U.S. Commodities Markets

What's Driving Price Discovery In The Corn and Soybean Markets?

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- **Planted Acres**. Record corn producer profitability in MY 22/23 combined with ample opportunities to hedge MY 23/24 crop can lead to 91+ million planted corn acres and 87+ ma of soybeans.
- **Production costs**. Falling fertilizer and diesel costs are lowering the fair value of new crop US corn and soybean prices.
- **Weather**. The La Nina climate cycle is ending. A transition to an ENSO-neutral cycle during the spring and a weak El Nino cycle during the summer should occur.
- Transitioning to neutral and weak El Nino cycle is supportive US MY 23/24 corn and soybean yield objectives. Reversion to trend yields is a growing probability.
- **Competing origins**. Record estimated corn and soybean production/exports in Brazil can suppress US exports.
- **Biofuels policy**. US fuel policy shift to year-round sale of E15 gasoline in April 2024. Biodiesel and SAF are driving domestic soybean crush demand.
- **Ukraine**. More unknowns that knowns about the country's MY 23/24 corn production and exports.
- **China.** Always a wild card for US corn exports and MY 23/24 should not differ.
- **US dollar strength**. Strength of the US dollar in MY 22/23 reduced the competitiveness of US exports.

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