Farm Journal
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News this week...

War and weather fuel summer rally — *A threat to exports from the Black Sea region due to intensified fighting between Russia and Ukraine made winter wheat the uncharacteristic driver of a summer rally in the grain and soy complex. Soft red and hard red winter wheat rallied to two-month highs before running into some profit taking late in the week. Still, corn and soybean futures found support on weather concerns amid hot, dry conditions in the western Corn Belt that appear set to continue. Purchases by China and strong crush demand provided support for soybeans. Cattle futures were caught in a downdraft as cash prices fell amid lighter summer demand. Lean hog futures extended gains, supported by improving cash and wholesale fundamentals.*

Farm Bureau's gloomy 2027 outlook

An American Farm Bureau Federation analysis released Thursday shows U.S. ag economy losses are expected to deepen in 2027.

"AFBF estimates that without federal assistance, farmers growing nine principal crops will lose $32 billion (national average returns over total costs) in 2027, compared to $31 billion in 2026. On a per-acre basis, every crop analyzed is projected to remain below breakeven in 2027," said the study.

AFBF said additional economic assistance is critical to offset trade-related losses, rising input costs and the intense financial pressure facing U.S. row-crop, specialty-crop, hay and sugar producers.

"Longer term, policy solutions to help stabilize the farm economy are needed, such as year-round E15; a modernized five-year farm bill that protects interstate commerce from a patchwork of state legislation; a legislative fix to agricultural labor; and stronger risk management tools, including better data collection and publication to support more effective options for specialty crop producers," AFBF said.

Trump accuses China of meddling

President Trump accused China of interfering with the U.S. elections in 2020, threatening to upend recently improved ties with the world's second-biggest economy. In a prime-time address Thursday night, Trump said the Chinese government stole 220 million voter files, including names, addresses and other sensitive data in what is "believed to be the largest compromise of election data in history" — claims that U.S. intelligence agencies have previously debunked, Bloomberg reported.

Trump's allegations risk derailing a fragile truce between the world's two superpowers. A spokesman for China's foreign ministry said the accusations were "entirely fabricated, maliciously slanderous and have long been proven completely groundless," news reports said.

U.S.-Iran clashes intensify

Fighting between the U.S. and Iran intensified, with clashes continuing for a sixth straight day and Tehran refusing to back down over the Strait of Hormuz. The U.S. hit southern Iran overnight Thursday, striking six road bridges, and Iran responded by firing on U.S. bases in Kuwait, Jordan and Bahrain, and on Oman's As Salamah Archipelago. China and Pakistan expressed concern over the developments, calling on both the U.S. and Iran to cease hostilities and resume dialogue, as analysts warn of a potential escalation spiral.

Diesel prices jump

Diesel-fuel prices surged this week, outpacing a rise in crude oil. The collapse of a U.S.-Iran ceasefire put a renewed chokehold on traffic through the Strait of Hormuz and intensified fighting between Russia and Ukraine earlier this month saw Moscow ban diesel exports. Russia normally exports nearly half of the diesel it produces and accounts for around 12% of global diesel exports, making it the world's second-largest supplier after the U.S., according to Bridget Payne, head of energy forecasting at Oxford Economics.

"Although Europe and the U.S. no longer directly import Russian fuel, removing these cargoes forces buyers such as Brazil and Turkey to compete with Europe and other importers for alternative supplies, particularly from the U.S., pushing prices higher across regions," Payne said, in a note.

Argentina eyes beef export market

Higher global beef prices and new trade deals under President Javier Milei give Argentina's ranchers an incentive to bet on a sustained export boom that could reshape the country's meat industry, Reuters reported. One analyst expects beef exports from Argentina, which leads the world in per-capita beef consumption, to rise as much as 50% over the next four years. The shift is a response to stronger overseas demand from several markets, including the U.S., Israel, Europe and China as well as from opportunities created by trade agreements with the U.S. and European Union.

Crop conditions unexpectedly rise

The corn crop was rated 68% good to excellent as of July 12, up a point from last week and a point above the average estimate. Corn was 74% good-to-excellent at the same time last year. The Pro Farmer Crop Condition Index (on a 0-to-500 scale, 500 equals perfect) rose 2.01 points to 373.63.

USDA data showed 65% of the soybean crop was rated good to excellent, up a point from last week and defying analyst expectations for a decline to 63%. Last year, soybeans were rated 70% good or excellent. The Pro Farmer CCI for soybeans rose 0.95 point from last week to 368.21, with increases generally seen along the Delta and Southern U.S. states while steady to slightly lower ratings occurred in most of the Midwest.

Spring wheat was rated 58% good or excellent, up a point from a week ago and two points above the average analyst guess. The Pro Farmer CCI for spring wheat rose 0.81 point to 359.25, up about 1.5 points from last year.

While still early, crop ratings running below a year ago could signal a modest decline in the August Crop Production Report, which will likely deviate from trendline yields.

Conab bumps Brazilian soy crop

Brazilian government agency Conab pegged the nation's soybean harvest at a record 180.6 million metric tons, up 5.3% from the previous harvest thanks to a larger area planted and favorable weather, according to Dow Jones Newswires. Corn production from the three crops in the current cycle was expected to reach 141.7 million tons, while wheat, which is in its final planting stage, was expected to see a production decline of 23.5% to 6 million tons.

U.S. imposes 25% tariffs on Brazil

The U.S. announced 25% tariffs on most imports from Brazil, barring some exempted products. The announcement from U.S. Trade Representative Jamieson Greer listed Brazil as the first on the list of many countries to see heightened levies. The justification for Brazilian tariffs include unfair practices including illegal deforestation and Brazil's instant payment system. The tariffs will go into place July 22. Exempted products include beef, coffee, rare earths, energy products, aircraft and aircraft parts. Negotiations between the U.S. and Brazil have not yielded much progress over the past year.

"Extensive negotiations with Brazil over the past year have not resolved these issues, but we remain open to continuing negotiations with Brazil to bring about long-needed changes to the problems identified in this investigation," Greer said in a statement.

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Shipping waivers see likely extension

Trump administration officials are advancing plans to extend a shipping waiver that's made it easier to move oil, fuel and fertilizer around the U.S., as the renewed war in Iran raises the prospect of prolonged supply disruptions," Bloomberg reported. "White House and administration officials huddled this week on a possible extension of the Jones Act exemptions that is set to expire next month, according to people familiar with the matter. The people spoke on condition of anonymity to discuss the private deliberations. President Trump has not yet decided on a renewal," said the report.

Importers front-running new tariffs

U.S. importers are rushing goods into the nation's two busiest ports, pushing up ocean transport costs during the wait for more tariffs and an extended bout of economic uncertainty stemming from the Iran war, a Bloomberg report noted. Dockworkers at the Port of Los Angeles handled more than a million containers last month, making it the busiest June on record according to Executive Director Gene Seroka. He told reporters Wednesday that businesses are adapting to disruptions and rising costs by moving cargo when conditions are favorable rather than following usual seasonal shipping patterns.

Brazilian ethanol-powered ship sails

The first container ship to run on Brazilian-made ethanol fuel is scheduled to sail from the port of Santos, bound for Asia, in an unprecedented test for the nation's biofuel industry. "The use of ethanol as bunker fuel creates a potentially huge market for biofuel makers and farmers in Brazil, and widespread adoption of the fuel in shipping could lead to a substantial reduction in global emissions," said a Bloomberg report.

With a recent increase in the rate of its domestic ethanol blend, Brazil continues to lead the charge on increasing sustainable fuel use. The country typically uses sugar-based ethanol, but use of corn as a feedstock has been increasing.

U.S. beef imports see slower rise

Total beef imports for the first five months of 2026 are up 9.9% year over year — the smallest rise for the period since 2023, writes Derrell Peel, Oklahoma State University Extension livestock marketing specialist, in OSU's Cow-Calf Corner newsletter.

May beef imports fell 5% from a year ago, for the first monthly year-over-year decline since November and the largest monthly decline since March 2023, Peel noted. The fall in May imports was led by a 41.5% drop from Brazil, which remains the largest source of foreign beef in the U.S., though imports from the country are down 6.8% in the year to date through May.

Cattle futures undergo historic selling, falling 14 sessions in a row

Cattle markets are in for a data deluge this coming Friday, July 24. USDA will release the bi-annual Cattle report that features information on herd size, composition by class and weight, as well as the expected calf crop. Also scheduled for release that day is the monthly Cattle on Feed report. This month's release is a quarterly, which will include information on whether cattle in feedlots are heifers or steers. That composition is typically examined for early indications of herd rebuilding, with lower heifers as a percentage of the total indicating ranchers may be retaining animals for breeding. The reports come at a time when cattle markets are in a price downtrend, with live cattle notching the most consecutive daily lower closes in nearby futures since 2019, making the update even more crucial. Confirmation of continued lower supplies may help stop the losses, whereas signs of rebuilding could reinforce the current path.

The slide-in futures spurred weakness in the cash market over the past couple of weeks in the form of a self-fulfilling prophecy. Cash cattle prices slid $11 over the past couple weeks with this week looking to boast another steep decline. Choice beef has fallen in tandem, negating the ease on packer margins that occured due to lower cattle supplies. Tight cattle supplies continue to hold true, but recent cold storage data indicate a modest drop in beef demand, likely caused by persistently elevated prices and higher fuel prices, which have compressed consumers' budgets.

France wheat crop hit by drought

France's farm ministry estimated all wheat production at 32.0 MMT, down 4% from a year ago and modestly below the five-year average. The ministry noted a 3% increase in planted acreage was not enough to offset a 7% drop in yield. While the crop was fairing well into the summer, recent heat and dryness took the top end off the crop.

German wheat harvest estimate cut

Germany's wheat harvest is expected to fall 5.4% year-over-year as summer heat and dryness are taking the top end off the crop, says the country's association of farm cooperatives DRV. Germany is expected to produce 21.89 MMT of wheat, down from its previous estimate of 22.63 MMT. Guido Seedler, the grain market expert at DRV, said "the crops suffered severely from the heat and in many cases reached premature ripening." Crop struggles in the EU provide some opportunities for U.S. origin crops on the world market.

Record NOPA June crush

The National Oilseed Processors Association announced members crushed 214.34 million bushels of soybeans in June, nearly 29 million bushels above last year's figure and a record for the month. Processors have been periodically idled for seasonal maintenance since April but output has begun rising. Soyoil stocks fell to 1.501 billion lbs., the lowest in eight months, as implied consumption surged to a record 2.744 billion lbs.

Wildfire smoke spreads to Midwest

Smoke from Ontario wildfires spread across parts of the Great Lakes and Northeast late in the week. The thickest smoke on Wednesday was across northeastern portions of the Great Lakes and southern New England. Accuweather said dense smoke was more expansive on Thursday, covering much of the Great Lakes and New England.

June tractor sales slump

Demand for new tractors continued to suffer in June. Total U.S. farm tractor sales in June were seen at 18,186, down 18.4% from the same month last year, according to the Association of Equipment Manufacturers. Producers bought 269 self-propelled combines last month, up 3.9% from June 2025. Two-wheel drive tractors were down 18.3%, while 4-wheel drive tractor sales were down 30.3%. The margin crunch at the farm level continues to weigh on machinery purchases, especially new machinery.

China trade surplus widens

China's trade surplus widened to $125.62 billion in June, up from $113.84 billion a year earlier and exceeding forecasts of $121 billion. This marked the second-largest monthly surplus on record as both exports and imports grew more than expected, fueled by soaring chip prices and global demand for AI data center hardware. Exports surged 27% to a record $412.39 billion, while imports jumped 36%, the fastest increase in five years, to a record $286.76 billion. China's trade surplus with the U.S. rose to $28.9 billion in June from $26.02 billion.

China opens the door for canola

China expanded access to Australian canola by allowing private processors to import the oilseed, Reuters reported, citing sources in the crushing industry, terming it the latest sign of improving agricultural trade between Beijing and Canberra. Beijing has allowed Australian canola imports to enter through seaports in Hainan, Guangdong, Guangxi, Fujian, Hebei, Liaoning and Tianjin, with cargoes required to be processed at approved facilities near the ports, the report said.

China is the world's largest canola import market, Reuters noted, following its reopening in mid-2025 with trial purchases by state-run trader COFCO. Australia is the second-largest exporter of canola after Canada.

War and weather drive wheat markets higher

By Spencer Langford, Economist

Escalated fighting between Russia and Ukraine in the Black Sea region is once again putting a vital global grain transportation hub at risk — and markets are taking notice. On July 10, Ukrainian forces launched attacks on Russian vessels in the Sea of Azov, with fighting spilling out into the Black Sea over the following days. In response, Russia closed the Kerch Strait, which connects the two waterways, with no reopening timeline. Official export trade data has been sparse from Russia since the war began in 2022, but USDA estimates that Russia accounts for nearly one-fifth of the world's wheat exports. According to Reuters, approximately one quarter of those exports flow out of the Sea of Azov, a crucial transport waterway. Russia has hit back, targeting key grain-handling ports around Odesa.

2026/2027 WASDE Forecast Wheat Exports

Ports in the Black Sea region offer geographical advantages that are key to ensuring wheat from Russia can flow to its destination in a cost-effective and timely manner that cannot be replicated elsewhere in the country. While Russia does possess a man-made inland waterway connecting many of their western ports, limitations on the size of vessels that can pass make it unable to replicate the scale of grain handled by terminals in the deeper waters of the Black Sea.

The primary wheat regions in Russia are located along the Black Sea, making the ports a natural destination for shipping the crop due to proximity. The top two destinations for Russian wheat are Turkey and Egypt, both of which are located to the south and would see increases in transportation costs if cargoes were to load in other port areas such as the Baltic.

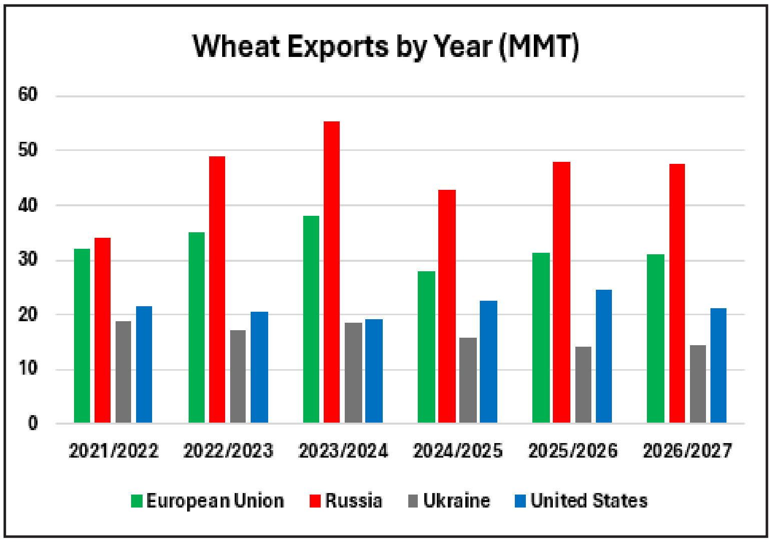
Weather is also a factor

Russia is one of the few top wheat producers experiencing good yields this year. If the impacted ports remain closed for more than a short time, the country risks being stuck with a large crop and limited transportation options. The USDA currently has Russia pegged at 3.53 metric tons per hectare, a record-high wheat yield since it began estimating for the country in 1987. The country has levied export quotas in recent years, but typically allows for higher exports in years where domestic supplies are adequate. Wheat harvest is ongoing in Russia, and exports typically don't peak for the year until slightly after the rush of harvest season ends and the crop has been brought in.

Crop conditions haven't fared nearly as well in other countries, meaning the search to replace Russian exports could drive prices higher. The world's second largest exporter, the European Union, was gripped by a heatwave in late June that is likely to drive yields below their recent historical averages. At the same time, the U.S. is wrapping up harvest of a winter wheat crop that the USDA is estimating at 990.4 million bushels, the smallest since 1963.

Markets take notice

The distribution of wheat acres across so many parts of the globe can often make it easier for the market to ignore weather issues that impact an individual key growing region. However, the current combination of adverse weather and geopolitical instability in multiple countries may prove too hard for markets to ignore.



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CATTLE

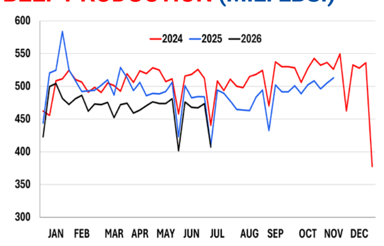
Live cattle and feeder cattle futures have broken key technical support, including the 200-day moving average, with live cattle dropping more than $20 in under a month. The multi-year bull market has paused as elevated prices pressure consumer demand, giving packers greater leverage in cash negotiations. Boxed beef values have weakened in tandem, though packer margins have managed to improve modestly amid lighter summer demand. Market participants remain cautious, awaiting the next trove of data in the upcoming Cattle on Feed and Cold Storage reports.

Position Monitor

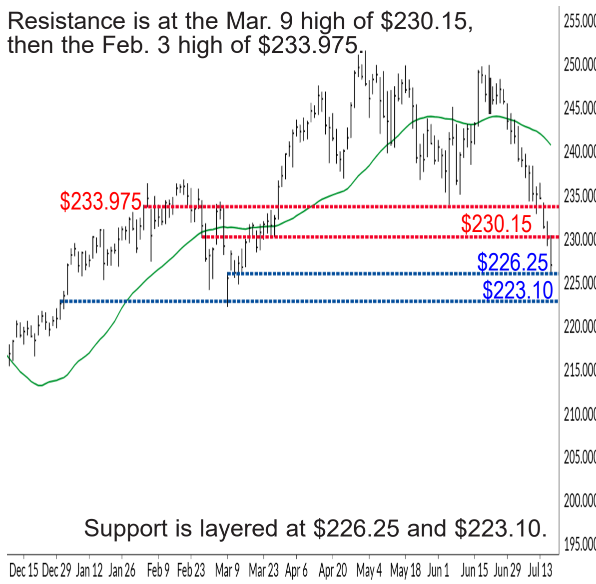
Game Plan:	Feds	Feeders
III'26	0%	0%
IV'26	0%	0%
I'27	0%	0%
II'27	0%	0%

Live cattle have faced a notable pullback in recent weeks. Consider using LRP to establish price floors.

BEEF PRODUCTION (MIL. LBS.)



DAILY AUGUST LIVE CATTLE



HOGS

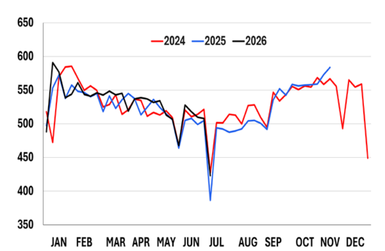
Lean hogs have scored healthy gains since the June 10 low, with an assist from improving cash and wholesale fundamentals. Tighter summer marketings and weakening slaughter volumes have been primary drivers. Hog and cattle futures have diverged notably as pork demand has held up compared to beef. Pork remains more affordable at the meat counter, supporting steady consumer interest as high beef prices weigh on the market. Meanwhile, demand for specific cuts has stabilized in recent weeks as BLT -season hits full stride, boosting bacon and loin interest.

Position Monitor

	Lean Hogs
III'26	0%
IV'26	0%
I'27	0%
II'27	0%

Game Plan: Lean hogs have shown fresh strength amid seasonal support. Stay patient for now as we assess the next opportunity for hedges.

PORK PRODUCTION (MIL. LBS.)



DAILY AUGUST LEAN HOGS

FEED

Feed Monitor

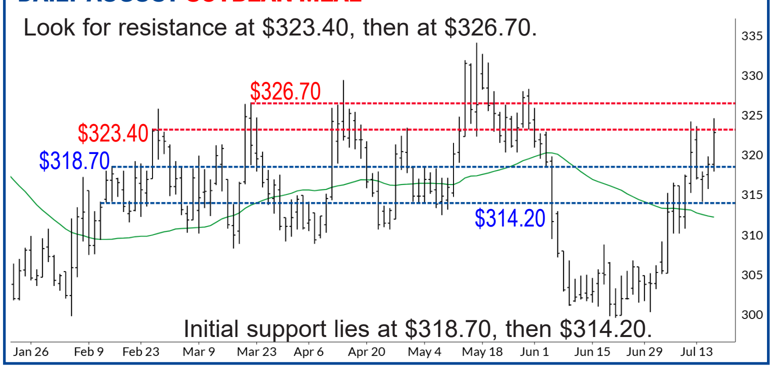
Corn	
III'26	33%
IV'26	0%
I'27	0%
II'27	0%

Corn Game Plan: You should have corn-for-feed need covered through the end of July. Be prepared to make purchases.

Meal	
III'26	33%
IV'26	0%
I'27	0%
II'27	0%

Meal Game Plan: You should have meal needs covered through the end of July. Be prepared to make additional purchases on an extended pullback.

DAILY AUGUST SOYBEAN MEAL

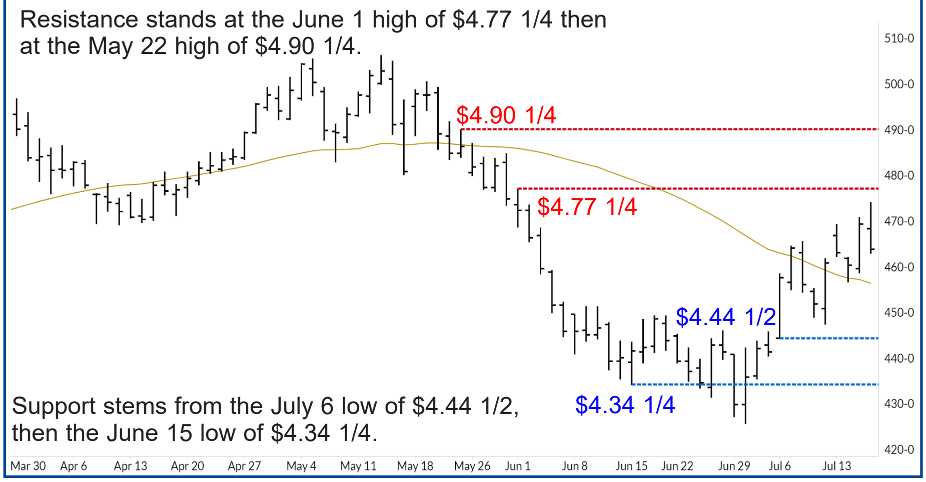


Position Monitor

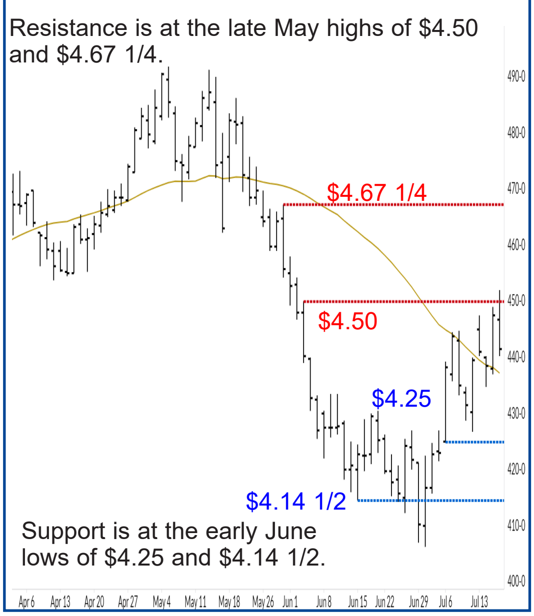
	'25 crop	'26 crop
Cash-only:	70%	30%
Hedgers (cash sales):	70%	10%
Futures/Options	0%	40%

Game Plan: Remain patient for now as uncertainty in grain markets is working to add risk premiums, with corn in a fledgling price uptrend at this time. Key weather periods with the potential to further spur a rally are still ongoing. You should be 70% sold for the 2025 crop in the cash market. Be prepared to make additional sales.

DAILY DECEMBER CORN



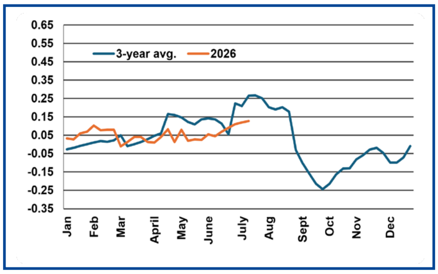
DAILY SEPTEMBER CORN



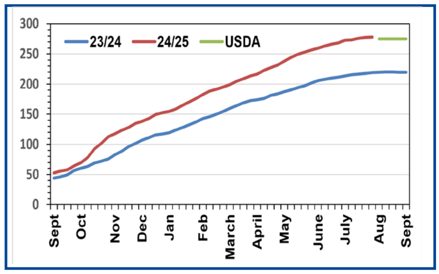
CORN

Corn futures were surprisingly not the price leader for the grains complex in a week where the pollination window is in full swing for the Midwest. With pollination issues largely localized at this time, spillover strength from wheat acted as the catalyst for corn futures to hit six-week highs. That marks the first significant summer rally (see *Bullpen,* Analysis p.4) for corn in three years. U.S. crop conditions remain remarkably steady overall, with USDA rating the crop 68% good to excellent as of last Sunday. The corn crop in the European Union and other foreign countries however was lowered by USDA last week, resulting in tighter global ending stocks that are price supportive.

AVERAGE CORN BASIS (SEPTEMBER)



CORN EXPORT BOOKINGS (MMT)

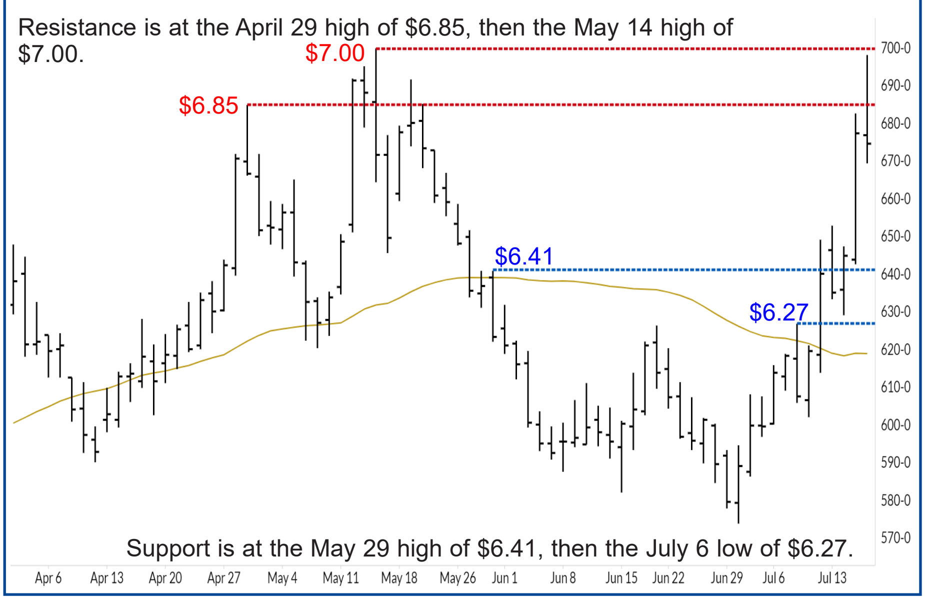


Position Monitor

	'26 crop	'27 crop
Cash-only:	30%	0%
Hedgers (cash sales):	30%	0%
Futures/Options	0%	0%

Game Plan: You should have 30% of 2026 crop sold in the cash market. Be prepared to make additional sales as the market reacts to geopolitical tensions. Remain patient for now on 2027 sales.

DAILY SEPTEMBER SRW WHEAT



WHEAT

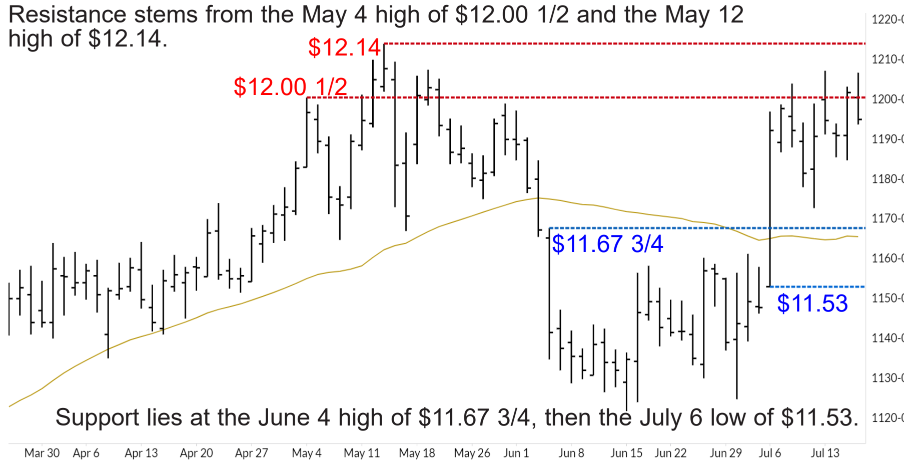
SRW — The prospect of reduced shipping volumes in the Sea of Azov (see *News*, p.4) continues to be the main market driver in winter wheat. U.S. harvest is nearing completion, with the crop expected to be the smallest in 63 years according to the current forecast by USDA.

Position Monitor

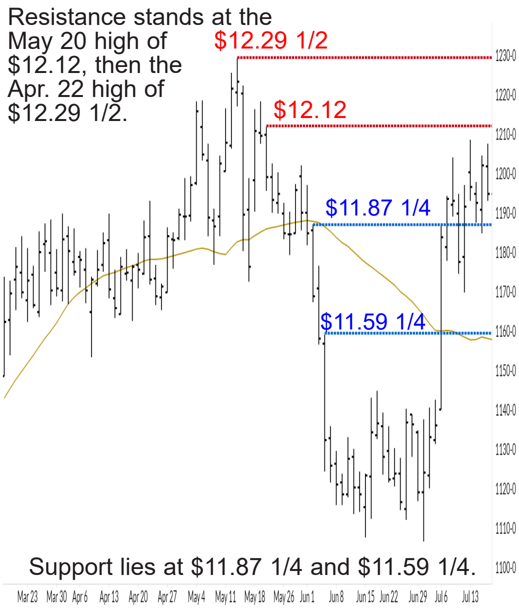
	'25 crop	'26 crop
Cash-only:	100%	45%
Hedgers (cash sales):	100%	25%
Futures/Options	0%	40%

Game Plan: We advised selling the final 10% of old-crop production and 15% of expected new-crop production on July 8. You should be 100% sold in the cash market for the 2025 crop. Cash-only marketers are 45% sold on 2026 crop, with hedgers 25% sold and another 40% covered under options. Stay patient for additional new-crop sales.

DAILY NOVEMBER SOYBEANS



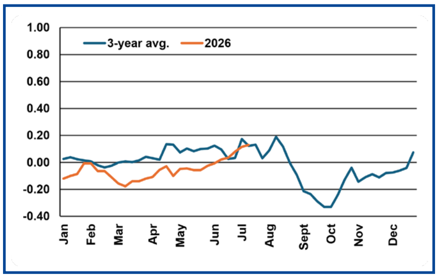
DAILY AUGUST SOYBEANS



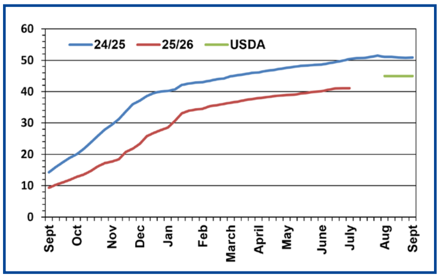
SOYBEANS

Early week trade was supported by strength across row crop futures. Flash sales to China were reported on four consecutive market days, with the streak ending after Monday's purchases. China purchased just over 1 MMT across those sales. NOPA crush reports continue to show demand is also red-hot at the domestic level. NOPA reported 214 million bushels were crushed in June, surpassing analyst estimates and rebounding sharply from the May maintenance window. Weather models for August will begin to come into focus over the next week, and be a key driver of price action ahead of USDA's initial survey-based yield forecast on August 12.

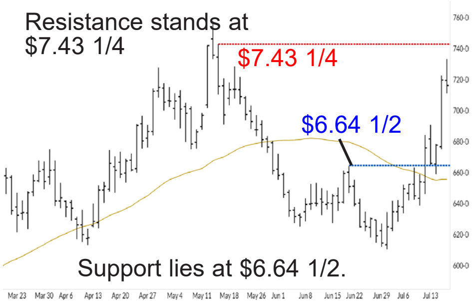
AVERAGE SOYBEAN BASIS (AUGUST)



SOYBEAN EXPORT BOOKINGS (MMT)

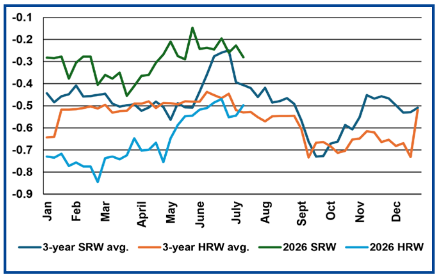


DAILY SEPTEMBER HRW WHEAT

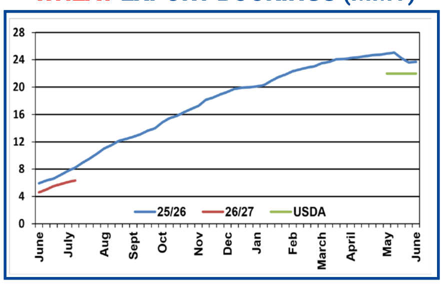


DAILY SEPTEMBER HRS WHEAT

AVERAGE WHEAT BASIS (SEPTEMBER)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Futures now find themselves north of technical support in the form of long-term moving averages. Global ending stocks could potentially move lower from current levels once again, as most of Western Europe is not expected to receive rainfall that would provide much-needed relief in the coming week according to World Weather Inc.

HRS — The heat dome that was expected to move out of the U.S. Plains by now has lingered, which may cause deterioration in conditions, though national level ratings remain stable for now. Prospects for the North American spring wheat crop are positive compared to winter wheat, which may temper gains from geopolitical uncertainty.

Position Monitor

	'25 crop	'26 crop
Cash-only:	100%	60%
Hedgers (cash sales):	100%	60%
Futures/Options	0%	0%

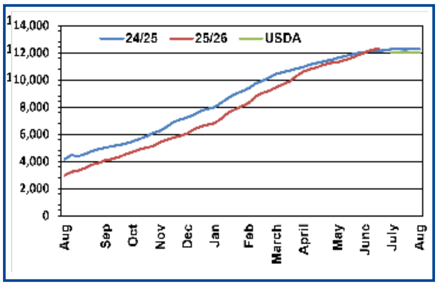
Game Plan: You should be sold out of old-crop production. With more than half of new-crop covered, be prepared to sell strength in futures and/or basis.

COTTON

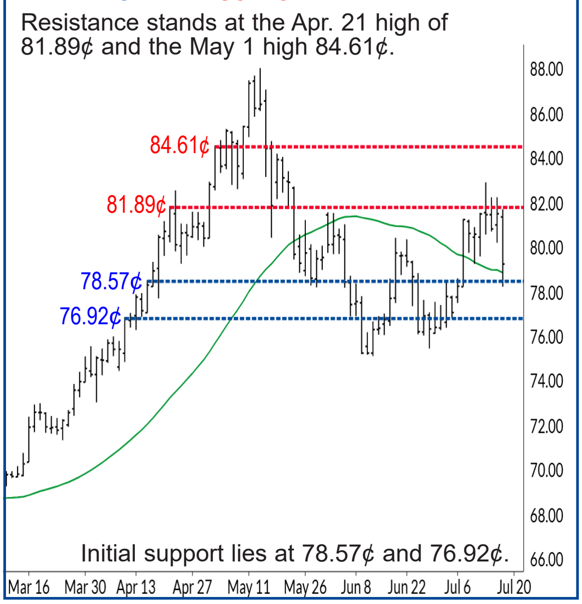
Futures have held a mostly sideways tone, with solid technical support limiting seller interest. Crop condition ratings have slipped in recent weeks as the Texas crop continues to struggle, while certified stocks have declined recently, which has also lent support.

AVERAGE COTTON BASIS (OCTOBER)

COTTON EXPORT BOOKINGS ('000 BALES)



DAILY DECEMBER COTTON



GENERAL OUTLOOK

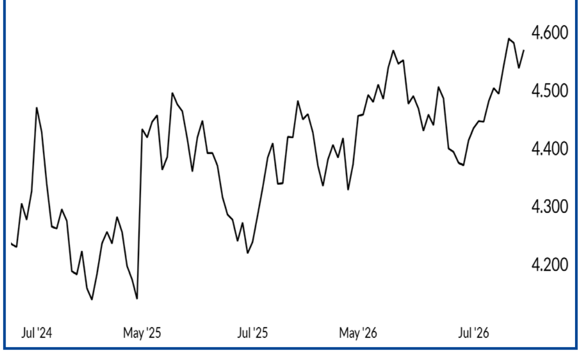
Monetary policy: Federal Reserve Chairman Kevin Warsh was dealt two tamer U.S. inflation reports last week, while at the same time providing testimony on the Fed's monetary policy to two congressional finance committees.

While the consumer and producer price indexes showed inflation readings below market expectations, they did not pacify Warsh.

He said the Fed still has work to do to bring down overall U.S. inflation, which the Fed has wanted to see around the 2% annual level.

Importantly, the general marketplace took Warsh's reaction to the inflation reports and other comments to Congress in stride. Such suggests Warsh is so far threading the needle on assuaging financial markets and keeping the Trump administration at bay regarding wanting easier U.S. monetary policy.

DAILY JULY 10-YEAR YIELD FUTURES



FROM THE BULLPEN By Economist Lane Akre

December corn futures are seeing the first durable summer rally in three years (We're throwing out a spring rally that fizzled in early May). Record demand, weather and world production concerns have driven prices higher. As the rally accelerated, volatility has increased, widening daily price swings. We are able to look at historical summer rallies to give some targets and guidance for an ongoing uptrend.

December corn bottomed at $4.30 on a closing basis on June 29, the day before the relatively bearish June Acreage Report and bullish Grain Stocks Report. That is a little later than the average starting date for the first rally of the summer, June 14. Since then, prices have rallied 40 1/2¢. The first rally of the summer typically gains around 19.2%, about 83¢, which would peg the top at $5.13, roughly a dime above the May highs. The percent gain varies from year to year, with most rallies rising between 10% to 20% from the start.

A close below the previous low in the rally (presently $4.52) or a close below the 20-day moving average (presently $4.55) would signal an end of the rally. A drop of more than 3% (about 14¢) has proven to mark the top in most rallies as well. We will continue to let the market work in our favor but will look to advance new-crop sales if the rally looks to run out of steam.

WATCH LIST

1	**Crop Progress** Condition ratings in focus.	**MON 7/20** 3:00 p.m. CT
2	**EIA Crude Oil Stocks Change** A look at crude inventory.	**WED 7/22** 9:30 a.m. CT
3	**Weekly Ethanol Production** Will production rebound?	**WED 7/22** 9:30 a.m. CT
4	**Cattle on Feed Report** June cattle herd data.	**FRI 7/24** 2:00 p.m. CT
5	**Cold Storage Report** Frozen pork, beef stocks in June.	**FRI 7/24** 2:00 p.m. CT

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