ADM Investor Services, Inc.

Monthly Commodity Futures Overview
March 2025 Edition

Grain Market Outlook for the United States and South America by Mark Soderberg, Senior Grain Market Specialist, ADM Investor Services

*The following report is an overview of the US and South American economic, political and crop situations as of **March 19, 2025.** This report is intended to be informative and does not guarantee price direction.*

Corn

The U.S. ending stocks were left unchanged at 1.540 bil. bu. in the March 2025 WASDE, 25 mil. above expectations. Global stocks were cut 1.4 mmt to 288.9 mmt. There were no changes to Brazil or Argentine production with forecasts holding at 126 and 50 mmt, respectively. Production estimates from grain exchanges in Argentina continue to come in under to well below the USDA forecast. Brazil's exports were cut 2 mmt to 44 mmt as a greater portion of their corn demand is being used domestically for biofuel production. Brazil's energy minister has determined that gasoline blended with up to 30% ethanol is safe for automobile engines and will propose raising to this level from 27.5% later this year. The change is expected to increase corn usage by over 2.5 mmt annually.

Chinese imports were cut 2 mmt to 8 mmt. Mexico's imports held steady at 24.5 mmt. With Argentine corn harvest in its early stages and weather generally favorable for development of Brazil's second crop, speculative traders have continued to shed length in the corn market. As of this writing I suspect the money manager long position is approaching 115,000 contracts, well below the recent peak of 364,000 in early February 2025. I do look for spot prices to hold above their early March 2025 low as demand for U.S. corn should remain strong into June with the arrival of Brazil's second crop. The threat of tariffs, however, continue to cloud that picture. The markets attention is gradually shifting to new crop and the U.S. planting season. The trade is bracing for corn acres to expand by 3-4 mil. in 2025 which will likely cap upside rally attempts.

Corn Futures - Weekly

Charts from QST

Soybeans

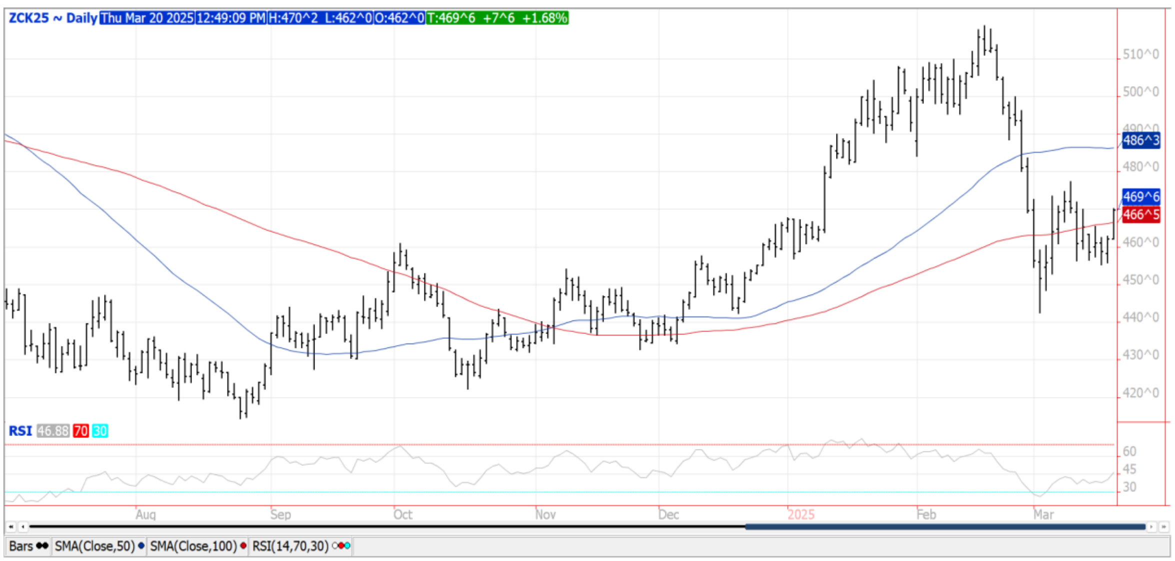
The U.S. soybean ending stocks were also left unchanged at 380 mil. bu., however, the average farm price was cut $.15 to $9.95 per bu. Stocks were in line with expectations. Bean oil usage for biofuels was cut 150 mil. lbs. to 13.450 bil., while exports rose 200 mil. lbs. to 1.80 bil. lbs. I think this is just a start. I look for higher exports and lower domestic usage in subsequent WASDE reports. Global bean stocks were cut 3 mmt to 121.4 mmt, vs. expectations of no change. Argentine and Brazilian production forecasts held steady at 49 and 169 mmt respectively. Conab raised its forecast for Brazilian production to 167.4 mmt, narrowing the gap with the USDA forecast.

The Rosario Grain Exchange lowered their Argentine estimate 1 mmt to 46.5 mmt, widening the gap with the USDA. The Argentine crush was increased 1 mmt to 42 mmt, while meal exports were increased 3.5% and oil up 8%. The Chinese crush was raised 2 mmt to 105 mmt, however there was no change to the supply side of the equation. Despite elevated trade tensions with China and the threat of another trade war, soybean prices are holding up much better than in 2018/19. U.S. stocks from 2024/25 are 170 mil. bu. below the forecast from October 2024, while new crop acres will likely decline nearly 3 mil. in 2025. Basis levels in Brazil have firmed significantly over the past eight weeks bringing FOB prices in line with the U.S. Gulf anticipating even a great share of Chinese demand. Prices will remain sensitive to final SA production figures and tariff headlines as the market's attention gradually shifts to the U.S. planting season.

Wheat

U.S. ending stocks rose 25 mil. to 819 mil. bu. vs. expectations for no change. HRS and durum stocks both rose 10 mil. bu., while SRW was up 5 mil. Imports were revised up 10 mil., while exports were trimmed by 15 mil. Global stocks rose 2.5 mmt to 260 mmt vs. expectations of no change. Australian production was increased 2.1 mmt to 34.1 mmt, while their exports were up 1 mmt. Russian exports were cut .5 mmt to 45 mmt, while Chinese imports were cut 1.5 mmt to 6.5 mmt.

With the U.S. winter crop set to break from dormancy over the next few weeks, dry conditions across the Southern plains has led to spike in drought readings. As of this writing, 34% of the winter wheat acres are in drought, while well below the peak from last October 2024 at 60%, it has risen 14% in the past month, while likely to increase further by the end of March. The most recent CFTC report showed money manager were net short nearly 152,000 contracts across the three classes of wheat vs. the record large short position at nearly 199,000. They have also been net short wheat for 2 ½ years, which likely is a record length of time



Softs and Energy Outlook by Mark Bowman, Senior Global Market Analyst, ADM Investor Services

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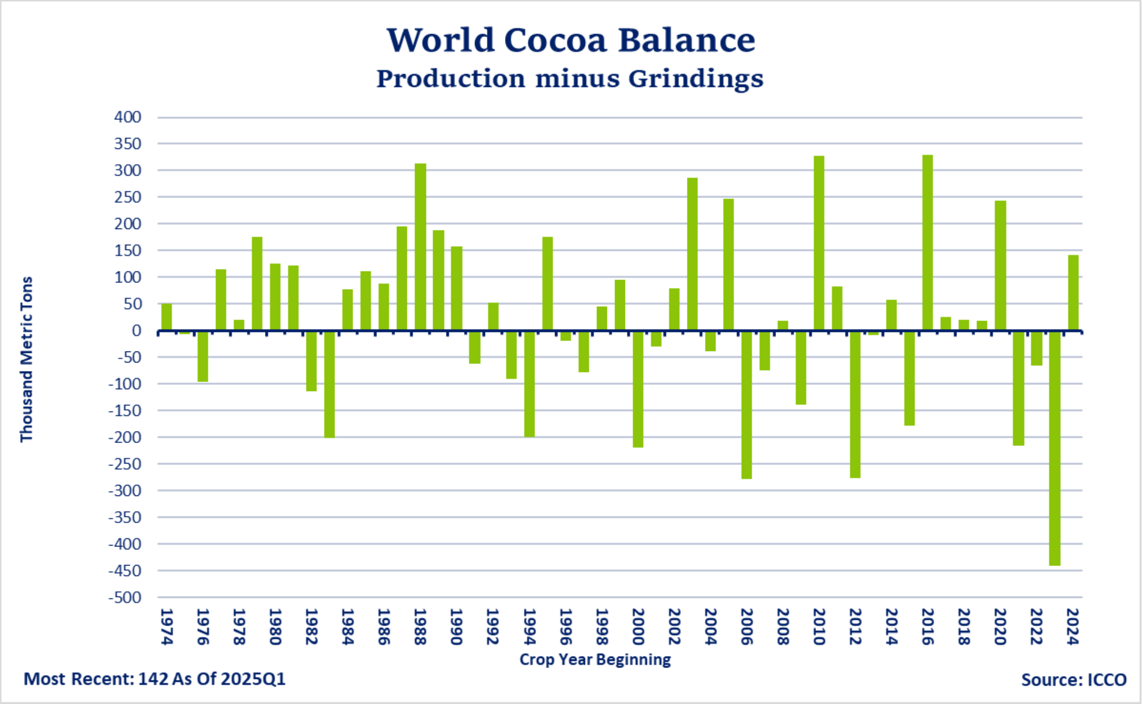
Cocoa

The cocoa market has fallen to its lowest level since November in the wake of an improvement in the weather for West Africa and a report from the International Cocoa Association (ICCO) the showed a global production surplus for 2024/25. This ICCO forecast was their first for the 2024/25 marketing year, and it came as a surprise. The report showed global production at 4.840 million metric tons and global grindings at 4.680 million, resulting in surplus of 142,000 tons. This follows three straight deficits, 216,000 tons in 2021/22, 65,000 in 2022/23, and 441,000 in 2023/24.

The 2024/25 numbers would result in a global stocks/use ratio of 32%, which would be up from 27% in 2023/24 but is still the second tightest since 1984. Seasonal rains have arrived in West Africa, bringing relief to farmers who had experienced an exceptional dry season, but hot weather threatens to keep evaporation rates high. A good portion of the surplus for 2024 is attributable to a drop in grindings in reaction to the high prices of the past year. The next quarterly grindings updates for Europe, North America, and Asia are scheduled for April 17.



Coffee

The NY (arabica) coffee reached new contract (and all-time highs) on February 11, and it has been in a consolidation mode ever since. Seasonal rains have finally arrived in key growing areas of Brazil, but they have yet to amount to enough to offset concerns after a disappointing rainy season so far. Expectations for the 2025 crop were already down because this is the Brazil arabica crop's off year in its biennial on/off cycle, and the likelihood that the exceptional drought in 2024 deprived coffee trees of the energy needed to produce strong crop. However, prices at all-time highs and a large fund net long position leave the market vulnerable to long liquidation.

Sugar

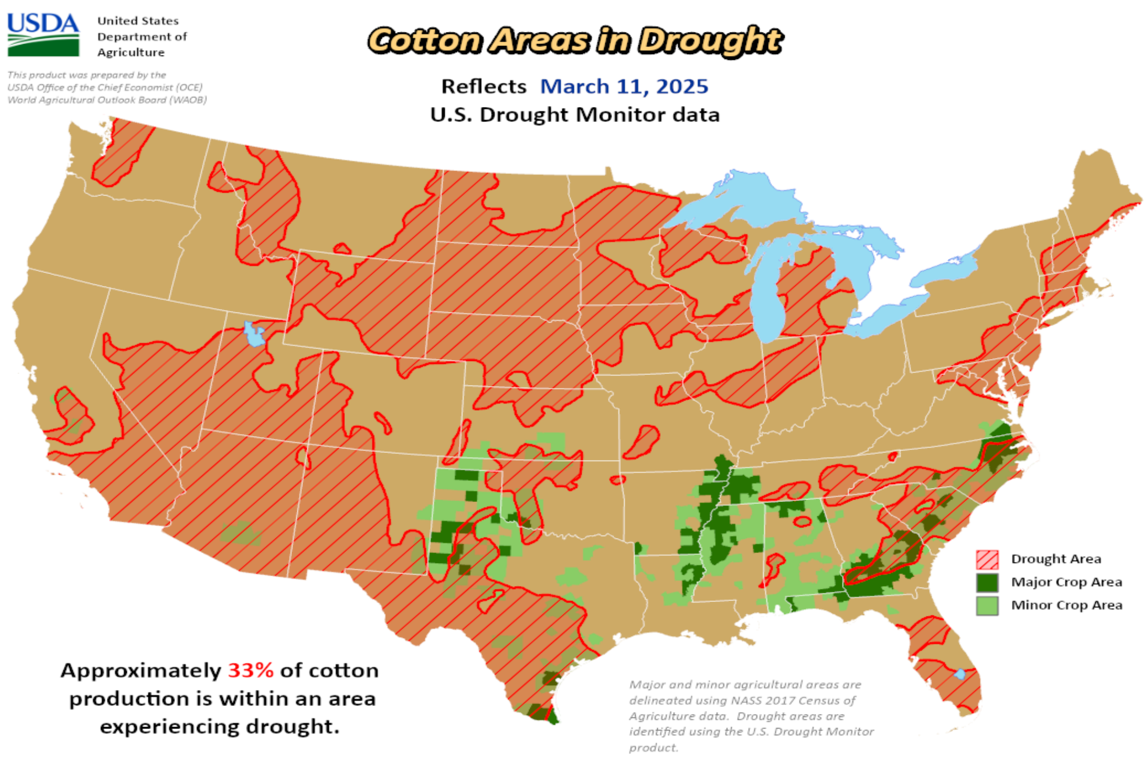
Sugar prices saw choppy two-sided action over the past month, as the market sold off hard in late February, partially off disappointment that it could not trade above a 20-cent level after trying to do so for four straight sessions and also on heavy deliveries against the March contract. By early March the market had given back 62% of its January-February rally and corrected a previously overbought conditions. Adding to fundamental support were concerns that the dry conditions in India had damaged their crop to the extent that they would not be able to meet their 1.0 million metric-ton export quota. Previously, news that the Indian government had allowed sugar exports for the first time in over a year sparked heavy selling, so news that the exports would come up short was viewed as bullish.

Also supportive were two cold weather snaps in the U.S. this winter that may have damaged the Louisiana cane crop, which could turn the U.S. into more significant buyers this year. The extent of the damage may not be known until harvest. The Brazilian Minister of Mines and Energy recently touted test results that supported using a 30% ethanol mix in gasoline versus the current 27%, and this has led some to conclude that a mandate requiring such a change was imminent. This would encourage Brazilian crushers to produce more ethanol at the expense of sugar. The recent UNICA report showed Brazilian Center-South year-to-date ethanol production for 2024/25 was up 3.2% from a year ago, despite a 5.0% decline in cane crush. Sugar production was down 5.6%. The 2025/26 marketing year officially starts in April. The stronger Brazilian real also lowers the incentive for cane crushers to produce sugar for export.

COTTON

The cotton market staged an impressive bounce off contract lows in early March, but it has once again run into stiff resistance at the 50-day moving average. Ample global supply and a loss in export business for the U.S. have pressured nearby prices to their lowest level since the pandemic, but a weak dollar and low prices have improved the export outlook a bit. Cumulative export sales are still the lowest for this point in the season in at least six years, but they have narrowed the deficit to year ago levels to 492,000 bales from 1.260 million in late January.

The USDA Outlook Forum in February put US 2025/26 plantings at 10.00 million acres versus 11.18 million for 2024/25, but some traders have suggested that the number could be lower given the low prices. The next official number will be the USDA Prospective Plantings report on March 31. Texas, California, and southwestern U.S. are dry and need rain ahead of plantings. As of March 11, approximately 33% of U.S. cotton production was in an area experiencing drought.



Crude Oil

The crude oil on and off tariff threats lowered global demand expectations and sent crude oil prices back near their 2024 lows. But the threatened tariffs against Canadian oil imports and President Trump's interest in reducing Iran's export capability helped the market put in a low this month. This week, U.S. airstrikes against the Houthis and the collapse in the cease fire in Gaza have added to global supply anxiety and helped support a modest recovery in prices, although the 17-month old Israel/Hamas war has done little to interrupt supply to this point. OPEC+ has enough more than 5 million barrels per day of spare capacity, which it is currently holding back via quota agreements. The group is scheduled to start gradually lifting some of its quotas on April 1, with a projected production increase of 138,000 barrels per day.

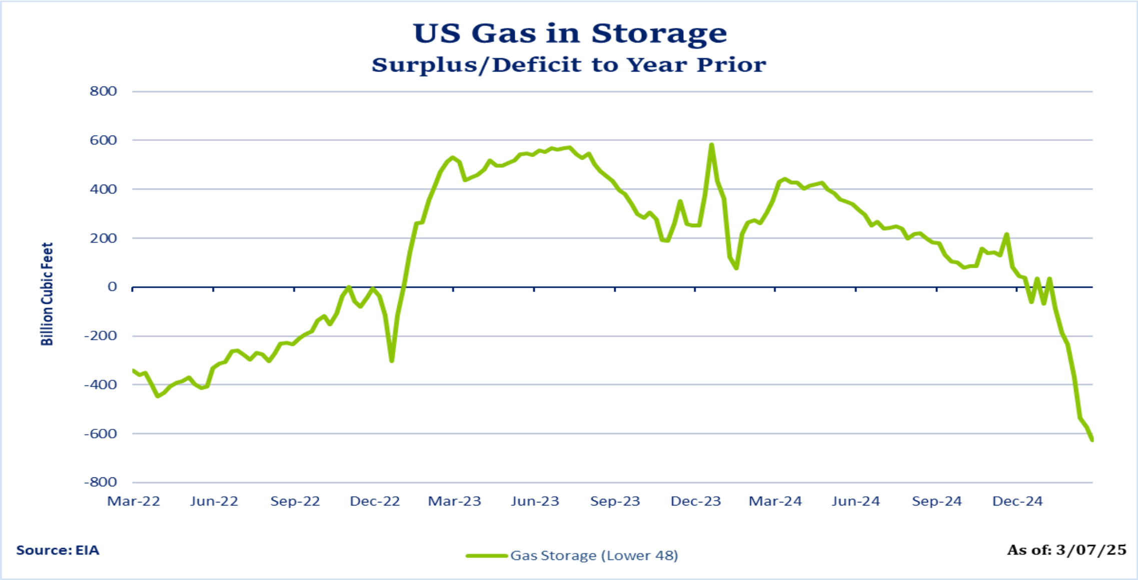
Recently it was revealed that Kazakhstan was overproducing by almost five times that much. President Trump is talking this week with Russian President Putin about ending the war in Ukraine. Progress on that front could open the door for increased Russian oil and gas supply, but it could take some time for an agreement to be reached. Better economic data out for China recently provides a slightly better outlook for demand.

Crude Oil Futures - Weekly

Chart provided by QST

Natural Gas

A four-month rally in natural gas reached a peak this month on a peak of vitriol between the U.S. President and Canadian official over U.S. tariff threats against natural gas imports from Canada and the threat of interruptions of electrical supply from Canada to the U.S., which could increase U.S. gas demand even further. The market saw steep drawdowns in U.S. natural gas supply this winter after a couple of cold weather events that extended into the deep south. This has taken U.S. supply from a record surplus to a near-record shortfall in a period of four months. With the passing of peak heating season, those drawdowns should slow, but it will be a while before we see anything near the burdensome levels from mid-2024. Nonetheless, a near-term top may be in place.



Livestock Outlook by Chris Lehner,
Senior Livestock Analyst, contracted by ADM Investor Services

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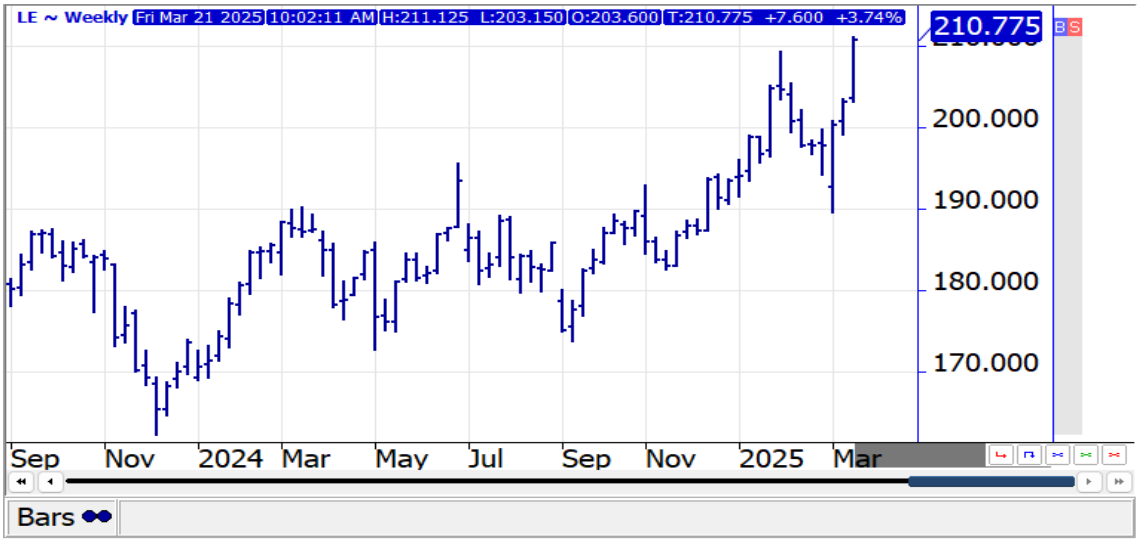
Live Cattle

Cattle and beef prices declined in February. The month is often a time when consumers scale back on expenses. Credit card bills from the holidays are in their third to fourth month of needing payments, especially after holiday spending in 2024 broke records. Home heating bills go up in the winter, further stressing consumers' budgets. In addition, February is a slow month restaurant dining. Shoppers will move from the expensive beef cuts, such as steaks and increase buying of cheaper beef, such as ground beef that can be any grade from cow beef to mixtures of whole choice chucks and rounds.

The choice beef cutout began the month at $331.23, by mid-February it was at $315.70, and ended the month at $311.83. Cattle prices also declined in February. Choice steer prices began February averaging $210.11. By mid-month the choice beef was $203.09 and by month-end the cutout value was down to $198.20. Prices ignored the drop in the supply of cattle. By the end of

February 2025, federal slaughter was down 399,725 head, which is a 7.5% decline from the same period in 2024. But for the consumer, ground beef prices were up 1.0% from January 2025 and over 10% higher from February 2024.

Live Cattle Futures - Weekly



Lean Hogs

Trading in February 2025 gave both buyers and sellers opportunities because there was active speculative bear spreading. Spread trading is an active part of livestock futures. On February 3 February lean hogs were $84.32. When February lean hogs expired on February 14, they were $89.47. Pork prices also moved higher with the CME pork cutout index moving from $93.40 to $99.19 on February 14. As April 2025 lean hogs became the front month on February 18 after the President's Day break, it settled the day at $93.20. The difference had April $8.87 over where February expired.

As pork traded the remainder of February, there was little change in the price. The CME pork cutout on February 28 was $97.55, just $1.64 down from the price where February expired, April lean hogs moved lower. The pork prices did not explain why April during the middle of February was $8.87 higher. On February 28 April lean hogs were down to $83.67.

Lean Hog Futures - Weekly

Charts from QST

Stock Index, Currency and Precious Metal Futures Market Outlook
by Alan Bush, Senior Financial Economist, ADM Investor Services

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Stock Index Futures

Stock index futures remained in a downward trend through much of February and into the second week of March. However, approximately three weeks ago, there was a significant shift in the fundamentals and outlook for Federal Reserve policies. The likelihood of the central bank taking a more aggressive approach to ease credit conditions this year has increased.

Recent chart patterns indicate a bottoming action, especially after weaker-than-expected consumer price index and producer price index reports were released. This provides the Federal Open Market Committee with more flexibility to adopt a more accommodative stance. The market also saw recent gains when the FOMC, in its March 19th policy meeting, reaffirmed its plan for two interest rate cuts this year. The Federal Reserve acknowledged rising economic uncertainty but still expects a 50 basis point rate reduction in 2025, consistent with its December forecast. This stance remains a key supportive influence on the market.

S&P 500 Futures - Weekly

U.S. Dollar Index

The U.S. dollar index recently dropped to a five-month low, driven by interest rate differentials that are now unfavorable for the greenback. While the Federal Reserve is expected to aggressively reduce interest rates this year, other central banks, such as the European Central Bank and the Bank of England, may take a more gradual approach to cutting their key rates. Traders are carefully evaluating Powell's remarks following the Federal Open Market Committee statement released on March 19th. This accommodative stance from the FOMC is expected to undermine the greenback.

Euro Currency

The euro currency has been strong over the last couple of months but came under some pressure when European Central Bank President Lagarde warned of weaker economic growth, but downplayed inflation risks if the EU retaliated against U.S. tariffs. Speaking to European lawmakers on March 20, she cautioned that a 25% U.S. tariff on European imports could cut euro area growth by 0.3 percentage points in the first year, with a counter-tariff deepening the hit to 0.5 percentage points.

Traders have recently scaled back expectations for ECB interest rate cuts, now pricing in just two reductions this year, while the U.S. Federal Reserve, held it's fed funds rates steady at its March policy meeting but reaffirmed plans for two cuts this year. Producer prices in Germany increased

0.7% year-on-year in February 2025, accelerating from January's 0.5% increase but coming in under market expectation of 1.0%.

Gold

April gold futures advanced to a new record high after the Federal Open Market Committee indicated that it may be lowering its fed funds rate two times this year which is a bullish factor for non-yielding gold. In addition, the precious metal has been supported by a flight to quality flow of funds in light of ongoing geopolitical issues.

Additionally, concerns over global trade disputes persisted as new tariffs are set to take effect in April, following the U.S.'s 25% tariff on steel and aluminum imposed in February.

Also, there has been substantial central bank buying of April gold.

Gold Futures - Weekly

Charts from QST

Support and Resistance

Grains

May 25 Corn

Support	4.50	Resistance	5.05

May 25 Soybeans

Support	9.85	Resistance	10.65

May 25 Chicago Wheat

Support	5.40	Resistance	6.05

Softs

May 25 Cocoa

Support	6968	Resistance	10353

May 25 Coffee

Support	345.70	Resistance	425.00

May 25 Sugar

Support	17.84	Resistance	21.25

May 25 Cotton

Support	62.50	Resistance	74.00

Energy

June 25 Crude Oil

Support	63.53	Resistance	70.82

June 25 RBOB

April	2.0068	Resistance	2.2651

April 25 ULSD

Support	1.9000	Resistance	2.2700

April 25 Natural Gas

Support	3.800	Resistance	4.750

Livestock

April 25 Live Cattle

Support	195.00	Resistance	212.00

April 25 Lean Hogs

Support	80.75	Resistance	93.25

Stock Index

June 25 S&P 500

Support	5550.00	Resistance	5940.00

June 25 NASDAQ

Support	19200.00	Resistance	21500.00

Metals

April 25 Gold

Support	2990.0	Resistance	3120.0

May 25 Silver

Support	32.400	Resistance	34.800

May 25 Copper

Support	4.6500	Resistance	5.2500

Currencies

June 25 U.S. Dollar Index

Support	103.000	Resistance	104.500

June 25 Euro Currency

Support	1.08000	Resistance	1.10200