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Cotton's fund-driven rally is now being tested by heat in West Texas and Xinjiang, while Ukraine's export downgrade and Brazil's trade, weather and input-policy signals reshape near-term agricultural exposure.

Market Movers

Cotton: positioning has acquired a fundamental weather test

A monitored cotton analysis says hedge funds had been net short for nearly two years, began reversing in April, and drove most of the initial rally through short-covering and fresh buying. The move was initially larger than the projected supply change: 2026/27 ending stocks were within 500,000 bales of the current-year estimate. [1] Fundamentals have since tightened, with global production forecast down 4–5.5%, mill use at a six-year high, global stocks at an eight-year low, and the season-average price forecast lifted from 61 to 73 cents. [1]

The live catalyst is now heat in both major cotton risk zones. West Texas's High Plains has had essentially no rain for 24 days, highs of 97–103°F and no relief in the 10-day forecast; Xinjiang, which produces roughly nine-tenths of China's cotton, has reached 99–102°F since Aug. 2. Both crops are in boll development, when heat-related yield loss is irreversible. [1] The analysis's forecast holds the ridge through Aug. 18 and says durability depends on whether the heat persists through the rest of August. [1] For cotton exposure, the next decision variable is therefore weather persistence—not another round of fund-flow extrapolation.

Grains: Black Sea logistics and the USDA acreage question dominate

Grain markets opened higher: December corn was up 1¾ cents at 463¾, November soybeans up 7 cents at $11.83¼, and September Chicago wheat up 9½ cents at 649¼. [2] The wheat move has the clearest supply rationale. A monitored market report says Ukraine cut its agricultural-export estimate to 29.6 million metric tons, down 54%, with wheat exports expected at 8.3 million tons, down 53%, after Russian attacks disrupted Odesa, which normally handles about 90% of Ukraine's grain shipments. Storage could be full by early November, leaving an estimated 11-million-ton shortfall by the end of fall; Russia is preparing $122 million to support rail rerouting to Black Sea and Baltic ports. [2]

Russia is projected to account for more than 22% of global wheat exports this year and Ukraine 6.8%; Ukraine is also projected at 11% of global corn exports. A safe-corridor agreement would be a sharp downside catalyst for wheat, but the longer the port constraint lasts, the greater the risk to global wheat availability. [2]

The other immediate catalyst is USDA's first survey-based corn and soybean production estimate. The August number is based mainly on farmer phone surveys; the first objective field-yield survey begins in September. Private corn estimates range from roughly 182 to 184.8 bushels per acre, while corn good-to-excellent ratings are about 12% below last year. Acreage is the larger wildcard because USDA uses FSA administrative data rather than a new planted-acre survey and has increased agricultural-survey sample sizes by roughly 10,000–15,000 farmers. [3]

China is buying, but the pace still needs to accelerate: Friday flash sales included 9 million bushels of new-crop U.S. soybeans to China and 11 million bushels of corn to Mexico. The report puts China's new-crop U.S. soybean commitments at 4.091 million metric tons, or 16.4% of a 25-million-ton target. [2]

Cattle: cash scarcity is confronting weaker futures structure

The cattle analyst on the monitored market program says two steep selloffs have damaged the long-term live-cattle uptrend. The chart area near $230 combines a gap, a 50% retracement and the 40- and 50-day moving averages; cash may still have short-term support, but the analyst no longer describes the market as a clear long-term uptrend. [4]

Supply is giving feedlots some leverage: cash cattle traded mainly at $235–236 last week and the non-holiday weekly kill was only 59,000 head. But Choice boxed beef near $364 was not responding to the light kill, packers were running at minimum levels, and demand was split—hamburger remained strong while sirloin, ribeye and strip demand was weak. [4] Live-cattle open interest has fallen to about 285,000 contracts from roughly 450,000 six months earlier, a sign that uncertainty has driven out long speculators. [4] High cash bids therefore should not be read as a uniform demand signal across the beef complex.

Innovation Spotlight

Brazil: JBS demonstrates a scaled cattle-byproduct economy

JBS says 99% of the cattle-chain residue it generates is reused. At its Lins complex, the circular model links hides, tallow, collagen, soap, biodiesel and recycled materials rather than treating them as a single waste stream. [5]

The Biopower operation has three plants—in São Paulo, Mato Grosso and Santa Catarina—and uses more than 12 feedstocks, including tallow, soybean oil, recovered cooking oil, poultry and pork fats, cottonseed oil and palm oil. The plants have close to 1 billion liters per year of biodiesel capacity; the company reports R$140 million invested, while Brazil produced about 9 billion liters against 16 billion liters of installed national capacity last year. [5] Its used-cooking-oil program has collected more than 50 million liters since 2016 across more than 115 cities. [5] This is a credible scale and throughput case for monetizing livestock and food-chain residues, but the evidence supplied is not a farm-level yield or ROI comparison.

Brazil: tomato grafting has moved from experiment to dominant practice

A Brazilian tomato-industry interview says rootstock grafting was introduced at scale about two years ago and now covers roughly 80% of planted tomato production. The technique uses one seed for the root system and another for the scion to add disease resistance; it has consequently changed fertility, irrigation, technical advice and weed-management practices. [6]

The reported economics are a risk tradeoff rather than a quantified return: non-resistant seed has the higher production ceiling, while resistant hybrids are described as providing a more reliable minimum yield, with the gap narrowing. The adoption rate is meaningful, but the report supplies no replicated yield, disease-loss or payback figure, so it should be treated as a strong commercial-adoption signal rather than proof of ROI. [6]

United States: river forecasting offers measured skill but limited operational scope

Rivermatics, a self-described AI side project, combines snow, USGS-gauge and weather data to forecast river levels and water temperatures up to two weeks ahead. On water years 2024–25 held out from training, its full 3,128-gauge fleet achieved median Nash–Sutcliffe efficiency of 0.924 at one day, 0.715 at seven days and 0.603 at 14 days; its separate water-temperature model reported median NSE of 0.975 across 492 gauges. [7]

The developer explicitly says those are hindcasts using observed weather and that live numerical-weather-model forecasts score lower. The tool refreshes once daily, does not cover ungauged basins, does not yet use reservoir pool state and is decision support rather than a system of record. [7] It is therefore a promising water-planning input for U.S. farm operations, not yet evidence of irrigation savings or farm-level ROI.

Regional Developments

Brazil: meat access is becoming a sanitary and quota problem

Brazil's vice president said the EU could stop accepting Brazilian beef from Sept. 3 unless the supply chain demonstrates that it is free of antimicrobial use; the interview also acknowledged that Brazil's Agriculture Ministry had not yet advanced the required protocol. China has reduced Brazil's beef quota from 1.6 million to 1.1 million tonnes per year. A South Korean sanitary inspection is planned for August, with the interview estimating that Korea buys about 700,000 tonnes of beef. [8] Brazil is trying to offset exposure by opening new markets—the government cites 670 new agricultural markets and record exports of $349 billion last year and $164.184 billion in the first half of this year. [8]

Brazil: El Niño is creating a sharp north–south production split

Southern Brazil faces more than 100 mm of rain in five days across already-wet parts of Rio Grande do Sul, Santa Catarina and Paraná, with another 100–150 mm possible in northern Rio Grande do Sul the following week; fieldwork, hail and severe-wind risk are the immediate concerns. Frost risk remains in southern Rio Grande do Sul and Santa Catarina, with minima below 5°C. [9]

The center and north are moving in the opposite direction. Forecast highs are expected to exceed 40°C in southern Mato Grosso and northern Mato Grosso do Sul, increasing fire risk, while the El Niño index is already 1.95°C and rising about 0.2°C per week. The forecast calls for severe drought risk in the North and Northeast, irregular rainfall over the next three to four months, and caution over crop and forage choices in Mato Grosso and Goiás. [9]

Brazil's financial exposure compounds the weather split: the interview reports that the cereal exporters' association expects the next crop to have its worst profitability in 20 years as commodity prices fall while production costs rise. The policy response includes a reported R$100 billion debt-renegotiation program, a R$610 billion Plano Safra and calls for stronger insurance; the interview says rural insurance currently covers only about 4% of production. [10]

Best Practices

Corn disease management: make fungicide decisions field by field

The current disease report describes gray leaf spot across corn fields, tar spot concentrated around ditches and field edges, and generally lighter, more sporadic pressure than last year. Many growers reduced the two-pass fungicide program used in 2025 to control costs, while reported plant health has remained strong. [11] The operational rule is to monitor each acre rather than repeat a calendar program: fungicide can preserve green tissue, extend grain fill, improve standability and protect yield most where pressure is heavier. Pairing a disease-tolerant hybrid with a targeted fungicide pass is presented as the financially sensible starting point. [11]

Harvest planning: price storage and delivery constraints before harvest

Producers should compare monthly cash flow with existing cash sales before deciding whether additional sales are needed. The same review should calculate per-bushel monthly storage and interest costs: the monitored guidance specifically questions whether long soybean storage is worthwhile at current rates and prices, given the risk of quality loss. [3] Before harvest, confirm elevator capacity, moisture, test-weight and grade cutoffs, and check dryer condition and propane needs if early high-moisture corn will be taken off. [3]

Liquid manure: calibrate acres, volume and application rate together

One 1,800-hog operation reports about 120 5,000-gallon tanks per year and a manure requirement of roughly 1,100–1,200 acres at a target rate of 5,000 gallons per acre; barn washdown frequency changes the volume. [12] A practical precision-control setup uses tank scales, a rate controller and hydraulic motors so application rate follows the field plan rather than tank volume alone. [13]

Input Markets

Brazil: fertilizer policy is aimed at import dependence

Brazil's vice president says the country has restarted four nitrogen-fertilizer plants, is completing the large Três Lagoas facility and is advancing an Amazonas potash project after a 10-year legal dispute. Potash is identified as Brazil's largest fertilizer-import dependency. [10] The next policy test is the Senate vote on PL 699/2023, which would create the Profert fertilizer-industry program and a fund with fiscal and financial incentives for domestic fertilizer and feedstock production. [14] These measures address supply resilience, but the sources do not establish near-term price relief.

India: slow-release coating claims major dose reductions, but needs trials

A Hindi-language presentation says the Ukat and Biocoat technology coats urea and DAP/NPK so nutrients dissolve more slowly and are less exposed to volatilization or leaching. It claims farmers can reduce fertilizer use by 50%, obtain good results at one-third of the normal dose, and match standard performance with 12.5–15 kg instead of a normal 50-kg dose. [15] Those are developer-presented claims without a reported control plot, yield result, product cost or

ROI. Treat the technology as a replicated Indian field-trial candidate, not as a crop-budget assumption.

Brazil: biofuel policy is pulling crop products into energy and feed

Brazil is now blending 15% biodiesel and 32% anhydrous ethanol. The interview says the ethanol blend increase lifted ethanol demand by nearly 20%, the biodiesel blend rose 50% from 10% to 15%, and private investment of roughly R$50–60 billion is targeting corn, cane and soybean processing. Corn ethanol also produces DDG, which the interview links to animal-protein production. [10] This is a demand and coproduct signal for soy oil, corn and livestock feed; no DDG price or feed-conversion economics are supplied.

Forward Outlook

1. **USDA and crop-tour reconciliation:** Treat Wednesday's report as a test of survey reliability and FSA acreage, not merely a yield revision. Compare the 182.4-bushel corn and 52.9-bushel soybean trade estimates with USDA's number, then use next week's Pro Farmer routes—which have multi-year history for comparison—as a second read on field conditions. [2, 3]

2. **Cotton heat persistence:** Keep West Texas and Xinjiang on a daily watch through the second half of August. A break in the ridge would weaken the fundamental case for the rally; persistence would turn the positioning move into a more durable supply-risk trade. [1]

3. **Black Sea logistics:** Track whether Odesa disruption, Russian rail rerouting and Ukrainian storage constraints persist. A diplomatic grain corridor could reverse wheat's risk premium quickly, while continued port disruption would keep wheat—and, secondarily, Ukrainian corn—exposed. [2]

4. **Brazil 2026/27 planning:** Separate flood protection in the South from heat, fire, drought and forage decisions in the Center-West, North and Northeast. The current El Niño signal is strong enough that planting choice, water access, insurance and working-capital assumptions should be regional rather than national. [9]

5. **Evidence threshold for new inputs:** Carry the Indian fertilizer coating, Brazilian tomato grafting and water-forecast tools as validation leads until field-level yield, cost and payback data are available; adoption, model skill and industrial throughput are useful signals, but they are not interchangeable with farm ROI. [15, 6, 7]

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