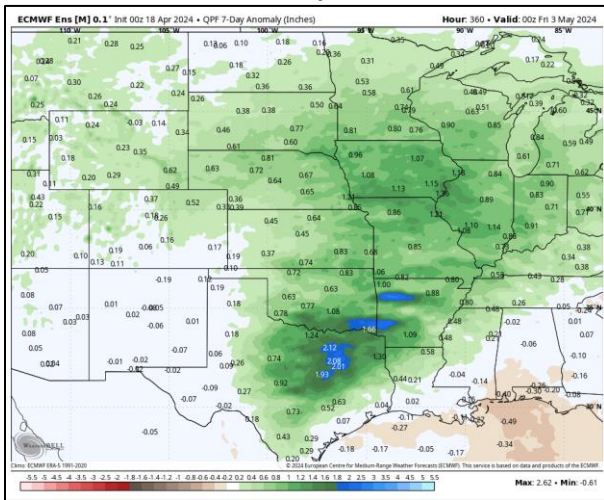


Weather

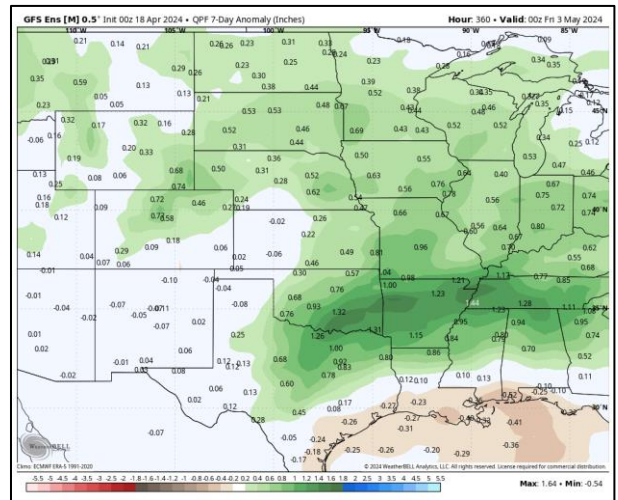
Additional rains will fall in the Corn Belt for today and tonight, but as much as a six-day period of very limited rainfall chances will begin tomorrow allowing fieldwork to return on a widespread basis. The only threat of rain to monitor in that time frame would be for Monday / Tuesday where amounts and coverage look light. About a week from today is when things will again turn “active” in the Corn Belt which may persist in the region through at least the opening few days of May. The below three maps show rainfall departures for Week Two, and one can quickly see that there is 100% model agreement on above-normal amounts in that time frame. These rains would likely halt fieldwork again but would also put a “dent” in drought conditions in the western Corn Belt and potentially the HRW wheat areas of the southern Plains.

Below-normal rainfall is forecast over the next 15 days for safrinha corn areas of Brazil, with things especially dry in southern areas for the 1–5-day period and then especially dry in the state of Goias for the 6-10 / 11-15-day periods. Welcome dry weather is forecast for Rio Grande do Sul through the weekend, but persistent above-normal rainfall starting Monday could impact ongoing soybean harvesting activities in that state.

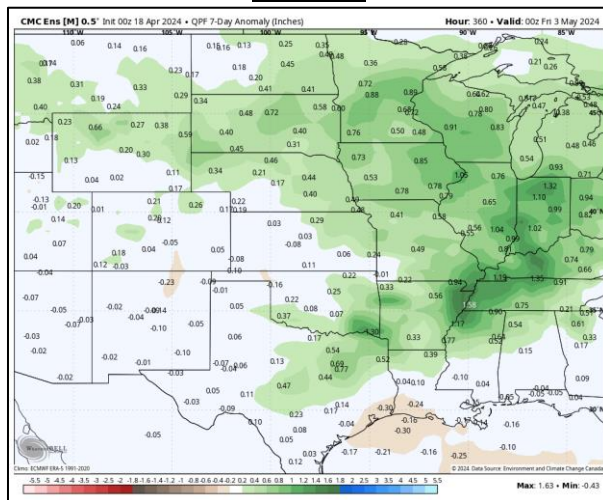
European



GFS



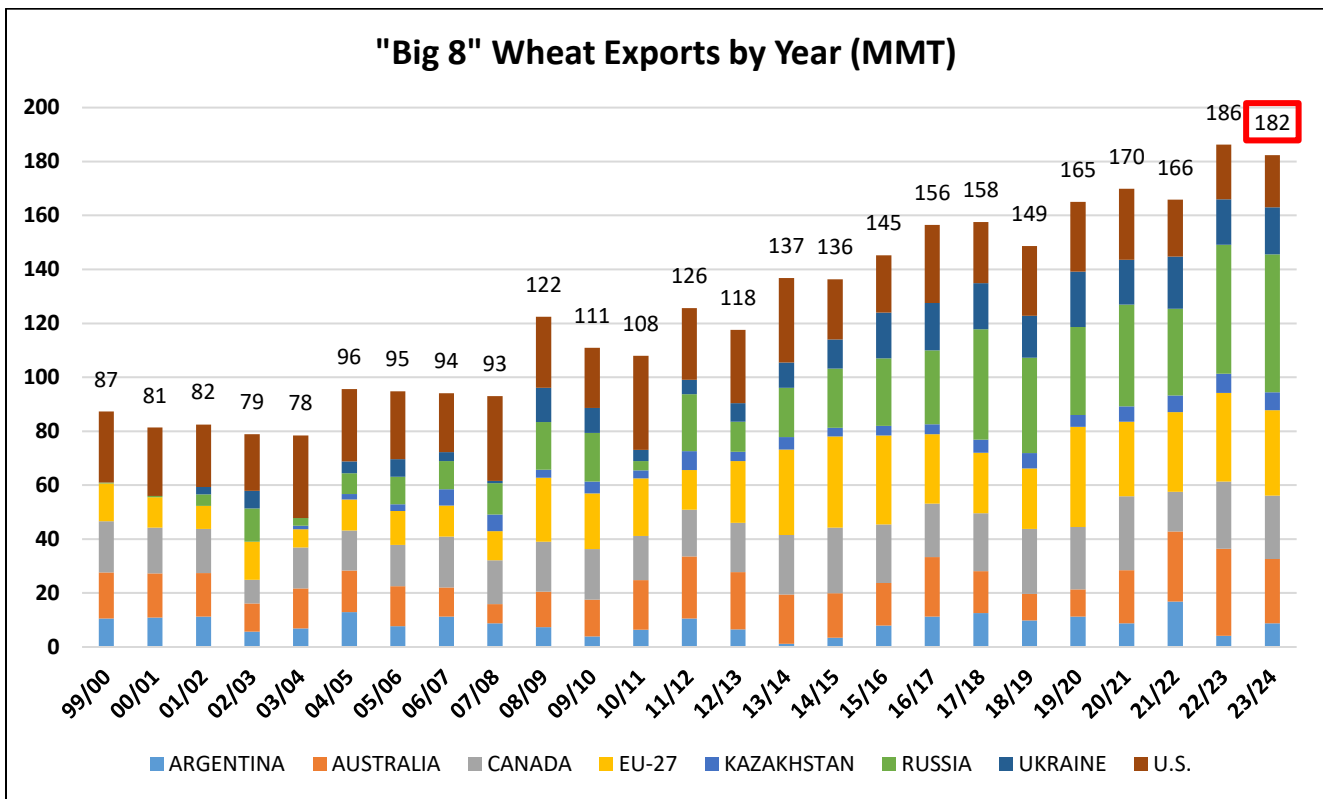
Canadian



Grains

Argentina, Australia, Canada, EU-27, Kazakhstan, Russia, Ukraine, and the U.S. “Big 8” will export the 2nd highest amount of wheat on record in the 23/24 crop year. Low global prices are stimulating demand as Russia is projected to export a record large amount of wheat at 52mmt per USDA. Current Russian wheat FOB prices are quoted at \$209 per metric ton for 12.5% protein. Russia has had consecutive record wheat crops allowing them to increase their export program while also building ending stocks.

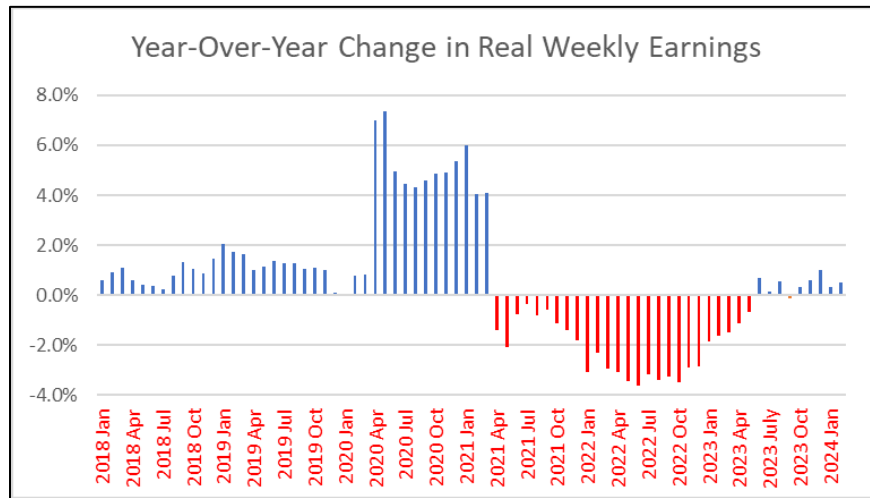
There are reports that RIF (Grain Flower) has ended operations and there is a belief that the Russian government has taken over. One RIF vessel was given phyto certification and released yesterday but two remain. The Russian government appears to be nationalizing their export business.



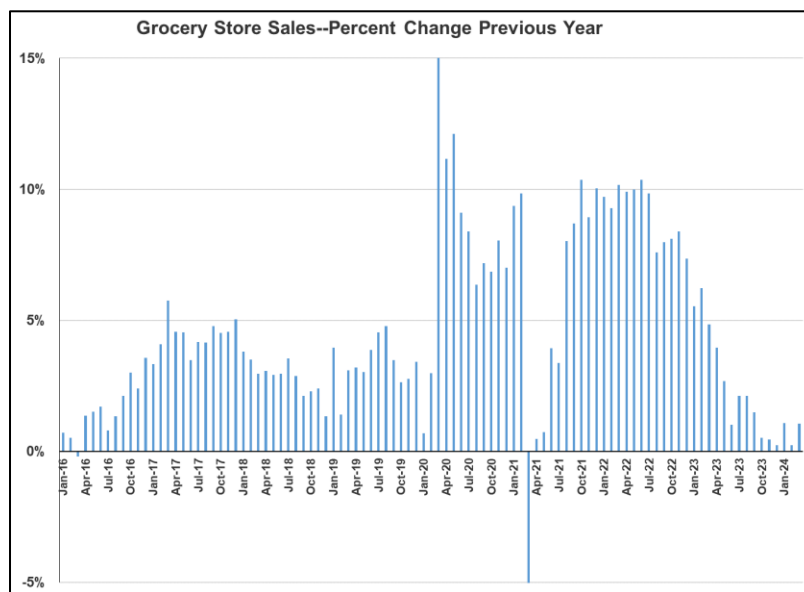
Livestock

It's a continuing challenge to figure out how macro changes affect consumer behavior in general and how that may relate to changes in purchasing behavior and more specifically demand for beef. Generally, increases in employment coupled with rising real earnings should be positive for beef demand. On both counts recent changes in those two key items have been favorable—so why the growing concern about beef demand? Paraphrasing a recent WSJ story, part of the answer may be that consumers take a longer time horizon into account. For example, real weekly earnings have posted increases for much of the past year—but, when measured from early 2021, real earnings are still negative. Egg prices spiked over a year ago, but they still make the news. In the current inflationary environment, sustained longer-term increases in energy and transportation costs, housing costs, medical and health insurance costs, etc. are undeniable and may be “squeezing” consumer

budgets. So where does that leave beef prices? Since early 2021 retail beef prices are up more than 25% and food services prices have increase even more--outstripping increases in real earnings or increases in competing meat prices. And, the longer-term trajectory on beef prices over the next couple of years is further increases—suggesting that beef demand / consumption issues are not temporary.



In keeping with the macro discussion, recently released retail sales data indicated recent growth in grocery store sales have slipped below pre-pandemic levels. Food service sales growth has slowed, as well, but remains above grocery store sales growth. The positive spin on the slowing sales growth is that inflation pressure on store costs and menu prices is moderating and therefore tempering the upward pressure on prices. However, in recent equity earnings reports a number of retail and food service executives have highlighted some ongoing push back from consumers. Again, that’s a caution flag for consumer off-take.



Today's Calendar (all times Central)

- Export Sales – 7:30am
- Initial Jobless Claims – 7:30am
- Philadelphia Fed Manufacturing Index – 7:30am
- Existing Home Sales – 9:00am
- Various FOMC speakers

Thanks for reading.

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