

March 2025 Monthly Commentary

South American harvest is moving along rapidly with generally favorable but somewhat mixed results. Overall, it appears as if their production will end up near original expectations, which is a bit of a surprise in that there were no major surprises. Northern Brazil produced a bumper, record soybean crop, but that has been offset by disappointment in southern Brazil and less dramatically Argentina. World soy demand has mostly shifted from North to South America, but the one thing that has become constant in both hemispheres is reluctant farmer selling. That has kept a bit more soybean business in the US than we had originally planned for.

US tariff threats seem to be becoming a reality, and while there will surely be destination shifting accordingly, it hasn't really happened yet. Most are still trying to figure out what it all means. In the meantime, US soybean exports remain somewhat better than expected while US corn business has been stellar. The US remains the cheapest offer in the world as long as tariffs/port fees don't end up interfering with execution. USDA is likely ~250 million bushels too low on their US corn export projection – again assuming no major hiccups. To somewhat offset, it appears as if they may be ~100 million bushels too high on corn feed and residual use, but the old crop carryout continues to snug up.

USDA released stock and acreage reports at the end of March – and there were no surprises. US farmers will plant more corn and less soybeans, as expected. Given the higher world soybean stocks, the mix that USDA gave us looks like a reasonable response. Markets are trading at fair levels given all that we know at this point – with planting, growing weather, and the impacts of US trade policy all terribly unclear at the moment.

Soybean and meal futures finally hit our initial downside objections, albeit much later than we had anticipated. We have learned that sluggish farmer selling can kick the bearish can down the road at any time. With that, I will say that I think the soybean complex is fairly neutral with nearby soybeans near \$10. I also think new crop corn futures near \$4.40/4.50 are fairly priced this far in advance. I do think old crop corn futures and old/new spreads are potentially bullish should corn export execution continue without major issues. Other than that, I think these markets are more in a trading pattern rather than a major trending pattern at current levels.

We will look to stay nimble and flexible, saving bullets for extreme moves that we will no doubt continue to see.

Regards,



Mark Ditsch

April 3, 2025

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