Agricultural Markets Review

from Nationwide Economics

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Ag News Highlights

Farm bill expiration raises uncertainty

The 2018 Farm Bill extension expired September 30 without a replacement, creating uncertainty for U.S. farmers. The law covers commodity support, conservation, crop insurance, credit, research, trade, rural development and nutrition.

The expiration is not an immediate shutdown. The 2025 budget reconciliation law extended major programs, including Agriculture Risk Coverage and Price Loss Coverage, through 2031. Crop insurance is permanently authorized, while disaster assistance and farm lending operate under separate authorities. Existing conservation contracts and approved obligations can continue.

But the exposure is uneven. Programs without continuing authority may face delays or enrollment limits, including new Conservation Reserve Program contracts. Trade, research, rural-development, bioenergy and specialty-crop programs are also more vulnerable.

A more significant deadline arrives January 1, 2027. Without a new bill or extension, selected commodity authorities could revert to permanent law, with dairy first. Prospects for a bill before that deadline are material: the House passed H.R. 7567 in April, the Senate Agriculture Committee advanced its measure in September, and committee leaders say they want bipartisan negotiations completed by year-end, potentially after the midterm elections. But major differences remain and no final bill exists. For farmers and lenders, the near-term risk is less an immediate loss of benefits than increased uncertainty for 2027 planning. (USDA)(Congress.gov)

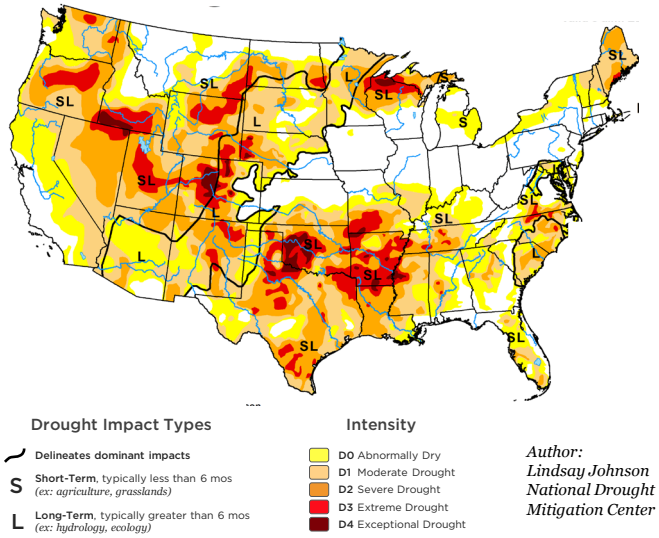
Real farm margins under pressure

USDA's latest farm income forecast offers a mixed picture for 2026. Net farm income is projected at $158.4 billion, down 2.6 percent from 2025 in nominal terms and 5.5 percent after inflation. Net cash farm income is forecast to edge up 0.4 percent nominally but fall 2.5 percent after inflation. Crop receipts are expected to rise 6.1 percent, supported by corn and soybean gains, while animal-product receipts are projected to fall 5.4 percent.

Stronger crop receipts don't fully offset weaker livestock returns, and higher production expenses continue to limit the benefit of improved revenue. This combination leaves producers with less room for debt service, capital spending and working-capital needs. Even with higher government payments, operators may remain cautious on equipment replacement or land purchases as year-end approaches. Overall, the latest forecast indicates continued real margin pressure despite higher market prices heading into 2027. (USDA)

Drought Monitor

The Drought Monitor has seen only minor changes since last month. Drought conditions have eased mildly in parts of the mid- and northern Plains, and there has been a small reduction in drought intensity throughout the western half of the country. There are few changes elsewhere.



Author: Lindsay Johnson National Drought Mitigation Center

Commodity Prices

Monthly average, September 2026

	Average Price	1-Month Change	3-Month Change	12-Month Change
Corn[1]	$4.96	9%	24%	28%
Cotton, Upland[3]	$0.80	-2%	11%	24%
Soybeans[1]	$12.91	7%	16%	31%
Wheat (winter)[1]	$6.78	10%	15%	45%
Cattle, All Beef[2] (Aug. 2026)	$231.00	-6%	-8%	-2%
Hogs[2]	$83.64	-9%	-8%	-17%
Milk[2] (Aug. 2026)	$19.80	-2%	-7%	-5%
Broilers[3]	$1.16	-1%	-6%	0%
Eggs[4]	$0.66	-36%	30%	-72%
Crude Oil[5*] *West Texas Intermediate*	$97.31	16%	-15%	52%
Diesel Fuel[6*] *U.S. City Average*	$6.29	15%	25%	68%

Table Footnotes

[1] $ per bushel
[2] $ per hundredweight (CwT)
[3] $ per pound
[4] $ per dozen
[5] $ per barrel
[6] $ per gallon

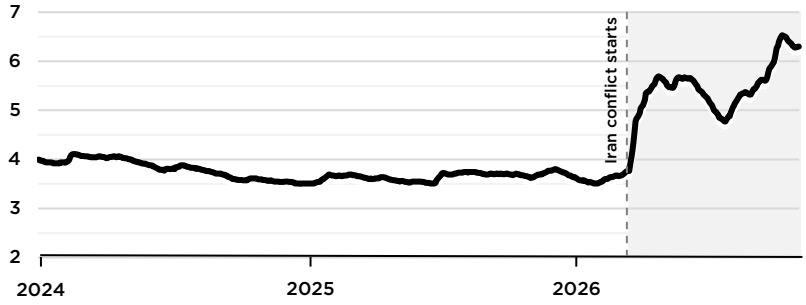
Harvest advances as high diesel costs squeeze margins

2026 harvest season update

Harvest operations have advanced sharply, with corn 33 percent harvested and soybeans at 46 percent as of October 11, but both remained below the five-year average. Near-record diesel prices, which are $2.50 per gallon above pre-war levels, are adding to harvest costs and margin pressure.

U.S. retail diesel prices

U.S. dollar per gallon





Source: Energy Information Administration

The USDA's most recent Crop Progress report shows harvest moving forward across the major row crops, although both corn and soybeans remain behind their five-year averages. Across the selected 18 states, which represent 93 percent of 2025 U.S. corn harvested acreage, corn harvest reached 33 percent as of October 11. That was up 10 percentage points from the prior week, but 6 points behind the five-year average of 39 percent. Corn maturity reached 91 percent, equal to the five-year average, indicating nearly all of the remaining crop is within the harvest window.

Soybean harvest advanced more rapidly, reaching 46 percent in the selected states as of October 11, up 21 points from the previous week. Even with that sharp weekly gain, the pace was 4 points below the five-year average of 50 percent. Soybeans dropping leaves reached 92 percent, compared with a five-year average of 94 percent, suggesting fieldwork is progressing near the historical pace. The report does not provide a valid year-ago comparison for corn or soybeans: USDA canceled the corresponding Crop Progress reports in October and November 2025 because of the federal funding lapse during the shutdown. The five-year average, which uses imputed 2025 estimates, is therefore the most consistent benchmark available this week.

Winter wheat planting has also accelerated. Producers had planted 51 percent of the crop intended for next year's harvest, up from 36 percent the prior week but 7 points behind the five-year average of 58 percent. Emergence stood at 27 percent, compared with a five-year average of 32 percent. Planting progress remains uneven by state, with some central and northern Plains states farther along and several eastern states still catching up. Timely planting could be impactful for establishment and yield potential as the fall weather window narrows.

The cost of completing this year's harvest is substantially higher than a year ago. EIA's U.S. on-highway diesel price reached a record $6.53 per gallon on September 21 and was still $6.30 on October 13. The October 13 price was 72 percent above the year-earlier level, and this measure has hovered between 70 and 80 percent for about a month.

The rise in diesel prices affects more than just combine costs. The American Farm Bureau Federation estimates that a $2.60-per-gallon increase in farm diesel adds about $7.98 per acre to harvest-related diesel costs for corn and $3.56 per acre for soybeans. Using an example of a 279-acre corn farm, this would represent $2,227 in additional harvest fuel expense, before accounting for grain hauling, drying, labor, repairs or other indirect costs. Actual impacts will vary with crop moisture, field conditions, equipment efficiency, hauling distance and custom-hire arrangements, but this represents another hit to farm incomes in 2026.

(USDA) (AFBF)

EIA Energy Forecast

	2026 (Sept)	2026[1]	2027[1]
West Texas Crude (per barrel)	$97.31	$94.00	$68.00
Diesel Fuel (retail $ per gallon)	$6.29	$5.34	$4.11
Natural Gas (per million Btu)	$2.95	$3.50	$3.90

[1] Forecast prices are an average for the month of December

Source: U.S. Energy Information Administration

Glossary

Acronyms/Terminology

USDA – United States Department of Agriculture

Hundredweight – Refers to a unit of 100 pounds in the U.S. and Canada

Data Sources

Commodities excluding beef and milk – Haver Analytics and The Wall Street Journal

Beef and milk – Haver Analytics and the U.S. Department of Agriculture (Prices received by farmers)

Drought Monitor – National Drought Mitigation Center, http://droughtmonitor.unl.edu/

Additional information sources

CoBank Knowledge Center – www.cobank.com/Knowledge-Exchange.aspx

USDA Economic Research Service – www.ers.usda.gov

USDA Price & Import/Export Forecasts – USDA Economic Research Service Publications

Association of Equipment Manufacturers – www.aem.org/agriculture/

Agriculture Commodity Prices - http://www.cnbc.com/agricultural-commodities/

Livestock Commodity Prices - http://www.cnbc.com/livestock-commodities/

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