May 30, 2025

THE BROCK REPORT

America's Most Complete Commodity Marketing Service

MAJOR GLOBAL CONFLICTS—IMPACT ON COMMODITY PRICES

With worldwide events in the last few weeks, interest has risen sharply on what the impact of global conflicts have on commodity prices. Since the war of 1812, there have been three other major conflicts, the Civil War, World War I and World War II. We rolled the calendar back to World War II and the reality is the world was such a different place then, there is no way one can make any realistic comparisons.

To begin with, during World War II, the U.S. government created the Office of Price Administration (OPA) to keep a lid on commodity prices, ration supplies and make sure our military was fed along with most of the population. To try to compare today's environment to one where price controls kept a lid on any substantial price rises is not a fair comparison.

In addition, back in those days, Brazil and China were not even major players in the world market. World production and exports were in a different environment then. Let's go back to 1964 where more data is available than during World War II. China was not buying any corn from the United States in 1964. The U.S. produced 48% of the world's corn supply in 1964 while Brazil produced only 5.2%. Today, the U.S. produces 31% of the world's corn supply and Brazil produces 10.6%.

In soybean production, in 1964, the United States produced 69% of the world soybean supply and Brazil produced 1.9%. Today, we produce 28% and Brazil produces 41%. Obviously not a favorable change.

No one has a crystal ball that could predict what might happen in worldwide commodity prices in the event of a conflict with the U.S., Russia and China. Our first thought is it would be negative on prices for grains since China is a major buyer. They would not be buying anything from the U.S. if such an event happened. China already carries the largest ending supplies of corn, soybeans and wheat of any country in the world. The world trade of grains would not only slow but would, in all likelihood, stop.

Impact on livestock prices would likely be more favorable. For safety reasons, many people would start hoarding and building supplies of meat and other essential foods. Overall, if world trade comes to a screeching halt, the overall impact is likely to be negative on prices. It's a very different world than when we were in World War II.

As we were researching commodity prices back to World War II, it was very interesting to observe price activity and levels going back that far. Many subscribers are too young to even remember the 1970s when grain prices adjusted to new upper levels all in the matter of one year—1973. On the next page, we've included charts of long-term prices in corn, soybeans, hogs and cattle.

First look at the long-term corn chart and pay attention to the 1940s. We entered World War II in December of 1941. From that point in time to the end of the war, the market rallied from 60¢ to $1.20. After the war was over, the bull market continued until 1949 when the market hit $2.70. For people who weren't

"People like to say that the conflict is between good and evil. The real conflict is between truth and lies."

-Don Miguel Ruiz

GOOD START

With the corn and soybean crops mostly in the ground, and the June acreage report still four weeks away, the main market focus in the coming weeks will be on Corn Belt weather. So far, while it hasn't been a perfect planting season, outside of the lower Midwest, Delta and parts of the eastern Corn Belt, it has generally been a good start to the year.

So, crops are starting in a good place, and right now there's nothing to indicate a change in trajectory. This May was particularly cool in many areas, but temperatures are expected to warm up across most of the Corn Belt in the first couple weeks of June, boosting crop development. And above-average rainfall is expected during this period across much of the eastern half of the U.S. Outside of a few areas, such as Oklahoma and the Ohio Valley, these are welcome conditions for the first half of June.

The main lingering question is whether we will get some "ridging" bringing prolonged heat and dryness in the Corn Belt this summer. Until and unless that happens, the crop outlook is good.

around in the 1970s, look closely at what happened in 1973. It changed the world of farming. Corn went from $1.50 to $3.60.

SOYBEANS

The impact of the 1970s was even more dramatic in soybeans. Note that from 1972 to 1973 soybeans went from $3.50 all the way to $12.00. I can still remember my dad bragging about selling all of our soybeans that year for $10.00 but, as with many farmers, they then thought that was what they were worth, and they held on for prices under $6.00 the next two years. Some hard lessons learned. What goes up fast comes down even faster.

CATTLE PRICES WERE VOLATILE

It's hard for even many beef producers to remember what it was like back in the 1940s. At the beginning of the war, cash steer prices were 11 cents per pound. By 1949, the market was 36 cents per pound. Beef was in strong demand during World War II. Nebraska was one of the more important states in United States during the war. Some of you may have seen the movie on North Platte, Nebraska, which served as a stopping point for trains carrying troops to the west coast. Nebraska cattle feeders started grazing all their cattle and quit putting corn in the ration. Everyone was too afraid of dwindling the supplies of corn. Once the war was over, cattle feeders put their cattle back in feedlots and started aggressively feeding corn and high protein diets. The demand for beef was very strong following World War II.

PORK PRICES ALSO VOLATILE

Prior to the war, hog prices were trading between five and eight cents per pound. By the end of the war, the market was up to 13 cents, and then, when the war was completely over, demand was fueled sharply higher, and pork supplies were still tight. The market price doubled over two years' time.

Raising hogs in the 1950s was a challenging time. I was born in 1952, the same year my father bought his first farm in Montgomery County, Indiana. From 1953 to 1955, hog prices dropped from 27 cents per pound to 12 cents per pound. I can still remember the stories 20 years later of my father telling me that in 1955 he thought he was going to lose the farm. Everything was cheap. Hog prices had collapsed, beef prices had collapsed, and corn and soybean prices were both well under breakeven prices. It was a very difficult time for Midwestern farmers and, unfortunately, today's younger generations don't remember any of it unless they have studied history closely.

THE BOTTOM LINE

Winston Churchill said, "Those that fail to learn from history are doomed to repeat it." Market cycles repeat. But this is not World War II, and we are hopeful calmer minds will prevail and if so, barring bumper crops, the bearish concerns of lower prices may fade away soon.

COMMENTARY

Inflation has been a major concern in the U.S. over the past five years or so and beef prices have been a major contributor to food price inflation, rising sharply during that period – more sharply than pork or poultry prices. While overall inflation has abated, though, beef price inflation has not.

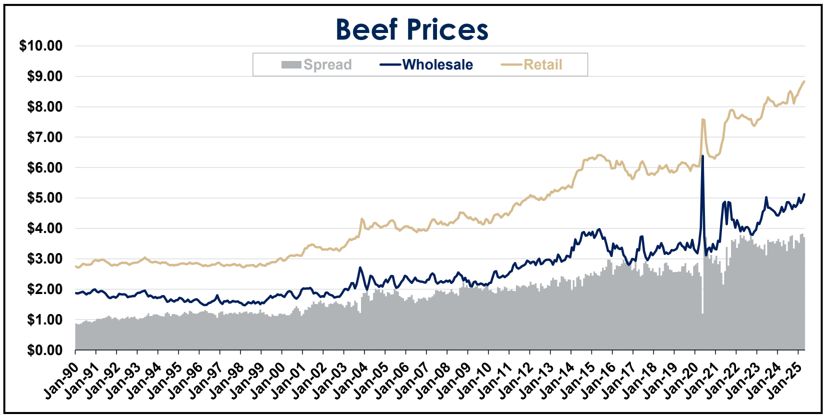
The average retail price of choice beef hit $8.83 per pound in April, up 1.0% from March and 8.4% from a year earlier, according to USDA data. In contrast, the average retail price of pork in April was just 2.1% higher than a year earlier and the average retail price for the broiler chicken composite was just 1.7% higher.

The average retail price of choice beef in April was up more than 40% from the post-pandemic low of $6.29 per pound recorded in December 2020, which equates to about 9.3% per year. The retail price gap between choice beef and pork also widened by 81% during that period, going from $2.17 per pound in December 2020 to a record high of $3.93 in April. The price gap between choice beef and the retail price for the broiler composite widened by 48.7%, from $4.29 to $6.38.

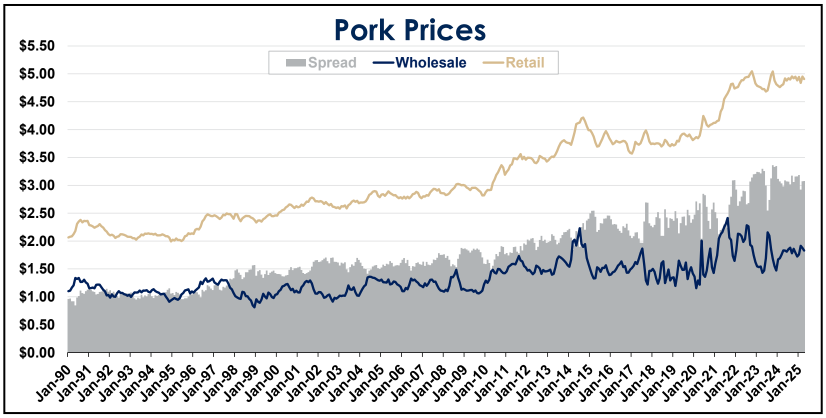
Wholesale beef prices have not risen as quite as quickly as retail prices in recent years. The average wholesale choice beef price in April was $5.12 in April and equaled about 42% of the retail price, while in December, 2020, the average wholesale price of $3.33 was 47.1% of the retail price. Beef packers saw their margins briefly soar to unheard of levels during the pandemic, but have been dealing with negative margins for much of the past two years, which raises the risk that slaughter capacity could be lost.

So far, beef price inflation has not dented Americans' appetite for beef; beef demand has generally strengthened as consumption has risen in spite of higher prices. U.S. per capita beef consumption rose in 2024 to a 14-year high of 59.1 pounds, from 57.7 pounds in 2023, and is expected to hold steady at 59.1 pounds this year. An index of beef demand maintained by Kansas State University averaged 87.6 in 2024, an increase of 4.6% over the 2023 average of 84.5%.

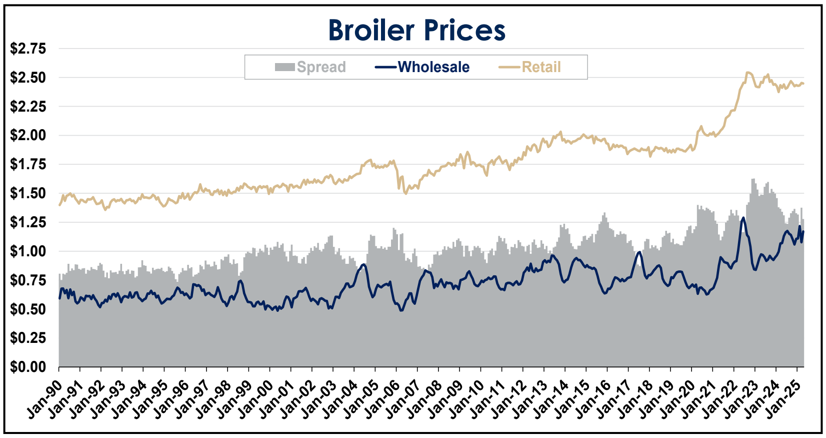
However, we may be at the point where things are starting to change as U.S. beef production continues to shrink. USDA expects per capita beef consumption to fall by 4.6% in 2026 to a 10-year low of 56.4 pounds on a 4.3% decline in total supplies. The price gaps between beef and pork and beef and chicken seem likely to widen even further as U.S. beef production seems likely to fall further in 2027 before it can start to turn around.



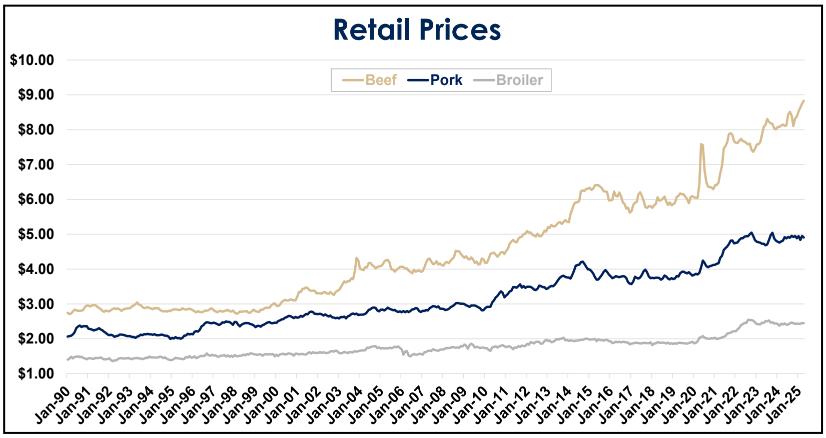
Beef Prices



Pork Prices



Broiler Prices



Retail Prices

WORLD NEWS ANALYSIS

RULING SETBACK FOR TRADE TALKS

While a Federal appeals court on Thursday reinstated Trump administration reciprocal tariffs pending the outcome of the administration's appeal, a Wednesday ruling by the U.S. Court of International Trade declaring the tariffs illegal figures to complicate trade negotiations the U.S. has been holding with some key trading partners. The ruling has already prompted calls from experts in India for that country's government to pause ongoing trade negotiations with the Trump administration. Indian negotiators have been preparing to open up sensitive sectors, including automobiles and agriculture, and allow greater foreign access to government procurement and digital infrastructure as part of a bilateral U.S.-India trade agreement.

"The court has struck down the very basis of Trump's tariffs. India must not enter into a one-sided deal based on illegal pressure tactics," Ajay Srivastava, co-founder of the Global Trade Research Initiative (GTRI), a trade research think tank, told Reuters News Service. "We should reassess our strategy, ensure reciprocity, and not rush into finalizing an FTA (free trade agreement) that disproportionately benefits the U.S," he said, adding that India appears to be offering large concessions without receiving a comparable U.S. commitment.

BRAZIL NEGOTIATES ON BIRD FLU

Brazil held negotiations this week with the European Union and the United States to limit bird flu-related trade restrictions to affected regions, Brazil's veterinary officer said on Tuesday, expressing strong confidence in reaching agreements. Negotiations with the two blocs took place at the general session of the World Organisation for Animal Health in Paris. "We know this is not the perfect time to negotiate, but it will happen eventually, as major poultry producers like the U.S. and Brazil face the same challenges," Brazil's Chief Veterinary Officer Marcelo Mota told Reuters. He added he was "very confident" that agreements would be reached.

So far, Brazil has still only confirmed one bird flu outbreak at one commercial poultry farm in its southernmost state of Rio Grande do Sul. The country's agriculture ministry has ruled out an outbreak of bird flu at a commercial farm in the northern state of Tocantins this week. The list of nations that have suspended all poultry trade with Brazil has grown to 23, including China, The EU, Argentina, South Korea and Canada. Another 17 nations have suspended imports of poultry from Rio Grande do Sul state.

INDIA GRAIN CROPS RECORD HIGH

India's producers will likely harvest record amounts of both wheat and rice in 2025/26, the country's farm ministry said on Thursday. The Ministry pegged wheat production for the year ending June 2025 at 117.5 million metric tons (MMT), above a March forecast of 115.4 MMT and up 3.7% from the 2024 crop of 113.3 MMT, while estimating rice production at a record high of 149 MMT, up 8.1% from last year's crop of 137.8 MMT.

A leading industry body said the crop was nearly 6.25% lower than the government's estimate, but the government forecast is in line with USDA's forecast of 117.0 MMT. The big wheat harvest has led to a rapid replenishing of government wheat stocks and likely means India will be able to meet domestic demand without imports this year, contrary to earlier market talk that it would need imports for the first time since 2017. The Food Corporation of India, the state stockpiler, has bought 29.7 MMT of new-crop wheat from producers - the most in four years - after missing procurement targets for three consecutive years. The food minister said earlier this month that total purchases could reach 32-32.5 MMT.

The huge rice crop and ample Indian stocks will likely keep a tight lid on world rice prices this year. USDA forecasts India's 2024/25 rice exports at 24.5 MMT, up from only 14.43 MMT in 2023/24, when the country was restricting exports. USDA forecasts India's exports will dip only slightly to 24.0 MMT in 2025/26.

EU AG MINISTERS FIGHT BUDGET CHANGES

European Union farm ministers at their monthly summit in Brussels on Monday welcomed proposed simplifications to the EU Common Agricultural Policy that would cut red tape for both farmers and administrators, but pushed back against a proposal to incorporate the CAP budget into a single, broad EU budget fund.

The European Commission on May 14 proposed 25 amendments to the CAP aimed at simplifying regulatory requirements and boosting farmers' competitiveness. The Commission's proposals aim to make it easier for small farmers to receive CAP payments and simplify environmental requirements and controls. The ministers said in their initial assessment that the amendments require analysis and discussion by experts, but stressed the importance of a quick adoption and implementation of the proposed rules.

The ag ministers, however, staunchly opposed the idea of folding the CAP budge into a broader EU funding model. The ministers fear the plan would tie farm spending more directly to broad political goals and make it easier to divert money away from farmers.

WORLD WEATHER HOTSPOTS

Warming temperatures in the U.S. Plains and Midwest will be welcome after recent wet and cool weather, although temperatures will be a little milder than usual again next week as rain increases. Mid-week storminess in the central US and lower Midwest will result in some very heavy rain and local flooding.

In Canada, the heart of Saskatchewan, northern Manitoba and eastern Alberta will experience another week to ten days of poor rainfall. Crop stress will remain very serious in some of these areas until significant rain falls and that may not occur until closer to mid-June.

Argentina will see welcome drying in the east where conditions have been too wet. Any flooding should abate in the next 7-10 days. Wheat and barley planting should resume in areas that are not excessively wet. Planting of winter crops will advance much better in western Argentina where the moisture profile for planting is the best it has been in years.

China's central Yellow River Basin and North China Plain will see restricted rainfall during the next 10-14 days, possibly worsening unirrigated crop stress in portions of the region. The environment will be good for winter wheat maturation and eventual harvesting.

USDA REDUCTION, RELOCATION PLANS ON HOLD FOR NOW

USDA's reorganization and relocation plan, originally expected to be unveiled this month, is on hold, with a federal judge's ruling this week creating the latest road block. A federal district judge in northern California issued an injunction preventing the "mass reduction in force" laid out in a Trump executive order. The order affects a number of agencies, including USDA.

In the case of USDA, the agency has already shed about 15,000 employees through buyouts since President Trump returned to office. USDA and Secretary Brooke Rollins have said the plan is to ultimately move out of Washington D.C. to three hub offices around the country. That plan would, in many cases, put USDA closer to its constituents, although it would also lead to more staff reductions as many employees decline to move — a process that played out in President Trump's first term when USDA moved two of its agencies to Kansas City.

Trade publications, including Successful Farming, this week reported that dozens of USDA offices around the country that had been targeted for lease terminations have been "quietly" removed from the list of planned terminations.

Meanwhile, the trade publication "Government Executive" this week reported that the White House has ordered some employees to vacate their offices and work from home for the first three weeks of June, to accommodate soldiers who will participate in a June 14 parade honoring the 250th birthday of the U.S. Army, as well as President Trump's birthday.

AG GROUPS WANT CONGRESS TO STEP IN ON PESTICIDE LABELING

Farm groups representing a broad coalition across the U.S. this week wrote Congress urging them to pass a law creating some certainty in pesticide labeling and preventing a patchwork of regulations across states.

In a letter signed by 365 groups, including the American Farm Bureau Federation and the National Corn Growers Association, expressed concern over states creating their own pesticide labeling requirements, which contradict EPA's science-based national standards under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). These conflicting rules, they argue, threaten farmers' access to vital pest control tools, jeopardizing crop yields, conservation practices, public health, and food security. The groups stress that inconsistent labeling will raise food prices and undermine EPA's credibility. While states can regulate pesticide use, they should not alter federally-approved labeling.

The legislation was introduced two years ago by Reps. Dusty Johnson, R-South Dakota and Jim Costa, D-Calif., but has since languished without a hearing. While there's a broader concern for all of ag, the issue also has a very specific tie-in to the thousands of lawsuits filed against Bayer related to Monsanto's glyphosate herbicide. Those lawsuits, some of which have resulted in awards of millions of dollars, have argued that Monsanto did not properly warn of the health risks of the herbicide. But EPA has consistently said that glyphosate is safe to use as directed.

MIXED CROP RATINGS TO START SEASON

U.S. crop conditions are a bit of a mixed bag early in the season, although, as noted on the page 1 sidebar, the weather outlook for the next couple of weeks should help to improve prospects.

As of Sunday, the USDA rated 68% of the U.S. corn crop in good to excellent condition, below trade expectations and last year's 75%. Key corn-producing states showed varied ratings, with Iowa leading at 83%. Corn planting is 87% complete, slightly ahead of the five-year average, with emergence at 67%. A key "trouble spot" is Ohio, which lagged behind at just 54% planted.

Soybean planting was 76% done, ahead of the five-year pace, with 50% of the crop emerged. Spring wheat planting is progressing well at 87% complete, but initial condition ratings were not good—only 45% of the crop is rated good/excellent overall. Minnesota leads in wheat condition at 82%, while Montana and North Dakota trail at 36% and 37%, respectively.

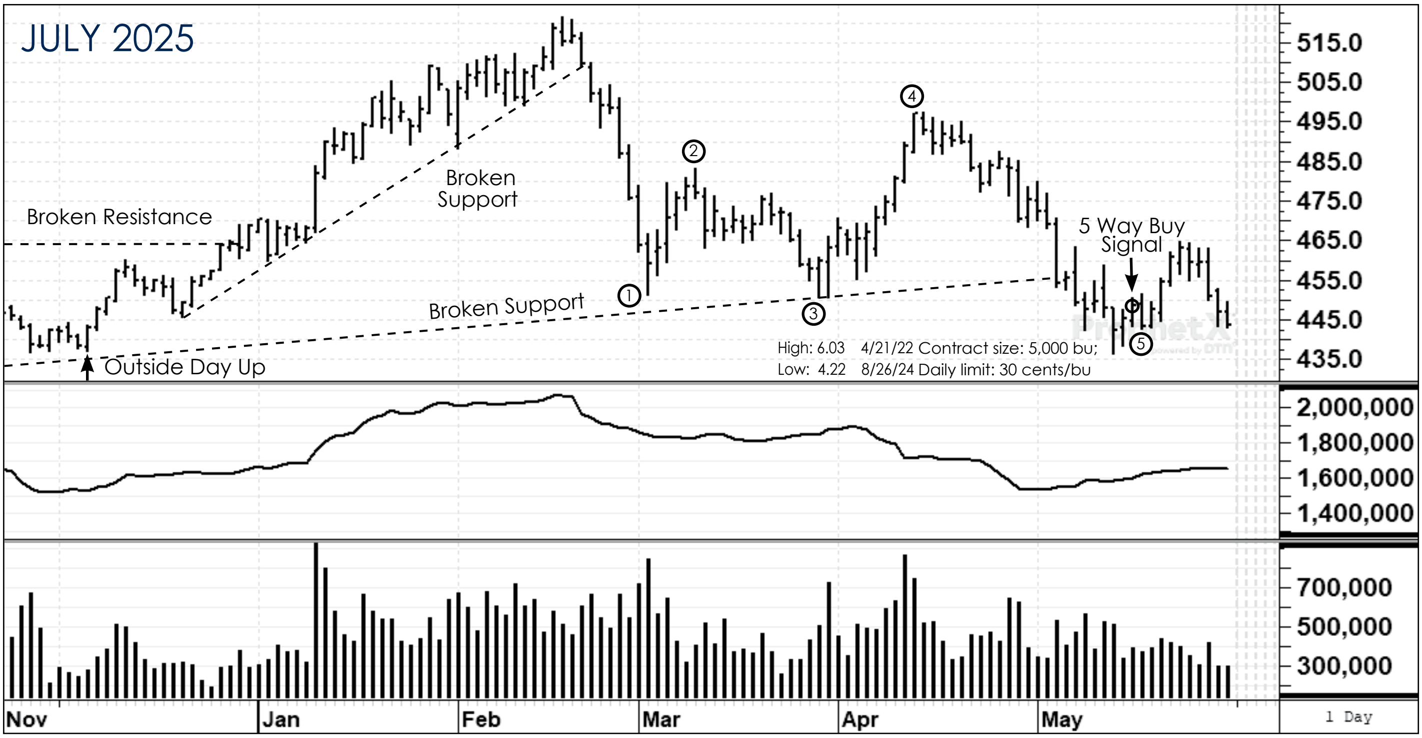
The U.S. weekly Drought-in-Ag report showed that 23% of U.S. corn area was experiencing drought as of Tuesday, up from 22% last week and just 4% a year ago. The main drought areas are in Nebraska and across northern Illinois. For soybeans, 17% of production is in drought areas, compared to just 2% a year ago. Winter wheat was 16% in drought, down from 21% the prior week and 20% a year ago.

RFS WAIVERS PLAN BREWING...

The White House is considering a plan to clear a backlog of over 160 requests for "hardship" waivers from the Renewable Fuels Standard, Reuters reported on Friday. It reported that the administration is considering approving many of the 19 pending requests from 2024, while soliciting industry input on how to address older requests, some of which date back several years.

Reuters reported that to minimize the impact, the White House might stagger its decisions, while also requiring larger refineries to compensate for the ethanol demand lost through waivers to small refineries. While one would guess that large refineries wouldn't be thrilled with that aspect of the plan, given the push to cut off the growth of Electric Vehicles (see page 12), refiners are still likely in a better position long-term than they were during the Biden Administration.

CORN



JULY 2025
Broken Resistance
Broken Support
Broken Support
5 Way Buy Signal
Outside Day Up
High: 6.03 4/21/22 Contract size: 5,000 bu;
Low: 4.22 8/26/24 Daily limit: 30 cents/bu
515.0
505.0
495.0
485.0
475.0
465.0
455.0
445.0
435.0
2,000,000
1,800,000
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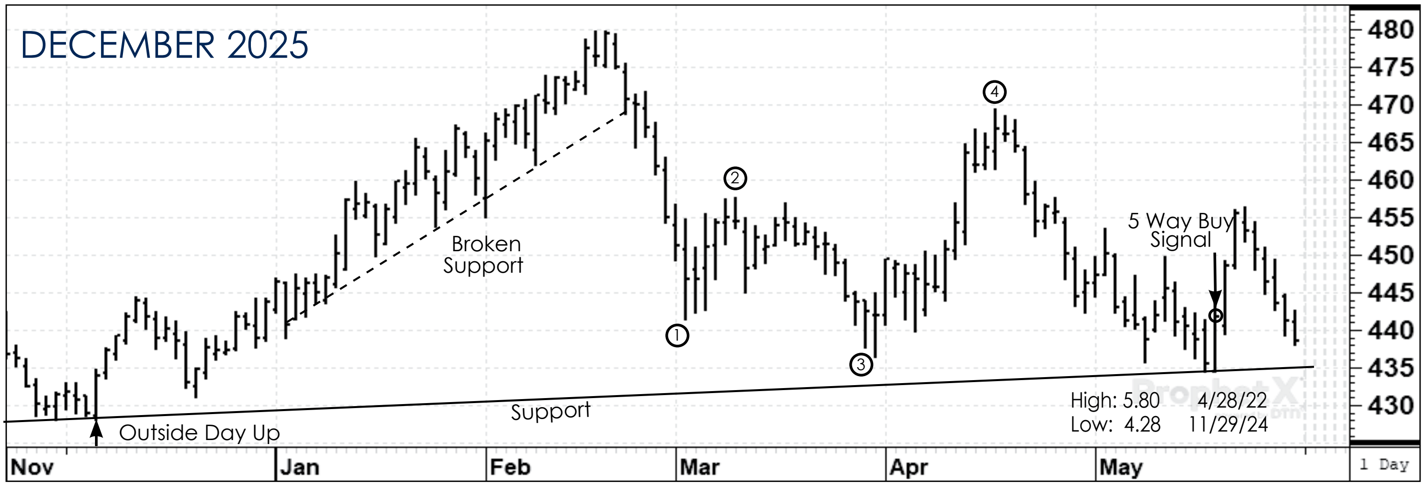
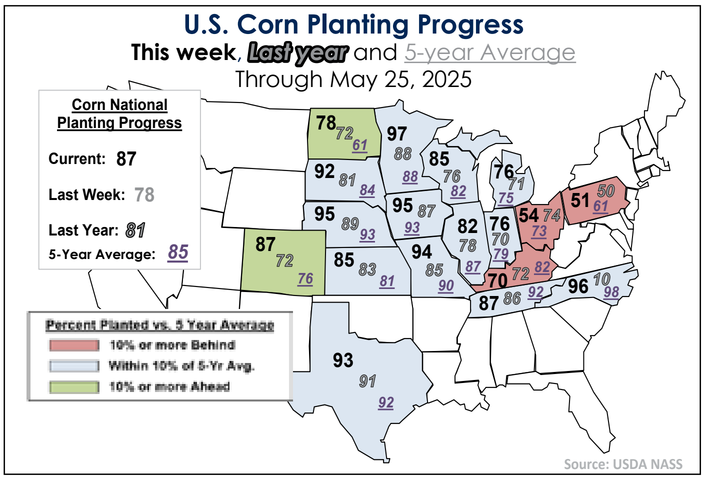
700,000
500,000
300,000
Nov
Jan
Feb
Mar
Apr
May
1 Day



DECEMBER 2025
Broken Support
5 Way Buy Signal
Support
Outside Day Up
High: 5.80 4/28/22
Low: 4.28 11/29/24
480
475
470
465
460
455
450
445
440
435
430
Nov
Jan
Feb
Mar
Apr
May
1 Day

WEEKLY MOST ACTIVE
Broken Resistance
800
750
700
650
600
550
500
450
400
2021
2022
2023
2024
2025
1 Wk



U.S. Corn Planting Progress
This week, Last year and 5-year Average
Through May 25, 2025
Corn National Planting Progress
Current: 87
Last Week: 78
Last Year: 81
5-Year Average: 85
Percent Planted vs. 5 Year Average
10% or more Behind
Within 10% of 5-Yr Avg.
10% or more Ahead
Source: USDA NASS

COMMENTARY

Number one on the news page is continued discussions of tariffs. In spite of threats, corn exports have remained very strong during this timeframe. Countries who buy corn from the United States, at this stage of the marketing year, will continue to make purchases.

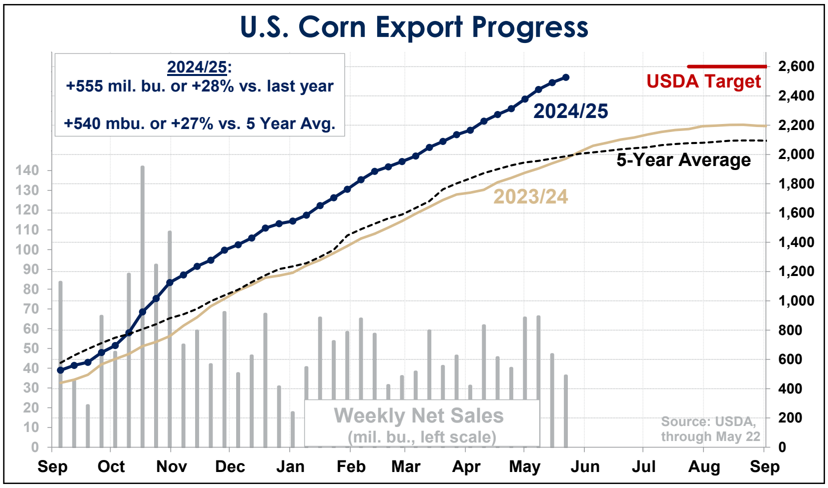
More of the focus now is going to be on weather. With the majority of the crop planted and having gone through a period of very cool and wet weather throughout most of the Midwest, the forecast is for heat in this coming week. The most affected area is Ohio, Pennsylvania and western New York. There are concerns that many acres in Ohio, Pennsylvania and western New York will not get planted. We don't agree. Most of it is still going to get put in the ground with the warming coming in this week. Nevertheless, crop production in that area of the country is way behind and there will likely be a small number of abandoned acres. The lower Midwest has also had planting disruptions.

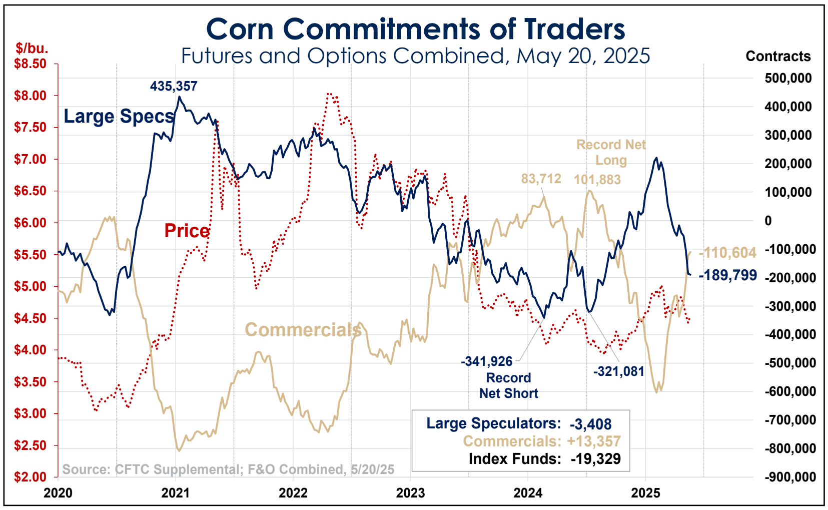
This past week was a test for both the bulls and the bears. A very difficult week. Corn futures tested some of major support areas in both old and new-crop. At this stage, it would appear as though this week's sell-off discounted the warm weather that's coming this week. Major support in the July corn futures is Thursday's low at $4.43 ½. If the market closes below that, we'll have to consider selling the rest of our old-crop corn. From an expected average price viewpoint, both old- and new-crop are trading at, or below, the expected averages of the year.

The other key feature this week was an unwinding of the bull spreads of July/September and July/December corn. As we go to press, July is trading at a 20-cent premium to the September contract. That will likely go to zero.

Cash-only marketers' strategy: Eighty-five percent of the old-crop was priced long ago as well as 15% of the new. We are anticipating the next selling opportunity will be in late June or early July. Time to sit and be patient.

Hedgers' strategy: Eighty percent of the old-crop was sold long ago along with 15% of the new-crop. Ten percent of the new-crop is also still covered with long (1) $4.70 put, short (2) $5.40 calls and short (1) $4.20 put locking in a floor of $4.72. Sit tight for now.

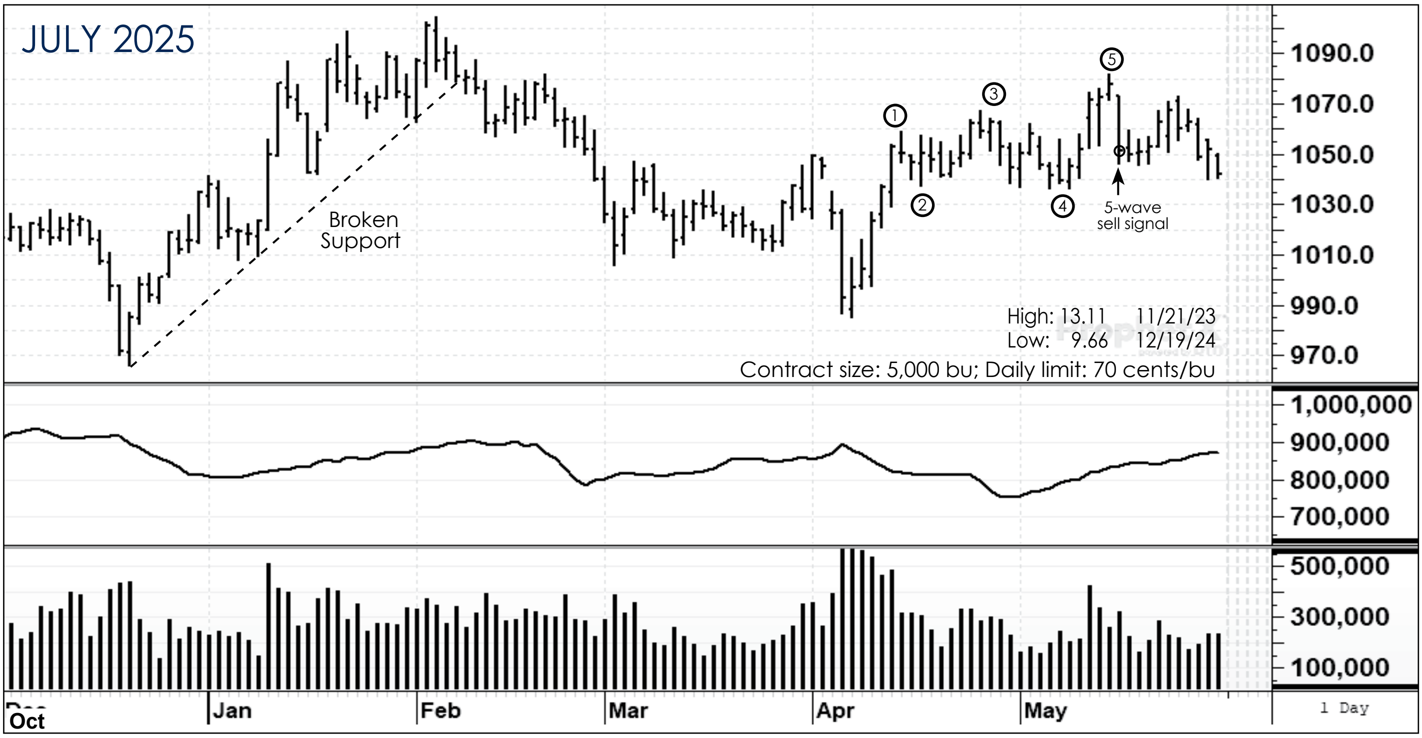




U.S. SUPPLY & DEMAND

	USDA		Brock	
Marketing year begins Sept 1	2024/25	2025/26	2024/25	2025/26
ACREAGE (million)				
Planted Area	90.6	95.3	90.6	95.3
Harvested Area	82.9	87.4	82.9	87.1
Yield	179.3	181.0	179.3	180.0
SUPPLY (mil bu)				
Beg. Stocks	1,763	1,415	1,763	1,377
Production	14,867	15,820	14,864	15,678
Imports	25	25	25	25
Total Supply	16,655	17,260	16,652	17,080
USAGE (mil bu)				
Feed & Residual	5,750	5,900	5,775	5,825
Food/Seed/Ind	6,890	6,885	6,900	6,930
Ethanol & By-Products	5,500	5,500	5,500	5,525
Domestic use	12,640	12,785	12,675	12,755
Exports	2,600	2,675	2,600	2,600
Total use	15,240	15,460	15,275	15,355
Ending Stocks (Aug 31)	1,415	1,800	1,377	1,725
Stocks/use	9.3%	11.6%	9.0%	11.2%
Farm Price ($/bu)	$4.35	$4.20	$4.75-5.20	$4.20-$4.80

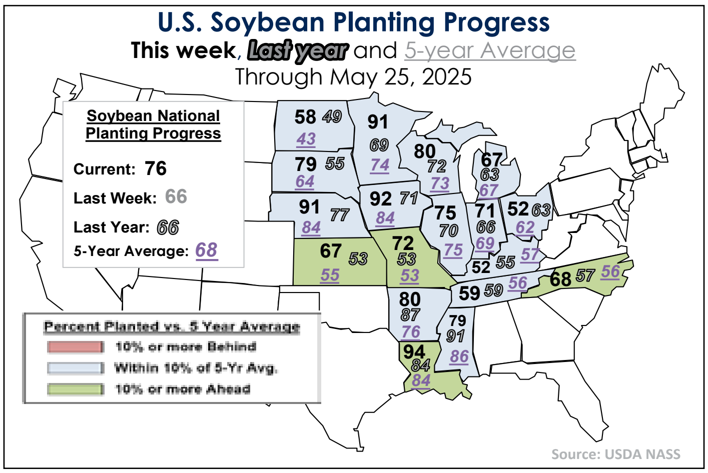
SOYBEANS



JULY 2025
Broken Support
1
2
3
4
5
5-wave sell signal
High: 13.11 11/21/23
Low: 9.66 12/19/24
Contract size: 5,000 bu; Daily limit: 70 cents/bu
1090.0
1070.0
1050.0
1030.0
1010.0
990.0
970.0
1,000,000
900,000
800,000
700,000
500,000
300,000
100,000
Oct
Jan
Feb
Mar
Apr
May
1 Day

NOVEMBER 2025
Broken Support
1
2
3
4
5
5-wave sell signal
High: 13.42 4/28/22
Low: 9.61 12/18/24
1090
1070
1050
1030
1010
990
970
Nov
Jan
Feb
Mar
Apr
May
1 Day

WEEKLY MOST ACTIVE
Outside Week Up
1800
1750
1700
1650
1600
1550
1500
1450
1400
1350
1300
1250
1200
1150
1100
1050
1000
950
2021
2022
2023
2024
2025



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Through May 25, 2025
Soybean National Planting Progress
Current: 76
Last Week: 66
Last Year: 66
5-Year Average: 68
Percent Planted vs. 5 Year Average
10% or more Behind
Within 10% of 5-Yr Avg.
10% or more Ahead
58 49 43
91 69 74
79 55 64
80 72 73
67 63 67
91 77 84
92 71 84
75 70 75
71 66 69
52 63 62
67 53 55
72 53 53
52 55 57
59 59 56
68 57 56
80 87 76
79 91 86
94 84 84
Source: USDA NASS

COMMENTARY

"Volatile" doesn't begin to describe the price action in soybeans. However, it is interesting to note that in looking at the charts on page 2 that during the 1950s, on a percentage basis, the volatility in almost all ag commodities was even higher than it is now. Dollar amounts were smaller but the percent of value was higher.

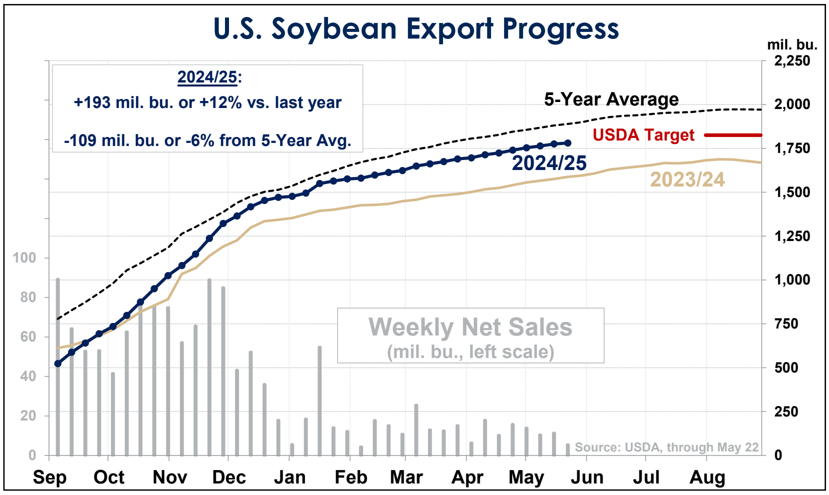
It's interesting that over the last four to six weeks, the open interest in the futures market has been climbing as the market has been trading in a sideways trading range. Historically that would indicate that someone, hopefully export companies, are building a long position in soybeans anticipating an increase in exports. Politically that bet doesn't seem to have good odds at this point in time. But it is too early in the marketing season to assume that it is pre-hedge activity to offset cash purchases from farmers. Technically, July soybeans held at the major support area of $10.40. If that doesn't hold this coming week, then we will likely be forced to take some action in the markets. A close below that will likely not find support until $10.00, which is the lows that were established in early April. This market desperately needs a close above $10.70 to get the momentum going back to the upside.

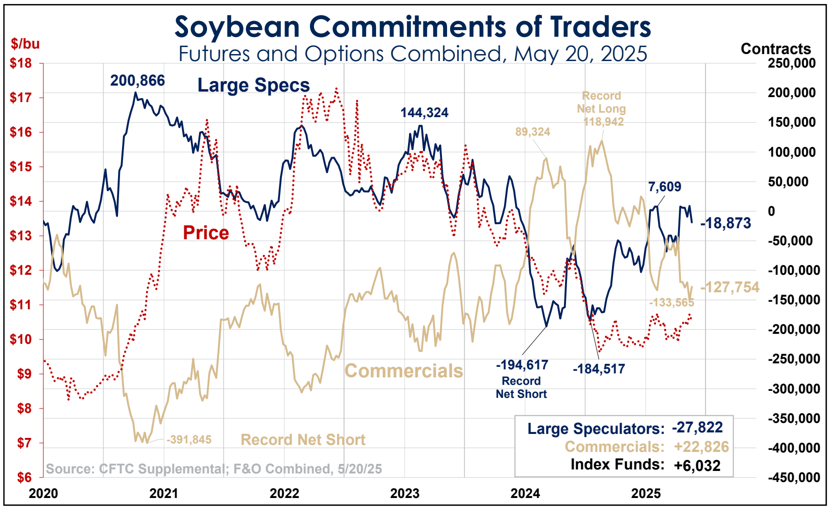
Warmer weather moving in this coming week is obviously a help to get new-crop soybeans growing and soybeans love heat. Some longer-range forecasts are still raising the potential for excessive heat and drought, but for the next two weeks at least that does not appear to be in the cards.

Headlines on trade, particularly with regards to China, remain a wildcard for soybeans, although the market appears to be less sensitive to that news than it was a few months back. Support for soybean prices from flooding in Argentina this month has faded.

Cash only marketers' Strategy: Eighty-five percent of the old-crop was sold long ago along with 10% of the new-crop forward contracted. Be prepared to increase sales sometime in the next few weeks.

Hedgers' strategy: Seventy-five percent sold in old-crop in the cash market and 10% in the new-crop on cash contracts. No futures and options are on for right now. Be alert for recommendations.





U.S. SUPPLY & DEMAND

	USDA		Brock	
Marketing year begins Sep 1	2024/25	2025/26	2024/25	2025/26
ACREAGE (million)				
Planted Acres	87.1	83.5	87.1	83.5
Harvested Acres	86.1	82.7	86.1	82.4
Yield	50.7	52.5	50.7	51.5
SUPPLY (mil bu)				
Beg. Stocks	342	350	342	378
Production	4,366	4,340	4,365	4,244
Imports	25	20	20	25
Total Supply	4,734	4,710	4,727	4,647
USAGE (mil bu)				
Crush	2,420	2,490	2,410	2,480
Exports	1,850	1,815	1,825	1,815
Seed	72	73	80	73
Residual	42	37	36	30
Total Use	4,384	4,415	4,351	4,398
Ending Stocks (Aug 31)	350	295	376	249
Stocks/Use	8.0%	6.7%	8.6%	5.7%
Farm Price ($/Bu)	$9.95	$10.25	$10.00-$10.75	11.00-11.75

ON TOPIC

SUMMER MARKETING - PART 2

David Brock
President

Last week we reviewed the psychology of marketing during the volatile summer months, laying out three different strategies you can use to ensure summer rallies don't come and go before you take action. At the tail end, I alluded to different tools you can use, in particular short dated options, so this week let's really dive into those. If we have a plan AND know what tools we want to use, pulling the trigger when the time comes will be far easier.

As with everything in life, there are pros and cons, so let's acknowledge those before diving in.

Short-dated options, the cons:

• Less efficient than futures or a cash sale.

• Limited time – can buy one only to watch it expire worthless and then futures go down after that while you have no protection on.

• Confusing – I hear this a lot but with the right guidance they're very manageable and useful. If you don't want to use options that's fine, but not if this is your only reason.

Short-dated options, the pros:

• Can be defined and limited risk – if you are just buying options, you can only lose what you paid.

• Easy to buy/sell at any time.

• If you buy a put and the market rallies, you participate in the rally (less what you paid for the put).

These options are ideal for protection over long weekends, USDA Reports, or picking tops/bottoms during a move. So, what options should you consider? There are so many different options available, there is almost certainly one that fits your specific use case. For simplicity here, I want to talk about the most useful options for marketing new-crop in the summer months: Short-dated new-crop options and weekly new-crop options. These exist for both corn and soybeans, with the underlying contracts of December corn and November soybeans. These are options that, just like Dec. Corn options, trade off Dec. corn futures, and if they expire in the money, you will be assigned Dec. corn futures. The only difference is they expire earlier so they cost less. This is your top picking tool during any rally, or re-ownership tool during a selloff.

I'm writing this Thursday while December corn futures are trading at $4.40. Not a level at which we'd necessarily recommend buying put options, so this is an educational exercise at the moment. Below are the different at-the-money put options you have to choose from.

As you can see, there is a huge range of options to choose from. From 2¢ and 1 Day Till Expiration (DTE) all the way up to 28¢ and 176 DTE. The impact that it has on your net floor and what the option actually accomplishes for you varies greatly.

Let me paint a scenario in which you may want to use these. The date is Tuesday, June 24, corn has rallied 60¢ from today and is trading at $5.00. Dry weather has been the catalyst, you're concerned the forecasts could shift, the June 30 acreage report is next Monday, and that also happens to be a shortened week with the 4th of July holiday that Friday. Your options at this point will be:

1. Week 4 – expires Friday June 27 – 3 DTE
2. Week 1 – expires Thursday July 3 – 9 DTE
3. Week 2 – expires Friday July 11 – 16 DTE
4. Week 3 – expires Friday July 18 – 23 DTE
5. August SDNC – expires Friday July 25 – 30 DTE

Forget about #1. #2 at least gets your through the weekend and weather model shifts. #3 will get you through this coming weekend AND the following 3-day 4th of July holiday weekend. #4 will be too thinly traded at this point, and not enough discount to the August SDNC to be worth considering. #5 will get you through four weekends, almost all of July weather and production concerns (both your farm and nationally), and get you to a point where you know your production and can get aggressive with cash sales.

This scenario may or may not play out, but if it does, we now have a game plan. If we have multiple decision makers, we have time to discuss, refine, and agree on a plan of action. This removes the second guessing, and it removes the, "I think the market is headed higher," decision-killer comment. If you spend 10¢ on a week 2 put and the market moves higher, great! If you think you should be making cash sales but are afraid of missing a rally, make the cash sale and buy a call.

Consider various scenarios that may play out. Develop a plan of action for each. Discuss and decide with others involved in the operation. Use these to complement, not replace, your broader cash marketing plan. And of course, and as always, if we can help, give us a ring.

Email David at dbrock@brockreport.com

~~Sun., Jun. 22~~	~~Mon., Jun. 23~~	Tue., Jun. 24 TODAY	Wed., Jun. 25	Thu., Jun. 26	Fri., Jun. 27 Week 4	Sat., Jun. 28
Sun., Jun. 29	Mon., Jun. 30	Tue., Jul. 01	Wed., Jul. 02	Thu., Jul. 03 Week 1	Fri., Jul. 04	Sat., Jul. 05
Sun., Jul. 06	Mon., Jul. 07	Tue., Jul. 08	Wed., Jul. 09	Thu., Jul. 10	Fri., Jul. 11 Week 2	Sat., Jul. 12
Sun., Jul. 13	Mon., Jul. 14	Tue., Jul. 15	Wed., Jul. 16	Thu., Jul. 17	Fri., Jul. 18 Week 3	Sat., Jul. 19
Sun., Jul. 20	Mon., Jul. 21	Tue., Jul. 22	Wed., Jul. 23	Thu., Jul. 24	Fri., Jul. 25 Aug. SDNC	Sat., Jul. 26

December 2025 Corn - $4.40 Put Options

December 25 Corn at $4.40 on 5/29/2025

Contract	Expiration	DTE	Price	Net Floor
Week 5	5/30/2025	1	$ 0.0225	$ 4.38
Week 1	6/6/2025	8	$ 0.0525	$ 4.35
Week 2	6/13/2025	15	$ 0.0750	$ 4.33
July SDNC	6/20/2025	22	$ 0.085	$ 4.32
Aug. SDNC	7/25/2025	57	$ 0.180	$ 4.22
Sep. SDNC	8/22/2025	85	$ 0.210	$ 4.19
December	11/21/2025	176	$ 0.280	$ 4.12

Although not strictly speaking a cash recommendation, we did advise milk marketers to take coverage on 50% of third quarter production this week using August futures. However, this should be a cue for all marketers to take action, whether via LGM, forward contracts or by whatever means you market in the cash market. Last week on the Dairy page, we recounted the increased production in Texas, Wisconsin, Idaho and other states that offset #1 state California's decline in production. While the June futures did immediately react to the monthly milk report by posting an outside day down key reversal, we had coverage in place for second quarter and held our fire while the deferred months continued to advance for a couple days. Class III monthly milk contracts are essentially individual commodities unto themselves, governed by seasonal production changes, cheese demand and other factors, so we held out for confirmation. We got it late week and advised covering 50% of Q3 production. We recognize this is contra-seasonal with hot summer weather coming, but a three dollar rally followed by a key reversal is a sign not to be ignored.

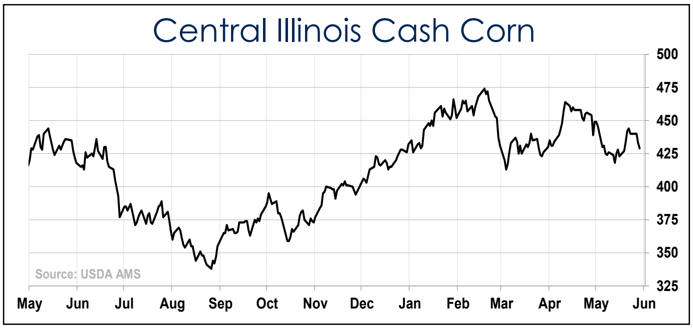
The corn basis market barely cleared its throat this past week, with all but three of the quotes we follow below showing any change. Those that did change at Peoria, Ill., Mitchell, S.D., and the NOLA gulf coast, were of the couple pennies variety. Deferred quotes for summer and the coming harvest were also sharply unchanged. Bean basis was only slightly more interesting, with a few more bids showing changes, but still with moves of a nickel or less. Brewster, Minn. continued its slow return to normalcy after a steady two-month narrowing, widening this week by $.05 to -$.20.

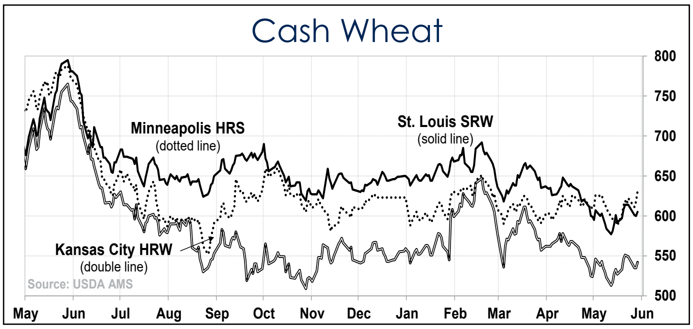
We are pinching ourselves daily to prevent being lulled to sleep by an old-crop bean market that has traded a 50-cent range for the better part of two months. Add in the lethargy with which the market has responded to the cacophony of daily tariff news, and you have a recipe for being surprised by one of Richard Brock's "inverse thrills." Bean and soyoil charts look a lot alike during this period and soyoil was threatening to trade at a six-week low as of this writing. With a few more old-crop beans to sell then we would like, be alert for advice this coming week. While we are also watching new-crop, they are trading at a discount to old-crop despite an estimated carryout that is 50 million less than old-crop. A reduction in yield of just .5 to .75 bushels would have us within hailing distance of a 200-million-bushel carryout, a level that would likely leave $11 in the rear view mirror.

Basis Bids as of May 29

		Delivery period	
Corn	May	Jun	Oct '25
Cedar Rapids, IA	+0 N	-3 N	-25 Z
Burlington, IA	-5 N	-5 N	-40 Z
Peoria, IL	-18 N	+5 N	-35 Z
Decatur, IL	+4 N	+10 N	-15 Z
Lafayette, IN	+15 N		-15 Z
Lincoln, NE	-25 N	-25 N	-30 Z
Marshall, MN	-30 N	-25 N	-30 Z
Dalhart, TX	+5 N		
Memphis, TN	+30 N	+32 N	
Mitchell, SD	-26 N	-26 N	-45 z
U.S Gulf, NOLA	+68 N	+68 N	
		Delivery period	
Soybeans	May	Jun	Oct '25
Cedar Rapids, IA	-20 N	-15 N	-30 X
Burlington, IA	-18 N	-13 N	-45 X
Quincy, IL	+1 N	+4 N	-30 X
Champaign, IL	-5 N		-35 X
Decatur, IN	+35 N	+0 N	-25 X
Kansas City, MO	+25 N		
Brewster, MN	-20 N	-15 N	-40 X
Lincoln, NE	-10 N	-10 K	-40 X
Grand Island, NE	-79 N	-65 H	-65 X
Mitchell, SD	-70 N	-95 H	-85 X
Memphis, TN	-5 N	+30 H	-5 X
U.S Gulf, NOLA	+60 N	+65 N	

Sources: USDA AMS, DTN ProphetX, DJ Newswires





SENATE TARGETS CALI EV PLAN

Electric vehicle sales almost quintupled in the first three years of former President Joe Biden's administration according to Bloomberg, but the promise of EVs – and the threat to gas-powered vehicles – have faded considerably since, and now Washington is taking aim at them.

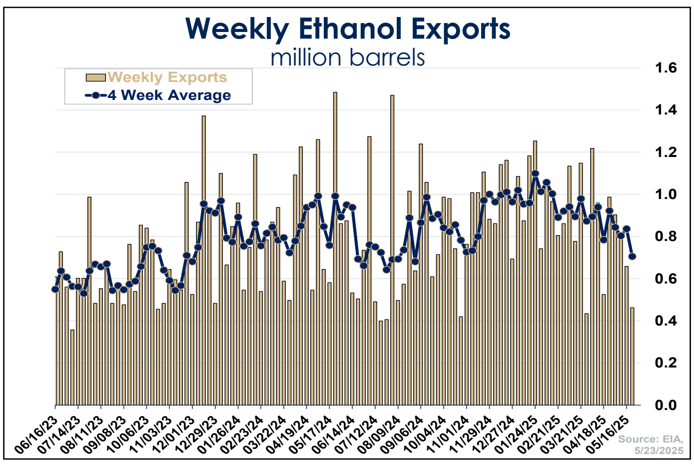
Senate Republicans voted last week to end a California emissions standard waiver, with a "disapproval resolution" passing by a 51-44 vote. The resolution allows the Senate to overturn presidential rulemaking with a simple majority, although a Government Accountability Office report found that the rules in question could not be overturned by Congress. Democrats are calling this move a "nuclear option" that could have negative implications for how the Senate operates in the future.

The Senate vote effectively blocks California's plan to ban the sale of new gas-powered vehicles starting in 2035. The move is significant not only because of its impact on California, but because 11 other states had planned to follow California's lead. But the plan posed a threat to not only the petroleum industry, but ethanol.

OPEC CONTINUES RAISING OUTPUT

The crude oil market continues to struggle to find any momentum above $60, with OPEC plans to increase production once again hanging over prices. Reports this week indicated that the cartel is planning a third straight monthly increase of 411,000 barrels per day in July, a decision they could finalize at a meeting on Saturday.

The increases are unusual for OPEC, which has typically functioned to prop up crude oil prices, and have generated a number of theories. Among them is that Saudi Arabia and some other members are seeking to "punish" countries that have not abided by past production agreements and overproduced, such as Kazakhstan. Another theory is that the Saudis, in particular, are raising production as a favor to President Trump. The simplest explanation is the economic one: increased production to win back market share from the U.S. If that's the case, the market could remain under pressure for the foreseeable future.



CO2 SEQUESTRATION IN KANSAS

A Kansas ethanol company said it has completed drilling for a well to inject carbon from its operations a mile underground. Conestoga Energy said the well, located near the company's plant in Garden City, Kan., will serve as the cornerstone of Conestoga's initiative to permanently store carbon dioxide emissions generated during the ethanol production process.

The company plans to submit its full permit application for the Class VI well this summer. It "will serve as the cornerstone of Conestoga's initiative to permanently store carbon dioxide emissions generated during the ethanol production process," Conestoga said in a press release.

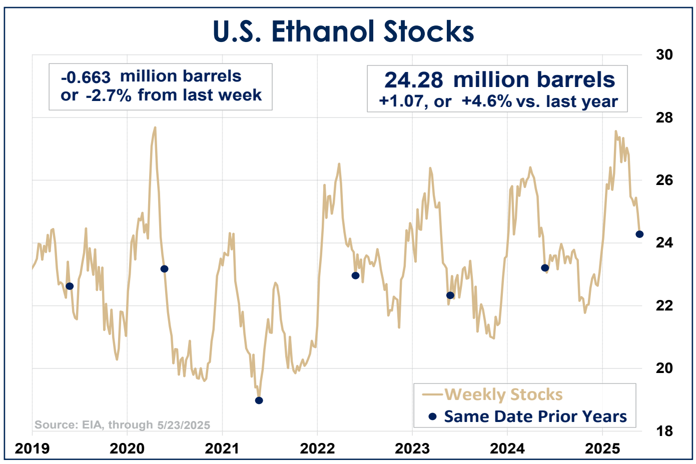
The project will enable the company to capture and store 100% of the carbon dioxide emissions generated from its ethanol production process and by the time it is operational, the facility will sequester 150,000 metric tons of carbon dioxide annually. This will lower the plant's carbon intensity score and could boost tax credits for the company. Conestoga said it would also be able to store carbon at the site from third-party sources.

GAS DEMAND JUMPS

EIA pegged U.S. ethanol production for the week ended May 23 at 1.056 million barrels, up 20 thousand from a week earlier, but down from 1.068 million a year ago. U.S. ethanol stocks fell to 24.2 million barrels, the lowest level since early January, but still 4.6% above a year earlier.

Ethanol exports are in a bit of a slump. EIA reported exports averaging 66,000 barrels per day, down from 94,000 the prior week and 212,000 a year ago. The four-week average of 101,000 is down from 142,000 a year ago.

Implied weekly gasoline demand rose to 9.452 million barrels per day from 8.644 million a week earlier. At 8.902 million barrels per day, 4-week avg. gasoline demand was down 2.7% from a year earlier. Crude oil stockpiles of 440.4 million were down from 443.2 million the prior week, and down 3.2% from a year ago.



COMMENTARY

While price action was not bullish this week, it was not negative either. Almost all the fundamental news has been bearish for the wheat market and it has held its support areas very well. Increased supply estimates in countries like Australia and other countries will result in building world stocks. In the U.S., spring wheat planting is essentially complete now and was well ahead of year ago. Wheat growing areas have also received important rainfall in the past week helping get the crop off to a good start.

Technically, July Chicago futures held support this week at $5.28. Resistance in the July contract is at $5.56. Over the next week, we anticipate the market staying in that trading range.

In Kansas City, the July contract fortunately held support at $5.23. The resistance is last week's high at $5.48. Not a market to be making any important decisions in at this point in time.

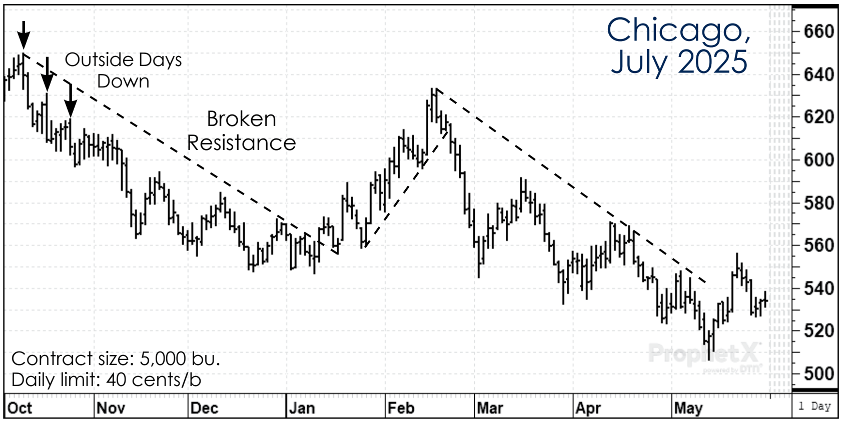
As the balance sheet below indicates, with an expected carryover of 904 million bushels, that results in a stocks-to-usage ratio of 45.4%, expected average price should be around $6.00. With July futures trading at $5.30, a calculator is not necessary to understand that fundamentally this market is underpriced.

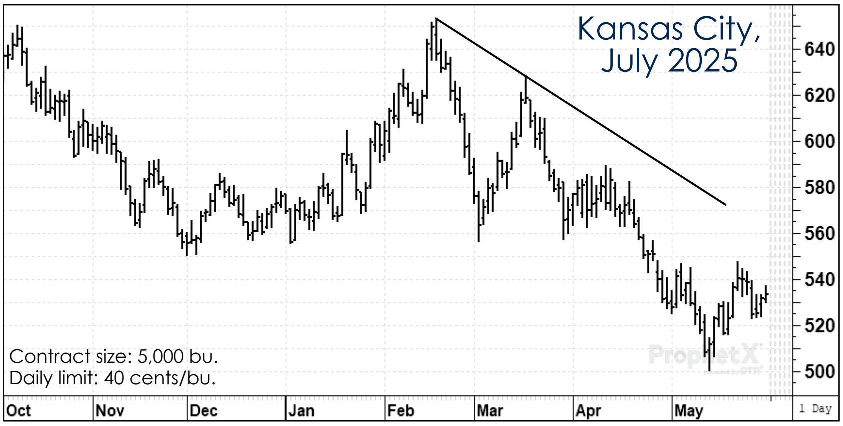
Cash only marketers' strategy: Old-crop was sold long ago and the marketing year is now as good as over. 40% of the new-crop has been priced. Be patient.

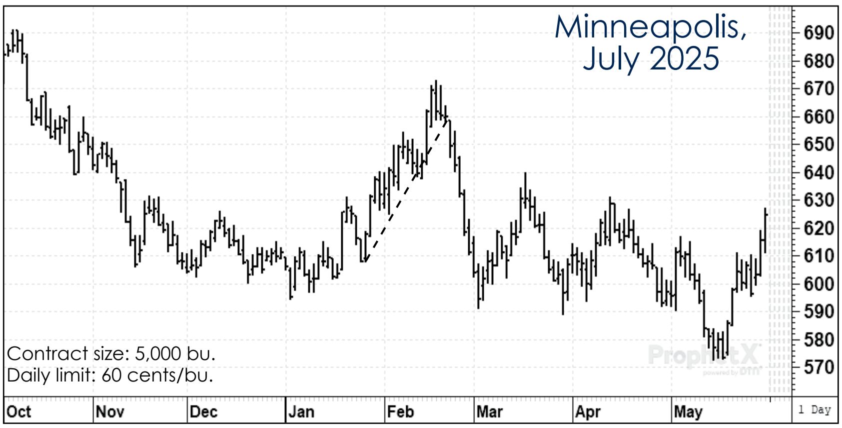
Hedgers' strategy: Old-crop was gone long ago. Thirty percent of the new-crop also priced long ago. Just be patient.

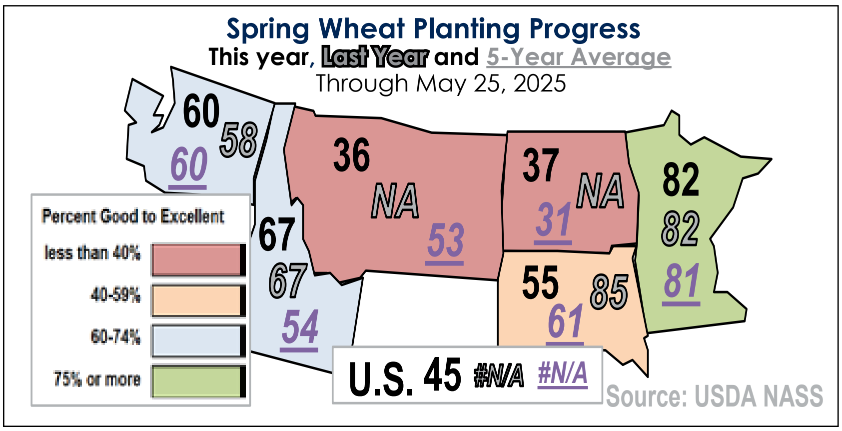
U.S. SUPPLY & DEMAND

	USDA		Brock	
Marketing year begins June 1	2024/25	2025/26	2024/25	2025/26
ACREAGE (million)				
Planted Area	46.1	45.4	46.1	45.5
Harvested Area	38.5	37.2	38.5	37.3
Yield	51.2	51.6	51.2	51.8
SUPPLY (mil bu)				
Beg. Stocks	696	841	696	845
Production	1,971	1,921	1,971	1,933
Imports	150	120	150	115
Total Supply	2,818	2,882	2,817	2,893
USAGE (mil bu)				
Food/Seed	1,037	1,039	1,037	1,039
Feed & Residual	120	120	120	110
Domestic Use	1,157	1,159	1,157	1,149
Exports	820	800	815	840
Total Use	1,977	1,959	1,972	1,989
Ending Stocks (May 31)	841	923	845	904
Stocks/Use	42.5%	47.1%	42.9%	45.4%
Farm Price ($/Bu)	$5.50	$5.30	$5.50	$5.50-6.25

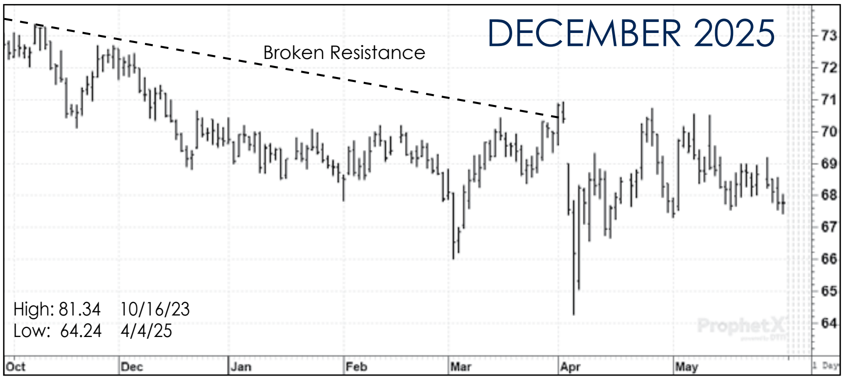




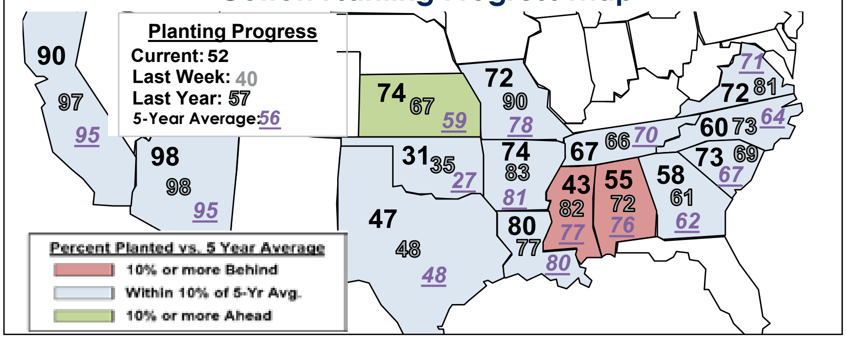




COTTON



Cotton Planting Progress Map



COMMENTARY

Demand remains the main problem for this market, both domestically and for exports. Cotton weekly net export sales were underwhelming at 118,700 bales for old-crop and 13,800 bales for 2025-26. As the chart below shows, sales have been running consistently below last year and the five-year average. A soft crude oil market doesn't help the demand outlook for cotton as it bolsters competition from synthetics and, as noted on page 12, the outlook is not good for a rebound in that market soon. President Trump's inflammatory statement on China Friday morning doesn't help the export outlook either, although conceivably China could look to boost cotton imports as a way of placating Trump.

U.S. planting has been disrupted by excessive rains although, as shown below at left, on a national basis, planting is only slightly behind. The main problem is in the South, particularly Mississippi and Alabama. Prices being low as they are, reduced acreage was already a possibility, and the rains add to that prospect. On the other hand, West Texas and Panhandle growers have, in many cases, received healthy rains in recent weeks, which could boost plantings there and offset some of the losses in the South.

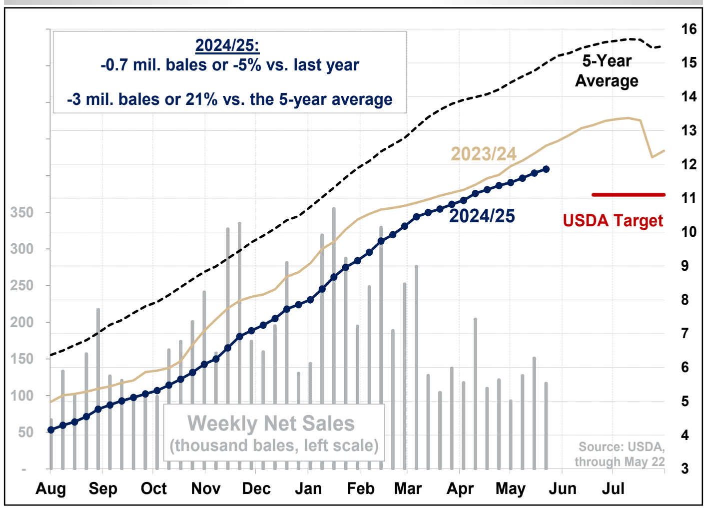
Cash-only Marketers' Strategy: Cash marketers are 75% sold on the 2024 crop. Nothing sold in new-crop yet.

Hedgers Strategy: We are 65% sold on the 2024 crop in the cash market. We are also 20% short in December futures on the 2025 crop.

U.S. SUPPLY & DEMAND

	USDA		Brock	
Marketing year begins Aug 1	2024/25	2025/26	2024/25	2025/26
ACREAGE (million acres)				
Planted Area	11.18	9.87	11.18	8.80
Harvested Area	7.81	8.37	8.27	7.04
Yield	886	832	836	900
SUPPLY (million 480-lb. bales)				
Beginning Stocks (August 1)	3.15	4.80	3.15	4.81
Production	14.41	14.50	14.41	13.21
Imports	0.0	0.0	0.0	0.0
Total Supply	17.57	19.31	17.56	18.02
USAGE (million 480-lb. bales)				
Mill Use	1.70	1.70	1.75	1.90
Exports	11.10	12.50	11.00	11.80
Total Use	12.80	14.20	12.75	13.70
Unaccounted	-0.03	(0.10)	0.00	0.00
STOCKS (million 480-lb. bales)				
Ending Stocks (July 31)	4.80	5.20	4.81	4.32
Farm Price (¢/lb)	63.0	62.0	64-68	65-70

Cotton Exports Commitments



COMMENTARY

As with cotton, excessive rains in the Mid-South this spring have been a challenge for rice growers. But the crop, at this stage, is mostly planted and, while crop ratings are showing some ill effects from the rain, it does not look like a disaster overall.

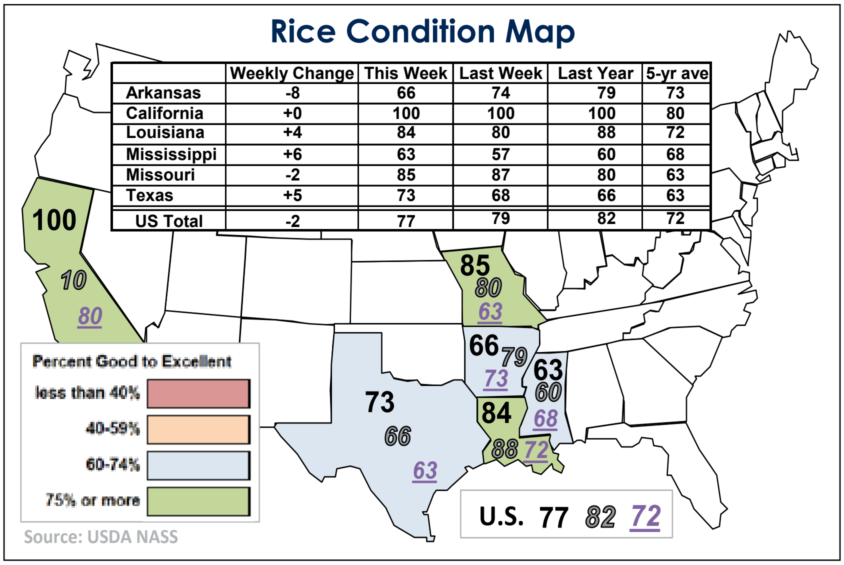
USDA reported 93% of the rice crop planted as of May 25, up from 87% the prior week, and in line with the five-year average. The good/excellent rating is 77%, down from 79% last week, and 80% a year ago. Arkansas has had a difficult season so far in some eastern areas, but it is still at 66% good/excellent, while 9% of the crop in the state is rated poor/very poor.

Export demand has been unremarkable but rice weekly net export sales reported Friday were solid at 83,800 metric tons.

The market has been firm for most of the past two weeks. After finding support just above the contract low of $12.25 in the July contract on May 14, the market has been steadily climbing since, hitting a five-week high this week.

Because we talk about global conflicts in this week's lead story, we would note that for rice, war is potentially bullish rice — to the extent that global food security becomes a concern, rice prices are often one of the first markets to react given the grain is a food staple. But global supplies right now look comfortable.

Strategy: We are 90% sold in the 2024 crop after making a 10% sale recently. Nothing sold for 2025 yet. Be alert for new-crop sales recommendations.

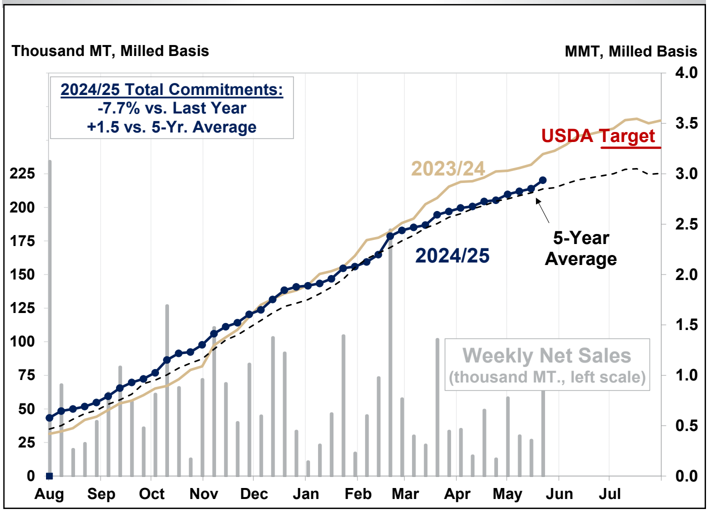


	Weekly Change	This Week	Last Week	Last Year	5-yr ave
Arkansas	-8	66	74	79	73
California	+0	100	100	100	80
Louisiana	+4	84	80	88	72
Mississippi	+6	63	57	60	68
Missouri	-2	85	87	80	63
Texas	+5	73	68	66	63
US Total	-2	77	79	82	72

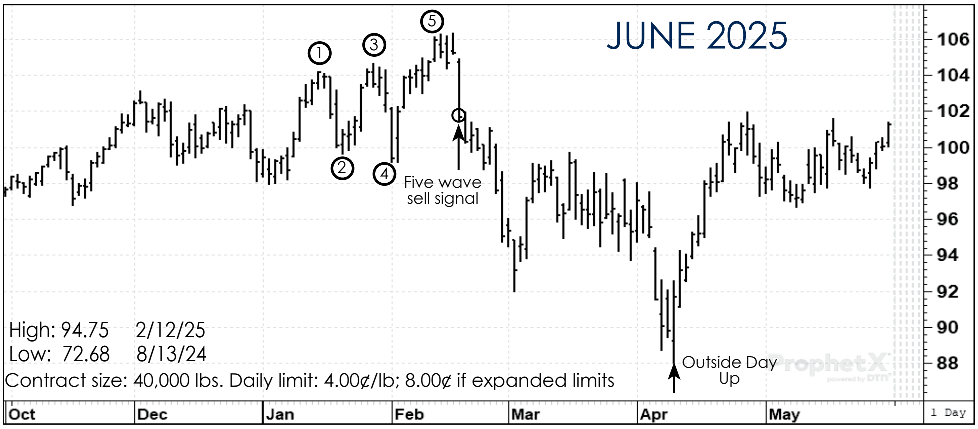
U.S. SUPPLY & DEMAND

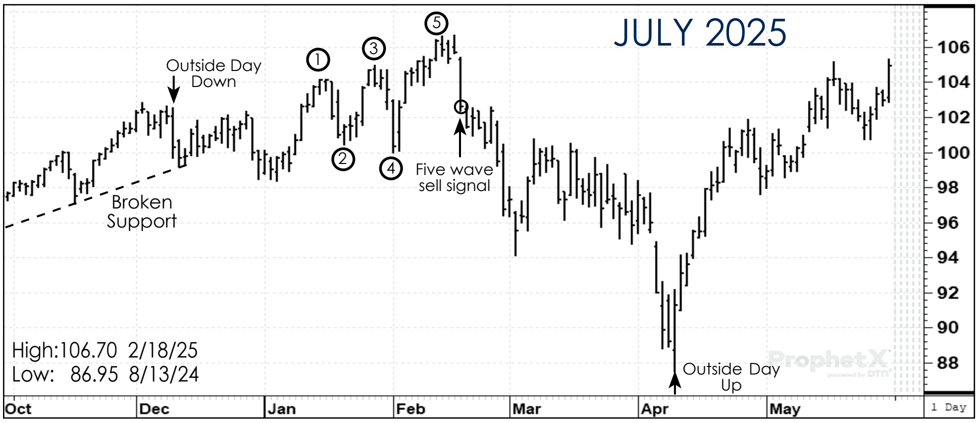
	USDA		Brock	
Marketing year begins Aug 1	2024/25	2025/26	2024/25	2025/26
ACREAGE (Mil. Acres)				
Planted Area	2.91	2.90	2.91	3.13
Harvested Area	2.87	2.84	2.87	3.09
Yield (Pounds)	7,748	7,727	7,748	7,700
SUPPLY (Mil. cwt)				
Beg. Stocks	39.8	45.0	39.8	43.7
Production	222.1	219.3	222.4	237.9
Imports	48.0	49.2	45.0	36.0
Total Supply	310.0	313.5	307.2	317.6
USAGE (Mil cwt)				
Domestic & Residual	170.0	172.0	168.0	169.0
Exports	95.0	94.0	95.5	104.0
Rough	30.5	33.0	32.5	38.0
Milled (Rough Eq.)	64.5	61.0	63.0	60.0
Total Use	265.0	266.0	263.5	273.0
Ending Stocks	45.0	47.5	43.7	44.6
Farm Price ($/cwt)	15.20	13.20	$15.40-15.80	$12.75-13.50

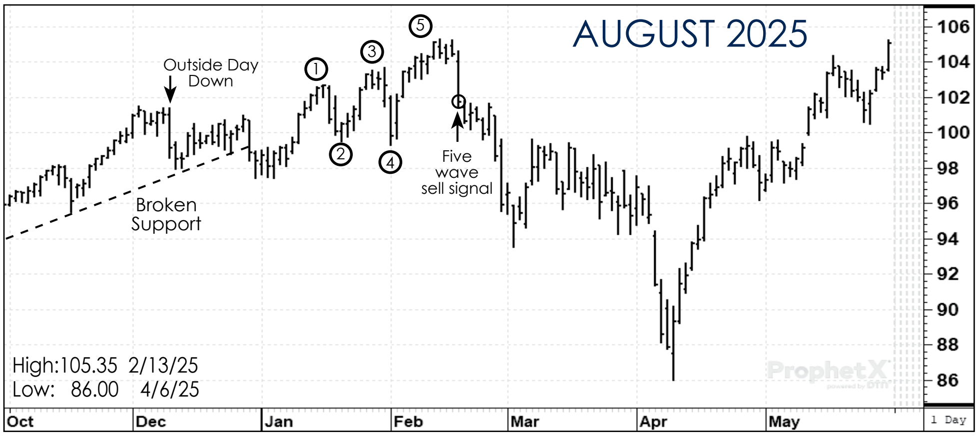
U.S RICE EXPORT COMMITMENTS

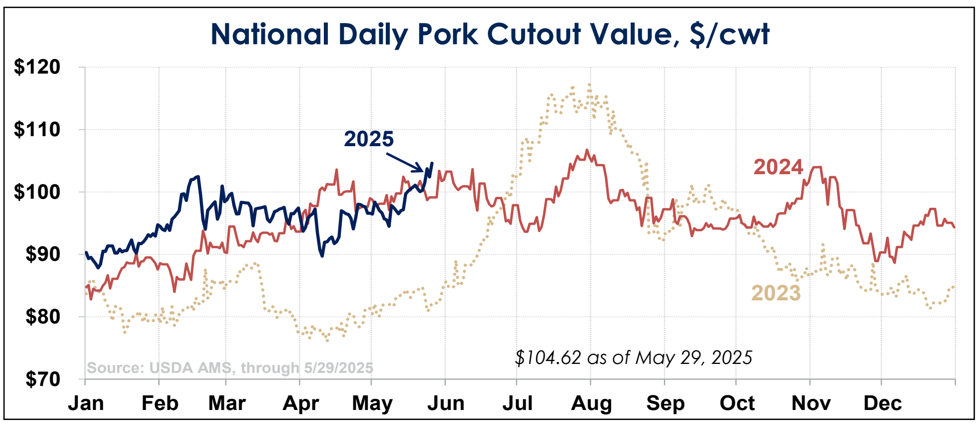


HOGS









COMMENTARY

After ending last week on a sour note, lean hog futures rebounded sharply during this holiday-shortened trading week on support from continued seasonal strength in cash hog and wholesale pork prices. The October and more deferred futures all rose to new contract highs this week, while Aug. futures challenged their high on Friday and appear set to move higher.

We expect to see further strength in both hog and pork prices in the near-term, although we are now into the timeframe when the annual cash market high is normally made. The CME cash lean hog index rose another $1.38 this week to $94.13, its highest level since August 2023 and is set to move higher next week.

This week's futures strength forced us out of our Q4 hedge in Dec. futures but, unfortunately, we were not stopped out of our Q3 hedge in Aug. futures. Odds are good we will have to exit that hedge next week. Aug. futures traded within 5 cents of their contract high on Friday and posted a new high close at $105.03. Technically, if the gap on the August chart at $98.38-$98.85 is a measuring gap, the market has a gap objective of $113.25, however, that is a long way away and the market is already about $11 premium to cash.

U.S. pork production for 2025 to date is running 1.7% below a year earlier, along with surging beef prices. Wholesale pork prices jumped higher this week suggesting strong Memorial Day weekend retail clearance. The composite pork cutout value rose $4.35 in the week ended Thursday to the highest level since late July 2024 and was up sharply on Friday morning on a jump in pork belly prices. Last Friday's monthly USDA Cold Storage report showed U.S. frozen pork stocks as of April 30 were up 11% from the end of March, but were still down 8.7% from a year earlier.

Hedgers' Strategy: Hedgers remain short Aug. 2025 lean hog futures against 50% of Q3 marketings but exited a short position in Oct. futures against 50% of Q4 marketings on Wednesday.

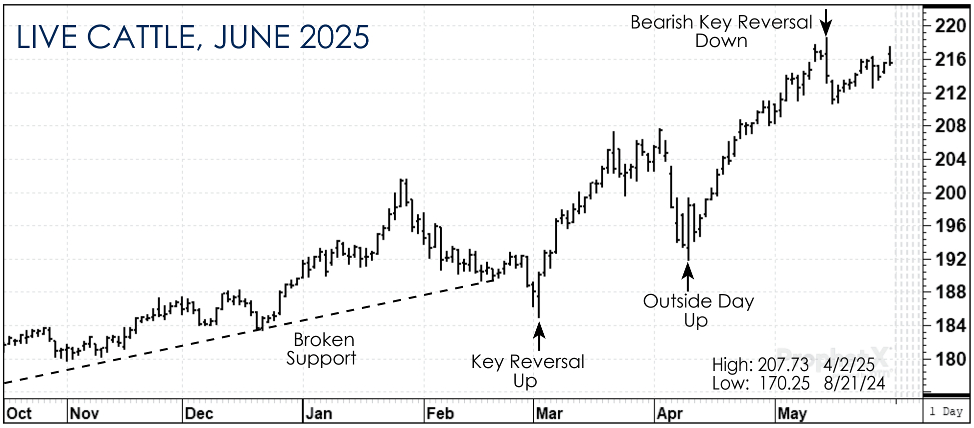
COMMENTARY

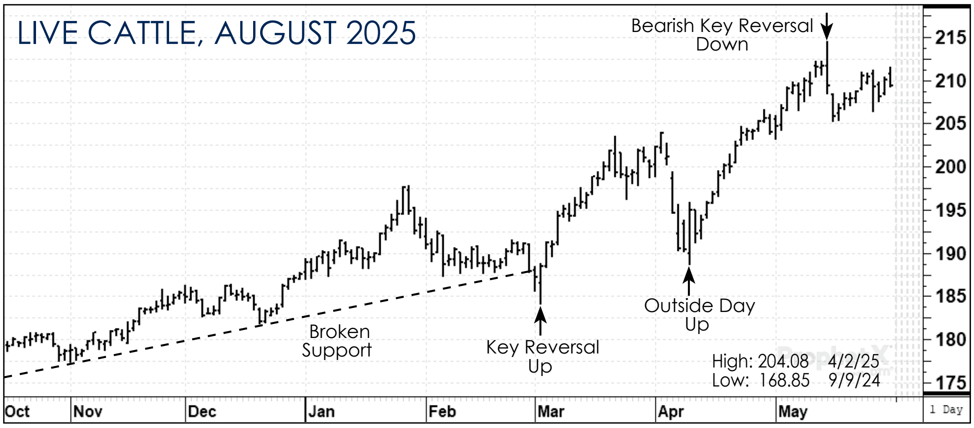
Live cattle futures ended this short trading week mostly steady-to-slightly lower in choppy price action. Futures came under significant pressure on Tuesday morning from speculative profit taking on long positions in the wake of a neutral USDA Cattle-on-Feed report. However, futures were again underpinned by their significant discounts to firm Plains cash markets, with strong wholesale beef prices adding support.

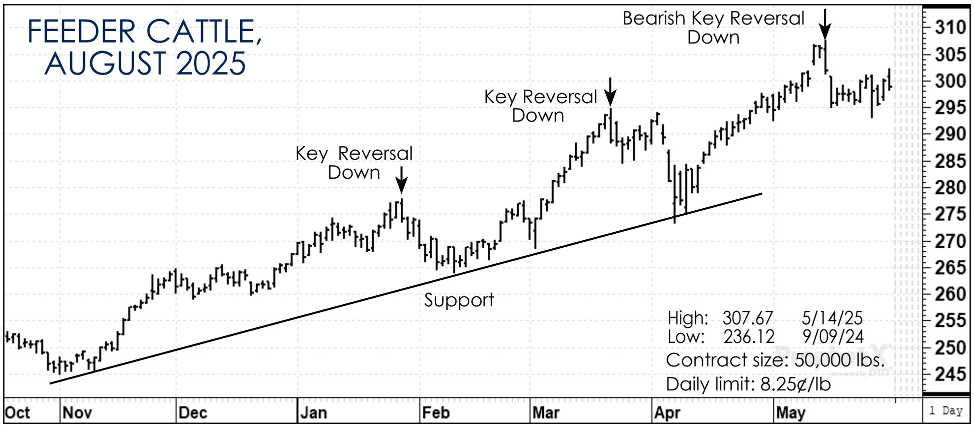
From a technical standpoint, both live cattle and feeder cattle futures look like markets that have put in major tops as large bearish reversals charted two weeks ago remain intact. However, those tops have not yet been strongly confirmed and, unless Plains cash markets show weakness soon, bulls may again take over leadership in the futures. June and Aug. live cattle futures, and most feeder cattle contracts, charted bearish outside trading weeks, but all finished above midrange for the week, so it's hard to put much stock in those signals. Aug. live cattle will likely have to close below Monday's low of $206.38 to put real fear into market longs.

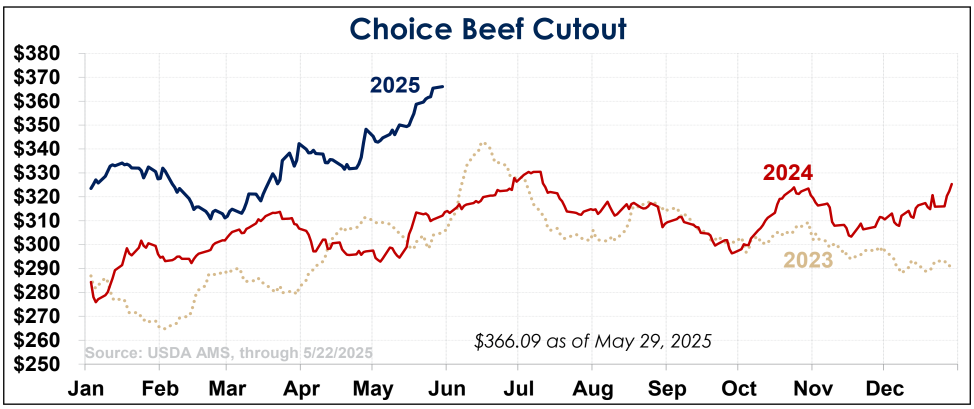
Plains cash trade was strong again this week with feedlots maintaining the upper hand. Moderately active live cattle trade on Thursday in Kansas took place at mostly $222, $1-$3 higher than last week, with a few sales up to $230. Thursday live trade in Nebraska was at $234-$235, $4-$5 higher than last week with dressed carcass trade at $365-$370, $3-$5 higher. The choice beef cutout value rose another $5.12 in the week ended Thursday to $366.09. While last Friday's USDA report was neutral relative to trade expectations, the May 1 feedlot inventory was the smallest in five years, underscoring tightening cattle supplies.

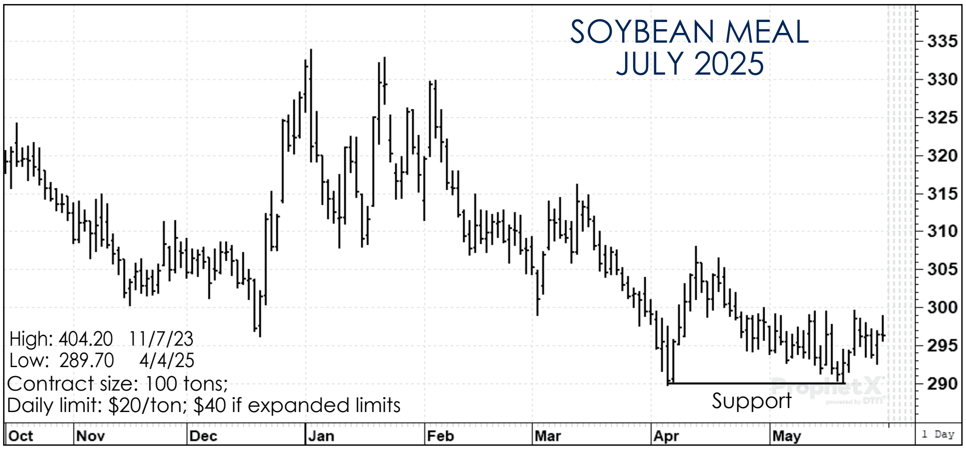
Hedgers' Strategy: Live cattle hedgers sold Dec. live cattle futures on Monday against 50% of Q4 marketings and remain short June live cattle on 25% of Q2 and Aug. futures on 50% of Q3. They remain long $195 put options on June live cattle against 100% of Q2 marketings and $190 Aug. puts on 50% of Q3. Feeder cattle sellers are short Aug. and Oct. feeder cattle on 50% of Q3 and 50% of Q4 marketings.

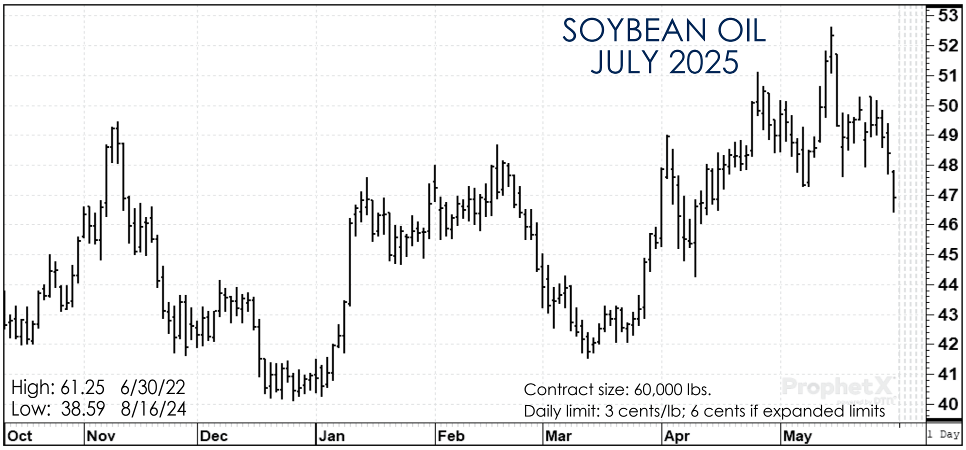


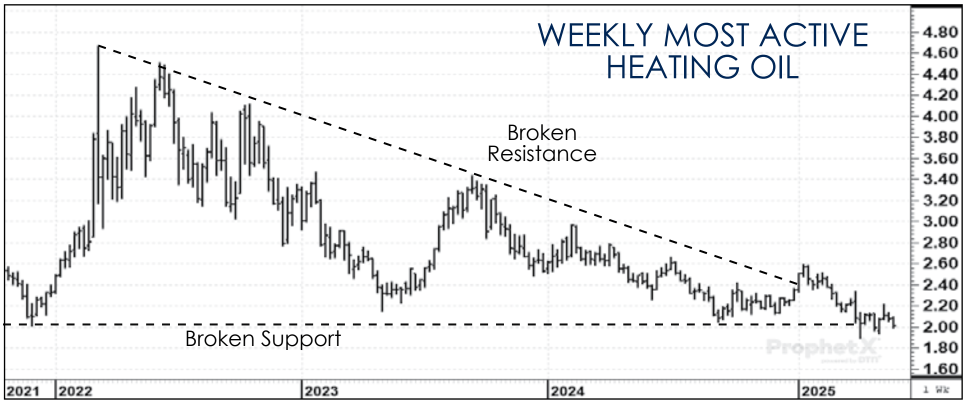












COMMENTARY

Feed: Soybean meal futures have been chopping around in a sideways trading range for much of the spring and, so far, major support has been holding. Technically, this is a market that appears to have a bottom and buyers should not be complacent. Flooding in Argentina, the world's top soymeal exporter, has been a supportive factor. However, the U.S. soybean crop looks likely to get off to a good start, even if plantings are down from a year ago.

Soybean oil, meanwhile, has been going in the other direction, selling off Thursday and plummeting Friday into a six-week low. If the extent of this move is tied to bearish news on biofuels policy as it pertains to renewable diesel, we haven't seen that news as of Friday afternoon. Let's just hope that the majority of that bearish news is built into the current price.

Distillers' dried grain markets around the Midwest were steady or slightly lower this week, with several locations reporting small declines of no more than $5 per ton. Ethanol output remains relatively strong.

Fertilizer: Not much change from recent weeks. Prices remain mostly firm for various products. Urea, in particular, has been strong recently, although anhydrous prices have started to slip. Phosphate prices have been firm.

Natural Gas: Futures posted a bearish reversal lower on Wednesday, although some of that volatility was likely tied to the expiration of the front-month contract.

Recent lower-than-expected recent production helped to support prices early in the week. But supplies are ample, and the outlook for cooling demand is mixed. Natural gas in underground storage continues to trend right in line with the prior five-year average.

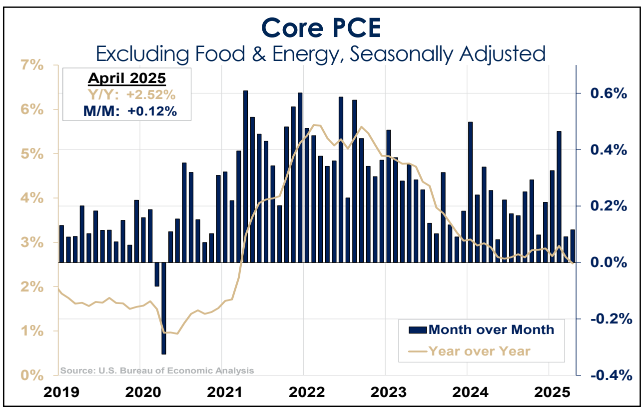
COMMENTARY

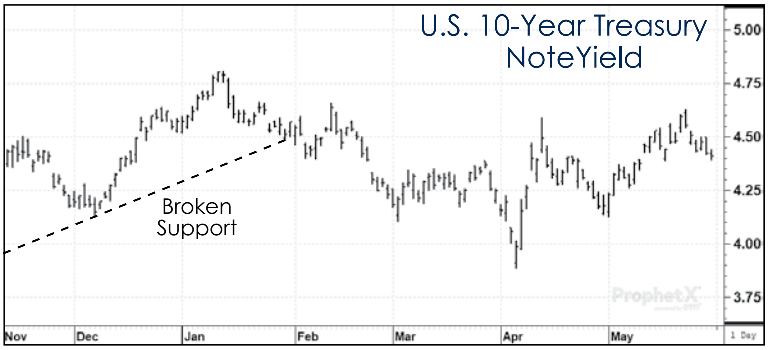
While there's no letting up with the policy uncertainty coming out of Washington, markets and economic data out this week were mostly benign. On Friday, the Personal Consumption Expenditures Index, the Fed's "preferred" inflation gauge, came in as expected as spending slowed in April. Core PCE, which excludes volatile food and energy prices, was up 2.5% from a year ago, compared to 2.7% in March. Month-over-month, the index was up 0.1%, in line with expectations.

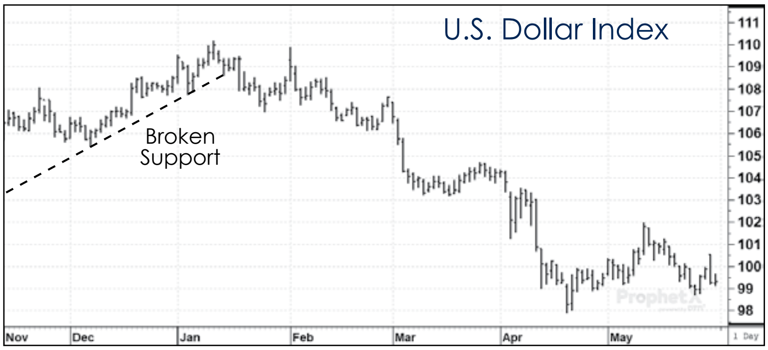
The report could raise expectations that the Fed will issue an interest rate cut, but only slightly. CME's Fed Rate Watch Tool indicates a 95% chance that the Fed will leave interest rates unchanged in June and a 73% chance they will leave rates alone through July. By September, there's a 55% chance of a cut.

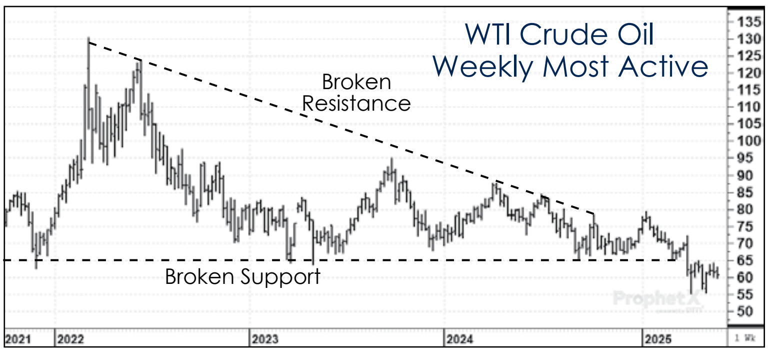
Despite the benign report, there is still underlying concern about inflation as investors brace for the impact of tariffs. Even with the White House largely pulling back from its "Liberation Day" tariff pronouncements, many analysts see disruptions and higher prices in the second half of the year. Meanwhile, Treasury yields have continued to rise and prices have dropped amid ongoing concern about the "Big Beautiful Bill," pushed by President Trump and passed by the U.S. House, and its implications for the national debt.

As for tariffs, President Trump on Friday again rattled cages on social media, posting on Truth Social about an hour ago, claiming that the agreement to postpone reciprocal tariffs for 90 days helped stave off social unrest in the country but that China, "HAS TOTALLY VIOLATED ITS AGREEMENT WITH US. So much for being Mr. Nice Guy!" While various markets did react immediately to the post, the impact was rather subdued and fleeting. Investors are increasingly of the view that Trump will not follow through on the most severe threats related to trade. But consumers are not in a great mood: the University of Michigan's Consumer Sentiment survey showed sentiment near record lows in data going back to 1952.









THE BROCK REPORT POSITION MONITOR

THE WEEK AHEAD: Weather forecasts for the Midwest will start to take center stage in the grains markets. On Monday, USDA releases its monthly Grain Crushings and Fats and Oils reports. Economic reports will include construction and manufacturing data early in the week, and the monthly Non-Farm Payrolls report on Friday.

Bolded %'s highlight changes made week ending 5/30/2025

CORN

	23/24	24/25	25/26
Strictly Cash	100%	85%	15%
Hedgers Cash	100%	80%	15%
Hedgers F&O	0%	0%	10%

SOYBEANS

	23/24	24/25	25/26
Strictly Cash	100%	85%	10%
Hedgers Cash	100%	75%	10%
Hedgers F&O	0%	0%	0%

WHEAT

	23/24	24/25	25/26
Strictly Cash	100%	100%	40%
Hedgers Cash	100%	100%	30%
Hedgers F&O	0%	0%	0%

RICE

	23/24	24/25	25/26
Strictly Cash	100%	90%	0%
Hedgers Cash	100%	90%	0%
Hedgers F&O	0%	0%	0%

COTTON

	23/24	24/25	25/26
Strictly Cash	100%	75%	0%
Hedgers Cash	100%	65%	0%
Hedgers F&O	0%	0%	20%

LIVESTOCK

HOGS	25-II	25-III	25-IV	26-I
Futures	0%	50%	**0%**	0%
Options	0%	0%	0%	0%

CATTLE	25-II	25-III	25-IV	26-I
Futures	25%	50%	**50%**	0%
Options	100%	50%	0%	0%

FEEDERS	25-II	25-III	25-IV	26-I
Futures	0%	50%	50%	0%
Options	**0%**	0%	0%	0%

MILK	25-II	25-III	25-IV	26-I
Futures	50%	**50%**	0%	0%

Sell in cash or futures market; whichever works best for your operation.

FEED PURCHASES

CORN	25-II	25-III	25-IV	26-I
Cash	50%	25%	0%	0%
Futures/Options	0%	0%	0%	0%

SOYBEAN MEAL	25-II	25-III	25-IV	26-I
Cash	50%	25%	0%	0%
Futures/Options	50%	50%	0%	0%

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