

News this week...

- 2** – Early Brazilian harvest indicating good yields.
- 3** – New World screwworm returning to the forefront.
- 4** – What acreage could look like this year.

Soybeans work to buy acres – Soybeans led strength throughout the week, erasing the Jan. 12 report driven losses. Both meal and soyoil participated in the rally, indicating a potential marked shift in market psychology. Meanwhile, corn continued to struggle garnering much bullish momentum, trading in a tight, sideways range following the big Jan. 12 drop. Wheat price action continues to tighten, coiling for its next move as prices bounce between key technical support and resistance levels. As both soybeans and wheat look to work higher, competition for acres picks up as acreage discussions continue. Live cattle and feeder cattle futures had a quiet week of trade ahead of Friday's Cattle on Feed report as reverberations around New World screwworm continues to rock the market. Lean hog futures saw follow-through buying, supported by a seasonal bottom in the CME lean hog index as cash fundamentals continue to work higher.

Anger after year-round E15 push fails

Corn growers and ethanol groups were furious after last-minute wrangling over a government funding bill left out language that would have allowed year-round use of E15. Instead, lawmakers established a study group that will aim to advance separate legislation in February.

"Corn growers are disgusted, disappointed and disillusioned that after spending years of calling for passage of E15, Congress has again punted, and it has done so in a spectacularly weak and offensive way," said Jed Bower, National Corn Growers Association president, in a statement.

News reports said resistance from the Senate blocked the language. House GOP leadership agreed to set up the E15 Rural Domestic Energy Council, which was directed to submit legislation no later than Feb. 15, with the goal of considering legislation by Feb. 25. Passing stand-alone legislation on E15 is seen as a much heavier lift for lawmakers, which explains much of the ire from farm and biofuels groups.

Package also lacks farm aid

A funding package put together by the House and Senate that needs to be passed before the end of January to keep the government open does not contain any additional farm aid, despite a push for funding. The House approved the package Thursday. The Senate is expected to vote next week.

Greenland U-turn sparks relief rally

Global financial markets were undone early in the week after Trump threatened to hit a host of European countries with escalating tariffs if they didn't acquiesce to his call for Denmark to sell Greenland to the U.S., while also not ruling out the use of military force. Calm was restored after Trump, in a Wednesday speech at the World Economic Forum in Davos, Switzerland, said he had no intention of using force. Later, Trump took tariffs off the table as well, hailing a framework agreement regarding Greenland that, according to a Bloomberg report, entails the stationing of U.S. missiles, mining rights aimed at keeping Chinese interests out and a bolstered NATO presence on the island.

EU, U.S. trade talks resume

European Union lawmakers are expected to vote on ratifying the bloc's trade deal with the U.S. after President Donald Trump walked back his latest threat to impose tariffs on European countries. The ratification process was suspended after Trump indicated he wanted to buy Greenland. However, after Trump announced a framework deal with NATO on Greenland and said the U.S. was cancelling new tariffs on EU countries, European Parliament President Roberta Metsola said that reversal was enough to justify voting on the measure, which could have a preliminary vote in the coming days.

"This means we can continue with our discussions internally with the EU-U.S. trade deal, which had been paused," Metsola said before an emergency meeting of EU leaders.

U.S., Russia resume Black Sea talks

Russian President Vladimir Putin began talks with U.S. envoys Steve Witkoff and Jared Kushner in the Kremlin on the latest peace plan aimed at ending war in Ukraine, Bloomberg reported. Kremlin foreign policy aide Yuri Ushakov and Putin's envoy Kirill Dmitriev are also attending talks, according to the presidential administration. Trump said he believes the countries are at a point where a deal can be reached.

Strong Q3 GDP growth

Government data showed U.S. gross domestic product grew at a robust 4.4% annualized pace in the third quarter of last year, up from an initial estimate of 4.3%, marking the strongest quarterly growth in two years. The pickup reflected upturns in investment, exports and government spending, as well as an acceleration in consumer spending.

Natural gas goes parabolic

Natural-gas futures soared more than 60% over a three-day stretch ahead of a massive U.S. winter storm and deep freeze. Widespread cold temperatures are spiking heating demand and were also expected to limit natural gas production and disrupt pipeline flows. Higher natural gas prices will likely put upward pressure on fertilizer prices.

Cordonnier leaves estimates steady

Pro Farmer crop consultant Michael Cordonnier left his Brazilian soybean estimate unchanged at 178 MMT and holds a neutral-to-higher bias. He notes harvest is around 2% completed and early yields have been very good though irregular rainfall in Rio Grande do Sul, and northeastern Brazil needs to be monitored carefully. Cordonnier left his Brazilian corn estimate unchanged at 137 MMT and maintains a neutral bias.

Cordonnier left his Argentine soy production estimate unchanged at 49 MMT and holds a neutral bias. He noted that while early crop development was good, dryer-than-normal conditions have started to impact the crop. He expects production totaling 56 MMT for Argentine corn, holding concerns over dryness.

Dry weather helps early harvest

Weather conditions in Brazil have allowed for good early-season harvest conditions, according to World Weather, Inc. Rio Grande do Sul into Mato Grosso do Sul and Sao Paulo will now trend mostly dry during the coming week, which will continue to improve maturation and early-season harvest conditions, the forecaster. While sahrinha corn plantings will also advance swiftly, establishment conditions might deteriorate due to the lack of rain and warm daytime temperatures drying topsoils. The need for timely rain will increase late this month into early February for these locations, World Weather said.

Brazil crush use, production higher

South American agriconsultancy firm Abiove raised its crush use estimate for Brazilian beans to a record 61 MMT in 2026, 4% above their 2025 estimate. The increase will partially offset higher production, which they estimate from 177 MMT to 182 MMT. Conab estimates the crop at 177 MMT while Agroconsult pegs the crop at 182 MMT.

StatsCan updates production figures

StatsCan, Canada's statistical agency, released an update to its 2025 production estimate and an outlook for 2026-27 field crop acreage on Jan. 21. Production of durum wheat is estimated at 7.1 MMT, up 12% from the previous year. Production of wheat excluding durum was up 11% to 32.8 MMT. The agency increased export forecasts of all wheat due to increasing global demand. Corn production was down 3% from 2024 at 14.9 MMT, while soybean production was 10% lower at 6.8 MMT. The agency expects acreage for principal crops in 2026 to remain relatively stable.



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China revives Canada canola buys

China has eased restrictions on Canadian canola imports, further boosting supplies of feed and crushing. Canada has historically shipped the bulk of their canola to China, but recent trade restrictions have shut down the flow of exports. The additional canola entering China further increases competition for oilseeds on the world market, which could pressure soybean prices somewhat at a time when China's imports of U.S. beans are key.

India to export some wheat products

India approved the export of some wheat-based goods following a three-year ban, Bloomberg reports. India is the second biggest producer of wheat behind China, but typically exports very little in the way of wheat or wheat products. The increase in exports will have little effect on world prices but does show abundant wheat supplies worldwide.

Petrol, ethanol groups find agreement

Ethanol groups and the American Petroleum Institute (API) agreed on reforms to U.S. biofuel policy that they would like to see, Argus reported, setting the stage for a lobbying campaign that was initially aimed at getting the provisions included in federal budget legislation this month.

API and ethanol supporters, including the Renewable Fuels Association and Growth Energy, are aligned around limiting refineries' future exemptions from biofuel mandates and making changes to bipartisan legislation that would permit a higher-ethanol gasoline blend, the report said. The final framework would authorize sales of up to 15% ethanol, E15, gasoline year-round.

Despite the agreement between industry professionals, legislators still lack urgency in passing E15, as noted in its absence in the proposed continuing resolution package.

Iran protestor crackdown continues

Top Iranian officials called for "leniency and compassion" for some of the protesters arrested during the latest wave of unrest, Bloomberg reported. Nearly 3,500 people have been killed in the Islamic Republic's crackdown on the protests, according to rights groups, and almost 25,000 people have been arrested. Iran's police chief Ahmad-Reza Radan said his forces will "pursue the rioters and terrorists to the very last person" and promised severe punishment for leaders and instigators of the protests. President Trump appeared to call off an attack on Iran over its use of deadly violence against protesters, saying he'd been assured that hundreds of planned executions and further killings had been called off. With continued violence, Trump could once again increase rhetoric around U.S. involvement.

NWS cases creeping north in Mexico

Texas Agriculture Commissioner Sid Miller and the Texas Department of Agriculture (TDA) alerted Texas livestock producers following confirmation from Mexico's National Service of Agro-Alimentary Public Health, Safety, and Quality (SENASICA) of eight new cases of New World screwworm (NWS) in the state of Tamaulipas, which borders Texas. "It's just plain cowboy logic, when you're seeing this many cases, this fast, it tells you there may be established screwworm fly populations in Tamaulipas," Miller said in a press release.

USDA funds NWS "Grand Challenge"

U.S. Secretary of Agriculture Brooke Rollins announced on Wednesday the launch of the New World Screwworm (NWS) Grand Challenge. "This funding opportunity marks a pivotal step in USDA's comprehensive strategy to combat NWS and prevent its northward spread," according to a USDA press release. "This is a strategic investment in America's farmers and ranchers and is an important action to ensure the safety and future success of our food supply, which is essential to our national security," Rollins said. As part of the Grand Challenge, USDA's Animal and Plant Health Inspection Service (APHIS) will make up to \$100 million available to support innovative projects that enhance sterile NWS fly production, strengthen preparedness and response strategies, and safeguard U.S. agriculture, animal health and trade, according to the press release.

PCE signals sticky inflation

Government statisticians are still playing catchup from the government shutdown, this past week releasing delayed October and November personal consumption expenditures (PCE) index readings, the Federal Reserve's favored inflation gauge. It showed PCE rose 2.8% year over year in November, up from 2.7% in October. The core reading, which strips out volatile food and energy prices, also rose 2.8% year over year in November. The readings were in line with Wall Street expectations but remained well above the Fed's 2% target, reinforcing expectations the central bank will leave rates unchanged at its Jan. 27-28 meeting.

IMF predicts slight uptick in growth

The International Monetary Fund slightly raised its outlook for global economic growth this year. The Fund now expects global growth of 3.3% this year, up from the 3.1% it predicted in October. The estimate for 2027 was unchanged at 3.2%. If the hoped-for productivity gains from the AI technology don't pan out, it could trigger an "abrupt" slump in markets that could spread to other sectors and erode household wealth, the fund said.

Japan bond market sparks jitters

Japanese government bonds have stabilized, led by super-long maturities as market sentiment steadied after a steep sell-off earlier this week. The recovery followed calls for calm from Japanese Finance Minister Satsuki Katayama, with some fund managers viewing the recent jump in yields as an opportunity to buy the dip. Traders will be watching the Bank of Japan. Japanese monetary policy has a heavy pull on the market. One can recall the historic volatility that spilled over into U.S. markets due to a heavy drop in the Japanese yen.

Dollar use on world market rises

The U.S. dollar continues to dominate foreign exchange transactions and international currency usage, J.P. Morgan strategists wrote in a note this week, according to Bloomberg. Large global banks use Swift to communicate with each other and facilitate interbank currency deals. The U.S. dollar's portion of international transactions rose to 50.5% in December, up from 46.8% a month earlier, according to Swift data. The U.S. dollar's share of global payments topped 50% for the first time since 2023, and its role in international finance and trade remains healthy despite growing talk of "de-dollarization" among some countries, including China, Brazil and India.

Bessent says China completed buys

Treasury Secretary Scott Bessent met with Chinese Vice-Premier He Lifeng in Davos at the World Economic Forum. Bessent said: "They've done everything that they said they're going to do." The former investment banker said Beijing has lived up to its word to buy soybeans and that Washington is looking forward to China buying some 25 million tons in 2026 before adding the Asian giant could make the U.S. president happier if it were to "buy a little more."

Despite Bessent saying China has completed purchases, which is corroborated by Reuters and Bloomberg reports, our analysis shows China is still upwards of 3 MMT short of the stated 12 MMT goal by the end of February.

China's economy is losing steam

China's economy lost more momentum last quarter even as it met the government's target in 2025, in another year of lopsided growth that will be hard to sustain in an era of protectionism around the world, Bloomberg reports. While industrial production held up well in December, retail sales and investment worsened more than forecast. The world's second-largest economy expanded 4.5% last quarter from a year earlier, the slowest pace since the reopening from COVID-19 lockdowns in late 2022. For the full year, gross domestic product rose 5%, according to data released by the National Bureau of Statistics.

An early look at 2026 acres

By Economists Lane Akre and Spencer Langford

2025 will go down as the year of acreage surprises. Driven by concerns over trade relations with China, the soybean:corn ratio, a pricing benchmark where a lower number indicates corn is more profitable to plant than soybeans, dropped to 2.24 last spring. This was significantly below the recent average of 2.4, signaling a clear financial advantage for corn. This shift, paired with farmer confidence in the ability to outproduce thin margins, led to a major influx of corn acres in 2025.

A brief look back

Ahead of the March Prospective Plantings report last spring, analysts thought corn acres would total around 94.165 million acres. A print north of 95 million shook the market, but no analyst expected planted acres to surge to 98.788 million by the end of it all. And that's not to mention the fact that our analysis of FSA certified acres indicates that number could have been adjusted even higher by USDA in January.

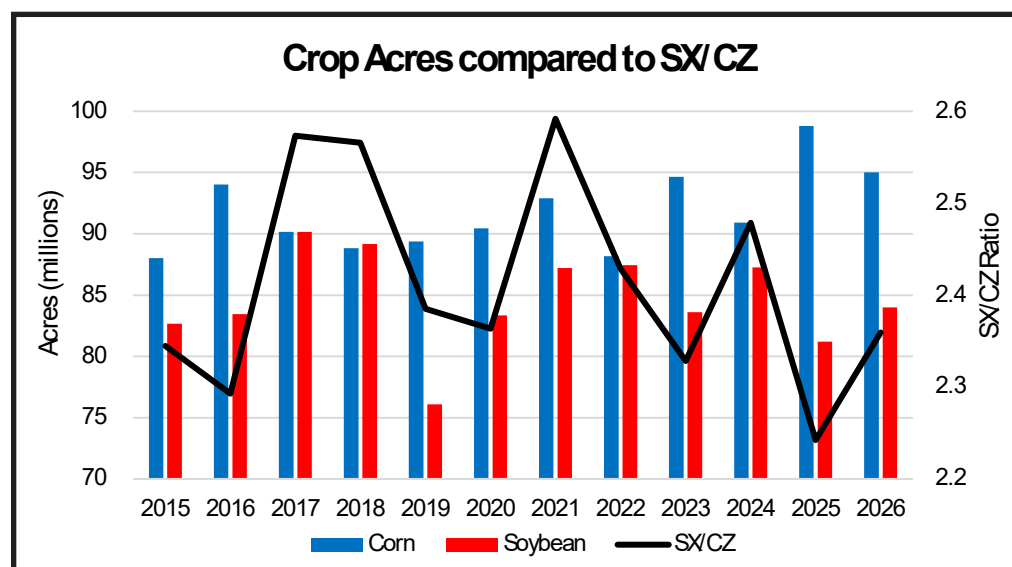
What to expect come March

Last week, the soybean:corn ratio continued to trade below average at about 2.36 for new crop. Years that see a ratio less than 2.4 typically also see an increase in corn acres year over year, and acres have never seen a drop greater than 1.5%, which would be around 97.3 million corn acres.

While the ratio could shift over the course of the next month, a drop much below 95 million acres seems unlikely

at this juncture. Further analysis indicates even though the ratio is a bit less unfriendly to soybeans than a year-ago, the likelihood of corn acres staying elevated is high. Farmers outside the Midwest are also facing poor returns on alternative crops, which could drive them to stick to corn as a safeguard. Cash prices for cotton, peanuts, rice and other crops remain below year-ago levels. Fall/winter fertilizer applications also point to another potential year of high corn acres.

China continues to purchase U.S. soybeans, and Treasury Secretary Scott Bessent noted China will be buying another 25 MMT in 2026. While those purchases would have a distinct effect on the balance sheet, shoring up ending stocks to historically tight levels, the market has not reflected this. The longer that goes on, the more likely it becomes that soybean acres will shift to corn this year, further extenuating the supply issue in corn. While there remains a distinct possibility of substantially higher soybean prices later this year, 2025 was a testament to how low prices can go and how basis can suffer without the world's largest importer in the U.S. market. One of the lone variables that might suggest more acres go to soybeans from corn in the coming year are fertilizer and chemical expenses. In most instances, those costs are lower for soybeans compared to corn, although the aforementioned concerns around low commodity prices and unstable foreign demand for soybeans could limit farmer interest.



CATTLE

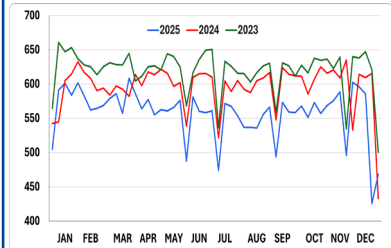
The New World screwworm threat reentered center stage recently, spurring a bout of intense selling, but a cold snap, a still-strong technical posture and supply fundamentals limited seller interest. Packers were eager to take advantage of the futures pullback in cash negotiations, while firmer boxed beef prices further eased pressure on cutting margins. Meanwhile, placements improved in December, though a competitively priced feeder market is likely to weigh on placements numbers as the year progresses. Some dryness has also crept back into the southern Plains, which will affect the rebuilding of the U.S. herd.

Position Monitor

Game Plan:	Feds Feeders		
Nearby live	I'26	0%	0%
cattle fu-	II'26	0%	0%
tures are	III'26	0%	0%
	IV'26	0%	0%

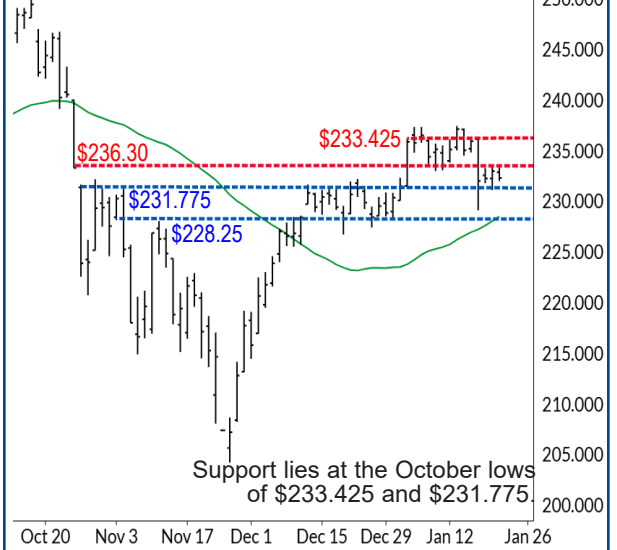
at a premium to the cash market.
Be prepared to purchase puts for downside protection.

CATTLE SLAUGHTER ('000 HEAD)



DAILY FEBRUARY LIVE CATTLE

Initial resistance is at \$236.875 and \$240.15.



HOGS

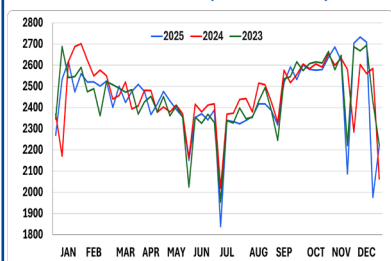
A push to fresh three-month highs in nearby futures fueled profit-taking last week, though that retreat was limited as support from a decidedly higher cash index kept bears at bay. Bulls certainly hold the near-term technical advantage, and futures' premium to cash indicates a climb higher is imminent. Meanwhile, slaughter levels continue to eclipse year-ago totals, reflecting solid consumer demand. Given elevated supplies, grocers have likely been ramping up ham purchases ahead of the Easter holiday, which falls early this year. The current landscape leans in favor of a run toward the late September high.

Position Monitor

Game Plan:	Lean Hogs		
all risk in the cash	I'26	0%	0%
market. Nearby	II'26	0%	0%
hog futures re-	III'26	0%	0%
main a premium to the cash index.	IV'26	0%	0%

Stay patient for now as we assess the next opportunity to hedge.

HOG SLAUGHTER ('000 HEAD)



DAILY FEBRUARY LEAN HOGS

Resistance is at the Sept. 18 low of \$88.775 and the Sept. 3 high of \$90.075



FEED

Feed Monitor

Corn

I'26	66%
II'26	0%
III'26	0%
IV'26	0%

Corn Game Plan: Your corn-for-feed needs should be covered through February. Be prepared to make additional purchases.

Meal

I'26	100%
II'26	0%
III'26	0%
IV'26	0%

Meal Game Plan: Your meal needs should be covered through the end of March. Be prepared to make additional purchases on an extended pullback.

DAILY MARCH SOYBEAN MEAL

Look for resistance at \$296.40, then at \$299.60.



Position Monitor

	'25 crop	'26 crop
Cash-only:	25%	10%
Hedgers (cash sales):	25%	10%
Futures/Options	0%	0%

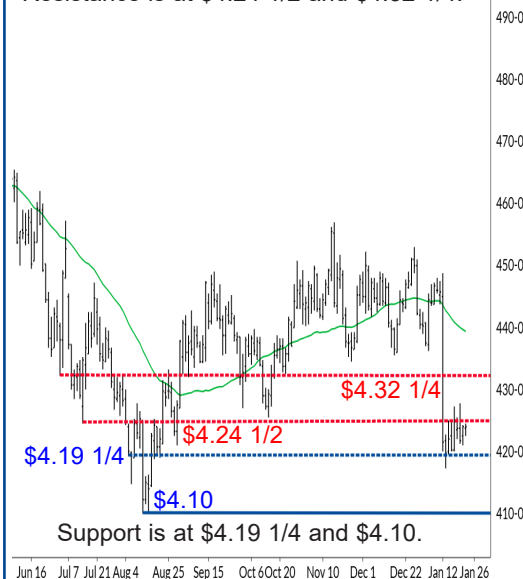
Game Plan: We advised hedging 10% of 2026 production at \$4.50 or better basis December futures on Jan. 14. You should be 25% sold for the 2025 crop in the cash market. Additional sales for both crops will continue to be closely assessed. Our goal is to establish a floor with upside potential using a combination of options and futures hedges for new crop flexibility.

DAILY MAY CORN



DAILY MARCH CORN

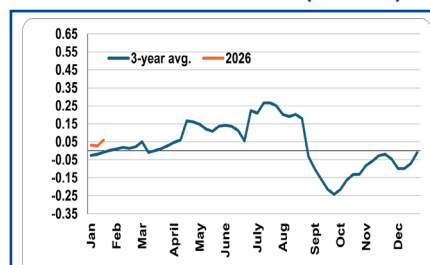
Resistance is at \$4.24 1/2 and \$4.32 1/4.



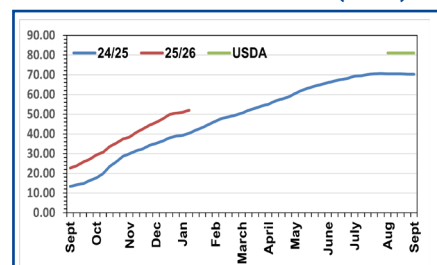
CORN

Postreport consolidation persisted last week, as buyers remained mostly idle amid a flurry of fundamental and technical challenges. Meanwhile, legislation to allow year-round sales of higher ethanol blends in the U.S. was left out of a suite of 2026 spending bills, as lawmakers sought to avoid another government shutdown. Futures reacted minimally, though producers and the National Corn Growers Association were quick to show disapproval. USDA's Prospective Plantings Report at the end of March will be the next major market mover, though weather in South America will be closely monitored as safrinha planting efforts pick up in Brazil.

AVERAGE CORN BASIS (MARCH)



CORN EXPORT BOOKINGS (MMT)

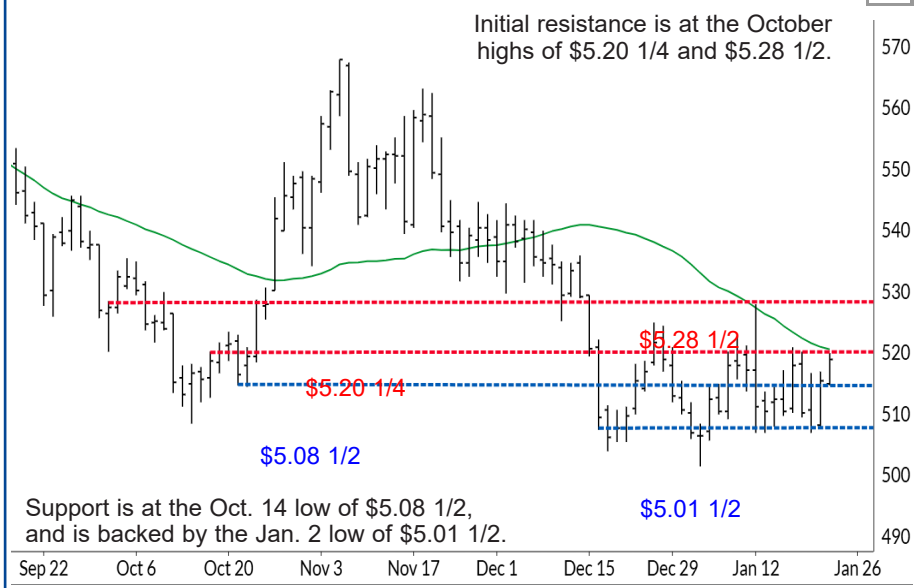


Position Monitor

	'25 crop	'26 crop
Cash-only:	50%	20%
Hedgers (cash sales):	50%	20%
Futures/Options	0%	0%

Game Plan: You should have 50% of the 2025 crop and 20% of 2026 crop sold in the cash market. Be prepared to make additional sales on an extended upside move.

DAILY MARCH SRW WHEAT



WHEAT

SRW – Weakness in the U.S. dollar and cold temps across the Midwest and Black Sea growing regions inspired some short-covering last week. While global supplies are plentiful, demand has gained steam among global end-users. A sideways-to-higher grind is likely without a catalyst.

Position Monitor

	'25 crop	'26 crop
Cash-only:	30%	10%
Hedgers (cash sales):	30%	0%
Futures/Options	0%	0%

Game Plan: We advised selling 10% of the 2026 crop on Jan. 14 at \$10.60 or better basis November futures. You should be 30% sold in the cash market for the 2025 crop. Sales for both the 2025 and 2026 crops will continue to be assessed. Be prepared for guidance on an option strategy to establish floors for new crop production.

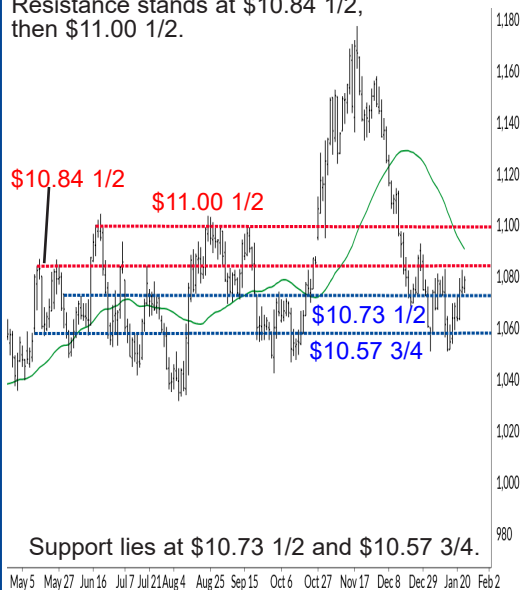
DAILY MARCH SOYBEANS

Resistance stands at the May 9 high of \$10.73 3/4, then the June 16 high of \$10.87 1/2.



DAILY MAY SOYBEANS

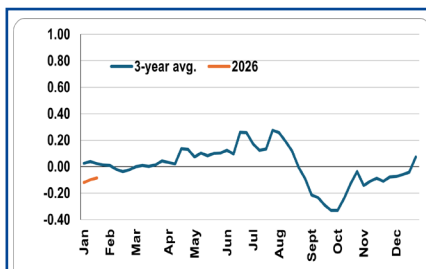
Resistance stands at \$10.84 1/2, then \$11.00 1/2.



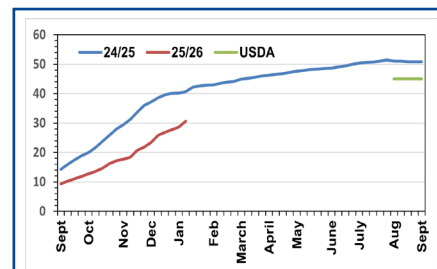
SOYBEANS

March futures gained technical ground last week, securing a close above the 20-day moving average. A rally in soyoil, which was driven by optimism after agriculture and biofuel groups reached an agreement with the American Petroleum Institute to move forward with the proposed biofuel mandate, was the initial benefactor. Meal strength was also supportive as dry weather in Argentina becomes a greater concern. Crop consultant Michael Cordonnier noted early crop development had been good, but dryer-than-normal conditions have started to impact the crops as they mature. Look for technical challenges to strain soybean rallies.

AVERAGE SOYBEAN BASIS (MARCH)



SOYBEAN EXPORT BOOKINGS (MMT)



DAILY MARCH HRW WHEAT

Resistance is at \$5.33.

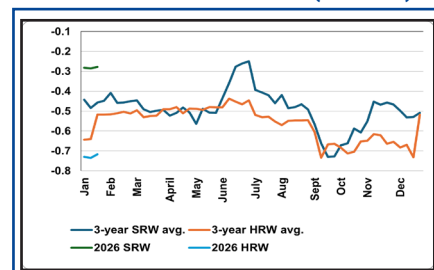


DAILY MARCH HRS WHEAT

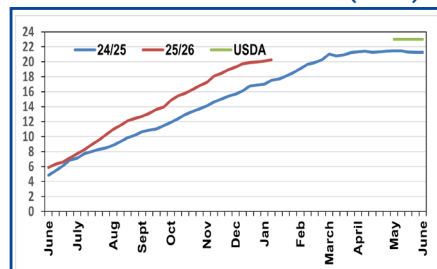
Resistance is at \$5.74.



AVERAGE WHEAT BASIS (MARCH)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Subzero temps ahead of snow in Nebraska and most northern counties in Kansas late last week might have caused some winterkill. Though sleet and ice in southern growing areas could create issues for the growing crop as well. However, the effects of recent weather will likely not be discovered until spring weather arrives.

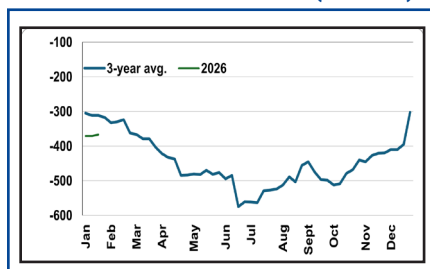
HRS — Short-covering gains from the Jan. 16 low led nearby futures above key technical areas, though the upside is likely to be capped by resistance at the Dec. 24 high. A sideways to lower pattern seems likely, though the three-month long pattern of consolidation could be a basing pattern and ultimately a longer term floor if an upside breakout were to occur.

Position Monitor

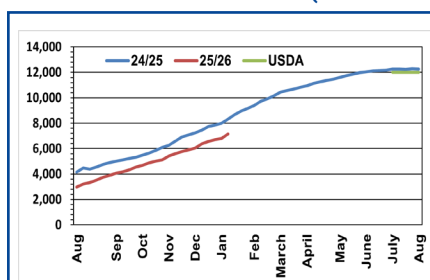
	'25 crop	'26 crop
Cash-only:	20%	0%
Hedgers (cash sales):	20%	0%
Futures/Options	0%	0%

Game Plan: You should have 20% of 2025 crop sold in the cash market. We are currently viewing 67.00¢ basis March futures as the next target.

AVERAGE COTTON BASIS (MARCH)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY MARCH COTTON



COTTON

Futures continue to face technical challenges despite an increase in export sales. However, low prices have led to limited producer sales, which is likely to cap potential rallies. The National Cotton Council will meet in February, and release the first 2026 acreage projection.

GENERAL OUTLOOK

CURRENCIES: The U.S. dollar index dropped sharply early last week as the U.S. threatened new trade tariffs on European nations that pushed back on U.S. ambitions to acquire Greenland.

The USDIX at least temporarily stabilized when President Donald Trump said in a speech at Davos that the U.S. will not use its military power to take Greenland.

The severely strained relations

between the U.S. and Europe have revived a "sell America" mentality in the word marketplace that has spooked the greenback bulls.

The USDIX is a basket of six major world currencies weighted against the U.S. currency.

A depreciating dollar is a positive outside-market element for U.S. ag markets, which makes their prices more competitive on world trade markets.

DAILY U.S. DOLLAR INDEX



FROM THE BULLPEN By Editor Bill Watts

The question of who actually pays the costs of tariffs was back in the spotlight this past week as trade tensions between the U.S. and Europe ratcheted up over Greenland. A study published by Germany's Kiel Institute found that U.S. importers and consumers bear nearly the entire cost of tariffs. The researchers concluded that foreign exporters absorb only about 4% of the tariff burden, while the remaining 96% is passed through to U.S. buyers.

Meanwhile, at the farm level, data from North Dakota State University indicates the burden of 2025 fertilizer tariffs was passed almost entirely to U.S. farmers, often exceeding the actual cost of the levies. Between February and

October, tariffs imposed under the International Emergency Economic Powers Act (IEEPA) generated approximately \$958 million in revenue, including \$110 million from fertilizers and \$530 million from farm machinery.

NDSU's monthly report on agricultural trade highlights a significant post-tariff price divergence between U.S. and Canadian markets. For DAP, the tariff pass-through rate reached 342% at the spot level and 156% at retail—far exceeding the 8% effective tariff rate. Researchers suggest this disproportionate increase might have been due in part to market uncertainty and "precautionary" inventory building by retailers who feared even higher future levies.

WATCH LIST

1	Weekly Ethanol Production Will record production continue?	WED 1/28 9:30 a.m. CT
2	Fed Interest Rate Decision Rates to stay unchanged?	WED 1/28 1:00 p.m. CT
3	Weekly Export Sales Report Soybean sales a focus.	THUR. 1/29 7:30 a.m. CT
4	U.S. Trade Data U.S. imports and exports in Nov.	THUR 1/29 7:30 a.m. CT
5	Producer Price Index December data.	FRI 1/30 7:30 a.m. CT

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