Post-WASDE corn reprices higher as Brazil's credit and El Niño risks harden

Global Agricultural Developments

2026-08-14

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By Global Agricultural Developments • August 14, 2026

The brief tracks the post-WASDE corn and soybean reaction, renewed but constrained China demand, and the way Brazil's credit bottleneck and very strong El Niño outlook are reshaping crop and financing decisions. It also identifies field-tested rotation, high-tunnel, biosecurity and soil-management practices alongside current input and logistics costs.

Market Movers

United States — corn leads the post-WASDE repricing, but acreage and weather keep the balance conditional

The first follow-through was mixed: at Thursday morning's check, December corn was down 2¼ cents at $4.785/bu, November soybeans were up 1¼ cents at $11.845, and September Chicago and Kansas City wheat were higher at $6.5425 and $7.2225, respectively. The prior session had seen December corn jump about 20 cents to nearly $4.81, soybeans gain about 15 cents, and wheat rise amid Black Sea shipping concerns. [1]

Corn remains the constructive center of the report. USDA cut the 2026/27 yield estimate to 180.7 bu/acre from 183 in July and below the 182.4 trade estimate, but higher acreage lifted production slightly to 16.013 billion bushels. Carryout fell to 1.653 billion bushels from 1.79 billion, with stocks-to-use at 10.12%; the market commentary described global corn supplies as the tightest since 2012/13. Soybeans are less cleanly bullish: the yield fell to 52.7 bu/acre, but acreage pushed production to 4.519 billion bushels and carryout to 320 million from 310 million. U.S. wheat production is projected at 1.53 billion bushels, the smallest crop in 56 years. [1]

United States–China — soybean demand is returning, but the buying channel is narrow

USDA's Foreign Agricultural Service reported a private sale of 125,000 metric tons of soybeans to China for 2026/27. Separate market commentary reported another 9-million-bushel flash sale and cumulative purchases of 4.471 million metric tons, or 17.9% of a 25-million-tonne target; most buying was attributed to state-owned traders, while private importers remain constrained by tariffs and strained trade relations. Lower river levels and rising barge freight add a logistics cost to moving large export programs. Weekly sales for the period ending August 6 were 52.6 million bushels of corn, 67.4 million of soybeans and 9.4 million of wheat. [2, 1, 3, 4]

United States — ethanol supports corn demand while livestock markets soften

Weekly ethanol output rose to 1.12 million barrels per day, up 3.3% year over year, but stocks reached an 11-week high of 24.8 million barrels; reported margins remained positive at 15–45 cents across the Corn Belt. That is a demand floor for corn, not by itself proof of immediate scarcity. Cattle futures were weaker, with live cattle down $2.00–$2.98 and feeders down $3.05–$6.35, while Choice boxed beef rose 97 cents to $372.28 and Select rose one cent to $349.81. [1]

Innovation Spotlight

West Texas — a three-year rotation reallocates scarce pivot water toward cotton

A West Texas producer in the fourth year of a corn–wheat/cover-crop–cotton rotation divides each pivot into thirds, keeping one-third in cotton each year. Harvesting wheat in June frees a third of the pivot's water: on a 3.5-gallon-per-minute-per-acre system, the farmer reports raising available in-season capacity to about 5 gallons, and to 10 gallons on cotton at peak bloom through September 1. He says the economic advantage is clearest in difficult years. [5]

The reported benefit is better timing and water-use efficiency, not lower total water consumption. Annual use is probably somewhat higher because cover crops receive off-season irrigation, but the farmer says canopy and residue reduce evaporation and improve irrigation per pound of lint. On-farm soil comparisons showed stronger aggregation, roots and earthworms after three and seven years of the system than under nearby conventional tillage; a Haney test after a grazed 15-species cover crop and a three-bale-plus cotton crop showed 57 lb of available nitrogen versus roughly 10–20 lb in the other sections. These are promising farm-level results, not a replicated ROI study, so local strip trials remain the sensible entry point. [5]

Oregon — EQIP-supported high tunnels extend a short season

At Grace Gardens in Oregon's Grande Ronde Valley, an EQIP-supported high tunnel extends the growing season by at least three weeks at both ends of the year and reduces wind breakage and water loss. The farm grows at least 70 vegetable types and combines the tunnel with no-till beds, rotation, mulch, companion flowers and compost recycling. NRCS provides technical and financial assistance through EQIP; the operator describes the enterprise as community-oriented rather than a large commercial ROI case. [6]

Regional Developments

Brazil — debt relief is legislatively active but operationally blocked

Brazil's mixed commission on MP 1376 elected Renan Calheiros as chair and Paulo Pimenta as rapporteur; its initial review deadline is September 12, extendable by 60 days. The measure has been in force since July 15, but producers and banks are still waiting for a Treasury ordinance and a BNDES circular needed to activate the renegotiation lines. The Finance Ministry's framework covers about R$100 billion of rural debt, with terms of up to 10 years, two years of grace, lower interest, inclusion of CPRs and a guarantee fund. Calheiros also criticized the exclusion of the North and Northeast. [7]

The credit squeeze is already visible in farm finance. A CCRED executive reported 90-day delinquency of about 7.5% nationally versus a historical 1.5–2%, more than 8.5% in Mato Grosso, and 20–25% of the rural-credit portfolio in the Vale do Araguaia either overdue, renegotiated or repactuated. He also said lenders now seek real collateral even for a R$100,000 working-capital line. [8]

Brazil — a record grain forecast masks a sharply regionalized El Niño risk

Conab raised Brazil's 2025/26 grain estimate to 360.8 million tonnes, 2.5% above the prior crop; soybeans, corn, cotton and sorghum are expected to reach records, while wheat is forecast to fall more than 26% as area contracts and heavy Southern rains threaten the crop. [9]

The new Pacific outlook makes the next crop cycle highly location-dependent. Canal Rural's reading of NOAA's monthly report puts the probability of a very strong El Niño at 90–95% for September–December, with average anomalies of 2.7–2.8°C and some models near 3°C. The reported pattern is roughly 600 mm around Palmeira das Missões in Rio Grande do Sul, with flood risk; delayed rains and temperatures above 40°C around Sorriso in Mato Grosso; and little meaningful rain around Barreiras and Alta Mira during the planting window, alongside continued heat and possible Arco Norte logistics stress. [10]

Brazil — Santa Catarina's feed industry is exposed to road and corn-supply bottlenecks

Santa Catarina's agribusiness represents about 35% of the state economy and 70% of exports. Its ports moved 65.7 million tonnes in 2025, but road conditions can delay western shipments by 65–80%; the state needs about 8.5 million tonnes of corn annually for feed and imports roughly 7 million tonnes from Mato Grosso and the wider Center-West. Feasibility studies are examining a Maracaju–Cascavel–Chapecó–Passo Fundo rail connection. [9]

Canada–United States — Ontario's greenhouse food-security model depends on export scale

Ontario's greenhouse association represents more than 170 growers on about 4,500 acres; the sector exports roughly 85% of production, equivalent to about 300 trailer loads of produce per day to U.S. consumers within a day's drive, and supports about 37,000 value-chain jobs. The association argues that domestic food security and exports are complementary because export scale supports investment, but it also reports labor and energy as the largest costs and warns that pending tariffs from August 19 would raise packaging costs by 50%. Maintaining predictable USMCA/CUSMA trade and cold-chain infrastructure is therefore a production-cost issue, not only a trade-policy issue. [11]

Best Practices

Row crops — match the cover crop to the moisture and termination window

After silage or a late-summer harvest, Ag PhD recommends a cover crop when at least 1.5–2 months of growing season remain, primarily to reduce wind and water erosion, retain nitrogen, suppress weeds and build organic matter. In a dry area, the farm prefers oats after corn because they winterkill; rye previously required a spring burndown and used additional moisture. The operational choice is therefore not simply "cover or no cover," but a species that fits the local water balance and next planting date. [12]

Poultry — treat biosecurity as a controlled access system

A Brazilian broiler farm uses a sanitary corridor with handwashing, disposable visitor clothing, plastic overshoes and dedicated boots for each house; visitors generally do not enter, and only two designated employees have access. Salmonella testing is mandatory, incoming vehicles are disinfected, and sanitary downtime is about one day normally or three days after contact with a breeder chain. [13]

The supporting controls are simple but need auditing: keep gates closed, inspect screens for wild-bird entry, require service providers to shower and change clothing and disinfect tools, keep drinking water potable and chlorinated with

periodic checks, and require a shower, clothing change and—where appropriate—downtime after contact with backyard poultry. [13]

Soil management — use nutrient responses as trial signals, not prescriptions

The West Texas farmer reports that 15 lb/acre of granular boron applied in March moved SAP boron from 1.5 to 36 ppm and coincided with increases in calcium, magnesium, nitrogen and sulfur. But he had no untreated control and is still trying to determine whether the timing or the product's delayed-release curve caused the response. Use a treated-versus-standard strip, tissue sampling and yield/quality records before scaling the application. [5]

Input Markets

Brazil — fuel-tax relief and fertilizer incentives are policy signals, not delivered-cost relief yet

Congress approved PLP 114, reducing federal taxes on diesel, biodiesel, gasoline, ethanol and aviation kerosene; the bill was sent for presidential sanction. It includes R$1.2 billion for hydrated-ethanol producers, incentives for domestic fertilizer, bioinput and biofertilizer production, and budgetary support for Profert. Until sanction and implementation, growers should not treat the package as a current-season reduction in delivered fertilizer or fuel costs. [7]

Brazil's input-distribution system is becoming a more important financing channel under tight credit. ANDAV says distributors supplied 47% of all inputs reaching farmers in 2025 and moved R$171 billion—R$105 billion in inputs, R$43 billion in grain and R$23 billion in machinery and services. The survey puts financing at 41% from industry, 19% from distributors' own capital and 10% from public banks; biological inputs were highlighted as a technology to watch, but the report supplies no independent yield or ROI result. [14]

Brazil — Fiagro can widen access to capital, at a high and asset-sensitive cost

For medium and large producers, Fiagro FIDC advances against CPRs or rural receivables at roughly CDI plus 3–6 percentage points, or about 17–20% annually, with a practical minimum of R$2–5 million. A sale-and-leaseback structure costs about 0.8–1.2% of property value per month; the repurchase right must be written into the deal or the producer can permanently lose the property. The restructuring model remains under regulation. Fiagro is more expensive than 2026/27 Plano Safra custeio at 12.5%, but competes with market credit at 20–27% and can offer three-to-10-year terms versus 12 months for bank custeio. [9]

Feed and machinery — costs are diverging by category

A Brazilian swine-nutrition supplier is marketing lignocellulose from reforested pine as a higher-water-retention fiber that can regulate intestinal transit and glucose absorption. It costs more than wheat bran or soybean hulls but is used at lower inclusion and is presented as free of contaminant risk; feed represented 72.6% of the live-hog production cost in Santa Catarina in June, making any feed-efficiency claim worth testing against inclusion cost and performance. [9]

The monitored HayWire/USDA index for the week of August 3 put hay at $172/ton, down 2%; alfalfa was $188, down 3.3%, and orchard grass $161, down 7.3%, across 15 markets and 91 quotes. In contrast, used machinery remains firm: auction volume was still close to 20% above earlier-year levels, a 2022 John Deere X9 1000 combine brought $450,000, a 2020 S780 brought $245,000, and an eight-row 608C corn head brought $50,500. High new-equipment prices are pushing buyers toward well-maintained used iron. [15, 16]

Forward Outlook

1. **Treat the 180.7-bu corn yield as a starting point, not a final crop size.** USDA's state figures leave room for higher Iowa and Minnesota yields, lower North Dakota and South Dakota outcomes, and late-season harvested-acre losses in wet Indiana/Ohio or dry northern areas. More Corn Belt storms are forecast, with early damage reports still described as localized. [1]

2. **Track whether China's soybean buying broadens beyond state-owned traders.** The 125,000-tonne sale and the reported 17.9% progress toward the 25-million-tonne target are supportive, but private demand, tariff economics, state storage/crushing capacity, river levels and barge freight will determine how much of the announced program becomes physical movement. [2, 1, 3]

3. **Build Brazil's 2026/27 crop plan by region rather than using a national weather assumption.** Drainage, disease and flood exposure dominate the Southern outlook; Central-West planting depends on late October rain while temperatures can exceed 40°C; and North/Northeast producers face a much tighter November water window. [10]

4. **Do not underwrite Brazilian debt relief before the enabling rules appear.** Monitor the Treasury ordinance, BNDES circular and the commission's September 12 deadline. Producers with strong documented assets can compare Fiagro with market credit, but should price the 17–20% FIDC cost and protect sale-and-leaseback repurchase rights contractually. [7, 9]

5. **Lock in the North American fresh-produce cost and logistics assumptions before August 19.** Ontario greenhouse operators face the reported packaging-cost shock while depending on open cross-border

movement, one-day U.S. access and uninterrupted refrigerated storage; a tariff or cold-chain disruption would hit both Canadian food-security supply and U.S. availability. [11]

6. **Use local trials for biologicals, cover crops, fiber products and micronutrients.** The current evidence contains quantified farm-level signals—57 lb available nitrogen after a multi-species cover, 15 lb/acre granular boron, lower-inclusion lignocellulose and three-week high-tunnel extension—but not enough independent cost and yield data to generalize them across farms. [5, 9, 6]

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