

The US soybean market continues to be driven by political whims while the rest of the world is trading on a more fundamental basis. The continuing ebb/flow of sanctions, relief, and politically induced demand is a frustrating world for a fundamental trader, but the job is not to complain; it's to adapt. The announcement of 12 million metric tonnes (mmt) of Chinese demand caused the soybean market to rally \$1 in November. Last week, Trump announced that China is considering the purchase of 8mmt more out of the US. If the Chinese follow through with the extra purchases, it is not 1:1 to the ending stocks in the US, but it will tighten the balance sheet demonstrably. However, with South America growing massive crops, it simply pushes that supply forward into the US new crop export window. What is bullish for the front end of the market in the US is really bearish on the back end.

The corn market continues to trade the fundamentals of big supply/big demand with prices going largely nowhere. In January, USDA confirmed a new record corn yield/production. Supplies are ample, but exports continue at record pace. The strong demand pushes end user buying on dips. The massive supply pushes producer sales on rallies. There is nothing truly exciting about price action for the near term. Instead of trying to trade the corn market for 15-20 cents, the focus is now firmly on new crop. The rally in soybean prices and relative weakness in corn is pushing the US farmer to plant more soybeans and less corn. While a loss of 5mm acres does not make a tight corn balance sheet for new crop (assuming trend yields), there is a lot more weather risk that will need to be priced. Positions have been entered that will benefit from the short-term small range to allow longer term positions for the entire US growing season and the normal volatility of summer growing weather.

Thank you for your continued support.

Sincerely,



Stephen Davis

February 10, 2026

The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. Opinions expressed reflect judgments at this date and are subject to change without notice. Davis Commodities, LLC does not guarantee that such information is accurate or complete and it should not be relied upon as such. There is risk of loss in trading futures and options and it is not suitable for all investors. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RETURNS. This document contains only commentary on economic, political, or market conditions and is not intended to be the basis for a decision to enter into any derivatives transaction. The contents of this commentary are for informational purposes only and under no circumstances should they be construed as an offer to sell or a solicitation to buy or sell any futures or options contract. This material cannot be copied, reproduced, modified, or redistributed without the written consent of Davis Commodities LLC. No one has been authorized to distribute this for sale.