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Global Agricultural Developments

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Friday's rain-driven grain selloff coexisted with severe, irreversible losses in Rio Grande do Sul and a renewed storm threat. The brief tracks U.S. demand and livestock signals, Brazil's tariff and El Niño exposure, and quantified production tools for the next crop.

Market Movers

U.S. grains: rain removed the premium, not the regional damage

Friday's monitored Chicago quotes put soybeans near $11.88/bu, corn at $4.63/bu after a 1% decline, and wheat at $6.38/bu after a 3.84% fall. Soybeans had lost more than 75¢ from the previous week's highs as rain coverage and month-end profit-taking removed weather premium. [1, 2]

The bearish national price signal is masking a sharply uneven crop. Parts of Minnesota received 2–3 inches while North Dakota missed the latest system; growers in North Dakota, South Dakota, Minnesota and northwestern Iowa reported 100°F heat, 20–30 mph winds and excessively warm nights. USDA's drought monitor placed 29% of U.S. corn area and 26% of soybean area in drought. [2, 3] NASS described the combined crop-condition decline as the largest since the 1990s, with North and South Dakota only 50% good-to-excellent while the eastern crop remained comparatively strong. [4]

That split matters for August pricing: the market is trading the forecast's rain coverage, but grain fill and western yield losses are not settled. Analysts expect continued weather volatility because several short-range forecasts have failed to materialize; the August 12 USDA report is the next major formal checkpoint. [4, 2] Wheat also fell Friday after Ukraine indicated it might find an alternative

export route, but the market discussion still expects volatility until Black Sea logistics are resolved. [2]

Soybean demand is cushioning the selloff

China bought another 132,000 metric tons of U.S. soybeans for 2026/27 delivery, taking reported new-crop purchases to 3.045 million tons—12.2% of the White House's 25-million-ton annual target. U.S. new-crop soybean export sales reached about 7.5 million tons, up 196% year over year and the strongest book for this point in four years. The purchases do not remove tariff or delivery risk, but they provide a demand floor while weather weighs on prices. [3]

The more durable demand signal is domestic processing. ADM plans upgrades at four U.S. plants in Indiana, Missouri, Nebraska and North Dakota, adding roughly 700,000 metric tons—about 25 million bushels—of crush capacity by late 2028 or early 2029. Reported cash crush margins were $4–$6/bu, reinforcing the shift toward more domestic crushing and fewer raw-bean exports. [3]

Cattle reprices around Mexico, but the supply story remains tight

The five-market U.S. live-steer average closed the week at $232.77/cwt, up $2.29 week over week but down $10.40 year over year; August live cattle closed at $231.57/cwt and feeder cattle at $346.60/cwt. Cash hogs were $95.99/cwt, while August lean-hog futures were $98.78 and pork cutout was $101.46. [5]

USDA's phased reopening of the Mexican feeder-cattle border is scheduled to begin August 24 at Douglas, Arizona. Mexican cattle normally represent about 15% of regional Texas feedyard inventories, and more than half at some operations, but the restart is expected to be slow. Analysts expect lighter animals, below-normal volumes because Mexico has expanded its own feeding capacity, and an Arizona bottleneck; additional cattle could raise U.S. beef production and ease retail prices, but are unlikely to restore packer leverage quickly. [6, 5]

Brazil's tariff exposure widens beyond basic commodities

The new U.S. tariff package could affect Piracicaba, São Paulo, by more than $1 billion through agricultural machinery, construction equipment, sugar and ethanol. Sugar and ethanol now face rates in the 25%–37.5% range; the local industry estimates that 40–50 companies and roughly 10,000 workers are directly or indirectly exposed, with some firms sending 10%–50% of output to the United States. Regional producers are seeking exemptions and special credit rather than immediate reciprocity. [7]

The direct effect on Brazil's corn-ethanol sector may be limited, according to UNEM, but the sector is still expanding: 29 biorefineries are operating, 14 are under construction and 13 await authorization. Brazil's blend is moving from E30 to E32, with a statutory path to 35% and possible future demand from maritime and aviation fuels. [7] Brazil has chosen to challenge the U.S. tariffs

at the WTO before retaliating; the appellate body is paralyzed, so the move is a diplomatic and legal signal rather than a short-term route to tariff relief. [8]

Innovation Spotlight

Field-level disease timing has a quantified yield signal

Corteva/Pioneer's fungicide-timing solution combines disease-trait scores, planting and tillage history, irrigation and nitrogen data, localized weather and leaf wetness in a field-level dashboard. After more than seven years of development, the system predicts disease onset before lesions become visible—once symptoms appear, infection may already be about two weeks old—and gives growers a "spray soon" window of 7–14 days or a "spray now" window of 5–7 days. [6]

Corteva reports a five-bushel-per-acre yield advantage in trials for growers who already spray, from improving timing, and about 10 bu/ac for growers who normally do not spray. The result is a useful yield benchmark, but the monitored source does not provide a product price or payback calculation, so the economic case still needs farm-specific cost comparison. [6]

Soybean establishment, not late rescue, sets the ceiling

The 18th CESB soybean productivity forum reported 920 formally audited areas averaging 97.25 sacks/ha and a new rainfed national record of 156.13 sacks/ha in Major Vieira, Santa Catarina. These are audited contest results rather than expected commercial averages, but they provide unusually concrete benchmarks for what intensive management can achieve. [9]

The forum's implementation sequence is practical: match cultivar to the local soil, climate and cycle; use high-quality, treated seed; and protect plantability through population, spacing, depth, speed and uniformity. The presenters say the yield ceiling is largely established at planting. A Georgia high-yield case cited weekly leaf analysis with two-day lab turnaround, 14–20 in-season foliar passes, potassium targeted at 5%–8% of CEC, and first-to-last emergence within 20 hours. [9]

Regional Developments

Rio Grande do Sul's storm losses are becoming a second production risk

Three days after a severe storm hit northern Rio Grande do Sul, more than 500 ha of canola and more than 500 ha of white oats were reported as total losses; wheat may still recover. A dairy shed containing more than 50 milking cows was destroyed, the milking robot operated on a generator, and some cows went 24 hours without milking. Wet bedding is expected to reduce milk output and raise disease risk for months. More than 150 houses were destroyed, and one condemned shed requires at least R$500,000 to rebuild. [10]

The event is not yet over operationally. A red alert for western Rio Grande do Sul calls for wind gusts above 100 km/h, hail and possible tornadoes or microbursts, with 50–100 mm of rain falling on saturated soils. A new cyclone is then expected to affect Rio Grande do Sul, Santa Catarina and Paraná, followed by renewed frost risk below 4°C in low areas; rain may also disrupt fieldwork in São Paulo and Mato Grosso do Sul. [11]

Brazil enters 2026/27 with a large crop outlook and a constrained margin outlook

The current Brazilian soybean outlook is still large: CONAB's cited estimate is 180.6 million tons, up 5.3% year over year on 2.7% more planted area. But producer polling ranked production costs above climate and other concerns for 2026/27, alongside tighter credit, fertilizer problems and storage constraints. [8]

El Niño makes the risk regional rather than uniform. The forecast cited an 82% chance of formation by the end of July and more than 90% probability that effects persist from December 2026 through February 2027. Center-West and Matopiba face irregular rain, dry spells and heat that could delay soy planting and compress the safrinha-corn window; the North and Northeast face severe drought risk, while southern Brazil faces excess rain, fungal pressure and disrupted field operations. [7]

Power access is directly limiting Mato Grosso production

In Tapurah, a producer has had equipment and a water-storage project idle for more than a year while waiting for a grid connection roughly 1.5 km away; the quoted cost is about R$70,000. A nearby dairy operator abandoned a 300-cow, 2,300-liter-per-day business after outages of up to 12 hours repeatedly spoiled milk. Energisa says it built a Sorriso substation and plans more than R$2 billion in 2026 distribution investment, but the local constraint is already reducing productive capacity. [12]

Best Practices

Budget the bad season before selecting the technology package

For Brazil's 2026/27 crop, the recommended base case is the average productivity of the three worst harvests in the last ten years, paired with no more than the average of the best prices achieved over the last five or six years. The technology package should then be chosen to break even, reduce debt and preserve liquidity—not to chase a record yield or speculate on input/output spreads. [1]

Treat conservation as a margin system

Illinois' Thoren Farms has used cover-crop grazing, virtual fencing, diverse rotations and no-till for 50 growing seasons. The operators report no insecticides or fungicides, lower yields but much lower input use, and higher profitability

because of reduced expenses. The transferable lesson is to measure profit after input costs, while recognizing that the transition itself requires cash and every change creates short-term execution risk. [13]

A related fertilizer-placement test in Wisconsin found 7–12 bu/ac gains when fertilizer was placed under the seed rather than omitted. The farmer ultimately kept a simpler nitrogen-sulfur 2×0 approach because it performed as well as in-row 10-34-0 with less risk. [13]

Make rapid disease reporting part of livestock biosecurity

For Brazilian poultry and swine operations, avian influenza and Newcastle disease suspicions must be reported immediately; the obligation applies to any citizen, not only veterinarians. For avian suspicions, the official service has 12 hours to investigate, collect samples and isolate a farm if warranted. Producers should treat acute mortality, severe respiratory or neurological symptoms, reduced feed or water intake, falling egg production and abnormal shells as triggers to call the technical or veterinary service. [14]

Input Markets

U.S. fertilizer is easing into fall application

Retail fertilizer prices fell for a seventh consecutive week. Liquid nitrogen was down 14% over the past month, although some products remain above historical averages. That creates an opportunity to price fall applications and lock part of the 2027 requirement, rather than assuming the decline will continue indefinitely. [6]

Brazil's fertilizer demand is weakening with profitability

Brazil's fertilizer industry expects imports for the 2026/27 soybean season to fall at least 10%, citing lower farm profitability and logistics disruption associated with the Middle East conflict. The signal is not simply lower input prices: producers are also entering the September planting window with less willingness or ability to fund the full nutrient program. [1]

Forward Outlook

1. **U.S. grain risk remains forecast-sensitive through August 12.** Western producers who have forward sales but are unsure of yield should run crop-insurance yield-loss and October-price scenarios before adding sales or buying back contracts. [4]
2. **Brazilian producers need a financing plan before October.** The cited El Niño playbook is to model a 15%–25% yield reduction, renegotiate debt while there is time, buy rural insurance before planting, hedge price

exposure between October and December, use CPTEC/INMET regional forecasts for variety and planting date, and reserve cash for replanting. [7]

3. **Southern Brazil requires a rolling weather decision, not a single-event assessment.** Saturated soils, another 50–100 mm rainfall episode, a cyclone and possible frost can successively affect harvest, dairy recovery and field access; fieldwork decisions in São Paulo, Mato Grosso do Sul and the southern states should remain conditional on the next system's actual track. [11]

4. **Cattle risk management should treat the Mexico reopening as staged, not as an immediate supply wave.** The first port is scheduled for August 24, seasonal fall movement is the likely timing, and the available analysis expects below-normal volumes. Producers can use LRP or equivalent protection because opening and closure are both known market risks. [5]

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