Moving Parts L.L.C.
Commodity Risk Management
From Farm to Fork

WEEKLY MARKET UPDATE

January 24th, 2025

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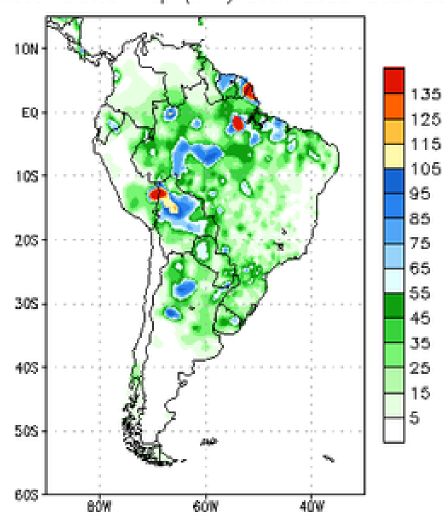
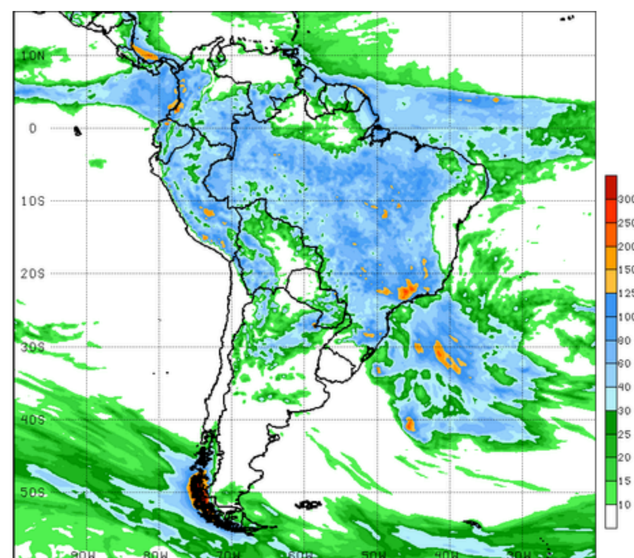
WEATHER

Things are starting to look a bit better in South America when it comes to weather. Central Brazil has gotten a bit of a break in the rains and Southern Brazil and Argentina looked to have received some decent rains this past week. This should help aid those dry conditions that are deteriorating crops in those growing regions. The break in the Central Brazilian rains will hopefully aid in harvest progress of the soybean crop. So far, soybean harvest is still running behind the 5 year average pace. It is still early, and the forecasts are looking better, but the soybean crop will need to be harvested faster in order to get the Safrinha corn crop planted in the ideal planting window. The forecasts don’t look to be calling for heavy rains across Brazil in the coming weeks which should help. Luckily, we are still seeing forecasted rains for Southern Brazil and down into Argentina.

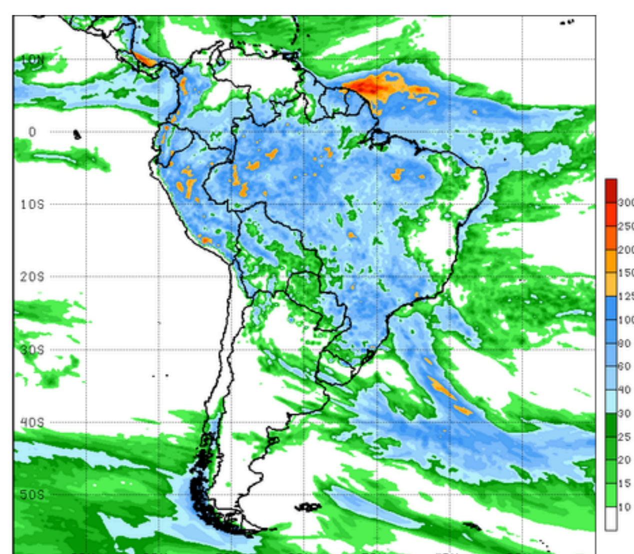
7-day Accumulated Prcp (mm) 20JAN2025-26JAN2025



Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis

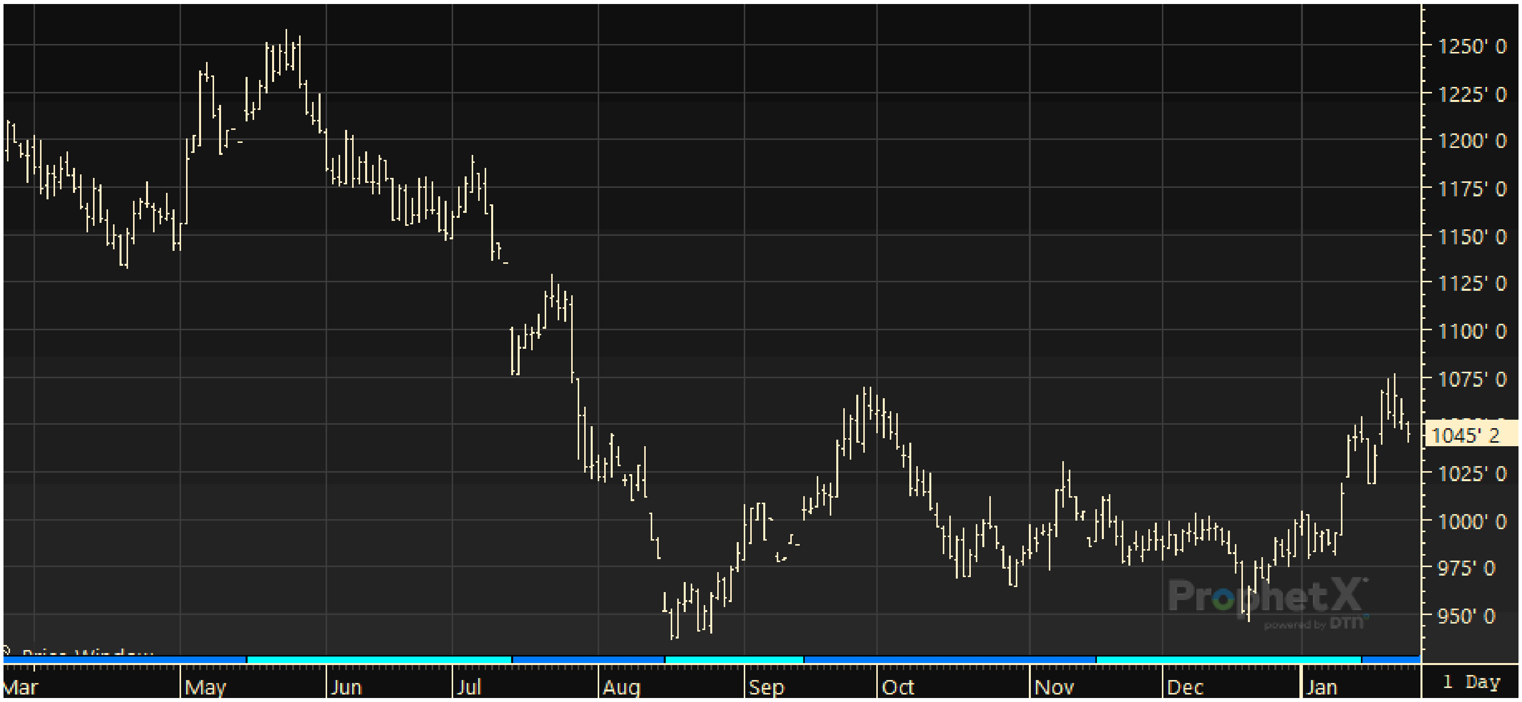


NOAA GFS 20250127 t00z cycle FCST week1 Total Precip (mm) VALID 2025020300Z



NOAA GFS 20250127 t00z cycle FCST week2 Total Precip (mm) VALID 2025021000Z

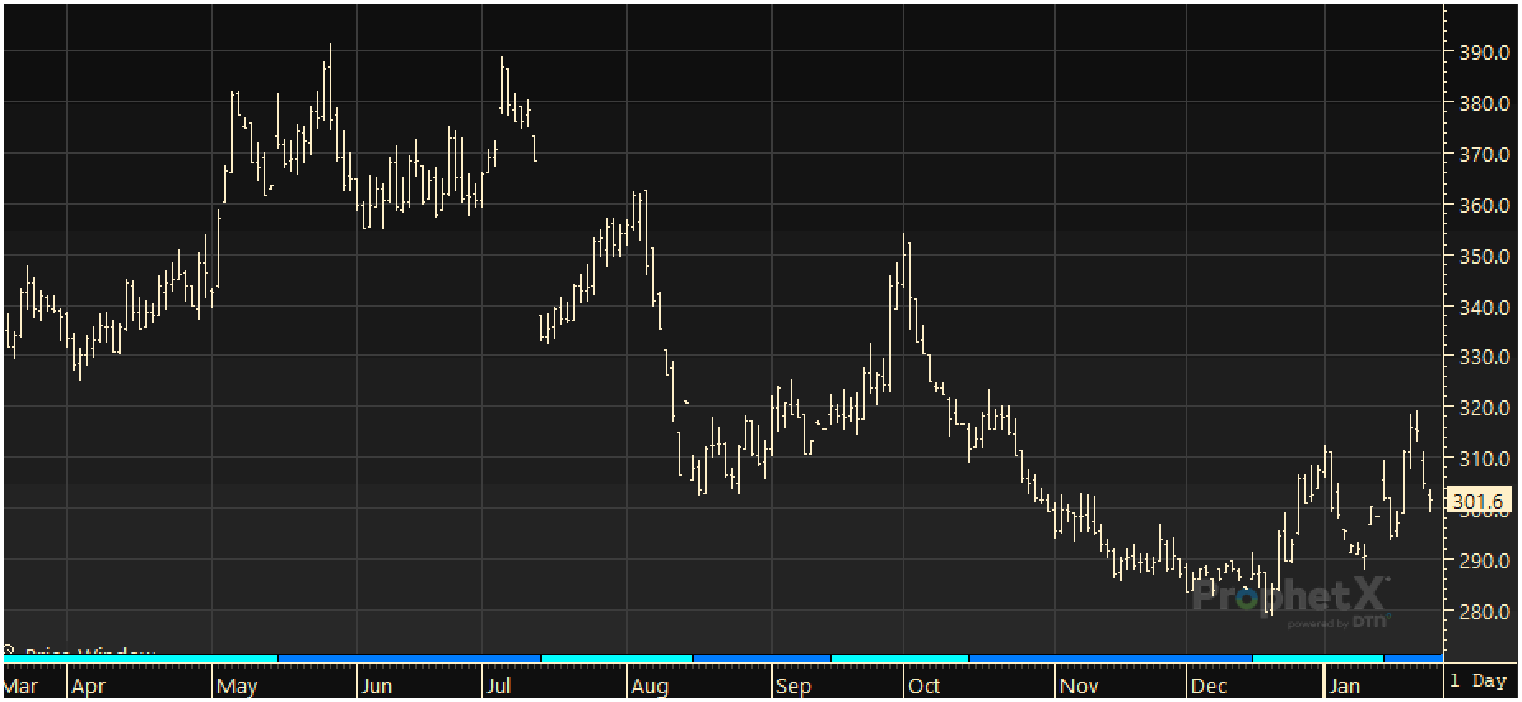
SOYBEANS



From last Friday to this Friday the overall price change was minimal. Prices for soybeans are up 3%, closing this week at $1065.5. Most of our news this week is international. In South America it is still dry in Argentina, and production estimates are being lowered by analysts by upwards of 5 MMT compared to the prior WASDE. There are rains in the forecast for Argentina, but we'll see if they actually stick around. Argentina also announced a reduction in export taxes for grains and oilseeds. For soybeans they were lowered from 33% to 26% and for SBO taxes fell from 31% to 24.5%. This will be somewhat negative for US commodity prices. Also this week China suspended soybean shipments from top producer in Brazil due to phytosanitary concerns.

For news here in the States, S&P Global is forecasting US planted area for soybeans at 83.3 M which is down 3.8 M. US soybean sales were at the upper end of expectations at 1.492 MMT. This is a strong rebound from the poor sales over the last 3 weeks, and a 7 week high.

SOYBEAN MEAL



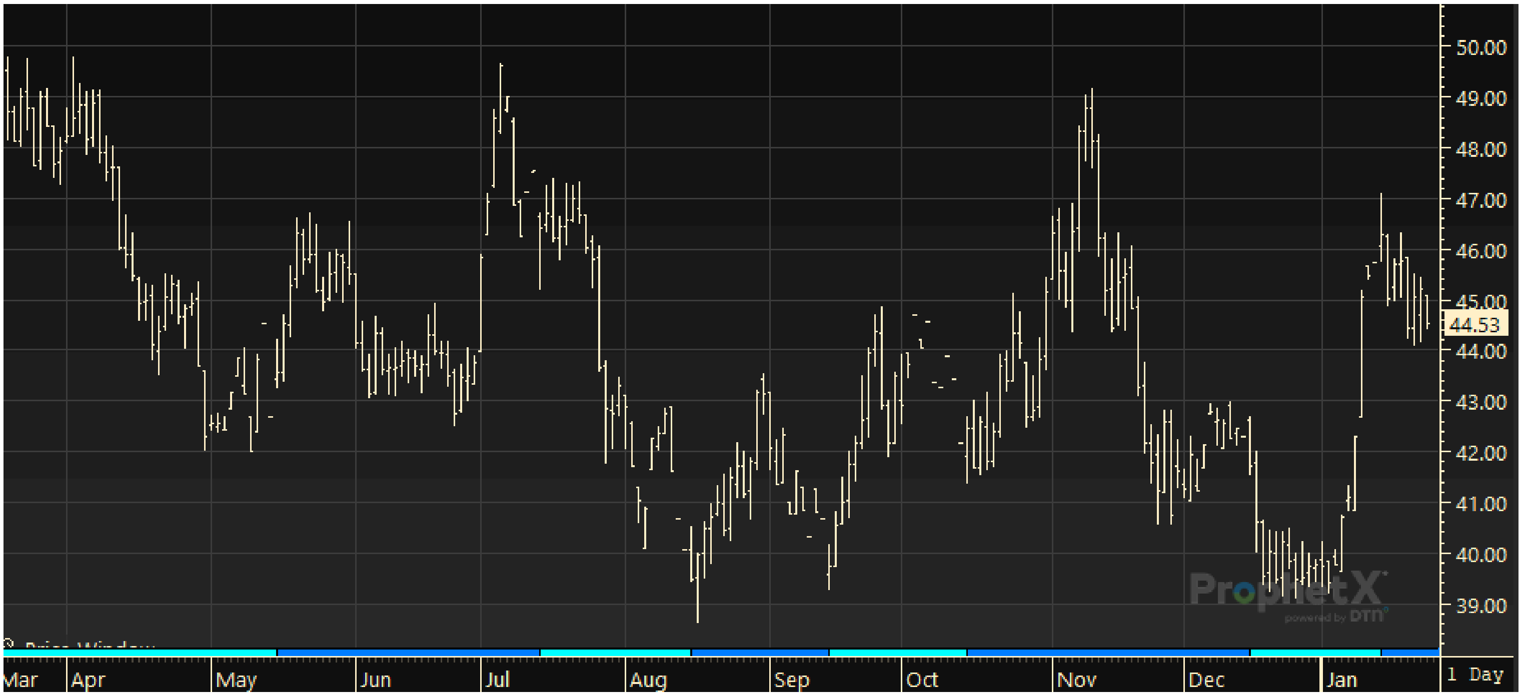
Soybean meal futures (March) gained almost $8/ton on the week, closing at $304.90, +2.6% WoW.

Since the highs on 1/2, the market seems to be looking for direction, swinging wildly in a $25 range. Several things are contributing to the indecision:

- US soybean crushing capacity has grown, and crush production as reported by both NOPA and USDA is at record pace. Annual crush is expected to grow by over 6.5%, to 2.435 M bu (AES).
- US domestic use of SBM (feeding) is forecast to grow by 4.1%, to 39.89 M tons. This won't be easy as animal numbers are expected to grow by only ~1%, meaning the difference must come from higher feed rates.
- This leaves a significant sum that must go to exports. Currently exports are forecast by AES to rise by 12%, to a record 18.3 M tons. BUT, since meal cannot be stored, and we cannot feed anymore, the amount needed to be exported should be closer to 20%
- Argentine crush (the world's largest exporter) is also running at record pace.
- A new administration, with threats of tariffs, and the US$ index falling by ~2.5% since early Jan highs.
- As harvest in Brazil begins in earnest, SOAM production is expected to be record larger
- Continued uncertainty concerning US biofuels policy.

All of these things have put traders on their back feet, looking for something solid. We expect the erratic trade to continue.

VEG OILS



Prices have been somewhat steady overall this week. Soybean oil ended the week down 1.4% compared to last Friday's close of $0.4569. Here in the States we are still watching and waiting to see what happens with the potential tariffs, and the US dollar continues to weaken. The long awaited Argentina crush number came out late this week. Crushers crushed 3.648 MMT of soybeans in December, a daily rate of 117,698 MT. That is above November's daily rate of 114,400 MT. A rise from November to December is rare. That is a record pace for December and when combined with record U.S. crush, there are a lot of soybeans being converted to SBM and SBO right now and the market will need to find a home for it.

Palm oil traded mostly sideways this week. It was report that MPOB palm production for the period of Jan 1st-20th was down 13%. Indonesia should release their production numbers soon. Monsoon season has introduced an increased risk of flooding in both Malaysia & Indonesia.

In Canada commercial stocks of canola seed improved 11%, but are still running 7% behind the 5 year average. Crusher stocks have declined despite a strong weekly crush pace. This could be because of the uncertainty surrounding. US tariffs on imported canola oil which is affecting new sales.

CORN

Corn prices were up slightly this week, with March futures closing at $4.86 ½ after getting some support from a weaker US dollar and the lack of immediate or blanket tariffs from the Trump admin, as it looks like they plan to take a more moderate/targeted approach. Demand has remained strong to this point despite higher prices, as US exports saw 65.8 million bushels in combined old and new crop sales last week, at the high end of analyst estimates, but demand is starting to show signs of weakening as December Chinese corn imports were down a whopping 93% YoY after record corn production.

South America is also giving us some bullish headlines, as last Thursday AgRural reported that soybean harvest in Mato Grosso, Brazil's top producing state, was the on the slowest pace in their historical series that began in 2010-11. Safrinha corn planting, which follows soybean harvest, reached only 0.3%, the slowest start since 2021. Argentina also continues to suffer from hot and dry conditions, although there are rains in the forecast for major corn areas for this week, and it's still likely too early to make big bets on problems with South American corn, especially with Argentina bearishly lowering their corn and wheat export taxes from 12% to 9.5%, and the underlying uncertainties regarding future US trade and biofuel policy. It looks like South American weather and soy harvest will continue to hold the corn market's attention for the next few weeks.

WHEAT

Wheat futures followed the other markets higher this week, with Chicago futures up 1%, and KC Minneapolis both up 2%. Prices gained some support from winterkill concerns as arctic temps blasted U.S. winter wheat areas, and while there was likely some crop damage with the lack of snow, these areas can still recover from winterkill if spring weather is favorable. We've also seen some price strength lately from the lack of immediate tariffs by the Trump admin and a weaker US dollar, while there's chatter that Russia is bumping its export tax as it approaches a spring 2025 wheat export quota of 11 MMT, a sharp reduction from 29 MMT in 2024, according to a Bank of Finland report this week, which bulls are hoping will provide some strength in US exports.

We have heard this story, though, and plenty of competition is still out there with additional cheap supplies coming online from both Australia and Argentina, the latter of which just lowered their export taxes from 12% to 9.5%. That announcement came as weekly US export inspections were again at the low end of expectations this week. In other words, even though bulls may get excited about the possibility of increasing US demand, we are still not seeing it, and funds are comfortable maintaining their large short positions. Absent any big U.S. weather worries, we'll have to see if any the tariff/sanction threats from Trump against Russia will materialize and provide any further bullish support.

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