

December 6, 2021

Monthly Market SummaryNovember Highlights:

- Continued good rainfall in Brazil and Argentina supports corn and soybean crop progress.
- Reality of smaller canola and wheat crops hit the market.
- Soybean oil stocks continue to build to highest levels in 9 years.
- Nitrogen fertilizer prices have rallied to all time highs on tight supplies and higher natural gas prices.
- The market is STILL WAITING for renewable fuels mandate numbers from EPA. Rumors are swirling that we may see something this week.

January Soybeans

Open	\$ 12.4900
High	\$ 12.8900
Low	\$ 11.8100
Close	\$ 12.1700

Palm Oil

Open	\$ 1,310.00
High	\$ 1,327.50
Low	\$ 1,252.50
Close	\$ 1,252.50

January Soybean Meal

Open	\$ 330.30
High	\$ 375.90
Low	\$ 326.70
Close	\$ 341.80

March Corn

Open	\$ 5.7600
High	\$ 5.9700
Low	\$ 5.5800
Close	\$ 5.6800

January Soybean Oil

Open	\$ 0.6107
High	\$ 0.6210
Low	\$ 0.5486
Close	\$ 0.5521

March Chicago Wheat

Open	\$ 7.8625
High	\$ 8.7475
Low	\$ 7.7575
Close	\$ 7.8725

December 6, 2021

Market Comments

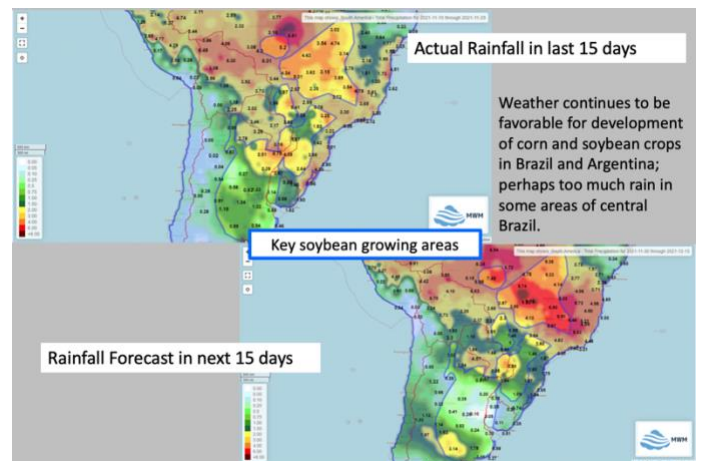
US

November saw harvest 2021 get wrapped up and overall went off without a hitch! Any lingering fields should still have time to get finished up as much of the Midwest is still looking at well above average temperatures as we kick off December. This week alone here in Omaha we have hit 70 degrees a couple times which is unheard of this time of year, and we haven't had any significant rainfall in weeks. If there are fields that have yet to be harvested, it's not for lack of decent weather.



SOAM

Rainfall over the month of November in both Brazil and Argentina has been pretty good! Brazil has continued to get good rains in much of the growing regions. Far Southern Brazil is the only real area of concern at this point as they have not received quite as much rain as the other parts of Brazil. Far Southern Brazil and into Argentina are expected to only get about a third of normal rainfall over the next couple weeks. Although these areas would benefit from some more rains, the crop forecast has started to improve. If you remember back a few months ago, Argentine farmers were holding off on planting due to extremely dry conditions, but since then they have received some good rains that although haven't completely recharged the soil moisture, it is providing some beneficial near term relief. As of last week, Brazil has 91% of their soybeans planted and about 93% of their corn planted and will likely get planting wrapped up in the next week or so. Down in Argentina, their planting pace has pretty well caught up to average with 56% of their corn crop planted, and about half their soybeans planted.



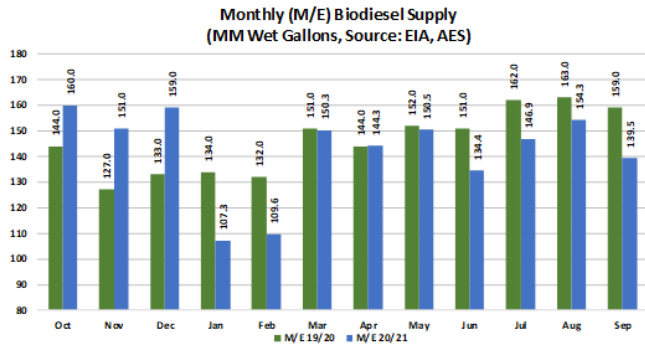
Renewable Fuels:

Soybean oil used to produce biodiesel was off around 2% for the year that runs from October 2020 through September 2021. If you look at the last 6 months soybean oil used for traditional biodiesel was off a larger amount compared to the year before. Part of this is a result of the much higher usage we saw last year following a fall off in soybean oil values and lower distillers corn oil production. On the flip side, soybean oil used to produce renewable diesel was up 37% for the year that runs from October of 2020 through September 2021. This is in line with expectations as we saw new production come online in the last year. If you remember, most of the soybean oil used to produce renewable diesel is fully refined, bleached and deodorized soybean oil. Because of this surge in RBD demand we saw US veg oil refining pushed to its limits. The next wave of renewable diesel capacity coming online is scheduled to include some front

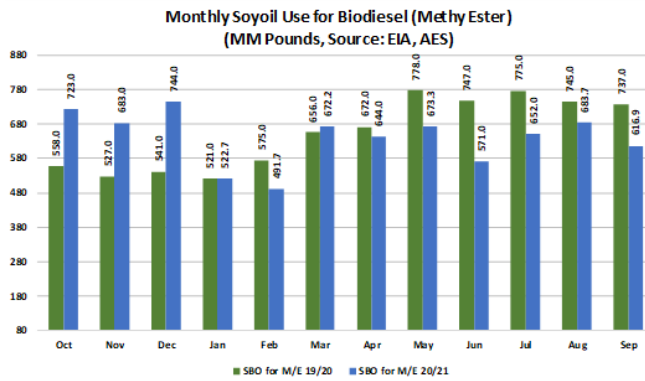
MONTHLY MARKET UPDATE

December 6, 2021

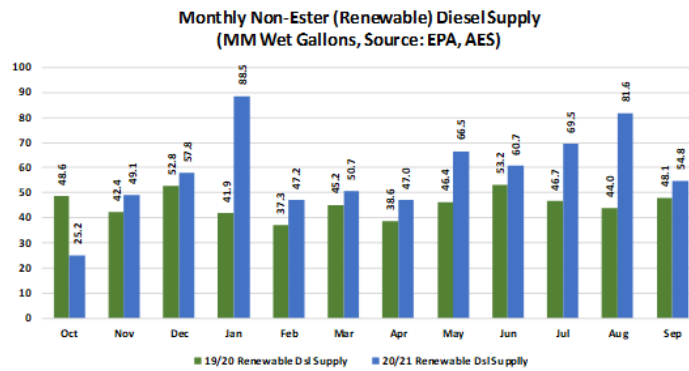
end pretreat capacity, this will allow the renewable diesel manufacturer to run feedstock that isn't fully refined. This should increase demand for crude soybean oil in the US and create more demand for the higher CI feedstocks that have been used in traditional biodiesel production.



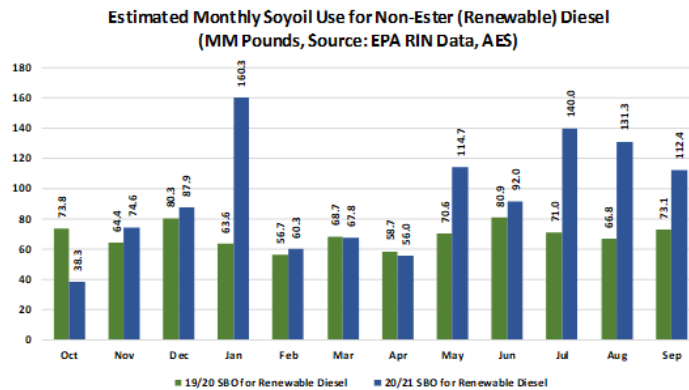
Est. Biodiesel (Methyl Ester) Output (MM Wet Gallons)			
Source: EPA, AES Analysis			
	19/20	20/21	% YA
Oct	144.0	160.0	11.1%
Nov	127.0	151.0	18.9%
Dec	133.0	159.0	19.5%
Jan	134.0	107.3	-20.0%
Feb	132.0	109.6	-16.9%
Mar	151.0	150.3	-0.4%
Apr	144.0	144.3	0.2%
May	152.0	150.5	-1.0%
Jun	151.0	134.4	-11.0%
Jul	162.0	146.9	-9.3%
Aug	163.0	154.3	-5.3%
Sep	159.0	139.5	-12.2%
Oct-Sept	1,752	1,707	-3%
YTD: Oct- Sep	1,752	1,707	-3%



Monthly Soyoil Use for Biodiesel (MM Pounds)			
Source: EIA, AES Analysis			
	19/20	20/21	% YA
Oct	558.0	723.0	29.6%
Nov	527.0	683.0	29.6%
Dec	541.0	744.0	37.5%
Jan	521.0	522.7	0.3%
Feb	575.0	491.7	-14.5%
Mar	656.0	672.2	2.5%
Apr	672.0	644.0	-4.2%
May	778.0	673.3	-13.5%
Jun	747.0	571.0	-23.6%
Jul	775.0	652.0	-15.9%
Aug	745.0	683.7	-8.2%
Sep	737.0	616.9	-16.3%
Oct-Sept	7,832	7,678	-2%
YTD: Oct- Sep	7,832	7,678	-2%



Renewable Diesel Domestic Output (MM Wet Gallons)			
Source: EPA EMTS, AES Analysis			
	19/20	20/21	% YA
Oct	48.6	25.2	-48.1%
Nov	42.4	49.1	15.7%
Dec	52.8	57.8	9.5%
Jan	41.9	88.5	111.4%
Feb	37.3	47.2	26.5%
Mar	45.2	50.7	12.1%
Apr	38.6	47.0	21.6%
May	46.4	66.5	43.3%
Jun	53.2	60.7	14.2%
Jul	46.7	69.5	48.8%
Aug	44.0	81.6	85.7%
Sep	48.1	54.8	14.0%
Oct-Sept	545	699	28%
YTD: Oct- Sep	545	699	28%



Est. Soyoil Use for Renewable Diesel Use (MM Pounds)			
- Assumes 8.5 lbs/gallon, 15-20% SBO share			
Source: EPA RIN Data, AES Analysis			
	19/20	20/21	% YA
Oct	73.8	38.3	-48.1%
Nov	64.4	74.6	15.7%
Dec	80.3	87.9	9.5%
Jan	63.6	160.3	151.9%
Feb	56.7	60.3	6.4%
Mar	68.7	67.8	-1.4%
Apr	58.7	56.0	-4.7%
May	70.6	114.7	62.5%
Jun	80.9	92.0	13.7%
Jul	71.0	140.0	97.2%
Aug	66.8	131.3	96.5%
Sep	73.1	112.4	53.7%
Oct-Sept	829	1,135	37%
YTD: Oct- Sep	829	1,135	37%

MONTHLY MARKET UPDATE

December 6, 2021

Soybeans:

The month of November saw a pretty steady climb higher after a dip at the beginning of the month. We keep getting some business from China in our export market that many thought would have switched down to the South American market by now. China seems to have a bigger hog herd than many were anticipating as well as a smaller domestic soybean crop, thus leading them more into the export market for supply. China has put on some bean sales with the US this past month but will likely look more to South America in the next month or so as the early soybean crop begins to get harvested and become available for export. Overall here at home, the soybean crop was planted in good time, had fairly good growing conditions throughout the year, and was harvested on time so many are expecting our soybean crop to get bigger as opposed to smaller but only time will tell on that.



Soybean Meal:

Mid November saw a pretty significant price jump for the meal market. After many rumor deadlines of RVO announcements came and went the oil share carrying the soybean oil market just seemed tired and meal share had to pick up the slack. The entire soy complex ended December on a bit of a down beat as we really weren't seeing any real bullish news. Our soybean crop faced no real issues, South American weather seemed to become more cooperative likely leading to a bigger crop from them and crush numbers came in pretty well in line with expectations. More rumors of the RVO announcement continue to fly around so only time will tell on that and how that will impact meal share.



December 6, 2021

Soybean Oil:

The soybean oil market saw a pretty good drop to end November. As mentioned above in the meal section, part of this has to do with the market seemingly being tired of waiting for an RVO announcement. Rumors are flying again this past week as some are expecting an announcement this week, but we have been here before so you won't catch us holding our breath for that. Last week Brazil announced they would be keeping their diesel blending mandate at 10% all the way through 2022. They lowered the mandate to 10% during Covid but many in the market were expected them to hike the mandate back up, so the announcement of keeping the blend at only 10% now frees up a lot more oil that many were expecting to go into the fuel sector of the market. Here at home the USDA announced October ending stocks came in at 2386 MMT which was well above estimates and the largest number we have seen since May of 2020. This again signals that we have more oil around to feed the market. Renewable fuel is still a player in this game and with the continued rumors for the RVO, this market is



anyone's guess

Palm Oil:

Palm oil actually seemed to see a pretty steady November. Prices still remain close to all time highs, but it seems to have some downside pressure as opposed to it running higher still. The palm oil market remains to have issues on both the supply and demand side of the market which is keeping prices elevated. Keep in mind, this is the time of year that palm trees naturally begin to produce less and when they were at peak production, Malaysia was having worker shortage issues related to the pandemic. On the demand side of the market, November export estimates are coming in anywhere from 8-13% higher which SPPOMA survey results showed November 1-30 production to be 7% lower than last month. The slight good news with palm prices being so elevated, India has started to reduce palm imports to instead import other cheaper oils. Indonesia on the other hand has now announced they want to move to a 40% biodiesel blend domestically. They are one of the top producers of palm oil, so they likely wouldn't be importing any from places like Malaysia, but that would mean they have less oil to offer in the export market.

MONTHLY MARKET UPDATE

December 6, 2021



Corn:

The corn market throughout the month of November remained pretty steady. Our corn crop here at home got harvested in a timely manner and really didn't face too many overall issues during the growing season. Down in South America, their corn crops seem to be going in in good time as well. Another thing to note down in South America is that Brazil's soybean crop went in early this year. You might be asking why I would mention their soybean crop in the corn section, but remember to this time last year if you can. Brazil was facing horribly dry conditions and farmers were holding off on their soybean planting to see if they could get some rains. The rains never really came so farmers planted a very late soybean crop. A crop that is planted late, also becomes harvested late and remember that Brazil plants a second corn crop right behind their soybean crop call the Safrina corn crop which is actually the bigger of their two corn crops. Since their soybean crop was planted and harvested so late, much of their Safrina corn was planted after the ideal planting window resulting in a sub par crop. It's still a bit early, but Brazil seemed to get their soybean crop in in great time and some of the early planted beans might even begin to be harvested in the next month or so. This should leave good time for farmers to get their Safrina crop planted in good time and within the ideal planting window. The crop would have a whole season of growing conditions to worry about, but it would start off on the right foot! It is also worth noting that our wheat markets remain fairly elevated which also provides some underlying support to the corn market.



December 6, 2021

Wheat:

US and world wheat markets have been on quite the rollercoaster ride in the last month. Some of the ups and downs, twists and turns are warranted. But many in our opinion are not, and the market feels overbought. Here are some bullet points about the market:

Bullish

- US smallest total wheat carryout since 2007/08... mainly due to worst HRS, durum, and white wheat crops in 33 years (HRW and SRW had good/decent crops)
- With very tight supplies of HRS wheat this year, marketplace demand for high protein HRW has increase significantly
- Despite world record production, World Wheat smallest wheat carryout since 2016/17
- RUS crop was disappointment after last year's record production (only 78.0 MMT; -8.5%)... RUS largest world exporter, but have implemented drastic wheat export tax in efforts to curb domestic inflation, AND, are considering a wheat export limiting quota for February-June
- Rain in AUS is hampering harvest, and causing quality issues with up to 1/3 of their production... expect less milling quality, and more feed wheat
- Inflationary climate, both in US and World, is causing importing countries to increase commodity purchases, and also brings outside money investment to ag commodities (spec and index funds)

Bearish

- US stocks/use ratio still adequate @ 28.8%... World S/U ratio at 35%... These are tight figures, but we will not run out
- AUS crop estimated at new record 34.4 MMT (by ABARES – Australian government reporting agency)... some privates think it could be as high as 36-37 MMT... harvest near halfway
- ARG crop estimated at new record 20.3 MMT (by Buenos Ares Grain Exchange)... some privates think it could be as high as 23.0 MMT... quality is good as harvest nears halfway point
- US wheat export sales today were marketing year low at 80 KMT (2.9 MM bu)... Need to average over 11 MM bu each week between now and end of May to reach USDA export estimate... unlikely
- US winter wheat acres estimated to increase by 8% (over 4 MM acres)... Total US 2022 wheat production estimated up 23% to over 2.0 Bil bu

Probably more upside risk than downside potential, at least until March. At that time we will have very good idea of size and quality of southern hemisphere wheat (ARG/AUS), we will have a good idea of US winter wheat plantings and early crop conditions, as well as EU/RUS/UKR winter wheat crops. Expect sideways to higher trade for at least 30-90 days.

MONTHLY MARKET UPDATE

December 6, 2021



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