

03 AGRICULTURE DESK · ANALYST BRIEF

Week of October 12, 2026 · Chau, Shoukat, Ludkovsky, Schmidt, Chadha

Biofuel equities are up 47% YTD vs. 37% for soybean oil; the desk goes long Jan '27 soybean oil ahead of EPA's final RIN decision

Source EPA, USDA, CBOT; Investing.com, Barchart (prices to Oct 14, 2026)

SUMMARY

On October 13, EPA proposed adding back about 770M waived RINs. ADM (+3.5%), Bunge (+3.2%) and Darling (+3.3%) rallied, but Jan soybean oil fell 0.8%, so the gap to equities is open. Demand is strong: USDA sees 17.8B lb of soybean oil going to biofuel (+20%), and palm oil is tight. Row crops stay heavy, with USDA raising the soybean yield to 53.1 bu/ac (4.56B bu). Desk stance: bull, medium conviction, 1–2 week horizon.

KEY NUMBERS
~770M

Waived RINs EPA would add back proposed Oct 13; final action pending

17.8B lb

Soybean oil to biofuel, 2026/27
+20%; 53% of US use

53.1 bu/ac

USDA soybean yield
4.56B bu crop; harvest 46% done

2.4x

Trade risk/reward
long ZLF27 from 67.28¢/lb

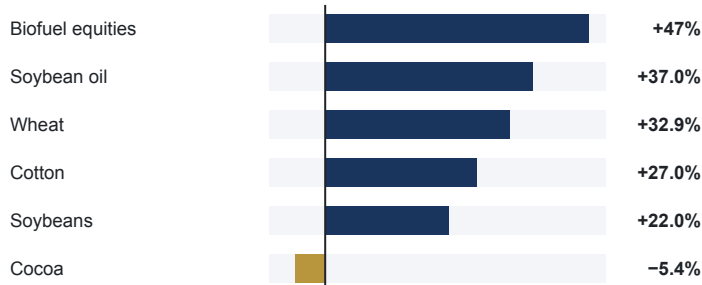
EXHIBIT 1 PRICE MONITOR

Contract	Last	W/W	M/M	YTD	52-wk range
Soybean oil, Jan '27 (ZLF27), ¢/lb	62.78	−0.9%	+4.5%	+37.0%	48.05–79.69
Soybeans, Nov '26 (ZSX6), ¢/bu	1,277.25	−1.6%	−2.1%	+22.0%	1,001.00–1,335.25
Wheat, Dec '26 (ZWZ6), ¢/bu	673.25	−1.9%	−6.7%	+32.9%	492.25–795.00
Cotton, Dec '26 (CTZ6), ¢/lb	81.61	+2.0%	−3.5%	+27.0%	60.71–93.74
Cocoa, Dec '26 (CCZ6), \$/t	5,735	+2.7%	−4.8%	−5.4%	2,846–6,821

Source: Investing.com (daily closes and most last prices); Barchart (Dec 31, 2025 year-end settles).

EXHIBIT 2 YEAR-TO-DATE PERFORMANCE

% change YTD



Biofuel equities have outrun the feedstock: the 10-point gap is the trade.

KEY DRIVERS

- **Supply:** soybeans 4.56B bu, harvest 46% done; cotton 13.44MM bales, wheat 1.534B bu. A record 2.78B bu crush adds soybean oil; Malaysian palm stocks at a 10+ year high.
- **Demand:** 17.8B lb of soybean oil to biofuel in 2026/27 (+20%). China has bought ~15 of 25 mmt of soybeans, state buyers only. Wheat exports cut 25M bu to 750M.
- **Positioning:** funds net long ~99k contracts (16% of OI) vs. a 169k one-year high; ZLF27 sits between its 200-day (64.7¢) and 50-day (69.1¢) averages.
- **Macro & policy:** Brent \$106, diesel \$6.20/gal; the 10% China soybean tariff stays and the truce expires in November; the farm bill is stalled until after Nov 3.

Trade setup: long Jan '27 soybean oil from 67.28¢/lb, stop at the 200-day average, target 73.40¢ for 2.4x reward to risk

Source EPA, USDA, CBOT; Investing.com, Barchart (prices to Oct 14, 2026)

TRADE LEVELS

67.28¢

Entry, ZLF27

Oct 14 settle

73.40¢

Target

+6.12¢ (+9.1%) from entry

64.70¢

Stop

-2.58¢ (-3.8%); 200-day avg

2.4x

Reward to risk

bull, medium conviction, 1–2 wks

EXHIBIT 3 ZLF27 LEVELS, ¢/LB

Level	Price	vs. entry
Target	73.40	+6.12
50-day average	69.1	+1.82
Entry (Oct 14 settle)	67.28	—
200-day average	64.7	-2.58
Stop	64.70	-2.58

ZLF27 sits between its 200-day and 50-day averages; the stop sits at the 200-day.

RISKS TO THE VIEW

- **Iran deal:** if Hormuz reopens, oil can drop fast; Darling says fat prices stay high unless crude falls toward \$50.
- **Policy:** EPA could finalize a smaller reallocation or grant more exemptions; imported UCO, tallow and canola oil still compete.

WHY THE TRADE WORKS

- **Gap is open:** ADM (+3.5%), Bunge (+3.2%) and Darling (+3.3%) rallied on EPA's proposal while Jan soybean oil fell 0.8%.
- **Policy demand:** a final rule near the ~770M-RIN proposal adds feedstock demand.
- **Room to run:** funds are net long ~99k contracts vs. a 169k one-year high.

CATALYSTS AHEAD

Date	Event
Oct 22	USDA export sales (China pace)
Nov 3	US midterms (farm bill)
Dec 4	EPA comments close; final action

TRADE IDEA

- **Long CBOT Jan '27 soybean oil (ZLF27):** entry 67.28¢ (Oct 14 settle), target 73.40¢, stop 64.70¢, R/R 2.4x.
- **Stop:** sits at the 200-day average.
- **Rationale:** equities rallied on EPA's 770M-RIN proposal while soybean oil lagged; a final rule near the proposal adds feedstock demand.
- **Invalidation:** Hormuz reopens, or EPA finalizes a smaller reallocation.