Clear Focus Hedging News and Views
April 1, 2025

"No Big Surprises, Now Weather and Funds"

The big reports of March 31st are behind us, with no surprises for a change! Grains stocks were very close to average trade guesses, and while the corn acres came in well above the average guess, it was apparently well anticipated. It looks like the trade expected even less bean acres, but overall, a very limited reaction to what often is a big day in price movement. Looking ahead to the next Supply/Demand Report on April 10th we will be watching the following:

1. Weather in both hemispheres: Sarinha crop growing, and US planting
2. Export sales and shipments: up or down?
3. Funds buying or selling?
4. April 10 update on SA production: higher or lower?
5. US carry out: higher or lower?
6. Tariffs, and reaction by other countries after announcements on April 2

Considering March 31 is the end of the month and quarter, it will be interesting to see what the funds do with the start of a new month and quarter. They have reduced their corn long considerably, probably nearly 50,000 long in corn or less, and have maintained a large short position in wheat and a modest short in beans. As we have often commented, money flow drives prices, and we can look back not that long ago when funds were about 350,000 long in corn. That was the rally that gave us $5.00+ old crop corn and $4.79 new crop. Now we sit near neutral and wonder what they will do next. With intentions of over 95 million acres intended, it may take some major weather issues to take us back to those highs. That said, with no negative news in stocks, demand may be able to keep us supported for a bit, but fund activity will likely dictate whether that happens or not. South American production and Tariffs will also be major factors, and we have no idea how those play out, but it "feels" like basic supply and demand are well in balance for now. For those with 2024 corn and beans, consider the following:

1. Basis! Bids vary widely according to our sources. Check bids for now and deferred months
2. Seasonal rallies are common as we go into the spring, get orders in at prices you are happy with
3. If basis is good, consider selling and re-owning with July or short dated new crop calls
4. Basis contracts can work well, but there is no downside protection for the board. Consider puts if you use them
5. Using stops can be useful tools as well, call us for some ideas on how to use them to protect price or re own if you prefer futures to options

Here is what we are doing here on our farm:

2024 Soybeans
We have also sold all our 2024 soybeans via HTA contracts and have rolled out to May capturing carry and most likely a better basis. Claypool is now +15 for delivery and we like that for now.

2025 Soybeans
Given all the factors facing beans, we felt like we needed to "start" by doing an HTA for next November at $11.00. We bought some short dated May expiration 10.20 puts ahead of the report, and will hold those for now as we have until April 25th to see if we want to exercise them to futures or roll them out to later months.

2024 Corn
We have essentially sold all the 2024 crop via HTA contracts and have rolled them to May last week. Many of these were December contracts originally, and rolled to March at 18 cents, now to May at 13 cents for a 31-cent gain. We are delivering on these now as basis has improved to +5, and we have bought some cheap 4.50 calls ahead of the report to see if we can add to our price

2025 Corn
Our long standing orders for HTA contracts got completed at $4.48, $4.49 and $4.50 during the Jan crop report, when the market rallied sharply. We added sales at $4.63 this past week (late January) and another at $4.73 this past week. We also added $4.60 short, dated December puts and sold full December $5.00 calls to cover all production. We may be overly cautious with the drop in carry out post report, but remain so due to fund length and demand questionable. We did buy some short -dated May expiration calls ahead of the report in case of a bullish surprise and will wait a day or two before giving up on these to see what the weather and funds do in the next week or so. We like having both sides covered in big risk times, but will start unwinding some of these when we feel more comfortable with price action this week

In conclusion, the sell-off over the past 2 weeks has been discouraging, and with now bullish surprises in the reports, it may well be that we struggle to get back up near the highs. Weather, funds, and tariffs will determine that, and we can't control any of those items, but we can look at our spreadsheets and see what the price impact will do to our bottom line. We have good positions in the market, but management will be the key in making a profit with them this year unless something major changes. Keep in touch with us often as we prepare to go to the field as something seems to pop every day in relation to trade issues. Scratching out nickels and dimes from basis and carry can make a big difference in our net farm income, but we have to be ready with a plan and orders! Have a safe and productive start to getting those seeds in the ground.

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Dates to remember:
Every Monday – Export Inspections at 10:00 am CST
Every Thursday – Export Sales at 7:30 am CST
Every Friday – Commitment of Traders Report at 3:00 pm CST
April 10th – Supply/Demand and Crop Production Reports
April 17th- Cattle on Feed at 2:00 CST
April 25th- May options expire.

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