Meeting summary

Quick recap

Josh conducted a market update meeting focused on recent commodity price movements and trading strategies. He discussed the recent rally in corn, soybeans, and wheat markets driven by China's soybean purchases and weather concerns, noting that markets were in a wait-and-see mode ahead of the USDA report scheduled for 11 AM Central Time. Josh reviewed weather conditions, noting favorable weather for the next week but potential hot and dry conditions expected in July and August that could impact crop yields, particularly during critical pod filling and corn development stages. He analyzed market dynamics including the corn-soybean ratio, oil demand driving soybean support, and wheat market challenges, while presenting performance results showing the marketing group's 2025 performance with Van On achieving the best results across major commodities. Josh also covered basis levels, storage costs at elevators, and recent diesel price increases, concluding with a review of different marketing strategies and their projected returns for the 2026 crop year.

Next steps

Josh

- Monitor today's USDA WASDE report at 11:00 AM Central Time for updated acreage, production, and ending stocks numbers.
- Watch for market reaction to the USDA report and any subsequent shifts in supply/demand or export news.
- Track weather conditions, especially hot and dry periods in late July and August, for potential impact on corn and soybean markets.
- Maintain and adjust marketing targets for 2026 corn and soybeans as market conditions change.
- Follow up on post-harvest sales for corn and soybeans that did not meet targets by July 1.
- Continue to monitor basis levels and storage costs for new crop wheat, corn, and soybeans, especially considering CHS storage rules.
- Keep an eye on diesel prices and geopolitical factors affecting energy markets.
- Start and manage the 2027 marketing plan, as prices are currently weaker and more marketing is needed.

Summary

Market Rally and USDA Report

Josh discussed the recent market rally driven by China's soybean purchases and potential weather issues, but noted concerns about today's USDA report which could impact 2026 crop production and ending stocks numbers. He mentioned that while corn and soybeans saw significant rallies, wheat had a more modest response, and all markets are currently in a wait-and-see mode ahead of the 11 o'clock Central Time report release.

Weather Impact on Market Conditions

Josh discussed weather conditions and their impact on the market, noting favorable weather for the next week but predicting hot and potentially dry conditions in their area later in July and August. He mentioned that while some dryness was observed in Nebraska and parts of Iowa and southern Minnesota, it was not significant enough to excite the market yet. Josh also highlighted that seasonally normal temperatures and average rainfall were expected for the rest of the growing season, with slightly below-average rainfall in Michigan, northeastern Minnesota, and Wisconsin.

Market Conditions and Crop Report

Josh discussed market conditions, highlighting two key factors: an upcoming report expected today and weather impacts on crop conditions. He noted that while demand has been good for commodities with some Chinese buying of soybeans, the market will likely focus on weather conditions during pod filling for soybeans and corn crop conditions after the report is released. Josh emphasized that the report's impact on balance sheets, particularly for soybeans which already have a tight balance sheet, will be important for market movements.

Commodity Market Conditions Update

Josh discussed the current market conditions for corn, oil, and soybeans, noting that oil prices have increased while corn prices have not reacted as significantly. He highlighted the importance of setting targets for 2026 corn and mentioned that nighttime temperatures above 70-75 degrees could cause stress and potential production loss. Josh also touched on the tight stocks situation and strong soybean oil demand, as well as production challenges in other countries affecting wheat markets.

2025-2026 Performance Review Results

Josh presented final performance numbers for 2025, reporting that Van On performed best across major commodities, with the marketing group coming second on wheat and corn. For 2026, the marketing group is selling aggressively above break-even in some cases, with better performance on soybeans and wheat compared to competitors, though slightly behind on corn compared to the asset plan. The discussion highlighted the differences between the marketing group's flexibility to start earlier than January 1 and the asset plan's fixed start date.

2025-2026 Marketing Plan Update

Josh discussed the current market conditions for corn, soybeans, and wheat, noting recent price rallies and expected continued monitoring through the end of August. He reported that the 2025 marketing plan was completed at 100% sold, while the 2026 plan was at 50% sold with 60% marketed, resulting in a net loss of $4,800 for the main plan but a profit of $1,700 for the offset plan.

Crop Market Update and Sales

Josh presented a market update on corn, soybeans, and wheat, noting consistent prices in the 29-30 cent range for corn and projected profits of around $7,000 for corn and $12,000 for soybeans and wheat. He discussed basis levels and market year average prices as of June 29th, explaining PLC payment calculations for each commodity. Josh concluded by outlining post-harvest sales plans, noting that most sales were completed by July 1st, with some potential sales to be made after harvest and some soybeans not reaching the $12.50 target.

Grain Storage Costs and Basis

Josh explained the storage costs and basis structure for wheat, corn, and soybeans at CHS, noting a 20-cent minimum storage charge that increases to 40 cents and causes a significant drop-off in prices from August to September. He detailed how the storage costs affect the cash prices, with the orange column representing delivery prices and the green column factoring in interest, in-and-out charges, and storage costs. Josh also mentioned that North Dakota soybean growers offer better basis prices for harvest delivery but the costs to carry extend out to May.

Diesel Price Spike Discussion

Josh discussed a significant increase in diesel prices over a 24-hour period, noting a 40-cent jump at the pump from $3.94 to $4.33. He attributed this rise to a private sale of metric tons of soybeans in China and advised taking advantage of the rally while it lasted. Josh emphasized that temperature reports and production expectations would be key factors to watch moving forward.