December 2025 Monthly Commentary

Was generally a down month lead by beans and meal as China buying slowed and central and northern Brazil received better rains. Beans were the market leader losing 98 cents in December with meal down $25/ton and oil down 403 points. Chgo wheat made new lows and was down 31 cents on talk of China cancelations. KC corrected vs Chgo and was only down 12 cents with Mpls only down 4. Corn lost 7 cents and traded near the low end of the recent range.

Funds ran the market up in late Oct/early Nov on the China trade agreement, and then the actual purchases were underwhelming. First quarter exports are nearly half of last year. Ideas of a much lower crop year export number than the USDA gained traction. SAm weather was generally viewed as favorable with no major issues. Argentine seeding was behind due to flooding, but the market focus was on a record Brazil crop with plenty of time for Arg. Funds sold and technicals took over and beans just leaked lower throughout the month. Meal was all dressed up with nowhere to go as well and gave back much of the Oct/Nov rally. Oil continued to flounder as the biofuels policy is still awaited. The market has had a different tone to start January and the trade may be nervous about a large yield reduction in the Jan 12 report. Last year the USDA lowered the yield from 53.1 to 50.7 from Oct to the final. The latest yield from the USDA was 53.0 (lowered in Dec from 53.5). The risk is something 52.0 or below and would require a decent reduction in exports to offset. There are still no major threats in SAm aside from some areas in Argentina now in need of a rain. The market is currently much more balanced at current levels and next week's reports will set the tone for the next few months.

Corn has been stuck in a range. US origin remains the most competitive and we continue to do sizable business. Ukraine's harvest was delayed and logistical issues from years of war have taken a toll. We continue to find support on breaks from the above, but a rather unexciting balance sheet continues to limit upside. Last year the USDA also lowered the corn yield by a large amount in January (down 4.5 bu/a) and the trade is aware, especially after the tame reduction in Dec. A reduction in yield to the low 180's (currently 186) would make the balance sheet a bit more interesting especially given record exports. I expect the range bound trade to continue unless there is a major stocks or yield surprise next week.

Wheat has been a follower in general but with a heavy tone. The world situation is quite burdensome and the USDA will have to make further adjustments to world production, mainly a 4 mmt increase in Argentina's crop. Despite the bearish world situation, the relationship to corn is narrow (wheat is priced as feed in many areas) and that is limiting downside (at least for now). We will get the first look at US winter wheat area next week and the risk is that SRW could be at all time lows. The market would need a major crop issue somewhere and/or a large buying program out of China to sustain rallies.

Regards,

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