

# ***Moving/Parts*** *Commodity Risk Management* **LLC.**

*From Farm to Fork*



2521 River Road Drive  
Waterloo, NE 68069



MovingPartsLLC.com



402-763-9384

# Key Market Drivers

## - 1.28.25



★ ARG cuts export taxes

★ Columbia dust-up

★ SOAM weather

★ Spec buying



*Javier Milei is having some fun! He initially cut 11 of 18 government ministries, has cut inflation, and has now produced a government surplus. Why not increase exports?*

# Top Headlines / Macro News / Upcoming Reports



- **ARG reduces export taxes:** On Friday, the ARG gov't surprised markets with a move to significantly lower export taxes on ag commodities. SB rate drops to 26% from 33%, SBM & SBO drop to 24.5% from 31%. Corn & wheat drop to 9.5% from 12%. The new tax rates go into affect on 1/28 and will be in effect until June 30.
- **COLOMBIA tariffs??** COL Pres. Petro initially refused to accept deportation flights from the US on Sunday, but then quickly backtracked after Trump threatened tariffs and other measures. As mentioned in yesterday's wire, the "tariff hammer" appears to be Trump's weapon of choice these days...

## Recent/Upcoming Reports

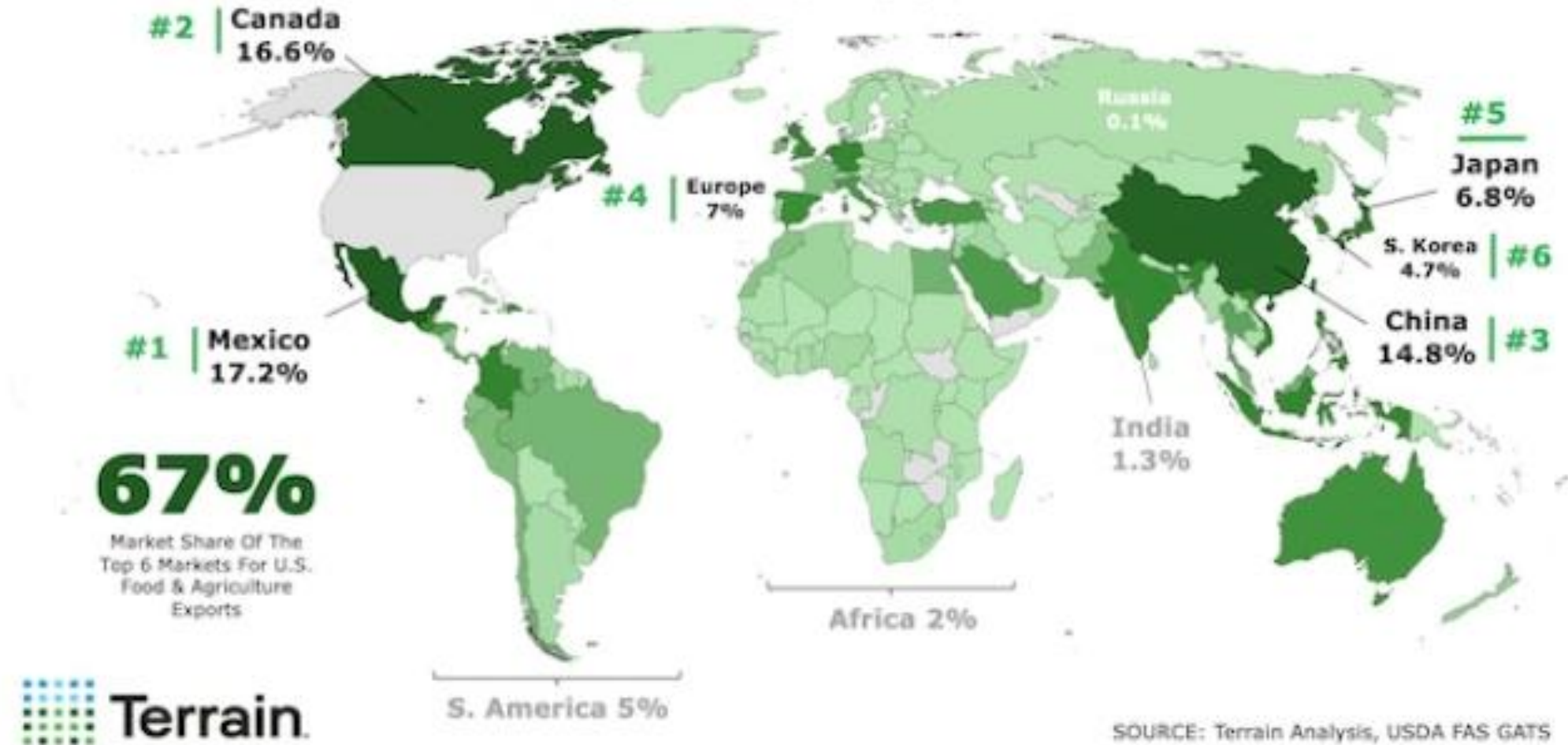
- **FOMC meeting: 1/28-29** – The Fed meets this week... CME FedWatch Tool is predicting 97.3% chance that Fed makes no adjustment.
- **USDA February WASDE: 2/11** – YAWN! Of the 15 USDA reports this one ranks 14<sup>th</sup>, 12<sup>th</sup> and 15<sup>th</sup> for corn, soybeans & wheat

## 2023/24 Colombia Ag Imports

	Colombia Dependence Upon US			US Dependence Upon Colombia	
	Colombia	Colombia	Colombia	US	US
	Imports	Imports	From	Exports	to
	World	US	US	World	Colombia
	000 MT	000 MT	Share (%)	000 MT	Share (%)
Corn	6,622	6622	100%	60960	11%
Soymeal	1,585	1268	80%	8182	15%
Soyoil	317	53	17%	3520	2%
Soybeans	447	447	100%	49673	1%
Wheat	1,973	482	24%	21775	2%

# Where U.S. Agriculture Does Business

Share Of U.S. Agricultural Exports by Country/Region, Fiscal Year 2024



# Market Factors

Bullish vs Bearish





# Corn

**Futures: \$4.86 ½ March ↑ 2 ¼ cents (0.5%)**

- Cordonnier SOAM production estimates:
  - Brazil 125 MMT, unch (122 YA). USDA at 127; harvest 2.2% vs. 11.4% YA
  - ARG 47 MMT, down 1 MMT (50 YA); USDA at 51
- Corn export sales 28% higher than YA; shipments up 25%
- ARG cuts export taxes: Corn & wheat drop to 9.5% from 12%.
- Very slow start to Safrinha corn planting. 2.2% planted vs 11.4% avg & LY



## BULLISH MARKET FACTORS

- Safrinha planting off to very slow start
- Great export demand
- ARG crop shrinking



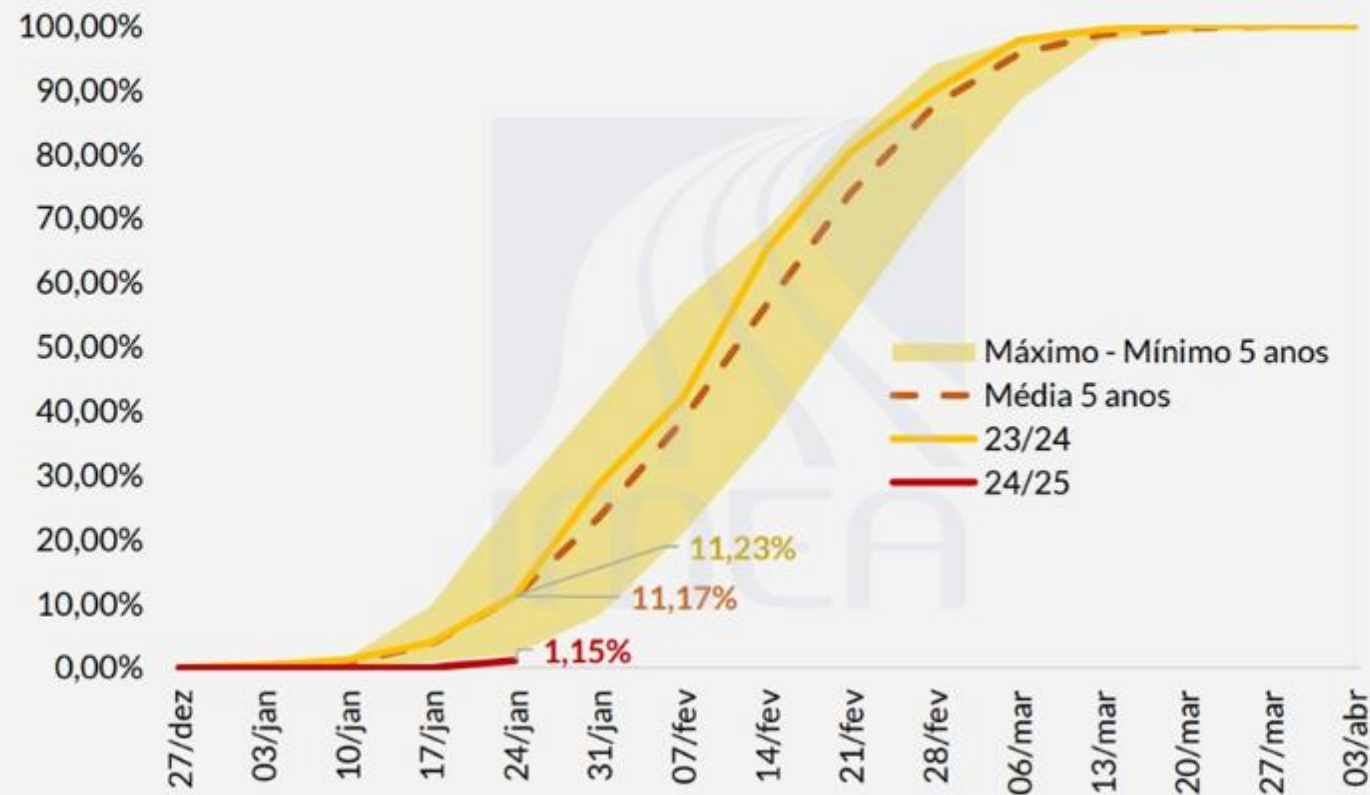
## BEARISH MARKET FACTORS

- More US acres this Spring?
- Better ARG rains

# Mato Grosso Safrinha Corn planting



## EVOLUÇÃO DO PERCENTUAL DE ÁREA SEMEADA DE MILHO EM MT



Fonte: Imea.



# Wheat

- **Futures WoW (Mar):** CME 5.44 ↑5¢ (+0.9%); KC 5.60 ↑11¢ (+2.0%); MPLS 5.95 ↑11¢ (+1.8%)
- **US winter wheat conditions:** Still in decent shape... we have some states reporting conditions now (TX= 42; CO= 63; MT= 41), and more next week to end January
- **ARG** cuts export taxes: Corn & wheat drop to 9.5% from 12%... *Bearish!*
- **WORLD: RUS-** exports continue to decline, as SovEcon is projecting Jan shipments to total 2.1 MMT, vs. 3.4 in Dec, and 3.6 YA



## BULLISH MARKET FACTORS

- Black Sea acres down in 2025
- Weather concerns? Winter kill is always a concern, but spring much more important



## BEARISH MARKET FACTORS

- Better production in southern hemisphere
- RUS & UKR to the peace table??
- Strong US\$... tariffs??

# Soy Complex



Futures: SB(H25) 10.55 ¾ ↑ 21 ¾ ¢ (2.1%); SBO(H) .4522 ↓ 47 pts (1.0%); SBM(H) 304.90 ↑ 7.7 (2.6%)

- Cordonnier SOAM production estimates:
  - BRA 170 MMT; unchanged. (153 YA) – Prior record 162.4 MMT; Harvest 3.9% vs. 10.8% YA
  - ARG 49 MMT, down 2 MMT (48.2 YA)... See below
- Brazil harvest just 3.9% complete vs 10.8% LY. Ag Rural cuts production estimate to 171 MMT
- ARG cuts export taxes: SB rate drops to 26% from 33%, SBM & SBO drop to 24.5% from 31%. Corn & wheat drop to 9.5% from 12%.
- U.S. Ag Attache lowers estimate of ARG SB production to 49 MMT.



## BULLISH MARKET FACTORS

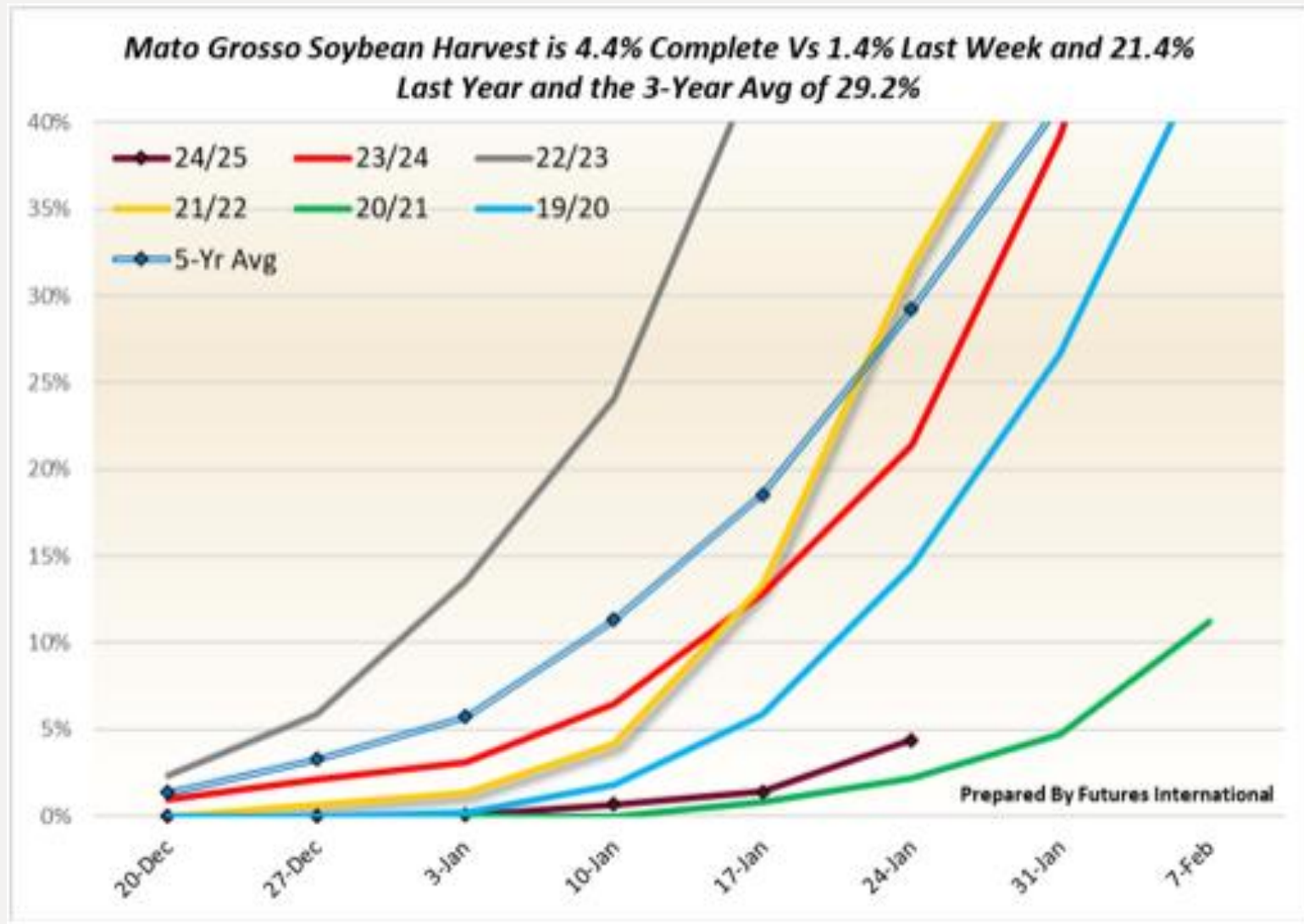
- Brazilian harvest still off to slow start
- ARG crop suffering



## BEARISH MARKET FACTORS

- Record production forecast - world
- ARG reduces export taxes
- Better ARG rains
- Soybean exports lower than expected

# Brazil SB harvest off to slow start



# Veg Oil

FOB RBD: Palm (March) \$1050 ↑ \$15 (1.4%) ... Canola (March) \$638.70 ↑ \$22.70 (3.7%)

- ARG March FOB SBO \$976; RBD FOB palm \$1050. Malaysia PO exports down 18% & 23% (ITS & AmSpec) –Jan 1 – 20
- SPPOMA Jan 1 – 20 production down 9.8%; vs 13% avg. MPOA down 13%.
- Argentina cuts export tax rates on SBO from 31% to 24.5%
- Malaysia PO stocks forecast to decline seasonally in January by 4% (Stabro).



## BULLISH MARKET FACTORS

- 45Z GREET: canola doesn't qualify
- MPOA reporting Jan 1-20 production numbers down 13%



## BEARISH MARKET FACTORS

- Palm exports continuing to be weak
- Energy prices falling
- ARG cuts export taxes

# Softs (Coffee, Cocoa, Sweeteners, OJ)

- Frozen Concentrated Orange Juice for March closed Friday @ \$476.10 vs. \$479.30 a week ago
- Cocoa for March closed Friday @ \$11,593 vs. \$11,173 a week ago
- Sugar No. 11 for March closed Friday @ \$19.02 vs. \$18.22 a week ago
- Coffee for March closed Friday @ \$347.55 vs. \$328.35 a week ago



## BULLISH MARKET FACTORS

- Brazilian coffee supply concerns driving market with smaller crop this year & exports overly strong & likely not sustainable
- Vietnam facing wet conditions delaying coffee harvest
- ICCO: Global cocoa stockpiles down -36% y/y; Dryest West Africa seasonal winds in six years
- Brazilian Real strength reducing sugar exports and prompting fund short covering
- Orange supply is projected to continue to be below the demand for the 25/26 season
- Brazilian orange prices set record highs



## BEARISH MARKET FACTORS

- Vietnam coffee production increase
- China bans liquid and powder sugar imports from Thailand (world's 2<sup>nd</sup> largest exporter)
- Cocoa grindings down as more companies switch to cocoa alternatives due to high prices

# Protein Complex

## Futures

- Futures: Live Cattle \$204.775 up 4.1% vs Last Week, up 7.7% vs Last Year
- Futures: Feeder Cattle \$276.575 up 3.2% vs Last Week, up 7.7% vs Last Year
- Futures: Lean Hogs \$82.300 up 1.5% vs Last Week, up 5.8% vs Last Year



### BULLISH MARKET FACTORS

- Cattle prices continue their move higher as seasonal tightness on supplies and cold weather impacts the markets
- Cattle of Feed report shows smaller supplies; this will impact overall supplies going forward



### BEARISH MARKET FACTORS

- U.S. trade policy in the spotlight as Mexico and Canada are major export destinations for U.S. products
- Pork and Poultry production all forecasted higher in 2025 versus 2024



# Proteins Prices – Weekly Average Price



	Current Week	% Change	% Change
	1/24/2025	from Last Week	from Prior Year
Choice Beef Cutout	331.22	-0.69%	10.48%
Rib, Primal, Choice	498.52	-1.88%	7.15%
Round, Primal, Choice	300.64	-0.67%	21.09%
Chuck, Primal, Choice	301.37	-0.84%	12.40%
Fresh Beef 50's Trimmings	114.44	0.33%	24.04%
Fresh Beef 90's Trimmings	357.21	2.42%	24.72%
Pork Cutout	91.35	1.00%	2.53%
Ham, Primal	78.50	-4.74%	10.36%
Belly, Primal	137.91	5.59%	-2.32%
Loin, Primal	83.02	3.35%	-3.23%
Fresh Pork 72"s Trimmings	91.70	0.00%	3.28%
National Composite Whole Bird Index	133.72	0.53%	4.57%
National Leg Quarters	51.43	-0.92%	18.75%
National Breast B/S	148.56	0.64%	21.61%

# Dairy Complex

## Futures

- Futures: Class III Milk \$19.30 down 4.4% vs Last Week, up 8.4% vs Last Year
- Spot: Cheese Block \$1.83 down 3.2% vs Last Week, up 19.2% vs Last Year
- Spot: Butter \$2.53 unchanged vs Last Week, down 8.3% vs Last Year



### BULLISH MARKET FACTORS

- U.S. milk production for the month of December came in below expectations
- Cheese exports for 2024 where impressive and the U.S. continues to be competitive nearby



### BEARISH MARKET FACTORS

- Milk production grew in all areas of the country except for California which continues to be impacted by HPAI
- Butter stocks continue to build, higher than prior year and higher than prior month according to the latest Cold Storage Report

# Dairy Buyer Notes



## Upcoming Reports

- GDT Trade Event – Tuesday February 4<sup>th</sup>
- USDA Dairy Products Report – Wednesday February 5<sup>th</sup>
- USDA WASDE Update – Tuesday February 11<sup>th</sup>
- GDT Trade Event – Tuesday February 18<sup>th</sup>

## Milk

- U.S. Milk production came in below expectations for the month of December
- California milk production down again due to HPAI, all other regions were up

## Cheddar Cheese

- U.S. cheese remains somewhat competitive for exports on the nearby months
- New cheese plants making an impact on domestic prices as domestic demand remains sluggish

## Butter

- Butter stocks higher than last year and versus prior month
- We have entered the post holiday seasonal stock build, buyers remain active on the forward curve

# Currencies / Financial Markets



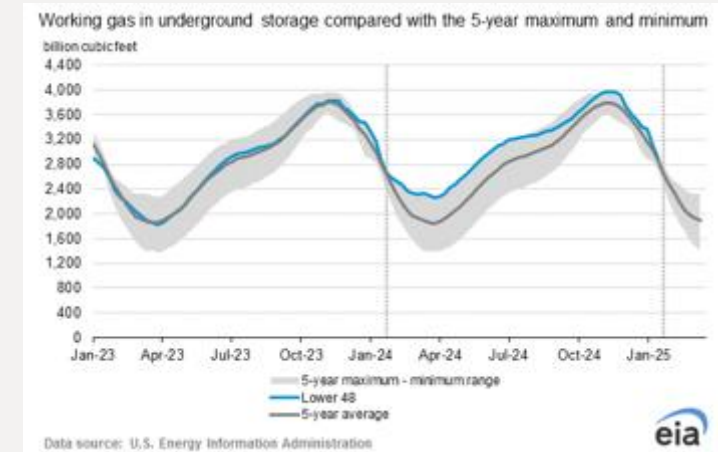
- Weekly jobless claims for the week ended January 18<sup>th</sup> were 223,000 up 6,000 from the prior week. The 4-week moving average was 213,500 a decrease of 750 from the prior week.
- (Reuters) The USD firmed to start the week on new tariff threats by the US and the emergence of a low-cost Chinese AI model, Deep Seek.

	Spot	Last Week	Last Year
US \$	107.785	107.245	103.781
CAD \$	0.694	0.698	0.743
Euro €	1.043	1.051	1.080
Chinese ¥	7.273	7.238	7.209
Brazilian R\$	0.169	0.169	0.201
Arg ₱	—	5.771	5.837

# Energy



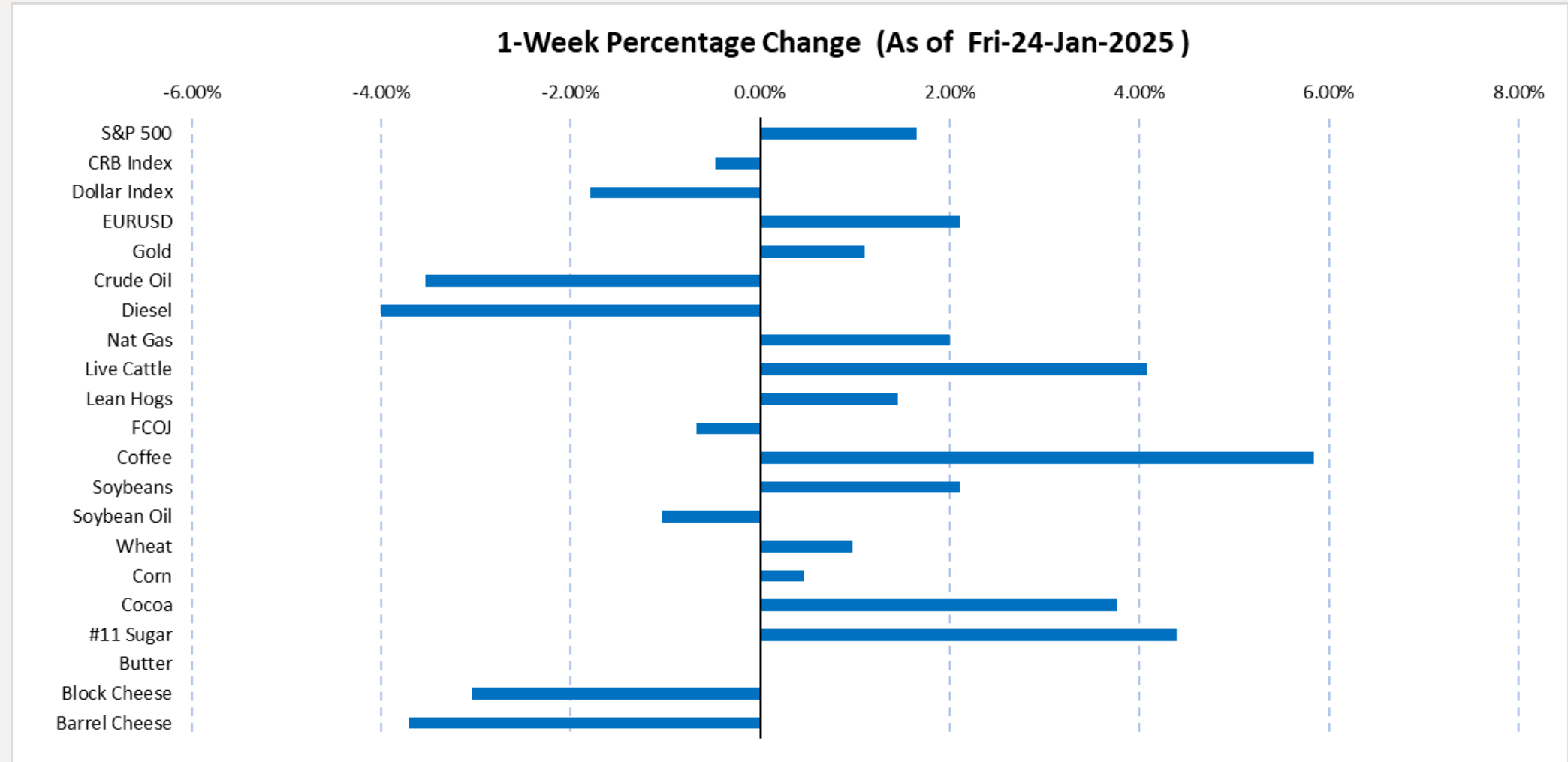
- February natural gas ended the week up \$.079 ending at \$4.027
- March crude oil down \$3.22 last week ending at \$74.66
- US natural gas stocks continue to fall, but fell at a higher rate last week due to the cold temps. Stocks in the southern US fell the most last week.



Region	Stocks billion cubic feet (Bcf)				Historical Comparisons			
	01/17/25	01/10/25	net change	implied flow	Year ago (01/17/24)		5-year average (2020-24)	
					Bcf	% change	Bcf	% change
East	613	669	-56	-56	674	-9.1	664	-7.7
Midwest	744	808	-64	-64	812	-8.4	790	-5.8
Mountain	229	240	-11	-11	198	15.7	163	40.5
Pacific	269	283	-14	-14	236	14.0	217	24.0
South Central	1,037	1,114	-77	-77	1,029	0.8	1,037	0.0
Salt	297	326	-29	-29	287	3.5	303	-2.0
Nonsalt	739	788	-49	-49	742	-0.4	735	0.5
Total	2,892	3,115	-223	-223	2,949	-1.9	2,871	0.7









Totals may not equal sum of components because of independent rounding.










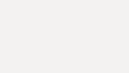
	This Week	Last Week	Change
Baker Hughes Rig Count	478	480	-2
US Weekly Crude Oil Production	13,477	13,481	-4
Crude Stocks	411,700	412,700	(1,000)





# CFTC Report

CFTC MANAGED FUND POSITION SUMMARY (# Contracts)								
1/21/25	Corn	CH Wheat	KC Wheat	MP Wheat	SB	SBM	SBO	Canola
<b>This Week</b>	311678	-91792	-35131	-27164	40330	-61235	24214	-52263
<i>% of Open Int</i>	12.3%	-15.8%	-11.2%	-28.3%	3.6%	-9.6%	3.8%	-19.2%
<i>vs. Week Ago</i>	19450	2601	2475	1134	5497	2285	16564	-7783
<i>5 Week Trend</i>								
<b>Year Ago</b>	-265285	-64541	-38340	-30290	-91842	-19016	-44705	-132195
<b>Since 2006:</b>								
<b>Max</b>	429189	80827	73111	19867	253889	155063	126543	70001
<b>Min</b>	-353983	-162327	-58866	-32154	-185750	-96371	-109950	-154165
<b>Last Week</b>	292228	-94393	-37606	-28298	34833	-63520	7650	-44480

CFTC MANAGED FUND POSITION SUMMARY (# Contracts)											
1/21/25	Milk III	Milk IV	Cheese	Butter	Coffee	Cocoa	Sugar #11	Nat Gas	Crude Oil	Ethanol	FCOJ
<b>This Week</b>	2686	-138	-721	-200	62883	37996	-51666	46475	250887	5683	5520
<i>% of Open Int</i>	5.6%	-1.0%	-3.5%	-1.3%	26.0%	21.7%	-4.5%	2.8%	10.9%	15.6%	38.7%
<i>vs. Week Ago</i>	-266	0	-157	-9	2414	749	-51159	-9007	20195	300	-324
<i>5 Week Trend</i>											
<b>Year Ago</b>	-7169	-132	-2979	4	46141	70661	28921	-37426	134140	3533	-32
<b>Since 2006:</b>											
<b>Max</b>	6355	1214	1450	174	71811	83674	286248	271683	496111	13035	6731
<b>Min</b>	-7781	-385	-3160	-459	-109159	-52334	-234839	-330163	0	-739	-2636
<b>Last Week</b>	2952	-138	-564	-191	60469	37247	-507	55482	230692	5383	5844

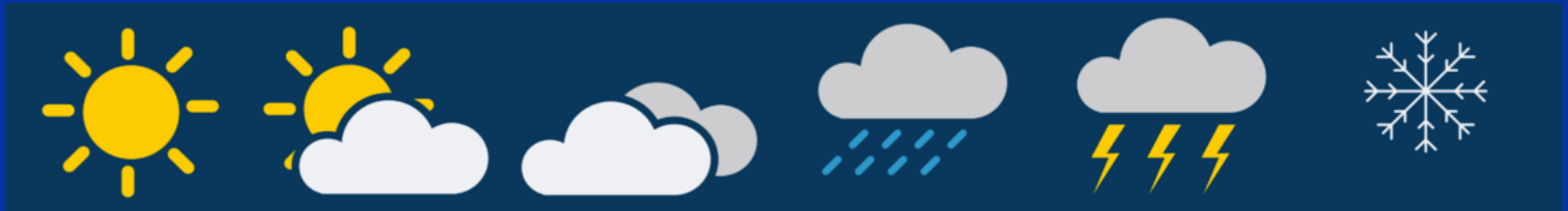
# USDA Exports



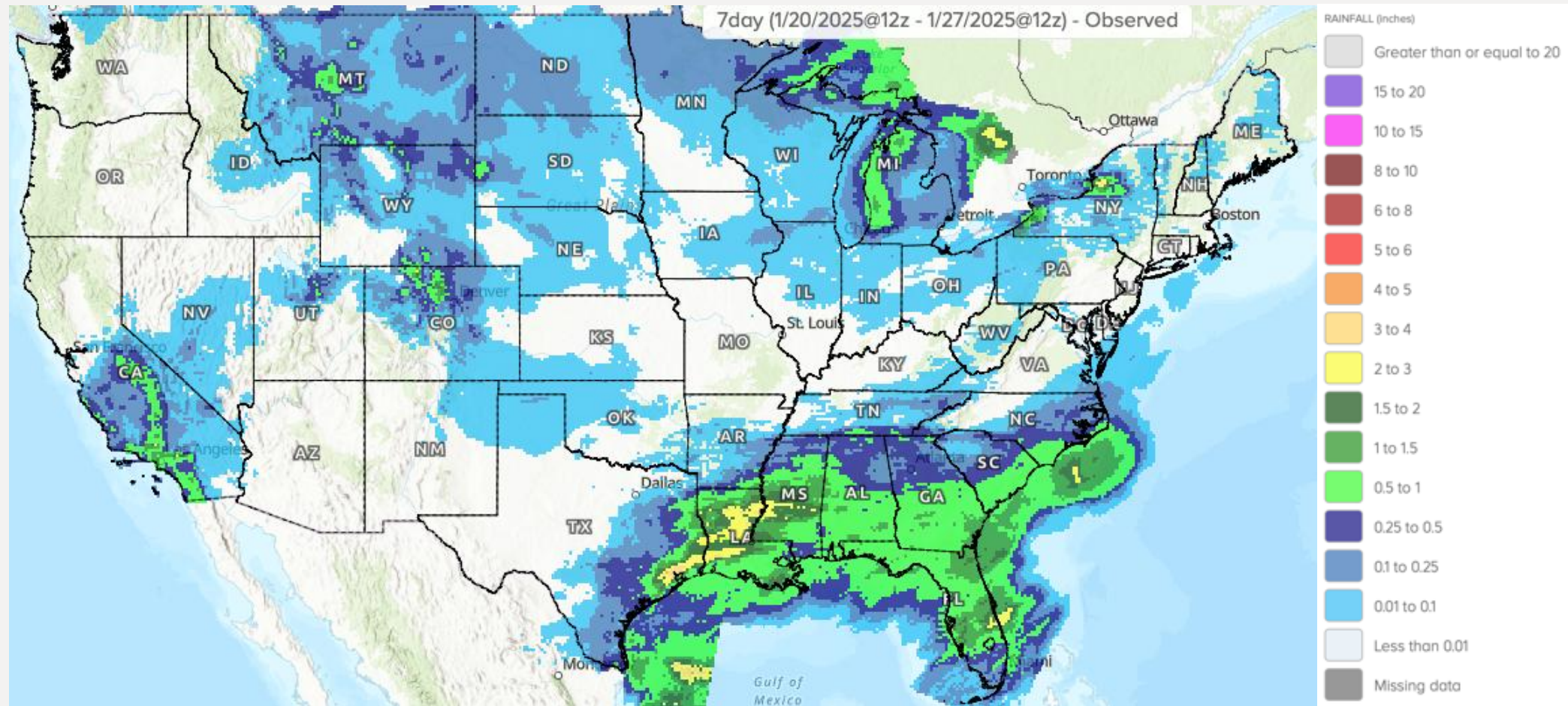
Summary of Weekly Export Sales Report													
As of: 1/9/25													
		Current Crop Yr	AES				Export Sales 1/9/25	Shipped			Committed		
			Forecast Annual	Latest USDA	Yr Ago	AES vs. YA		YTD	vs. YA	% of Annual	YTD	vs. YA	% of Annual
Corn	MM Bus	2024/2025	2,400	2,450	2,293	5%	40.3	712	25%	30%	1,585	28%	66%
Wheat	MM Bus	2024/2025	825	850	707	17%	18.9	461	23%	56%	644	9%	70%
Soybeans	MM Bus	2024/2025	1,830	1,825	1,695	8%	20.9	1,152	24%	63%	1,502	9%	82%
SBM	MM Tons	2024/2025	18,535	17,400	16,397	13%	158.9	4,705	15%	25%	9,473	14%	51%
SBO	MM Lbs	2024/2025	1,375	1,601	617	123%	126.1	536	2848%	39%	1,448	1945%	105%

# Weather

Forecasts & Precipitation

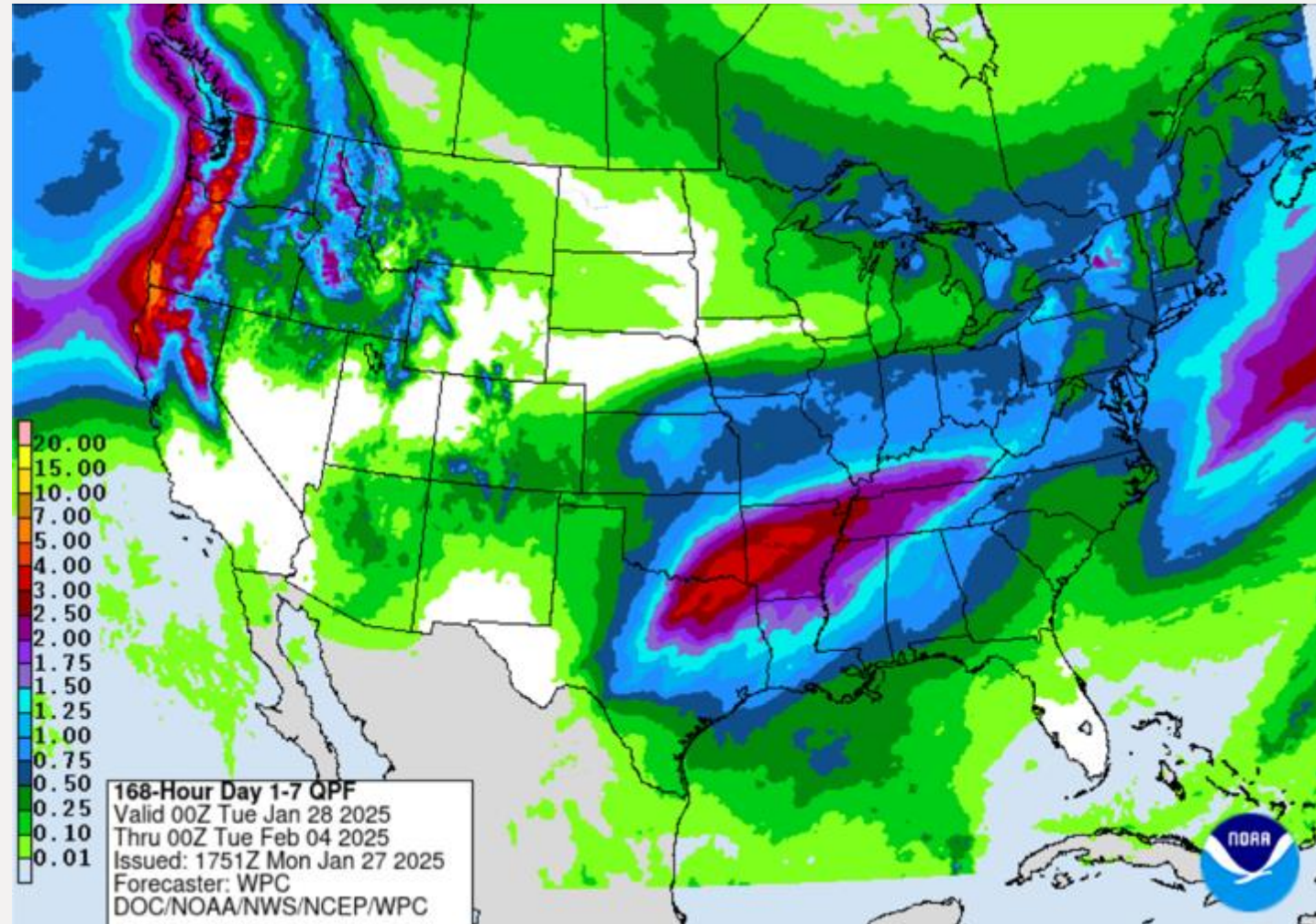


# US Past 7-day Precipitation

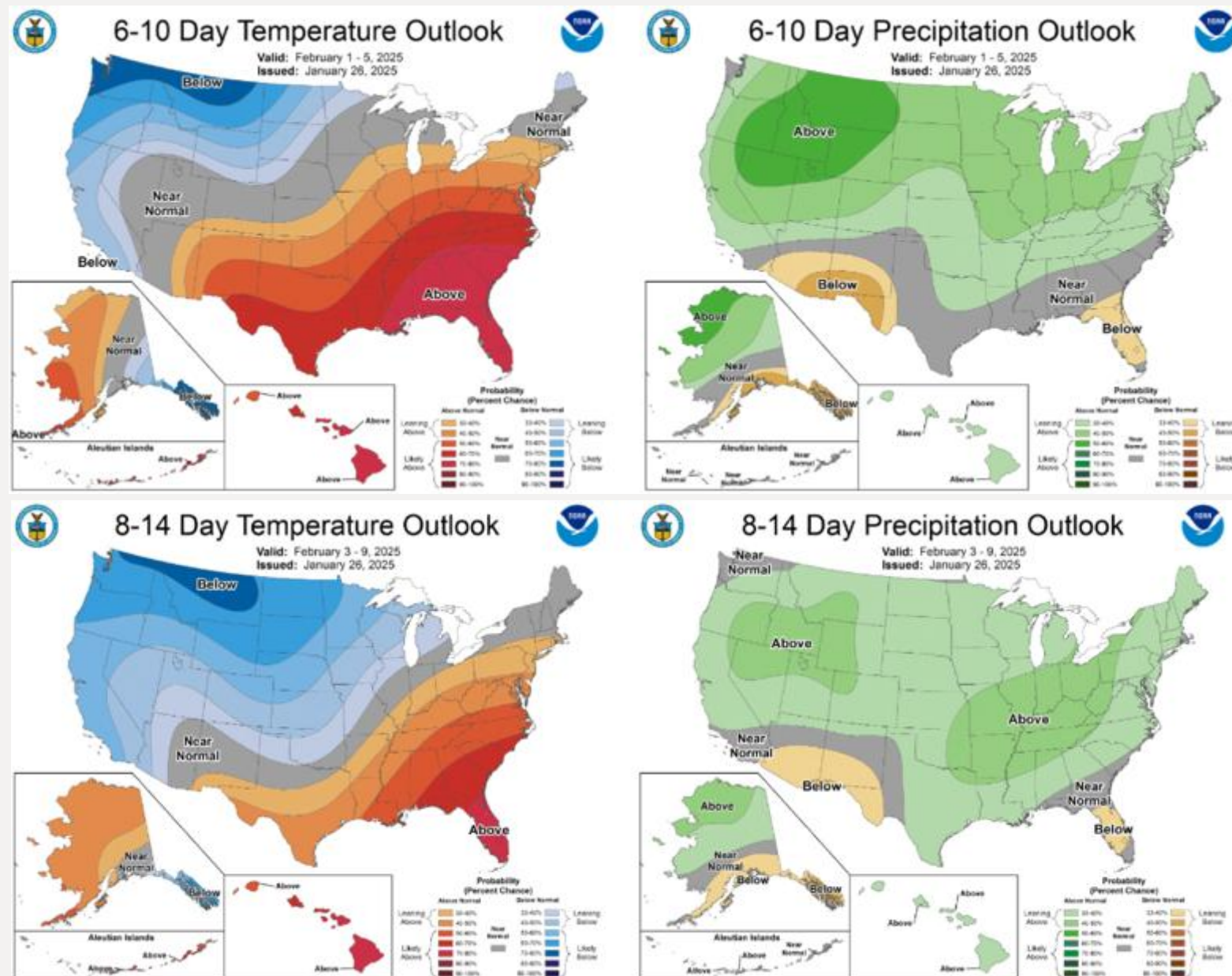




# US 7-day Forecast

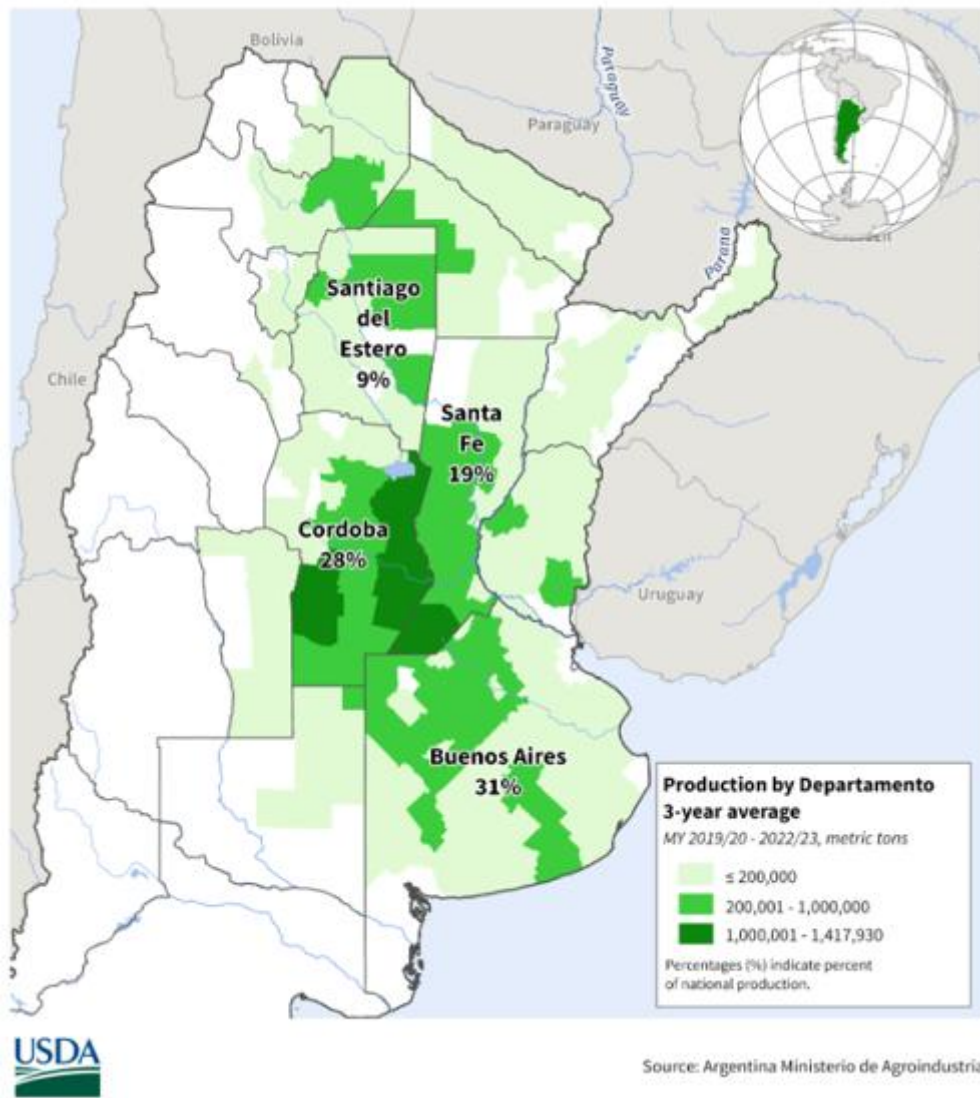


# US Mid-range Forecasts

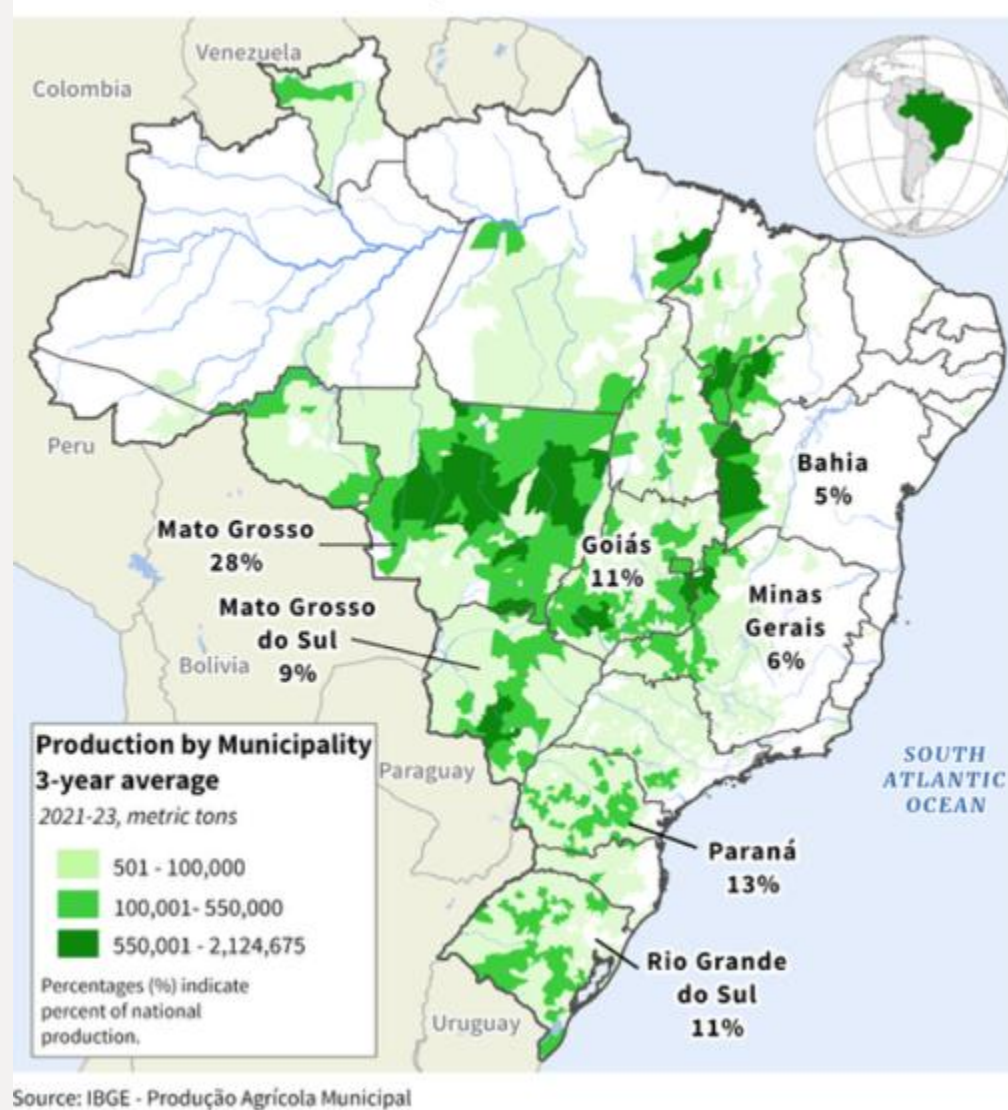




## Argentina: Soybean Production

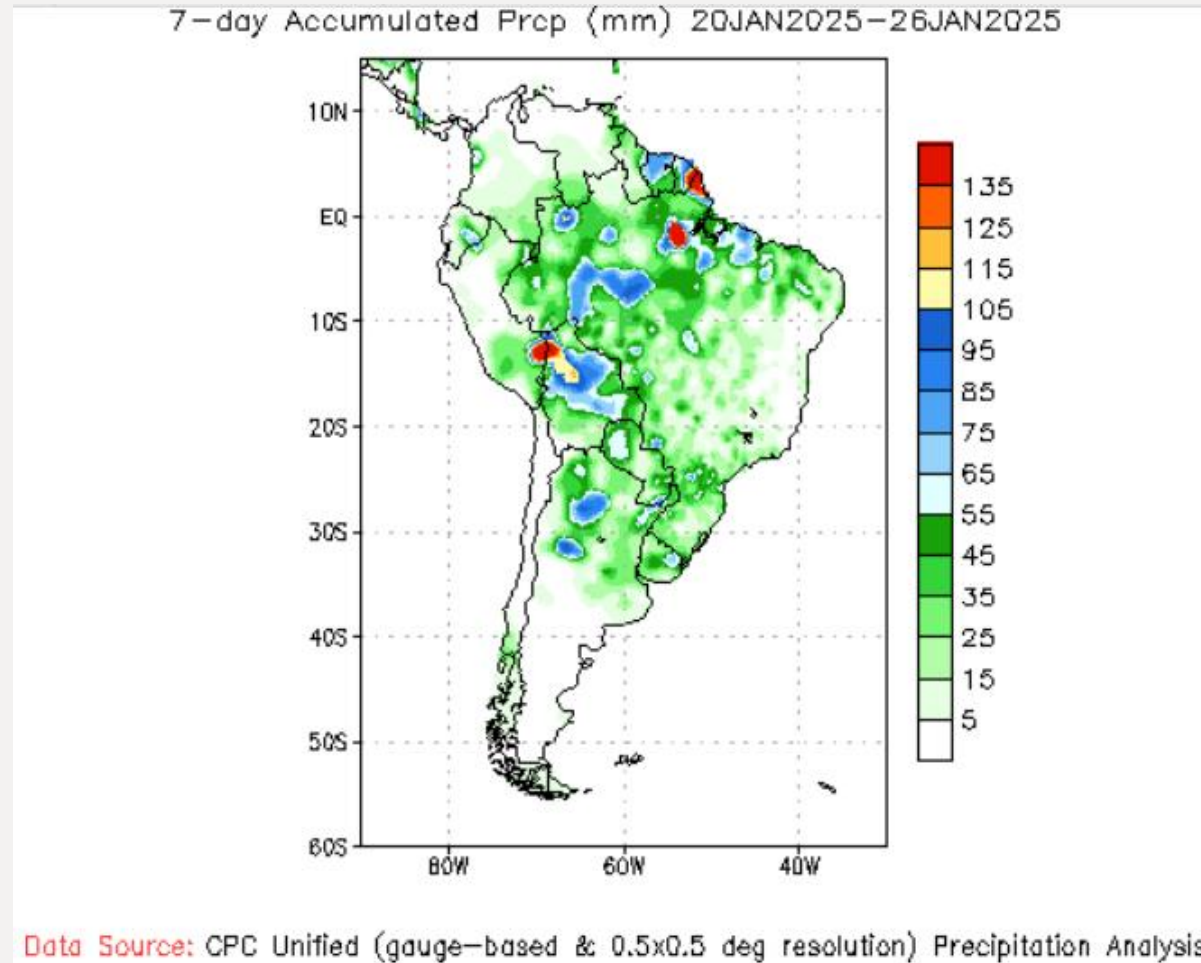


## Brazil: Soybean Production



# South America Weather

## Past 7 Day Accumulated Rainfall



- Weather patterns look to be trending better with less rains in Central Brazil and more rains in Southern Brazil and down into Argentina.



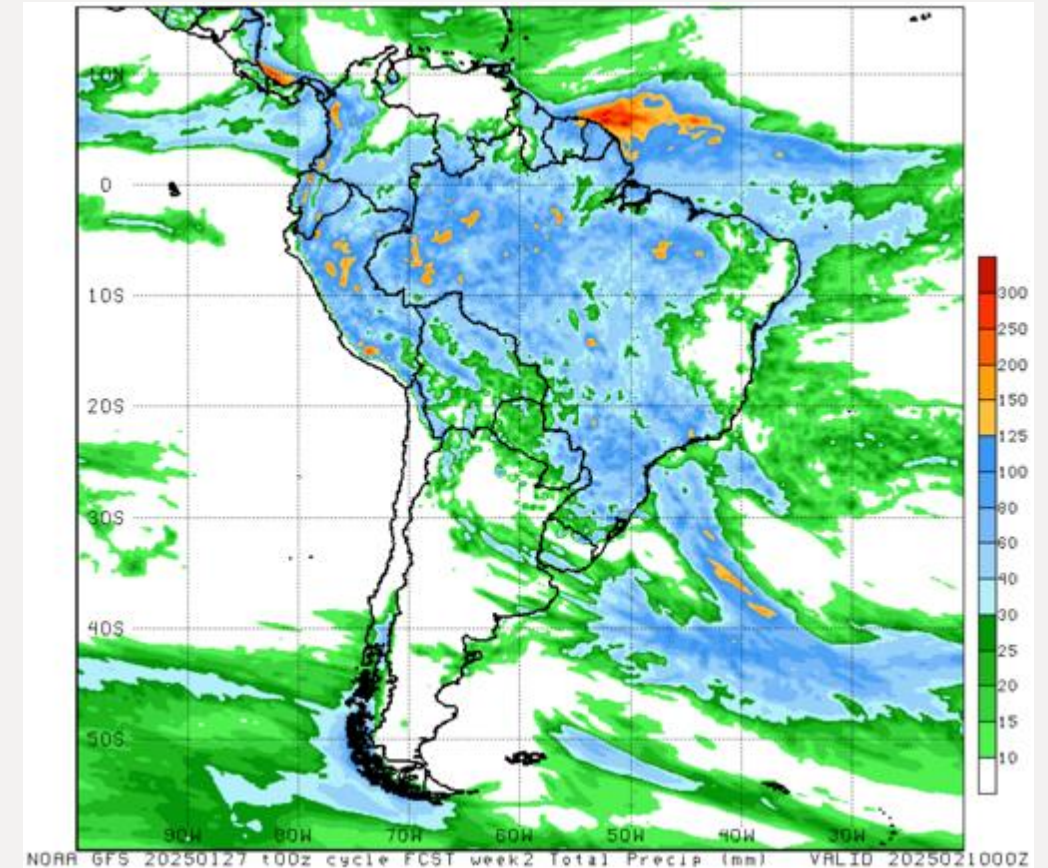
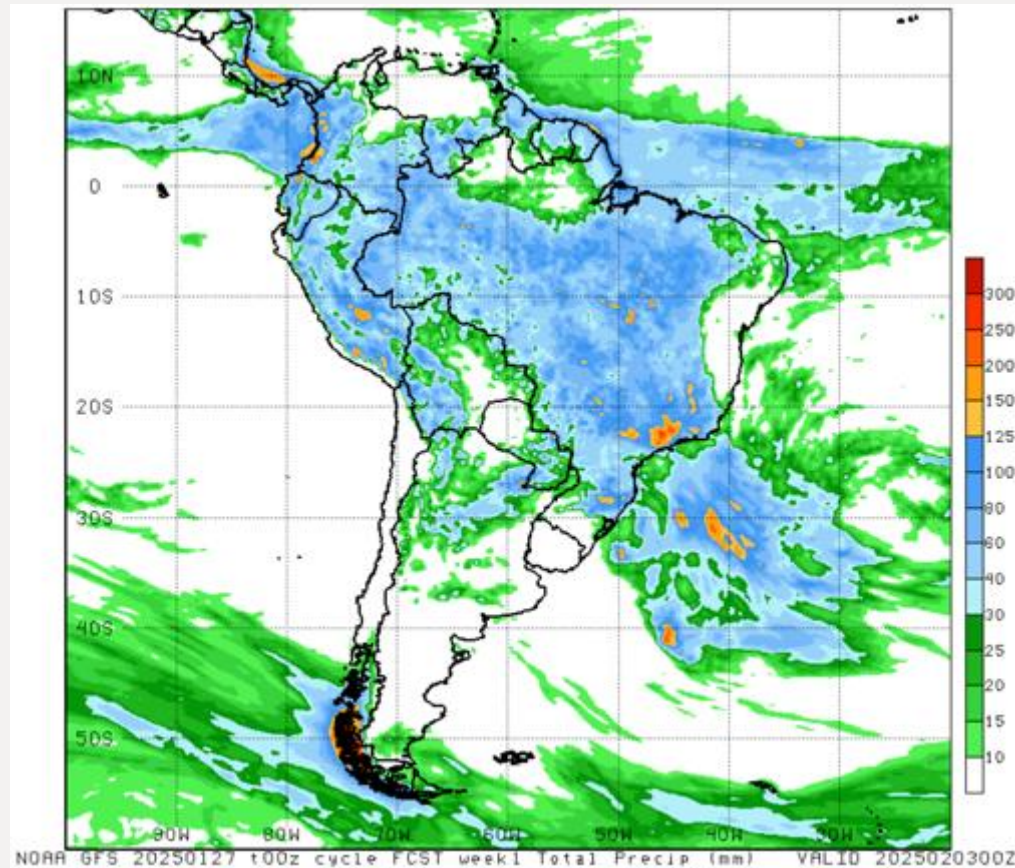
# South America Forecast

- Forecasts starting to look better as heavy rains still not expected across Central Brazil but Southern Brazil and Argentina looking a bit better.



7 Day

14 Day



# ***Moving/Parts*** *Commodity Risk Management* ***LLC.*** *From Farm to Fork*

Dave@movingpartsllc.com  
Paige@movingpartsllc.com  
Handley@movingpartsllc.com

Scott@movingpartsllc.com  
DMack@movingpartsllc.com  
Melissa@movingpartsllc.com  
Calvin@movingpartsllc.com

Nate@movingpartsllc.com  
Jay@movingpartsllc.com  
Martha@movingpartsllc.com

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