Agricultural Markets Review

from Nationwide Economics

January 2026

Ag News Highlights

China follows through on soybean deal

On the Chinese trade front, the company Sinograin purchased 10 U.S. soybean cargoes this week, totaling about 600,000 tons. These shipments are scheduled between March and May, which is typically the period when China seeks alternative sources of soybeans to bridge the gap in the Latin American harvest, particularly from Argentina. So far, Chinese buyers have secured around 80 percent of what was pledged under the framework deal, which amounts to roughly 10 million tons. The remaining two million tons will need to be purchased by the end of February.

This volume is about half of what they purchased last year and represents approximately three percent of global soybean production. These purchases come amid an oversupply driven by record Latin American harvests with market prices falling close to pre-COVID levels. (Reuters)

Farmers speak on new "Bridge Assistance"

The bridge assistance announced in late 2025 is expected to account for a substantial 5 to 20 percent of farmers' revenue in 2026. Per Purdue University's Ag Barometer, about 11 percent of farmers view the package as a way to help cover family living expenses, while 25 percent see it as an improvement in funding for working capital. Additionally, 12 percent plan to use it to invest in machinery, and 53 percent intend to pay down debt with the funds.

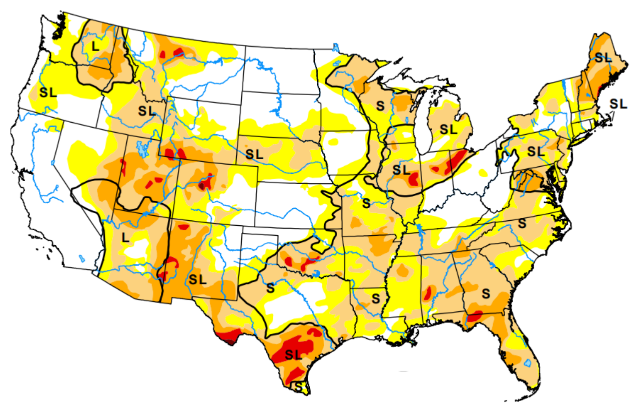
Around eight percent consider the assistance sufficient to offset the margin squeeze caused by trade issues, while 54 percent say it only partially addresses the impact of the trade war. Meanwhile, 38 percent believe the support is insufficient. (AgWeb)

New World Screwworm keeps border closed

In 2025, the New World screwworm (NWS) nearly crossed into the U.S. through the southern border. Despite numerous efforts, attempts to reopen the border have failed, and cattle trade remains halted. Currently, only eight percent of surveyed economists expect the border to open this month, while most expect a reopening sometime from February through June. A smaller subset, about 17 percent, believe the closing could extend into the summer. This timing is critical because the beef cattle calving season runs from February to April. If additional female cows are not bred this year, future herd sizes could decline, reducing supply over time and potentially driving prices higher. (AgWeb)

Drought Monitor

Over the past month, Florida has seen a decline in severe drought conditions (D2 and D3), while Texas and the northwest has experienced an increase in these intense droughts. Beyond these changes, the U.S. Drought Monitor has remained largely unchanged since mid-December.



Drought Impact Types

Delineates dominant impacts

S Short-Term, typically less than 6 mos *(ex: agriculture, grasslands)*

L Long-Term, typically greater than 6 mos *(ex: hydrology, ecology)*

Intensity

D0 Abnormally Dry

D1 Moderate Drought

D2 Severe Drought

D3 Extreme Drought

D4 Exceptional Drought

Author:
Curtis Riganti
National Drought Mitigation Center

Commodity Prices

Monthly average, December 2025

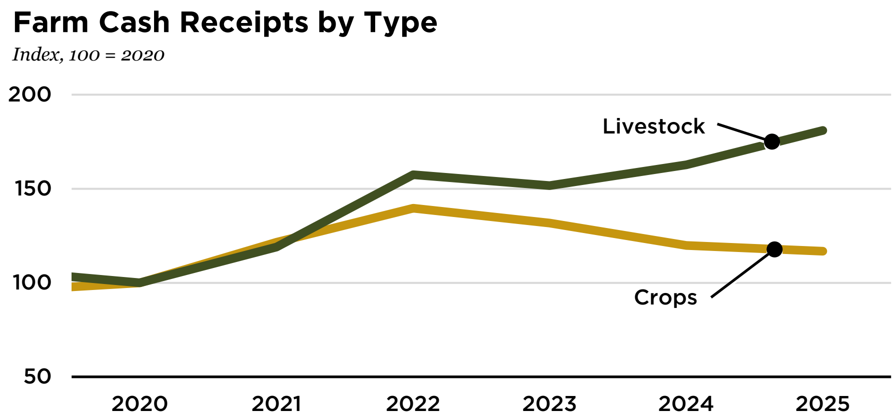
	Average Price	1 Month Change	3 Month Change	12 Month Change
Corn[1]	$4.18	3%	8%	0%
Cotton, Upland[3]	$0.62	0%	-3%	-7%
Soybeans[1]	$10.48	-5%	6%	9%
Wheat (winter)[1]	$5.21	-4%	12%	-6%
Cattle, All Beef[2] (Nov. 2025)	$226	-3%	-4%	20%
Hogs[2]	$82.14	-3%	-18%	-1%
Milk[2] (Nov. 2025)	$19.70	-2%	-6%	-19%
Broilers[3]	$1.15	6%	-1%	-13%
Eggs[4]	$1.82	-14%	-22%	-59%
Crude Oil[5] *West Texas Intermediate*	$57.97	-3%	-9%	-17%
Diesel Fuel[6] *U.S. City Average*	$3.62	-5%	-4%	3%

Table Footnotes

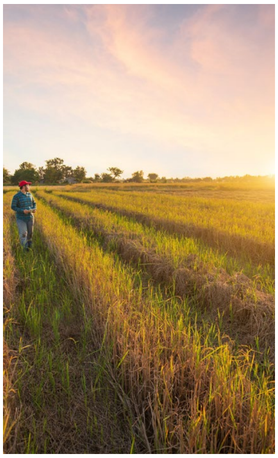
[1] $ per bushel
[2] $ per hundredweight (CwT)
[3] $ per pound
[4] $ per dozen
[5] $ per barrel
[6] $ per gallon

2026 Ag Outlook: A mixed bag for farmers

The downturn in U.S. crops is expected to extend into 2026 as some challenges from 2025 are expected to linger. Global oversupply, rising competition, and policy uncertainty continue to weigh on crop prices, while livestock markets remain comparatively strong. Brazil is steadily expanding its share of global soybean, corn, and beef markets, with growth driven by lower labor costs and a weaker real against the U.S. dollar — boosting exports to China. Record South American harvests have eroded U.S. oilseed competitiveness, and demand for U.S. soybeans beyond 2026 remains uncertain amid trade tensions. Bridge assistance payments from the Trump administration may offer temporary relief for farmers but cost pressures for farm finances are likely to persist.



Source: USDA, CoBank, Haver Analytics, Nationwide Economics



Global Supply and Planting Pressures

Global oilseed production remains near record highs at roughly 700 million metric tons for 2024–25, while world grain use has held flat at about 2.7 billion metric tons for several years. Despite excess supply, lower prices and a weaker dollar may modestly boost demand in 2026. U.S. growers face difficult planting decisions as crop prices remain below production costs, raising the risk of acreage reductions that could tighten supplies over time. Fertilizer availability remains constrained with Russia output largely offline due to the Ukraine war. A mid-November tariff exemption should help limit further fertilizer price escalation, though strained U.S.–Canada relations continue to pressure potash supplies. Expect input prices to remain elevated and crop prices lower in 2026 amid competing market forces.

Livestock, Protein, and Dairy Market Strength

The livestock industry continues to outperform crops, supported by strong protein demand and limited supply. Mexican cattle imports remain restricted due to ongoing screwworm outbreaks, while bird flu recovery adds risk – adding to stronger protein price trends. Lower feed costs are benefiting producers, and average cattle weights have climbed to 880 pounds, up from 810 pounds in 2019. This should support higher meat and poultry output in 2026. Protein consumption is rising sharply—61 percent of consumers increased intake in 2024, up from 48 percent in 2019, according to Cargill's 2025 Protein Profile. Dairy demand remains strong for full-fat and protein-based products, even as U.S. dairy cow numbers reached a 30-year high of 9.6 million head in 2025, raising oversupply concerns. Expect livestock, protein, and dairy to grow solidly again in 2026, albeit with supply risks for prices.

Consumer Trends

Consumers remain value focused: a YouGov survey showed 2025 featured a 44 percent decline in eating out by low-income diners, 33 percent among middle-income, and 27 percent for high-income households. Grocery demand remains resilient, supporting steady farm revenue in 2026. Expect the consumer to remain price conscious in 2026 as households look for ways to control food expenses.

Energy and rural costs trends

Biofuel producers have benefitted from 45Z tax credits for low-carbon fuels, although loss of incentives from the Inflation Reduction Act may pressure margins. AI-driven data center construction should boost diesel demand into 2026, but oversupply and weak demand elsewhere may push prices lower. Electricity demand is rising at its fastest pace since WWII; rural data centers could lift power and water costs for farmers, an additional risk for operating costs. Expect slight energy cost declines despite surging data center demand.

([CoBank]) ([Lancaster Farming]) ([Bloomberg])

EIA Energy Forecast

	2026 (Jan)[1]	2026[2]	2027[2]
West Texas Crude (per barrel)	$59.01	$52.21	$50.36
Diesel Fuel (retail $ per gallon)	$3.51	$3.43	$3.48
Natural Gas (per million Btu)	$3.33	$3.46	$4.59

Source: [U.S. Energy Information Administration]

[1] Average of January 1st through 15th January
[2] Forecast prices are an average for the month of December.

Glossary

Acronyms/Terminology

USDA – United States Department of Agriculture

Hundredweight – Refers to a unit of 100 pounds in the U.S. and Canada

Data Sources

Commodities excluding beef and milk – Haver Analytics and The Wall Street Journal

Beef and milk – Haver Analytics and the U.S. Department of Agriculture (Prices received by farmers)

Drought Monitor – National Drought Mitigation Center, http://droughtmonitor.unl.edu/

Additional information sources

CoBank Knowledge Center – www.cobank.com/Knowledge-Exchange.aspx

USDA Economic Research Service – www.ers.usda.gov

USDA Price & Import/Export Forecasts – USDA Economic Research Service Publications

Association of Equipment Manufacturers – www.aem.org/agriculture/

Agriculture Commodity Prices - http://www.cnbc.com/agricultural-commodities/

Livestock Commodity Prices - http://www.cnbc.com/livestock-commodities/

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