June 17, 2025

CROP TALK MARKET UPDATE

Provided by

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SOYBEAN OIL & CANOLA

Grain markets have remained quiet over the past several weeks as U.S. weather continues to be nearly ideal for corn, soybeans, and soft red winter wheat regions. This has kept prices trading mostly sideways since little news has emerged to drive the markets; even a favorable World Agriculture Supply and Demand Estimates (WASDE) report wasn't sufficient to push prices higher. Friday began with the EPA announcing its proposed Renewable Volume Obligations (RVOs) for 2026, which was enough to energize soybean, soy oil, and canola markets.

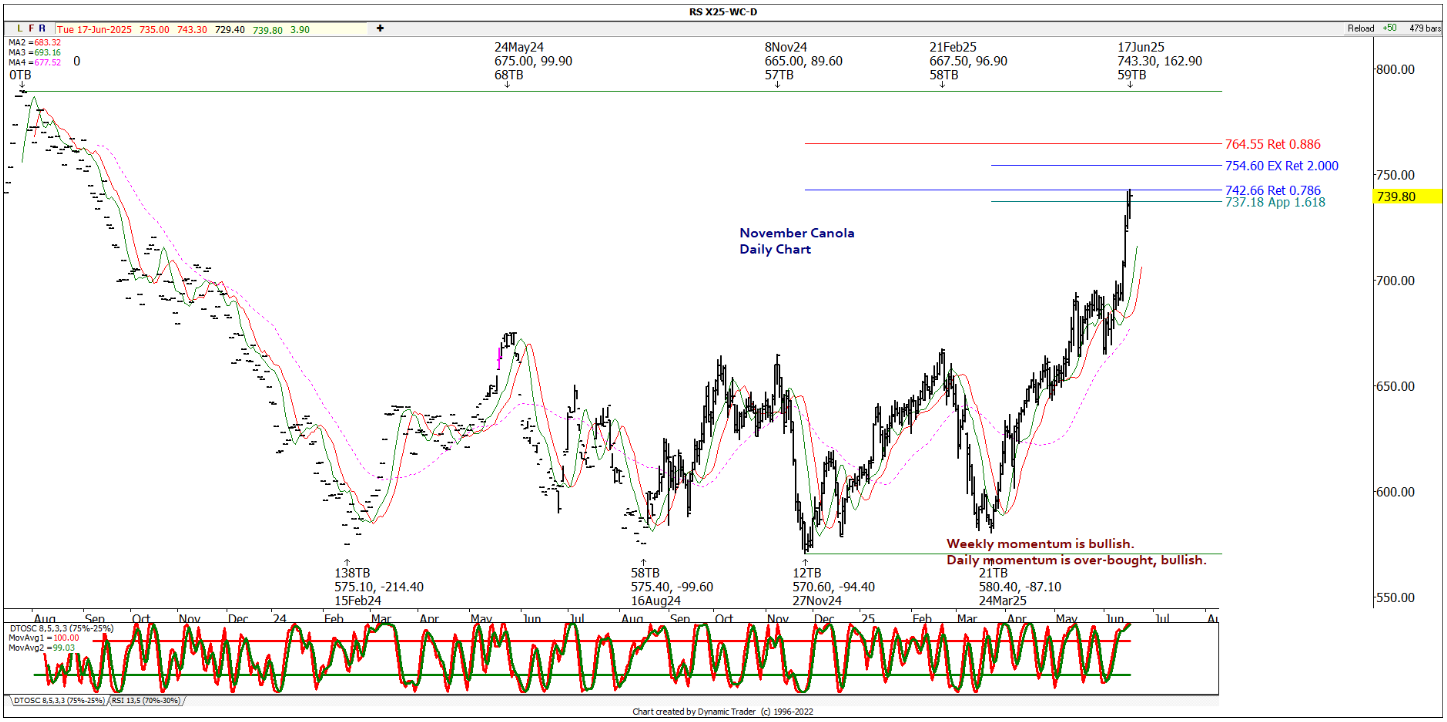
Earlier this year, President Trump requested that a committee develop a proposal to submit to the White House regarding biofuels. The Ag sector was included in this committee, along with big oil, and early industry requests targeted 5.25 billion gallons for blending requirements. The proposal sent to the White House posted RVOs at 4.65 billion gallons and was enough to push oilseed markets lower. While many felt this was a punch in the stomach, very few compared it to the current RVOs, which are at 3.35 billion gallons. On Friday, June 13th, the EPA posted its recommendation for RVOs at 5.61 billion gallons, which resulted in soybean oil pushing the limit up on Friday and dragging soybean and canola futures with it.

The front-month weekly Soy Oil chart below shows that since August 16, 2024, low prices have been trading sideways to higher against the previous downtrend. The RVO announcement accelerated prices higher and even led to this week's gapping higher on the open. While there is no indication that this rally has run its course, there is reason to be concerned that prices could stall. Today's high reached some technical price projections which include 50% of the move from the July 2023 high to the August 2024 low, there is a previous swing low from July 2022 which could post resistance, and there is and alternate price projection where 1.618 time the wave 1 or A projected off the 2 or B wave low is just above the current swing high.

Source: E-Signal and Dynamic Trader, June 17, 2025.

The Canadian Canola industry has been watching the progress surrounding RVOs closely as they look for a destination for more Canola Oil after China put a halt to Canadian Canola oil imports earlier this year. China was the top destination for Canadian canola oil, followed by the U.S. Recent years have allowed Canadian canola oil to be used as seed stock for biofuels and an increase in RVO's may lead to additional imports of the oil, however it is reported that President Trump's push for increased RVOs is a way to increase domestic demand for U.S. oilseeds that are affected by the increase in tariffs.

The November canola chart below shows that canola prices have been accelerating higher since the March 24th low, gaining $162.90/MT over the past 59 trading days. Prices could continue to push towards the contract high of $789.50/MT as it has currently reached the 78.6% Fib retracement, and the 88.6% retracement is another $21/MT higher.

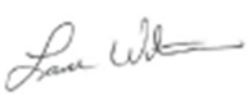


Source: E-Signal and Dynamic Trader, June 17, 2025.

The Canadian prairies have begun the 2025 growing season with many areas approaching some level of drought status. This has restricted producers' ability to sell new crop production as yields appear uncertain. The latest weather models indicate a possibility of significant rain over the next seven days. If the rain comes, it will be a game changer for many Canadian growers and the production outlook for the upcoming harvest, which could result in weaker canola prices.

Last week's EPA announcement brought new energy to the oilseed markets, but many question whether it is sustainable. Last week's WASDE report showed soy oil ending stocks at 1.531 billion pounds, an increase of 80 million from the 24/25 marketing year. The USDA also raised domestic usage by 1.1 million pounds, which was ahead of the EPA RVO increase. We anticipate a smaller soybean crop, which will support prices, especially if we need to boost crush. There is time before the new blending requirements are fully implemented, but this rise in usage will help mitigate the lack of export demand that the U.S. faces due to tariffs and the ongoing trade war.

Until next time,



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