

Investments - Flash

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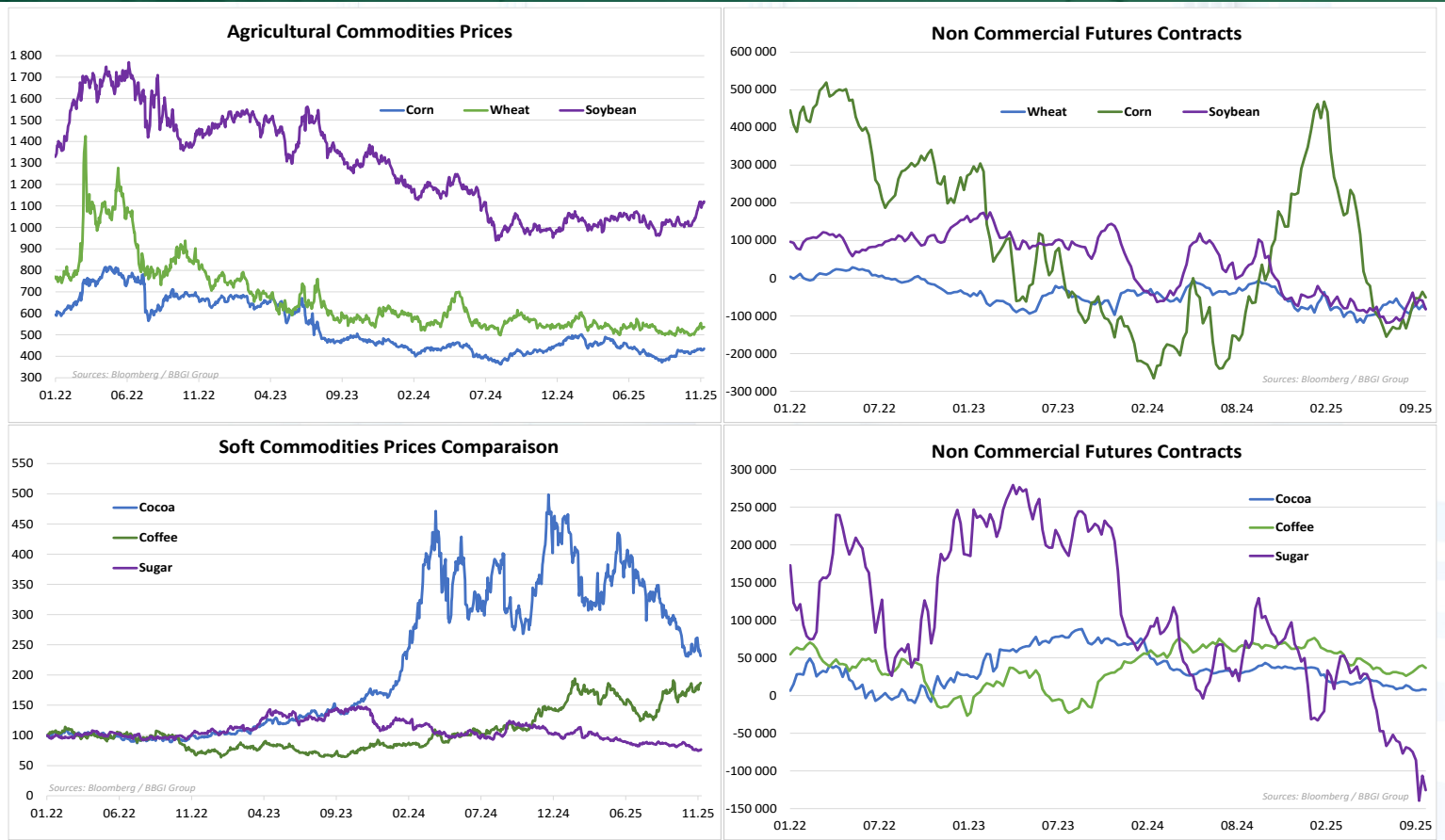


SHORT SQUEEZE ON AGRICULTURAL PRODUCTS?

Likely reversal of net non-commercial positions

Since the beginning of the year, agricultural products have not been performing well, with most of them recording negative trends. However, now may be the time to take another look at them, following massive corrections from their previous highs and, in some cases, several years of bear markets. Corn, for example, reached \$538/bu. in 2022 before collapsing (-32%) in a long consolidation to its August 2025 low of \$370/bu. Wheat also experienced a long consolidation phase after the outbreak of war in Ukraine and the peak reached at \$1,400/bu. Leaving this event aside, the fall from \$800/bu. before the war to \$500/bu. (-38%) is also extreme. As for soybeans, the decline has also been spectacular (-45%) from its peak of \$1,800/bu. in 2022 to less than \$1,000/bu. in August. Sugar is at its lowest after a decline of -50% since November 2023, while cocoa, after a more recent peak of \$12,600/MT, fell by (-54%) to

a low of \$5,800/MT in October. Only coffee is on a strong upward trend, which has supported a +27% increase in 2025. The fundamental dynamics are varied, although they are mainly linked to climatic conditions affecting supply on the one hand and consumer demand on the other. Specific geopolitical situations are also key factors, such as customs tariffs, affecting the balance between supply and demand. However, we believe that hedge funds have largely contributed to the downward trend and exacerbated the fall in prices. We believe there is a high probability of a short squeeze on less negative news in such a context, which would justify renewed interest in this market segment and in the producers and consumers concerned.



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