Staff Report No. 2023-25 **March 10, 2023**

March Market Update
Corn, Soybeans, Rice, and Cotton

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Prices at a Glance

Crop	2022/23 U.S. MYA Price Projection
Corn	$6.60 per bu.
Soybeans	$14.30 per bu.
Long Grain Rice	$16.90 per cwt.
Southern Medium Grain Rice	$17.40 per cwt.
Upland Cotton	$0.83 per lb.

WASDE Summary

The 2022/23 U.S. corn outlook for this month calls for lower exports and larger ending stocks. Due to the poor pace of sales and shipments to date (despite relatively competitive U.S. prices), export projections have been reduced by 75 million bushels. With no other use changes, ending stocks are up 75 million bushels from last month. The season-average corn price received by producers is lowered 10 cents to $6.60 per bushel based on reported prices to date.

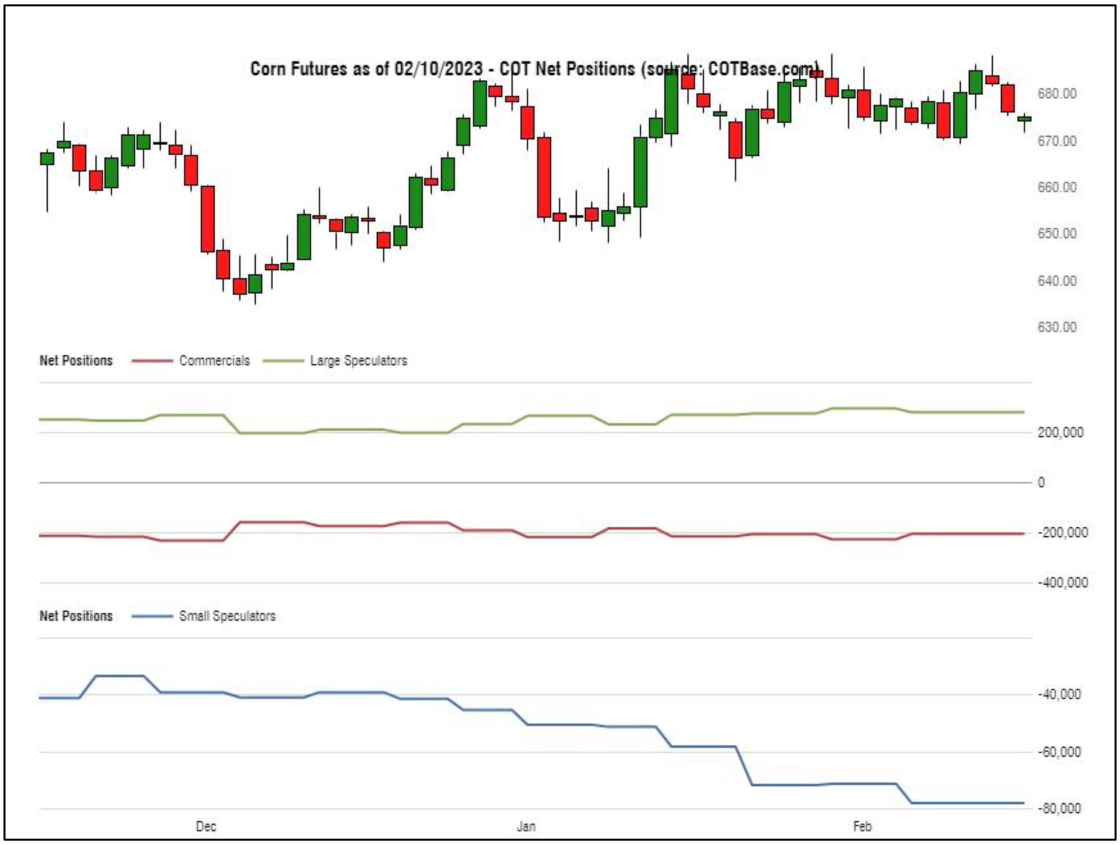
U.S. soybean supply and use changes for 2022/23 include higher exports, lower crush, and reduced ending stocks compared with last month’s report. Soybean exports are raised 25 million bushels to 2.02 billion based on higher-than-expected shipments through February. Soybean crush is reduced on a small reduction in domestic soybean meal disappearance combined with a higher extraction rate. With higher exports more than offsetting lower crush, ending stocks are reduced 15 million bushels to 210 million. If realized, ending stocks would be the lowest in seven years. With relatively strong domestic demand for soybean oil limiting export competitiveness, U.S. soybean oil exports are reduced 200 million pounds to a historically low 500 million. Higher domestic use and reduced production are offsetting, leaving soybean

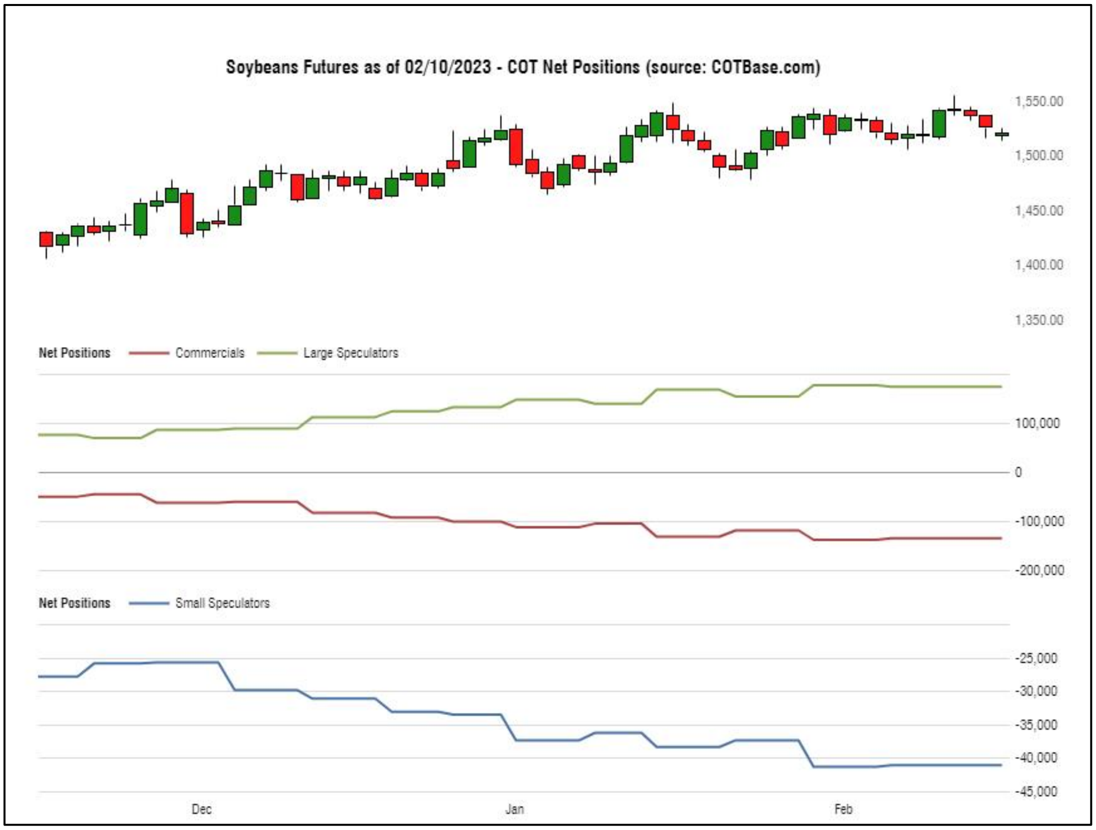
oil stocks unchanged this month. The U.S. season-average soybean price forecast for 2022/23 is unchanged at $14.30 per bushel.

The outlook for 2022/23 U.S. rice this month keeps both supplies and domestic use unchanged, lowers exports, and increases levels for ending stocks. Total rice exports are reduced 3.0 million cwt to 59.0 million on the continued sluggish pace of export sales and shipments. Total exports are now only fractionally higher than the 1985/86 exports of 58.7 million cwt, which is the last time exports declined to this level. Long-grain exports are decreased 2.0 million cwt to 45.0 million as near-record U.S. export prices continue to affect shipments to Latin America, which are being displaced by more competitively-priced rice from South American suppliers. Medium- and short-grain exports are lowered 1.0 million cwt to 14.0 million as record-high California prices are reducing Northeast Asian purchases. The decrease in exports raises 2022/23 all rice ending stocks by an equivalent amount to 36.1 million cwt, which is still 9 percent below last year.

This month's 2022/23 U.S. cotton supply and demand forecasts are unchanged relative to last month. The projected marketing year average price received by producers is also unchanged at 83 cents per pound.

Commitment of Traders Report, February 10, 2023 (delayed data release)





Cash Market Basis Summary, Wednesday, March 8, 2023

The national average corn basis dropped 3 1/4 cents but remained 15 1/2 cents above March futures. The national average cash corn price dropped 13 1/2 cents to $6.41. Basis is much better than the three-year average of 1 3/4 cents under futures.

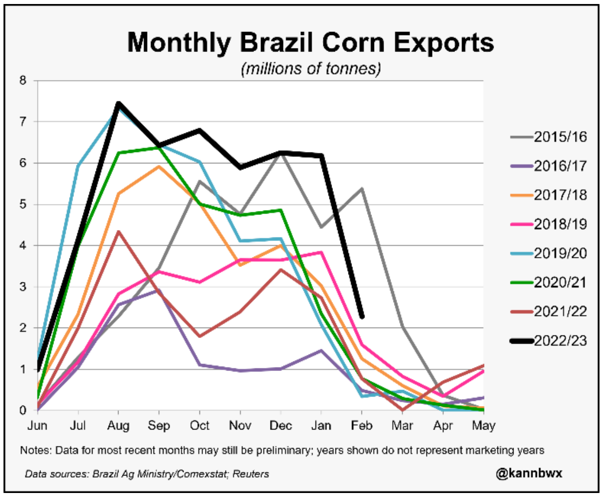
The national average soybean basis firmed 9 1/4 cents to 17 1/2 cents above March futures. The national average cash price firmed 32 3/4 cents to $15.35 1/4. Basis is much better than the three-year average of 1/2 cent under futures.

Corn

One of the bearish surprises of the new 2022-23 season has been the sharp drop in U.S. corn export sales, pegged at 946 million bushels at the time of this writing and down 45% from a year ago. It is the worst 4 1/2-month start for U.S. corn export sales since 2019-20. Part of the surprise is that the slow pace happens at a time when Ukraine, the world's fourth-largest exporter of corn, is fending off daily attacks from Russian forces.

The primary competition has come from Brazil's success, where last summer's harvest capped off record production. The 116 million metric tons or 4.57 billion bushels of Brazilian corn production in 2021-22 was 550 million bushels more than Brazil had ever produced. Here in late January 2023, the U.S. is waiting for Brazil to sell off its cheaper corn and should have a few months before Brazil's large safrinha harvest returns in July. So far, Ukraine has done an impressive job of exporting its 2022 corn harvest under difficult conditions, but it's difficult to know if it can continue. 8.24 million metric tons (324 million bushels) of corn had left Ukrainian ports as of January 17, 2023, likely part of the reason USDA increased its export estimate for Ukraine to 20.5 million metric tons (807 million bushels) in January.

Preliminary February export data shows Brazil's corn shipping window is coming to a close, but last month's volume was still above normal.

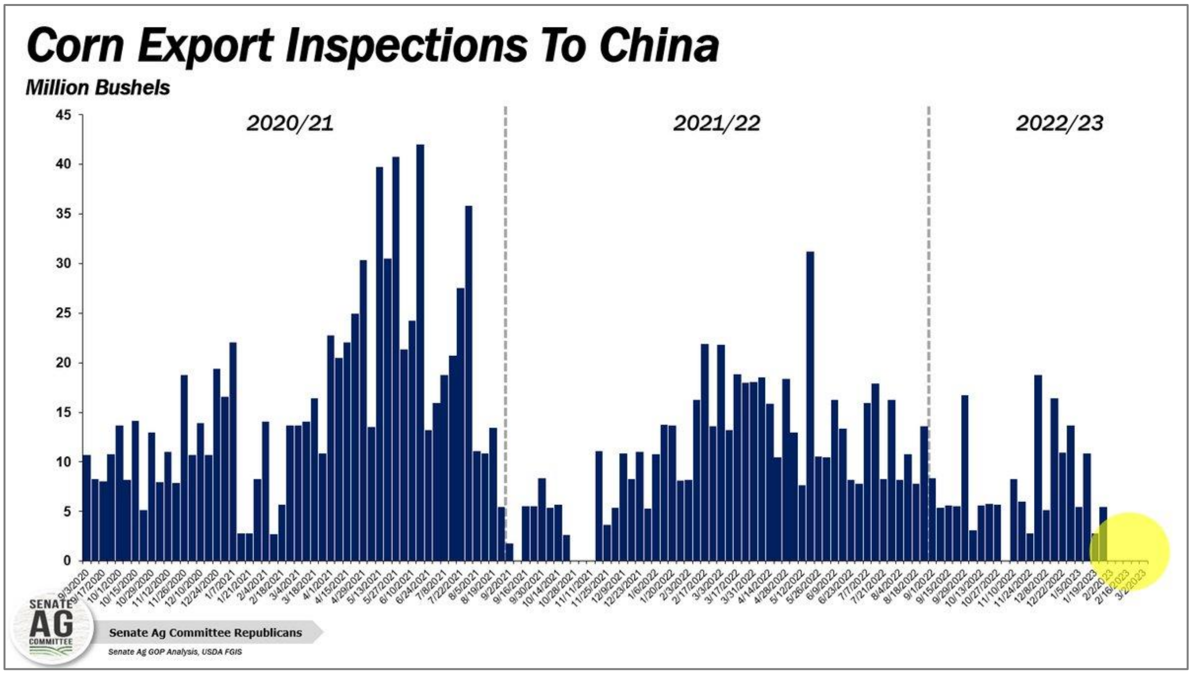


There are two glimmers of hope for U.S. corn exports in 2023, and the first comes from drought in Argentina. Lack of rain in the third year of La Niña influence gave Argentina its smallest wheat crop in seven years and is now threatening corn. In late January, the Buenos Aires Grains exchange said only 12% of Argentina's corn crop was rated good to excellent and estimated the crop at 44.5 million metric tons or 1.75 billion bushels, the lowest in five years.

The second hope for higher U.S. corn sales in 2023 comes from Mexico, where livestock producers may preemptively step-up U.S. corn purchases, worried the Mexican government may pursue its intention to ban genetically modified corn. So far in 2022-23, Mexico has purchased 455 million bushels of U.S. corn, down 10% from a year ago. The Mexican government has not yet officially declared the corn ban will go through or when it might start. The U.S. government has made it clear it will challenge any ban, based on the provisions in the U.S.-Mexico-Canada Agreement. The good news for U.S. corn producers is that even with poor export business, corn prices have done well so far in 2022-23. The 13.7 billion bushels fall harvest was the smallest in three years and left livestock producers and ethanol producers short of corn in the Western Plains. The new U.S. growing season will bring new challenges in 2023, but for old-crop corn, another seasonal high for prices in May is looking likely.

Since February's WASDE report was published, May corn prices have fallen over 30 cents, and one of the chronic disappointments of 2022-23 has been the lack of U.S. corn export sales, likely due to last summer's record crop in Brazil. That disappointment still haunts corn prices and is expected to show up again in Wednesday's report. Dow Jones' pre-report survey of 19 analysts expects USDA's estimate of U.S. corn ending stocks to increase, from 1.257 billion bushels to 1.299 billion bushels, a higher amount that would still be the second-lowest surplus in nine years.

One question that has been ask pertaining to the U.S. corn balance sheet is: Will exports be revised lower and stocks higher in March's WASDE report? Export inspections total 602 million bushels through week 27, down 38% from last year. Weekly corn export inspections to China have been zero (0) for over a month.



With Brazil's second corn crop nearly half-planted, analysts expect USDA to stay with its 125.0 million metric ton or 4.92 billion bushel estimate of Brazilian production. In Argentina, where crops continue to suffer from La Niña-influenced drought, analysts expect USDA to lower the corn production estimate from 47.0 million metric tons to 43.2 million metric tons or 1.70 billion bushels, the smallest in five years but still not as low as local estimates.

USDA's estimate of world ending corn stocks is expected to be reduced from 295.3 million metric tons to 293.7 million metric tons or 11.56 billion bushels. World ending corn stocks apart from China were estimated at 87.96 million metric tons or 3.46 billion bushels in February, the second-lowest total in 10 years and remains an important metric to watch.

In the domestic market, corn stocks are expected to increase (bearish) as usage slows. Consumer resistance to high fuel prices, lackluster export prospects, and a shrinking cattle herd are all signs that demand destruction is weighing on the corn complex. The trade range for U.S. corn ending stocks is narrow (only about 80M bu.), so any big moves by USDA in the corn usage category could trigger price volatility in the corn market.

In the release of the March WASDE report, the USDA raised its 2022-23 corn ending stocks forecast 75 million bushels from last month, which was greater than the 41 million bushel increase traders expected. The only change was a 75 million bushel cut to exports, which are now projected at 1.850 billion bushels. USDA lowered its 2022-23 average on-farm cash price forecast by a dime from last month to $6.60.

The USDA reports that reduced demand weighed on prices had a 'snowball-effect' on recent sales for corn. The Rosario Grains Exchange cut its Argentine corn crop estimate to 35 million metric tons from 42.5 million metric tons, below the USDA but in line with many predictions. Doubts about whether Russia will allow an extension of the Black Sea Grain Initiative begin to rise as Russia states the deal is "half-implemented," Reuters reports. Russia Foreign Minister Sergei Lavrov said Russia is allowing Ukrainian exports under the impression that barriers would be removed from Russian exports, which has not happened. While Russia is not content, officials are sitting down with the UN trade official next week to discuss the deal.

Alongside corn, soybeans, wheat livestock, and crude oil also have been trading lower. This did not help the fact that March WASDE report was somewhat bearish. The market also doesn't seem to have reacted to recent strong export sales or the downgrades to Argentina's crops. It seems that a few different factors are pressuring commodities. First, are the recent Fed comments about increased interest rates. Second is the Black Sea grain deal (which is likely to be extended in about 10 days). And third appears to be more fund selling, as they were estimated to have sold 15,000 contracts of corn as of March 9th.

Corn futures accelerated lower, with most contracts posting losses ranging from 8 1/2 to 9 1/4 cents on demand concerns after USDA raised its U.S. ending stocks estimate more than expected and slashed 75 million bushels off its export projection. Adding to demand concerns was the fact the cut to exports came despite significant cuts to Argentina's expected production and exports. Renewed weakness in wheat and crude oil futures and a strong dollar also weighed on corn futures. Most-active May futures fell 8 3/4 cents to $6.25 1/2, while July futures fell 8 1/2 cents to $6.14 and December futures fell 9 cents to $5.58. Old-crop futures were hit with the brunt of the selling under pressure from bull spread unwinding amid declining concerns about near-term supplies. NOAA's forecast that El Niño could arrive by mid-summer was a negative market factor along with a larger crop estimate from Brazil. Further sharp losses in wheat futures and technically driven selling added to the pressure on prices.

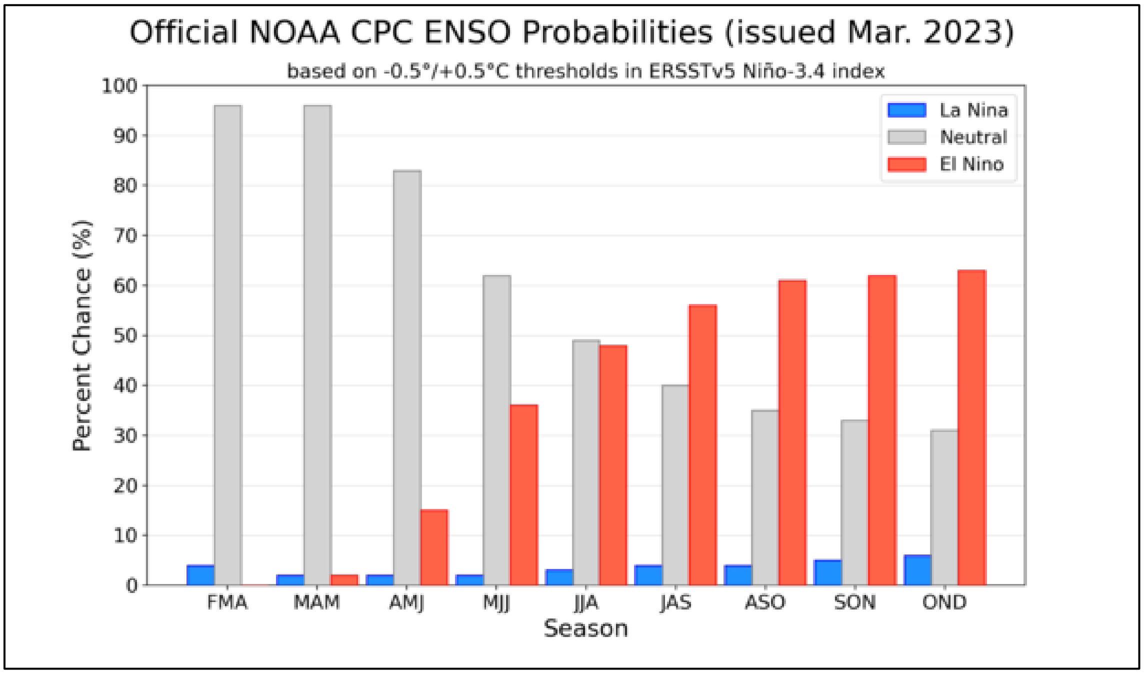
May corn traded in a 13-cent range, ending the session below support at $6.32, $6.29 3/4 and $6.26 3/4. Additional bear efforts will find further support at the March 1 low of $6.22 1/4, then at $6.17 1/2 and $6.13, with $6.00 serving as psychological support. Conversely, buying efforts will encounter resistance first at today's failed support levels, then at the 10-day moving average near $6.38 3/4, then $6.40 3/4 and $6.43.

Some in the trade expect any near-term strength in corn prices will be short lived amid reduced concerns about old-crop stocks and expectations for large U.S. plantings this spring. USDA's projected ending stocks/use ratio is now at 9.7% up from 9.1% in February. That ratio is still tight, but not nearly so tight as the 8.3% USDA expected back in October. Traders should now focus increasingly on the U.S. acreage outlook over the 3-plus week's ahead of the report. The trade anticipates a larger increase in U.S. corn acreage than in soybean acreage, but the soybean market is making a late bid for U.S. acres. The 2023 soybean/corn price ratio as represented by November soybean futures/December corn futures has now surged up to 2.46. That ratio may now be strong enough to push some acreage into soybeans in fringe corn growing areas but should not result in any huge swings.

The development of an El Niño weather event by the second half of the growing season would favor a strong U.S. corn yield, based on the historical track record. NOAA today declared the La Niña weather phenomenon has ended in its El Niño/Southern Oscillation (ENSO) diagnostic discussion and ENSO-neutral conditions are expected across the Northern Hemisphere through spring and early summer. An array of computer models favors an El Niño forming during summer and persisting through the fall. The forecaster consensus favors neutral conditions through summer, with elevated chances of an El Nino developing this fall. But NOAA said that "it is possible that strong warming near South America may portend a more rapid evolution toward El Niño and will be closely monitored. Officially, NOAA puts odds of at least a mild El Niño developing by the July/August/September (JJA) period at 56%, with odds it will develop by August/September/October (ASO) at 61%.

In the graph below, the NOAA Climate Prediction Center forecast for each of the three possible ENSO categories for the next 8 overlapping 3-month seasons. Blue bars show the chances of La Niña, gray bars the chances for neutral, and red bars the chances for El Niño. NOAA's computer climate models are

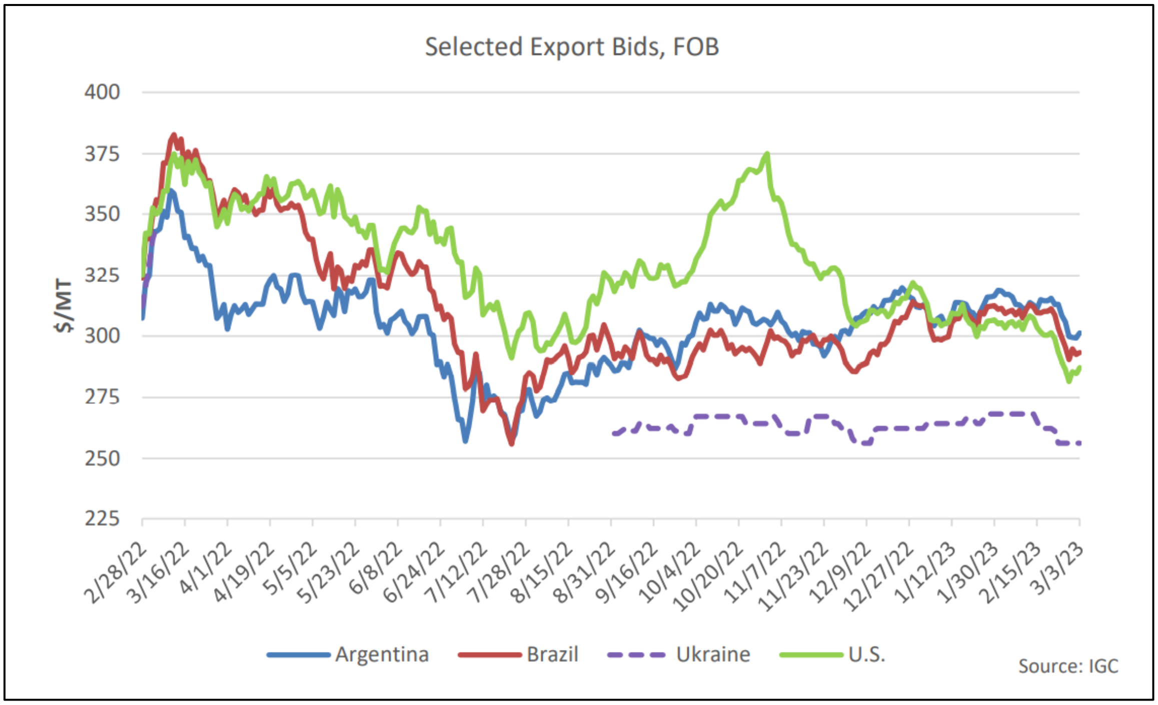
predicting a transition into El Niño sometime later this year. However, right now is a very tricky time of year for the models, due to the "spring predictability barrier."



Forecasts for corn exports from both the second-ranked exporter, the US itself, and the third biggest, Argentina, both suffered downgrades. The U.S. cut, of 1.7 million tons to 47.0 million tons for 2022-23, reflected a "poor pace of sales and shipments to date despite relatively competitive US prices", the USDA said. This after merchants earlier in the season focused logistical endeavors, limited by low river levels for Mississippi barges, on soybeans rather than corn. The Argentine export figure was cut by 7 million tons to 28.0 million tons, a reflection of expectations for a drought-reduced harvest (see chart below). The revisions increase the reliance of importers on Brazil, for which the export estimate was held at 50 million tons, and Ukraine, for which the forecast was lifted by 1.0 million tons to 23.5 million tons as volumes continue to flow through the Black Sea corridor.

Exports sales for the week-ending March 2 indicated U.S. exports of 1,052,000 metric tons- a marketing-year high- were up 58 percent from the previous week and 74 percent from the prior 4-week average. The destinations were primarily to Mexico (462,900 metric tons, including 10,200 metric tons - late), Colombia (169,600 metric tons), Japan (129,500 metric tons, including 101,700 metric tons - late), South Korea (104,900 metric tons), and Guatemala (39,600 metric tons). However, U.S. export commitments are 38.9% behind a year-ago compared to 39.2% behind last week. USDA projects exports in 2022-23 at 1.850 billion bu., 25.1% below the previous marketing year.

Since the February WASDE, bids for all major exporters were down. U.S. bids were down $17/ton to $286, Brazilian bids were down $18/ton to $292, Argentine bids were down $16/ton to $301, and Ukrainian bids were down $12/ton to $256. Weak global demand, aside from China, is supporting lower prices in all major exporters. Some specific country factors are also likely to be softening prices. Continued depreciation of the Argentine Peso and uncertainty over the extension of the Black Sea Grain Initiative from its current March 18 expiry are likely supporting lower prices in Argentina and Ukraine, respectively.



Soybeans

In the case of U.S. soybeans, the only bearish demand concern of the moment is the arrival of Brazil's 5.62 billion bushel record harvest, new supplies that will have more of a bearish impact on new-crop soybean prices than on old-crop prices. In the case of old-crop soybean sales, the U.S. is already within 143 million bushels of USDA's 1.990 billion bushel goal for 2022-23 with six months to go. With export sales nearly achieved, analysts in Dow Jones survey are largely agreed USDA's 225 million bushels of ending soybean stocks won't change much, if at all. Analysts in Dow Jones' survey on average expect a new estimate of 219 million bushels, within a narrow range of 200 million bushels to 250 million bushels.

The same analysts don't expect USDA's estimate of Brazil's soybean production to change from 153.0 million metric tons or 5.62 billion bushels, a number that has been consistent most of the season. USDA's estimate of Argentine soybean production is expected to drop from 41.0 million metric tons to 36.3 million metric tons or 1.33 billion bushels, still a little higher than local estimates.

USDA's snapshot estimate of world soybean supplies in late summer is expected to be reduced from 102.0 million metric tons to 100.1 million metric tons or 3.68 billion bushels. In February, USDA estimated Brazil's most recent ending stocks at 77 million bushels as of January 31st and Argentina's ending stocks at 192 million bushels, coming up March 31 -- both tight amounts that may result in Argentina buying soybeans from Brazil's new crop to crush.

U.S. soybean stocks are expected to shrink (bullish for prices) in the March WASDE report, likely thanks to a late-season surge in export volumes amid some harvest delays in Brazil. But I think the soy market will be more price responsive if USDA makes any adjustments to crush rates or to the soymeal balance sheet.

In the March WASDE report, the USDA cut its soybean ending stocks forecast by 15 million bushels from last month, which was slightly more than the 5 million bushel drop traders expected. USDA cut projected crush 10 million bushels (to 2.220 billion bushels) but that was more than offset by a 25 million

bushel increase to exports (to 2.015 billion bushels). USDA kept its 2022-23 national average on-farm cash price projection at $14.30. This led to frantic buying off the number, a move that quickly faded as the market sold to near unchanged on the close. While it was not a particularly bearish report, bulls could not seem to maintain gains near Monday’s highs. The coming days will be more telling as traders digest the report. May soybeans traded in a 22 3/4 cent range before closing near unchanged. Bulls were unable to follow through all morning and a flash higher in the minutes following the USDA report release. Despite midday weakness, bulls still maintain the near-term technical advantage. Bulls ultimately want a test and close above $15.45 for the first time since last summer. This has proved formidable resistance since December.

Soybean futures wound up anywhere from 2 cents lower to 2 1/4 cents higher as an initial positive reaction to USDA's lower U.S. carryout estimate and a lower-than-expected estimate of Argentina's crop fizzled out amid continued pressure from Brazil's big harvest and corn market weakness. It remains to be seen whether today's 25 million bushel increase in USDA's forecast for U.S. soybean exports will become reality. USDA said the increase was based on higher-than-expected exports through February, but export sales are now fading fast with Brazilian beans priced more than $1 per bushel under U.S. beans in the export market. Argentina is a relatively minor exporter of raw soybeans so its smaller crop will not have a huge impact on soybean export trade. The big impact will be on world soymeal and soyoil trade. However, USDA did not raise its forecast for U.S. soymeal exports today and cut its soyoil export forecast due to strong domestic demand, which is outweighing export demand. USDA cut its U.S. crush estimate by 10 mil. bu., offsetting part of the increase in projected exports. Although we do not see a big upside for soybean prices right now, the projected U.S. soybean ending stocks/use ratio is very tight at 4.8%, so there is does not appear to be a big downside for old-crop prices this spring.

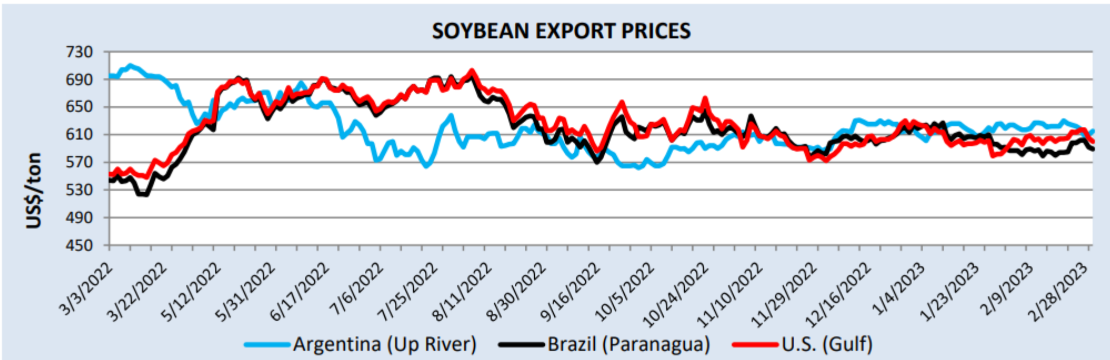
Fundamentally, the soybean complex was pressured by disappointing weekly U.S. export sales data and by big sell offs in corn and wheat futures. In the recent export sales report, USDA reported net soybean sales reductions of 23,000 metric tons for week ended March 2nd, a new marketing-year-low. Soybean traders seemingly ignored the Rosario Grains Exchange dropping its Argentine soybean crop estimate by 7.5 MMT, to 27 MT, which would be the smallest crop since 1999. It could be that the lower South American soybean production this year is already factored into futures prices. The soybean meal futures market remains the stalwart that is keeping soybean futures prices afloat. USDA reported the U.S. imported the highest amount of soybean meal ever in January. There are no strong, early chart or fundamental clues that suggest the meal futures market is close to topping out.

Since the February WASDE, average soybean prices were slightly higher as crop conditions and export expectations in Argentina continued to deteriorate. Soybean meal prices surged for all exporters in February driven by crop concerns and declining crush in Argentina, leading to the highest Argentina soybean meal prices in over 10 years. Global meal supplies and prices may face volatility in the coming months depending on the uncertainty of Argentina harvest, policy, and crush.

February 2023 Soybean Export Prices

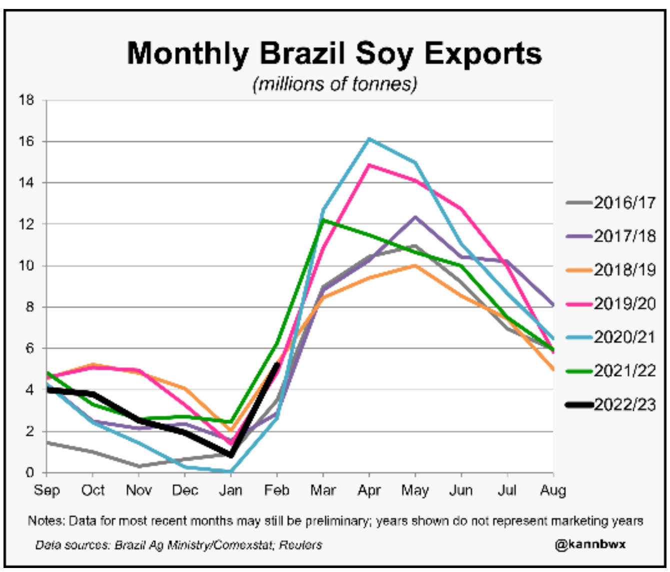
	U.S. Gulf FOB	Argentina Up River FOB	Brazil Paranagua FOB
February Avg Price	$601/ton	$622/ton	$566/ton
Change vs January	+ $38/ton	+ $20/ton	+ $20/ton

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



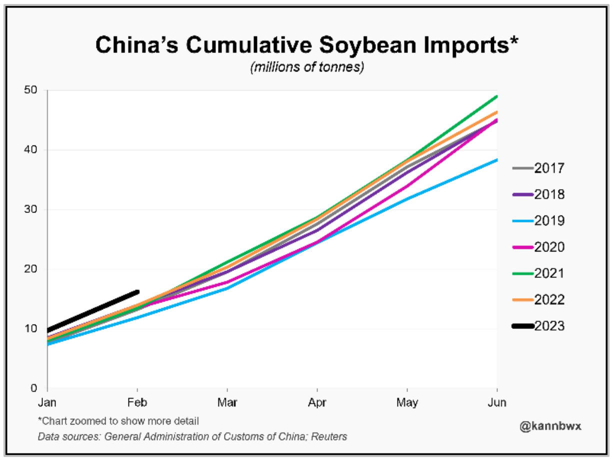
U.S. export sales for the week-ending March 2 indicated exports of 581,000 metric tons were down 34 percent from the previous week and 62 percent from the prior 4-week average. The destinations were primarily to China (262,200 metric tons, including 68,400 - late), Mexico (107,700 metric tons, including 38,400 - late), Japan (99,300 metric tons, including 10,700 metric tons - late), Indonesia (49,900 metric tons), and Vietnam (13,900 metric tons). U.S. soybean export commitments are running 7.0% behind a year-ago, versus behind 2.7% last week. USDA projects exports in 2022-23 at 2.015 billion bushels, down 6.6% from the previous marketing year.

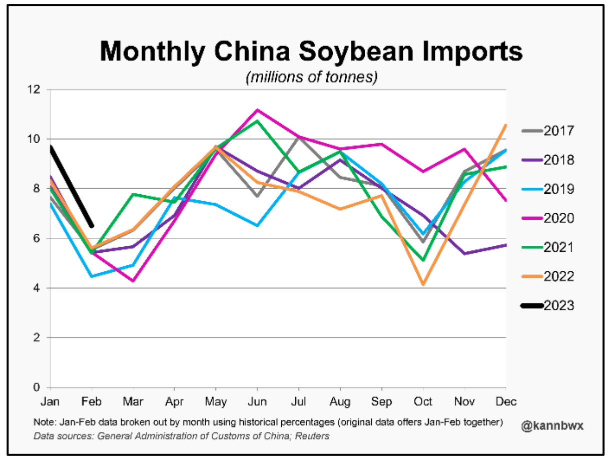
Preliminary data for soybeans shows Brazil's February export volume lower than in February 2022, which makes sense as the harvest has been slower. But the shipping lineup is absolutely packed with soybeans in March, with most of them headed to China.



China's 2023 imports are distinctly ahead of prior years after the first two months, and that also follows a record December volume. Brazil's March shipments should be extremely strong, so April arrivals in China look good. China imported a record 16.2 million tonnes of soybeans in January and February, up

16% Y-O-Y (Jan/Feb '22 held prior record). Strong January shipments from the U.S. amid Brazilian delays helped lift Chinese imports for February. March arrivals may be less impressive after Brazil's slower February.

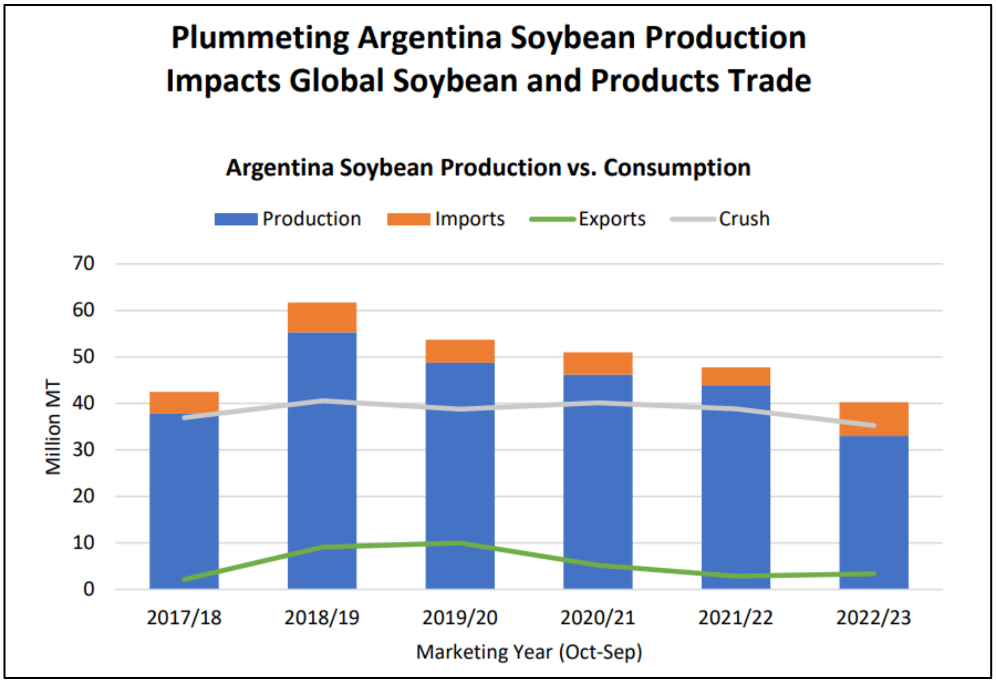




February imports in China likely surged as crushers worried about a delayed harvest in top supplier Brazil rushed to load more soybeans from the second main supplier, the U.S. Brazil's combined January and February soybean sales fell 31% year from a year earlier to an estimated 6 million tonnes, consultancy AgRural said last week. China's meat demand, and therefore the animal feed ingredient soymeal, is expected to rise this year after Beijing abandoned strict zero-COVID measures in late 2022.The large volumes have pressured soymeal prices, said traders, with the most active soymeal futures contract on the Dalian Commodity Exchange down almost 5% in February. Arrivals in March are, however, set to decline because Brazil is still behind on shipments.

For the third straight month, 2022/23 Argentine soybean production is lowered as hot and dry weather continues to strain the crop in key growing regions. This month, production is down 8.0 million tons to a 14-year low of 33.0 million. Likewise, crush is forecast at the lowest level in over a decade. Plummeting Argentina supplies and crush will have implications on global trade of soybeans, protein meal, and vegetable oils over the coming months.

To help offset tight domestic soybean supplies, Argentina imports (Oct-Sep) are forecast to be a record at 7.3 million tons. Argentina importers are expected to capitalize on a record Brazilian crop and recovery in Paraguay production to supplement the weak domestic crop. As a result, Argentina is expected to have the second-largest spike in soybean import growth in 2022/23, behind China.



For soybean products, overall trade is forecast down this month. Global soybean meal trade is down more than 1.0 million tons from last month as tight Argentina supplies support already high prices and shift some demand into other protein meals. Likewise, global soybean oil trade is down more than 2 percent this month as high Argentine and U.S. prices shift demand to palm oil, rapeseed oil, and sunflowerseed oil. Partly offsetting lower exportable supplies from Argentina, Brazil soybean oil exports are up this month and forecast just below last year's record. However, the Government of Brazil is scheduled to meet in March to decide the mandatory biodiesel blend rate which currently sits at 10 percent. If the blend rate is raised, then exportable supplies could be lower. This would further push up soybean oil prices and cause importers to rely more heavily on other vegetable oils.

Argentina's soybeans are now expected to fall 35% from USDA's original harvest predictions - more than in 2009 or 2018. USDA cut the crop size by nearly 20% just this month - also bigger than any monthly cuts in 2009 or 2018. The 2023 drought has truly been historic.

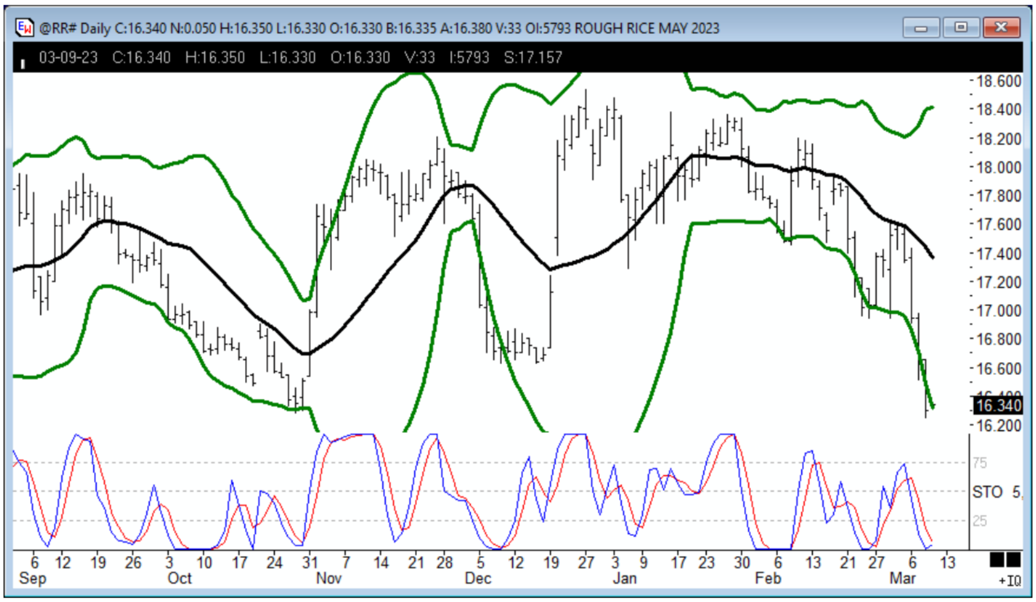
Rice

In the March WASDE, total rice exports are reduced 3.0 million cwt to 59.0 million on the continued sluggish pace of export sales and shipments. Total exports are now only fractionally higher than the 1985/86 exports of 58.7 million cwt, which is the last time exports declined to this level. Long-grain exports are decreased 2.0 million cwt to 45.0 million as near-record U.S. export prices continue to affect shipments to Latin America, which are being displaced by more competitively priced rice from South American suppliers. Medium- and short-grain exports are lowered 1.0 million cwt to 14.0 million as record-high California prices are reducing Northeast Asian purchases. The decrease in exports raises 2022/23 all rice ending stocks by an equivalent amount to 36.1 million cwt, which is still 9 percent below last year.

After the release of the March WASDE, rice futures extended their losses, making new contract lows on technical selling and a negative USDA report. Thinly traded March rice was down 34 ½ cents to $15.98. May rice was down 37 ½ cents to $16.29, after trading a range of $16.25 to $16.65. July rice settled down

36 cents to $16.52 ½. USDA had bearish news for the rice market as it raised its projected 2022-23 U.S. rice carryout by 3 million cwt. to 36.1 million, cutting projected U.S. exports by the same amount. USDA also raised its projected world rice carryout by more than 4 million metric tons as a nearly 7 million metric tons increase in expected production more than offset a 2.77 million metric tons increase in projected demand. An increase in India's production accounted for the entire increase in world production.

Rough Rice Daily Continuation Chart – current front month is May 2023



Closing prices for Wednesday, March 8, 2023

The long grain rice export market is very quiet; offshore buyers for ancillary commodity-type trade (Mexico, Central America etc.) seem to be waiting on the MERCOSUR new crops to be harvested. In Brazil, the market is quiet, waiting on harvest. Meanwhile, approximately 70% of Brazil's imports are from Paraguay with Uruguay and Argentina making up the balance. A weaker dollar and the start of the Mercosur harvest, particularly from Paraguay, which is Brazil's primary external purchase source, create a favorable environment for imports as supported by the data. Furthermore, the onset of the harvest season in Brazil exacerbates the pressure on domestic prices, which have already declined by more than 9% compared to the same period in the previous month.

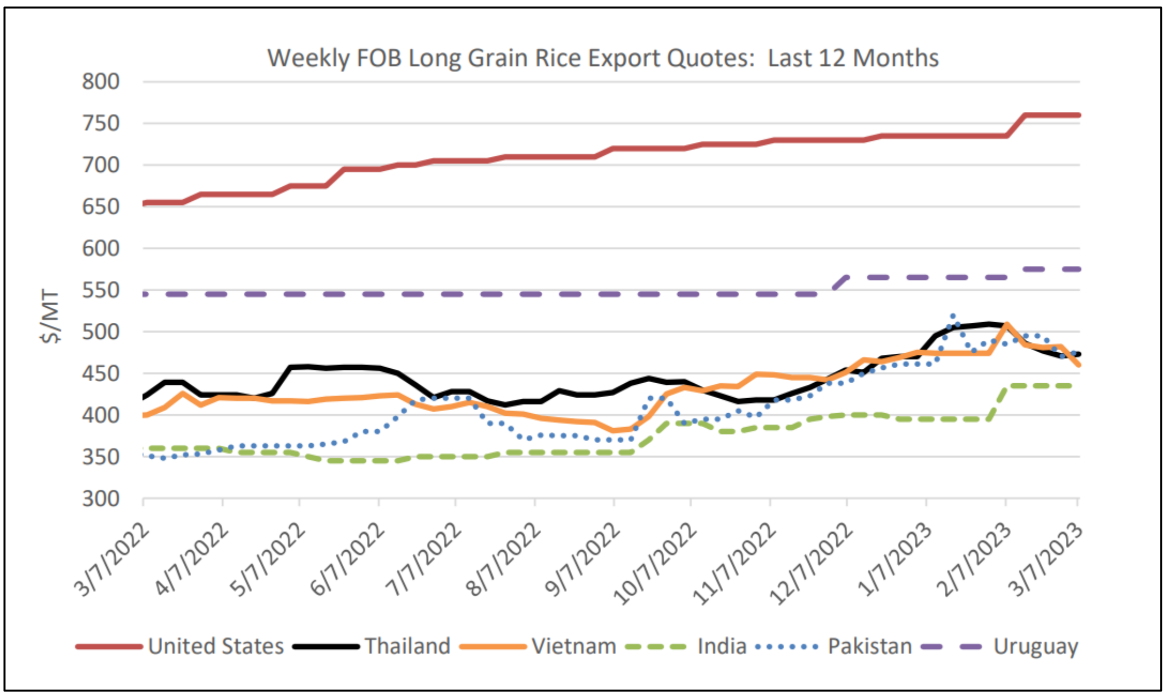
Local prices on paddy are steady to firm, as are the milled rice offers. The undertone of the market is steady. In Louisiana, the market is unchanged: long grain paddy continues to be bid at $30.00 per barrel. The last numbers on new crop fragrant (Jazzmen variety) were still $35.00 per barrel. In the Mid-south, CME rough rice futures dropped steadily all week. Prices were down for the week from $0.935 - $1.170. The barge market now around $17.50/$18.25 per cwt CIF NOLA, bid/asked. In California, the paddy market continues to be quiet. Growers' price ideas are $36-$37 per cwt over loan, while buyers' price ideas are more like $34-$36. With all the abundant precipitation this water-year, the water situation has improved to the point that many in California expect 100% water allocations for rice farmers this planting season. The weather forecast for California called for more snow this past week, albeit most of it was in the Southern Sierras. The Lake Shasta watershed is expecting feet (not inches) of new snow this coming week. The precipitation index is now up to 45.8 inches while reservoir levels are around historical

averages. The latest estimates for new crop planting are around 425,000-450,000 acres, essentially a "full-size" crop.

The USDA Export Sales report of this week was a marketing year high. Both sections of the report were noteworthy as large new sales were reported for Colombia, Haiti, and Mexico; while shipments were reported for Colombia, Iraq, Mexico, Haiti, and Guatemala.

The Creed Rice Reports states that "the Brazilian rice market is going through a period of great uncertainty, with agents expecting a resumption of export business to drive a more forceful reaction in domestic prices. Although there is ample supply, domestic demand still presents slow development, and external demand is currently practically non-existent, which has been putting pressure on rice prices. Additionally, production costs have increased, making the situation even more delicate for producers. Export sales of the grain are seen as a way out for better flow, but business is still below expectations. Depending on a favorable exchange rate, the expectation is that exports will gain momentum in the coming weeks and help establish new levels for rice prices."

In the past month, U.S. quotes for long grain rice remained at $760/ton on this year's tighter supplies, while Uruguayan prices increased $10 to $575/ton on continued large purchases from neighboring countries. Vietnamese prices dropped $49 to $460/ton due to the abundant supply from the spring crop. Thai quotes decreased $34 to $473/ton due to less demand and the weakening of the Thai baht. Pakistani quotes were up $1 to $476/ton and Indian quotes remain at $435/ton, the lowest globally.



Cotton

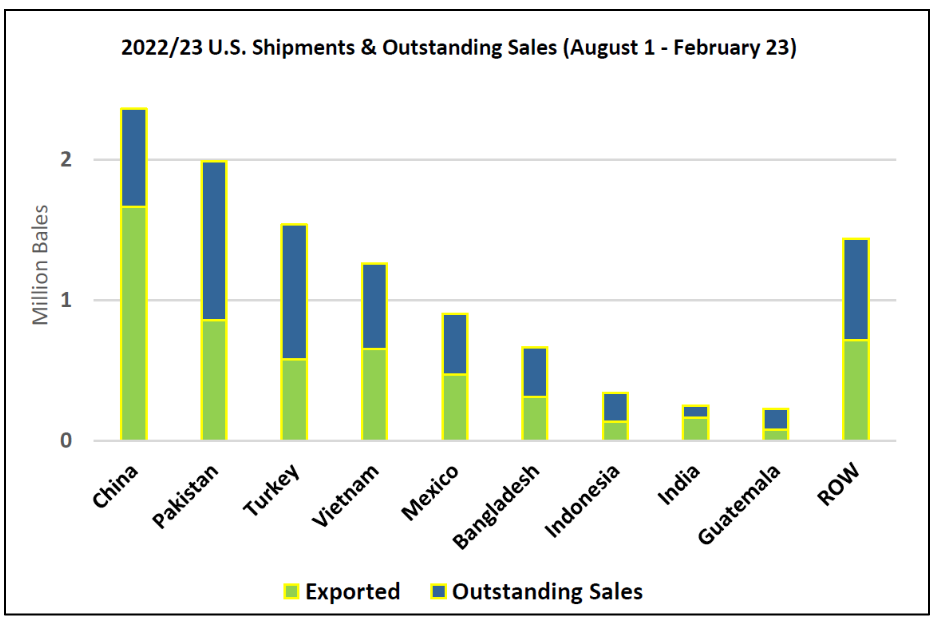
The USDA report held little fresh news for the cotton market. USDA made no changes to its U.S. cotton supply/demand balance sheet and raised its projected 2022-23 world cotton carryout estimate by 2.07 MMT. Cotton futures have been pressured by the larger world carryout number and by prospects for interest rates to rise further this year than previously expected, increasing downward pressure on economic growth. Cotton futures ended modestly lower, pressured by outside markets including a firm

dollar and weaker stock market. Traders hoping that USDA would jolt this market out of its sideways trajectory were disappointed, although the near-term technicals look a little negative.

Cotton futures were pressured today by sell-offs in the grain futures markets as well as lower crude oil and U.S. stock index prices. May cotton traded a 132-point range, ending the session below the 100-day moving average of 82.91 cents. A push lower will face support at 81.90 cents, then 81.03 and 79.53 cents. Conversely, efforts to the upside will face initial resistance at the 100-day moving average, then at the near convergence of the 20- and 10-day moving averages around 83.95 and 84.27 cents.

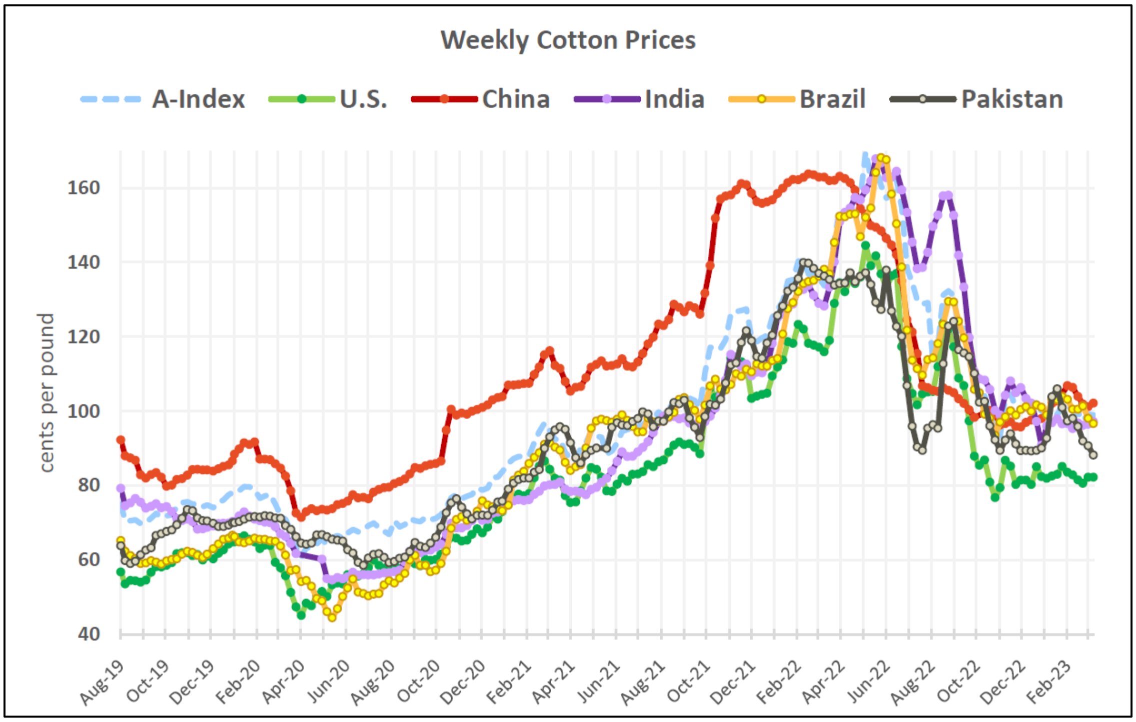
U.S. cotton exports of 287,500 running bales were up 38 percent from the previous week and 44 percent from the prior 4-week average for the week-ending March 2. The destinations were primarily to Pakistan (75,100 running bales), China (54,400 running bales), Vietnam (47,500 running bales), Turkey (36,100 running bales), and Bangladesh (14,200 running bales). Net sales of Pima totaling 3,800 running bales for 2022/2023 were up noticeably from the previous week and from the prior 4-week average. Increases were primarily for China (1,500 running bales), India (900 running bales), Thailand (600 running bales), Vietnam (400 running bales), and Pakistan (300 running bales). Exports of 2,900 running bales were down 1 percent from the previous week and 41 percent from the prior 4-week average. The destinations were to China (1,700 running bales), Peru (900 running bales), Bahrain (100 running bales), Thailand (100 running bales), and Japan (100 running bales). U.S. cotton export commitments are running 19.9% behind a year-ago, versus 18.6% behind last week. USDA forecasts total cotton exports will fall 17.9% from a year ago to 12.00 million bales in 2022-23.

The U.S. export reports issued during the month in question brought total export commitments for U.S. cotton to within 10 percent of USDA's projection for the season (12 million bales). The major destination for U.S. cotton exports was still China (almost 2.3 million), largely by dint of unshipped commitments carried over from last season, and new purchases have featured over recent weeks, following a lengthy absence. In second place was Pakistan with slightly over two million bales, around 60 percent of which remained to be shipped.



Global cotton prices were mostly unchanged since last month's USDA WASDE with prices on the Intercontinental Exchange (ICE) settling at roughly 85 cents per pound. Relatively stronger U.S. export

sales were offset by a stronger U.S. Dollar index and expectations for higher-than-expected interest rate hikes by the U.S. Federal Reserve. The Dow Jones Industrial Average and S&P Retail Index were also down from the previous month and further capped a rise in cotton futures prices. Both China and Pakistan spot prices were down on weaker exchange rates relative to the U.S. dollar. Lower Brazil prices reflected slower-than-expected demand as witnessed by lower exports. India price were up on stronger domestic demand amid higher operating rates by India's spinning mills.



Changes Since February *WASDE* (cents per pound)

	A-Index	U.S.	China	India	Brazil	Pakistan
6-Feb	100.7	81.1	106.6	94.7	101.0	97.2
6-Mar	98.9	82.3	102.2	97.2	96.6	88.2
Change	**-1.8**	**1.2**	**-4.4**	**2.5**	**-4.4**	**-9.0**

The May NY/ICE contract tested the lower end of its range between 78 and 88 cents/lb, which has held values since November. After failing to break below 80 cents/lb in the middle of February, prices rebounded to levels near 85 cents/lb before the end of last month and have traded between 82 and 85 cents/lb through early March. Prices for the December NY/ICE contract, reflecting market expectations for the 2023/24 crop year, dipped to values near 82 cents/lb in the middle of February but otherwise traded sideways near 85 cents/lb for most of the past month. The A Index was relatively stable near one dollar for much of the past month, but shifted to values below 100 cents/lb since the middle of February.

Chinese prices represented by the China Cotton Index (CC 3128B) decreased from early February to early March (from 107 to 101 cents/lb), erasing most of the gains made in the previous month. In terms of RMB/ton, values eased from 15,900 to 15,600. The RMB weakened against the USD over the past month, from 6.78 to 6.93 RMB/USD. Indian spot prices (Shankar-6 quality) increased slightly over the past month, from 94 to 97 cents/lb. In terms of INR/candy, values rose from 61,500 to 62,400. The INR traded held at levels near 82 INR/USD. Pakistani prices decreased from 97 to 88 cents/lb. In domestic

terms, prices fell from 22,000 to 20,000 PKR/maund. Exchange rates for the PKR were volatile over the past month, but it finished the period near the same level it started (275 PKR/USD).

International cotton prices, as measured by the Cotlook A Index, continued to fluctuate either side of the dollar mark in February, under the lead of movements in the nearby ICE futures market. The A Index began the month at its high point of 101.35 US cents per lb and fell to a nadir of 96.85 cents late in the period, before regaining some ground to settle two cents below its opening level. The slightly more optimistic market sentiment that emerged in January was dampened somewhat by a realization as the month wore on that mill demand appeared not to have revived to the extent expected by some observers. Business remained focused on cotton for nearby delivery, often with a requirement that sellers make concessions on their price ideas. In Bangladesh and Pakistan, difficulties in opening Letters of Credit persisted, thus, affecting business activities in those destinations. However, late in February it was reported that Pakistan had been granted a credit facility amounting to around US$700,000,000 by the China Development Bank, while talks were also ongoing with the International Monetary Fund to secure further funding. In the latter regard, considerable reforms have been required, including an increase of energy prices that has impacted the domestic textiles sector.

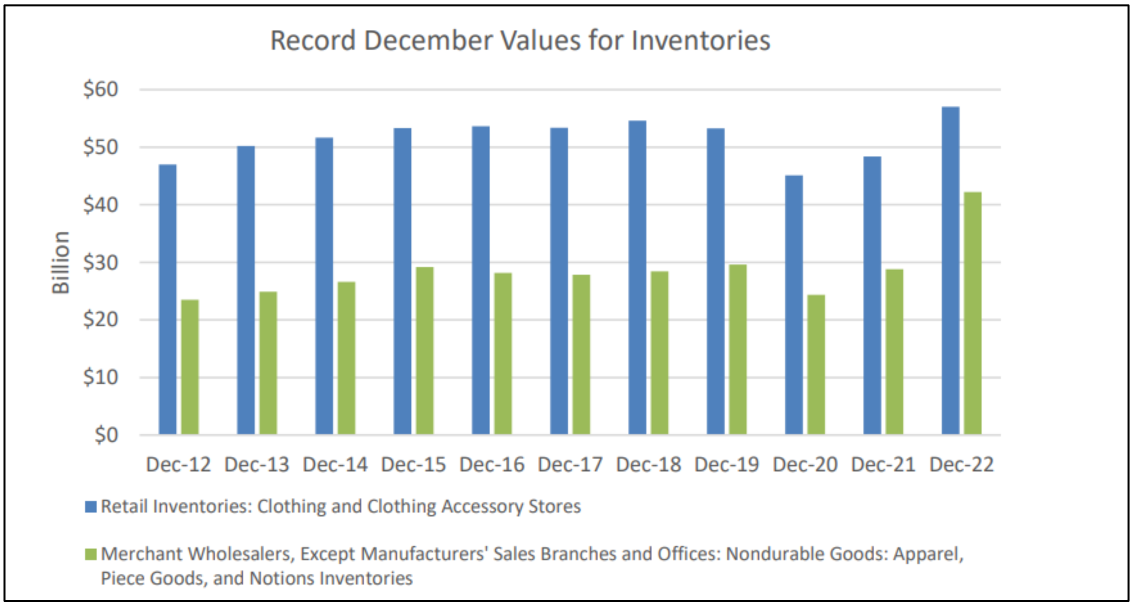
Vietnamese mills were again among the more active buyers during February, with spinners entering the market when ICE futures fell to the low 80s (cents per lb-allowing for a landed price below one dollar). Some import demand was also noted in China, predominantly from state-owned entities, facilitated by a convergence of local and international prices mid-month.

Meanwhile in Turkey, humanitarian efforts eclipsed all other factors following the series of earthquakes that caused huge loss of life and widespread destruction of infrastructure across much of the southeast of the country, where the majority of the spinning and textiles industry is located. In the aftermath, merchants were asked to pause cotton shipments for up to 45 days, pending a clearer assessment of the situation, and cargo in route to that destination was diverted to alternative ports. In the last US export report released during February, which recorded the second weekly marketing year high of the period in view (more of which below), the volume of unshipped US cotton destined to Turkey was placed at 63 percent of that country's total commitment equivalent to over 1.5 million statistical bales (480 lbs).

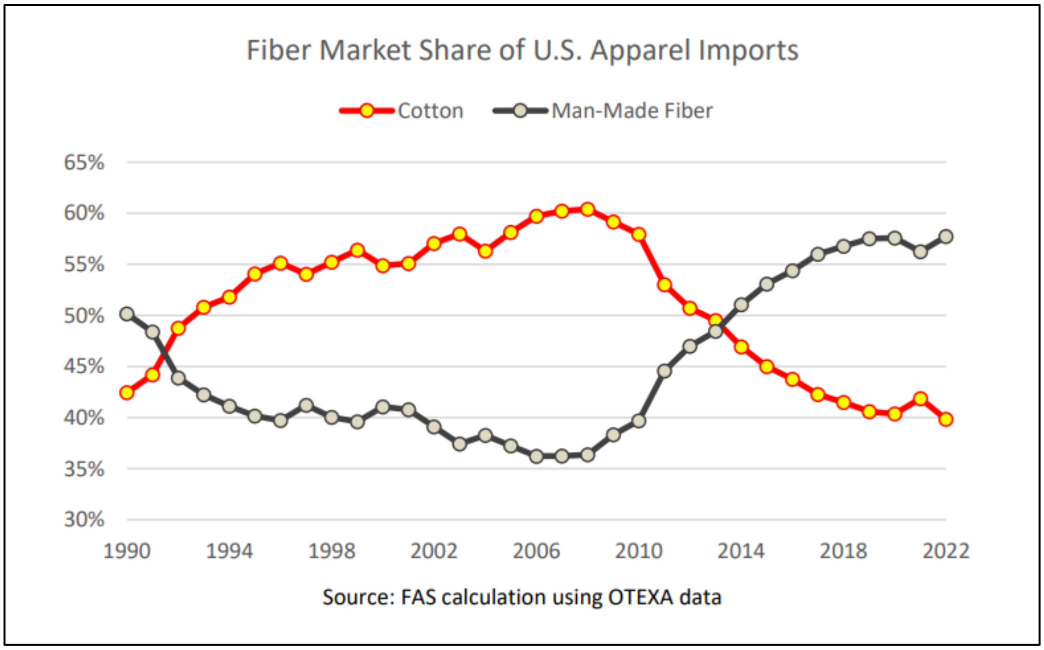
The U.S. is the largest importer of cotton products (i.e., cotton apparel, home textiles, etc.) and nearly all U.S. consumer retail purchases of these goods are imported. Cotton product imports in calendar year 2022 were down after reaching the highest level in a decade (measured in square meter equivalent). According to data from the International Trade Administration's Office of Textile and Apparels (OTEXA), 2022 cotton products were a record $57.0 billion, nearly $8.0 billion higher than the previous year. Despite lower import volumes, higher value was attributed to greater unit values and U.S. consumers' sustained demand for goods. Robust levels of consumer discretionary income, low unemployment, and higher wage growth have all supported strong purchases despite consumer inflation.

China remained the largest cotton product supplier for the 20th consecutive year. This was despite Section 301 tariffs implemented in 2019 amid the U.S.-China trade dispute and the Uyghur Forced Labor Prevention Act (UFLPA) that went into effect on June 21, 2022 (a Customs and Border Protection Withhold Release Order was in place before the UFLPA). The new federal law establishes a rebuttable presumption that the importation of any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of the People's Republic of China are barred from entry into the United States due to the utilization of forced labor. The Xinjiang autonomous region produces roughly 90 percent of China's cotton, making much of Chinese cotton product exports potentially susceptible to the law. After 2 consecutive years of robust U.S. imports of

cotton products, inventories have swelled and slowed subsequent retailers' product orders. According to U.S. Census data, retailers' apparel inventories were a record value for the month of December (seasonally adjusted, nominal value, and includes apparel consisting of all fibers, not just cotton). In addition, wholesalers witnessed record December inventories for apparel, piece goods, and notions (sewing and hair accessories, etc.).



Cotton's market share of total apparel imports (including all fibers) fell from the previous year to roughly 40 percent. Man-made fibers (MMF) including polyester, nylon, spandex, and acrylic tied its record for market share among all U.S. apparel imports at nearly 60 percent. China is the largest manufacturer of man-made synthetic yarns (which are ultimately used to manufacture MMF apparel), accounting for roughly 60 percent of world production. For the past decade, competitively priced MMF products have been a major factor slowing global growth in cotton consumption.



USDA Agricultural Outlook Forum Supply, Use, and Farm Price Tables – February 23-24, 2023

The tables in this section are sourced from USDA Agriculutre Outlook Fourm projections for 2023/24 U.S. supply, demand, and prices for corn, soybeans, rice, and cotton. Normal weather conditions are assumed throughout the season. These forecasts will be updated in the May *WASDE* report. The May *WASDE* will incorporate growers' 2023 planting intentions as indicated in the March 31 USDA NASS *Prospective Plantings* report.

(continued next page)

Table 2. Corn Supply, Demand, and Price, 2020/21-2023/24

	2020/21	2021/22	2022/23 1/	2023/24 2/
Area planted (mil. ac.)	90.7	93.3	88.6	91.0
Area harvested	82.3	85.3	79.2	83.1
Yield (bu./ac.)	171.4	176.7	173.3	181.5
Production (mil. bu.)	14,111	15,074	13,730	15,085
Beginning stocks	1,919	1,235	1,377	1,267
Imports	24	24	50	25
Supply	16,055	16,333	15,157	16,377
Feed & residual	5,607	5,718	5,275	5,600
Ethanol 3/	5,028	5,326	5,250	5,250
Total food, seed & industrial	6,467	6,766	6,690	6,690
Total domestic use	12,074	12,484	11,965	12,290
Exports	2,747	2,471	1,925	2,200
Total use	14,821	14,956	13,890	14,490
Ending stocks	1,235	1,377	1,267	1,887
Stocks/use (percent)	8.3	9.2	9.1	13.0
Season-avg. farm price ($/bu.)	4.53	6.00	6.70	5.60

1/ Acreage, yield, production, and beginning stocks are estimates from the National Agricultural Statistics Service. Imports, use, ending stocks, and season-average farm price are projections from the *World Agricultural Supply and Demand Estimates*, February 8, 2023. 2/ Projections based on analysis by USDA's Feed Grains Interagency Commodity Estimates Committee. 3/ Corn used to produce ethanol and by-products including, distillers' grains, corn gluten feed, corn gluten meal, and corn oil.
Note: Totals may not add due to rounding.

Table 3. Soybean Supply, Demand, and Price, 2020/21-2023/24

	2020/21	2021/22	2022/23 /1	2023/24 /2
Area planted (mil. ac.)	83.4	87.2	87.5	87.5
Area harvested	82.6	86.3	86.3	86.7
Yield (bu./ac.)	51.0	51.7	49.5	52.0
Production (mil. bu.)	4,216	4,465	4,276	4,510
Beginning stocks	525	257	274	225
Imports	20	16	15	15
Supply	4,761	4,738	4,566	4,750
Crush	2,141	2,204	2,230	2,310
Seed and Residual	97	102	120	126
Total domestic use	2,238	2,306	2,350	2,436
Exports	2,266	2,158	1,990	2,025
Total use	4,504	4,464	4,340	4,461
Ending stocks	257	274	225	290
Stocks/use (percent)	5.7	6.1	5.2	6.5
Season-avg. farm price ($/bu.)	10.80	13.30	14.30	12.90

1/ Acreage, yield, production, and beginning stocks are estimates from the National Agricultural Statistics Service. Imports, crush, exports, ending stocks, and season-average farm price are projections from the *World Agricultural Supply and Demand Estimates* report, February 8, 2023.
2/ Projections based on analysis by the USDA's Oilseeds Interagency Commodity Estimates Committee.
Note: Totals may not add due to rounding.

Table 7. Rice Supply, Demand, and Price, 020/21-2023/24

Rice-by-Class	2020/21	2021/22	2022/23 1/	2023/24 2/
<u>All Rice</u>				
Area planted (mil. ac.)	3.0	2.5	2.2	2.5
Area harvested	3.0	2.5	2.2	2.5
Yield (pounds/ac.)	7,619	7,709	7,383	7,523
Production (mil. cwt)	227.5	191.6	160.4	185.0
Beginning stocks	28.7	43.7	39.7	33.1
Imports	34.1	37.8	42.0	39.0
Supply	290.2	273.0	242.1	257.1
Domestic & residual use	153.1	151.1	147.0	151.0
Exports	93.5	82.2	62.0	70.0
Total use	246.6	233.3	209.0	221.0
Ending stocks	43.7	39.7	33.1	36.1
Stocks/use (percent)	17.7	17.0	15.8	16.3
Season avg. farm price ($/cwt.)	14.40	16.10	19.40	18.40

1/ Acreage, yield, production, and beginning stocks are estimates from the National Agricultural Statistics Service. Imports, use, ending stocks, and season-average farm price are projections from the *World Agricultural Supply and Demand Estimates*, February 8, 2023. 2/Projections based on analysis by USDA's Rice Interagency Commodity Estimates Committee. Note: Totals may not add due to rounding.

Table 8. Rice-by Class Supply, Demand, and Price, 2020/21-2023/24

Rice-by-Class	2020/21	2021/22	2022/23 1/	2023/24 2/
Long-grain				
Area planted (mil. ac.)	2.3	2.0	1.8	2.0
Area harvested	2.3	1.9	1.8	2.0
Yield (pounds/ac.)	7,422	7,471	7,224	7,340
Production (mil. cwt)	170.8	144.6	128.2	144.5
Beginning stocks	16.9	29.7	24.6	21.8
Imports	27.4	30.7	33.0	31.0
Supply	215.1	205.0	185.8	197.3
Domestic & residual use	120.3	119.7	117.0	120.0
Exports	65.0	60.6	47.0	52.0
Total use	185.3	180.3	164.0	172.0
Ending stocks	29.7	24.6	21.8	25.3
Stocks/use (percent)	16.0	13.7	13.3	14.7
Season avg. farm price ($/cwt.)	12.60	13.60	16.90	15.75
Medium- and short-grain				
Area planted (mil. ac.)	0.7	0.6	0.4	0.5
Area harvested	0.7	0.6	0.4	0.5
Yield (pounds/ac.)	8,282	8,549	8,094	8,250
Production (mil. cwt)	56.7	47.0	32.2	40.5
Beginning stocks	10.7	11.5	13.0	9.3
Imports	6.7	7.1	9.0	8.0
Supply	72.7	66.0	54.3	57.8
Domestic & residual use	32.8	31.4	30.0	31.0
Exports	28.5	21.5	15.0	18.0
Total use	61.2	53.0	45.0	49.0
Ending stocks	11.5	13.0	9.3	8.8
Stocks/use (percent)	18.7	24.6	20.6	17.9
Season avg. farm price ($/cwt.)	20.10	26.40	29.20	27.60
California	22.60	31.90	36.00	33.00
Other States	13.00	13.90	17.60	16.25

1/ Acreage, yield, production, and beginning stocks are estimates from the National Agricultural Statistics Service. Imports, use, ending stocks, and season-average farm price are projections from the *World Agricultural Supply and Demand Estimates*, February 8, 2023. 2/Projections based on analysis by USDA's Rice Interagency Commodity Estimates Committee. Note: Totals may not add due to rounding.

U.S. Cotton Supply and Demand 2022/23 and 2023/24 est.

Attribute	Unit	2022/23	2023/24	Change (%)
Beginning Stocks	mil. bales	3.75	4.3	14.7
Area Harvested	mil. HA	3.01	3.6	19.6
Production	mil. bales	14.68	15.8	7.6
Imports	"	0.01	0.0	0.0
Total Supply	"	18.44	20.1	9.0
Exports	"	12.00	13.8	15.0
Use	"	2.10	2.3	9.5
Total Use	"	14.10	16.1	14.2
Ending Stocks	"	4.30	4.0	-7.0
Stock to Use %	%	30.5	24.8	-5.7
Farm Price	cents/lb.	83.0	80.0	-3.6

PLC Farm Program Payment Projections – 2022/23 CY

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

Covered Commodity	***2022/23 MYA Price****	*Effective Reference Price*	***2022/23 CY PLC Payment Rate***
Corn	$6.60	$3.70	--
Grain Sorghum	$6.90	$3.95	--
Long Grain Rice	$16.90	$14.00	--
Medium Grain Rice	$17.60	$14.00	--
Seed Cotton	$0.4547	$0.3670	--
Soybeans	$14.30	$8.40	--
Wheat	$9.00	$5.50	--

**national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on March 8, 2023.

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

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