

The June planted acreage report for cotton provided some very modest market support with USDA pegging plantings at 11.1 million acres, down from 11.256 million in the March planting intentions report and slightly below expectations. But acreage was already down sharply from 13.763 million last year. The trade has had plenty of time to price that in. While crop ratings have improved, there are still threats to production, from intense heat in Texas as well a very soggy conditions recently in the southeastern U.S.

The supply side of the price equation is the driving force in price determination. Thus, price gains will be limited. Demand markets are the source of sustained higher prices, not supply markets. Yet, it is the demand side of the price equation that has limited a price movement above the 83-84 cent level in recent trading.

With fewer U.S. acres, weather through the remainder of the growing season will prove critical. Volatility could increase amid varying weather patterns throughout key growing areas. World Weather Inc. notes that most crop areas in Texas continue to be excessively dry for the next couple of days before some cooling along with showers and thunderstorms occur. Forecasts state that while rain would be welcome, its distribution will leave many areas in need of moisture while others get a short-term period of crop improvement. West Texas will be included in some of the rain with Friday not Saturday the wettest.

Traders will continue to closely monitor U.S. exports as the 2022-23 marketing year inches closer to its end. Exports have recently proven stable despite concerns over Chinese demand in recent weeks. Export data will ultimately help paint the global demand picture and provide insight into the world economy.

The trade will digest June acreage numbers very quickly and then get back to trading weather and yield prospects. The other possible crop impact is the recent Midwest derecho . While it brought crop-saving rain, it also packed winds topping 100 mph. Yield variation largely depends on upcoming weather, but the dry weather in June is creating a wide range of yield estimates this year.

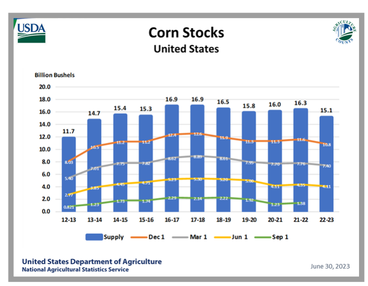
USDA's March Grain Stocks report showed tighter stocks. Quarterly stocks were tighter than a year ago, especially for corn, and indicates farmers sold old crop corn on the June rally . It also confirmed the tight supply of old crop soybeans. Volatility has been high in the grain markets the past month in the throes of the weather market.

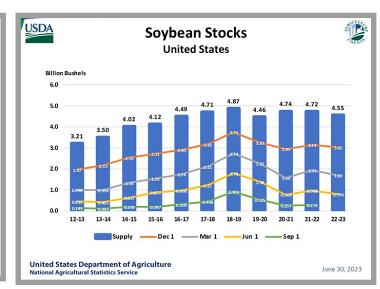
Some in the trade do not view the grain stocks report alone as being bullish or bearish, but looking at the larger picture, demand is still an issue. New crop demand for U.S. corn and U.S. soybeans is not good as one key metric, ethanol production, has not been as robust as it has been. Soybean crush numbers look good though and are projected to continue to set records as there has been strong expansion in soybean crush.

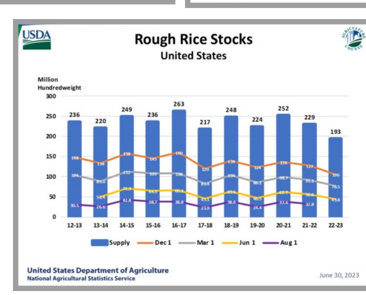
Corn stocks in all positions on June 1, 2023 totaled 4.11 billion bushels, 6 percent down from June 1, 2022. Of total stocks, USDA estimates that 2.22 billion bushels are stored on farms, five percent up percent from a year earlier. Off-farm stocks, at 1.89 billion bushels, are down 15 percent from a year ago. The March - May 2023 indicated disappearance is projected to be 3.29 billion bushels, compared with 3.41 billion bushels during the same period last year.

Soybeans stored in all positions on June 1, 2023 totaled 796 million bushels, 18 percent down from June 1, 2022. On-farm stocks totaled 323 million bushels, down 3 percent from a year ago. Off-farm stocks, at 473 million bushels, are down 26 percent from a year ago. Indicated disappearance for the March - May 2023 quarter totaled 891 million bushels, down 8 percent from the same period a year earlier.

Rough rice stocks in all positions on June 1, 2023 totaled 43.8 million hundredweight (cwt), down 23 percent from the total on June 1, 2022. Stocks held on farms totaled 4.39 million cwt and off-farm stocks totaled 39.4 million cwt. Long grain varieties accounted for 75 percent of the total rough rice, medium grain accounted for 23 percent, and short grain varieties accounted for 2 percent. Milled rice stocks in all positions totaled 5.17 million cwt, down 14 percent from a year ago. Milled rice stocks were comprised of 3.92 million cwt of whole kernel rice and 1.25 million cwt of second heads, screenings, and brewers rice.







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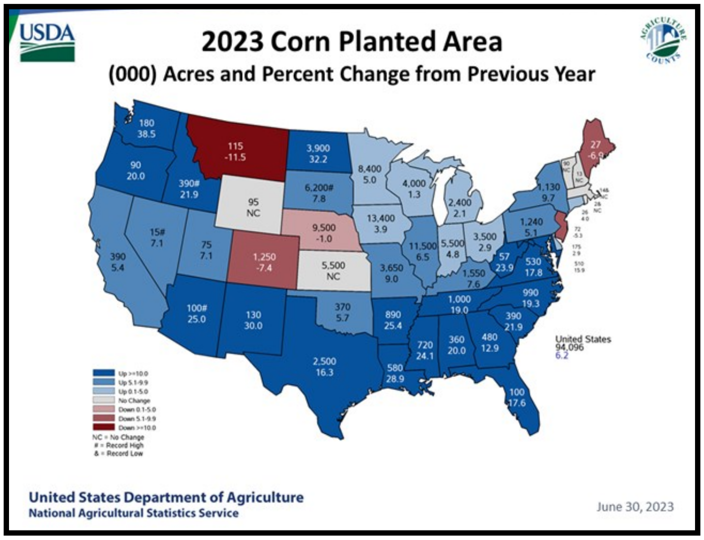
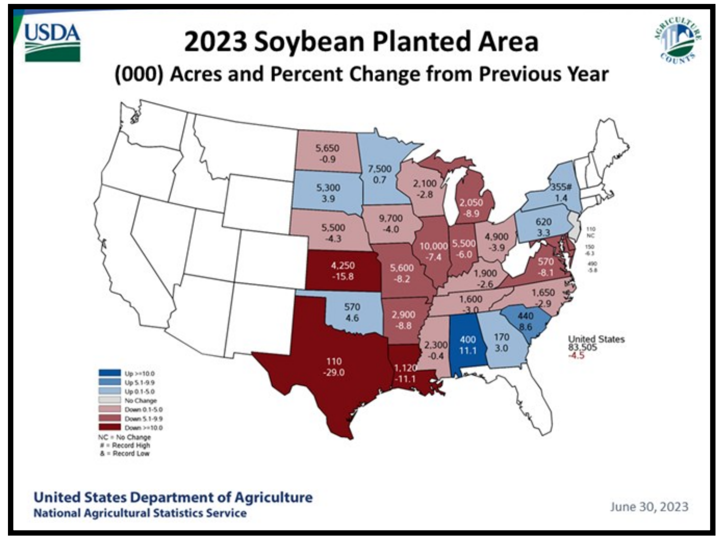
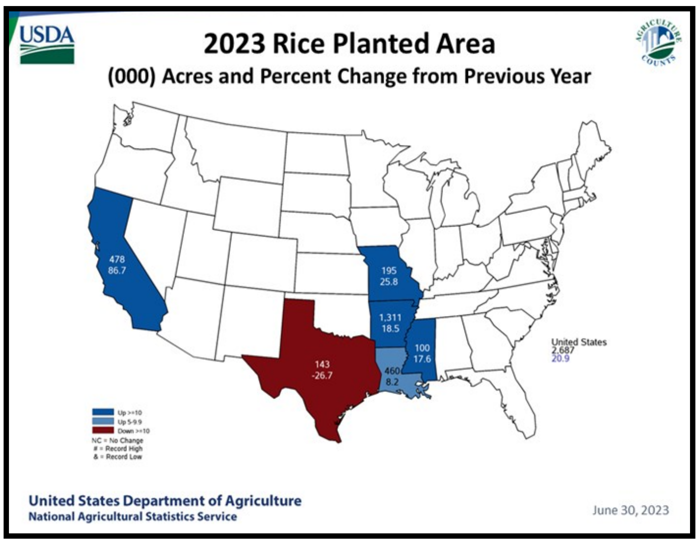
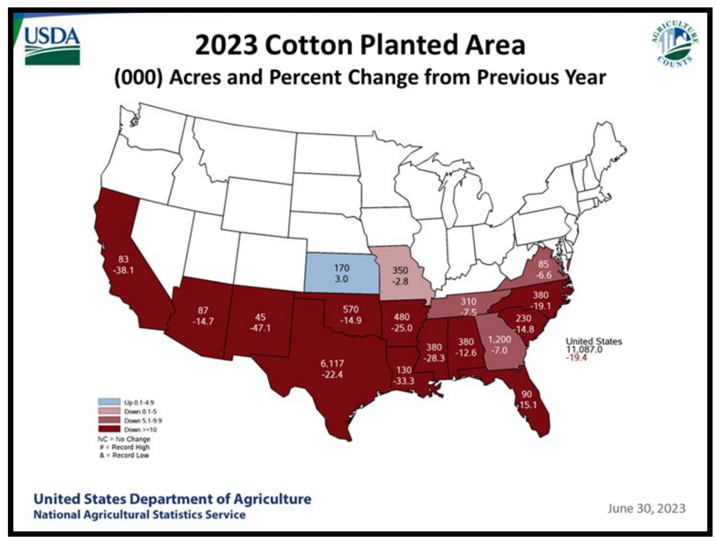
Planted Acreage (cont.)







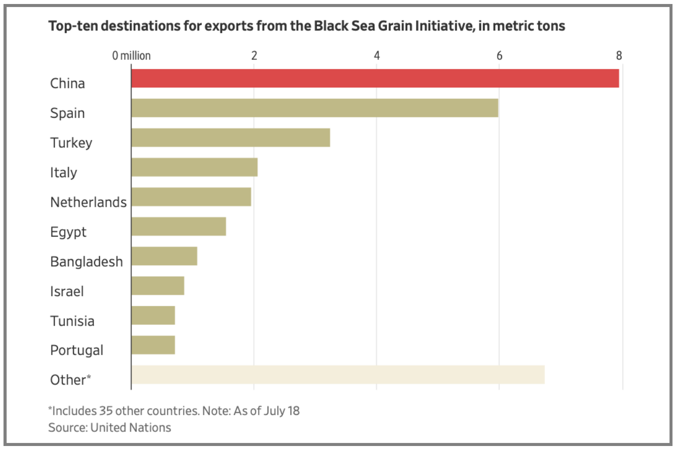


U.S. Acreage Summary — June 2023			
Crop	**2022 Acreage**	**2023 Acreage**	**Y-O-Y Change**
Corn	88,579,000	94,906,000	**7.1%**
Cotton (all)	13,761,000	11,087,000	**-19.4%**
Long Grain Rice	1,802,000	1,991,000	**10.5%**
Medium/Short Grain Rice	420,000	696,000	**65.7%**
Rice (total acreage)	2,222,000	2,687,000	**20.9%**
Soybeans	87,450,000	83,505,000	**-4.5%**
Sugarcane (harvested sugar and seed)	930,200	922,000	**-0.9%**
Sugarbeet (planted)	1,159,500	1,128,500	**-2.7%**

Black Sea Grain Initiative Update; Ukrainian Ports Attacked

Matthew Luxmoore and Jared Malsin reported in the Wall Street Journal on July 19th that, "Russia launched one of its largest missile attacks on Ukraine's grain-exporting port of Odesa just hours after pulling out of an international agreement ensuring safe passage for Ukraine's exports through the Black Sea, a critical component in the global food supply chain. "The wave of missile attacks in the early hours of Tuesday specifically targeted the port, said Natalia Humenyuk, a spokeswoman for the Ukrainian armed forces' southern command, adding that authorities had been expecting such a strike."

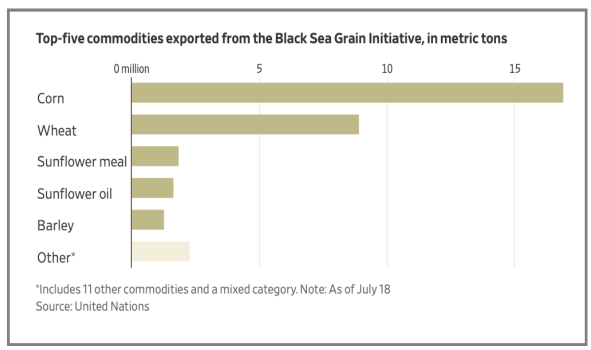
The article noted that, "The attacks came during a visit to Odesa of a delegation from the U.S. Agency for International Development, which on Tuesday announced a $250 million aid package to expand capacity at ports along the Danube River, modernize and rebuild infrastructure used in grain exports. A portion will also be used to help farmers hit by Russia's decision to plant new crops even if previous harvests haven't yet sold." Luxmoore and Malsin pointed out that, "Samantha Power, the head of USAID, said during a visit to Odesa that the U.S. financial assistance package would help expand alternative export routes for Ukrainian farmers such as sending grain on smaller ships via the Danube River into the Black Sea."



"Russia Strikes Odesa Port After Quitting Black Sea Grain Deal," by Matthew Luxmoore and Jared Malsin. The Wall Street Journal (July 18, 2023). The Journal article added that, "Power didn't elaborate on the timeline for the funds to reach Ukraine. She said the U.S. recognizes their urgency as the Russian invasion has forced a halt to all exports from Ukraine's main Black Sea ports, contributing to a surge in global food prices and fueling fears that the war could push millions of people around the world closer to starvation."

"Russia Strikes Odesa Port After Quitting Black Sea Grain Deal," by Matthew Luxmoore and Jared Malsin. The Wall Street Journal (July 18, 2023). Reuters News reported that, "Ukrainian air defense systems were engaged in the early hours of Wednesday in repelling a Russian air attack on the southern port of Odesa for a second consecutive night, the region's governor said. "Russia struck Ukrainian ports on Tuesday, a day after pulling out of a U.N.-backed deal for safe Black Sea grain exports, a decision that raised concern primarily in Africa and Asia of rising food prices and hunger."

On July 18, Reuters writer Jonathan Saul reported that, "A cargo insurance facility providing cover for Ukraine grain shipments via a safe sea corridor has been suspended after Russia quit the United Nations-backed agreement, broker Marsh said on Tuesday." "The marine cargo and war facility led by Lloyd's of London insurer Ascot, together with other underwriters, provided cover of up to $50 million per cargo," the article said.



Reuters writer Gabriela Baczynska reported yesterday that, "The European Union is seeking to transport more Ukrainian grains via road and rail to help make up for Russia's withdrawal from a U.N.-backed Black Sea exports deal, the bloc's leaders and officials said."

Reuters News reported today that, "Russia said on Wednesday the United Nations had three months to implement the terms of a memorandum that would facilitate Russian agricultural exports if it wanted Moscow to resume talks about allowing Ukrainian grain exports to restart." Also, The Wall Street Journal editorial board indicated in today's paper that, "Vladimir Putin wants sanctions relief, and he's again threatening the global food supply to get it. On Monday Russia withdrew from the Black Sea Grain Initiative that had facilitated Ukrainian grain exports. Mr. Putin followed on Tuesday with missile attacks on the Ukrainian grain-exporting port of Odesa."

The Journal noted that, "On Monday Ukrainian President Volodymyr Zelensky said 'we are not afraid' and 'even without the Russian Federation, everything must be done so that we can use this Black Sea corridor.' He deserves Western support.

"When Russia briefly suspended participation in the grain initiative last fall, Ukraine, Turkey and the U.N. moved forward with plans for shipments anyway. The Kremlin ended up rejoining the agreement, and it's worth calling the Kremlin's bluff again.

"Russia wants renewed access for the state-owned Russian Agricultural Bank to the Swift system that facilitates cross-border payments, among other Western concessions. But this would blow a sizable hole in sanctions. More important, Mr. Putin would learn that it works to hold the world's food supply hostage.

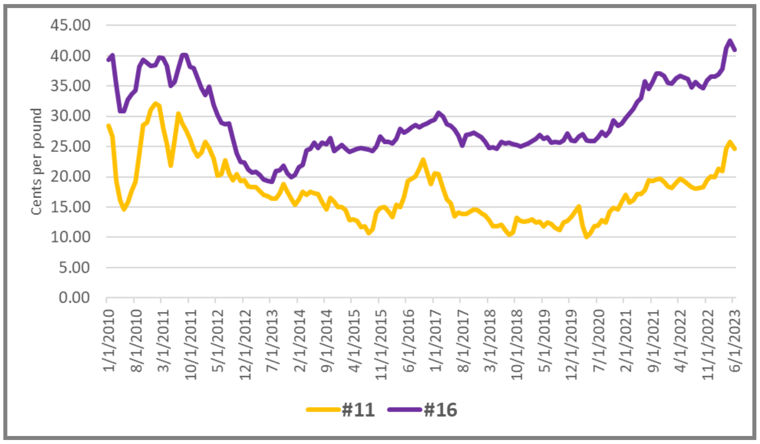
"Mr. Putin is capable of anything, but he'd be taking considerable risks if he used military power to enforce a food blockade. The U.S. and the world should let him know that if he does, the result will be a naval escort operation in the Black Sea."

What's driving the rally in world raw sugar prices?

Forecasts for world raw sugar prices earlier in the year revolved around weather uncertainty. Lower-than-expected 2022/23 output in India, Thailand, China, Mexico, and other countries had boosted prices for raw cane to as high as 27 cents per pound, although prices have since retreated to around 25 cents. Should El Niño bring drier weather to Asia, production could be down again in 2023/24. For now, Brazil is "the only game in town," but early harvest of the 2023/24 cane crop has been slowed by rain.

Because of tight U.S. supplies and the increased pace of high-tier imports, global raw prices have had an outsized impact on the valuation of U.S. sugar. Sugar prices quoted in the No. 16 raw cane sugar contract, in turn, implicitly support U.S. refined cane sugar prices, which have subsequently experienced a steady climb as buyers seek alternative sources amid limited availability of refined beet sugar.

U.S. raw cane sugar prices (#16) continue to rally, with prices in May averaging 42.56 cents per pound, up from last month's 41.27 cents, and a record since January 2011. As of June 12th, even though September 2023 through September 2024 futures have retreated below 42 cents, prices remain on the high side. The uptick in U.S. futures continues to be mostly supported by the rally in the world raw cane sugar futures (# 11) market, amid tight global supplies and concerns about El Niño in major producing countries. In May, world sugar futures increased to 25.75 cents per pound from last month's 24.63, the highest since the first quarter in 2012 (24.86). As of June 12th, world futures for July and October 2023 settled above 25 cents per pound, while the out months through July 2024 hovered somewhere between 22.95–24.98 cents.



There are three factors that are important to consider when evaluating the long-term outlook for U.S. sugar supply and demand: the U.S. sugar program, the availability of sugar imports from Mexico, and the level of sugar prices in the world market.

While U.S. sugar price typically are minimally affected by the world sugar market since imports are limited under the Sugar Program as outlined under Farm Bill legislation and with the existence of the Suspension Agreement with Mexico, changes in the world raw price current have a greater impact because of the higher U.S. price. The #11 world raw cane sugar price will continue to influence the U.S. #16 futures raw cane price if high-tier imports are a component of U.S. sugar supply via high-tier imports.

World raw sugar prices (#11 contract) will continue to influence the domestic sugar price (#16) as long as imports of Mexican sugar remain restricted per the terms of the Suspension Agreements, declines persist in U.S. beet sugar production, reliance on increases in end-of-year raw sugar import quotas (TRQ) and should elevated sugar demand persist.

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 Estimate	*2023/24 July*
Corn	**$3.56**	**$4.53**	**$6.00**	**$6.60**	*$4.80*
Cotton	**$0.596**	**$0.663**	**$0.914**	**$0.820**	*$0.760*
Rice (Long Grain)	**$12.00**	**$12.60**	**$13.60**	**$16.90**	*$14.50*
Rice (Southern Medium Grain)	**$11.60**	**$13.00**	**$13.90**	**$18.00**	*$16.00*
Sorghum	**$3.34**	**$5.04**	**$5.94**	**$6.85**	*$4.80*
Soybeans	**$8.57**	**$10.80**	**$13.30**	**$14.20**	*$12.40*

Raw Sugar Prices (cont.)

In recent weeks, the Asian cane crushing season has started to wind down and we have seen large downward crop revisions in the key producing countries most notably India, Thailand, China, and Pakistan.

India, after Brazil, is the world's second largest sugar producer. In early April, the All India Sugar Trade Association trimmed its sugar production estimates by nearly 3% for the crop year spanning October 2022 to September 2023. The association cited unseasonal rainfall in Maharashtra, which accounts for more than one third of the country's sugar output.

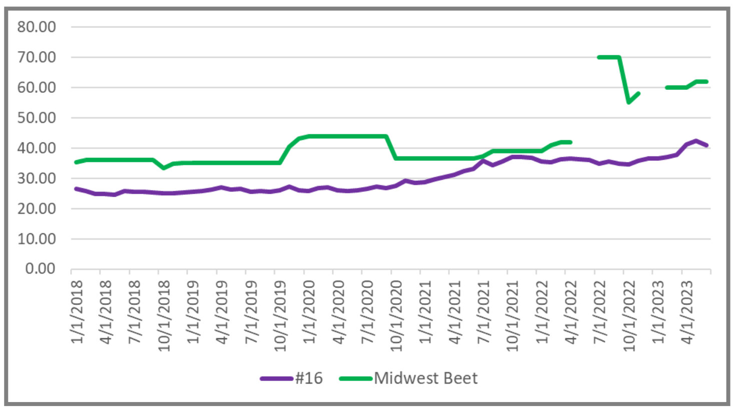
Lowered production estimates were compounded by a poor European beet crop resulting from reduced acreage and a severe summer drought, as well as demand continuing to recover from the Covid period.

Extreme weather could take prices much higher. Prices should trend towards staying elevated in the 21 to 24 cents per pound range. While China could potentially draw upon state reserves to relieve the pressure in global markets, there are many factors that could drive prices higher. However, El Niño's impact on the outlook for Asian production could greatly exacerbate supply concerns in the market in the medium term, prompting prices to move much higher.

Depending on the Asian monsoon rainfall, the sugar market could potentially become "very volatile," and weather driven in the medium term. Rain in the world's number one sugar producer, Brazil, is also slowing the start of harvest in April.

Harvest progress and yields of sugarcane in Brazil's south-central region (~90% of total production) runs from April to December will be closely monitored. But with sugar prices so high right now, should prices cool substantially when the Brazilian harvest hits the market, prices could still be considered elevated above historical levels.

Average U.S. 2022/23 spot prices for both Midwest refined beet sugar and Northeast refined cane sugar increased in May from 60 to 62 cents and from 66 to 68 cents per pound, respectively. While it did not change its price data, Sosland's *Sweetener Report* indicated in its June 7th report that there are indications spot prices have since softened somewhat. This softening is likely due to the reported slowdown in deliveries of contracted supplies that can now potentially be available in the spot market. In addition, there are reports that high-tier tariff refined imports are available at competitive prices, thus can also contribute to easing supply tightness. However, prices continue to be supported by concerns about lower-than-expected early beet sugar production, Mexico's inability to fulfill its export 2022/23 quota, and the possibility of exporting U.S. produced sugar to Mexico given the current record high Mexican sugar prices. The calendar year 2024 offer price for refined cane sugar remains at 61 cents per pound (11 cents higher or 22 percent than the same time last year) and between 56–58 cents per pound for refined beet sugar (16–18 cents higher or 40–45 percent).

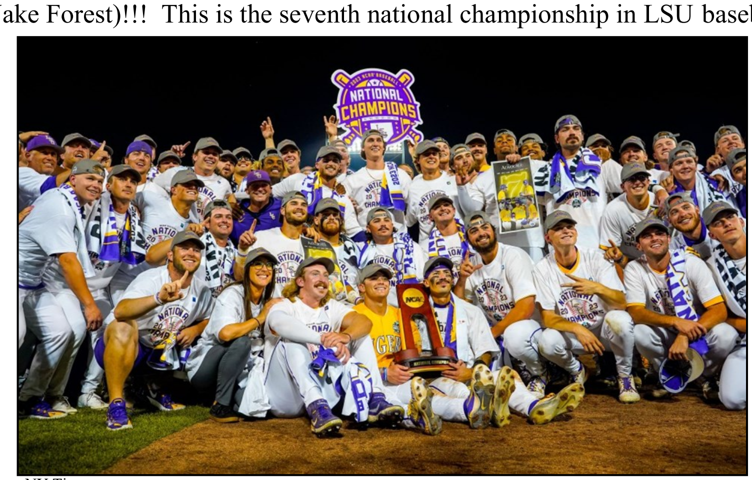


Per the July 11th Sosland *Sweetener Report*, the quoted 2022/23 Northeast refined cane sugar spot price at 62 cents per pound was at similar levels to where prices started the year. It is worth mentioning that refined cane sugar prices have retreated from higher levels of 65-68 cents. For calendar year 2024, it should be mentioned that while the offer price is lower at 62 cents per pound, it remains relatively high by historic standards.

Congratulations to the LSU Baseball Team on their National Championship

The LSU Tigers are national Champions! Congratulations to Coach Jay Johnson, his staff, and the incredible players. The Tigers defeated the Florida Gators (after two exciting wins against Wake Forest)!!! This is the seventh national championship in LSU baseball history.

Bengals and Bandits.



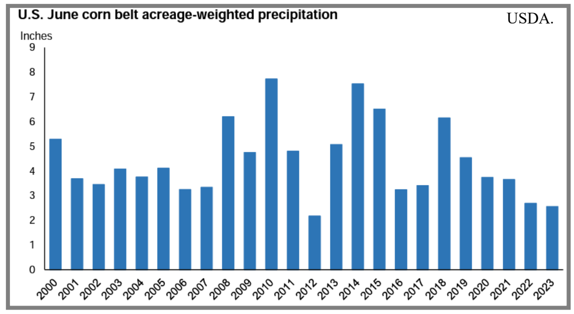
NY Times

Crop Market Situation for the Current Marketing Year

The information that is presented in this market update reflects current information as of July 20, 2023.

Corn

USDA projects the U.S. corn supply at 16.747 billion bushels for 2023/24, up 5 million bushels from the June forecast. The slight increase incorporates changes to acreage, yield, and beginning stocks for the upcoming marketing year. Acreage moved higher, based on the forecasts published by the USDA's National Agricultural Statistics Service's (NASS) Acreage report, released on June 30. The report forecasted 94.1 million acres of corn planted in 2023, up 2.1 million acres from the March 31 Prospective Plantings report.



The national average corn yield is projected at 177.5 bushels per acre, down 4 bushels per acre from the previous month. June precipitation across major Corn Belt States showed a large deviation from average, according to data from the National Oceanic and Atmospheric Administration's (NOAA) National Center for Environmental Information. The occurrence of rainfall and cooler temperatures for some of the most drought-affected parts of the Corn Belt in early July may moderate some of the impact from the weather in June. A wide variety of weather impacted corn growing regions in the United States through June. Dry conditions in June slow crop development and make crops vulnerable to poor weather conditions that may happen during crop pollination that is expected to occur for a majority of the crop over the next few weeks. NASS will release its initial survey-based yield forecast for corn in its August Production report, due out on August 12.

In an offsetting adjustment for 2022/23, U.S. corn exports are estimated at 1.650 billion bushels, down 75 million from the previous forecast. Exports continue to languish in the second half of the marketing year. According to the U.S. Bureau of the Census, with 13-month revisions incorporated into the calculation, the United States has exported 1.316 billion bushels of corn in the first 9 months of the marketing year, down from 1.949 billion during the same period in 2021/22. Weak export outstanding sales (sitting at around 160 million bushels as of July 6) support the lower estimate, as Brazil's massive second corn crop (safrinha) comes on the world market in July.

Estimated food, seed, and industrial use for 2022/23 also decreased 25 million bushels to 6.655 billion, on lower corn used for ethanol. Corn used for fuel ethanol is estimated at 5.225 billion bushels. While weekly gasoline demand and ethanol production picked up in the later half of June, a stronger than expected implied conversion rate from corn to ethanol in early summer and lower than expected ethanol exports led to a reduction in the estimate. While expectations of a strong fourth quarter for ethanol production remain in place, corn use for ethanol during the fourth quarter requires increased usage of more than 5 percent over last year to meet the reduced estimate.

Soybeans

In June, the USDA, NASS Acreage report indicated that soybean sowings (planted acreage) were down or unchanged in 21 of the 29 States relative to March intentions. The largest reduction in acreage is expected in North Dakota with Illinois close behind. Combined, these two States account for nearly 43 percent of the 4-million-acre reduction in 2023/24 soybean acreage. Based on a reduced planted area, harvested soybean acreage is adjusted downward and is now forecast at 82.7 million acres, down 4 million acres from the June estimate and down 3.6 million acres from last year.

As of July 9, soybean crops are seen to be developing faster than in previous years with nearly 40 percent of soybeans blooming compared with the 5-year average of 35 percent. Although recent rainfall across portions of the Central Plains and (central) Corn Belt provided some relief to soybean crops and soil moisture conditions, crop conditions have remained relatively stagnant with 51 percent of the crop rated as good-to-excellent compared with 62 percent rated same period last year. Weather conditions in the coming months will be impactful to this year's crop. The soybean yield forecast is unchanged this month at 52 bushels per acre, contributing to the updated production forecast of 4.3 billion bushels. Higher beginning stocks, up 25 million bushels and reflecting a forecast decline in exports for 2022/23, contributes to the net impact on total soybean supply, which is forecast at 4.58 billion bushels, 185 million bushels lower than the previous forecast.

Tightening U.S. soybean supplies support a boost in 2023/24 season average farm prices, which are raised $0.30 from last month's forecast to $12.40 per bushel. Rising prices are set to weaken U.S. competitiveness in the export market, particularly with South America. In fact, export sales for new crop soybeans are lagging. As of June 29, outstanding new crop soybean sales were more than 70 percent lower than the same time last year (figure 2). As a result, the 2023/24 soybean export forecast is lowered by 125 million bushels to 1.85 billion bushels. Moreover, the projected decline in soybean supply is expected to impact crush volumes. The 2023/24 soybean crush forecast is lowered by 10 million bushels this month to 2.3 billion bushels. These supply and demand changes reflect a 50-million-bushel reduction in 2023/24 ending stocks to 300 million bushels.

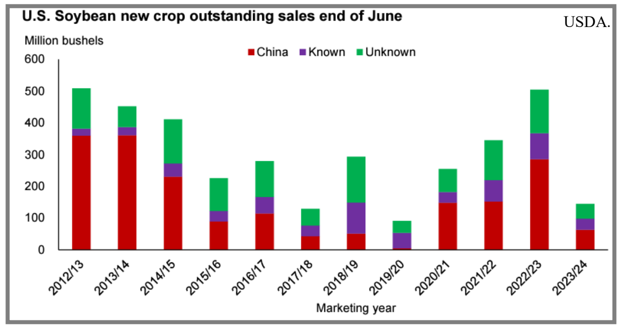
Continued next page

Crop Market Update (cont.)

The information that is presented in this market update reflects current information as of July 20, 2023.

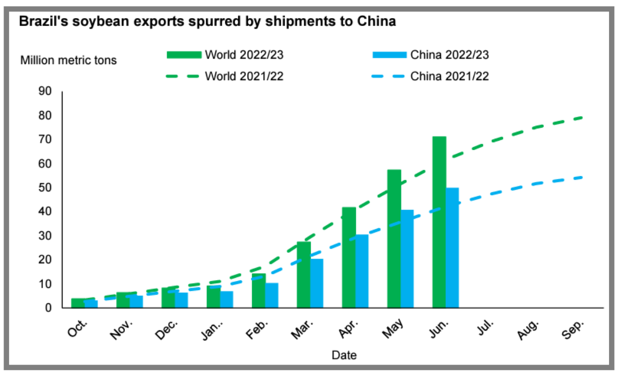
Soybeans (Cont'd)

Global soybean production for 2023/24 is reduced by 5.4 million metric tons this month to 405.3 million metric tons. The United States accounts for most of the decline. Canadian farmers planted slightly more acres than the prior marketing year and are expected to produce 6.7 million metric tons of soybean crops. The cut in the global production is offset partially by lower trade, crush, and lower global ending stocks. The global soybean export forecast is reduced this month by just over 3.1 million metric tons to 169.3 million metric tons on lower U.S. soybean exports. Notably, 2022/23 soybean exports are increased for Brazil by 1.0 million metric tons on the pace of trade to date. Between January 2023 and June 2023, Brazil exported 62.8 million metric tons, up 9.8 million metric tons from same period last year. Shipments to China account for nearly 70 percent of the total Brazil's exports.



USDA.

As result of higher soybean shipments from Brazil, China's soybean imports for 2022/23 are revised up 1.0 million metric tons this month to 99.0 million metric tons. With soybean crush for 2022/23 unchanged, China is likely to have ample stocks end of MY 2022/23. With higher carry over from MY 2022/23 and soybean crush for MY 2023/24 unchanged, China's 2023/24 soybean imports are reduced this month by 1.0 million metric tons to 99.0 million metric tons. In addition, rising prices support a reduced forecast for 2023/24 soybean imports for Bangladesh, Egypt, Pakistan, Mexico, Thailand, Turkey, and Vietnam.



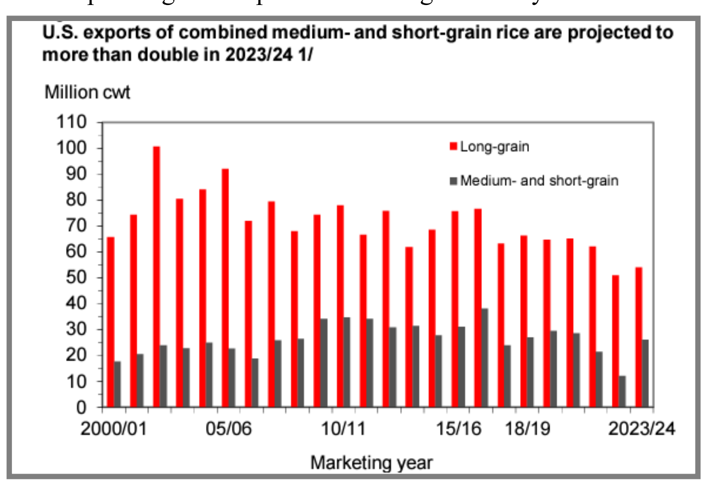
USDA.

Rice

By class, U.S. long-grain production is projected at 144.8 million cwt, 13 percent larger than a year earlier and the largest since 2020/21. The substantial year-to-year increase is largely based on expanded plantings, mostly due to more normal weather this spring compared to excessive rainfall in 2022/23 that prevented plantings of more than 300,000 acres in the South, mostly in the Delta. Combined medium- and short-grain production is forecast at 56.2 million cwt, 74 percent larger than a year earlier and the largest since 2020/21. The substantial year-to-year increase is largely based on a strong rebound in California rice plantings this year after 2 consecutive years of drought-reduced harvests. This month, USDA, NASS raised its planted-area estimates for all reported States except Mississippi and Missouri, with the California estimate raised 74,000 acres.

Plantings were raised 10,000 acres each for Arkansas, Louisiana, and Texas. Rice plantings are expected to be larger than a year earlier in all reported States except Texas. Rice plantings expanded almost 87 percent in California and almost 26 percent in Missouri. Expansion in the remaining States was smaller—although Arkansas expanded its plantings 205,000 acres, with Louisiana's acreage up just 8 percent. In Texas, water restrictions reduced plantings on the west side of Houston, while excessive rainfall reduced plantings by a smaller amount on the east side.

U.S. 2023/24 rice exports are forecast at 80.0 million cwt, up 17.0 million from the year-earlier revised forecast but still below 2021/22. The increase is based on larger supplies and lower expected prices. For long-grain, the U.S. is expected to expand sales to Latin America—the largest market for U.S. long-grain rice—and at least maintain current sales to the Middle East, the second-largest market. Combined medium- and short-grain exports of 26.0 million cwt are 14.0 million cwt above the 2022/23 unusually low level but still below the 2020/21 pre-California drought level. Partial recovery of sales to Japan, South Korea, and Taiwan is expected to account for all of the increase in medium- and short-grain exports.



USDA.

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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. 121, Sep. 12, Oct. 12, Nov. 9, and Dec. 8.

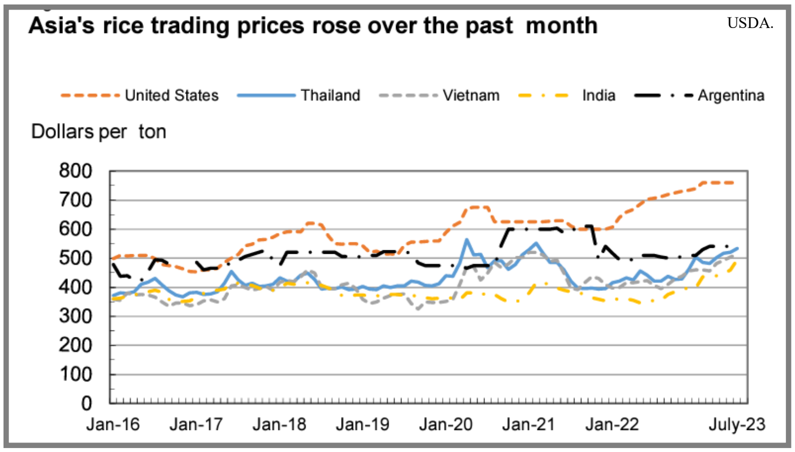
Crop Market Update (cont.)

The information that is presented in this market update reflects current information as of July 20, 2023.

Rice (Cont'd)

Milled rice exports are projected to increase 4.0 million cwt to 57.0 million in 2023/34, with the three Northeast Asian countries accounting for almost all of the expansion. The rough rice export expansion of 2.0 million cwt to 23.0 million is largely based on the expectation that the United States will regain some of its market in Mexico due to lower prices. In 2022/23, the United States lost much of its Mexican market to South American suppliers, mostly Brazil, due to their more competitive prices.

Over the past month, Thai quotes for most grades of regular (neither parboiled nor aromatic) whole-grain milled rice increased almost 3 percent, mostly due to strong global demand. For the week ending July 11, Thai 100-percent Grade B long-grain milled rice for export was quoted at $531 per ton, up $14 from the week ending June 6. Price quotes for Vietnam's already harvested winter–spring crop for the week ending July 11th were quoted at $515 per ton, up $15 from the week ending June 6th and the highest since March 2021. Vietnamese prices have risen due to tight supplies of the early-summer–through autumn crop currently being harvested and strong domestic and global demand.

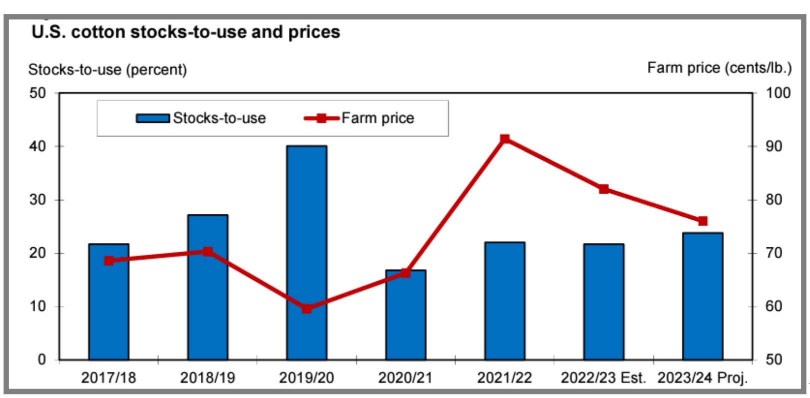


Indian price quotes for 5-percent broken kernel rice were reported at $495 for the week ending July 11th, up $40 from the week ending June 6 and the highest since September 2011. Despite the substantial increase, India remains the most competitively priced source of Asian rice. Argentine 5-percent brokens remain quoted at $540 per ton for the week ending July 11th, unchanged from early March. U.S. trading prices for long-grain milled rice were again unchanged over the past month. Prices for U.S. long-grain milled rice, Number 2 Grade, 4-percent broken kernels (Iraqi specifications) remain quoted at $760 per ton for the week ending July 11th, unchanged since late January and the highest since early October 2008. U.S. price quotes for Latin American markets were also unchanged since late January, quoted at $725 per ton for the week ending July 11th. Nominal price quotes (no actual offers or sales) for California medium-grain milled-rice, Number 1 Grade, 4-percent brokens remain at $1,650 per ton (free on board at a domestic mill) for the week ending July 11th, unchanged since late December and the highest on record for this specification

Cotton

U.S. 2023/24 cotton production is projected at 16.5 million bales this month, unchanged from the June projection and 2 million bales (14 percent) above the 2022/23 crop. Based on USDA NASS's Acreage report released June 30, U.S. producers planted or intended to plant approximately 11.1 million acres to cotton in 2023/24. This is 1.5 percent (nearly 170,000 acres) below the March indications but 19 percent lower than the final 2022 plantings. Relatively higher competing crop prices were a major contributing factor to the reduced cotton planted area. However, drought-reducing rainfall occurred in the spring as 2023 planting time approached for much of Texas and is expected to reduce abandonment, resulting in higher total U.S. harvested acreage this season compared with a year ago.

Forecasts for 2023/24 U.S. cotton demand (mill use plus exports) decreased in July to nearly 16 million bales—down from June estimates of 16.2 million bales. However, the estimate is 1 million bales above 2022/23. For 2023/24, U.S. cotton mill use is forecast at 2.2 million bales, 7 percent above 2022/23 but still one of the lowest levels on record. Higher U.S. supplies for 2023/24 are expected to bolster export prospects during the upcoming season, with exports projected at 13.75 million bales. However, increased supplies in other exporting countries are expected to limit U.S. shipments in 2023/24, leading to a lower U.S. share of world trade. For 2023/24, the U.S. share of global trade is projected at approximately 31.5 percent, compared with nearly 34 percent in each of the previous 2 years.



USDA.

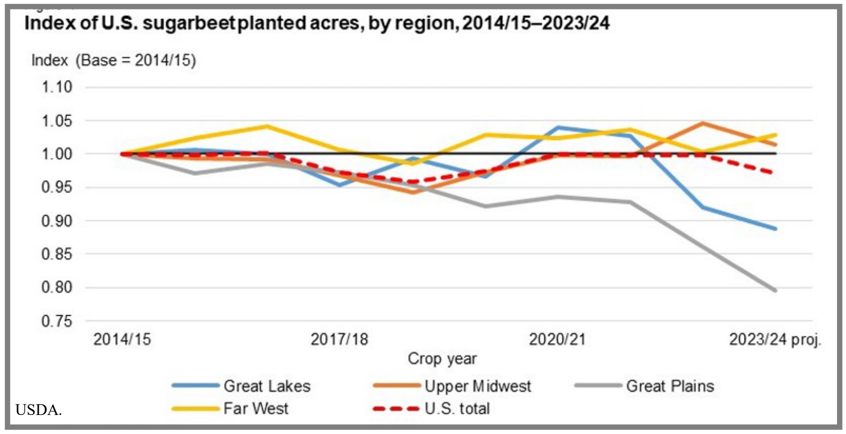
Based on USDA's July supply and demand estimates, 2023/24 U.S. cotton ending stocks are projected at 3.8 million bales, 550,000 bales above the year before and the highest since 2019/20. The 2023/24 stocks-to-use ratio—rising to nearly 24 percent—is forecast at its highest in 4 years (figure 4). Based on current U.S. supply and demand estimates, cotton prices are expected to weaken in 2023/24. The average U.S. upland farm price is forecast at 76 cents per pound in 2023/24, compared with 82 cents per pound estimated for 2022/23. The record of 91.4 cents per pound occurred in 2021/22.

Crop Market Update (cont.)

The information that is presented in this market update reflects current information as of July 20, 2023.

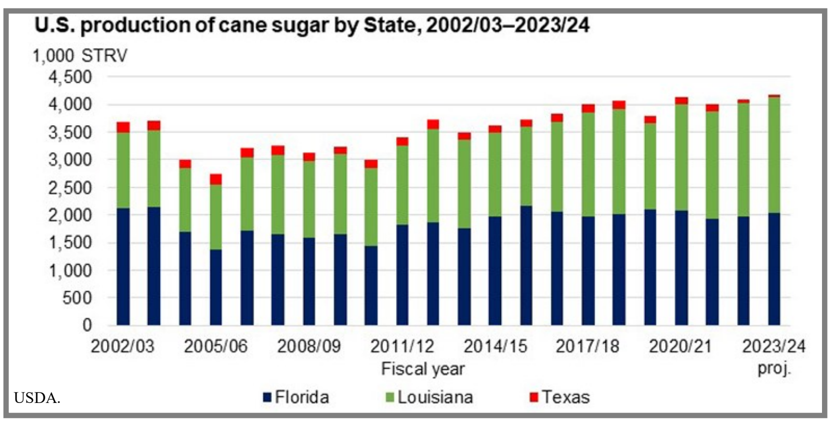
Sugar

The beet sugar production forecast in fiscal year 2023/24 is raised 72,000 STRV from last month to 5.022 million based on larger acreage offsetting lower yield expectation. This would be 125,000-STRV (2 percent) lower than the 2022/23 updated production of 5.147 million. The June 30th National Agricultural Statistics Service (NASS) Acreage report included updates on planted area indicating that growers reportedly planted 1.129 million acres in the spring, which is about 18,000 more than they intended in the NASS March Prospective Plantings report. The 2 States in the Red River Valley (RRV) region saw the largest addition in planted areas Minnesota at 11,000 acres and North Dakota with 6,000. The additional acres were likely planted to offset the possibility of reduced sugarbeet yields due to weather events, such as snowstorms, that did not allow for timely field preparation. Planting typically occurs in late April to mid-May to allow the sugarbeets sufficient time to deposit sugar.

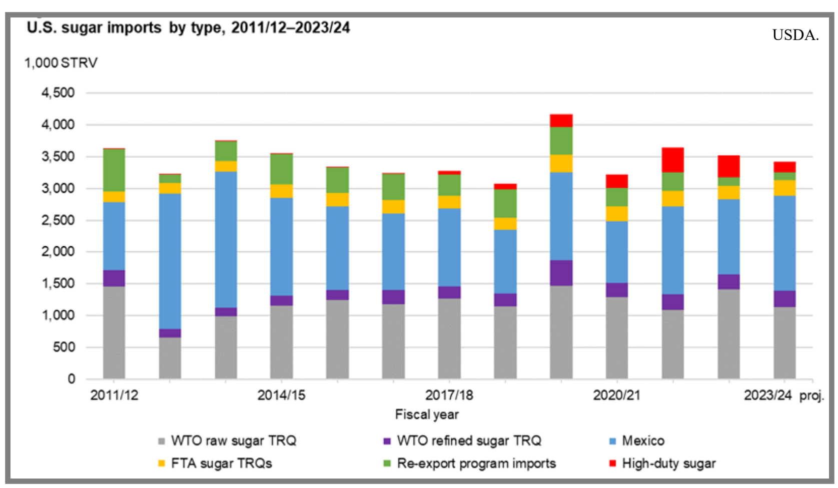


The 2023/24 forecast of 1.129 million of acreage planted is 31,000 lower (3 percent) than last year's 1,160 million. The largest declines are expected in North Dakota (31,000 acres; 12 percent) and Montana (10,000 acres; 29 percent). The reduction is primarily due to the closure of the Sidney Sugars beet sugar processing plant that took in sugarbeets grown in in western Dakota and eastern Montana, as well as the overall difficult planting conditions in Montana.

The fiscal year 2023/24 cane sugar production of 4.177 million STRV is unchanged from last month, with 2.034 million coming from Florida, 2.092 million from Louisiana, and 51,000 from Texas. The forecast for each State is consistent with the processors' submitted projections in the SMD and has already anticipated the NASS forecast of sugarcane harvested area for sugar and seed in its June Acreage report. The over-the-year sugar production increases in Florida and Louisiana offset the decrease in Texas, such that if realized, the 2023/24 forecast would be a new record, overtaking 2020/21's 4.142 million STRV by 35,000 STRV. Louisiana's forecast of 2.092 million STRV would be 58,000-STRV larger (3 percent) than last year's 2.034 million. This implies that Louisiana would have produced more sugar than Florida for 3 consecutive fiscal years (2020/21 to 2023/24), driven mostly by area expansion that offsets the State's yield that tends to be lower than that of Florida.



The 2023/24 forecast for total sugar imports is raised by 62,000 STRV from last month to 3.420 million as the increases in additional specialty refined sugar TRQ and high tier imports–discussed in more detail below–counteract the reduction of imports expected from the re-export program and from Mexico. On July 5th, the USDA announced the fiscal year (FY) 2024 raw and refined sugar TRQs at the minimum levels consistent with WTO commitments–1,231,497 STRV2 and 24,251, respectively–which were already accounted for in the May WASDE. The increase in this month's TRQ volume result from USDA's announcement on the same Federal Register of the FY 2024 quota for additional specialty refined sugar TRQ (mostly comprised of organic sugar) at 231,485 STRV. This would represent an 11,000-STRV increase (5 percent) from last year and continues the upward trend since 2010.



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Crop Market Update (cont.)

The information that is presented in this market update reflects current information as of July 20, 2023.

Sugar Cont'd

While the SMD shows only 8 months-worth of delivery data, USDA continues to receive feedback from sugar sellers that several food and beverage companies remain delayed or delinquent in taking contracted commitments and/or have taken the sugar but at lower volumes. Explanations for the slowdown include slower-than-expected food and beverage manufacturers sales likely due to inflation or customers' recession concerns. It can also be possible that the force majeure events in recent years may have motivated manufacturers to reduce their inventory risks by booking extra sugar and/or diversifying sources. The switch from a "just-intime" business approach to "just-in-case" amid a softening in consumer demand, may have led to more sugar in inventory than manufacturers needed. Another explanation is that the increased pace of high-tier refined sugar imports can be crowding out domestic sugar deliveries.

Conversely, cane sugar deliveries through the first 8 months for the fiscal year remain robust. The volume of sugar that was melted in May and delivered in the same month (see Figure) dipped from last month. Still, cumulative deliveries through May of 4.340 million STRV would be the largest since 1991/92. This delivery volume surpasses the prior high in 2019/20 (4.332 million), the year of significant beet crop loss due to weather. Similar with delivery, the cumulative volume of melt through May of 4.460 million STRV is likewise a record, corroborating that cane refiners typically melt raw cane sugar when there is a contemporaneous customer delivery to be fulfilled. It is notable that the level of cane refiners' refined sugar stocks is building up. Refiners' refined stocks through May 20223 are 83,000-STRV (23 percent) larger than last year and 64,000-STRV (17 percent) larger than the 5-year average. Reportedly, starting in the second quarter of 2023, some cane refiners have been increasing their refined inventory, perhaps in anticipation of demand later in the year.

On July 13, 2023, the Third Circuit–a Federal appeals court–sided with the U.S. District Court of Delaware and denied the Department of Justice's (DOJ) appeal to block the United States Sugar Corporation's (U.S. Sugar) acquisition of United States Sugar Savannah Refinery LLC (Imperial Sugar). The two cane refiners closed their deal on November 28, 2022 after the U.S. District Court of Delaware allowed the acquisition to proceed. However, DOJ's antitrust division appealed by arguing that the deal would eliminate competition among refined sugar companies and increase consumer prices. The Third Circuit upheld the lower court's decision that the DOJ's antitrust division failed to properly define the market that would be harmed.

USDA.

U.S. Sugar Supply and Use 1/

	2021/22	2022/23 Est.	2023/24 Proj. Jun	2023/24 Proj. Jul
	1,000 Short Tons,Raw Value			
Beginning Stocks	1,705	1,820	1,683	1,841
Production 2/	9,157	9,242	9,127	9,199
Beet Sugar	5,155	5,147	4,950	5,022
Cane Sugar	4,002	4,095	4,177	4,177
Florida	1,934	1,983	2,034	2,034
Louisiana	1,944	2,034	2,092	2,092
Texas	124	78	51	51
Imports	3,646	3,519	3,358	3,420
TRQ 3/	1,579	1,868	1,413	1,644
Other Program 4/	298	125	250	125
Non-program	1,769	1,526	1,696	1,651
Mexico	1,379	1,176	1,576	1,486
High-tier tariff/other	390	350	120	165
Total Supply	14,508	14,581	14,168	14,459
Exports	29	35	35	35
Deliveries	12,578	12,705	12,780	12,705
Food	12,470	12,600	12,675	12,600
Other 5/	107	105	105	105
Miscellaneous	81	0	0	0
Total Use	12,688	12,740	12,815	12,740
Ending Stocks	1,820	1,841	1,353	1,719
Stocks to Use Ratio	14.3	14.4	10.6	13.5

U.S. sugar supply for 2023/24 is increased by 291,502 STRV on increased beginning stocks, larger beet sugar production, and increased imports while use is lowered 75,000. The resulting 366,502STRV stock increase pushes the total to 1,719,260 STRV for an ending stocks-to-use ratio of 13.50 percent. U.S. beet sugar production is projected to increase 72,197 STRV to 5,021,759 on NASS area planted and harvested in the Acreage report that is larger than reported (area planted) or implied (area harvested) in the earlier Prospective Plantings report. TRQ imports are increased by 231,485 STRV on USDA's July 5 announcement of the additional specialty refined sugar TRQ. In the same announcement USDA also established the raw and refined sugar TRQs set at levels consistent with WTO bindings. Re-export imports are reduced by 125,000 STRV consistent with the reduction made for 2022/23. High-tier tariff imports are increased by 45,000 STRV to 165,000. The monthly pace of expected high-duty refined imports are projected at about 90 percent of the rate for 2022/23 and raw sugar entries are projected at zero. An evaluation of U.S. Sugar Needs as defined in the Countervailing Duty (CVD) Suspension Agreement implies shipments from exported Mexico sugar at 1,485,900 STRV. This is a reduction of 89,627 STRV from last month. The change in use is carried over from 2022/23.

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

On February 28, 2023, the Department of Labor (DOL) published 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 where an employer's job opportunity may require the performance of duties not 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 is delivered electronically per the release schedule. Please contact Dr. Mike Deliberto at mdeliberto@agcenter.lsu.edu to be added to the email distribution list. The 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 *Staff Report 2023-50. July 2023.*