

# Grains Search for a Floor While Brazil's Input and Weather Risks Build

Global Agricultural Developments

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U.S. grain markets are trying to stabilize after heavy fund liquidation, but favorable weather and weak soybean demand still limit upside. In Brazil, delayed input purchases, insurance cuts, new phosphate supply, and a wetter South/drier Northeast pattern are becoming central planning signals.

### Market Movers

- **U.S. grains attempted to stabilize:** In early June 10 trade, December corn was up 4.25 cents to 449.5, November soybeans up 3.5 cents to 1135.5, and July Chicago wheat up 10 cents to 595.25. By the close, Farm Journal described most grain futures as trying to find a floor, though July corn still lagged. Support came from renewed inflation and geopolitical risk, but analysts said the larger backdrop remains heavy fund liquidation, July-contract rolls, leftover 2025 grain supplies, and a lack of strong new-crop buying interest. In the latest positioning week, corn lost more than 102,000 contracts of net length, and the prior selloff cut July corn 20-30 cents and July soybeans 40-50+ cents. [1, 2, 3]
- **Weather is still capping rallies in the U.S. Corn Belt:** Severe storms stretched from North Dakota to northern Texas and were expected to move east, with flood watches in Kansas, Missouri, Illinois, Indiana, Kentucky, and Tennessee. Even with that active pattern, market commentary still framed the forecast as bearish because crops are not yet seen as vulnerable to wind damage and corn areas are expected to receive 99% of normal rainfall over the next 7 days and 116% in days 8-14. National conditions were described as broadly favorable at 67% good/excellent for corn and 65% for soybeans. [1, 2]

- **Demand is diverging by crop:** Corn demand remains firmer than soybeans. U.S. exporters sold 5 million bushels of corn to unknown destinations, and accumulated corn export sales are up 26% year over year. Ethanol processor basis also strengthened at several western plants, including +10 at ADM Cedar Rapids and +7 at POET Ashton. Soybeans remain weaker: current-year export sales are down 18% year over year on reduced Chinese buying, China has bought almost all of the 12 million metric tons discussed for the current marketing year but none for new crop, and November soybeans had fallen to an eight-session low of 1132 before recovering. [1, 4]
- **Brazil cash market snapshot:** Canal Rural cited soybeans at \$11.23/bushel, corn at \$4.19, and wheat at \$5.87 on international markets. In the Brazilian physical market, soybeans ranged from R\$111/sack in Rondonópolis to R\$133.50 at Rio Grande, while corn ranged from R\$44/sack in Mato Grosso to R\$70 in Rio Grande do Sul. [5, 6]

## Innovation Spotlight

- **Field-level rainfall nowcasts:** OneSoil partnered with Rainbow Weather to add AI-based rainfall probability and intensity forecasts for specific fields up to four hours ahead. The system combines radar, satellite, and atmospheric data and is already being used by more than 15,000 farmers each month to plan spraying, fertilizing, and other field operations. OneSoil says its platform serves 1.16 million users worldwide, including Corteva Agriscience and BASF. [7]
- **Methane mitigation tools for ruminants:** 3NOP is already approved for dairy cattle in the U.S. and EU, and the cited meta-analyses found consistent methane reductions in both dairy and beef systems. Other quantified options include seaweed or bromoform-containing compounds at 50%+ reduction depending on dose, tannins at about 10%, and low-methane genetic selection, with one New Zealand sheep line reported about 12% below controls. [8]

## Regional Developments

- **Brazil - financing and risk management:** The Senate may vote PL 5122/2023, which would offer climate-affected producers 10-year refinancing at 3.5% for Pronaf/small producers, 5.5% for Pronamp/medium producers, and 7.5% for others. At the same time, the federal government blocked R\$1.7 billion from the rural insurance subsidy program - a 45.7% cut that leaves about R\$548 million. Canal Rural commentary argued the remaining 2026 funds may already be largely committed by June, sharpening pressure ahead of the July 1 Plano Safra announcement. Rio Grande do Sul producers and FPA members have been mobilizing in Brasília to press for approval. [9, 10, 11]

- **Brazil - weather and safrinha:** A new extratropical cyclone is expected to bring more than 100 mm to parts of Paraná and heavy rain into Mato Grosso do Sul, Santa Catarina, northern Rio Grande do Sul, and interior São Paulo. That is helpful for some later-planted second-crop corn but disruptive for field work, especially bean harvest and some corn operations. National second-crop corn harvest was cited at 3% complete, while severe water stress persists in Goiás and Minas Gerais. [12, 13, 14, 5]
- **Brazil - seasonal shift:** Canal Rural weather sources said El Niño is returning, with above-average rain likely across southern Brazil from late June and July, while the Northeast may see delayed spring rains that push normal planting moisture later into the season. [14, 15]
- **United States - animal health and trade:** USDA and Farm Journal sources put confirmed New World screwworm cases at five, including four calves in southern Texas and one dog in New Mexico near the Texas border. USDA said 4 million sterile flies were released within 24 hours of the first confirmed case and the goal is 500 million per week. Canada has temporarily restricted some Texas livestock movements, but WOAH guidance says meat trade should not be restricted because larvae cannot survive in animal products. [16]
- **Brazil - long-tail flood recovery:** Two years after the 2024 floods, Embrapa mapped more than 550,000 hectares and over 200,000 affected properties in Rio Grande do Sul. The study documented stripped topsoil, debris, and sand deposition up to 1.8-2 meters, and it identified drainage, riverbank recovery, and land-use reordering as core resilience priorities. [17]

## Best Practices

- **Grains - wheat disease timing:** Trial a flag-leaf fungicide pass on selected wheat acres rather than changing the whole program at once. The cited source says wheat's dense canopy and limited disease-tolerant breeding make fungicides pay well, and university work has found flag-leaf timing can add more yield than both herbicide-timing and heading sprays. Modern 2- and 3-mode products were described as relatively inexpensive. [18]
- **Livestock - screwworm response:** In affected or neighboring regions, the actionable priority is speed: report suspect cases immediately so animals can be inspected, treated, and covered by rapid sterile-fly deployment. [16]

“The sooner we report, the sooner we get sterile flies so that regional location, the sooner those cattle can be inspected, treated, and moved on without impeding the speed of commerce.” [16]

- **Dairy and beef - choose the methane tool that fits the system:** For confined dairy systems, 3NOP already has approval in the U.S. and EU. Where producers can manage daily inclusion, seaweed or bromoform products have shown 50%+ reductions depending on dose, while tannins are closer to 10%. For grazing systems, the cited source argued that genetics and vaccines may scale better because they do not require daily additive delivery. In lower-productivity systems, the same source emphasized breeding, nutrition, and management first; it cited the U.S. dairy herd falling from 25 million to 9 million over 50 years while total milk output rose, cutting emissions roughly 50% per unit. [8]
- **Soil management - flood recovery zones:** Where fields have severe flood damage, treat restoration as an infrastructure and soil-function project first. The RS recovery work recommends stronger drainage, river-bank restoration, and targeted soil recovery programs; once sand layers reach 20 cm, plant nutritional efficiency drops sharply, and where deposition reaches 1.8-2 meters, recovery becomes long and difficult. [17]

## Input Markets

- **Nitrogen - United States:** Urea prices have retreated to pre-Iran war levels, easing some immediate cost pressure after recent volatility in global nitrogen markets. [19]
- **Phosphate - Brazil / Rio Grande do Sul:** After 15 years of development, the first phosphate mine in southern Brazil started operations. Output is expected at 70,000 tons in 2026 and as much as 300,000 tons annually by 2028, enough to cover about 10% of Rio Grande do Sul demand and reduce import dependence. [5]
- **Seed and crop-package buying - Brazil:** Soybean seed sales for 2026/27 are running at only 50-55% of expected volume versus a historical 70% pace. Sources linked the slowdown to weak soybean prices, higher fertilizer, pesticide, and fuel costs, tighter credit, and dollar volatility. Producers are buying more incrementally, and late buyers were warned they may struggle to secure preferred cultivars; saved seed should be checked for vigor and germination before planting decisions are finalized. [6, 5]
- **Cash quote visibility - United States:** GrainStats said Green Plains moved cash bids behind a login, a change that will alter its publicly tracked index calculations. The same source argued that forcing farmers to check multiple apps for bids is a step backward for market transparency. [4, 20, 21]

## Forward Outlook

- **June USDA report:** Several sources said June usually brings few major balance-sheet changes. Current expectations lean toward higher U.S. corn

exports, with wheat the market most likely to surprise; after the recent selloff, even a neutral-to-less-bearish report could be supportive. [22, 2]

- **Corn demand watch:** Nearby corn support will be judged through export pace, ethanol basis, and fuel policy. Corn export sales are up 26% year over year, western ethanol plants strengthened bids on June 10, and USDA Secretary Rollins said E15 would support the rural economy, lower gas prices, and improve national security. [1, 4, 23]
- **Soybeans remain a China timing story:** China has not bought new-crop U.S. soybeans, and analysts are watching whether lower prices closer to \$11 bring earlier buying or whether demand waits until harvest. [1, 2]
- **Brazil planning assumptions are shifting:** Producers are now balancing heavier South rainfall as El Niño returns, delayed Northeast rains, and unresolved credit and insurance questions ahead of the July 1 Plano Safra announcement. [14, 15, 11]

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