

Grain Market Compass

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Harvest season is ramping up across the Midwest and the South. We are receiving reports of strong soybean yields, but corn yields are showing considerable variability throughout the Corn Belt and further south. Corn continues to benefit from robust demand in both the export market and the ethanol industry. The weaker U.S. dollar has made corn exports more competitive and elevated profit margins for ethanol producers.

Soybeans, on the other hand, are encountering some challenges as China shifts its purchases to South America. This change comes after Argentina reduced its export taxes on agricultural products, resulting in China booking 10 or more cargo ships from Argentina. Additionally, soybeans are struggling to find stability despite record yields being reported, even following a dry finish in much of the eastern Corn Belt. Exports are a significant concern for fund managers, especially with the lack of substantial news regarding trade relations with India and China. The ongoing conflict between the EU and Russia may create opportunities for U.S. agricultural products, but we will continue to monitor this situation closely.

As harvest continues, it is important to stay informed about grain policies and storage fees at your local delivery points. For example, a processor in northwest Iowa has a Price Later minimum fee of 45 cents. This means the futures and/or basis must improve by at least 45 cents before you realize a better net price than you could have received by selling off of the combine. There is also the risk that the market price may fall while those bushels are on Price Later. Instead of paying Price Later fees or storage costs, I recommend selling your grain and you can either re-own the bushels by buying futures or buying a call option. Both methods allow you to take advantage of increased futures prices while avoiding additional fees, such as storage, Price Later fees or extra drying charges.

As we begin to look ahead to the 2026 crop, consider using a 2- or 3-way option strategy to protect against downside risk, while keeping potential upside opportunities open. Given the ongoing trade disputes and the possibility of large carryouts, taking risk off the table is a wise risk management approach.

Contact me for information on how to receive daily grain comments, recommendations and producer strategies. We can help you whether you are a buyer or seller of corn and beans.

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