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Can China buy enough soybeans to halt the bear?

Demand

The single most important factor for US soybean prices remains Chinese buying – or more accurately, lack thereof. A brief recent history: Virtually zero US beans were sold to China until the late October US/China trade talks. After Treasury Secretary Scott Bessent announced that China had agreed to purchase 12 million tonnes for the 2025-26 marketing year, prices rallied by $1 per bushel (Chart 1).

That rally was an overreaction. First, in 2024-25, final sales to China were 24.5 million tonnes. And that was the smallest tally since tariffs that were imposed in the first Trump administration pushed China away from US soybeans. Even if China were to buy more than what was agreed upon, the USDA forecast for 2025-26 remains overstated by a wide margin.

The USDA has almost caught up with export-sales reports that were missed during the shutdown. And the Chinese have been buying. As of December 11, total sales (shipped and unshipped) stand at 5.4 million tonnes. Only a pittance has been shipped – 273,000 tonnes. The significance of that point is that if the deal goes sour, the possibility of cancellations becomes a risk.

Total sales to all destinations stand at 25.8 million tonnes. That compares with 38.6 million tonnes at the same time last year, or a lag of 33%. In the December monthly crop report, the USDA maintained its export forecast to all destinations at 44.5 million tonnes, only 13% less than last year's final tally. If the Chinese were to live up to their 12-million-tonne commitment, we would still be shy of the USDA target.

The most recent weekly export figure of 2.4 million tonnes, of which China took 1.4 million tonnes, would normally be a very exciting figure. The market eked out a 15¢-per-bushel rally in the sessions that followed, but as amply illustrated above, we're just playing catch-up.

Another wrinkle has emerged for any bullish soy case. The EPA announced earlier this year that it would be increasing biodiesel blend requirements. However, the administration has been paring back on green energy programs, and there is concern that the new mandate will look much different than originally believed. A final decision was expected in October, but was then pushed forward to "sometime" in the first quarter. Specifically, companies that produce biodiesel are said to be holding back on expanding capacity until they get a look at how much soybean oil will need to be diverted.

Supply

Everything comes down to whether Brazil will be able to fulfill China's needs if the Chinese do no more than live up to their commitments to their trade deal with the US. The gap between Chinese domestic output and crushing needs remains huge. Production has remained stagnant at just below 21 million tonnes, compared with a domestic crush that has been growing. The USDA estimate for the Chinese domestic crush in the current marketing year is 133 million tonnes, compared with 121.8 million tonnes in 2023-24.

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The USDA forecast for 2025-26 Brazilian production calls for record output of 175 million tonnes, compared with 171.5 million tonnes in 2024-25. Thus far, weather has been cooperative, and early harvesting has begun. The harvest runs through until April. The bulk of the harvest occurs in January and February, so we are just around the corner from knowing the size of the Brazilian crop. Some estimates are looking at output of over 180 million tonnes.

The current USDA estimate for US ending stocks is 290 million bushels (7.89 million tonnes), or 6.74% of consumption, down from 7.14% last year. Even if the Chinese buy the 12 million tonnes agreed upon, that carryover estimate is still too low and is likely to be revised higher.

Brazilian prices are roughly $1 per bushel below US prices, and even assuming the Chinese keep their promises, once Brazilian product becomes available, they will buy Brazilian.

We are starting to see more concrete forecasts for US new-crop 2026-27 plantings. The latest consensus is 85 million acres, up from 81.1 million acres planted for the 2025-26 crop.

To say the least, we have traded this market poorly. We were long, then flipped to the short side, and eventually we were stopped right at the high of the Bessent rally. On November 26, with March soybeans trading at $11.50 per bushel, and facing a bullish-looking chart, and please pardon the slang, we chickened out. We stated: "For now, we suggest observing from the sidelines. But our sentiment remains on the bear side."

The bulk of evidence remains bearish. The market is now trading just below $10.70. We recommend re-entering the short side, with a cautious stop of $11.15, close only.

[By Sholom Sanik, December 29, 2025]

Chart 1 – CBOT March soybeans



Chart courtesy LSEG

COTTON

No China, no bull

After setting multi-year lows last year, cotton prices have been crawling along in a narrow range over the past couple of months (Chart 2). There has not been very much in the way of fresh supply/demand developments.

Demand

The most important issue for US prices remains sluggish export sales. The USDA is now caught up with publishing sales that went unreported during the shutdown. As of the most recent weekly export report released on January 5, export commitments for 2025-26 to all destinations stand at 6.59 million bales, compared with 7.6 million bales at this time last year. That's down 13.3%, while the USDA has maintained a forecast that this year's exports will grow slightly, to 12.2 million bales.

The one bright spot in the data is that at 2.83 million bales, shipments are actually a bit higher than the 2.667 million bales

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reached at this time last year. While this does not explain the wide gap between the reality of commitments and the USDA forecast, it may be an indication that demand is generally strong.

Regardless, importing countries must step up to the plate to make any sense of the USDA estimate. And China does not appear to be the likely candidate. Thus far, Chinese imports (shipped and unshipped) stand at a paltry 281,500 bales, down from 659,500 last year at this time. Actually, 2024-25 exports to China were meager in their own right. To get a better idea of what a more typical year for China looks like, consider that average total sales on this date between 2021-22 through 2023-24 were 2.78 million bales.

Supply

The sharp drop in Chinese buying is hardly an enigma. China is on the road to cotton self-sufficiency. With record output in 2025-26 of 33.5 million bales and consumption of 38.5 million bales, China now produces 87% of its requirements. This compares with an average of 78% in the four previous seasons.

Looking ahead to the new crops for the 2026-27 marketing year, there is not much information regarding China and Brazil, other than to assume that crop size will be similar to 2025-26, which climbed to record levels for both countries.

For the US, early projections are based on profitability ratios with other competing US crops, most of which are mired in their own bear markets. The current estimates range between 10 and 10.5 million acres, which would be up from 9.3 million acres in 2025-26. The USDA baseline estimate is 9.8 million acres.

One respected analyst that we follow believes that it would be absurd for US farmers to plant that much cotton. Rather, he forecasts cotton area could fall by as much as 500,000 acres below last year. More comprehensive estimates that take all indicators into account will come from the National Cotton Council on February 9, to be followed by the USDA Agricultural Outlook Forum in late February.

In conclusion, without Chinese buying, US ending stocks should continue to grow. The current USDA estimate puts the 2025-26 carryover at 32.6% of usage, compared with 23.2% and 29.4% in 2023-24 and 2024-25, respectively. If our assessment that export sales are overstated is correct, inventories will continue to grow.

We have been short cotton since our original recommendation on May 2, 2025. Remain short. Maintain stops at 68.5¢ per pound, basis March, as per our November 12 suggestion. March goes off the board in late February. If we do not revisit this topic before then, roll into December by mid-February.

[By Sholom Sanik, January 6, 2026]

Chart 2 – ICE March cotton

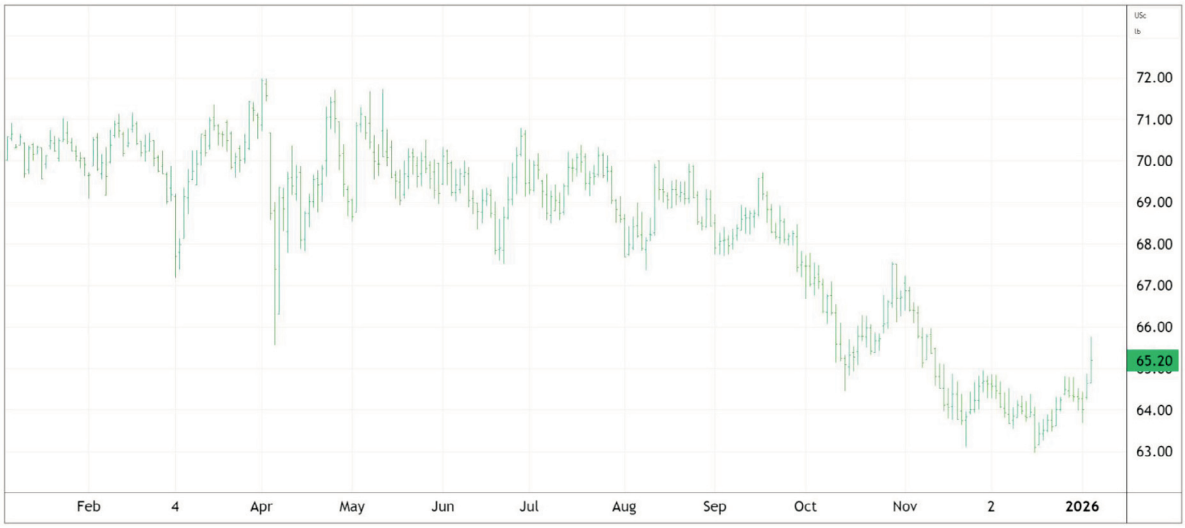


Chart courtesy LSEG

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CORN

Is higher output enough to meet demand?

Corn *was* the best-performing market among US agricultural products. That may have ended with the release of the January USDA crop report. The featured item was a revision to the 2025-26 US crop that was harvested last fall.

Traders were expecting a downward revision from the December yield estimate of 186 bushels per acre (bpa) to 184 bpa. Instead, the USDA hiked the estimate to 186.5 bpa. In addition, harvested acres were increased by 1.3 million acres. Between the additional acres and higher yield, the production estimate was raised by 269 million bushels (6.81 million tonnes) to a record 17.021 billion bushels (432.34 million tonnes).

The ending-stock estimate grew to 2.227 billion bushels (56.56 million tonnes), or 13.6% of consumption, up from the December estimate of 12.4%. That compares with 11.8% and 10.3% in 2024-25 and 2023-24, respectively. Exacerbating the bearish data was the quarterly stocks report, which was released concurrently with the crop report. It showed December 1 stocks at 320 million bushels (8.12 million tonnes), significantly higher than the average of analysts' estimates.

There were virtually no production revisions on the global front – which includes South America.

The crop was planted on the most acres in close to 100 years and was already big before the January crop report. The reason for corn's relative strength over other US commodities has been extraordinary exports. However, over the past couple of weeks there were rumblings amongst analysts that the export pace was overdone and not sustainable. Indeed, there was some evidence to support this idea. Up until two weeks ago, average weekly commitments were 1.805 million tonnes. That's a big number. Over the past two weeks, sales fell to 736,000 tonnes and then to 377,000 tonnes. The holiday period is typically slow, so it can be chalked up to that. Time will tell.

The report did not respond to the unusual level of foreign sales. As of the most recent weekly export report, commitments stand at 50.9 million tonnes, 29.7% ahead of this time last year. The USDA kept its forecast for final sales at 81.28 million tonnes, up only 12% from last year. Corn exports would have to implode for that to be accurate. Having said that, the matter provides us with an indicator that needs to be monitored meticulously.

Very much unlike soybeans and cotton, US corn sales are not connected to China, because the Chinese are almost completely self-sufficient in corn. Furthermore, there has not been any material expansion of corn plantings in South America over the past few years. The USDA estimates total output for Brazil and Argentina for the current marketing year at 184 million tonnes, which is actually down from 2024-25 output of 186 million tonnes. If corn demand from regular US customers such as Mexico and Japan is *bona fide*, the risk to US exporters of a shift to South American origins as crops there are harvested is not quite the same as it is for other commodities.

We maintain a bullish view based on the established trend in US exports, and we will follow developments closely to determine whether the sudden sharp drop in prices was an overreaction.

We have been long corn since August 29. The reaction to the crop report brought us to within a whisker of our $4.20 stop close, basis March (Chart 3). Maintain the stop and stay tuned.

[By Sholom Sanik, January 13, 2026]

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Chart 3 – CBOT March corn



Chart courtesy LSEG

SOYBEANS

The Chinese are buying, but is it enough?

The market reacted to revisions for the 2025-26 US marketing year contained in the January 12 crop report as it should have. Analysts were expecting a drop in the bushel-per-acre (bpa) estimate to 52.7 bpa from 53 bpa, but the estimate was maintained at 53 bpa. In addition, planted and harvested acres were both revised higher from the December estimate, resulting in a 240,000-tonne upward revision to the crop.

Actually, the change was minor when compared with the drop in the export forecast. After maintaining its 44.5-million-tonne estimate in December, the estimate for final sales was slashed by 1.64 million tonnes, to 42.86 million tonnes.

The only bullish item was a small increase in the domestic crush.

Over the next two sessions, March soybeans fell by 25¢ per bushel, challenging the early January low (Chart 4). Subsequently, the market rallied to the top of the recent range, inspired by Chinese buying.

New sales to China in the last two reporting weeks averaged 1.3 million tonnes. These are normally considered chunky numbers. However, Chinese purchases (shipped and unshipped) since the beginning of the marketing year stand at 9.4 million tonnes. The original deal back in October called for China to buy 12 million tonnes by the end of January. There are two reporting weeks remaining in January, so it's a good bet that they will meet this target. However, we do not believe that fulfillment of their commitments is a game changer.

The USDA's downward revision to exports to all destinations is still insufficient. The new estimate represents a drop of only 16.3% from last year. Commitments stand at 33 million tonnes, down 21.6% from last year at this time.

It all comes down to whether China will stop at 12 million tonnes or if they will continue to buy. Normally, the bulk of purchases from the US begins to dry up at this time of year as buyers switch to South American origins. Marketing year 2021-22 was an exception, but Brazil had an off year that season.

The January crop report was rather aggressive with its Brazil forecast, raising the production estimate by 3 million tonnes, to 178 million tonnes. And that may be conservative. Most local analysts have been raising their estimates, with one estimate as high as 182.2 million tonnes. The harvest still extends for a couple of months, but barring an unforeseen weather calamity, we are looking at a record crop for Brazil. A resumption of the typical trend for switching to Brazil from now until the end of the

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marketing year should be expected.

The next issue that traders will be focusing on is planted area for the 2026-27 crop. Estimates have been hovering around 85 million acres, an increase of 4 million acres.

In conclusion, in terms of the carryover, the revisions contained in the January crop report were material. The estimate for 2025-26 ending stocks rises to 350 million bushels (9.52 million tonnes), or 8.2%, well above the December estimate of 6.7% and higher than last year's 7.35%. Bearish in its own right.

But, as illustrated, this estimate is based on the hope for improved foreign sales for the balance of the marketing year. If the Chinese buy only what they must, the ending-stock estimate will continue to rise.

Remain short as per our December 28 recommendation. Maintain stops at $11.15, close only.

[By Sholom Sanik, January 26, 2026]

Chart 4 – CBOT March soybeans

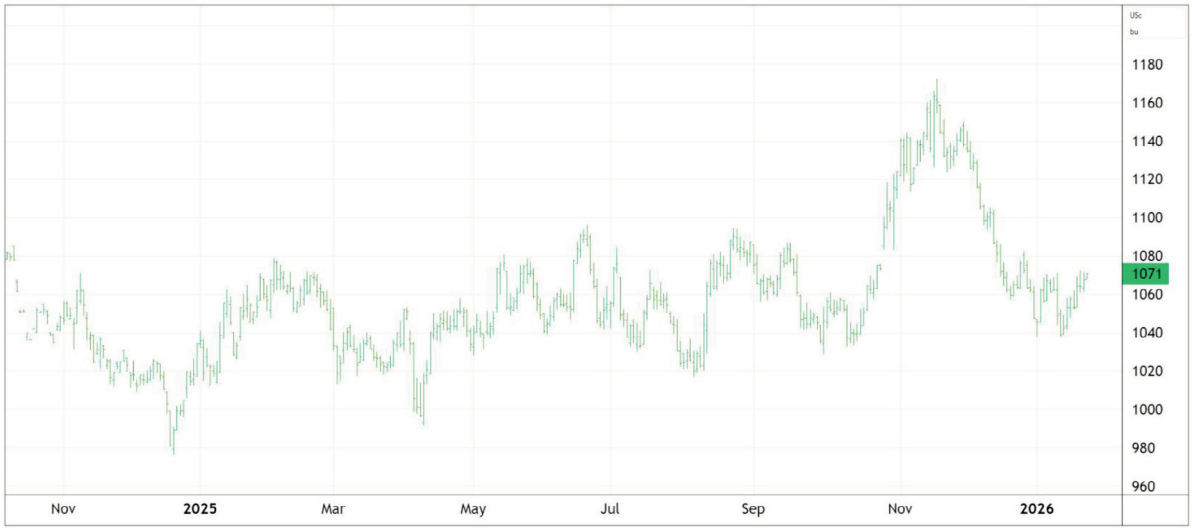


Chart courtesy LSEG

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