

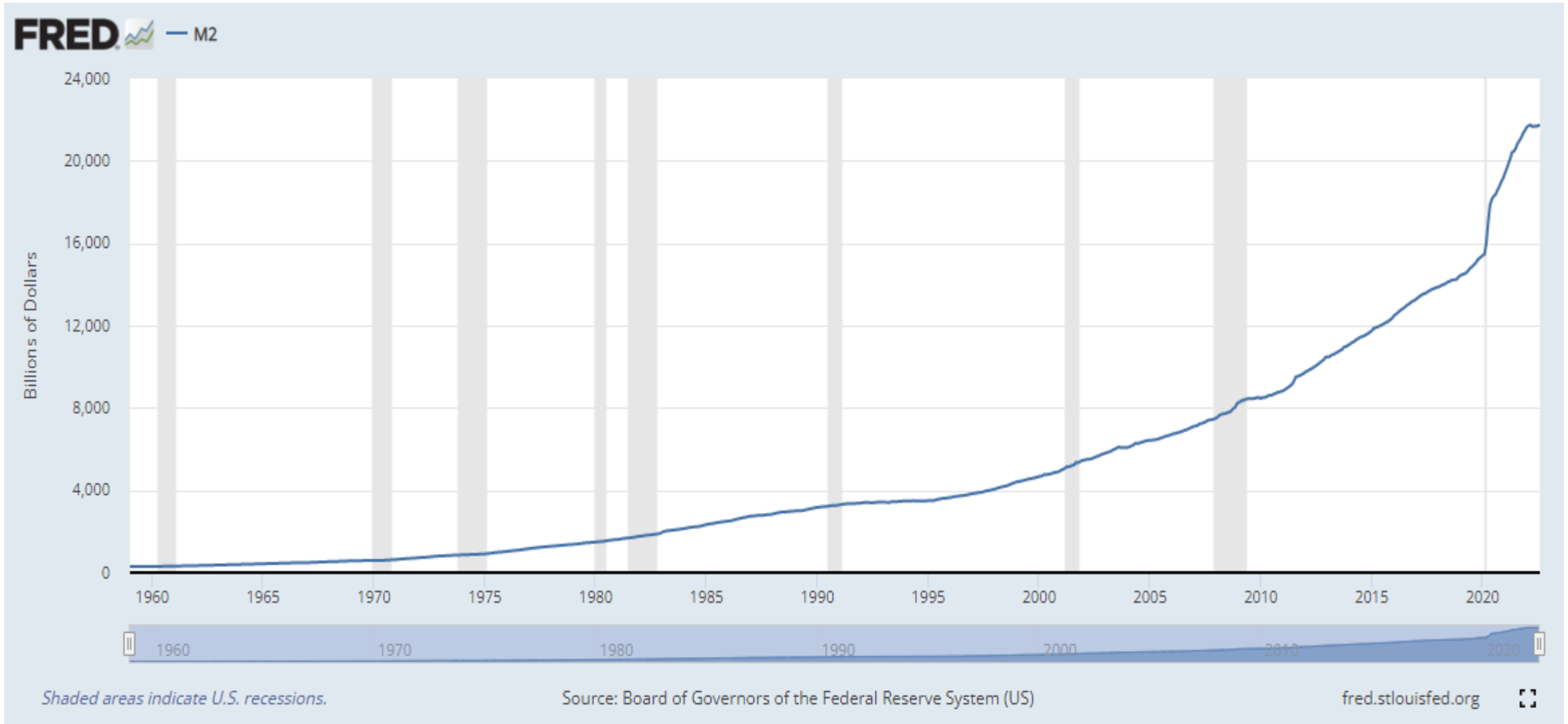


October 2022 Feed Materials Outlook



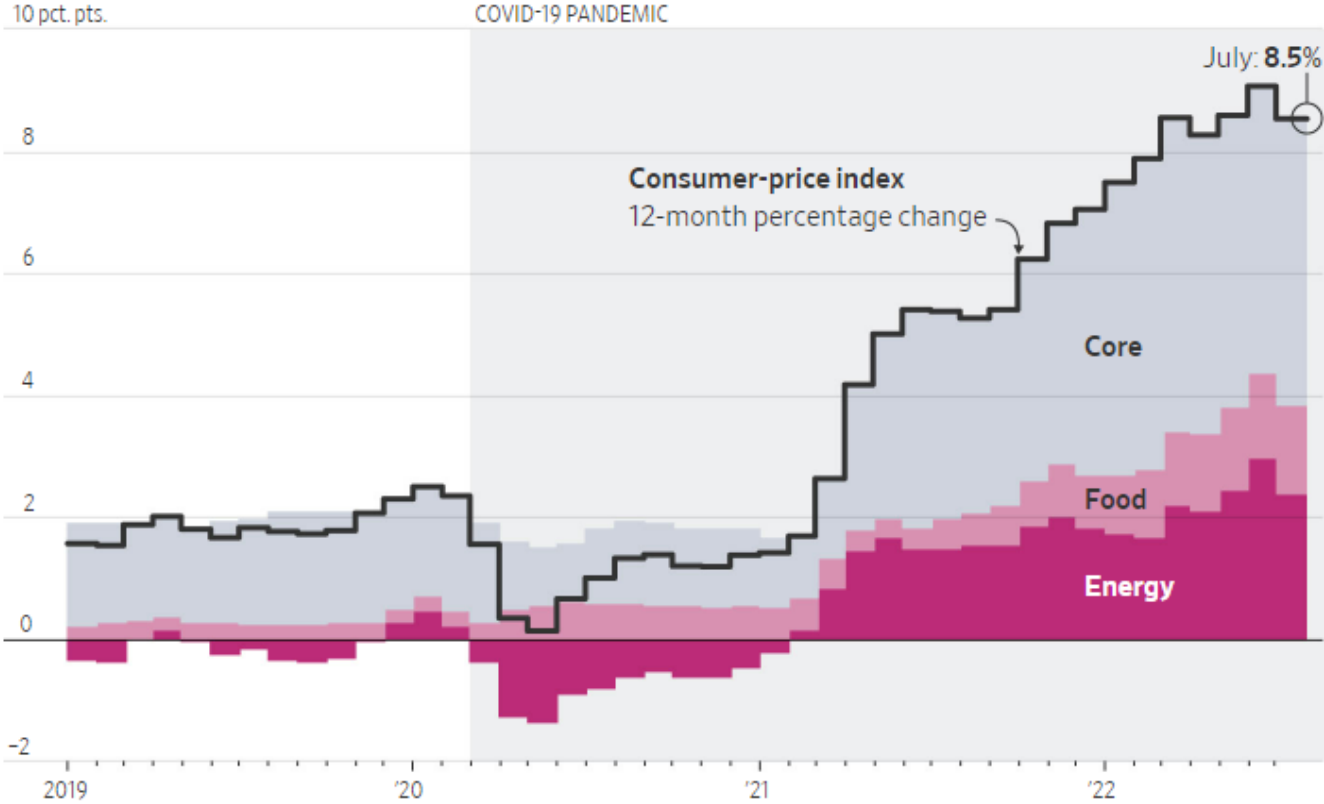
R&H HALL 

Why is inflation ripping higher everywhere?



The horse has bolted

Contributions to inflation



Note: Percentage-point contributions to 12-month percentage changes in the consumer-price index, monthly.
Source: Labor Department

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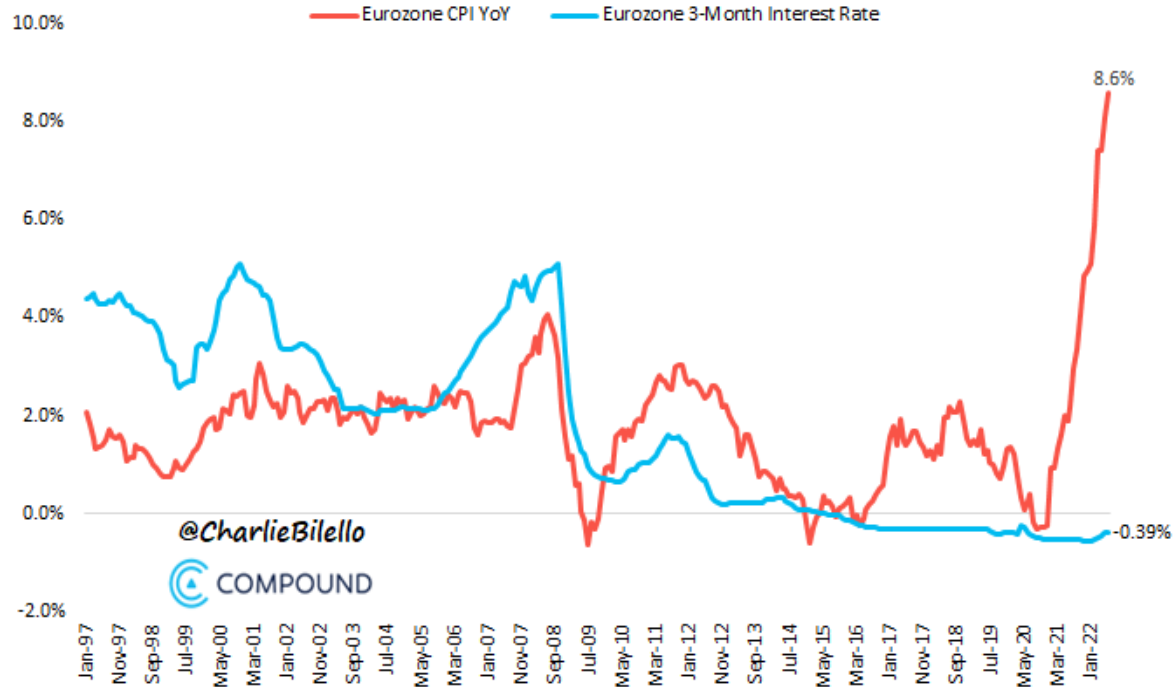
Fed Officials See 'Transitory' Inflation Lasting Quite a While

The outlook from central-bank policy makers is speeding up plans to raise interest rates



Central Banks well behind the curve....

Eurozone Inflation vs. Short-term Interest Rates



The last time the Fed fell this far behind the curve on inflation was in 1975 and it took 8 years to bring under control

Core inflation and the real policy interest rate, percent



Note: Core inflation is consumer price index inflation excluding food and energy. The real policy interest rate is the federal funds interest rate minus core inflation over the previous 12 months.

Sources: US Bureau of Labor Statistics and Board of Governors of the Federal Reserve System, retrieved from Federal Reserve Bank of St. Louis (FRED).

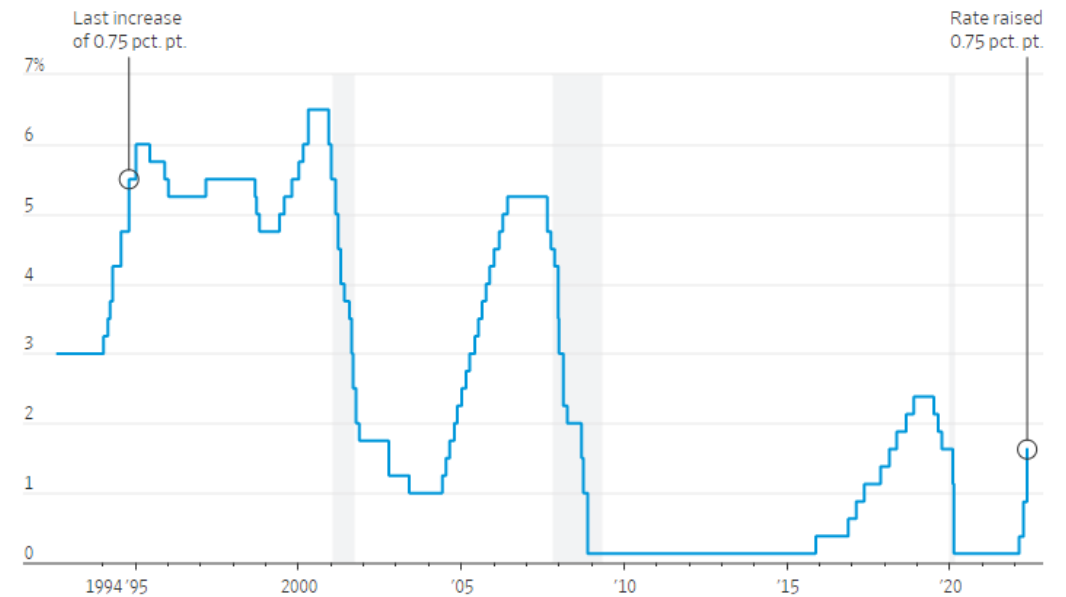
Inflation Keeps the U.S. From Stepping In to Slow Dollar's Rapid Rise

A strong greenback poses risks for global financial turmoil, but it helps fight domestic inflation

U.N. Calls On Fed, Other Central Banks to Halt Interest Rate Increases

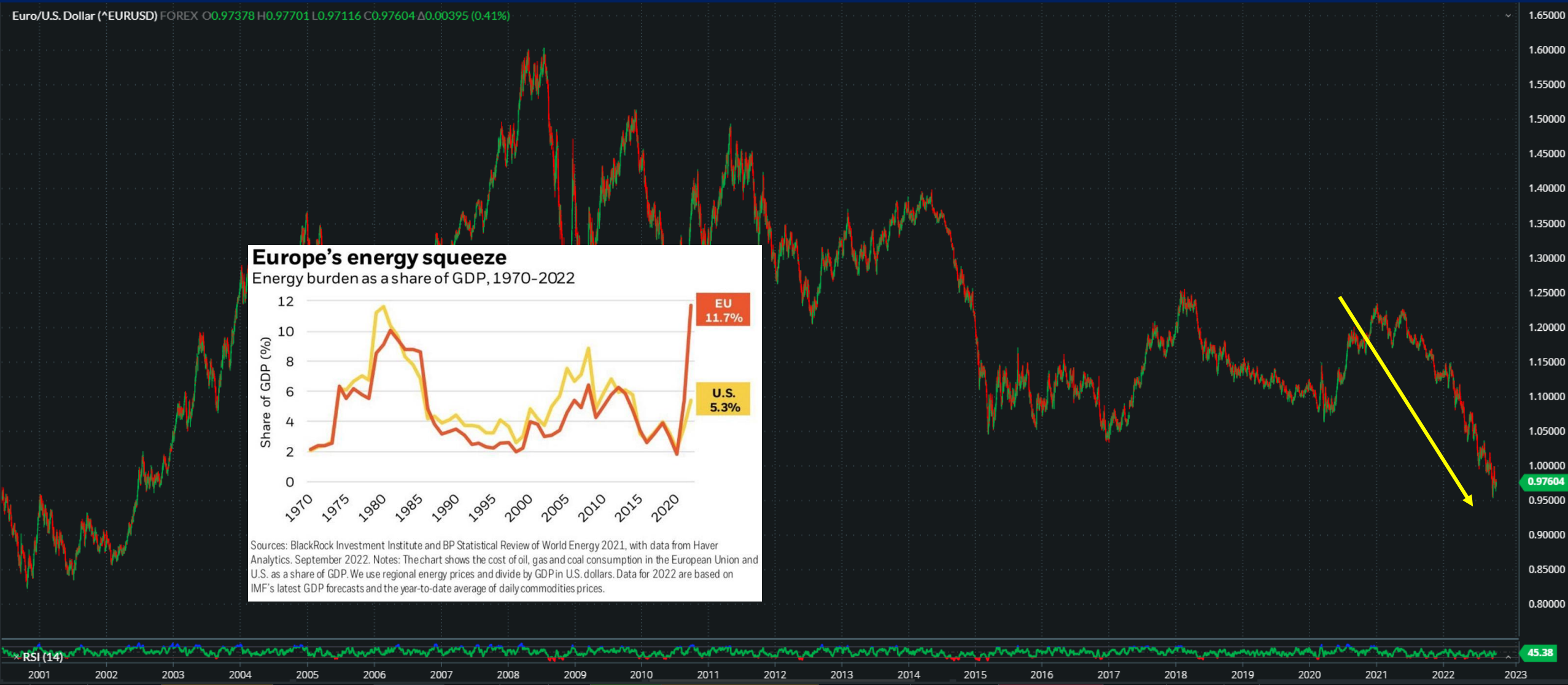


Federal-funds target rate



Note: Chart shows midpoint of range since 2008.
Source: Federal Reserve

US\$ strength but € area in a precarious place



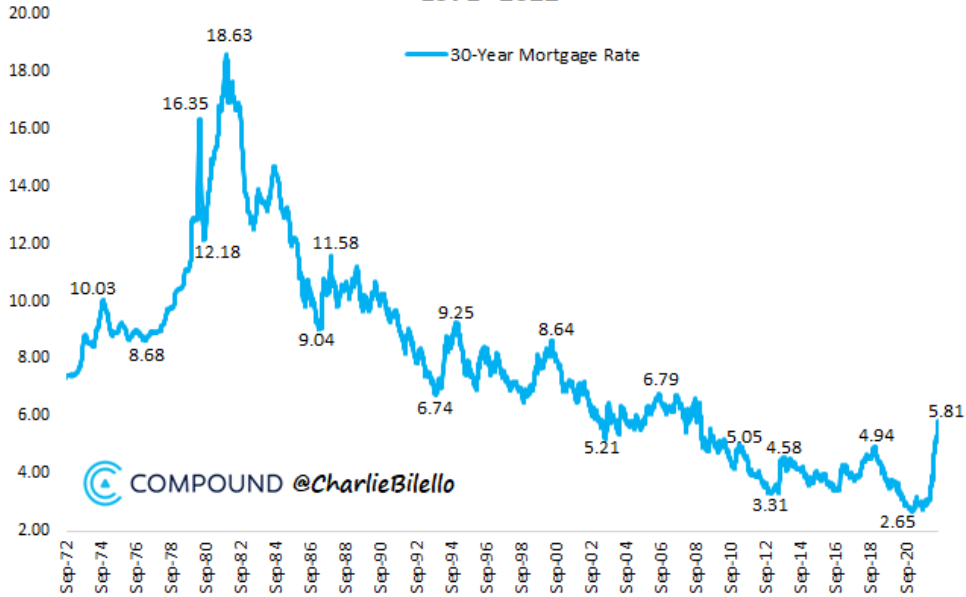
Nike Stock Drops After Latest Quarterly Results; CFO Warns of Coming Markdowns

By [Hannah Miao](#)



Perfect storm for consumers

30-Year Fixed Mortgage Rate (Freddie Mac)
1971 - 2022



2021



\$600,000 House

3% Interest Rate

\$2,024 Payment

2022

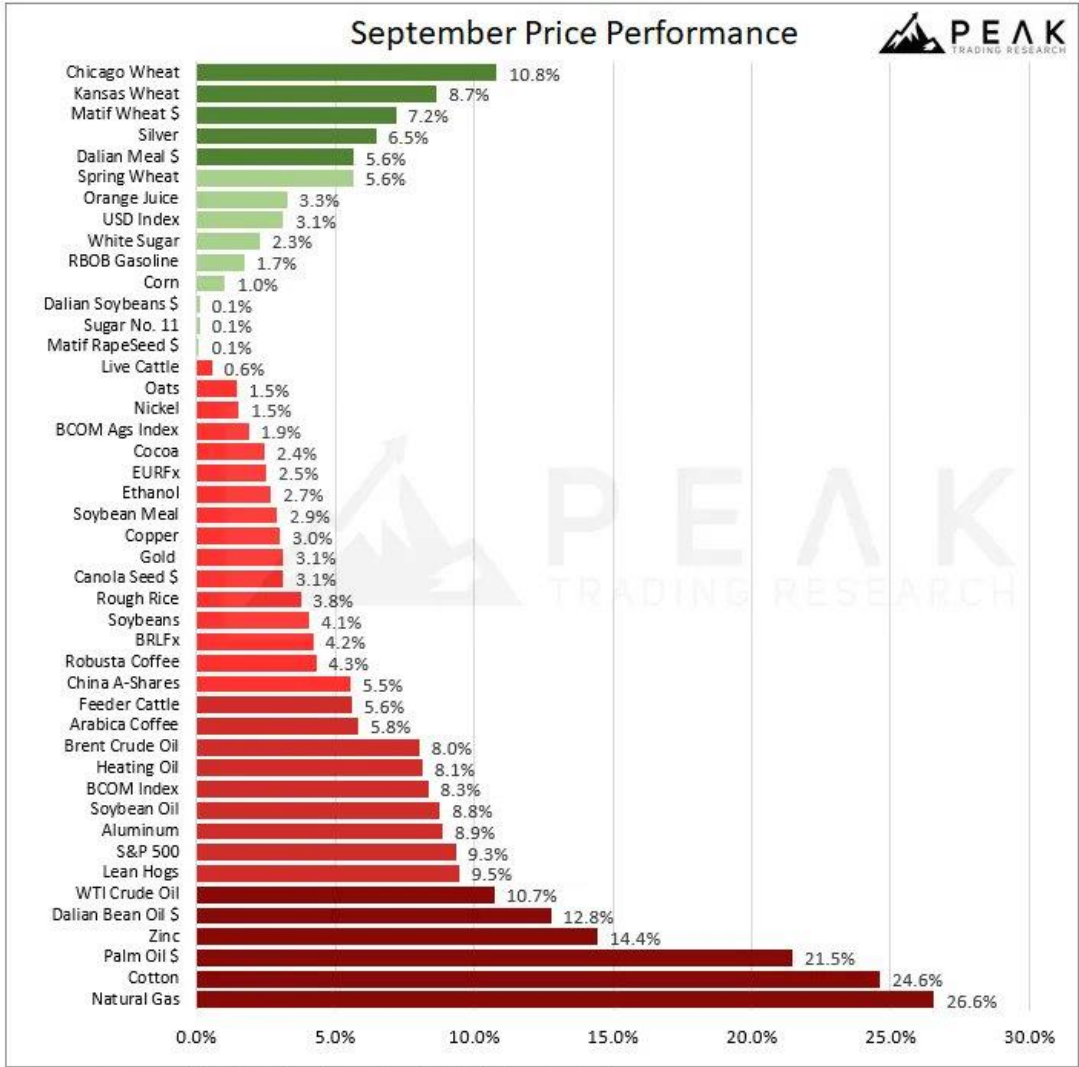


\$590,000 House

7% Interest Rate

\$3,140 Payment

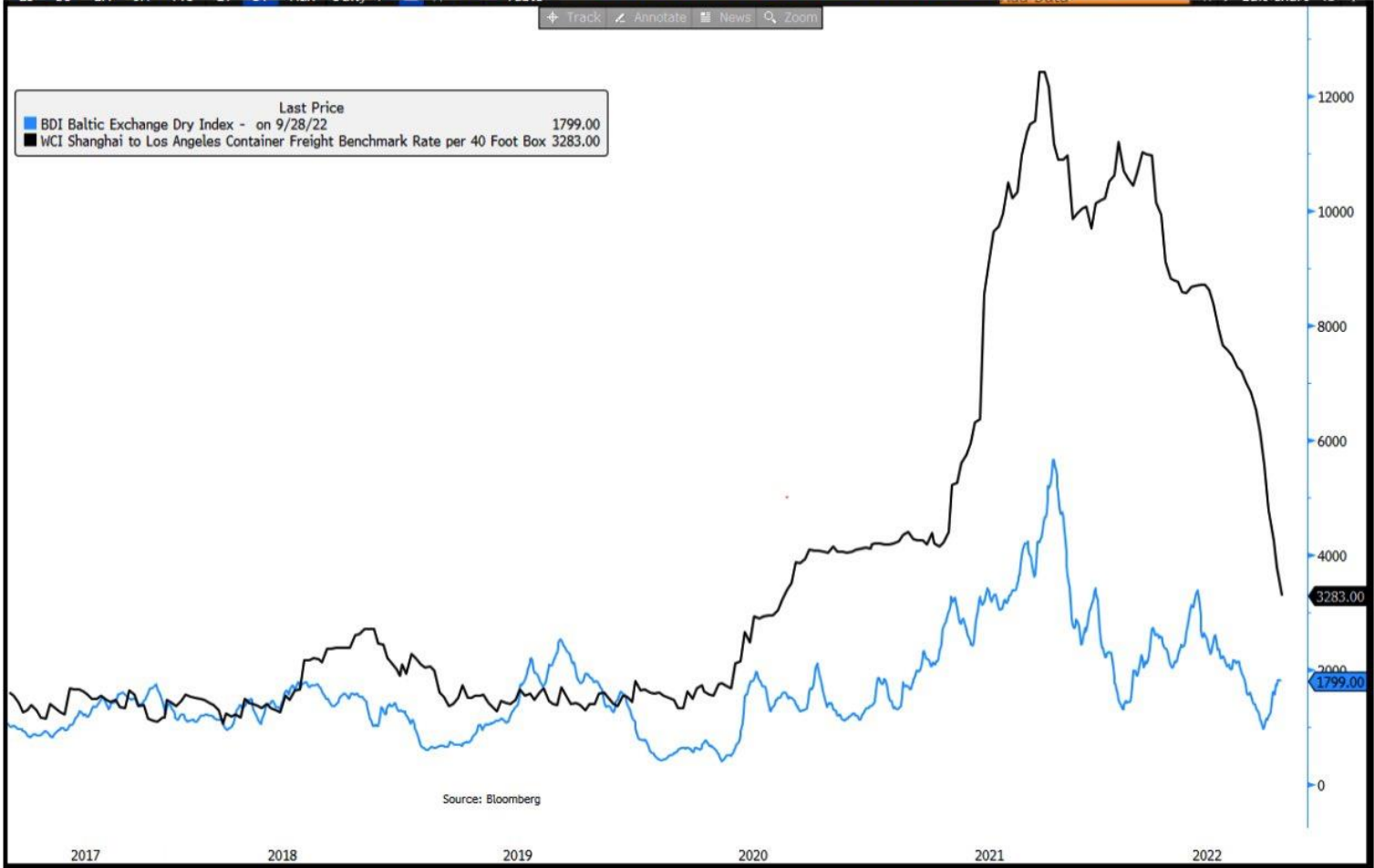
Central Bank medicine for inflation is poison for commodities....



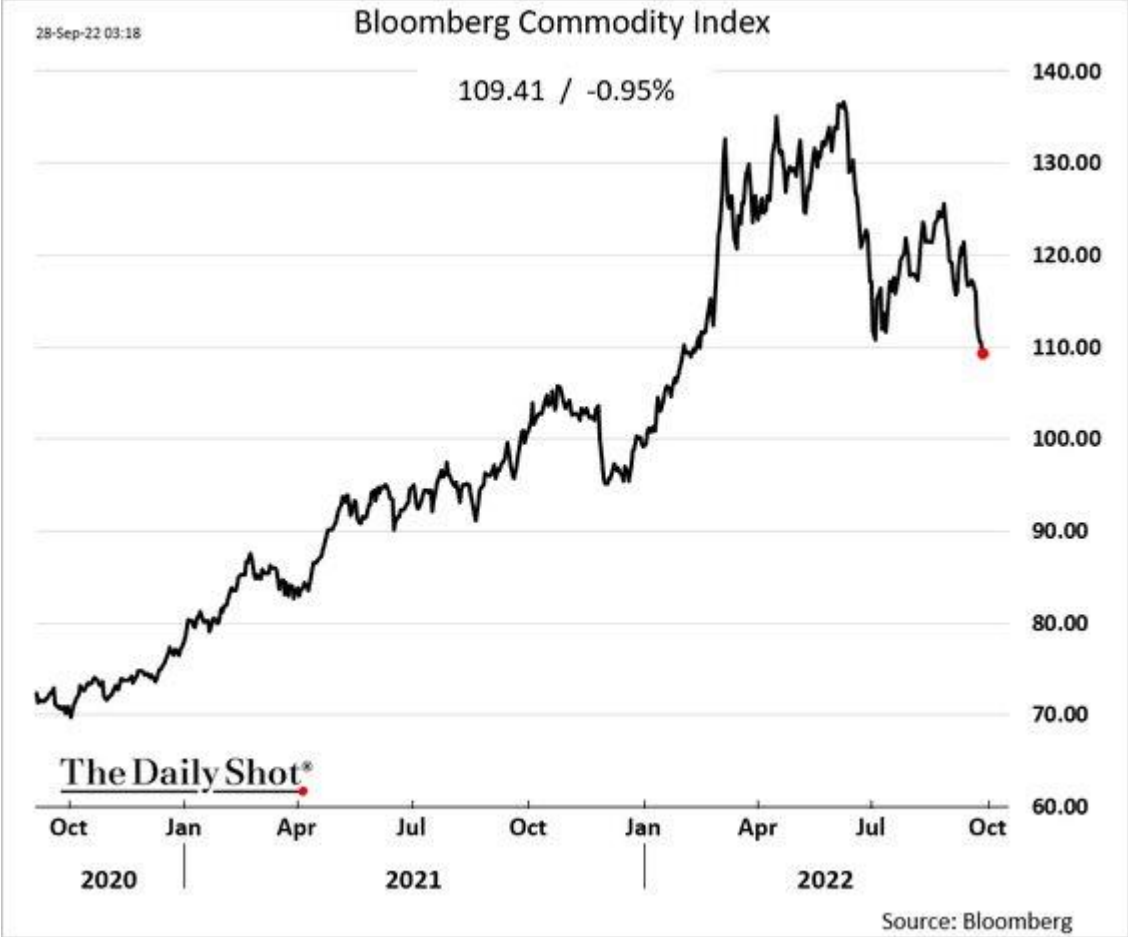
Futures return calculation basis front-month roll-adjusted contract prices

Global freight rates tell a convincing story....

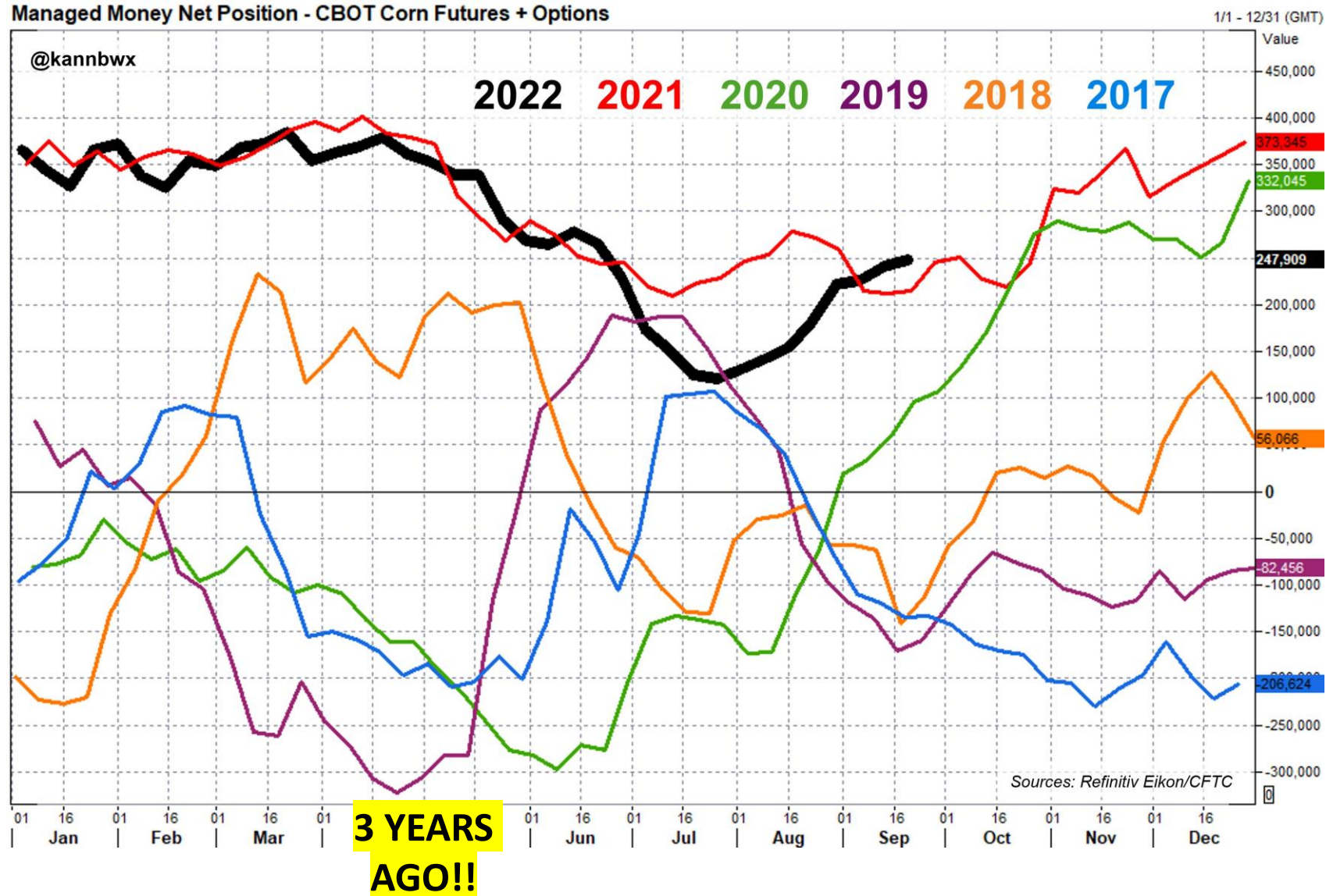
BALTIC DRY INDEX vs. SHANGHAI-TO-LOS ANGELES FREIGHT RATE



Commodity price action doesn't paint a rosy picture



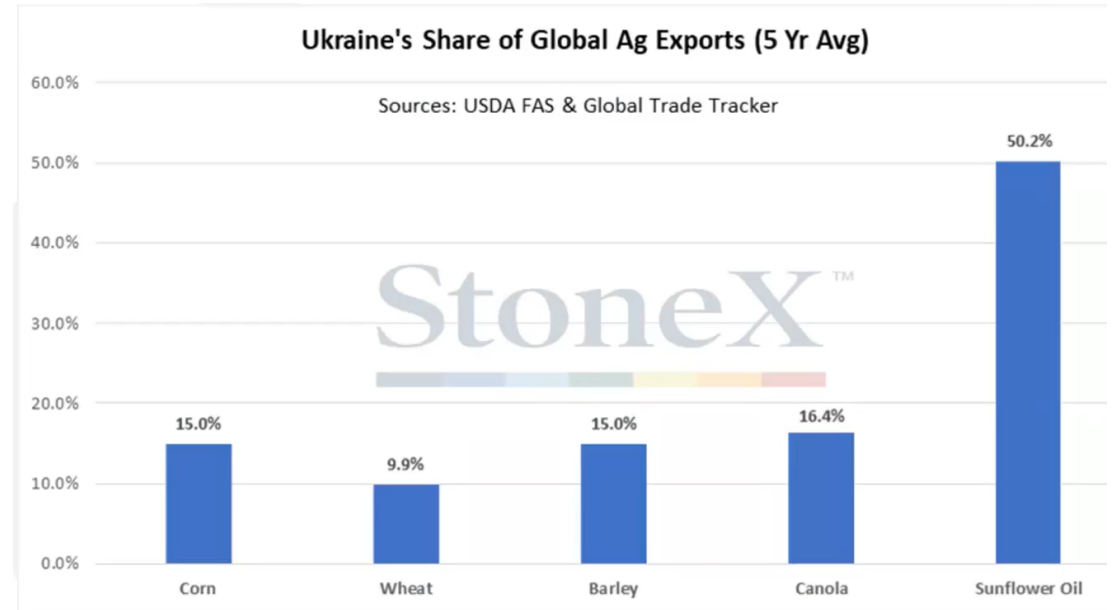
Funds ag commodity positions



Russia/Ukraine war casts a dark shadow over grain markets



Ukraine / Russia global ag export restrictions – unprecedented supply disruption



European Wheat Rollercoaster



Impact of strong US\$ - MATIF Wheat US\$/mt



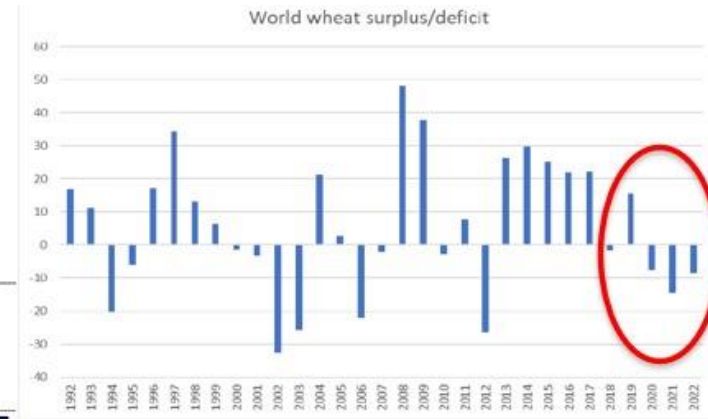
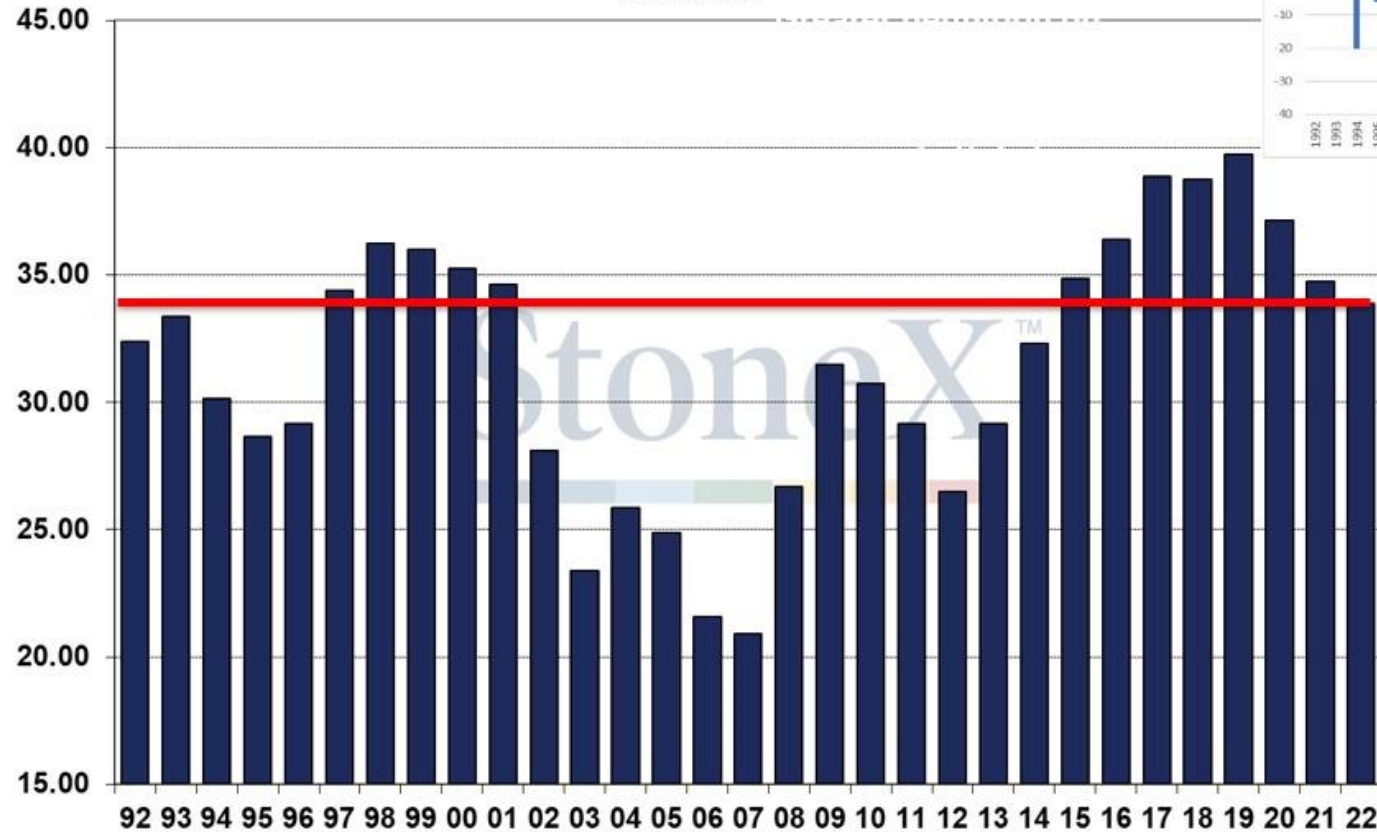
World Wheat Stocks in decline

Global Stocks/Use Ratio – Wheat

Carryout/Use @ lowest level is last 7 campaigns. But remains comfortably above crisis years. Moving grain to market shall remain market/price focus

World Wheat Carryout/Use

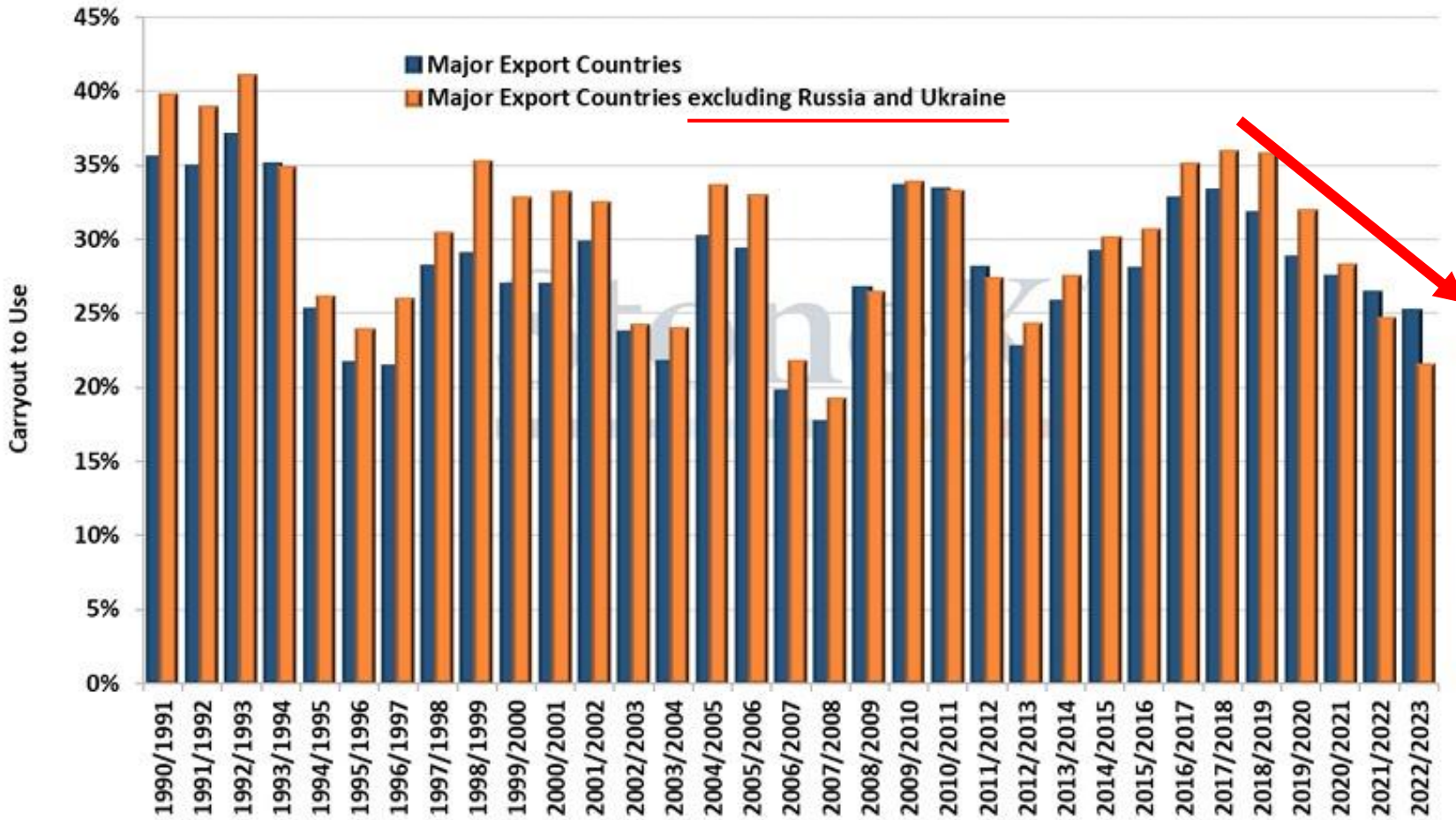
Source: USDA



World Wheat Stocks in decline

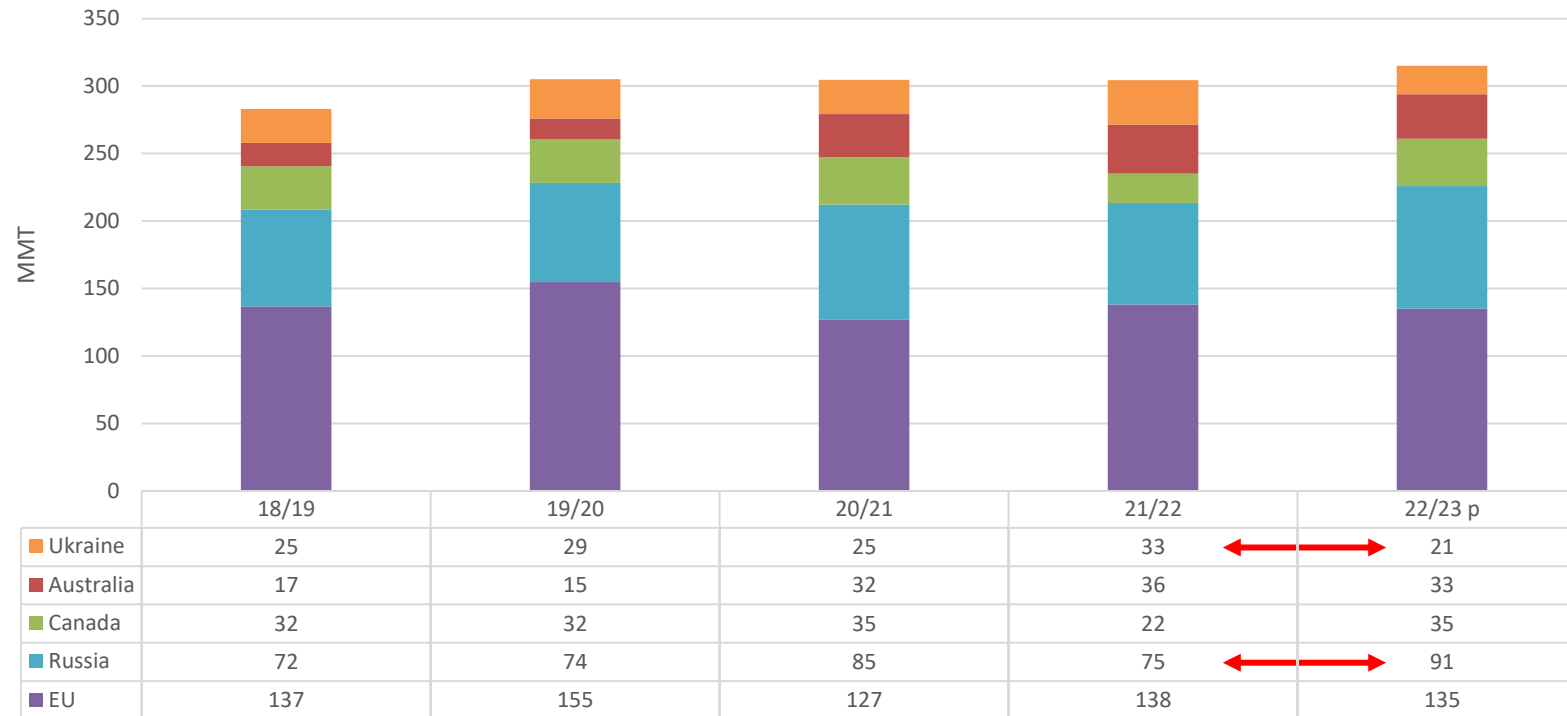
Major Wheat Exporter Carryout to Use Including and Excluding Russia & Ukraine

Source: USDA



Global Wheat Market Overview

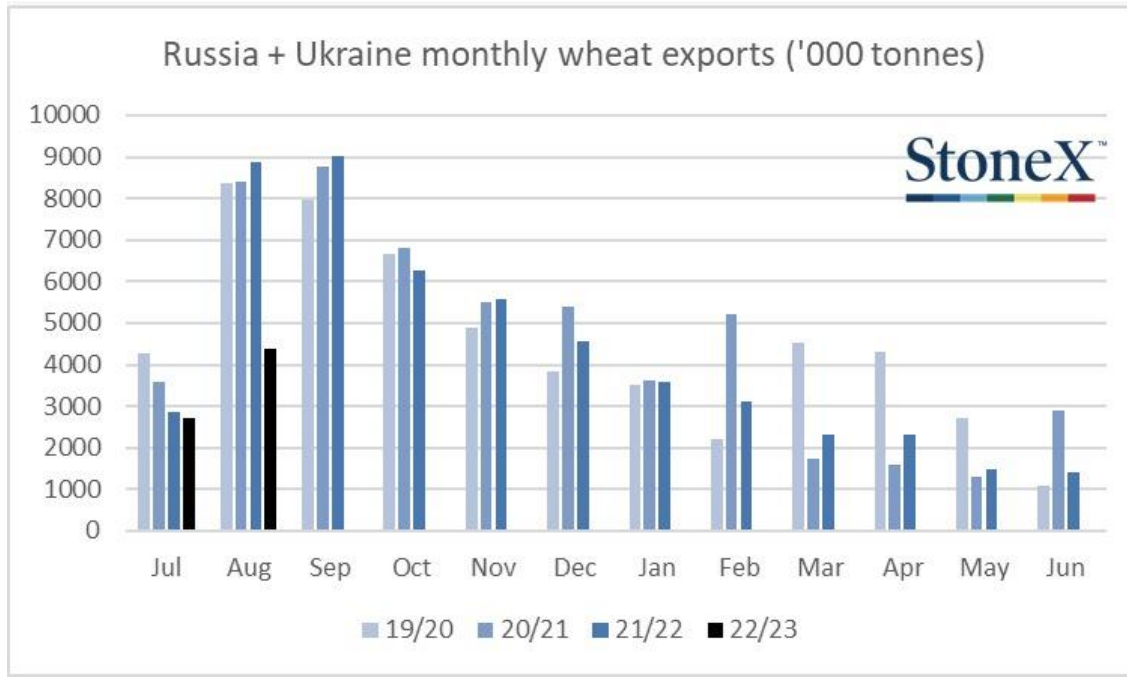
Major Wheat Exporters Production



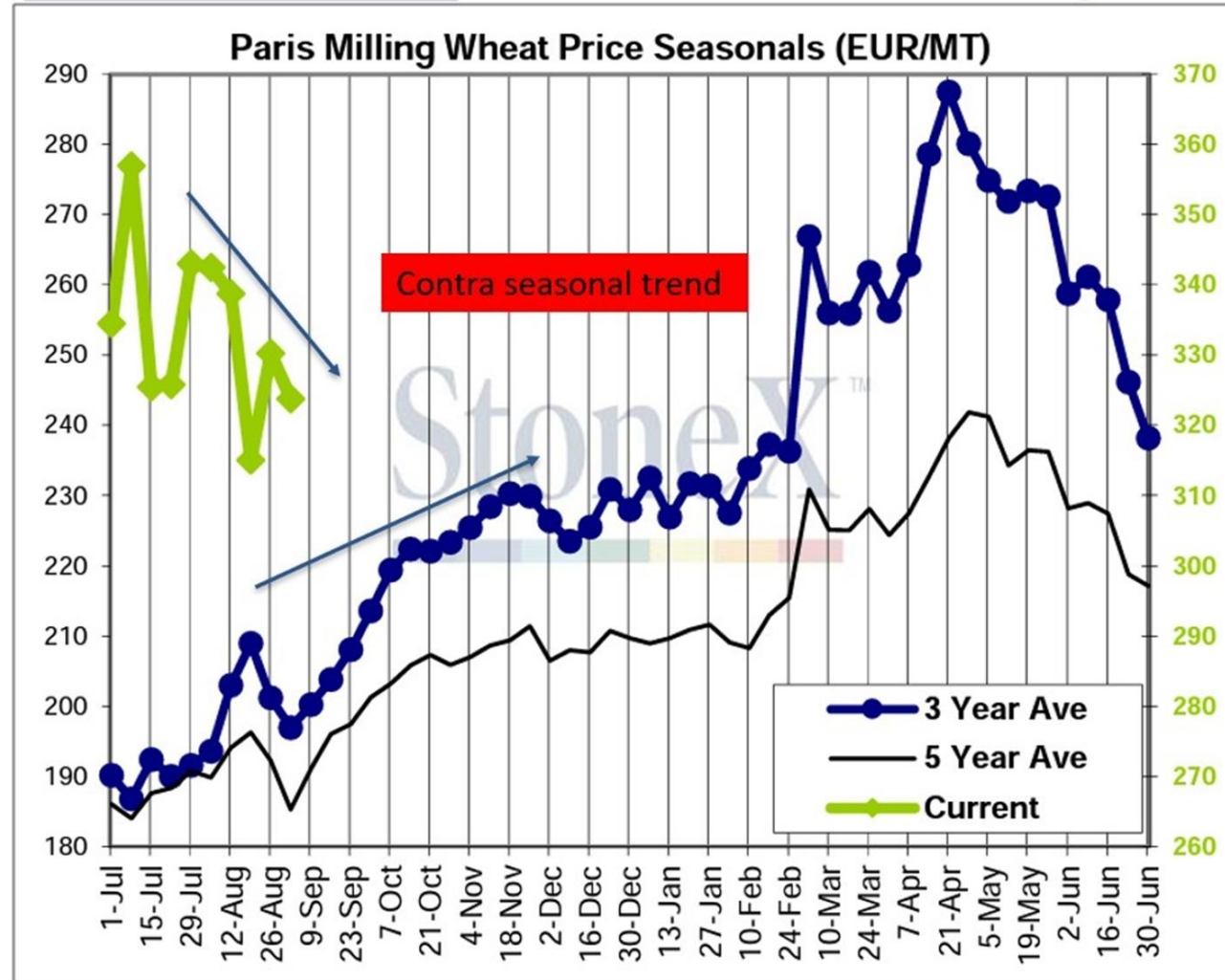
Fall in Ukraine production offset by higher Russian production this year – EU production lower following extreme heat this summer but yields not as bad expected

Loss of Russia/Ukraine wheat exports

Preliminary figures put exports to end Sep -40% vs normal



Forward Wheat Price Direction

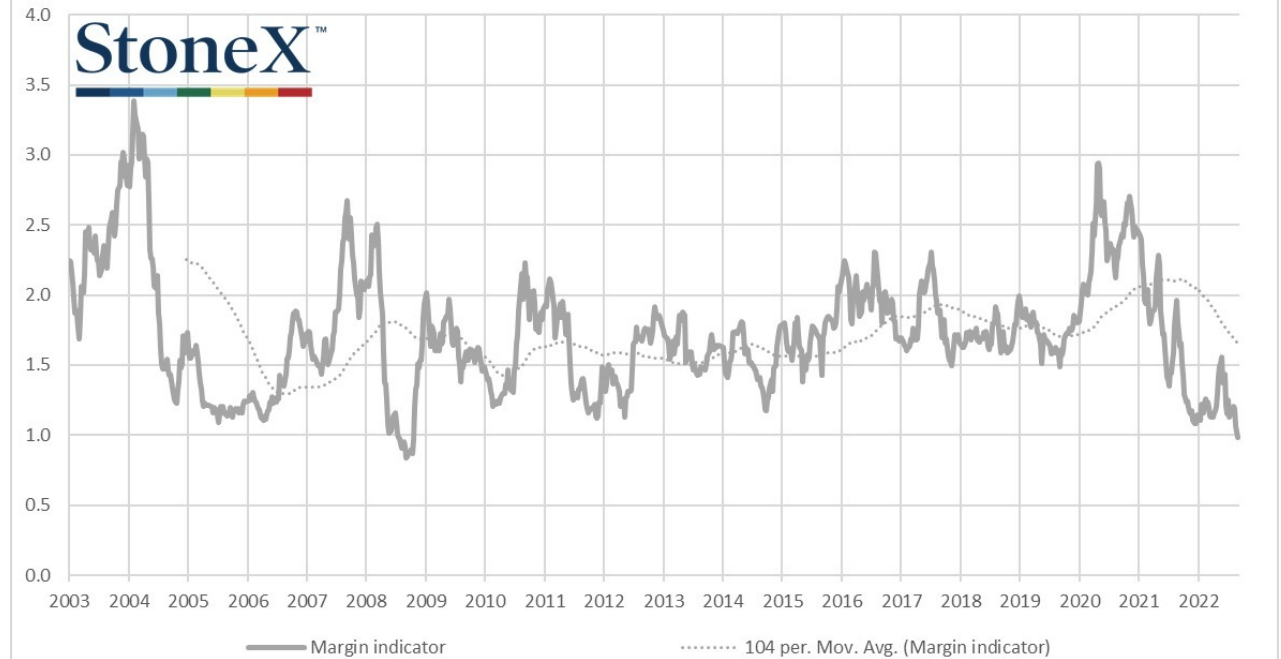


New Crop Production Costs are record high

EU input index versus wheat prices



EU grain grower margin indicator



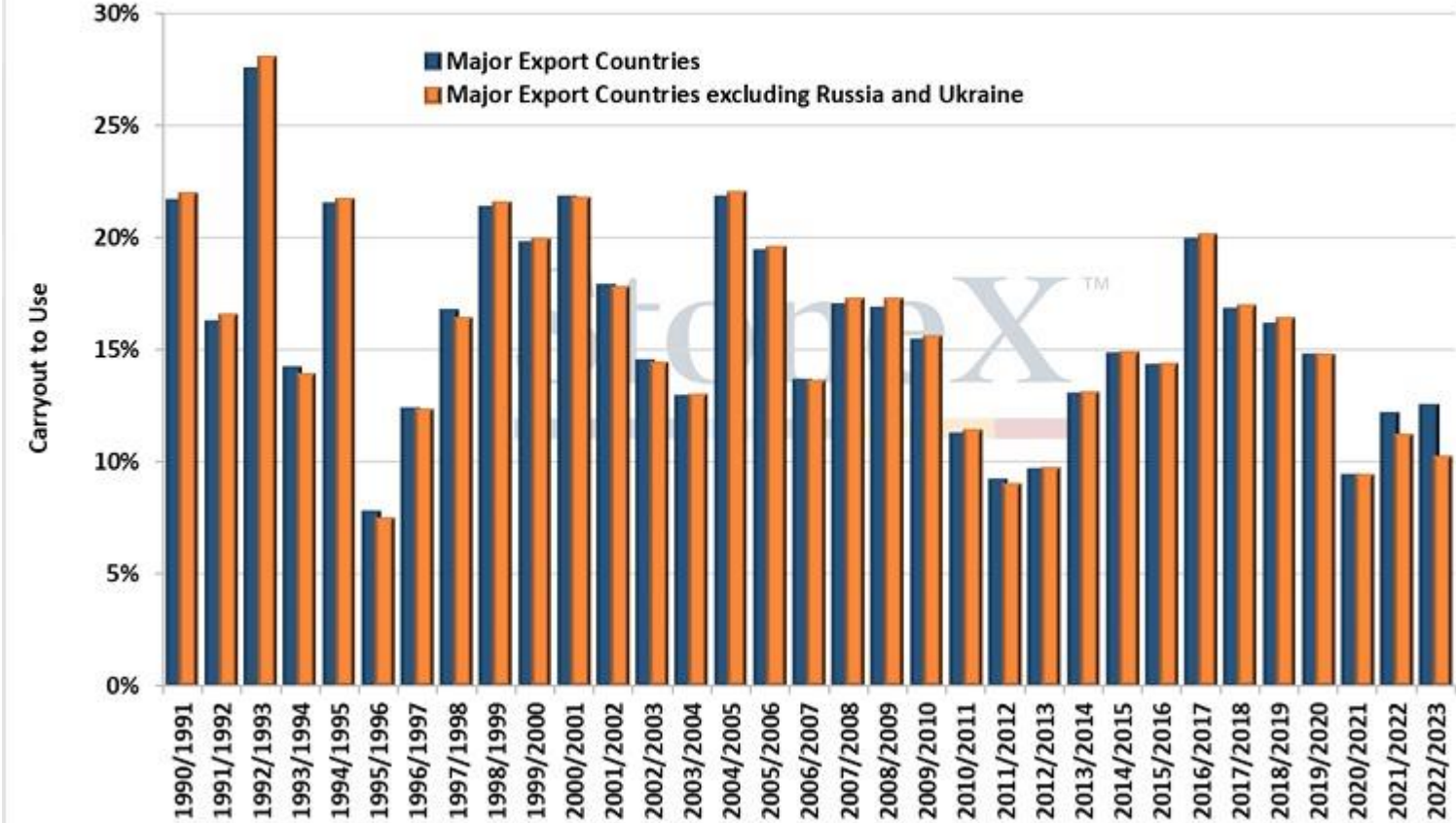
CBOT Corn Dec'22



Global Corn Market Overview

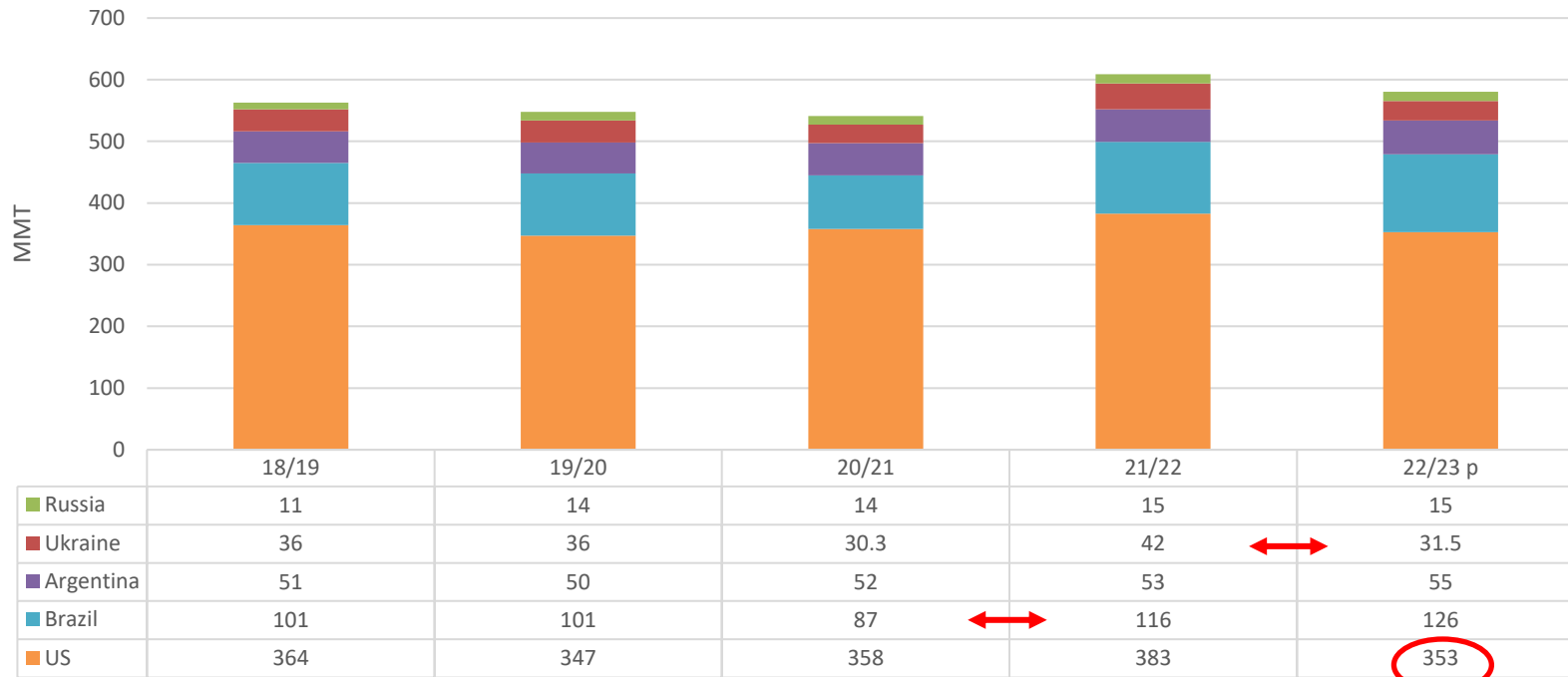
Major Corn Exporter Carryout to Use Including and Excluding Russia & Ukraine

Source: USDA



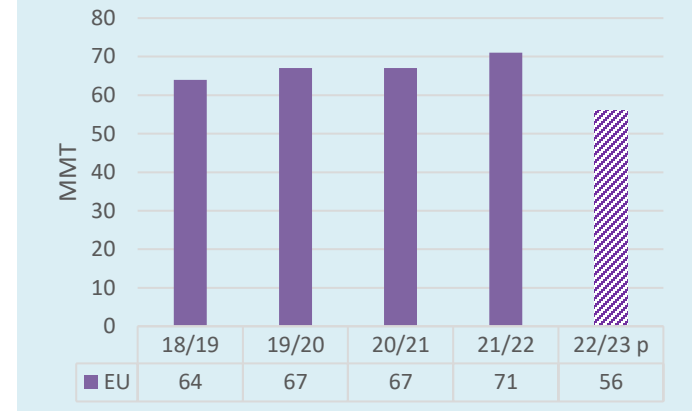
Global Corn Market Overview

Major Corn Exporters Production

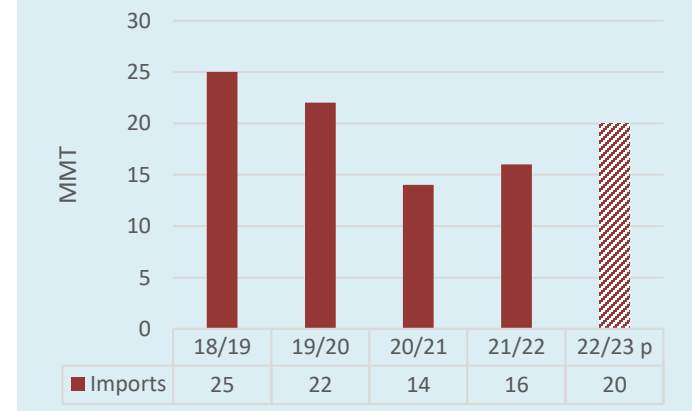


Losses in Ukraine offset by larger Brazilian crop, US crop declining versus earlier ideas

EU Corn Production



EU Corn Imports



Brazilian export supply has rebounded this season



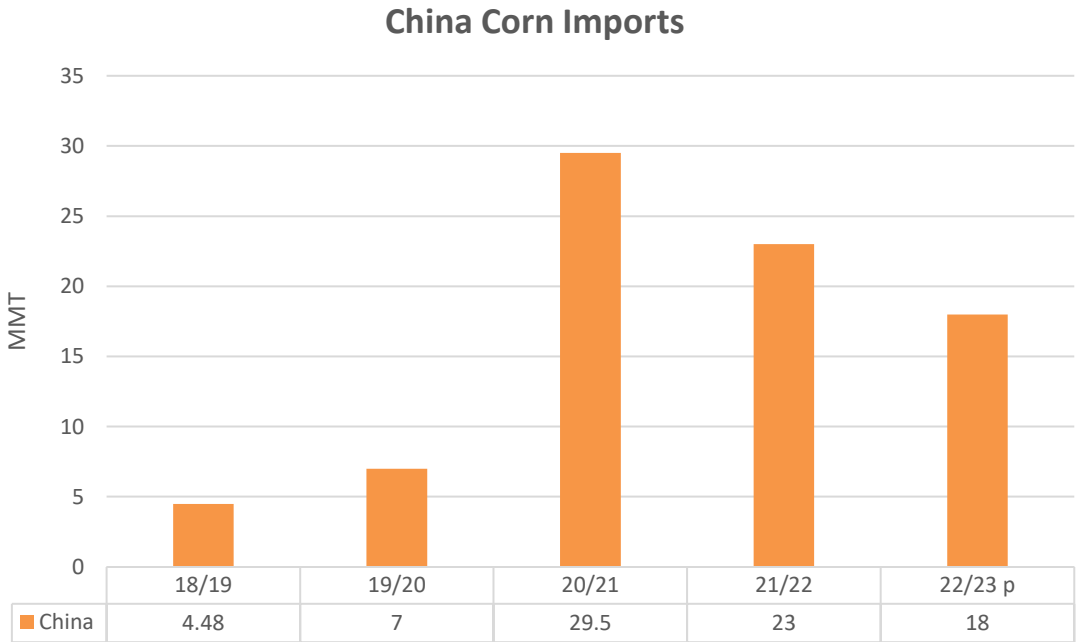
North America

United States

US Corn				USDA*	CIL		
	18/19	19/20	20/21	21/22		22/23	
Planted	88.87	89.75	90.65	93.36	93.36	89.80	89.88
Harvested	81.28	81.34	82.31	85.39	85.39	81.80	82.15
Abandonment	8.5%	9.4%	9.2%	8.5%	8.5%	8.9%	8.6%
Yield	176.4	167.5	171.4	177.0	177.0	175.4	170.9
C/I	2'140	2'221	1'919	1'235	1'235	1'530	1'482
Production	14'340	13'620	14'111	15'115	15'115	14'359	13'965
Imports	28	42	24	25	25	25	40
Total Supply	16'509	15'883	16'055	16'375	16'375	15'913	15'488
Feed	5'427	5'900	5'603	5'600	5'606	5'325	5'430
Ethanol	5'378	4'857	5'033	5'350	5'345	5'375	5'214
FSI	6'793	6'286	6'470	6'795	6'785	6'825	6'664
Total Domestic	12'220	12'186	12'072	12'395	12'391	12'150	12'094
Exports	2'068	1'777	2'747	2'450	2'501	2'375	2'293
Total Demand	14'288	13'963	14'819	14'845	14'892	14'525	14'386
Carryout	2'221	1'919	1'236	1'530	1'482	1'388	1'101
Stocks to Use %	15.5%	13.7%	8.3%	10.3%	10.0%	9.6%	7.7%

*Jan **Baseline Projections

Are grains lacking a bullish demand driver?



China's Agriculture Imports 2022

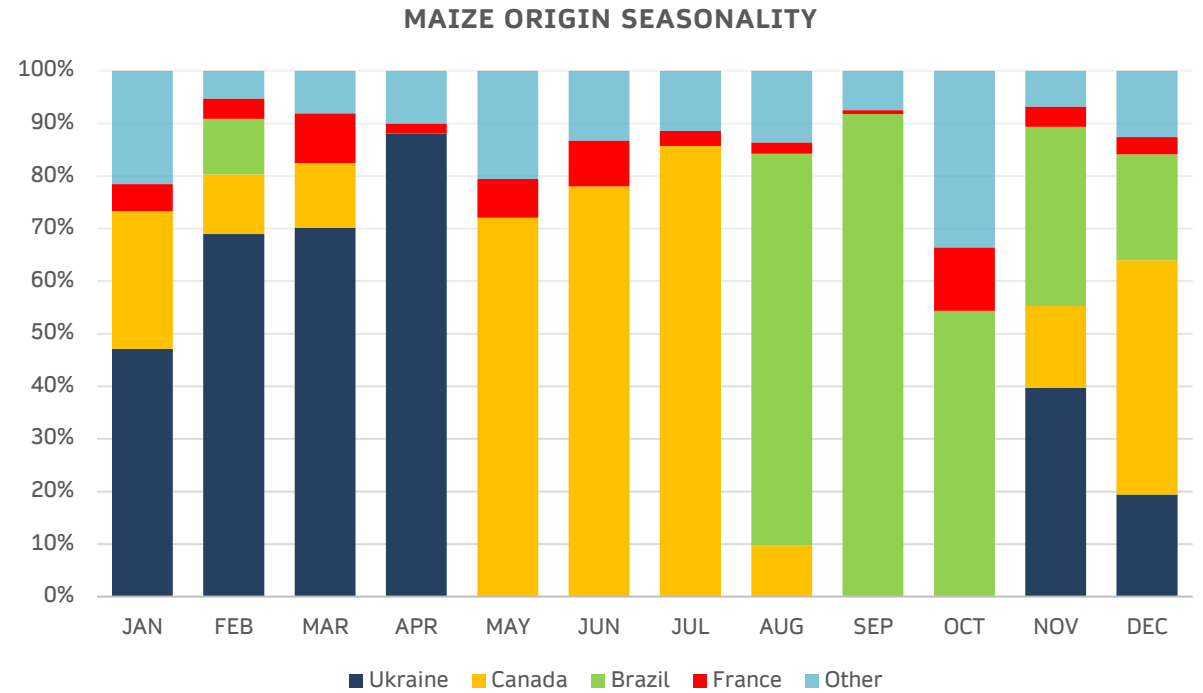
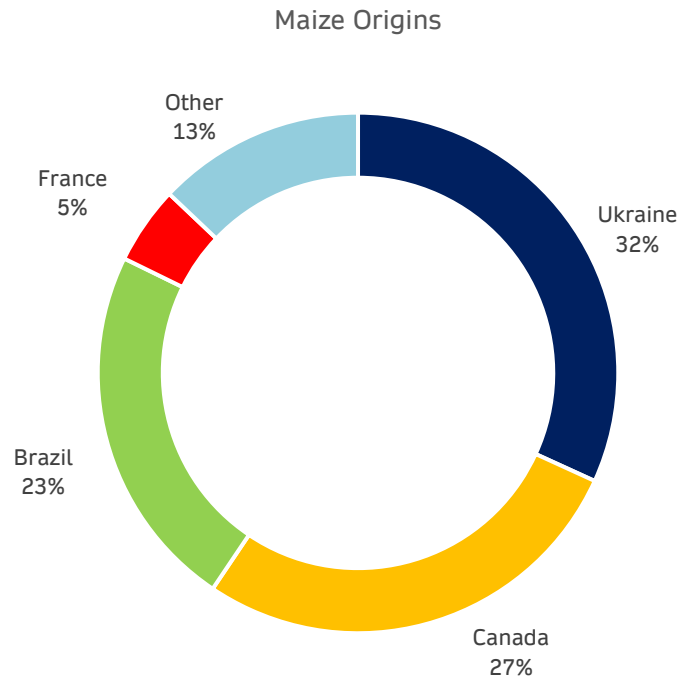
(thousands of tonnes)

	June	YOY	Jan-Jun	YOY
Wheat	520	(31%)	4,940	(8%)
Corn	2,210	(38%)	13,590	(11%)
Barley	440	(56%)	3,770	(33%)
Pork	120	(64%)	800	(65%)
Sugar	140	(67%)	1,760	(13%)
Sorghum	930	(15%)	6,020	+26%
Soybeans	8,250	(23%)	46,290	(5.5%)

Data sources: China Customs; Reuters

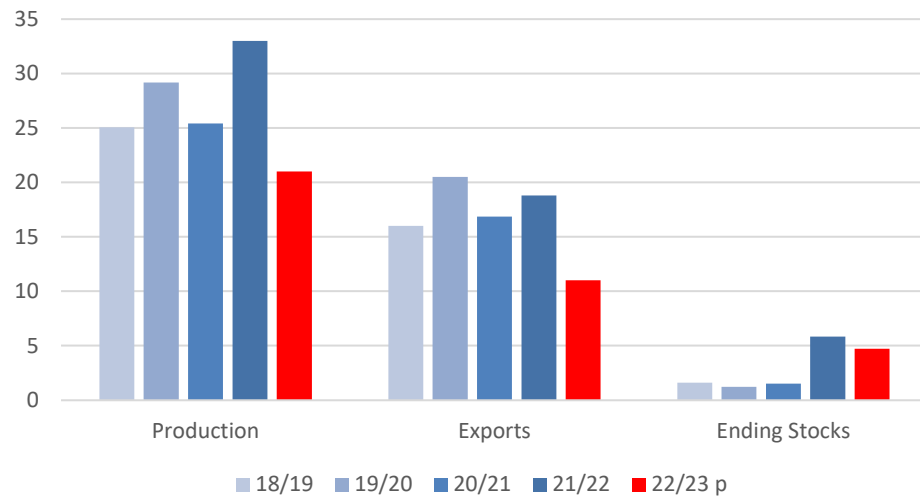
@kannbwx

How important is Ukraine to Irish ag trade?



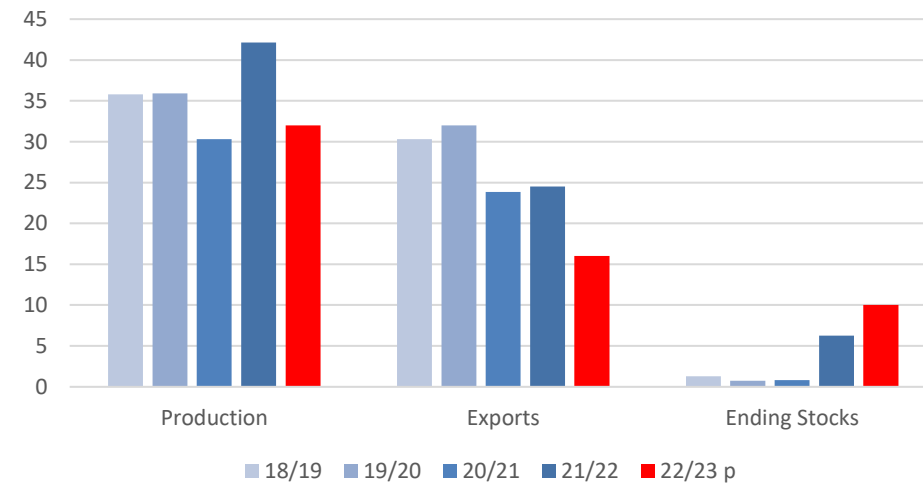
Ukraine – Wheat & Corn production & exports sharply lower in 22/23

Ukraine Wheat



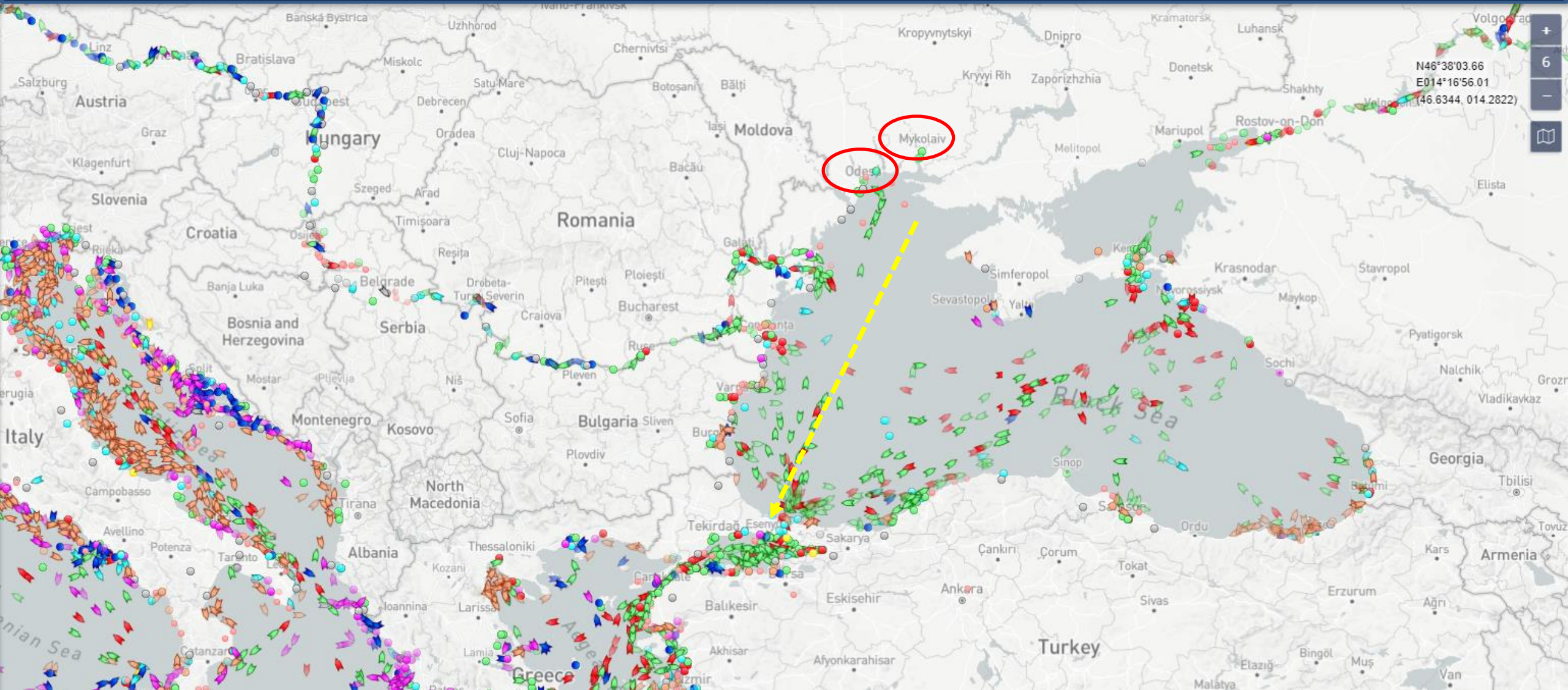
July to June Market Year

Ukraine Corn



October to September Market Year

Export Corridor has worked but its future looks uncertain



Black Sea

Ukraine

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
UKR (OCT/SEP)					
Area Planted	4'564	4'985	5'432	5'487	4'625
Area Harvested	4'564	4'985	5'392	5'482	4'591
Abandonment	-	-	40	5	34
Yield	7.84	7.19	5.62	7.68	6.32
Beginning Stocks	1'086	575	914	1'263	11'801
Production	35'804	35'854	30'290	42'110	29'000
Imports	35	29	32	48	48
Total Supply	36'925	36'457	31'236	43'421	40'849
FSI	871	922	972	1'022	1'022
F&R	4'860	5'343	4'873	4'725	4'625
Total Domestic	6'052	6'597	6'128	6'585	6'013
Exports	30'298	28'946	23'845	25'036	23'879
Total Demand	36'350	35'543	29'973	31'621	29'892
Ending Stocks	575	914	1'263	11'801	10'957
Stocks to Use %	1.6%	2.6%	4.2%	37.3%	36.7%

Past week

Russian media - "Ukrainian grain being shipped to NATO countries / not being shipped to the poorest countries"

Russian senator in Ankara - "Russia is not interested in the grain deal extension"

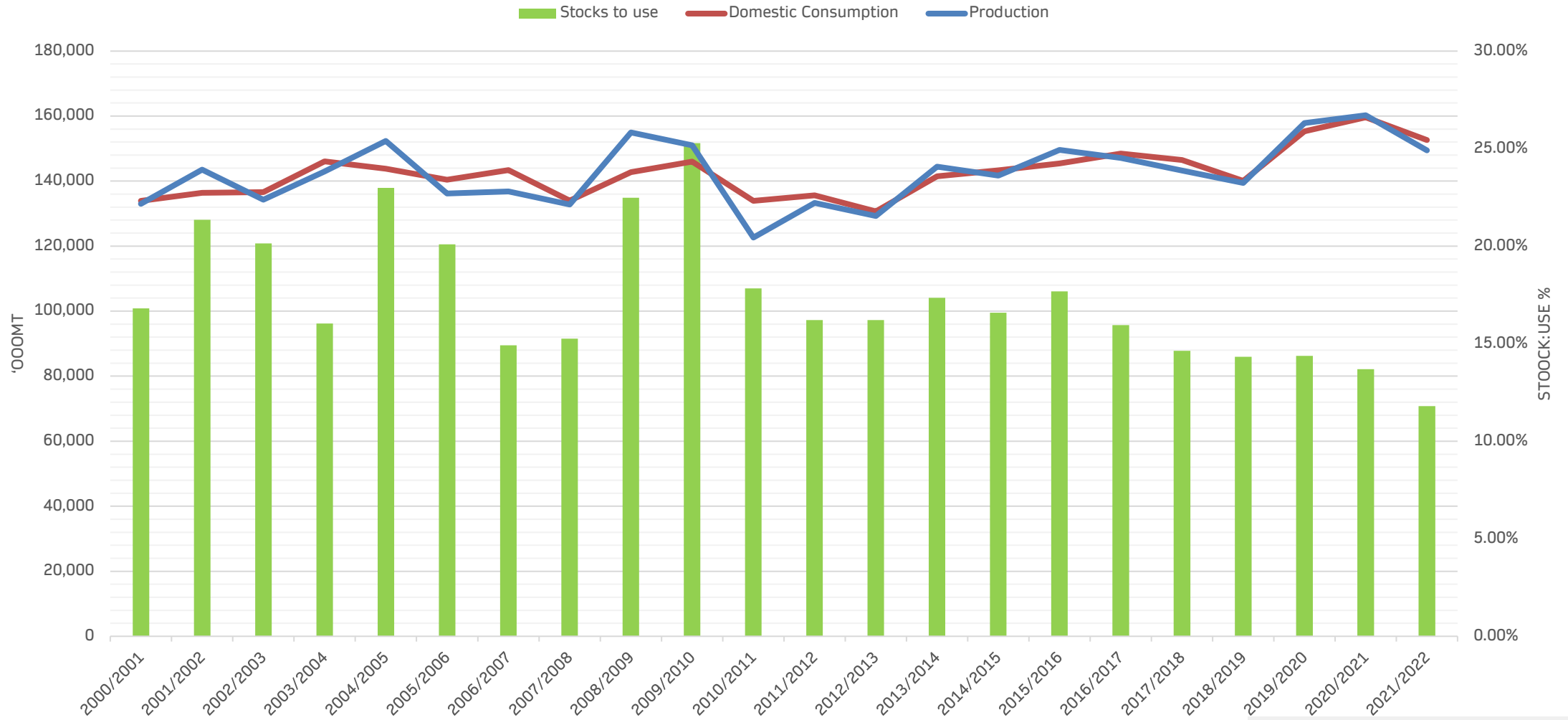
Russian UN representative in the US - "The deal might be not extended"

President Putin - "It's necessary to limit destinations of Ukrainian exports:"

- Yield prospects seem to be getting better. We are now maximising exports at 2.3mmt per month which equates to 23.8mmt.

Barley stocks situation also relatively tight

Record tightness for world barley stocks



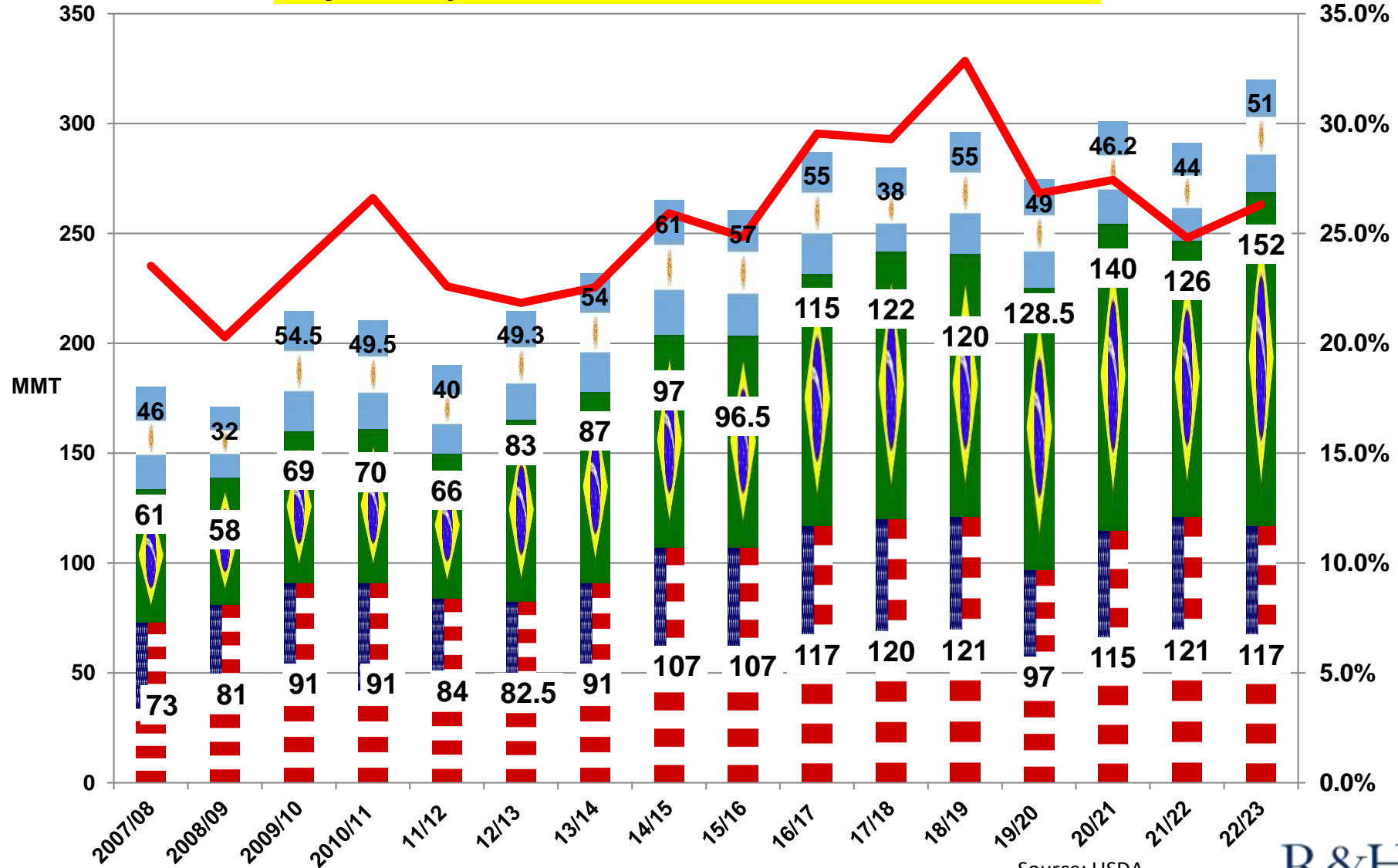
CBOT Dec '22 Soymeal

Soybean Meal (ZM22) CBOT O411.3 H413.1 L409.5 C409.7 Δ-1.4 (-0.34%)



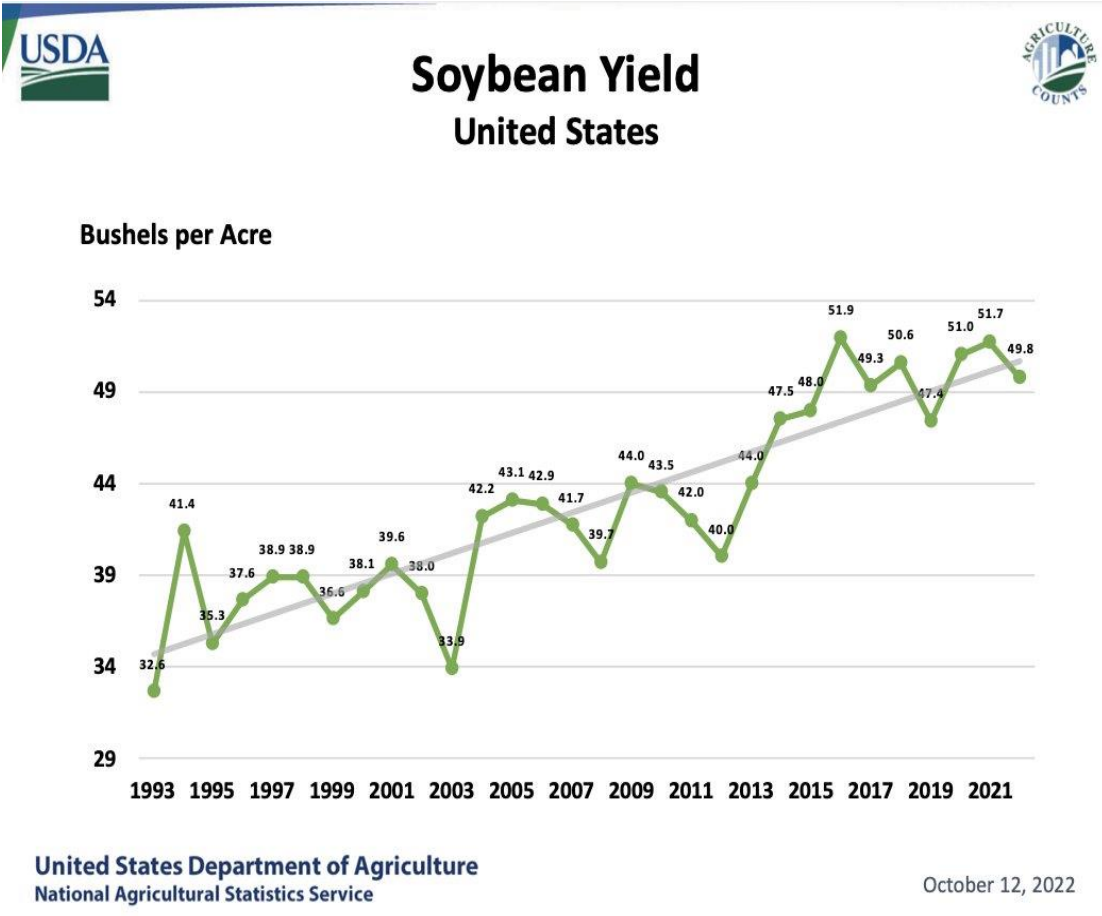
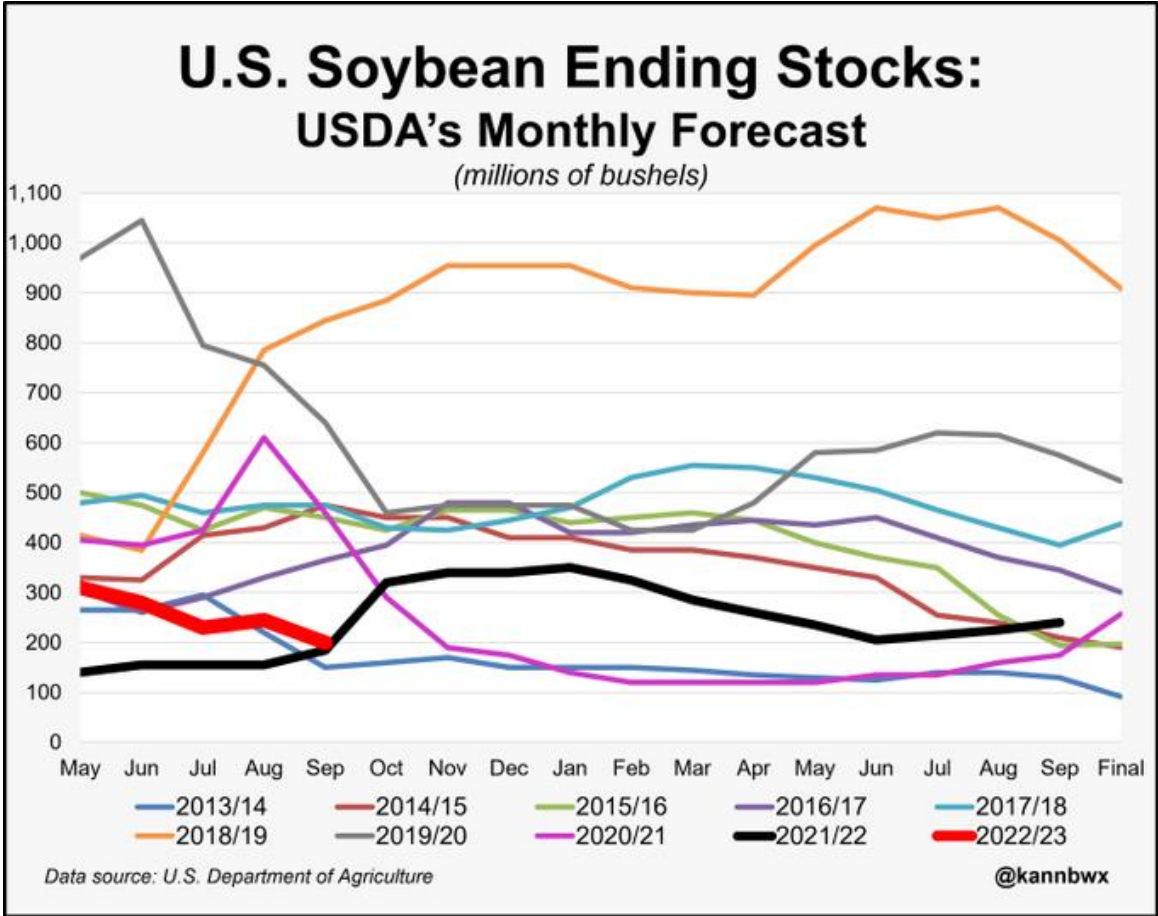
Global Soybean Outlook

Major 3 Soybean Producers + World Stock:Use ratio

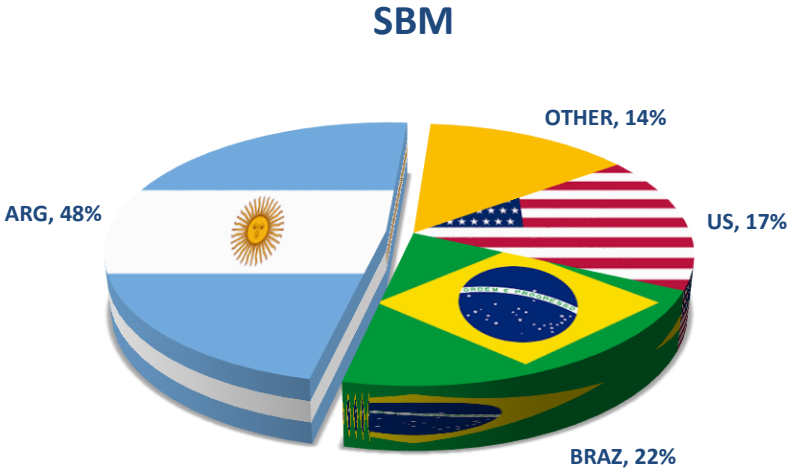
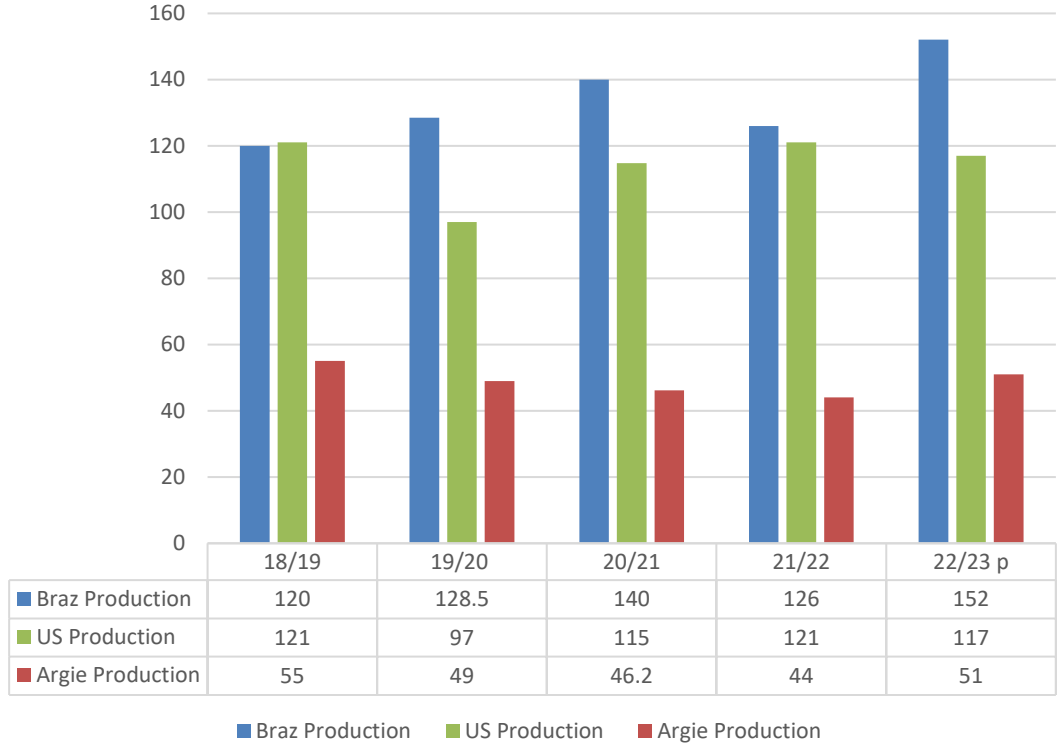


Source: USDA

US Soybean Ending Stocks moving lower thanks to declining yield ideas

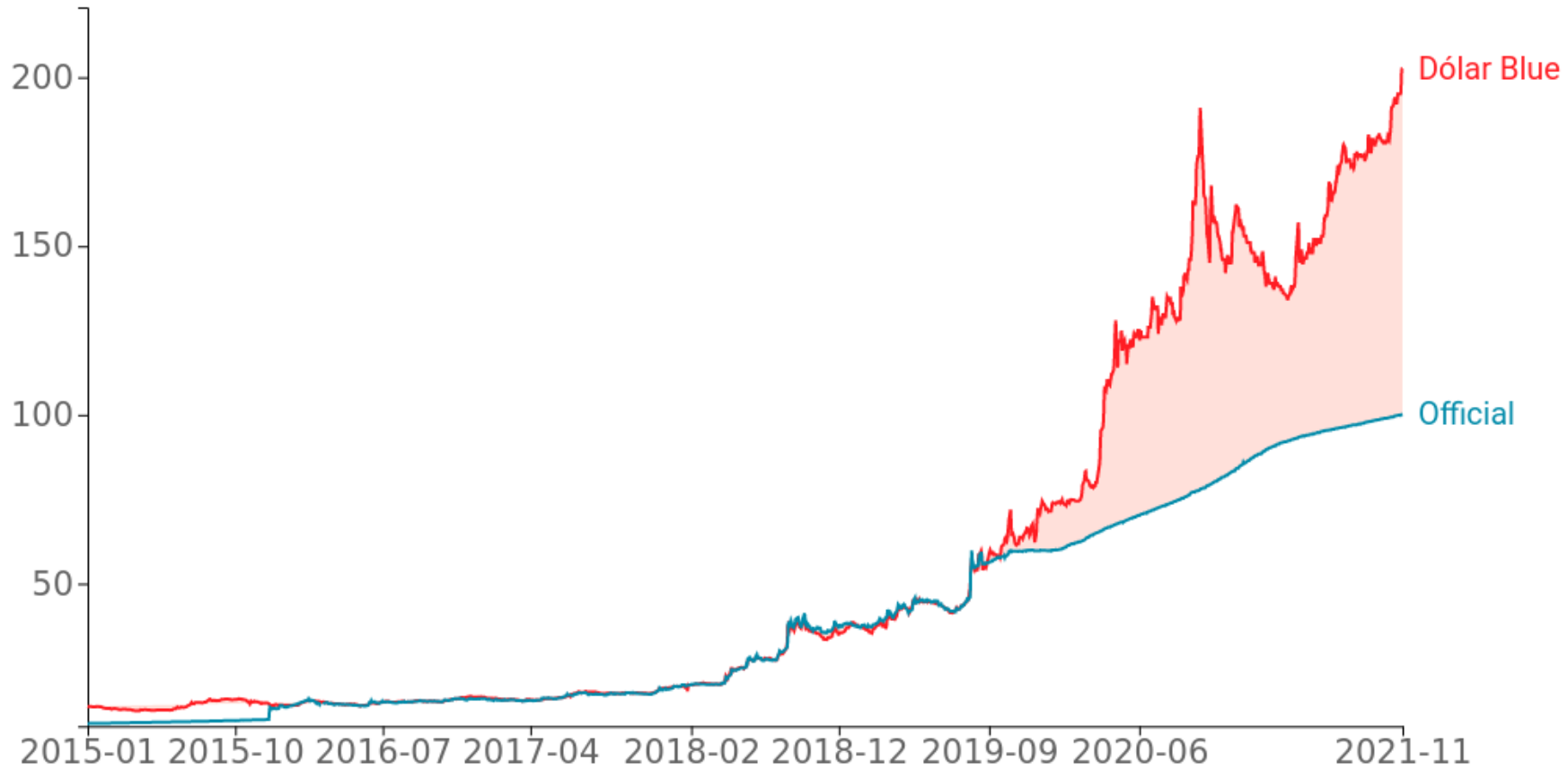


South American production to rebound in 2023?



Argentina's economic troubles – soybeans as inflation hedge

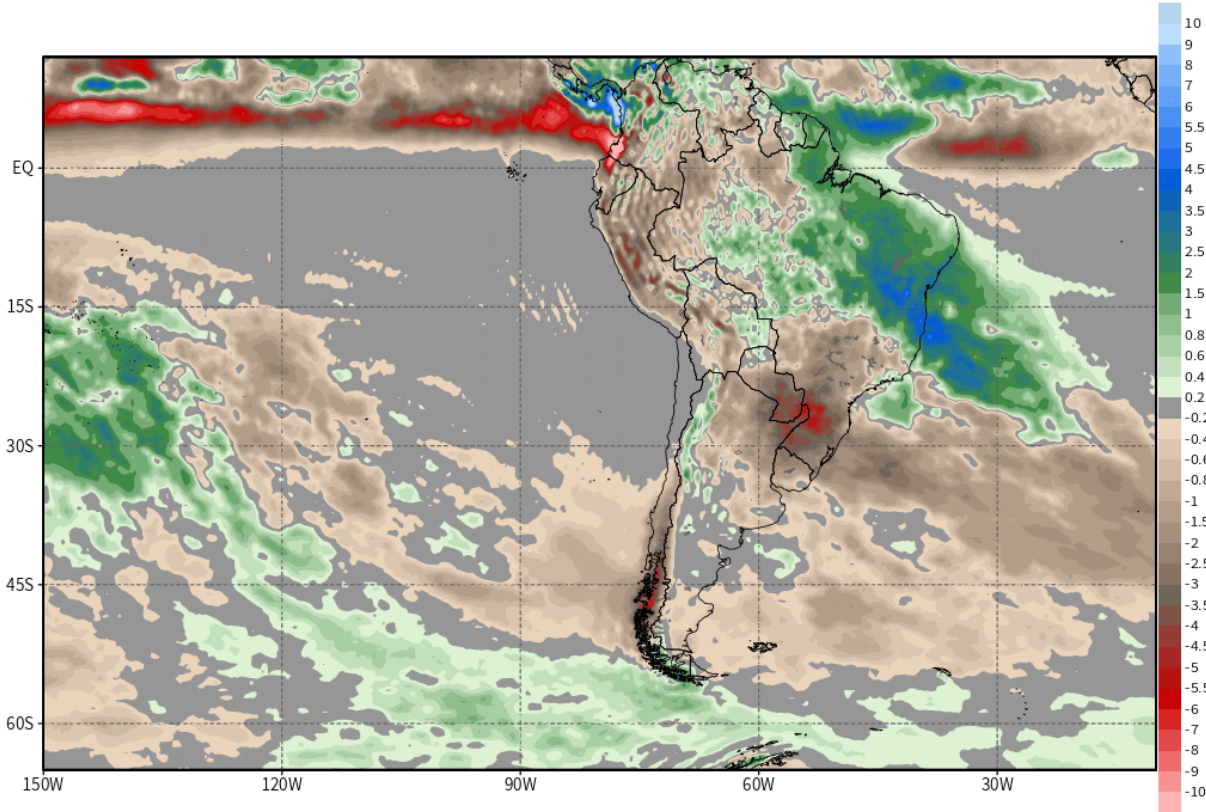
EXPORT
PLANNING



South America could see another strong La Nina

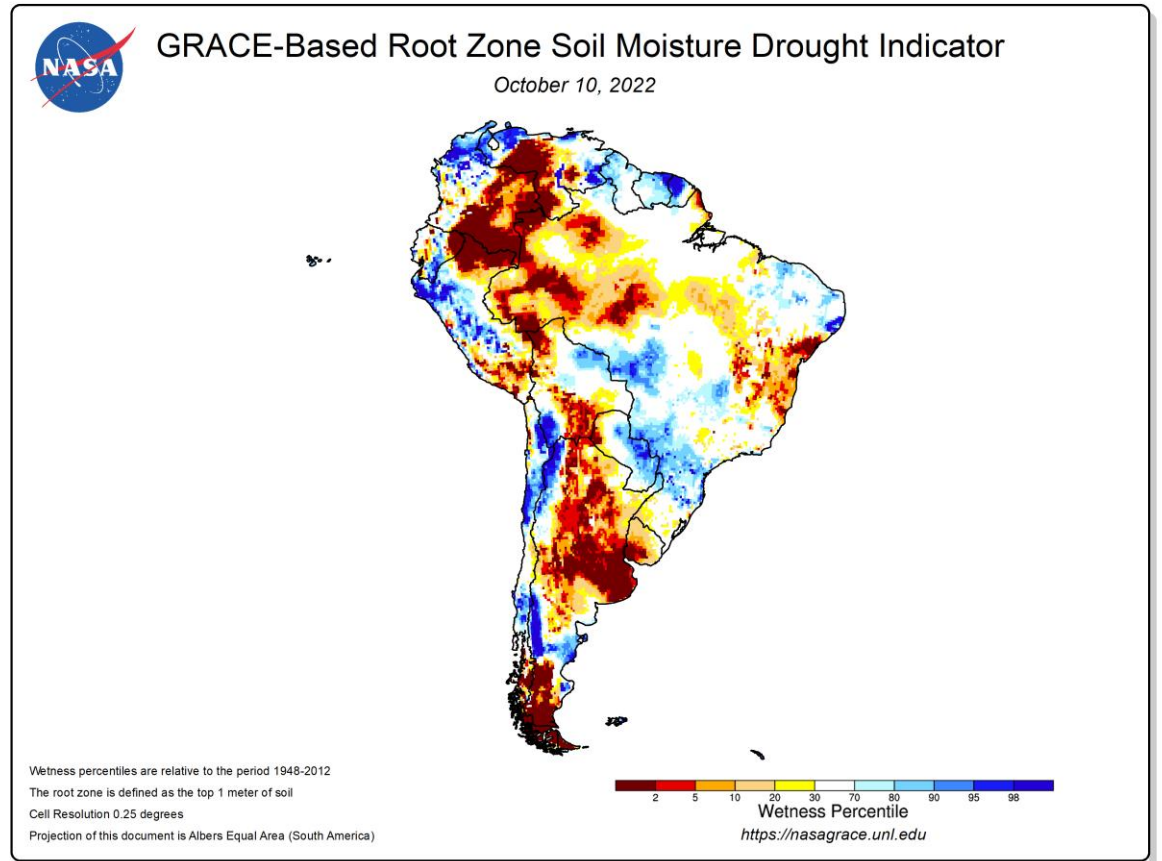
ECMWF M-EPS Precipitation Anomaly [cm] | 14-day Ensemble Mean 00Z31OCT2022 & 00Z14NOV2022
Init: 00Z13OCT2022 -- [768] hr --> Valid Mon 00Z14NOV2022

Day 18 - Day 32
MIN|MAX: -17.21 | 17.63 cm

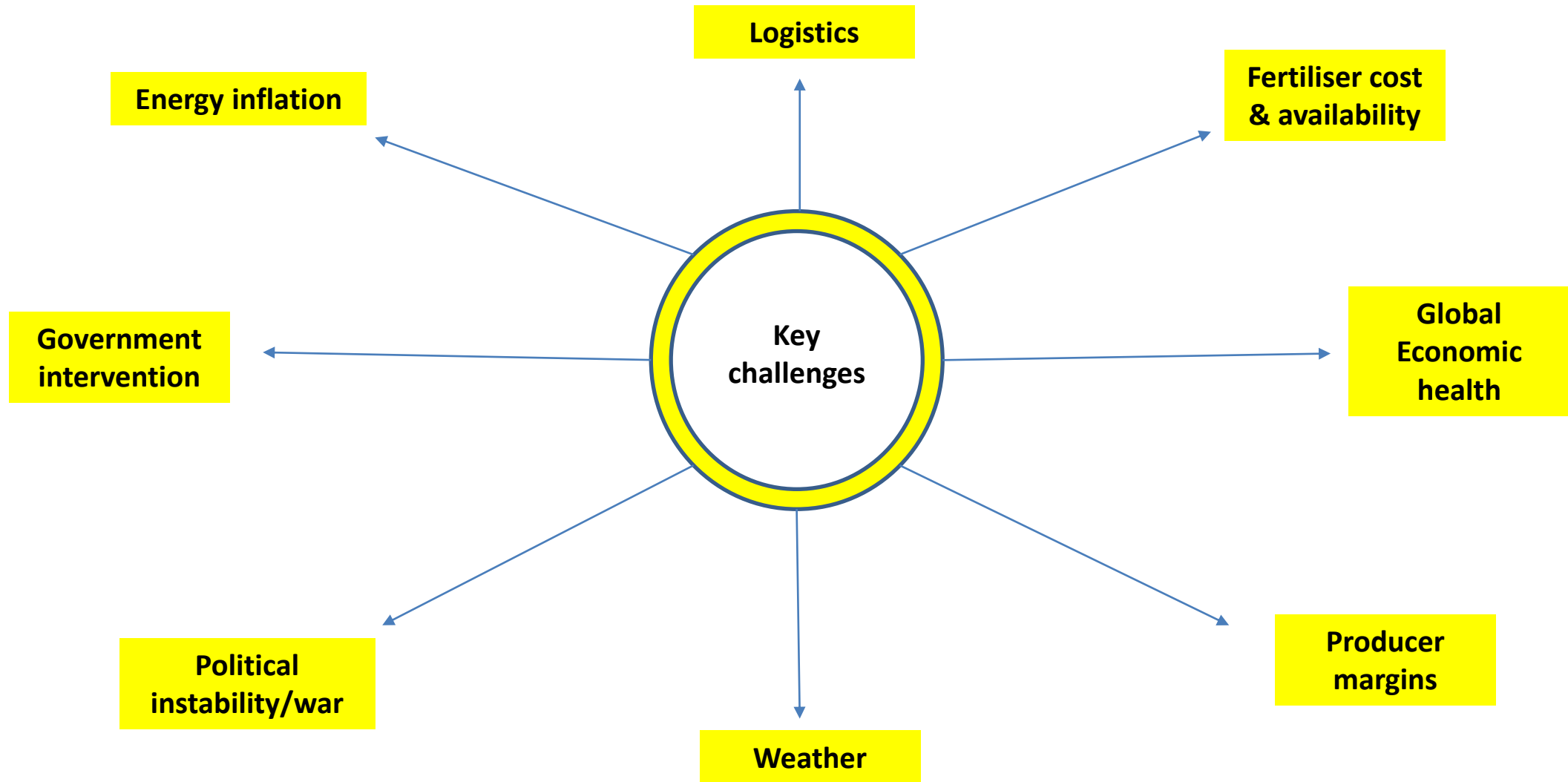


This service is based on data and products of the European Centre for Medium-range Weather Forecasts (ECMWF)

weathermodels.com



Buckle your seat belt for 2022/23 – plenty of challenges – known and unknown!



A few takeaways

- Commodities experiencing highest volatility in over a decade.
- Post N Hemisphere harvest, difficult to see short term significant price downside
- Russia/Ukraine conflict remain massive disruption to normal trade flows
- Energy – Gas - Fertilisers - still a multiple of 2020/21 production season
- Government intervention – First rule – feed the people.
- South American La Nina will concern the market as we move into 2023
- We need a perfect 2023 growing season. The world is in a very risky position
- Severity of global economic recession impact on commodity demand is open to debate

Thank You