Agricultural Policy and Market Situation Newsletter

Volume IX, Issue 3

Trump-Xi Meet in Washington

China has purchased more cargoes of US soybeans, extending a buying spree this week that marks its first acquisitions since the two leaders of the two countries held a summit in late September." "State-owned companies have booked at least 20 soybean shipments that will be delivered from the US Gulf and Pacific West, according to people familiar with the matter, equivalent to around 1.3 million tons," Bloomberg reported. "Cargoes will be mainly loaded from December to March, they said, asking not to be named as they're not authorized to speak to the media."

Reuters reported that "the purchases helped ease concerns after China had largely stayed out of the market for weeks, partly because of the prolonged National Day holiday, with the return of state buyers seen as a sign of continued demand."

"Combined, this week's purchases amount to 18-23 cargoes, or roughly 1.2-1.5 million metric tons of US soybeans, according to Reuters calculations. "That brings China a step closer to meeting the 25 million-ton purchase target announced by the

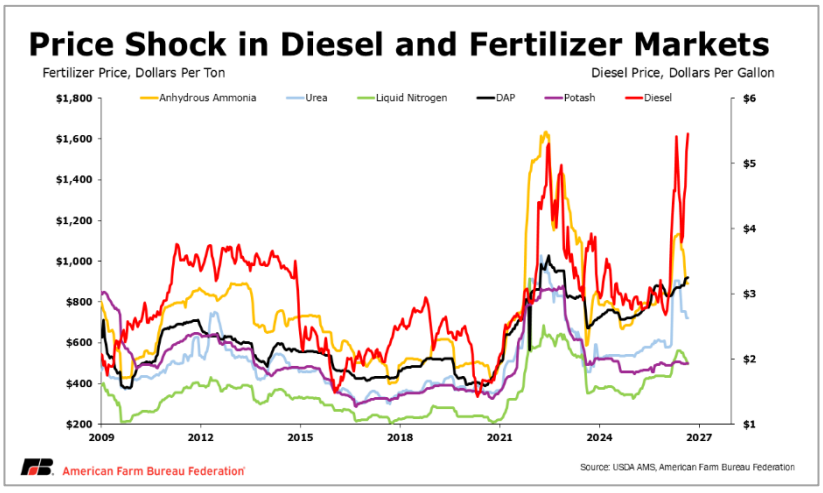
Continued page 2.



What's inside this issue?
U.S./China Trade, Fuel and Fertilizer Costs Farm Economy Conditions, Market Updates, and more!

Input Price Spikes Outpace Crop Price Advancement

USDA's September WASDE report provided the first field-level observations and projections for planted acres, crop yields and the corresponding season average prices for major row crops for the 2026/27 marketing year. The national average revenue per harvested acre for corn is now projected at $857, more than $50 up from projections in the May WASDE. For soybeans, the second-largest crop in the U.S., the national average revenue per harvested acre is projected at $634 and up $30 from the May forecast. Higher revenues, relative to the May estimates, are also projected for rice, barley and oats, while lower revenues are projected for peanuts, cotton, wheat and sorghum.



However, crop revenue expectations are mixed.

While season average corn prices approaching $5 per bushel and soybean prices near "beans in the teens" would normally be welcome news in farm country, since early March's closure of the Strait of Hormuz, cost pressures in agriculture have only intensified – with total production expenses expected to reach nearly $500 billion in 2026.

Fertilizer expenses for 2026 are projected at a record $40 billion, up 15%, or $5 billion from the previous year. Similarly, fuel expenses, including diesel, are projected to reach a record $22 billion this year, up 29% or $5 billion from 2025. Meanwhile, persistent inflation is expected to result in another interest rate increase during the upcoming Federal Reserve Open Market Committee meeting – meaning interest expenses, which are currently projected at a record $34 billion, are likely to increase even further as farmers begin financing discussions with lenders in advance of the 2027 crop year.

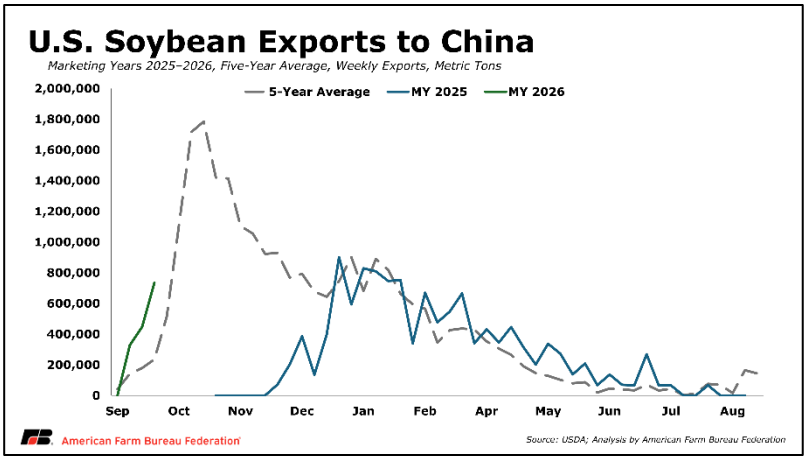
Based on USDA's most recent cost-of-production estimates, and recent trends in diesel prices (up 45% on average from the spring), American Farm Bureau analysis indicates that as a result of fertilizer and diesel price shocks, productions costs are nearly $30 per acre higher for corn, $14 per acre higher for soybeans, $30 per acre higher for cotton and more than $70 per acre higher for rice compared to USDA's pre-Hormuz input cost projections. For some crops, these higher per acre input cost projections more than offset any projected gains in crop revenues because of higher crop prices.

For crops that have lower revenue projections compared to the spring (cotton, peanuts, wheat and sorghum), the higher input costs hit even harder and result in even deeper losses for the 2026/27 crop year than originally forecast.

Continued on page 5

U.S./China Trade (cont.)

The United States and China have taken another step toward easing trade barriers, each identifying about $30 billion in goods for tariff reductions. The list comes from the newly established U.S.-China Board of Trade. For U.S. agriculture, the agreement covers a wide range of products – from beef and pork to corn, wheat, dairy and specialty crops. But it is not a purchase commitment. Several important details – including final tariff rates, the timing of implementation and the exclusion of whole soybeans – limit how much can be concluded about its near-term impact on U.S. farm exports.

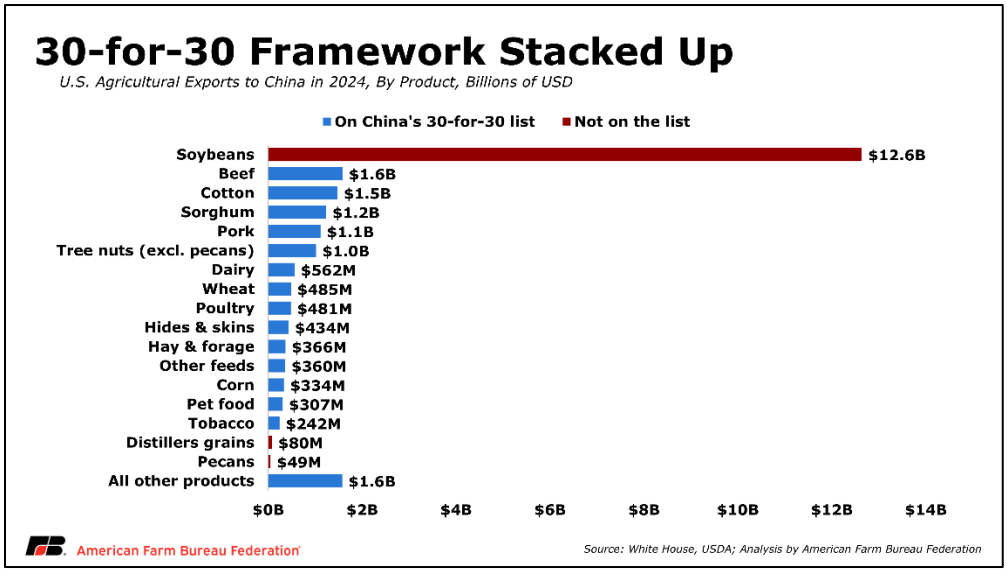


The White House released September 27th the first product lists under the new "30-for-30" framework. The two governments set lists based on 2024 bilateral trade – 1,619 U.S. products for potential tariff reductions entering China and 77 Chinese products entering the U.S. The actual rate of tariff reductions is yet to be determined. Both countries will need to announce reduction rates and specify how they will be implemented.

Agricultural products comprise a significant portion of China's list. Covered products include beef, pork, lamb, poultry and offal; dairy products such as cheese, butter and cream; wheat, barley, corn, rice and sorghum; fruits, vegetables, beans and mushrooms; edible oils, juices and processed foods; as well as seafood, pet food, tobacco and forest products.

The Chinese Ministry of Commerce stated that about 90 percent of covered products are expected to see tariffs cut to most-favored-nation rates, the standard tariffs China charges WTO members without a free-trade agreement. That would remove the retaliatory duties added during the trade dispute but not eliminate tariffs. Competitors with free-trade agreements – like Australia and New Zealand – could still pay less. Notably for U.S. agriculture, though, it would return covered products to tariff rates equal to competitors in South America like Brazil and Argentina. Specific reductions and implementation dates have not been released.

But one notable agriculture product– whole soybeans – is left out. Soybeans have historically been one of the largest agricultural exports to China, but they are not included in this round of proposed tariff reductions. Soybean oil and some other soybean-derived products are covered; but China is primarily a whole-soybean importer, owing to a mature domestic crush industry. In late 2025 and spring 2026, the administration announced separate purchase commitments with China, including at least 25 million metric tons of soybeans and at least $17 billion in agricultural purchases annually in 2026, 2027 and 2028. This latest agreement does not include any purchase commitments.



The announcement also included the creation of a working group within the U.S.-China Board of Trade that will specifically focus on agricultural market-access barriers. The White House described the group as a mechanism for addressing impediments to agricultural trade beyond tariffs.

Agricultural exporters routinely face sanitary and phytosanitary requirements, facility registrations, onerous biotechnology-approval processes, product-eligibility rules and other regulatory requirements that can limit market access even when tariff rates are competitive. Continued negotiations through a standing agricultural working group could provide a venue for addressing those barriers product by product.

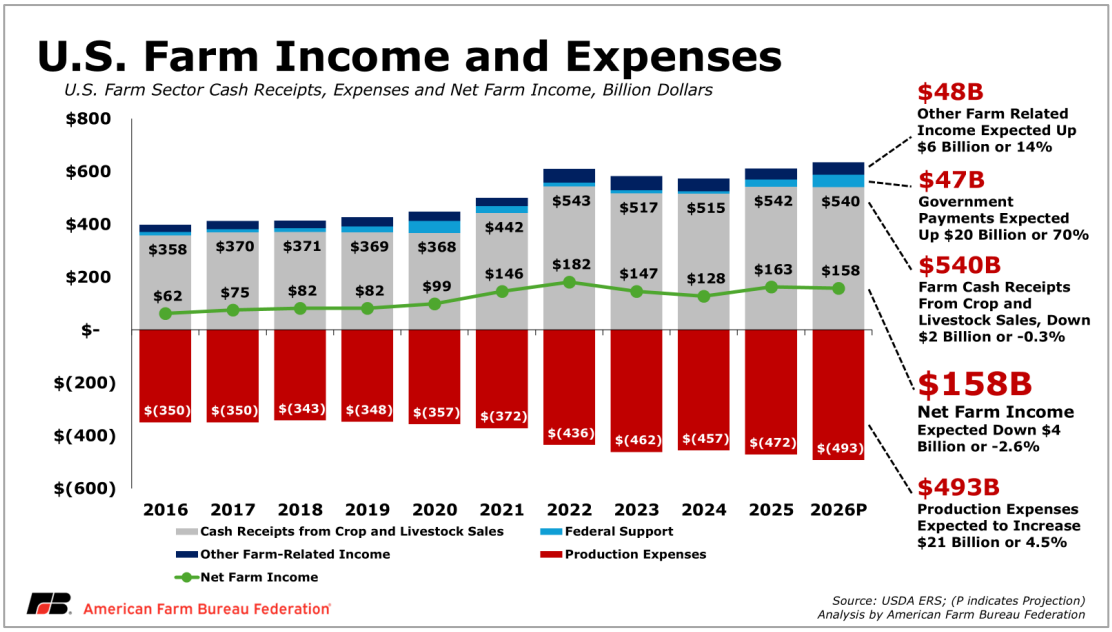
The 30-for-30 framework represents potential improvement in market access for U.S. agriculture – particularly for livestock products, grains, dairy and specialty crops. But the agreement does not guarantee additional purchases. The $30 billion figure reflects the 2024 trade value of goods included in the broader framework – not a Chinese commitment to purchase $30 billion of U.S. products.

For farmers and ranchers, the real test is how far tariffs decrease, how quickly the cuts take effect, whether regulatory barriers are addressed and, ultimately, whether ships leave U.S. ports loaded with American farm products bound for China.

USDA Revises their Farm Income Forecast

USDA's September 2026 net farm income forecast, released September 3rd, projects that net farm income, a broad measure of farm sector profitability, will decline to $158.4 billion in 2026. That is $4.3 billion, or 2.6%, below the newly revised 2025 estimate of approximately $162.7 billion. After adjusting for inflation, the decline becomes considerably larger at $9.1 billion, or 5.5%.

At first glance, the new forecast looks better than USDA's February outlook, which placed 2026 net farm income at $153.4 billion. However, the comparison is more complicated. USDA also raised its estimate for 2025 by $8.1 billion, from $154.6 billion to $162.7 billion. Because the 2025 revision was larger than the $5 billion upward revision in the 2026 forecast, USDA now projects a steeper decline in farm income from 2025 to 2026. February's forecast anticipated only a 0.7% nominal decline in net farm income and a 2.6% inflation-adjusted decline; September now projects declines of 2.6% and 5.5%, respectively.



Overall, USDA's September forecast puts farm income above its February estimate, but the revision does not signal broad financial relief. Federal support is projected to rise nearly 70%, from $28 billion in 2025 to $47 billion in 2026—$2.7 billion higher than February's forecast. This is not all new assistance; USDA records payments when they are received, including support authorized for prior-year losses. Production expenses are now projected >$15 billion higher, farm debt continues to rise, and commodity conditions remain uneven, with stronger crop receipts offset by declines across much of the livestock sector. After inflation, net cash farm income (a slightly narrower measure of profits relative to net farm income) is still expected to fall 2.5% from 2025.

USDA's September update paints a stronger picture of 2025 than February's projection. For 2025, net farm income is now estimated at about $162.7 billion, up $8.1 billion from the February estimate, while net cash farm income was revised nearly $22 billion higher, from $153.9 billion to about $175.7 billion.

The largest change came from livestock markets. USDA now estimates 2025 animal and animal product receipts at roughly $303.6 billion, nearly $13 billion above February estimates, while crop receipts changed little. Production expenses were revised slightly lower, from $473.1 billion to $471.6 billion, and direct government payments were revised down from $30.5 billion to $27.9 billion. Taken together, the revisions suggest that stronger realized market receipts, particularly from livestock, help explain much of the improvement in USDA's estimate of 2025 farm income, rather than a broad easing in production costs or greater government support.

USDA's September forecast shows a much stronger 2026 outlook for crop receipts than the February projection. Total crop cash receipts are now projected at $253 billion, up $14.6 billion, or 6.1%, from 2025 and more than $12 billion above USDA's February forecast of $240.8 billion. After adjusting for inflation, crop receipts are still expected to increase 3.1%.

The largest revisions are concentrated in several major crops. Corn receipts are now expected to increase $6.8 billion, or 11.3%, to $67.3 billion, largely because of higher quantities sold; in February, USDA projected an increase of just $2 billion, or 3.3%. Soybean receipts are forecast to rise $4.3 billion, or 10%, to $47.9 billion, primarily on higher prices, compared with essentially no growth projected in February. Cotton receipts are now forecast to increase $651 million, or 12.5%, to $5.9 billion, after USDA previously expected receipts to remain near 2025 levels.

Other crops moved in the opposite direction. Rice receipts are projected to fall $571 million, or 19.6%, to $2.3 billion, a steeper decline than the 12.5% drop forecast in February. Hay receipts are now expected to increase only $104 million, or 1.3%, to $8 billion, compared with a $400 million, or 5.5%, increase projected earlier in the year, as persistent drought conditions have reduced forage and hay supplies across many livestock-producing regions.

Specialty crop receipts are also mixed. Vegetable and melon receipts are projected to increase $3.8 billion, or 15%, to $28.8 billion, a substantial upward revision from the 2.7% increase USDA projected in February. Fruit and nut receipts, however, are now expected to decline slightly, down about $140 million, or 0.4%, to $34.7 billion, reversing February's forecast for a 1.2% increase.

Taken together, USDA's September update points to stronger revenue expectations across much of the crop sector than earlier in the year, particularly for corn, soybeans, cotton and vegetables. But the gains remain uneven, and higher receipts come alongside sharply higher expectations for fertilizer, fuel and other production costs, limiting the extent to which stronger sales translate into improved farm margins.

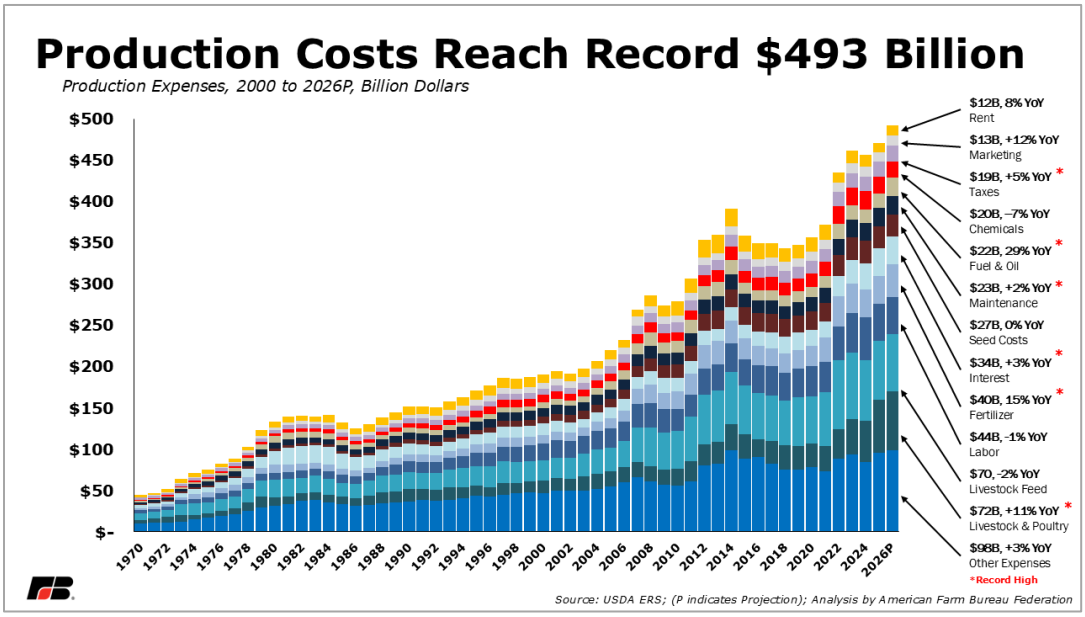
Continued next page

Farm Income Forecast (cont.)

USDA's September forecast also revised the livestock outlook higher than the February estimate, though receipts are still expected to retreat from a very strong 2025. Animal and animal product cash receipts are projected at $287.3 billion in 2026, about $13.4 billion above USDA's February forecast, but down $16.4 billion, or 5.4%, from 2025. After adjusting for inflation, receipts are expected to decline 8.1%. Cattle and calves remain the strongest part of the sector, with receipts forecast to rise $7 billion, or 5.2%, to $140.7 billion. However, higher receipts largely reflect historically tight cattle supplies rather than expanding production. Today's strong cattle prices are a supply story years in the making, with the U.S. beef cow herd near historic lows following years of drought-driven liquidation and elevated production costs.

Importantly, the forecast may not fully capture the sharp decline in cattle prices that occurred following the administration's recent move to import 660 million pounds of beef. Cattle farmers and ranchers in many regions have seen cattle values fall, creating losses that could weigh on actual farm revenues beyond what is reflected in USDA's current outlook.

Compared with February, USDA's September outlook shows greater strength in cattle and a smaller expected decline in dairy receipts, but a weaker outlook for hogs and broilers. Overall livestock receipts are still projected to fall in 2026, with continued strength in cattle unable to fully offset sharp declines in egg receipts and softer returns across several other animal sectors.



Production costs are one of the most significant changes in USDA's September outlook. Total farm production expenses are now forecast at $492.8 billion in 2026, up $21.2 billion, or 4.5%, from 2025 and $15.1 billion above USDA's February forecast. After adjusting for inflation, expenses are now expected to rise 1.5%; in February, USDA projected a 0.9% decline.

Several major categories are moving higher. Livestock and poultry purchases are projected to increase $7.4 billion, or 11.4%, to $71.9 billion, while fertilizer, lime and soil conditioner expenses rise $5.3 billion, or 15.3%, to $39.6 billion and fuel and oil costs increase $4.8 billion, or 28.8%, to $21.6 billion. Marketing, storage and transportation expenses are forecast to increase about $1.3 billion, or 12%, property taxes and fees by about $867 million, or 4.8%, and interest expenses by roughly $921 million, or 2.8%. Cash labor costs remain near $44.3 billion, down slightly from 2025, while feed expenses decline 2.1%.

The sharp increases now projected for fuel and fertilizer are particularly important given renewed conflict in the Middle East. The conflict involving Iran has again disrupted traffic through the Strait of Hormuz and pushed Brent crude above $96 per barrel, increasing the risk of further pressure on energy, transportation, and fertilizer costs.

Taken together, USDA's updated estimates suggest that meaningful expense relief remains limited. Even where individual costs ease, total production expenses remain elevated, leaving farm margins vulnerable to weaker commodity prices and renewed input-cost shocks.

USDA's September update shows some improvement in the farm balance sheet compared with February, but debt continues to climb. Total farm sector debt is forecast to reach a record $605.1 billion in 2026, up $26.4 billion, or 4.6%, from 2025. The sector's debt-to-asset ratio is expected to inch up from 13.34% to 13.54%, meaning farmers will carry slightly more debt for every dollar of assets they own.

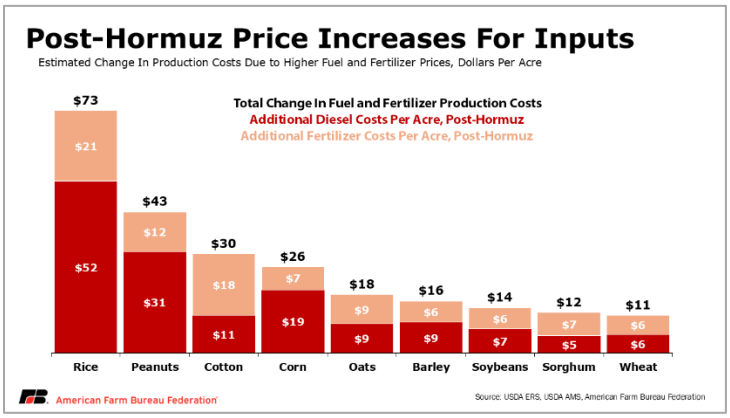
The revisions are somewhat less concerning than USDA's February outlook, which projected debt at $624.7 billion and a 13.75% debt-to-asset ratio. Working capital (the cash and other short-term resources farms can use to pay bills) is now expected to increase 3.5% in 2026, after falling 15% in 2025. In February, USDA expected working capital to decline another 9.2%.

USDA's September revisions show that 2025 farm income was stronger than previously estimated, largely because livestock receipts, particularly cattle, were better than USDA expected in February. That revision matters, but it does not erase the broader financial strain facing agriculture or necessarily mean conditions improved evenly across farms and commodities.

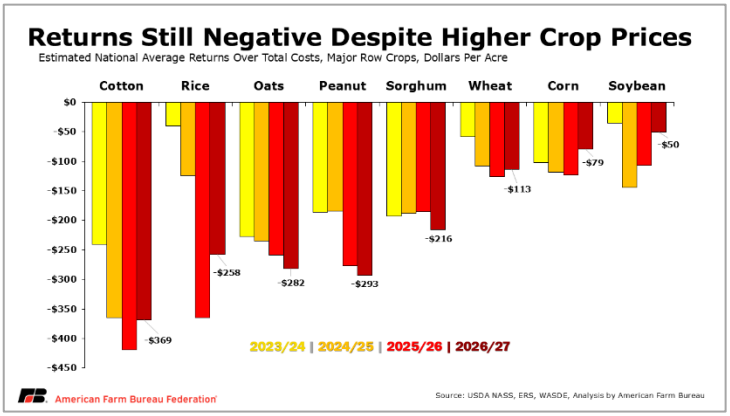
Looking ahead, USDA still expects real farm income to decline in 2026, production expenses to rise sharply, debt to increase and returns to remain uneven across sectors. Government payments via ad-hoc assistance and the farm safety net continue to provide an important bridge, but until market returns keep pace with production costs, many farmers and ranchers will continue to face tight margins and difficult financial decisions heading into 2027.

Input Prices (cont.)

For crops with higher revenue projections like corn and soybeans, higher prices – despite potentially lower crop yields – may potentially offset some of the higher input costs resulting from the closure of the Strait of Hormuz. Importantly, even with higher revenue projections for some crops, absent even higher crop prices, the record-high input cost environment means breakeven above total costs remains elusive for all major row crops for the 2026/27 marketing year – marking four consecutive years of returns below total costs.



Taken together, September's WASDE reveals a farm economy caught between improving crop prices and an input cost environment that continues to be subject to inflationary pressures. While some crops may see some relief due to higher revenue projections, those gains are being significantly eroded by the surge in fertilizer and diesel expenses tied to the Strait of Hormuz closure and Bab al-Mandeb Strait disruptions. The net result is that despite recent price optimism, unless prices improve even further, no major row crop is projected to clear breakeven for the 2026/27 marketing year, further underscoring just how squeezed farm margins remain in this high-cost and geopolitically unstable economic environment.



A recent Farm Bureau analysis detailed the global supply disruptions and tight fuel markets behind the increase in diesel prices. For farmers, the effects show up directly in the cost of operating equipment and indirectly through higher transportation costs.

To illustrate the direct farm-level impact, Farm Bureau modeled fuel costs across several representative row crop and specialty crop farms. For each crop, the model combines average acres per farm from the 2022 Census of Agriculture with crop-specific diesel-use estimates drawn from university Extension budgets and production studies. That estimated seasonal fuel use is then multiplied by the change in the U.S. farm diesel price, which increased from $3.01 per gallon in September 2025 to $5.61 per gallon in September 2026, a gain of $2.60 per gallon. The analysis used the Illinois farm diesel price reported by USDA AMS. Regional differences in fuel prices may result in higher costs for producers in other parts of the country.

The results show how a diesel fuel price increase can impact farmers differently during harvest. The average corn farm covers 279 acres and uses an estimated 3.07 gallons of diesel per acre (for all harvest-related activities), resulting in 857 gallons of diesel used over the fall harvest period. At the $2.60-per-gallon price increase, which adds roughly $2,227 to the farm's diesel bill. For cotton, the model uses 542 acres and 2.03 gallons of diesel per acre, producing an additional harvest cost of about $2,861. A model rice farm is even more fuel-intensive, with 596 acres and an estimated 5.38 gallons per acre, resulting in an eye-popping $8,337 increase in diesel costs at harvest.

These estimates are intended to show the scale of the fuel price increase under representative production assumptions. Actual farm costs will vary with acreage, production practices, irrigation, equipment efficiency, tillage systems and the amount for custom hired work. Higher diesel prices can also affect farmers beyond fuel used directly on the farm. Diesel is a major input in moving agricultural commodities and production inputs, meaning higher prices can increase rail fuel surcharges, barge transportation costs and trucking expenses, adding costs throughout the agricultural supply chain.

One important feature of the diesel market is that fuel used on farms is often taxed differently from fuel used on public roadways. The federal government imposes 24.4 cents per gallon in taxes and fees on highway diesel. As of January 2026, state diesel taxes and fees averaged another 35.5 cents per gallon, bringing the combined federal and average state burden to nearly 60 cents per gallon. State taxes vary widely, and these figures do not include county or local taxes.

Diesel intended for qualifying tax-exempt uses, including farming, is dyed red and generally sold without the federal highway excise tax collected. Farmers commonly use dyed diesel in tractors, combines, irrigation pumps and other equipment operating off public roadways. If undyed diesel is instead used for a qualifying farm purpose, producers may also be eligible to claim a credit or refund

That tax distinction can produce meaningful savings when multiplied across thousands of gallons of fuel, but it also comes with restrictions. Dyed diesel generally cannot be used in a truck traveling on public highways simply because that truck is being used for farm business. Federal tax and penalty provisions can apply when dyed fuel is knowingly used for a taxable purpose.

Several states have recently taken emergency steps to give agricultural producers greater flexibility in using dyed diesel. Louisiana acted on Sept. 23, temporarily suspending state penalties through October 22nd for qualifying farm and forest-product vehicles using dyed diesel on public roads. The order also directs the Louisiana Department of Revenue to request federal penalty relief from the IRS.

Are Changes Coming to the AEWR?

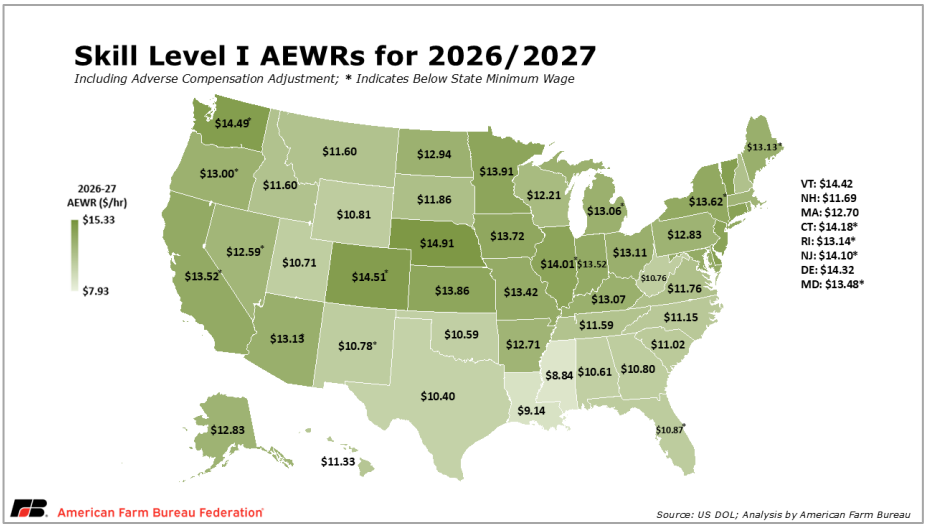
H-2A Adverse Effect Wage Rates (AEWRs) for 2026-2027 are set to increase across the country, with a handful of exceptions. Released by the U.S. Department of Labor's (DOL) Office of Foreign Labor Certification, AEWRs represent the federally mandated minimum wage for H-2A guestworkers in each state. Notably, this set of AEWRs is the first full-year iteration of wages based on DOL's new Occupational Employment and Wage Statistics (OEWS) survey, as stipulated by the department's Interim Final Rule (IFR) issued in October 2025. While these wage rates are a significant improvement from the previous wage structure, congressional action is still needed to ensure farm and ranchers can continue to grow the nutritious food our country depends on for our health and well-being.

This Farm Bureau Intel breaks down notable AEWR changes from 2025-2026 by state and skill level and highlights how farm labor legislation currently under consideration by Congress would help farmers and ranchers who employ H-2A workers.

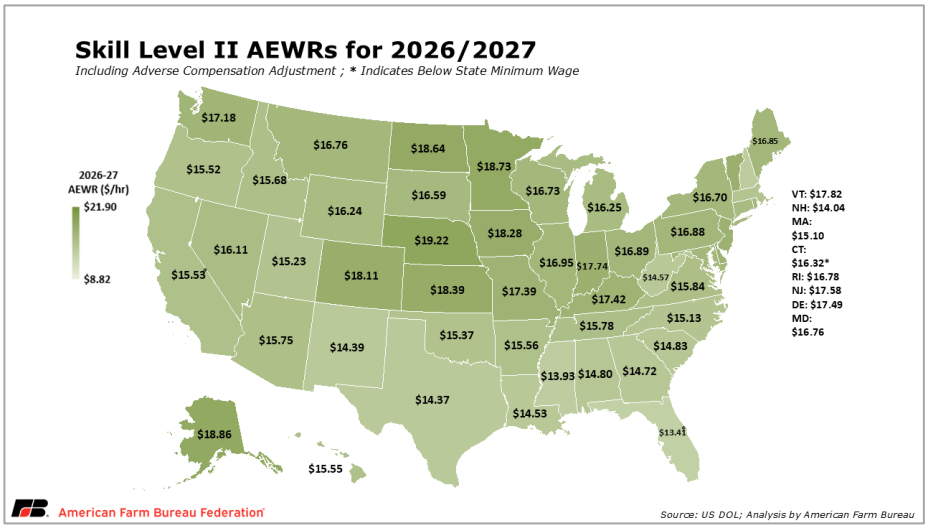
Under the IFR, DOL assigns each state an AEWR for two occupational skill levels drawn from OEWS wage data for field and livestock workers: Skill Level I, which corresponds to entry-level farm labor duties, and Skill Level II, which corresponds to more experienced or supervisory-adjacent roles. Drawing from May 2025 OEWS estimates rather than the May 2024 data that was used to establish the initial 2025-2026 IFR rates, the 2026-2027 rates mark the first complete annual update under the rule.

A notable addition to the AEWR calculation included in the IFR is the Adverse Compensation Adjustment (ACA). Expressed as an hourly rate, the ACA is calculated as the weighted average of rents for four-bedroom housing units in the relevant state or territory, based on data from the U.S. Department of Housing and Urban Development. The ACA is applied on top of the OEWS-derived wage for H-2A positions specifically. In practice, this change allows H-2A employers to account for the cost of housing and transportation they are required to offer to H-2A workers for the length of their contract.

Skill Level I AEWRs for 2026-2027 range from $8.84 per hour in Mississippi to $14.91 in Nebraska, with a simple average of $12.31 across all 50 U.S. states and territories, a 3.5% increase from the previous year's average of $11.89/hour. Level II rates run from $13.41 in Florida to $19.22 in Nebraska, averaging $16.07 per hour nationwide, up from $15.76 a year earlier (a 2.1% increase overall). Importantly, H-2A employers are required to pay their H-2A employees the highest wage rate among five distinct wage categories: the AEWR, the state minimum wage, the prevailing wage, the collective bargaining wage, and the local minimum wage. Several states have minimum wages higher than their AEWR for 2026-2027, as indicated in the maps below.



Comparing the finalized 2026-2027 rates to the 2025-2026 IFR rates shows an increase overall, though the magnitude varies widely by state and there were a few states that decreased. For Skill Level I, 39 of 54 jurisdictions (50 states plus D.C., Puerto Rico, Guam, and the U.S. Virgin Islands) had an increase, and 15 had a decrease. Kansas recorded the largest increase in the country, up 21.3%, from $11.43 to $13.86 per hour, followed by Nebraska (+15%) and North Dakota (+17.2%). New Hampshire posted the largest decrease, down 2.8% to $11.69.



Skill Level II rates moved in the same direction: wages increased in 39 states and territories and decreased in 15, with a total average increase of 2.1% across the board. Rhode Island had the largest increase (+9.7%, to $16.78), while West Virginia posted the steepest decline (-3.1%, to $14.57).

Continued next page.

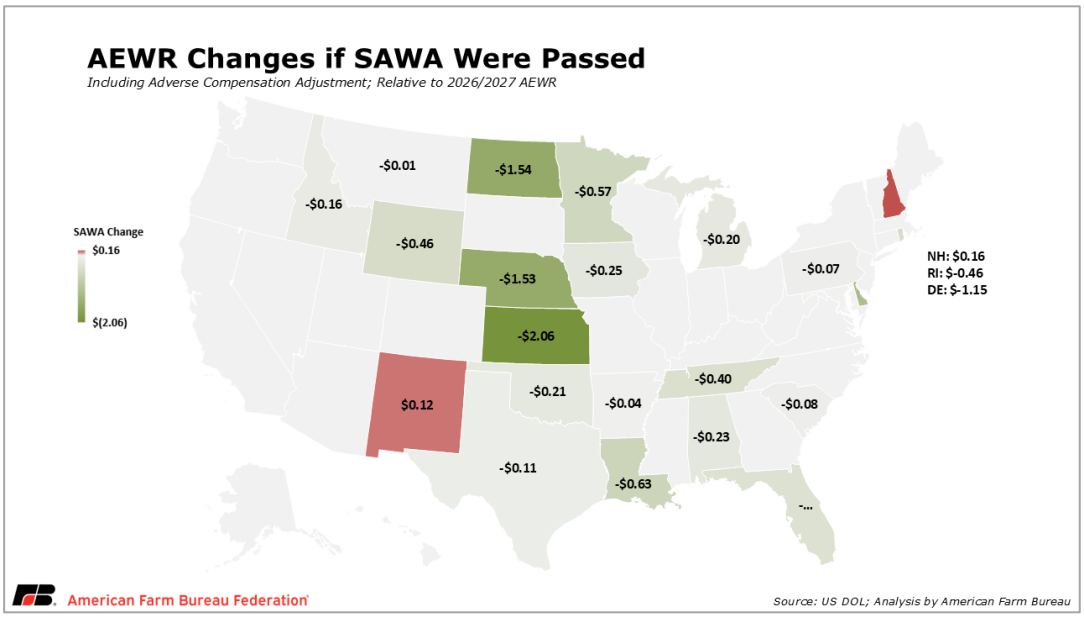
AEWR (cont.)

Labor remains one of the largest and least flexible costs on a diversified farm operation, and this year's update lands at a time when farm income is already under pressure from soft commodity prices and elevated input costs.

A double-digit AEWR increase in a state like Kansas, Nebraska or Louisiana flows directly into per-acre production costs for the specialty crop and livestock farms that rely on H-2A labor to market their products. As DOL issues subsequent annual updates under the IFR framework, growers should expect continued year-over-year volatility in these rates and should build that uncertainty into multiyear labor cost planning.

Legislation introduced by House Agriculture Committee Chairman G.T. Thompson this summer seeks to address the potential for volatile yearly swings in the AEWR. The Securing Agriculture's Workforce Act (SAWA) includes provisions that would limit year-over-year AEWR increases to no more than 3.25%, while capping decreases at 1.5%.

If this provision were the existing law prior to the release of this year's AEWRs, farmers in several states would see significant wage savings via smaller upward swings in the year-over-year AEWR for their states. For example, in Louisiana, the 2026-2027 ACA-adjusted Skill Level I AEWR increase of 90 cents per hour (10.9 % year-over-year) would have been limited to an increase of just 27 cents per hour, (3.25% year-over-year). While a 63 cents per hour wage difference may seem negligible, Louisiana farmers could expect to save nearly $8.5 million in wage costs for Skill Level I H-2A workers alone.



Ultimately, SAWA offers a much-needed solution to address the year-to-year swings in AEWRs, reducing production expense uncertainty for growers who rely on the H-2A visa program to market their products.

DOL's October 2025 Interim Final Rule made significant strides to move the H-2A program away from the costly wage structure promulgated by the now-defunct Farm Labor Survey. The 2026-2027 AEWRs for Skill Level I and II wages under the H-2A visa program represent the first full year of wages under the new methodology. Wages increased overall, with some states experiencing massive swings that will only add to record-high costs associated with producing an agricultural commodity in 2026. Congress could take significant steps toward codifying the current methodology while curtailing these costly increases by passing the bipartisan Securing Agriculture's Workforce Act.

U.S. Seasonal Farm Price Outlook

The following table represents national seasonal average farm prices ($/unit), as per the USDA WASDE report.

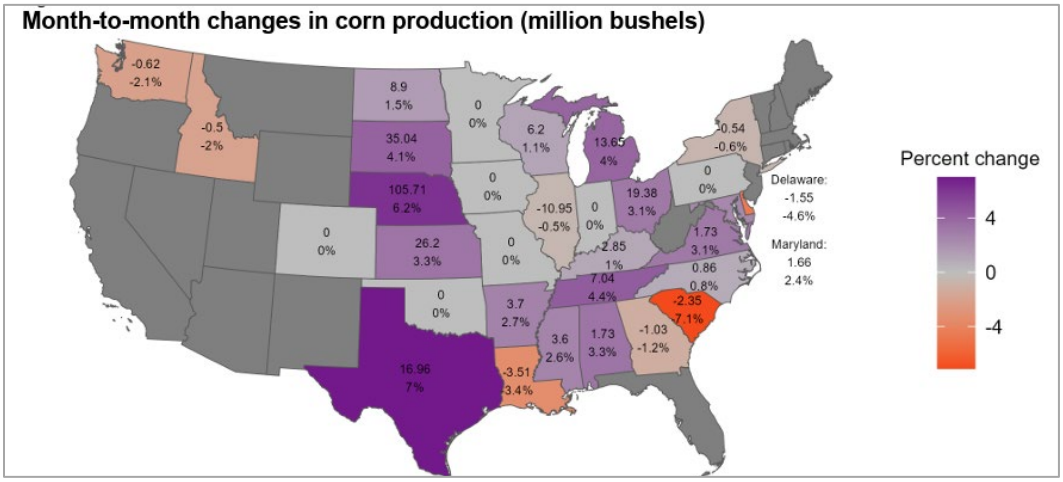
Crop	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	*2026/27 Estimate*
Corn	**$6.54**	**$4.55**	**$4.24**	**$4.16**	*$4.70*
Cotton	**$0.848**	**$0.761**	**$0.632**	**$0.622**	*$0.770*
Rice (Long Grain)	**$16.70**	**$15.90**	**$14.00**	**$10.40**	*$14.00*
Rice (Southern Medium Grain)	**$18.20**	**$17.20**	**$15.00**	**$14.70**	*$15.00*
Sorghum	**$6.38**	**$4.93**	**$4.07**	**$3.67**	*$4.50*
Soybeans	**$14.20**	**$12.40**	**$10.00**	**$10.50**	*$12.00*

Crop Market Situation for the Current Marketing Year

The information that is presented in this market update reflects current information as of October 16, 2026.

Corn

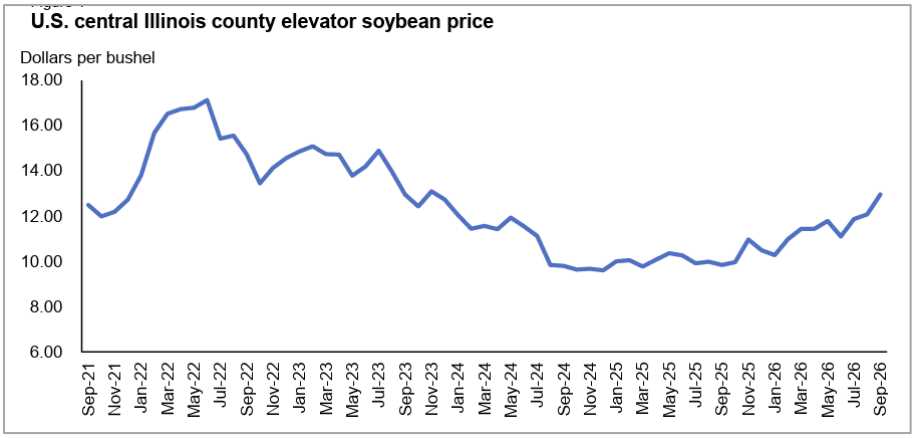
The 2026/27 U.S. corn crops saw two changes to the supply side of the balance sheet, both based on USDA NASS reports. The net effect was an increase in 2026/27 corn supply by 407 M bushels (2%) to 18.2 B bushels. The first supply-side revision was a 173 M bushel increase to beginning stocks, based on the September 30th release of the *Grain Stocks* report. Beginning stocks are now estimated at 2.1 B bushels, the largest since 2019/20. This stocks change meant a substantial revision of the 2025/26 (old crop) balance sheet, where ending stocks were increased 173 M bushels.



Corn production is forecast at 16.0 billion bushels, up 234 million bushels from the previous estimate, driven by a 2.7-bushel-per-acre increase in yield to 181.2 bushels per acre. Harvested acreage for grain remains unchanged at 88.5 million acres. Total corn use is projected at 16.3 billion bushels, an increase of 125 million bushels, with all major use categories showing gains. Exports are forecast to rise by 25 million bushels to 3.3 billion bushels, supported by larger available supplies. Because supply growth exceeds the increase in projected use, ending stocks are expected to climb by 282 million bushels to 1.8 billion bushels. The season-average farm price received by producers is projected at $4.70 per bushel, down $0.10 from the previous forecast.

Soybeans

Based on The 2026/27 United States soybean crop is forecast at 4.56 billion bushels, an increase of 27 million bushels from the previous projection, driven by improved yields. Harvested acreage remains unchanged at 85.9 million acres, while the national average yield is projected at 53.1 bushels per acre, up 0.3 bushels from the September forecast. Total soybean supplies are estimated at 4.90 billion bushels, an increase of 17 million bushels, as higher production more than offsets lower beginning stocks. With exports projected to increase by 10 million bushels and domestic crush remaining unchanged, ending stocks are expected to rise by 5 million bushels to 315 million bushels. The season-average farm price for soybeans is forecast to remain unchanged at $12.00 per bushel.



U.S. soybean prices were largely range bound in the three weeks preceding this WASDE report. A drop in prices following the U.S.-China presidential summit in Washington, D.C. was muted by a slightly supportive NASS stocks report at the end of September and rainfall delaying harvest in the western corn belt. U.S. soybean meal prices spiked to a 2-year high of $455/ton in late September on dwindling soybean supplies available to crushers in some regions. Global meal prices have since fallen from that level as harvest progress in the United States alleviates tightness in U.S. crushing supplies.

U.S. exports of soybean meal are forecast to reach record volumes in marketing year (MY) 2026/27 at 20.6 million metric tons. As of October 1st – the first week of the marketing year – outstanding sales have already reached 5.1 million tons, exceeding last year's level. Since MY 2021/22, U.S. soybean meal production and exports have trended upwards. Soybean meal production is expected to increase by 5 percent in 2026/27 due to a larger soybean crop and higher U.S. crush and demand for products. More competitive soybean meal prices and higher global demand are driving higher U.S. exports which are forecast to increase by 11 percent in 2026/27.

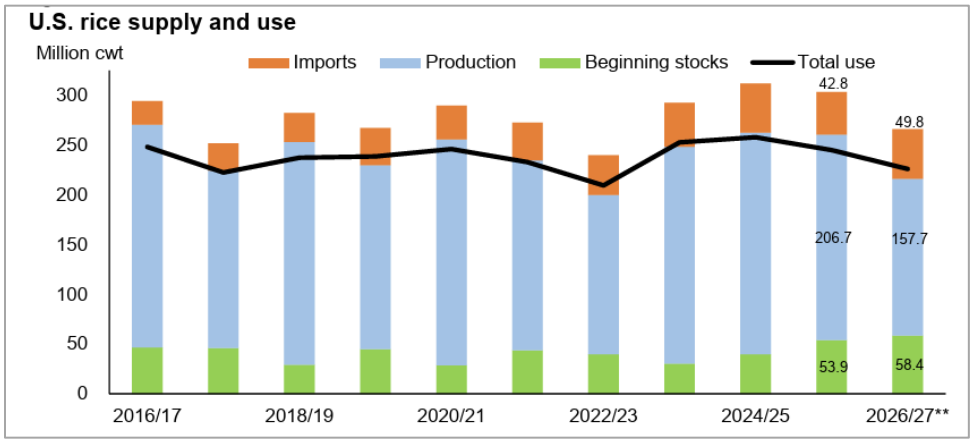
Continued next page

Crop Market Update (cont.)

The information that is presented in this market update reflects current information as of October 16, 2026.

Rice

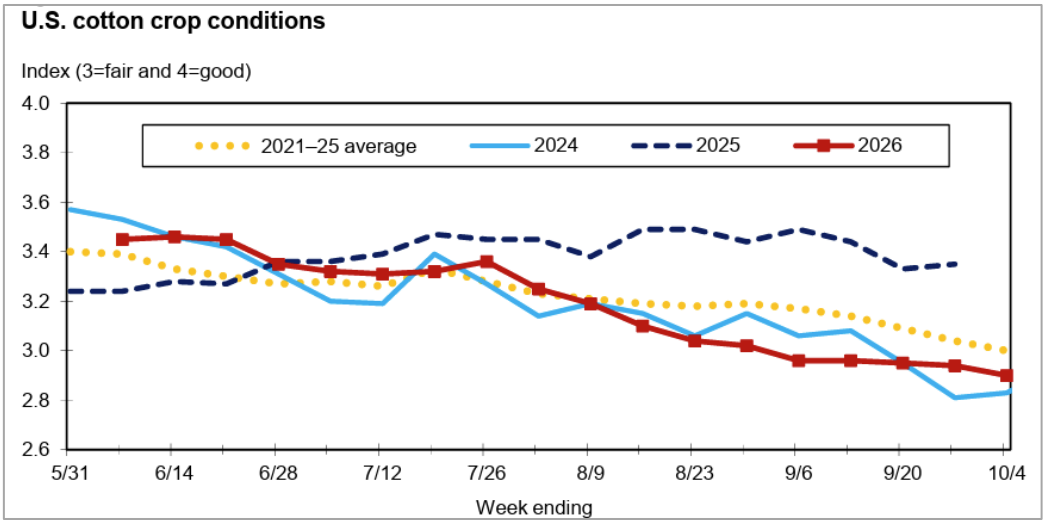
The 2026/27 United States rice outlook reflects lower supplies, stable domestic use and exports, and reduced ending stocks. Total supplies are projected to decline due entirely to lower production, which is forecast at 157.7 million hundredweight following yield reductions reported in the October Crop Production report from the National Agricultural Statistics Service. The average all-rice yield is estimated at 7,668 pounds per acre, down 22 pounds from the previous forecast. Ending stocks are projected at 40.0 million hundredweight, a decline of 0.4 million hundredweight from last month and 32 percent below the previous year's level. The all-rice season-average farm price is forecast at $15.20 per hundredweight, an increase of $0.30 from the prior estimate. This upward revision is primarily attributable to stronger long-grain rice prices, with the long-grain season-average farm price projected at $14.00 per hundredweight, up $0.50 based on recent cash market and futures market performance.



Since September's WASDE, global export quotes increased for Western Hemisphere exporters and decreased for major Asian exporters aside from India. U.S. quotes jumped $51 to $639/ton based on tighter supplies and strong early sales to foreign markets. Uruguayan quotes rose $39 to $591/ton on large sales and a strengthening Uruguayan peso. Thai quotes dropped $24 to $466/ton on weak sales to major markets. Vietnamese quotes decreased by $8 to $415/ton reflecting weaker demand, particularly from the Philippines, its leading export market. Pakistani quotes declined $17 to $396/ton following the harvest of the new crop. Indian quotes continue to increase, rising $10 to $384/ton reflecting limited availability. In Asia, sentiment is slowly but surely beginning to shift. As analysts have been stating for weeks, the market is positioning itself for the coming El Niño, which means excessively dry weather for many Far East Asian origins. This is putting upward price pressure (or at least the future expectation thereof) on Thai, Vietnamese, and Indian rice. The real signal will likely come in November, when the Philippines will have to begin making significant procurements, or not. The market direction will be clear by then.

Cotton

The cotton futures market saw USDA increase its U.S. cotton crop estimate by 241,000 bales from last month. The yield was raised 14 lbs. to 790 lbs. per acre. Old-crop cotton carryover is unchanged from last month. USDA made no changes to the old-crop supply or demand estimates from September. USDA puts the national average on-farm cash cotton price for 2023-24 at 62.2 cents, up 0.2 cent from last month. New-crop cotton carryover is up 200,000 bales from last month. USDA boosted total supplies 240,000 bales from last month due to the larger domestic crop production estimate. USDA left the demand side of the balance sheet mostly unchanged. USDA put the national average on-farm cash cotton price for 2026-27 at 77 cents, down a penny from last month. December cotton futures rose 60 points to 80.54 cents, near mid-range and for the week up 166 points. The near-term technical posture for cotton remains bearish, with a price downtrend on the daily bar chart in place, which will keep the chart-based bears confident early next week.



Continued next page.

USDA WASDE Report Release Dates for 2026

World Agricultural Supply and Demand Estimates Report: Jan. 12, Feb. 10, Mar. 11, Apr. 9, May 12, Jun. 11, Jul. 9, Aug. 12, Sep. 10, Oct. 8, Nov. 10, and Dec. 10.

Crop Market Update (cont.)

The information that is presented in this market update reflects current information as of October 16, 2026.

Sugar

U.S. sugar supply for FY 2026/27 is raised from last month's estimate by 119,000 STRV to 14.387 M on larger beginning stocks more than offsetting the reductions in sugar production and imports. Sugar production is down 71,000 STRV to 8.768 M STRV, the lowest since 2019/20. Sugar imports are lowered 8,000 STRV to 3.388 M but almost 10 percent higher than the revised 2025/26 estimate. In line with the change for 2025/26, sugar deliveries for domestic food and beverage use are reduced 50,000 STRV to 12.392 M. Ending stocks are up 168,000 STRV to 1.865 M and the stocks-to-use ratio is 14.9 percent, 1.4 percentage points higher.

U.S. Sugar Supply and Use 1/

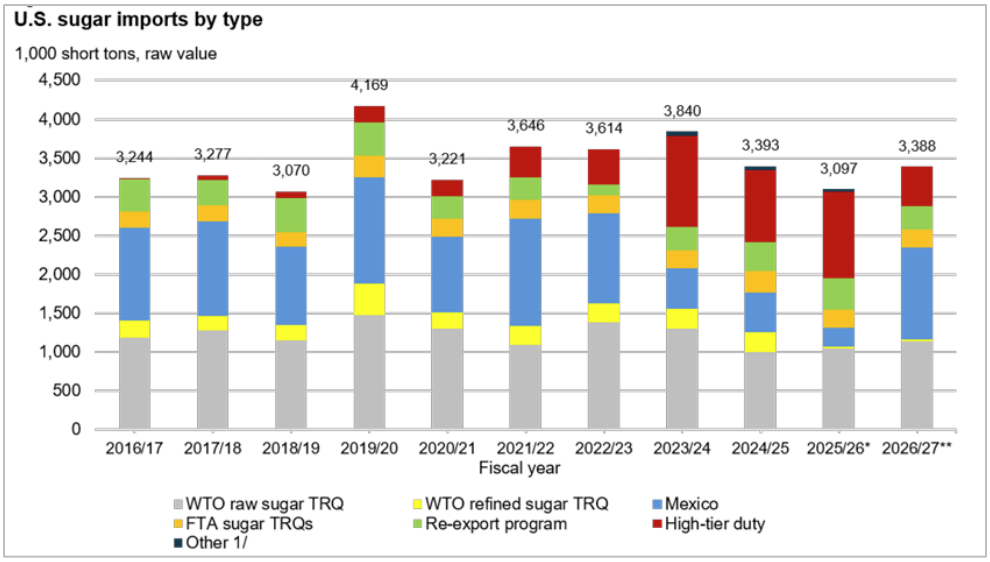
	2024/25	2025/26 Est.	2026/27 Proj. Sep	2026/27 Proj. Oct
	1,000 Short Tons,Raw Value			
Beginning Stocks	2,141	2,376	2,033	2,231
Production 2/	9,397	9,280	8,839	8,768
Beet Sugar	5,370	5,038	4,769	4,742
Cane Sugar	4,027	4,242	4,071	4,026
Florida	1,932	1,957	1,819	1,819
Louisiana	2,095	2,285	2,252	2,208
Texas	0	0	0	0
Imports	3,393	3,097	3,396	3,388
TRQ 3/	1,534	1,299	1,391	1,391
Other Program 4/	373	399	300	300
Non-program	1,485	1,399	1,705	1,696
Mexico	504	247	1,188	1,188
High-tier tariff/other	980	1,152	517	508
Total Supply	14,931	14,753	14,268	14,387
Exports	111	25	25	25
Deliveries	12,485	12,497	12,546	12,497
Food	12,375	12,392	12,441	12,392
Other 5/	111	105	105	105
Miscellaneous	-41	0	0	0
Total Use	12,555	12,522	12,571	12,522
Ending Stocks	2,376	2,231	1,697	1,865
Stocks to Use Ratio	18.9	17.8	13.5	14.9

1/ Fiscal years beginning Oct 1. Data and projections correspond to category components from "Sweetener Market Data" (SMD). 2/ Production projections for 2025/26 and 2026/27 are based on Crop Production and/or processor projections/industry data and/or sugar ICEC analysis where appropriate. 3/ For 2025/26, WTO raw sugar TRQ shortfall (187) and for 2026/27 (96). 4/ Composed of sugar under the re-export and polyhydric alcohol programs. 5/ Transfers accompanying deliveries for sugar-containing products to be exported (SCP) and polyhydric alcohol manufacture (POLY), and deliveries for livestock feed and ethanol. Total refiner license transfers for SCP and POLY inclusive of WASDE-reported deliveries: 2024/25 -- 300; estimated 2025/26 -- 296; projected 2026/27 -- 295.

Beet sugar for FY 2026/27 is reduced from last month by 27,000 STRV to 4.742 M, the lowest level since 2019/20 and reflecting two consecutive years of decline. This reduction is mainly based on a lower national yield reported in the USDA NASS October *Crop Production* report. Meanwhile, the national sugarbeet area harvested estimate is unchanged at 1.009 M, the third lowest in 47 years.

For FY 2026/27, U.S. cane sugar output is reduced from last month by 44,000 STRV to 4.026 M STRV based solely on a reduction in Louisiana's output. Louisiana's output is now projected at 2.208 M, still the second largest behind the state's 2025/26 output level.

Sugar imports for 2026/27 are lowered from last month by 8,000 STRV to 3.388 M, though they remain nearly 300,000 STRV above 2025/26. This reduction reflects decreases for the projected high-tier duty refined sugar imports and high-tier duty specialty refined sugar imports. FTA TRQ imports are increased by 2,000 STRV to 235,000due to post-September 30 entries and largely offset a 2,000 STRV decrease in WTO raw sugar TRQ imports, which are now projected at 1.136 M STRV.



Save the Date: Fourth Annual Louisiana Agricultural Outlook Forum



Newsletter Information

A group of growers inquired about a quarterly newsletter being delivered to them containing relevant market news and agricultural policy events. As a result, this publication is delivered electronically per the release schedule. Please contact Dr. Mike Deliberto at mdeliberto@agcenter.lsu.edu to be added to the email distribution list. The subscription is free of charge.

QUARTER	Reporting Period	Release Date
1	January 1 through March 31	April 15
2	April 1 through June 30	July 15
3	July 1 through September 30	October 15
4	October 1 through December 31	January 15

Please direct questions and comments to Dr. Michael Deliberto, Department of Agricultural Economics and Agribusiness, LSU AgCenter. Mailing Address: 101 Martin D. Woodin Hall, LSU Campus, Baton Rouge, LA 70803. Office Phone: 225-578-7267. Email: mdeliberto@agcenter.lsu.edu *Staff Report 2026-70. October 2026.*