



## October 2025 Monthly Commentary

We saw sizable moves in October with short covering all around (the exception being oil) on friendly developments with China trade. The gov't was shut down the entire month (and still is) and the market latched on to all the positive news out of China and basically let imaginations run wild as there was no gov't data aside from weekly inspections. Beans and meal were the leaders with beans up nearly a \$1.00/bu and meal up nearly \$50/ton. Oil and Oilshare was the backside, with flat price down 82 points and share losing 4.5%. Corn was up 15 cents. Wheat has had a big short covering move in Chgo and KC (as well as Matif) with both markets up 26 cents in Oct. Mpls narrowed vs both and lost 10 cents for the month.

There were a number of agreements made when Trump and Xi met in South Korea which have been widely advertised but the main takeaway was that China would buy 12 mmt US beans this year and then 25 mmt each year for the following three years. It should be said that we still don't have a signed trade deal. They have bought some so far, but without daily reporting and export sales, we don't know how much was done. We can watch the inspections to see when beans start shipping. Bears have been saying that all this does is shift the matrix around, but that's also what was happening when China was only taking from SAM (the US was doing the rest of the world business). The spread between origins has quickly come in and US is now premium to Brazil as well as Arg. This may lead to some consolidation in the near term as we wait to get the gov't back open and see how much business was done/is being done. We will also get a crop report and a WASDE on Nov 14 (whether or not the government is still shut down). It is uncertain whether they will be able to gather all the data they typically do ahead of the report, but at least it will be something. Private estimates have settled just below the USDA's 53.5 bu/a in Sept. In retrospect I think the low acres surprise back in June was a turning point for beans with a tight looking balance sheet and the need to keep the yield above 53 and exports below last year. That, along with the very strong meal disappearance we have seen and continue to see. Cash meal remains firm, and if the US markets start to focus on exports vs. crush (crush margins have come down), meal could get tighter yet. Oil still has a longer-term "story," but the biofuels policy remains in limbo. I remain cautiously friendly (after the rally) with yield, China sales, and SAM weather the near-term drivers. There are a few concerns in SAM that bear monitoring – still a bit dry in northern Brazil and flooding in BA province that has affected 5 mln hectares in Arg.

Wheat has also had a decent short covering move. This seemed to start with Russian values not going down and now it's more about China buying US wheat. Again, we don't know how much they have bought, but there is talk of SRW, SWW, and possibly HRS. US wheat has moved to considerable premiums over all other origins on this move, yet there continues to be buying from China. This may be being driven by the major flooding that occurred in the North China Plain that is affecting their corn harvest and put their winter wheat seeding well behind schedule with their new crop at risk. This is difficult to trade, but it seems we are still in a short covering moment and I don't want to fade it just yet.

Corn has been a bit of a laggard but keeps trudging higher. There has been no mention whatsoever of China interest or buying of corn, but smaller yield ideas as well as US corn continuing to be the cheapest origin has provided support. Brazilian origin was expected to have taken over by now, given their huge crop, but it still hasn't. In addition, Ukraine's harvest is delayed and their program is off to a slow start. I have a sneaking feeling that when the export reports finally come in, we will have done a considerable amount of business while the gov't was shut down. There is a risk that yield next week is well below the USDA's last estimate of 186.7 bu/a with anecdotal yields out of IA and IL well below year and average in many cases. We will have to see if MN and the Dakotas can offset this. Corn should continue to be supported leading up to the report and as long as US remains competitive.

Regards,

Megan Bocken

November 5, 2025

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