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Marketing Newsletter: September 12th, 2025

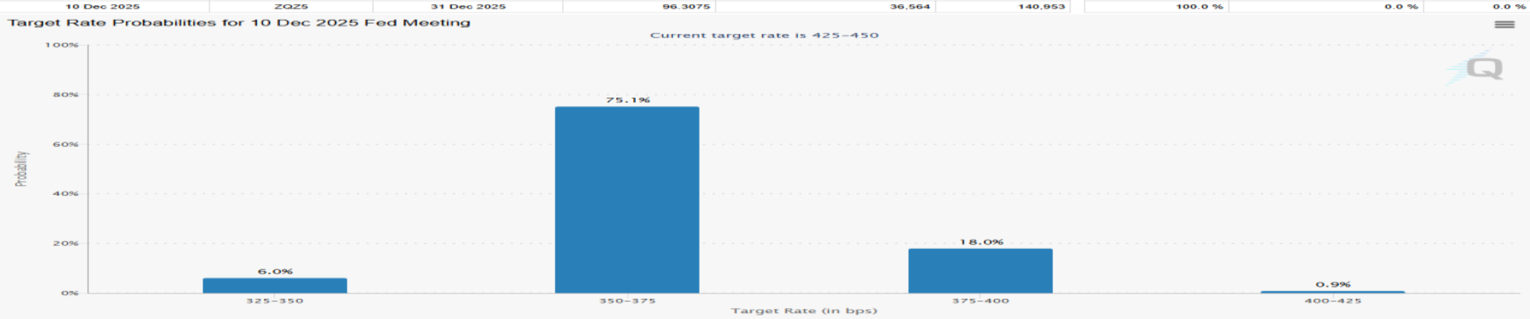
GENERAL: Last month, the US-China tariff truce was extended for another 90 days, delaying the tariff hikes until November 10th. On August 29th, a US appeals court ruled against the legality of Trump's reciprocal tariffs. The court delayed when the ruling would take effect to allow for a Supreme Court appeal. Trump justified the use of reciprocal tariffs under the International Emergency Economic Powers Act. The IEEPA gives the president power to address "unusual and extraordinary" threats during national emergencies. The court ruled that "the statute bestows significant authority on the President to undertake a number of actions in response to a declared national emergency, but none of these actions explicitly include the power to impose tariffs, duties, or the like, or the power to tax." The US Supreme Court agreed to expedite the issue, saying they would hear arguments for the case in the first week of November.

With the uncertainty around the legality of the reciprocal tariffs and the trade truce extended into November, it seems likely that China would wait until after the Supreme Court ruling before agreeing to any meaningful trade deals with the US. That could potentially keep them out of the US soybean export market until at least November.

The US labor market is showing signs of weakness, including a slowdown in job creation and rising jobless claims. The August jobs report showed only 22,000 jobs added, missing expectations. Revisions showed that 911,000 fewer jobs were added in the 12 months ending in March 2025 than initially reported. The unemployment rate at 4.3% is not concerning on its own but has slowly crept higher this year, and initial jobless claims have been rising as of late. August inflation data released this week has been mixed. The Producer Price Index showed an unexpected reduction as wholesale prices declined -0.1% M/M. CPI data came in at expectations yesterday, with headline inflation 2.9% Y/Y and core inflation 3.1% Y/Y.

The FOMC meets next week and are expected to resume the rate cutting cycle. Even with inflation above the Fed's 2% target, the weakness in the labor market is the priority right now. Expectations are for a quarter point cut, but some analysts are arguing that a 0.5% or 0.75% reduction is necessary based on the labor market. Interest rate traders are projecting 3 rate cuts over the next 3 meetings to close out the year. The September meeting will give us a new dot plot to see where FOMC members are projecting the path of interest rates going forward. (Chart via CME Fedwatch)

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
10 Dec 2025	ZQZ5	31 Dec 2025	96.3075	36,564	140,953	100.0 %	0.0 %	0.0 %



TARGET RATE (BPS)	PROBABILITY(%)			
	NOW *	1 DAY 11 SEP 2025	1 WEEK 5 SEP 2025	1 MONTH 12 AUG 2025
325-350	6.0%	5.2%	7.7%	0.0%
350-375	75.1%	81.2%	65.3%	50.3%
375-400	18.0%	13.1%	25.1%	41.3%
400-425	0.9%	0.5%	1.9%	8.0%
425-450 (Current)	0.0%	0.0%	0.0%	0.4%

WASDE CROP REPORT: Once again we found ourselves with a bearish corn report and the market trying to shrug it off. USDA came in and increased corn acres again! They gave us 95.2 mil acres in the June planting report, 97.3 mil acres in the August report, and now we are at 98.7 mil acres! This is crazy! Even with a slight reduction in yield (186.7 bpa vs 188.8 bpa last month) we are at a massively large production number for corn. We are 1.474 bil bu higher production then our record two years ago! That is almost an entire year's carryout. The trouble with the high acres number is you reach a point where yield decreases still aren't enough to fix the problem. USDA increased exports 100 mil bu to try and offset some of the production increase. We cannot stress this enough, there is a lot of demand built in to offset production. We had record demand last year and this year they are using 730 mil bu more demand! This leads us to feel like corn is stuck somewhere near a 2 bil bu carryout for quite sometime as we feel a production decrease would be met with a demand decrease. However, we will say, so far the market has shrugged it off. US wheat only saw one change, exports were increased 25 mil bu. Soybeans saw little changes, increased acres (80.9 mil to 81.1 mil), yield down 0.1 bpa, crush up 15 mil bu, residual up 3 mil bu, and exports down 25 mil bu. The end result was a carryout 10 mil bu higher. No surprises in the world numbers, but do note the anticipation of larger production in Brazil soybeans due to higher acreage. USDA's average farm price is $3.90 (unchanged) for corn, $5.10 (down $0.20) in wheat, and $10.00 (down $0.10) in soybeans.

U.S. Carryout '24-'25	Actual	Est.	Aug USDA
Corn	**1.325**	1.311	1.305
Soybeans	**0.330**	0.328	0.330

U.S. Carryout '25-'26	Actual	Est.	Aug USDA
Corn	**2.110**	2.011	2.117
Soybeans	**0.300**	0.288	0.290
Wheat	**0.844**	0.865	0.869

US '25-'26 Production	Actual	Est.	Aug USDA
Corn	**16.814**	16.516	16.742
Soybeans	**4.301**	4.271	4.292

World Carryout '25-'26	Actual	Est.	Aug USDA
Corn	**281.40**	281.63	282.54
Soybeans	**123.99**	124.77	124.90
Wheat	**264.06**	261.13	260.08

SELLING INTO CARRY; THE PLAN TO LEAN INTO: Despite what you might feel, we are not that far from the futures highs in the corn and soybean markets! When you add the carry to the base with the yield potential out there, now we are talking about the possibility to pay the bills and salvage a year where there have been limited rallies. Sure, we can live into the hopes and dreams of getting a S.A. problem or a summer 2026 U.S. drought, but the risks are equally high that we wont and carries decay away, interest costs eat at the pocket book, and you find yourself at a much worse off spot than you are now. The reality is that the South American producers are trying to sell out of a record crop. The U.S. producer has limited new crop sold and will have to be selling a record crop ahead, and the investment money is closer to even, than I have ever seen them with these types of inventories around. There will be better days down the road, better opportunities at bigger rallies, but the key is to survive to get there, and with corn and soybeans there is still opportunity! A modest rally in these two markets gets you near the highs for the year. Couple that with carry levels that are good and you are looking at an opportunity to build a plan out into March, May, and July corn that are not that far away from the July contract highs we had last summer with a much tighter carryout. In soybeans, it is not rosy right now, but if China does not show soon and we break support, a reasonable price with carry may be gone. There is nothing wrong with marketing a percentage of bushels at $4.50-$4.75 corn and $11.00 plus soybeans minus basis. Sure basis levels are not great right now, but we believe they will have their moments December-February and then again April-May.

How to do this marketing into carry thing:
Select your strategy: Select one of the following if we achieve our pricing goals:

- You can simply HTA (Futures only leave basis open if basis is not good) at an elevator out into your preferred month, which is at higher prices currently in both corn and soybeans (carry markets). You can also sell the futures in your account if you want the delivery flexibility (marginable).

- You can come into your account in your preferred deferred month and buy a put.
- You can come into your account in your preferred deferred month and buy a put and sell a call (marginable).
- You can come into your account in your preferred deferred month and establish a 3 way put strategy (marginable).

Monitor Basis:

- Once you find a basis you like, look to get this converted to a cash sale and defend with ownership if needed.

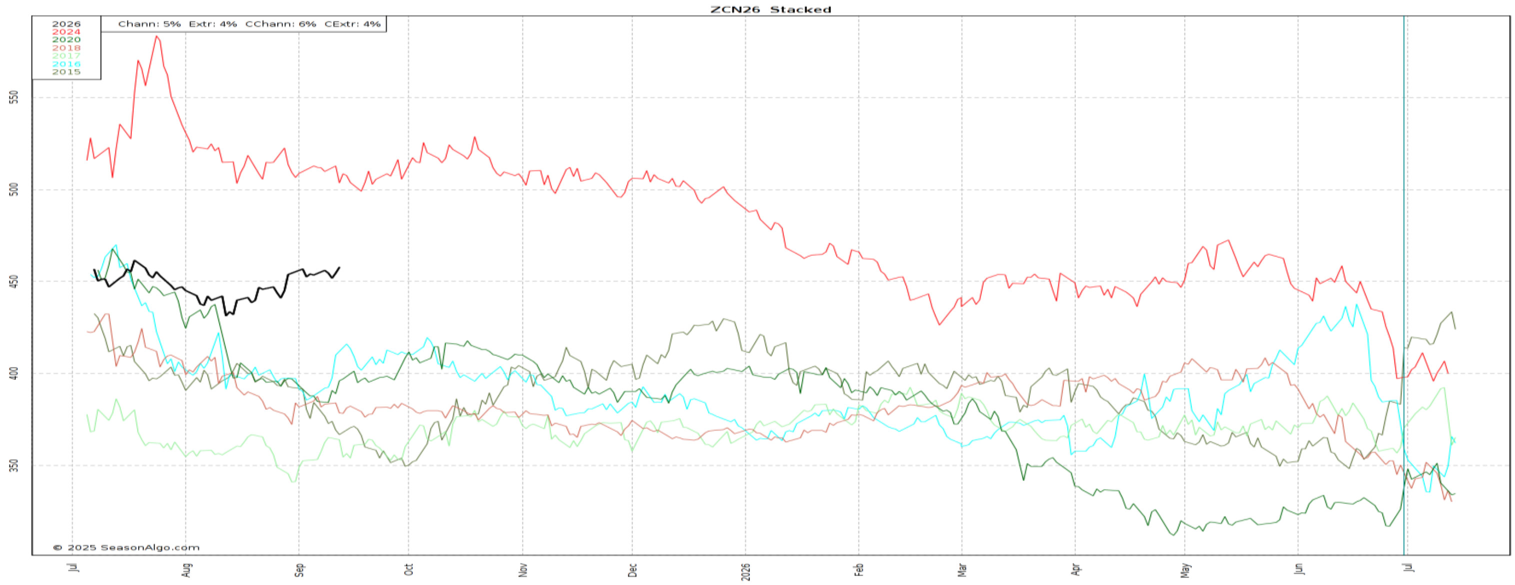
Defend Sale/Marketing:

- If we get above a breakout area or get down to a breakdown target, look to re-own sales, exit marginable pieces of positions, manage profits if we trade down to a downside target, etc.

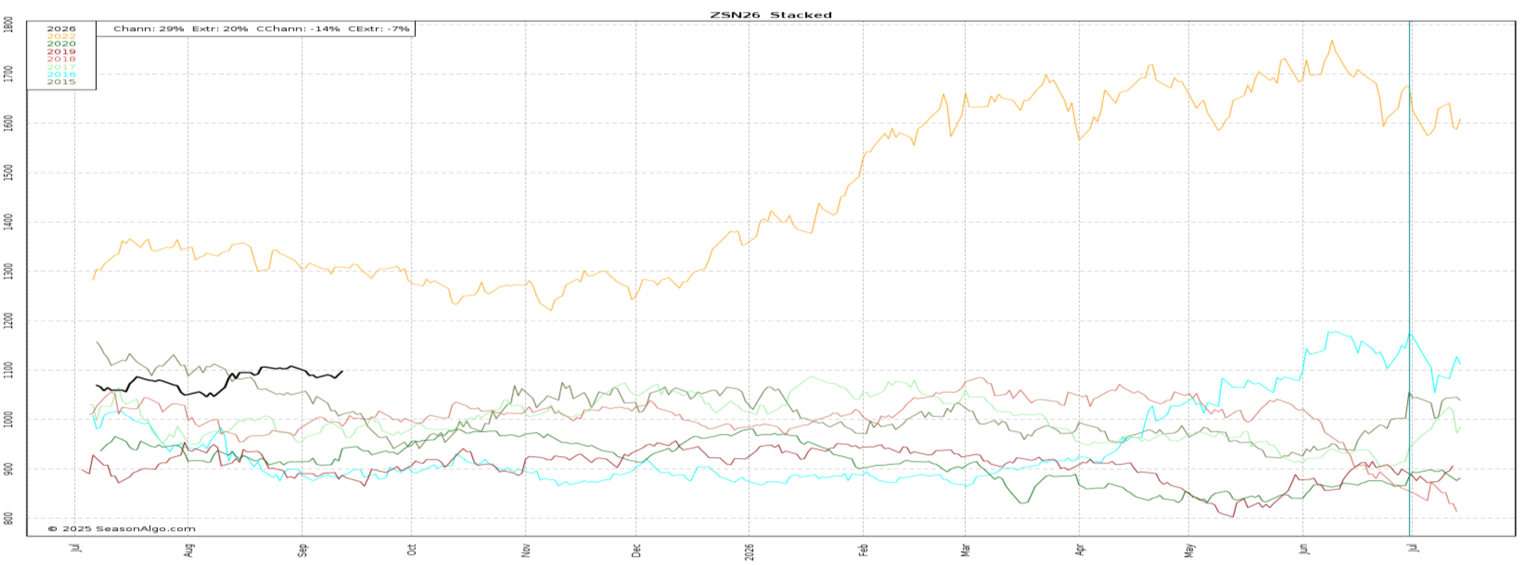
This does not have to be rocket science, this is about surviving this cycle! And if President Trump issues payments, this plan becomes even better as often payments equate to falling prices.

Here is an overlay July chart of the years we have had over a 1.800 billion bushel carryout in Jan. and over a 300 million bushel carryout in soybeans.

July corn futures overlay with the years over 1.800 billion bushel carryout in January going back 20 years (Seasonalgo): Current price in black, legend in upper left corner of years over 1.800 billion bushels.



July soybean futures overlay with the years over 300 million bushels carryout in January going back 20 years (Seasonalgo): Current price black, legend in upper left corner of years over 300 million bushels.



CORN: A bear report, yet we are going after the gap! What an opportunity! In our opinion we will come down some on the yield yet, and that coupled with inflation concerns is why we are rallying. But we also believe feed usage is overstated to offset that, and the market isn't looking at that too hard right now. We are also front end loading corn demand to a degree and sure need it to continue! Good rally with good carries should equal marketing in our opinion. From here to $4.43 December be a scale up seller, and just add the carry to get to the deferred months.

Marketing Tracker:

2025 Corn:	
25-'26 % Marketed:	50% (40% in sales, 10% in puts)
Key Upside Targets:	$4.27, $4.32, $4.43, $4.69
Key Stop in Point/Alarm:	$4.12
Next Moves of Base Plan:	(Catch up 30%) Work to 100% Dec.-June
Break Down(BD)/Out(BO) Tgts.	BD Tgt: $3.80-$3.92 BO Tgt: $4.33
Ownership %	40%

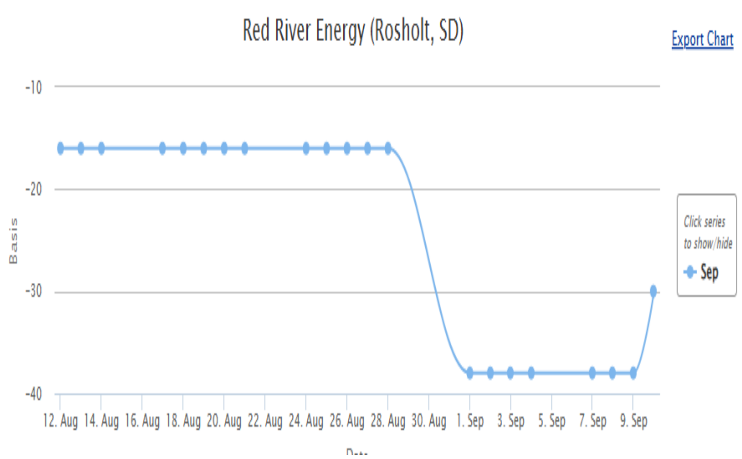
2026 Corn:	
26-'27 % Marketed:	10% (0% in sales 10% in puts)
Key Upside Targets:	$4.75, $4.91, $5.17
Key Stop in Point/Alarm:	No point at this time
Next Moves of Base Plan:	Work to 30% Apr.-Aug '25
Break Down(BD)/Out(BO) Tgts.	BD Tgt: $4.43 BO Tgt: $4.77
Ownership %	0%

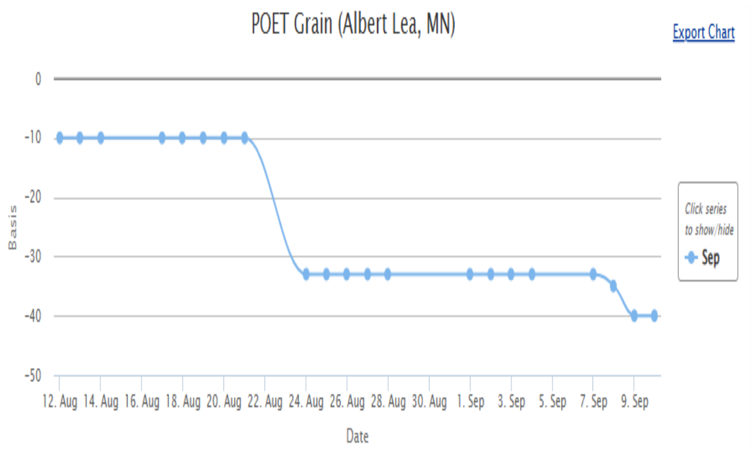
Futures Price:

New Crop: December 2025 Corn (From TOS): We are here!!! Scale up selling is the desire!

Basis: There have been some slight basis movements on the old crop after the basis rolled to the DEC futures, as users are looking to make sure that they have enough corn to get to new crop bushels. But most locations are running old and new crops the same since the calendar changed to September.

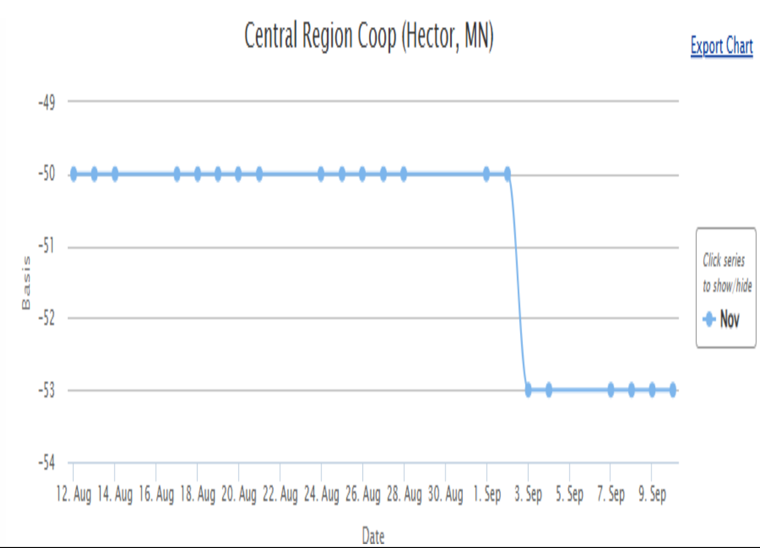
<u>Old Crop Basis (Chart via GeoGrain)</u>

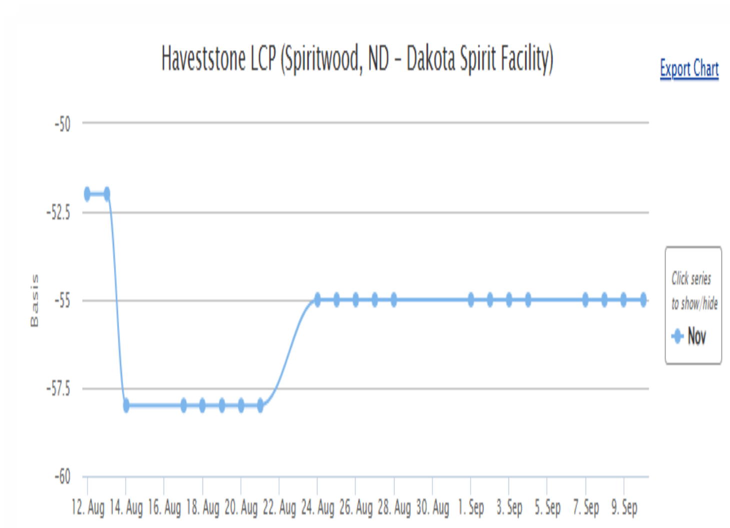




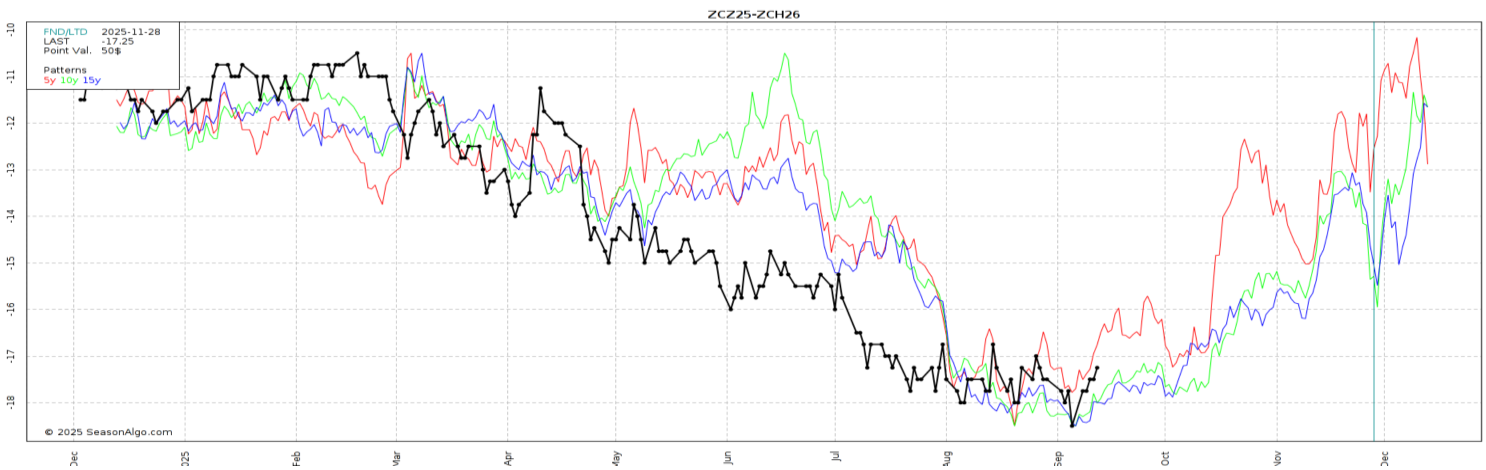
In new crop corn basis there hasn't been a lot of movement going on. It has been the wait and see, how big the crop is, how much wheat and beans are being stored, and if exports continue at the current pace they were in the last marketing year. What we know is there is a corn crop that needs to be harvested over the next 60 days. Harvest basis is typically the widest as the most grain will be in the pipeline. We have never had to handle 98.1 million acres planted, or anything over 179.1 bpa. Whether it is 188.1 bpa or 182 bpa, both are still a record yield, and huge production, and this will be a concern for everyone in the grain movement pipeline. Elevators & Users only have so much room for this crop, typically when bins and piles go full, basis widens. Don't bury your head in the sand, keep an eye on your basis levels out in the deferred months as an export program, or SA weather issue could bring some improvements to the table.

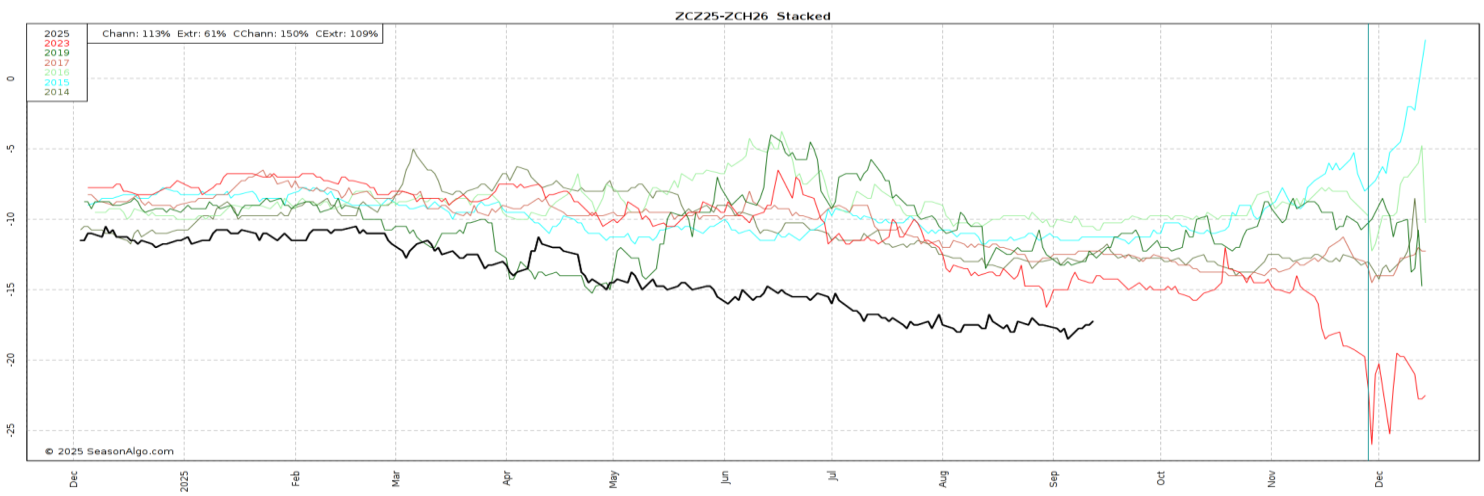
<u>New Crop Corn Basis (Chart via GeoGrain)</u>





Carry: The corn carry between December and July futures has been pretty steady for the last few months. We got out to 35.5 cent carry but for the most part have been overing between 33.5 and 34.5 cent carry. Seasonally, we tend to narrow up here. See the 5, 10, and 15 year pattern. Furthermore, in the years we had this large of a carryout they tend to not really widen out all that much either (unless into first notice). With the recent rally in corn, we cannot stress how important it is to sell out to deferred contracts and capture the carry. Carry seasonal charts via Seasonalgo.





Trade Ideas:

- March \$4.45 puts vs. \$4.80 calls as a marketing position.
- July \$4.60 puts vs. \$5.00 calls as a marketing position.

Consider costs, commission, fees, and risks before establishing any positions.

SOYBEANS: A dry and disease filled finish to the growing season has the yield bulls out in full force…But where is CHINA? If China does not show, there is a real risk ahead the market is shrugging off! But if China shows and yield declines it can get tight in a hurry. No better time than now to look at some straight puts in December and let this thing shake out. Also we think soybean acres could be huge next year. We are only 16 cents away from November 26 soybeans trading \$11.00, and some accumulator contracts are starting to get into the \$11.50+ range for November 2026. We are still at 0%, but as we test November 2026 highs, we are looking to start marketing.

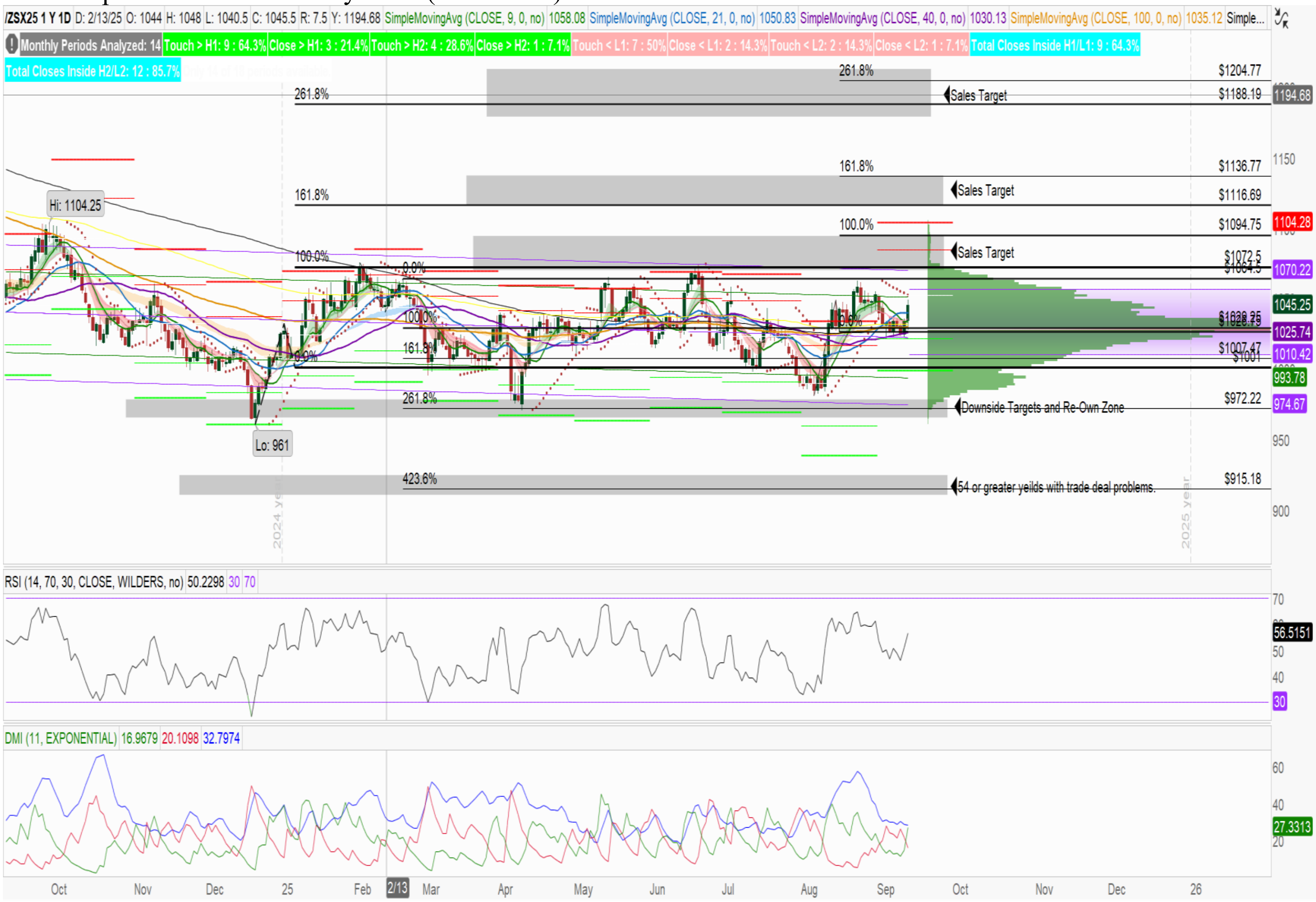
Marketing Tracker:

2025 Soybeans:	
25-'26 % Marketed:	50% (20% in sales 30% in puts)
Key Upside Targets:	\$10.72, \$10.94, \$11.16, \$12.04
Key Stop in Point/Alarm:	\$10.22
Next Moves of Base Plan:	Work to 70% May-Sept. '25
Break Down(BD)/Out(BO) Tgts.	BD Tgt: \$9.72 BO Tgt: \$11.04
Ownership %	20% (20% Re-own)

2026 Soybeans:	
26-'27 % Marketed:	0%
Key Upside Targets:	\$11.01, \$11.56
Key Stop in Point/Alarm:	\$10.64
Next Moves of Base Plan:	Work to 30% Apr.-Sept. '25
Break Down(BD)/Out(BO) Tgts.	BD Tgt: \$9.97 BO Tgt: \$11.06
Ownership %	0%

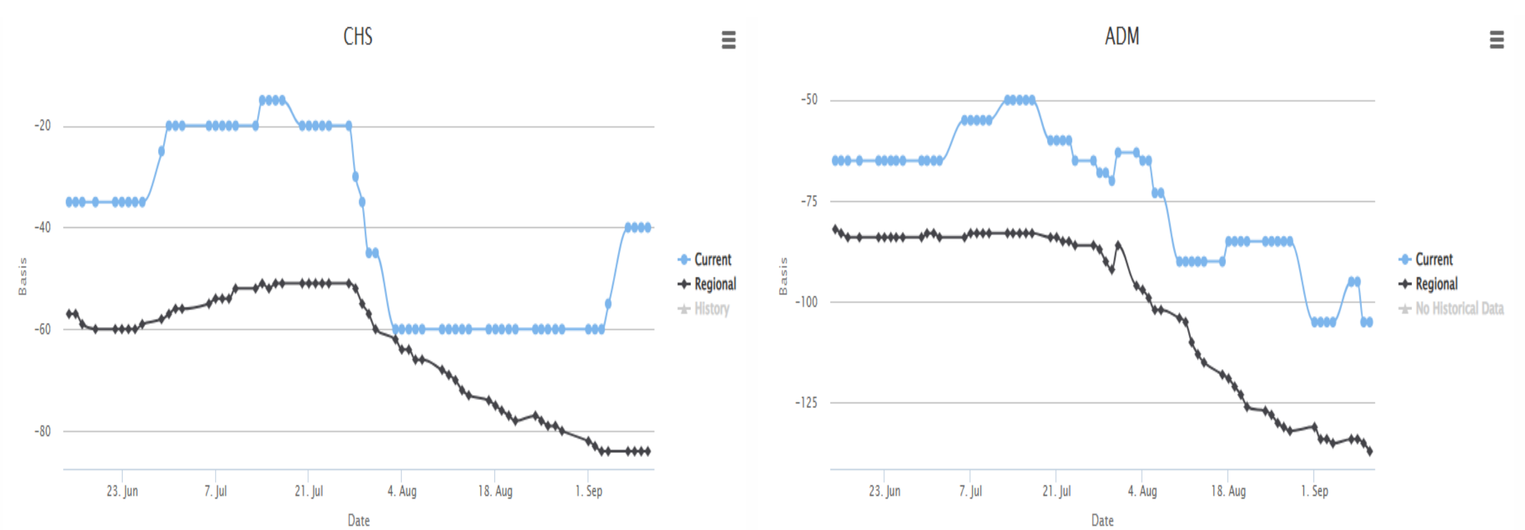
Futures Price:

New Crop: November 2025 Soybeans (From TOS):



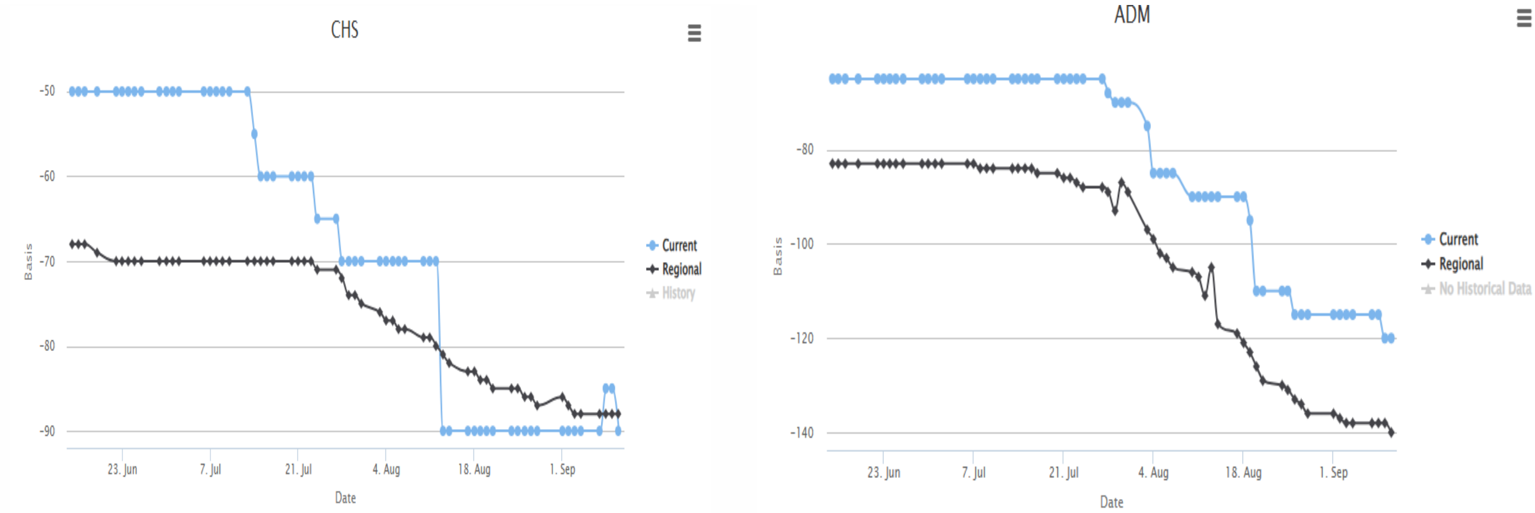
Basis: Soybean basis has continued the path of least resistance down. You see some quick ship opportunities to get users through to new crop but there are not a lot of locations doing this. This is a story of no China exports, and no one wants to be holding the beans if they don't show up. Most locations are bidding the same for both new and old crops.

<u>Soybean Crush CHS Mankato (Left) & ADM Green Bison (Right). (Chart via Geograin)</u>

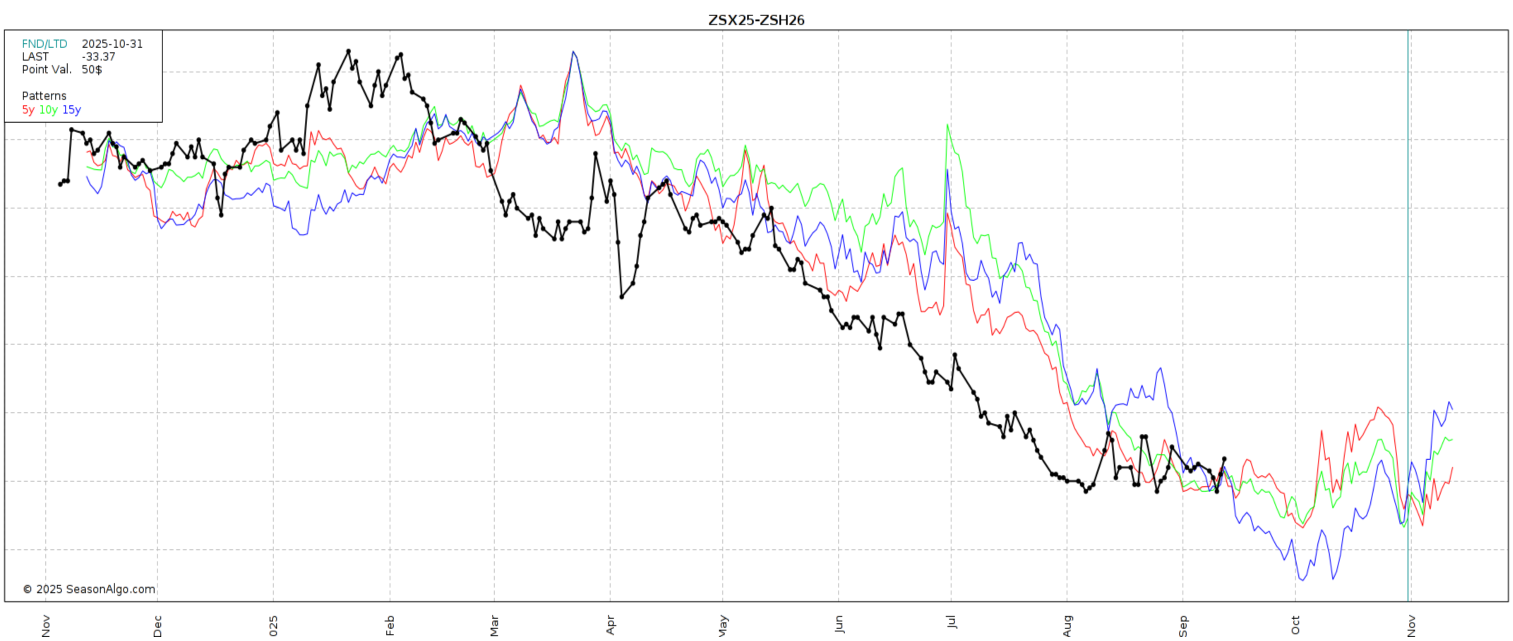


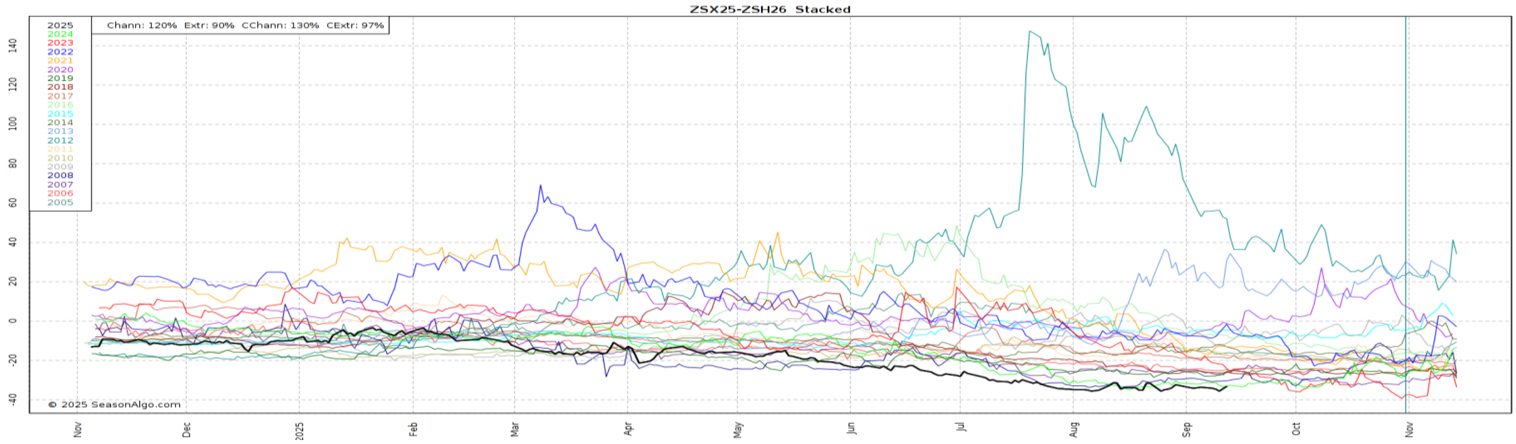
New crop soybeans have also been on the path of widening over the last month. It is both the exporter & processor that are having to continually widen as they have no China new crop sales yet. Talking with elevators, they are worried that basis can continue to widen quickly once harvest gets rolling. Talk of another .30 to 60 wider will really hurt soybean bottom lines. Hopefully we see China show up, but it is going to be a long road on the basis if they continue to be nonexistent in new crop purchases. We are 40 to 50 days away from Soybean harvest being wrapped up, that is the time frame where the most bushels are in the pipeline and basis typically widens through harvest as space continues to fill up. Keep an eye out for deferred month basis improvements if we start to hear of trade meetings or resolutions.

New Crop Soybean CHS Savage, MN (Left) & ADM Green Bison (Right). (Chart via Geograin)



Carry: The soybean November to March spread is a little different than corn as it still does tend to widen out. However, when you look at it compared to past years, it is at the widest level during this time frame. Which is why we also suggest you sell into the carry when doing hedges if possible. With China dragging their feet, even if they come to the table soon, it will be more December – February delivery, which will pair up well with March futures. Carry seasonal charts via Seasonalgo.





Trade Ideas:

- December $10.60 soybean put as a marketing position!

Consider costs, commission, fees, and risks before establishing any positions.

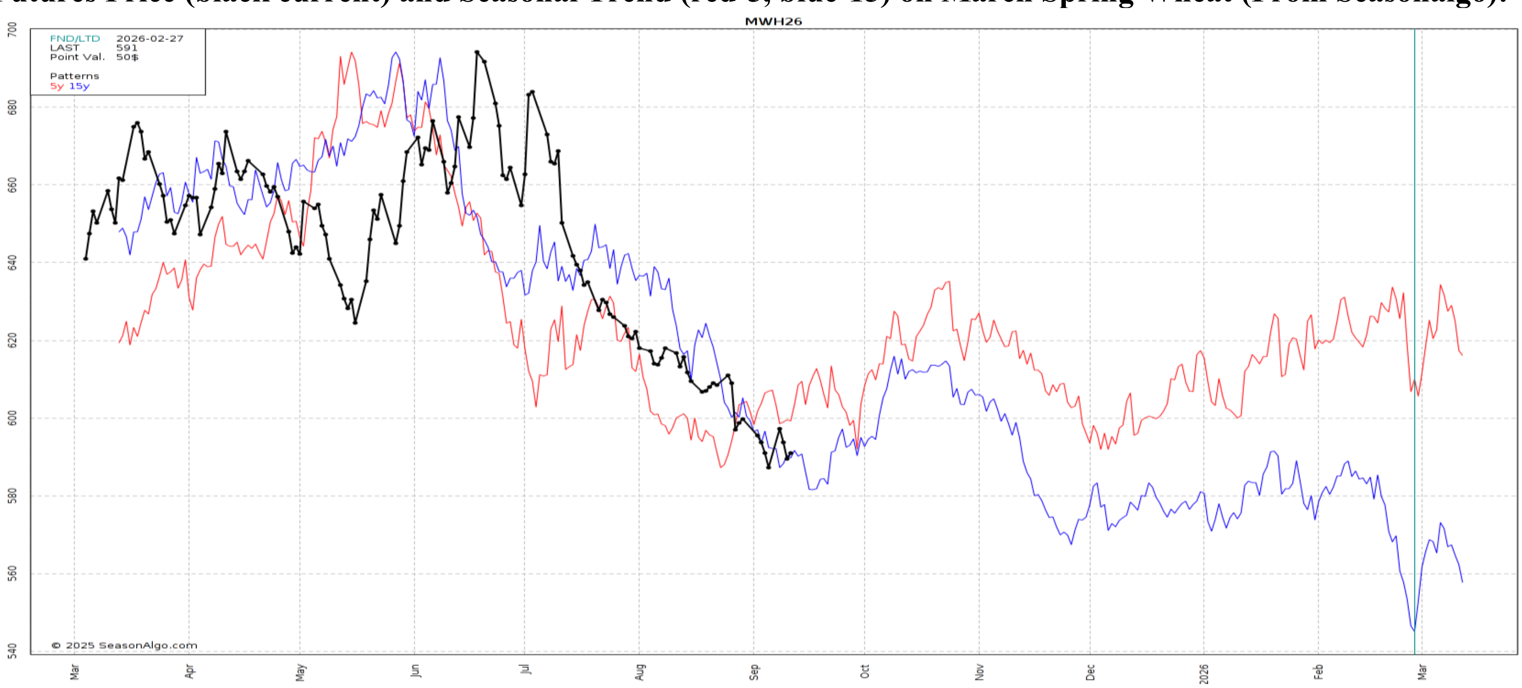
WHEAT: What is it going to take to get wheat off these lows? Continued drought in the east, a seasonal trend higher around the corner, and some demand for U.S. wheat are the things that could come together in the coming weeks to get these markets started. Corn and soybeans are at least near the highs for the year! Wheat is nowhere near the highs. As soon as we activate some upside momentum, we think it is worth having calls in this market. But so far, nothing!

Marketing Tracker:

2025 Wheat:	
25-'26 % Marketed:	30% (30% in Sales)
Key Upside Targets:	No counts at this time
Key Stop in Point/Alarm:	No point at this time
Next Moves of Base Plan:	(30% catch up) Work to 80% Oct. '25-Dec '25
Break Down(BD)/Out(BO) Tgts.	BD Tgt: $5.50 BO Tgt: $5.85
Ownership %	30% (20% Re-own, 10% Pre-Own)

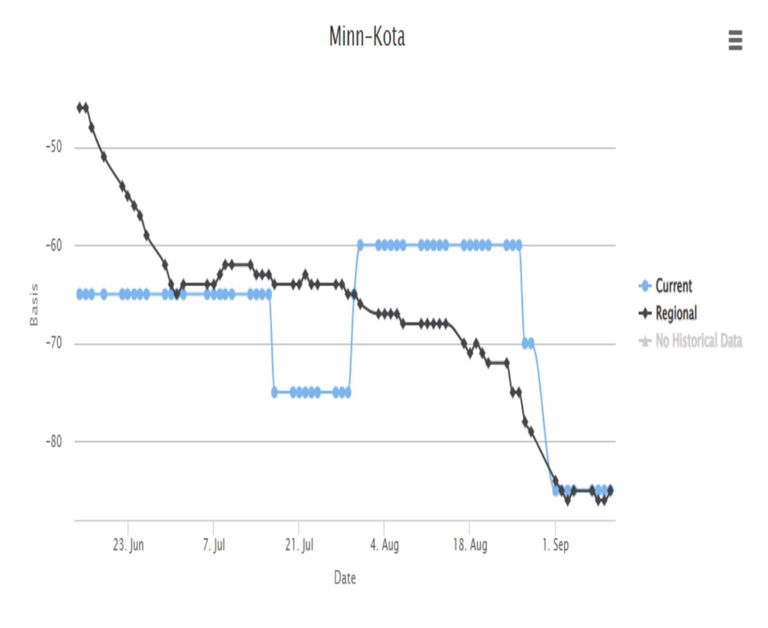
2026 Wheat:	
26-'27 % Marketed:	0%
Key Upside Targets:	No counts at this time
Key Stop in Point/Alarm:	No counts at this time
Next Moves of Base Plan:	(20% Catch up) Work to 60% Feb-Jul 26
Break Down(BD)/Out(BO) Tgts.	
Ownership %	0%

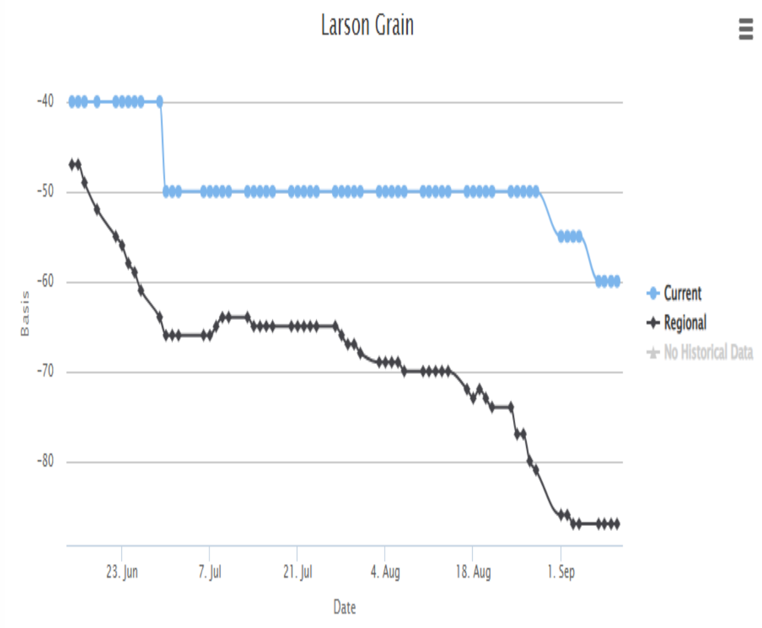
Futures Price (black current) and Seasonal Trend (red-5, blue-15) on March Spring Wheat (From Seasonalgo):



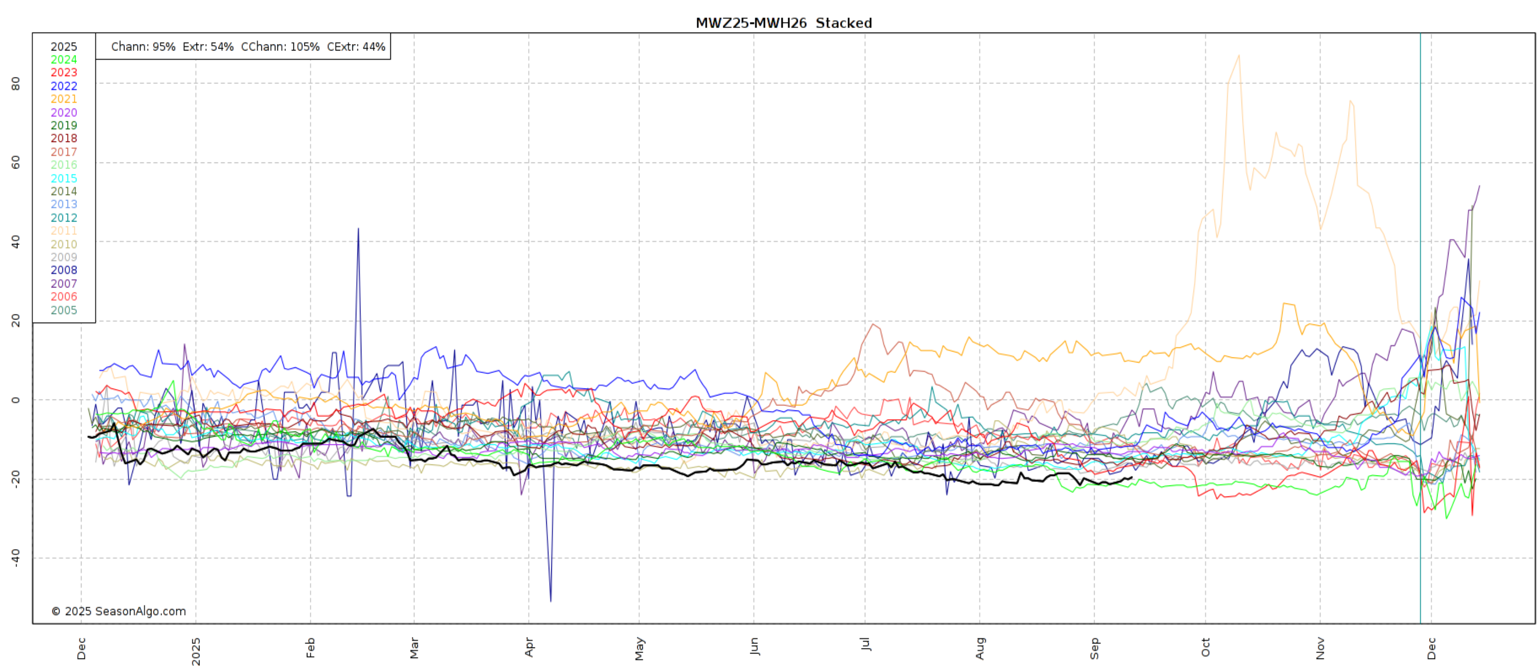
Basis: Wheat harvest is starting to wrap up and you are seeing that elevators don't want to be sitting on wheat when they can use the space for corn or soybeans. We had the September futures go off the board and basis stayed the same, so you were receiving a higher price, but this went away quickly and now we see no bid or contract only at a lot of locations.

<u>September Spring Wheat Basis (Chart via Geograin)</u>





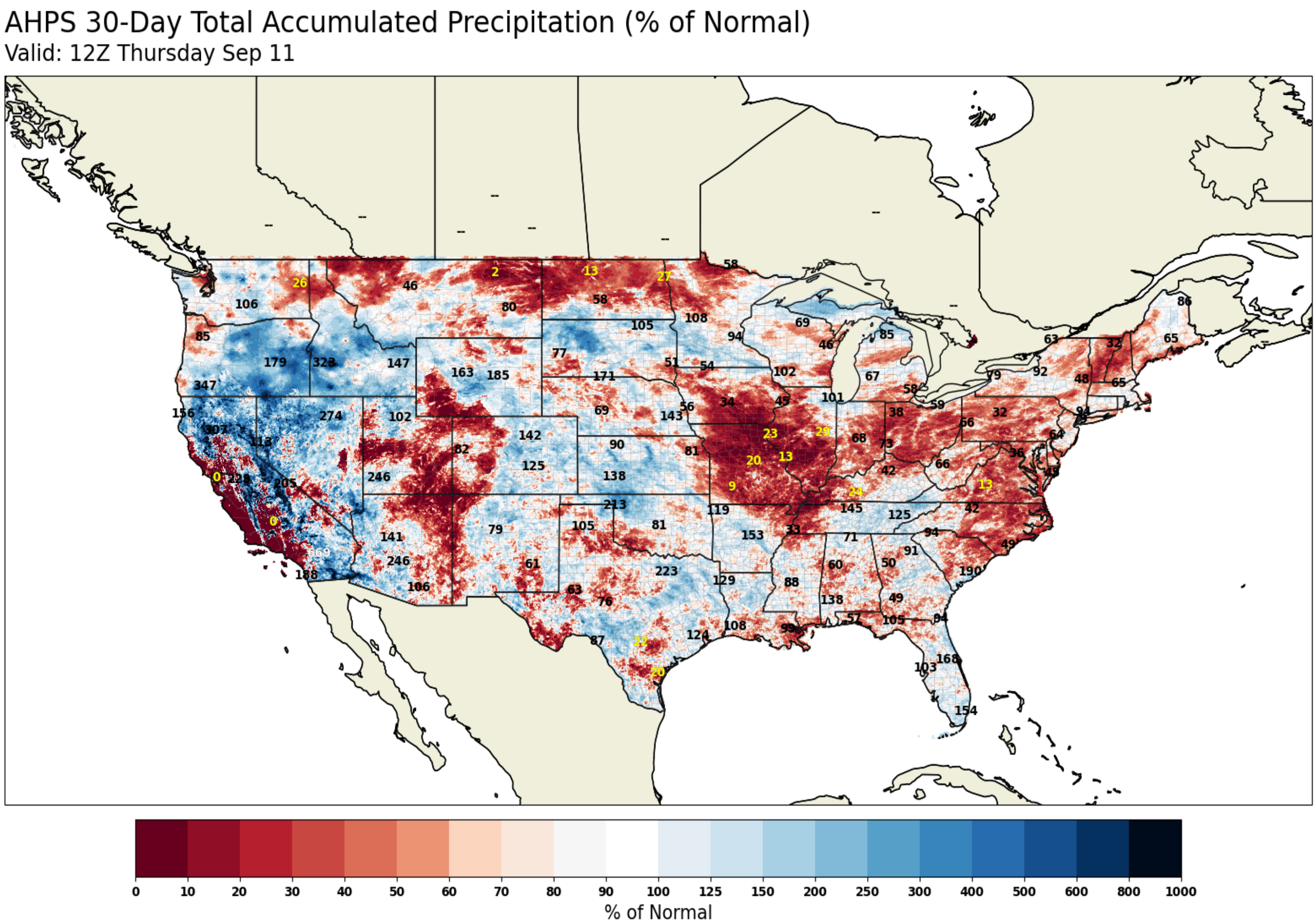
Carry: The December to March spring wheat carry is also at one of the largest carries on the books. At contract lows, it isn't like you want to be hedging here, however it is worth knowing where the carry spread is compared to history. Carry seasonal charts via Seasonalgo.



Trade Ideas:

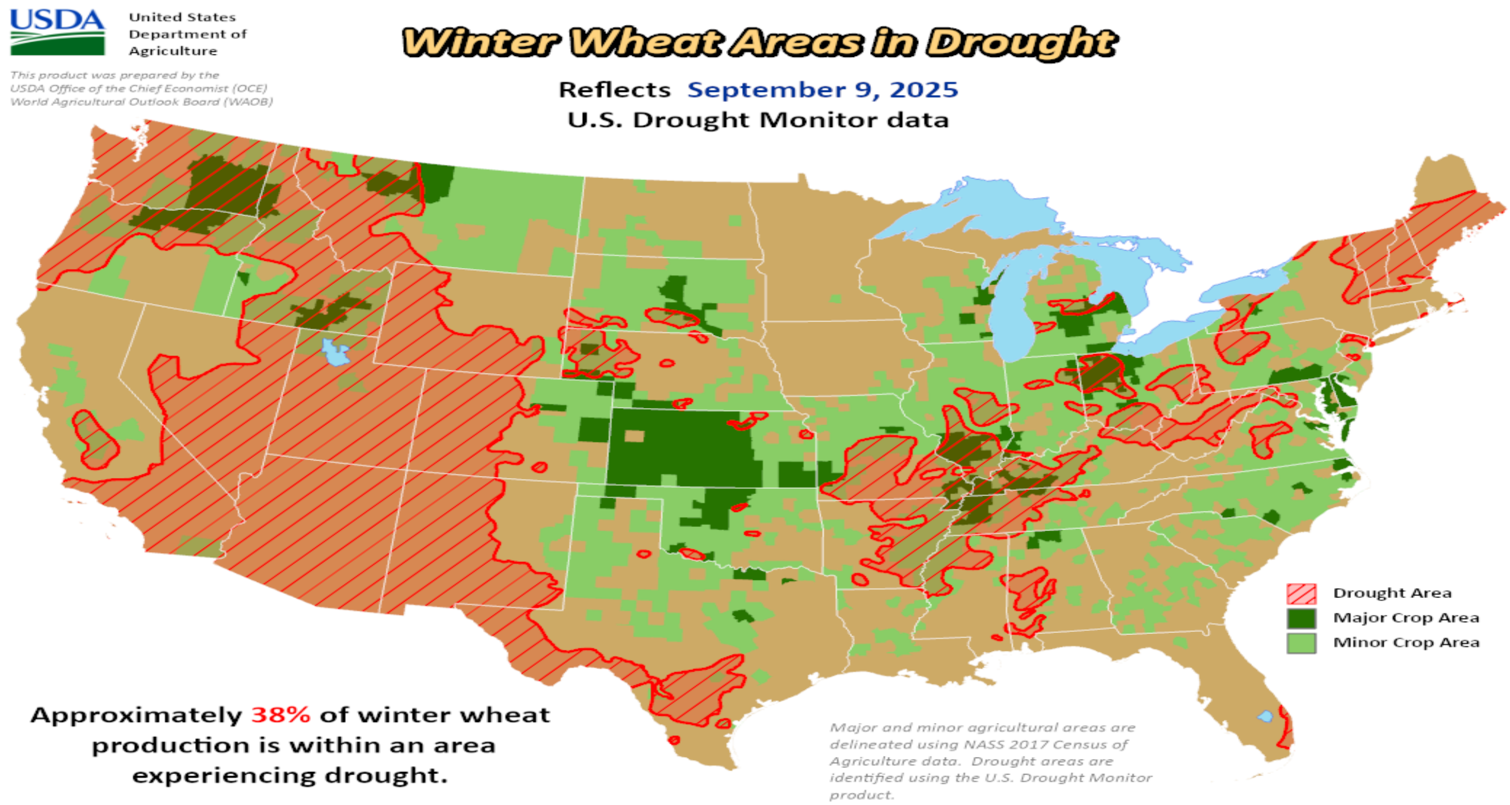
- Chicago/KC December or March wheat calls! We think we are setting a bottom here.
- Consider costs, commission, fees, and risks before establishing any positions.

WEATHER: The crops have been pushed in many areas, there is no question about it! For the second year in a row the dry weather came, just at the later part of the growing cycle. Corn is still likely to have a record crop, but some yield drag has occurred. The soybean yield remains a wild card. The Pro Farmer tour had great pod counts, but there was concern that if conditions remained dry we could see yields pull back, and we believe that has happened. The issue on getting too bullish is concerns about demand in soybeans. For every 1 bushel lower in soybeans we are talking an 80 million bushel adjustment to carryout. Which is a big deal in a average year. But with exports so far behind in new crop, this could even out or favor carryout growth if China does not show up. Just trying to keep a balance for the production bulls. Below is the percent of normal precipitation for the last 30 days! Keep in mind August into early September is generally drier to begin with. There are a lot of areas that only got 10-40% of normal rainfall in the central and eastern U.S. as well as northern ND. Yield drag is there.



Even with the drier weather, we still believe this is a record corn crop and a near record soybean crop. Demand holds a lot of the keys as we work ahead along with South America weather as their new crop season begins. More on S.A. after we cover U.S. wheat!

With drought developing in the eastern U.S., we think it is only a matter of time until Soft Red Winter wheat starts to perk up if we continue on this same trend. HRW wheat areas have moisture, while SRW is finding a lot of key areas with drought development and more dryness on the way. Now a Hurricane through the Gulf could change the outlook quickly this fall, if it moved through the eastern belt, but at this time the tropics are quiet. Keep an eye on Chicago wheat, it could be the first tip to a market looking at this drought carrying into 2026.



Now for South America, the planting season has begun and while only 1% of soybeans are in the ground there are a lot of soybeans forecasted to get planted once again over the coming months. For the most part things are good going into planting with forecasted rains looking to occur in the extended models! Moisture is pretty good in the north and the south to start the season, it is center east that is dry coming in as shown by the CPC map below to the left. The map on the right is the October-December forecast showing good average to above average rain chances for much of Brazil (NOAA):