

June 2025 Monthly Commentary

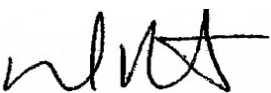
Soybean futures resumed their erratic bouncing from recent highs to recent lows, again unable to break through in either direction. At the same time, corn and soybean meal futures pushed to new lows while soybean oil broke out a bit to the upside. Clearer US biofuels policy indicates that domestic crush will likely need to operate at maximum capacity to meet oil production needs in the 25/26 marketing year. The problem, of course, will now be how to get rid of the incremental soybean meal production. Markets adjusted accordingly.

Corn pushed to new lows on non-threatening US weather and increasing Brazil corn production estimates, particularly from their second crop which is being harvested now. The US is finishing a marketing year in which other origins didn't compete much. That looks to shift a bit in 25/26 while US acreage and production look to rebound. Not a good combination with domestic corn demand relatively flat. The US soybean crop is also benefiting from favorable weather, but the key weather period for soybeans peaks later than corn, in August. That combined with increased domestic soybean oil needs kept soybeans pretty range bound for yet another month.

Looking forward, the soybean world balance sheet continues to swell. In the quarterly report, USDA reported US stocks about 20 million bushels higher than expected. Brazilian soybean exports remain at record levels, but still look to fall short of USDA's lofty projections with their demand projections for both China and the rest of the world too high. This will have a much bigger impact on the 25/26 marketing year, where anything near trend yields in the US and South America will push world soybean stocks and stock-to-use ratios above the already record levels we are seeing now.

With mostly favorable weather so far in the US, my bias remains that corn prices will stay depressed and likely push lower unless or until we get a meaningful weather threat in the US. As for soybeans, 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 in the US. 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 current prices are encouraging more expansion in South America. Soybeans should ultimately push to new lows if weather cooperates.

Regards,



Mark Ditsch

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