BOCKEN TRADING

LLC

April 2022 Monthly Commentary

Firm price month all around with oil the stand out performer – up nearly 2000 points. The ongoing tightness in sunseed oil and canola oil on top of a 30 mmt South American soybean production loss and then a ban on palm out exports out of Indonesia contributed to the rally. Beans were 96 cents higher for the month, mainly due to strength in oil with soybean meal down $26/ton. Meal was under pressure as crush continues at a record pace (crushing for oil) and cash markets are under pressure both in the US and SAm. Corn and wheat were higher on the ongoing Russian/Ukraine war, on US weather with corn planting and HRS seeding behind schedule, and on US winter wheat ratings declining further to the lowest levels since 1996. Corn was up 71 cents in Apr with Chgo wheat up 38, KC up 64, and Mpls up 82.

Wheat is shaping up to be quite tight again on paper. HRW crop ideas continue to get smaller as does HRS given late planting. The N Plains have seen numerous late season snow storms so they are saturated/flooding. The USDA had already forecast low area before the weather issues. India's wheat crop got hit with scorching temps late in their growing season taking their crop ideas down 5-10 mmt. This will affect their export availability and the world has been counting on them as a backstop. Pakistan had the same weather and may need record imports. The Russian war on Ukraine shows no signs of slowing/ending, in fact it's actually the opposite. Ukraine's crop and exports are at risk. All signs currently point to a big Russian crop, but their export potential is unknown. Would expect wheat to have further upside in the near term on the above-mentioned crop risks. The main limiting factor is that the tightness still has not translated to better US export interest.

Corn also has new crop issues on top of this past crop year's tightening. The USDA forecast corn area down 4 mil from last year when an increase was needed. This is not likely to improve by the Jun acreage report given the fertilizer situation and the wet/cool spring we are experiencing. Brazil's safrina area has also been drier than needed during their "wet" season with the dry season upon us. A back-to-back crop issue is not needed in Brazil on top of Ukraine's expected short crop and much reduced export potential. The US balance sheet is looking increasingly tight - anything short of a record yield and we will be in rationing mode. I am sticking with a long bias.

Beans by itself are not that exciting given higher area expectations and lower Chinese demand and China's ongoing Covid lockdowns. We could even be gaining additional area given the slow corn planting pace. There is still a need for risk premium as a strong US yield will be needed and given the tight oils situation/biofuels needs, there is currently no catalyst to make a run for new highs. Inflation expectations as well as the ongoing war will also provide underlying support. I plan to "trade" beans while keeping a core length in corn as corn has the more compelling story going forward.

Regards,

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