Oil-Driven Grain Rally, Fertilizer Scrutiny, and Brazil Weather Risks

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Grain markets reversed higher on crude and conflict risk, but fertilizer scrutiny, Brazil's uneven weather, and diesel costs are still driving spring margin decisions. This brief also highlights measurable regenerative results, export-traceability technology, poultry biosecurity, and the key policy dates to watch next.

1) Market Movers

- **U.S./global grains:** March 18 finished with a sharp reversal from weaker morning trade. Soybeans closed **up 0.58% to $11.63/bu**, corn **up 2.09% to $4.63**, and wheat **up 2.67% to $6.05**, as crude oil strength and Middle East conflict added risk premium across commodities [1, 2]. December corn is back near recent highs, while wheat is still carrying Plains weather risk even as U.S. export competitiveness remains weak against EU and Russian supplies [2].
- **Soybean structure:** Old-crop soybeans remain the weak point. Expectations for another **8 MMT** of Chinese old-crop demand have been sharply reduced after the delayed Trump-Xi timing, while new-crop contracts are holding better on acreage and biofuel expectations [2]. Technical commentary described soybeans as having retraced about **50%** of the prior rally and trying to hold a key support zone [3]. Outside whole beans, exporters also reported **120,000 MT** of soybean cake and meal sold to unknown destinations for **MY 2026/27** [4].
- **Brazil cash markets:** Brazilian port soybeans were quoted around **R$128/sack** in Paranaguá, Santos, Rio Grande, and São Paulo, while corn showed wider regional spreads at **R$76/sack** in Campinas, **R$64** in Paraná, and **R$53** in Mato Grosso [5].

- **Livestock:** U.S. live cattle recovered as packer margins improved from roughly **negative $200/head** to nearly **positive $200/head**, with the cutout near the **$400** mark and cash trade expected to test higher into Friday's cattle-on-feed report [2].

2) Innovation Spotlight

- **Regenerative grazing with measured trade-offs:** A 100-year Australian sheep-farm study found Adaptive Multi-Paddock grazing can increase soil organic carbon and cut emissions intensity by up to **54%**, but it was **not always the most profitable system** because supplementary feed costs rose. The study said rainfall and starting soil carbon mattered more than simply adding pasture diversity [6].
- **Specialty-crop sustainability pilots:** The International Fresh Produce Association secured a USDA grant to expand regenerative pilots to **30** more specialty-crop growers in California and Washington, using technical assistance and incentives for practices such as **alley cropping** and **advanced water management** [6]. In Italy, Bayer's regenerative viticulture project is combining **permanent grass cover**, **pheromone-based pest control**, and **IoT bioacoustic sensors** to track pollinator health and reduce chemical reliance [6].
- **Data and compliance tech in Brazil:** Brazil's export-focused agribusiness is moving toward real-time traceability. EU-linked requirements call for exact geolocation, real-time documentation, and continuous data validation, while Brazil's January data-adequacy arrangement with Europe enables safer cross-border data exchange [7]. The infrastructure gap is still large: only **33.9%** of Brazil's rural area currently has some form of connectivity [7]. At the plant level, Santa Catarina producers highlighted AI as a tool for tighter process control from animal production through industrial processing [8].
- **Finance and land-selection tools:** In the U.S., AcreVision lets producers screen parcels for cropping history, tillable acreage, soil types, and drainage before bidding [9]. Refinancing opportunities have also reopened as **30-year fixed** rates moved to about **6.3-6.4%** and some **3-5 year variable** options into the **low 5%** range [9]. For borrowers resetting from older variable notes near **7-8%**, the savings can flow directly to the bottom line [9].

3) Regional Developments

- **Brazil - safrinha and weather:** Brazil's second-crop corn planting reached **85.5%**, about **4% behind** last year. Mato Grosso is near completion at **99%**, Tocantins is about **98%**, but São Paulo has planted only **14%** [10]. Frequent rain is still slowing soybean harvest and corn planting in Tocantins and nearby states, with **50-100 mm** possible in five days and heavier totals in parts of Maranhão and Piauí [10, 1]. Paraná, meanwhile, still needs better moisture for crop development [1].

- **Brazil - next weather phase:** April is expected to run **warmer than normal** across the South, Southeast, and Center-West, with **below-average rain in the South** and more normal rain farther north and west, a mix that helps some safrinha areas while worsening southern moisture deficits [11]. Looking later, forecasters put the probability of El Niño returning near **80%** for **August-October**, potentially bringing heavier late-winter and spring rain to the South [11].
- **Brazil - protein and trade:** Brazil slaughtered a record **42.9 million head of cattle** in **2025**, up **8.2%** year over year, including **11 million head** in Q4, up **14%** [1]. Export expansion is also still active, with industry and government representatives pushing for Pará beef plants to access the U.S. market [1].
- **United States - Plains crop stress and fire damage:** The Plains still face a hostile weather window. Forecasts showed **no rain** for most of Kansas, eastern Colorado, southern Nebraska, and the Texas/Oklahoma Panhandles over the next **15 days**, with a swing from **upper 80s/90s** heat back to freezing temperatures [12]. In Texas, some winter wheat is already being given up because of the dry winter [13]. In Nebraska's Arthur County, wildfire burned about **600,000 acres**, cutting feed and forage for roughly **35,000 mother cows** [14].
- **United States - poultry disease pressure:** HPAI remains a live regional risk. USDA says the outbreak, first detected in **February 2022**, has affected more than **197 million birds**, and spring migration is again lifting detections in the upper Midwest and Indiana [15].
- **United States - disaster finance:** North Dakota officials authorized the Bank of North Dakota to expand its agriculture disaster relief program to **$500 million**, adding **$100 million** [16].

4) Best Practices

Grains and cost control

- Use university crop budgets as a **starting benchmark**, then adjust with local retailer and peer input rather than treating them as your exact cost of production [17].
- Spend as much time on **fixed costs** as on input bids. Fixed costs account for roughly **50%** of production expenses and are more controllable and predictable than fertilizer or seed markets [17].
- **Test before you invest:** verify whether added inputs and fertilizer rates are improving the bottom line on your farm [17].

- Diversification still matters. Mixing corn and soybeans, adding livestock, or using off-farm income can reduce income volatility when trade, weather, or commodity markets shift [17].

Dairy/feed and water-limited acreage

- In water-constrained dairy regions, some producers are shifting planned acres toward **forage sorghum** because it can get by with less water than alternative crops [13].

Poultry and livestock biosecurity

- Keep poultry separated from wild birds with enclosures or netting, clean equipment, clothing, footwear, water, and bedding, and use dedicated boots, gloves, and daily footbaths [15].
- Watch for sudden death, lethargy, ataxia, lower feed or water intake, or falling egg production; isolate birds and contact a veterinarian, state vet, or USDA at **1-866-536-7593** [15].
- Operations with **500+ birds** can request free USDA biosecurity assessments, and USDA may cover up to **75%** of the cost of improvements tied to high-risk gaps [15].

Soil and regenerative management

- For regenerative systems, baseline conditions matter. The AMP grazing study indicates rainfall and starting soil carbon are stronger drivers of environmental and financial outcomes than pasture diversity alone [6].
- Practical soil and resilience measures now being scaled in specialty crops include **permanent grass cover**, **pheromone-based pest control**, **alley cropping**, and **advanced water management** [6].

5) Input Markets

- **Fertilizer pricing and concentration:** U.S. farm groups argue nitrogen prices have diverged from natural gas since about **2010**, with nitrogen now following corn prices more closely even though U.S. gas remains cheap at about **$3.19** [13]. Market concentration is high: Nutrien controls about **80%** of potash, Mosaic about **80-85%** of phosphate, and CF Industries about **65%** of nitrogen [13]. DOJ, USDA, and FTC scrutiny of fertilizer competition is ongoing [13].

- **Conflict-driven price spike:** Urea and other nitrogen products surged after the Middle East conflict began, even on material already in domestic warehouses. Retailers say price sheets are updating multiple times per day, and some growers report previously booked prices not being honored [13].

"This shouldn't even be impacting us for another 75 days, but yet our prices on fertilizer that's already in the warehouse is seeing dramatic increases." [13]

- **Trade policy watch:** The U.S. review of countervailing duties on Moroccan phosphate begins in **April**. A study cited by Texas farm groups estimated those duties cost program-crop growers about **$6.9 billion** over five years, or more than **$1 billion per year** [13]. The White House also issued a **60-day Jones Act waiver** to keep oil, natural gas, fertilizer, and coal moving through U.S. ports [13], and U.S. buyers are seeking additional fertilizer supply from **Morocco** and **Venezuela** [18].
- **Fuel:** Diesel remains a direct margin threat on both sides of the hemisphere. In the U.S., diesel was cited at **US$4.99/L**, up **37%** in 30 days [19]. In Brazil, oil near **$110/barrel** and reports of diesel around **R$8/L** are pressuring producer profitability and freight markets [20, 5]. Brazilian farm groups are pressing to raise the biodiesel blend from **15% to 17%**, with some arguing the country could move even higher, because biodiesel is currently cheaper than diesel and supply is available [19, 21].
- **Crop protection and machinery finance:** Crop protection costs are still being pushed higher by general inflation and weed resistance, forcing use of higher-priced herbicide and fungicide programs [17]. Machinery borrowing costs also remain heavy: one farm finance analysis put lifetime interest expense at about **$160 per $1,000 borrowed**, roughly double the level from a few years ago [17].

6) Forward Outlook

- **Late March policy calendar:** Markets are watching a White House farm and biofuels event next week and the month-end release of **2026/27** biofuel blending quotas. New-crop markets are already pricing in supportive RVO expectations, and several sources flagged a possible **sell-the-fact** risk if the announcement disappoints [12, 2, 22].
- **U.S. acreage debate:** The **March 31** planting intentions and grain stocks reports should sharpen the corn-versus-soy acreage fight. Fertilizer costs are still a headwind for corn, while biofuel policy is offering more support to new-crop soybean economics [23, 2].
- **Brazil seasonal planning:** Near-term planning in Brazil remains split by region: southern producers face hotter and drier conditions into April, while parts of the Center-West and Southeast still benefit from rain for second-crop corn [11]. Frost remains possible later even with above-average temperatures overall [11].
- **Disease and logistics watch:** Spring migration means poultry producers should expect continued HPAI pressure [15]. In Brazil, full enforcement of the minimum freight table, backed by electronic inspections up **2,000%**

over three years, is intended to reduce trucker unrest as diesel costs climb [24].

- **Input relief watch:** April's Moroccan phosphate review is one of the few near-term policy events with potential to ease fertilizer costs if duties are removed [13].
- **Trade access will increasingly depend on data quality:** For exporters targeting the EU, traceability requirements are shifting from a paperwork issue to a digital infrastructure issue. Exact geolocation and continuous data validation are becoming market-access prerequisites [7].

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