2026 Commodity & Livestock Outlook

Quarterly Market Analysis & Insurance Positioning

Farmers First Agri Service
Chetek, Wisconsin
farmers1st.com

Updated 23 February 2026

SCOTUS TARIFF RULING FEB 20 — IEEPA TARIFFS STRUCK DOWN

China soybean commitments in doubt. 10% Section 122 replacement announced.
Input costs may ease. FBA signup open today.

USDA AG OUTLOOK FORUM 2/19

Corn: 94M ac / $4.20   Beans: 85M ac / $10.30   Cattle: $240   Milk: $18.95
COF placements -5%   Herd 86.2M lowest since 1951

CORN MAR	BEANS MAR	CLASS III SPOT	CATTLE APR
4.27	11.37	15.32	245+
▼ 1.5¢	▼ 5¢	▼ $3.62 YoY	▲ COF rally
Cash $3.94 · Dec $4.60	Cash $10.77 · Nov $10.81	USDA avg fcst: $16.65	Cash $242-245 · Fdr $377

CORN — BEARISH BIAS 2026/27

3MO · PLANTING	**$4.15 – 4.60**	94M ac (down 4.8M). COP: $917/ac. Acreage rpt Mar 31.
6MO · POLLINATION	**$4.00 – 4.85**	Weather mkt. 62% Midwest drought. USDA: 183 bpa.
9MO · HARVEST	**$4.00 – 4.30**	15.76B bu, 2nd largest. Stocks: 1.84B bu (2026/27).
12MO · SPRING '27	**$4.00 – 4.50**	Need global cut or E15/biofuel policy for rally.

USDA AOF (2/19): 94M ac, 183 bpa, 15.76B bu for 2026/27 — down 7% from record but 2nd-largest. Season avg $4.20 (2026/27). Current-year (2025/26) stocks at 2.1B bu, exports raised to record 3.3B bu.

Cost of production $917/ac — most WI/MN corn at or below breakeven. Dec '26 crop insurance price discovery averaging $4.60. FBA signup open today — $44.36/ac corn, payments by Feb 28.

Metric	Value	Context
2026/27 Acreage	94.0M ac	Down 4.8M from 2025/26
Yield (trend)	183 bpa	USDA AOF estimate
Production	15.76B bu	2nd largest, down 7% from record
Ending Stocks	1.84B bu	2026/27 projected
Season Avg Price	$4.20/bu	USDA 2026/27 forecast
Cost of Production	$917/ac	NCGA estimate, WI/MN
Dec '26 Insurance	~$4.60	Price discovery period avg
FBA Payment	$44.36/ac	Signup open, deadline Apr 17

SOYBEANS — NEUTRAL-BEARISH: TRADE RISK 2026/27

3MO · PLANTING	**$10.50 – 11.40**	85M ac (+3.8M). SCOTUS clouds China. EPA RVOs pending.
6MO · FILL	**$10.00 – 11.50**	Global deficit ~12M t. Crush record 2.655B bu.
9MO · HARVEST	**$9.80 – 10.80**	4.45B bu. Stocks 355M+ bu if exports miss.
12MO · SPRING '27	**$10.00 – 11.00**	S/U tightening globally. 45Z + RFS = demand.

SCOTUS ruling removes tariff leverage behind China's 25M-ton purchase pledge. USTR says deals hold; market skeptical. If China walks back 8M-ton additional buy (~294M bu), 2025/26 ending stocks could exceed 400M bu vs USDA's 350M forecast.

Soy oil at contract highs on biofuel — crush record 2.655B bu (2026/27). Biofuel policy (45Z, E15, RFS) now the primary upside driver, not China. Price into rallies but expect headline volatility.

Metric	Value	Context
2026/27 Acreage	85.0M ac	Up 3.8M from 2025/26
Yield (trend)	53.0 bpa	USDA AOF estimate
Production	4.45B bu	2026/27 projected
Ending Stocks	355M bu	USDA — risk to 400M+ if China walks
Season Avg Price	$10.30/bu	USDA 2026/27 forecast
Crush (domestic)	2.655B bu	Record — renewable diesel demand
China Pledge	25M tons	SCOTUS removed IEEPA enforcement
FBA Payment	$30.88/ac	Signup open, deadline Apr 17

SCOTUS / TRADE RISK

IEEPA tariffs struck down Feb 20. China's 25M-ton purchase pledge loses enforcement mechanism.
10% Section 122 replacement announced. USTR says existing deals hold, but market skeptical.
If 8M-ton additional buy (~294M bu) does not materialize, stocks build to 400M+ bu.

MILK — IN RECESSION / RECOVERY H2 2025/26

3MO · SPR FLUSH	**$14.50 – 16.50**	Actual Jan III: $14.59. Spot: $15.32. Seasonal pressure.
6MO · SUMMER	**$16.50 – 18.50**	Culling accelerating. Feed cheap. Margins tight.
9MO · FALL	**$17.50 – 19.50**	Supply correction supports. Cheese stabilizes.
12MO · SPRING '27	**$18.50 – 20.50**	Herd contraction + exports = recovery path.

Dairy in recession. Jan Class III actual: $14.59/cwt — well below USDA's $16.65 annual avg forecast. All-milk $18.95 vs cost of production $19.14 (ERS, 2,000+ cow avg). Most WI herds need $18-19/cwt to break even.

Class III/IV spread swings 500-cow herd $10-15K/month. Herd: 9.540M cows, culling up 3.2% YoY. Beef-on-dairy adding $4-5/cwt equivalent.

DMC deadline Feb 26. DRP at 85-90% matched to Class III/IV is critical — not optional.

Metric	Value	Context
Jan Class III (actual)	$14.59/cwt	Well below USDA $16.65 forecast
Class III Spot	$15.32/cwt	Down $3.62 YoY
All-Milk Price	$18.95/cwt	USDA 2026 forecast
Cost of Production	$19.14/cwt	ERS, 2,000+ cow avg
Herd Size	9.540M cows	Culling up 3.2% YoY
Beef-on-Dairy Premium	$4-5/cwt equiv	Revenue offset for dairy ops
DMC Deadline	Feb 26, 2026	Through 2031 under OBBBA
DRP Recommendation	85-90% coverage	60-70% quarterly milk, match III/IV

FED CATTLE — BULLISH / SUPPLY CRUNCH 2026

3MO · SPRING	**$238 – 252**	COF placements -5%. Cash $242-245. Capacity down 6.6%.
6MO · SUMMER	**$245 – 265**	Grilling peak. Demand highest since 1983. MX closed.
9MO · FALL	**$240 – 260**	Tightest in 10-yr cycle. Heifer retention.
12MO · SPRING '27	**$235 – 255**	Cycle peak '26-'27. Watch demand wall at $9.50/lb retail.

COF report (2/21): on-feed 11.5M head (-2% YoY), placements -5% — below trade estimates. Cash $242-245 south. Feeder index $377, up from $370 last week.

Herd 86.2M, lowest since 1951. MX border closed (screwworm spreading to central Mexico). Demand strongest since 1983 but watch consumer pushback above $9.50/lb retail.

SCOTUS ruling could ease beef imports — modest bearish offset. Receipts up 39% since 2020. LRP critical for 15-20% policy swings.

Metric	Value	Context
On-Feed	11.5M head	-2% YoY (COF 2/21)
Placements	-5% YoY	Below trade estimates
Cash (south)	$242-245/cwt	Current week
Feeder Index	$377	Up from $370 last week
National Herd	86.2M head	Lowest since 1951
Slaughter Capacity	Down 6.6%	Plant closures
MX Border	Closed	Screwworm spreading to central Mexico
Retail Threshold	$9.50/lb	Watch for consumer pushback

CROP INSURANCE ACTION ITEMS

01 **PROTECT GRAIN DOWNSIDE.**

RP at higher coverage. OBBBA raised subsidies 65% to 80%. SCO/ECO more attractive. COP: $917/ac corn.

02 **BEANS: UPSIDE NOW = BIOFUEL, NOT CHINA.**

SCOTUS clouds trade leverage. 45Z, E15, RFS are the catalysts. Don't cap, but expect volatility.

03 **DAIRY DRP: NON-NEGOTIABLE.**

85-90% on 60-70% quarterly milk. Match Class III/IV. DMC by Feb 26. Jan III was $14.59 — plan accordingly.

04 **CATTLE: MANAGE VOLATILITY.**

LRP sets floor, keeps upside. COF confirms tight supply. Lock some Q3-Q4 revenue on strength.

05 **FBA SIGNUP OPEN TODAY.**

fsa.usda.gov/fba. Corn $44.36/ac, beans $30.88, wheat $39.35. Online payments by Feb 28. Deadline Apr 17.

06 **GOV'T = ~25% NET INCOME.**

Higher ref prices + ARC + better crop ins subsidies. Factor FBA into spring cash flow now.

KEY DEADLINES

Date	Program	Description
Feb 26, 2026	DMC	Dairy Margin Coverage enrollment deadline
Feb 28, 2026	FBA	Farm Bill Assistance online payments begin
Mar 15, 2026	Crop Insurance	Sales closing date — spring crops
Mar 31, 2026	USDA	Prospective Plantings report
Apr 17, 2026	FBA	Farm Bill Assistance signup deadline

SOURCES & METHODOLOGY

- USDA Agricultural Outlook Forum (February 19, 2026)
- WASDE — World Agricultural Supply and Demand Estimates (February 10, 2026)
- USDA Cattle on Feed Report (February 21, 2026)
- CBOT/CME Group market data (February 23, 2026)
- ERS Livestock, Dairy, and Poultry Outlook (February 2026)
- NCGA Cost of Production estimates
- Farm Credit Services of America Q1 2026 Outlook
- AMS Dairy Market News (week of February 16-20, 2026)
- Federal Reserve Economic Data (FRED) — St. Louis Fed
- FFAI v3.0 — Farmers First Ag Index (farmers1st.com)

Price ranges represent approximately 60% probability bands. Tail risk extends beyond stated ranges. Marketing year noted per section. All prices USD.

DISCLAIMER

This document is published by Farmers First Agri Service for informational purposes only. It does not constitute financial, investment, or trading advice. Commodity markets involve substantial risk of loss. Past performance and statistical models do not guarantee future results. The FFAI explains approximately 28% of the variance in agricultural loan delinquency — the remaining 72% includes weather, trade policy, farm management, and other factors not captured by the model.

Always consult with your crop insurance agent, lender, and financial advisor before making marketing or insurance decisions. Crop insurance products are underwritten by approved USDA reinsurance companies.

Farmers First Agri Service
Chetek, Wisconsin 54728
715-797-2428 | sig@farmers1st.com
farmers1st.com