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DECEMBER EDITION

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

TOP TOPICS FOR DECEMBER

- Neutral December WASDE Snapshot
- Export Trends Shift Sharply
- Global Milk Output Surges
- Consumer Sentiment Stays Weak

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INSIGHTS PORTAL

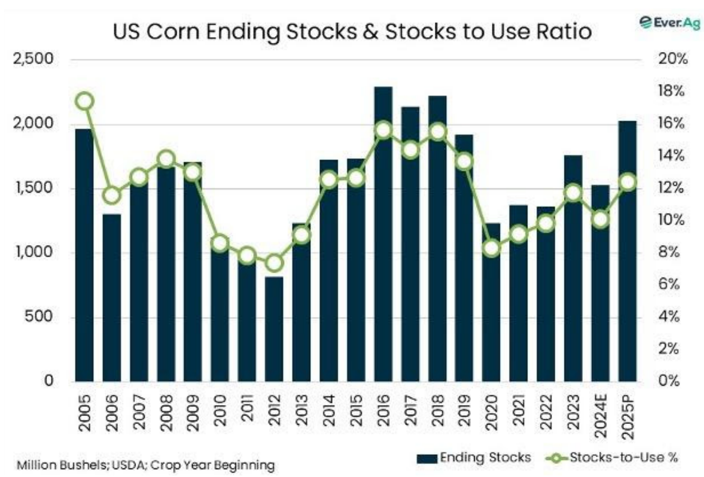
Growing milk output around the globe is still the story as we move closer to the end of the year.

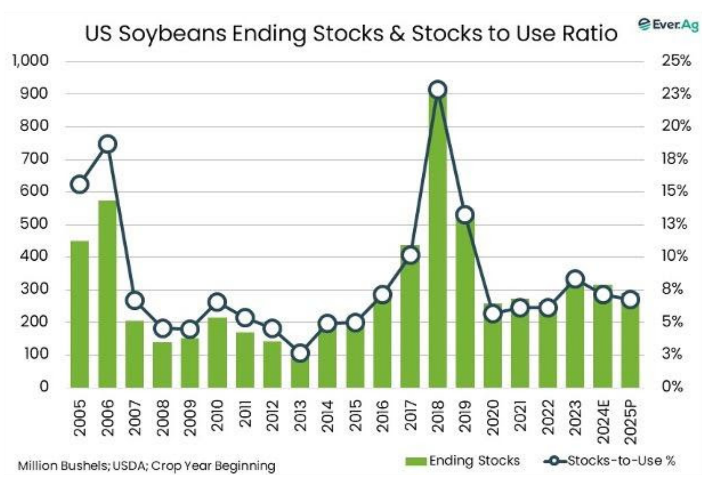
DECEMBER *WASDE* UPDATE

The December *World Agricultural Supply and Demand Estimates (WASDE)* report came in neutral for corn and soybeans. USDA made a few changes to either crop's balance sheet, providing little fodder for markets to react to. Corn yield held at 186.0 bushels per acre, and total acres were steady at 98.7 million. Overall production stayed the same at 16.752 billion bushels. A noteworthy change was made to exports, which the USDA raised to 3.200 billion bushels, 125 million more than last month, to reflect known sales and commitments. US ending stocks were projected at 2.029 billion bushels, down 125 million from November and below expectations. World ending stocks fell to 279.15 million metric tons, below November's 281.34 million estimate and short of expectations.

Soybean yield was also unchanged at 53.0 bushels per acre. Harvested acres stayed at 80.3 million, and total production was unchanged at 4.253 billion bushels. USDA left exports untouched at 1.635 million bushels, despite slower-than-expected purchases by China. US ending stocks stayed at 290 bushels, below expectations for 302 million. World ending stocks were pegged at 122.37 million metric tons, ahead of November and close to the consensus call.

Futures reacted modestly, with corn staying well within the range it has traded in the past two months. Soybeans continue their slow drift lower on lackluster exports despite unchanged estimates in today's report. January's *WASDE* report should put the final stamp on yield and acreage for this Fall's crop.





Fast Facts:

- WASDE Report

DECEMBER *WASDE* UPDATE CONTINUED

USDA WASDE Report: December

2025-2026 US Ending Stocks (Billion Bushels)			
	Corn	Soybeans	Wheat
December	2.029	0.290	0.901
Consensus	2.124	0.302	0.890
Range	1.970-2.229	0.250-0.385	0.846-0.901
November	2.154	0.290	0.901

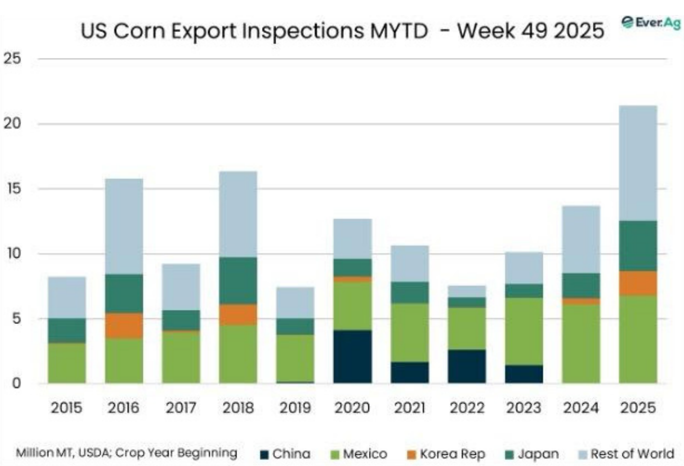
2025-2026 World Ending Stocks (Million Metric Tons)			
	Corn	Soybeans	Wheat
December	279.15	122.37	274.87
Consensus	280.71	122.41	272.78
Range	274.10-283.00	121.50-124.00	270.90-275.00
November	281.34	121.99	271.43

Source: Reuters, USDA

EXPORT EXPECTATIONS

Corn export demand continues to be off-the-charts. Sales are up 56% for the 2025-26 marketing year compared to the year before, a record-breaking pace. US FOB prices remain the most competitive in the world, sitting below Brazil and Argentina.

Soybean demand is another story. Prices rallied in November on the hopes that China would start buying a sizable amount of soybeans. However, orders have come in slowly, and even if China reaches the 12 million metric tons it reportedly agreed to, that only represents 40% of what they normally purchase annually. As of the first week of December, total soybean sales to China were estimated near 3 million metric tons.



Argentina's corn planting is nearly halfway complete, ahead of the five-year pace. Argentina is predicted to plant 7.8 million hectares of corn for its 2025-26 season, according to the Buenos Aires Grain Exchange. This would be a nearly 10% increase from the previous year. In Brazil, CONAB estimates the soybean crop will be a record 177.602 million tons, up 3.6% from last year and surpassing the USDA's forecast for 175 million tons. Total corn production is projected at 138.837 million tons, down 1.6% from a year ago but ahead of USDA's forecast for 131 million tons.

Feed prices remain higher in the Eastern US, particularly for fiber and soybean meal, due largely to logistical challenges. But overall, market prices softened recently, benefiting farmer feed prices. Watch for futures to respond to South American weather headlines and export sales reports through the end of 2025 and in early 2026.

Fast Facts:

- **Corn Shipments Maintain Strong Pace**

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INSIGHTS PORTAL

MORE MILK EVERYWHERE

Growing milk output around the globe is still the story as we move closer to the end of the year. As expected, USDA's October *Milk Production* report showed output up 3.7% year-over-year, totaling 19.5 billion pounds. Output grew in all dairy regions, with California leading the way. Milk production in the Golden State was up 6.9% in October, which was in line with expectations given an easy comparison to last October when avian influenza was negatively impacting production in many herds. Around the country, output was also up 3.4% in the Pacific Northwest, +2.9% in the Mideast, +2.7% in the Midwest, +2.3% in the Northeast and +1.8% in the Southwest.

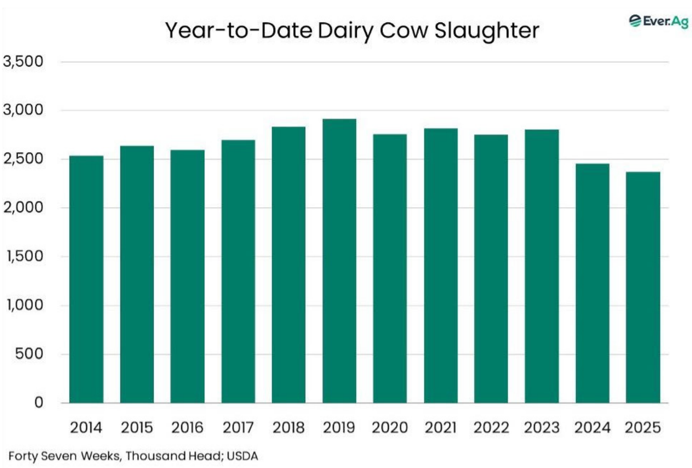
Cow numbers were down 6,000 head compared to September, but the US herd is still up 208,000 cows year-over-year. At 9,575,500 head, the US dairy herd remains historically large.

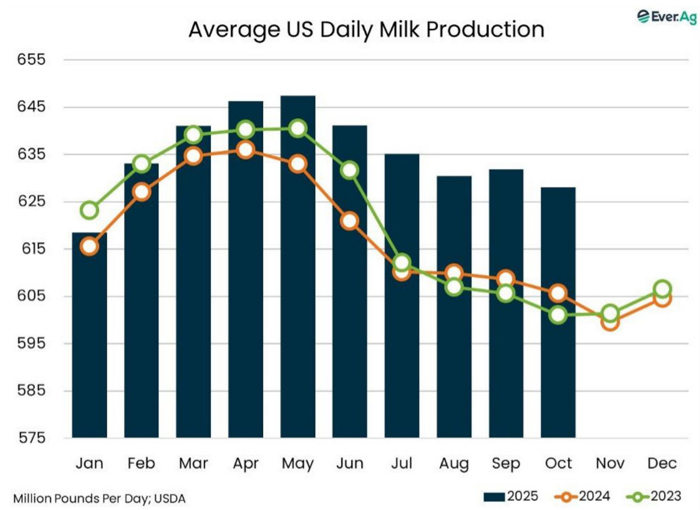
US dairy farms still seem to be in growth mode despite falling milk prices. Grain prices are relatively more affordable than in recent years, providing a measure of relief. Also, income from selling cull cows and dairy x beef calves contributes a few dollars per hundredweight to milk income. The question for 2026 appears to be how long dairies will remain in growth mode despite milk

MORE MILK EVERYWHERE

prices declining. Both beef revenue and insurance indemnities may provide a modest financial cushion.

Milk production growth continues in other major dairy countries as well. For example, October milk production surged 6.8% in Germany and 5.7% in France. Though near-term milk output doesn't show signs of slowing, falling EU farmgate milk prices may temper milk production in 2026. Meanwhile, New Zealand is at the top of its production season. Output was up 2.5% in September and 1.7% in October. This global flush of milk is putting plenty of dairy products on the global markets. The competitive advantage the US cheese enjoyed versus other exporting nations for most of the year has whittled away. Winning future export sales is at risk despite the CME spot cheese price falling more than 40 cents since late summer. Publication of dairy trade data is still lagging following the government shutdown, but market prices plummeting suggest manufacturers couldn't hold a strong export pace.





Fast Facts:

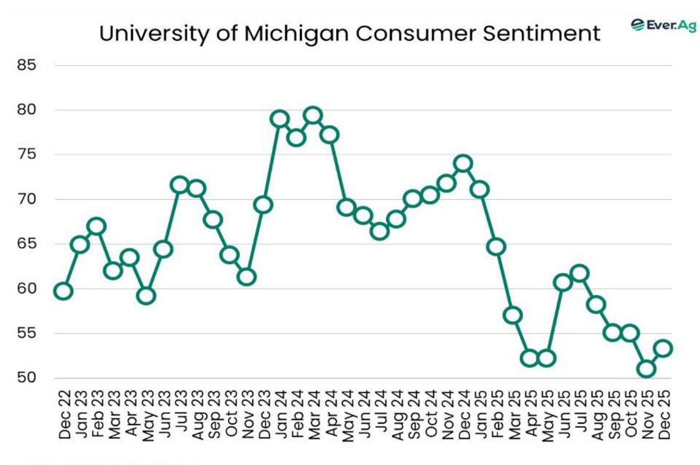
- Milk Production Report

CONSUMER SENTIMENT STILL SAGS

The gap between higher-income and lower-income consumers continues to grow. The difference in their spending patterns is sometimes referred to as a "K-shaped" economy. According to Moody Analytics, consumer spending – which drives two-thirds of US economic activity – is more concentrated among the wealthiest 10% of Americans than it ever has been.

The bottom 80% of earners now account for just 37% of spending. With inflation elevating prices for everyday needs, the spending power of lower- and middle-income consumers has diminished. And for the first time in almost 10 years, wage gains for higher-income households are outpacing those in other income brackets, Bank of America Institute data revealed. Retail sales rose just 0.2% in September to reach $733.3 billion, which fell short of expectations. Year-over-year, September retail sales increased 4.3%. Shoppers cut back on purchases such as vehicles, electronics and clothing. However, food service sales were up 0.7% month-over-month and +6.7% year-over-year. Grocery sales rose 0.3% on the month and +3.0% compared to last September.

Consumer sentiment inched up for the first time in five months, according to the preliminary December reading of the University of Michigan Consumer Sentiment Survey. The reading of 53.3 was up from 51.0 in November, but it still lags far behind last December's reading of 74.0. Concerns about inflation eased slightly, but consumers remain frustrated with high prices.



Fast Facts:

- Consumer Sentiment Record Low

WHAT'S IN IT FOR YOU?

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TOP TAKEAWAYS FROM THIS MONTH'S MARKETMIX

TAKE AWAY TAKE AWAY

WHAT DOES ALL THIS MEAN FOR YOU?

The Bottom Line

1. Capitalize on corn exports where and when you can
2. Shift your focus from soybeans
3. Manage milk surplus now as 2026 looms

Introducing

THE SPOTLIGHT PROGRAM

D&D INGREDIENTS LLC
INGREDIENT SOURCING & CUSTOM BLENDING SPECIALISTS

Bovacillus™ DAIRY

Your versatile feed-stable probiotic

Bovacillus™ DAIRY from Novonesis is a flexible-use probiotic to support normal digestive health and productivity of your dairy cattle herd.

Benefits of Bovacillus DAIRY:

- Versatility and ease of use in all types of feed, including pellets, premixes, blocks and even liquids
- Supports rumen and lower gut health
- Supports nutrient digestion through enzymatic feed breakdown
- Supports consistent performance at all stages

Learn more about the research behind Bovacillus DAIRY by watching the webinar from Dr. Steve Lerner, senior scientific and business advisor at Novonesis.

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

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