Crop Ratings Plunge Sparks Grain Bounce; Brazil Files WTO Case as Cyclones and Credit Crunch Deepen

Global Agricultural Developments

2026-07-29

Crop Ratings Plunge Sparks Grain Bounce; Brazil Files WTO Case as Cyclones and Credit Crunch Deepen

By Global Agricultural Developments • July 29, 2026

US corn and soybean ratings fell to 63% good/excellent, the lowest since 2023, driving a corrective grain rally. Turkey lifted its wheat export ban. Brazil filed a WTO complaint against US tariffs while three cyclones battered Rio Grande do Sul and fertilizer imports fell. John Deere launched predictive-automation combines in Brazil, and USDA stood up a Regenerative Agriculture Advisory Council.

Market Movers

US grains bounce on sharply lower crop ratings

US corn and soybean conditions declined substantially in the week ending July 27, driving a corrective rally on July 28 after Monday's sharp selloff. Corn was rated **63% good-to-excellent** nationally, down from 67% the prior week and below the 5-year average of 64%. Soybeans slipped to **63%**, down from 66%, though still slightly above the 5-year average of 62%. Both were the lowest for this time of year since 2023 [1].

The damage is concentrated in the western Corn Belt. North Dakota corn fell to **50% G/E** from 61%, South Dakota to 50% from 56%, Nebraska to 60% from 65%, and Kansas to 54% from 64%. The Dakotas alone represent **10.85 million acres** — about 11.4% of planted US corn — and are in significant trouble. Iowa, the largest corn producer, held at **80% G/E** [1]. Analysts characterized the 4-point national drop as the largest in roughly 20 years, with ratings now 10% below year-ago levels [2, 3].

December corn futures rose **2.25¢ to $4.76¼** on Tuesday morning, while November soybeans slipped **4.5¢ to $12.09¼**. Monday's close had sent December corn down roughly 14¢ to $4.74 and November soybeans down nearly 40¢ to $12.14, pressured by easing US-Iran tensions, lower crude oil, and improved weather forecasts [1]. Soybean oil fell **3.6%** on Monday as the crude sell-off reduced biodiesel demand [1].

Despite the ratings decline, some analysts caution that USDA's August yield estimate could still rise. Historical analogs show USDA raised corn yield by 2.2 bu/acre in August 2024 and 3.3 bu/acre in August 2020, both after July rating declines, only to cut later. Favorable May-June rainfall across parts of the Corn Belt may support a bump in the process [3]. One South Dakota-based analyst trimmed his yield estimate from trend-line 183 bu/acre to **181.5**, with downside potential to 175–176 [2].

Export demand remains constructive

Private exporters reported sales of **197,272 MT of corn** to unknown destinations for MY 2026/2027 [4]. US soybean flash sales totaled **5 million bushels to China** and 5 million to unknown destinations for the next marketing year. Chinese new-crop commitments reached roughly **3 million metric tons**, about 12% of the 25 MMT White House target [1]. Export inspections for the week ending July 23 showed corn at 59 million bushels (down 7.7% week-over-week), soybeans at 13 million (up 9.3%), and wheat at 15 million (up 72%) [1].

However, Chinese private crushers face poor crush margins on US and Brazilian beans, which could slow demand. China also announced a soybean auction to make room for continuing imports [3].

Turkey lifts bread wheat export ban

Turkey's TMO lifted the export ban on bread wheat and wheat broken, effective **July 29**, ending a restriction in place since March 2025 [5]. This adds a wheat supply source to the global market at a time when Black Sea export logistics remain uncertain. Wheat momentum has shifted lower over the past week as traders determined recent Russia-Ukraine attacks had not caused major damage to key grain terminals, though concerns persist that Russia's export supply chain may be disrupted. The UN Security Council held an emergency meeting Monday at Ukraine's urging [1, 3].

Cattle stabilize; hogs supported

Cattle futures recovered on July 28 after Monday's sharp losses tied to the Mexican border reopening announcement. Deferred feeder contracts appear to have the border reopening largely priced in, while front-end live cattle are supported by tight domestic supplies. Cash cattle trade was steady to slightly softer, but the cash market has corrected over **$30 in three weeks**, giving packers leverage. Sustained recovery depends on higher cash trade [3, 2]. Hogs continue to see rising cash prices and cutout values above **$100/cwt**, with funds still short [3].

Brazilian soybean demand surges despite record crop

Brazilian soybean exports from January to July 2026 reached nearly **81 million tons** of grain (up 5% year-over-year), meal exports grew over 10% to nearly 15 million tons, and soybean oil exports surged **40%** to 1.34 million tons — already exceeding the total for all of 2025. The record ~180-million-ton crop is nearly fully committed: potential grain exports up to 115 Mt, crush around 40 Mt, and biodiesel demand near 30 Mt, leaving little room and likely requiring stock drawdowns. This supports strong domestic prices (R$127–130/sack in western Mato Grosso) partially decoupled from Chicago [6].

Innovation Spotlight

John Deere launches predictive-automation combines in Brazil

John Deere's new **S7 combine**, launched this year in Brazil, uses front cameras and satellite NDVI/biomass maps to read the crop 8 meters ahead and automatically adjust concave, sieve, and speed settings during harvest. The company reports a **20% productivity gain**, **4.5% fuel reduction**, and **10% better grain quality**. The larger **X9** model uses dual rotors for higher processing capacity at low fuel consumption. A new **CR series** corn header (12–27 rows) adds automation of the stripper plate and rear axle, delivering up to **12% more hectares per hour**, **9% better fuel efficiency**, and **three times fewer losses**. These machines are produced locally in Brazil [7].

USDA establishes Regenerative Agriculture Advisory Council

USDA is establishing the **Chief's Regenerative Agriculture Advisory Council** with 15 members: nine regenerative farmers representing different production systems, three corporate supply-chain/CPG representatives, and three consumer or MAHA representatives. Its stated role is to advise on how regenerative practices should be defined, measured, and supported — explicitly not to set standards or impose requirements. The actionable funding is a **$700 million pilot** flowing through EQIP and CSP by state ranking dates, plus a feedstock rule market pathway for corn and soybeans [8].

This follows a Trump administration executive order directing USDA, EPA, and HHS to expand support for voluntary regenerative agriculture without strictly defining it, opening opportunities for precision agriculture, new crop protection products, and federal incentives. EPA also cleared a backlog of new pesticide registrations after industry advocacy [9].

Regional Developments

United States: crop divergence widens, spring wheat stalled

The US crop picture is increasingly bifurcated. While the Dakotas, Nebraska, and Kansas deteriorate, Iowa (80% G/E), Minnesota (77%), and northern Illinois remain strong. Illinois has run below average all year at 59% G/E versus 68% average [1]. July rainfall for US corn areas averaged an estimated **3.42 inches**, the lowest July total since 2014, with an average temperature of 78.15°F — stressful but far less severe than 2012's 2.07 inches and 81.7°F [1].

Spring wheat held at **53% G/E**, above the 5-year average of 49%, but heat is trimming yield by pushing the crop to harvest too fast. USDA reported the first spring wheat harvest progress of the season, but **Montana and North Dakota remain at 0%** [1, 10, 2]. Winter wheat harvest reached 81% complete, ahead of the 79% average [1].

More than **8,700 acres of Iowa farmland** are set for auction in August 2026 [11]. In North Carolina, after one of the driest starts to a year on record, heavy July rains are improving soil moisture as corn, soybeans, cotton, and peanuts advance [12].

Brazil: WTO filing, cyclones, and credit crunch converge

Brazil filed a **WTO consultation** against two US tariffs imposed under Section 301: **25%** on digital commerce/Pix and **12.5%** on forced labor. The US has 10 days to respond, followed by up to 60 days of negotiations before a panel could be requested. Analysts note the WTO lacks coercive mechanisms to enforce any ruling [13].

Three extratropical cyclones are battering **Rio Grande do Sul** over 7–9 days, with wind gusts exceeding 100 km/h, large hail, and accumulated rainfall potentially reaching **200–300 mm** on already saturated soils. The storms are advancing into Santa Catarina, Paraná, and toward São Paulo and Mato Grosso do Sul. At least 30 cities reported damage [14, 13].

In contrast, the rest of Brazil faces dry, hot conditions driven by a strengthening **El Niño**. Sea-surface temperature anomalies exceed 3°C in the equatorial Pacific, approaching "mega-El Niño" territory. Cuiabá hit a record July temperature of **38.6°C**, with models pointing to temperatures above 40°C in late August/September. Fire foci are spreading in Matopiba and the southeast interior [14].

Brazil's **safrinha corn harvest** has exceeded 60% of planted area, with Mato Grosso above 80%, but is delayed in Goiás and Paraná due to weather [15]. Consultant Carlos Cogo placed the harvest at 58% versus a 66% five-year average, noting that falling oil prices reduce ethanol competitiveness and pressure corn, while a European heatwave in France and Spain supports corn prices [16].

Brazil's credit crisis deepens ahead of September planting

Weeks before soybean planting begins, Mato Grosso producers face a severe credit squeeze. Net income per hectare has collapsed from roughly **R$4,000 to under R$1,000** for soybeans and from **R$3,000 to under R$70** for corn. Interest rates reach **17–18%** annually (Selic at 14.25% plus 4% bank spread), against the Rural Credit Manual ceiling of 12% and net farm margins averaging just **5%** in normal years. At 30% leverage, interest payments consume the entire profit [17, 18].

Provisional Measure 1376, designed to facilitate debt renegotiation, has not yet been implemented by banks. Economist Antônio da Luz estimates only about **10% of producer debts** will qualify for restructuring. The measure excludes CPRs (Rural Product Notes), which account for **43% of total agricultural credit**, and benefits only defaulters — punishing farmers who stayed current by accepting high-interest CPRs at 17–20% to remain solvent. Rio Grande do Sul is the most indebted state but has the lowest default rate [18, 17].

ABPA projects continued protein growth

The Brazilian Animal Protein Association projects 2026 production growth of up to **5.6% for chicken meat** (with exports up 10.3%) and **5% for pork** (reaching 5.87 million tons, exports up nearly 6%). Egg production is expected to reach 64 billion units. By 2027, targets include 16.6 million tons of chicken, 6 million tons of pork, and 66.5 billion eggs. US tariffs have reduced Brazilian egg and pork exports to the American market, but new market access includes China (bone-in beef after FMD-free recognition), Indonesia, Nigeria, Pakistan, and India [15].

Best Practices

Soybean fungicide at early R3

Ag PhD recommends spraying soybeans at the **early R3 (podding) stage** with fungicide and insecticide, plus optional foliar fertilizer, noting that returns in soybeans have usually exceeded those in corn. Scout first for insects and mites. For fungicide selection, Lucento is preferred if avoiding green stems at harvest; otherwise choose a 2- or 3-mode-of-action product with a strobilurin for plant health benefits. Adding fulvic acid (Nutex EDA or Fulfour) for approximately **$3** has improved results, and a quart or two of foliar fertilizer provides a fertility boost [19].

Break the green bridge

The "green bridge" — living vegetation that allows insects and diseases to persist between crops — can be broken with at least **1–2 weeks of bare fallow** before the next crop. This can be achieved through tillage, herbicides, or insecticides. Weeds and volunteer crops serve as hosts for the same pests, so complete elimination of vegetation is most effective. The concept is especially relevant now as small grain harvest approaches [20].

Central Iowa scouting priorities

A Hoegemeyer agronomist in Carroll, Iowa, reports disease pressure is low so far this season, with southern rust not yet at treatment levels. His mid-July advice: obtain accurate **stand counts** in corn now, and after pollination, take **ear counts** to set realistic yield expectations — final stands may fall short of planting rates after a challenging late-May emergence window. In soybeans, monitor for **white mold** when nights drop into the 60s°F with high dew points; current nights in the 70s do not favor the disease. A field day at the Carroll master plot is scheduled for August 25 [21].

Strip-till conference approaches

The 13th National Strip Tillage Conference is set for **August 6–7 in Springfield, Illinois**, with a pre-conference workshop at the Bayer Crop Science Research Farm (August 2–5, capped at 100). Sessions include Brian Hefty on fertilizer and herbicide selection for strip-till, Dean Sponheim on overcoming psychological barriers to change, Chris Perkins and Chris Casten on data-driven nutrient management analyzing quantities rather than concentrations, and Wes Arseno on making strip-till work on poorly drained soils with cover crops [22].

Hay market firming

The HayWire National Hay Index reached **$191/ton** for the week of July 27, up 1.7% on the week, based on 15 markets reporting. By type: alfalfa $217/ton, orchard grass $192, mixed grass $152, and grass $114. The index uses only real USDA auction and direct-sale trades — no asking prices or estimates — and is a national all-grades number, so premium cuttings trade above and low-grade below [23].

Input Markets

Middle East conflict disrupts fertilizer supply

The Iran-Israel-US conflict is disrupting global fertilizer markets. Approximately **30–34% of global nitrogen fertilizer** production is located in the conflict region, and production costs are tied to natural gas, which varies with oil prices. For phosphates, roughly **50% of global sulfur** — essential for phosphate production — comes from the same region, affecting supply globally. Brazil, which imports **87% of its fertilizers**, has seen imports fall **8–10%** versus 2025, and farmer purchases are down **14–15%** (66% commercialization progress versus 80% last year). Soybean planting begins in September, making the logistics timeline tight [24].

Rail merger opposed over fertilizer transport costs

ARRA (Agricultural Retailers Association) opposes the proposed Union Pacific–Norfolk Southern rail merger, noting that **90% of freight rail** is already controlled by four railroads, rail costs have risen **40% in 20 years**, and anhydrous ammonia rates have increased **200% since the mid-2000s**. Two-thirds of fertilizer inputs move by rail. Past mergers caused service disruptions severe enough for federal regulators to temporarily halt consolidation, and the STB requires mergers to enhance competition — a standard this merger does not meet [9].

Forward Outlook

1. **August weather is decisive for soybeans; corn yield remains contested.** Forecasts have turned wetter over the next 7 days (GFS: 172% of normal rainfall for US corn areas), which may support soybean development and limit rally momentum. North Dakota will largely miss the rain and remain 10+ degrees above normal. The $12.04 gap on November soybeans is an immediate downside target if the market pulls back further [1, 3].
2. **Brazil's dual weather risk is intensifying.** El Niño SST anomalies above 3°C point to delayed planting rains in the Southeast, Center-West, and Northeast, potentially extending into November. Meanwhile, Rio Grande do Sul faces repeated cyclone-driven flooding. Both risks threaten Brazil's next soybean crop, which is already financially constrained [14].
3. **Brazilian credit and fertilizer constraints could limit September planting.** With net income collapsed, interest rates at 17–18%, MP 1376 unimplemented, and fertilizer purchases down 14–15%, some producers may struggle to fully finance and input the 2026/27 soybean crop. The credit crisis is the more binding constraint than input prices [17, 24].
4. **The US-Brazil trade dispute is escalating but lacks enforcement.** Brazil's WTO consultation is largely symbolic given the organization's weakened coercive power. The more immediate impact is on Brazilian egg and pork exports to the US, while Brazilian agribusiness diversifies toward China, Indonesia, and other markets [13, 15].
5. **Watch USDA's August 12 report and FSA data.** Early-August FSA acreage data and the August 12 USDA report will provide the next formal yield and acreage benchmarks. Given the sharp rating decline, the market will scrutinize whether USDA's process-driven August estimate diverges from private yield models [3].

Sources

1. Corn Ratings TANK - Is Trend Yield Still Possible??
2. Markets Now Early 7/28 Grains Try to Recover on Crop Ratings: Cattle Bounce But Will it Hold?
3. Markets Now Closes 7/28 Corn, Beans Bounce on Lower Ratings: Cattle Recover
4. X post by @USDAForeignAg
5. X post by @irfandonat
6. Fatores globais aumentam a demanda pela soja brasileira | Agroexport
7. Tecnologia avança e transforma a colheita do milho no Brasil | Mais Milho
8. r/RegenerativeAg post by u/GrantHarvester1
9. The Scoop Podcast: Ag Retail's Washington Watch: Labor, EPA and Rail
10. X post by @SuccessfulFarm
11. X post by @SuccessfulFarm
12. X post by @SuccessfulFarm
13. Governo aciona OMC contra novo 'tarifaço' imposto pelos Estados Unidos | M&C – 28/07/2026
14. Frente fria e ciclones mudam o tempo em diferentes regiões do Brasil
15. Brasil aciona OMC contra tarifaço de até 37,5% dos EUA | RN 28/07/2026
16. OPINIÃO | Cotações das commodities refletem um mercado cada vez mais sensível
17. Crédito e renegociação de dívidas preocupam produtores antes da nova safra
18. OPINIÃO | Crédito continua sendo o maior desafio para a próxima safra
19. X post by @AgPhDMedia
20. End the Green Bridge
21. Hoegemeyer Hometown Field Update - Carroll, IA
22. Strip-Till Knowledge Sharing from All Over the U.S.
23. r/homestead post by u/Training-Bike6065
24. Conflito no Oriente Médio pressiona fertilizantes e atrasa comercialização no Brasil, diz Yara