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Soybeans: Taking President Trump at his word

Soybean prices are trading at three-and-half month highs (Chart 1). The most noteworthy development in the market in recent weeks was President Trump's February 4 announcement that China would buy more beans from the US.

The first commitment came in October. During trade talks, the Chinese agreed to buy 12 million tonnes in the current marketing year. From the early part of the 2025-26 market year through the end of October, China bought virtually zero beans from the US. Normally, by that juncture of the season, sales to China have already been 10 million tonnes. That is the first time in decades that this has occurred. Chinese tariff retaliation was real. It was therefore a lifeline for US farmers and soybean prices when the deal was inked.

Phase 2 of the *deal* was the February 4 announcement by the President that China would buy an additional 8 million tonnes during 2025-26, bringing the total to 20 million tonnes. That is still about 3 million tonnes less than in recent years, but certainly alleviates the absolutely devastating scenario that US farmers were facing back in October.

However, we italicized the word "deal" in the previous paragraph because there has been little in the way of confirmation from the Chinese in word or in action. At the moment, market participants are taking the President's word for it. Hence the rally.

A closer examination of export flows does not inspire much confidence. As of the most recent USDA weekly export sales report, China has purchased 10.6 million tonnes (shipped and unshipped). And at that, at 57%, the shipped-to-unshipped ratio is very low. Last season at this time, that ratio stood at 90%. So, if things go haywire politically, cancellations could become a factor.

We can give the situation the benefit of the doubt and say that 10.6 million tonnes is close enough to 12 million tonnes to declare that the first phase of the agreement was honored. In mid-January there were two consecutive weeks when sales averaged over 1.2 million tonnes. This past week was a disappointment, with new commitments of only 75,000 tonnes. In the four weeks prior to that, weekly sales averaged 292,000 tonnes. With six months remaining in the marketing year, at that pace, the 20-million-tonne target is achievable. As mentioned, traders are certainly in an optimistic mode.

In its January monthly crop report, the USDA slashed its annual export forecast to all destinations by 1.86 million tonnes to reflect the drop in Chinese exports. With phase 2 of the *deal*, Chinese exports would be almost back to normal levels. So, it will be telling if the USDA shares the optimism of traders and revises that number upwards in the March 10 crop report.

Looking forward, forecasts that emerged from the February 19 USDA Agricultural Forum did not shed any new light on the soon-to-be-planted 2026-27 crop. The estimate for a 3.5-million-acre jump in US soy area, to 85 million acres, is the same number we have seen from private analysts

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for many months. The estimate for a 53-bushel-per-acre yield is the same as this past year's and simply means that nobody knows what the weather will be for the planting, growing, and harvesting seasons.

Brazilian beans will soon be available for shipment. Heavy rains are said to have disrupted the harvest and provided some backdrop to the recent rally. There have been divergent opinions on whether total production will be affected. But even the most cautious estimate we have seen is 178 million tonnes (USDA is at 180 million tonnes) and would still represent record output. Plenty of beans for the Chinese if the political environment with the US goes sour again.

We were short soybeans, but we were stopped before the current 50¢-per-bushel rally. We remain skeptical regarding Chinese buying, but we will not attempt to fight the tape. Remain sidelined. *[By Sholom Sanik, March 2, 2026]*

Chart 1 – ICE May soybeans

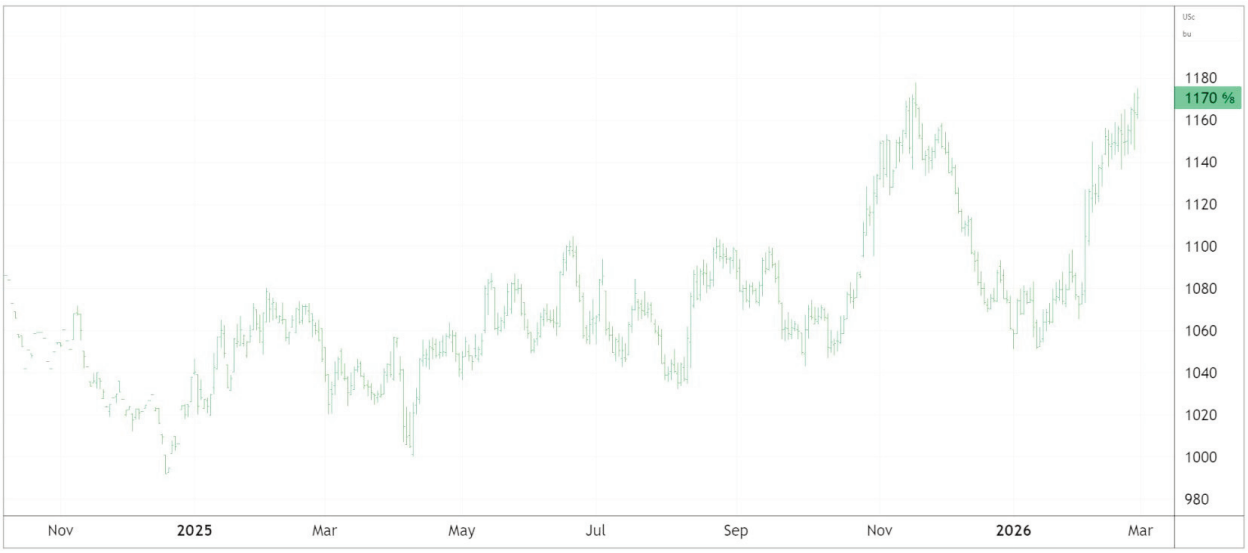


Chart courtesy LSEG

CORN

This bull can charge without much outside help

Energy-related agricultural commodity prices have been boosted by the spike in crude oil prices.

For the corn market, this could manifest in several ways.

For one, US corn farmers use mostly anhydrous ammonia made from natural gas for fertilizer. US natural gas prices have been relatively tame when compared with crude oil, and most of the anhydrous ammonia used in the US is produced domestically. Nevertheless, the price of the fertilizer has skyrocketed along with other energy-related products. As we head into the planting season, this could impact acreage when farmers make final decisions on how much area to allocate to corn.

Then there are fuel costs for operating planting and harvesting machinery to consider.

Consumer ethanol demand is not much of a factor, because US drivers have limited flexibility in choosing how much ethanol they use. That is in stark contrast, for example, to sugar-based ethanol in Brazil, where drivers have a high degree of choice.

For US farmers, it will come down to the economics of planting corn vs. soybeans

The next data release for US acreage will be the March 31 USDA Planting Intentions report. US farmers planted 98.8 million acres of corn in 2025-26. The consensus among analysts is that 2026-27 area will be 4 to 5 million

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acres smaller. The most recent estimate we have seen is hovering near the low end of the estimate range. The survey conducted for the March 31 report begins in mid-February and concludes in early March, so the full impact of higher energy costs may not necessarily be accurately reflected in the planting intentions report.

However, we believe that corn prices did not need help from external – possibly short-term – factors introduced by the war. The supply and demand fundamentals for US prices were bullish before the hostilities began and remain so on all fronts.

US exports continue to be very strong. As of the most recent weekly USDA export report, commitment to all destinations stand at 66.5 million tonnes, up 32% from this time last year. That compares with the USDA forecast for an increase of only 15.5%. Shipments are running slightly ahead of last year with 62.7% of commitments already shipped, compared with 59% last year.

Shipping problems related to the war are not a huge factor. The largest US customers are Mexico, Japan, Colombia, and South Korea. These four countries comprised about 60% of US sales this year. Middle Eastern countries have accounted for only 2.5%.

The US balance sheet was virtually unchanged in all categories in the March 10 USDA crop report. On the international front, Brazilian production was revised up by 1 million tonnes, but was negated by a 1-million-tonne downward revision for Argentina. The only notable change was an uptick in the estimate for Ukraine of 1.7 million tonnes, to 30.7 million tonnes. The only significant customer shared by the US and Ukraine is Europe, the destination for about 50% of Ukrainian corn exports. But in any case, Europe accounted for only 6% of US sales this year.

In conclusion, we are already looking at smaller US acreage, which could be exacerbated by profitability concerns regarding fertilizer costs. Even a further marginal diversion to soybean acres could prove to be important.

The USDA's estimate for US ending stocks is almost certainly overstated because it is behind in its annual export forecast, as illustrated above. If demand remains constant for the balance of the marketing year and into the new season, we believe that prices will continue to rise.

We are long May corn as per our February 11 recommendation. Remain long and maintain sell stops at $4.00, close only.

[By Sholom Sanik, March 13, 2026]

Chart 2 – CBOT May corn

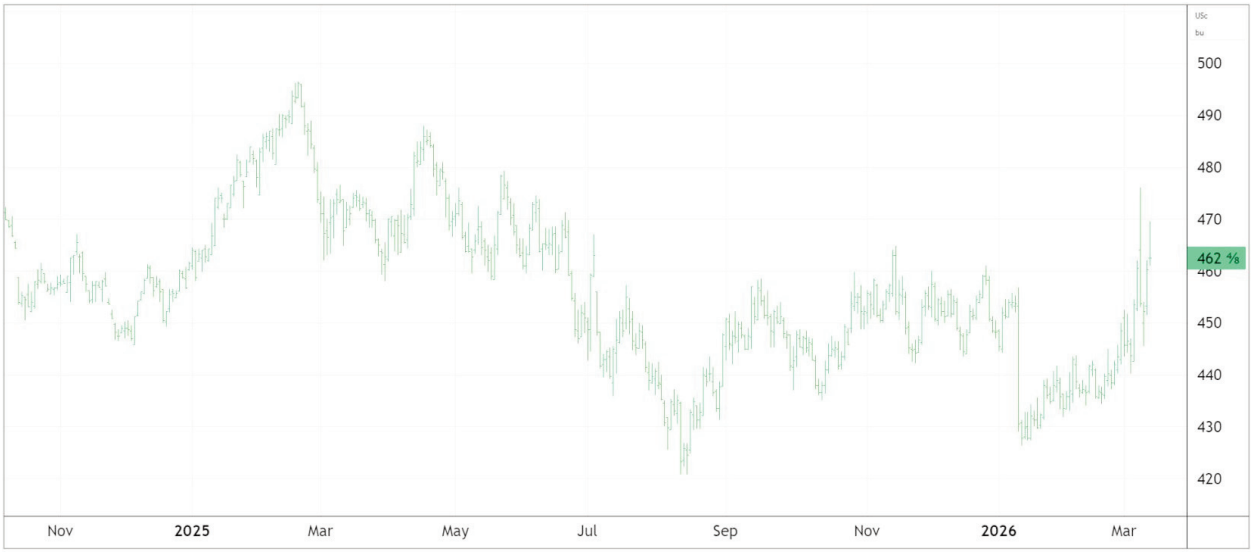


Chart courtesy LSEG

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SUGAR

Have we been left standing at the gate?

Sugar prices have been a laggard among energy-related commodities, which have been revived along with the spike in crude oil. Prices have firmed up, but remained confined to their pre-war range. Definitely counter-intuitive.

India

The Indian 2025-26 crush season has ended, and the results are surprising. Based on cultivated area, pre-crush estimates were looking for output of more than 32 million tonnes. That would have been a dramatic recovery from the crop failure of 2024-25, which reached only 26 million tonnes. The crush was proceeding as forecast during the early part of the season. However, as the season progressed, excessive precipitation in all key production regions – Uttar Pradesh, Maharashtra, and Karnataka – reduced yields, and we are now looking at a very disappointing range of production estimates, from 28.5 to 29.5 million tonnes. This information has been known for at least one month, which is why we point out that sugar's relatively poor performance was counterintuitive.

Estimates for India's domestic consumption have a broad range, from 29 to 31 million tonnes. But even at the low end of this range, prospects that the government will relax its restrictive export policy are just about non-existent. End-of-season stocks will now be well below the government's comfort level.

Brazil

Production estimates for the outgoing 2025-26 Center-South marketing year have been steady at about 40 million tonnes. The season was marked by a sharp increase in sugar output *vis-à-vis* ethanol. Even after a late surge in ethanol output, most of the season saw a sugar/ethanol ratio of about 51%, compared with roughly 47% in recent years.

With the price of crude dragging ethanol prices higher, it is a given that the ratio is going to swing. Total ethanol output (sugar- and corn-based) in 2025-26 was 33.5 million liters. Estimates that have been floating around call for over 37 million liters, with a much larger percentage increase for sugar. Estimates for the upcoming 2026-27 sugar/ethanol ratio have tumbled to 47%.

Putting it all together, the global production/consumption balance for 2025-26 was estimated at a surplus of about 3 million tonnes. The sharp drop in Indian output estimates has prompted analysts to lower their forecasts to below 1 million tonnes. The main issue going forward will be how deep the surge in Brazilian ethanol output will cut into sugar crushing. It will be the principal barometer to watch over the coming months.

We would like to spend a bit more space on trading strategy than we are accustomed to. We have been bullish on sugar for quite some time, but we keep getting stopped out of our long positions. In recent articles, we have drawn attention to the slim surplus of Indian production over domestic consumption. Meaningful Indian exports were always tenuous. The poor showing in the latter stages of the crush season have sealed that factor.

Obviously, we did not know that there would be a war in the Middle East that would affect the ethanol factor. Now we are looking at a situation in which the pool of supplies available for world trade from the world's two largest producing nations is more than just vulnerable. There will be less from Brazil and possibly nothing – or close to it – from India.

Having been stopped out of our long position in May sugar at 14¢ per pound, as per our February 2 recommendation, we are feeling the whipsaw blues. However, we do believe that the bullish fundamentals have become compelling.

One of the risks of jumping right back in is that a cessation of hostilities in the Middle East will almost certainly bring selling to sugar and the other energy-related commodities. However, that will not change the reality of the Indian crop disappointment.

As such, we are going to suggest that readers establish a position that is equal to 50% of your intended position and stand by to see how market conditions develop. Furthermore, since we are recommending a smaller position than might be typical, we are going to suggest buying without a stop to allow for potential market volatility. Naturally, all are free to place stops. But, we believe that we have seen the lows.

Buy July sugar, currently trading just below 15.5¢, as per parameters cited above. Look for further updates.

[By Sholom Sanik, March 19, 2026]

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Chart 3 – ICE July sugar

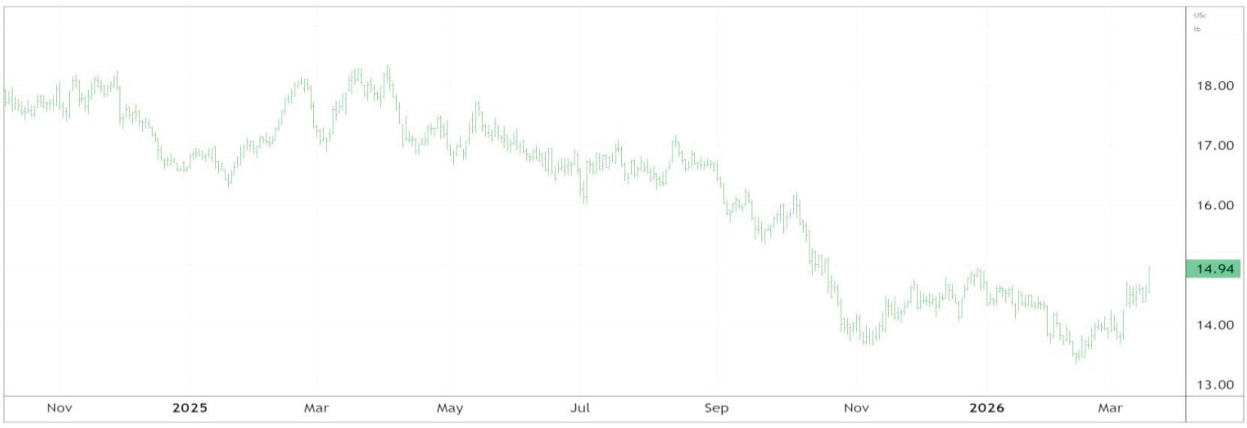


Chart courtesy LSEG

COCOA

Exit the bull

The Ivory Coast is by far the world's largest producer of cocoa beans. As such, the weekly port-arrivals report has traditionally been the single most important data item for the global cocoa market. Not this season.

For most of the 2025-26 main-crop season, arrivals have been running slightly below the previous year's totals (Chart 4). If these figures are accurate, we are looking at a third consecutive crop failure. In 2022-23, and for several seasons before that, Ivory Coast was producing well over 2 million tonnes of beans. In 2023-24 disease and weather issues saw output plunge to 1.75 million tonnes. That was repeated in the following season, and if the current arrivals numbers are correct, we are headed in that direction again. As the main-crop gives way to the mid-crop, arrivals stand at 1.392 million tonnes, down 2.45% from the same time last year.

So why has the market collapsed from a high of over $12,000 per tonne to the current $3,200 per tonne (Chart 5)? We suspect that not all is as it appears. There are several reasons that can explain the disconnect between weak port arrivals and falling prices.

As we noted back several months ago (see *Focus on Futures*, December 9), Ivory Coast has grinding capacity of over 700,000 tonnes, much of which has not yet been utilized. Statistics for beans sold to local grinders do not appear in port arrival data. Factual information is hard to come by. The International Cocoa Organization has reported that a significant amount of higher-quality beans has been sold directly to grinders. That would explain the poor showing for main-crop arrivals. For the mid-crop, there were reports earlier this month that 400,000 tonnes of (yet to be harvested) mid-crop beans have been sold to local grinders.

Weather has been favorable. Mid-crop harvesting has reportedly begun earlier than usual. Should the mid-crop sales figure to local grinders be accurate, after adding what will be sold abroad, we could be looking at a very healthy mid-crop, which could easily surpass the high-end of the historical mid-crop size. Perhaps as much as 600,000 tonnes. We may never see it in weekly arrival data, but it is fair to say that the price-plunge is a reflection of a recovery in Ivory Coast production.

A recent poll of cocoa analysts shows that output in other producing nations has been strong as well. Ghana is expected to produce 630,000 tonnes, up from 590,000 in 2024-25. Estimates for up-and-coming Ecuador are appearing at the high end of analysts' expectations, at 622,000 tonnes. That compares with 570,000 and 400,000 tonnes in 2024-25 and 2023-24, respectively.

The previous quarter's grind results showed clearly that high prices had kept processors from purchasing too many beans. A brief recap: EU was minus 8.3% year-over-year, Asia came in at minus 4.82%, and only North America was up marginally at plus 0.35%. In April we will get first-quarter grind results.

The confectionary industry has employed various strategies to deal with off-the-charts bean prices, such as by offering products that contain less chocolate. Although prices peaked one year ago, the industry was still dealing with historically high prices for most of the quarter. So we do not expect to see a meaningful uptick in the first quarter grind.

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One US-based analyst is forecasting a global production/consumption surplus of 287,000 tonnes. That does not fit well with Ivory Coast arrival numbers, but then again, as we discussed above, actual output is more than likely significantly higher than the arrival figures would suggest. The same analyst is forecasting another surplus for 2026-27 of 267,000 tonnes, but that is speculative at this point.

We believe that the bull market has ended. An abundance of caution kept us from the short side. In a word, we missed this one. We will continue to remain sidelined, but we will be looking for opportunities.

[By Sholom Sanik, March 23, 2026]

Chart 4 – Ivory Coast port arrivals – 2025-26 vs. 2024-25 (in percentage)

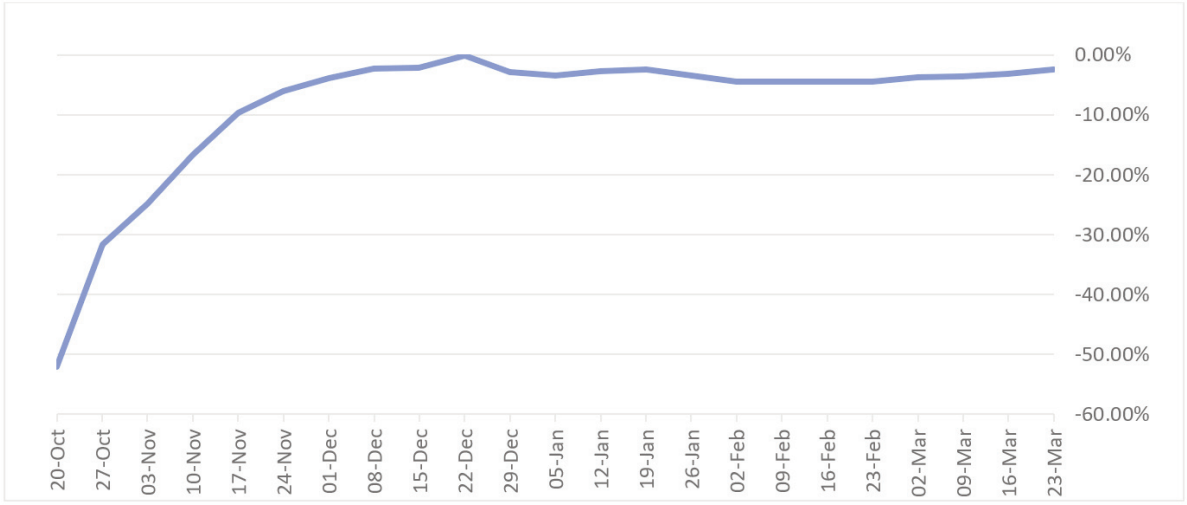


Chart source LSEG

Chart 5 –ICE Weekly nearest contract cocoa

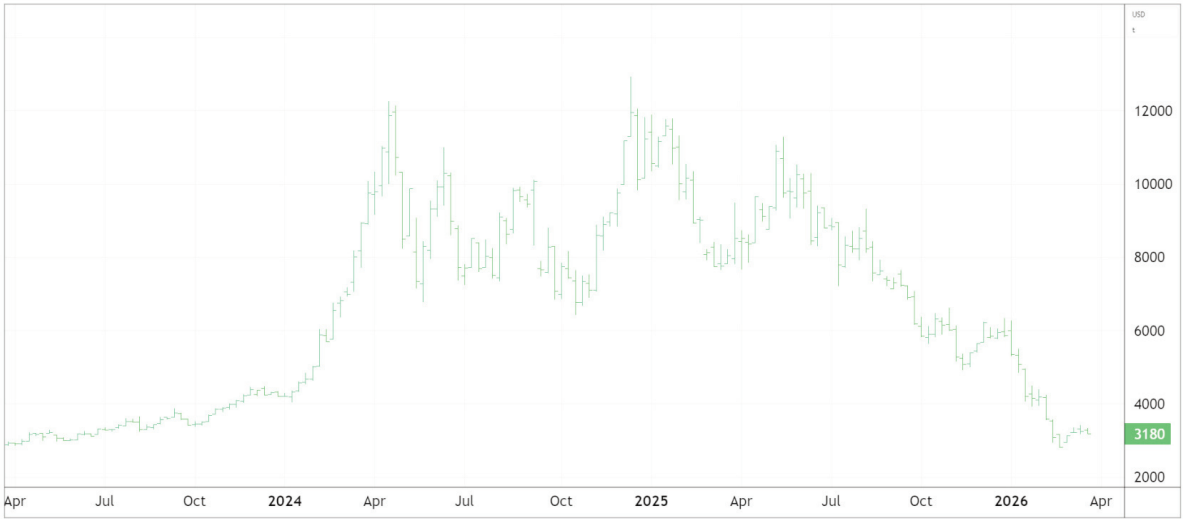


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