April 2026 Monthly Commentary

Generally was a higher month after breaking in early April, digesting fund length with planting off to a decent start and optimism on a truce with Iran. As the conflict dragged on so did concerns about overall transportation, fuel shortages, fertilizer shortages. Also, the meeting between Trump and Xi is still on schedule. Bean oil traded to new highs, supporting crush margins and the complex in general. Wheat had support from shrinking HRW crop ideas. Corn was up 6 cents, Chgo up 11, KC up 44, and Mpls up 23. Oil gained 545 points with beans up 8 and meal up almost $5.

HRW areas continue to miss key rain and have seen multiple freeze threats with another this week. The trade is starting to price in a crop below 600 milbus. The key will likely be abandonment and it could be historically high this year. In the bigger picture, concerns are increasing about lower planted area in other major growing areas – Canada, Austr, Arg. US wheat is high priced but can remain so until we discount the lowest HRW crop and as long as the conflict is ongoing.

Concerns continue in corn on fertilizer and transportation shortages/prices. For the US, the trade is still leaning less corn acres and more beans in the June acreage report. The trade is dialing in a bigger Argentine crop – 61+mmt and is on watch for declines in Brazil with a concerning forecast for at least the next 15 days in safrina growing areas. US export demand has not backed down and Brazil is also raising their ethanol mix. There is talk about germination issues due to the cold forecast and the trend this year that producers are focused on getting beans in first instead of corn. The longer the conflict drags on the more risk premium corn will need.

Beans continue to be supported by off the charts crush margins and strength in oil with break even in biodiesel margins in the high 70's. The market is doing its job however with Argentine basis cratering and import margins in the green. Meal demand remains strong as well. Argentine bean harvest is 18% complete, well below the 5-year average of 45%. There is also talk of major flooding in Santa Fe. The forecast is drier but the last four weeks were quite wet – much of the bean area receiving 150-250% of normal precip. The Brazilian Real also made new highs in Apr and is providing support to beans. The Trump/Xi meeting is only 10 days away and it will be hard to break ahead of this.

While I am more cautious here, there are still a number of items (mentioned above) that justify maintaining risk premium across the board with geopolitics number one.

Regards,

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