

# Brazil Soy Record Meets Fertilizer Disruption and Higher Harvest Costs

Global Agricultural Developments

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Grain markets cooled after an energy-led rally, while Brazil's 181 million-ton soybean crop and stronger real deepened local price pressure. This brief also tracks irrigation and feed-efficiency technologies, fertilizer dislocations, and weather signals shaping 2026/27 planning.

### 1) Market Movers

- **United States grains:** May 5 futures were lower after Monday's energy-led rally: Dec corn at 503¾, Nov soybeans at 1195, July Chicago wheat at 638¾, July KC wheat at 687, and September spring wheat at 713¼. The prior session's strength was tied to higher crude, strong soybean crush demand, and planting-weather concerns; soybean oil was up 59.9% year to date versus crude up 81% [1].
- **Exports and crop progress:** U.S. weekly export inspections reached 80 million bushels for corn, 17 million for soybeans, and 16 million for wheat. Corn planting was 38% complete versus a 34% 5-year average, and soybeans were 33% versus 23%, though Iowa, Missouri, Wisconsin, and Michigan remained behind average [1].
- **Wheat:** Winter wheat was rated 31% good/excellent and 37% poor/very poor nationally, while the top five hard red winter wheat states averaged just 14% good/excellent and 52% poor/very poor. Forecast rain in HRW areas was described as too little, too late, while Corn Belt temperatures were projected 4.9°F below normal over the next seven days [1].
- **Brazil soybeans and FX:** Headpoint raised Brazil's 2025/26 soybean estimate to 181 million tons, 1.5 million above its prior forecast, as center-north yields offset Rio Grande do Sul losses. The larger crop is pressuring inland soybean prices below R\$100/sack in some areas, while the stronger

real has reduced export parity; the dollar closed near R\$4.91, its lowest level in almost 30 months. At the port, Paranaguá soybean prices were cited at R\$129.14/sack [2, 3, 4].

## 2) Innovation Spotlight

- **Irrigation expansion with measured yield gains | Brazil:** An ABMAC/ESALQ-backed study said irrigated agriculture is delivering materially higher productivity and stronger regional development indicators than rainfed areas. In coffee, roughly 20% of irrigated area accounts for 40% of national output, while irrigated soybeans were cited at 30% higher production than rainfed fields. Brazil currently has about 8 million irrigated hectares and cited expansion potential of roughly 5x without opening new land, though water infrastructure, energy, and connectivity remain constraints [5].
- **Coffee emissions and input-efficiency tool | Brazil:** Researchers at Unicamp's CEPAGRI developed a tool that measures greenhouse-gas emissions in coffee production and processing, including soil carbon storage. The system is intended to identify production bottlenecks, improve soil organic matter and nutrient efficiency, reduce input needs without sacrificing profitability, and improve cup quality. Current access is through technicians and partners including Cooxupé and WR Brasil [6].
- **Liquid-feed automation | Brazil swine sector:** A finishing farm in Dourados, Mato Grosso do Sul, reported that its automated liquid-feed system can produce 1 kg of pork with 200 g less feed, while lowering mortality, enabling remote management by phone, and operating within stated animal-welfare standards [3].
- **Farmer-reported nutrient substitution gains | India:** In Uttar Pradesh, one maize grower reported that partially replacing DAP with a bio-input cut DAP use from 25-30 kg per bigha to roughly half, improving economics by about 250 per bigha. The same farmer said maize irrigation needs fell from 8-9 passes to 5-6 as soil became more friable and retained moisture longer [7].

## 3) Regional Developments

- **Mato Grosso, Brazil:** Second-crop corn is moving into final development and harvest under tighter margins. Diesel rose almost 30% to about R\$7.50/liter after international tensions, increasing harvest and freight costs. On one 1,440-hectare farm, harvest was expected to use 40,000-45,000 liters, with new diesel purchases running R\$1.50-1.70/liter above last year. Corn values were cited at R\$43/sack versus R\$68 a year earlier, and next soybean production costs may rise about 15% [8].
- **Brazil fertilizer policy:** A proposed critical-minerals policy would classify phosphate, potash, and nitrogen as strategic minerals, with credit lines, tax benefits, innovation support, and faster licensing intended to

reduce fertilizer import dependence. Voting was postponed after requests for broader debate [9].

- **Brazil weather:** More than 100 mm of rain over five days was forecast along parts of the North/Northeast coast, with rain later extending toward southern Bahia and Matopiba. At the same time, hail and strong winds threaten Paraná's second corn, and cold air raises frost and cattle hypothermia risk in southern Mato Grosso do Sul, where soil temperatures can fall to 0°C or lower [10].
- **Brazil credit conditions:** The agriculture minister said the next Plano Safra should be announced in early June and is expected to exceed last year's R\$516 billion, with emphasis on interest rates and credit access. One Canal Rural analyst argued the headline could top R\$620 billion but still leave effective borrowing costs near 26%, with some producers paying 30%, if interest subsidies do not materially change [11].

#### 4) Best Practices

- **Grain storage:** As spring temperatures rise, keep grain within safe temperature and moisture ranges and use CO2 monitoring as an early warning system for spoilage [12].
- **Spray tank management:** Compatibility problems can come from mixing order, insufficient agitation, failure to pre-slurry dry products, and cold water. Suggested fixes were a compatibility agent, a water-conditioning agent to bind calcium, magnesium, and iron, and full tank-and-boom cleanout before switching products or crops [13].
- **Weed control timing:** Add volunteer-corn herbicide on the first post-emerge pass [14]. For field pennycress and similar winter annual situations, herbicide performance improves when nights stay above 50°F and daytime temperatures are above 70°F [15].
- **Early planting takeaway | South Dakota:** In a trial planted March 30, corn and soybeans were emerging by April 24 despite low GDUs and almost no rain. In soybeans, a 30,000 plants/acre population was cited as helpful for pushing through surface crusting, and seedlings showed healthy roots with seed treatment still visible in dry soil. The key frost lesson was that seed and growing points remained protected while still below ground [15].
- **Cold-stress management | Brazil livestock:** During the upcoming cold window in southern Mato Grosso do Sul, non-confined cattle need attention because air temperatures of 3-5°C can coincide with soil temperatures at or below 0°C, increasing hypothermia risk [10].

#### 5) Input Markets

- **Global fertilizer:** Farm Journal described the Iran war and the 10th week of Strait of Hormuz closure as effectively stopping fertilizer movement for spring, on top of China's earlier nitrogen export ban. The closure

removes three of the world's top 10 urea and ammonia exporters from normal flow, and urea was described as nearly double its early-December level while potash was up about 10% year to date [16].

- **Relative U.S. supply position:** Despite global stress, North America was described as being in relatively good shape on urea, anhydrous ammonia, and UAN, though any Strait reopening would still leave about a 60-day lag before additional tons reach U.S. farms. Some producers were still reported paying 30-40% more and shifting rotations toward lower-fertilizer soybeans [16].
- **Mixed Brazil signal:** Canal Rural, citing Estonex, said Brazil urea deals were already being done below \$70/ton, down 4% from two weeks earlier, as weaker demand started to outweigh Middle East logistics constraints [3].
- **Policy and timing:** A U.S. industry source argued that removing countervailing duties on Moroccan phosphate would help near-term costs, while additional U.S. fertilizer production capacity is not expected to materially affect spring prices until 2027 [16].
- **Feed coproducts | Brazil:** DDG output was estimated near 4 million tons in 2024/25 and projected at 6 million tons by 2030, with Northeast feedlots already above 500,000 head and Bahia above 300,000, linking local corn processing to animal-feed supply [4].

## 6) Forward Outlook

- **United States:** Near-term grain direction will depend on whether cool temperatures and rain keep slowing fieldwork in lagging states, and on two calendar events next week: the May 12 WASDE and the May 14 Trump-Xi meeting. Analysts explicitly flagged buy-rumor/sell-fact risk around soybeans [1, 17].
- **Brazil 2026/27 planning:** Canal Rural's meteorology coverage says El Niño should return in late May/June, run moderate to strong through winter and spring, and could reach *super El Niño* thresholds in November-January. The cited risk mix is later rains and more intense heat for planting, heavier rain in the South, and drier conditions in the North/Northeast [18].
- **Input budgeting:** One U.S. market source said the fertilizer shortage problem is more immediate for Brazil than for the U.S., while North American producers remain comparatively better supplied. That matters for fall procurement decisions, because domestic capacity expansion is still framed as a spring 2027 story rather than a 2026 fix [19, 16].
- **Brazil financing:** For producers planning acreage and input purchases, the early-June Plano Safra details may matter less than the headline total if interest subsidies do not improve meaningfully; Canal Rural commentary warned that volume alone may not solve high borrowing costs [11].

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