BOCKEN TRADING
LLC

May 2025 Monthly Commentary

May was a choppy month with one feature being nearby contracts losing/inverses narrowing. The other was Mpls wheat showing independent strength on potential weather issues/tightening balance sheet considerations. Mpls was up 28 cents for the month. Chgo gained 3 cents with KC up 4. Nearby corn lost 33 cents with new crop losing 13 cents. Nearby beans were 2 cents lower with new crop up 9. Meal was up $1 for the month while oil lost 207 points on concerns/delays on clarity about the biofuels policy. We had tariffs and counter-tariffs back and forth and President Trump ultimately walked back the highest that he tweeted out. This week is the deadline for counter offers.

Corn Belt weather overall seemed favorable, but initial condition ratings came in below trade ideas. Iowa ratings are the best ever for initial ratings, but ECB are average/below. The OH planting pace is well behind year ago and average. We are coming up on the June 5 Prevent Plant date for the ECB and there are over 3.0 mil acres still to plant in the lagging eastern states. The initial rating was 69% G/E vs 75 a year ago. It doesn't take a great deal of imagination to get to 25/26 ending stocks not expanding. Given wet weather this week, we could lose 1-2 mil acres, and if the yield is below last year...the balance sheet could look similar to 24/25. The trade has been expecting a sizable build, but it's all dependent on weather going forward. The entire growing season is ahead of us and it's too early to assume a lower yield. However, it may warrant holding some risk premium until the market has a better handle on summer conditions. The market may have defined the low end of the range, at least for the next 4 weeks.

We have a similar situation in beans. Initial ratings were below expectations and year ago (although the first week last year was the 2nd week in June). The USDA is using a 52.5 bu/a yield. If we have a similar yield to year ago (50.7), and even if we gain acres, the US balance sheet may not expand and could contract. Now many are expecting much lower exports than the USDA and much will depend on China. There is a call between President Trump and Xi this week. This isn't the time of year we trade demand however, this is supply/weather time. We could be 2-3 dollars undervalued at current levels without a record yield and/or a significantly lower export number.

Wheat markets remain very short and ripe for further short covering. We did have a flurry of US export business before we became uncompetitive again after a 50-cent rally. The first spring wheat ratings of the season also were below expectations and well below year ago at 50% G/E vs 74 last year. With the lowest area on record coupled with poor ratings, the HRS crop could be 100 milbus below last year which would leave HRS stocks quite tight. The Can Prairies are in a hot/dry pattern and we may have a hard wheat issue, especially given the HRW crop could be low quality given all the rain.

Regards,

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