

Grain Markets Test a Bottom as Brazil's Weather and Trade Risks Build

Global Agricultural Developments

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U.S. grains are trying to stabilize after heavy fund selling even as export inspections remain strong. The brief also tracks Brazil's El Niño and EU traceability risks, practical crop and livestock techniques, and fresh signals from fuel, fertilizer, feed, and farm credit markets.

Market Movers

U.S. grain markets opened under pressure from lower crude oil and the tentative U.S.-Iran deal, but later commentary described a bounce, and separate June 15 market wraps quoted soybeans at **\$11.34/bu**, corn at **\$4.41/bu**, and wheat at **\$6.00/bu**. Crude was cited near **\$80/barrel**, roughly **\$10 lower** than a few days earlier. [1, 2, 3]

- **Funds were aggressive sellers in grains.** Large money managers sold **121,000 corn contracts**, **58,000 soybean contracts**, and **23,000 SRW wheat contracts** in the week ending June 9. Separate market commentary described more than **120,000 corn** and **65,000 soybean** contracts sold last week, pushing corn back to a net short for the first time since late February and shrinking the soybean net long to its smallest since early February. [4, 1]
- **Export demand remains firmer than price action suggests.** Weekly export inspections were **64.4 million bushels of corn**, **19.2 million soybeans**, **12.3 million wheat**, and **12.3 million grain sorghum**. Corn inspections are still **172 million bushels ahead** of the pace needed to meet USDA's target, while soybeans are **54 million bushels ahead**. Wheat is **4 million bushels behind** pace, and sorghum is **7 million behind**, although a recent sorghum shipment to

China cut that deficit in half. [5, 6, 7, 8, 9]

- **China flow was mixed.** For the week ending June 11, the U.S. inspected **5.0 million bushels of soybeans** and **12.3 million bushels of sorghum** for shipment to China, but no corn or wheat. Year-to-date soybean shipments to China reached **432 million bushels**, versus **440 million bushels** reportedly purchased by Sinograin, with expectations for additional private identity-preserved soybean buying. [10, 11]
- **Wheat fundamentals are split.** One market recap cited ample global supplies as a bearish force, but Farm Journal commentary said the hard red winter crop has been disappointing, with prices near breakeven or loss after basis. The same discussion said WASDE reinforced a small wheat crop and suggested additional production concerns in Russia, the U.S., and Canada. [4, 1]

“there’s nothing happy down in that region... overall, it’s going to be really small crop.” [1]

Livestock trade was steadier. Farm Journal linked firmer live cattle futures to plunging crude, a higher Dow, and the apparent Iran peace deal, while northern cash cattle improved to **258** with expectations for **260 or better** this week. July hogs showed a reversal setup, and the pork cutout was up nearly **\$3** to **92**. [12]

Innovation Spotlight

1) Mabuno hybrid grass for cattle and milk systems (Paraguay/Brazil)

Mabuno, a **Brachiaria ruziziensis** × **Marandú** hybrid introduced from Brazil into Paraguay, was presented with unusually clear performance claims: cattle finishing time falls from **36 months to 26 months**, with some Brazilian results at **18 months**; milk output rises **20-30% per animal**; and milk fat was cited at **179% above Marandú**. Agronomically, it was described as drought tolerant with roots to **4.5 meters**, requiring only **600-700 mm** of annual rainfall, lasting **10-15 years**, producing roughly **double** the green mass of standard brachiaria, and supporting up to **9 head/ha** versus **3-4 head/ha** on typical stands. Protein content was cited above **21%**. [13]

2) Graphite soil-moisture sensing for irrigation control (Brazil)

Researchers at Unicamp developed a soil-moisture sensor that replaces oxidation-prone low-cost metal components with **graphite**, a domestically produced Brazilian commodity. The reported advantage is durability: graphite does not oxidize like cheaper metals and was described as remaining useful for long periods in soil. The sensor can be calibrated for different soil types and salinity conditions, allowing producers to map water retention across a property and direct irrigation where water deficits are greatest. The technology is patented and is being tested with Embrapa in agroforestry conditions. [14]

3) Retail capture and leased-land livestock economics (United States)

Polyface Farm's model is notable as a business innovation rather than a machinery upgrade. The farm direct-markets all pastured livestock, ships nationwide, and reports roughly **\$12,000/acre** from wooded pig silvopasture, about **\$30,000/acre gross** on pasture with livestock, and **\$360,000/year** from a rented **20-acre** parcel producing about **300 hogs annually**. The operating logic is to avoid overcommitting capital to land when value-added retail sales provide the larger margin lever. [15]

Regional Developments

Brazil: El Niño raises both supply opportunity and weather risk

Brazilian forecasters said El Niño could persist through the next autumn and potentially reach strong intensity, bringing **higher temperatures nationwide, more rain in the South**, and **less rain in the North and Northeast**. They also warned that spring could bring heat waves and delayed rains that hurt the ideal planting window for the **2026/27** crop cycle in the Southeast and Center-West. For southern winter crops, the advice was to plant as early as possible to avoid heavier spring rains and severe weather during harvest. Near term, frost risk remains in Rio Grande do Sul, Santa Catarina, and southern Paraná, while late-June rains above **50 mm** could disrupt second-crop corn and bean harvests in Paraná and Santa Catarina. [16]

The South's summer crop outlook is better on moisture, with forecasters describing conditions as favorable for soybeans and first- and second-crop corn, especially in northern Rio Grande do Sul. [16]

Brazil: protein exports stay strong while EU traceability pressure rises

Brazil shipped a record **509.9 thousand tons** of chicken meat in May, up **29.6% year over year**, and a record-for-May **127.9 thousand tons** of pork, up **8.8% year over year**. [2]

At the same time, Brazilian animal-protein groups are mobilizing against an EU embargo due to take effect in September. The issue described in Canal Rural was not an animal-health outbreak but inadequate documentation proving what antimicrobials were used, in what quantity, and for how long. Commentators said SISBOV will need to expand beyond animal movement records, and that veterinary prescription controls are critical if Brazil wants to preserve credibility and access to the EU market. [17]

United States: ethanol policy and dairy exports matter for demand

The U.S. House passed a bipartisan year-round **E15** bill, with Senate passage expected to depend on attachment to a larger summer bill. Supporters said E15

can save drivers roughly **30-80+ cents/gallon** and that year-round legality is the main obstacle to broader retailer adoption. They also pointed to **two consecutive years of record ethanol exports** and said the 2026 trend remains positive. [18]

Separately, USDA said U.S. dairy farmers reached **record milk production** and **record cheese exports**. [19]

Best Practices

Grain marketing discipline

- Build sales plans around **cash-flow timing**, not just price targets. One advisory source said producers should first identify when money is needed, then work backward on sales. [20]
- Treat **basis** as a core risk. The warning was direct: being right on futures but wrong on basis can still lose money. [20]
- Avoid holding too much grain too long when **carry costs and interest rates** are high. [20]
- When speculative funds are aggressively buying, use the bid to make disciplined sales rather than assuming the move will continue indefinitely. [20]

Soybean disease management

For soybean fields with a white mold history, poor drainage, low areas, or manure exposure, Ag PhD recommended **Cobra at 6 oz/acre** right before flowering. The white-mold rate was priced at about **\$3/acre**, and the product can be tank-mixed with many herbicides or used as a spot treatment where risk is concentrated. [21]

Cattle finishing on pasture with supplementation

In Paraguay's semi-confinement example, the system buys bulls at **350 kg or more**, groups them in lots of **45-50 head**, and uses rotational pasture plus balanced supplementation to fill protein, energy, and vitamin gaps in the forage base. The reported result was finished cattle at **470-500 kg** in **80-90 days**, with average daily gain of **1.2 kg**. [22]

Poultry startup checks

For broiler placement, the recommendation was to inspect chicks about **4 hours after housing** and target **80%** with **full, soft crops**, indicating access to both feed and water. Other checks include shiny shanks, even bird distribution, feeder and drinker height, non-warmed drinking water, and barn temperature. Early correction matters because poor comfort and intake at placement can affect lifetime performance. [2]

Soil protection and soil testing

- Ag PhD said **late-spring soil testing** is preferred. [23]
- Paraguayan training programs emphasized correct soil management and warned that equipment choices can undermine long-term productivity. In that discussion, only **15%** of small producers were said to receive technical assistance and **16%** formal credit, while officials argued that distributing harrows can degrade the producer's main capital: soil. [24]

Livestock health response

USDA's New World screwworm case study reinforced a simple protocol: **report immediately**. In the cited U.S. calf case, authorities deployed sterile flies within **2 days**, and USDA said the rapid response halted spread. [25]

Input Markets

The clearest input signal is from energy and fertilizer. Canal Rural's analysis said the reopening of the Strait of Hormuz could lower **shipping, marine insurance, energy**, and potentially **urea/fertilizer** costs for Brazilian agriculture. The same commentary said Petrobras could gain room to reduce diesel and gasoline prices, with export routes normalizing once mines are removed and the memorandum is implemented. [26]

That benefit is not guaranteed. The same source noted a **60-day** negotiation window and Israeli opposition to the arrangement, while market optimism is already being reflected in lower oil prices and firmer equities before the full real-economy effects arrive. [26]

Financing remains an input cost in its own right. One U.S. market source called **high interest rates** one of agriculture's biggest cost pressures, while Brazilian cooperative commentary said producers are entering a **third consecutive season** of elevated borrowing costs. Brazil's farm confederation requested **R\$623 billion** for the **2026/27 Plano Safra**, and one major cooperative said it expects a plan larger than last year while targeting about **R\$65 billion** in new operations and **4-5%** growth. [20, 27]

On feed, the Paraguayan semi-confinement example put balanced-ration cost near **7,000 guaraníes/head/day**, with the ration designed to cover pasture deficits in protein, energy, and vitamins. [22]

On crop protection, Cobra remains a relatively low-cost chemical tool at roughly **\$3/acre** for white mold suppression in soybeans. [21]

Forward Outlook

- **U.S. grains:** One market view expects the next **30-45 days** to stay difficult if weather sentiment does not shift and Middle East energy support fades. A competing view argues the market has already priced in perfect

weather, peace, adequate acreage, and ample inputs, while warning that long-range weather models are unreliable beyond about **3 days**. [4, 1]

- **Technical watchpoints:** Corn has already met its double-top downside target at **\$4.09 1/2**, with a nearby gap at **\$4.05 1/4** and a lower comparison target near **\$3.90 1/2** if the channel fails. Soybeans are testing the **\$11.00-\$11.10** area; a break below that zone opens risk into the **mid-\$10s**. [4]
- **Demand watch:** One market commentator expects Chinese soybean buying interest around **\$10.80-\$11.00** as basis to July, and separate commentary said export demand is showing up at lower prices. [1]
- **Brazil weather planning:** Frost risk remains through midweek in the South, but the larger planning issue is a wetter-than-normal late June into September. That improves moisture prospects for summer crops in southern Brazil while reducing fieldwork and phytosanitary windows and threatening the ideal spring planting window farther north in the Southeast and Center-West. [16, 2]
- **Policy calendar:** Watch Senate movement on E15 this summer, the remaining steps on the U.S. **45Z** framework, and Brazil's September deadline to prove antimicrobial traceability to the EU. Treasury guidance is out, but ethanol plants are still waiting on the USDA calculator, DOE model update, and final Treasury wrap-up guidance for credit certainty. [18, 17]
- **Outside capital:** Investor positioning is also leaning weather-sensitive. WisdomTree's agriculture ETF drew about **\$1.5 billion** of inflows through May, with roughly half arriving in the last month, while the issuer highlighted research on a possible **Super El Niño** and geopolitical risk. [28]

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