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September 2, 2026

Bullish World Grain Markets Emerging?



War and 2026/27 Transition in World Grain Prices

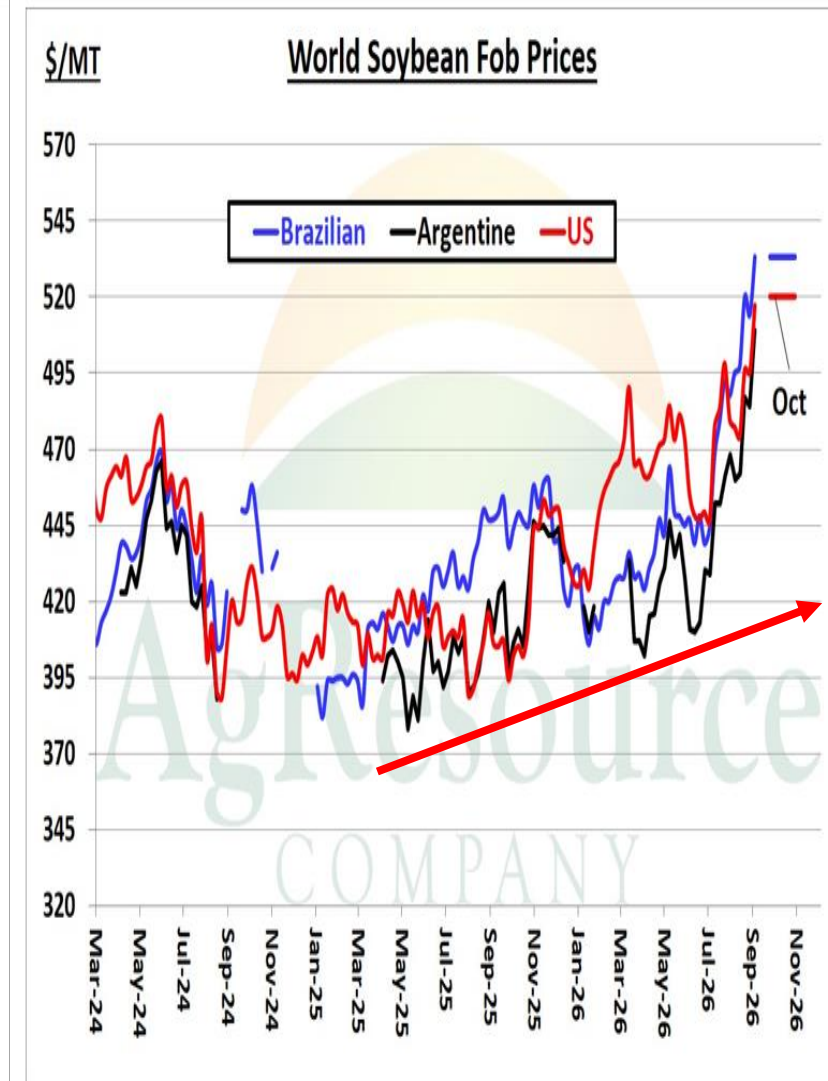
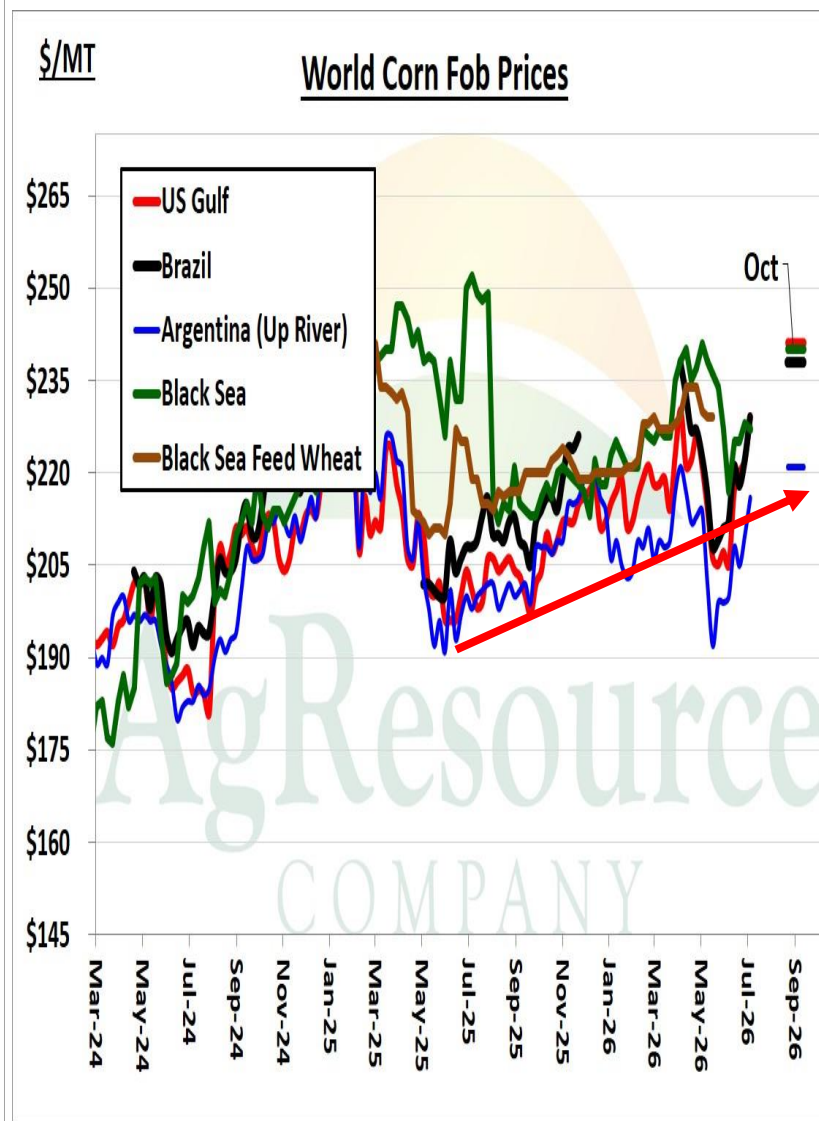
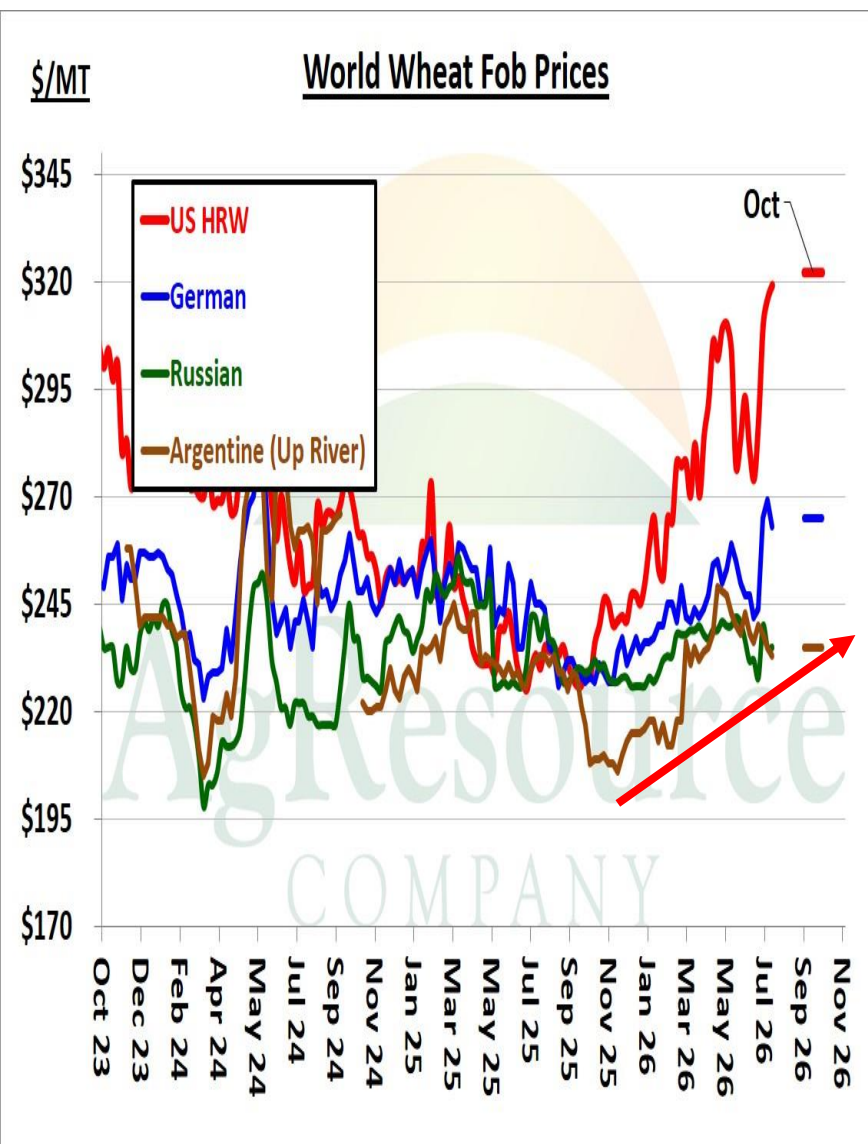
- **The Duration of the US/Iran and Ukraine/Russian Wars are dominant factors in world grain markets.** If the wars end in October, a more neutral outlook arrives. However, if the wars last into November or later, energy/fertilizer shortfalls push the world closer to diminished grain production. Trump's focus last year was trade; this year's it's imperialism and what we call the Don-Roe Doctrine. We fear that the two wars last well into 2027!
- **A Super El Niño looms, which could significantly impact global palm oil, grain, and oilseed supplies.** World wheat/corn stocks/use ratios are already tight and any loss of grain will be exacerbated in price. A peak in this next bull market may not arrive until mid 2027 when the Super El Nino transitions back to normal or a La Nina. The market must pay farmers to expand wheat, corn and soybean acres to enlarge 2027 crop production.
- **The US and China are forming a new trading relationship due to recent trade deals.** "Managed trade" is a term that has not been used with any regularity in world grain markets. We expect China to adhere to Trump Trade deal pledges, secure 25 MMTs of US soybeans annually, and purchase an extra \$17 Bil Bu in US ag goods by the end of 2026. In soybeans, it's a supply commitment – not a dollar amount. On tightening stocks, this could add up for China, while also hurting future Brazilian export opportunities.

War and 2026/27 World Grain Market Transition

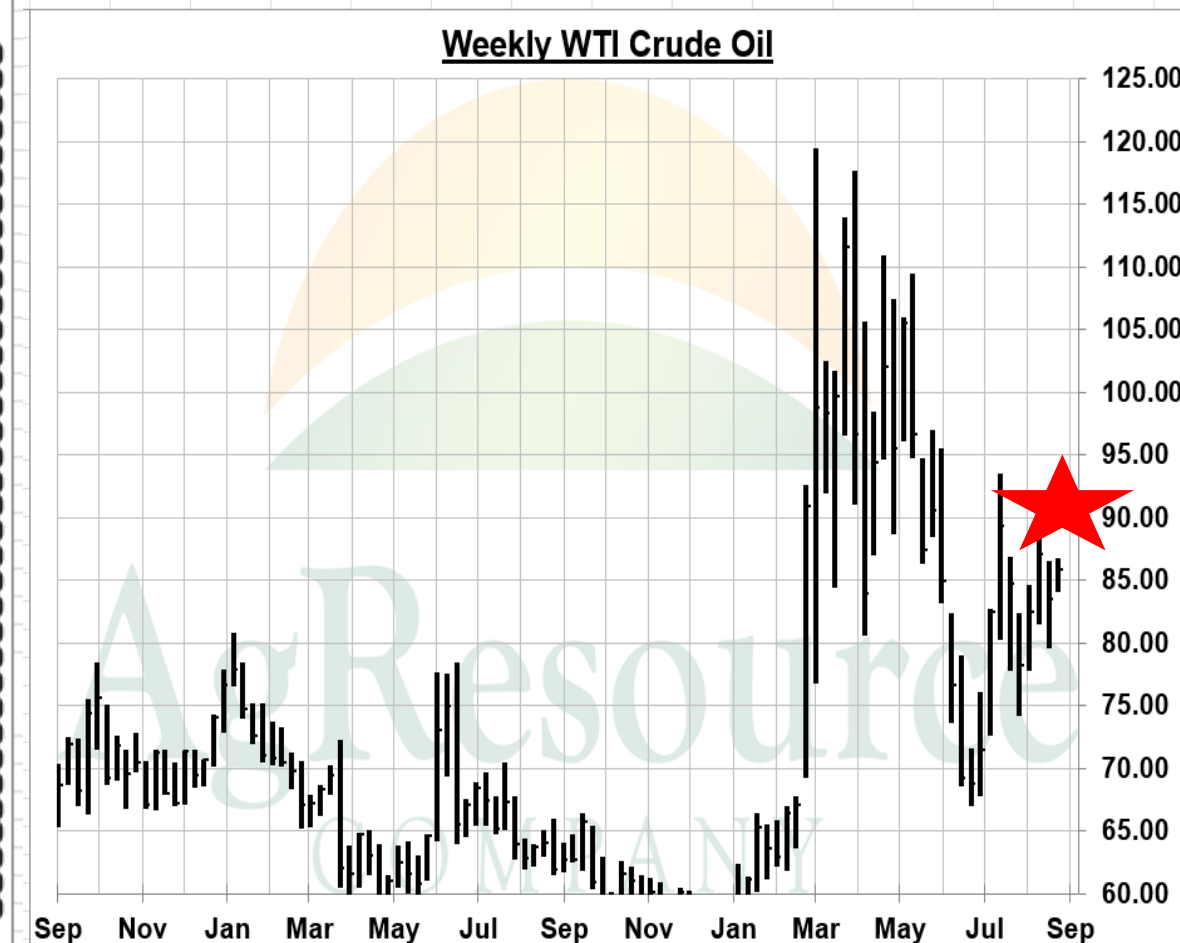
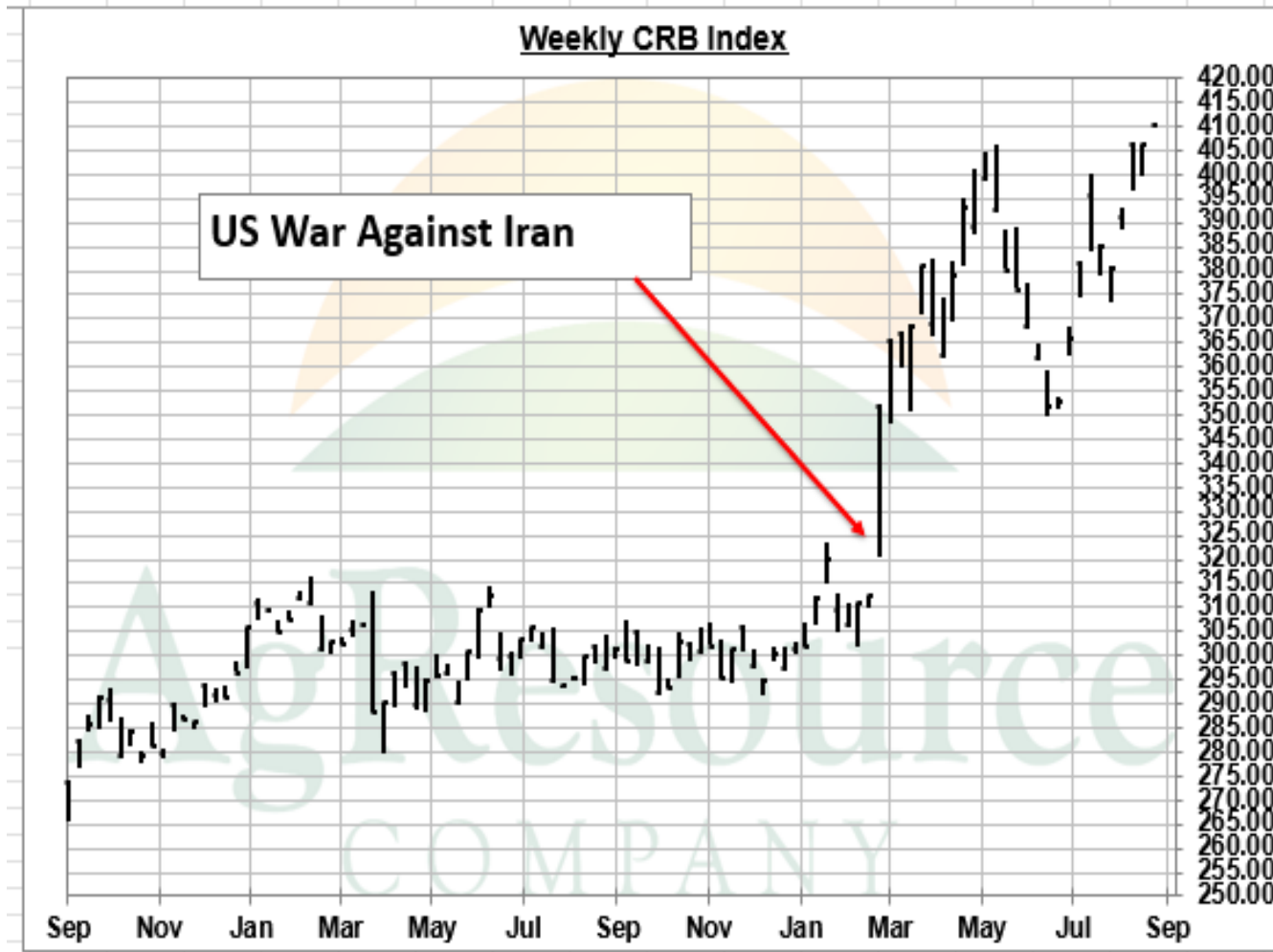
- The US has increased 2026 and 2027 Green Diesel production by 43% with a decision for 2028 due in November. The dramatic expansion in the RVO will be difficult to achieve and will consume record tonnages of US soyoil and raise US soybean farm profitability, which will cause future competition for corn acres.
- The US soy/grain outlook has turned bullish on tightening grain supplies and stocks as the world embraces new green fuel policies. The Russia/Ukraine and US/Iran wars further constrain global exportable grain and fertilizer supplies. There is no room for a new crop supply error as a super El Niño forms. Wheat hit a cycle low in 2025, with corn and soybeans forming their annual lows in June. It's difficult to know how long the US/Iran and Russian/Ukraine or US/Iran war will last, but politicians have hardened their positions. AgResource does not expect a grain price cycle peak until the last half of 2027.
- AgResource has been bearish of grain since 2023, but we shifted this stance in June. US agriculture should enjoy rising grain prices for the next 12-24 months. Thereafter, much will depend on new US leadership with debt forecast at \$45 Trillion dollars in 2028.



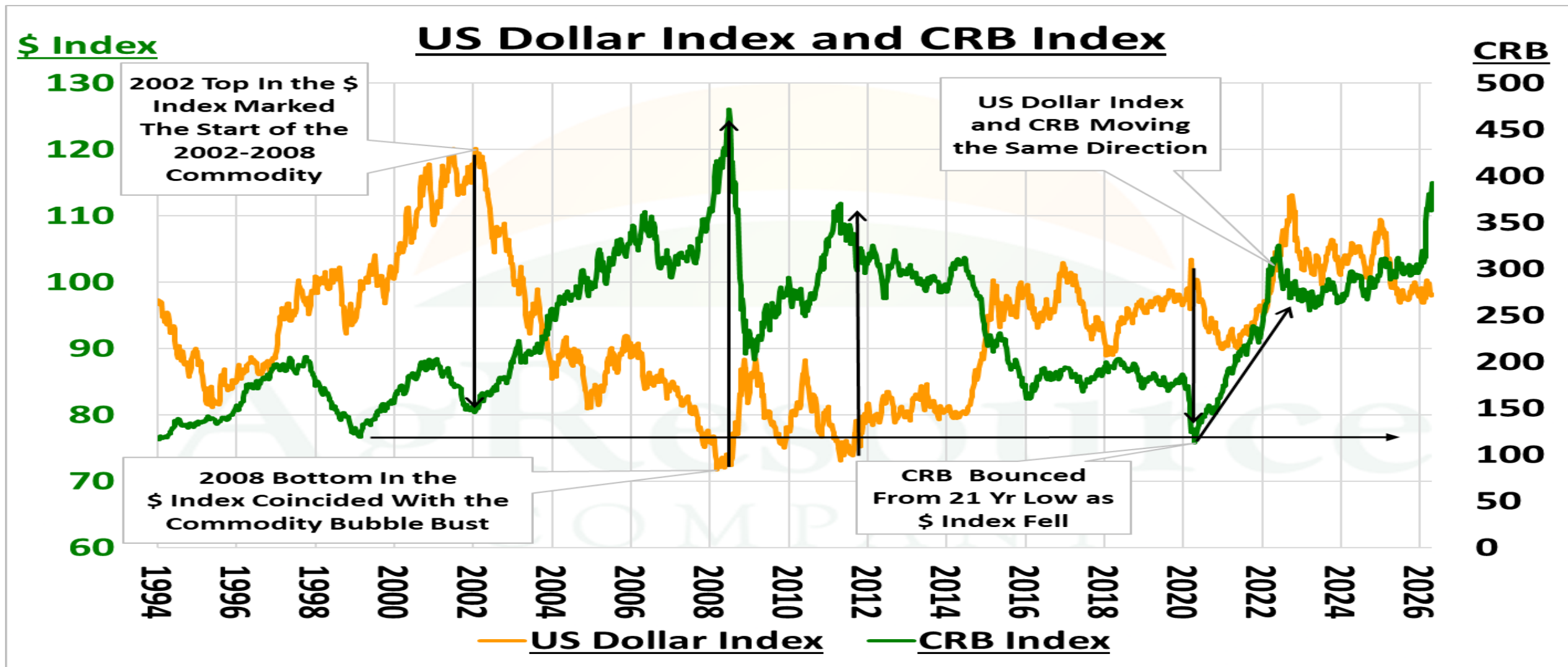
World FOB Grain Export Values; World Grain Prices Rising



The War Sparked a Significant Rally in Raw Materials; Embedded by Surging Energy Valuations; Consumers Fret

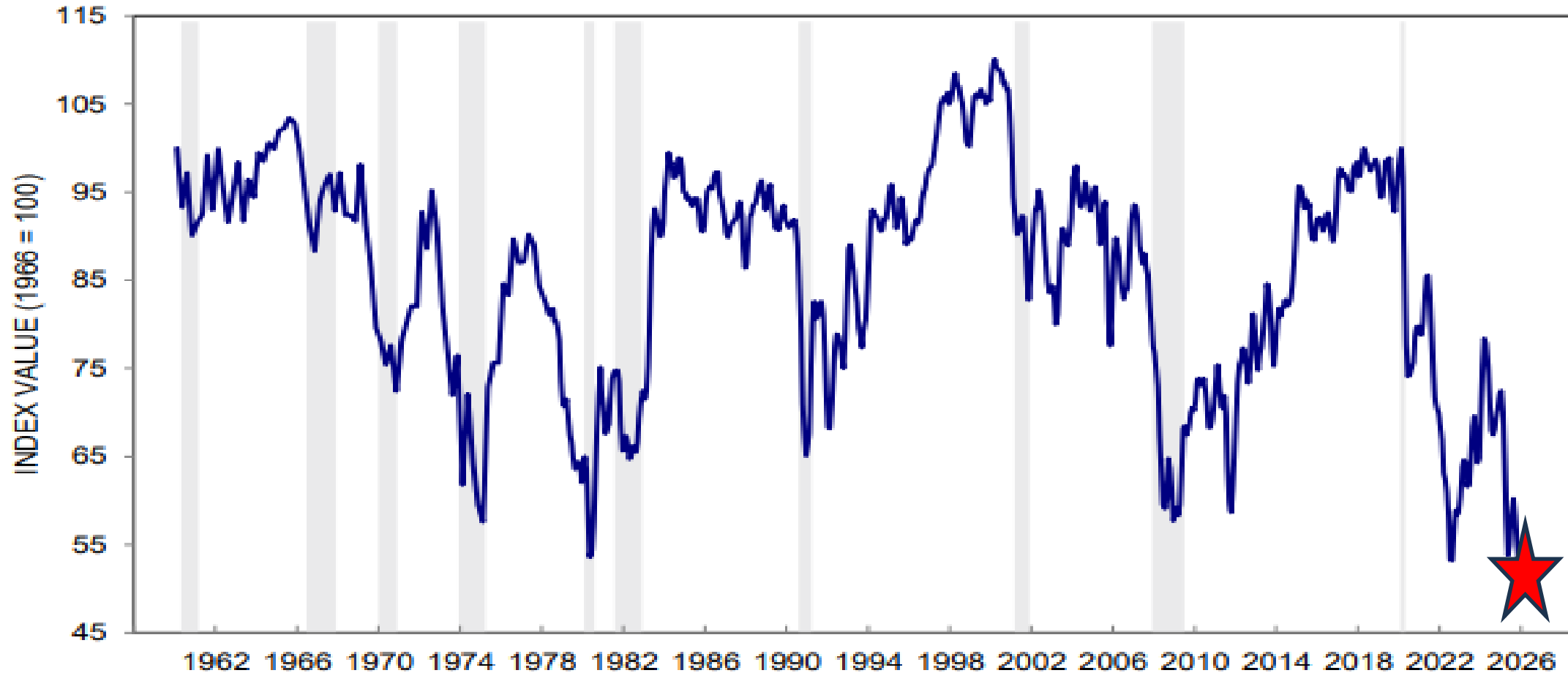


US Dollar Weakens Amid Soaring US Debt; Weakening Trend to Return?

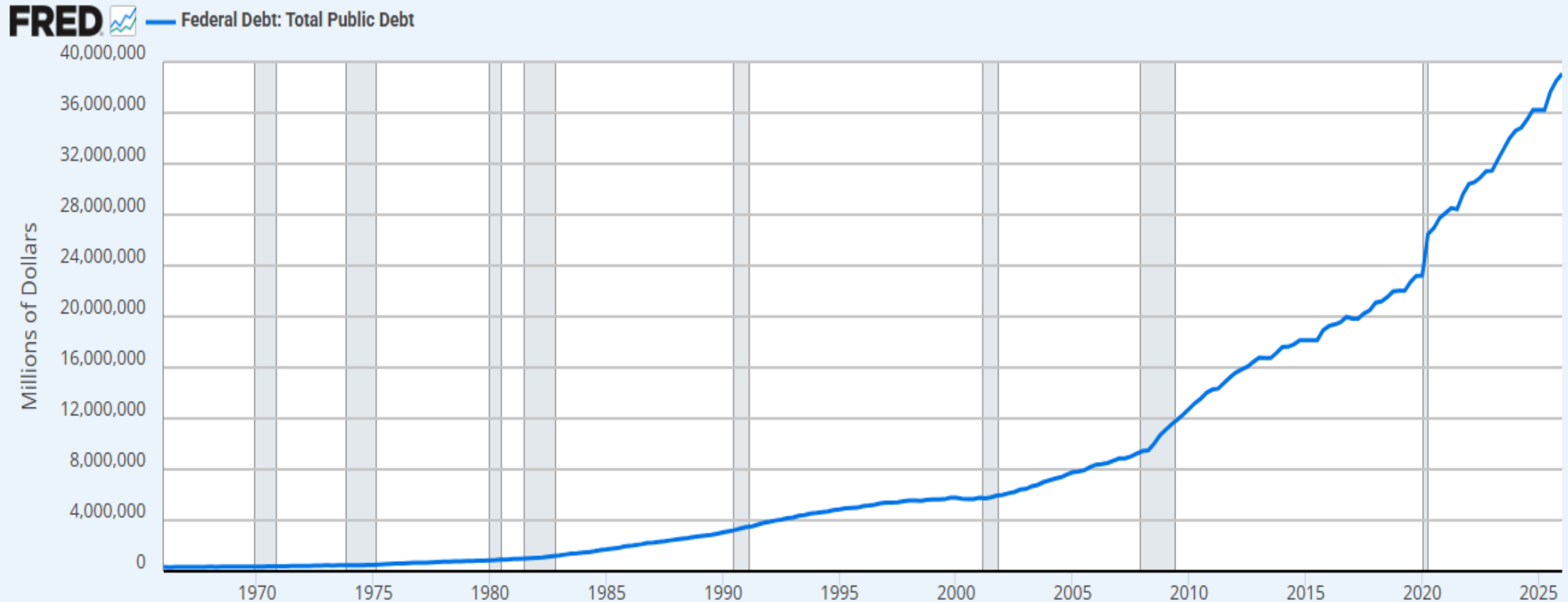


American Consumers are the MOST Pessimistic since 1952

THE INDEX OF CONSUMER SENTIMENT



US National Debt reaches \$40 trillion on August 18th



Source: U.S. Department of the Treasury. Fiscal Service via FRED®

Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

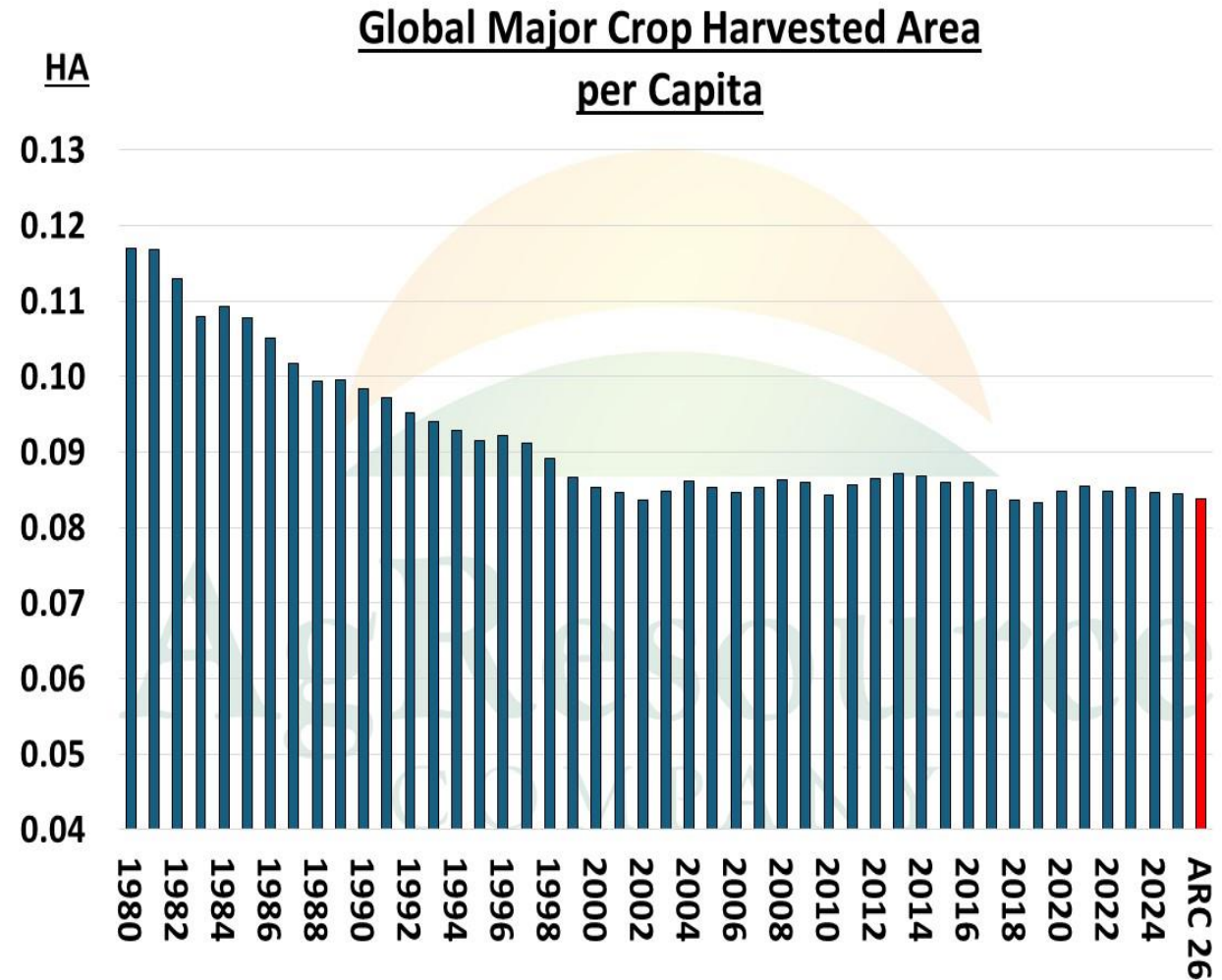
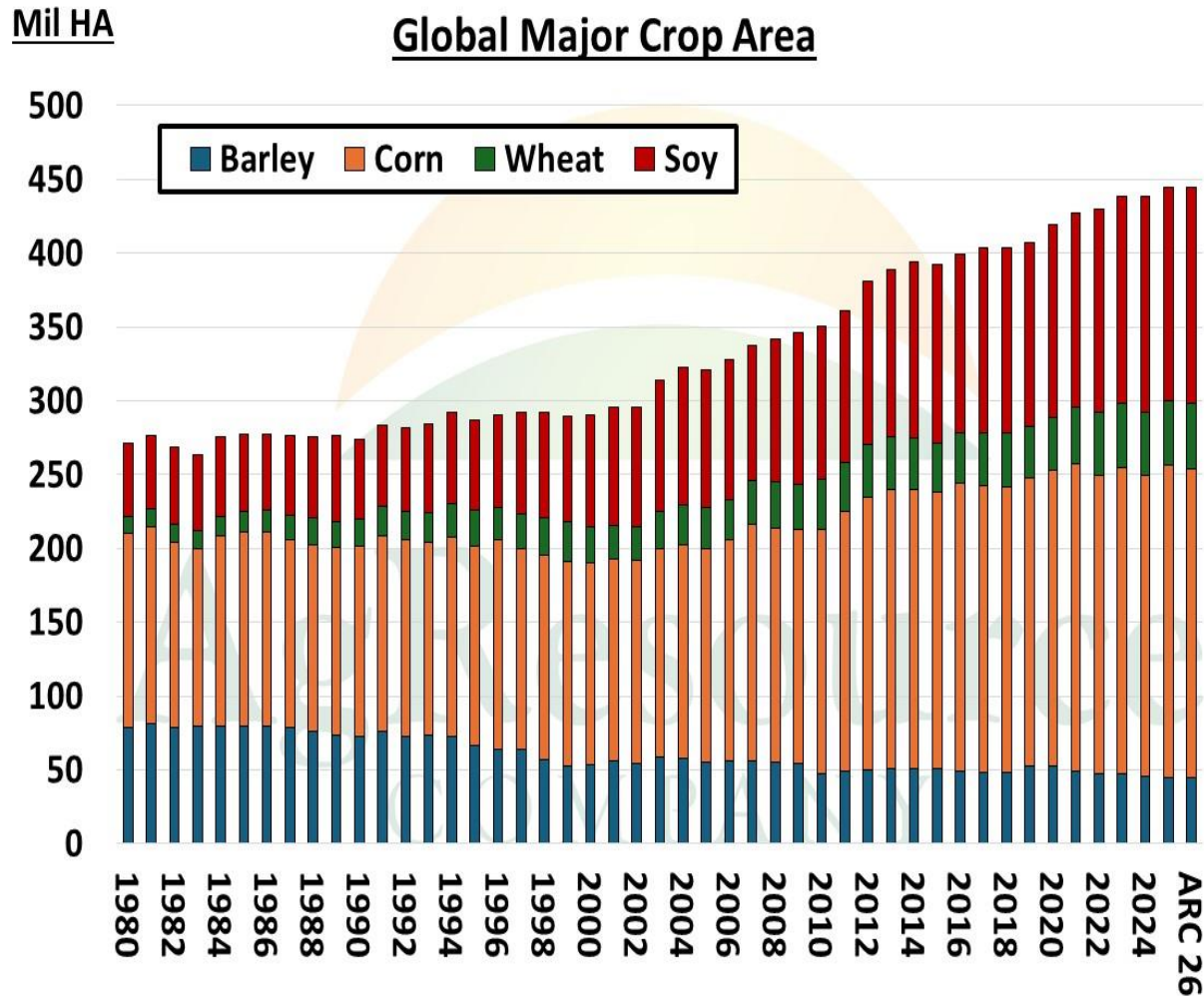
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World Exporter Grain Stocks Tightening

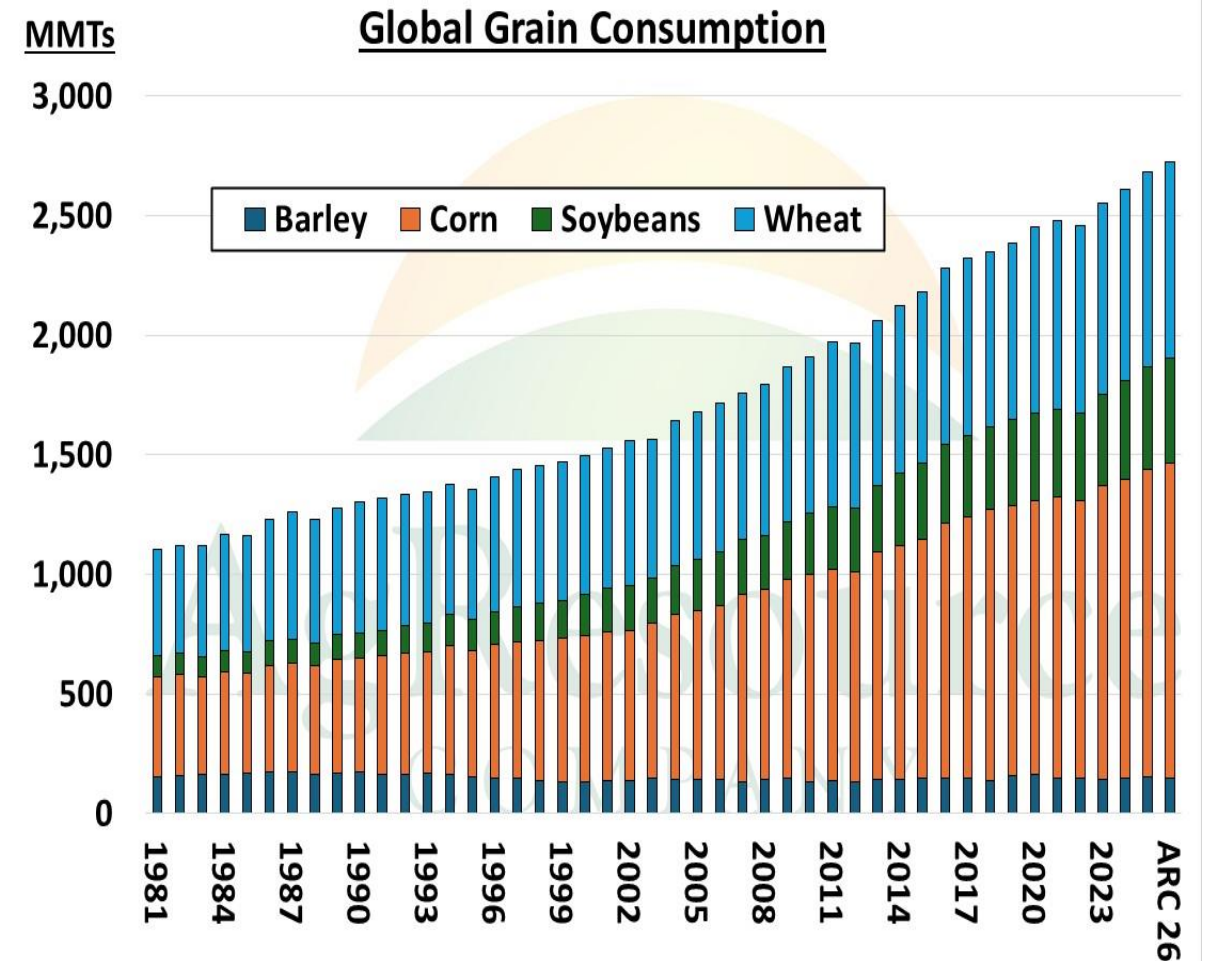
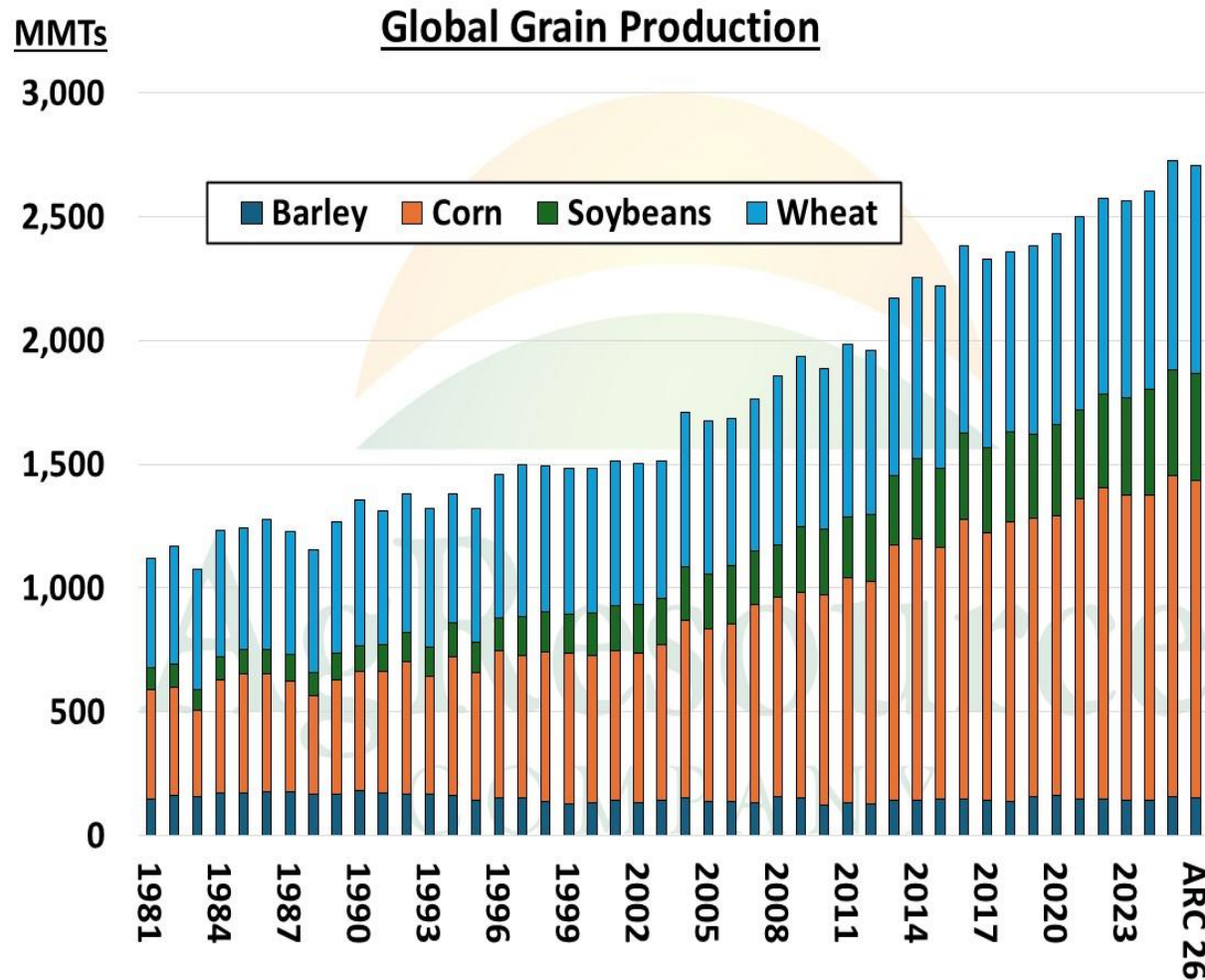
Global Grain Crop Area Stagnating; Per Capita Acres Flat since 1998; World Adds Acres When Needed



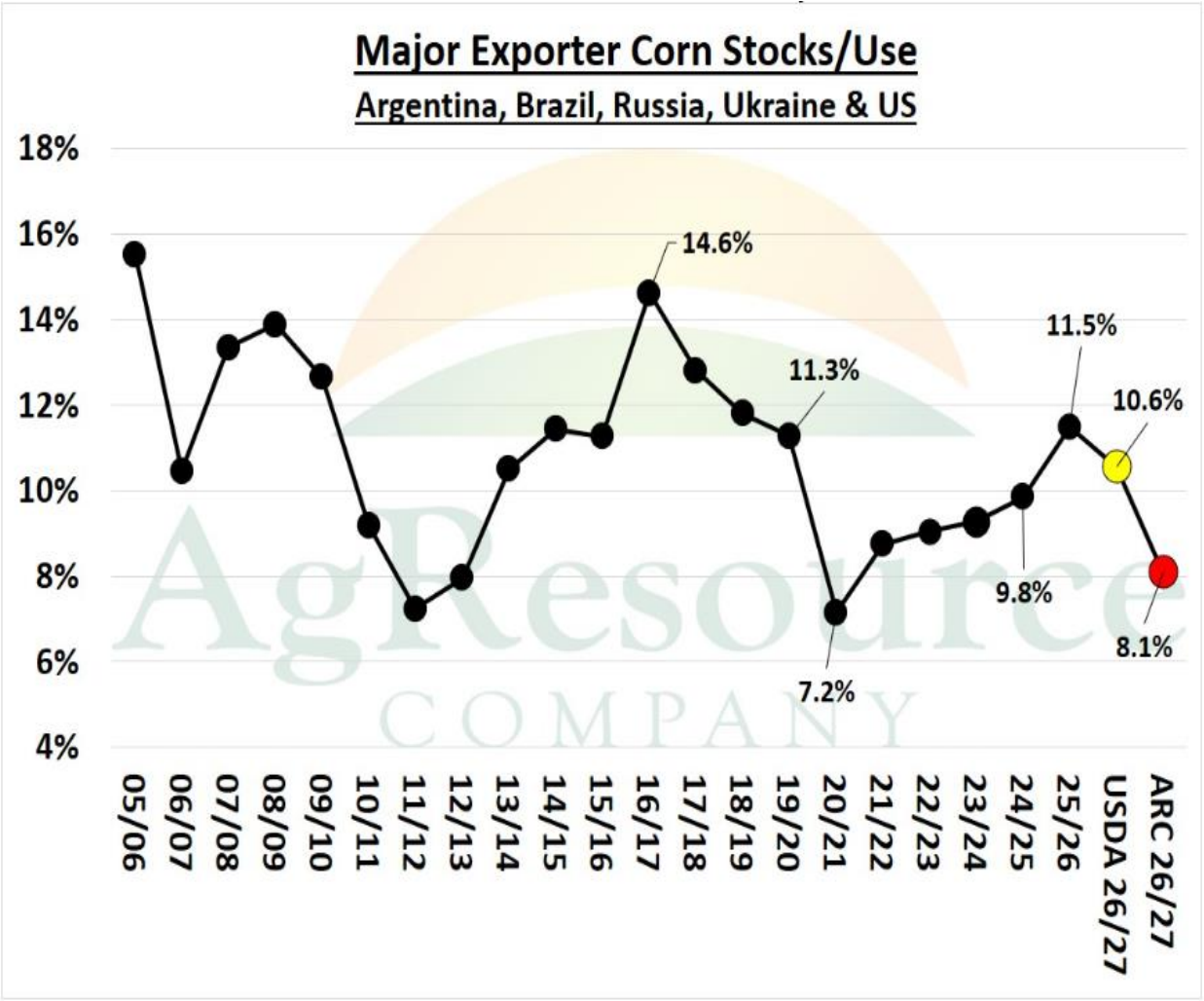
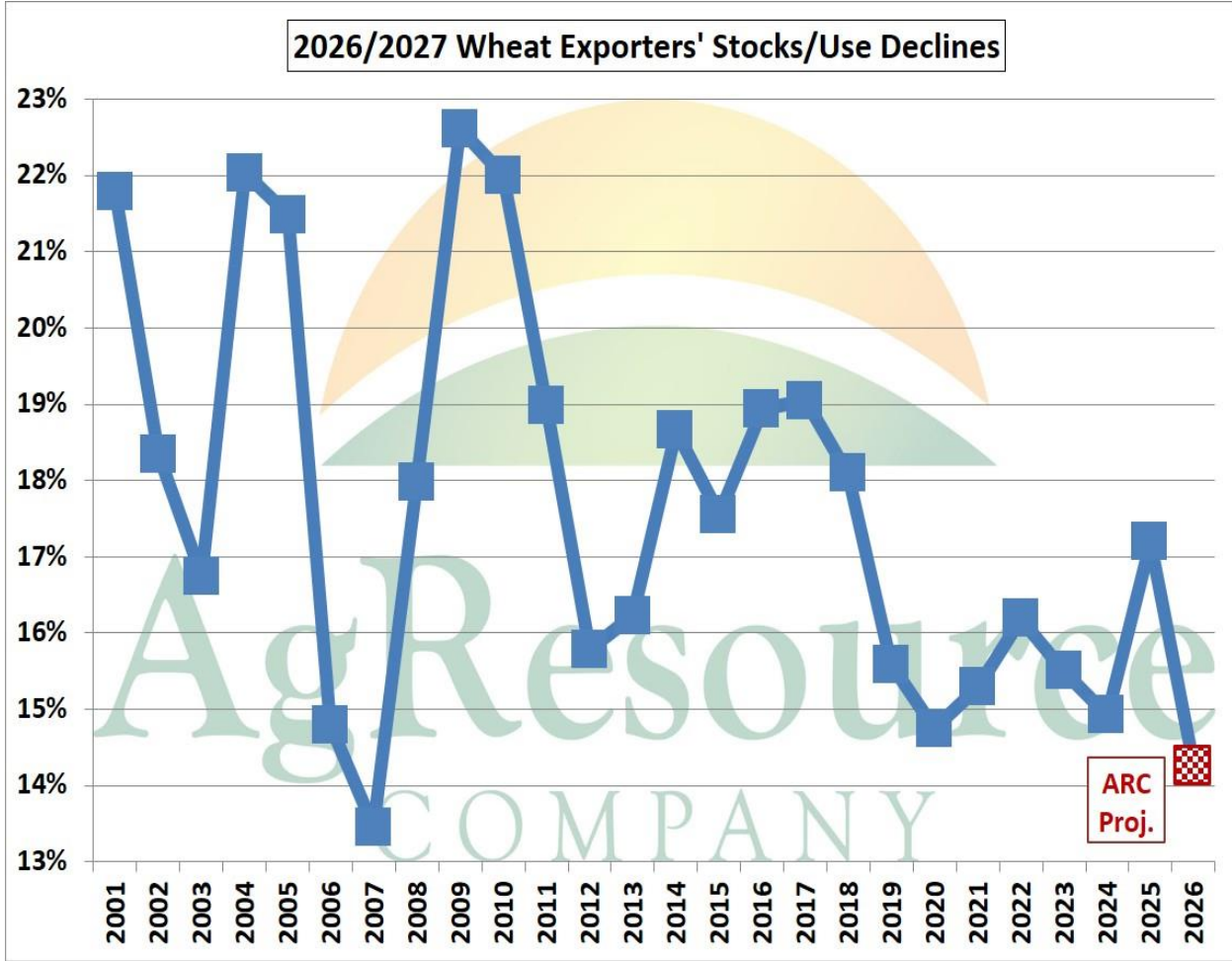
Global Crop Yield: Can the Big Gains in 2025/26 Persist?



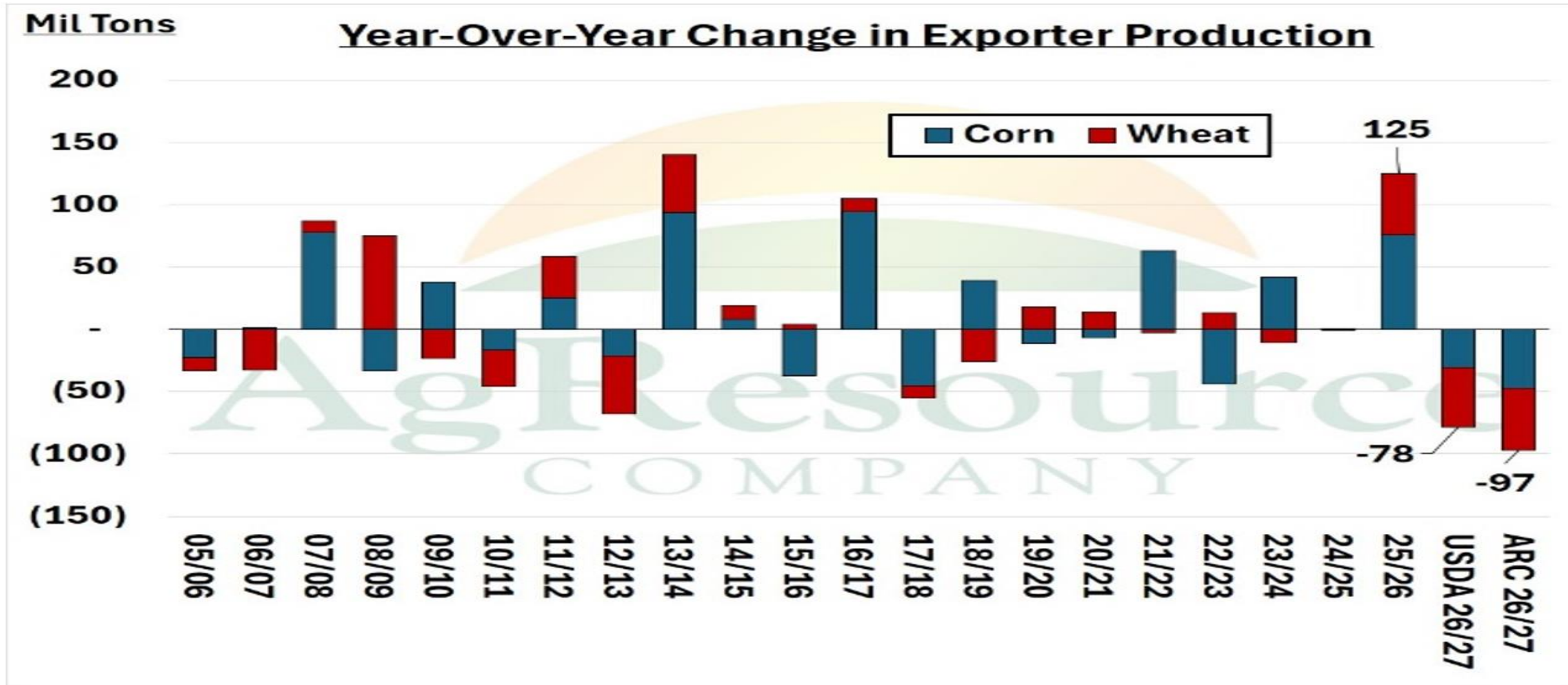
Global Grain Production Dips in 2026/27 (wheat), Consumption to Reach New Record



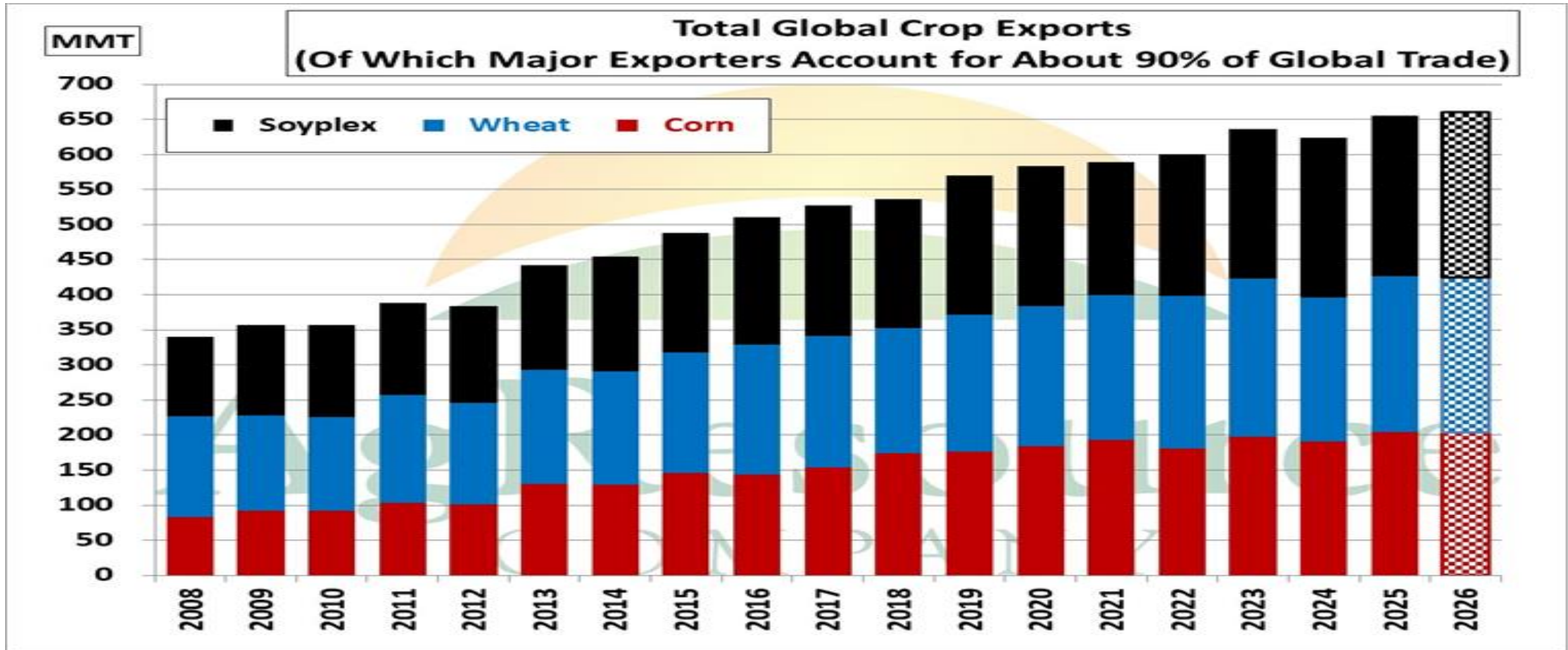
Global Grain Stocks of Major Exporters Decline near record Lows



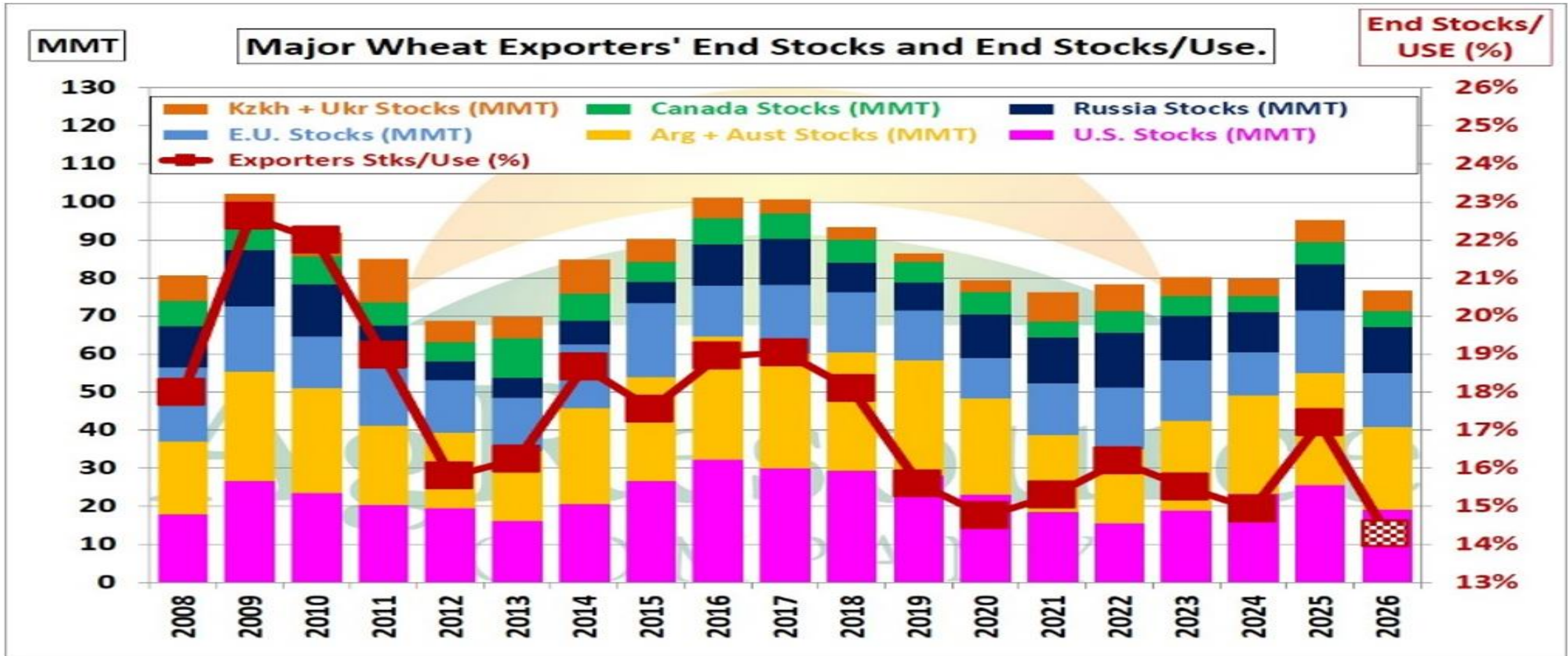
Major Exporter Grain Production Falls by nearly 100 MMTs



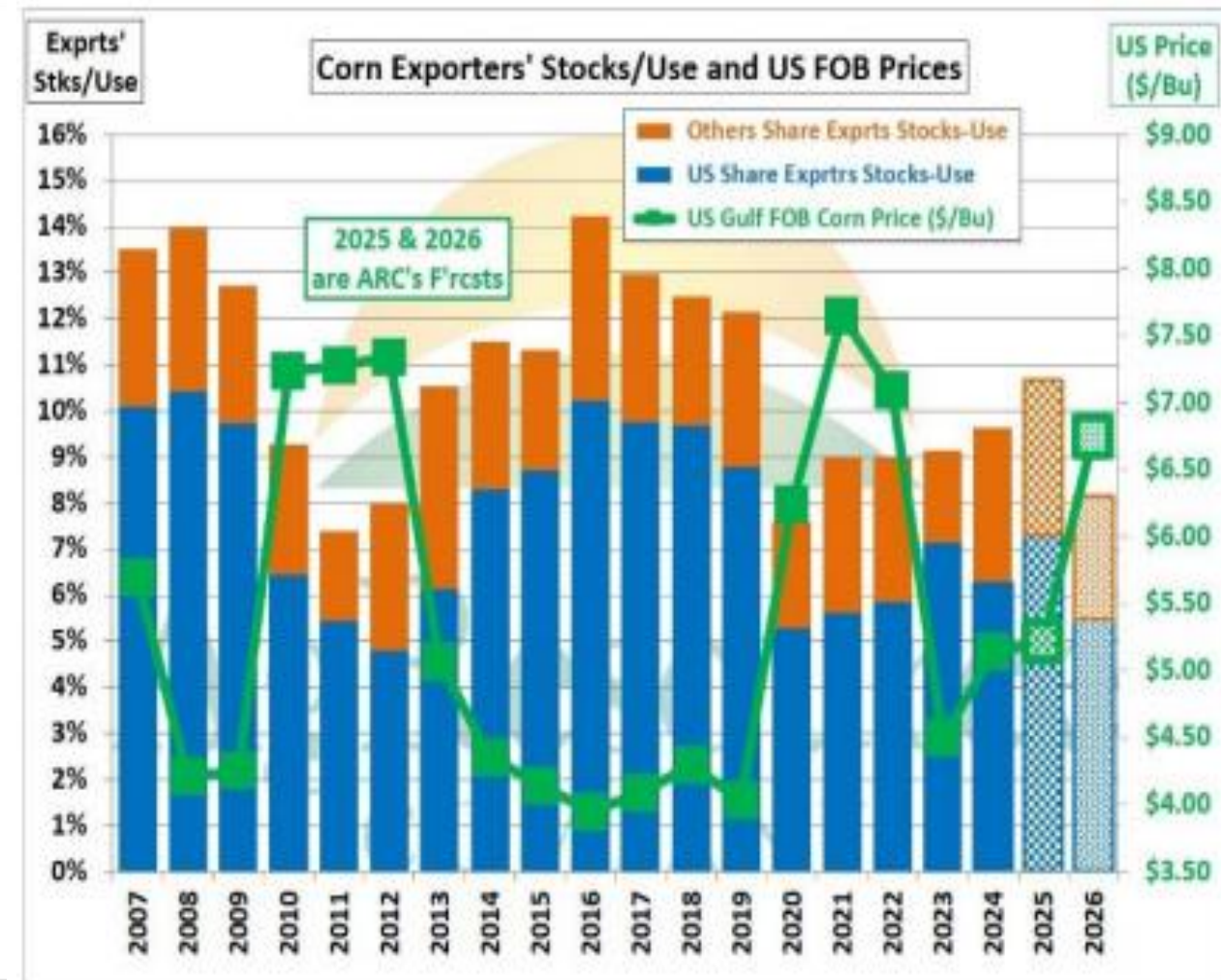
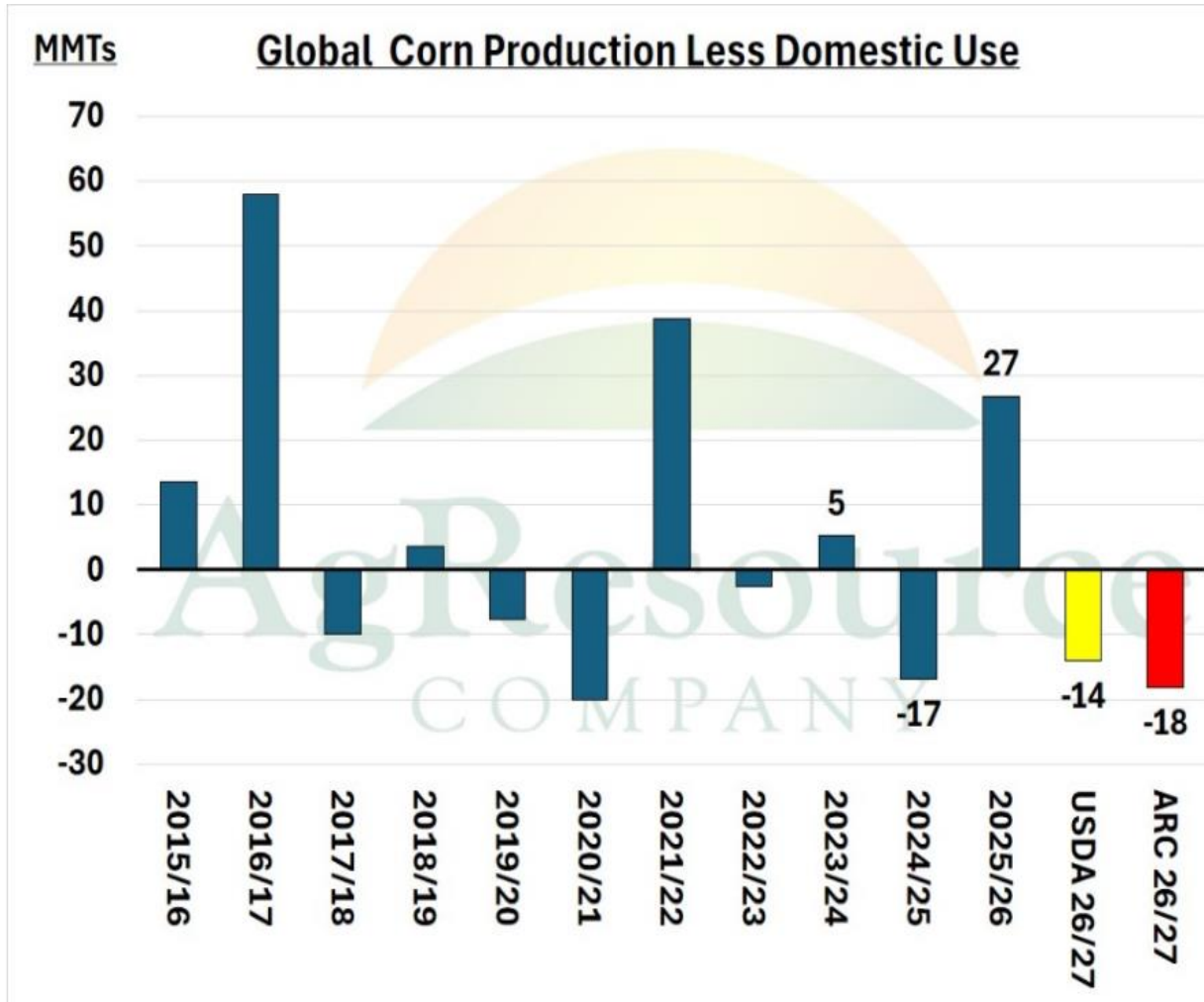
Major Exporter Grain Trade by Year Since 2010 (Corn, Soybeans, Wheat): Slowing of Growth Forecast in 2026/27



World Wheat Exporter Stocks Lowest since 2013: Stock/Use 2nd Lowest on Record



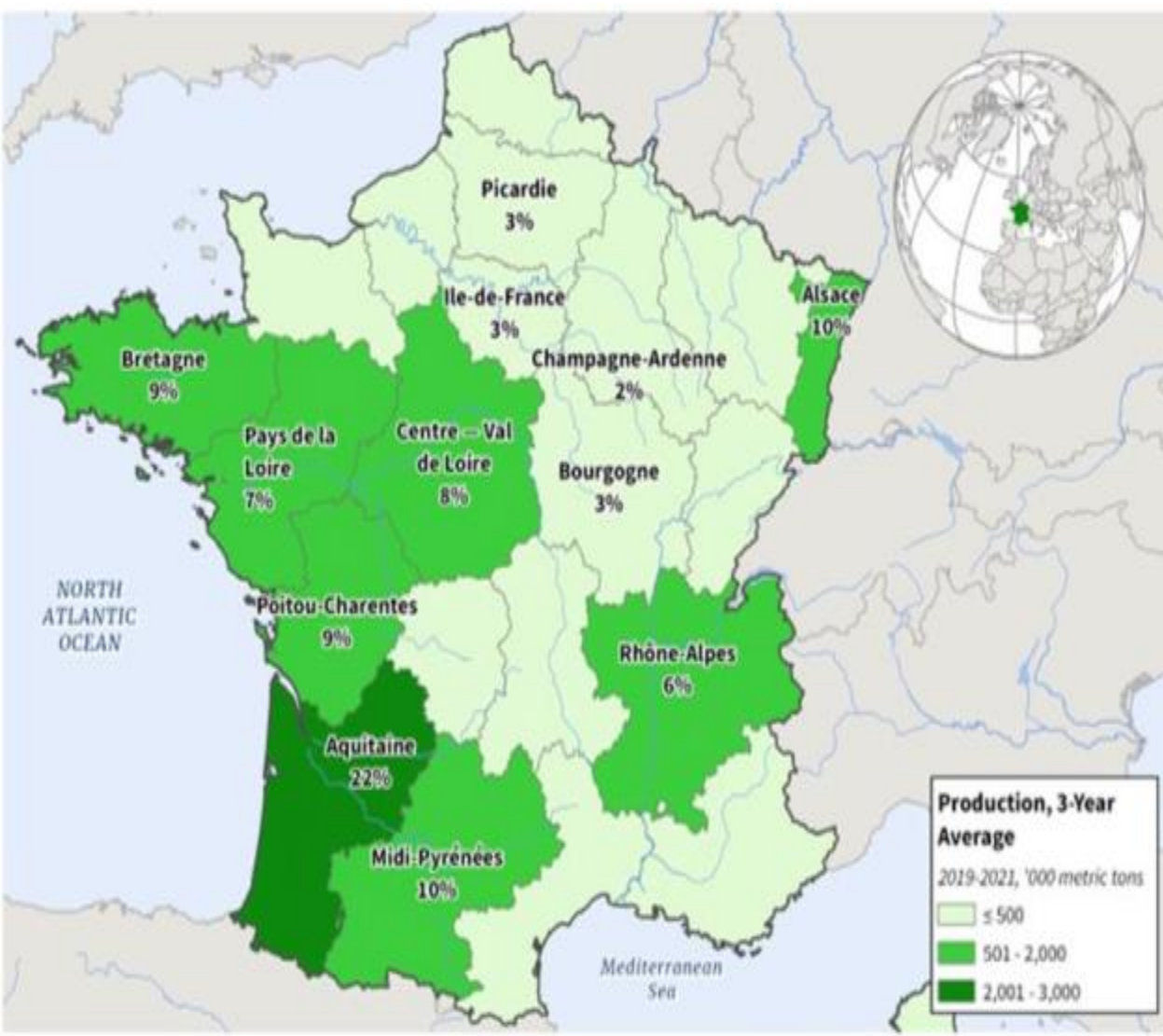
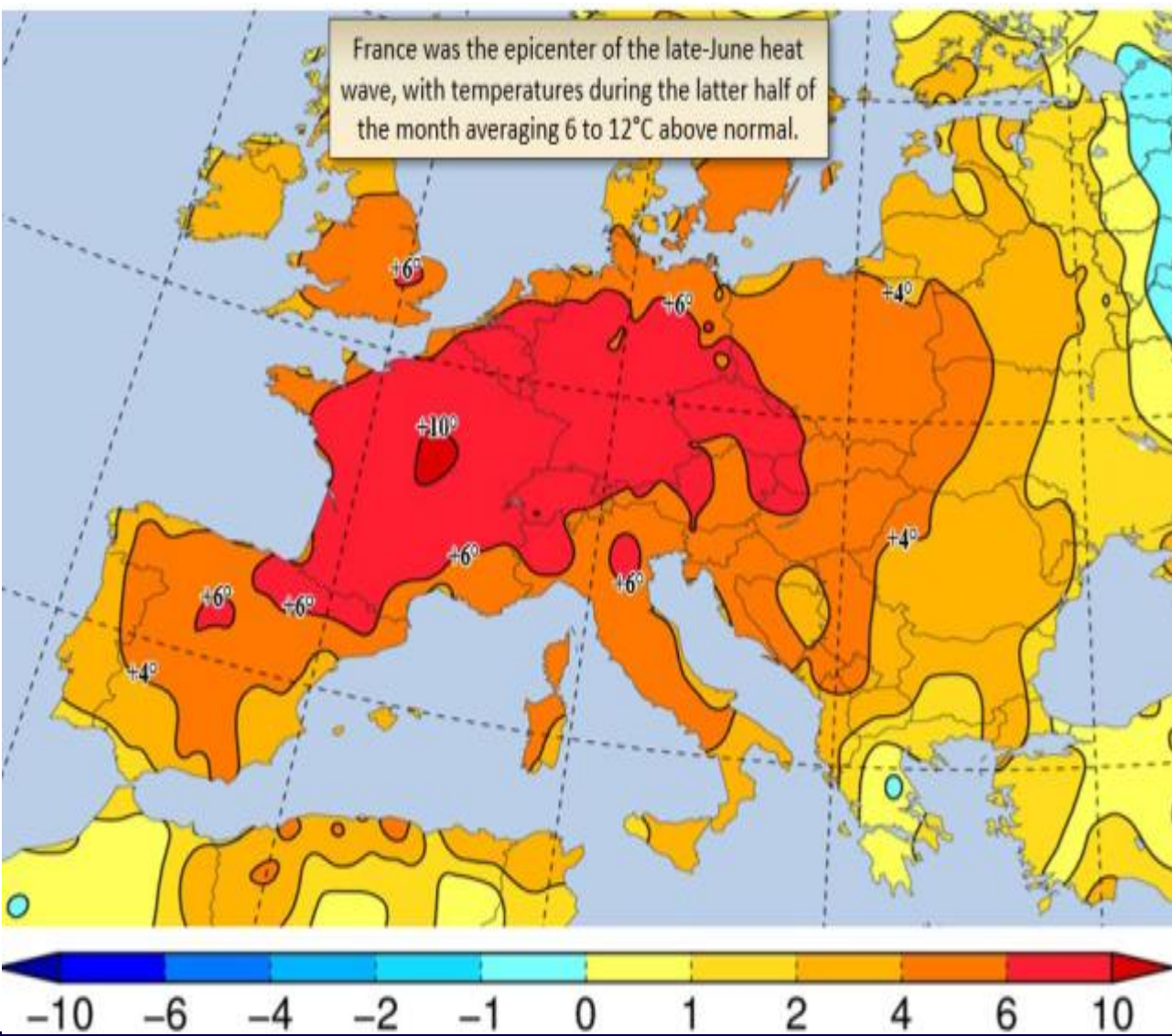
Total Global Corn Supply Down 8 MMTs, but Not keeping up with world demand



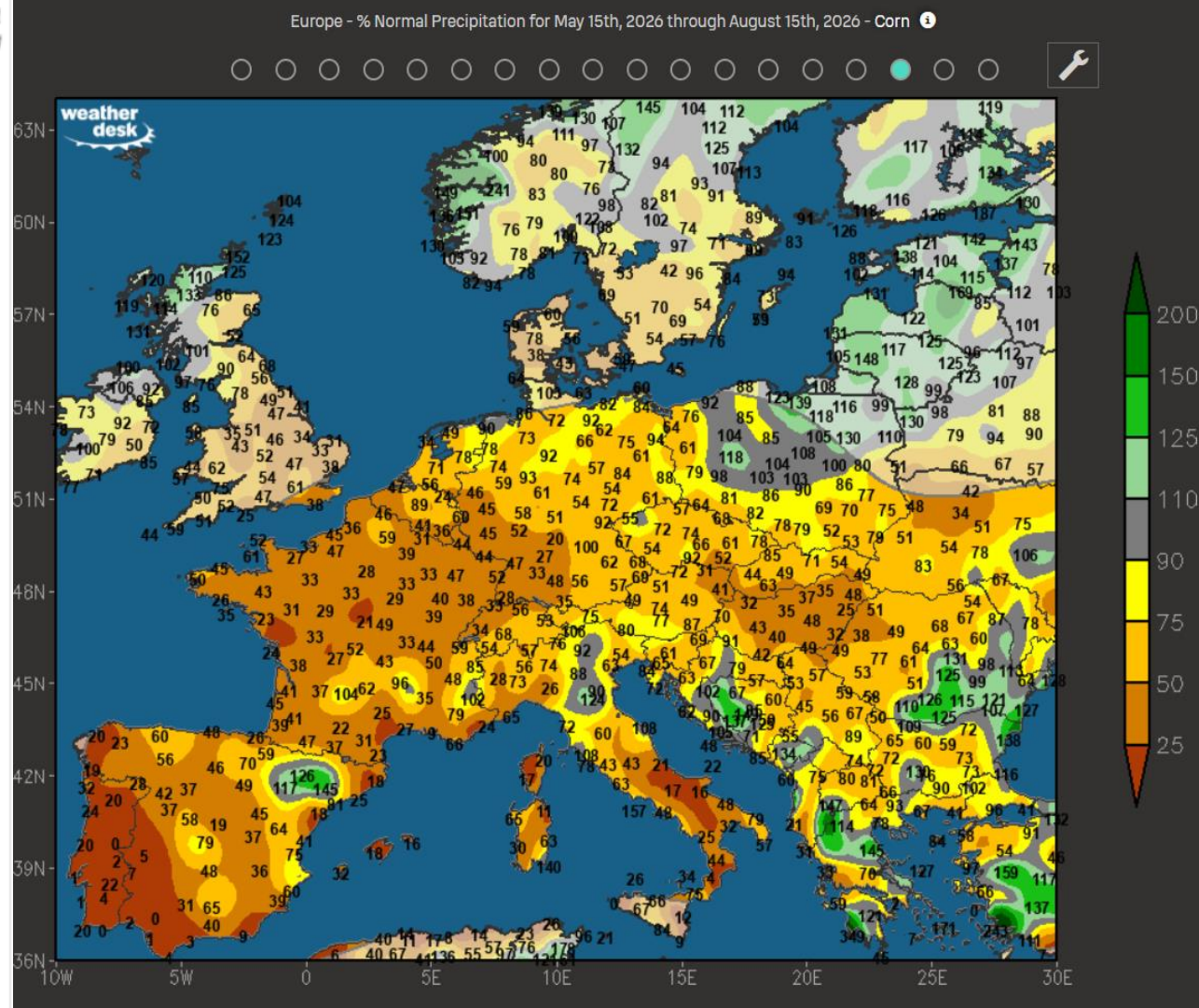
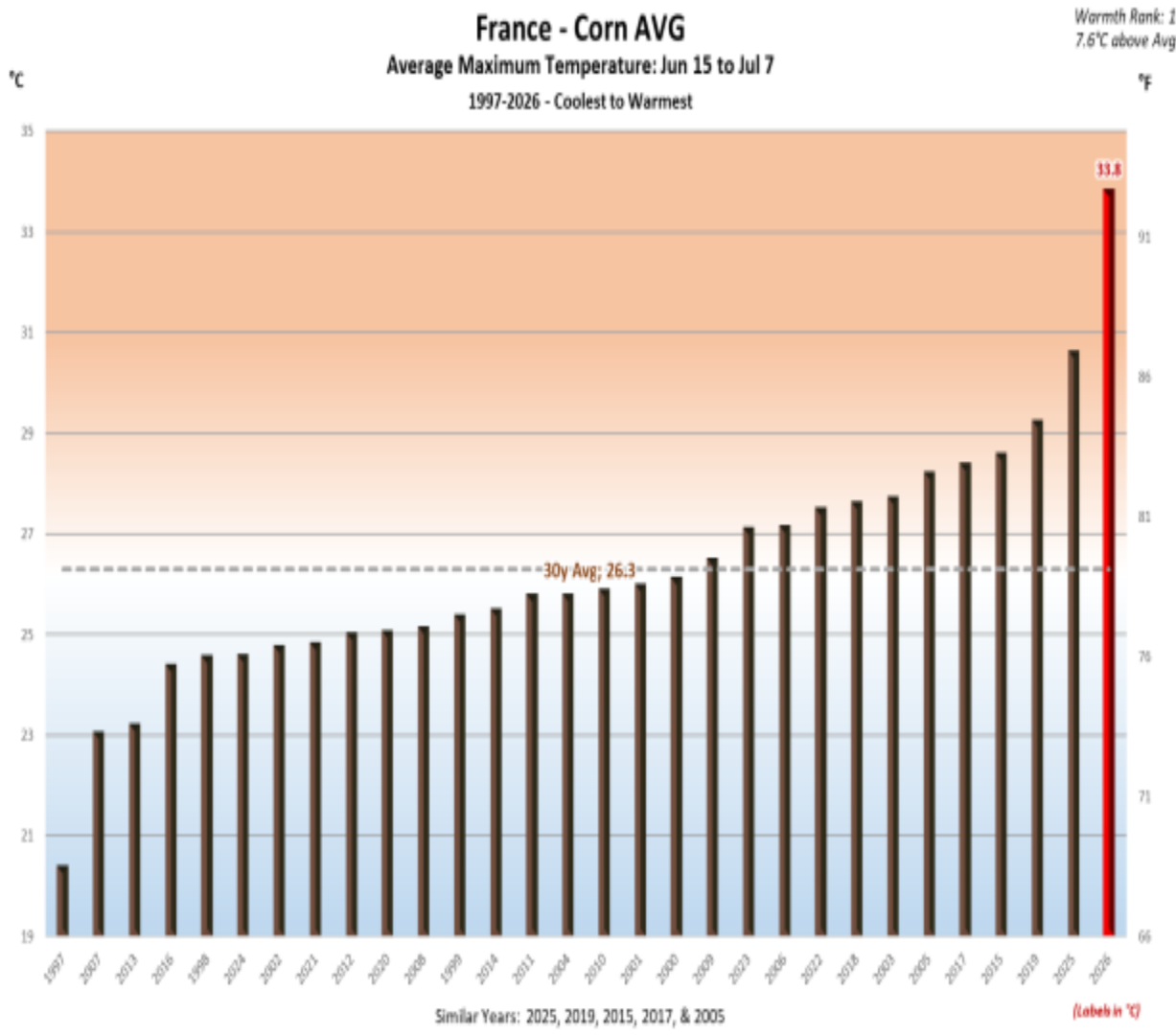
Dire 2026 European Drought



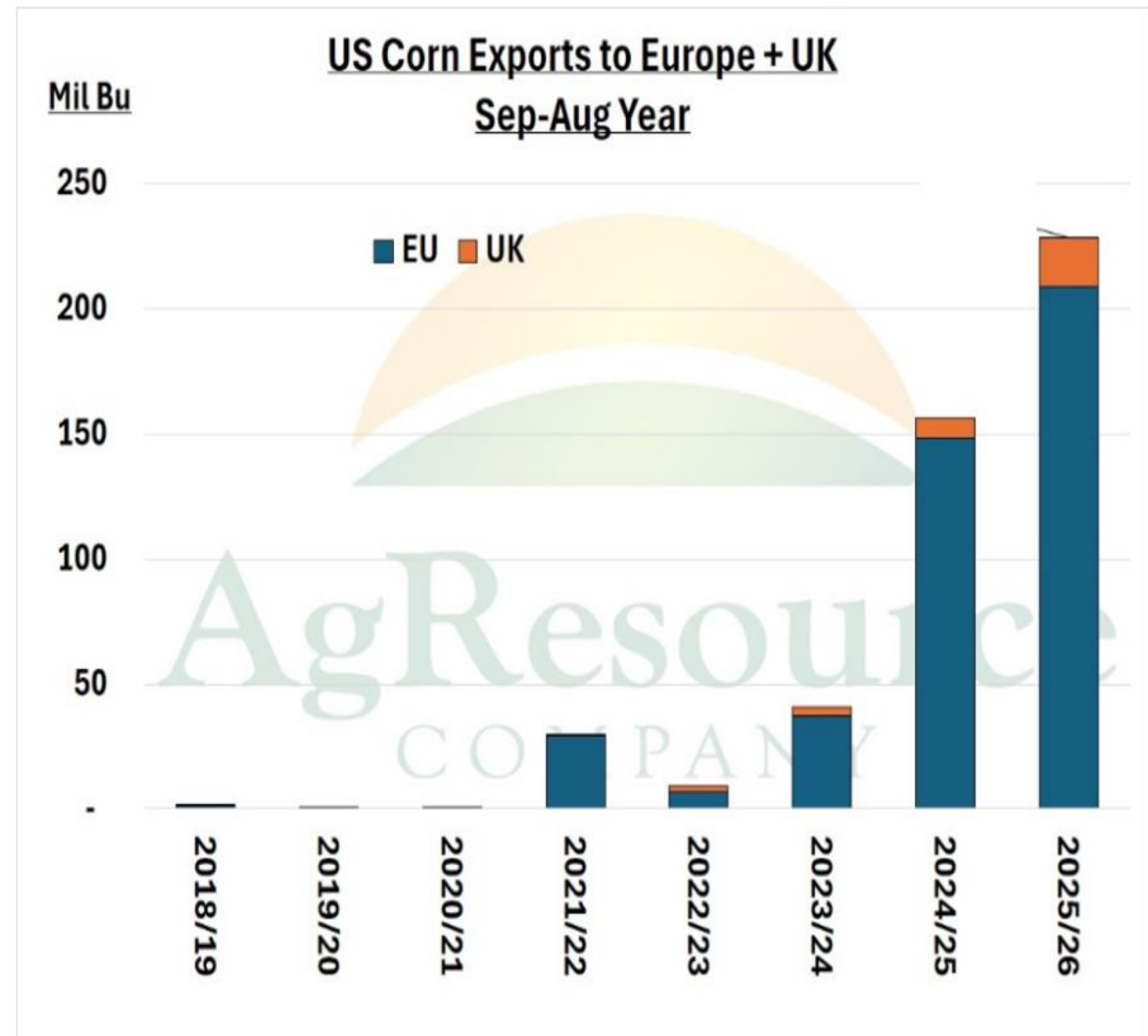
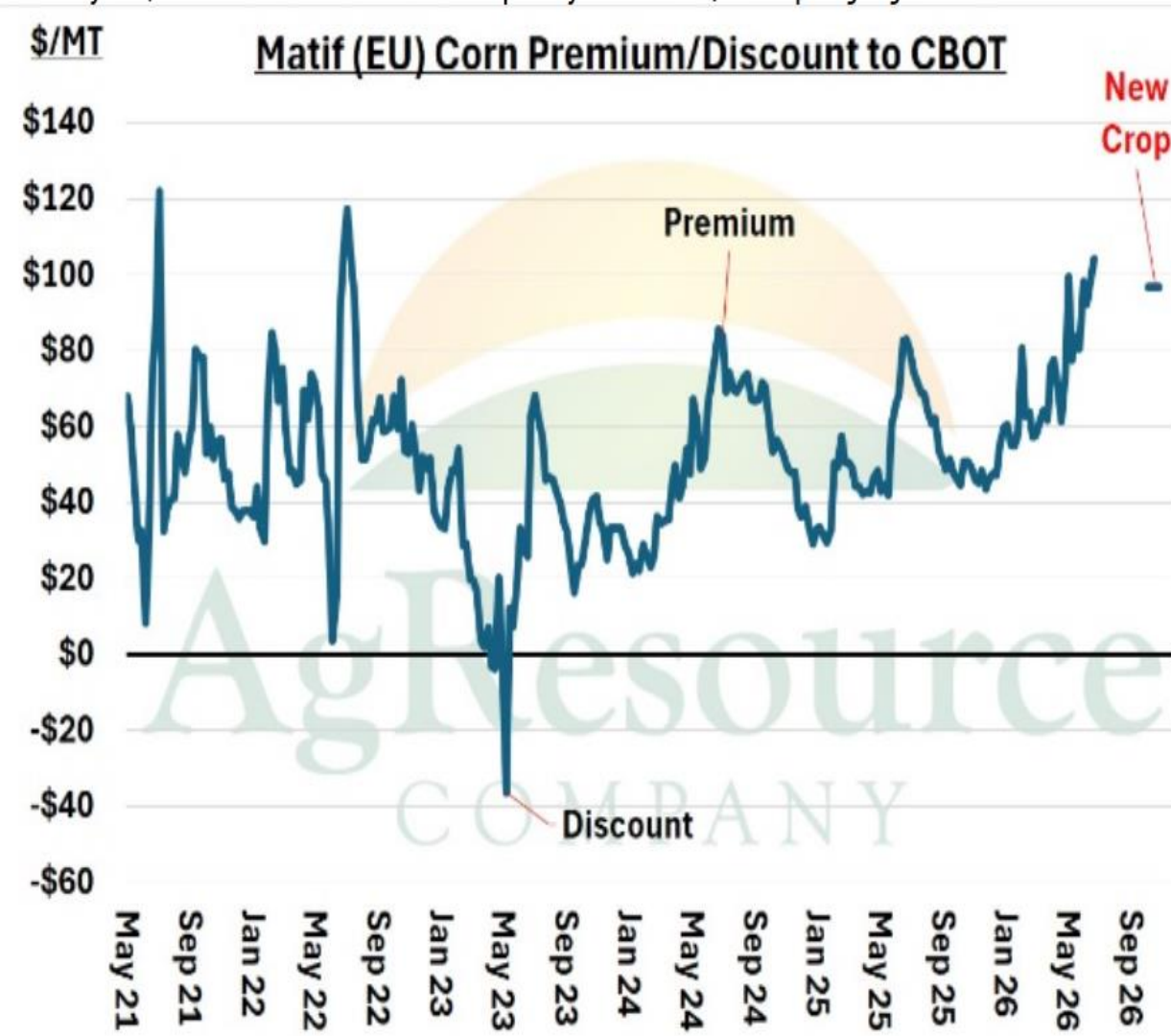
French Corn Crop has endured acute crop STRESS



French Average Maximum Minimum Temperatures and June to July Rainfall



French Corn Crop at a record low 7.2 MMTs!



The EU Imports 1.1 billion bushels of World Corn (26-27 MMTs)

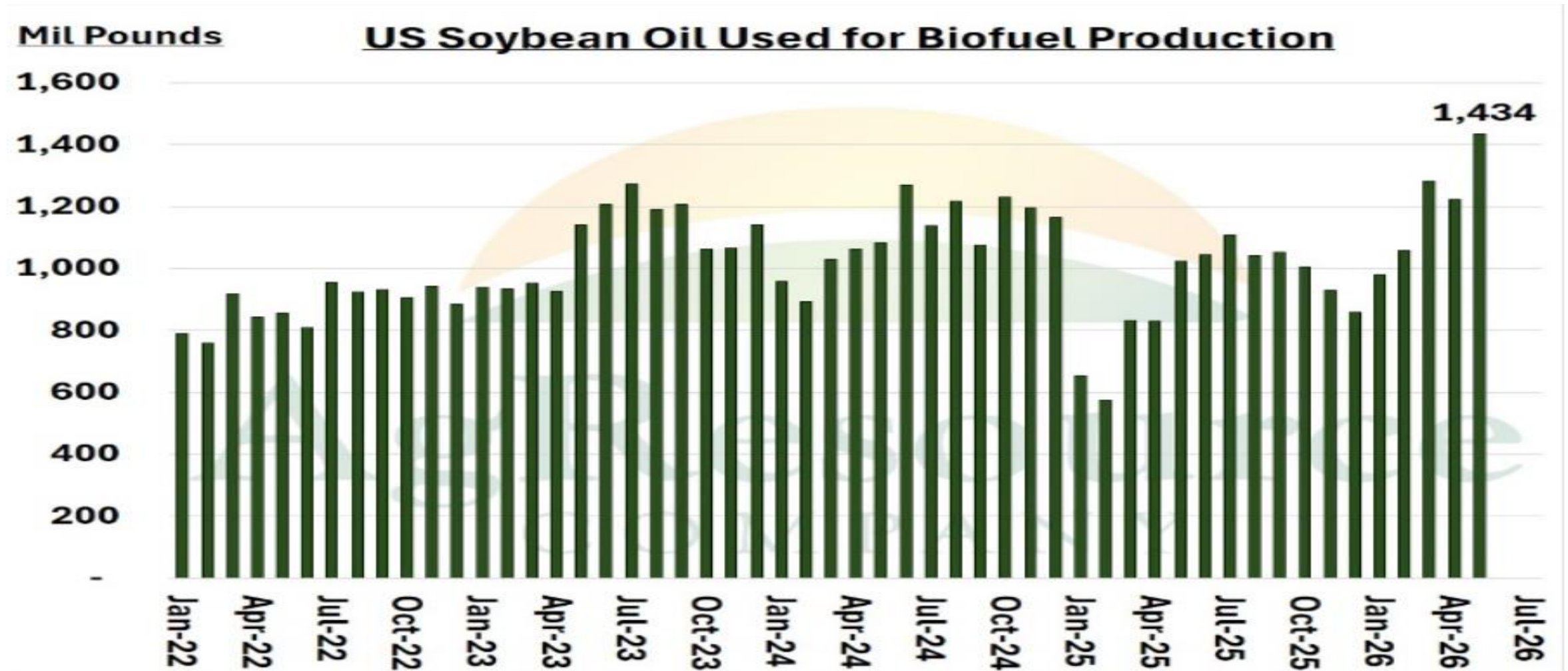
EU Corn Supply & Demand (Mil HAs, MTs)

	2023/24	2024/25	USDA 2025/26	ARC 2026/27
Harvested	8.3	8.6	8.2	7.8
Yield	7.48	6.93	6.94	6.40
Production	61.9	59.6	56.8	45.6
Carryin	8.0	7.3	5.9	5.1
Imports	19.8	18.8	18.5	26.5
Total Supply	89.7	85.7	81.2	77.2
Feed/Resid	58.1	56.0	53.7	52.0
Food/Seed/Indus	20.0	21.0	20.5	20.0
Total Domestic	78.1	77.0	74.2	72.0
Exports	4.4	2.8	1.9	1.0
Total Use	82.5	79.8	76.1	73.0
End Stocks	7.2	5.9	5.1	4.2
Days of Use	32.3	26.9	24.4	25.6

US Green Diesel Use Expanding 43% in 2026-2027 on EPA/Trump Policy to Support Farm Income

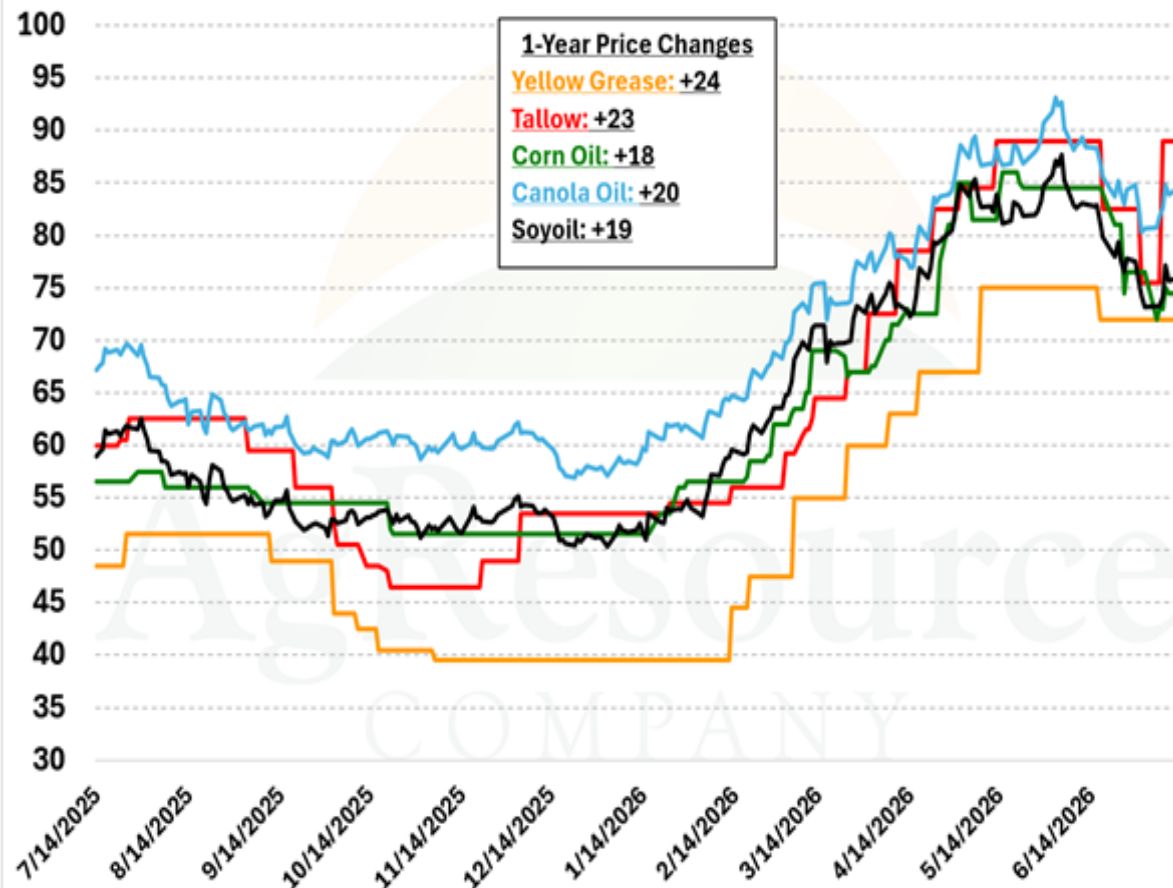


US soyoil use increases to record in June 1.434 Bil pounds

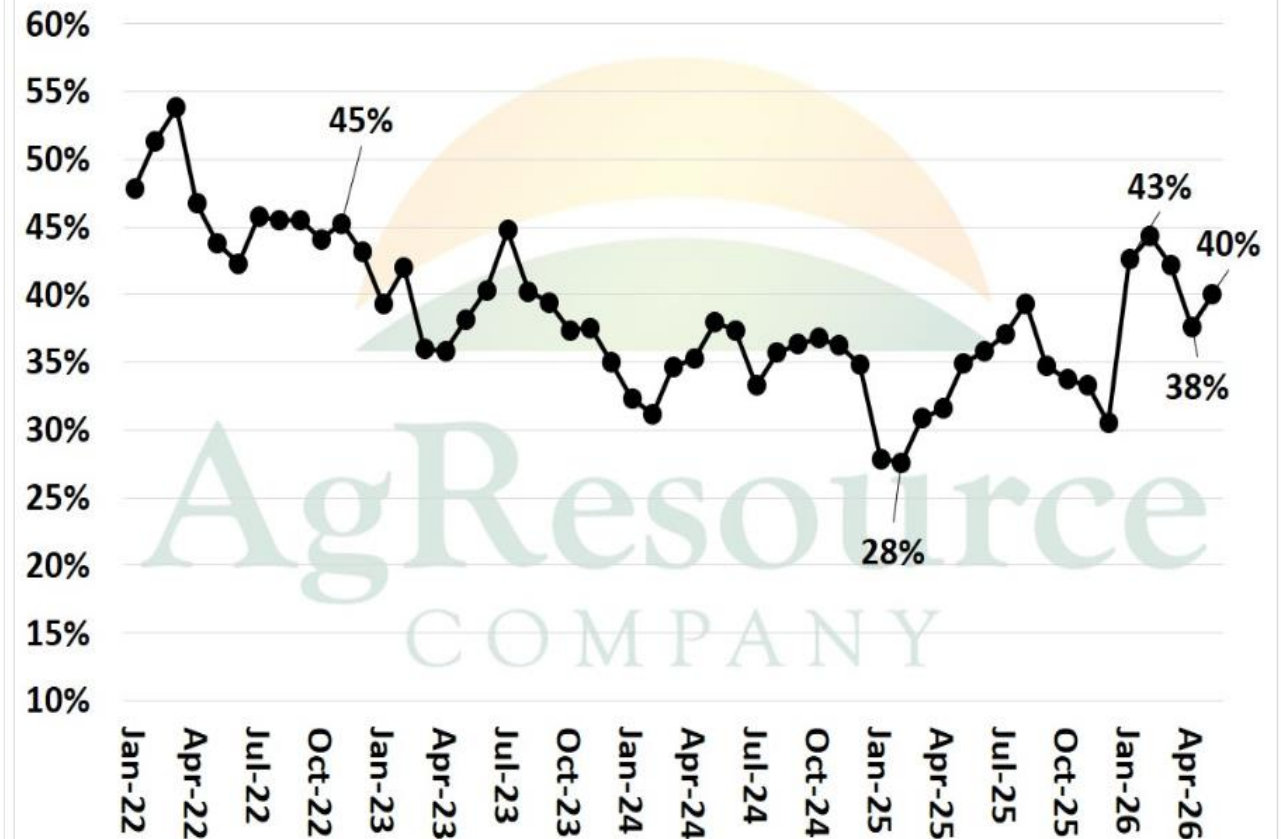


Alternative Feedstocks Corrected and then Rallied Strongly with tallow in the lead

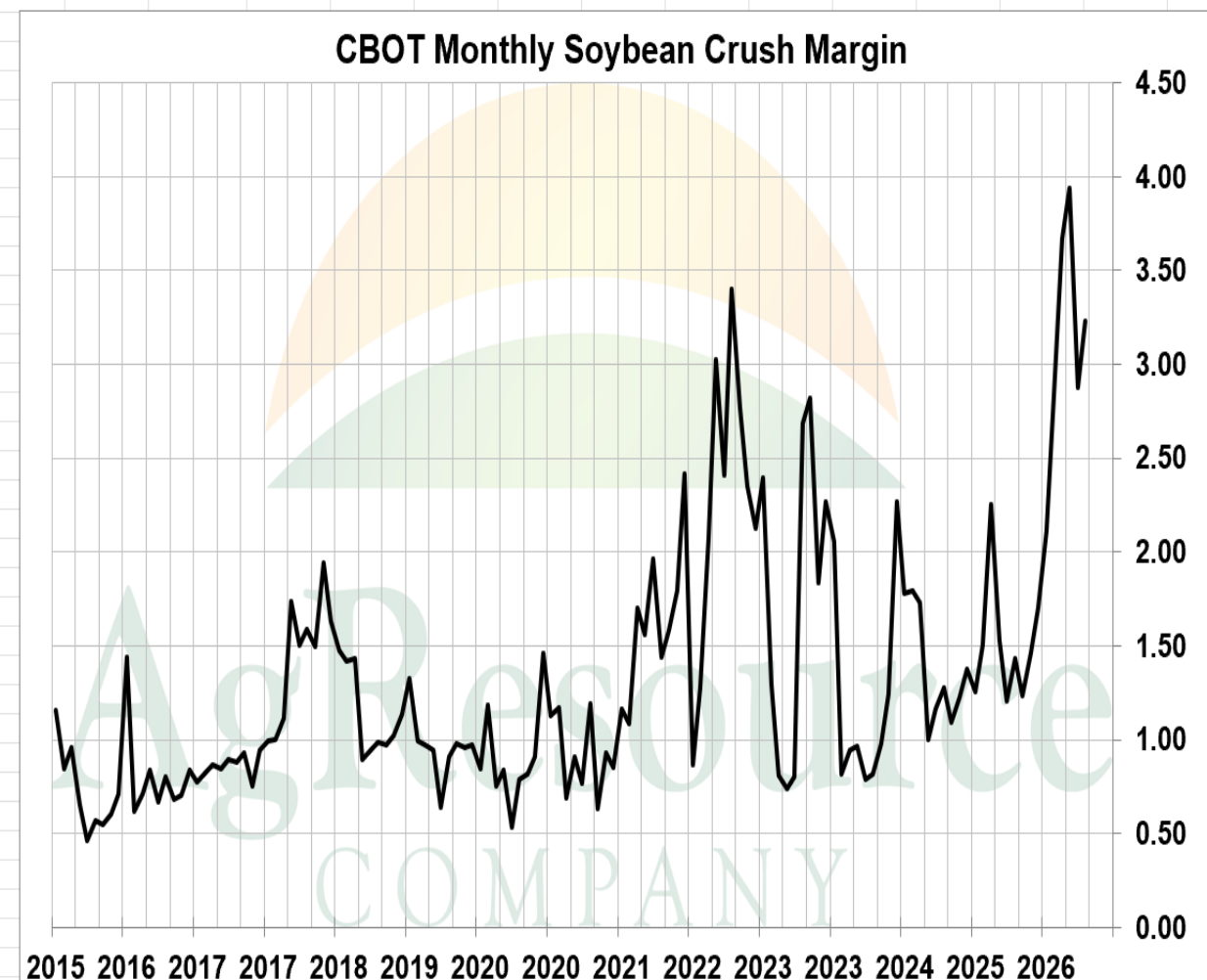
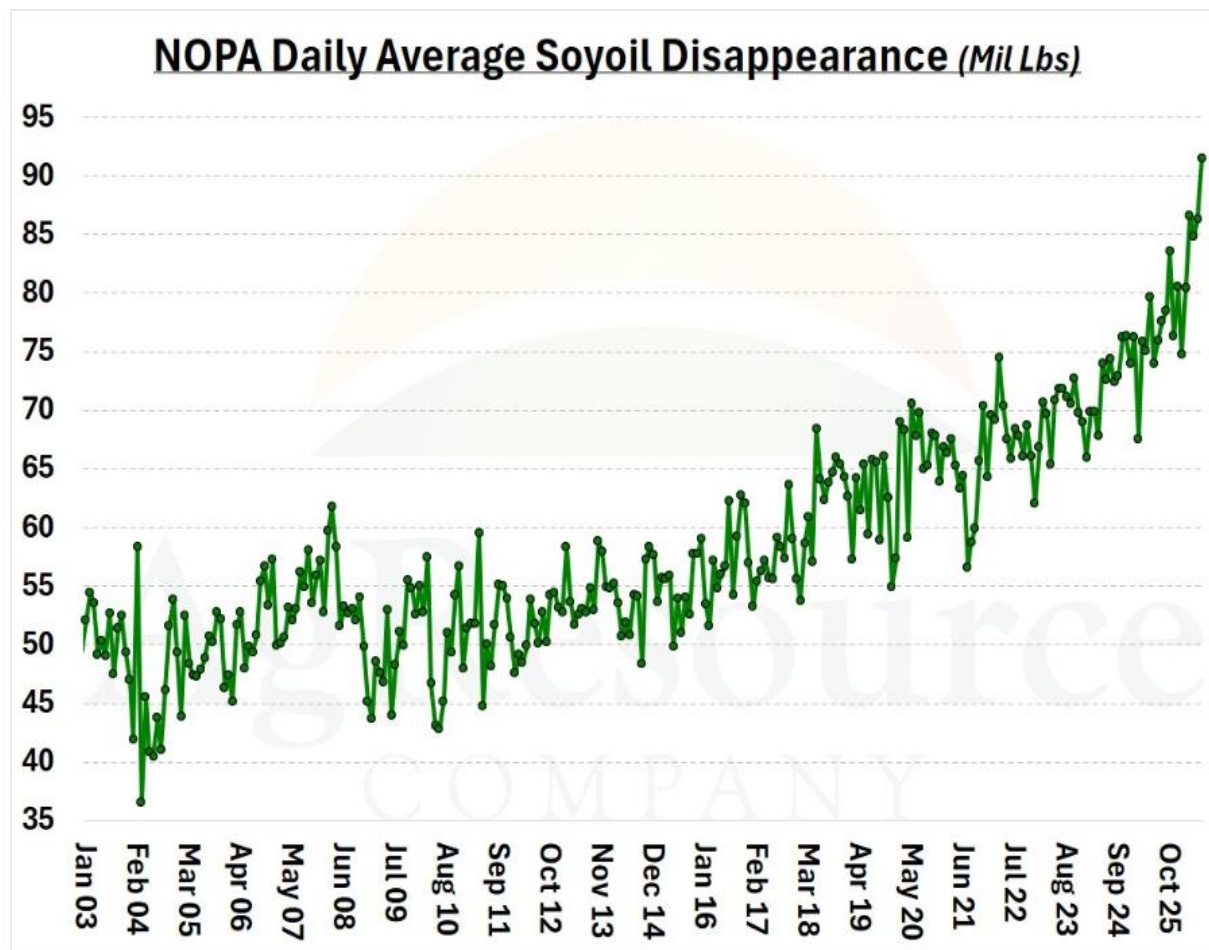
US Biofuel Feedstock Prices ($\text{\$/Lb}$)



Soy Oil Use as % of Total Feedstocks Used for Biodiesel/Renewable Diesel Production

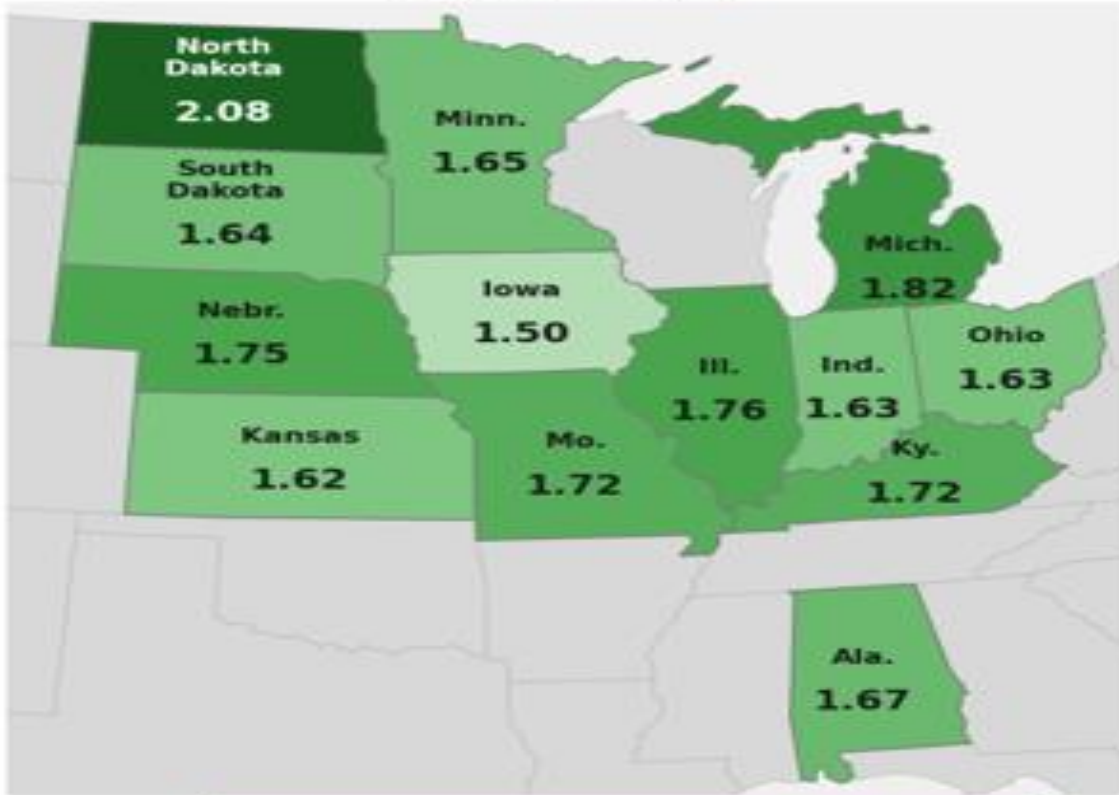


Monthly Soyoil Use to Average 1.3-1.4 Bil Pounds for the remainder of 2026



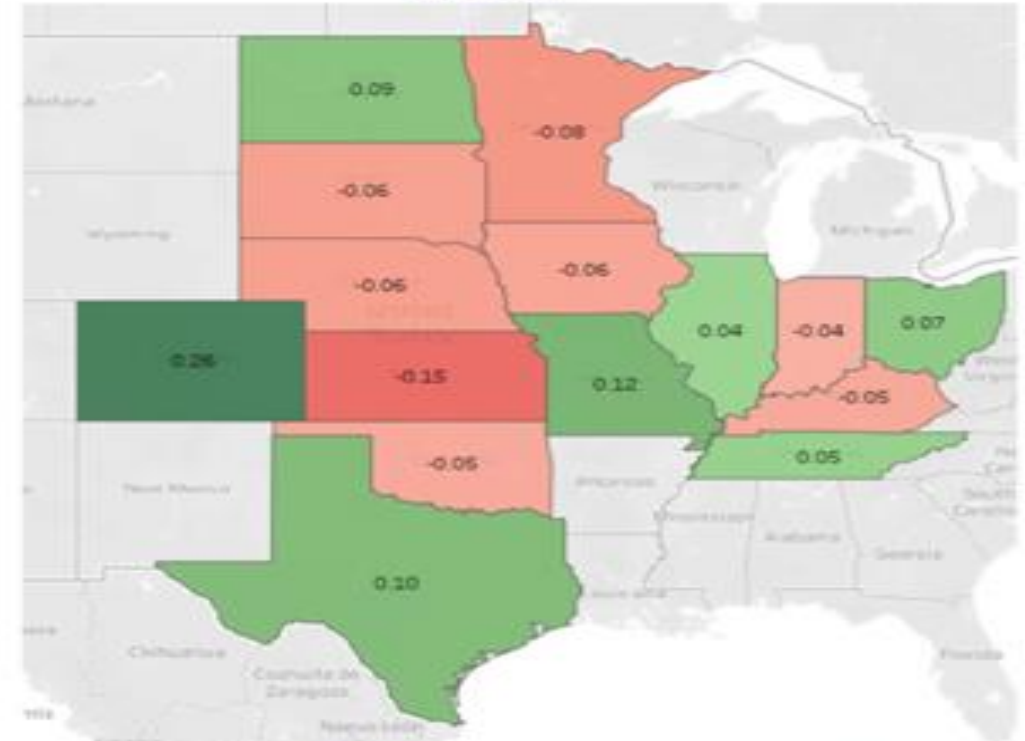
What New US Crush Capacity and expanded RVO have meant for the US Farmer

SOYBEANS



+\$1.70/bu

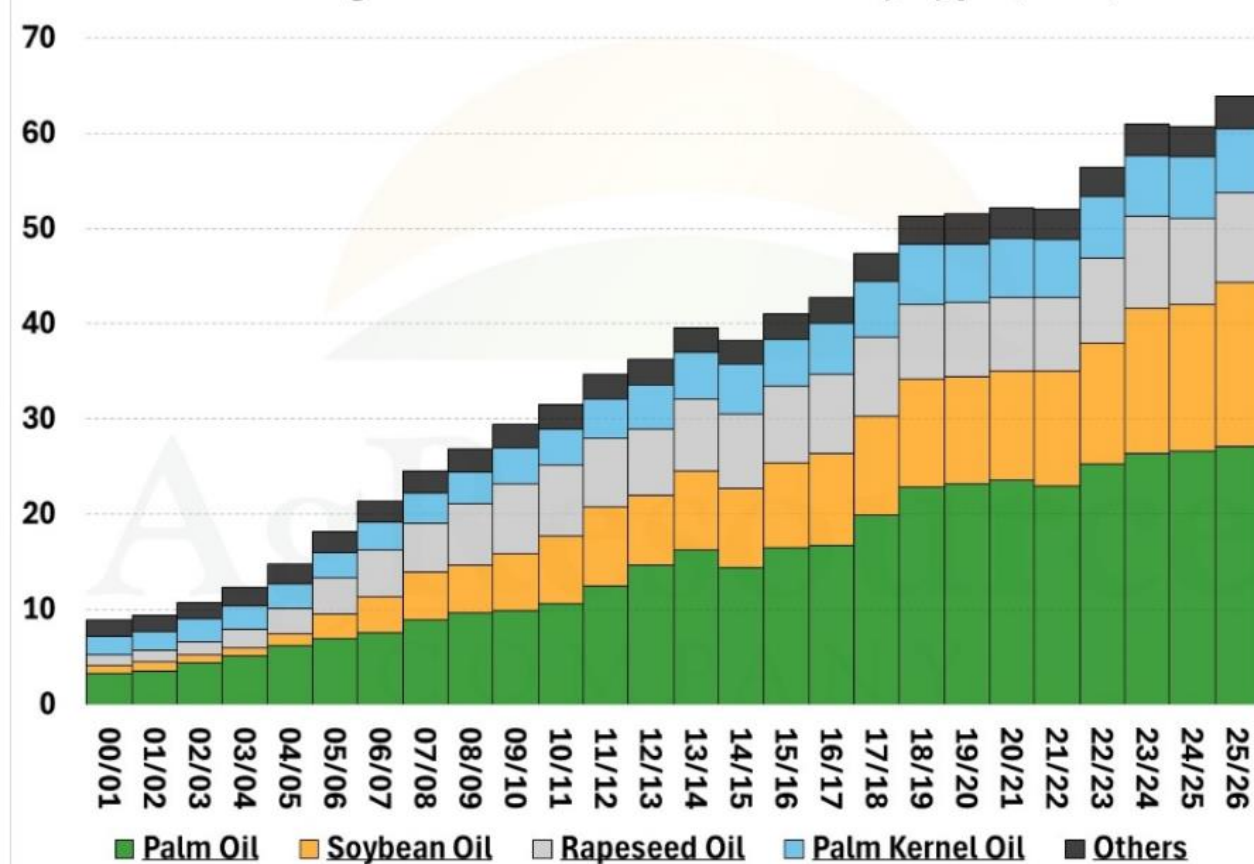
CORN



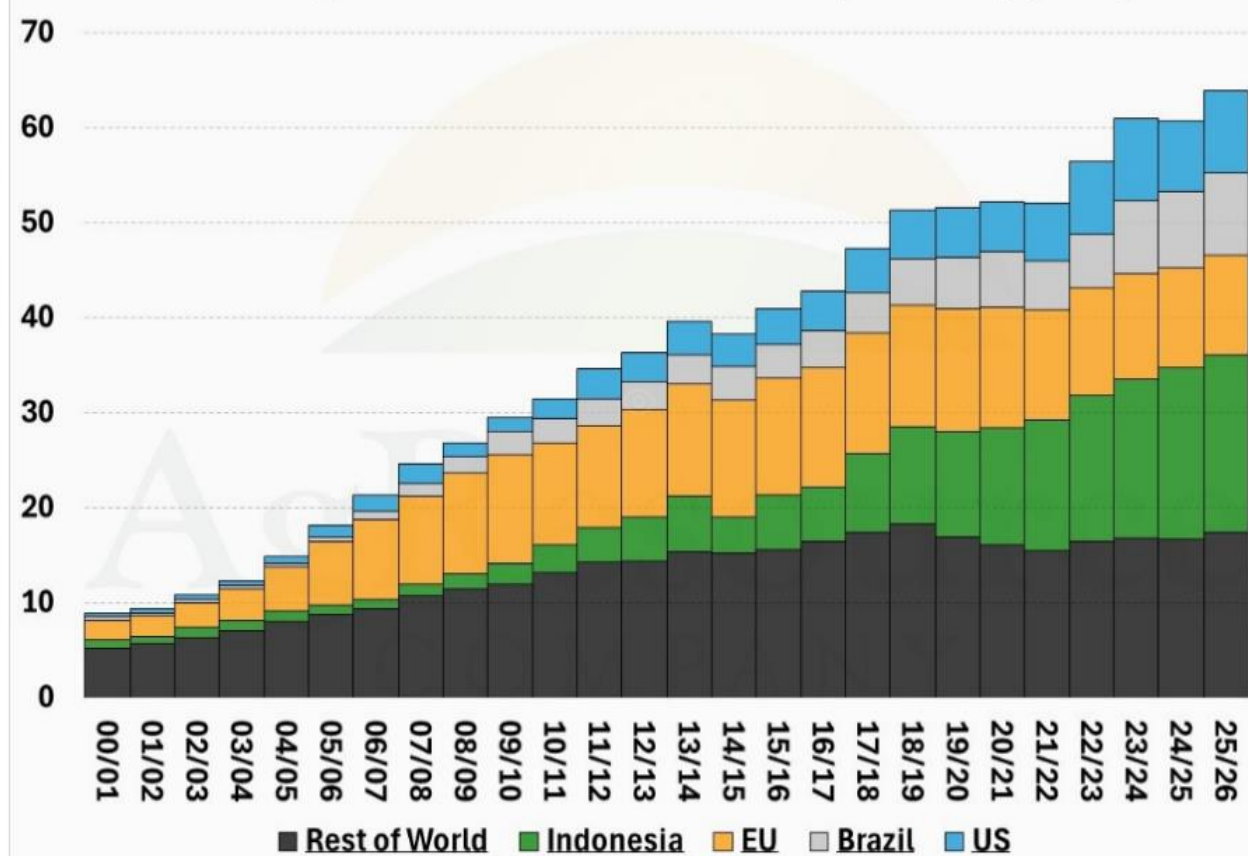
+\$0.01/bu

World Vegoil Demand rises 5.5 MMTs or 9% on US/Brazilian/Argentine Biofuel Policy Change

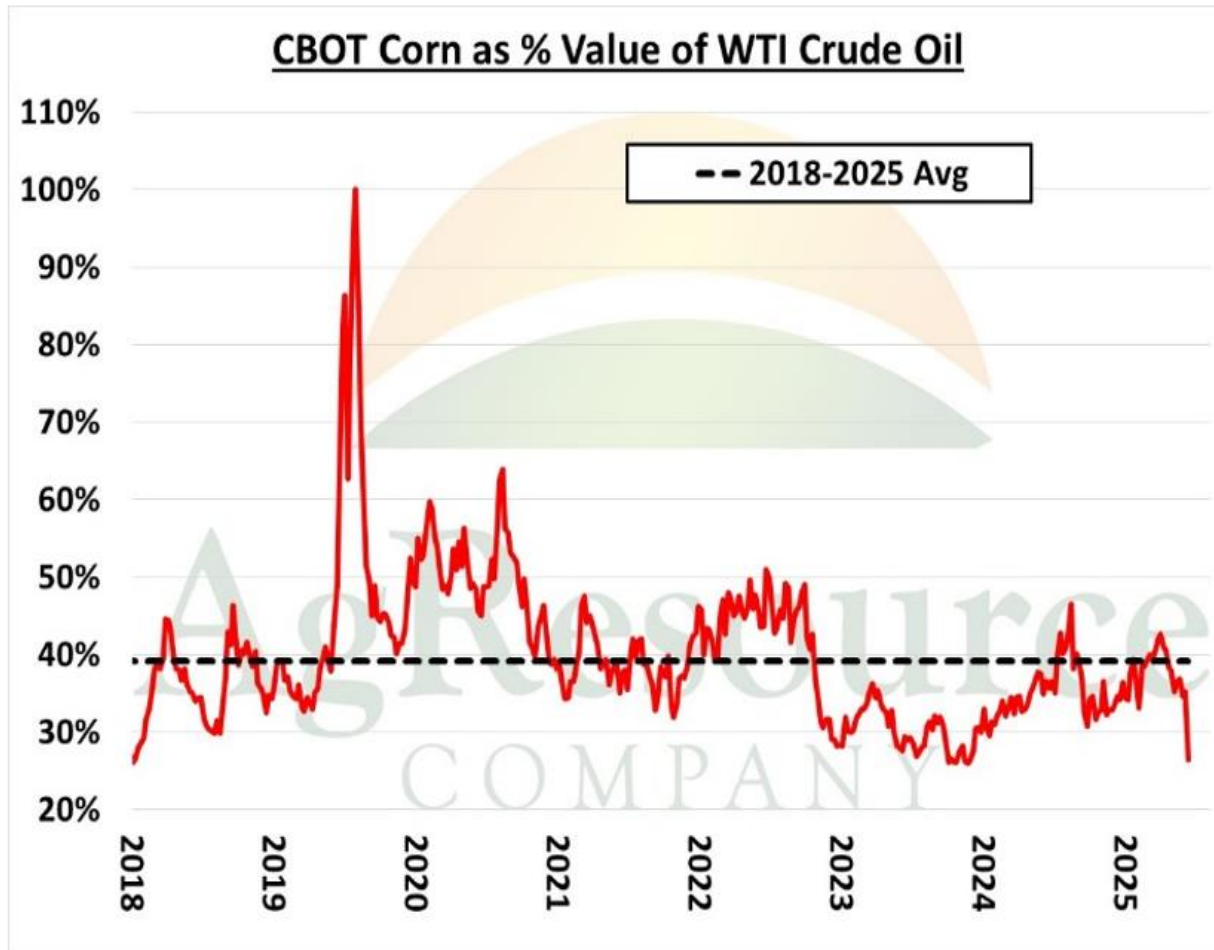
World Vegetable Oil Industrial Use by Type (MMTs)



World Vegetable Oil Industrial Use by Country (MMTs)

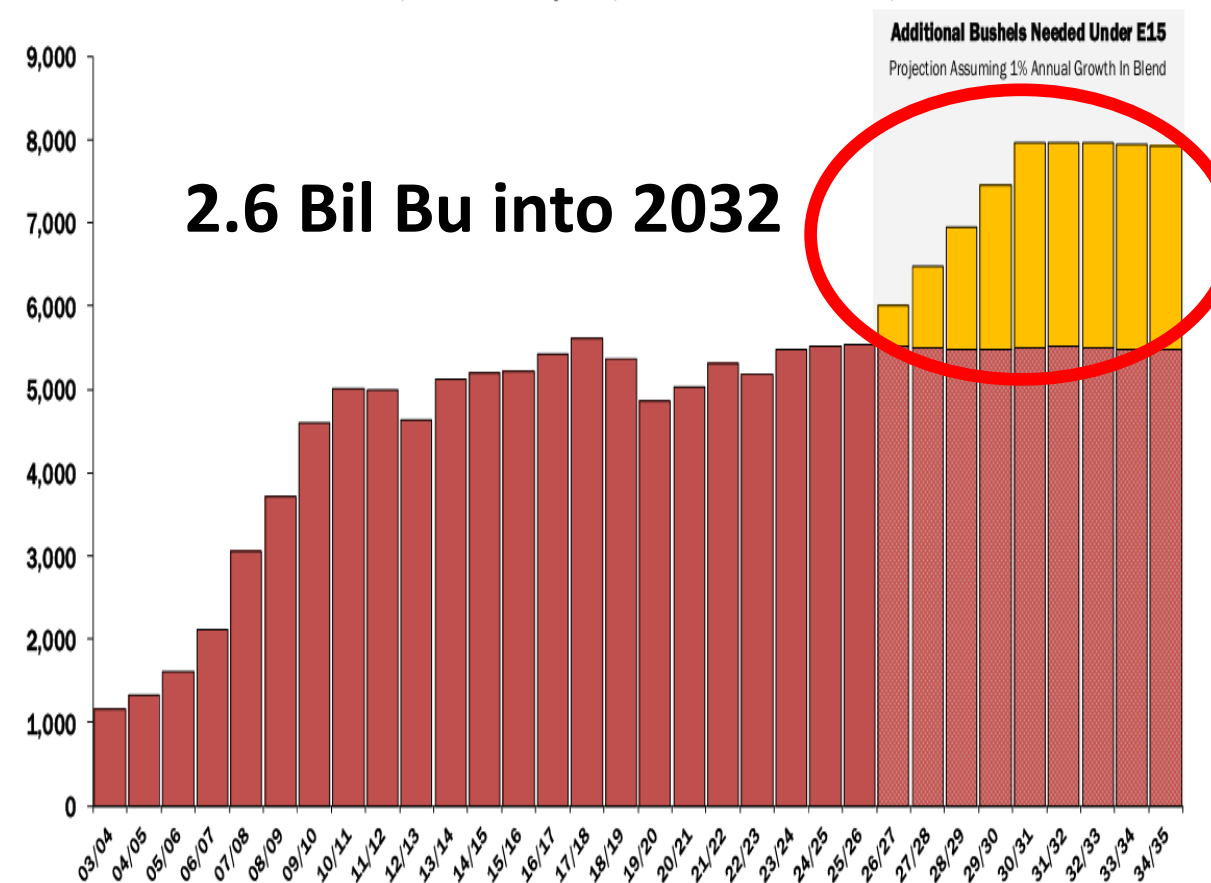


Crude Oil Prices Rise to 5 Year High on War; Corn (ethanol) cheap relative speaking. Push for E15



Year-Round E15 Is On The Goal Line

Bushels Needed For Ethanol Production, Actual and Projected, Incremental Growth to E15, Million Bushels

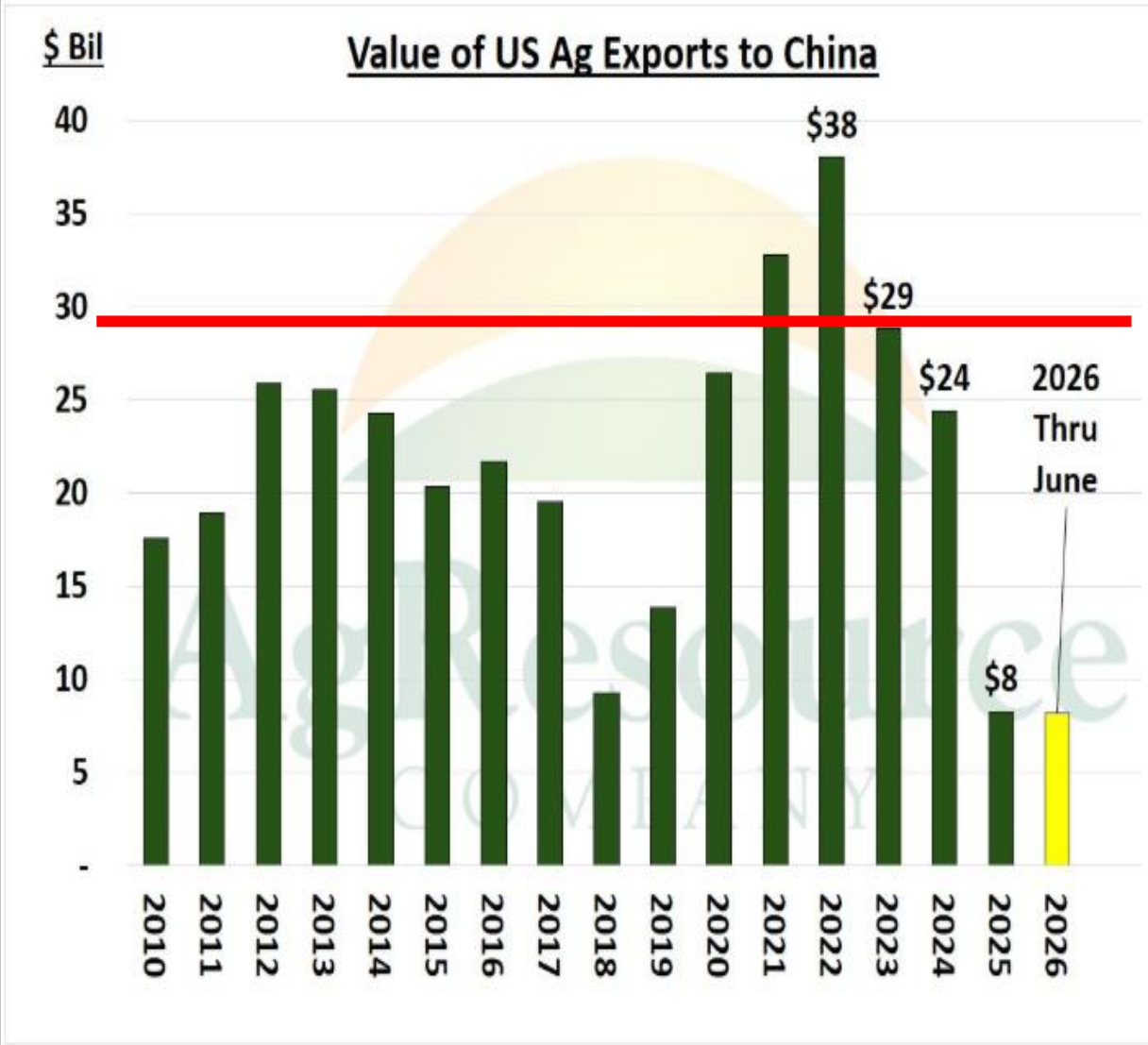
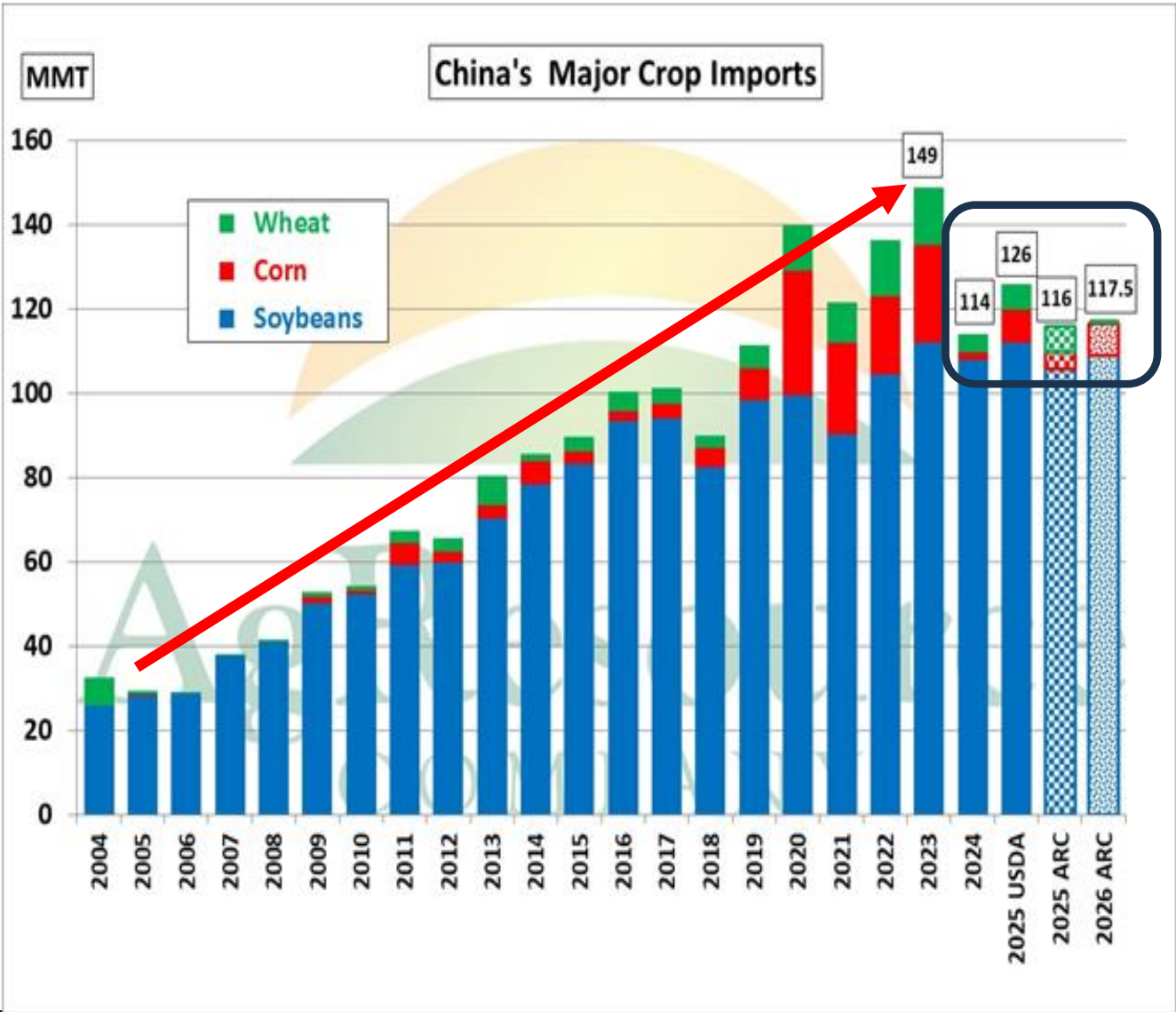




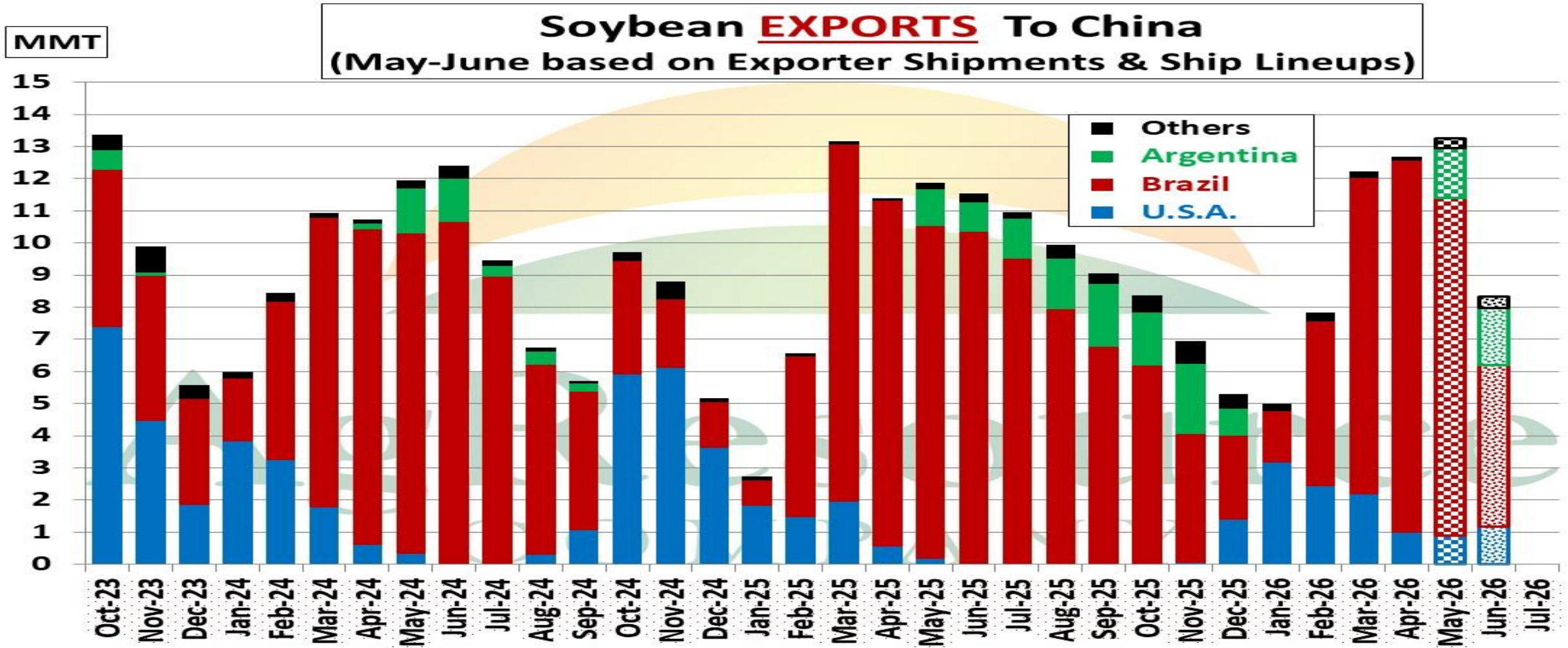
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China Grain

China Grain Imports Have Peaked; No Growth Engine



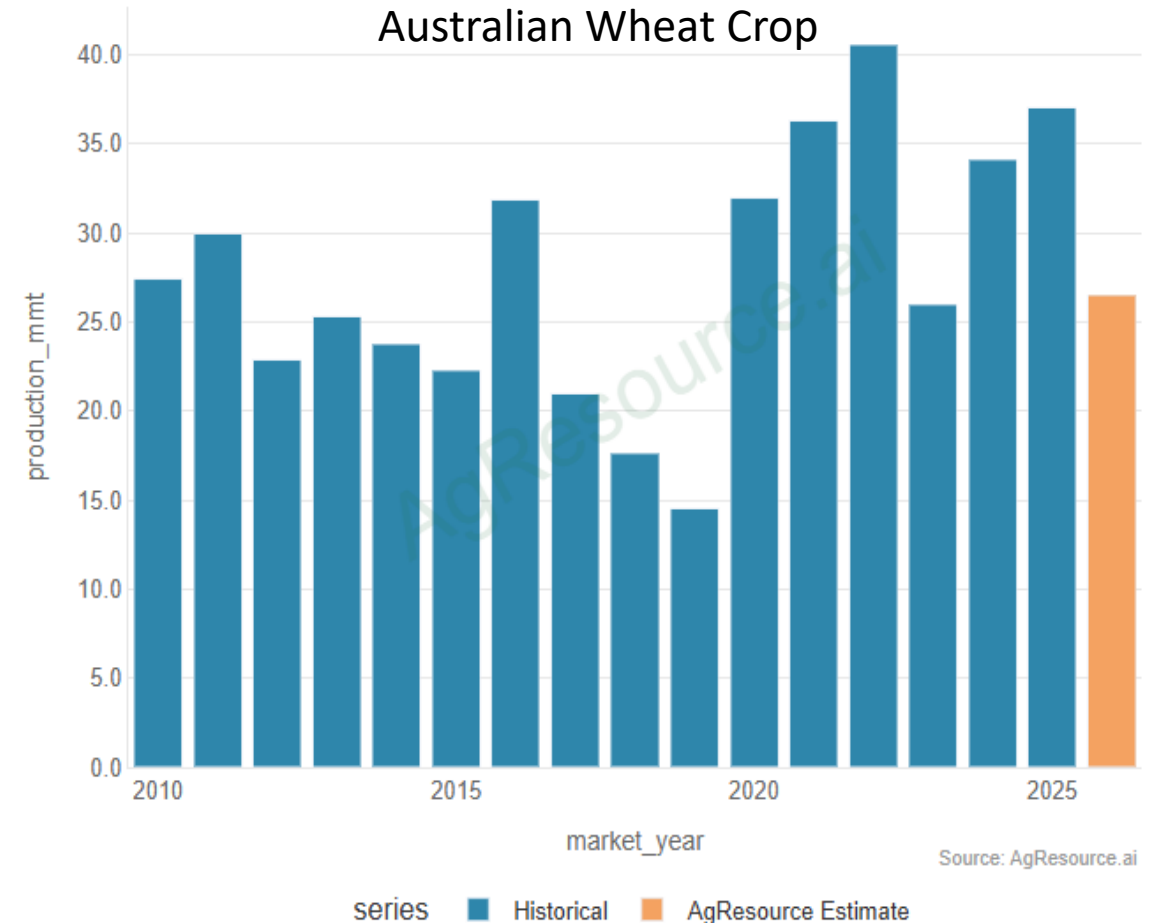
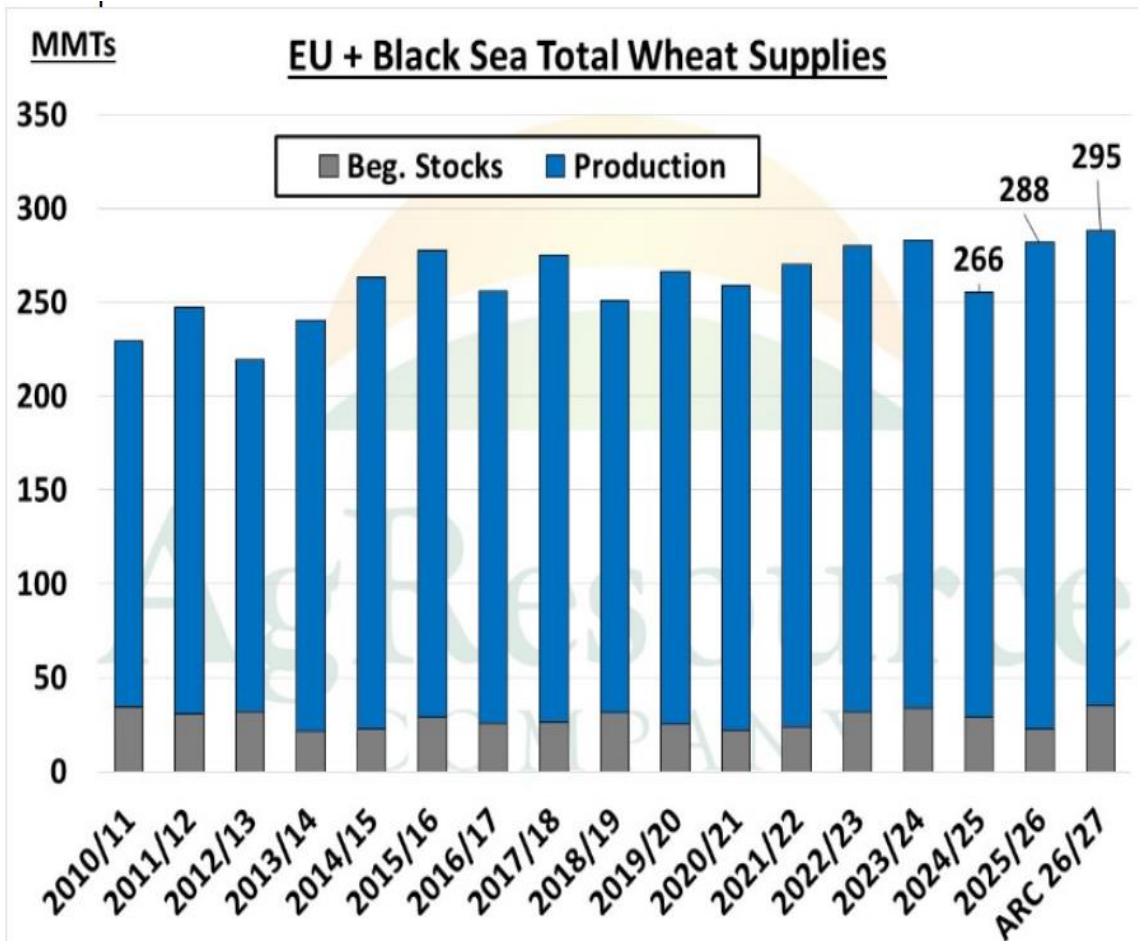
China Ag Demand; A Political Transaction Away from the US on Trade/Tariff Threats



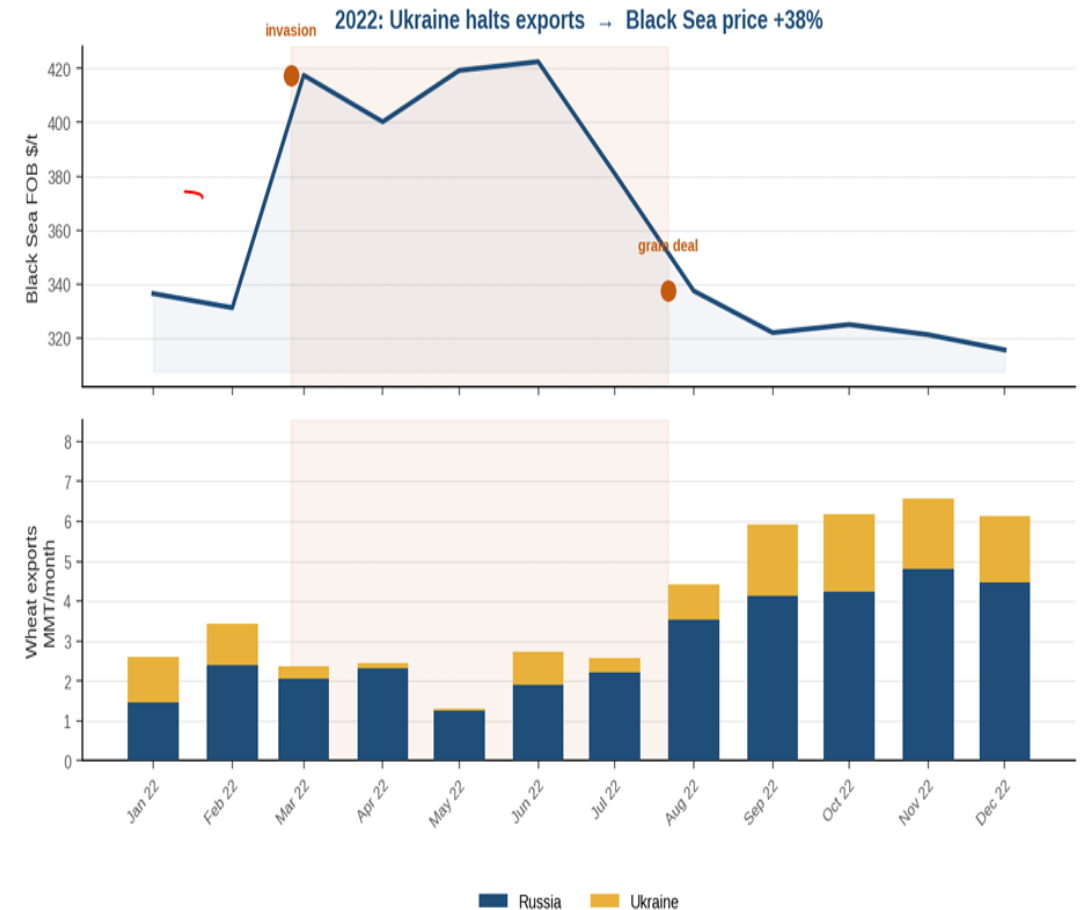
Russian/Ukraine War Targets Grain



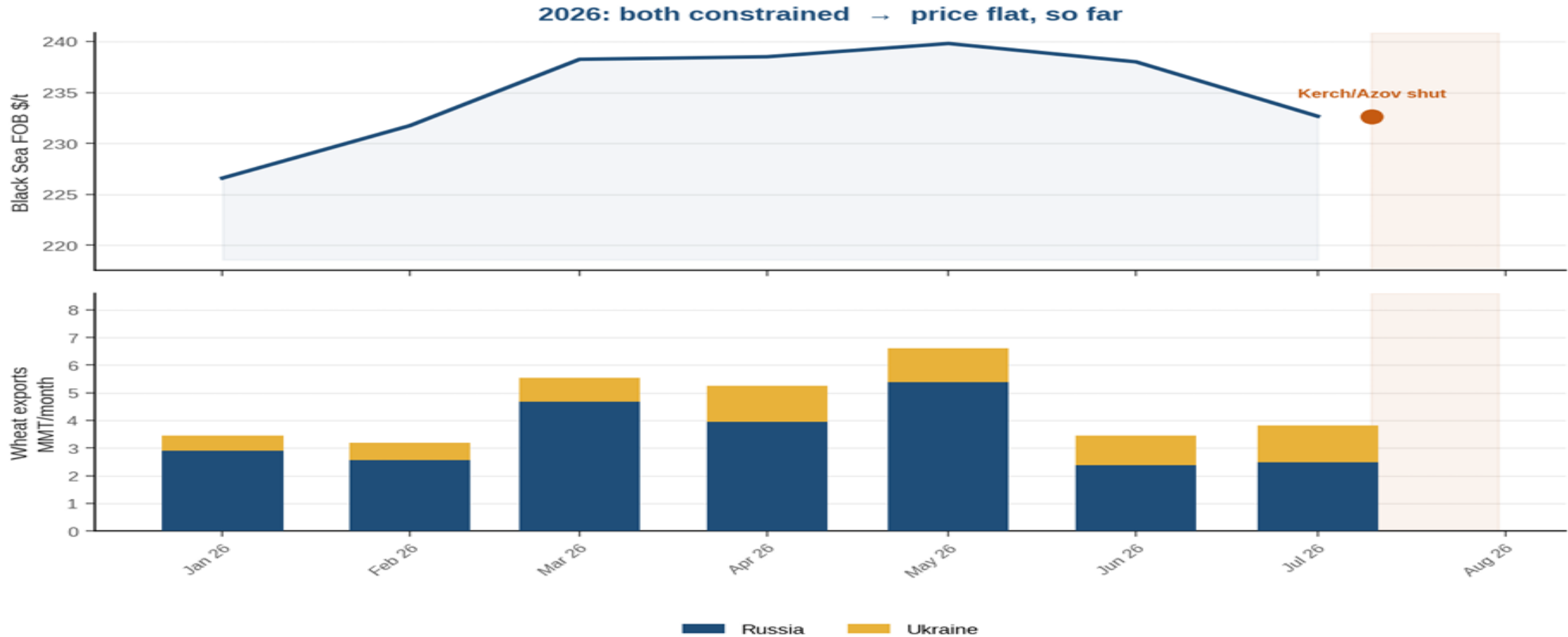
Black Sea Wheat Surplus Could be Shuttered from the World: Where does the supply come from?



2010 Russia Halted Wheat Exports; 2022 Ukraine Wheat Exports Halted for 5 Months



Constrained Price Reaction so far, be careful if the attacks Persist (which is feared)

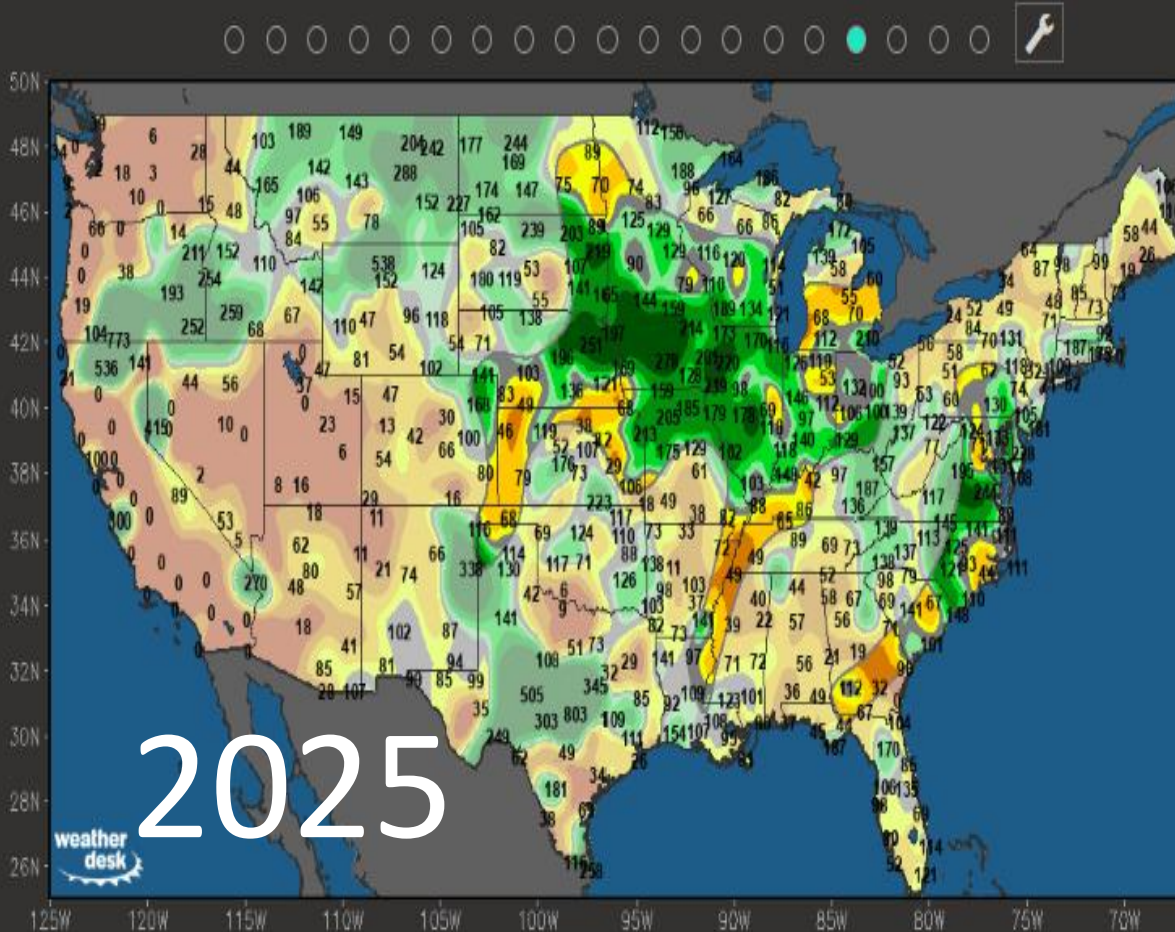


Central US Weather and Crop Yield Prospects

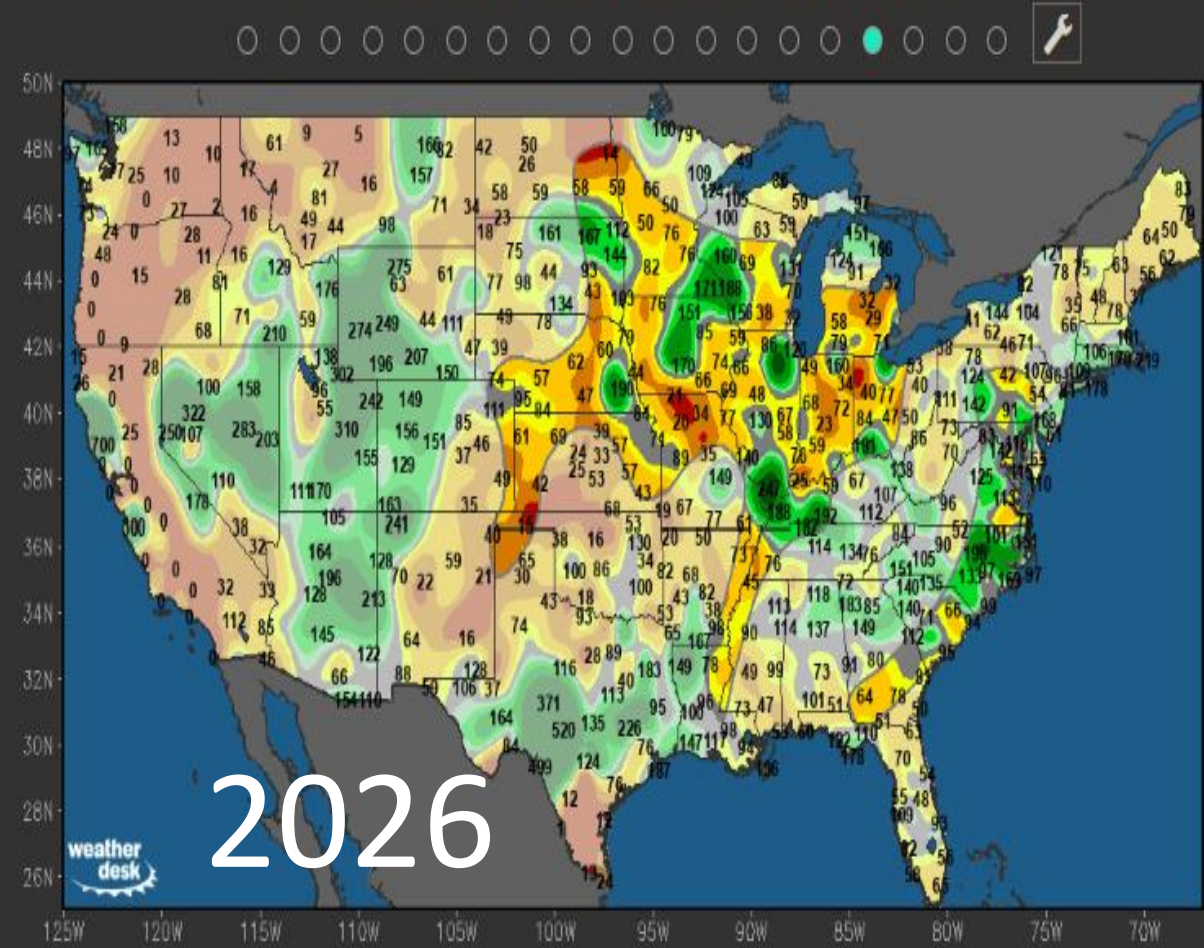


July Rainfall in 2025 and 2026

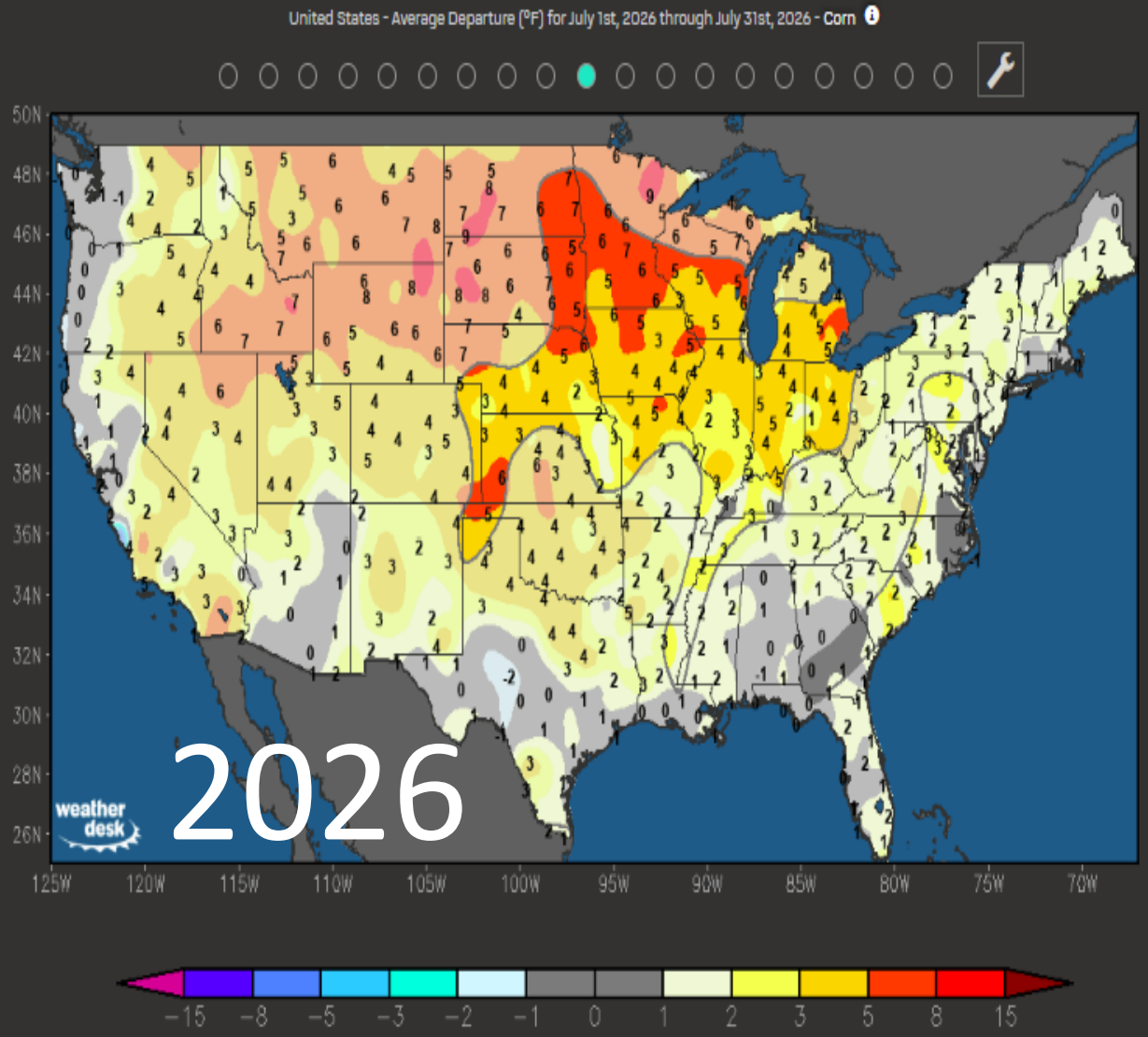
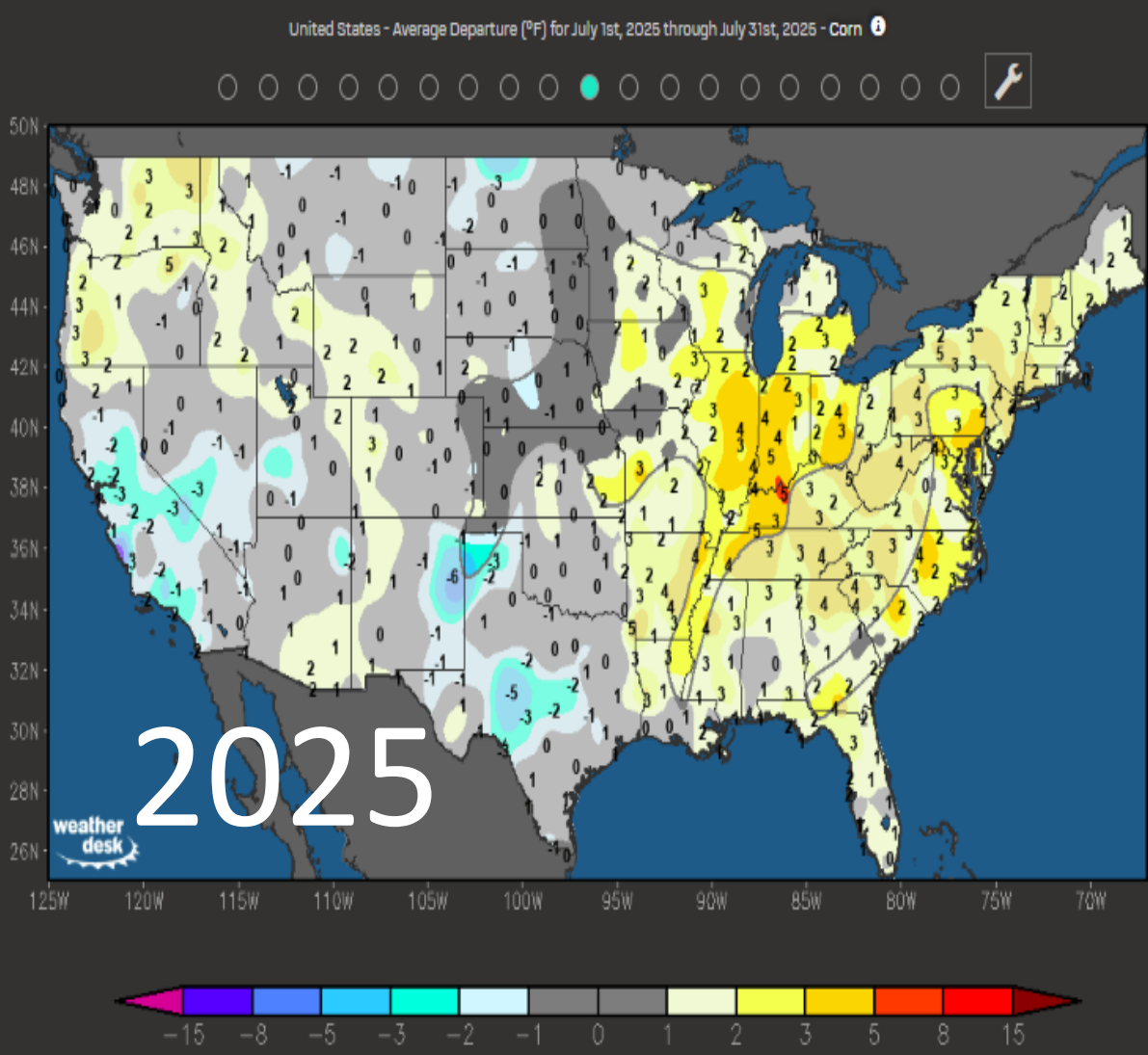
United States - % Normal Precipitation for July 1st, 2026 through July 31st, 2026 - Corn 6



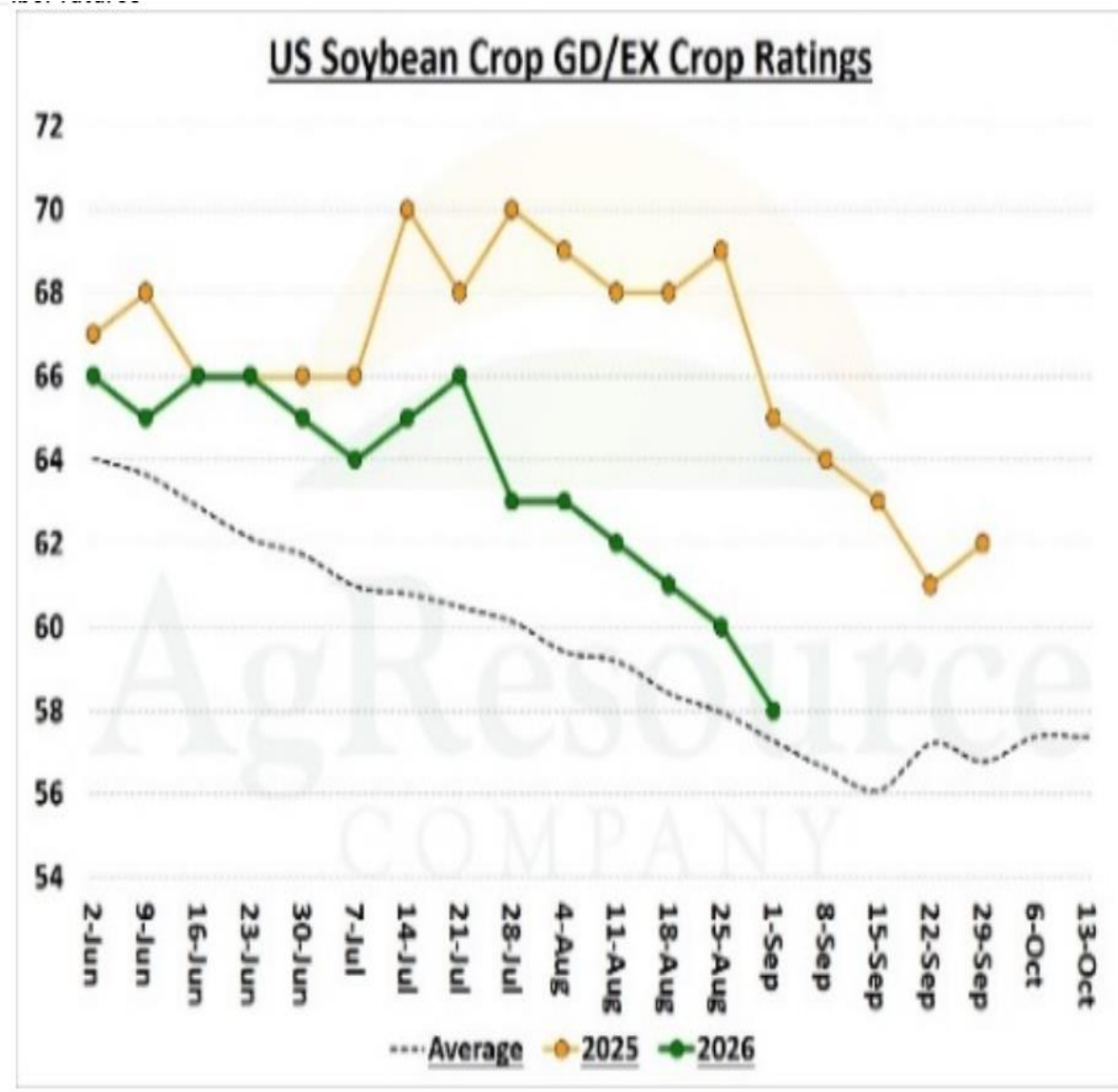
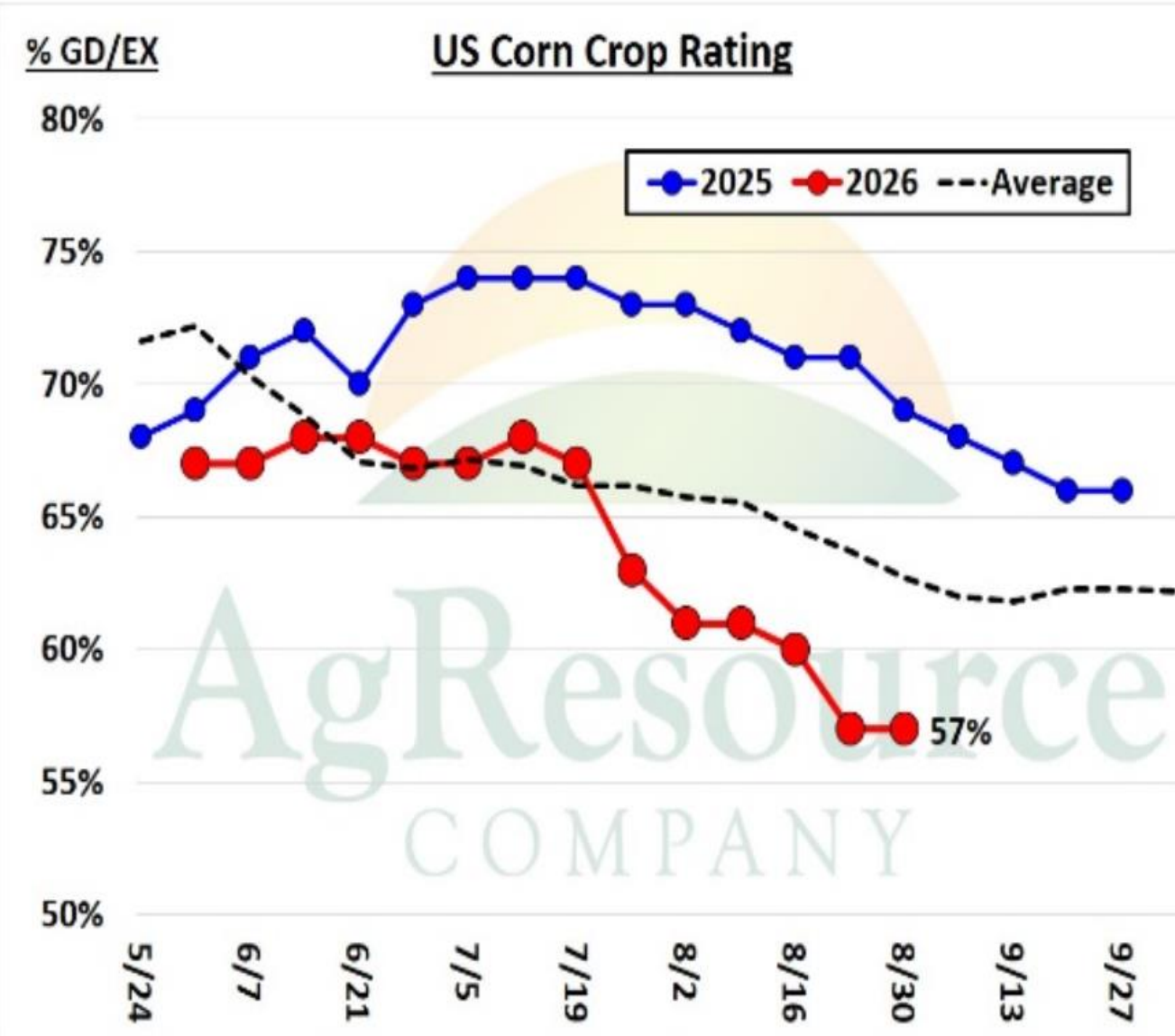
United States - % Normal Precipitation for July 1st, 2026 through July 31st, 2026 - Corn 6



Expansive Heat in 2026 vs 2025. Worrisome!



US Good/Excellent Crop Ratings Well Below Last Year

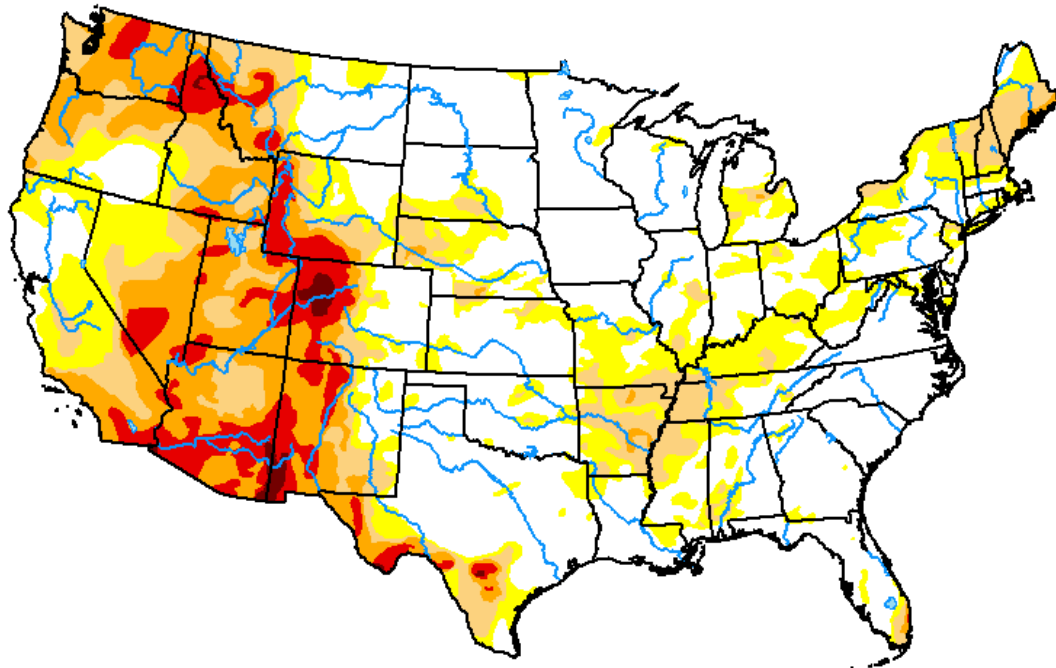


US Corn Yield of 176 BPA, 5 Year Average 178.6

Crop Year	Yield (Bushels/Acre)	Notable Highlights
2015	168.4	Strong midwestern yields set an early milestone.
2016	174.6	Ideal weather boosted production across the Corn Belt.
2017	176.6	Steady growth despite localized dry stretches.
2018	176.4	Consistent national average maintained.
2019	167.4	Yields dropped due to heavily delayed spring planting.
2020	172.0	Recovered despite the destructive August Midwest <i>derecho</i> .
2021	177.0	Favorable conditions supported a rebound.
2022	173.3	Yields fell short of trend due to severe summer droughts.
2023	177.3	Good late-season moisture in key states.
2024	179.3	A new national record at the time.
2025	186.5	Record-breaking year, driven by non-traditional growing regions.

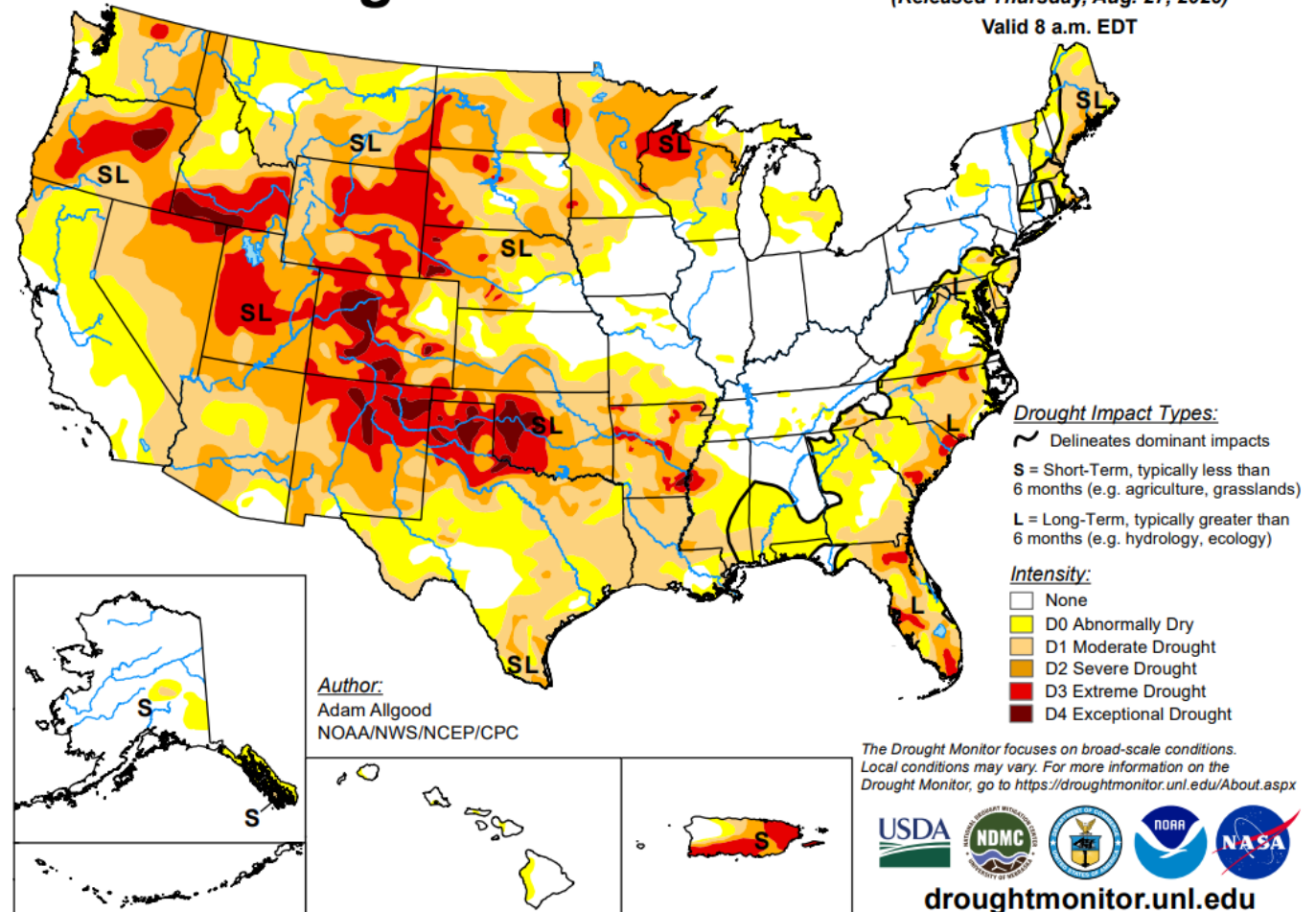
The Plains in 2025 and 2026 Made the Difference

August 26, 2025



U.S. Drought Monitor

August 25, 2026
(Released Thursday, Aug. 27, 2026)
Valid 8 a.m. EDT

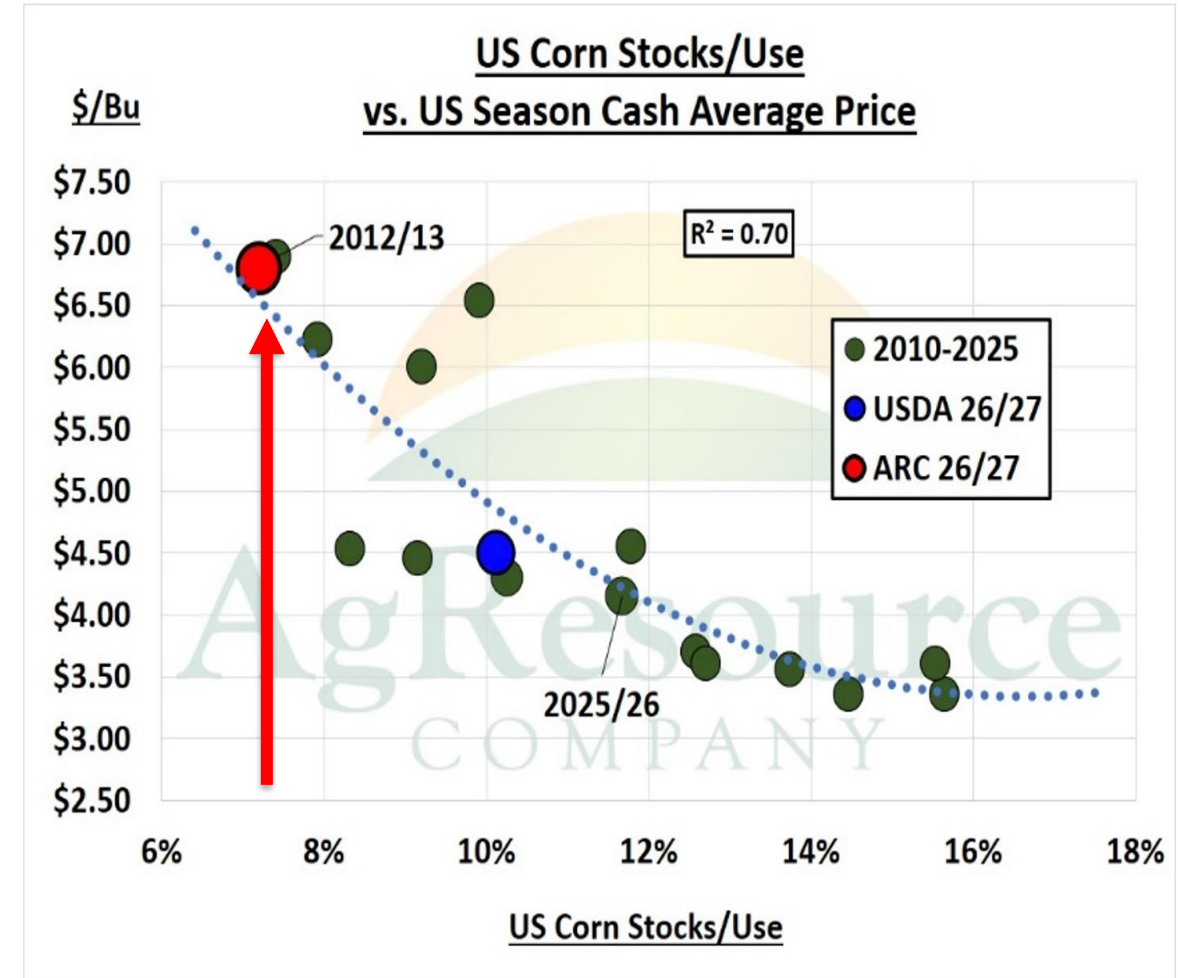
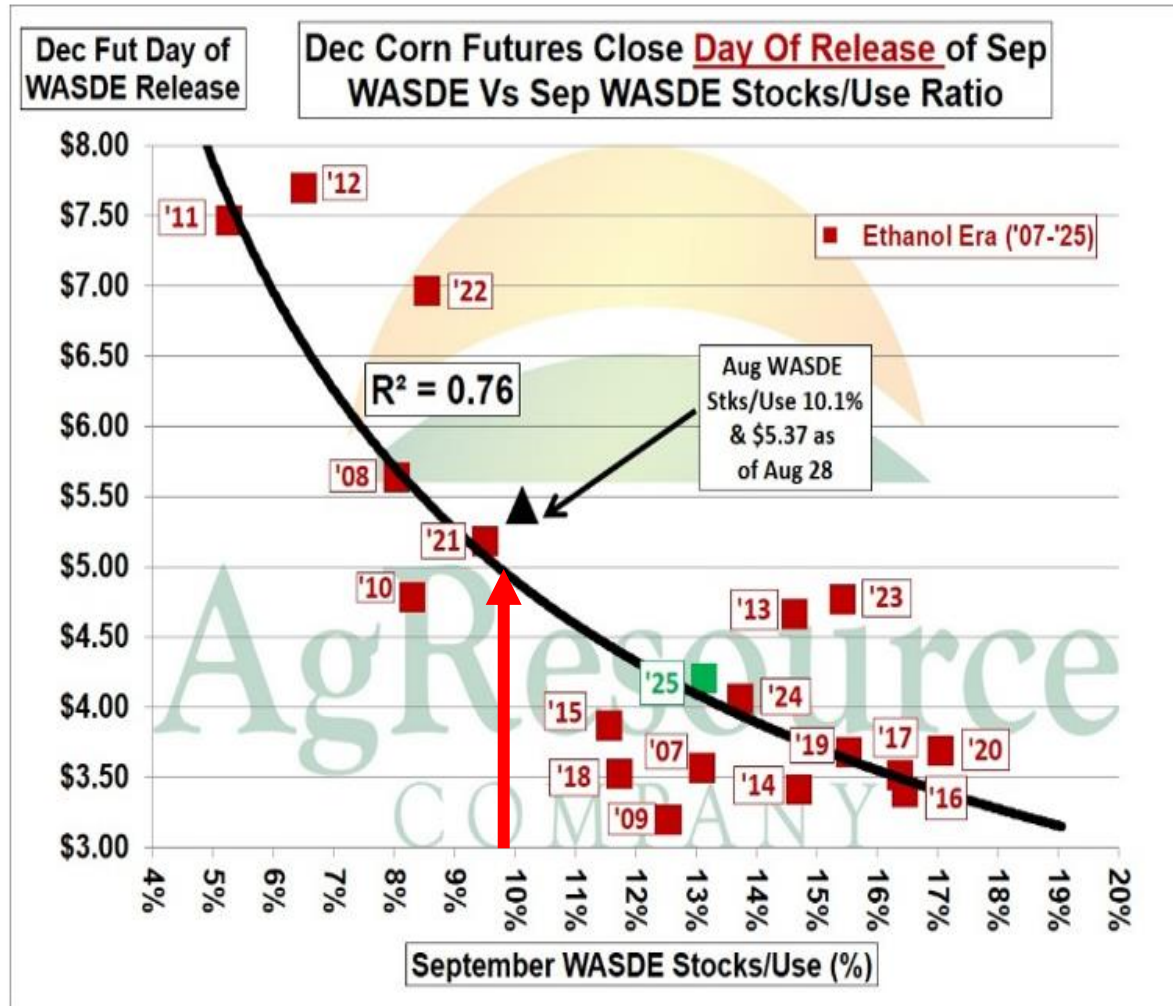


US 2026/27 Corn Stocks to fall to 1,300 Mil Bu!

CORN	2025/26	2025/26	2025/26	2026/27	2026/27	2026/27
	USDA Jul	USDA Aug	<u>ARC</u> Sep	USDA Jul	USDA Aug	<u>ARC</u> Sep
Mln Acres or Bushels						
Area Planted	98.8	98.8	98.8	95.3	96.7	96.4
Abandonment	7.6%	7.6%	7.6%	8.3%	8.4%	8.3%
Area Harvested	91.3	91.3	91.3	87.4	88.6	88.2
Yield	186.5	186.5	186.5	183.0	180.7	176.0
Production	17,021	17,021	17,021	16,000	16,013	15,520
Beginning Stocks	1,551	1,551	1,551	2,020	1,945	1,880
Imports	28	28	28	25	25	25
Supply, Total	18,600	18,600	18,600	18,045	17,983	17,425
Feed and Residual	6,350	6,350	6,350	6,100	6,100	5,950
Food, Seed, Industrial	6,905	6,905	6,905	6,955	6,955	6,980
Ethanol and by-products 1/	5,550	5,550	5,550	5,600	5,600	5,650
Food, Other Industrial 2/	1,300	1,300	1,300	1,325	1,325	1,300
Seed	30	30	30	30	30	30
Domestic, Total	13,255	13,255	13,255	13,055	13,055	12,930
Exports	3,325	3,400	3,465	3,200	3,275	3,300
Use, Total	16,580	16,655	16,720	16,255	16,330	16,230
Ending Stocks	2,020	1,945	1,880	1,790	1,653	1,195
Ending Stocks/Use (%)	12.2%	11.7%	11.2%	11.0%	10.1%	7.3%
Crop Insure Price (\$/Bu) 3/	4.70	4.70	4.70	4.70	4.70	4.70
PLC Price (\$/Bu) 4/	4.42	4.42	4.42	4.42	4.42	4.42
Avg. Farm Price (\$/Bu) 5/	4.15	4.15	<u>4.20</u>	<u>4.40</u>	<u>4.50</u>	6.80
Fut-Based Forecast (\$/Bu) 6/	---	---	4.25	---	---	4.70
Price Ratio: Corn/Soy (%) 7/	40%	40%	40%	42%	39%	44%

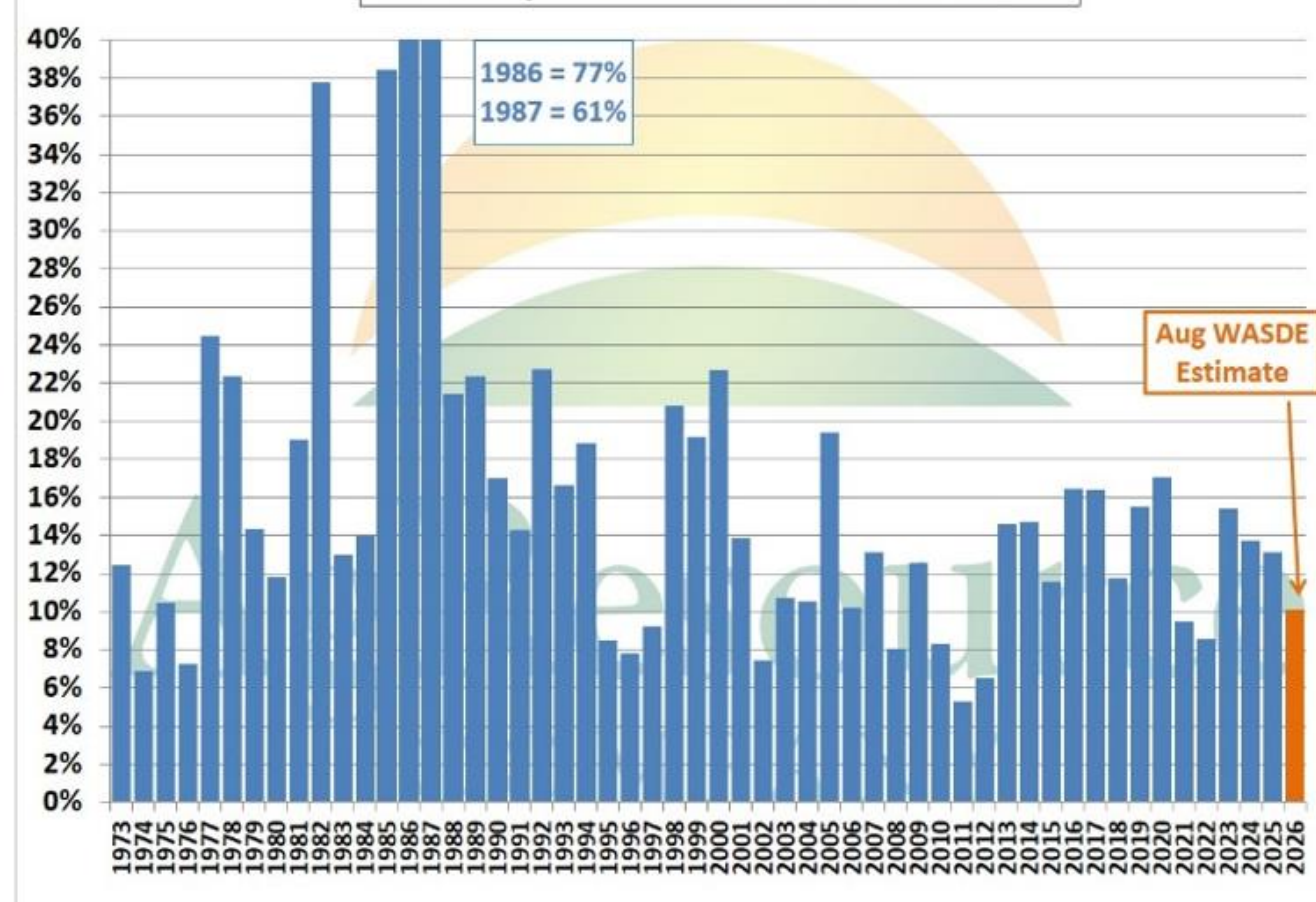
Corn Stocks/Use Price Modeling Forecasts \$6.80

Farmgate Cash Corn Price; Market Pricing 10%

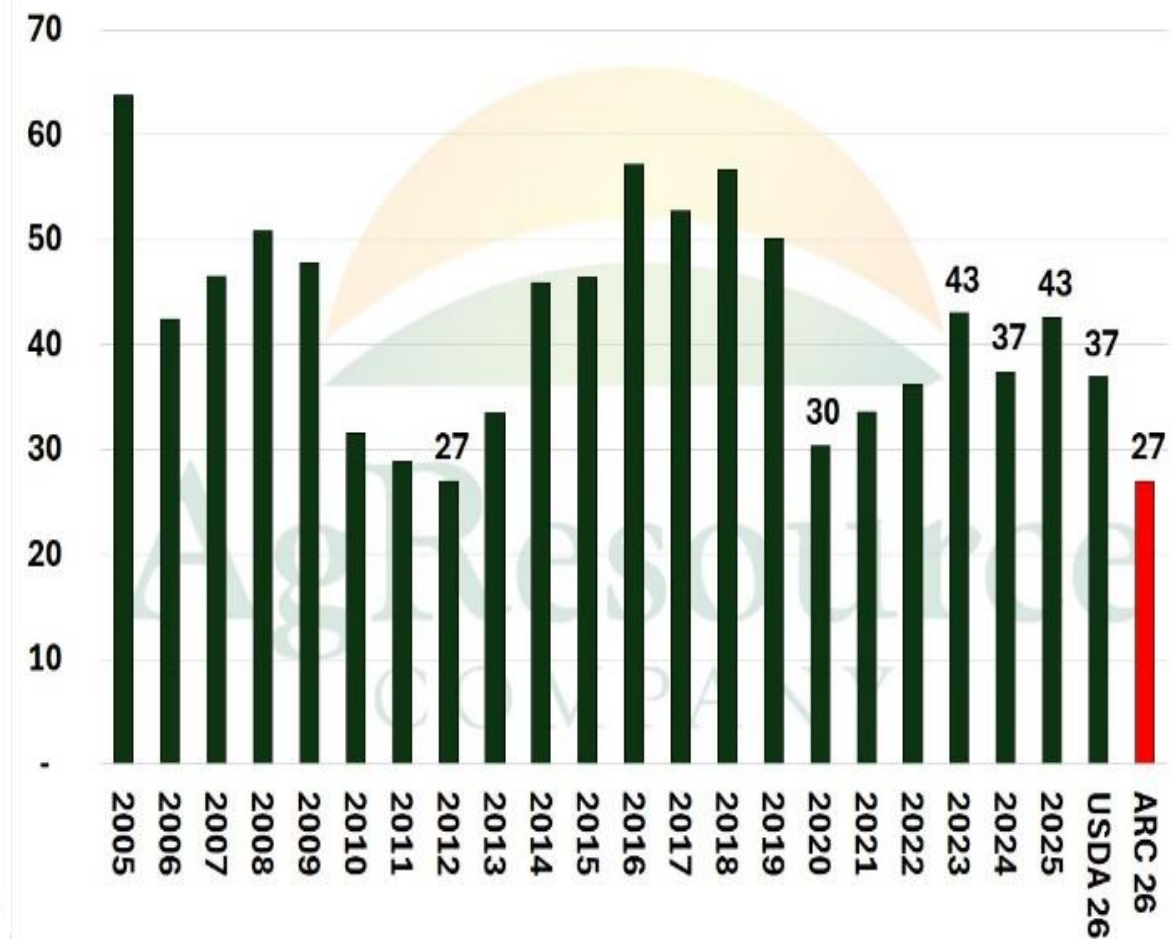


US Corn Stocks/Use Ratio Declining to the Lower End of History

USDA'S September Corn WASDE End Stks/Use



US Corn End Stocks in Days of Consumption



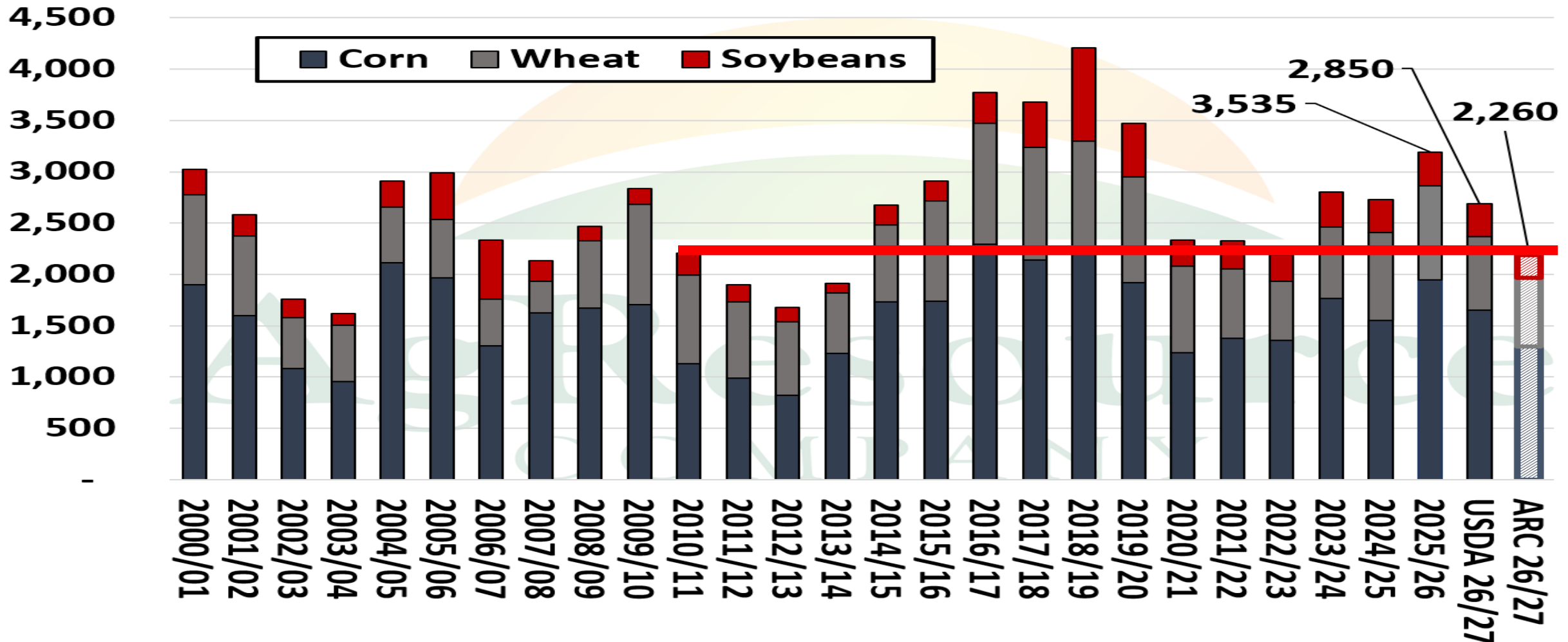
US 2026/27 Soybean Stocks Decline to 220 Mil Bu

SOYBEANS	2025/26 USDA Jul	2025/26 USDA Aug	2025/26 <u>ARC</u> Sep	2026/27 USDA Jul	2026/27 USDA Aug	2026/27 <u>ARC</u> Sep
Mln Acres or Bushels						
Area Planted	81.2	81.2	81.2	85.4	86.8	86.5
Abandonment (%)	1.0%	1.0%	1.0%	1.2%	1.2%	1.2%
Area Harvested	80.4	80.4	80.4	84.4	85.8	85.5
Yield	53.0	53.0	53.0	53.0	52.7	52.0
Production	4,262	4,262	4,262	4,475	4,519	4,445
Beginning Stocks	342	325	325	330	325	315
Imports	25	25	25	25	25	25
Supply, Total	4,629	4,612	4,612	4,830	4,869	4,785
Crushings	2,650	2,655	2,655	2,750	2,780	2,780
Exports	1,520	1,520	1,530	1,660	1,660	1,700
Seed	74	75	75	72	73	73
Residual	38	37	37	38	37	37
Use, Total	4,282	4,287	4,297	4,520	4,549	4,590
Ending Stocks	347	325	315	310	320	195
Ending Stocks/Use (%)	8.1%	7.6%	7.3%	6.9%	7.0%	4.8%
Crop Insure Initial Price (\$/Bu) 1/	10.54	10.54	10.54	11.09	11.09	11.09
PLC Price (\$/Bu) 2/	10.71	10.71	10.71	10.71	10.71	10.71
Avg. Farm Price (\$/Bu) 3/	10.40	10.40	10.40	11.40	11.40	13.35
Futures-Based Forecast (\$/Bu) 4/	---	---	10.50	---	---	11.40
Price Ratio: Soy/Corn (%) 5/	251%	251%	248%	253%	193%	226%

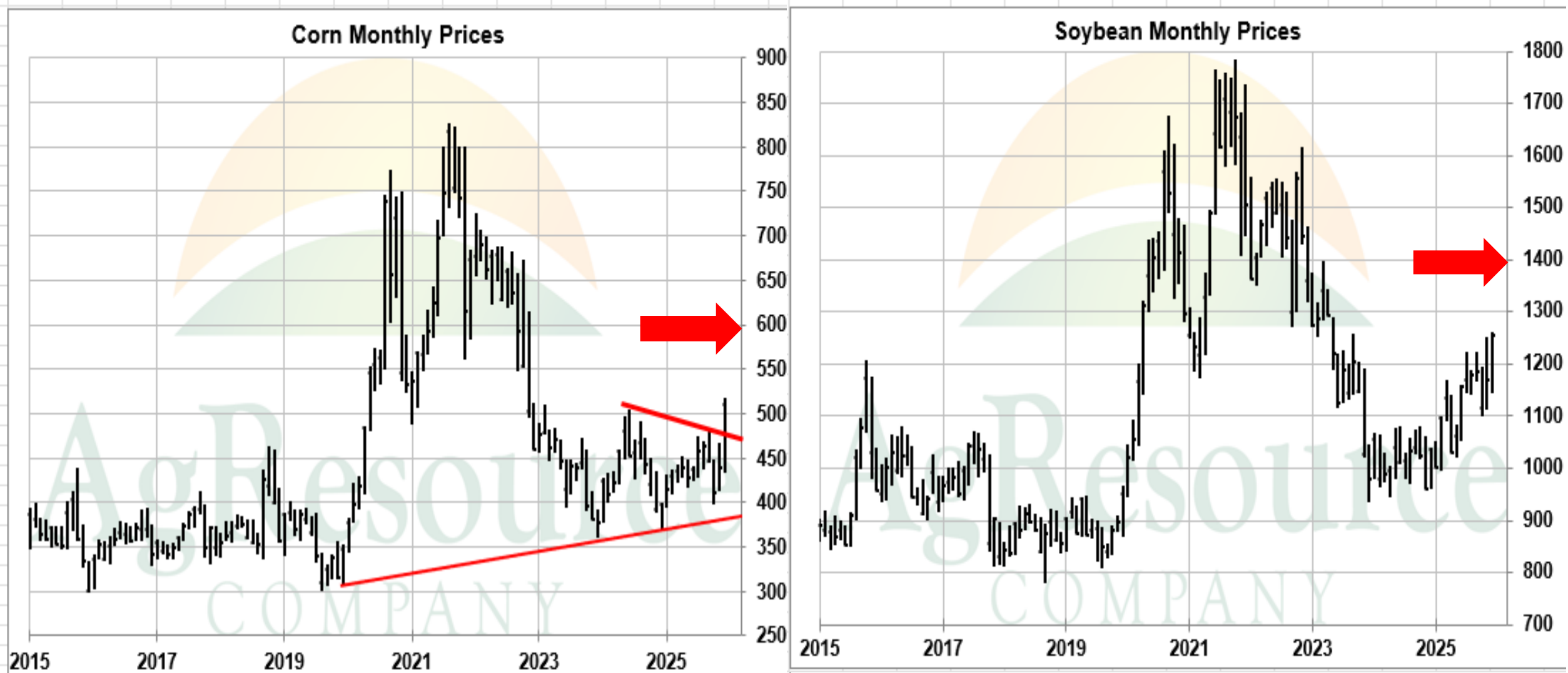
US Combined Corn/Soybean/Wheat Stocks

Mil Bu

US Major Crop Stocks



US Spot Corn to \$6.00 and Spot Soybeans to \$14.00

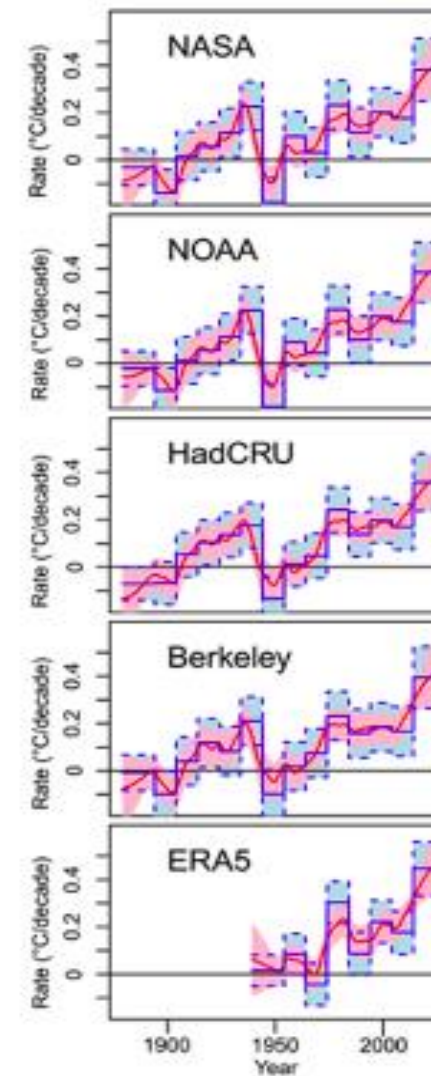
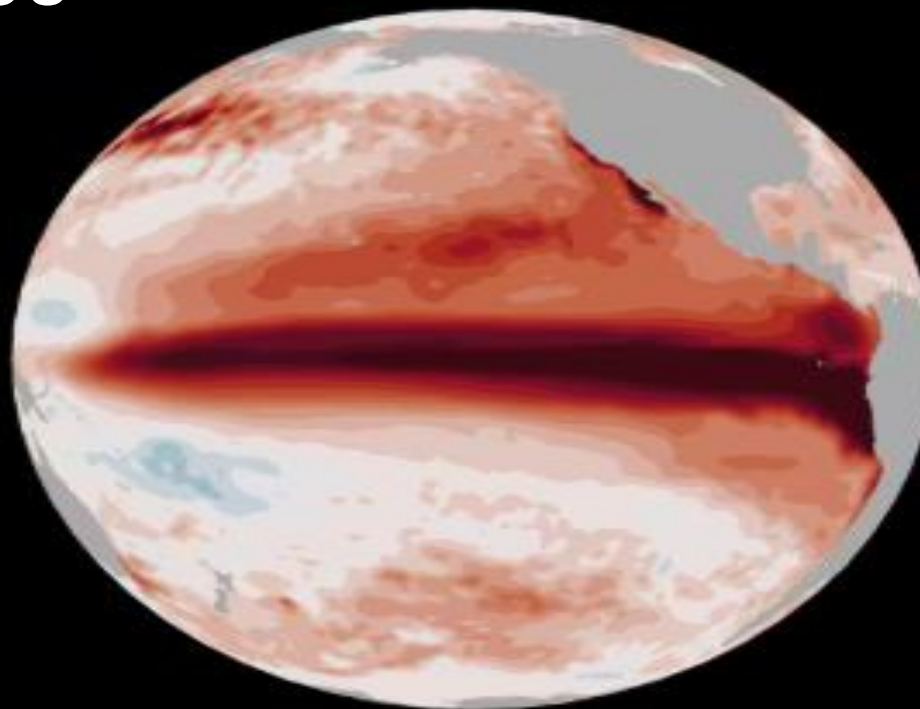
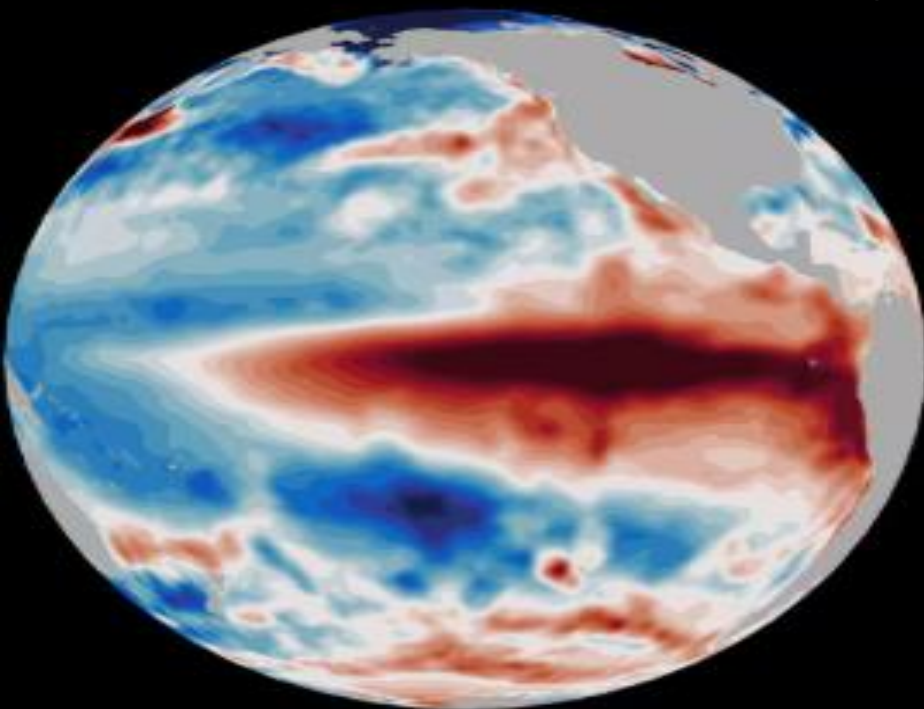


Super El Niño

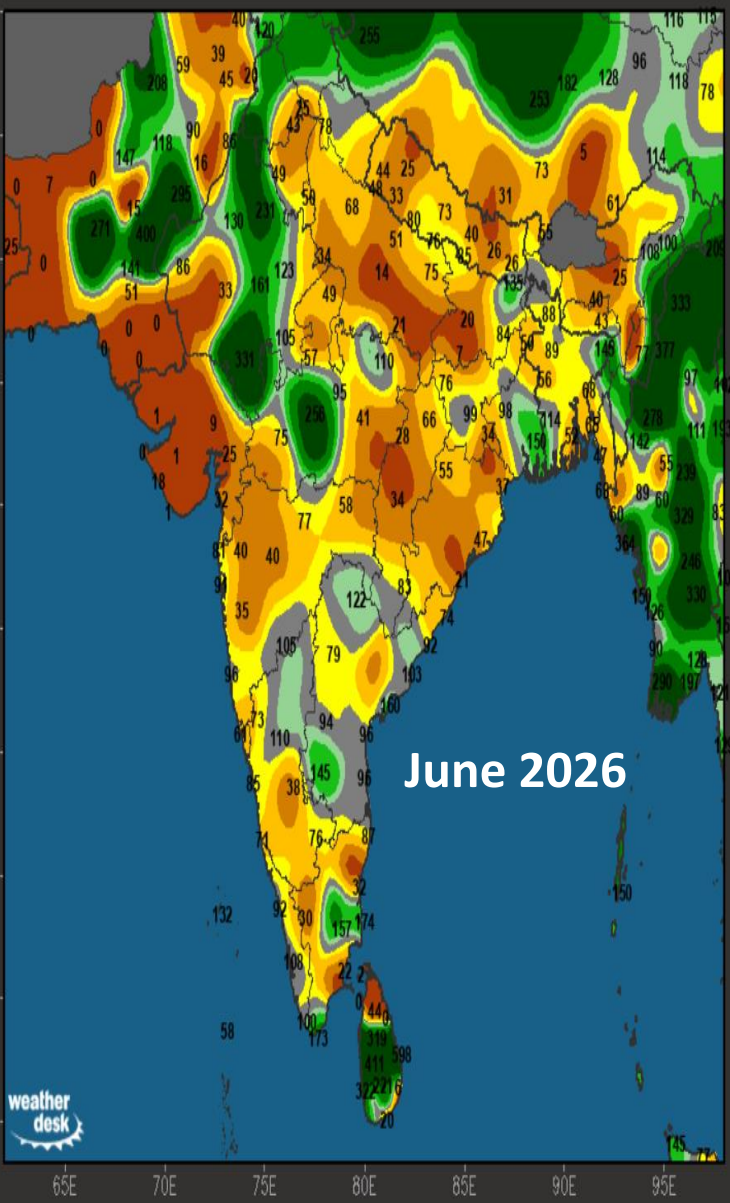
1877

+4.00

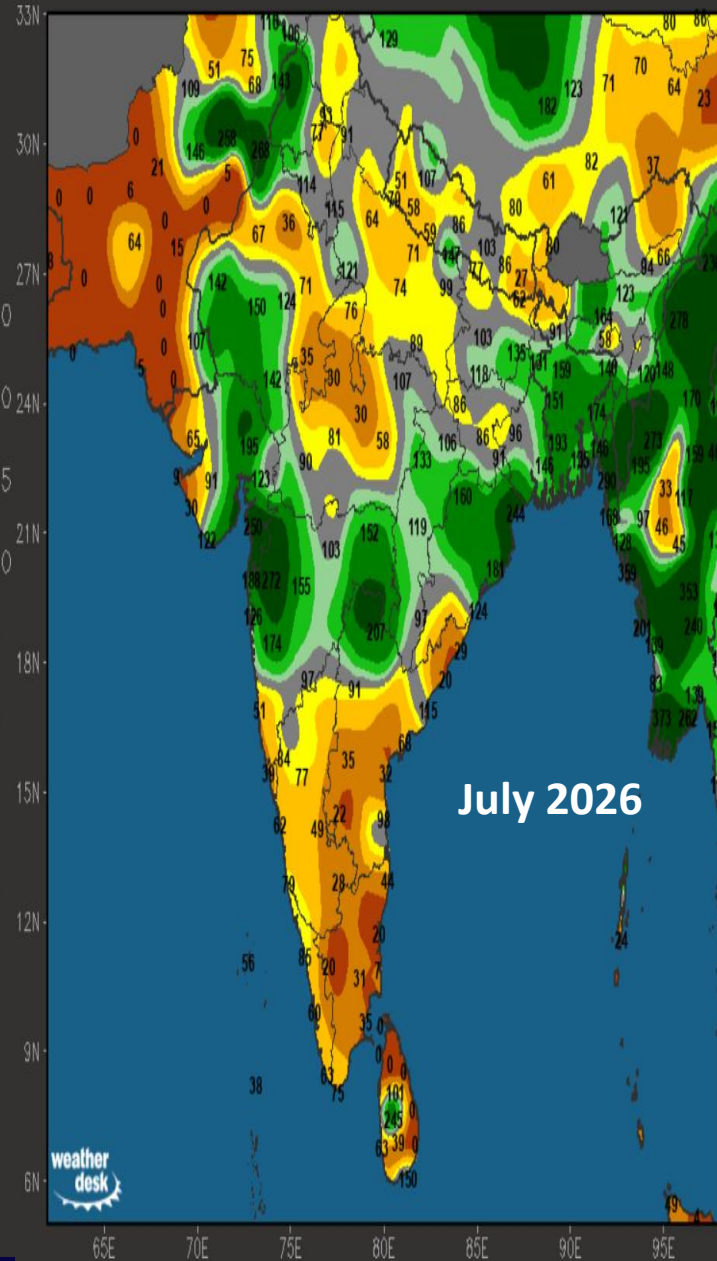
2026



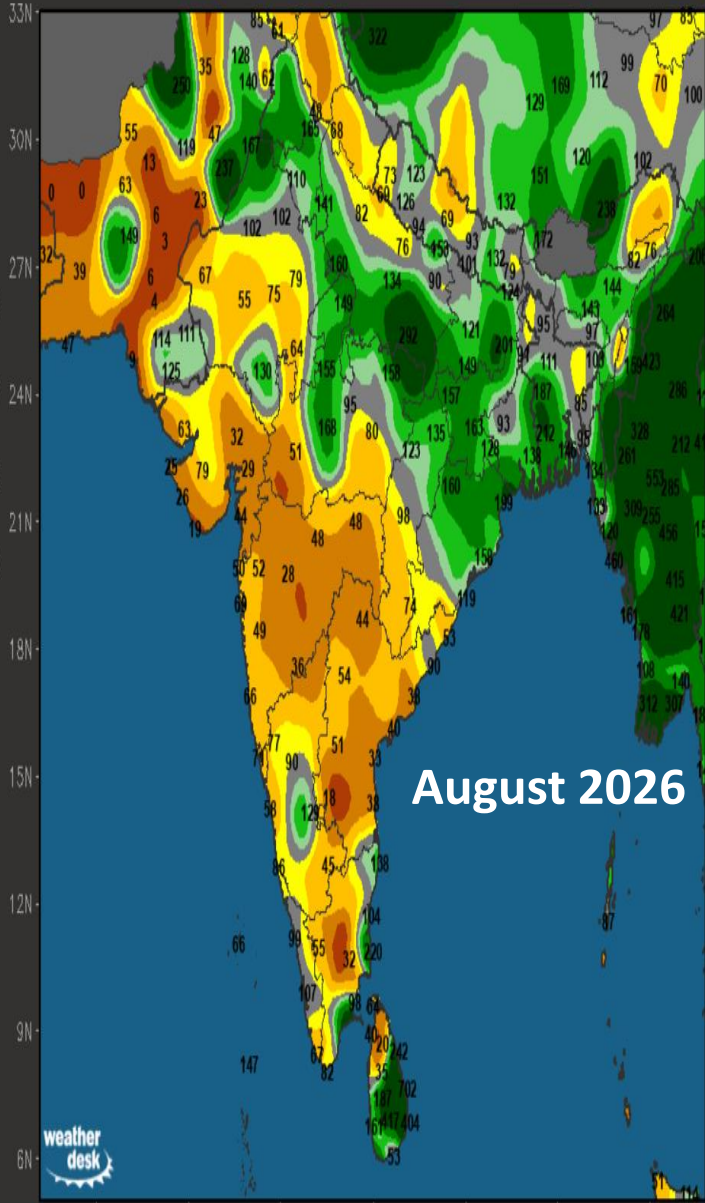
India - % Normal Precipitation for June 1st, 2026 through June 30th, 2026



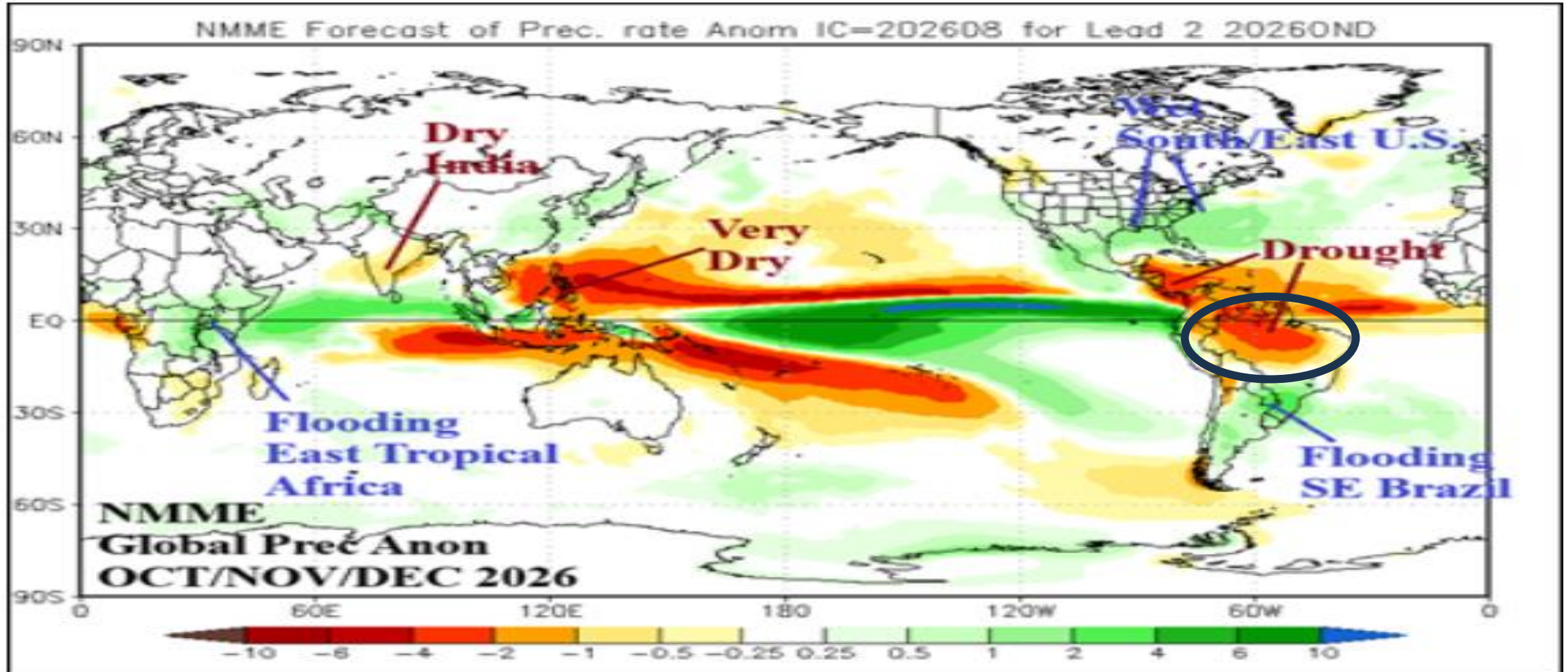
India - % Normal Precipitation for July 1st, 2026 through July 31st, 2026



India - % Normal Precipitation for August 1st, 2026 through August 31st, 2026

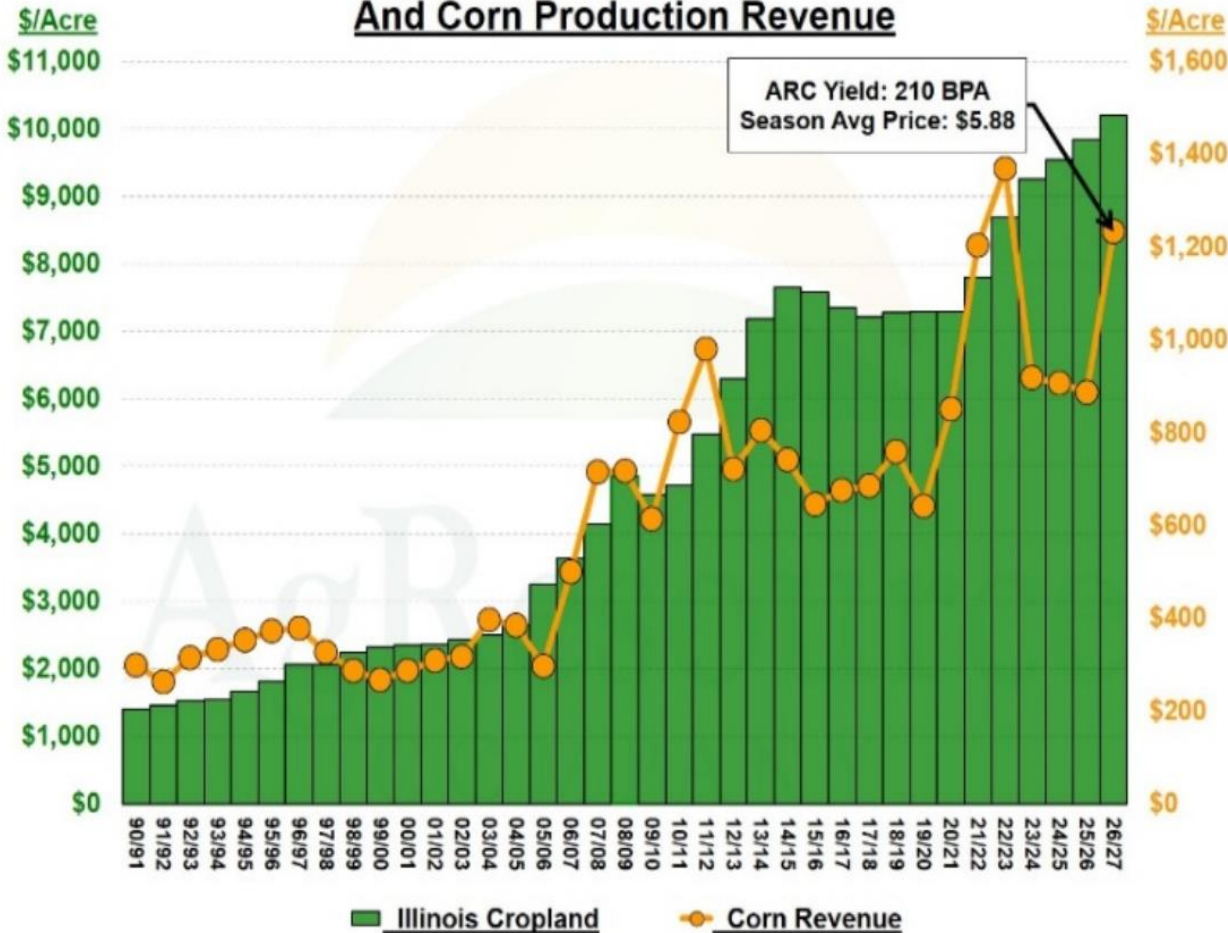


Enduring the Impact of El Niño Already: Drought in Northern Brazil and Flooding Across the South?

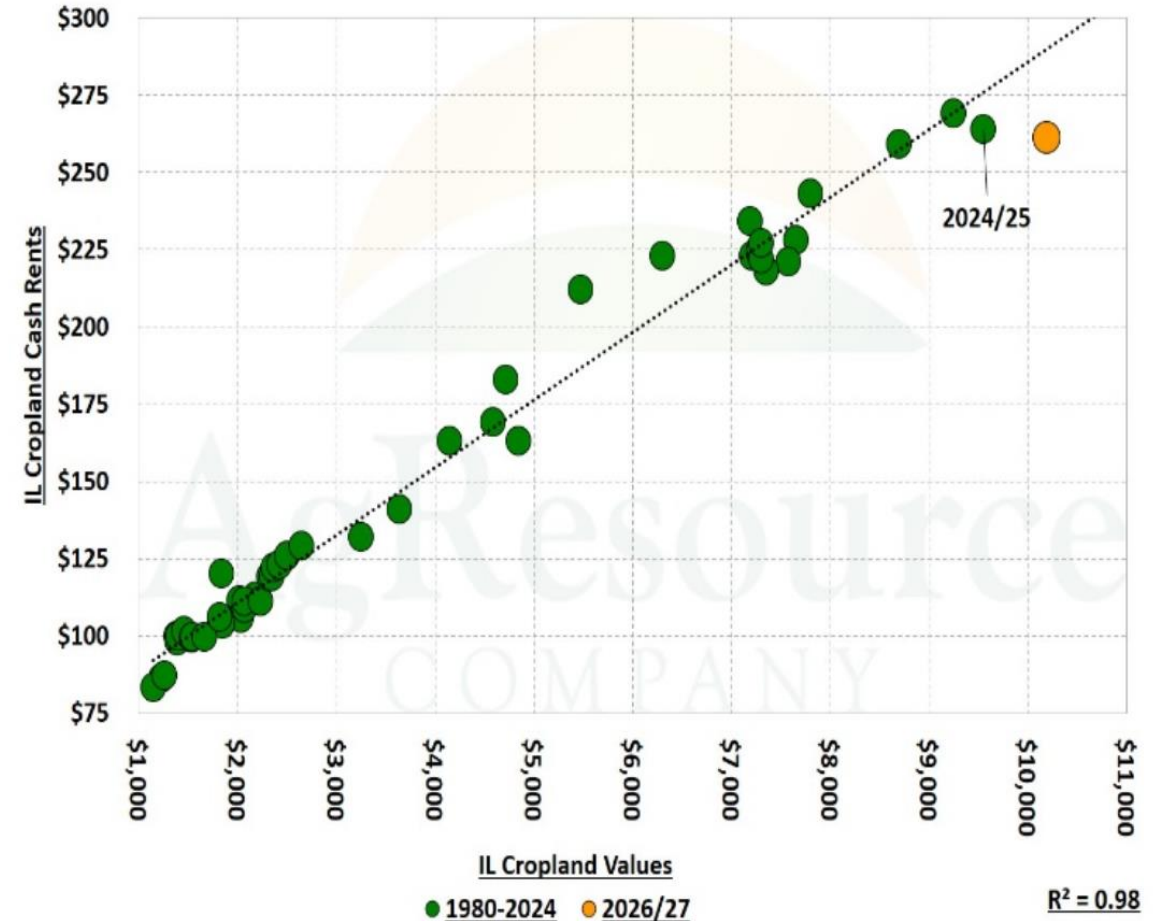


Corn Revenue to Support New High Illinois Farmland Price/Land Rents; Interest Rate Worry

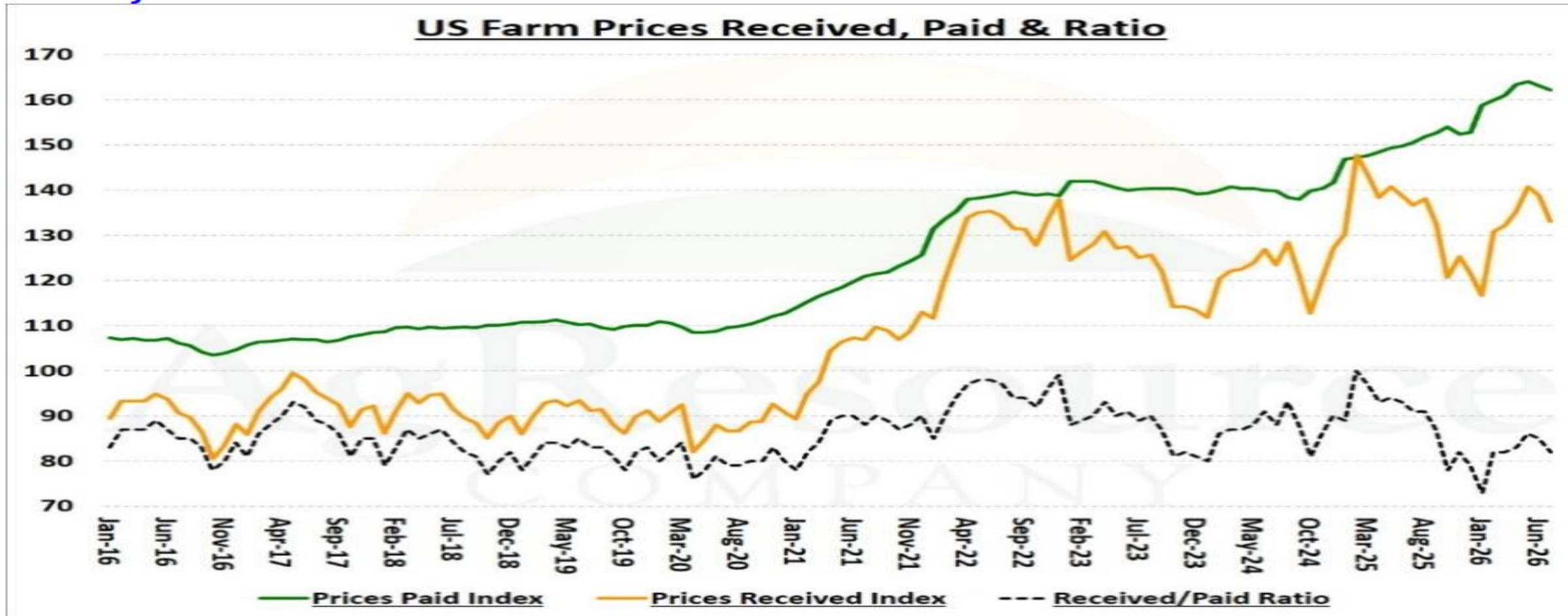
**Illinois Average Cropland Value
And Corn Production Revenue**



Illinois Average Cash Rent and Cropland Value



US farmers are struggling with high input costs, but help is on the way.



**It's not enough to know the news.
You need to trust the analysis.**

Thank You