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Soybeans threatening breakout — *Soybean futures worked in the higher end of the sideways range most of the week and were threatening to break above $12 in the July contract at the time we went to press, with soyoil surging to record highs. Soybeans, corn and wheat working together bodes well for the complex as each market can take turns leading strength, which is generally the case in longstanding bullish moves. Corn futures pressed to fresh highs alongside wheat as traders price in the potential long-term impact from the war with Iran. Cattle futures surged higher early in the week, prompting record cash cattle trade, further bolstering the futures move to record highs. Lean hog futures continued in a volatile sideways range, struggling to garner momentum either direction, though the cash market continues to show signs of a bottom.*

House passes farm bill

With a bipartisan vote of 224-200, the House of Representatives passed H.R. 7567, the bipartisan Farm, Food and National Security Act of 2026, on April 30. In addition to extensive updates to food and agriculture programs in a budget-neutral package, this vote marks the farthest a farm bill has made it in Congress since the most recent reauthorization was signed into law in 2018. Floor debates and last-minute amendments led to year-round E15 sales being removed from the bill (with a standalone vote in the next two weeks slated to take place), language to strengthen the domestic supply of fertilizers and the stripping of pesticide liability protections.

"Working in Congress on behalf of our nation's farmers, ranchers and rural communities is an honor — even when the work requires debating the farm bill through the night," says House Agriculture Committee Chairman Glenn "GT" Thompson, a Pennsylvania Republican. "I can think of no more important work than championing the Farm, Food and National Security Act of 2026, and I am extremely pleased to see this bill pass out of the House of Representatives with a strong bipartisan vote."

Thompson went on to say: "I especially want to thank all parties who were involved in the negotiations that allowed the farm bill to proceed to the floor and secure a future vote on year-round E15. Members of the Biofuels Caucus are tireless champions for rural America, and I look forward to joining them May 13 in advancing that important legislation."

The bill now heads for the Senate for debate.

Iran war shows no sign of ending

Negotiations have stalled in the Middle East as Iran says the U.S. naval blockade must be lifted in order for peace talks to continue, while President Donald Trump has vowed to keep the blockade in place. Iran's new supreme leader, Mojtaba Khamenei, cast doubt on the likelihood of any deal and vowed not to give up the country's nuclear or missile technologies. Meanwhile, some Democrats are pushing for an end of the war. A declaration of war is necessary as the conflict pushes past the 60-day mark, which could provide headwinds.

Ag economists see structural shift

The monthly Ag Economists Monthly Monitor, compiled by Farm Journal, asked economists: "Is U.S. agriculture changing long term versus just cycling short term?", to which 60% of economists answered "Yes." The supply chain disruptions and poor margin environment could lead to a shift in farmer tendencies, leading to greater competition to potentially smaller retailers. Ag economists still see paying down debt as the No. 1 priority for producers. Over half of respondents see the ag economy as worse off when compared to a month ago.

Meanwhile, 44% of economists see the state of the ag economy as better off in 12 months, indicating a belief that impacts from the war in Iran will either be short-lived or prices will climb, negating higher input costs.

2026 rate cuts seemingly off table

Prospects for a rate cut by year-end all but evaporated Wednesday following what appeared to be a contentious Federal Reserve policy meeting that was followed by Jerome Powell's final news conference as chair. There was little doubt the Fed was going to leave the fed funds rate unchanged at a range of 3.25% to 3.5% – and that's exactly what policymakers did. But in a twist, there were four dissents – the most at a policy meeting since 1992. One dissenter, Fed Governor Stephen Miran, backed a rate cut. The surprise was that three regional Fed presidents dissented not against the decision to remain on hold, but against language in the policy statement because they "did not support inclusion of an easing bias in the statement at this time." In other words, they don't want the Fed signaling a rate cut remains more likely to be the next move than a rate hike.

U.S., China talk "Board of Trade"

U.S. Trade Representative Jamieson Greer said American officials discussed a possible "Board of Trade" in a call with Chinese Vice Premier He Lifeng Thursday, casting it as a tool that could help manage economic ties between the two nations, Bloomberg reported.

Argentine corn crop impressive

Pro Farmer crop consultant Michael Cordonnier left his Brazilian soybean production estimate at 179.0 MMT and his corn production estimate at 134.0 MMT, both with a neutral bias. He notes safrinha corn is a tale of two crops, with northern crops being planted on time with beneficial weather and southern crops planted later than desirable with hot and dry weather limiting crop conditions.

Cordonnier increased his Argentine soy production estimate 1 MMT to 49.0 MMT with a neutral bias. He cited yields being better than expected as his reason for the change. Cordonnier lifted his Argentine corn production estimate another 2.0 MMT to 62.0 MMT with a neutral to higher bias. The uncertainty around acreage has led to difficulty in forecasting production, but early yields look good, prompting him to raise his forecast for the third-straight week.

South American meal denied in EU

The Netherlands flagged two Brazilian and four Argentine soymeal shipments which contained banned GMOs, leading to at least three withdrawals. The finding of these banned GMO soybeans brings some concern over further imports from South America, which could boost demand for U.S.-origin goods. The EU recently expedited a trade deal with South America. If withdrawals continue, business to the U.S. would help offset building meal supplies due to record crush rates.

Planting picks up in "I" states

While wet weather had previously slowed activity in parts of the Midwest, the "I"-states — Illinois, Iowa and Indiana — have seen rapid planting progress. Iowa went from just 2% of corn planted as of April 19 to 22% on April 26, in line with the five-year average. Illinois went from 13% to 29%, well ahead of the five-year average of 19%, while Indiana went from 14% to 30%, outpacing the five-year average of 10%. Soybean plantings continue to run ahead of average as producers continue to get into the field earlier.

Winter wheat conditions were steady in the top two categories as 30% of the crop was rated good or excellent, unchanged from the previous week. Meanwhile, the poor to very poor ratings increased. On the weighted *Pro Farmer* Crop Condition Index (0-to-500-point scale, with 500 being perfect), the HRW crop declined 6.35 points to 264.46 and continues to trend below the condition rating for this time last year. The SRW crop remains in relatively better condition but still declined 0.97 points to 359.67.

Ag index hits 2.5-year high

"The extended closure of the Strait of Hormuz and extreme weather have jolted the price index for farm commodities to a two-year high as fertilizer headaches and the prospect of smaller harvests drive food inflation risks," Bloomberg says.

The Bloomberg Agriculture Spot Index, which tracks 10 of the world's top-selling crop products, has climbed for a third straight month to the highest level since November 2023.

"That's a pronounced shift from before the war, when most crop prices were weighed down by abundant inventory and bumper harvests. Now, farmers from Asia to Australia and the U.S. are grappling with converging challenges posed by the Iran War and drought, pressuring the prices of staple food products from bread to pasta and cooking oil. The war has changed that balance materially, primarily through energy, fertilizer and logistics channels," Bloomberg writes.

UCO imports picking up into the U.S.

American imports of used cooking oil from China will accelerate as increased U.S. biofuel-blending requirements kick in and the Iran War drives up energy costs, making the feedstock a relative bargain.

Bloomberg reports: "Two cargoes carrying a combined 339,000 barrels of so-called UCO arrived in the U.S. in the last month or so, according to Kpler data. The supplies represent the biggest imports this year."

More imports are expected, with EPA's renewable fuels plan requiring a record amount of biofuels mixed into fuel.

Commodity groups profit from war

Commodity trading house Bunge raised its profit outlook for 2026 following strong results for Q1 due to strong crushing margins and improved biofuel demand outlook for the rest of the year. The volatility has allowed Bunge to take advantage of increased farmer selling as soyoil and energy prices have surged. After a poor 2025, commodity trading houses ADM and Cargill are also capitalizing on the current environment.

Countries continue biofuels push

"Demand for biofuels has been growing in many parts of the world. Governments, particularly those in countries with big farming sectors, have viewed crop-based fuels as a way to support domestic agriculture," said a Bloomberg report.

The energy crunch from the closure of the Strait of Hormuz has created a further incentive to boost production: energy security. Major biofuel-producing countries, such as Indonesia, Malaysia, Thailand, Vietnam and Brazil have moved to allow more biofuels to be mixed into transport due to the war.

"Governments see biofuels as a quick win: They can be blended into existing fuels and used in most engines, while leveraging existing infrastructure," said the report.

China inflation beginning to tick up

China is seeing signs of a return of inflation as the Iran War pushes up energy costs but will need more sustainable price gains to fully turn around deflationary pressures, according to an International Monetary Fund official.

"If you look at inflation, certain numbers have come up," said Krishna Srinivasan, the IMF's Asia-Pacific director, in an interview on Bloomberg TV.

The world's No. 2 economy is set to end a record streak of economy-wide deflation as producer prices emerge from more than three years in the red. China's growth has held up this year, in part thanks to a boom in global demand for AI and tech products leading to explosive export growth in Asia.

China tightens fertilizer exports

China is stepping up customs inspections to enforce its fertilizer export controls, says a Reuters report. The crackdown comes as exporters were shipping urea and potash, which are restricted, as ammonium sulphate, which is not restricted. Traders are looking to take advantage of higher prices on the world market, bypassing restrictions, but China is attempting to secure as many supplies as possible for upcoming crops.

BRICS looks to strengthen ties

Russia seeks to boost its food and fertilizer exports to the United Arab Emirates and build a grain exchange servicing BRICS members (including Brazil, Russia, India, China and South Africa), the Russian deputy prime minister said. Russia accounts around one-fifth for world fertilizer trade and is the world's largest exporter of wheat.

Russian wheat exports climb

Russian wheat exports spiked to 4.7 MMT in March, up from 2.9 MMT in February, according to the Sizov Report. That is just behind March 2022, right after Russia invaded Ukraine.

Indonesia rolling out B50

Four trucks and a passenger bus have completed a 40,000-kilometer road trip around Java to test a diesel blend comprised 50% of biofuels from palm plantations, Bloomberg reports. Indonesia aims to introduce the B50 blend by July, which will help determine whether the country can deliver its ambitious biofuel-blending mandates and reduce reliance on fossil fuels.

India raising fertilizer subsidy

India expects its fertilizer subsidy bill to jump 20% for this year due to the ongoing war in the Middle East. India is the world's largest importer of urea. The Indian government provides subsidies to companies that sell to farmers to cut costs on the farmer side.

World banks stockpile gold

The globe's central banks added gold to their stockpiles at the fastest pace in more than a year in the first quarter, the World Gold Council reported, as a slump in prices encouraged a wave of buying that more than offset sales by a handful of institutions. Net official-sector purchases totaled 244 tons in the three months, up from 208 tons in the previous quarter, according to estimates from the WGC, an industry body. Poland, Uzbekistan and China were the largest reported buyers, although some other purchases were undeclared. Gold prices backing down from record highs may have prompted the central banks to step in and buy the dip.

"It's the first time in a while that we've seen a decent correction in gold," said John Reade, chief strategist at the London-based WGC. "That has allowed central banks that might have been hanging back, waiting for exactly this opportunity, to come in and scoop up a load."

Higher oil prices here to stay

Goldman Sachs commodity analysts warn oil could trade at an average near $120 a barrel later this year. The Financial Times reports the bank's commodity analysts raised their forecasts Monday. In their base case, they predict Brent crude will trade at an average of $90 a barrel in the fourth quarter, up from an earlier projection of $80 if oil exports from the Middle East normalize by the end of June.

However, if production fails to return to normal levels until the end of July, and if there is a "persistent reduction" of Gulf production capacity of 2.5 million barrels per day, then oil could average nearly $120 in the fourth quarter.

Stagflation starts to grip EU

The eurozone economy unexpectedly slowed at the start of 2026, with soaring energy costs triggered by the Iran War threatening stagflation in the months ahead, according to a report by Bloomberg. First-quarter gross domestic product rose 0.1% from the previous three months — below the 0.2% median estimate in a Bloomberg poll. "Highlighting the dangers still unfolding just hours before the European Central Bank sets interest rates, a separate release from Eurostat showed consumer prices surged 3% in April — the fastest pace since September 2023," led by rising energy costs.

Slowing economic growth and accelerating inflation are a recipe for dreaded stagflation. European Commission President Ursula von der Leyen has warned the economic damage may be felt for "years to come." France and Italy have already trimmed their outlooks for economic growth, while Germany has halved its forecast for 2026 to 0.5%. The war lasting longer than expected is likely to have greater implications than the market is pricing in.

Navigating the Hormuz supply shock

By Editor Bill Watts

Crude oil futures traders appeared to wake up this week to the scale of the supply shock resulting from the Iran War and the closure of the Strait of Hormuz. This sparked another round of buying by speculative hedge funds looking to trade on a pickup in inflation. Past supply shocks offer at least a rough guide to how to prepare for what may be a volatile stretch ahead.

Brent crude on Wednesday surged to a four-year high to trade above $120 a barrel, while U.S. benchmark West Texas Intermediate pushed above $110 as a quick resolution likely isn't in the cards. The closure of the Strait, now stretching into its third month, is seen depriving the world of upward of 1 billion barrels of crude.

Inflation fears

Grain and soy futures have caught the energy market's coattails, with soybean oil futures notching another round of contract highs as corn grinds higher. Wheat has broken out to trade at nearly two-year highs, aided by a war premium but driven largely by the persistent drought and deteriorating crop conditions in the Plains. The fertilizer crunch also plays a role, with producers around the world seen trimming plans for wheat and corn acres.

There's no doubt a quick end to the war would be welcome. Producers face an intensifying squeeze as diesel prices ratchet higher and surging fertilizer prices further squeeze margins from the input side. But what about the grain market? Could these same forces spark a significant rally that would offset those pressures?

Wall Street was already watching the commodity sector amid nagging inflation fears before the war initially broke out. Now, fears of a global food inflation bout from the fertilizer shock are front-page news. The Bloomberg Agriculture Spot Index has broken out to trade at its highest since November 2023, but remains well below its 2022 peak. Hedge funds have increased their long exposure to corn, Kansas wheat and the soy complex.

Past supply shocks

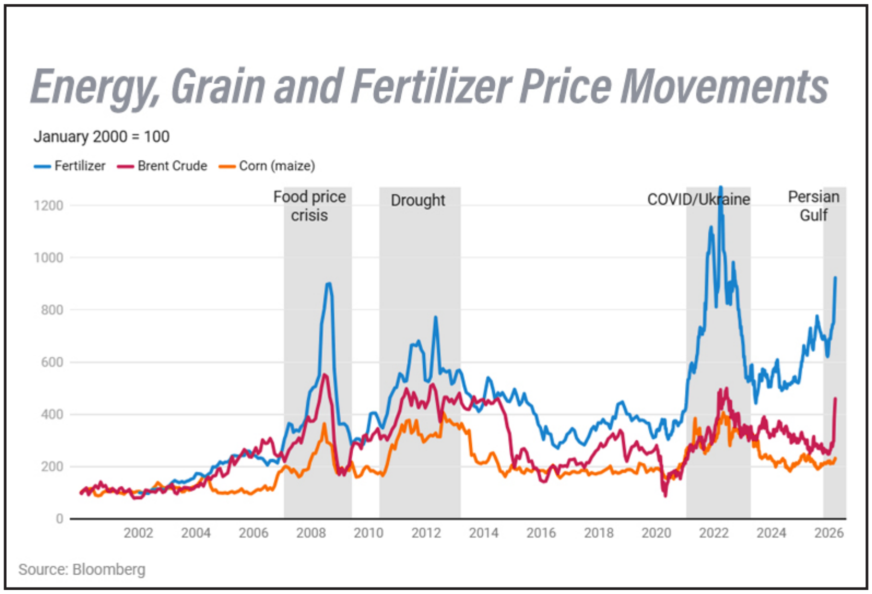
This chart from an International Food Policy Research Institute report by economists Shawn Arita and Joseph Glauber illustrates how past agricultural price spikes, including 2007-08, 2010-12 and 2021-22, saw energy, fertilizer and corn prices move together. They noted, however, that as of early April, corn prices were largely left behind by the jump in oil and fertilizer prices. Unlike the 2022 Russian invasion of Ukraine, the Iran War didn't directly threaten grain supplies. They argue many of the factors that helped drive past agricultural price spikes since 2000 are largely absent this time around.

But traders seeking to trade on fears of rising inflation may continue to be attracted to the grain market. Wall Street analysts have also argued a trend toward increased commodity hoarding will likely be amplified by the war, providing a baseline to demand.

Be nimble

Importantly, the chart also illustrates how volatile markets can be when supply shocks arrive. That's because supply shocks are followed by demand destruction – a process already well under way in the oil and fuel markets. A sustained rise in oil prices spells trouble for the global economy and would likely slow the more insulated U.S. economy as well.

Past supply shocks offered attractive, long-term marketing opportunities. Producers should be ready to reward rallies and stay nimble, because the speculative floor for the market can drop out just as quickly as it can rise.



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Farm Journal CEO, Prescott Shibles

CATTLE

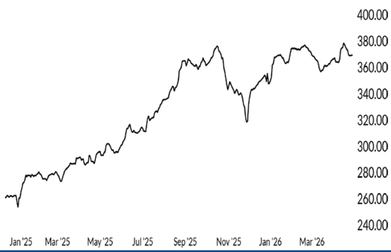
Technical buying forced live cattle futures above the mid-April record in, yet again, another remarkable show of resilience. Supply fundamentals remain a key driver, with dry conditions in the southern Plains threatening herd growth as grilling season demand ramps up. Meanwhile, cash fundamentals have improved notably after holding a sideways to lower tone in recent weeks. Packer margins have improved as a result, but are still negative. Renewed concerns around New World screwworm have emerged as cases rise in Mexico, which casts a shadow over the reopening of the U.S.-Mexico border.

Position Monitor

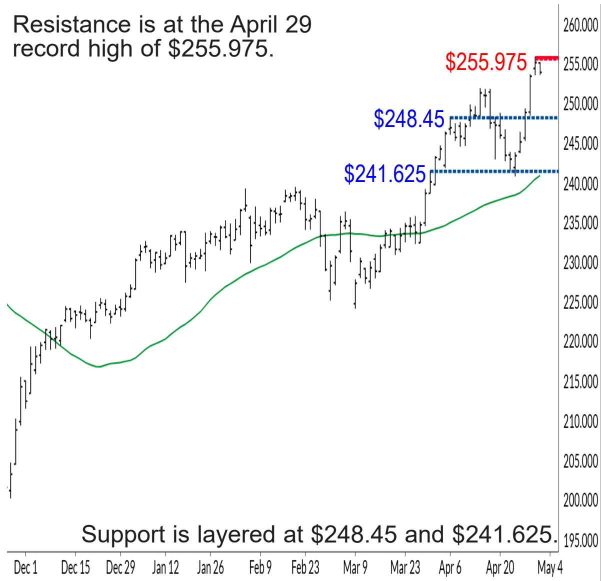
Game Plan: Live cattle have rebounded after a recent selling, as supplies remain tight. Consider using LRP to establish price floors.

	Feds	Feeders
I'26	0%	0%
II'26	0%	0%
III'26	0%	0%
IV'26	0%	0%

FEEDER CATTLE INDEX ($/CWT.)



DAILY JUNE LIVE CATTLE



HOGS

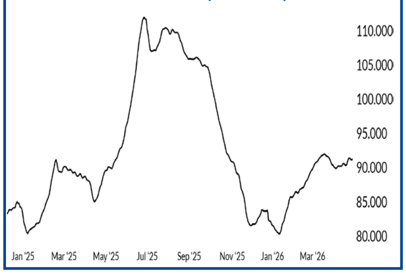
June lean hogs filled the April 21 upside gap and sparked a solid short-covering rally to round out the month of April. Though resistance at the 40- and 100-day moving averages could limit further upside in the near-term. Wholesale fundamentals continue to lend support, but cutout has not sprung higher in anticipation of seasonal demand. The CME lean hog index has firmed modestly after brief bout of weakness. As seasonal slaughter starts to decline and demand potential increases, buyers could start stepping back into the picture in earnest.

Position Monitor

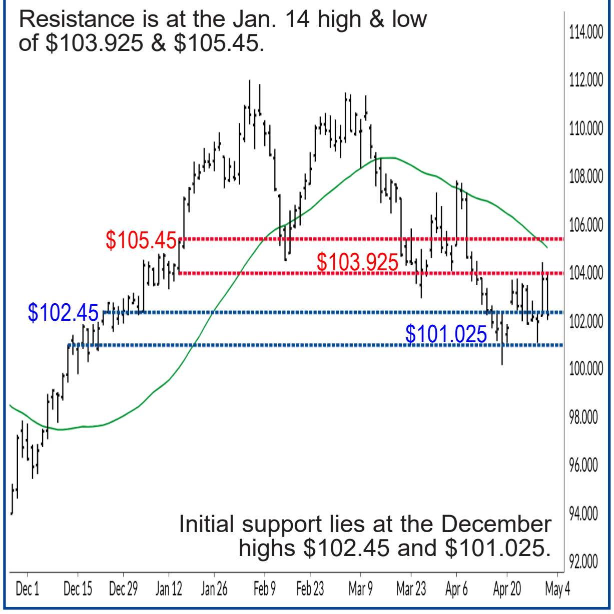
Game Plan: We advised liquidating the $104.00 July puts bought on Jan. 28 for Q2 production. Stay patient for now as we assess the next opportunity for hedges.

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

LEAN HOG INDEX ($/CWT)



DAILY JUNE LEAN HOGS



FEED

Feed Monitor

Corn

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

Meal

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

Corn Game Plan: You are hand to mouth for corn-for-feed needs. Be prepared to make purchases.

Meal Game Plan: You are currently hand to mouth on meal purchases. Be prepared to make additional purchases on an extended pullback.

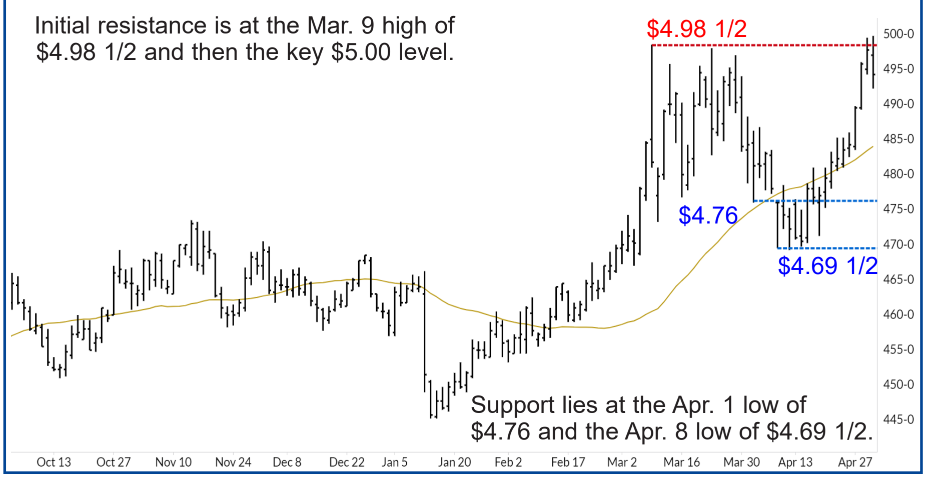
DAILY JULY SOYBEAN MEAL

Position Monitor

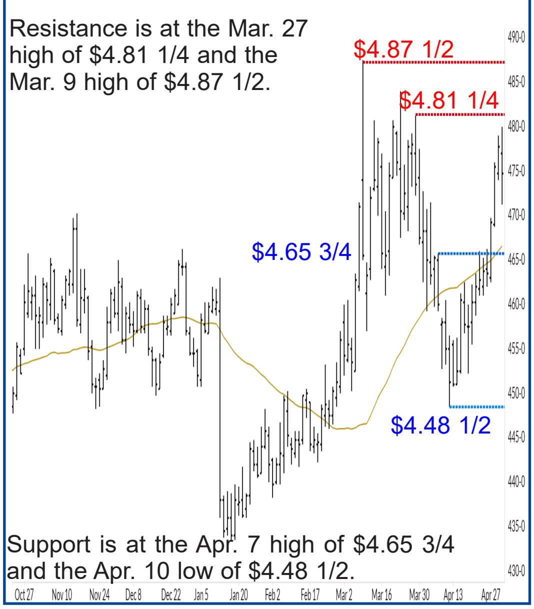
	'25 crop	'26 crop
Cash-only:	60%	30%
Hedgers (cash sales):	60%	10%
Futures/Options	0%	40%

Game Plan: We advised hedgers to purchase $4.80 December puts on 40% of expected 2026 production to establish a $4.48 floor price. We also advised cash-only marketers to forward sell another 20% of expected production at that time. You should be 60% sold for the 2025 crop in the cash market. Be prepared to make additional sales.

DAILY DECEMBER CORN



DAILY JULY CORN

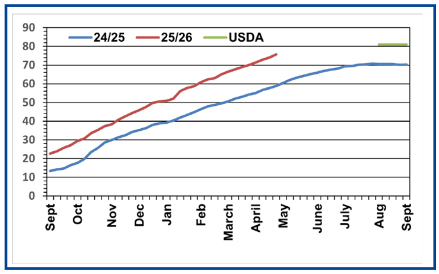


CORN

Demand for corn remains solid and offers support as new-crop contracts work to test the key $5.00 mark. Export sales continue to outpace the seasonal averages of recent years. Ethanol production has declined for two consecutive weeks, but remains near year-ago levels. Brazil's safrinha crop, which accounts for most of their production, currently has ample soil moisture though forecasts for rainfall in May are low and could cause stress if drying occurs. Northern regions of Brazil are seeing grain fill begin in corn, while areas further south with delayed planting are in vegetative development or pollination stages.

AVERAGE CORN BASIS (JULY)

CORN EXPORT BOOKINGS (MMT)



Position Monitor

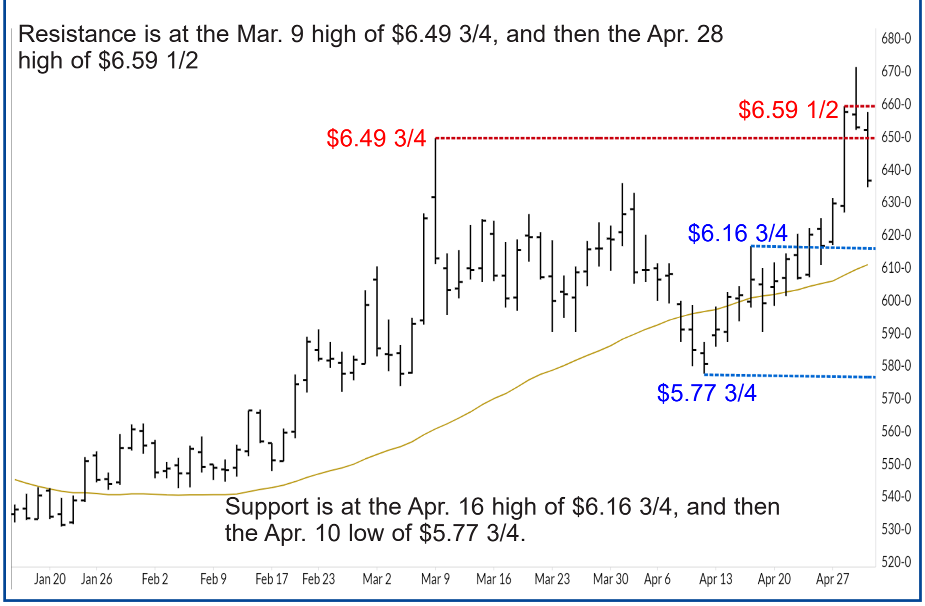
	'25 crop	'26 crop
Cash-only:	70%	30%
Hedgers (cash sales):	70%	30%
Futures/Options	0%	0%

Game Plan: You should have 70% of the 2025 crop and 30% of 2026 crop sold in the cash market. Be prepared to make additional sales on an extended weather rally.

WHEAT

SRW — Corrective price action from this week's intraday high was unsurprising given the move in to technically overbought territory. Rising crude prices remain a bullish factor for the crop long term as well, though crop concerns are the main driver at this time.

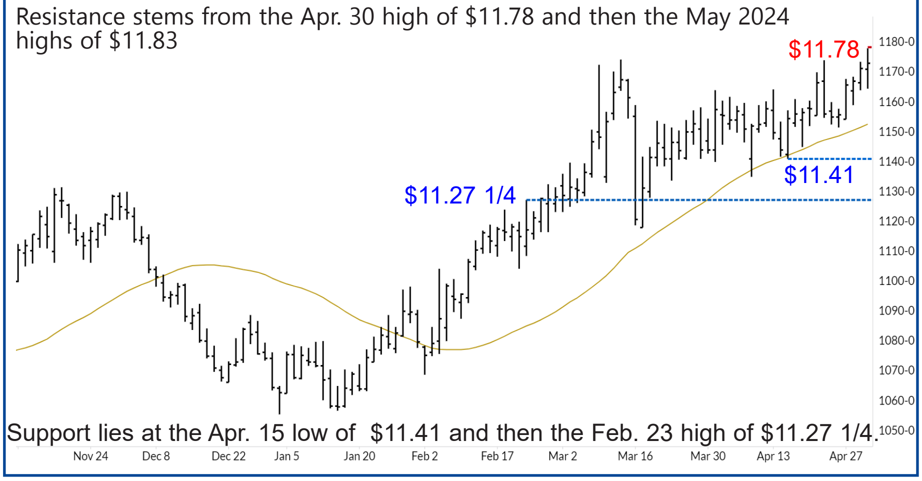
DAILY JULY SRW WHEAT



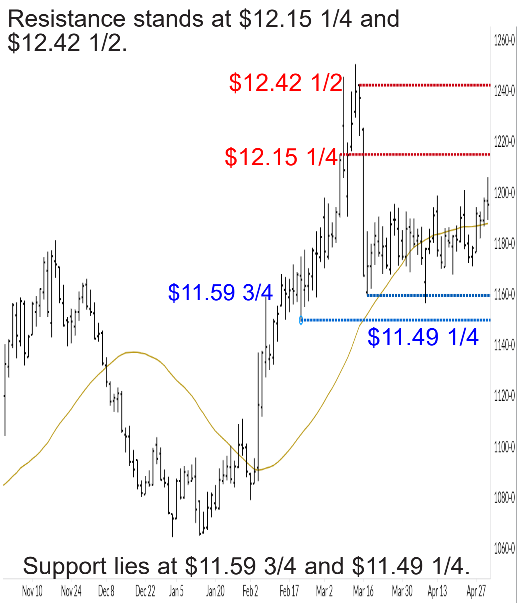
Position Monitor	’25 crop	’26 crop
Cash-only:	70%	30%
Hedgers (cash sales):	70%	10%
Futures/Options	0%	40%

Game Plan: We advised hedgers to buy $11.60 November puts on Mar. 31 on 40% of expected production, establishing an $11.00 price floor. We also advised cash-only marketers to forward-sell 20% of expected production on Mar. 31. You should be 70% sold in the cash market for the 2025 crop. Be ready to make new sales.

DAILY NOVEMBER SOYBEANS



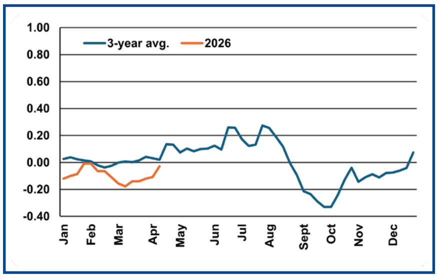
DAILY JULY SOYBEANS



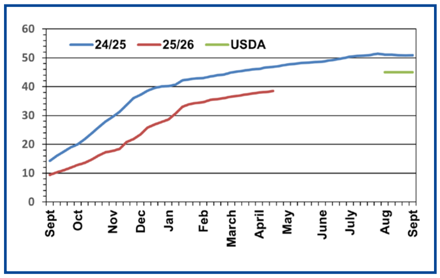
SOYBEANS

With tensions remaining high in the Strait of Hormuz, crude oil surged this week which helped push soy oil to contract highs, in part due to expectations of increased demand for biofuels around the globe. That strength helped soybeans test the high end of their established trading range, but faltering price action in meal failed to offer enough support to push through the stiff resistance. Soybean plantings in the U.S. are proceeding at record pace currently, and were estimated at 23% as of last Sunday. The warm spring across the southern U.S. coupled with timely showers should lead to relatively quick emergence as well.

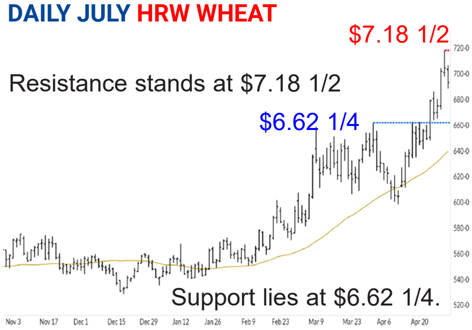
AVERAGE SOYBEAN BASIS (JULY)



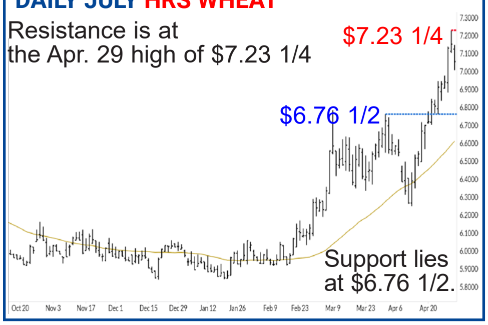
SOYBEAN EXPORT BOOKINGS (MMT)



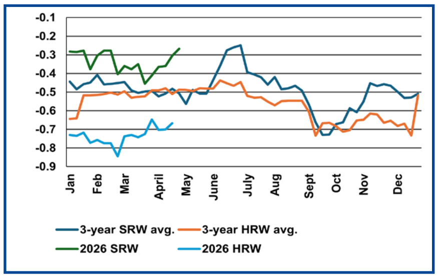
DAILY JULY HRW WHEAT



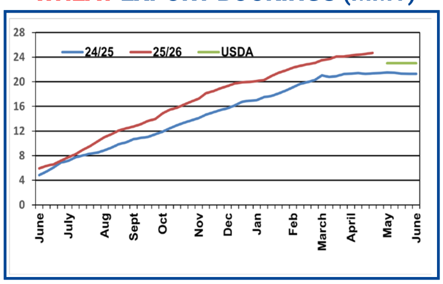
DAILY JULY HRS WHEAT



AVERAGE WHEAT BASIS (JULY)



WHEAT EXPORT BOOKINGS (MMT)



HRW — Weather continues to dominate the HRW markets. With another potential freeze in the forecast, abandonment becomes more of a concern in addition to the already likely poor yields in the Plains. Lower yields would work in combination with the near record-low U.S. planted wheat acres to offer firm support.

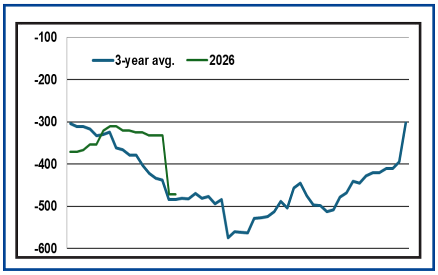
HRS — Drought concerns remain minimal, with only 18% of spring wheat in drought compared to 68% of winter wheat acres. Still, acreage remains relatively tight for HRS and spillover strength from the other wheat classes has helped the crop continue to close well above the 10-day moving average since mid-April.

Position Monitor

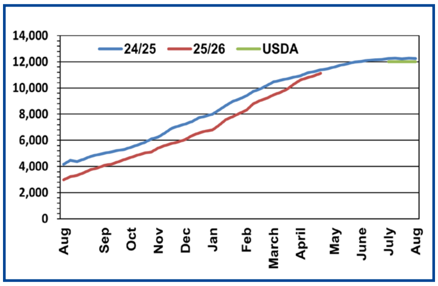
	'25 crop	'26 crop
Cash-only:	90%	40%
Hedgers (cash sales):	90%	40%
Futures/Options	0%	0%

Game Plan: On April 16, we advised selling 15% of old- and new-crop production. Be prepared to make additional sales.

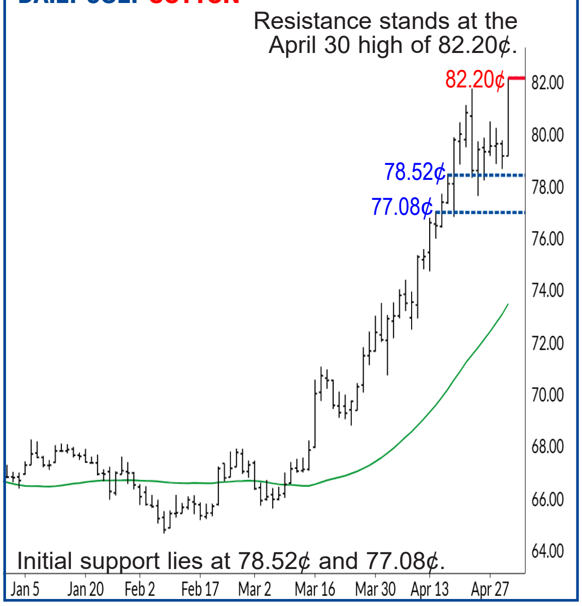
AVERAGE COTTON BASIS (JULY)



COTTON EXPORT BOOKINGS ('000 BALES)



DAILY JULY COTTON



COTTON

A test of the 10-day moving average in December futures spurred a rebound, which indicated bulls had recharched to overcome the April 22 high. Elevated oil prices, weather risk and technical buying have coincided with a more snug forward supply outlook.

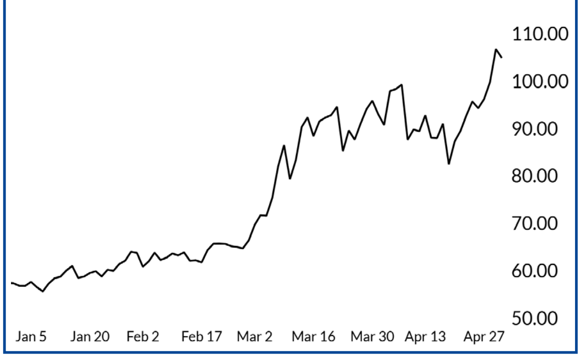
GENERAL OUTLOOK

Crude oil: The decision by the United Arab Emirates to leave OPEC this week didn't weigh on an oil market coming to grips with the prospect of a lengthy shutdown of the Strait of Hormuz, but it nonetheless represents a seismic shift.

Long frustrated by the straitjacket of production quotas, UAE has invested heavily in production capacity and appears eager to pursue market share outside the constraints of the cartel.

It will take months, if not longer, for Middle East oil production to recover once the Iran war ends, but UAE's size and spare capacity will make it difficult for OPEC to coordinate supply over the long run. That means long-term implications for ag commodities, which are increasingly sensitive to crude swings due to the expansion of biofuels.

DAILY JUNE CRUDE OIL WTI FUTURES



FROM THE BULLPEN By Economist Lane Akre

There were no summer corn rallies in either 2024 or 2025 —back-to-back absences occured only once before, in the middle of the 1980's farm crisis. Assuming the current advance by December corn futures makes a higher high, it would qualify as a summer rally by our metrics, as our definition of summer begins May 1.

Since 1981, there have been only seven years without a summer rally, while several years have seen multiple instances. There have been 52 summer rallies over the last 44 years, with 14 of those beginning in the first three weeks of May, as would be the case this year.

Looking at only the first rally of the summer, the average starting date was June 4 and the average ending date was on July 5, averaging about 31 days. However, the duration of a rally is not necessarily indicative of how much prices could rally.

Prices could grind higher slowly over a long period of time if weather or the ongoing war provides a catalyst, or explode higher in a short period, similar to the 7.7% rally seen in just a week in 2022. The average gain for all first summer rallies is 19.2%, about 95¢ assuming a start of $4.94 1/4, Thursdays close, indicating more could be in store, especially if weather proves prohibitive. Bulls remain in control, with this benchmark as a target.

WATCH LIST

1	**USDA Crop Progress** Wheat conditions a focus.	**MON 5/4** 3:00 p.m. CT
2	**U.S. Ag Trade Data** March imports/exports.	**TUE 5/5** 7:30 a.m. CT
3	**Weekly Ethanol Production** Will production rebound?	**WED 5/6** 9:30 a.m. CT
4	**Weekly Export Sales Report** Wheat, corn sales strong.	**THUR 5/7** 7:30 a.m. CT
5	**U.S. Jobs Data** A look at activity in April.	**FRI 5/8** 7:30 a.m. CT