

Grain Selloff, Mexican Cattle Reopening and Weather-Driven Farm Risk

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Grains reversed sharply as geopolitical risk premium and crude prices fell, while U.S. cattle markets reacted to the phased reopening of Mexican cattle imports. The update also examines crop variability, Brazil's weather and credit risks, rotational grazing, biostimulants, and practical heat and forage management.

Market Movers

U.S. grains: sharp risk-off reversal

U.S. futures sold off sharply on July 27: December corn opened down **13¾¢** at **\$4.73¾/bu.**, November soybeans down **34¾¢** at **\$12.18¾**, and the three September wheat contracts down **6½–7½¢**. Later reports put soybeans down more than 3% near **\$12.11/bu.**, corn near **\$4.73**, and wheat near **\$5.58**. [1, 2]

The reversal coincided with a pause in U.S.-Iran fighting, a **\$6–\$7** decline in crude oil, and a wetter seven-day forecast for central and eastern Corn Belt areas. The forecast still leaves the Dakotas, Nebraska and Kansas below normal for precipitation, while heat remains a near-term concern in western areas. [3, 1]

Soybeans also face trade-policy sensitivity: China's tariff rate rises to **12.5%**, bringing the stated net rate to **22.2%**. Yet private exporters reported new-crop sales of **132,000 metric tons** to China and **126,000 MT** to unknown destinations. Marketing-year soybean inspections remain **61 million bushels** ahead of the pace needed to reach USDA's target; corn is **181 million bushels** ahead. [4, 5, 6, 7]

Cattle: border reopening drives a limit-down response

Cattle futures fell sharply after USDA said the Douglas, Arizona, port will reopen to Mexican cattle imports on **August 24** under a phased approach. Douglas historically handled about **150,000 head annually**; reopening the Santa Teresa and Columbus, New Mexico, ports later could restore roughly **600,000 head** of annual import capacity. [8]

Before the closure, U.S. imports from Mexico were roughly **1 million head annually**, about **5% of U.S. fed-cattle slaughter**. All entering cattle are to pass through disinfectant dip vats intended to prevent New World screwworm spread. [1]

The immediate market reaction reflected uncertainty over supply and margins, but the eventual volume remains unclear. Mexico has expanded feedlot and processing capacity, and beef imports have risen as live-cattle imports declined. [9, 8]

Innovation Spotlight

Daily multi-species grazing at Polyface Farm — United States

Polyface Farm in Virginia describes a daily rotational system built around portable electric fencing. Cattle are moved each afternoon to capture the rapid-growth “teenage grass” phase; laying hens follow in mobile units, scratching manure, consuming fly larvae and insects, and distributing fertility. [10]

The farm reports nearly **400 cow-days per acre**, compared with a county average of **80 cow-days per acre**. It also reports organic matter increasing from roughly **1% in 1961** to more than **8%**, following tree planting and managed grazing on land it describes as formerly gullied and rocky. These are farm-reported results, not independently validated trial data. [10]

Biostimulants: adoption remains early

Biostimulants are described as nonliving substances—such as seaweed extracts and amino-acid products—that can influence root health, plant performance, nutrient mobilization and stress response. They differ from biologicals, which are living organisms such as *Bacillus* species or mycorrhizal fungi. [11]

Potential application windows include in-furrow, with herbicides to help manage application stress, and early vegetative/post passes. Reported adoption is below **25% of acres**, and the discussion cited its best return on vegetative applications; however, no independent yield or ROI figures were supplied. Labeling requirements are also limited, though farm-bill discussions could require clearer disclosure of active ingredients and concentrations. [11]

Regional Developments

United States: crop variability is widening

Midwest conditions remain highly uneven. In southeast Indiana, well-drained fields are reported to be strong, while low-lying fields flooded by late-June and early-July rain were lost and replanted to uninsured soybeans. Across the Corn Belt and Plains, heat, delayed eastern planting, pollination concerns and disease pressure are complicating the yield outlook. [8]

Southern rust is active in parts of both the western and eastern Corn Belt, prompting more fungicide applications after losses reported in Iowa, Nebraska and Minnesota last season. USDA's cited condition figure places **67%** of U.S. corn in good/excellent condition, **7 percentage points** below the same period last year. [8, 12]

Brazil: weather and finance are material production risks

Rio Grande do Sul faces three consecutive extratropical cyclones over seven days. Forecast accumulations may exceed **200–300 mm** on already saturated soils, increasing risks of flooding, river overflow and fieldwork disruption. [13]

Elsewhere, **38–40°C** heat is expected in Mato Grosso and other central areas, increasing fire risk. El Niño-linked analysis also points to delayed and below-average planting rains in parts of Brazil's Southeast, Center-West and Northeast, potentially extending into November or December. [13]

Brazilian producers also face tight credit conditions. The Selic rate is reported at **15%**, while commercial agriculture has **R\$525.1 billion** allocated under Plano Safra 2026/27. In Mato Grosso, growers cite financing rates of **17–18%** against farm margins that may be far lower. [14, 2]

Best Practices

Grains: match crop protection to field-level risk

- **Scout variable fields separately.** Flooded low ground, late-planted eastern Corn Belt fields, and heat-exposed Plains acres do not share the same yield or disease outlook. Evaluate pollination, disease and insect risk before treating. [8]
- **Manage leaf-wetness risk.** In humid areas such as south-central Kentucky, high dew points can extend moisture on corn leaves. Local producers report proactive fungicide use where disease pressure warrants it. [8]
- **Avoid overcommitting uncertain production.** Producers facing a wide corn-yield range should weigh expected bushels, cash-flow needs, break-evens, spreads and storage cost before making sales. [3, 8]

Dairy and livestock: prioritize forage, heat and health management

- **Plan forage inventory ahead of weather stress.** Brazilian livestock commentary emphasizes supplementation, deferred grazing and hay as tools when roughage supply falls. [15]
- **Reduce heat load in confinement.** Use shade and sprinklers where available, and avoid handling or shipping cattle during peak heat. [15]
- **Use herd data in dairy planning.** U.S. milk cows were reported up **2%** year over year and replacement heifers up **3%**; in Santa Catarina, milk intake rose **6%** in the first quarter versus 2025. Higher collection can pressure producer prices if industrial absorption weakens. [9, 16]

Soil management: build biomass and biological activity

For rotational-grazing systems, the Polyface approach offers a practical sequence: allow forage to reach its rapid-growth phase, move cattle frequently with portable fencing, and follow with poultry where the operation can support the added labor and infrastructure. The reported objective is more forage biomass, cleaner regrowth and manure redistribution. [10]

Input Markets

No quantified fertilizer, feed or crop-chemical price changes were provided in this update. The main U.S. policy development is that new Section 301 tariffs exempt several farm-critical inputs: **seed, fertilizers, crop-protection products, machinery and replacement parts**. Other farmer-relevant products may still face duties. [4]

For Brazilian producers, the more immediate constraint is financing rather than a listed input-price increase. Credit supply is described as restricted amid elevated costs and defaults, while demand remains high due to growing planted area and input inflation. [14]

Forward Outlook

1. **Weather will remain the central grain-market variable.** Near-term rainfall may ease stress in central and eastern Corn Belt areas, but heat and below-normal rain risks persist in the western Corn Belt and Plains. [1]
2. **Separate market corrections from demand signals.** The grain selloff followed removal of war premium, crude weakness and forecast rain, while soybean sales and export-inspection pace remain constructive indicators to monitor. [3, 5, 6]
3. **Prepare cattle procurement plans for phased border reopening.** The August 24 Douglas opening is initially limited; broader supply implications depend on whether New Mexico ports reopen. [8]

4. **Brazilian planning should incorporate two distinct risks:** flooding and fieldwork delays in the South, alongside heat, fire exposure and potentially delayed planting rains farther north and west. [13]
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