

D&D AGReport

MARKETMIX

This monthly MarketMix highlights the latest WASDE report findings and what that means for you, your customers and your operation.

TOP TOPICS FOR FEBRUARY

- South America weather – risk of decline
- Tariffs/Trade – continued volatility
- Cattle report – fewer animals
- HPAI – new strain discovered in Nevada
- Vitamin supply – plan ahead

Tight heifer inventories are still part of the story for 2025, and they will be for quite some time.

TIPS AT YOUR FINGERTIPS: CUSTOM PORTAL

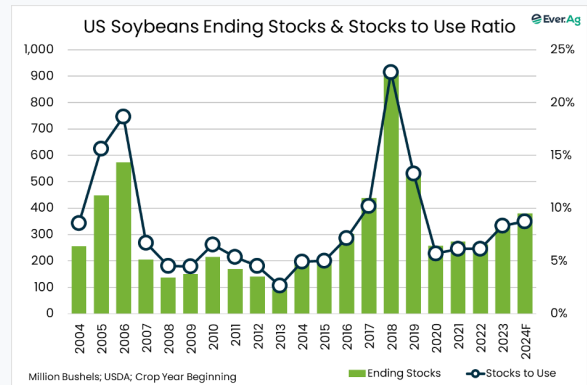
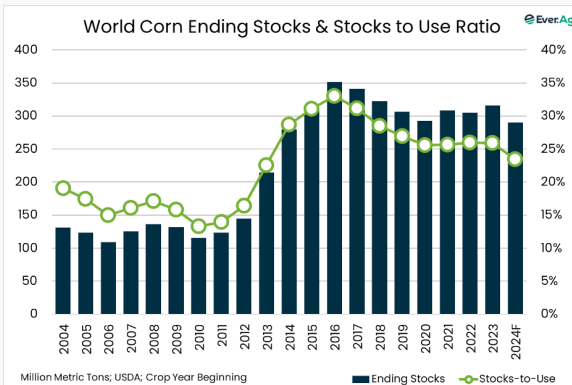
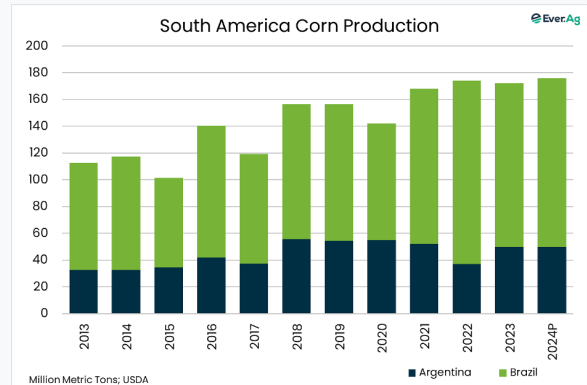
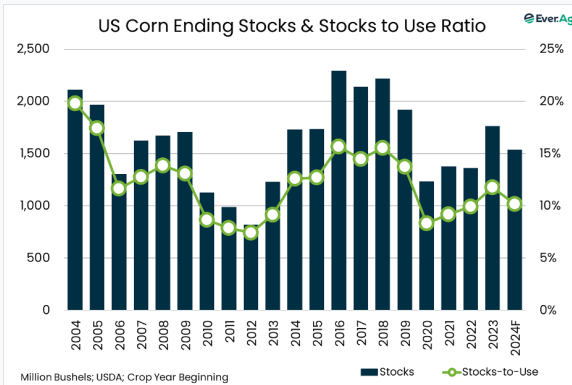
The D&D Ingredients Insights Portal gives you access to the latest Ever.Ag market publications, videos, prices and more.



WASDE UPDATE

The February WASDE report is typically a quiet report for US numbers with the country deep in winter. USDA concurred, leaving both US corn and soybean balance sheets unchanged from the January report. The report did make some small adjustments to South American projections due to the weather challenges in Brazil and Argentina.

US corn ending stocks remained at 1.540 billion bushels, slightly higher than analysts' expectations for 1.526 billion bushels. Corn stocks ending the 2024-25 marketing year are down 14.5% from the previous year, which is continuing to keep support in the corn market. USDA took world ending stocks down to 290.31 million metric tonnes, largely on production cuts in Brazil. This was below the consensus call for 292.52 million metric tonnes.

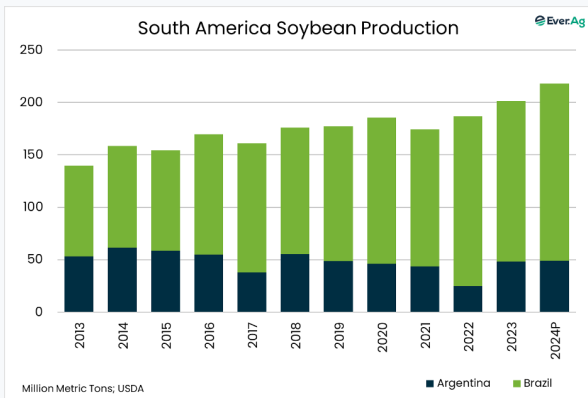


WASDE UPDATE CONTINUED

The market reacted with small moves lower as many traders were calling for larger cuts to corn plantings in Brazil.

Soybean ending stocks also held steady in the US at 380 million bushels, which was no change from January and slightly above expectations for 374 million bushels. Soybean ending stocks are 10.0% higher than the prior marketing year, leaving the market with a bigger cushion and

capping the upside. Globally, USDA reduced Argentina's soybean production by 3 million metric tons and held Brazil even with last month. The world ending stocks declined to 124.34 million metric tonnes, well below expectations for 127.79 million metric tonnes. Despite cuts to global numbers, the markets reacted with prices moving a few cents lower, indicating that more traders bet on bigger cuts to South American output.



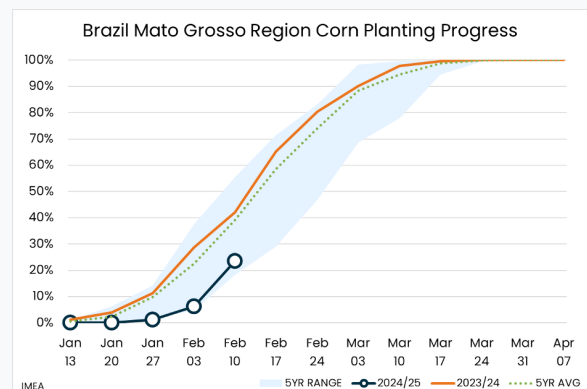
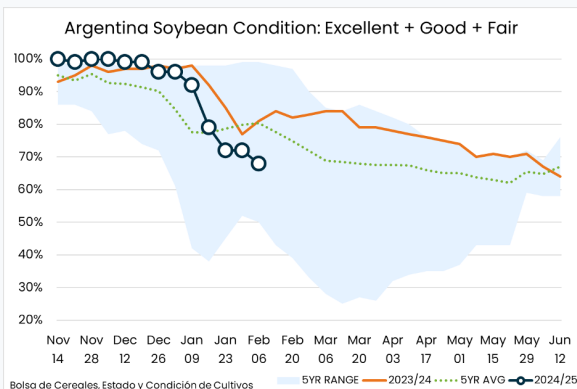
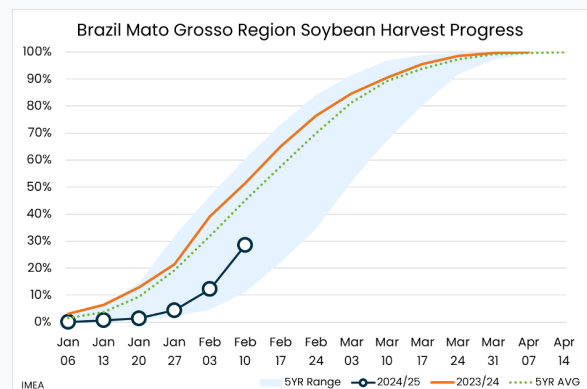
USDA WASDE Report: February		
2024/2025 South America Corn (Million Metric Tons)		
	Argentina	Brazil
February	50.00	126.00
Consensus	49.50	126.74
Range	48.00 - 51.00	124.00 - 129.40
January	51.00	127.00
2024/2025 South America Soy (Million Metric Tons)		
	Argentina	Brazil
February	49.00	169.00
Consensus	50.49	169.64
Range	49.00 - 51.00	168.00 - 172.00
January	52.00	169.00

Source: Reuters, USDA

SOUTH AMERICAN WEATHER

Too much, too little. Rains in Brazil and Argentina this growing season were not what farmers hoped for. In Brazil, heavy rains came late in the growing season, delaying soybean harvest. This is slowing the subsequent planting of the Safrinha corn crop, reducing yield potential.

In Argentina, the rains didn't come timely, so drought is a concern, putting soybean yields at risk. However, USDA's WASDE projections suggest that it may not be as bad as the markets were expecting.



ESCALATING TRADE DISPUTES



The Trump Administration wasted no time moving forward on plans to impose tariffs on trading partners to achieve policy goals such as border security and reduced drug trafficking. Both Mexico and Canada negotiated a reprieve of

25% tariffs until March 1, and all reports suggest that both nations remain in dialogue with the US. China was hit with 10% tariffs on February 1.

The government responded with retaliatory tariffs but was measured in its approach. Agricultural equipment is on the list, but the Chinese government avoided new tariffs on agricultural commodities like soybeans. In recent days, the Administration imposed 25% tariffs on steel and aluminum from all countries.

News reports suggest that Europe may be the next target for trade discussions due to the large trade imbalance between the EU and US. The uncertainty creates risk for markets and causes volatility when tariffs are on-again, off-again as political figures work through negotiations.

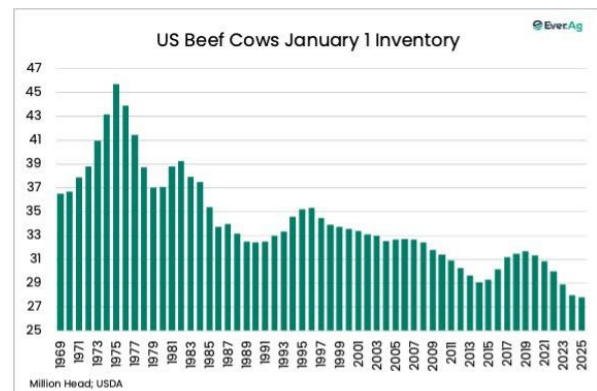
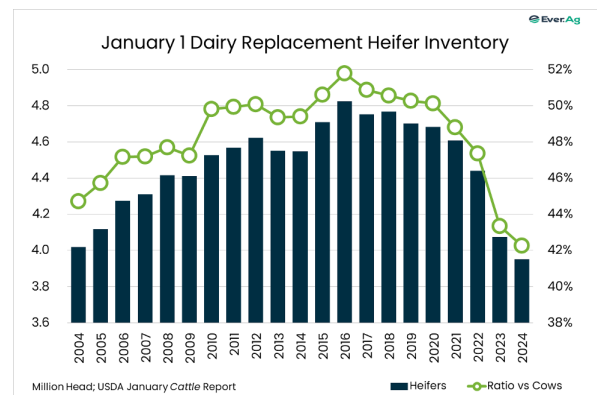
HEIFERS STILL IN SHORT SUPPLY

Tight heifer inventories are still part of the story for 2025, and they will be for quite some time. USDA's annual Cattle report revealed a January 1 heifer inventory at 3.91 million head, down 40,000 head from the year before. The replacement-to-milking cow ratio was 41.9% at the end of last year, the lowest it has been since 1991. Prices for heifers in sale barns reflect this scarcity.

A big factor playing into the shrinking heifer herd is the reduction of beef cattle on ranches and in feedlots. At the start of the year, according to USDA numbers, the nation's beef cow inventory was down 0.5% from 2024. This is the smallest U.S. beef herd since 1951. Meanwhile, live cattle futures recently saw an all-time high of \$209.25 per hundredweight, further incentivizing dairy producers to breed to beef rather than expand heifer inventories.

UPDATES ON THE DAIRY FRONT

A new strain of highly pathogenic avian influenza, or bird flu, was detected in a human in Nevada. This dairy farm worker had mild symptoms and recovered. But the situation raises bigger concerns about more variants developing and transmission from dairy cows to humans. With more strains of the virus, the possibility of wider spread and more difficult control become a concern. More than 960 herds in 16 states have had confirmed cases of bird flu in dairy cows since the first case was detected last March. So far, zero dairy cows have tested positive in the big milk-producing states of Wisconsin and New York.



FEED BASIS UNDER PRESSURE

Strength in the futures market has corn moving into the commercial pipeline at a steady pace, and basis eased lower in response to healthy cash values. Farmers caught up to their typical sales pace in January after a slow start to the marketing year and have since slowed their selling cadence. Cash offers are finding a bottom, and in some regions, perking up as end users look to keep supply inbound.

The protein complex has bifurcated as canola struggles to find a sense of direction. With tariffs potentially impacting Canadian-produced commodities, sellers are adding risk premium to cover the tax liability. On the buy side, processors are reluctant to make forward-looking offers without a considerable hedge in place. Soybean meal, meanwhile, is searching for a bottom in basis as crushers continue to push production records and soy oil carries the bulk of the profit burden. Purchase opportunities are plentiful in the second half of the feed year, and the first few new crop indications look favorable early in the contracting window.



WHAT'S IN IT FOR YOU?
TOP TAKEAWAYS FROM THIS MONTH'S MARKETMIX



The Bottom Line

1. Vitamins and micronutrients continue uncertainty. Work with us to be proactive as some plants come back online and import issues loom.
2. Keep an eye on cattle. Short supplies, and prices soar.
3. Purchase opportunities are plentiful for feed, but always be aware of the market moves.

If you would like to talk with a D&D Ingredients representative, please contact Pat Kahle at 517-260-8295 or Pat@DDIngredient.com.

Introducing

THE SPOTLIGHT PROGRAM



ARE YOUR RATION STARCH LEVELS MAXED OUT AND HOLDING YOU BACK FROM MAKING MORE MILK?



bioagsolutionsllc.com

February's Spotlight is brought to you by **Bio-Ag Solutions LLC**. This month we're featuring **BactiSource**, and you can watch the educational webinar and special offer on this platform. Click the link below or watch the video to learn more.

BactiSource from Bio-Ag Solutions LLC is a nutritional technology that converts ruminal lactic acid into propionate. An increase in propionate is the driver behind better production and improved yields.

Watch the BactiSource video and stop holding back!

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