DITSCH TRADING

May 2025 Monthly Commentary

For the last several months, ag futures have pushed recent highs and lows, seemingly looking to break out in one direction or the other – but have continued to fail in both pursuits time and time again. Prices were mostly firmer for the first half of the month and mostly weaker later in the month as US planting progressed, Argentine harvest caught up, and Brazilian 2nd crop corn production estimates pushed higher. I still believe soybean prices have a date with lower levels but are more likely to grind lower in a choppy fashion as opposed to falling out of bed.

I would say that US planting has generally gone well. Rains in the west have really improved soil moisture. Rains in the east and southeast have been excessive and will push some acreage into Prevent Plant. However, acreage likely increased in the west to generally offset and rains have certainly helped early season development. It is still very early in the growing season, so that may not mean too much yet, but there aren't any major false starts.

US corn exports continue to exceed even my lofty expectations. It now looks as if USDA could be 150+ million bushels too low even after their push to higher levels. Remarkably, cash corn markets have remained quite tame, much more so than a revised carryout implementing a higher export number would suggest. Why? Well it is probably a combination of these factors: a) last year's crop came off quite dry, which means better conversion rates. USDA is probably too high on both ethanol and feed demand, b) last year's crop was reduced significantly in January. There is growing evidence that they may have gone too far with that reduction, c) the US farmer has sold a higher percentage of their crop than last year, taking advantage of price rallies when they could. Given the inability of the cash corn market to really respond to record exports combined with a generally favorable start to the US growing season and bigger upcoming competition from South America – my bias is for prices to stay depressed // push lower unless or until we get a meaningful weather threat in the US.

So if corn looks neutral to bearish, I still think soybeans look quite bearish. South America's record crop combined with uninspiring demand growth from China and trade tensions everywhere all suggests a very slow 25/26 soybean export season. To add to the bearish sentiment, Brazilian farmers are already starting to lock in some of their projected expanded 2026 crop. The bottom line is that there are more soybeans in the world than there has ever been before, and that looks to expand further over the next year. Sell rallies.

Regards,

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June 4, 2025

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