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Making Sense of the Markets

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CBOT corn and soybeans: 19-year lows?

Chicago corn futures hit contract lows again this week and soybeans have been flirting with single-digit prices with big U.S. crops in the crosshairs. Adjusting for inflation puts month-to-date averages for both December corn and November soybeans at the lowest July levels since 2006.

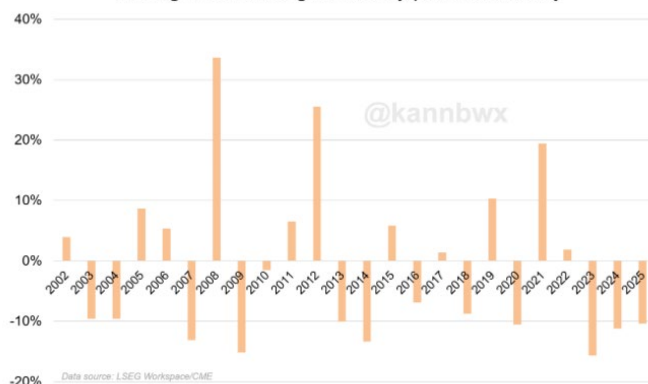
In nominal dollars, there have been 11 Julys since and inclusive of 2006 in which average corn prices were lower than the current ones. But inflation-adjusted, today's \$4.21 is the lowest since \$4.19 per bushel in 2006 (\$2.65 nominal).

There have been nine Julys since 2006 in which nominal soybean prices were lower than this month's running average of \$10.20. Once again, after adjustment, this is the lowest since 2006 (\$9.74 per bushel; \$6.15 nominal).

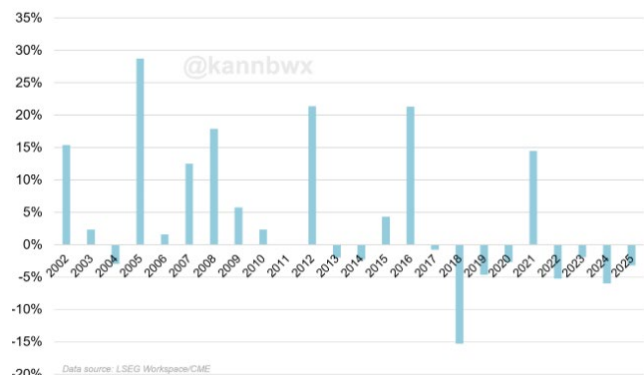
Recent prices are well off yearly highs set back in February, when insurance guarantees to U.S. farmers are set for the upcoming harvest. But price weakness since then has not been out of the ordinary, a potentially unfriendly factor for hopeful bulls.

December corn so far this month is trading 10% lower than the average February price, a smaller loss than in the previous two years. November soybeans are about 3% lower than in February, though larger declines were observed over this period in four of the last seven years, including 2024.

CBOT December Corn Futures
Change from average February price to Mid-July



CBOT November Soybean Futures
Change from average February price to Mid-July



U.S. corn exports crashing out?

USDA reported U.S. corn export sales for the waning 2024-25 season at a marketing-year low of just 98,000 metric tons in the week ended July 10, far below all trade estimates. Old-crop export sales have been well above average every single week for months now, so the latest data stands out, possibly signaling the temporary end of U.S. export dominance while Brazil begins ramping up its export program. On-the-ground intel suggests that Brazil's heavily exported second corn crop could be significantly larger than current industry estimates.

China solidifies retreat as a global grain importer

Chinese customs reported this week that China's grain imports in the first half of 2025 have plunged significantly from the year-ago levels: down 93% for corn, down 79% for wheat and down 54% for sorghum. This reflects the recent trend of China shrinking its grain import program after bursting onto the scene in 2020, becoming the world's top importer.

Not only is China expecting record corn and wheat harvests in 2025-26, but its economic growth rate has been slowing notably over the past several years. This is significant because the state of China's economy today is not the same one that the soybean market, for example, became accustomed to a decade or so ago. At that time, it seemed that Chinese demand would continue multiplying for years to come, but that rate has steadied in recent years, leaving suppliers like the United States and Brazil to duke it out for export control.

China's Agriculture Imports 2025

(thousands of tonnes)

@kannbwx

	June	YOY	Jan-June	YOY
Wheat	350	(71%)	1,960	(79%)
Corn	160	(83%)	790	(93%)
Barley	630	(24%)	5,150	(39%)
Pork	90	+3%	540	+5%
Sugar	420	+1435%	1,040	(20%)
Sorghum	440	(53%)	2,120	(54%)
Soybeans	12,260	+10%	49,370	+2%

Data sources: China Customs; Reuters

Crop Watch: Strong corn yields seen, but risks remain

Weather complaints among the Crop Watch producers have been nearly nonexistent for the past few weeks, and that mostly held true last week.

Average Crop Watch corn yield potential held at 4.07 this week, with slight bumps in western Illinois and South Dakota offsetting a western Iowa decline. That score is on the upper end of ones seen at this point in previous years. Average Crop Watch corn conditions held at 4.11 this week, snapping a six-week streak of weekly health improvements.



Nebraska



Indiana



South Dakota



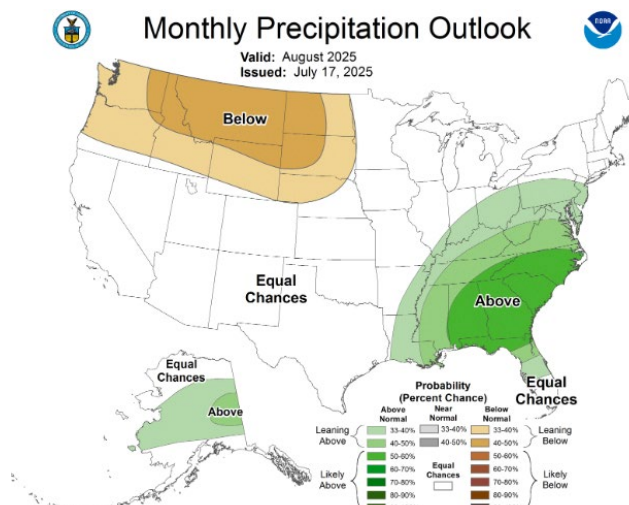
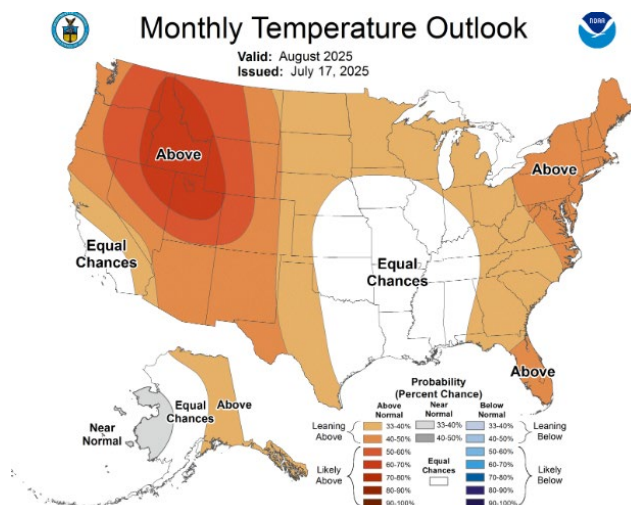
Southeastern
Illinois



Western Illinois

Producers would be concerned if overnight temperatures turned too warm later this month and into August as this can limit grain-filling on the corn. A very extreme version of that was observed in 2010, where early forecasts for record corn yields were slashed in the subsequent months.

Current long-range forecasts suggest that warmer-than-average temperatures could prevail in late July and early August for the central, southern and eastern Corn Belt, while the north and far west could be in for a cooler run.



Fun Fact Corner

U.S. corn and soybean conditions during the first week of July were 74% and 66% good-to-excellent, respectively. That eight-point spread between the two was the largest for any week since late July 2015 and the largest for the first week of July since 2010.

In the week ended July 13, USDA bumped soybean conditions up to 70% and left corn at 74%, significantly narrowing what had been an usual gap between the two.

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Reknown columnist and Zaner Chief Market Analyst, Karen Braun focuses on all aspects of the global agriculture markets with a primary focus in grains and oilseeds. Karen comes from a strong science background and has a passion for data, statistics, and charts, and she uses them to add context to whatever hot topic is driving the markets.

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