North American Agribusiness Quarterly Q1 2026

RaboResearch Food and Agribusiness

February 2026

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Sector outlooks

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Economy

Labor market resilience

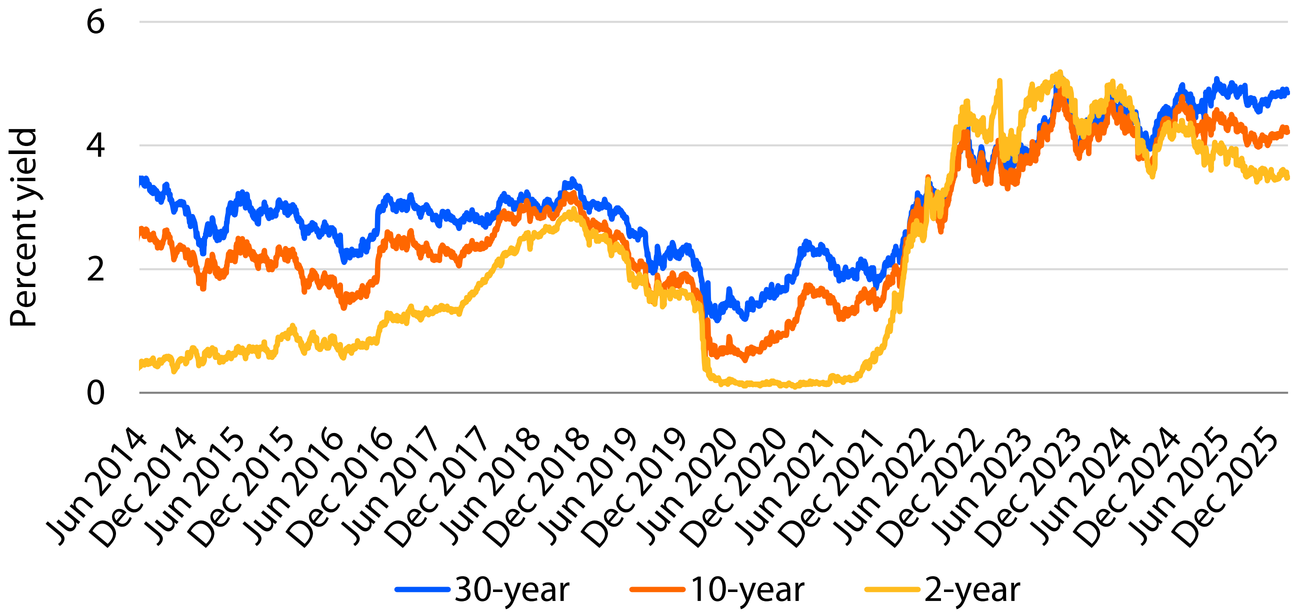
- US employment growth has picked up, while inflation remains elevated.
- The USD/MXN exchange rate is likely to remain stable.
- The USD/CAD exchange rate is expected to move sideways as well.

Employment growth in the US picked up in January, weakening the case for the doves in the Federal Open Market Committee to cut rates in the near term. However, **we expect the next Fed chair to push for cutting the policy rate to the neutral level before the midterm elections.** Although the impact of the tariffs has been smaller than expected, inflation is likely to remain above its 2% target in the first half of 2026. The average tariff rate has remained stable in recent months, but there are still upside risks with possible conflict between the US and China as the main factor. There are also downside risks from the midterm elections, because concerns about affordability could give the US administration an incentive to ease some of the tariffs again.

Despite the upward revision in Banxico's projection for inflation in Mexico, **we still see two more 25bp cuts from Banxico this year,** starting in June, to a terminal rate of 6.50% by 2026 year-end. However, this view is contingent on the Fed cutting three times this year as well. Further cuts in line with the Fed suggest some stability of the USD/MXN exchange rate. We anticipate USD/MXN to trade sideways in the next 12 months.

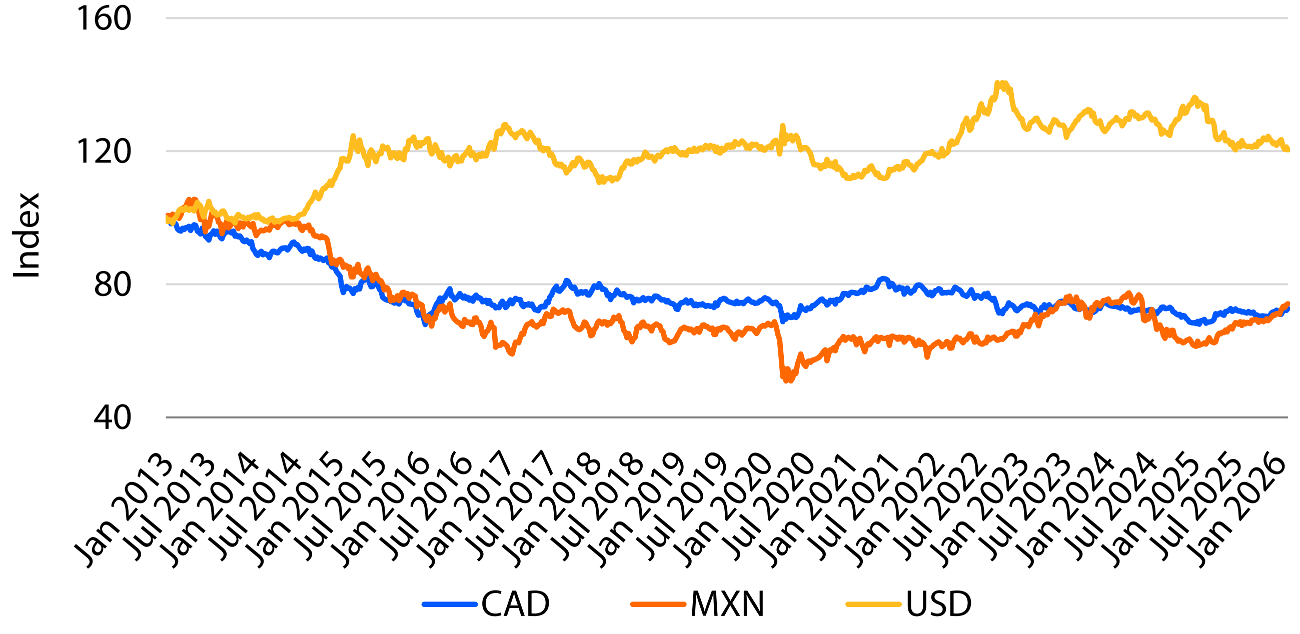
The Bank of Canada kept its policy rate unchanged in January, but at the same time, the bank highlighted the continued deterioration of the Canadian economy and business conditions, as trade uncertainty continues to smother intentions for economic growth. Threats of 100% retaliatory tariffs on Canada from the US appear to have ebbed for now, but policy uncertainty leaves the Canadian economy – and Canadian business leaders – in limbo. We expect **the Bank of Canada to remain on hold for the remainder of the year.** We anticipate the USD/CAD exchange rate to move sideways in the next 12 months.

Interest rates, 2014-2026

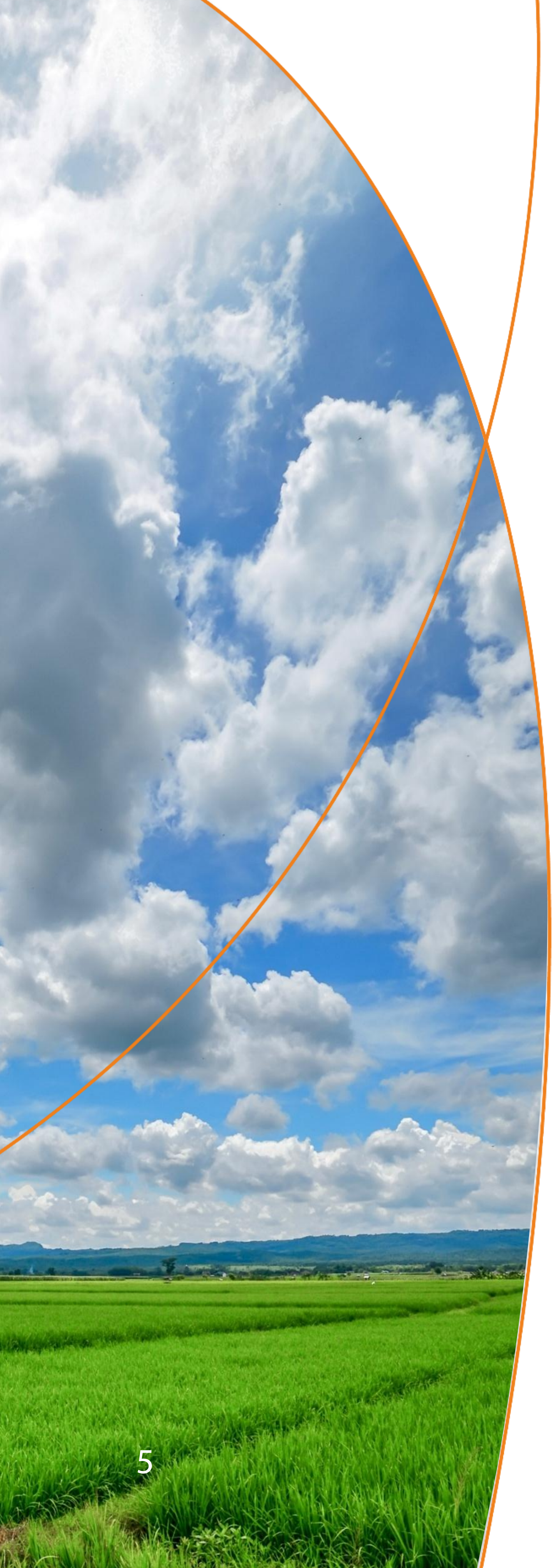


Source: *Federal Reserve of St. Louis 2026*

Currency indexes, 2013-2026



Source: *Bloomberg, RaboResearch 2026*



Weather

Winter flash freeze leaving us out to dry

- Insufficient soil moisture is emerging as a key challenge for the season, although plenty of time remains for recovery.
- Winter wheat is mostly intact after a January cold snap.
- ENSO is not expected to play a significant role in 2026.

Winter flipped from early cold to broad February warmth across the central states. Late January into early February delivered a true Corn Belt freeze, with subzero lows and new marks including -13 degrees Fahrenheit (F) at Springfield, Illinois, and -9F at Fort Wayne, Indiana, followed by a rapid warmup across the Plains and Midwest.

Soil moisture will set the pace from here. **Dryness is most entrenched across the eastern Corn Belt, the Delta, and the Southeast,** and this has persisted through late January and early February. The central and northern Corn Belt sits closer to balanced, but parts of the Dakotas, Nebraska, and the central High Plains still carry limited reserves and will need late winter and early spring recharge. In the West, mountain storage could become challenging. A prolonged dry spell resulted in lower-than-normal snow levels in several basins, including the Sierra, where snow water content was under 60% of normal by late January. That will cap runoff unless February and March deliver.

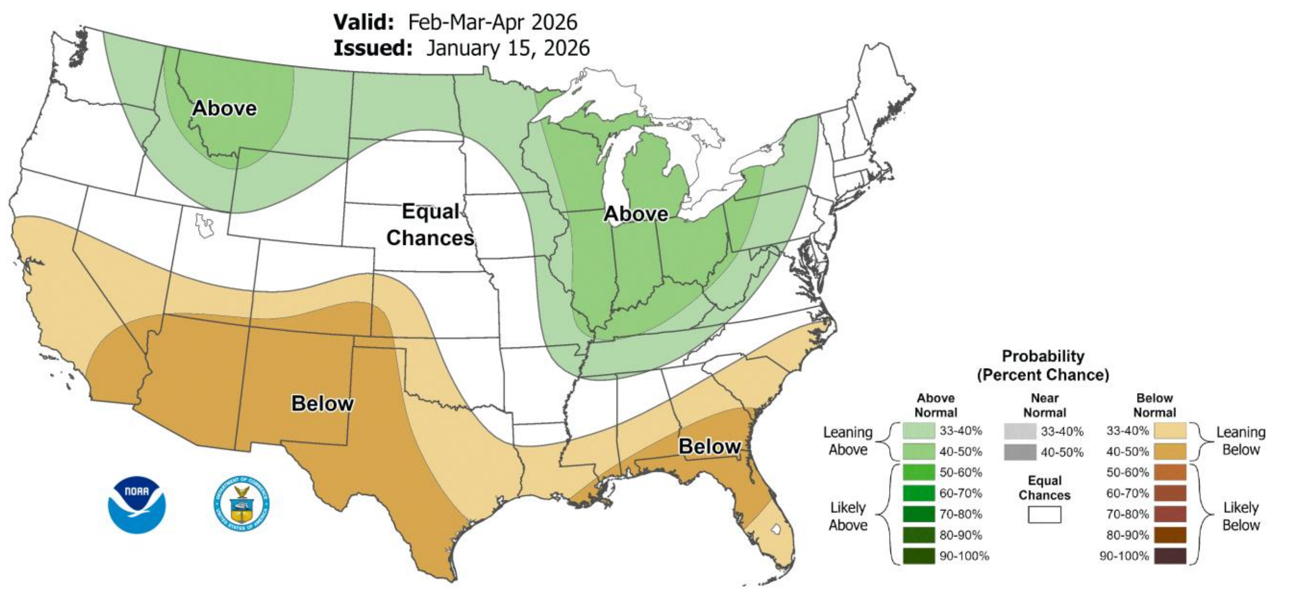
Winter wheat is mostly intact, but damage occurred in the northern High Plains hard red belt where bare fields caught the late January cold. Conditions slipped in Nebraska and Montana after subzero conditions arrived without protective snow, while Kansas held steady and the soft red belt in the lower Midwest remained mostly good-to-excellent crop condition with helpful snow cover during the coldest stretch**. Pastures and winter forages across the southeast and southern Plains remain stressed,** keeping supplemental feed basis elevated until moisture returns.

Moisture recovery across the eastern Corn Belt, the Delta, and the southeast is critical to achieving trendline yields in 2026. If late February and March storm opportunities underperform in these regions, fieldwork timelines tighten and pasture improvement lags. Several core row crop areas, including central Iowa, still hold workable soil profiles and field access after recent dry windows.

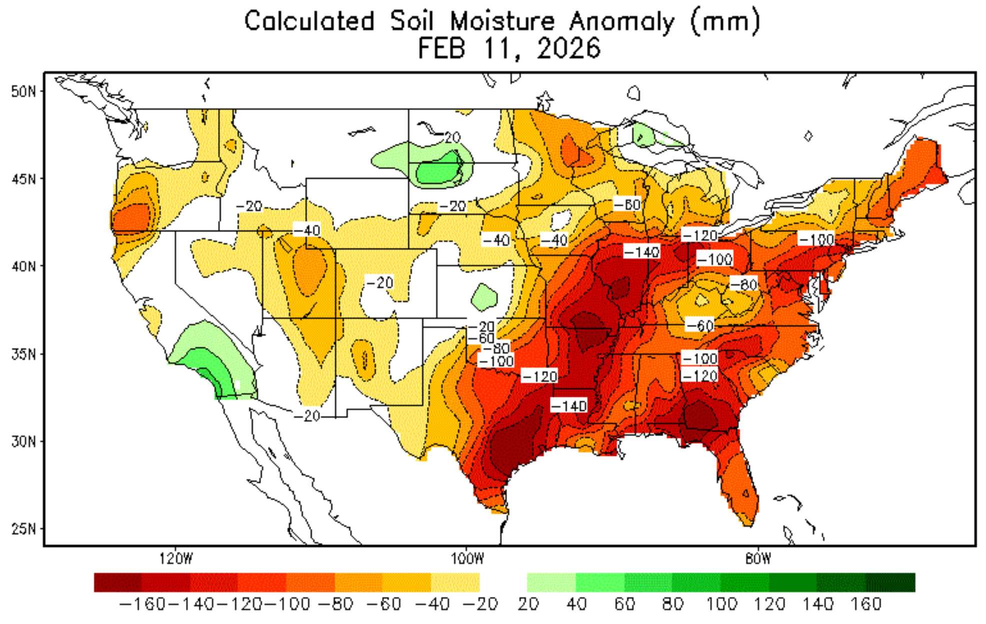
Consensus guidance indicates La Niña will fade, with ENSO neutral by spring and probabilities tilting toward a weak El Niño into summer. This profile does not point to a major event, and any ENSO influence on 2026 US weather is likely to be secondary to actual soil moisture and precipitation.

Sources: *NOAA 2026*

Seasonal precipitation outlook anticipates some relief to the eastern Corn Belt



Soil moisture is low across most of the eastern US



Consumer retail and foodservice

A perfect storm for volumes, while premium products thrive

- Demand for packaged foods is likely to remain under pressure, constrained by affordability challenges, health awareness, and rising adoption of GLP-1 drugs.
- There are opportunities for products that appeal to health and wellness to more affluent demographics, who have remained financially comfortable.

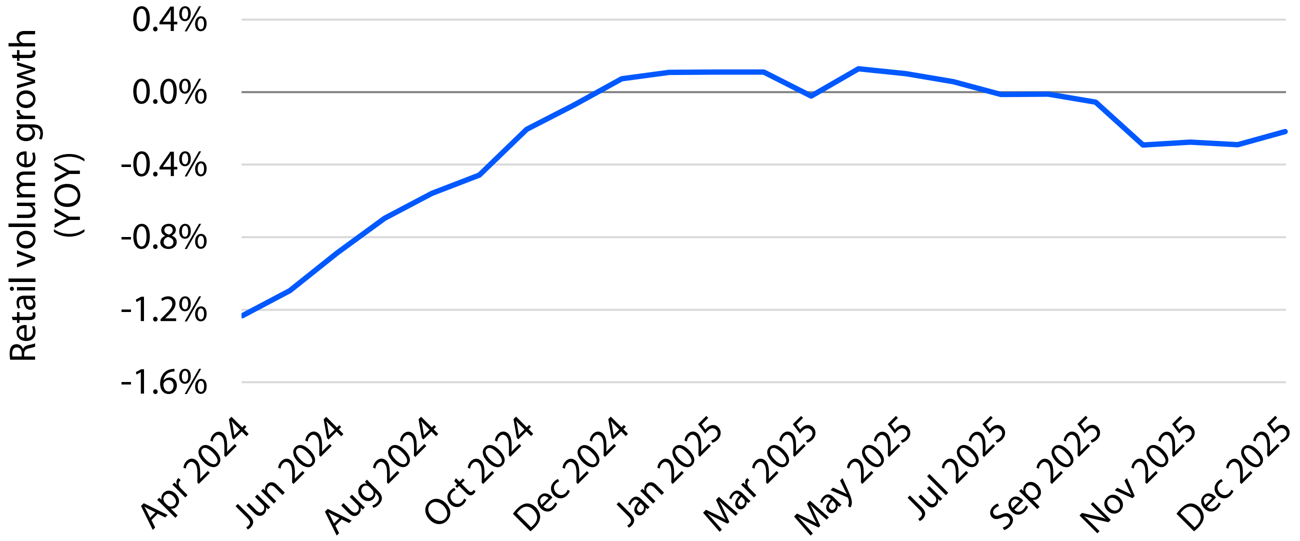
Cost of living remains a major concern for many families and is expected to become a central topic in the political debate ahead of the midterm elections. However**, there are sharp differences across demographic groups:** Higher-income households remain comfortable, benefiting from record stock market performance, strong retirement accounts, rising home equity, and long-term mortgages locked in at low rates. In contrast, lower-income households – without the same financial buffer – continue to face inflationary pressures and shrinking discretionary income.

When it comes to essential goods, such as food, population size matters, and the impact on volume becomes clearer. Higher-income consumers are not likely to eat larger quantities as income rises, but they **do trade up to more premium choices**. Meanwhile, **lower-income consumers are spending more cautiously** – shifting to increased home cooking (instead of dining out), lower-priced brands, private label, or cutting back on non-essential items. This dynamic helps explain the seemingly contradictory pattern observed throughout 2025 (and expected in 2026): growth at both ends of the value spectrum, with strength in value and premium tiers at the expense of mid-tier offerings.

Beyond economics, 2026 started with **significant developments in nutrition policy.** In early January, the 2025-2030 Dietary Guidelines for Americans were released, translating key principles of the Make America Healthy Again (MAHA) initiative into public guidance. The new guidelines emphasize increasing protein intake (primarily animal-based) and fresh foods, while reducing consumption of sugar-, salt-, and fat-rich ultra-processed foods, and refined grains. Yet affordability remains a major barrier, limiting broad adoption of the recommended diet.

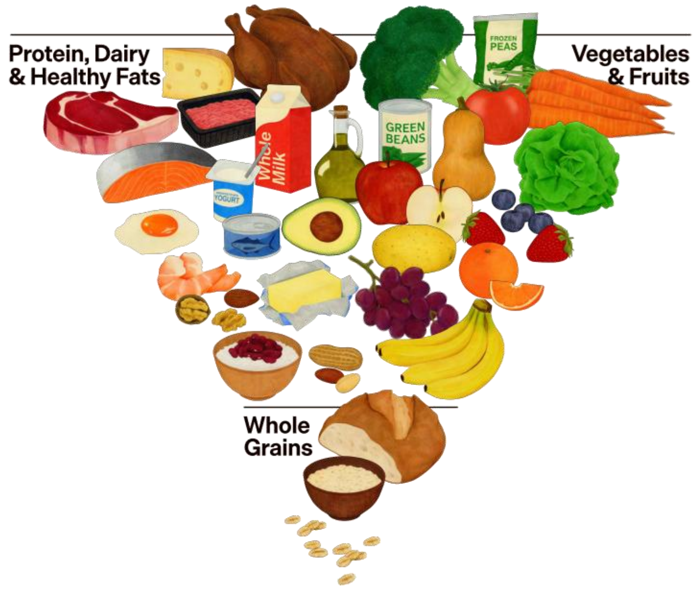
Anti-obesity medications – namely glucagon-like peptide-1, or **GLP-1 drugs – continue to gain traction,** supported by expanded channels, new formats (oral pills approved in late 2025), and broader insurance coverage. We expect the use of GLP-1 drugs to continue rising, not only among individuals living with obesity but also among those seeking lifestyle-driven weight management. This will influence not just how much Americans eat, but what they eat. Protein- and fiber-rich and natural products are poised to benefit the most, while items perceived as less nutrient-dense may see declining demand.

Retail volumes dropped slightly in 2025



Source: *SPINS, RaboResearch 2026*

New Dietary Guidelines for Americans, 2025-2030, transform key MAHA principles into public policy



Source: *Department of Health and Human Services, RaboResearch 2026*

Logistics

Dry container and less-than-truckload forecasts weaken

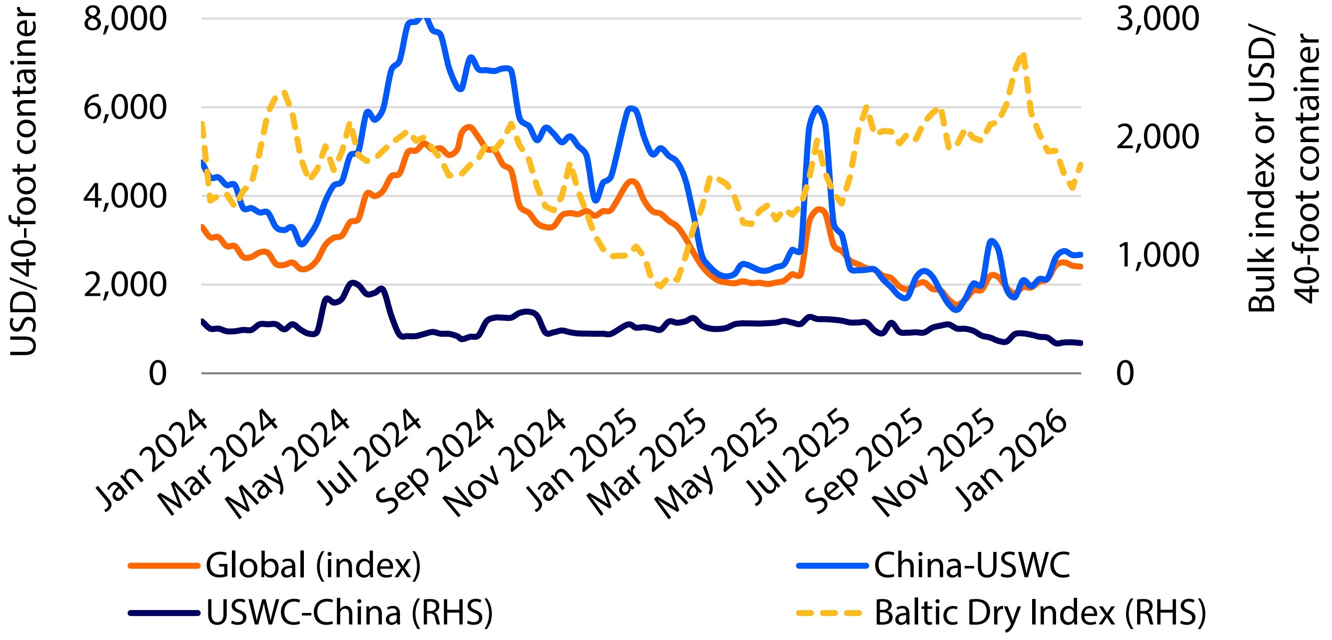
- Dry and reefer container shipping continue to be overshadowed by geopolitical volatility and imminent overcapacity.
- Trucking saw temporary pricing gains, but weak fundamentals suggest slow and uneven recovery.

Maritime shipping in 2026 remains clouded by macroeconomic and geopolitical volatility. In the near term, US imports from Asia are unlikely to see the usual pre-Lunar New Year surge. Retailers remain cautious due to ongoing ambiguity around the Trump administration's tariff policies, which is expected to extend the year-on-year import declines into the first half of the year. Medium-term uncertainty also surrounds the timeline for container carriers' full return to the Red Sea. Although a second Maersk vessel has transited the Suez Canal early in the new year, carriers remain divided on when to resume full operations, depending on how regional tensions evolve. Meanwhile, regulatory ambiguity continues to cloud the alternative-fuel transition, influenced in part by US lobbying. Still, alternative-fuel vessels account for about 75% of recent newbuild orders, even as these fuels remain significantly more expensive – raising carrier costs that may ultimately be passed on to shippers.

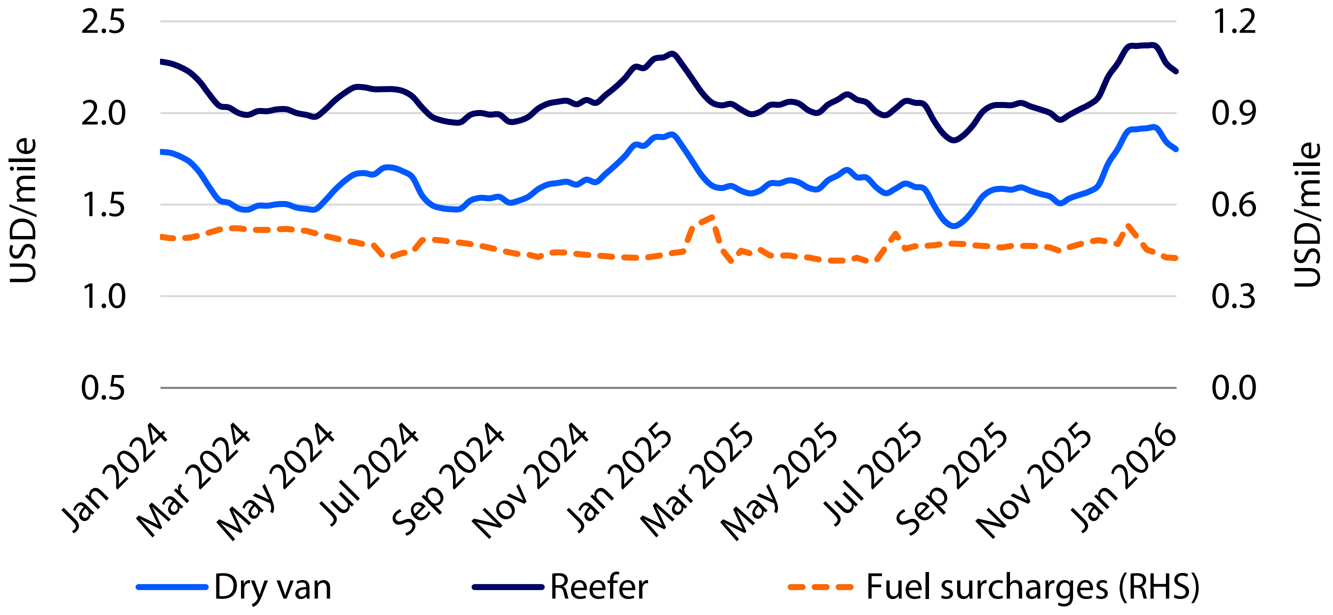
Reefer demand growth is expected to slow to 1.1% in 2026, while the availability of reefer containers is expected to remain ample due to a steady pipeline of new equipment orders. As a result, reefer freight rates in Q1 2026 are trending downward across most major trade lanes, with prices declining by an average of 6.4%. Similar to dry-container freight markets, reefer shipping is also influenced by tariff developments and broader geopolitical volatility, the full effects of which remain difficult to predict. Notably, the evolving tariff landscape is already shifting South American cargo from North America to Asia, elevating pricing on those redirected routes despite the broader downward pressure elsewhere.

The US trucking market remains soft, with freight demand weakening and recent price movements distorted by weather. Although seasonal and weather-related factors have temporarily lifted rates, the underlying fundamentals suggest these gains will not last. There are early indications that capacity reductions could support a gradual recovery later in 2026, but any rebound is expected to be slow and uneven. Less-than-truckload carriers are likely to continue expanding networks and selectively acquiring terminals as they reposition for long-term growth.

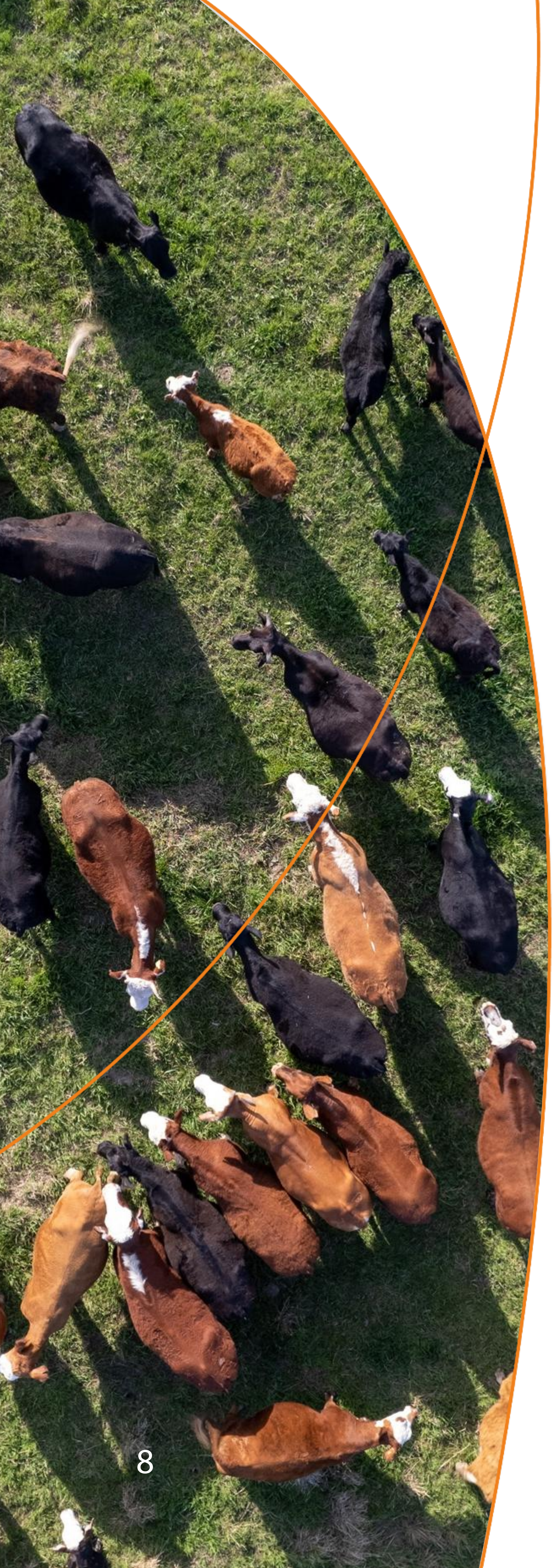
Select ocean freight rates, Aug 2023-Aug 2025



US dry van and reefer truckload prices, Aug 2023-Aug 2025



Source: ANDA, CRU, RaboResearch 2026



Cattle

Supply contraction will accelerate in 2026 as beef demand uncertainty persists

- Heifer calf retention needs to increase considerably in 2026 to eliminate additional deterioration of the US beef cow herd into early 2028.
- Q1 beef demand is seasonally more sluggish, but sustained demand growth in 2026 will require boxed beef cutout values to remain above USD 4/lb through Q2 and Q3.

US cow-calf producers paused herd liquidation in 2024, yet breeding inventories continue to edge lower at the beginning of 2026. USDA's January 1, 2026, report shows beef cow numbers down 285,000 head (-1%) to 27.6m. Bred beef heifers held nearly steady at 3.0m, and open replacement heifers remained unchanged for a third year at 1.8m.

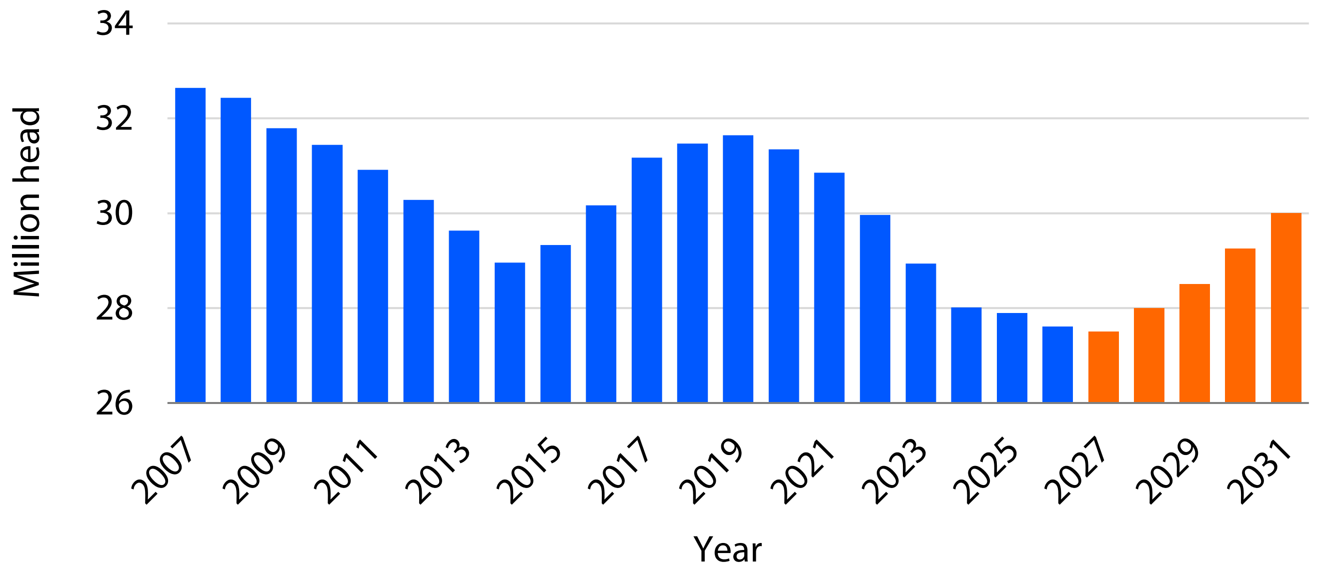
With 2025 beef cow culling at just 8.6% – the lowest since 2015 – the US herd is still positioned to contract into early 2027. Meaningful herd rebuilding will require larger cow-calf operations to increase 2026 heifer calf retention to lift breeding inventories by early 2028. Smaller producers remain ill-equipped to develop herd replacements, while bred cow and heifer prices above USD 4,000 per head limit the profitability of purchasing breeding stock.

New world screwworm challenges cut 2025 US imports of Mexican feeder cattle and calves by 1m head. Feedyards felt the tighter supply, and US beef buyers will face similar pressure in 2026. About 200,000 Mexican-origin cattle remain to be slaughtered early this year, and without resumed trade, that could represent the full annual volume. The timeline for renewed cattle movement remains uncertain, and shipments will be slower once ports reopen due to added inspections. Only four of the eleven entry points are expected to accept cattle under current protocols.

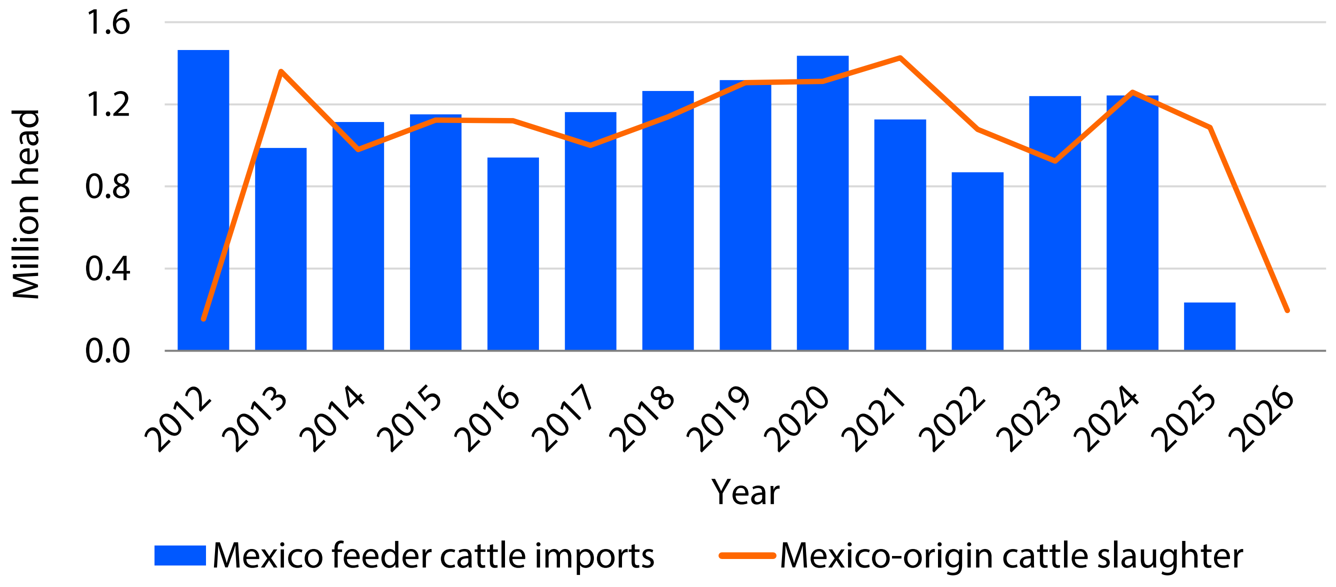
Mexican beef imports are projected to rise 25% to 30% YOY in 2026, partly offsetting reduced cattle shipments since late 2024, although still not matching the levels seen under normal Mexico-US cattle and beef trade. A decline in Mexico-origin cattle has pushed USDA Select output down 25% since October 2025. Stronger Q4 2025 beef imports from Canada and Mexico signal growing reliance on imported fresh cuts to fill widening gaps in lower-grade domestic supply.

Processors are struggling to pass higher cattle costs to buyers. January fed cattle prices rose 15% from a year earlier, while boxed beef increased 10%. Early-year demand is typically softer, making Q2 pricing pivotal. In particular, wholesale values will need to hold above USD 4/lb, a level only briefly reached in 2025.

US – January 1 beef cow inventories will drift lower into 2027 before the rebuild



Mexico – Fewer 2025 feeder cattle and calf imports shrink 2026 cattle slaughter



Source: USDA, RaboResearch 2026

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Corn

Despite strong US exports, large US corn stocks will keep prices in check

- US corn futures are likely to continue trading in a narrow trading range in 2026.
- US corn exports have been strong, but can they meet the USDA's aggressive forecast?
- Brazil corn stocks are once again very tight – opening opportunity for US exports.

Corn futures have been stuck in the same USD 4.00 to USD 4.50 trading range for the past two years. Only twice has the market traded below or above that range. Knowing what we know today, the corn market is likely to remain comfortable trading in that range.

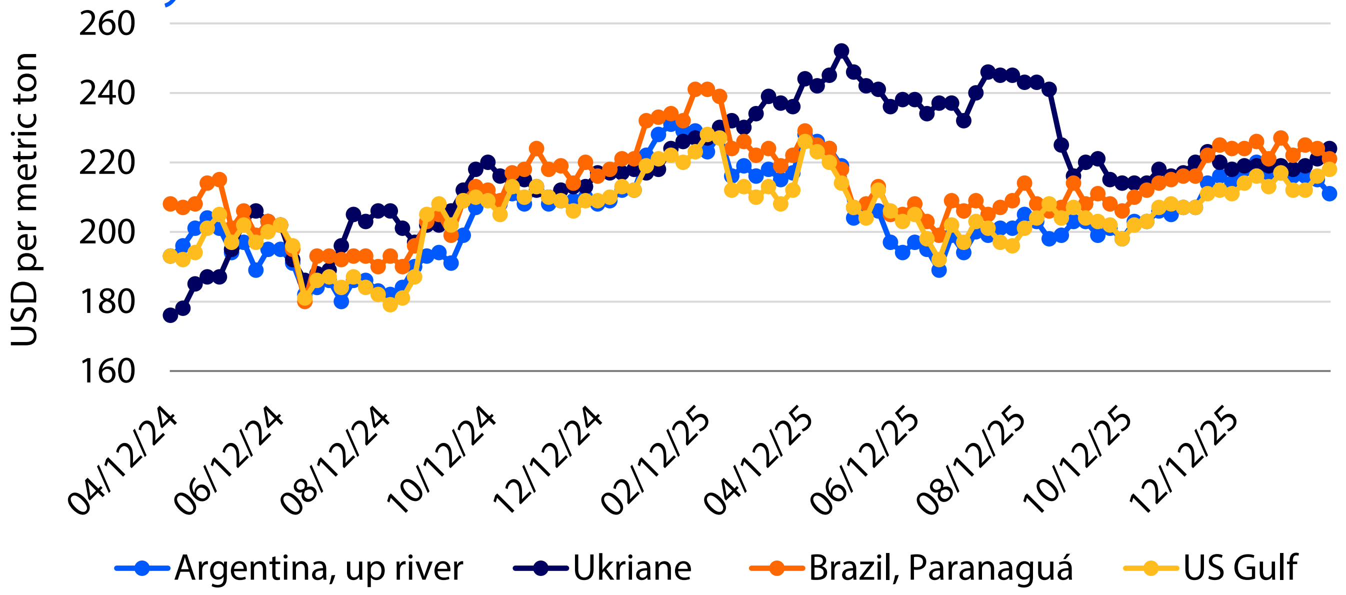
US corn exports have been one of the few positive stories among US row crops over the last couple of years. For the week ending February 5, US corn export inspections are running ahead of last crop year by 425.4m bushels or +46.7%. Using export inspection data, US corn exports would need to average ~65m bushels per week for the rest of the crop year to reach the USDA's aggressive projection of 3.3bn bushels. However, for the remaining 30 weeks of the crop year, the five-year average weekly corn export inspections were under 49m bushels.

US corn exports are being positively impacted by several factors; a weak US dollar, competitive US corn export prices, and Brazil's seemingly ongoing tight corn supplies. Current projections place Brazilian corn supplies at the end of the 2025/26 crop year (March/February) at just 3.7m metric tons, with a stocks-to-use ratio of 2.6%. If realized, this would be the lowest Brazilian ending corn stocks since 2006/07 and the lowest stock-to-use ratio on record.

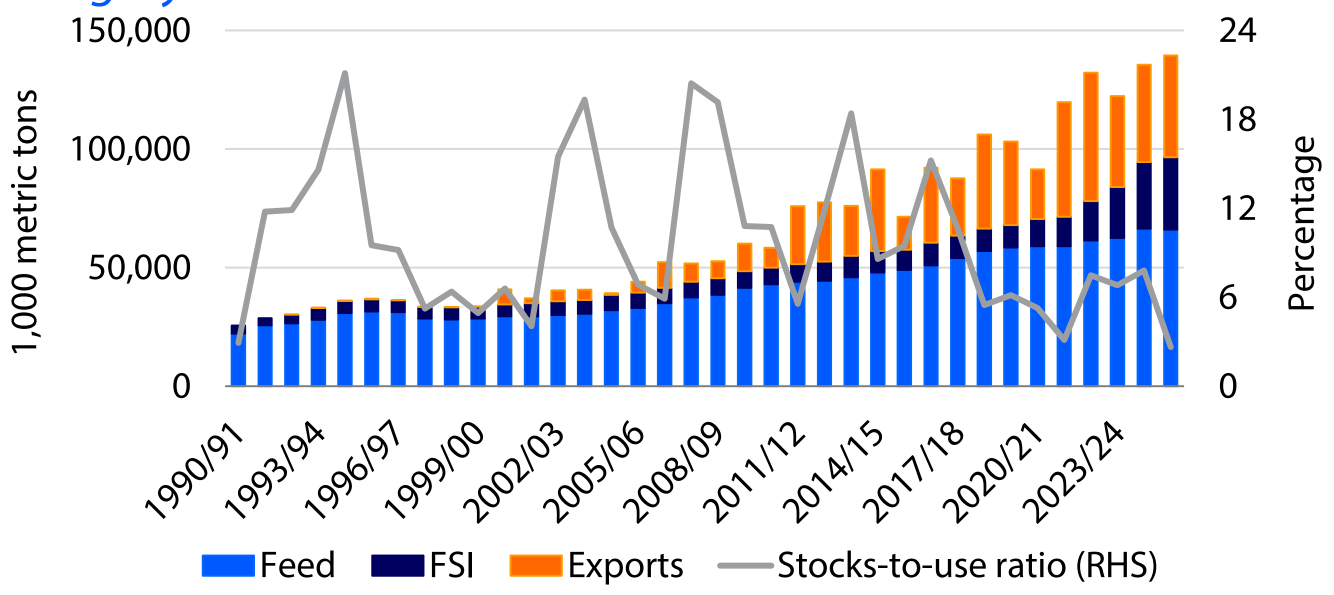
In Brazil, the low stocks-to-use ratio clearly signals that supply is struggling to keep pace with demand. A comparison of the compound annual growth rates (CAGR) for total supply and total disappearance shows that supply is barely keeping up with demand. For example, over the last five years the CAGR for total supply is 5.9%, while total disappearance is 5.6%. Anytime Brazil has a shortfall in production, exportable volumes decline significantly to support domestic demand. This will be an ongoing feature of the Brazilian corn market for the foreseeable future, which will support US corn exports.

With US spring planting quickly approaching, the annual debate about how many corn acres will get planted is in full swing. According to RaboResearch's US 10-year baseline model, 2026 US planted corn acres are projected at 95.6m acres, down 3.2m acres from the 2025/26 season. If realized, this would still represent the third-largest US planted corn area since 1937. However, conversations with farmers this winter suggest that many are considering planting more corn acres. At 95.6m acres, 2026/27 ending stocks remain above 2.0bn bushels. Assuming farmers plant as many corn acres in 2026 as they did in 2025 and the same trend yield of 182.6 bushel per acres, production increases over 500m bushels. As a result ending stocks increase 500m bushels – the largest ending stocks figure since the late 1980s. If the market sees that magnitude increase in corn stocks, the bottom end of the trading range may not hold.

US FOB corn export prices have been competitive until February



Brazilian corn consumption and exports – rapid growth in FSI category



Source: *USDA-FAS/PSD, Rabobank 2026*

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Dairy

Milk production continues growth from largest herd size in decades

- Milk production is still growing strongly, supported by the largest herd size since the mid-1990s.
- Margins have tightened, but not enough to reduce the herd size.
- Competitive US prices should support exports again in 2026.

December milk production increased 4.4% versus the prior year, aligned closely with November's 4.5% YOY gain, **continuing the strong growth pace noted during the past several months.** A significantly larger herd, additional milk per cow, and stronger component production are setting the stage for ample milk supplies in early 2026, with RaboResearch expecting nearly a 2% expansion in milk volume this year.

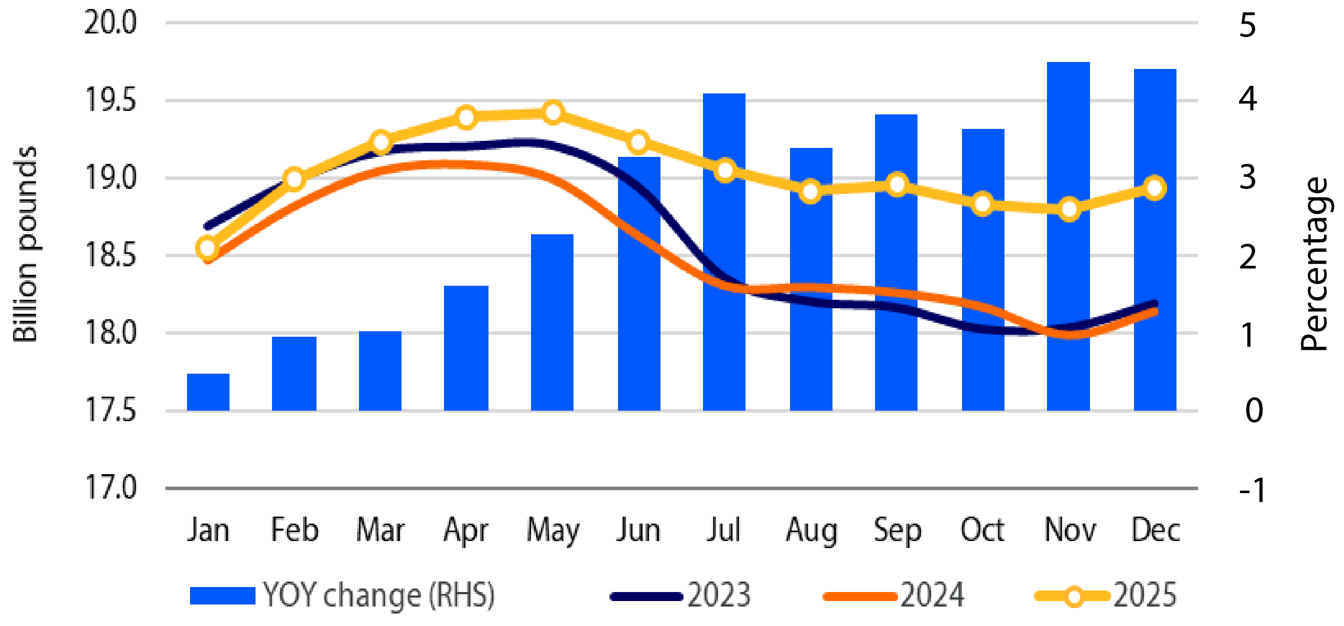
The pace of the herd size expansion remains notable. **In December, there were an additional 212,000 milk cows in the US,** capping a year of impressive growth. Farmers began adding cows in summer 2024 to capitalize on healthy profit margins, with the lure of valuable beef-on-dairy cross-calf sales also incentivizing herd size growth to produce as many calves as possible for both replacement and sale. Total cows are down 12,000 head from the recent peak in September, but up 9,000 head from November, showing that there is limited potential for the herd size to decline in the short term. Milk per cow expanded 2% in December, double the long term average 1% rate and the 11th consecutive month of strength.

The milk-over-feed cost margin as measured by the Dairy Margin Coverage program was USD 9.42/cwt in December, the lowest since January 2024, as additional milk pressured prices lower, while feed costs stayed largely aligned with recent trends. Because the margin fell below USD 9.50/cwt, the program will pay an indemnity for farmers insured at the highest coverage tier. Into 2026, RaboResearch expects weaker margins in near-term months. However, elevated revenue from calf sales driven by high beef prices means that most farmers will not struggle with profitability regardless of lower milk prices.

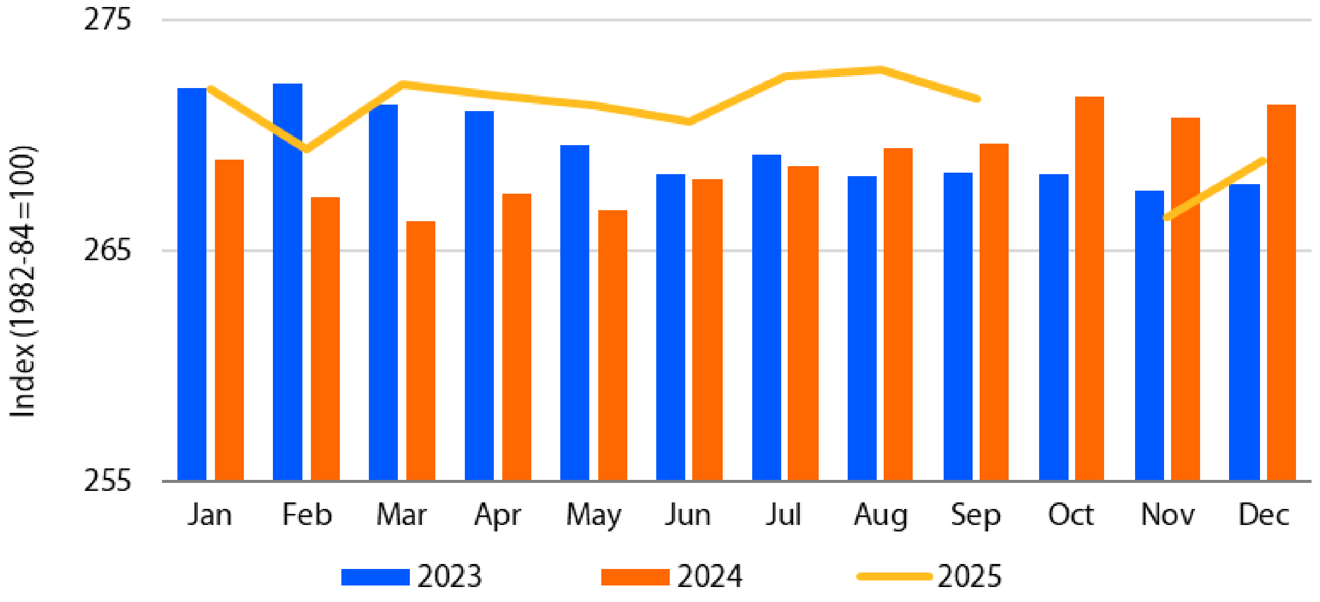
Dairy product production remains strong among most commodities. Cheese volume was strong in 2025 due to additional plant capacity, while abundant cream pushed butter output higher. **Both trends are expected to persist in 2026.** Weaker nonfat dry milk volume has been a bullish driver of the price in recent weeks. Robust protein needs mean the whey stream is highly sought after in dry whey, concentrates, and isolates.

The dairy consumer price index decreased by 0.9% in December, marking the second successive year-on-year decrease.

US milk production (30-day months), Jan 2023-Dec 2025



Consumer price index: dairy and related products, 2023-current



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Farm inputs

Higher for longer cost structure for US growers

- North American phosphate prices in 2026 are set to disappoint farmers, matching affordability issues seen in 2025.
- Sulphur price escalation through Q4 and into Q1 is beginning to stall. Price corrections tend to be rapid and severe, adding risk to purchase timings.

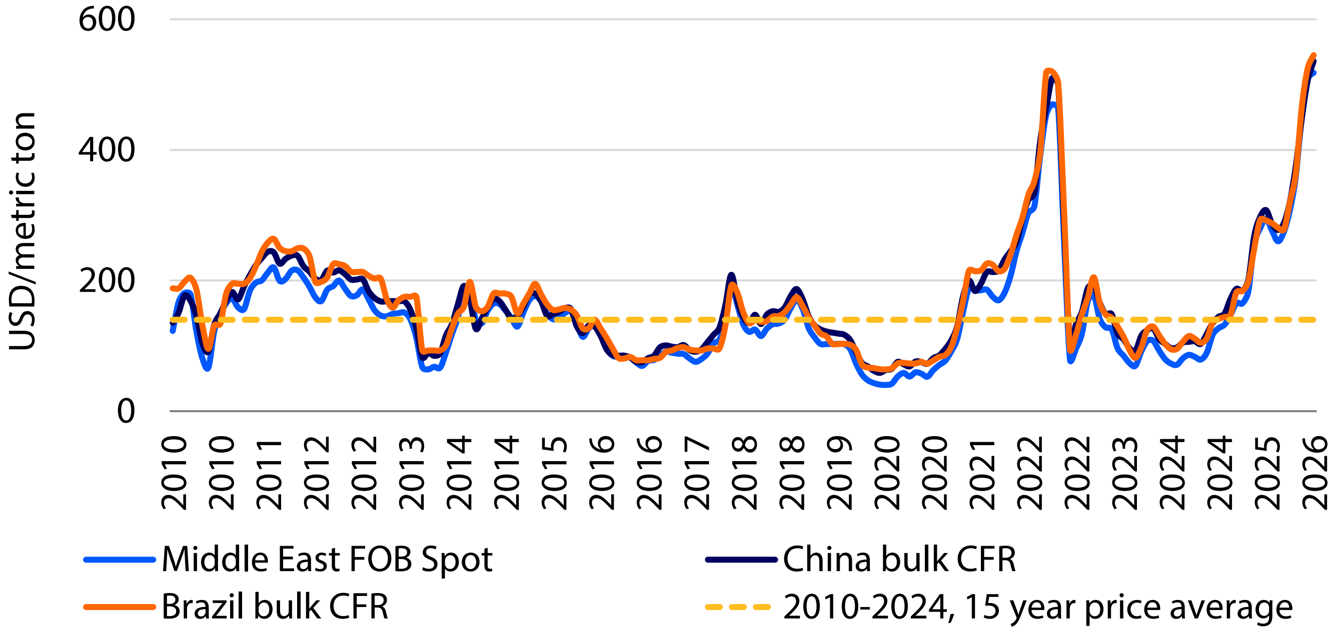
US suppliers suggested that Q4 year-on-year demand destruction of phosphates was as much as 20%. Despite this, the wholesale price dip looks more like a seasonal and short-lived adjustment than a true correction. In fact, a growing view in the market is that US phosphate prices in 2026 may be similar to those in 2025. The reasons for this are broadly beyond our control. As a result, even a relaxation of countervailing duty policy would be unlikely to trigger a significant correction in pricing.

Beyond the seemingly annual quotas that have been put in place for Chinese phosphate exports, the cost curve for global producers has shifted quite dramatically in the last two months. Global sulphur prices increased sharply in Q4 and into January, while slowing their incline only slightly in February. The reasons for this are multifaceted but principally supply-driven. Mid-year export issues in Iran and production constraints in Kazakhstan and Saudi Arabia prompted changes in Russian export policy, effectively limiting global supply. This sent sulphur prices to highs surpassing the peaks seen in 2022.

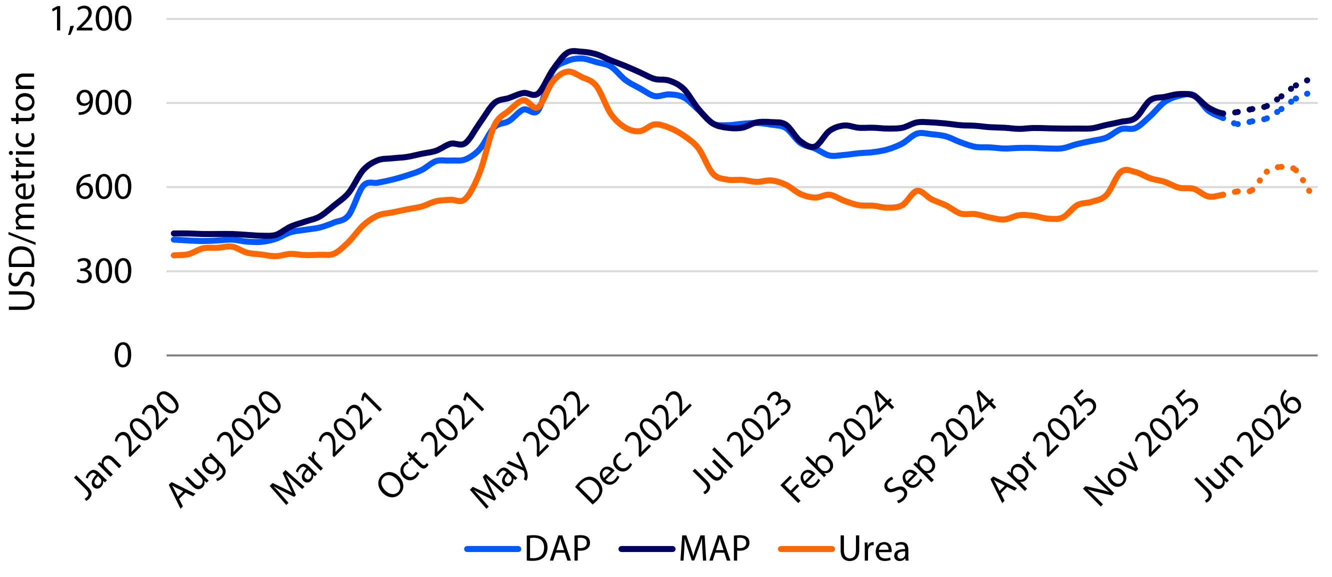
This has pushed marginal phosphate producers into slim-to-negative stripping margins, with the subsequent curtailments of production and tighter global markets. We are in the early stages of this (at current sulphur prices) but we have already seen some marginal phosphate curtailment, globally. The often-overlooked sulphur markets will be worth keeping an eye on through the year, as price levels will have meaningful impact on our domestic phosphate markets.

Beyond the phosphate markets, the immediate price risk for urea appears to be to the upside. Henry Hub spot natural gas prices rallied to levels not seen since 2022, a development not yet mirrored in Europe, even though prices rallied there as well. This shifting cost curve of production along with solid demand from India and China's continued absence from the urea export market, also tightens the global balance sheet. With China expected to re-enter the global export market at some point in Q2, this could lead to a downward correction, but spring peak pricing for US wholesale urea is expected to exceed 2025, hitting US farmers in their wallets. We could yet see a double digit increase in urea prices in the coming weeks.

Global sulphur prices, 2010 -current



Retail phosphate and urea historic and forecast prices, 2020 - Jul 2026



Source: CRU, DTN, RaboResearch 2026

Fruits

US West Coast supplies of apples, avocados, and other fruits are expected to remain strong

- Strawberry prices sit below year-ago levels, but freeze-driven yield losses in Florida are poised to tighten late-winter supply and push the market higher.
- Avocado prices hit multi-year lows as supply jumps and Mexico targets a record 2025/26 harvest; California is set to surpass 300m pounds of avocado production for the third season in a row.

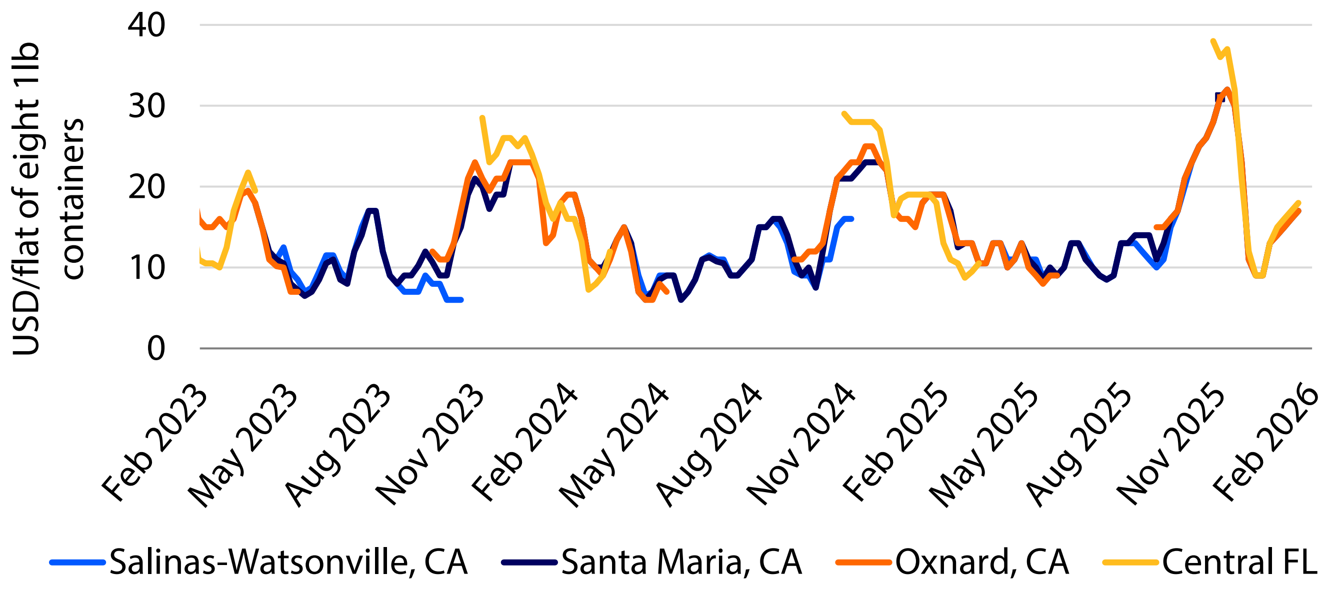
Strawberry shipping-point prices are near USD 17 per flat for non-organic California fruit, running about 11% below year-ago levels by early February for Santa Maria and Oxnard. Central Florida berries have traded at similar levels, but the recent severe freeze, with fields iced over and yield losses expected, will likely tighten February-March supply and lift fresh strawberry prices in the near term.

Lemon shipping-point prices for 140s were at around USD 28 per carton by mid-February, up 10% YOY and right at the five-year average for this time of the season. **Navel orange** shipping-point prices for 88s were over USD 23 per carton by February, up 34% YOY, per USDA figures. While California citrus production for 2025/26 is relatively stable compared to previous seasons, USDA's first 2025/26 citrus forecast projects **Florida orange** production at 12m boxes, a new record low, continuing the multiyear decline driven by greening disease and severe weather.

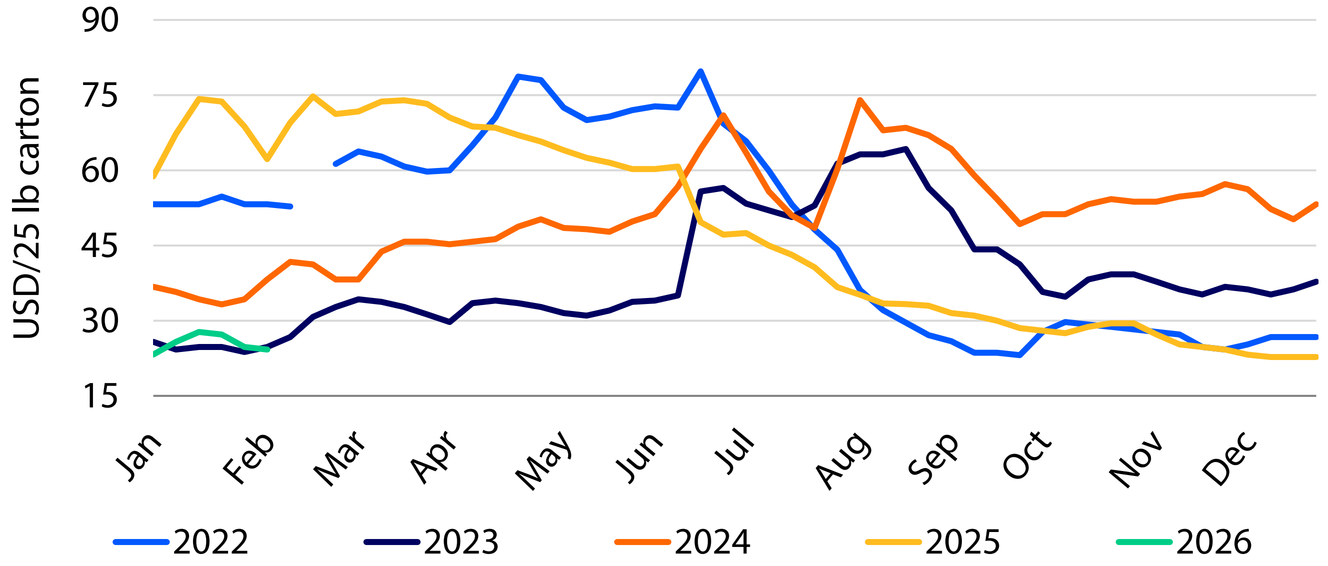
Hass avocado shipping-point prices (size 48s) averaged USD 25 per carton in the first week of February, down 60% YOY and sitting at multi-year lows. Recent US avocado availability is up roughly 20% YOY, supported by strong cross-border inflows. With Mexico on track for a record crop, elevated volumes into the US are likely to persist into the summer. Meanwhile, California's 2026 avocado crop is projected at 330m pounds, including 310m pounds of Hass and the remainder consisting of GEM avocados, according to the California Avocado Commission's early-season forecast.

Apple supplies in the US remain elevated, with 2025/26 production slightly above both last year and the five-year average. **Apple** shipping-point prices are showing mixed momentum: Red Delicious, Gala, and Fuji are up 18%, 17%, and 4% YOY, respectively, while Granny Smith and Honeycrisp are down 13%, and 17% YOY. Washington's larger crop is skewing toward big fruit, tightening availability of small sizes favored in some retail and foodservice segments, per industry sources.

Strawberry shipping-point prices – primary US districts, 2023-2026



Average Hass avocado shipping-point prices, non-organic, 48s, 2022-2026



Source: USDA, RaboResearch 2026

Pork

Tighter supplies to begin 2026; demand steady

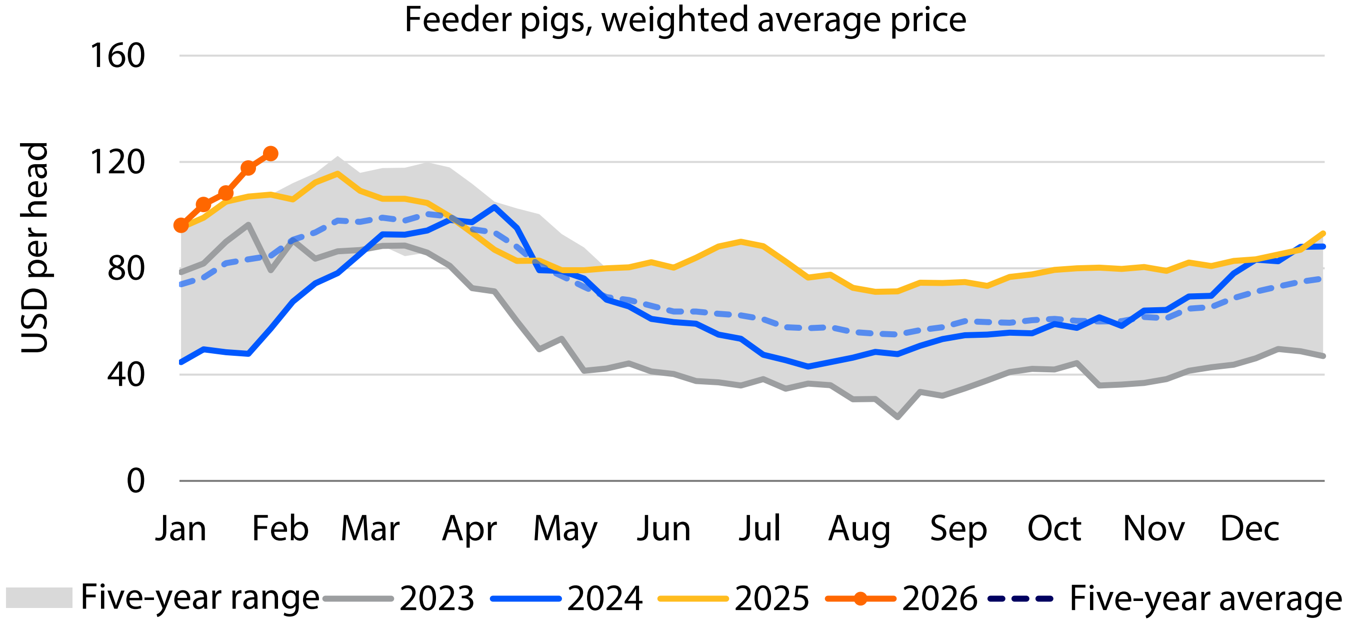
- Herd health remains a challenge for producers in 2026 and is expected to lead to tighter hog supplies in 1H 2026.
- Pork demand remains stout as ham exports to Mexico lead improved global sales, while stronger domestic takeaway is supporting seasonal strength in the cutout.

Domestic hog markets are off to a strong start in 2026, supported by tighter hog supplies and solid packer demand. Ongoing health challenges – especially porcine reproductive and respiratory syndrome virus (PRRSv) and porcine epidemic diarrhea virus (PEDv) –in key production regions are reducing pig numbers, leading to lower availability and a 10% to 15% increase in weaned and feeder pig prices. Imports of pigs from Canada remain relatively consistent and are helping to offset some of the decline. We expect that disease-related losses, combined with the lack of meaningful sow herd expansion, will keep hog supplies tight through mid-year, despite ongoing productivity improvements. Pork production was slightly higher versus the prior year, but on par when adjusting for slaughter days.

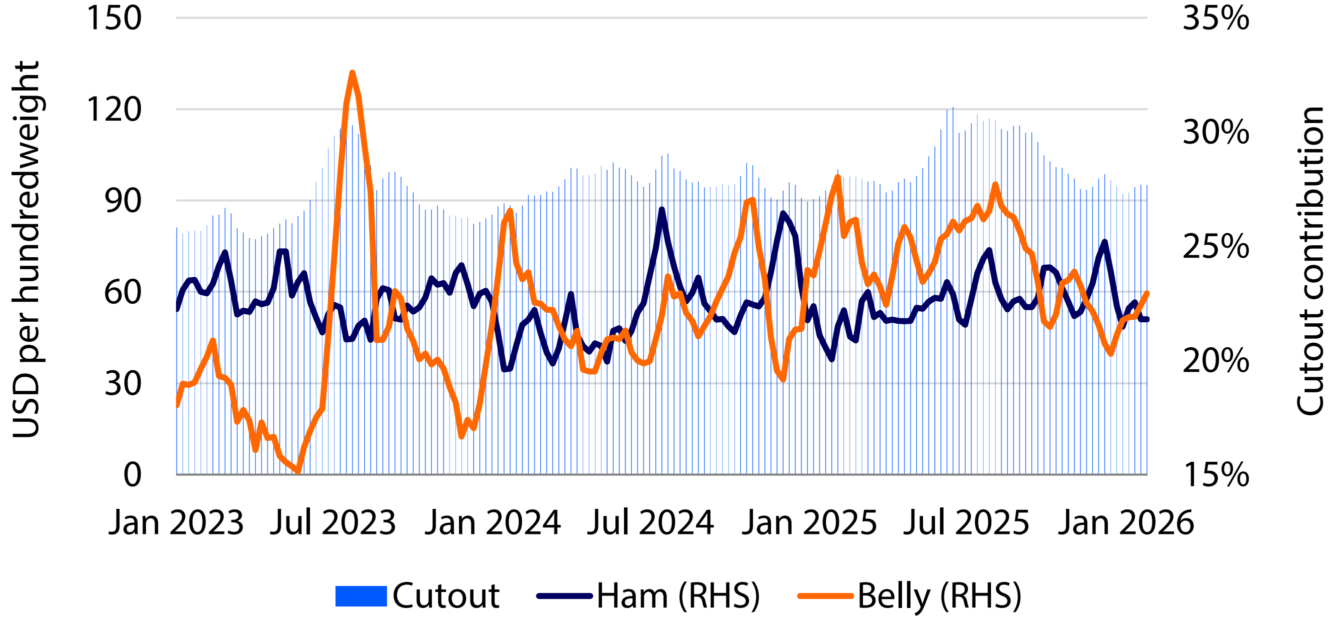
Pork prices were very strong to start the year, up 2% YOY and 8% above the five-year average, before easing back to year-ago levels. Hams (+9% YOY) and ribs (+13% YOY) were strong to start the year, supported by strong export demand. While geopolitical tensions are rising, export demand is expected to remain firm over the balance of 2026. Belly markets continue to lag, down 16% YOY, driven by higher inventories and softer retail sales. RaboResearch expects pork prices to hold steady in 2026, supported by limited supply growth and solid retail demand on tighter beef supplies, despite cheaper chicken.

Through November, US pork exports fell 2.6% and were down even more sharply in the most recent month (-6.3% YOY), with sharp declines to top markets in Japan and China, down 12% and 41%, respectively. These losses were partially offset by strong shipments to Mexico (+12% YOY) and South Korea (+16% YOY). RaboResearch estimates a 2% decline in pork exports in 2025, followed by 2% growth in 2026. Pork imports improved slightly at the start of the year, (+2% YOY in volume, +3% in value), with stronger shipments from Mexico, and sharply higher European pork imports driving the increase. Recent price pressure on European pork due to the African swine fever outbreak in Spain has made European pork more competitive. Looking ahead, potential trade disruptions within the US-Mexico-Canada Agreement (USMCA) bloc remain a key watchpoint, as these markets make up an estimated 54% of total US exports.

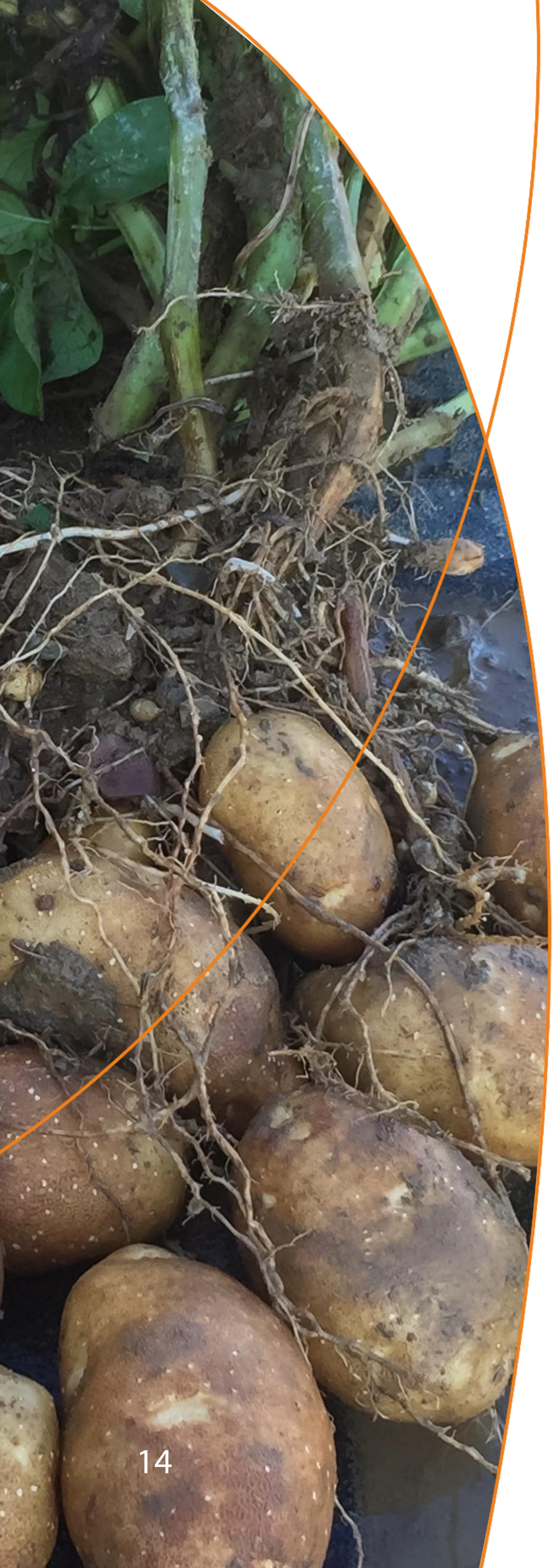
Feeder pig prices surge ahead on lower supplies, strong demand



US pork cutout seasonally strong



Source: USDA, RaboResearch 2026



Potatoes

Global production continues outpacing demand growth

- Increased global supplies and lower production costs are challenging US and Canadian producers for domestic and global market share.
- Low prices and reduced contracts for processed and frozen potatoes in North America will likely result in a large shift downward in 2026 production acres.

Open-market potato prices in North America have continued to slide from the pandemic-era highs. Lower 2019-2022 supply levels – driven by acreage reductions, drought, and trade disruptions – gave way to a market where global supply now consistently outpaces demand. Record efficiency gains across growing, storage, and utilization, paired with softer consumer pull, have kept the market oversupplied. Reported 2026 spot prices are tracking far below recent norms and, in the most heavily supplied regions, well under typical five-year averages.

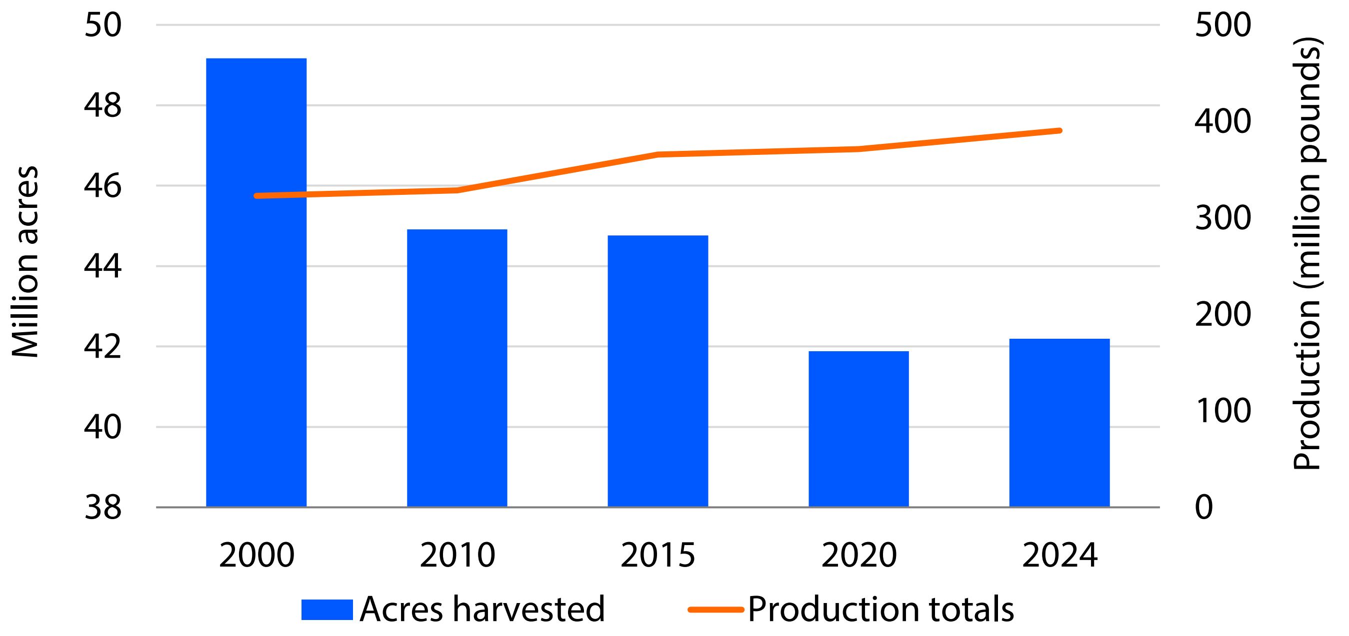
Efficiency is the primary influence behind strong increases in supply. With higher yields and improved pack-outs, fewer acres are needed to meet the same volume, and advancements in freezing, storage, and handling have reduced losses while widening sourcing options. Lower-cost processors abroad are filling demand locally and shipping competitively priced frozen product into North American channels. That increases price pressure domestically and narrows export windows that North American suppliers have historically relied upon.

While frozen products retain the strongest trend, growth has slowed alongside softer food-away-from-home spending and tighter household budgets. At the same time, chip and fresh categories have plateaued or weakened, leaving less room for open-market absorption. Processors are responding with reduced contract volumes and flat pricing into 2026, and buyers are tightening contract volumes and favoring suppliers with stronger storage, quality, and logistics.

Globally, traditional leaders are losing market share as China, India, and other lower-cost producers expand capacity and exports, redirecting trade flows that once favored the US and Canada. Imports are playing a larger role in satisfying domestic frozen demand, while export opportunities face more competition and tighter margins.

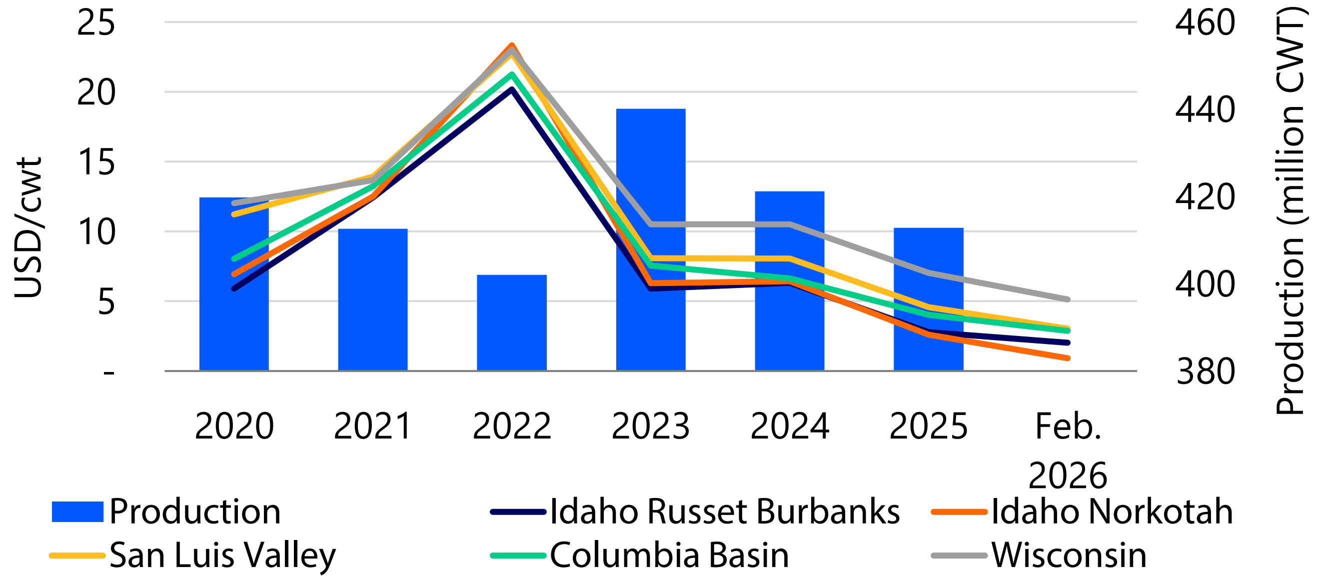
Potato processors with global reach will benefit from lower domestic costs and year-round supplies for cost-effective fresh, frozen, and processed goods. Potato producers in North America should focus on maximizing efficiencies and potentially consider alternative crops, as profits for non-contracted acres may remain negative for the 2026/27 crop.

Global potato production trends, 2000-2024



Source: *FAO, RaboResearch 2026*

US production volume influence on open market potato prices, 2020-2026



Source: *North American Potato Market News, USDA, RaboResearch 2026*

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Poultry

Elevated early-2026 chicken production expected to normalize in the near term

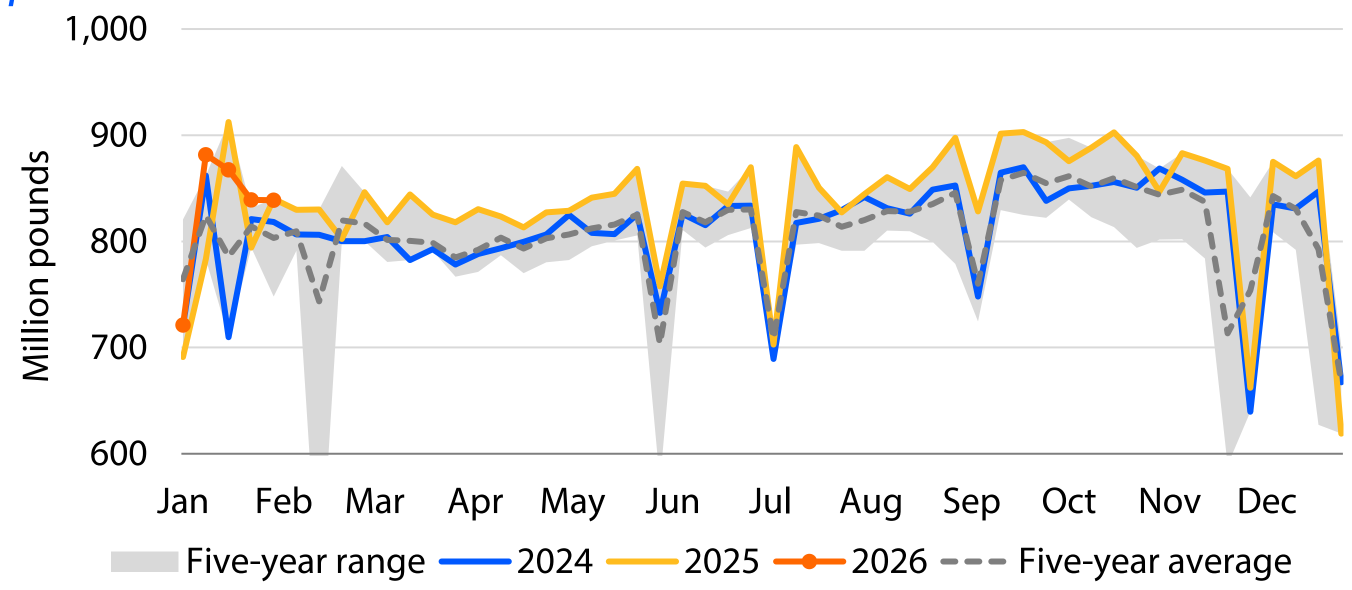
- Chicken production running ahead of year-ago levels, despite disruptive winter storms. Expect supplies to normalize in coming weeks.
- November exports disappointing on rising geopolitical tensions and bird flu-related trade restrictions. Expect limited improvement in 2026.

Chicken production continues to run well ahead of year-ago levels as the industry works to capitalize on strong demand for affordable, lean protein. **Ready-to-cook (RTC) chicken production rose 3.2% in January, despite temporary plant disruptions caused by late-January winter storms across most regions.** Integrators were able to pull some production forward in anticipation of the storms, resulting in a 3.9% increase in head slaughtered but a 1.1% decline in bird weights. A shortfall of roughly 100bps to 200 bps in head slaughtered is expected in coming weeks, although weights should rebound relatively quickly. Hatcheries continue to run at full capacity, with egg sets averaging 1% to 2% ahead of year-ago levels and placements up 2.7% YOY. Hatchability remains a challenge – 79.4% in January, above last year, but 50bps behind the average. Favorable feed costs are expected to remain a tailwind for the industry, contributing to our expectations for 2% industry growth in 2026.

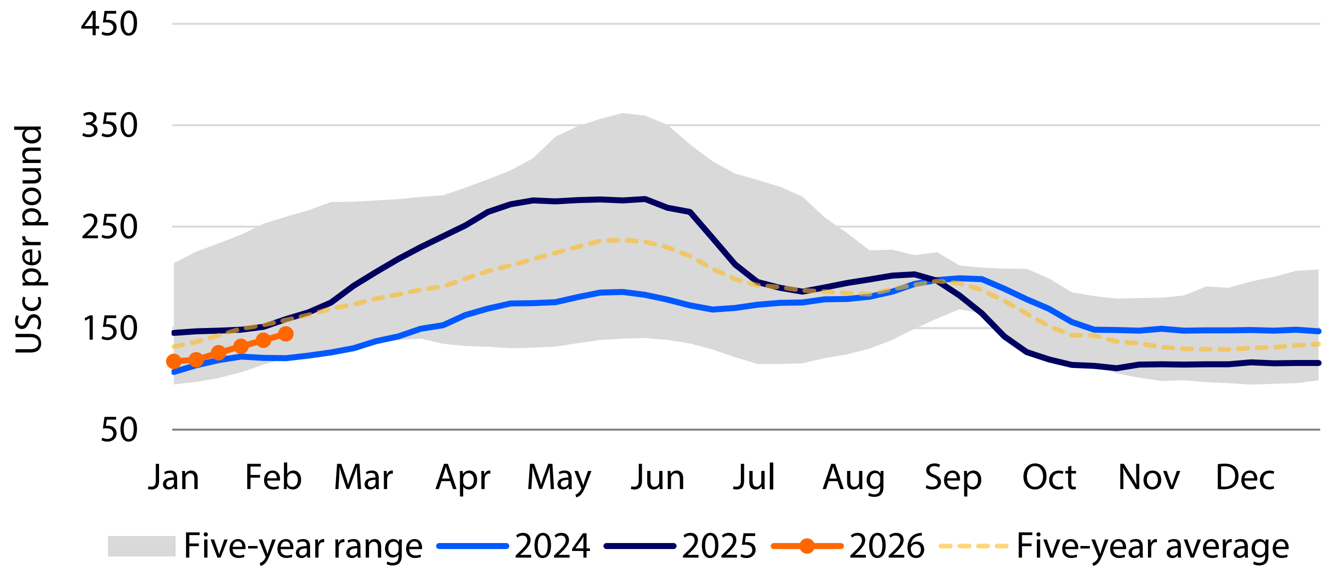
Composite chicken prices remained under pressure early in the quarter, averaging 9% below year-ago levels due to increased production, although they remain in line with the five-year average. **Boneless breast meat prices are also down 9% YOY and continue to trail seasonal norms.** Although inventories rose in December, overall supplies do not appear overly burdensome as the year begins, and we expect the market to gradually move back into balance. Prices for most other items were also lower, reflecting the temporary supply imbalance. In contrast, prices of most dark meat items remain steady, supported by stable export demand and improved domestic disappearance as consumers seek value protein options. We expect relatively steady prices for dark meat items in 2026, driven by a healthy supply-demand balance, lower supplies of competing proteins, and more moderate chicken production growth.

Broiler export volumes were down 3% YOY in November and are down 4% YOY for the year, while the value of chicken exports fell 12% YOY in the latest month. A sharp drop in exports to Mexico (down 22%) and Taiwan (down 10%) accounted for the most significant reductions, although the industry also posted double-digit losses to Canada, Guatemala, Vietnam, and China. Rising geopolitical tensions and trade disruptions due to highly pathogenic avian influenza in key production states are expected to remain challenges in 2026. RaboResearch anticipates a 2% to 4% decline in exports in 2026, despite anticipated US dollar weakness.

Early 2026 storms disrupt plant operation and slow chicken production



Boneless breast prices begin the year under pressure, with seasonal rebound expected



Source: USDA, RaboResearch 2026

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Soybean complex

Futures reacting positively to policy but fundamentals remain challenging

- Craving certainty, Chicago futures have reacted positively to policy.
- However, large (and growing) oilseed production around the world will continue to exert headwinds on the market.

More than any other agricultural commodity, the soybean market can be characterized as a policy market. While fundamentals remain important, some of the largest price movements have been driven by progress on trade talks with China and updates regarding the renewable volume obligation (RVO) and the 45Z tax credit.

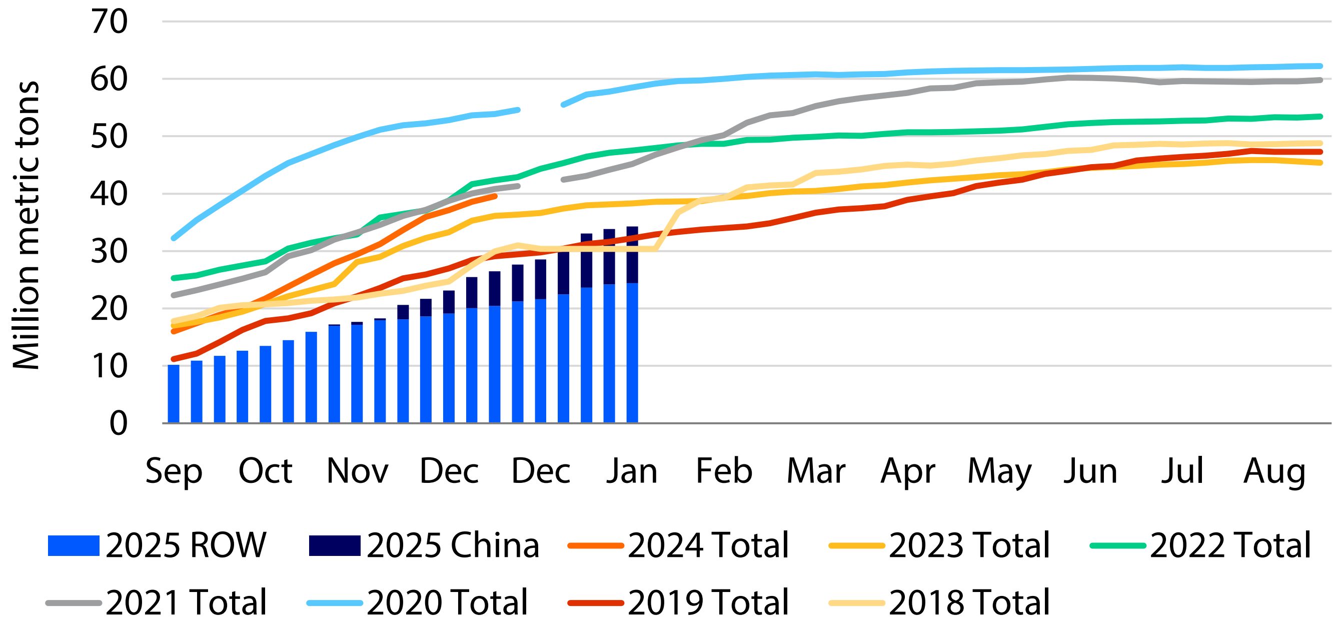
With regard to China, any step that gets US exports back toward baseline has been interpreted as a positive. China's commitment – expressed by US rather than Chinese officials – to purchase 12m metric tons was met with enthusiasm despite the fact that the commitment was only expressed by American officials and, if fulfilled, would still represent less than half of China's average imports over the past five years. While export sales data indicate China has purchased nearly 10m metric tons through January, less than half has actually shipped. In early February, it was reported that China was considering purchases of 20m metric tons for the current marketing year – with prices reacting favorably. This announcement, however, warrants a healthy skepticism, given that 1) China is already believed to hold healthy stock levels, 2) import commitments went unfulfilled during the first trade war, and 3) the Brazilian harvest is at peak, with basis levels at Paranaguá nearly USD 1.50 below those at the US Gulf.

With regard to biofuel policy, soybean markets have been seeking clarity above all. In mid-January it was reported that the administration was considering modestly reducing the RVO on biomass-based diesel and eliminating a proposed cap on the generation of renewable identification numbers (RINs) for imported feedstocks. While this represents a bearish development for soybean oil demand, markets still reacted favorably, as a final determination is expected by early March.

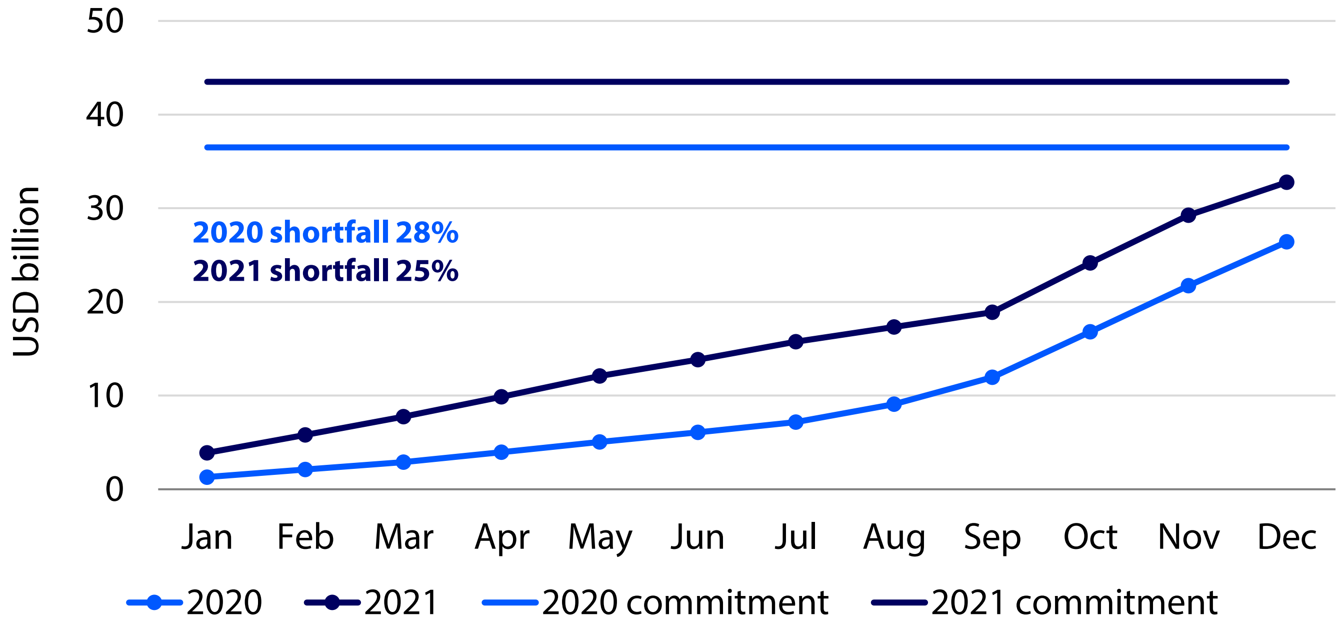
While Chicago futures have reacted positively to policy developments, the news surrounding fundamentals is decidedly less positive – suggesting a pullback is possible if the market becomes dissatisfied with Chinese import progress. Key production to watch includes a record-large (and growing) 2026 Brazilian soybean crop, the highest palm oil stocks globally in seven years, and a record Canadian canola crop enjoying good access to the Chinese market under a new trade deal.

Source: USDA, RaboResearch 2026

US soybean export sales, 2018-2025



China import shortfall under Phase One Trade Deal



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Tree nuts

Constructive signals emerge across major nut markets despite variable dynamics

- Almond prices remain at multi-year highs as pollination season starts.
- California pistachio inventories not as large as expected.

Almonds: Shipments through December are down 6% YOY, driven by an 18% drop in domestic shipments, while exports declined 2% YOY. Exports made up 77% of total shipments. By early February, prices remain at multi-year highs due to renewed European buying, fewer low-priced offers from California sellers, and expectations of strong shipment reports. Weather-related uncertainty during early bloom has added support.

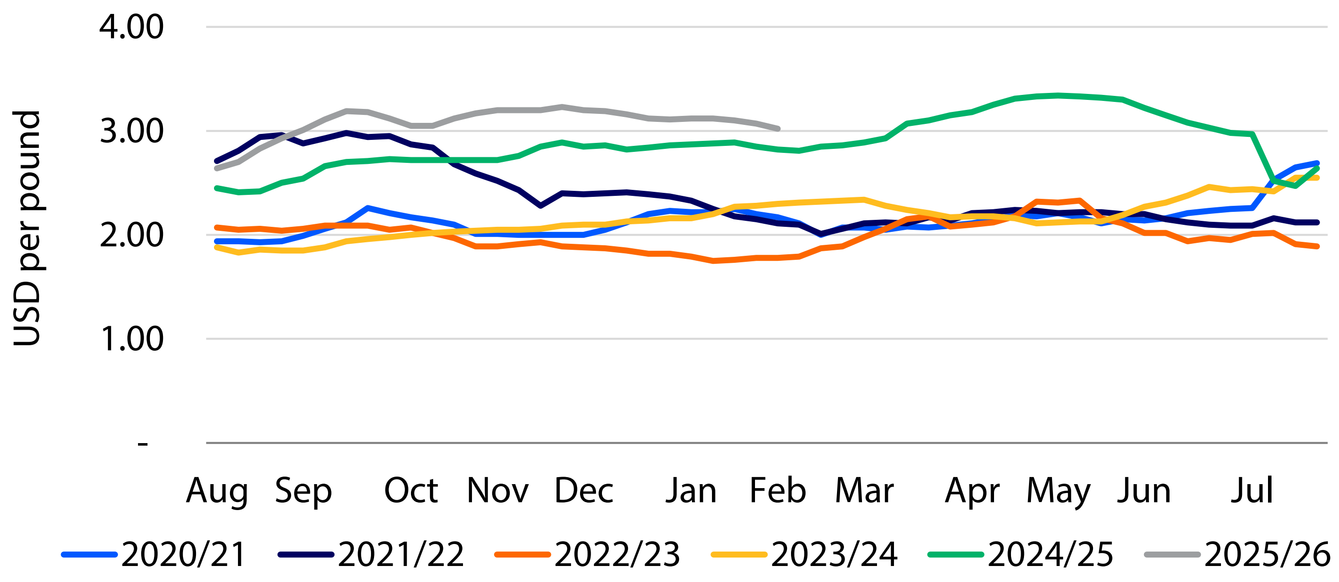
Hazelnuts: Oregon's 2025 crop is estimated at about 116,000 metric tons, a 20% YOY increase, driven by higher yields and expanding acreage. Early-season shipment data indicate constructive demand, with strong inshell and kernel exports supporting market firmness. Grower sentiment remains cautiously optimistic, reflecting favorable global supply dynamics and improving commercial opportunities.

Walnuts: Production in California in 2025 exceeded expectations in both quality and yields. Shipments in the 2025/26 marketing year were up roughly 12% YOY through December, with exports rising 22% YOY, and domestic movement down 7% YOY. The bumper crop has placed short-term downward pressure on prices. Meanwhile, California walnuts are gaining fresh global momentum as a new US-India agreement is set to sharply reduce India's long-standing 100% tariff, potentially opening a market capable of absorbing up to 100,000 additional metric tons annually.

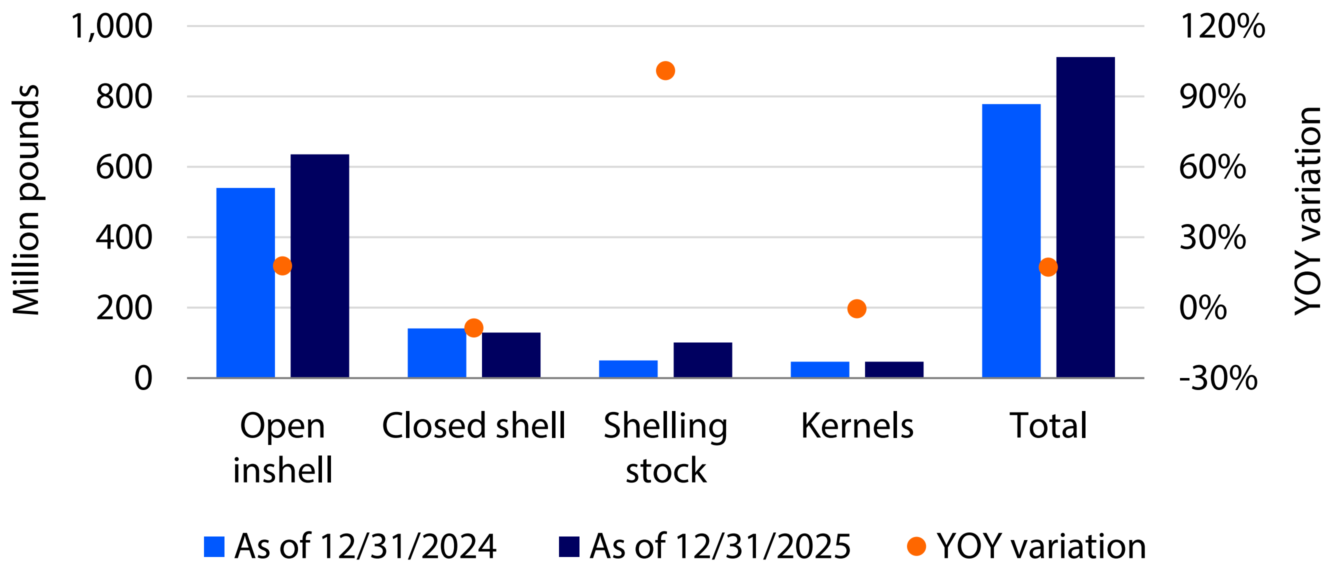
Pistachios: Industry figures place the 2025/26 on-year crop near 1.6bn pounds, up 40% YOY but still short of the earlier 1.8bn-pound projection. As of December, shipments were up 23% YOY, with open-inshell up 24%. After standard adjustments, marketable inventories are up 17% YOY, while shelling-stock inventories have surged 101% YOY. Weather-related quality issues, especially rainfall, shifted more product into shelling stock, yet shipment strength continues to support a firm outlook for high-quality inshell. Our five-year outlook is now available for clients.

Pecans: Market fundamentals continue to tighten, with December industry commitments rising 34% YOY, inventories 15% lower, and inshell cold-storage stocks down 36% to multi-decade lows, according to the American Pecan Council and the USDA. With Mexico and Georgia availability thinning and robust demand for halves, price firmness is likely to persist into spring and summer.

Average weekly FAS price assessment for California almonds, 2020/21-2025/26



Estimated marketable pistachio inventories, 2024/25 vs. 2025/26



Source: Almond Board of California, Oregon Hazelnut Industry, California Walnut Board, Administrative Committee for Pistachios, American Pecan Council, USDA, INC, Stratamarkets, RaboResearch 2026

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Vegetables

Supply and planting gaps continue to keep leafy-green and brassica markets tight

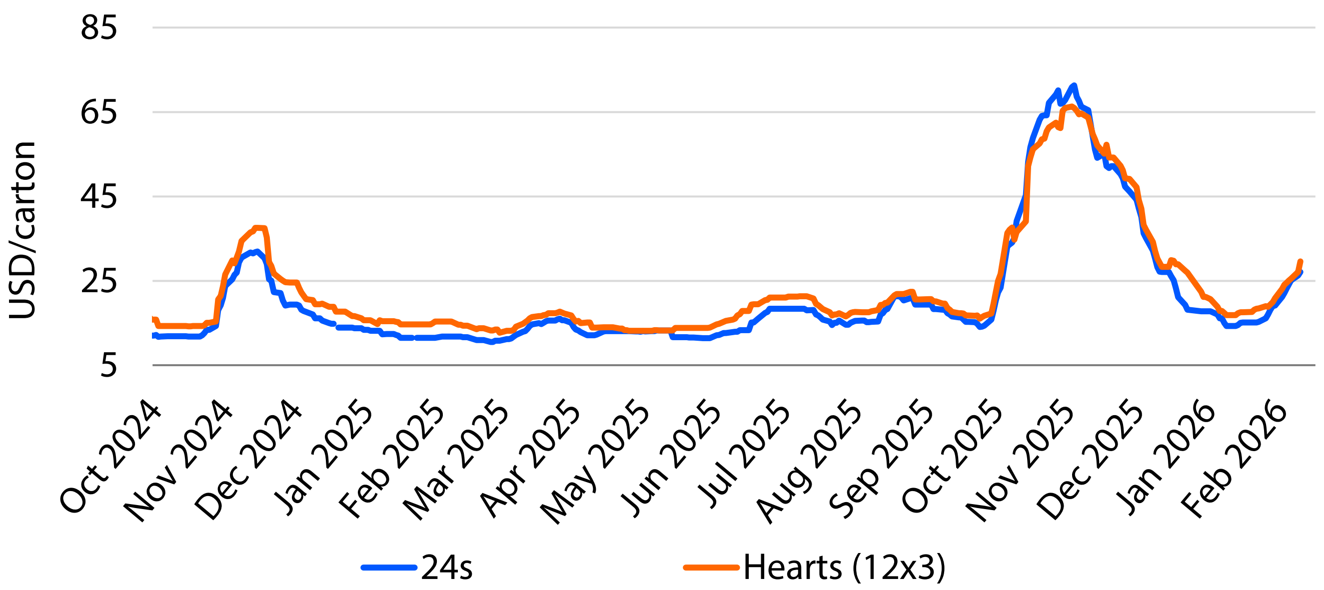
- US fresh vegetable retail sales dipped in December as promotions drove volume but pressured value, with only a few items like lettuce and carrots posting gains.
- Volatility is returning to lettuce and broccoli after nearly a year of price stability.

Fresh vegetable retail sales in the US declined 0.5% YOY in December, despite a 0.9% increase in volume, as increased promotional activity boosted unit movement but pressured value. Average retail prices fell 1.3%, highlighting the deflationary tone of the category. Even so, a few core items, most notably lettuce and carrots, delivered incremental dollar gains, according to the International Fresh Produce Association.

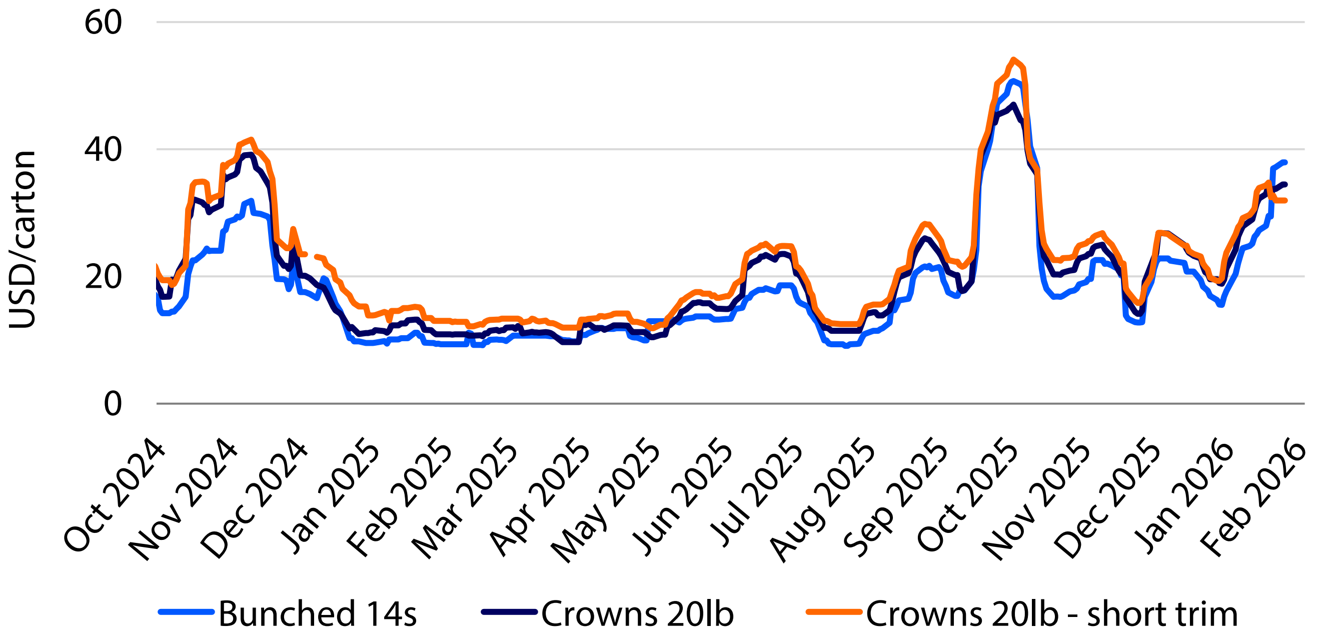
Leafy greens and brassicas: By early February, romaine prices remained elevated, with 24s and hearts (12x3) trading at approximately USD 27 and USD 29 per carton, up 130% and 103% YOY, respectively. Iceberg lettuce shipping-point prices show even more pronounced changes, with wrapped 24s averaging around USD 50 per carton by February 10, 2026, a 203% increase from year-ago levels. Broccoli markets also strengthened significantly. Crown prices hovered near USD 35 per 20-pound carton, up 198% YOY, while short-trim crowns were around USD 32, representing a 137% YOY increase over the same period.

Warm, above-normal temperatures in some growing regions, combined with ongoing planting gaps, continue to constrain supplies of major leafy vegetables, particularly iceberg, romaine, and romaine hearts, keeping markets firm. Iceberg lettuce shipments remain roughly 20% below budget, with weather-related disruptions and uneven field development sustaining elevated pricing. Light rainfall on the Central Coast and stable desert conditions are supporting gradual quality improvement, although availability remains inconsistent. Beyond lettuces, celery, cauliflower, broccoli, and sweet baby broccoli remain tight, while cabbage, kale, cilantro, and parsley show ample volumes and steady quality. Overall, a mix of weather variability and structural supply gaps continues to underpin price strength across several core vegetables.

Romaine lettuce – US daily shipping-point price, Oct 2024-Feb 2026



Broccoli – US daily shipping-point price, Oct 2024-Feb 2026



Source: USDA, RaboResearch 2026

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Wheat

Unfortunately, 2026 looks a lot like 2025

- In 2025, all major wheat producing regions had good crops, and 2026 is expected to be similar.
- Despite strong early season exports, US wheat exports have slowed since November due to uncompetitiveness of US wheat in the world market.
- US wheat futures are likely to continue trading in a sideways pattern.

Global wheat supply is unusually heavy, supported by record 2025/26 wheat production, increased global ending stocks, and very strong early 2026/27 crop conditions. Although demand is solid, stockpiling is keeping a lid on prices. With winter wheat crops off to a good start in 2026, it is unlikely that wheat prices, whether futures or cash, will see much increase.

The 2025/26 crop year saw record global production of 841.8m metric tons, which is 41.4m metric tons more than the 2024/25 crop size. Fortunately, global domestic consumption and exports also reached record levels. While stocks were not at a record high, they increased by 17.7m metric tons versus the previous year. As we look ahead to 2026/27 crop year, production is expected to increase again.

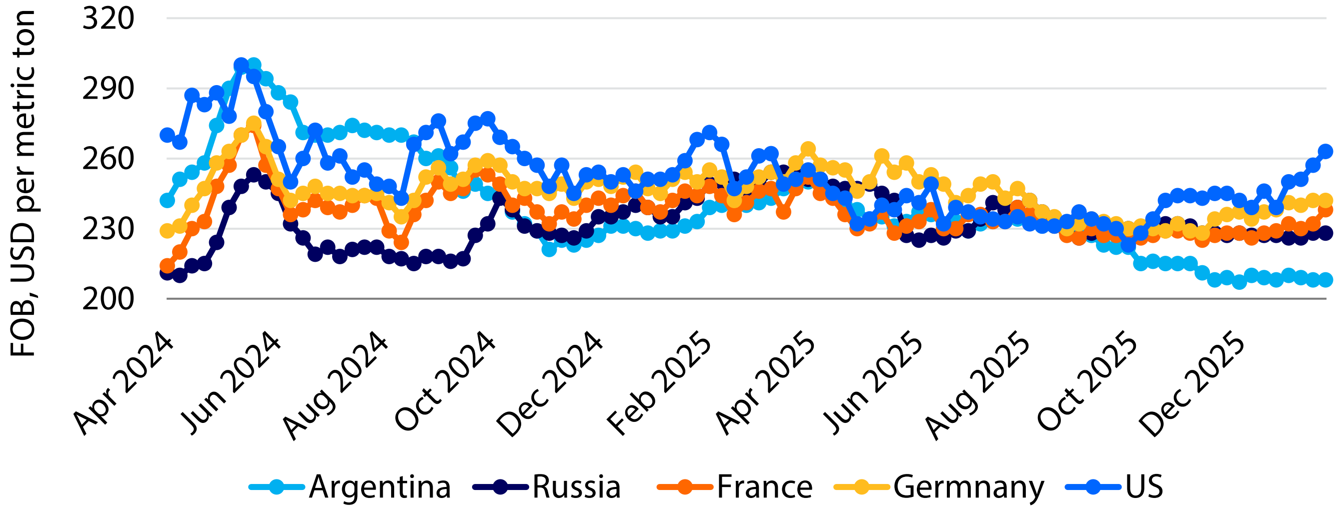
In the US, the 2025/26 year wasn't a record production year, but it marked the third consecutive year of stock building. Domestic disappearance remains flat or declining across all categories: food, seed, and feed/residual. Early indications suggest the potential for a record winter wheat crop, with early Kansas crop conditions being the best since 2021.

One challenge for the domestic wheat market is the continuing rationalization of US flour milling capacity and reductions in flour production. This has helped stabilize flour milling margins until 2H 2025. Over the last decade, wheat ground for flour has decreased -1.6%, and wheat flour production has similarly decreased by 1.3%. Despite rationalization and the construction of new flour mills, yields and extraction rates have remained fairly stable. Historically, flour demand increased at the same rate as the population. However, since the US population is not increasing, we should not expect an increase in wheat demand from the food/flour milling sector.

Surprisingly, exports are a bright spot. As of January 29, US wheat export inspections are running 18.4% ahead of last year. However, exports have slowed since November, and the USDA's Export Sales Report is showing accumulated exports running behind last year's pace. Exports are projected to reach their highest level since 2020/21 but will not exceed the 1.0bn bushel mark. The US is not currently globally price competitive across all classes of wheat, so the USDA may lower their 2025/26 export projection before the end of the crop year.

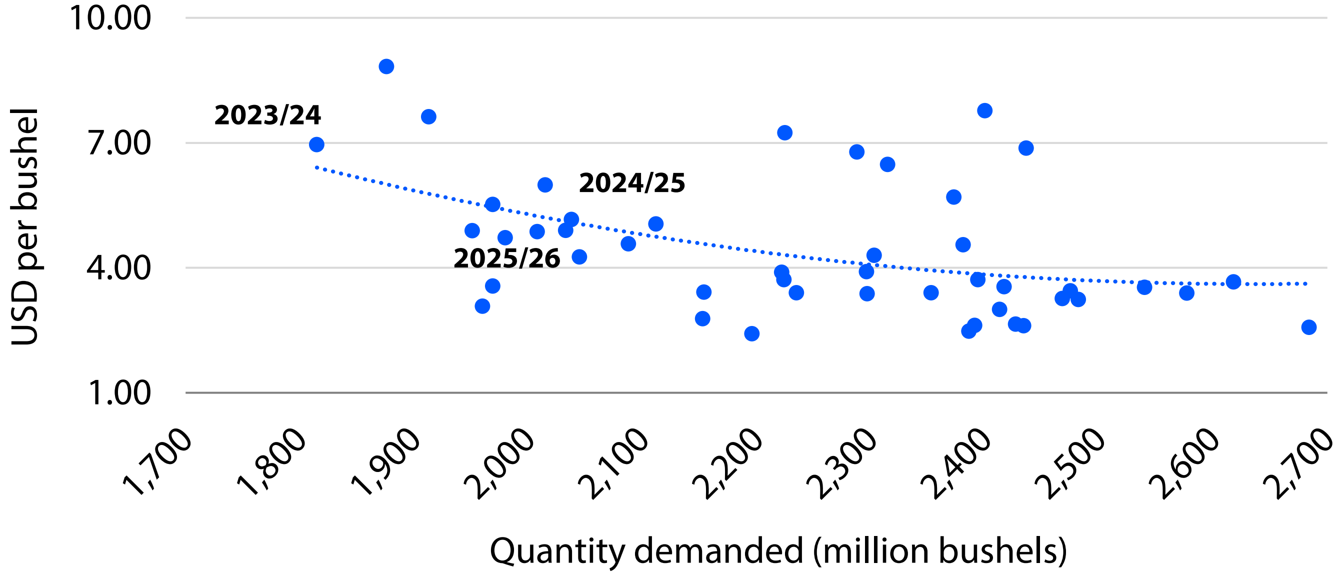
Without a weather-driven shock that reduces production, it is difficult to foresee a bullish price scenario. Chicago and Kansas City wheat futures appear stuck in a USD 5.00 to USD 5.60 price range, while Minneapolis is comfortable in a USD 5.40 to USD 6.00 range. There is a low probability of change under the current market fundamentals.

US wheat has become price uncompetitive on FOB basis (11%-to 2.5% protein)



Source: *IGC, RaboResearch 2026*

US farmer received prices vs. quantity demanded – wheat fairly priced



Source: *USDA, RaboResearch 2026*

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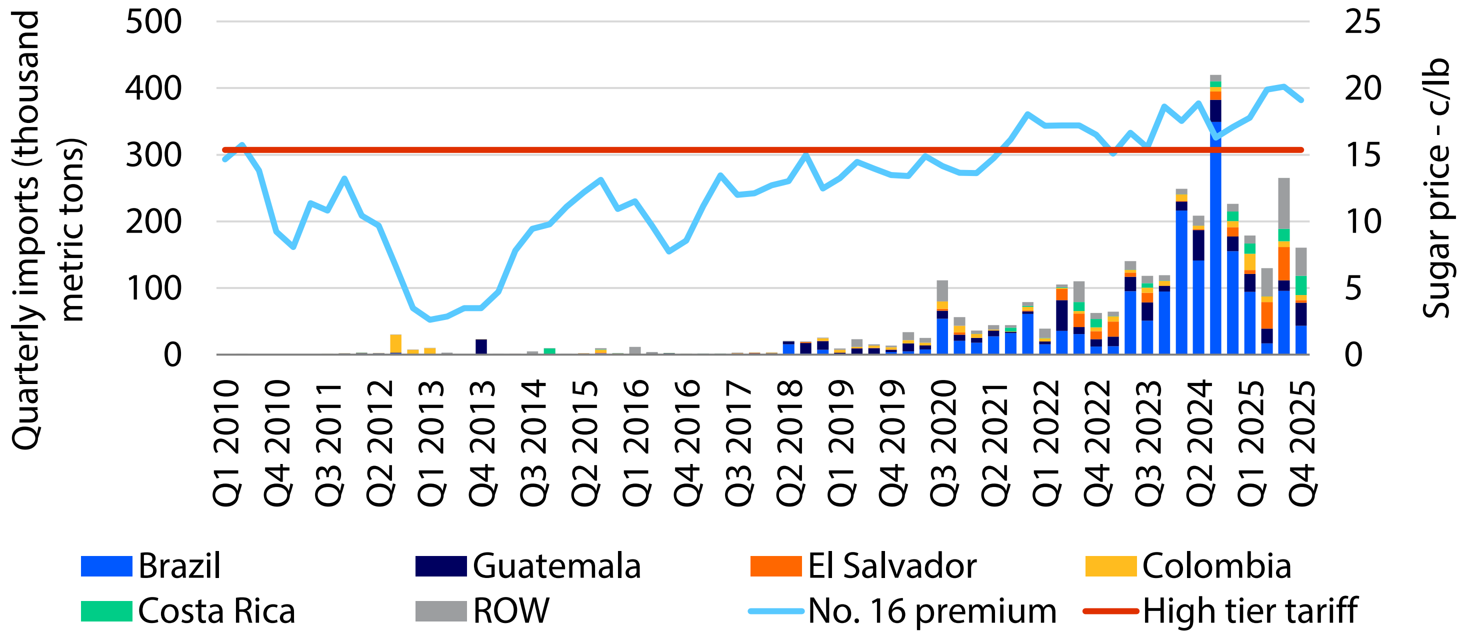
Sugar

- Beet prices anticipated to hit their lowest levels in six years.
- Tariffs on Brazil may not be enough to keep high-tier sugar at bay.

The US sugar market continues to face oversupply and soft demand. While raw sugar prices have eased, the price declines have been most acute for white sugar. Although the white premium has recovered from the negative levels seen over the summer, the current premium of 5 cents per pound is generally insufficient to cover full costs for autonomous refineries. Based on a current refined spot price of 41 cents and the promise of continued surpluses in the coming year, beet cooperatives have announced 2025/26 beet prices at their lowest levels since the 2019/20 campaign. Cooperative share values have fallen in turn.

The 50% tariff on Brazilian sugar, implemented in March, has slowed the inflow of high-tier sugar into the US. However, with the start of the Brazilian harvest right around the corner, it remains to be seen whether this slowdown will last, or whether surplus Brazilian sugar supply will simply displace sugar from other origins, which would then flow into the US market instead.

US high-tier sugar imports and the no. 16-no. 11 price spread



Source: Bloomberg, RaboResearch 2026

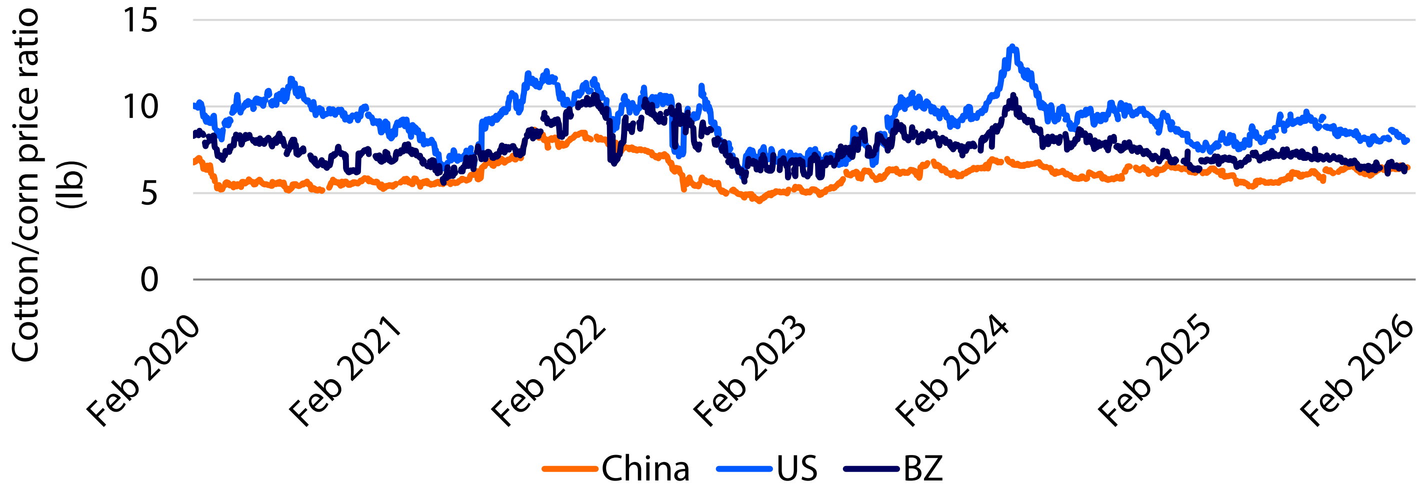
Cotton

- After several years of low prices, anticipate a meaningful global production response for 2026/27.

While production adjustments up until now have been limited so far, the world's leading cotton producers all appear set to reduce 2026 acreage in the face of low prices. For some, like Australia, reduced plantings also reflect agronomic constraints (like insufficient water availability). However, for most producers, inferior returns for cotton relative to grain will result in a reduction in cotton area for the year ahead.

In the US, early surveys point to a 2.5% drop in area. With a wider array of alternative crops, we anticipate that any drop will likely be seen in the Delta and southeast regions. In Brazil, Abrapa is currently projecting a 5.5% drop in the area planted to cotton – the first drop in area since 2021. Meanwhile in China, indications are that subsidies and inputs will be withheld from low-yielding producers in Xinjiang in a bid to reduce cotton area there by 10% to 15% – thus freeing up more land for grain as part of that country's drive to increase food self-sufficiency. Zhengzhou cotton prices have risen 10% in the past month in response to this development. Acreage cuts from these four producers – plus India – would already translate into a 5% reduction in global cotton output, with total cuts likely higher as smaller producers respond to the same market signals.

Cotton/corn price ratios among select major producers



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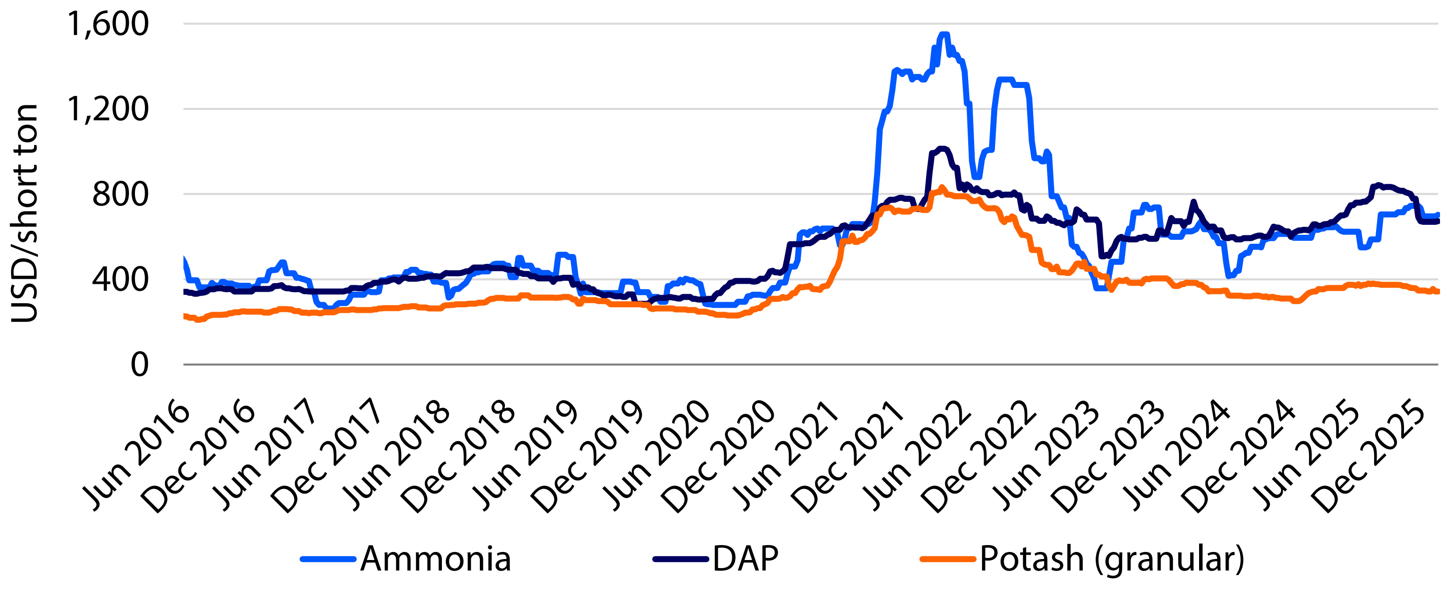
Input Prices

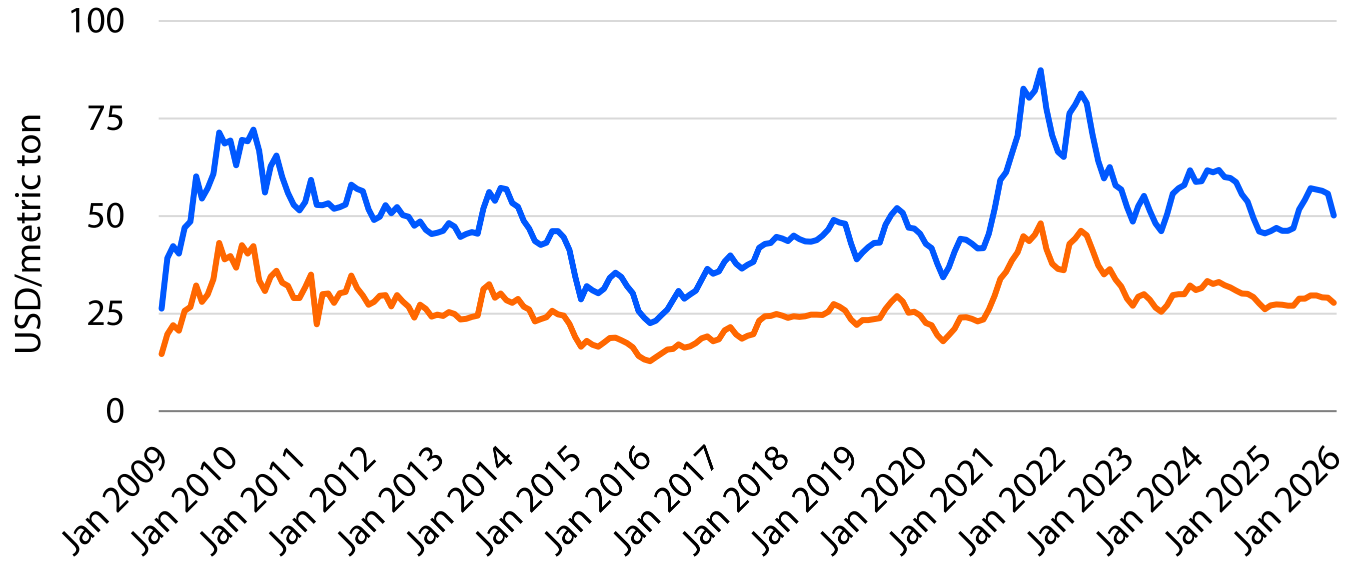
As of February 12, 2026

Corn Belt input prices*



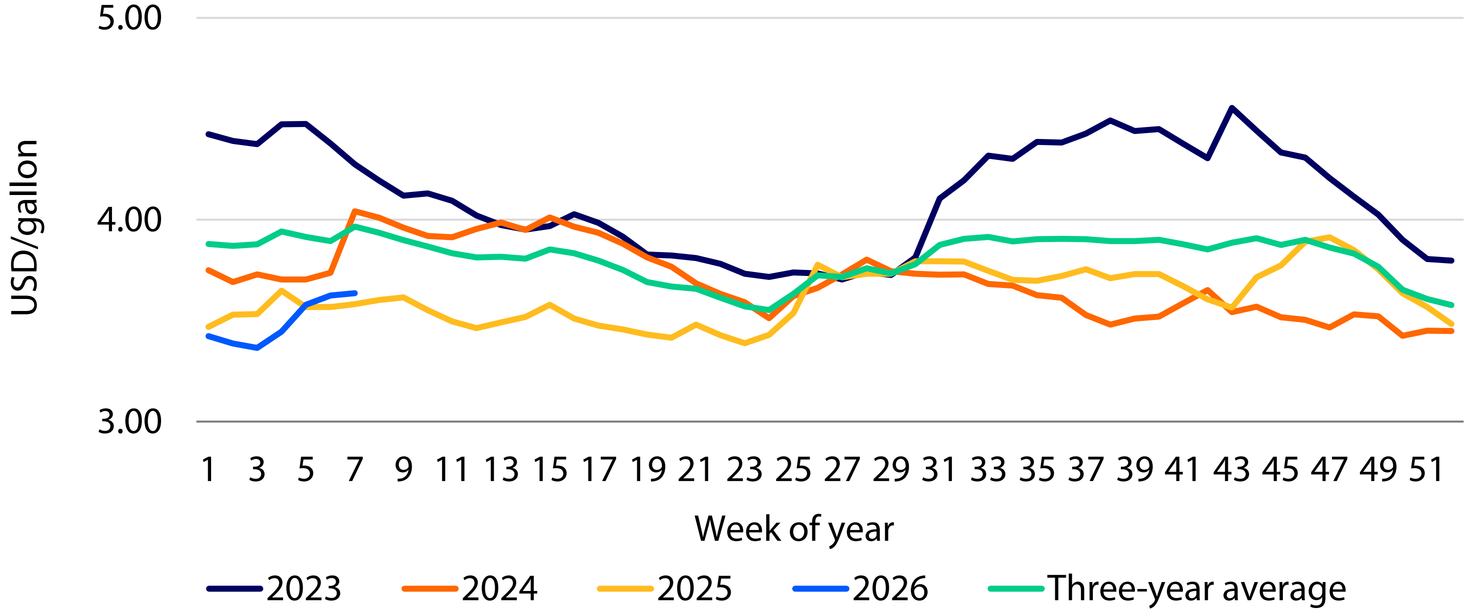
Source: *CRU, Rabobank 2026*

Ocean freight



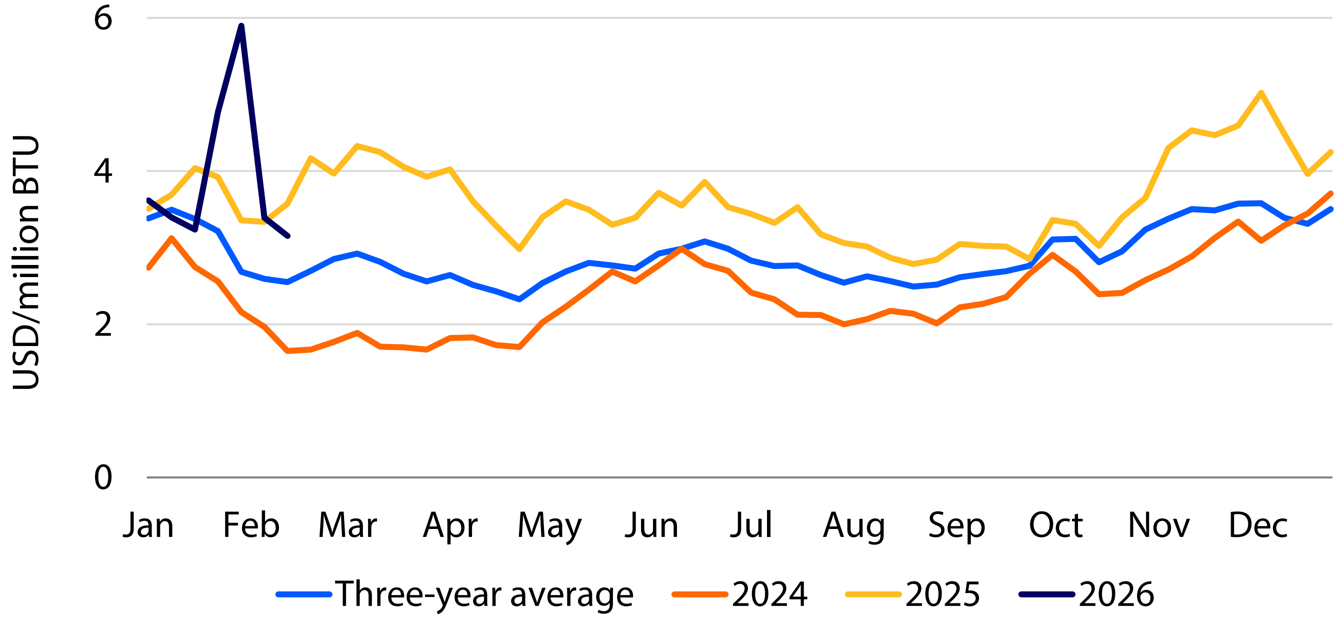
Source: *O'Neil Commodity Consulting, USDA AMS, RaboResearch 2026*

Diesel - Midwest



Source: *EIA, RaboResearch 2026*

Natural gas spot



Source: *NYMEX, RaboResearch 2026*

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Forward price curves

As of February 12, 2026

CBOT - Corn

Source: CBOT, RaboResearch 2026

CBOT - Soybean

Source: CBOT, RaboResearch 2026

CBOT - Soymeal

Source: CBOT, RaboResearch 2026

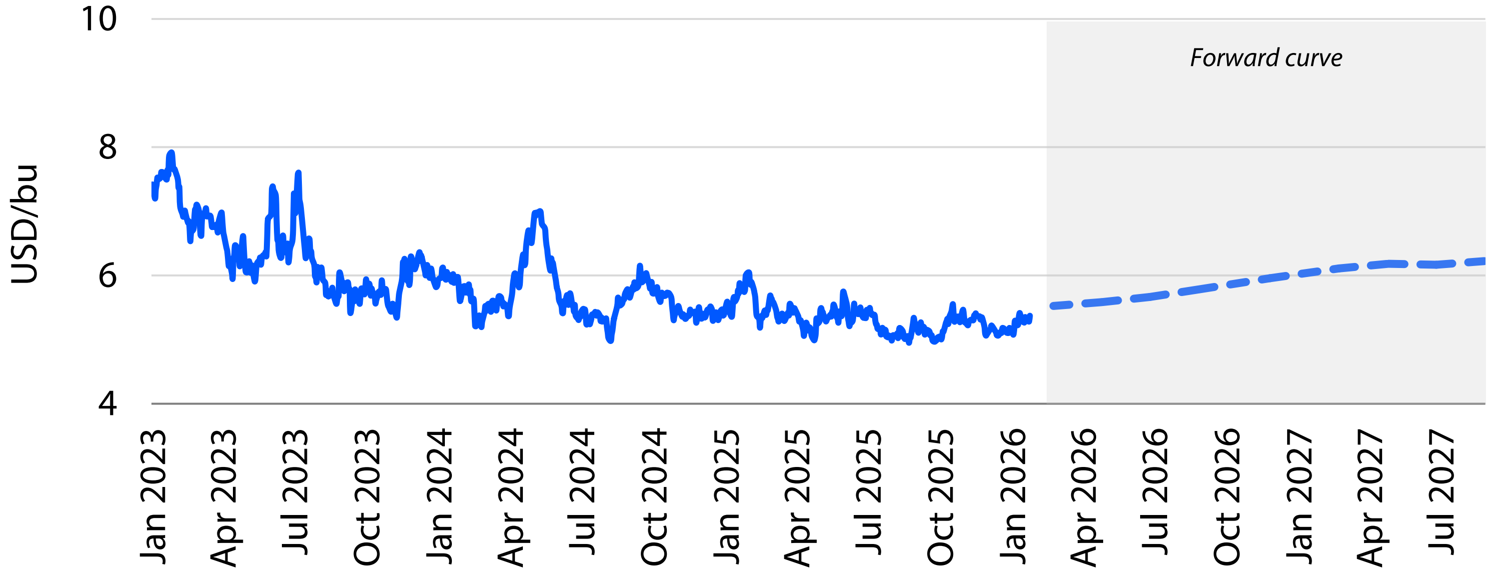
CBOT - Soy Oil

Source: CBOT, RaboResearch 2026

Forward price curves

As of February 12, 2026

CBOT – Wheat



Source: CBOT, RaboResearch 2026

CBOT – Feeder cattle

Source: CBOT, RaboResearch 2026

CBOT – lean hogs

Source: CBOT, RaboResearch 2026

CBOT - Live cattle

Source: CBOT, RaboResearch 2026

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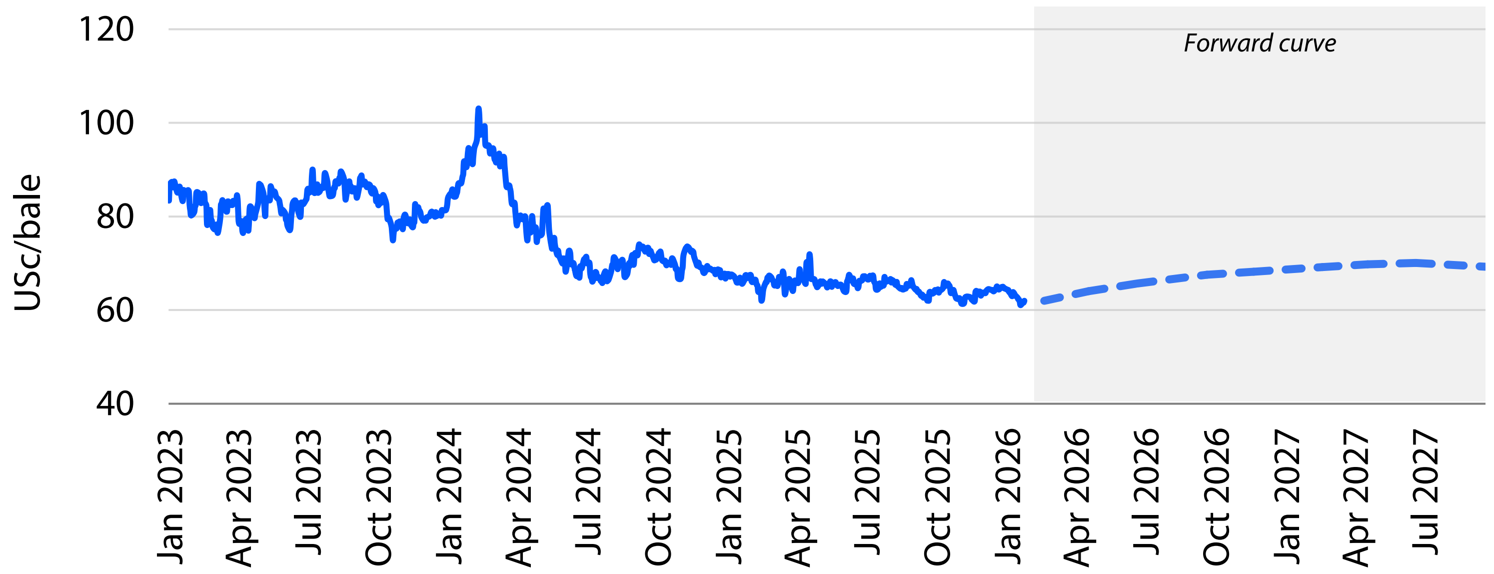
Forward price curves

As of February 12, 2026

ICE - #2 Cotton

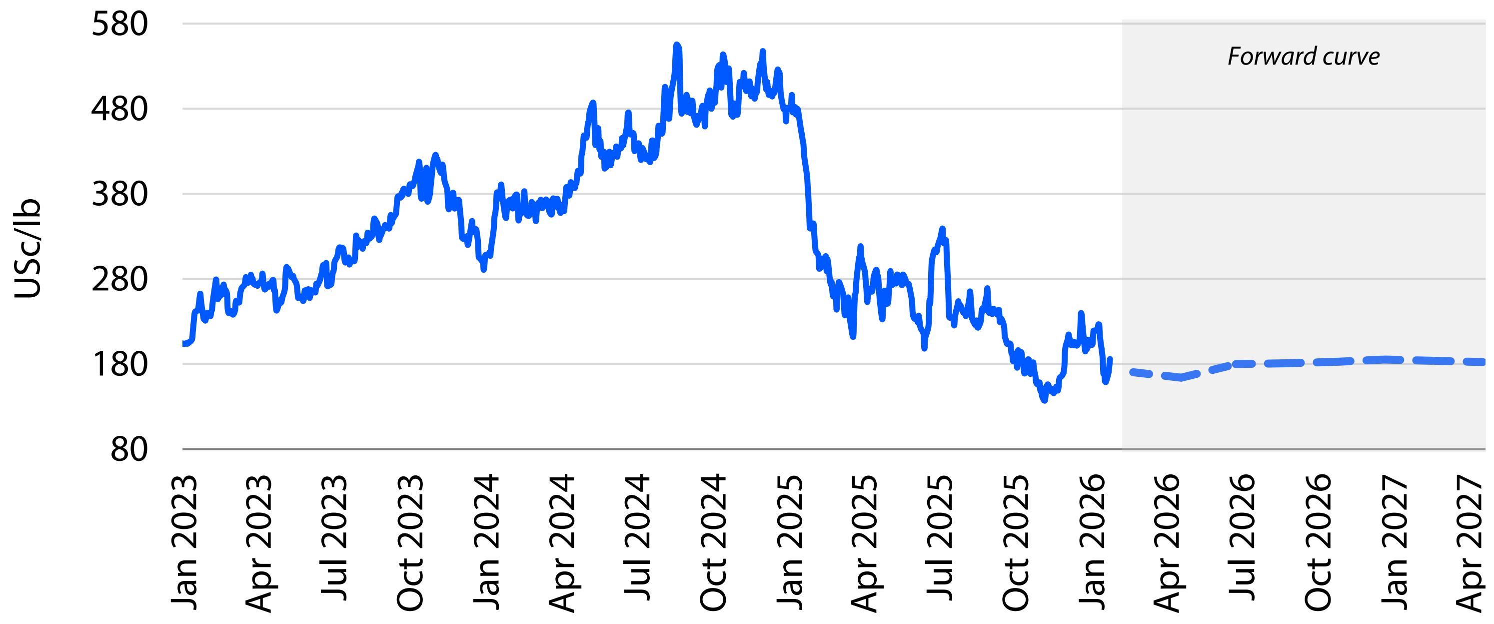


Source: ICE, RaboResearch 2026

ICE - Cocoa

Source: ICE, RaboResearch 2026

ICE - FCOJ



Source: ICE, RaboResearch 2026

ICE - #11 Sugar

Source: ICE, RaboResearch 2026

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A summary of the methodologies used by Rabobank can be found on our website.

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