Mid-Year Grain Price Outlook

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Live Data & Interactive Charts: The charts, balance sheets, pace trackers, and price-fundamentals analysis presented in this report can be explored interactively — and monitored as new data is released throughout the marketing year — at the **SDSU Agronomy Extension Grain Report**: agland.sdstate.edu/Grain

Executive Summary

The USDA's March 1 Grain Stocks report and March Prospective Plantings survey provide the first major mid-year checkpoint for evaluating whether 2025–2026 supply-and-demand forecasts remain on track. For each crop, this report answers three questions in sequence: **What did USDA project?** (the WASDE balance sheet), **Are we on pace?** (implied disappearance vs. seasonal targets through March 1), and **What does it mean for prices?** (adjusted ending stocks and the forward outlook).

The key findings diverge sharply across the three crops:

- **Corn — Bullish tilt**. USDA is currently projecting ending stocks of 2,127 Mbu and a12.9% ending stocks to use percentage (S/U). Demand is running 350 Mbu ahead of seasonal expectations, led by exports at 113.7% of pace. If the surplus holds, adjusted ending stocks fall to ~1,777 Mbu (10.8% S/U) — historically price-supportive. A tighter carry-in to 2026/27 could push new-crop S/U below 10% despite slightly above expectations for higher planted corn acres of 95.3M acres.
- **Soybeans — Bearish tilt**. USDA is currently projecting ending stocks of 350 Mbu (8.2% S/U). Demand is running 217 Mbu behind seasonal expectations, driven by an export shortfall as the peak seasonal shipping window is largely closed. Adjusted ending stocks swell to ~567 Mbu (13.3% S/U) — a shift from tight to comfortable. That surplus carry-in, combined with a 3.5M-acre increase in planted area, pushes new-crop S/U toward 12.8% and creates downside risk to the Forum's $10.30/bu price projection.
- **Wheat — Neutral with upside potential.** USDA is currently projecting ending stocks of 931 Mbu (45.9% S/U). Demand is running +34 Mbu above pace — consistent but modest. Record-low planting intentions of 43.8M acres (1.2M below Forum) introduce a supply-side tightening catalyst for 2026/27, but the structurally ample S/U near 44% limits the price impact absent a weather event.

Input Costs Rising: An escalating conflict involving Iran and intensified restrictions on vessel traffic through the Strait of Hormuz have driven a sharp acceleration in energy and nitrogen fertilizer costs heading into final planting decisions.

Transportation Fuel (week of Apr 6, 2026):

Fuel	Price	WoW	YoY vs Apr 6, 2025
Regular Gasoline	$4.12/gal	+$0.13 (+3.3%)	**+$0.96/gal**
Midgrade Gasoline	$4.73/gal	+$0.12 (+2.5%)	**+$1.00/gal**
Premium Gasoline	$5.10/gal	+$0.12 (+2.4%)	**+$1.01/gal**
Diesel	$5.64/gal	+$0.24 (+4.5%)	**+$2.05/gal**

Fertilizer Prices (USDA AMS, Mar 30, 2026):

Product	Price	WoW	YoY
Anhydrous Ammonia	$1,022/ton	+$64 (+6.7%)	**+$276 (+37.0%)**
Urea (46-0-0)	$779/ton	+$31 (+4.2%)	**+$201 (+34.7%)**
Liquid N 32%	$574/ton	+$33 (+6.2%)	**+$201 (+53.7%)**
Liquid N 28%	$500/ton	+$39 (+8.6%)	**+$142 (+39.7%)**
Liquid N 30%	$585/ton	+$102 (+21.0%)	**+$205 (+53.9%)**
ATS (Sulfate)	$488/ton	+$8 (+1.6%)	**+$167 (+52.0%)**
DAP	$882/ton	+$3 (+0.3%)	+$79 (+9.9%)
MAP 11-52	$905/ton	+$3 (+0.4%)	+$65 (+7.8%)
Potash	$502/ton	+$2 (+0.5%)	+$38 (+8.3%)
Ammonium Sulfate	$586/ton	+$4 (+0.7%)	+$55 (+10.3%)

Nitrogen products — the dominant cost driver for corn and wheat — have surged **37–54% year-over-year**, driven by energy-intensive production and tightened global supply from Hormuz disruptions. Diesel is up **+$2.05/gal (+57%) year-over-year**, sharply elevating tillage, fertilizer application, and grain drying costs. Corn and wheat are nitrogen-intensive crops (typically 120–180 lbs N/acre); soybeans fix atmospheric nitrogen and carry materially lower input costs. If sustained through the April–May planting window, these input cost levels could further accelerate the corn-to-soybean rotation already underway and reduce final corn and wheat planted acres below current intentions.

Corn

Supply Overview

The 2025–2026 corn balance sheet opened with a large supply pool. USDA's current WASDE puts total supply at **18,597 million bushels (Mbu)**, composed of 1,551 Mbu in beginning stocks, a record crop of 17,021 Mbu, and 25 Mbu of imports. Total projected use sits at 16,470 Mbu, implying WASDE ending stocks of **2,127 Mbu** and a stocks-to-use (S/U) ratio of **12.9%** — a comfortable, if not burdensome, balance sheet.

March 1 Stocks: The Disappearance Story

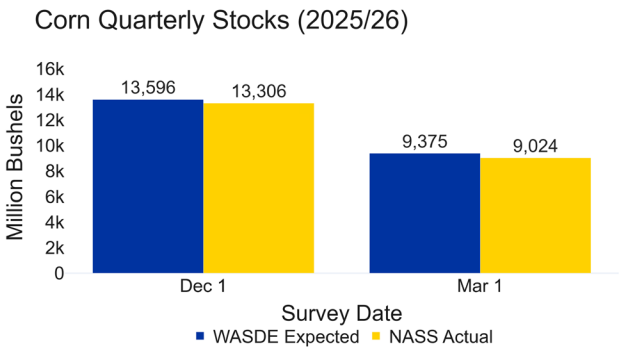
NASS measured **9,024 Mbu** of corn in storage on March 1, 2026. Working back through the balance sheet formula:

Implied Disappearance =
Beg.Stocks + Production + Imports - NASS Stocks

18,597 - 9,024 = 9,573 Mbu

Against a historical seasonal expectation of 49.6% of total supply consumed by March 1, the seasonal target was **9,222 Mbu**. Actual implied disappearance came in **+350 Mbu above** that target — tracking at **103.8%** of the expected pace.

Bottom line: Demand has consumed more corn than the seasonal average would predict at this point in the marketing year. If the surplus pace continues, ending stocks could come in well below the WASDE projection.



Quarterly Stocks: WASDE Expected vs. NASS Actual 2025–2026

Figure 1. WASDE expected stocks vs. NASS survey stocks on December 1 and March 1. Total supply 18,597 Mbu; Dec 1 WASDE expected 13,594 Mbu vs. NASS actual 13,306 Mbu; Mar 1 NASS actual 9,024 Mbu. Each quarter below the expected pace further tightens the implied ending stock estimate.

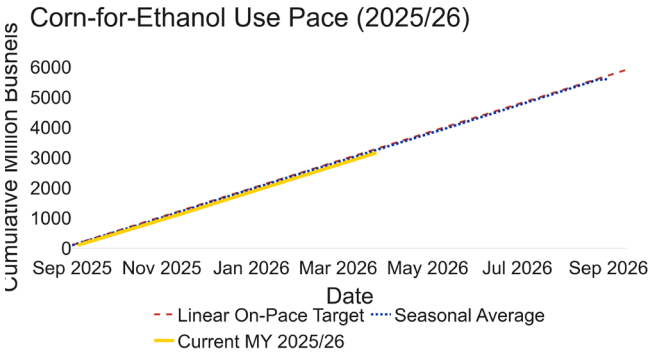
Ethanol: Steady and On Pace

NASS Grain Crushings data through February 2026 shows 6 months of reported corn-for-fuel-alcohol use averaging **459.6 Mbu per month**. Projecting that average over the 6-month period from September 1 to March 1 yields an estimated **2,757.6 Mbu** consumed for ethanol and by-products.

Ethanol Metric	Value
WASDE Full-Year Forecast	5,600 Mbu
Seasonal Target (49.7%)	2,780.7 Mbu
NASS Proj. (6-mo avg × 6)	2,757.6 Mbu
Pace vs. Seasonal Target	**99.2% (−23 Mbu)**
WASDE Weekly Pace	107.7 Mbu/wk
Current Weekly Pace	106.1 Mbu/wk (−1.5%)

Ethanol demand is industrial in nature — plants run at near-capacity year-round — making it the most predictable pillar of corn demand. Running essentially at the seasonal target is not a bullish catalyst on its own,

but it confirms that the USDA's 5,600 Mbu forecast is well-supported. A meaningful deviation from seasonal pace in either direction is typically the earliest signal of a coming WASDE revision to this category.



Corn Ethanol Use Pace 2025–2026

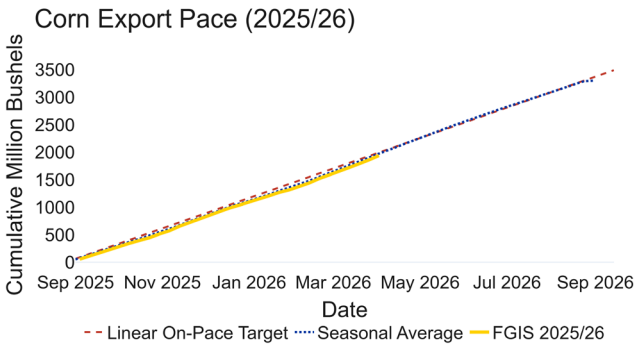
Figure 2. Cumulative corn-for-ethanol use tracked against the linear on-pace target and the 4-year seasonal average. NASS reported data through February; EIA-calculated weekly data bridges to the present. Forecast: 5,600 Mbu.

Exports: Running Significantly Ahead

FGIS weekly grain inspection data through April 2, 2026, shows cumulative corn export inspections of 1**,939.2 Mbu** — tracking at 113.7% of the seasonal target.

Export Metric	Value
WASDE Full-Year Forecast	3,300 Mbu
Seasonal Target (51.7%)	1,705.4 Mbu (thru Apr 2)
FGIS YTD Inspections	1,939.2 Mbu
Pace vs. Seasonal Target	**113.7% (+234 Mbu)**
WASDE Weekly Pace	63.5 Mbu/wk
Current Weekly Pace	63.7 Mbu/wk (+0.4%)

Export pace is the most price-sensitive component of the corn balance sheet. US corn has a well-defined seasonal export window: South American harvest logistics (March–June) historically crowd out US origin in global markets, meaning Q1–Q2 US export performance carries outsized information content. Running **234 Mbu** ahead of the seasonal target at this stage is a materially bullish data point. Should this pace be sustained, a WASDE upward revision to the export line — and a corresponding reduction in ending stocks — is increasingly plausible.



Corn Export Pace (FGIS Inspections) 2025–2026

Figure 3. Cumulative FGIS weekly corn export inspections against the linear on-pace target and the 6-year seasonal average. Running well above both targets through early April reflects strong competitive positioning for US-origin corn. Forecast: 3,300 Mbu.

Disappearance Balance Sheet (Mar 1 Checkpoint)

Component	Projected (Mbu)	Seasonal Target (Mbu)	Pace
Total Implied Disappearance	9,573	9,222	103.8%
Ethanol & By-products	2,757.6	2,780.7	99.2%
Exports (FGIS thru Feb 26)	1,593.7	1,305.1	122.1%
Feed & Residual (implied)	5,221.3	~5,136	~102%

Implied feed & residual of **5,221 Mbu** is consistent with seasonally normal livestock demand and does not suggest an outlier. The headline story is in exports.

Adjusted Ending Stocks Estimate

Extending the surplus disappearance pace forward to the end of the marketing year produces an adjusted ending stocks estimate:

Adj.Ending Stocks = 2,127 - 350 = **1,777** Mbu

Adj.S/U = 1,777 / 16,470 ≈ **10.8%**

The adjustment shaves **2.1 percentage points** off the WASDE S/U ratio — a shift that historically correlates with meaningful price-supportive pressure at the farm level. At 10.8% S/U, the corn market is no longer in "comfortable surplus" territory.

2026 Planting Intentions & New-Crop Outlook

USDA's March 31, 2026, Prospective Plantings survey and the February USDA Agricultural Outlook Forum jointly define the early framework for the 2026–2027 corn balance sheet.

NASS Prospective Plantings (March 31, 2026): U.S. farmers intend to plant **95.3 million acres** of corn in 2026 — down **3.5 million acres (−3.5%)** from the 2025 final estimate of 98.8 million acres. Intentions rank 12th out of 15 years in the historic dataset (range: 88.0–97.3M acres) and sit 4.1% above the 5-year average of 91.6 million acres.

Acreage Metric	Value
2026 Planted Intentions	95.3M acres
2025 Final Estimate	98.8M acres
Year-over-Year Change	−3.5M acres (−3.5%)
5-Year Average	91.6M acres
Historical Rank (of 15 years)	12th

The acreage decline is concentrated in the traditional Corn Belt, where 2025 production was exceptionally large. Iowa is expected to plant roughly 13.5 million acres and Illinois approximately 11 million acres, together accounting for over 24% of the US total. A handful of southern states, including Texas (+4% to ~2.6M acres), are bucking the national trend. Importantly, the combined corn, soybean, and wheat planted area of 223.8M acres in 2026 is down 0.4M acres from 2025 (224.2M) — implying total row-crop area is contracting modestly, with acres potentially moving to CRP, prevented planting, or other uses rather than rotating purely between grain crops.

Key drivers of the acreage shift:

- **Input cost pressure:** High nitrogen fertilizer and fuel costs have reduced corn's margin advantage over lower-input crops. This pressure intensified sharply in early April 2026 as Iranian-related geopolitical tensions tightened vessel traffic through the Strait of Hormuz, driving retail diesel to **$5.64/gal** (+$2.05/gal year-over-year as of Apr 6, 2026) and pushing Anhydrous Ammonia to **$1,022/ton** (+6.7% in a single USDA AMS biweekly reporting period). Corn, as the most nitrogen-intensive major row crop at typical rates of 130–170 lbs N/acre, faces the largest per-acre input cost headwind from these developments. Final planted acres could come in below the March 31 intention of 95.3M if these prices hold through the planting window.
- **Corn-to-soybean rotation**: Much of the lost corn acreage is expected to flow to soybeans, which are projected to increase by ~1.2M acres to ~84.7M.
- **Price signals:** The 2025/26 corn season-average price of $4.10/bu does not yet strongly incentivize expanded acreage; the 2026/27 Forum projection of $4.20/bu provides modest improvement but not a step-change.

USDA Outlook Forum – 2026/27 Balance Sheet (Released February 19, 2026):

Category	2024/25	2025/26	2026/27 Proj.	Change
Planted Area (M acres)	90.9	98.8	94.0	−4.8M
Harvested Area (M acres)	83.0	91.3	86.1	−5.2M
Yield (bu/ac)	179.3	186.5	183.0	−3.5
Production (Mbu)	14,892	17,021	15,755	−1,266 (−7.4%)
Beginning Stocks (Mbu)	1,551	2,127	2,127	—
Total Supply (Mbu)	16,677	18,597	17,907	−690
Feed & Residual (Mbu)	5,454	6,200	6,000	−200
Ethanol (Mbu)	5,436	5,600	5,600	0
Exports (Mbu)	2,858	3,300	3,100	−200
Total Use (Mbu)	15,126	16,470	16,070	−400
Ending Stocks (Mbu)	1,551	2,127	1,837	−290 (−13.6%)
Stocks-to-Use	10.3%	12.9%	11.4%	−1.5 pp
Season-Avg Price ($/bu)	$4.24	$4.10	$4.20	+$0.10

The Forum projects new-crop ending stocks of **1,837 Mbu** at 11.4% S/U — a tightening of 1.5 percentage points from the current year's WASDE. However, this projection assumed 94.0M planted acres. The March Prospective Plantings number of **95.3M acres** — 1.3M acres above the Forum assumption — provides modest upside to production and, all else equal, would push new-crop stocks somewhat above the Forum's 1,837 Mbu baseline.

Critical reconciliation: The Forum's 2025/26 ending stocks assumption of 2,127 Mbu (which rolls to 2026/27 beginning stocks) is the WASDE figure — not the adjusted 1,777 Mbu implied by current demand pace. If the pace-adjusted ending stocks of ~1,777 Mbu prove out, new-crop 2026/27 beginning stocks would be **350 Mbu tighter** than the Forum assumed, partially offsetting the slightly higher planted area. On a full-year basis, that tighter carry-in would bring new-crop implied ending stocks down toward the **1,487–1,550 Mbu range** — a sub-10% S/U scenario that would be meaningfully price-supportive for December 2026 futures.

Corn Price Outlook

The mid-year data paints a constructive picture for corn prices across both marketing years:

- Current-year demand has outrun seasonal expectations by 350 Mbu — exports at 113.7% of pace, ethanol steady.
- Adjusted 2025/26 ending stocks of ~1,777 Mbu place S/U at 10.8%, already tighter than the WASDE's 12.9%.
- 2026 planted intentions of 95.3M acres are above the Forum's 94.0M assumption, modestly cushioning new-crop supply concerns.
- But if pace-adjusted carry-in (~1,777 Mbu) replaces the WASDE carry-in in the 2026/27 model, new-crop S/U could fall toward 9–10% — a level that historically supports prices in the $4.25–$4.60/bu range.
- The Forum's season-average price projection of $4.20/bu is the floor assumption under normal weather; a tighter carry-in scenario shifts the probability distribution higher.

The primary downside risk remains a demand reversal in the export channel (South American competition, currency headwinds) or a large revision to 2026 planted area in the June Acreage report. The primary upside catalyst is confirmation that the 350 Mbu disappearance surplus over the seasonal pace holds or widens through the end of the marketing year.

Price Fundamentals

At the **WASDE S/U of 12.9%**, we typically trade around $4.34/bu — the current front-month futures price of **$4.52/bu** is running $0.18 above that level. The market's implied S/U (the S/U consistent with the current price) is **12.2%** — only 0.7 percentage points tighter than the WASDE, a neutral signal.

However, the more important comparison is against the **pace-adjusted S/U of 10.8%.** At that supply to use level price typically trades around **$4.94/bu**. At $4.52, the current futures price is $0.42 — or roughly 8.5% — below what the fundamentals-derived balance sheet would justify. This represents potential upside to the current futures price if the pace-adjusted ending stocks estimate is confirmed by subsequent NASS surveys and WASDE revisions. A move from the current $4.52 toward the $4.94 model level would require the market to price in the tighter S/U scenario rather than the official WASDE baseline.

Near-term bias: Mildly bullish current crop; cautiously constructive new crop. The balance sheet at mid-year is tighter than WASDE implies on both ends of the marketing year. Basis strength in major elevators is consistent with this reading.

Soybeans

Supply Overview

The 2025–2026 soybean balance sheet opened on a relatively tight footing. USDA's March 2026 WASDE carries total supply of **4,612 Mbu** — built on beginning stocks of just 325 Mbu, a production figure of 4,262 Mbu, and 25 Mbu of imports. Projected total use of 4,262 Mbu leaves ending stocks at **350 Mbu**, a S/U ratio of **8.2%.** At that level the market is not stressed, but there is little cushion for a demand or production surprise.

Balance Sheet Item	WASDE Forecast (Mbu)
Beginning Stocks	325
Production	4,262
Imports	25
Total Supply	**4,612**
Total Use	4,262
Ending Stocks	**350**
Stocks-to-Use	8.2%

Note: The March 2026 WASDE revised soybean imports to 25 Mbu (from 20 in the February Outlook Forum), crush to 2,575 Mbu (from 2,570), and total supply to 4,612 Mbu (from 4,607). Current-year pace analysis below uses the latest March WASDE; the 2026/27 Forum table retains the original February Forum projections.

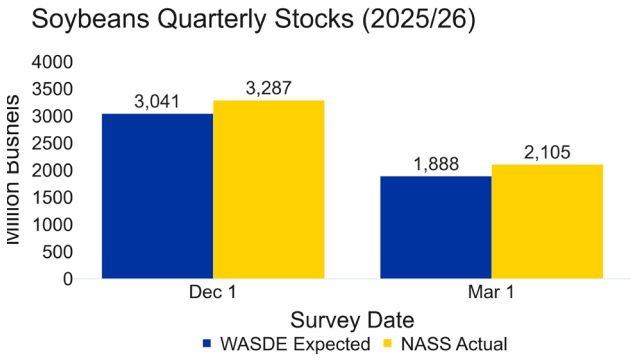
March 1 Stocks: Disappearance Running Short

NASS measured **2,105 Mbu** of soybeans on March 1, 2026. Applying the balance sheet identity:

Implied Disappearance = 4,612 - 2,105 = **2,507** Mbu

Soybeans are a front-loaded crop — about 34% of total marketing year supply is consumed in Q1 (September–November), driven by harvest-time crush and peak export demand to China ahead of the South American harvest. The historical seasonal target for disappearance through March 1 is **59.1% of total supply**, or **2,724 Mbu**. Actual implied disappearance of 2,507 Mbu came in **217 Mbu below** that seasonal target — tracking at only **92.1%** of the expected pace.

Bottom line: Demand has consumed meaningfully less soybeans than the seasonal average would predict at this stage of the marketing year. This is a bearish signal — the shortfall adds directly to the projected ending stocks calculation.



Quarterly Stocks: WASDE Expected vs. NASS Actual 2025–2026

Figure 4. WASDE expected stocks vs. NASS survey stocks on December 1 and March 1. Total supply 4,612 Mbu. Dec 1: WASDE expected 3,039 Mbu vs. NASS actual 3,287 Mbu (+248 Mbu above expectation). Mar 1: NASS actual 2,105 Mbu vs. WASDE expected 1,886 Mbu (+219 Mbu above expectation). Both quarterly readings show actual stocks persistently above seasonal expectations — a consistent bearish signal.

Exports: Lagging the Seasonal Pace

FGIS weekly data through April 2, 2026, shows cumulative soybean export inspections of **1,134.4 Mbu** — only **88.5%** of the seasonal target for this point in the marketing year.

Export Metric	Value
WASDE Full-Year Forecast	1,575 Mbu
Seasonal Target (81.3% thru Apr 2)	1,281.2 Mbu
FGIS YTD Inspections	1,134.4 Mbu
Pace vs. Seasonal Target	88.5% (−146.8 Mbu)
WASDE Weekly Pace	24.6 Mbu/wk
Current Weekly Pace	37.3 Mbu/wk (+51.3%)

The soybean export calendar is intensely concentrated in Q1 (September–January), when the US has exclusive access to the Chinese import window before Brazil's harvest ships in late January. By Q2, cumulative exports should historically represent ~76.9% of the full marketing year. The current YTD pace of 970.5 Mbu through February 26 is **241 Mbu below** that Q2 checkpoint — a substantial and seasonally significant miss. Unlike corn (where a late Q2 shortfall can still be recovered in Q3), the bulk of the US soybean export opportunity has already passed. A shortfall of this magnitude at this stage strongly implies a WASDE downward revision to the 1,575 Mbu export forecast.

The China Factor: Geopolitical Disruption in the Export Channel

The export shortfall is not primarily a demand story — it is a geopolitical one. For an unprecedented five consecutive months from May through October 2025, China recorded **zero purchases** of U.S. soybeans, the longest such drought in at least three decades. China, which historically accounted for more than 40% of all U.S. soybean exports in 14 of the last 17 years, fell to under **20% of total U.S. soybean exports** through October 2025 — a level not seen since at least 2003. Brazil, the world's largest soybean producer, shipped record volumes to China throughout this period, cementing its displacement of U.S. origin during what is traditionally the peak U.S. export window. Since 2017, the year before China first retaliated against U.S. tariffs by targeting soybeans, U.S. sales to China have fallen 70%, a loss equivalent to $5.82 billion in annual export value.

A partial recovery materialized after Trump and Xi Jinping struck a trade truce in late October 2025. State Chinese buyers returned with a 12-million-ton purchase commitment, and U.S. soybean arrivals in China surged to **1.45 million metric tons in February 2026** — the highest monthly total since June 2025, according to China customs data. However, after satisfying that initial pledge, Chinese buying stalled again. Traders had anticipated a fresh round of purchases tied to a scheduled Trump-Xi summit in late March 2026. Still, that meeting was postponed to mid-May amid US military operations in Iran. The postponement immediately weighed on prices — Chicago soybean futures fell **4.3% in the week of March 20**, the largest weekly decline in nearly a year, snapping a six-week rally that had been partly sustained by heavy speculative long positioning. Brazil's soybean shipments to China in the first two months of 2026 totaled 6.56 million metric tons — more than **80% above the prior yea**r — underscoring that U.S. origin competes from a structurally disadvantaged position even when diplomatic relations temporarily improve.

The diversification of Chinese buying has also accelerated. Mexico has emerged as the second-largest buyer of US soybeans, accounting for nearly 15% of total exports, while Egypt has cracked 10% market share for the first time, ranking third. New markets in Pakistan, Vietnam, Bangladesh, and Saudi Arabia are all growing, and the U.S. Soybean Export Council has been actively cultivating them. These new destinations

provide a partial offset but cannot replicate the volume concentration that China once represented.

Key implication: Whether the rescheduled May summit produces a new multi-cargo purchase commitment is the single most important near-term variable for the 2025/26 soybean export outlook. A substantive China deal could narrow the current export shortfall and limit upward revisions to ending stocks. Absent that catalyst, the export miss of ~147 Mbu versus the seasonal target through early April is likely to persist — and may widen — as South American supplies continue to dominate the Chinese import market through mid-year.

The Fork in the Road: Seasonal Fall-Off vs. Sustained Elevated Pace

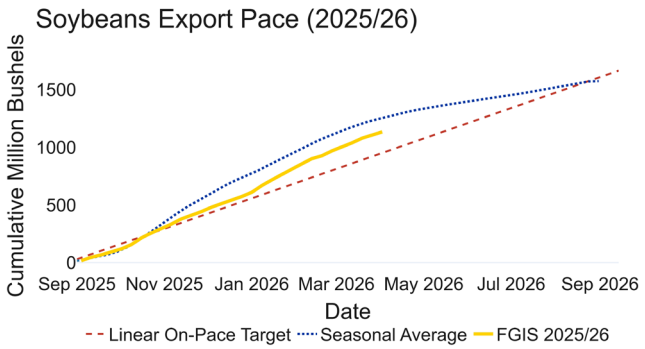
The entire soybean price forecast hinges on a single question: what happens to weekly export inspections from here through the end of the marketing year (August 31). With **440.6 Mbu** still needed to hit the WASDE forecast of 1,575 Mbu across approximately **22 remaining weeks**, the math requires only **~20 Mbu/wk average** — a rate well below the current trailing pace of 37.3 Mbu/wk. The catch is seasonality: the normal pattern is for US soybean export inspections to drop sharply after April as Brazil's harvest floods the market and China pivots to South American origin for the remainder of the calendar year. Whether that seasonal fall-off materializes — or is interrupted by renewed Chinese state buying — is the key driver of the 2025/26 outcome.

Scenario	Seasonal reversion (bearish)	Hits WASDE (neutral)	Elevated pace holds (bullish)
Assumed Remaining Weekly Pace	~10 Mbu/wk	~20 Mbu/wk	~30 Mbu/wk
Projected Full-Year Inspections	~1,354 Mbu	~1,575 Mbu	~1,794 Mbu
vs. WASDE (1,575 Mbu)	–221 Mbu	On target	+219 Mbu
Implied Ending Stocks	~571 Mbu	350 Mbu	~131 Mbu
S/U	~13.4%	8.2%	~3.1%

The bearish scenario is the historically typical one. In a normal marketing year, US soybean export inspections in April through August average closer to 8–12 Mbu/wk — a fraction of the current 37.3 Mbu/wk pace — because Brazil's competitive harvest-season pricing captures virtually all Chinese import demand. The recent elevated US pace was directly driven by the post-October-2025 truce and the 12 MMT Chinese state-purchase commitment. That commitment appears largely satisfied. Without a fresh catalyst from the May summit, the historical seasonal pattern — and the bearish scenario — is the base case.

The bullish scenario requires China to continue buying US-origin at an above-seasonal rate despite Brazil's competitive pricing advantage. This would be an explicit policy decision, not a market-driven one, and depends entirely on the diplomatic outcome of the rescheduled Trump-Xi summit. The current futures price of **$11.71/bu** is consistent with the **WASDE's 8.2% S/U** — meaning the market is currently pricing in the neutral scenario where the export forecast is met. Any deterioration toward the seasonal-reversion case represents **$1.50–$1.75/bu of downside** on the regression model; any acceleration toward the elevated-pace scenario would be a bullish surprise.

This dynamic — not the disappearance shortfall itself — is the live price driver for soybeans through summer 2026.



Soybean Export Pace (FGIS Inspections) 2025–2026

Figure 5. Cumulative FGIS soybean export inspections against the linear on-pace target and the 6-year seasonal average. YTD inspections are tracking below both targets through April, consistent with South American competition displacing US origin demand earlier than typical. Forecast: 1,575 Mbu.

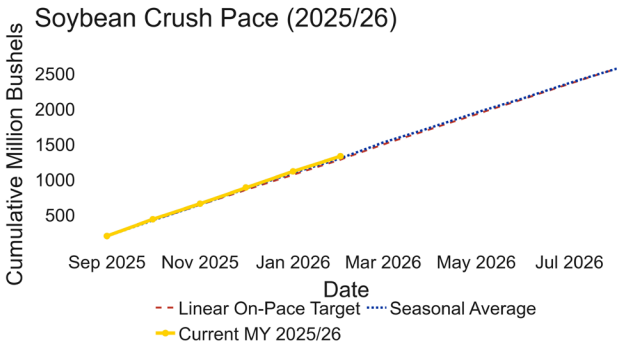
Crush: The One Bright Spot

NASS Fats and Oils data through February 2026 shows 6 months of crush averaging **222.4 Mbu per month**. Projecting to the Q2 March 1 checkpoint:

$$222.4 \times 6 = 1{,}334.5 \text{ Mbu}$$

Crush Metric	Value
WASDE Full-Year Forecast	2,575 Mbu
Seasonal Target (50.7%)	1,305.2 Mbu
NASS Proj. (6-mo avg × 6)	1,334.5 Mbu
Pace vs. Seasonal Target	102.2% (+29 Mbu)
WASDE Weekly Pace	25.1 Mbu/wk
Current Weekly Pace	51.3 Mbu/wk (+104.5%)

Crush is the dominant use of soybeans (~60–65% of total use) and runs at a relatively steady industrial pace year-round. Running **29 Mbu above** the seasonal target through Q2 provides a partial offset to the export weakness. The strong crush pace reflects robust domestic demand for soybean meal and soybean oil, supported by the ongoing expansion of renewable diesel feedstock capacity. However, the crush surplus of +29 Mbu is not large enough to offset the export shortfall of −241 Mbu.



Soybean Crush Pace (NASS Fats & Oils) 2025–2026

Figure 6. Cumulative NASS monthly crush against the linear on-pace target and the 10-year seasonal average. NASS reported data closely tracks the linear target with a modest upward bias, consistent with steady domestic processing demand. Forecast: 2,575 Mbu.

Disappearance Balance Sheet (Mar 1 Checkpoint)

Component	Projected (Mbu)	Seasonal Target (Mbu)	Pace
Total Implied Disappearance	2,507	2,724	92.1%
Exports (FGIS thru Feb 26)	970.5	1,211.1	80.1%
Crush Proj. (6-mo NASS avg × 6 mo)	1,334.5	1,305.2	102.2%
Seed / Feed / Residual (implied)	202.2	~211	~96%

The export channel entirely drives the net disappearance shortfall of −217 Mbu relative to the seasonal target. Crush is outperforming. Seed, feed, and residual are minor categories, and their implied shortfalls reflect the mathematical residual of the export miss.

Adjusted Ending Stocks Estimate

Extending the disappearance shortfall forward on a pro-rata basis:

Adj. Ending Stocks = 350 + 217 = **567** Mbu

Adj. S/U ≈ 567 / 4,262 ≈ **13.3%**

The adjustment adds **+5.1 percentage points** to the WASDE S/U ratio — a shift from a tightly balanced market to a comfortably supplied one. A stocks-to-use ratio in the 13% range typically places soybean prices under meaningful pressure relative to the assumptions embedded in the WASDE forecast.

2026 Planting Intentions & New-Crop Outlook

USDA's March 31, 2026, Prospective Plantings survey and the February Outlook Forum provide the new-crop supply framework for 2026–2027 soybeans — and they tell a cautionary tale for prices already facing a bearish current-year balance sheet.

NASS Prospective Plantings (March 31, 2026): U.S. farmers intend to plant **84.7 million acres** of soybeans in 2026 — up **3.5 million acres (+4.3%)** from 2025's final estimate of 81.2 million acres. Intentions rank 9th out of 15 years in the historic dataset (range: 73.9–91.0M acres) and sit 2.9% below the 5-year average of 87.2 million acres.

Acreage Metric	Value
2026 Planted Intentions	84.7M acres
2025 Final Estimate	81.2M acres
Year-over-Year Change	+3.5M acres (+4.3%)
5-Year Average	87.2M acres
Historical Rank (of 15 years)	9th

The March intentions figure of 84.7M acres is slightly below the Outlook Forum's 85.0M acre assumption — a negligible difference at this stage. Geographically, the largest acreage increases are concentrated in the Northern Plains and Upper Midwest: South Dakota, Iowa, and Minnesota each show projected gains of 400,000 acres or more. This regional pattern reflects the straightforward economics of corn-to-soybean rotation in areas where high input costs compressed corn margins in 2025. Illinois, Iowa, and Minnesota continue to anchor the national soybean footprint.

Key considerations on the acreage shift:

- **Corn-to-soybean rotation:** Most of the 3.5M-acre soybean gain mirrors the 3.5M-acre corn decline — rotation, not new row-crop ground.
- **Still below the 5-year average:** At 84.7M acres, intentions remain nearly 2.5M acres below the 5-year average of 87.2M, providing a modest structural check on how bearish the acreage story can run.
- **Total row-crop area contracting:** Combined corn + soybean + wheat planted area falls 0.4M acres to 223.8M in 2026 — acres are leaving row crops rather than rotating between them, which slightly tempers the supply-expansion narrative.
- **Input cost environment favors further rotation to soybeans:** The Iran conflict-driven spike in diesel (+$2.05/gal YoY to $5.64/gal as of April 6, 2026) and nitrogen prices — Anhydrous Ammonia +6.7% to $1,022/ton and Liquid Nitrogen (30-0-0) +21.0% to $585/ton per USDA AMS (Mar 30, 2026) — disproportionately burdens corn and wheat relative to soybeans. Soybeans fix atmospheric nitrogen at near-zero N input cost, offering farmers a meaningful per-acre margin advantage under elevated energy and fertilizer prices. This structural tailwind may push final soybean planted area above the current 84.7M-acre intention if diesel and fertilizer prices remain elevated through the May planting window.

USDA Outlook Forum – 2026/27 Balance Sheet (Released February 19, 2026):

Category	2024/25	2025/26	2026/27 Proj.	Change
Planted Area (M acres)	87.3	81.2	85.0	+3.8M
Harvested Area (M acres)	86.2	80.4	84.0	+3.6M
Yield (bu/ac)	50.7	53.0	53.0	0
Production (Mbu)	4,374	4,262	4,450	+188 (+4.4%)
Beginning Stocks (Mbu)	325	350	350	—
Total Supply (Mbu)	4,746	4,607	4,820	+213 (+4.6%)
Crush (Mbu)	2,445	2,570	2,655	+85 (+3.3%)
Exports (Mbu)	1,882	1,575	1,700	+125 (+7.9%)
Total Use (Mbu)	4,421	4,257	4,464	+207 (+4.9%)
Ending Stocks (Mbu)	**325**	**350**	**355**	**+5 (+1.4%)**
Stocks-to-Use	**7.3%**	**8.2%**	**8.0%**	**−0.2 pp**
Season-Avg Price ($/bu)	$10.00	$10.20	$10.30	+$0.10

The Forum projects new-crop ending stocks of just **355 Mbu at 8.0% S/U** — essentially unchanged from the current year's tight WASDE, despite a 213 Mbu supply increase, because demand is projected to absorb it all. Crush demand rises 85 Mbu (+3.3%) driven by continued renewable diesel feedstock expansion, and exports are projected to rebound 125 Mbu (+7.9%) — both of which assume current-year demand weaknesses in those categories will reverse.

Critical reconciliation: The Forum's 2026/27 beginning stocks assumption is the WASDE 350 Mbu figure. However, the pace-adjusted current-year ending stocks estimate is approximately **567 Mbu** — some **217 Mbu above** the WASDE. If that figure proves out, new-crop beginning stocks enter at 567 Mbu rather than 350 Mbu. Running the Forum's demand projections against that higher carry-in:

Adj. 2026/27 Ending Stocks ≈ 355 + 217 = **572** Mbu

Adj. S/U ≈ 572 / 4,464 ≈ **12.8%**

That would push new-crop S/U to ~12.8% — materially above the Forum's 8.0% assumption and well into the range that historically correlates with price pressure toward the $9.50–$10.00/bu corridor for the season-average price projection.

Soybean Price Outlook

The mid-year data present a bearish picture for soybean prices across both marketing years:

- **Disappearance is 217 Mbu below seasonal expectations** through the March 1 checkpoint — the weakest pulse of the three crops reviewed.
- **Export pace is 147 Mbu short of the seasonal target** at 88.5% through April 2, with the peak seasonal export window largely closed; Brazil dominates Chinese import flows and is actively shipping.
- **The China trade relationship remains the swing variable:** state buyers returned after the October 2025 truce, but buying stalled after satisfying an

initial 12 MMT pledge, and the scheduled Trump-Xi summit was postponed from late March to mid-May. A resumption of large-scale Chinese buying is the primary upside catalyst; its absence is the status quo bear case.

- **Crush is slightly above pace** (+29 Mbu), supported by renewable diesel demand — a structural tailwind but insufficient to offset the export miss.
- **Both quarterly NASS stock readings** (December 1 and March 1) printed above WASDE expectations, confirming persistent oversupply.
- **Pace-adjusted 2025/26 ending stocks of ~567 Mbu** would carry into new crop as a 217 Mbu headwind to the Forum's already-tight 355 Mbu new-crop ending stocks projection.
- **New-crop planted area of 84.7M acres** adds another 4.4% to production potential, compounding the supply-side pressure.

The primary upside risk is a substantive outcome from the May Trump-Xi summit that triggers a new round of large Chinese soybean purchases, combined with any South American weather disruption that forces Chinese buyers back to U.S. origins. A structural acceleration in renewable diesel crush demand beyond WASDE assumptions would also provide support. None of these appears imminent. The Forum's export rebound assumption of +125 Mbu for new crop requires recovering essentially all of the current-year deficit — a high bar given Brazil's entrenched competitive position and Beijing's multi-year policy of diversifying away from U.S. agricultural imports.

At the **WASDE S/U of 8.2%**, price would typically trade around **$11.72/bu** — the current front-month futures price of $11.71/bu is essentially at fair value, with a negligible −$0.01 deviation. The market's implied S/U is **8.2%** — perfectly aligned with the WASDE. This neutral alignment means the futures market is fully pricing in the official USDA balance sheet and no speculative premium or discount is embedded in the current price.

Price Fundamentals

The critical insight emerges if there is a **pace-adjusted S/U of 13.3%**. At that level a $9.96/bu is typically traded— a full $1.75/bu below the current futures price of $11.71. In other words, if the pace-based disappearance shortfall of ~217 Mbu is confirmed as a real structural demand deficit rather than a timing issue, the regression model implies a meaningful downside of roughly $1.50–$1.75/bu from current levels. The market is currently priced on the WASDE's tight 8.2% S/U view; a revision toward 13% S/U would require a substantial repricing. This is the quantitative basis for the bearish bias: the current price is defensible only if the WASDE is correct and the pace shortfall resolves.

Near-term bias: Bearish current crop; cautiously bearish new crop. The combination of below-seasonal disappearance, a persistent stock surplus, a waning export window, and expanding planted area creates a supply-heavy environment. If the pace-adjusted carry-in materializes, the new-crop price floor established by the Forum ($10.30/bu) is at risk of being tested on the downside.

Wheat

Note: The wheat marketing year runs from June 1 through May 31. The March 1 NASS stocks survey falls at the Q3 (75%) checkpoint in the wheat marketing calendar.

Supply Overview

The 2025–2026 wheat balance sheet is large relative to use, reflecting both a solid domestic crop and historically ample beginning stocks. Total supply stands at **2,959 Mbu** against projected total use of 2,028 Mbu — implying WASDE ending stocks of **931 Mbu** and a stocks-to-use ratio of **45.9%**. Wheat is the most abundantly supplied of the three major feed and food grains at this stage of the year.

Balance Sheet Item	WASDE Forecast (Mbu)
Beginning Stocks	855
Production	1,985
Imports	120
Total Supply	**2,959**
Total Use	2,028
Food Use (Flour Milling)	967
Feed & Residual	100
Exports	900
Ending Stocks	**931**
Stocks-to-Use	45.9%

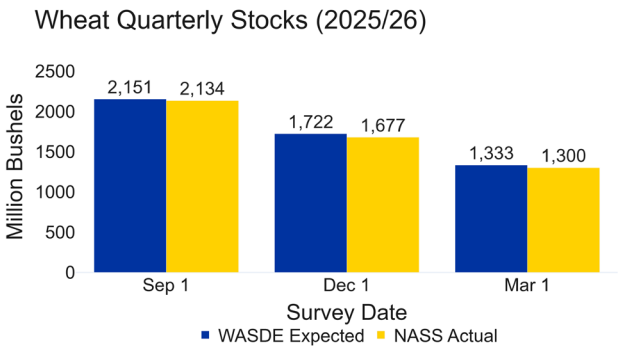
March 1 Stocks: Modestly Ahead of Pace

NASS measured **1,300 Mbu** of wheat in storage on March 1, 2026. Working through the balance sheet from the June 1 marketing year opening, implied disappearance through March 1 is approximately:

Implied Disappearance ≈ 1,660 Mbu

The historical seasonal expectation for disappearance through March 1 (Q3 in the wheat marketing year) is **55.0% of total supply**, or **1,626 Mbu**. Actual implied disappearance came in +34 Mbu above that seasonal target — tracking at **102.1%** of the expected pace.

This is a modest but consistent outperformance. At the December 1 checkpoint, NASS actual stocks of 1,677 Mbu compared favorably against the WASDE expected 1,723 Mbu; the March 1 reading of 1,300 Mbu vs. expected 1,332 Mbu continues the same pattern — actual stocks persistently printing below WASDE expectations, indicating demand has been modestly stronger than the forecast assumes.



Quarterly Stocks: WASDE Expected vs. NASS Actual 2025–2026

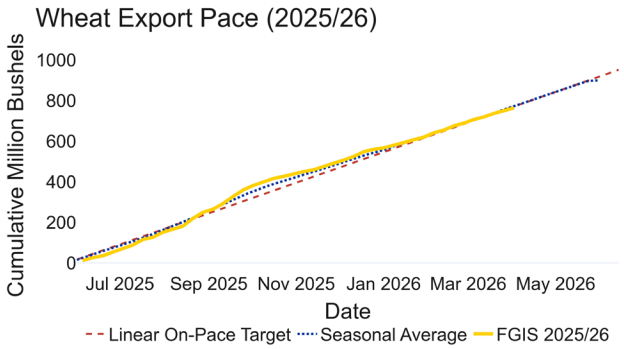
Figure 7. WASDE expected versus NASS actual stocks through three quarterly checkpoints. Sep 1: 2,134 actual vs. 2,152 WASDE expected. Dec 1: 1,677 actual vs. 1,723 expected. Mar 1: 1,300 actual vs. 1,332 expected. Each checkpoint prints below the WASDE expectation — a mild but consistent bullish signal—total supply: 2,959 Mbu.

Exports: On Pace with Seasonal Average

FGIS weekly data through April 2, 2026, shows cumulative wheat export inspections of 763.9 Mbu — tracking at 102.1% of the seasonal target.

Export Metric	Value
WASDE Full-Year Forecast	900 Mbu
Seasonal Target (83.2% thru Apr 2)	748.5 Mbu
FGIS YTD Inspections	763.9 Mbu
Pace vs. Seasonal Target	102.1% (+15.4 Mbu)
FGIS thru Feb 26	689.0 Mbu (103.2% of target)
WASDE Weekly Pace	17.3 Mbu/wk
Current Weekly Pace	17.5 Mbu/wk (+1.3%)

Wheat exports follow a different seasonal pattern than corn or soybeans. The US ships year-round as the global supplier of last resort for multiple wheat classes, but Southern Hemisphere competition (Australia, Argentina) peaks in Q3 (December–March). Running marginally ahead of both the linear target and the 6-year seasonal average at this stage is a mildly constructive sign. The 900 Mbu WASDE forecast appears well-supported.



Wheat Export Pace (FGIS Inspections) 2025–2026

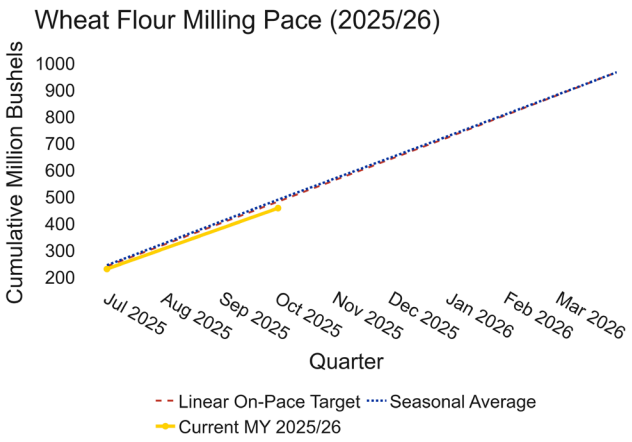
Figure 8. Cumulative FGIS weekly wheat export inspections against the linear on-pace target and the 6-year seasonal average. YTD inspections track closely with both targets through April. Forecast: 900 Mbu.

Food Use (Flour Milling): Slightly Below Target

NASS Flour Milling Products data through December 2025 reports **459.0 Mbu** of wheat ground for flour — tracking at 93.5% of the seasonal target of 490.7 Mbu.

Flour Milling Metric	Value
WASDE Full-Year Forecast	967 Mbu
Seasonal Target (50.7%)	490.7 Mbu
NASS Wheat Ground YTD	459.0 Mbu
Pace vs. Seasonal Target	93.5% (−31.7 Mbu)
WASDE Weekly Pace	18.6 Mbu/wk
Current Weekly Pace	17.6 Mbu/wk (−5.6%)

Flour milling demand is the most structurally stable component of US wheat use — it moves with population and per-capita flour consumption trends, both of which change slowly. A sub-seasonal pace of 93.5% through the Q2 flour milling checkpoint is mildly noteworthy but not alarming. NASS flour milling data lags by roughly 2 months (as shown above, through December 2025), so the full Q3 picture is not yet available. Any sustained deviation from the seasonal pace would be a strong signal for a WASDE food use revision.



Wheat Flour Milling Pace (NASS Wheat Ground) 2025–2026

Figure 9. Cumulative NASS wheat ground for flour against the linear on-pace target and the 10-year seasonal average. YTD data through December 2025 is running modestly below the seasonal target. Forecast (WASDE food use): 967 Mbu.

Disappearance Balance Sheet (Mar 1 Checkpoint)

Component	Projected (Mbu)	Seasonal Target (Mbu)	Pace
Total Implied Disappearance	1,660	1,626	102.1%
Exports (FGIS thru Feb 26)	689.0	667.7	103.2%
Implied Domestic (Food + Feed)	970.8	~970	~100.1%

Implied domestic use of 970.8 Mbu is broadly in line with WASDE's combined food + feed & residual target of 1,067 Mbu on a proportional basis. The above-pace implied domestic figure in the tracker (+171 Mbu vs the flat 75% linear assumption) is a function of wheat's distinctive seasonal disappearance pattern — wheat domestic consumption is not linear, and the 75% linear benchmark understates the seasonal pace at Q3. The historical seasonal model (55.0% seasonal target) provides a more accurate benchmark, and against that, the overall pace is only minimally ahead.

Adjusted Ending Stocks Estimate

Adj. Ending Stocks = 931 - 34 = **897** Mbu

Adj. S/U ≈ 897 / 2,028 ≈ **44.2%**

The adjustment is modest — only **−1.7 percentage points** off the WASDE S/U ratio. At 44.2%, ending stocks remain well above any threshold that would signal supply tightness. Wheat's large absolute beginning stocks (855 Mbu) provide a substantial buffer even if full-year demand modestly outpaces WASDE projections.

2026 Planting Intentions & New-Crop Outlook

The March 31 Prospective Plantings report delivers a structurally significant data point for wheat: **43.8 million acres** intended for 2026 — the lowest in the USDA's dataset going back to at least 1919, ranking **1st (lowest) out of 15 years** in the historical series.

NASS Prospective Plantings (March 31, 2026): Planted area of 43.8M acres is down **1.6 million acres (−3.4%)** from the 2025 final estimate of 45.3M, and sits **7.4% below the 5-year average** of 47.3M acres.

Acreage Metric	Value
2026 Planted Intentions	43.8M acres
2025 Final Estimate	45.3M acres
Year-over-Year Change	−1.6M acres (−3.4%)
5-Year Average	47.3M acres
Historical Rank (of 15 years)	**1st (record low)**

The record-low acreage is most pronounced in the Northern Plains — North Dakota and Montana are leading state-level declines — as growers shift marginal spring wheat acres toward soybeans and oilseeds where input-adjusted margins are more favorable. This rotation pressure has intensified: the Iran conflict-driven surge in diesel (retail diesel $5.64/gal, +$2.05/gal YoY as of Apr 6, 2026) and nitrogen costs (Urea +4.2% to $779/ton, Liquid N 28% +8.6% to $500/ton, USDA AMS Mar 30, 2026) disproportionately penalizes wheat, which typically requires 60–100 lbs N/acre plus significant fuel for soil preparation and harvesting. Final spring wheat acres may come in below current intentions if these input cost conditions persist. Winter wheat seeded area (already locked in from fall 2025) is down less than 1%, meaning the bulk of the 2026 decline comes from spring and durum classes.

The March intentions figure of 43.8M acres is 1.2M below the Outlook Forum's 45.0M acre assumption — a meaningful downside surprise for supply. Combined with the Forum's already-projected yield decline from the 2025 record:

USDA Outlook Forum – 2026/27 Balance Sheet (Released February 19, 2026):

Category	2024/25	2025/26	2026/27 Proj.	Change
Planted Area (M acres)	46.3	45.3	45.0	−0.3M
Harvested Area (M acres)	38.6	37.2	36.6	−0.6M
Yield (bu/ac)	51.2	53.3	50.8	−2.5 (−4.7%)
Production (Mbu)	1,979	1,985	1,860	−125 (−6.3%)
Beginning Stocks (Mbu)	855	931	931	—
Total Supply (Mbu)	2,824	2,959	2,911	−48 (−1.6%)
Food & Seed (Mbu)	1,030	1,028	1,028	0
Feed & Residual (Mbu)	113	100	100	0
Exports (Mbu)	826	900	850	−50 (−5.6%)
Total Use (Mbu)	1,969	2,028	1,978	−50 (−2.5%)
Ending Stocks (Mbu)	**855**	**931**	**933**	**+2 (+0.2%)**
Stocks-to-Use	**43.4%**	**45.9%**	**47.2%**	**+1.3 pp**
Season-Avg Price ($/bu)	$5.52	$4.90	$5.00	+$0.10

The Forum's headline takeaway for wheat is counterintuitive: despite a **6% production decline** from the 2025 record, ending stocks barely change (+2 Mbu) because the large carry-in (931 Mbu) offsets the smaller crop. S/U actually rises to 47.2% — the highest in seven years — as reduced demand (particularly exports down 50 Mbu from intense global competition) keeps pace with the supply reduction.

Acreage reconciliation: The Prospective Plantings figure of 43.8M acres is 1.2M below the Forum's 45.0M assumption. Under the Forum's 10-year average harvest-to-plant ratio and 50.8 bu/ac trend yield assumption, 43.8M planted acres would imply harvested area closer to 35.5M acres and production near **~1,800 Mbu** — approximately **60 Mbu below** the Forum's 1,860 Mbu baseline. That tightens the new-crop supply side modestly:

Adj. 2026/27 Production ≈ 1,800 Mbu (vs.Forum 1,860)

Adj. 2026/27 Total Supply ≈ 2,851 Mbu (vs.Forum 2,911)

Adj. 2026/27 Ending Stocks ≈873 Mbu (vs.Forum 933)

A supply adjustment of this magnitude would put new-crop S/U closer to 44–45% — still historically ample, but snapping the upward trend in ending stocks and providing a more supportive floor for prices than the Forum baseline implies. Combined with pace-adjusted 2025/26 ending stocks of ~897 Mbu (modestly below WASDE's 931 Mbu), the net effect is small but directionally constructive.

Key supply-side risk factors for new crop: - HRW crop condition (Southern Plains): Winter wheat condition ratings through early April will be the near-term price catalyst. Any significant deterioration in Kansas, Oklahoma, or Texas crop ratings — driven by spring drought or late-season freeze — would sharply revise the yield assumption downward from the 50.8 bu/ac trend projection.

- **Spring wheat in the Northern Plains:** Record-low planted acreage intentions in spring wheat states (ND, MT, SD) mean the spring wheat component of the balance sheet could disappoint even more than the Forum expects, particularly if wet conditions delay early-season planting.
- **Global competition:** The Forum explicitly flags greater exportable supplies from Argentina and Australia in H1 2026/27, plus continued pressure from Russia, EU, and Canada. This competitive environment constrains US export recovery and is the primary reason the Forum only projects 850 Mbu despite lower US supply.

Southern Plains Drought: The Live Production Risk

The most immediate bullish catalyst for wheat prices is not balance-sheet arithmetic — it is field conditions. USDA NASS crop progress data through the week ending **April 5, 2026** shows US winter wheat rated only **35% Good or Excellent**, with **31% rated Poor or Very Poor** (12% Very Poor + 19% Poor). That G+E reading is **13 percentage points below the same week in 2025** and well below the typical early-April range of 45–55% for a crop on normal trajectory.

Condition Category	April 5, 2026	YoY Change
Very Poor	12%	—
Poor	19%	—
Fair	34%	—
Good	29%	—
Excellent	6%	—
Good + Excellent	**35%**	**13 pts**
Poor + Very Poor	**31%**	**—**

Crop condition ratings in April are a historically reliable leading indicator of final HRW yield, particularly in Kansas and Oklahoma where the crop is in the critical jointing-to-heading growth stage. A G+E reading of 35% at this stage is consistent with drought stress in the Central and Southern Plains — the heart of the hard red winter wheat belt. USDA drought monitor data through late March shows severe to extreme drought (D2–D3) across western Kansas, the Oklahoma Panhandle, and the Texas Panhandle, exactly the areas where yield potential is set in April and May.

Production impact scenarios: The USDA Outlook Forum baseline assumes trend yield of 50.8 bu/ac on harvested area of **36.6M acres** (Forum) or approximately **35.5M acres** under the acreage-adjusted scenario. Drought of the severity implied by current G+E ratings historically corresponds to yield deviations of 3–5 bu/ac below trend in affected classes:

Scenario	Forum Baseline (no drought adjustment)	Acreage-adjusted only	Moderate drought stress (−3 bu/ac)	Severe drought stress (−5 bu/ac)
Yield Assumption	50.8 bu/ac	50.8 bu/ac	47.8 bu/ac	45.8 bu/ac
Harvested Area	36.6M	35.5M	35.5M	35.5M
Production	1,860 Mbu	1,800 Mbu	1,697 Mbu	1,626 Mbu
New-Crop Total Supply	2,911 Mbu	2,851 Mbu	2,748 Mbu	2,677 Mbu
New-Crop Ending Stocks	933 Mbu	873 Mbu	770 Mbu	699 Mbu
New-Crop S/U	47.2%	44.1%	38.9%	35.4%

The moderate drought scenario alone would push new-crop S/U to approximately 38.9% — a 6+ point swing from the Forum's 47.2% baseline. A severe drought outcome at 35% S/U would represent a level not seen since the 2012 drought year. Both scenarios sit within the range of plausibility given current field conditions.

Crucially, the futures market is already partially pricing this risk. The current front-month wheat futures price of $5.95/bu implies a market-derived S/U of approximately 39.8% — much closer to the moderate drought scenario (38.9%) than to the WASDE baseline (45.9%). The $0.58 futures premium over the regression model price is not simply a geopolitical risk premium: it likely reflects traders discounting some probability of a drought-driven production shortfall that would validate the tighter implied S/U. In that sense, an April–May deterioration in Southern Plains crop ratings that confirms the moderate-drought scenario would not necessarily generate a large additional price rally — the market may have already priced it in. The real upside would come from a severe-drought outcome (S/U near 35%) that exceeds what is currently discounted.

Wheat Price Outlook

The mid-year data and forward planting picture present a modestly constructive — but fundamentally range-bound — outlook for wheat prices:

- **Current-year disappearance is +34 Mbu above the seasonal target** — a consistent but modest positive.
- **All three quarterly NASS stock readings** printed below WASDE expectations — demand has been slightly stronger than forecast throughout the year.
- **Exports on pace** at 102.1% of seasonal target; the 900 Mbu WASDE forecast is well-supported.
- **2026 planted acreage of 43.8M acres is a record low** — 1.2M below the Forum's assumption — providing a supply-side tightening catalyst for new-crop.
- **Southern Plains winter wheat is under serious drought stress**: only 35% G+E and 31% P/VP as of April 5, 2026 — 13 points below 2025 and well below the typical 45–55% range. This is the most significant near-term price driver.
- **But the S/U structure remains loose in the absence of weather**. With ending stocks above 900 Mbu and S/U at 44–47% under the WASDE baseline, wheat does not have the fundamental tightness to drive a structural bull market without yield-loss confirmation.
- **Global competition is the binding constraint on export recovery.** Russia, the EU, Australia, and Argentina collectively cap the ceiling on US export opportunity and, by extension, domestic price recovery.

The most likely path for wheat prices is sideways-to-modestly-higher, with the key driver being whether Southern Plains drought stress translates into confirmed yield loss as the crop moves through heading in May. The market has already partially priced a tighter supply scenario (implied S/U of 39.8% vs. WASDE 45.9%),

meaning confirmation of moderate drought would be largely expected — the real upside would require a severe-drought outcome that pushes new-crop S/U below 37%. Additional upside catalysts: confirmation of record-low spring wheat acreage in the June Acreage report, or disruption to a major competing exporter. The downside is capped by the already modest $4.90 season-average price level and the ample structural supply backdrop.

Price Fundamentals

At the **WASDE S/U of 45.9%**, we typically trade Chicago wheat at **$5.37/bu** — the current front-month futures price of **$5.95/bu** is running $0.58 above that level, a premium of 10.9%. Working backward from the current price, the market is implying a stocks-to-use of approximately **39.8%** — some **6.1 percentage points tighter** than the official WASDE estimate. This is a bullish divergence signal: the futures market is priced as if supplies are meaningfully tighter than USDA's balance sheet shows.

Near-term bias: Constructive, with the magnitude contingent on drought confirmation. The Southern Plains drought is the live price driver. The market has already priced in a moderate production loss (~39.8% implied S/U). Confirmation via deteriorating May crop ratings or a severe drought outcome could add another $0.30–$0.50/bu. Absent weather news, the record-low planted acreage and consistent demand outperformance provide a floor.

Summary: Cross-Crop Price Outlook

Current Marketing Year (2025/26)

Crop	Adj. Ending Stocks	Adj. S/U	vs. WASDE S/U	Pace Trend	Near-Term Bias
Corn	~1,777 Mbu	10.8%	−2.1 pp	Ahead of pace	Mildly bullish
Soybeans	~567 Mbu	13.3%	+5.1 pp	Behind pace	Bearish
Wheat	~897 Mbu	44.2%	−1.7 pp	On pace	Neutral / slightly firm

New Crop (2026/27) — Key Variables

Crop	Forum Planted (M ac)	NASS Intentions (M ac)	Acreage vs. Forum	Forum Ending Stocks	Adj. Carry-In Impact	New-Crop Bias
Corn	94.0	95.3	+1.3M	1,837 Mbu (11.4%)	−350 Mbu tighter carry-in → ~10% adj. S/U	Cautiously constructive
Soybeans	85.0	84.7	−0.3M	355 Mbu (8.0%)	+217 Mbu larger carry-in → ~12.8% adj. S/U	Cautiously bearish
Wheat	45.0	43.8	**−1.2M**	933 Mbu (47.2%)	Record-low acres → ~873 Mbu adj. stocks	Neutral / slight upside

The divergence between corn and soybeans is the defining feature of this mid-year outlook. Corn demand — particularly exports — has run materially ahead of seasonal expectations on both the current and forward balance sheet. Soybeans face the opposite dynamic across both years: an export shortfall in the most critical seasonal window has built a carry-in surplus. At the same time, planted area is also set to expand by 3.5M acres. That is a significant supply burden for the Forum's full-use recovery assumption to absorb. Wheat offers the most nuanced story: structurally ample supply and intense global competition cap the upside. Still, record-low planted acreage intentions introduce the possibility of a supply-side surprise that the Forum balance sheet does not yet fully capture.

The swing variable for all three crops is weather — specifically the 2026 spring growing season across the Corn Belt and Southern Plains. Normal-trend yields are baked into every projection above; any significant deviation from those trend assumptions would rapidly reprice the scenarios described.

Methodology Note

All demand pace comparisons use historical seasonal patterns rather than flat linear fractions. Seasonal fractions are computed from complete marketing years of NASS quarterly stocks, FGIS weekly inspections, and NASS Fats & Oils / Grain Crushings / Flour Milling Products data. All values in million bushels (Mbu) unless otherwise noted. Wheat marketing year: June 1 – May 31. Corn and soybean marketing year: September 1 – August 31.

Monitor This Outlook Throughout the Year

The data, charts, and analysis underlying this report — including updated export pace trackers, quarterly stocks comparisons, balance sheet revisions, and the price model — are available interactively at the SDSU Extension Grain Report. As WASDE revisions, NASS surveys, and weekly FGIS data are released, the interactive tool updates automatically so producers, analysts, and lenders can track how each crop's supply-and-demand story evolves in real time.

agland.sdstate.edu/Grain

Sources

USDA NASS March 1 Stocks

USDA NASS Prospective Plantings

USDA WASDE (March 2026)

FGIS Export Inspections

EIA/NASS Ethanol Data

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