Food & Agricultural Policy Research Institute
University of Missouri

U.S. and Global Agricultural Market Outlook

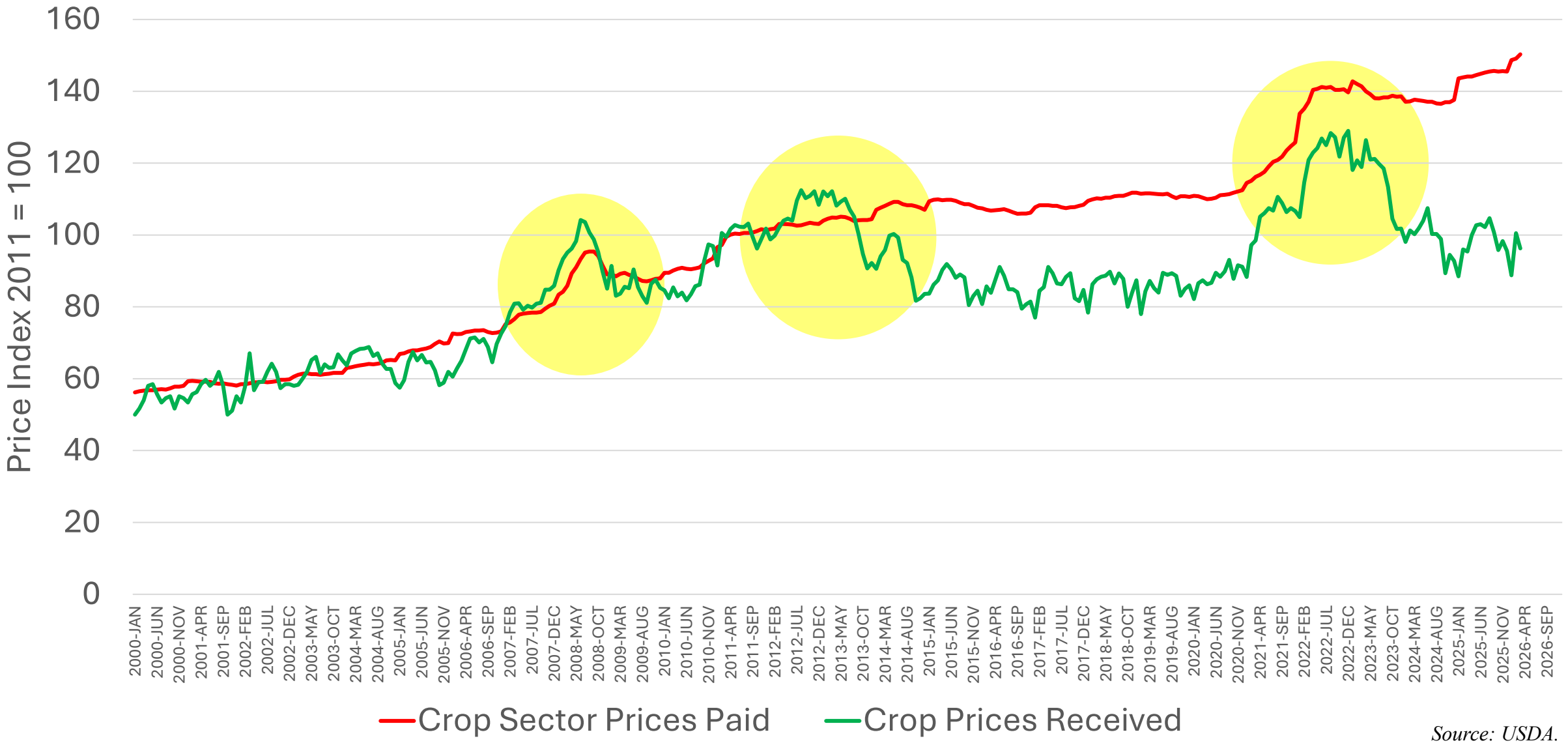
Seth Meyer and Wyatt Thompson

Presented at the Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries, Tokyo, Japan

June 5, 2026

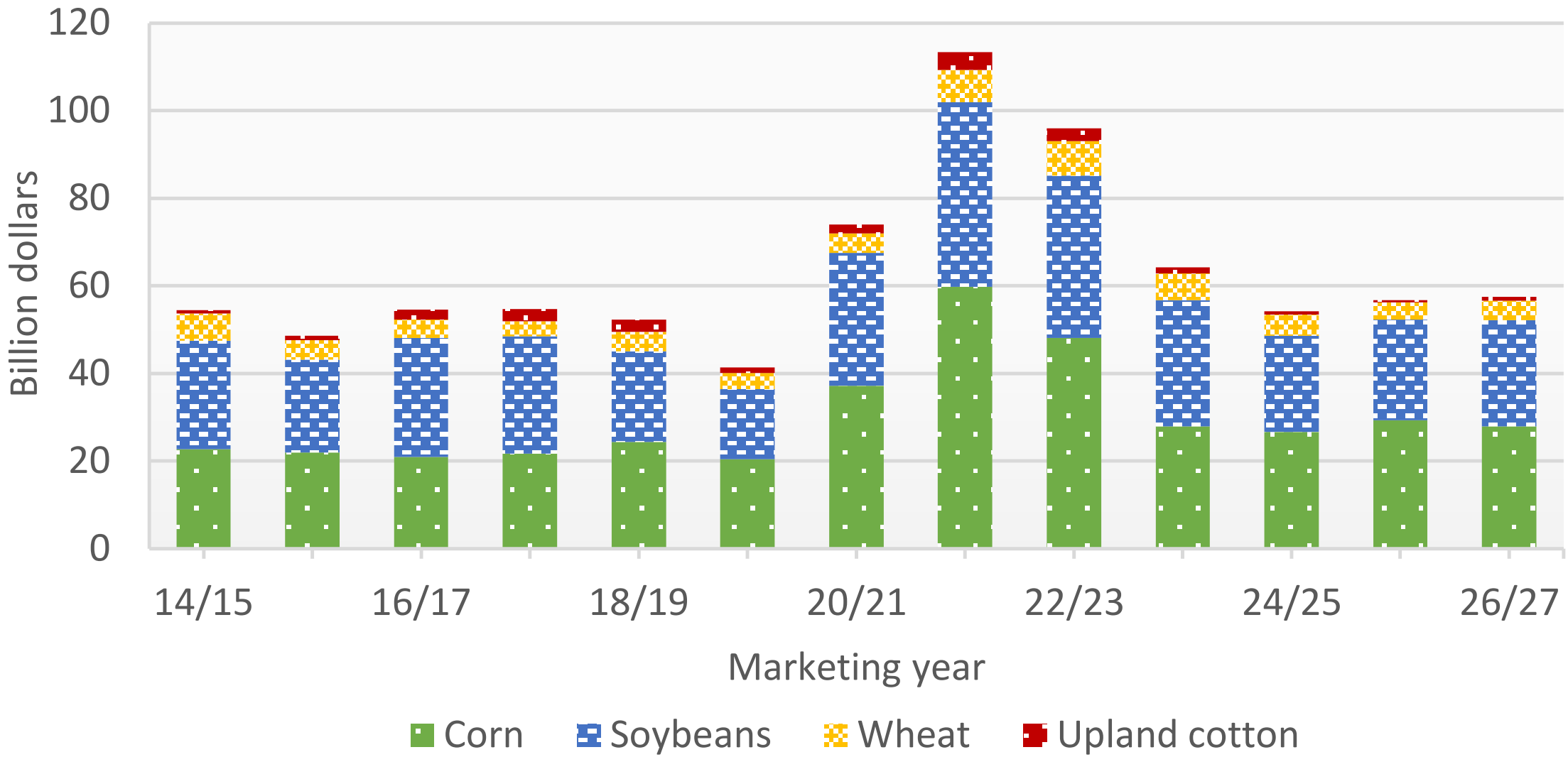
Output and Input prices for Crop Producers

2011 = 100



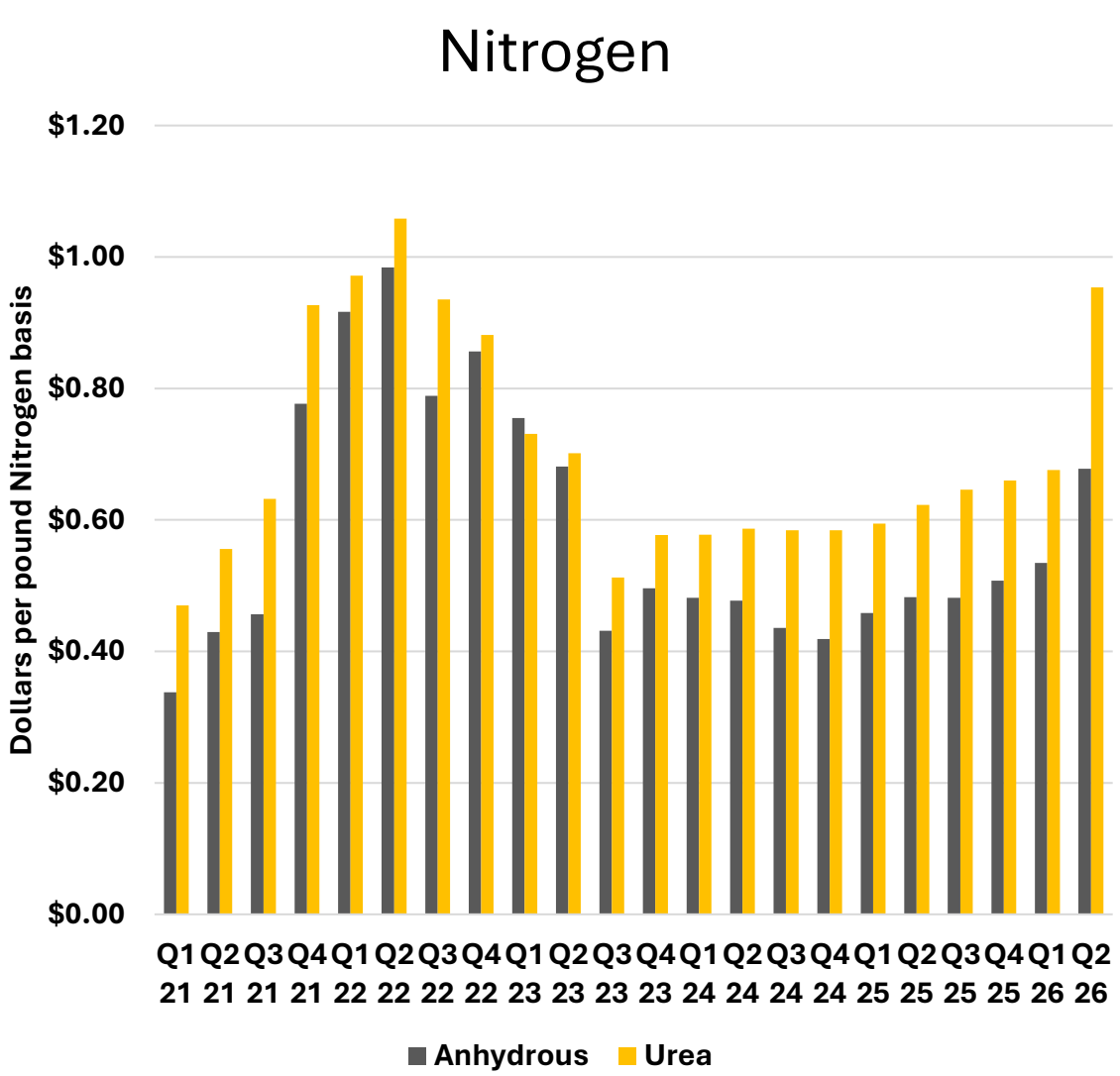
Source: USDA.

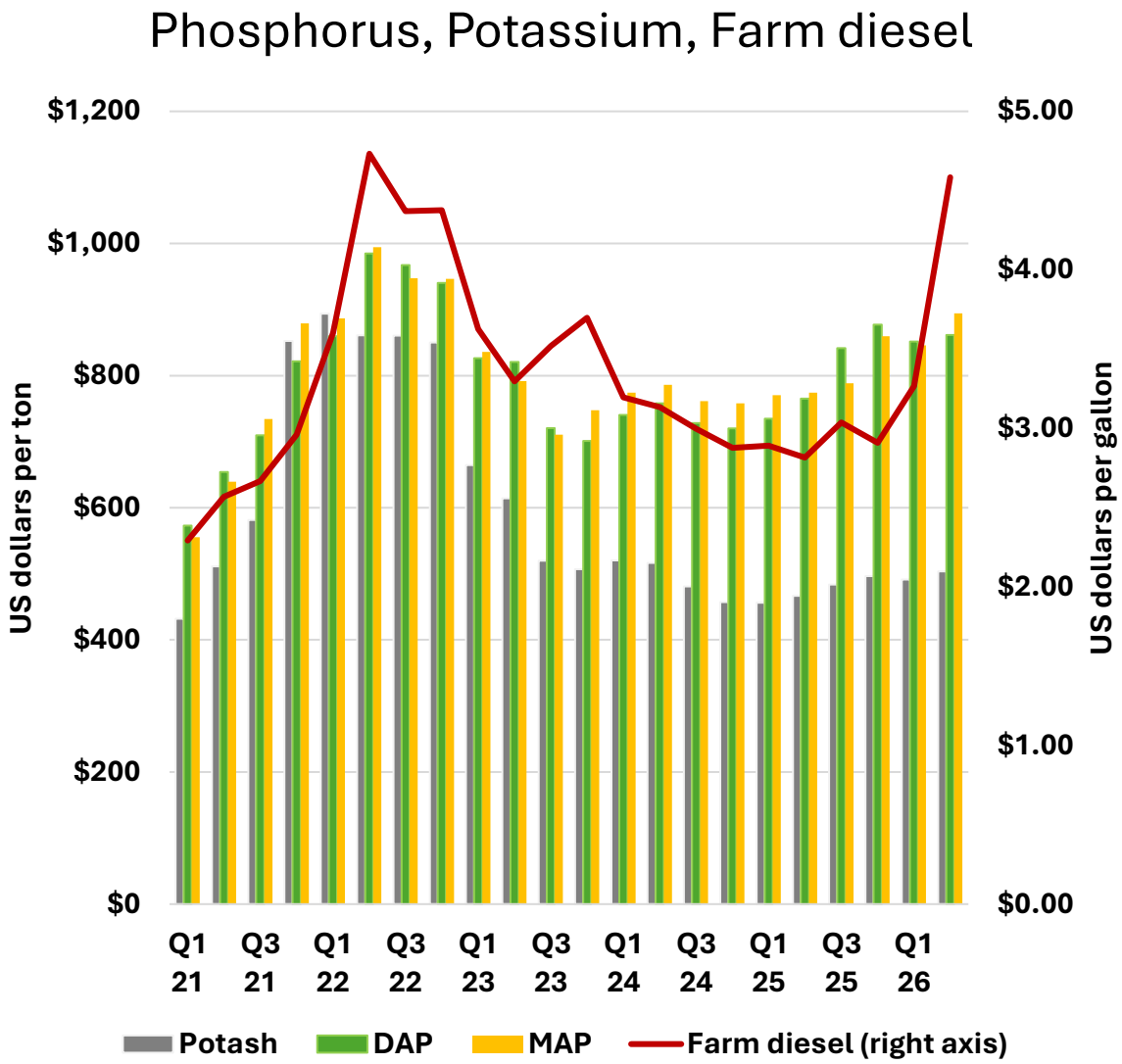
Crop net returns decline from recent peaks



Sources: USDA historical data and FAPRI-MU projections.

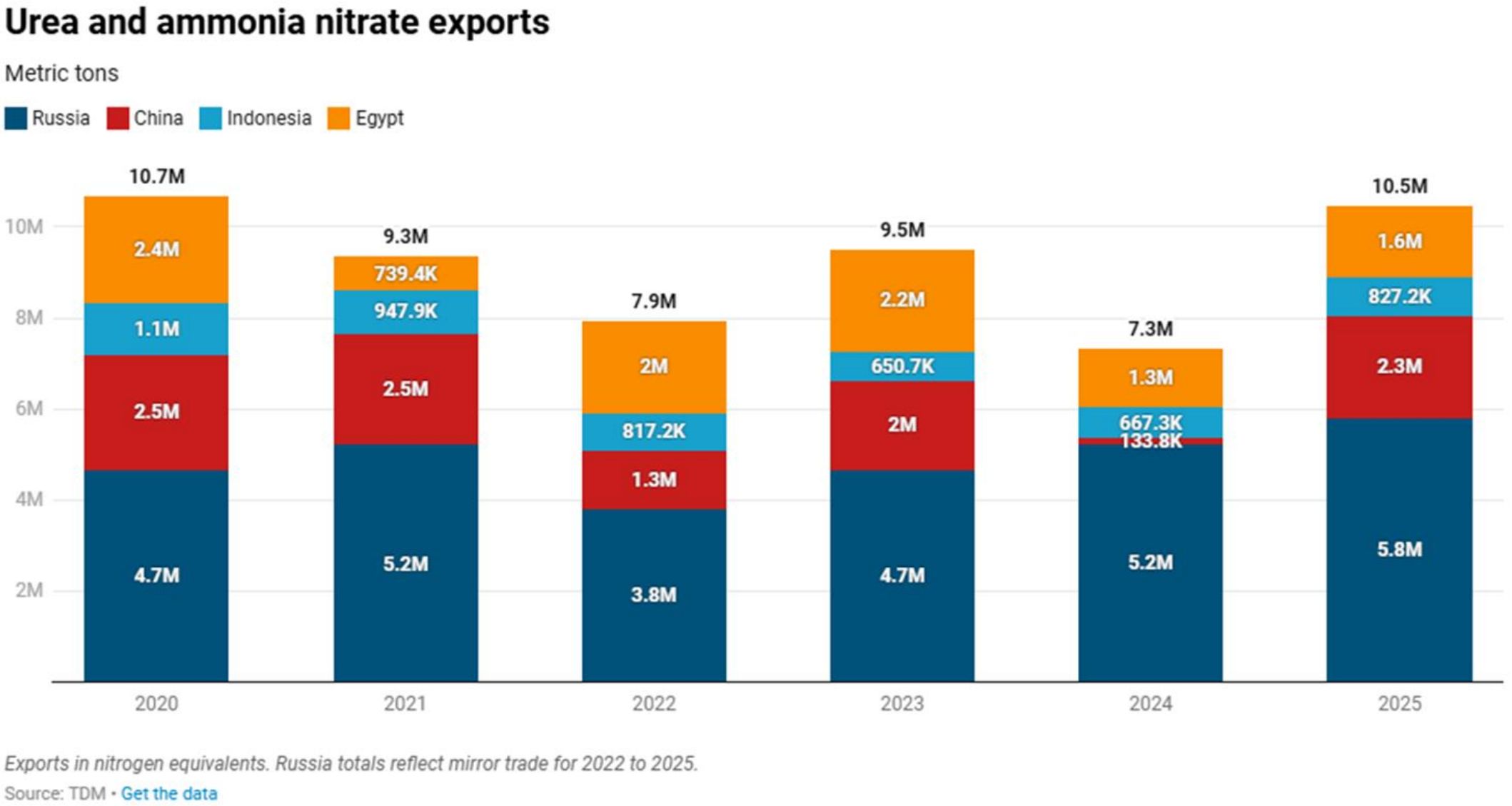
Trends in input prices...





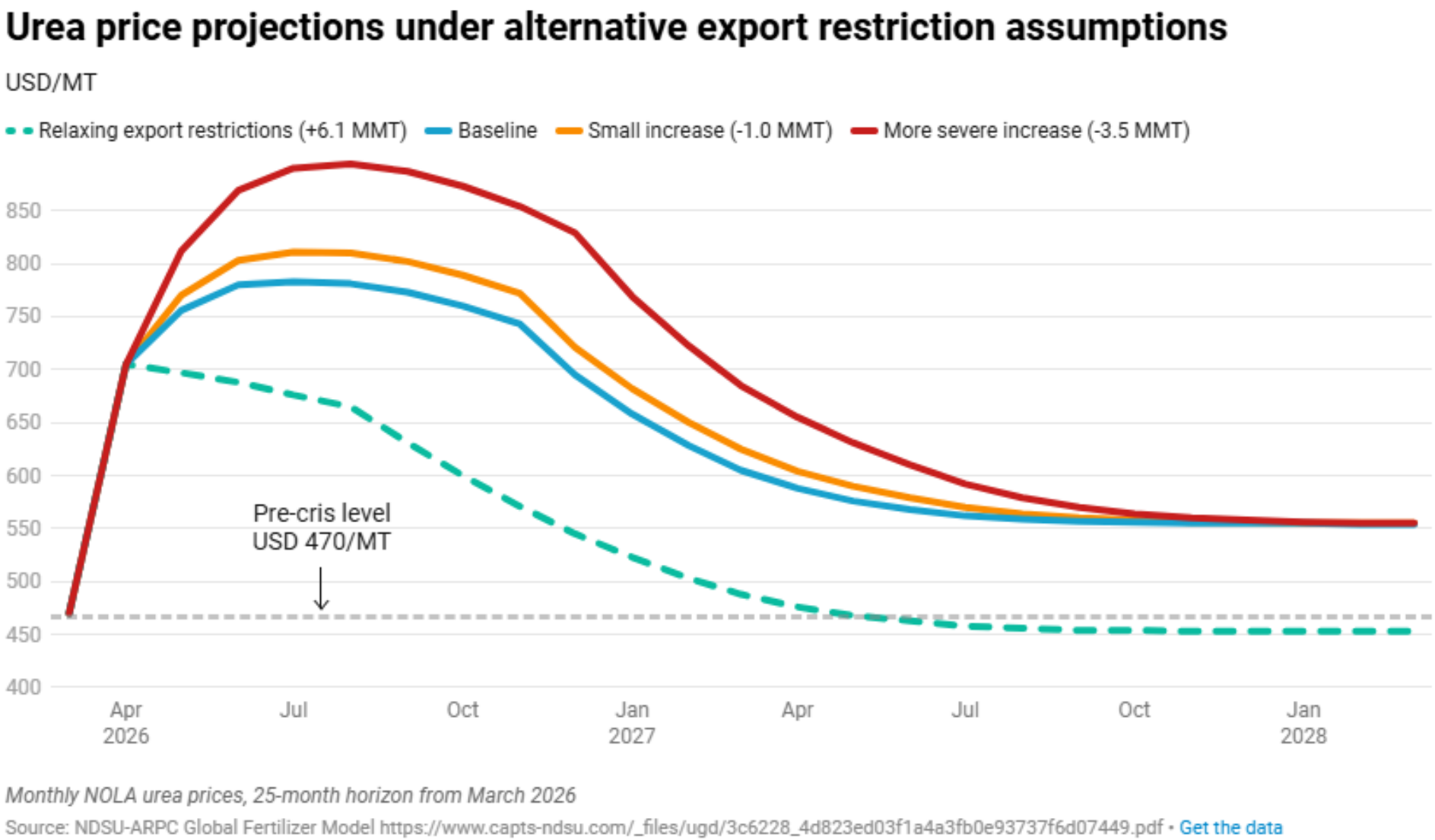
Source: USDA AMS-Illinois.

Not YET seeing the slowing trade



Source: IFPRI.

Fertilizer price increases likely to have a ‘long tail’



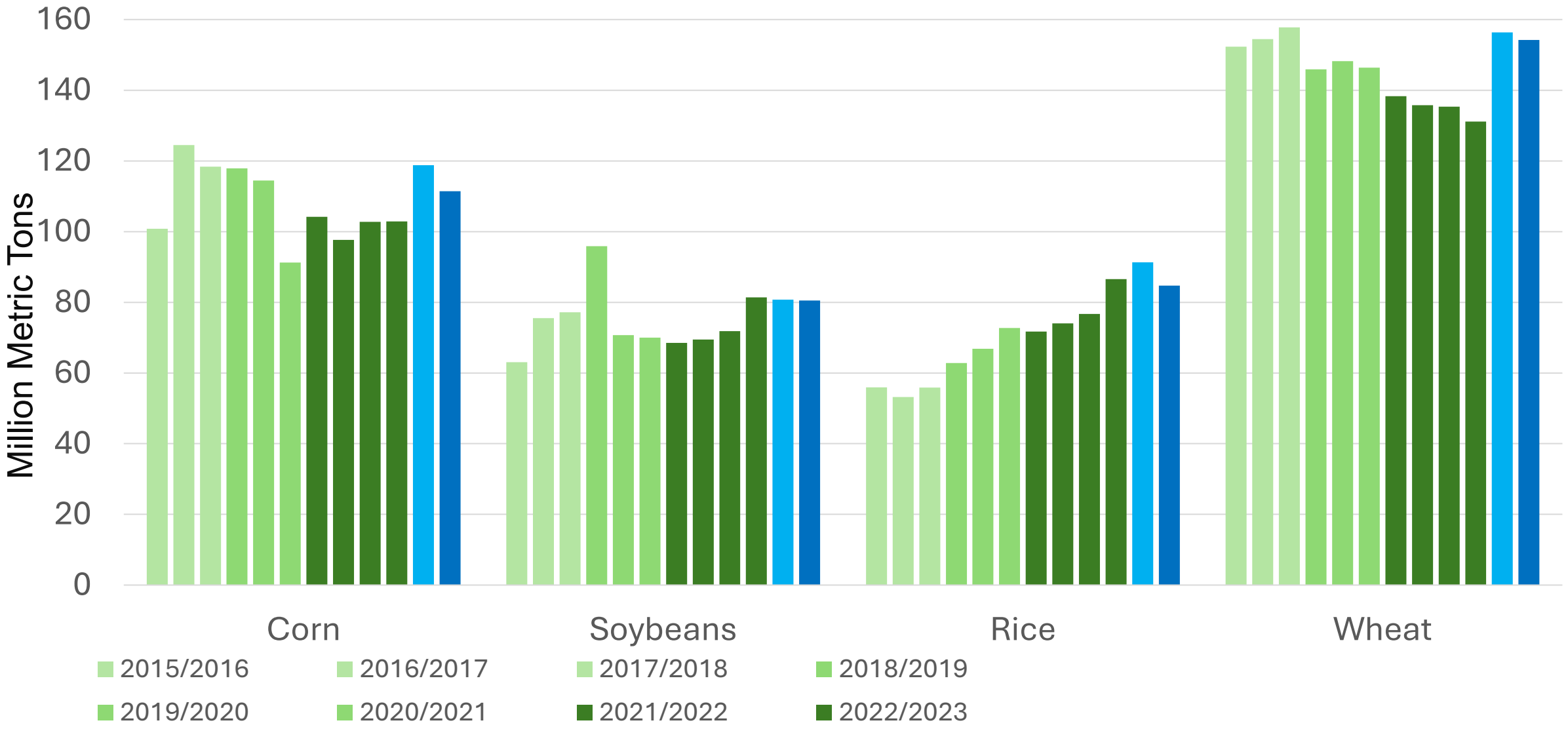
Source: IFPRI.

At the ‘bottom’ ?

Crop	2010/11-2013/14 avg	2014/15-2019/20 avg	2020/21-2023/44 avg	2024/25	2025/26	USDA 2026/27	2026/27 FAPRI Stoch Mean
Corn ($ / bu.)	**5.69**	**3.53**	**5.41**	4.24	4.15	4.40	4.21
Soybeans ($ / bu.)	**12.80**	**9.15**	**12.68**	10.00	10.40	11.40	10.39
Sorghum ($ / bu.)	**5.40**	**3.32**	**5.57**	4.07	3.55	4.10	3.75
Wheat ($ / bu.)	**6.90**	**4.87**	**7.12**	5.52	5.00	6.50	5.58
Upland Cotton (¢/ lb)	**80.1**	**64.8**	**79.6**	63.2	63.0	73.0	63.8
All Rice ($ cwt)	**14.65**	**12.52**	**16.90**	15.10	12.10	13.50	13.19
Soybean Oil (c/lb)	**47.62**	**30.33**	**60.60**	47.59	63.00	70.00	52.06

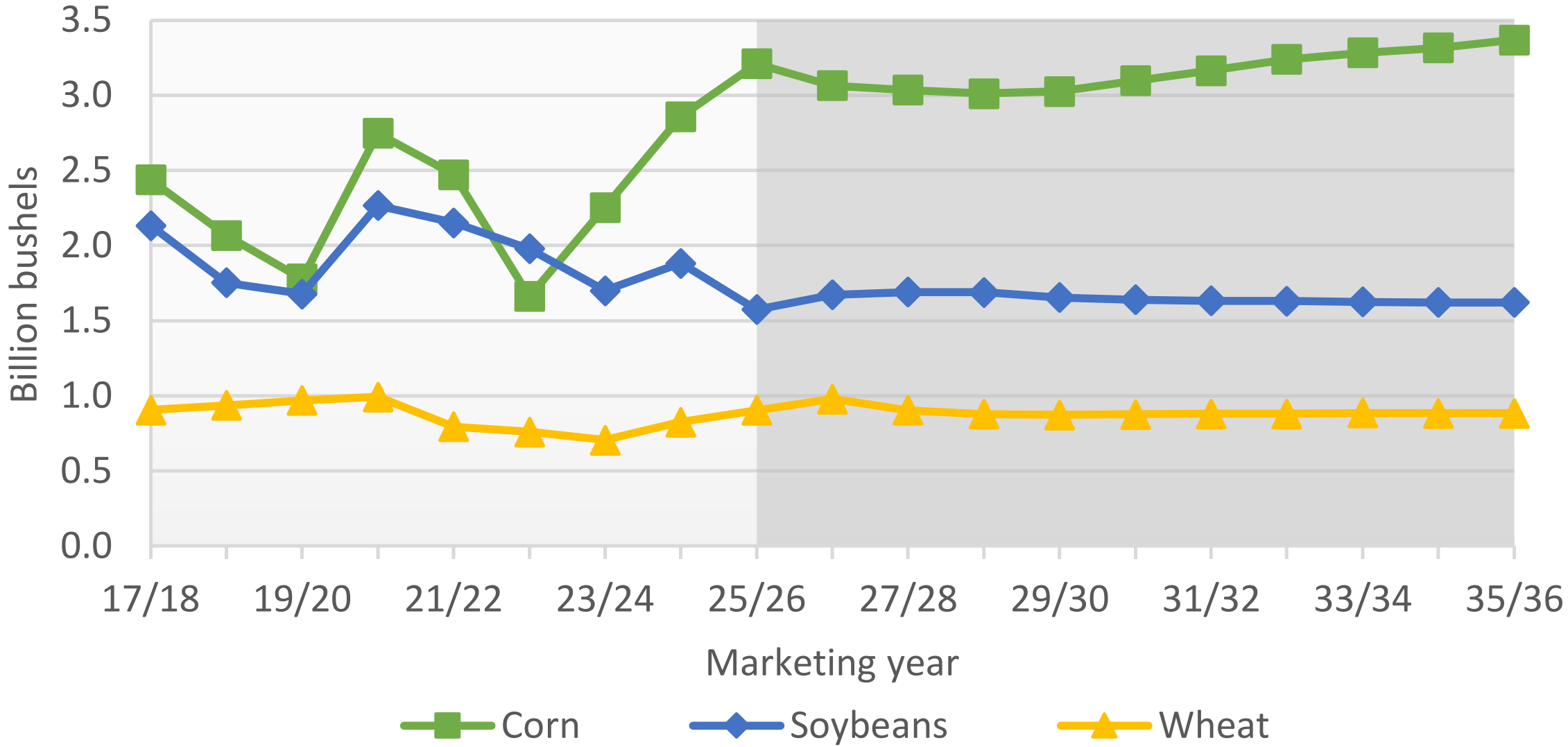
Sources: USDA historical and WASDE data and FAPRI-MU projections.

Global Carryout Stocks *Less China*

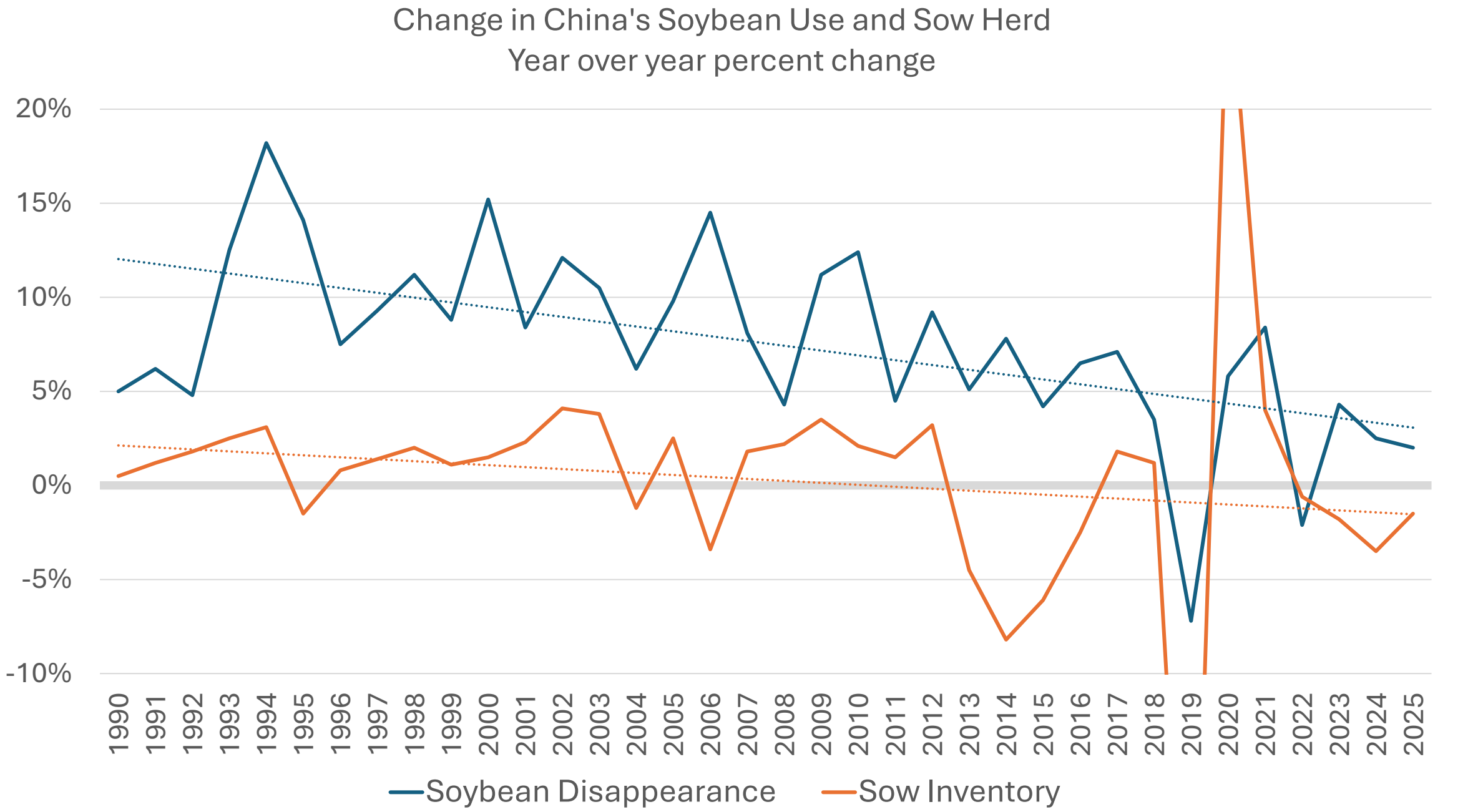


Source: USDA FAS.

Exports are critical for many commodities

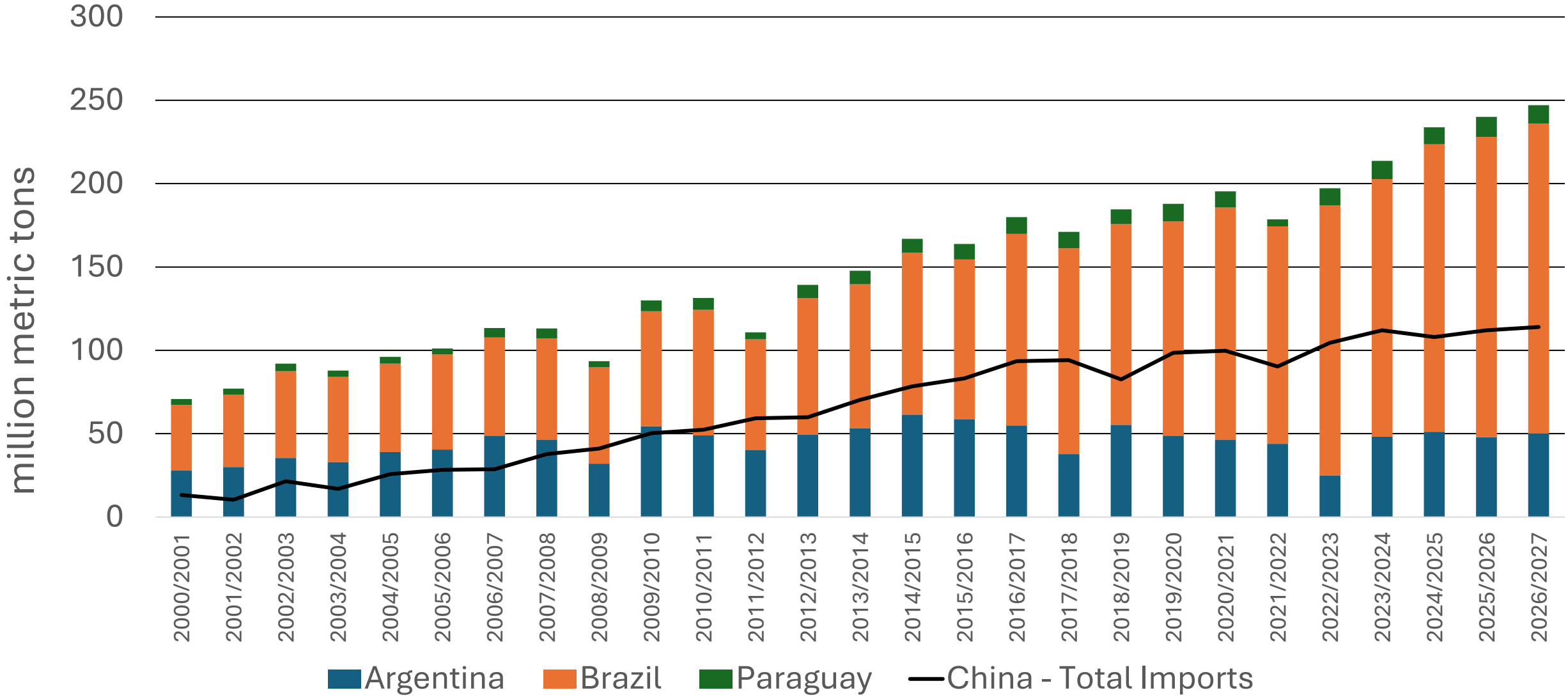


Sources: USDA historical data and FAPRI-MU projections.



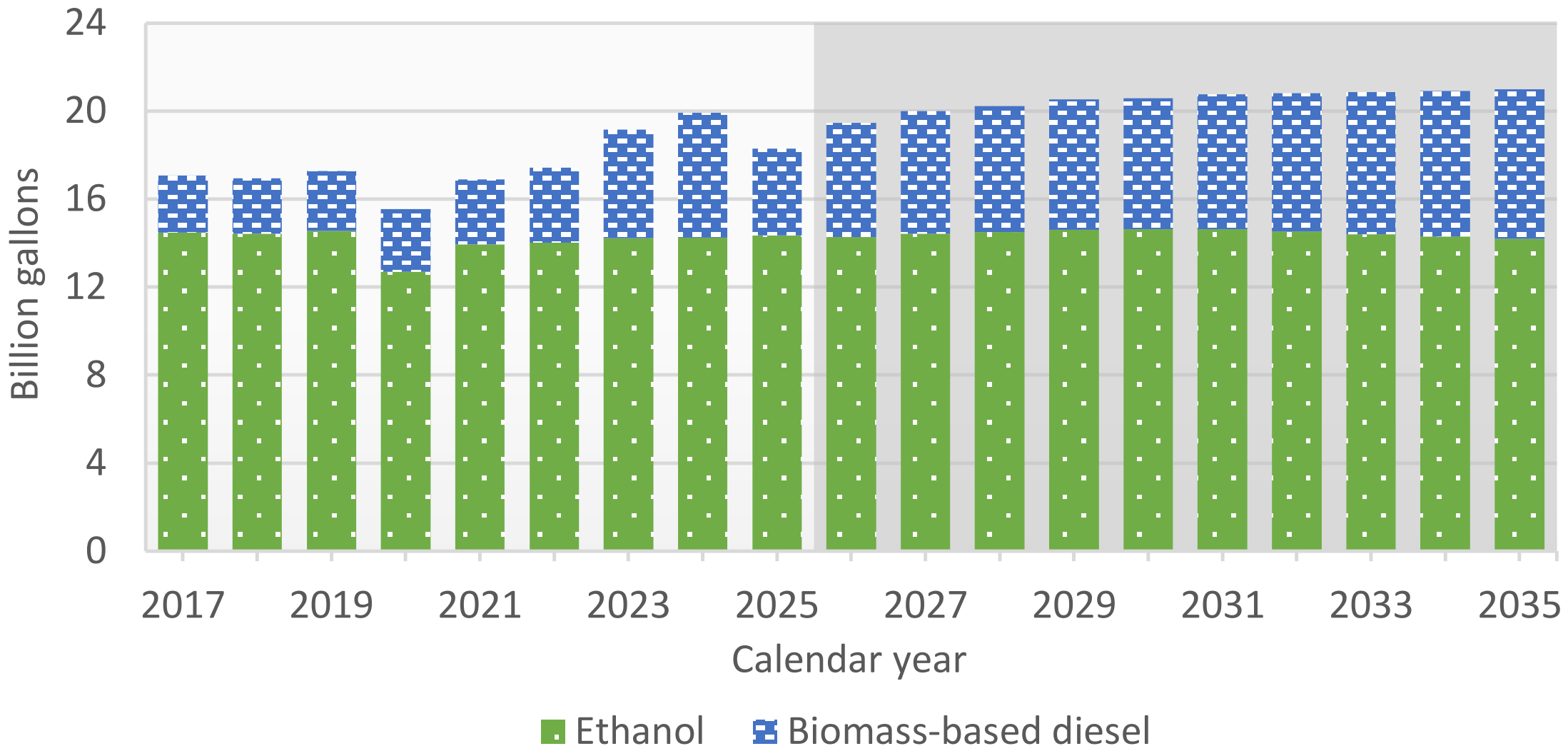
Source: USDA FAS.

Brazil, Argentina and Paraguay Soybean Production
and China's import demand



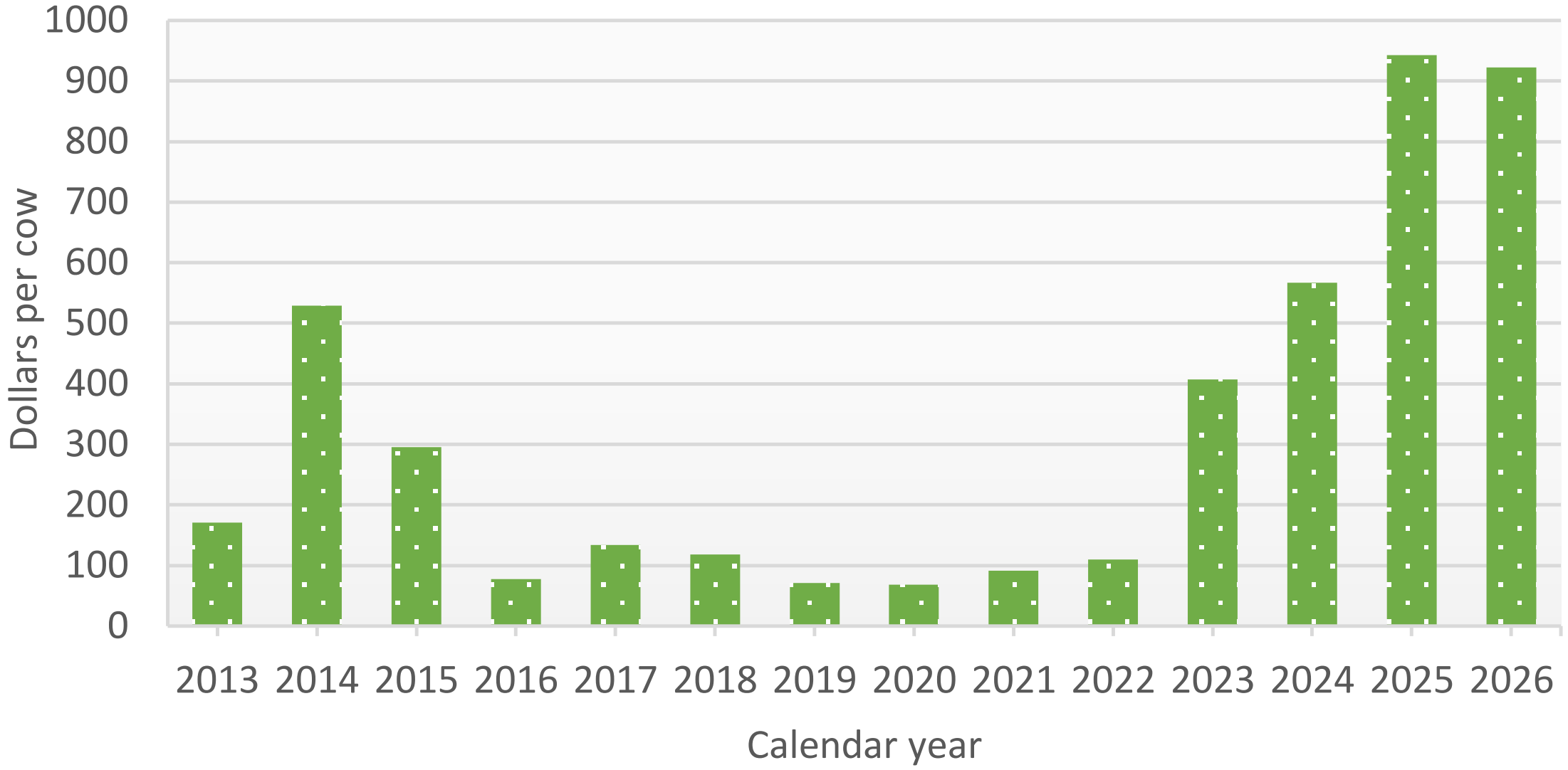
Source: USDA FAS.

Biofuel demand is driven by policy

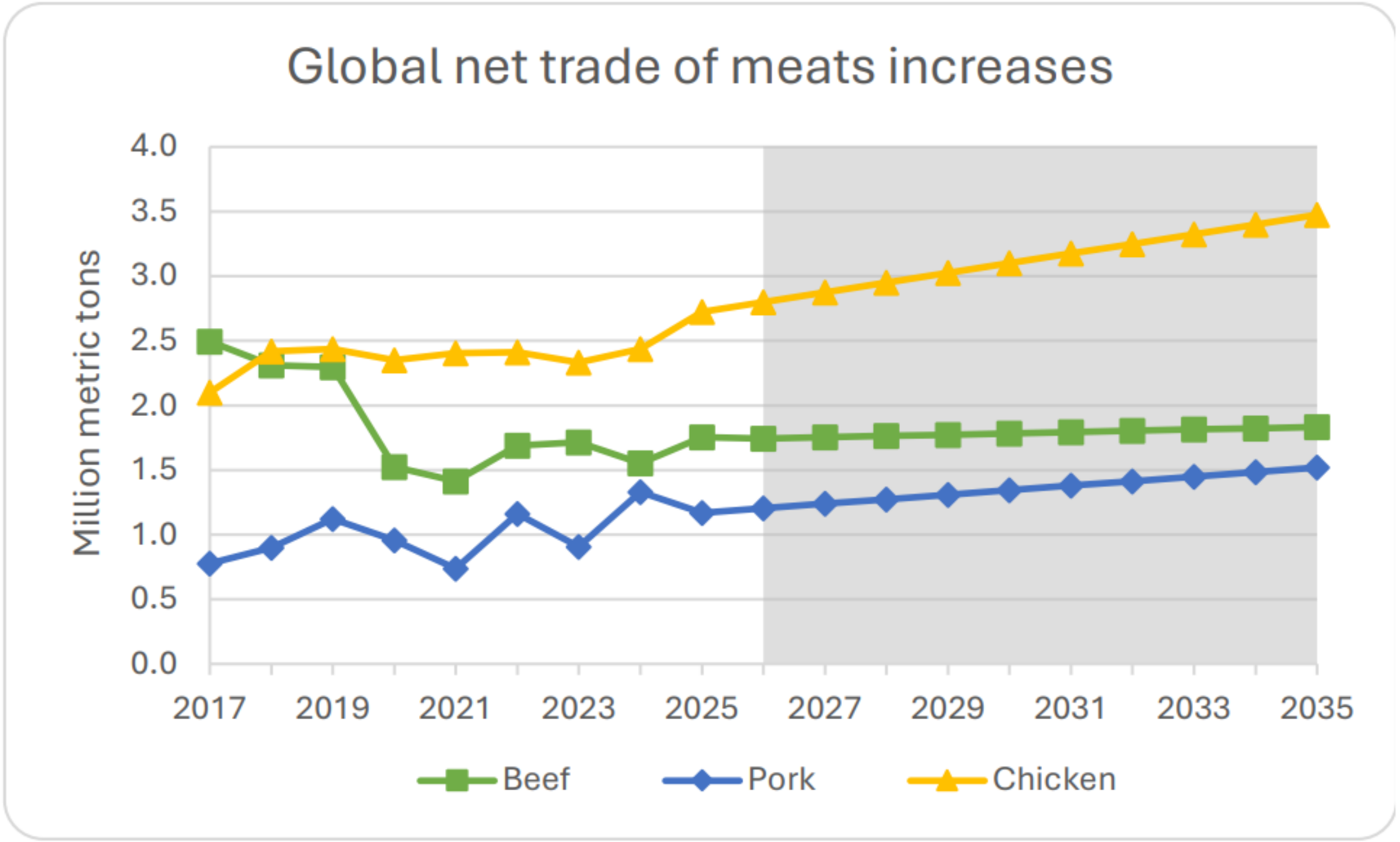


Sources: USDA and EIA historical data and FAPRI-MU projections.

Cow-calf returns reach record highs

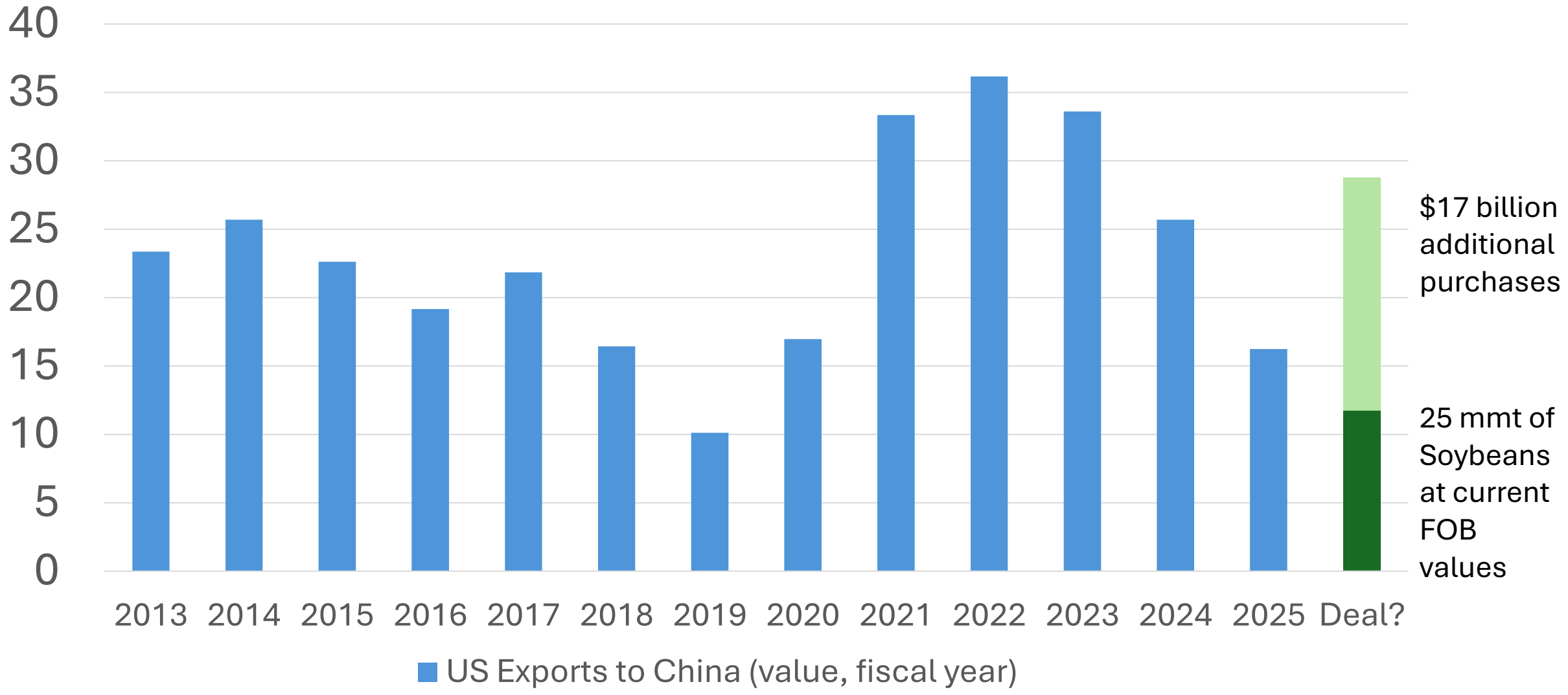


Sources: USDA historical cost and price data; FAPRI-MU calculations; and FAPRI-MU projections.



Sources: USDA historical data and FAPRI-MU projections.

Outline of US – China trade deal (?)



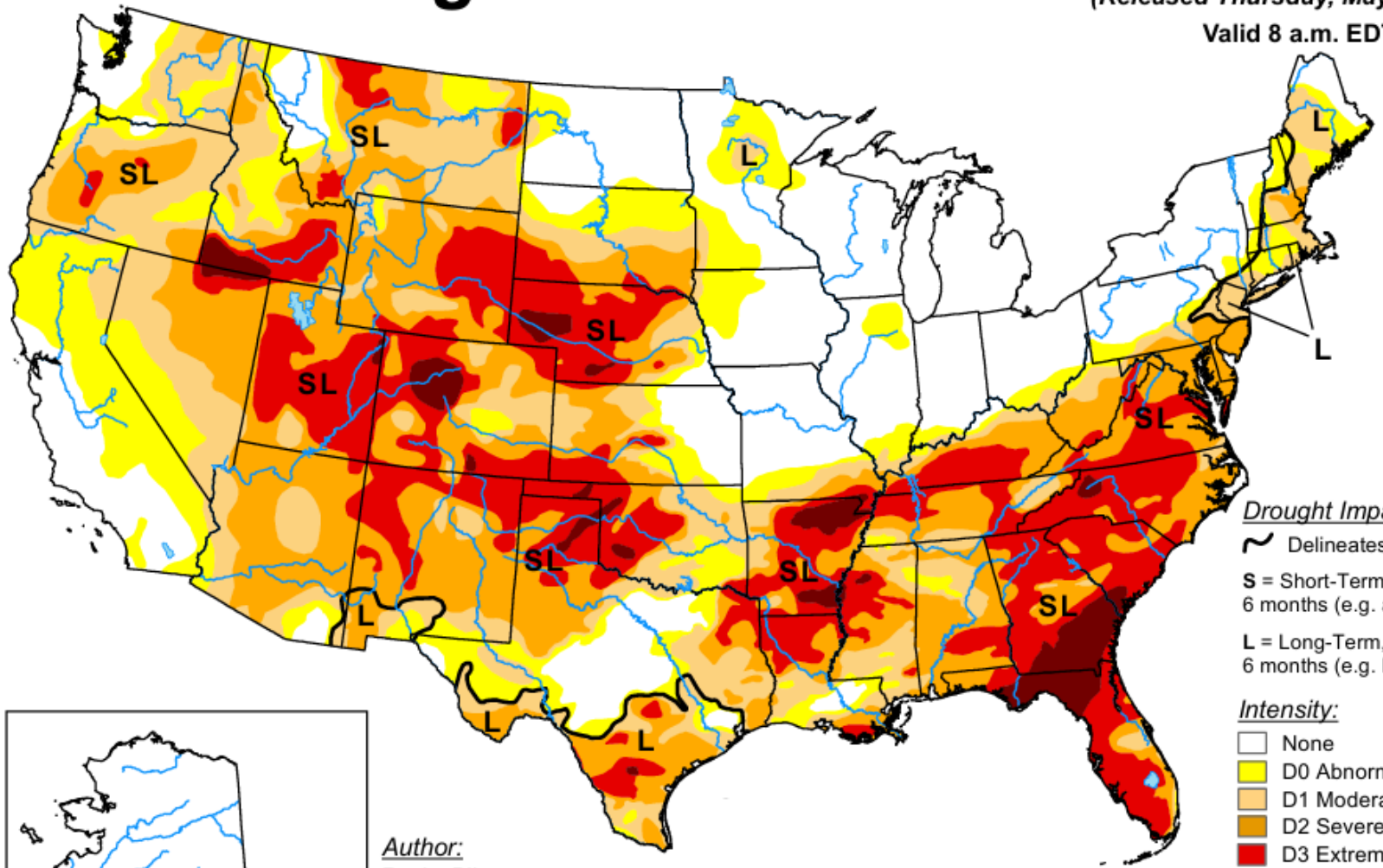
Sources: USDA FAS historical data and author's calculations for last column.

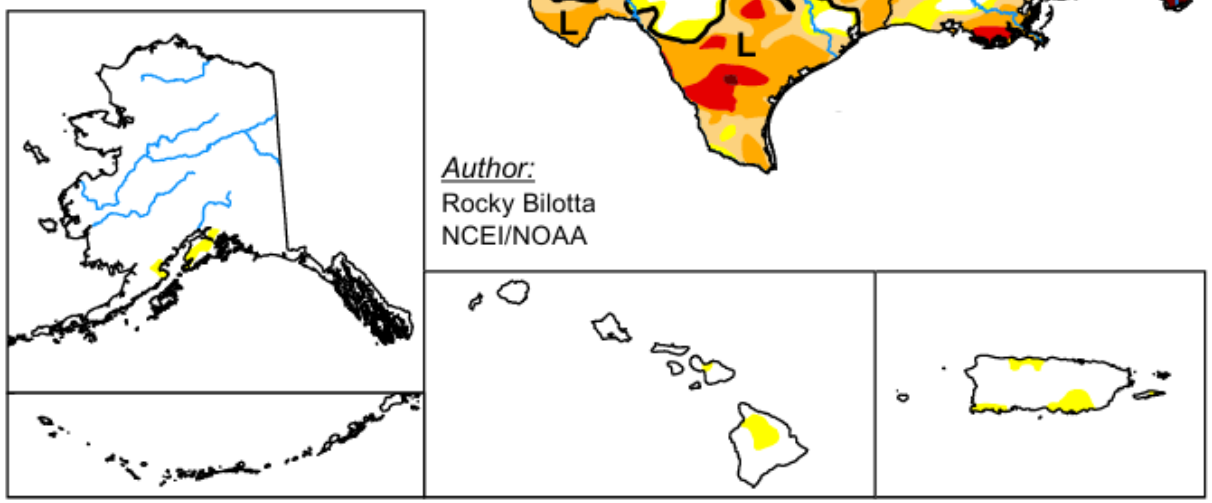
U.S. Drought Monitor

May 19, 2026

(Released Thursday, May. 21, 2026)

Valid 8 a.m. EDT





Drought Impact Types:

Delineates dominant impacts

S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)

L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

Author:
Rocky Bilotta
NCEI/NOAA

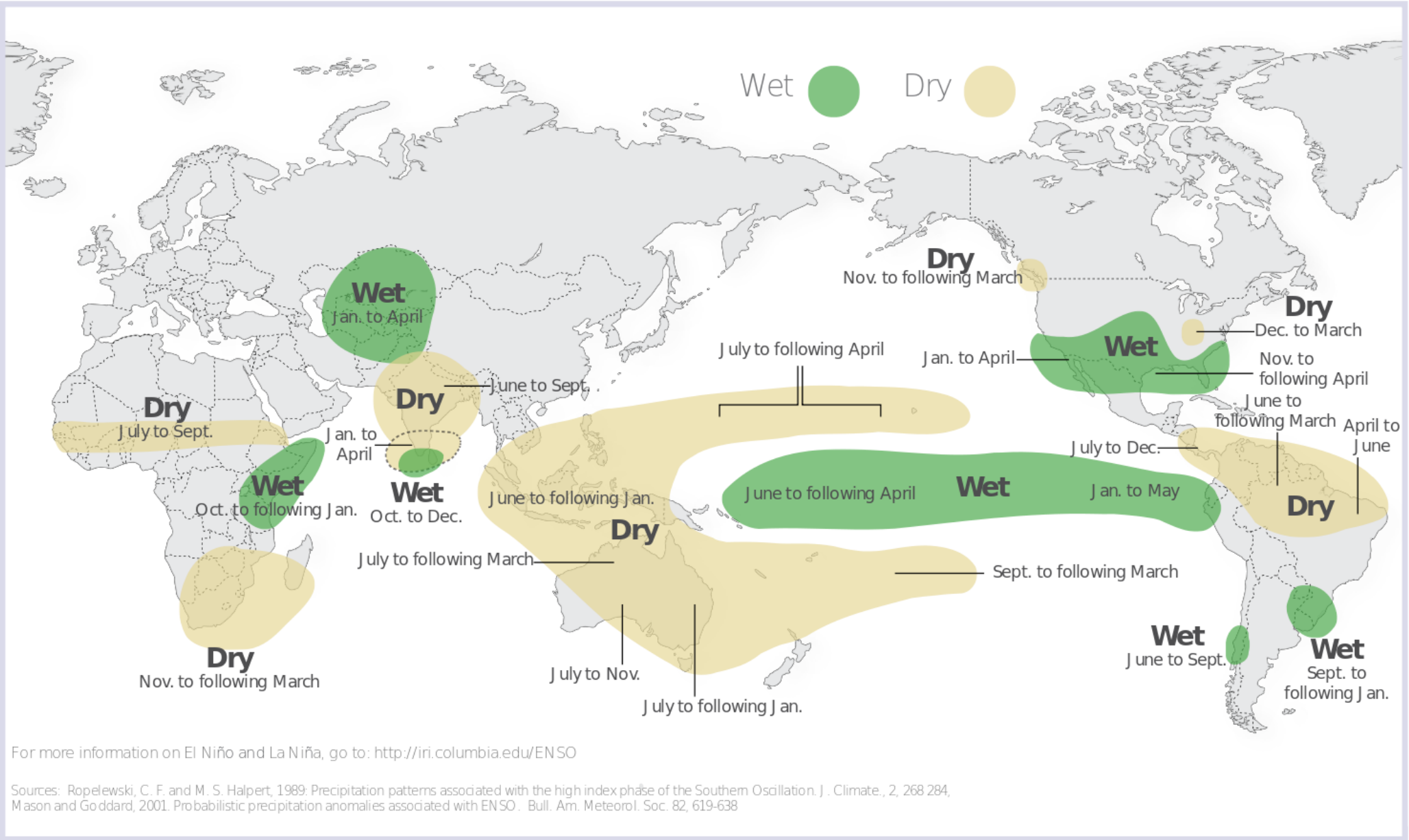
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to https://droughtmonitor.unl.edu/About.aspx

USDA NDMC NOAA NASA

droughtmonitor.unl.edu

El Niño and Rainfall

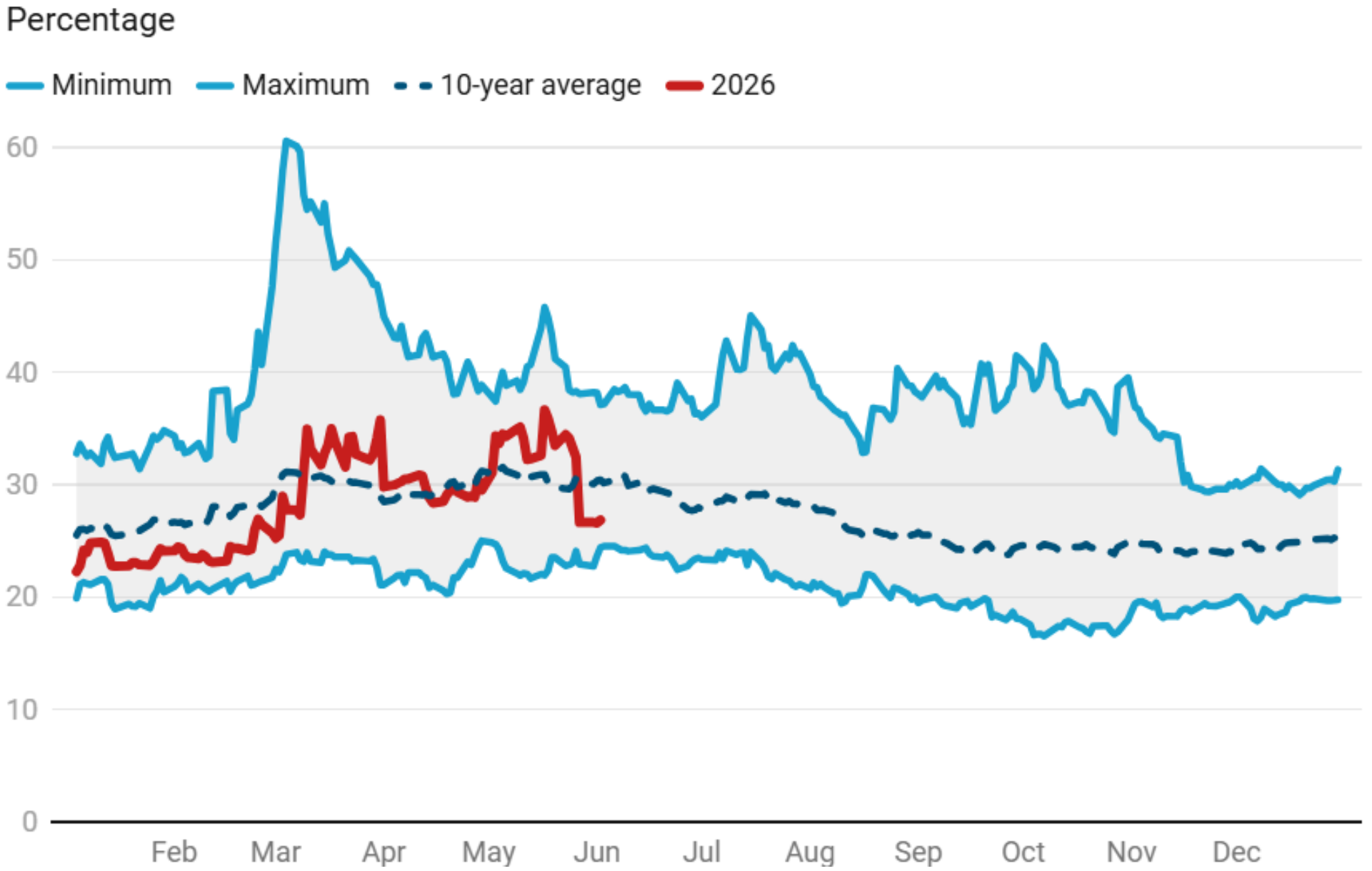
El Niño conditions in the tropical Pacific are known to shift rainfall patterns in many different parts of the world. Although they vary somewhat from one El Niño to the next, the strongest shifts remain fairly consistent in the regions and seasons shown on the map below.



For more information on El Niño and La Niña, go to: http://iri.columbia.edu/ENSO

Sources: Ropelewski, C. F. and M. S. Halpert, 1989: Precipitation patterns associated with the high index phase of the Southern Oscillation. J. Climate., 2, 268 284,
Mason and Goddard, 2001. Probabilistic precipitation anomalies associated with ENSO. Bull. Am. Meteorol. Soc. 82, 619-638

Wheat nearby futures Implied Volatility (IV)



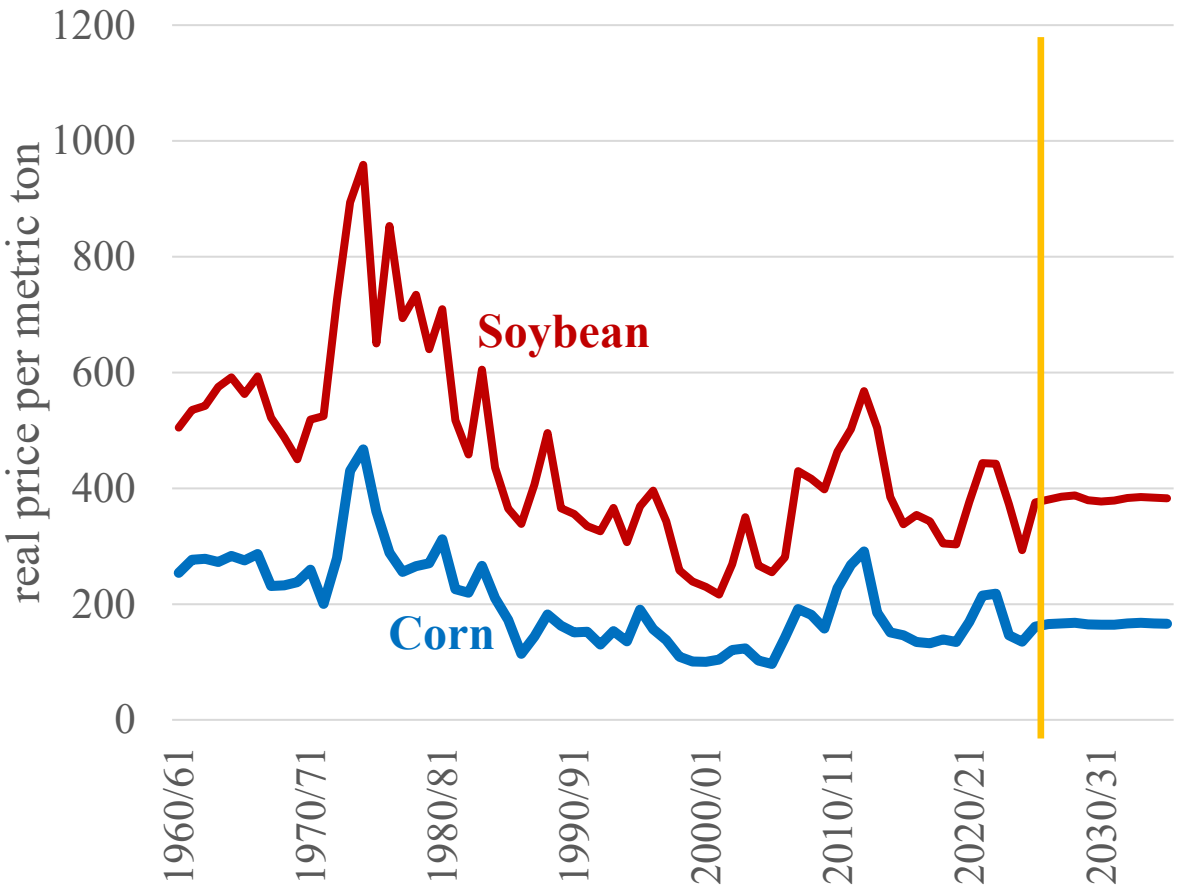
Source: IFPRI (Glauber).

Not ‘yet’ another price shock, what would change my mind?

- Market sanguine about current conditions
- Global carryout stocks tightening, but still at reasonable levels.
- Some *combination* of:
  - More significant El Nino shocks or multiple production shocks
  - Continued energy / fertilizer price shocks
  - Conflict expansion (Black Sea, Straight of Hormuz)
  - *Sustained* energy induced biofuel demand globally
- US – China trade deal?

Real price projections are flat or weak, but tended to fall over the long run

Real US corn and soybean farm prices



Trends and conditions

- Real prices over time
  - Long-run negative trend
  - Periods with spikes
- Flat in last 20 years?
  - US policy: RFS, MTBE, tariff, credits
  - Petroleum and related prices
  - Growing use in China
  - Strong demand overall
- Relevance in future context?

Sources: USDA NASS and ERS to 2024/25; FAPRI-MU and UNR projections; GDP deflator from St. Louis Federal Reserve FRED database and S&P Global.

World crop area

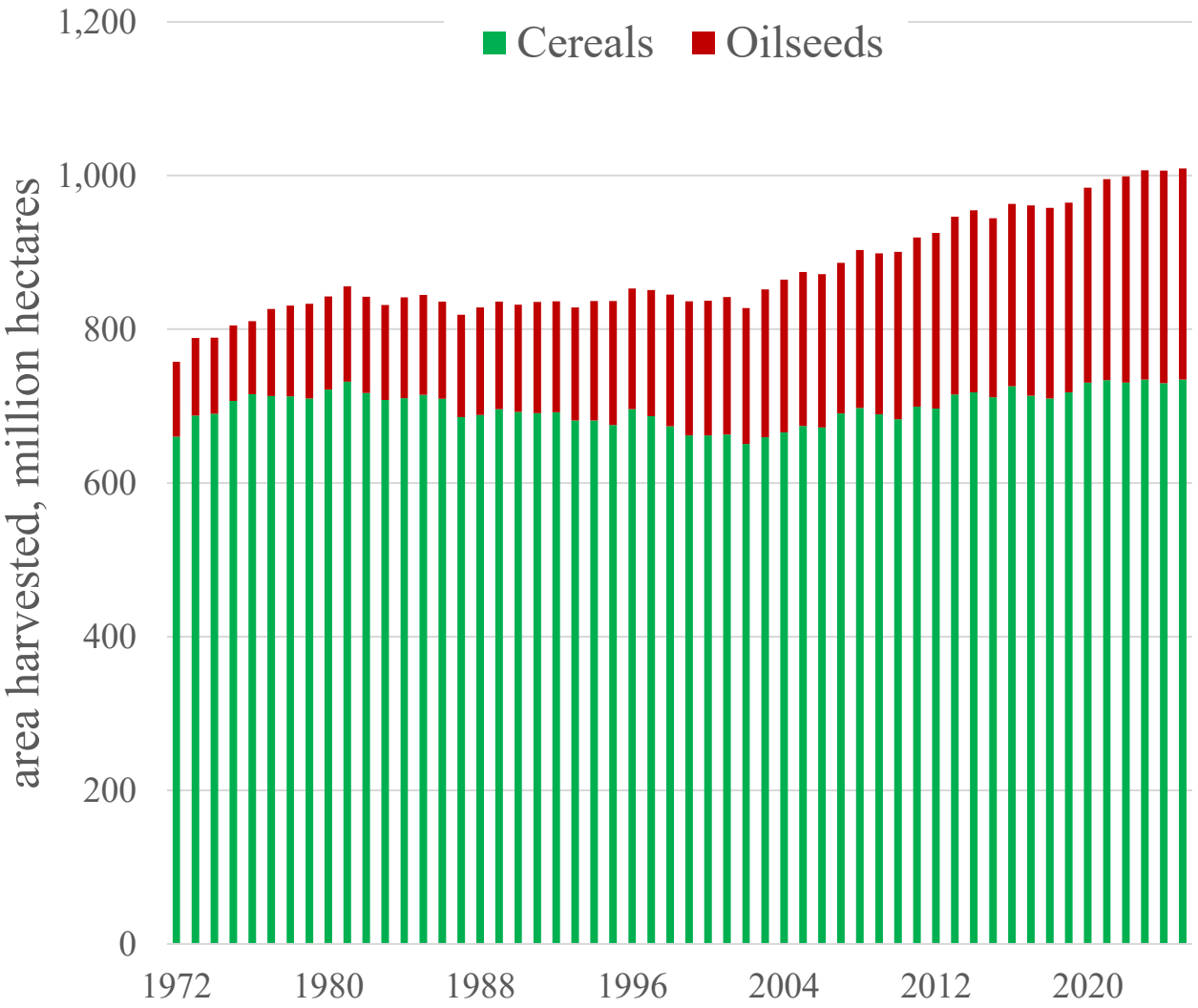
Land in cereals and oilseeds

- Total area stable 1980-2005

Prices matter

- Area increased after price surges of 2005-07, 2012
- "Big" or "small" change?

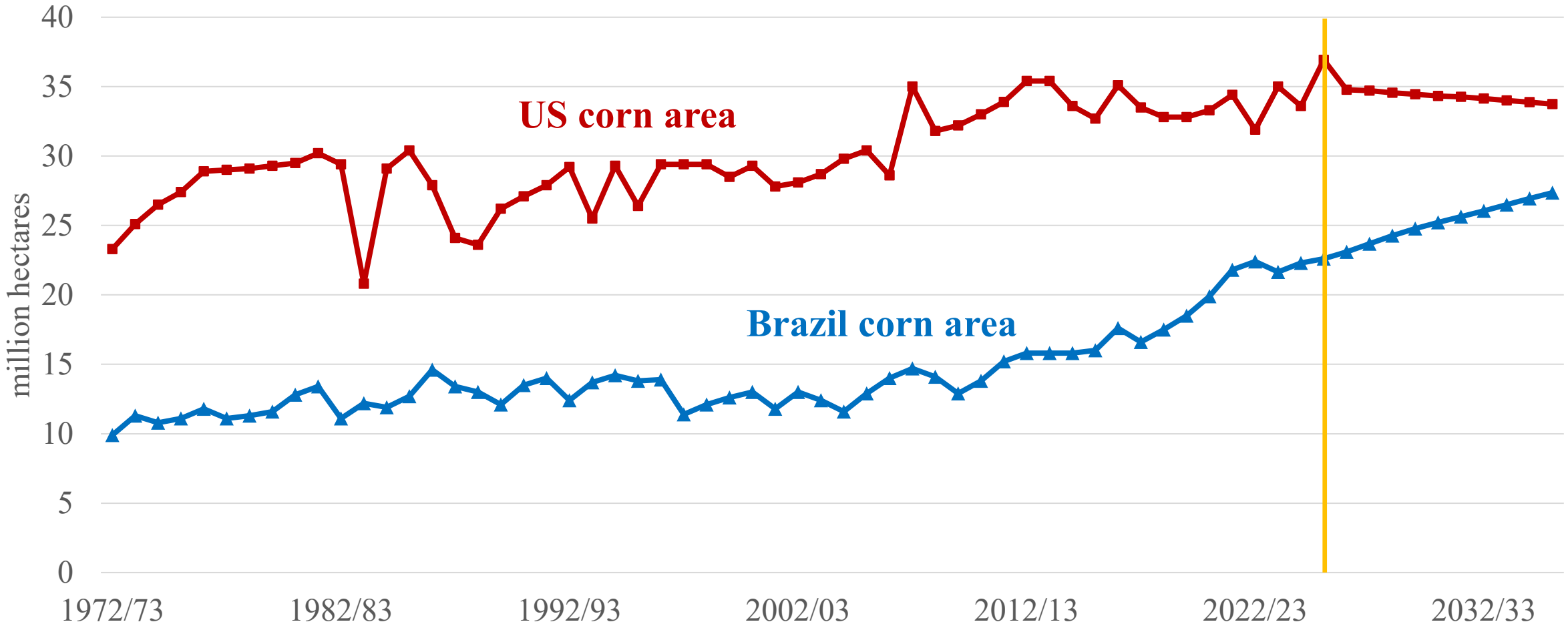
  Total now about 20% more than before 2005



Sources: USDA FAS PSD totals for grains and oilseeds; based on Westhoff and Thompson (2016).

Totals hide important changes

US single-crop corn and Brazil double-crop corn



Sources: USDA FAS PSD to 2025/26; FAPRI-MU and UNR projections.

World crop yields

Trends matter!

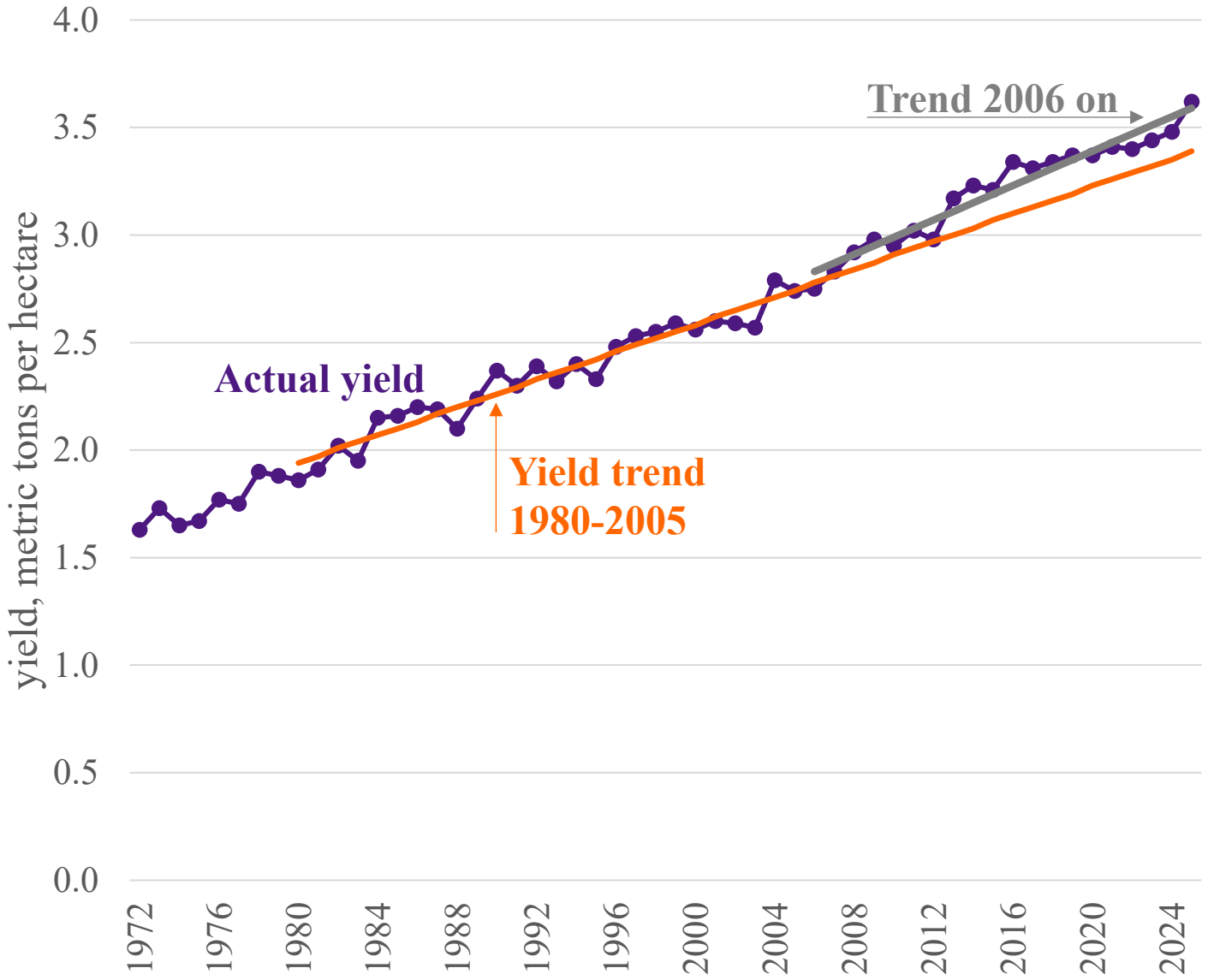
1980-2005 trend weaker than trend from 2006

(2025 trend → 6% more output)

Induced innovation

Productivity (yield) is endogenous over time

→Prices matter



Sources: USDA FAS PSD totals for grains and oilseeds; based on Westhoff and Thompson (2016).

World demand per capita

(cereals + oilseeds)

Production - use

Per capita use is more stable than production ← stocks!

Flat per person use to 2005

Total excluding China falling

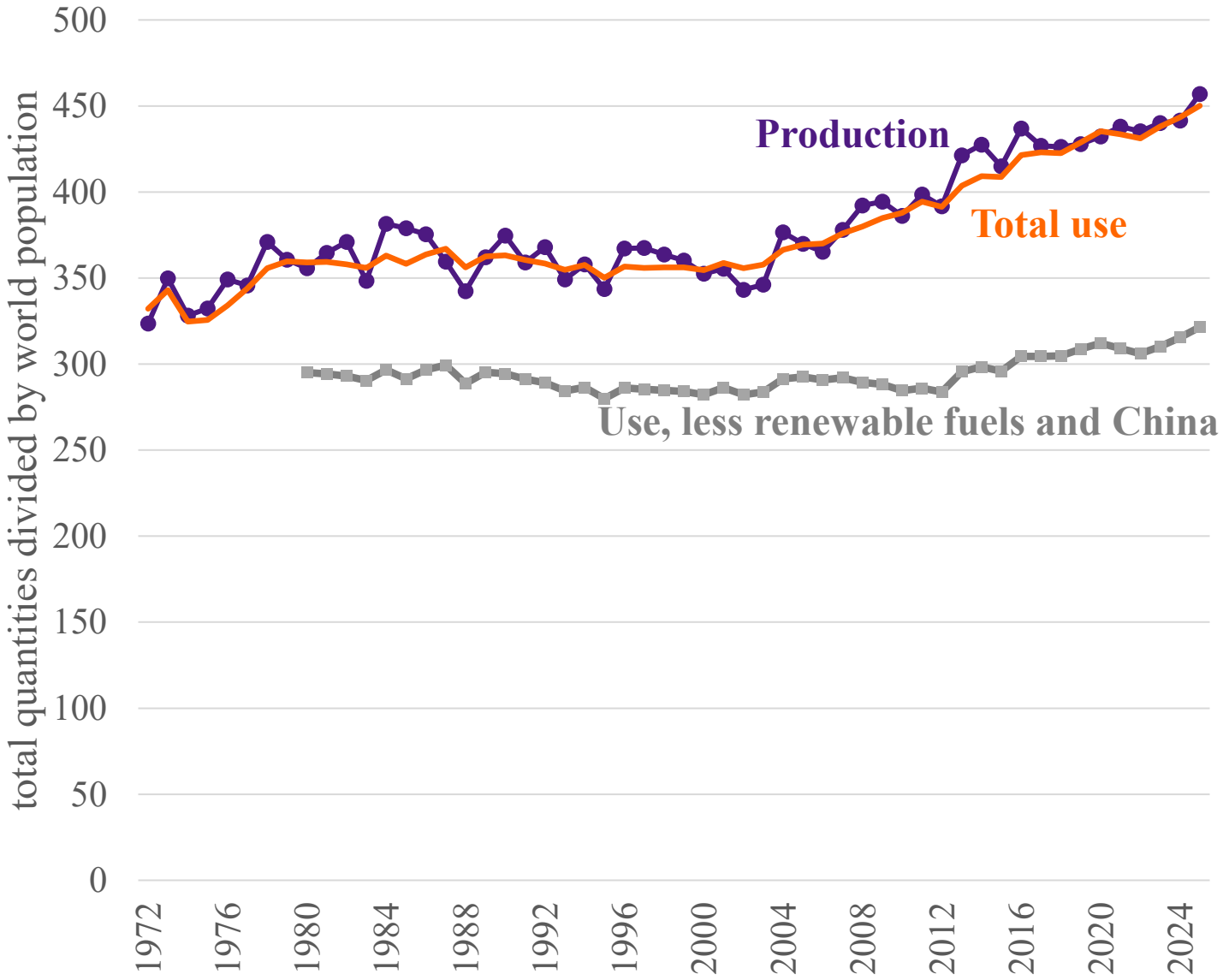
→China demand growth

2005 start of price surges

Rising total use

Biofuel use & China ↑

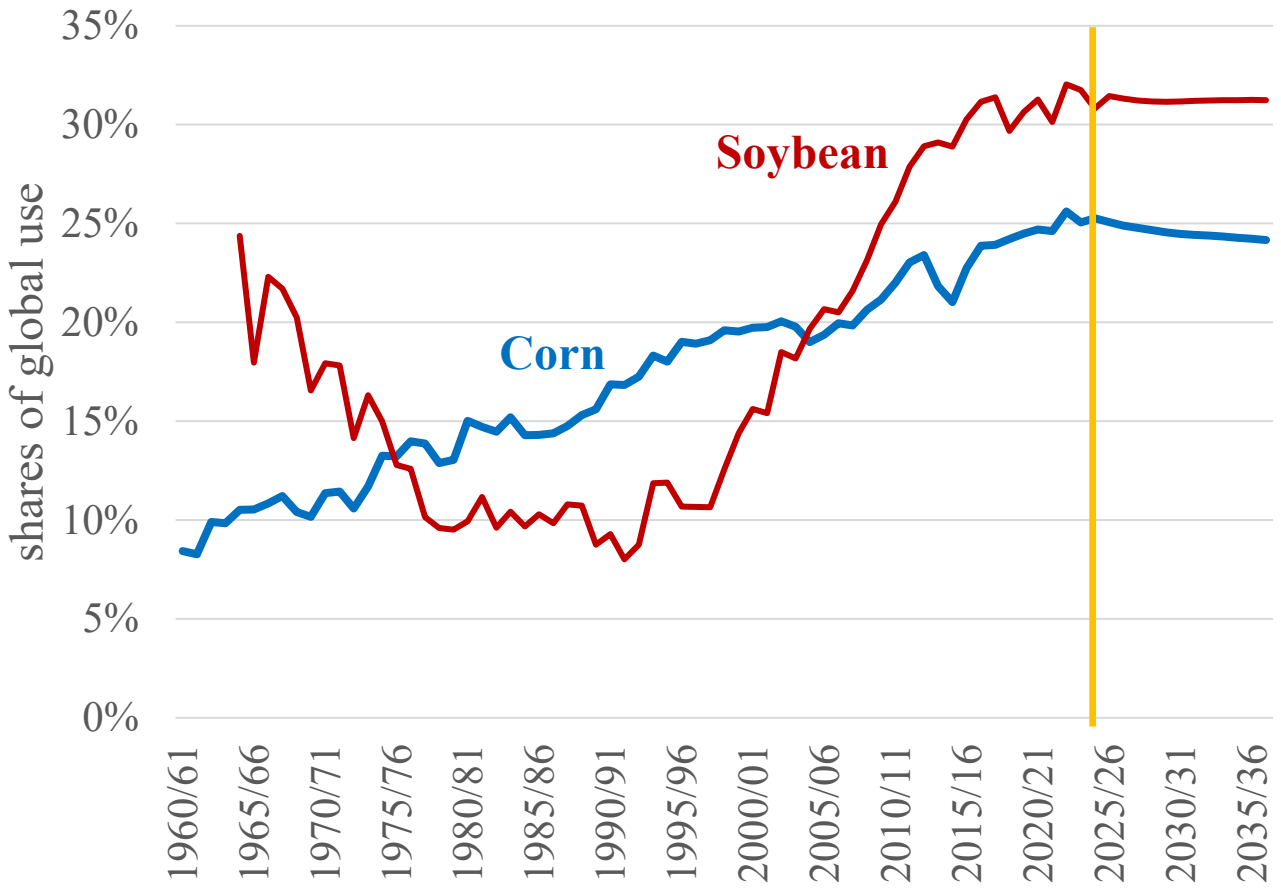
Other uses continue at high price



Sources: USDA FAS PSD totals for grains and oilseeds; based on Westhoff and Thompson (2016).

A key recent demand: China

China use as a share of world use



Drivers and implications

China:

- use climbed even as world prices surged
- rising income, urbanization

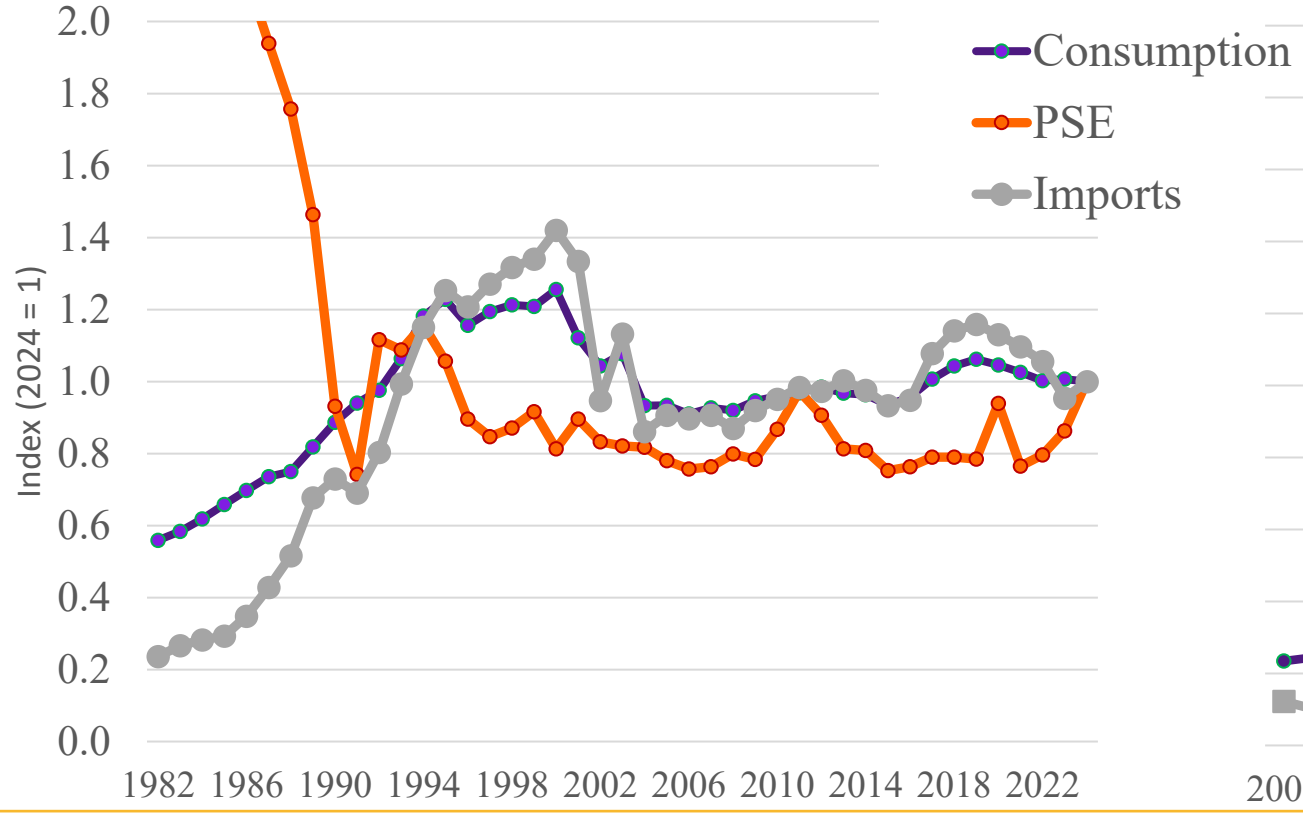
Future global food demand?

- Population
- Income - falling demand impact?
- Preferences

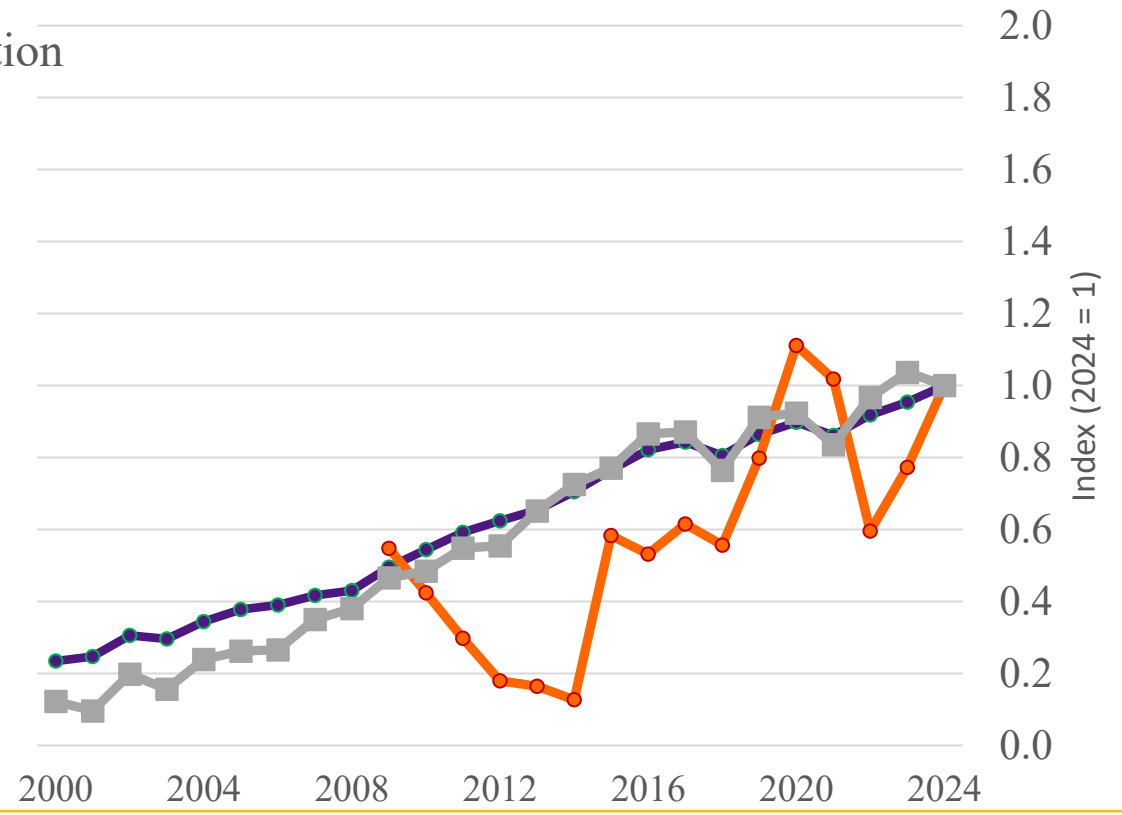
Sources: USDA FAS to 2024/25; and FAPRI-MU projections.

Roles of demand and policy?
Consumption, protection and shocks, and trade

Japan beef, 1982-2024



China soybean, 2000-2024



Sources: USDA FAS PSD consumption and imports; UN and S&P Global population; and OECD Producer Support Estimates.

Agricultural policy over time

Producer support estimates

- Measure of ag policy support
- Includes tariffs
- % of gross receipts

Global patterns in past*

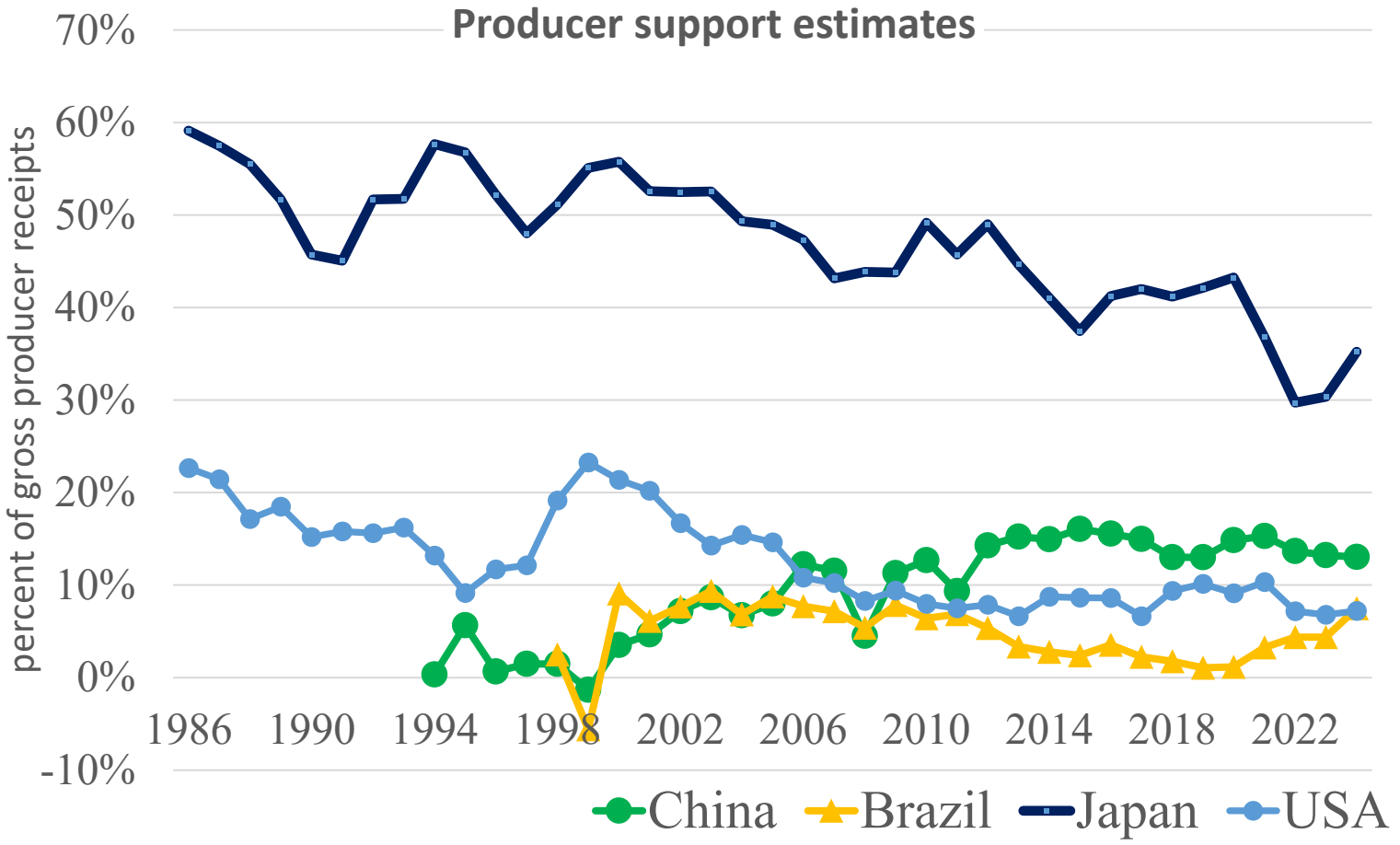
As countries developed:

(1) stop taxing agriculture & start supporting agriculture

(2) use tariffs less and payments more

But that was in the past

** Anderson et al. JEL 2013, Zhao et al. JAE 2018*



Source: OECD.

Future fundamentals?

DEMANDS

World population
- Growth rate slowing
- China population decline?

World income
- Weakening income effect on total food demand

Other uses
- Renewable fuels
- What is next?

SUPPLIES

Resources as inputs
- Land quality and competition
- Water

Productivity trends
- (yield, output/animal)
- In the long run, productivity depends on price

Shocks!
- Animal diseases

POLICIES

Trade policies
- New tariffs and new deals mean new trade flows?

Domestic policies
- If the trade environment changes, then will countries change their other policies?

Other policies
- Nutrition, energy?

Thanks!

FAPRI-MU website:

www.fapri.missouri.edu

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FAPRI-MU team:

- Julian Binfield
- Ben Brown
- Sera Chiuchiarelli
- Hoa Hoang
- Shokhrukh-Mirzo Jalilov
- Fazal Malakhail
- Bob Maltsbarger
- Seth Meyer
- Srushti Patil
- Wyatt Thompson
- Pat Westhoff
- Jarrett Whistance
- Sunghwi Woo
- Peter Zimmel