February 11, 2025 **#2165**

LOOKING FORWARD WITH A BACKWARD GLANCE

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Current Sales:	**2024** sales:	**corn**	0%	**soybeans**	100%	**wheat**	50%
	2025 sales:	**corn**	0%	**soybeans**	50%	**wheat**	0%

Sales Recommendations: Have you covered any soybean sales with puts, or soybeans you have not sold? We have been recommending it. Whatever old crop soybeans you need to have sold, they are still in our upside target range of $10.40 to $10.60 in Mar25 soybean futures. Fundamentals say price should not be here, though MM ended up flipping to a net long position in soybeans. Guess we need to thank them for this rally?

What may be a **BIG** problem for soybeans, when the trade figures it out, that China has not purchased soybeans from the U.S. since Trump Tariffs hit China with 10% across the board. China retaliated with its own targeted tariffs. We need to watch to see if China shows up in any future export data going forward and if so, for how much. If China is done buying from the U.S. because they likely bought ahead, the soybean market could, as sometime, turn south with vengeance?

Next MNU by February 23rd.

No Market Monday: President's Day

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Future Reports: Mar. 11, Mar 31, Apr 10, May 12, June 12, June 30, July 11, Aug. 12, Sept 12, Sept 30, Oct. 9, Nov. 10, Dec. 9, and Monday, Jan. 12, 2026.

Technicals Plus: Today trade soured the charts for all grains. We stated earlier that lower is usual for the 2nd half of February, where we have 2 instigators. One is the usual pre-selling to pay operating expenses and the high cost of green paint, known as the John Deere low, which usually arrives about a week before the end of the month. And then there is the Ag Forum Outlook, where they get to scare the trade for how many acres will be planted. The latter will be anticipated, which means that data release should set the low for this "profit-taking" period. **Mar25 Corn** tested recent highs again, reaching $4.97 right on the open of USDA's data dump, then proceeded to work lower the rest of the day, printing a negative, hook-reversal lower. Many are looking for price to trade down to $4.72, or maybe even as low as major support, which is $4.60. We do not believe, with all the bullish issues corn has, that MM can run prices down to $4.60. But, never say never, though we are leaning toward never on this one. Love to see prices back to $4.60, for if price got there, or even to $4.72, end-users better be covering their feed needs and hedgers buying back past sales – if you have not already done that under $4.60. Remember our statement that if corn can trade sideways for the next 2 weeks, that gives traders a clue as to the strength underneath this market. Corn's trend remains higher. **Mar25 Soybeans** nearly printed a more negative, key-reversal lower. A close below $10.40 would place an even greater negative tinge to soybeans' chart structure. Momentum has slowed and timing suggests a quick price fall to at least $10.20, if not to $10.00. Some support will show up again at $10.32, though closing under $10.40 would be more negative than what holding $10.32 tomorrow would be promising. Such a lower move tomorrow would also break soybeans' current uptrend support line. **Mar25 Meal** did post a key-reversal lower, closing at $296.60. A close below $295.00 would support a price fall to $285.00. **Mar25 K.C. Wheat** fared the best today, though after posting a hook-reversal lower last Friday, it honored that day with follow-through selling yesterday and today, starting from a high tick last Friday of $6.146 and closing today at $5.926. Some support will be found at $5.90, though continued negative trade by corn could pull it lower. We are somewhat surprised K.C. wheat is not moving higher, with the impending "super" freeze scheduled to hit this week, not only in the U.S., but Russia is to see a bout with some very cold temperatures, too. Price action in wheat could well be counter to that of corn. Look for some interesting price moves for the balance of this week in wheat.

February 11th, 2025 – USDA WASDE Report:

U.S. Ending Stocks 2024/2025	**Feb**	**Average Guesses**	**Jan 2025**	**2023/2024**
Corn –	1.540 bb	1.537 bb	1.540 bb	1.763 bb
Soybeans –	0.380 bb	0.382 bb	0.380 bb	0.342 bb
Wheat –	0.794 bb	0.800 bb	0.798 bb	0.696 bb

World Production (mmt)	**Feb**	**Average Guess**	**Jan 2025**	**2023/2024**
Corn				
Argentina	50.0 mmt	49.6 mmt	51.0 mmt	50.0 mmt
Brazil	126.0 mmt	127.0 mmt	127.0 mmt	122.0 mmt
Soybeans				
Argentina	49.0 mmt	50.6 mmt	52.0 mmt	48.2 mmt
Brazil	169.0 mmt	169.9 mmt	169.0 mmt	153.0 mmt

World Ending Stocks 2024/2025	**Feb**	**Average Guess**	**Jan 2025**	**2023/2024**

Corn –	290.3 mmt	293.1 mmt	293.3 mmt	317.5 mmt
Beans –	124.3 mmt	128.5 mmt	128.4 mmt	112.4 mmt
Wheat –	257.6 mmt	258.7 mmt	258.8 mmt	267.5 mmt

<u>USDA's Numbers</u>: Nice not to have much to talk about! The bigger numbers, Argentina's soybean production was cut by 3 mmt to 49 mmt, while the USDA left Brazil's unchanged. Just a note that there are a number of prognosticators guessing 4 mmt to 6 mmt above the USDA's number. Still, we struggle to get up to USDA's numbers, not that it matters yet. With that, the USDA took global ending soybean stocks down 4 mmt to 124 mmt, which was below the range of the pre-report guesses. No doubt that was the reason soybean prices did not hit the skids today. They will need to think about it for a few more days.

The USDA did cut Argentina's and Brazil's corn production by 1 mmt, to 50 mmt and 126 mmt, respectively. All this puts the reading on global numbers somewhat bullish for corn ***(and corn falls)***, somewhat bullish for soybeans ***(which traded confused because fundamentals suck)***, and neutral for wheat, which is better than usual, which has been consistently bearish as of late.

U.S. ending stocks for 2024/2025 were left unchanged, except for wheat, which was lowered 4 mb. The farmgate price for corn was increased 10c to $4.35/bu, soybeans' lowered by 10c to $10.10/bu, with wheat's farmgate price left unchanged at $5.55/bu.

Positive for corn but negative for cattle was the USDA increasing beef production by 775m lbs, most coming from historically high carcass weights. Also positive for corn was pork production, upped 20m lbs, and like cattle, that gain came from higher carcass weights.

We will note that the USDA did not lower corn carryover stocks from hot ethanol demand or from continued hot export demand. That will likely come in the March 11th report, knocking off another 50 mb, taking stocks under the "magic" 1.5 bb number. Don't be surprised if ethanol production falls off these next several weeks, as temperatures hit the lowest levels of the year this month and stay low for up to 2 weeks or longer.

<u>News Bites</u>: The estimated payments coming to producers are $43.80/acre for corn, $30.61 for soybeans, wheat's payment is $31.80, cotton $84.70, and rice $71.37.

The soybean/corn ratio is down to 2.25:1, which strongly favors more corn acres. Neutral is considered to be 2.48:1.

China's corn price sits at $7.96/bu, with soybeans at $13.46/bu.

Brazil's inflation rate is projected to be 6% this year. The U.S. Dollar/Brazil Real Spot Rate has turned south, favoring the USD. The spread has been growing more negative to the U.S. since 2023 but turned sharply lower at the turn of the calendar year. Last year the USD gained 27% versus the Real, while this year, it was -6% to date and has been lower for 7 consecutive weeks.

The U.S. granted a record number of worker permits last year to South Africans, up 19% from the previous year. These workers received 15,159 H2-A visas last year. The majority of the South African farm laborers in the U.S. are white.

South America Weather: It has shifted to what the experts say is neutral. Rains are to come to the driest areas in Argentina over the next week and Brazil begins drying out. Nothing to get bullish out but Money Flow. Bean prices should not be this high, fundamentally speaking. The fact that they are tells us the Money sees things that "we" don't. Notice gold and copper, which are screaming inflation. The Biden administration "worked" to hand Trump a turd to work with by shoveling as much money out the door as they could these last six months. Odds of a recession and increasing inflation in 2025 are highly likely. Trump's Tariffs throw a wrinkle into the mix that economists can't predict the end results. That makes for unnerving times ahead. The best "play" is to follow the money.

Loadings: For last week, corn loadings were up 6.5% and up 49% over last year! Soybean loadings were down 8.6% and down 22% from last year. Wheat loadings were up 112% ***(the previous week sucked)*** and were up 32% over last year.

Corn: Funds ***(MM)*** added 18k contracts last week, lifting them to their largest holdings since April 2022, taking them to 361.5k contracts. Corn, producers, merchants, and processors, or seen as user net shorts at the CFTC, are net short 708k contracts, as of February 4th.

We believe that MM is doing its darndest to ignore how tight global corn stocks are, while helping to relieve producers of old-crop corn stocks. It was reported that up to 80% of all old-crop corn has been sold/priced. If true, it gives MM an easier time to run with the Bulls. Between Ukraine, Brazil, and Argentina, 2024/2025 corn ending stocks have fallen 57% YoY. The last time they were this low was **2010/2011** and then back in **2004/2005 and 2005/2006**, which makes world corn stocks the tightest in 12 years. What happened the next year or two after those years? 2008 and 2012.

Current corn exports are running 10 mmt higher than last year, which is just short of 400 mb. Last year's exports were 2.3 bb. This year the USDA says 2.45 bb. Current demand levels for corn can fall U.S. corn carryover stocks easily below 1.4 bb and its ESUR to under 9%. Additional risk of loss to corn production in any of the Top 4 corn-producing and exporting nations will be met with additional Fund buying. Stocks falling under 1.5 bb would create too much worry.

Soybeans: Funds were a net seller of 279 soybean contracts last week, leaving them long nearly 70k contracts.

Last week's rains saved Argentina's soybeans from an "inferno", which was affecting 60% of their crop acres.

Mato Grosso's soybean harvest is picking up its pace, allowing seeding of their Safrinha crop to speed up. MG's bean harvest has advanced to 29% complete, with their corn plantings moving up to 24% done. Both their bean harvest and their planting of their Safrinha crop lag some 10+%

behind their 5-year average pace and <u>*near or over 20% behind last year's pace*</u>. This will cause their Safrinha production to fall below estimates.

Malaysia's palm oil stocks totaled 1.58 mmt in January, with the trade's guess at 1.65 mmt. Stocks fell from December, despite a drop in exports and a rise in imports, because the month's output plunged. This supports soybean oil, which has moved into an uptrend. Can soybean oil overrule the negativity of huge global soybean stocks and a weak meal market to push soybean prices to $11.00? If the Money is behind it, then yes. But it will be quite a lift, which would need the Money to take soyoil to at least 50C/lb. That will be a struggle, with domestic soymeal basis so weak and U.S. soyoil priced at a sharp premium to South America offers.

The ESUR for global soybean stocks has risen each of the last 3 years from 25.36% to 31.65% today. Soybean fundamentals are decidedly negative.

<u>Wheat</u>: Funds continue to exit their short positions in week, exiting 24k contracts of SRWW last week, leaving them short 82k contracts.

Russia's IKAR trimmed their 2024/2025 wheat export forecast to 43 mmt, with the reduction being caused by low stocks and low margins. ***(Now Russia wants to jack up global wheat prices, since they don't need to sell their wheat to help fund their war.)*** IKAR's estimate of Russia's wheat production was cut from 84 mmt to 82 mmt, due to weather related losses. Their expectations of Russia's overall grain exports were lowered 20%.

Starting later this week, Russia will cap wheat exports at just 10.6 mmt for the 2nd half of the crop year, which would be down over 35% from last year. The world wheat trade will be dealing with Russia, the world's largest wheat exporter, for being absent in the wheat market for the next 3 months. This will underpin wheat prices during the time Russia abstains from selling more wheat and/or drastically less wheat into the global market.