



June 2025 Monthly Commentary

Mostly lower but beans had a mid-month rally. USDA still forecasts the US bean S&D to contract with the corn S&D expanding. The big feature was finally getting a biofuels policy announced and oil share gaining roughly 6%. It had been rumored that it may not be as aggressive as expected, but it was actually more friendly than the trade anticipated. There was some concern about a hot July, but rain has been mostly favorable and corn conditions are rated quite high. Corn ratings and ideas that the Brazilian crop is much bigger than USDA is forecasting weighed on futures. Corn finished the month 14 cents lower. Wheat also had a rally on very slow US winter wheat harvest but also finished lower. Chgo was down 10, KC down 20, and Mpls lost 16 cents. Beans finished the month down 7 with meal down 24\$/ton and oil gaining 550 points. Crush will have to be ramped up to accommodate the biofuels policy which will leave excess meal.

Corn Belt weather is generally favorable with WCB on the high end and IL, IN, OH and MI lower. The ECB could use some rain now and there is some in the forecast. Yield ideas are now centering around 182-185 bu/a. The USDA is forecasting 181 and year ago was 179.3. Currently the crop is rated 74% good/excellent vs 68% at the same time last year. The USDA lowered harvested area by 600 thous acres in the Jun 30 report. Jun 1 stocks were a bit above trade ideas but in general it was a pretty tame report by historical standards. Another feature was forecasts for Brazil's corn crop to be 20 mmt over the USDA's 130 mmt. Safrina harvest is slow (28% vs 60 year ago) but yields are coming in much higher than expected. This will eat into our FH25-26 exports. The other issue is ongoing tariff uncertainty/trade deals. Trump moved the deadline to Aug 1 and also announced 25% duties on Japan and Korea, both sizable US corn buyers. The fund short is big at 300k, but last year at this time it was 350k and CZ was at 4.08 (\$4.16 today) and bottomed at \$3.85 at the end of Aug. In the Jly WASDE last year, the USDA was forecasting a 2100 milbus carryout (their yield ended up being too high and exports too low). In June this year, the USDA forecast a 1750 milbus carryout. Many privates (myself included) are now forecasting a 2000+ carryout with a higher yield and lower exports than the USDA. The path of least resistance is lower while the weather remains favorable. The next WASDE update is Friday with CONAB updating prod'n Thursday.

The bean condition ratings are not as good as corn. In fact, the discrepancy is the largest since 1990. Beans are rated 66% good/excellent vs 68 at the same time last year. The USDA is forecasting a record 52.5 bu/a yield, up from 50.7 bu/a year ago. In the Jly WASDE last year, the USDA was using a 52.0 yield and a 435 bu/a carryout. SX, on this day last year, closed at \$10.99. We are at \$10.19 this year and the USDA is forecasting at 295 carryout with a record yield. The main difference this year is China's absence. Last week there were rumors of a China trade deal and things could turn quickly if a deal is made, especially if ratings don't improve vs. last year. August is the key growing month for beans and a 52.5 bu/a yield could still be achieved. In general, the weather looks favorable currently and beans may continue to fluctuate in a sideways range this month with oil expected to continue to gain on meal, or at the least, hold current gains.

Wheat had a mid-month rally on slow harvest/flooded HRW fields. There are also SRW quality concerns. The rally fizzled out as US wheat priced itself out and HRS ratings/weather improved. There is nothing really compelling here. The USDA will release its first by-class S&D's on Friday. The SRW balance is expected to look rather snug while HRW has potential to be quite comfortable. Chgo has been gaining on KC as a result with the



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Chgo Sep 24 cents “over” KC. The HRS balance could be tight as well, but the exchanges all but ruined trading Mpls as they split the lowest volume contract into two separate contracts.

Regards,

Megan Bocken

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