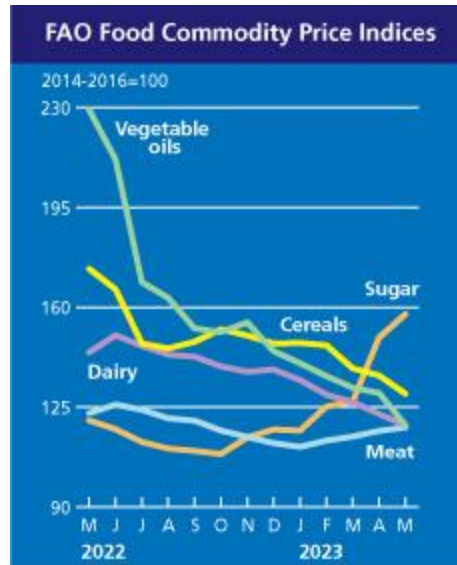


## NJBBT Market Report June 2023



The United Nations Food and Agricultural Organization Food Price Index (FFPI) was down 2.6 percent from April and as much as 22.1 percent from the all-time high it reached in March 2022. The decline in May was underpinned by significant drops in the prices for vegetable oils, cereals and dairy, which were partly counterbalanced by increases in sugar and meat.

**Wheat:** Following the U.S. Memorial Day holiday on May 29, wheat futures ended the week of June 2 mixed. Futures dipped mid-week, with some contracts reaching lows not seen since 2020. July 2023 CBOT soft red winter (SRW) futures were up 3 cents on the week, closing at \$6.19/bu after touching a 30-month low on Tuesday. KCBT HRW futures were down 7 cents, at \$8.12/bu. HRS futures were down 10 cents at \$8.08/bu. The Russian Ag Ministry stated that it has no interest in extending the Black Sea grain corridor deal beyond 7/17 but it appeared that the market chose to ignore this news, likely because there's quite a bit of time yet ahead of the deadline. International wheat prices declined by 3.5 percent month-on-month, reflecting prospects for ample global supplies in the upcoming 2023/24 season and the extension of the Black Sea Grain Initiative.

**Oils:** The FAO Vegetable Oil Price Index was down 8.7 percent month-on-month and standing as much as 48.2 percent below its year-earlier level. The continued decline in the index reflected lower world prices across palm, soy, rapeseed and sunflower oils. International palm oil prices fell markedly from April, as protracted weak global import purchases coincided with expectations of rising outputs in major producing countries. In the meantime, world soybean oil prices dropped for the sixth consecutive month, largely underpinned by the persistent pressure from a bumper soybean crop in Brazil and higher-than-expected stocks in the United States of America, where higher supplies of alternative feedstock partially replaced the uptake from the biodiesel industry. As for rapeseed and sunflower oils, international prices continued to decline on ample global supplies.

**Sugar:** The FAO Sugar Price Index was up 5.5 percent from April, marking the fourth consecutive monthly increase, and as much as 30.9 percent above its value a year ago. Rising concerns over how the development of the El Niño phenomenon may affect the 2023/24 crops, together with lower-than-earlier-expected global availabilities in the 2022/23 season, triggered the increase in international sugar prices in May. However, the positive outlook for the 2023 sugarcane crops in Brazil, along with improved weather conditions benefiting the progress of the harvest, prevented larger monthly price gains. Lower international crude oil prices and a cut in fuel prices in Brazil further contributed to limiting the month-on-month increase in world sugar prices.

**Dairy:** The FAO Dairy Price Index was down 3.2 percent from April and standing 17.7 percent below its corresponding value in 2022. The decline in May was led by a steep drop in international cheese prices, principally due to ample export availabilities, including from inventories, amid seasonally high milk production in the northern hemisphere. Following 10 monthly consecutive declines, international price quotations for milk powders rebounded, reflecting an upturn in purchases by North Asian buyers. Meanwhile, butter prices rose slightly due to high purchases by Southeast Asian buyers and seasonally falling milk supplies, but were almost offset by a decline in European prices on high export availabilities.

(This report is based on reporting of the Food and Agriculture Organization of the United Nations, US Wheat Council, General Mills Foodservice, US Wheat Associates as well as other relevant sources)