Biofuels mandates near decision as drought and South American harvest risk steer ag markets

Global Agricultural Developments

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Biofuels mandates near decision as drought and South American harvest risk steer ag markets

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Grain and livestock markets stayed highly headline-driven, with drought and wheat risk premium, mixed export signals for corn and soybeans, and biofuels mandates moving toward a late-March decision. This digest also highlights practical technology and management advances—from new soybean traits and AI decision tools to robotics and livestock best practices—plus key regional supply and trade developments across the U.S., Brazil, and Argentina.

1) Market Movers

Grains & oilseeds (U.S. and global)

- **Wheat:** Price strength was tied to **weather risk and positioning**—dryness/wind and drought across parts of the U.S. winter wheat belt (noted as ~**50%** in drought) and rain forecasts being removed supported a weather premium [1]. Separate coverage also pointed to drought spreading in **Kansas and Oklahoma** as a driver behind a futures jump [2]. Market commentary added that Chicago wheat posted new highs while KC lagged, with the move framed as a longer rally and a "weather scare" [3][4][5].
- **Corn:** Corn followed wheat higher, but multiple sources emphasized the overhang of a ~**2 billion bushel carryout** as a restraint without new

[1] Markets Now Early -2/27 Grains Rally to Fresh Highs on Weather, Month End Buying: Can it be Sustain
[2] post by @SuccessfulFarm
[3] GRAINS CATCH A BID
[4] GRAINS CATCH A BID
[5] GRAINS CATCH A BID

demand catalysts [6]. Fresh export demand signals included:

  - A reported **flash export sale to "unknown"** in market commentary [7].
  - Private exporters reporting **257,000 MT** of corn sold for delivery to unknown destinations (MY 2025/2026) [8].

- **Soybeans:** Soybeans hit a **2.5-month high**, then pulled back after weekly export sales were reported **down 49%** versus the previous week [9]. Trade uncertainty was part of the narrative, with a report saying negotiations toward a commodity deal hit a **rough spot** even as they progressed toward a **March 31 summit** [10].

- **Biofuels-driven demand (soybean oil, corn, sorghum):** Several updates converged on biofuel policy as a key demand lever.

  - EPA's RVO proposal was sent to the White House/OMB, with reporting that the rule was **likely finalized by end of March** [11].
  - Initial RVO proposals for 2026–2027 showed a sharp increase for **biomass-based diesel**, with discussion of ~**5.25–5.61B gallons** and framing that this could exceed the current 3.35B gallons by more than 2B gallons [12].
  - A Trump administration plan would require large refiners to cover at least **50%** of blending volumes previously waived under small refinery exemptions, potentially increasing demand for blending credits [13].
  - USDA soybean oil use was discussed as potentially reaching **17 billion pounds** under scenarios viewed as positive by industry voices [14].

[6] Markets Now Closes - 2/27 Grains Up for the Week and Month: Can the Markets Build on It?

[7] Markets Now Closes - 2/27 Grains Up for the Week and Month: Can the Markets Build on It?

[8] post by @USDAForeignAg

[9] Markets Now: Soybeans and Cattle Lose Steam

[10] post by @ArlanFF101

[11] Finalized Biofuels Blending Mandates Are Close: What Does That Mean for Growers?

[12] Finalized Biofuels Blending Mandates Are Close: What Does That Mean for Growers?

[13] Finalized Biofuels Blending Mandates Are Close: What Does That Mean for Growers?

[14] RVO Crossroads: How EPA's Biofuel Decision Could Reshape Grain Markets This Spring

RVO Crossroads: How EPA's Biofuel Decision Could Reshape Grain Markets This Spring (1:10)

Livestock (U.S. and Brazil)

- **U.S. cattle:** Futures were sharply lower on the week (live cattle **$243.29**, April live cattle **$232.23**, March feeder cattle **$355.43**) while **box beef** moved higher (Choice **$377.89**, Select **$370.79**) [15][16][17][18][19]. Weekly cattle slaughter was **516k head** (down **50k** YoY) and YTD slaughter was down **10.1%** [20]. USDA leadership was cited as saying there were **no plans anytime soon** to reopen points of entry for live cattle imports from Mexico [21].
- **U.S. hogs:** National base carcass price was **$89.34** (up **$3.03** WoW) and nearby lean hog futures were **$95.73** (up **$2.05** WoW) [22][23]. Hog slaughter was **2.516M head** (up 23k WoW; down 9,170 YoY) with YTD slaughter

[15] Cattle futures sharply lower this week | Weekly Livestock Market Update
[16] Cattle futures sharply lower this week | Weekly Livestock Market Update
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[23] Cattle futures sharply lower this week | Weekly Livestock Market Update

down **2.1%** [24].

- **Brazil poultry and eggs (São Paulo):** Live broilers averaged **R$5.04/kg** (down 2.1% vs January; lowest real level since May 2024) and purchasing power versus corn/soy meal slipped month-over-month [25][26]. Egg prices rose ~**37%**: **R$147.98** (white, extra; 30-dozen box) and **R$166.57** (red) [27].

2) Innovation Spotlight

Crop protection & traits (U.S.)

- **BASF "Nemosphere" soybean trait (targeting soybean cyst nematode):** Described as the **first biotech trait** to control soybean cyst nematode, with a **2028** market target [28][29]. SCN was characterized as the "number one yield robber" for **52 years** and taking at least **$1.5B** of value out of the market today [30][31]. The trait was also described as bringing a **fourth herbicide mode of action** to soybeans (HPPD tolerance enabling mesotrione pre-emergence), and panel examples suggested potential **20–30 bu** differences in affected fields [32][33].
- **Fungicide results:** A BASF fungicide trial set involving **1,800 farmers** was described as showing **20–40 bu/acre** yield differences versus untreated comparisons, with emphasis on planned applications for disease pressure (e.g., southern rust, tar spot) [34][35].
- **Decision support / verification tools (Xarvio):** Growers were encouraged to work with local retailers to use Xarvio to **capture existing practices** (no-till, nitrogen stabilizers, cover crops) and qualify in a "five steps" process; the tool was also described as supporting **fungicide timing alerts** and **seed/variety recommendations**, noting that a wrong variety decision can cost **10–20 bushels** [36][37].

[24] Cattle futures sharply lower this week | Weekly Livestock Market Update
[25] Comissão europeia anuncia aplicação provisória do acordo com Mercosul | Rural Notícias - 27/02/2026
[26] Comissão europeia anuncia aplicação provisória do acordo com Mercosul | Rural Notícias - 27/02/2026
[27] Comissão europeia anuncia aplicação provisória do acordo com Mercosul | Rural Notícias - 27/02/2026
[28] February 27, 2026: Tariffs, E15 Policy and Conversation from Commodity Classic
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Mechanization & robotics (global)

- **China agricultural robotics (field + greenhouse):**
  - “ ” was described as a robot system capable of full-cycle, unmanned rice production (plowing through harvest), with **100+** robot models deployed across China and exported, including a cited procurement demand of **100,000+ units** [38].
  - A separate example described a field robot achieving ~**8×** manual efficiency in harvesting a taro-like crop, along with reported electricity use of ~**2 kWh/mu** at ~**0.5 RMB/kWh** [39,40].
- **Swine production analytics (PIC):** Digital imaging/AI was described as enabling behavior recording on “thousands and thousands” of pigs, with measurable and heritable behavior traits for potential genetic selection [41]. Camera-based phenotyping of feet/legs was described as **three times** more accurate/heritable than humans and used to predict longevity in sow herds [42].

Equipment upgrades (U.S./Europe)

- **High-horsepower tractors:**
  - John Deere highlighted the **8R 540** within a high-horsepower 8R lineup (440/490/540), framed around wider implements, faster speeds, and fixed-frame maneuverability with 4WD power [43].
  - New Holland rolled out the **T7 XD** series (T7.360 XD, T7.390 XD, T7.440 XD) delivering up to **435 horsepower** for haulage, silage, planting, and tillage [44].
- **Dairy feeding system upgrade (UK):** A farm moved from a **12m³** to a **20m³** Keenan mixer feeder to reduce overloading and shift toward a single larger cow mix rather than split mixes, with expectations of more milk from a better/accurate mix [45,46,47].

3) Regional Developments

United States

- **USDA FY26 agricultural outlook (trade):** The U.S. ag trade deficit was forecast at **$29B**, described as an improvement of **$14.7B** from FY25

[38] 20260227 | Agriculture And Farming
[39] 20260227 | Agriculture And Farming
[40] 20260227 | Agriculture And Farming
[41] Dan Hamilton: Building Resilience in the Barn and in Life | Episode 41
[42] Dan Hamilton: Building Resilience in the Barn and in Life | Episode 41
[43] February 27, 2026: Tariffs, E15 Policy and Conversation from Commodity Classic
[44] post by @SuccessfulFarm
[45] DID I GO TOO BIG!?... NEW FEEDER KILLS TRACTOR!!
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[47] DID I GO TOO BIG!?... NEW FEEDER KILLS TRACTOR!!

and **$8B** versus December 2025 projections, tied to record export performance [48][49][50]. Forecast record export components included:
  - **Dairy**: **+15%** by end FY25, led by demand for U.S. cheese and butter (growth cited in Mexico/Canada/EU) [51].
  - **Corn**: **+29%** projected record volumes (supported by sustained global demand) [52].
  - **Ethanol**: **+11%** forecast record exports (shipments cited to Canada/EU/UK/India) [53].
- **Drought and wildfire backdrop:** Coverage cited **74%** of the lower 48 in drought, high winds fueling wildfires burning **400,000+ acres**, and extremely low Midwest snowpack heading into spring planting [54].

South America

- **Brazil soy (West Bahia):** The 2025–26 soybean season was described as nearing final harvest phase with expectations of **>9M tons** and dryland yields of **65–70 sacks/ha**, while rain (mid-March) was cited as a risk to harvest execution [55][56][57].
- **Brazil soy (Mato Grosso):** Soy harvest was reported at **66%** complete with the pace slow and behind last year due to more than 30 days of heavy rain; second-crop corn planting was reported **65%** complete by Feb 20, also described as delayed, with producers citing losses from persistent rain [58].
- **Argentina corn:** Notes cited a record corn production expectation of **62 million tons**, **26%** above last year, with harvest set to begin soon [59].

Europe–Mercosul trade lane (Brazil and Mercosul exporters)

- **Provisional EU–Mercosul application:** The EU was reported to apply an interim trade deal eliminating roughly **€4B** in tariffs after 25 years of negotiations [60]. Key implementation details and constraints included:

[48] post by @SecRollins
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[50] post by @USDAForeignAg
[51] post by @SecRollins
[52] post by @SecRollins
[53] post by @SecRollins
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[58] AO VIVO: UE anuncia aplicação provisória do acordo comercial com o Mercosul | M&C – 27/02/2026
[59] post by @BowTiedMara
[60] União Europeia anuncia aplicação provisória do acordo Mercosul-UE

- **Meat quota barrier reduction:** a **20%** cut in quota barriers this year, with full quota expansion after **5 years** (beef and poultry highlighted) [61].
- **Tariffs:** progressive reductions with agricultural products generally waiting ~**4 years**, and some lines up to **15 years** [62].
- **Legal/political risk:** safeguards demanded by Italy were described as unclear, and a court review could create uncertainty over **18–24 months**; margins in European approvals were characterized as narrow [63][64][65].

4) Best Practices

Crop planning and execution

- **Use decision tools to document practices and reduce preventable yield loss:** Xarvio was described as a way to document existing practices for scoring/qualification (no-till, nitrogen stabilizers, cover crops), and as providing seed/variety guidance where variety misfit can cost **10–20 bushels** [66][67].
- **Plan disease control (don't chase it):** BASF's fungicide messaging emphasized "planned application" versus catching up to disease, alongside cited yield differences versus untreated comparisons [68].

Livestock management (practical, field-level)

- **Piglets (post-weaning mortality reduction):** A case study attributed high post-weaning losses to cold stress and an abrupt switch to fermented feed; recommended actions included insulation lamps/dry bedding and using starter feed for ~**2 weeks** with a gradual transition [69][70][71].
- **Predator losses in open-range sheep systems:** Drone herding was described as providing rapid aerial oversight and noise deterrence, reducing annual losses from ~**15%** to ~**5%** without adding herders [72].
- **Aquaculture feed hygiene:** In grass carp systems fed soaked fava beans for "crisp meat," uneaten beans settling and fermenting were linked to

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reduced intake/quality; daily removal of leftover beans before new feeding was presented as the fix [73].

Storage and on-farm maintenance

- **Grain bin maintenance:** A "13 grain bin checkup tips" resource was shared for keeping bins in condition for grain storage [74][75].

Soil and garden management (specialty/small-scale)

- **Black walnut juglone mitigation:** Guidance noted juglone sensitivity in some crops (especially nightshades), with mitigation options including raised beds and root barriers and locating plantings outside the 15–20m root zone [76][77].

5) Input Markets

- **Input cost direction (U.S. forecasts):** Fertilizer was forecast to decrease **1.4%**, seeds **1.3%**, fuel nearly **7%**, and pesticides **8.3%** [78].
- **Tariffs and fertilizer availability risk (U.S.):** A new **10%** U.S. tariff was reported under Section 122 authority, with exemptions including several fertilizer products (e.g., urea, ammonium nitrate, UAN, ammonium sulfate; DAP and MAP also cited in one version), while products like ammonia and sulfuric acid were described as not exempt unless imported under USMCA [79][80]. Ag groups urged policy certainty and avoiding tariffs on agricultural inputs [81].
- **Biofuel policy uncertainty showing up in production:** Iowa biodiesel production was reported down nearly **25%** in 2025, with industry calling for policy certainty while plants awaited the RFS rule [82].
- **Bridge assistance program (U.S.):** USDA described the Farmer Bridge Assistance Program as offering one-time bridge payments tied to temporary trade disruptions and higher production costs, with enrollment open through **April 17, 2026** (details: http://fsa.usda.gov/fba) [83][84].

[73] 20260227 " "· | Agriculture And Farming
[74] post by @SuccessfulFarm
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[76] r/homestead comment by u/Nokiraton
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[84] post by @USDA

6) Forward Outlook

- **Biofuels policy timeline (U.S.):** With the RVO proposal already moved to White House/OMB review, reporting suggested a final rule could arrive by **end of March**, keeping soybean oil and corn demand expectations headline-sensitive into early spring [85].
- **Planting intentions sensitivity (U.S.):** Commentary highlighted the RVO outcome and trade developments with China as key factors influencing acreage decisions and market tone, potentially leaving acreage clarity to later surveys if timing slips [86].
- **South American weather execution risk (Brazil):** March rainfall was described as supportive for second-crop corn development but disruptive to fieldwork in several areas—above-average rainfall in Brazil's Southeast was flagged as a challenge for producers who missed February second-crop corn planting windows, while short-term "windows" were emphasized for advancing soybean harvest before heavier rains return [87][88].
- **EU–Mercosul agreement planning caution:** Multiple segments stressed that provisional application can support near-term commercial activity (tariffs/quotas), but exporters and producers may need to avoid planning that assumes permanence given legal reviews and narrow political margins [89][90].

Sources

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[87] Como fica o tempo no início de março?
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