



### News this week...

- 2 – Brazil produces ‘mother of all safrinhas’ corn crop.
- 3 – U.S. hog herd unexpectedly expands as of June 1.
- 4 – Key tax provisions for ag/farmers in reconciliation.

**Grains face heavy selling** – Corn plunged to contract lows, while soybean and wheat futures also faced heavy selling before a round of corrective buying in all three markets on Friday. U.S. crop weather remains generally favorable, Brazil’s safrinha corn crop is getting bigger – potentially much bigger (see [News](#) page 2) – and Israel/Iran reached a ceasefire. That kept funds comfortable pumping money into short positions. To dissuade the fund selling, there will likely need to be a bullish surprise in the June 30 Acreage and/or Grain Stocks Reports from USDA. Both have a chance to be market moving, with this typically being the most volatile trading day of the year. Cattle futures traded choppy to lower as the historic cash rally ended. Lean hog futures scored contract highs before pulling back on corrective selling.

## Favorable weather to continue

Weather is expected to remain favorable for crop development across the Plains, Midwest, Delta and Southeast through at least this week. World Weather Inc. says there is a chance for pockets of dryness to develop in the July 5-12 timeframe. Longer-term, the forecaster says a warmer and drier bias is expected later in July and August, with the area south of the Ohio River and the Central Plains most likely to see these conditions.

## Trade deals after spending, tax bill

The Trump administration is waiting on Congress to pass Republicans’ massive tax and spending bill before announcing new trade deals. Our sources expect Republicans to eventually send a compromise bill to the White House, but it will likely be after the aggressive self-imposed deadline of July 4 from President Donald Trump.

Commerce Secretary Howard Lutnick told *Bloomberg TV* on Friday Trump was prepared to finalize trade deals with 10 top trading partners within the next two weeks. The White House signaled the July 9 deadline for trade negotiations is “not critical,” emphasizing Trump’s authority to unilaterally set tariff rates on U.S. trading partners.

## EU weighs lower tariffs to secure deal

The European Union is actively considering cutting tariffs on a range of U.S. imports as part of a strategy to quickly clinch a trade deal. Options include reducing nontariff barriers, increasing purchases of American goods like liquefied natural gas, and cooperating with the U.S. on economic concerns about China. Germany and Italy are leading a push for a rapid preliminary agreement that could be expanded in future negotiations. However, some member states are wary of signing an agreement seen as overly favorable to the U.S., and differences persist over U.S. demands for changes to EU digital and environmental regulations. The EU is also preparing potential countermeasures, with an approved package of tariffs targeting \$24 billion in U.S. imports and a second list in development that could reach \$102 billion if negotiations collapse.

## Trump scores major SCOTUS ruling

The Supreme Court delivered a significant victory for Trump, ruling 6-3 to sharply limit the power of federal judges to issue nationwide injunctions against presidential executive actions. The justices said courts can no longer block federal policies for all affected parties unless a lawsuit is formally certified as a class action. Justice Amy Coney Barrett declared, “The Court today puts an end to the ‘increasingly common’ practice of federal courts issuing universal injunctions.”

## Powell pledges continued patience

Fed Chair Jerome Powell told congressional panels there’s no rush to cut interest rates as the central bank is “well positioned” to wait on more economic data. Powell noted that any resulting inflation from the tariffs policy “could be short lived” or “could instead be more persistent.”

Trump reportedly is considering an unprecedented early announcement of his pick to succeed Powell, whose term expires in mid-2026. A chair-in-waiting could act as “a backseat driver, attempting to steer monetary policy before Powell’s term ends,” a source told the *Wall Street Journal*.

## Inflation gauge rises as expected

The personal consumption expenditures (PCE) price index increased 2.3% annually in May, up from a 2.2% rise the previous month. Core PCE, minus food and energy prices, rose 2.7% versus a 2.6% increase in April.

After the inflation data, traders raised odds the Fed will cut interest rates three times this year, likely starting in September.

## U.S. economy contracts in Q1

The U.S. economy contracted at a steeper-than-previously estimated 0.5% annualized rate in the first quarter – the first quarterly drop since 2022. The weaker GDP figure was largely driven by significant downward revisions to consumer spending and exports.

Consumer confidence is declining amid concerns about tariffs and impacts on the labor market (see “General Outlook” on [Analysis](#) page 4).

## Corn conditions decline, beans steady

USDA rated the corn crop as 70% “good” to “excellent,” down two percentage points from the previous week and the first weekly decline of the growing season. The “poor” to “very poor” rating increased one point to 6%.

USDA rated 66% of the soybean crop as “good” to “excellent,” unchanged from the previous week. The “poor” to “very poor” rating held at 7%.

On the weighted *Pro Farmer* Crop Condition Index (CCI; 0 to 500-point scale, with 500 representing perfect), the corn crop declined 1.0 point to 377.9 and soybeans dropped 1.2 points to 362.7. The corn CCI stood 3.6 points above last year, while the soybean crop was 0.3 point below year-ago.

## Spring wheat conditions drop

USDA rated the spring wheat crop as 54% “good” to “excellent,” down three points from last week and the first weekly decline of the growing season. The “poor” to “very poor” rating increased six points to 15%.

On our CCI, the spring wheat crop fell 6.0 points to 354.3, fueled by a 4-point decline in Montana. The CCI rating in top producer North Dakota slipped 0.5 point but was 11.2 points above last year at this time.

## Corn, bean drought footprint shrinking

As of June 24, USDA estimated D1-D4 drought conditions covered 16% of corn area (down one percentage point from the previous week), 12% of soybeans (down one point), 25% of spring wheat (up three points) and 3% of cotton production areas (down three points).

The driest areas of the Corn Belt are Nebraska and South Dakota. Montana is the greatest concern area for spring wheat. The driest areas of Texas are southwest of the main cotton production regions of the state.

## Winter wheat harvest lags

USDA reported 19% of the winter wheat crop was cut as of June 22, nine points behind average. HRW harvest stood at 70% in Texas (73% average), 35% in Oklahoma (73%) and 20% in Kansas (31%).

In Kansas, harvest is ramping up across the state after the slow start. Farmers report wheat streak mosaic is impacting yields and test weights in parts of the state. Protein levels are varied, based on early reports. A central Kansas *Pro Farmer* Member told us, “Yields are good to excellent, with the best field so far about 75% above APH. Test weights have dropped to 57 lbs. to 59 lbs. per bushel.”

## Brazil’s ‘mother of all safrinhas’ crop

Brazilian farmers will produce a record 123.3 million metric tons (MMT) of safrinha corn, Brazil-based consultancy Agroconsult said after surveying fields in key producing regions nationwide. What the firm called “the mother of all safrinhas” would be up 10.4 MMT from its prior estimate and 20.2 MMT above last year — and far above most other private and government forecasts. That would suggest total corn production of roughly 150 MMT.

## Brazil raises ethanol, biodiesel levels

Brazil’s National Energy Policy Council (CNPE) approved increasing the percentage of ethanol mixed in gasoline to 30% from 27%, and the amount of biodiesel in diesel to 15% from 14%. The changes take effect Aug. 1.

The 11.1% increase in the ethanol mandate will require more domestic corn use for fuel production. Despite a record corn crop this year, Brazil expects exports to fall 4.5 MMT (11.7%) from last year to 34 MMT. That was based on Conab’s production forecast of 128.25 MMT, which is sharply lower than Agroconsult.

The 7.1% increase for the biodiesel mandate will also require more domestic soybean use, though exports are still expected to be record-large this year.

## China signs rare deal for Argy meal

Chinese firms have booked a deal for 30,000 MT of Argentine soymeal for July shipment, *Reuters* reported, marking the country’s first such purchase since China granted import approval for the product in 2019. A Singapore-based trader at an international trading company that sells soybeans to China said this is “a test case... If it goes through China’s inspection and quarantine, we expect more deals.”

## Firms raise Russian wheat crop pegs

IKAR agriculture consultancy raised its Russian wheat production forecast by 700,000 metric tons (MT) to 84.5 MMT, citing better crop conditions in the southern region of Stavropol as the main reason. It said crop conditions in central Russia have also improved.

SovEcon raised its Russian wheat by 200,000 MT to 83 MMT, citing improved crop conditions in central Russia.

## India ramps up rice-for-ethanol use

State-run Food Corporation of India (FCI) has allocated a record 5.2 MMT of rice for ethanol in the 2024-25 marketing year. FCI had record rice inventories of 59.5 MMT as of June 1, more than four times larger than the government’s July 1 target of 13.5 MMT. India aims to increase the ethanol blending rate to 20% by 2025-26. Last month, it nearly hit that target, reaching 19.8%.



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# U.S. hog herd mildly expands

USDA estimated the U.S. hog herd at 75.137 million head as of June 1, up 246,000 head (0.3%) from year-ago and 520,000 head more than the average pre-report estimate. Market hog inventories increased 274,000 head (0.4%), while the breeding herd contracted 0.5% from year-ago.

Hogs & Pigs Report	USDA actual	Trade expected
	(% of year-ago)	
<b>Inventory —</b>		
All Hogs/Pigs	100.3	99.6
Breeding	99.5	100.0
Marketing	100.4	99.6
<b>Pig Crop —</b>		
March-May	101.3	100.9
Pigs/litter	101.6	101.1
<b>Farrowings —</b>		
March-May	99.6	99.8
June-Aug. Ints.	99.6	99.6
Sept.-Nov. Ints.	100.7	100.7
<b>Market Hog Inventory —</b>		
Under 50 lbs.	101.2	100.4
50-119 lbs.	100.1	99.8
120-179 lbs.	100.5	98.6
180 lbs. plus	99.4	99.2

year-ago during summer. But if efficiency in farrowing houses remains at record levels, the summer pig crop could expand from year-ago. Producers indicated intentions to expand farrowings by 0.7% during fall.

Slaughter should run marginally above year-ago through summer and then rise about 1% by fall.

## USDA's revisions to past data

USDA raised the December 2024 and March 2025 market hog inventories 170,000 head and 235,000 head, respectively.

# Feedlot supply remains at 8-year low

USDA estimated there were 11.442 million head of cattle in large feedlots (1,000-plus) as of June 1, down 141,000 head (1.2%) from year-ago and the lowest since 2017. May placements declined 7.8% and marketings fell 10.1% from year-ago levels.

Cattle on Feed Report	USDA actual	Average estimate
	(% of year-ago)	
On Feed June 1	98.8	98.9
Placed in May	92.2	94.1
Mkted in May	89.9	90.7

Placements declined in all but the 9-weight category, which was steady with year-ago. Placements fell 15.2% for lightweights (under 600 lbs.), 12.7% for 6-weights, 7.2% for 7-weights, 2.8% for 8-weights and 11.1% for heavyweights (1,000-plus lbs.). On a state-by-state basis, placements fell 85,000 head in Texas, 50,000 head in Colorado, 15,000 head in Kansas and 10,000 head in "other states." Nebraska placements were equal to May 2024.

Cattle on feed over 150 days increased 9.1%; more than 120 days rose 6.8% from year-ago. That could lead to a downturn in cash prices during the third quarter.

# USDA tweaks food price outlook

USDA forecasts prices for all food will rise 2.9% this year, unchanged from last month but up from a 2.3% increase last year. Food-at-home (grocery) prices are now projected to rise 2.2%, up from the 2.1% increase forecast last month. Food-away-from-home (restaurant) prices are projected to increase 3.9%, down from 4.0% previously.

USDA expects egg prices will increase 33.2% this year, down from a 39.2% rise projected last month. USDA projects price increases of 6.8% for beef/veal (up from 6.6% last month) and 2.3% for poultry prices (up from 2.1%). Pork prices are now predicted to increase 0.5% (up from a 0.2% decline).

# Meat stocks decline less than normal

USDA's Cold Storage Report showed frozen beef and pork stocks declined much less than their seasonal averages in May, implying reduced demand, especially with lighter cattle and hog slaughter levels last month.

Beef stocks at the end of May totaled 407.8 million lbs., down 11.4 million lbs. from the previous month, whereas the five-year average was a 28.7-million-lb. decline. Beef inventories dropped 4.9 million lbs. (1.2%) from last year and were 33.7 million lbs. (7.6%) below the five-year average.

Pork stocks totaled 451.0 million lbs., down 5.2 million lbs. from April. The five-year average was a 28.4-million-lb. decline in pork stocks during the month. Pork inventories fell 31.5 million lbs. (6.5%) from last year and stood 69.0 million lbs. (13.3%) below the five-year average.

Frozen chicken breast meat stocks at 223.9 million lbs. increased 14.5 million lbs. from last year but were 2.8 million lbs. (1.2%) below the 2023 record.

# USDA developing HPAI vaccine plan

USDA is reportedly developing a highly pathogenic avian influenza (HPAI) vaccination plan for U.S. poultry, a shift from its earlier stance, though there has been no announcement. The agency is considering the trade impacts and working with industry partners to ensure any vaccine rollout does not undermine U.S. poultry exports. Up to \$100 million has been pledged for vaccine research and alternative therapies. The shift comes in response to continued outbreaks, severe supply disruptions and ongoing pressure from some egg and turkey producers for additional disease control tools.

# Brazil's commercial HPAI case 'resolved'

The World Organization for Animal Health (WOAH) considers the HPAI outbreak on a commercial farm in Brazil as "resolved." As a result, several countries altered their restrictions on Brazilian poultry. Key importers Japan and South Korea will now restrict only chicken meat from the region affected by HPAI.



# Tax provisions for ag, farmers in reconciliation measures

By Editor Brian Grete

Both the House and Senate reconciliation measures propose substantial tax reforms for agriculture. Differences remain in the state and local tax (SALT) deduction approach, biofuels credit eligibility and some program eligibility rules. These provisions will shape the tax and program landscape for farmers/agribusiness in 2025 and beyond.

## House reconciliation measure

### Key tax provisions:

- Extension of 2017 tax cuts: Maintains lower rates for individuals and businesses, enhanced standard deduction and temporary increase in child tax credit to \$2,500.
- 100% bonus depreciation (Section 168(k)): Restores full expensing for qualifying farm equipment and building purchases, allowing immediate deductions. Extends 100% bonus depreciation for property acquired and placed in service after Jan. 19, 2025, and before Jan. 1, 2030. For certain property with longer production periods and specific aircraft, the extension runs through Jan. 1, 2031. Expands to include specified ag plants planted or grafted after Jan. 19, 2025, and before Jan. 1, 2030. After these dates, property placed in service will no longer qualify for 100% bonus depreciation under this provision.
- R&D expensing provision: Five-year extension, but does not make it permanent: This means full expensing would be available for five additional years before returning to amortization under prior law, unless extended.
- Qualified business income deduction (Section 199A): Raises deduction from 20% to 23% for pass-through entities, benefiting many farm operations. Introduces new calculation for phase-out of deduction based on wages or investment allowing a greater deduction for service-based companies. Remains unchanged for co-ops.
- Estate tax exemption: Permanently increases exemption to \$30 million for married couples and \$15 million for individuals, indexed for inflation.
- SALT deduction: Raises the cap to \$40,000.

### Other agriculture-related tax credits:

- 45Z Clean Fuels Production Tax Credit: Extends the credit through Dec. 31, 2031, replacing prior biofuel subsidies like the ethanol tax credit and biomass-based diesel credit.
- Green energy credits: Most EV and renewable energy credits from the 2022 IRA are eliminated, except for 45Z.

### Farm program payment limits and loopholes:

- Payment limit: Raises annual farm program payment

limits from \$125,000 to \$155,000, with inflation adjustments.

- Means test changes: Exempts farmers earning 75%-plus of their income from farming from the \$900,000 AGI cap for disaster and conservation payments.
- Pass-through exemptions: Extends payment limit exemptions similar to current general partnership provisions to all qualified pass-through entities such as LLCs taxed as a partnership and S corporations. C corporations remain subject to one payment limit.

## Senate reconciliation measure

### Key tax provisions:

- Extension of 2017 tax cuts: Make provisions of 2017 tax law permanent, including lower income tax rates, enhanced standard deduction and child tax credit.
- Estate tax exemption: Matches the House provision.
- 100% bonus depreciation (Section 168(k)): Makes the 100% bonus depreciation permanent, not just a temporary repeal like the House version. Applies to qualified property acquired and placed in service on or after Jan. 19, 2025, at 100% expensing. Expands to include specified ag plants planted or grafted after Jan. 19, 2025, and before Jan. 1, 2030. Includes a special allowance for qualified production property — generally nonresidential real property used in manufacturing — with 100% expensing on the first year. This provision is also included in the House bill.
- Makes R&D expensing provision permanent: This allows businesses to continue deducting the full cost of domestic research and development investments in the year incurred, rather than amortizing them over several years.
- SALT deduction: Retains the \$10,000 cap but makes it permanent (does not raise cap like House). Reduces the benefit of pass-through taxes paid by partnerships and S corporations — maximum of \$40,000 or 50%, whichever is greater.
- Allows rural banks to exclude 25% of gross income from farm real estate loans, matching the House provision.
- 45Z biofuels credit: Allows some foreign feedstocks to qualify at 80%, contrasting with House restrictions. Also, transferability of credit is retained.

### Farm program and payment provisions:

- Payment limit increase: Same as the House version.
- Means test changes: Removes income caps for entities with 75%-plus income from ag/forestry, similar to House.
- Section 2032A (farm valuation): No change, despite advocacy for reform.

## CATTLE - Fundamental Analysis

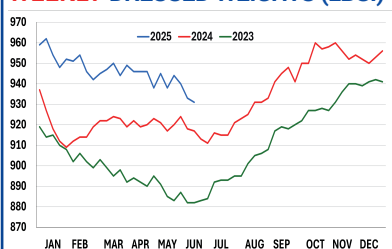
A downturn in cash cattle trade for the first time in nine weeks set the tone for futures last week, though sellers were cautious amid still-hefty discounts to cash. But strong retailer demand was also supportive as grocers secured last-minute supplies for Fourth of July features. Packers have moved high volumes of wholesale beef recently, despite prices having rocketed to the second-highest levels behind the Covid-induced spike in 2020. USDA's latest Cattle on Feed Report, albeit neutral, continued to paint a bullish supply picture (see *News* page 3), which should continue to underpin prices.

### Position Monitor

Game Plan:	Feds Feeders		
Summer live	II'25	0%	0%
cattle fu-	III'25	0%	0%
tures are at	IV'25	0%	0%
	I'26	0%	0%

huge discounts to the cash market.  
Any hedging should be done by buying put options.

### WEEKLY DRESSED WEIGHTS (LBS.)



### DAILY AUGUST LIVE CATTLE

Initial resistance stems from the May highs of \$209.80 and \$212.225.



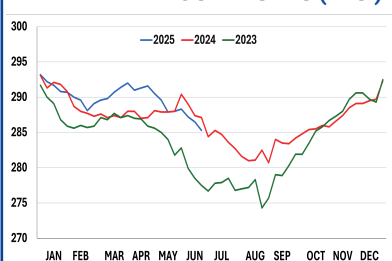
## HOGS - Fundamental Analysis

New contract highs were forged early last week, though modest profit-taking quickly ensued as futures were overbought. Nonetheless, strong technical support combined with persistent cash strength, which surged to the highest level since August 2022, continued to prop up prices. Soaring pork cutout value has also been a boon. Bellies were the primary benefactor as grocers have stepped up purchases in preparation of BLT-season demand, though robust beef prices have surely exacerbated the average consumer's appetite for pork, which remains a value despite the recent run in prices.

### Position Monitor

Game Plan:	Lean Hogs		
Carry all risk in the cash market. Summer hog futures have built premiums to the cash index, but they aren't excessive and hedges aren't warranted at this time.	II'25	0%	0%
	III'25	0%	0%
	IV'25	0%	0%
	I'26	0%	0%

### WEEKLY LIVE HOG WEIGHTS (LBS.)



### DAILY AUGUST LEAN HOGS

Resistance is layered from the June 17 low of \$111.55 and that day's contract high at \$113.375.



## FEED

### Feed Monitor

#### Corn

II'25	100%
III'25	83%
IV'25	17%
I'26	0%

**Corn Game Plan:** On June 25, we advised covering all corn-for-feed needs for August in the cash market, along with half of your needs for September and October, adding to previous coverage.

#### Meal

II'25	100%
III'25	66%
IV'25	50%
I'26	0%

**Meal Game Plan:** On June 25, we advised covering half of your November and December soymeal needs in the cash market, adding to previous coverage.

### DAILY AUGUST SOYBEAN MEAL

Resistance is at the June 24 high of \$280.10 and then the June 16 low of \$283.60.



## Position Monitor

	'24 crop	'25 crop
Cash-only:	70%	20%
Hedgers (cash sales):	70%	20%
Futures/Options	0%	0%

**Game Plan:** Wait on a price rebound to get current with advised sales. We are targeting the \$4.75 area or higher in nearby futures to advance 2024-crop sales. We would also likely increase 2025-crop sales at the same time. We don't believe current prices reflect ending stocks levels for 2024-25 or 2025-26, but given the trade uncertainty, the upside may be limited unless there's a summer weather threat.

## DAILY DECEMBER CORN



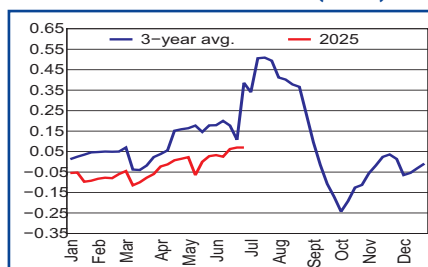
## DAILY SEPTEMBER CORN



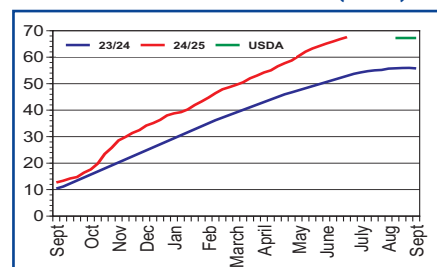
## CORN - Fundamental Analysis

Minimal U.S. weather threats and an apparent whopper of a Brazilian safrinha crop prompted funds to stay on the short side of the market ahead of USDA's Quarterly Grain Stocks and Acreage Reports. The price action is quite similar for the same time last year (see "From the Bullpen" on *Analysis* page 4), and if history repeats itself, corn prices will continue lower into July. However, delayed plantings in the eastern Corn Belt and lower Midwest may bring a surprise as analysts anticipate a slight increase in acres from March intentions. The looming question is whether producers in the northern Corn Belt added acres, with the prevented plant figure an unknown until at least August.

### AVERAGE CORN BASIS (JULY)



### CORN EXPORT BOOKINGS (MMT)



## Position Monitor

	'25 crop	'26 crop
Cash-only:	30%	10%
Hedgers (cash sales):	30%	10%
Futures/Options	0%	0%

**Game Plan:** You should have 30% of your 2025-crop sold in the cash market and 10% of the 2026-crop sold for harvest next year. Be prepared to make additional sales on an extended upside move.

## DAILY DECEMBER SRW WHEAT



## WHEAT - Fundamental Analysis

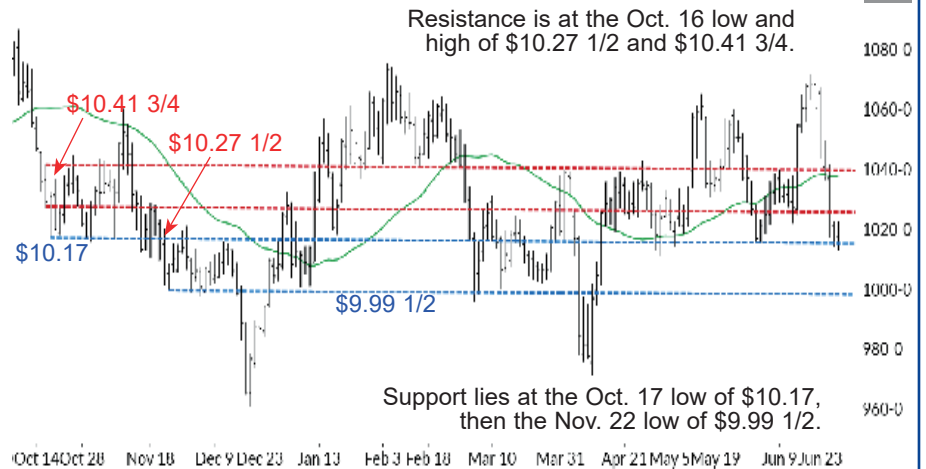
**SRW** – What looked to be a potential corrective pullback early last week turned into a full-blown technical breakdown. Improving global production prospects combined with hedge pressure stirred sellers, despite a notable lag in harvest progress.

## Position Monitor

	'24 crop	'25 crop
Cash-only:	65%	10%
Hedgers (cash sales):	65%	10%
Futures/Options	0%	0%

**Game Plan:** Get current with advised old-crop sales when nearby futures are above \$10.50. Our next sales target is \$11.00 in nearby futures. We would also likely make additional new-crop sales at the same time. Given the trade uncertainty, price rallies should be used to advance sales, especially for old-crop. A summer weather rally is likely at some point during the growing season.

## DAILY NOVEMBER SOYBEANS



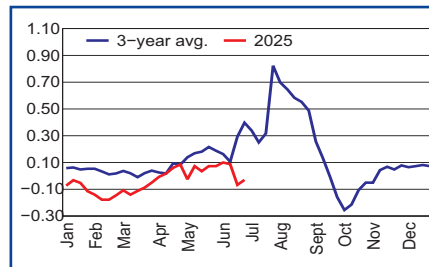
## DAILY AUGUST SOYBEANS



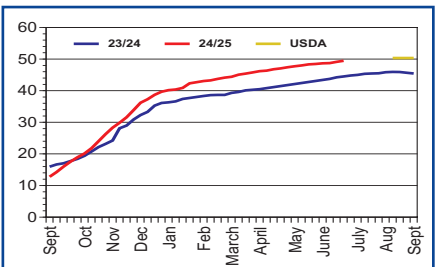
## SOYBEANS - Fundamental Analysis

Followthrough pressure in soy meal futures combined with a depressed grain market sent soybeans plunging last week. Soy oil also faced corrective selling after reaching a 21-month high. Meanwhile, the marketplace continues to anticipate the effects of tariffs as the July 9 deadline approaches, with many countries, including Japan, India and the European Union scrambling to secure last-minute deals. USDA's Quarterly Grain Stocks and Acreage Reports could include some proverbial fireworks in early July. However, bullish figures may get swept under the rug as marketplace attention becomes fully enveloped in weather and trade uncertainty.

## AVERAGE SOYBEAN BASIS (NOVEMBER)



## SOYBEAN EXPORT BOOKINGS (MMT)



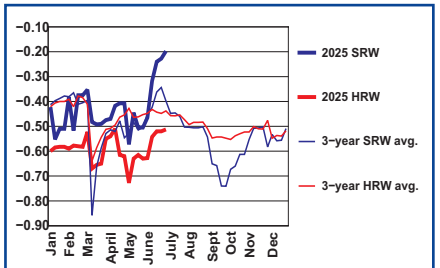
## DAILY DECEMBER HRW WHEAT



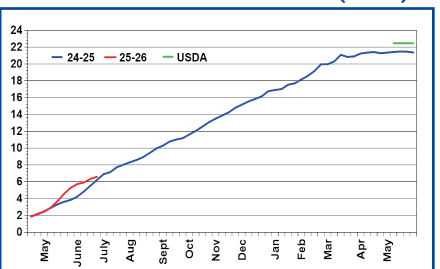
## DAILY SEPTEMBER HRS WHEAT



## AVERAGE WHEAT BASIS (JULY)



## WHEAT EXPORT BOOKINGS (MMT)



**HRW** — Recent rains have hindered harvest progress, most notably in Oklahoma and Kansas, with quality and low protein also a concern. HRW futures faced notable technical selling along with hedge pressure last week, erasing recent gains. Continued pressure is likely as harvest progresses, though a push into oversold territory may curb sellers.

**HRS** — An unexpected decline in spring wheat condition ratings didn't deter bears amid a looming risk-off tone across the grain complex. Crop issues in Montana and a push into technically oversold territory should limit selling pressure. But don't be surprised if trade unknowns inspire consolidation as the growing season progresses.

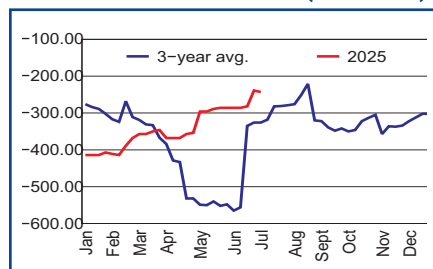


## Position Monitor

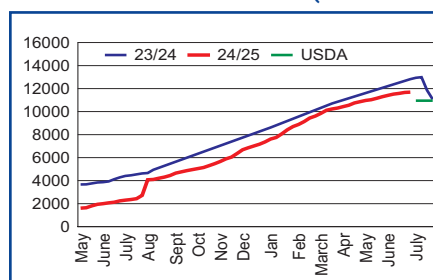
	'24 crop	'25 crop
Cash-only:	75%	0%
Hedgers (cash sales):	75%	0%
Futures/Options	0%	0%

**Game Plan:** On June 27, we advised selling another 40% of 2024-crop to reward the price rally. Be prepared to finish old-crop sales before July 31.

## AVERAGE COTTON BASIS (OCTOBER)

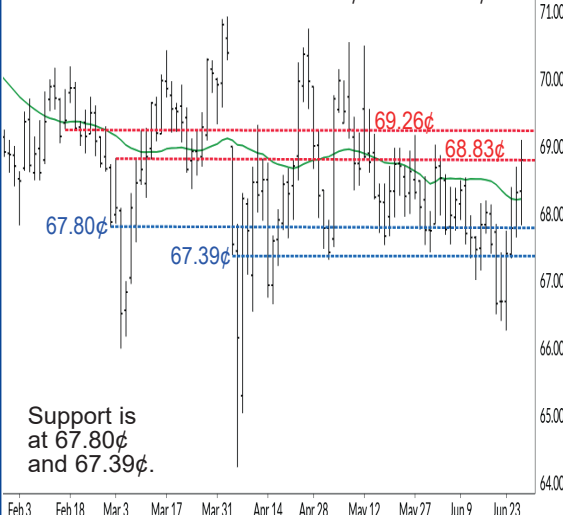


## COTTON EXPORT BOOKINGS ('000 BALES)



## DAILY DECEMBER COTTON

Resistance stands at 68.83¢ and 69.26¢.



## COTTON - Fundamental Analysis

Notable short-covering gains were achieved last week in a seeming shift in momentum following a steady decline in futures since last October. USDA reported cotton plantings remained behind average, while condition ratings indicate the crop isn't off to a great start.

## GENERAL OUTLOOK

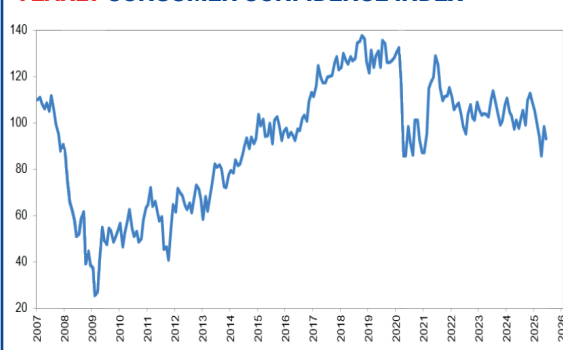
**ECONOMY:** Last week's geopolitical developments overshadowed a downbeat Conference Board U.S. consumer confidence reading for June — dropping to 93.0 from 98.4 in May. A *Wall Street Journal* survey expected the June reading to come in a 99.5.

The forward-looking expectations index fell to 69.0 in June versus 73.6 in May. A reading below 80 signals a likely U.S. recession.

The June data suggests U.S. consumers remain very concerned about trade tariffs and their impacts on jobs, prices and inflation. The data is a shot across the bow of the U.S. stock market.

Another downbeat consumer confidence report for July could prompt investors to pull away from equities, which could have a bearish cascading effect across many markets, including grains and livestock.

## YEARLY CONSUMER CONFIDENCE INDEX



## FROM THE BULLPEN By Market Analyst Hillari Mason

Fund managers have undoubtedly shown their might within the grain and soy markets, with money flow in corn drawing the most attention recently. While funds haven't piled into short positions to the extent seen last year, the swings have certainly been more abrupt. In 2024, funds kicked off the year at a near 200,000-contract short, building it to the largest net short position for the year at 353,983 contracts in early July before covering some positions into harvest and the new year.

To compare, funds held a 250,000-contract long at the start of 2025, which grew to 364,217 contracts by the first week of February — the most bullish stance since late January 2021. However, that position had eroded to a net short of 184,788 con-

tracts by June 17, with futures facing an 80¢ selloff during that time.

Funds held a net short soybean position throughout 2024 but managed to score a 57,000-contract long in early February. That position swung to a 50,000 net short by early April and sat at 59,165 contracts long by June 17 — with futures gaining 80¢ over that period.

Funds have been consistently short wheat since early July 2022. Modest short-covering has occurred in recent weeks, though funds still held a 81,353-contract short as of June 17.

USDA's Quarterly Grain Stocks and Acreage Reports could sway funds' positioning through summer, though trade and geopolitical forces will also be pivotal.

## WATCH LIST

- 1 USDA Grain Stocks Report** **MON 6/30**  
Stocks as of June 1. 11:00 a.m. CT
- 2 USDA Acreage Report** **MON 6/30**  
Corn acres are a primary focus. 11:00 a.m. CT
- 3 USDA Grain, Soy Crush Rpts.** **TUE 7/1**  
Soy crush, ethanol use for May. 2:00 p.m. CT
- 4 USDA Export Sales Report** **THUR 7/3**  
Corn export sales in focus. 7:30 a.m. CT
- 5 Fourth of July Holiday** **FRI 7/4**  
Markets & gov't offices closed.

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