

2026 Grain and Biofuel Outlook

Tuesday, January 13, 2026



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Grain & Biofuels Outlook

Farm Credit East and Horizon Farm Credit
January 13, 2026

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Lead Economist, Grain & Oilseeds

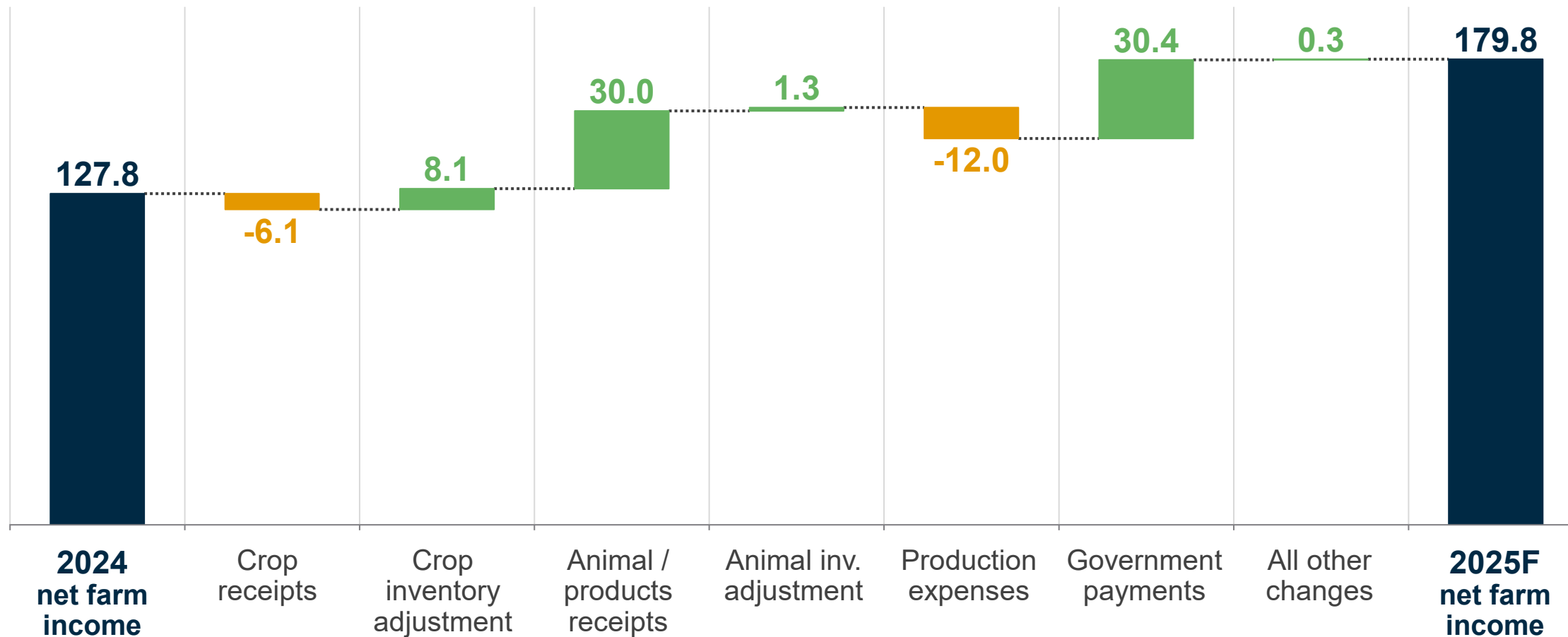
Jacqui Fatka

Lead Economist, Farm Supply & Biofuels

Agricultural economic outlook

Net farm income sees \$52B increase from 2024

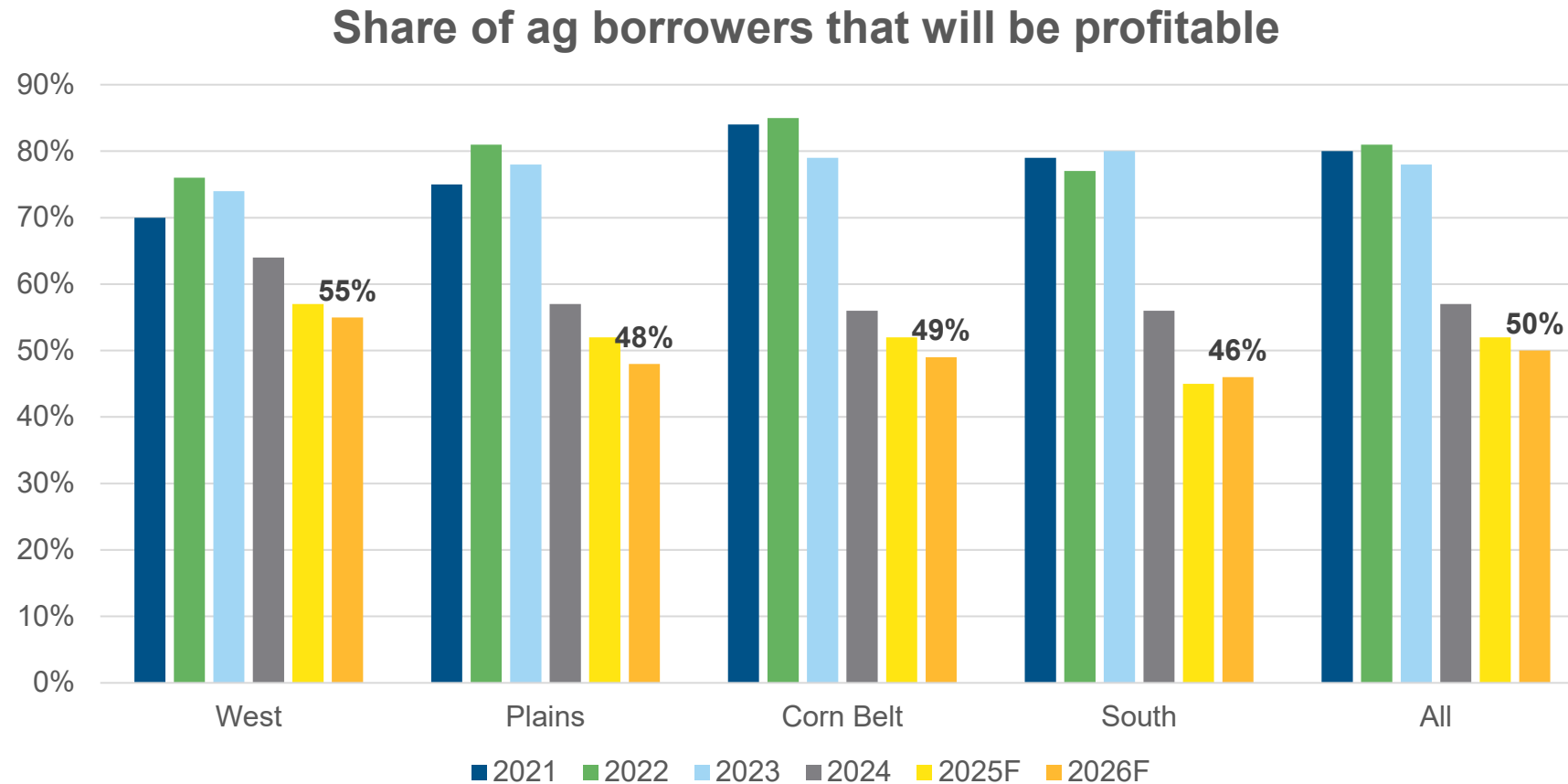
Net farm income (billion dollars)



Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of September 3, 2025.

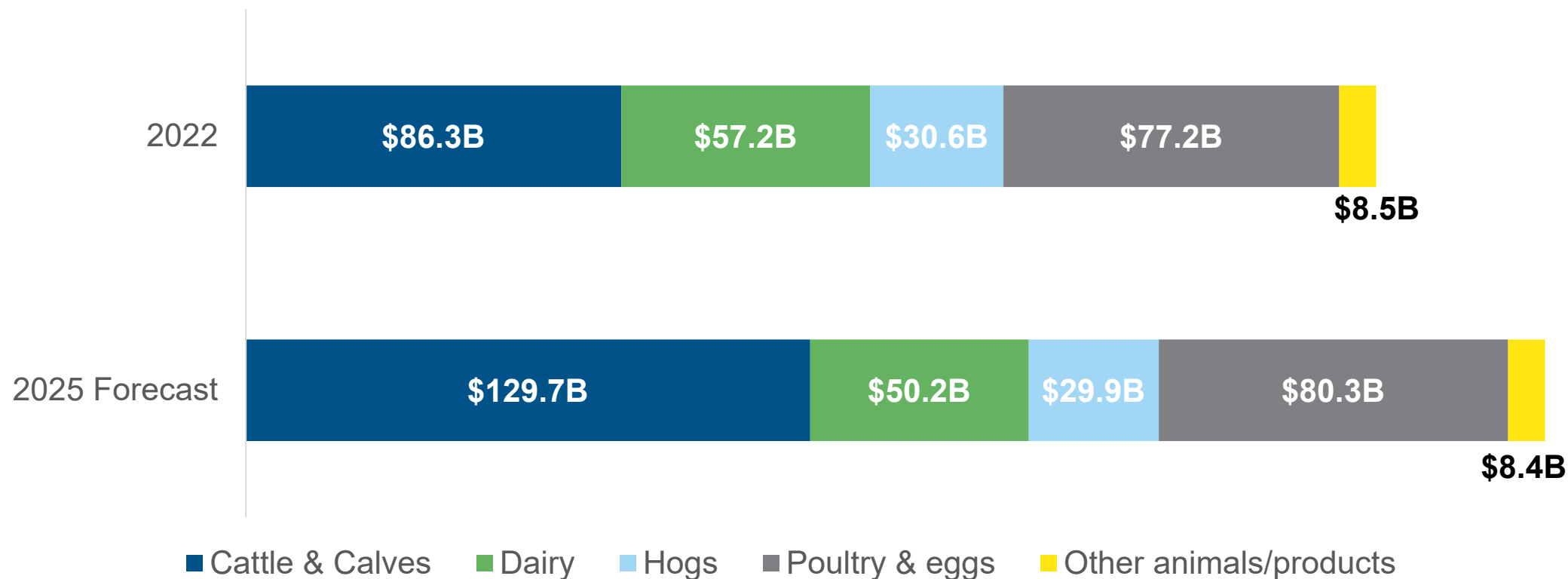
Ag profitability is declining considerably from recent highs

Only half of ag borrowers projected to be profitable in 2026



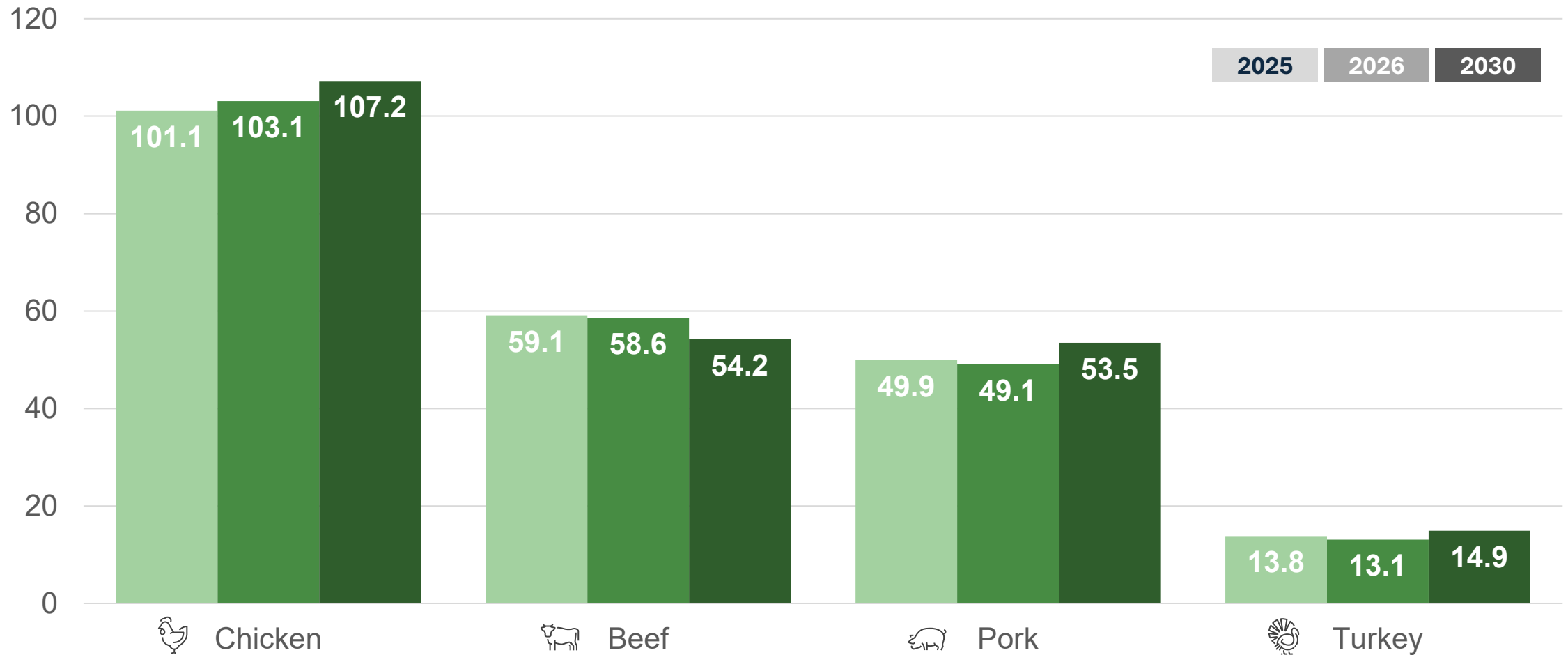
Cattle and poultry are driving livestock gross income growth

U.S. animal / animal product cash receipts



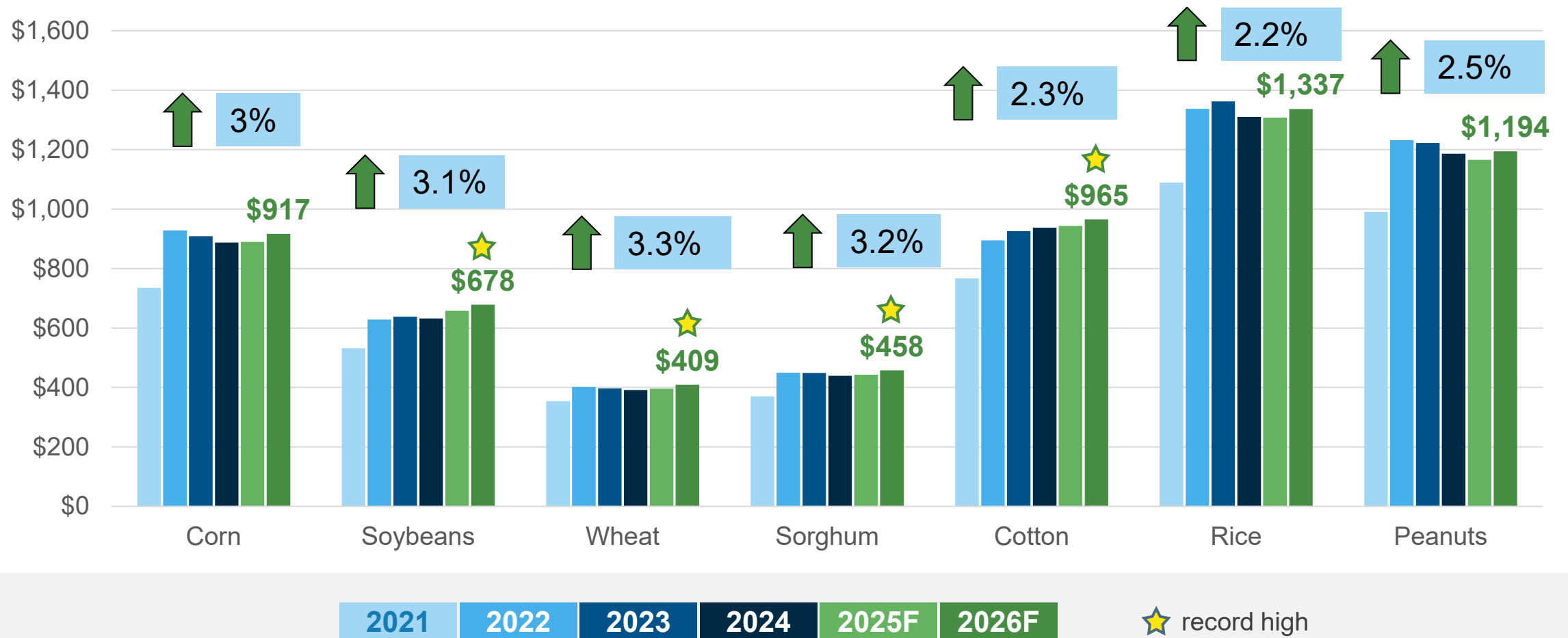
U.S. long-term forecasts more chicken, less beef

U.S. meat consumption (pounds per capita, retail weight)



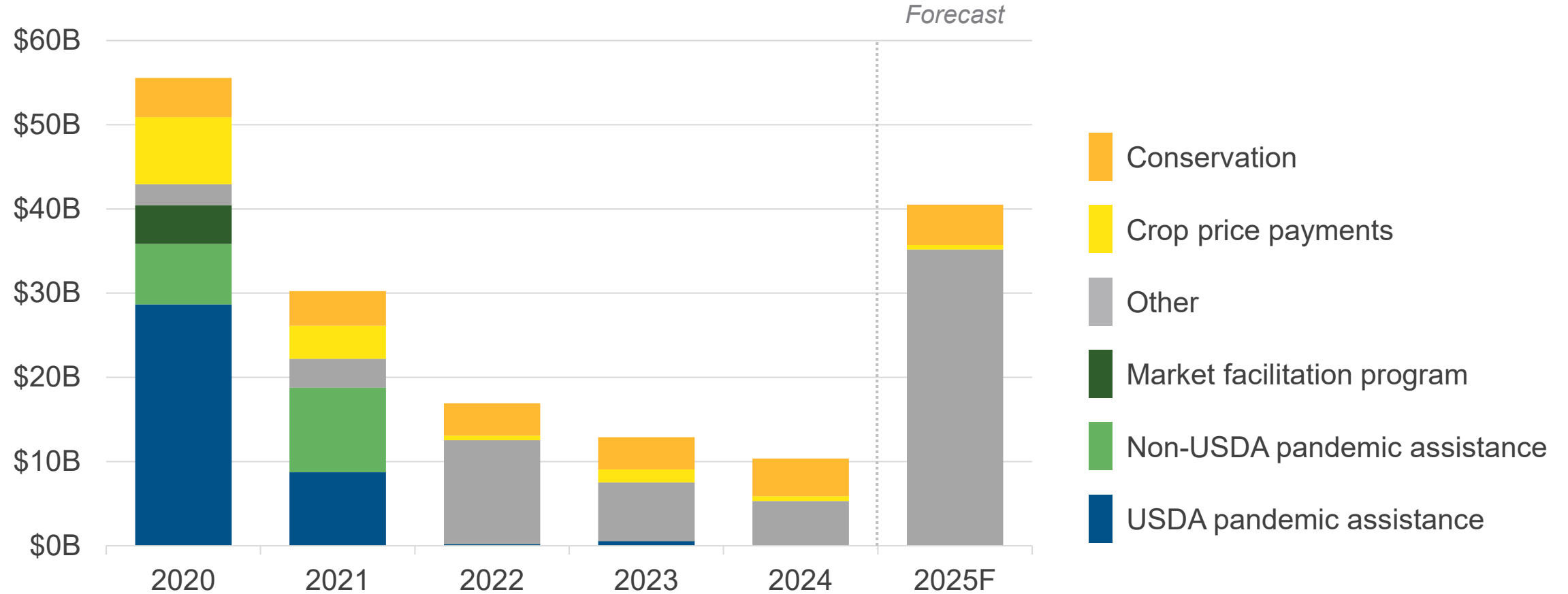
Input costs to reach record highs in many crops

Cost-of-production forecast for major crops (total cost per acre)



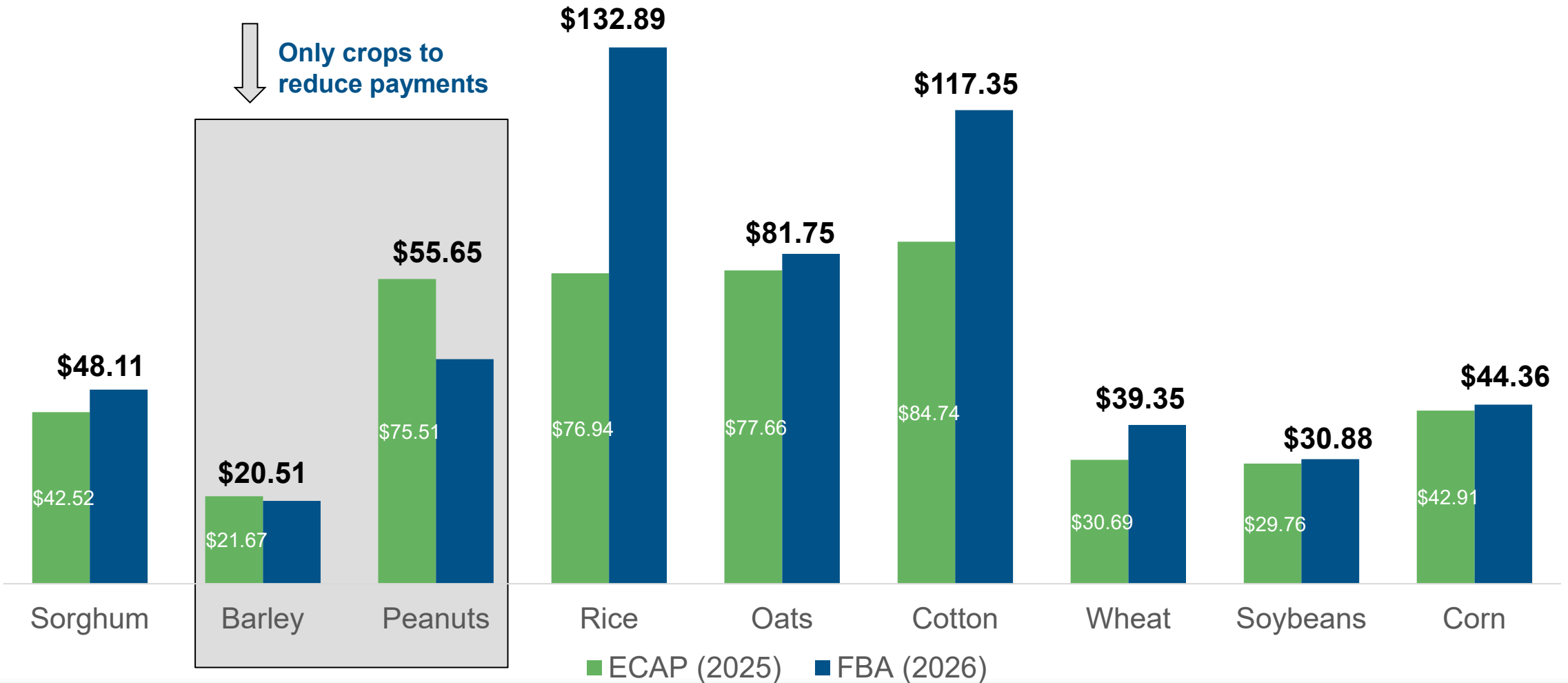
Government assistance up 344% in 2025 from 2024

Government payments to farmers



FBA payments mostly higher than ECAP payments

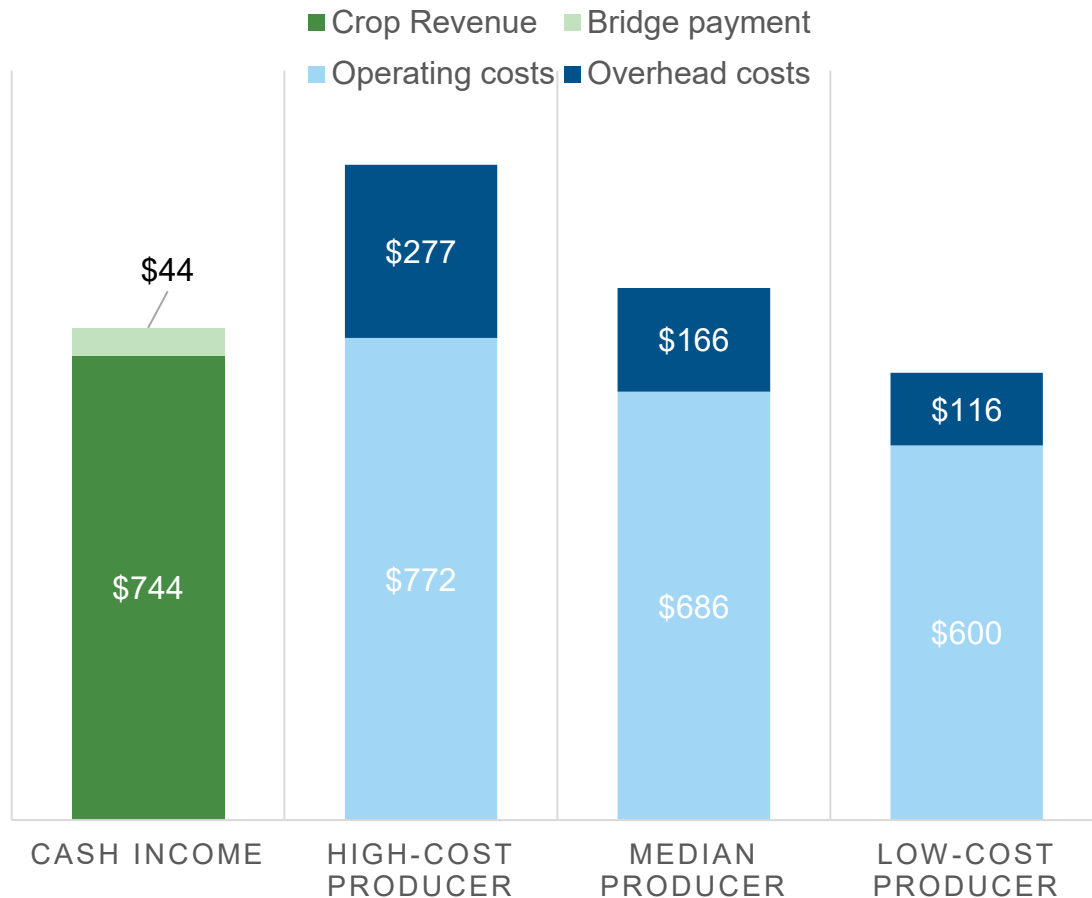
In dollars per acre



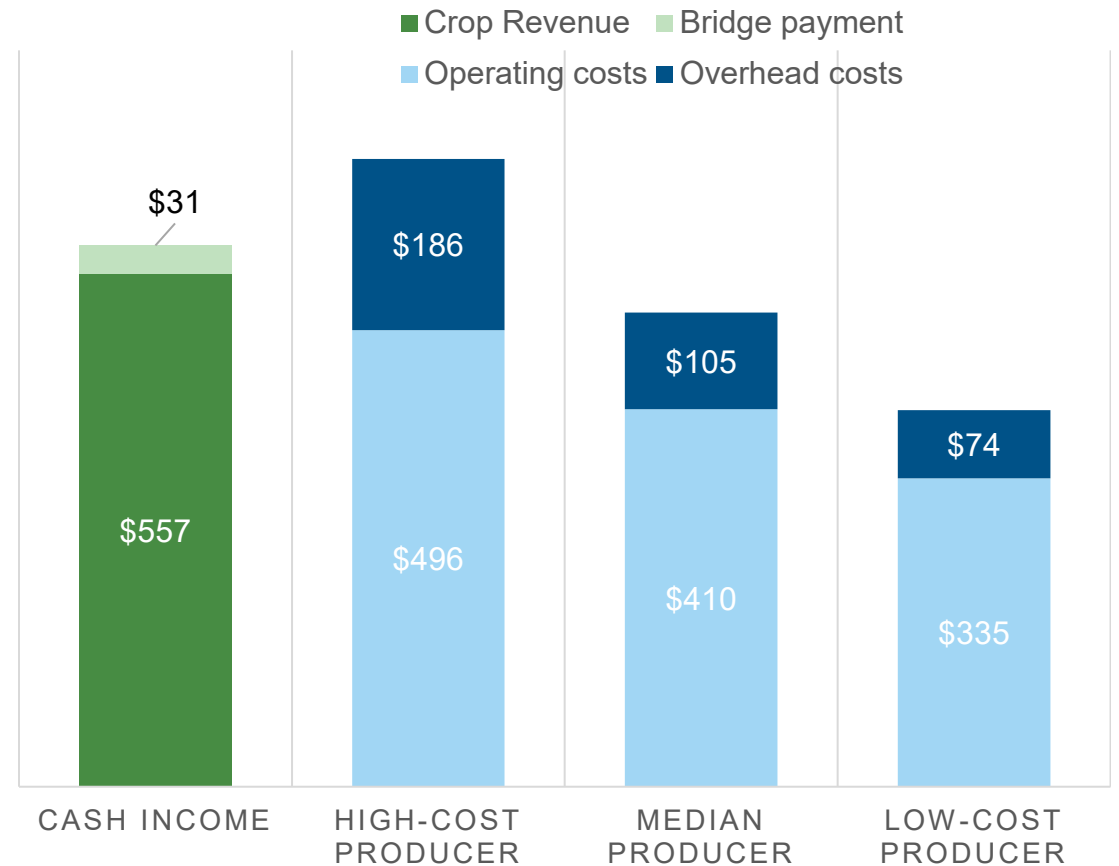
Bridge payments will not cover rising input costs

1/2 of corn farmers and 1/3 of soybean farmers will still generate a loss for the 2025/26 season

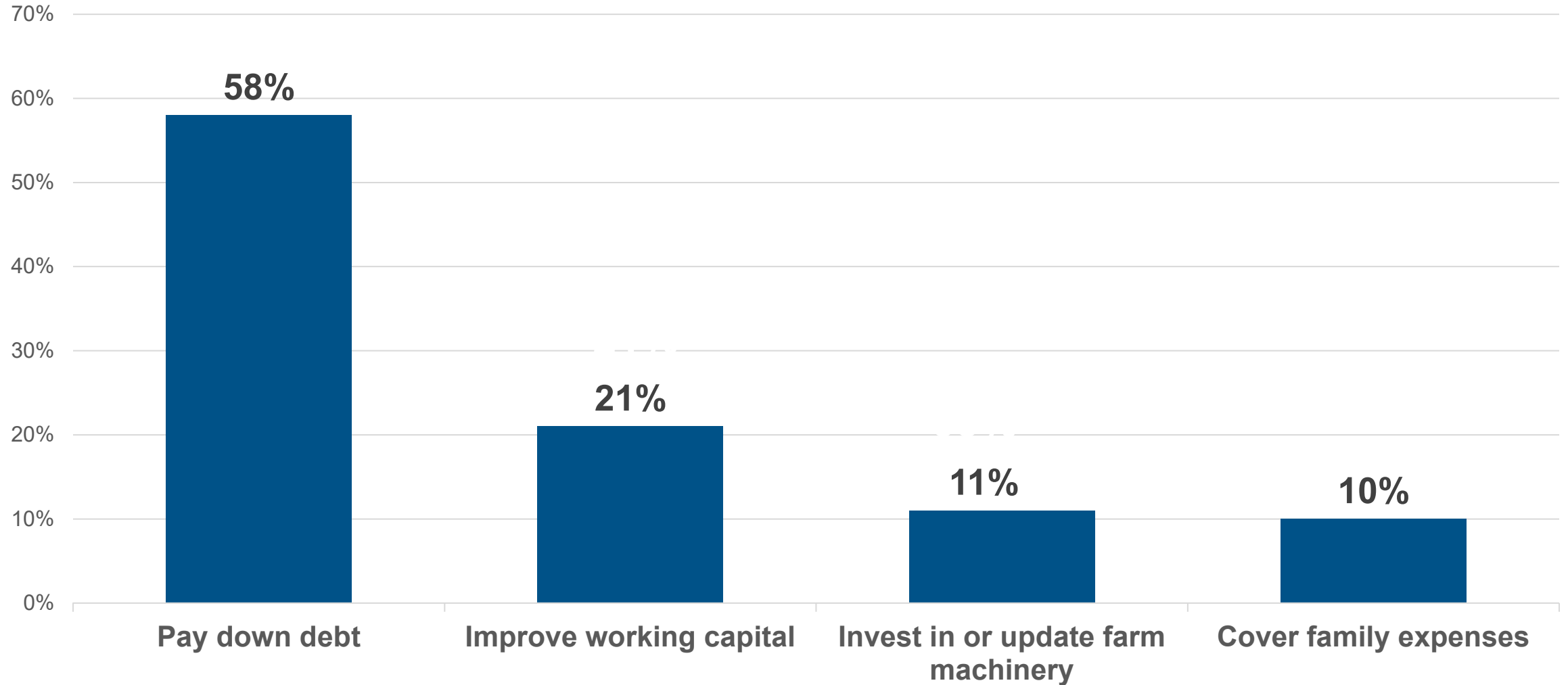
Corn Revenue vs. Costs



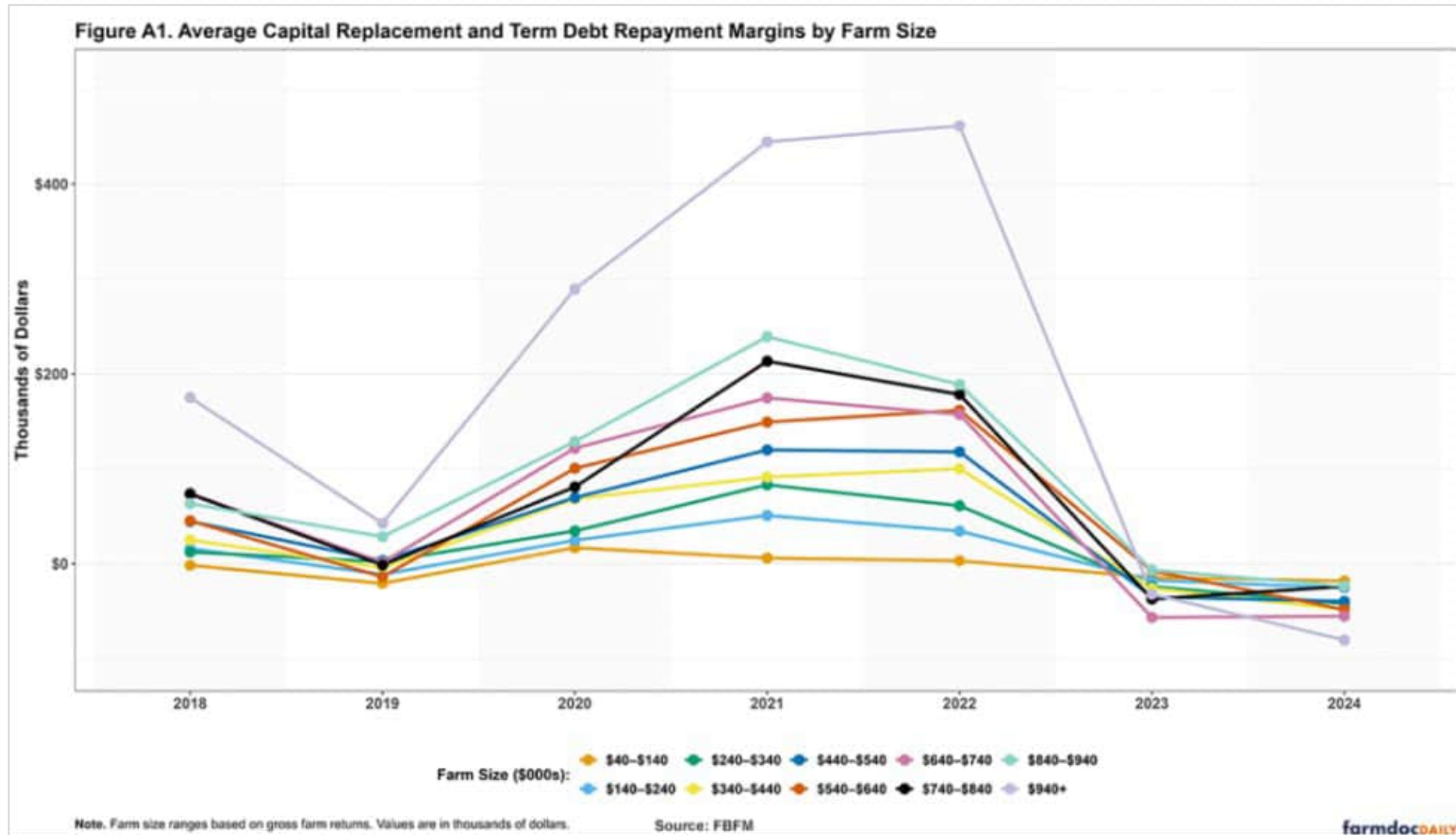
Soybean Revenue vs. Costs



How do farmers plan to use government payments designed to compensate for weaker 2025 commodity prices?

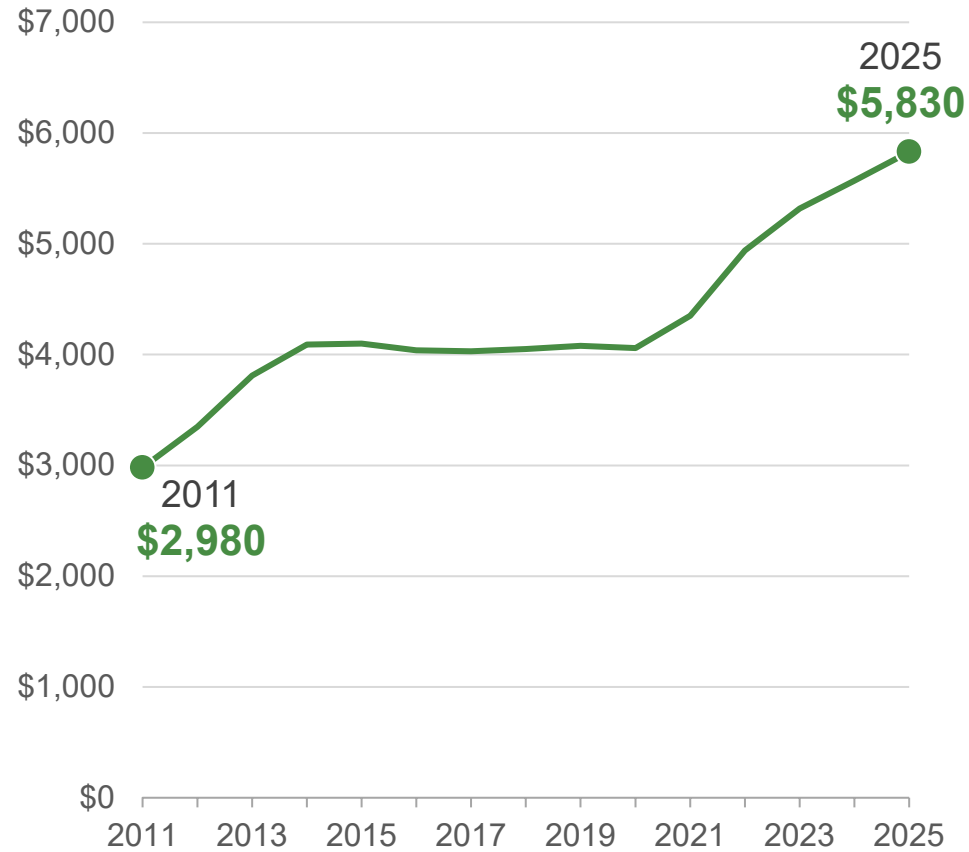


Nearly all farms had ability to pay down debt over last 5 years

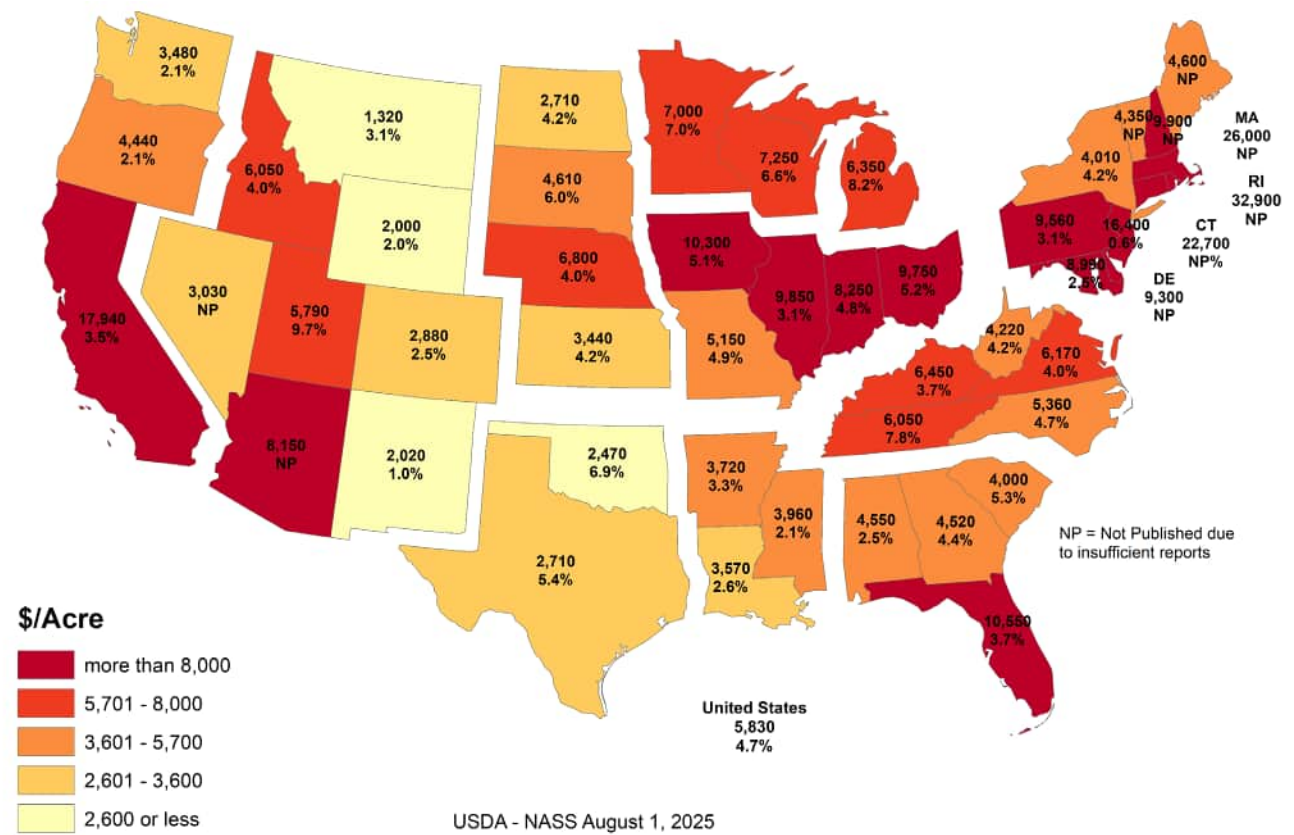


Farmland values continue steady climb

Average cropland value, 2011-2025
(dollars per acre)



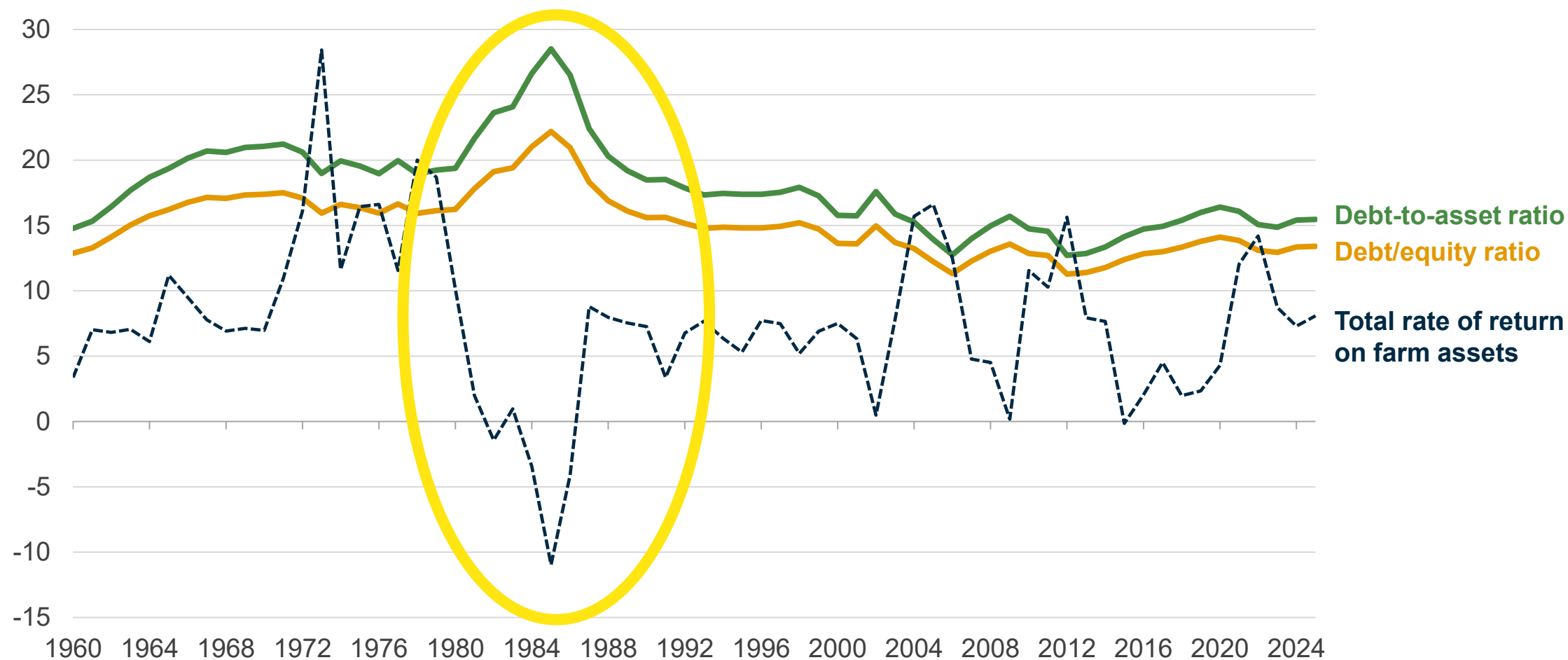
Cropland value by state
(dollars per acre and percent change from 2024)



Source: USDA-NASS, August 2025

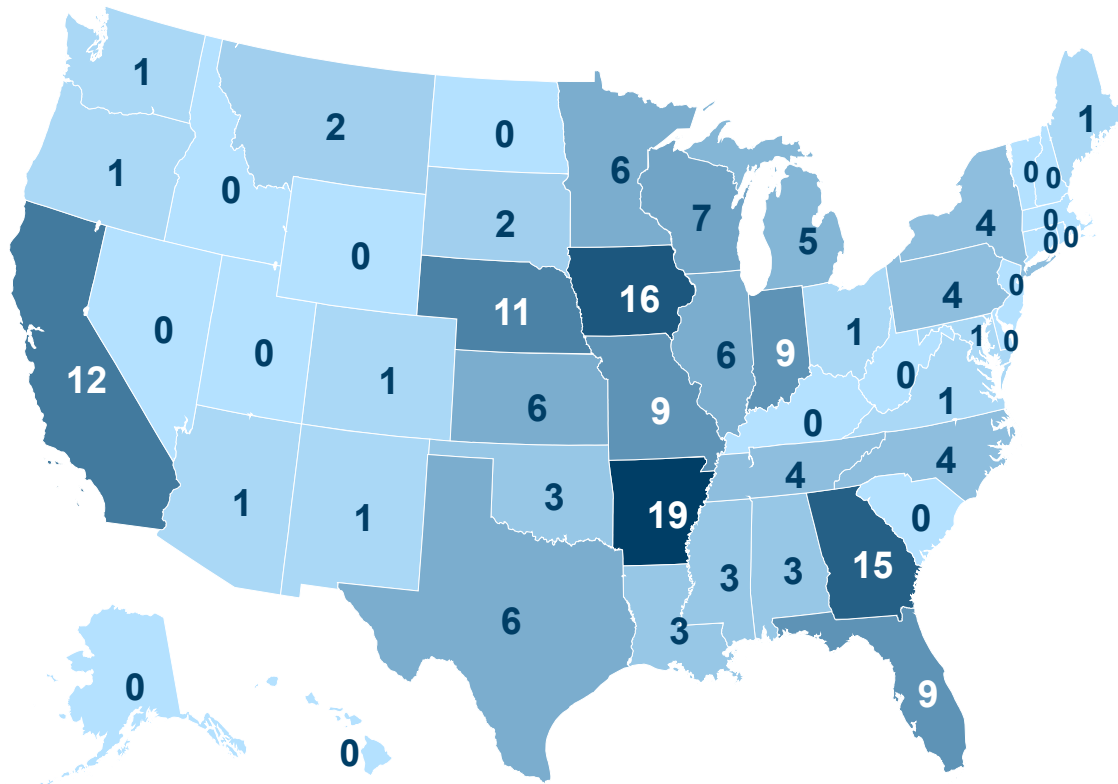
Debt-to-asset ratio climbing, but not at the levels of the 80s

1980s Farm Crisis created mostly due to the crash in farmland values

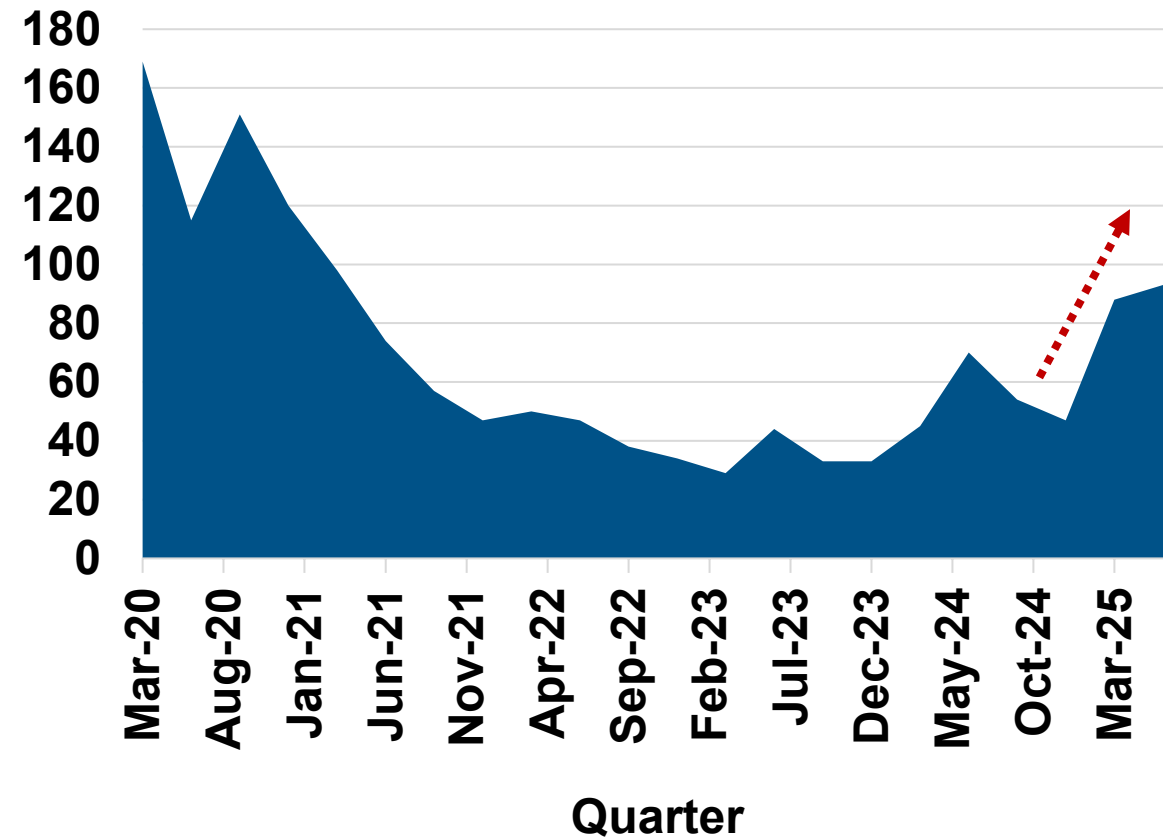


Farm bankruptcies in 2025 up 57% YoY

Chapter 12 Filings in First Half of 2025



Chapter 12 Bankruptcy Filings



Biofuels outlook

EPA yet to decide how it will handle key RVO components



SREs

Amount of
reallocation



RIN values

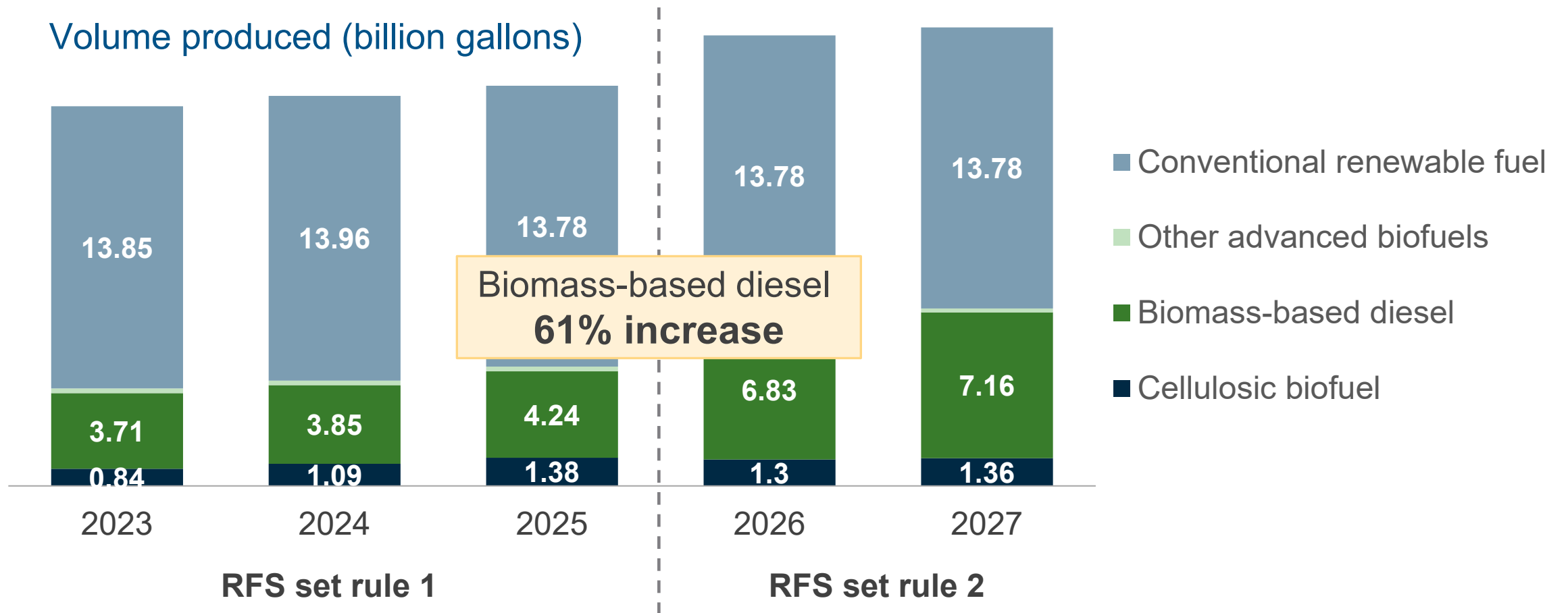
50% reduction for
foreign feedstocks?



Demand impacted as we roll into 2026

Biomass-based diesel biggest winner in new set rule

Rule finalization and SRE decision delayed past November 1 statutory deadline



How many new crush facilities are needed to replace lost Chinese demand?

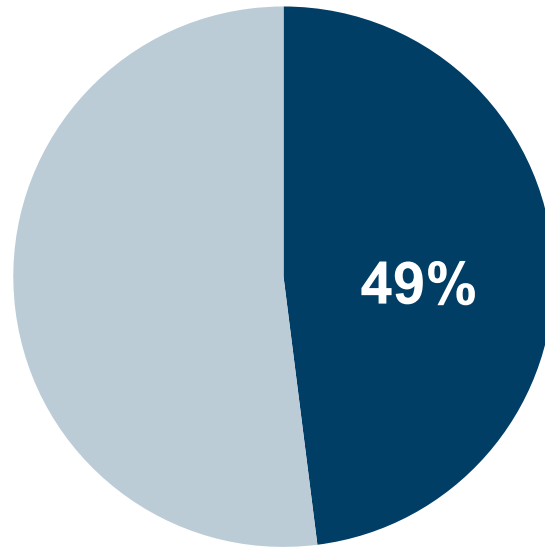
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EPA projects soybean oil for RD to grow the most

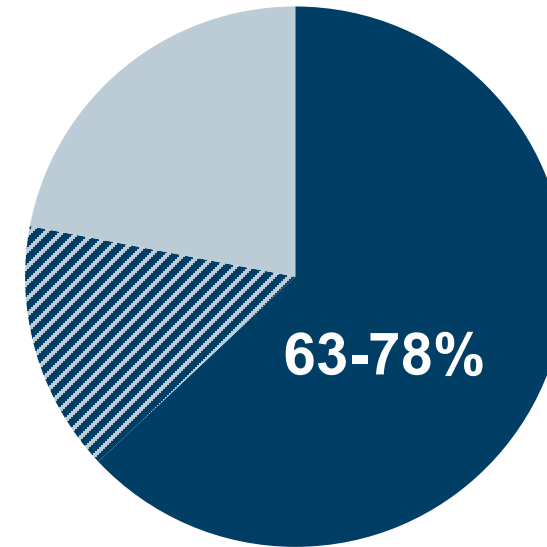
Additional soybean oil demand:

- ▶ **+3.8 billion pounds** in 2026
- ▶ **+1.9 billion pounds** in 2027

Domestic soybean oil used for biofuels as compared to other oil uses:



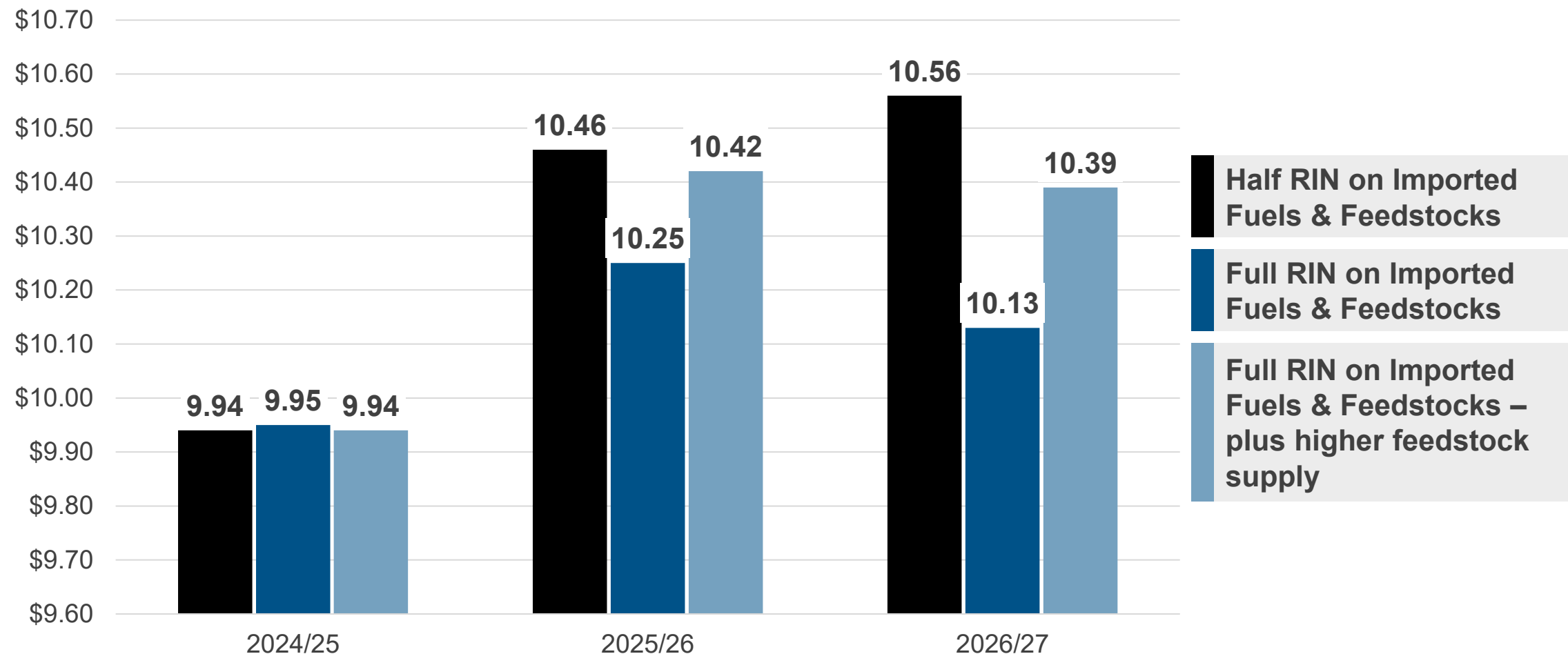
2024



2026-2027

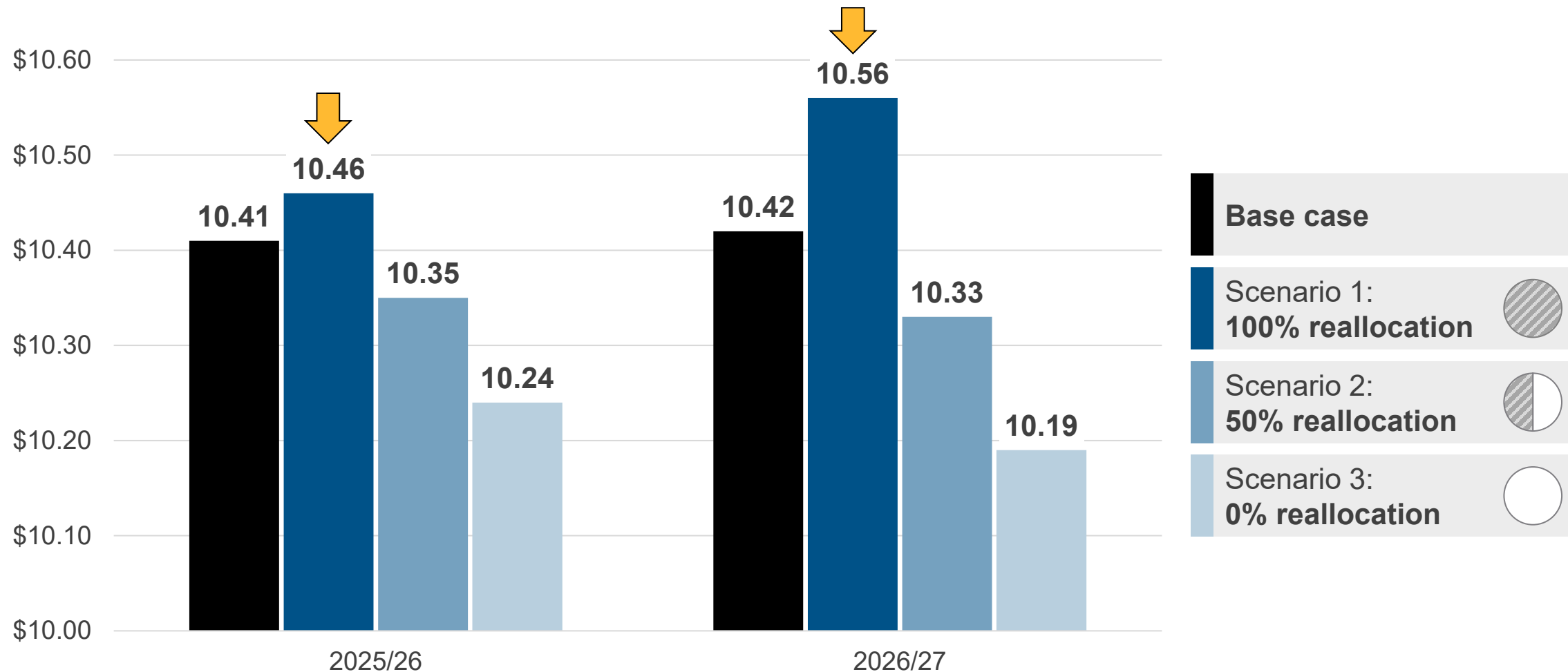
Soybean prices fall if RIN values for imports set at 100%

Impact of proposed 50% RIN reduction on U.S. soybean farm prices (dollars per bushel)



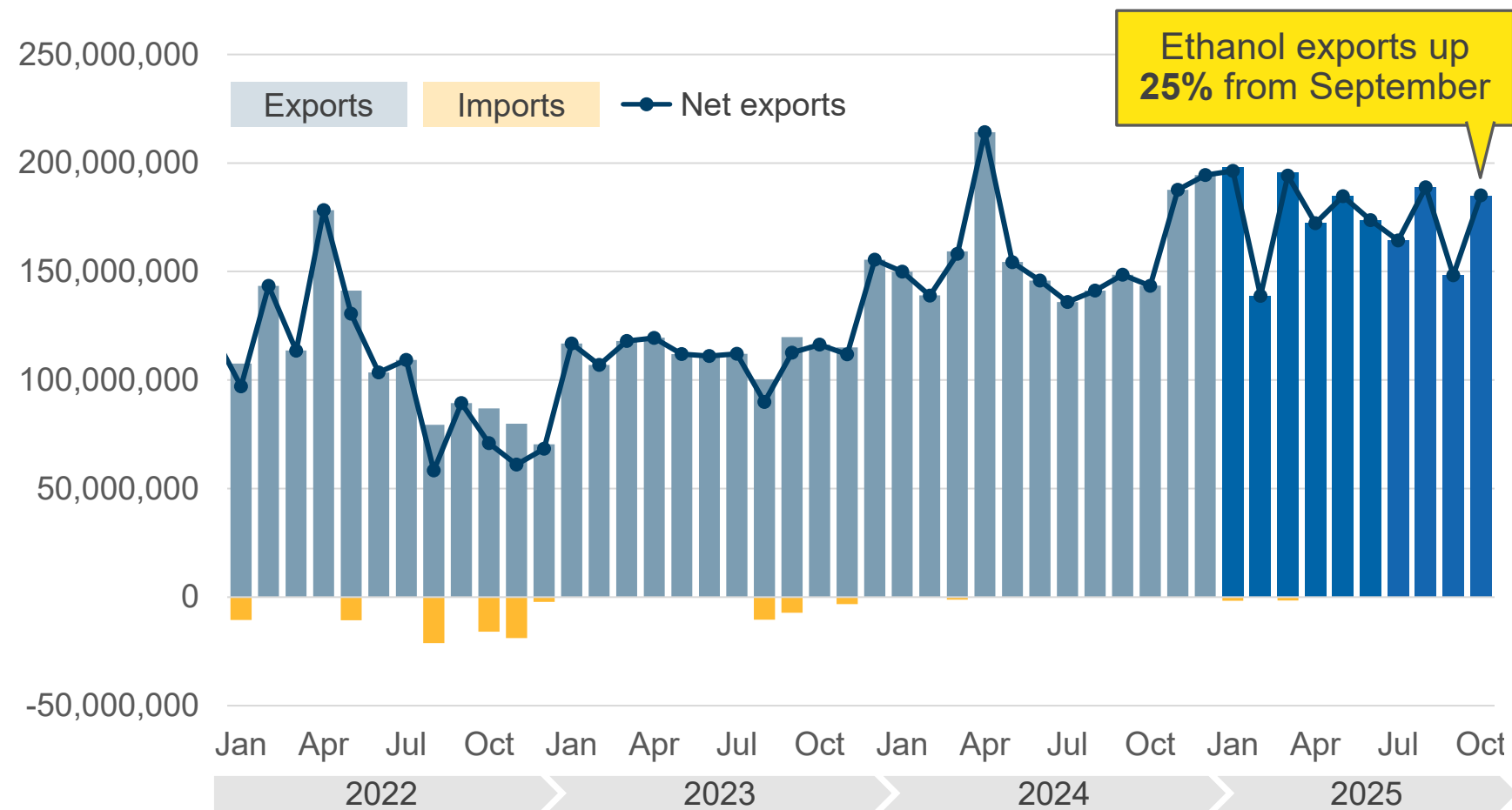
EPA seeking comments on 100%, 50% or 0% reallocation

Impact of supplemental proposed SRE rule on U.S. soybean farm prices (dollars per bushel)



Strong ethanol exports reveal another record year ahead

Monthly U.S. ethanol exports and imports (million gallons)



Source: Renewable Fuels Association (RFA)

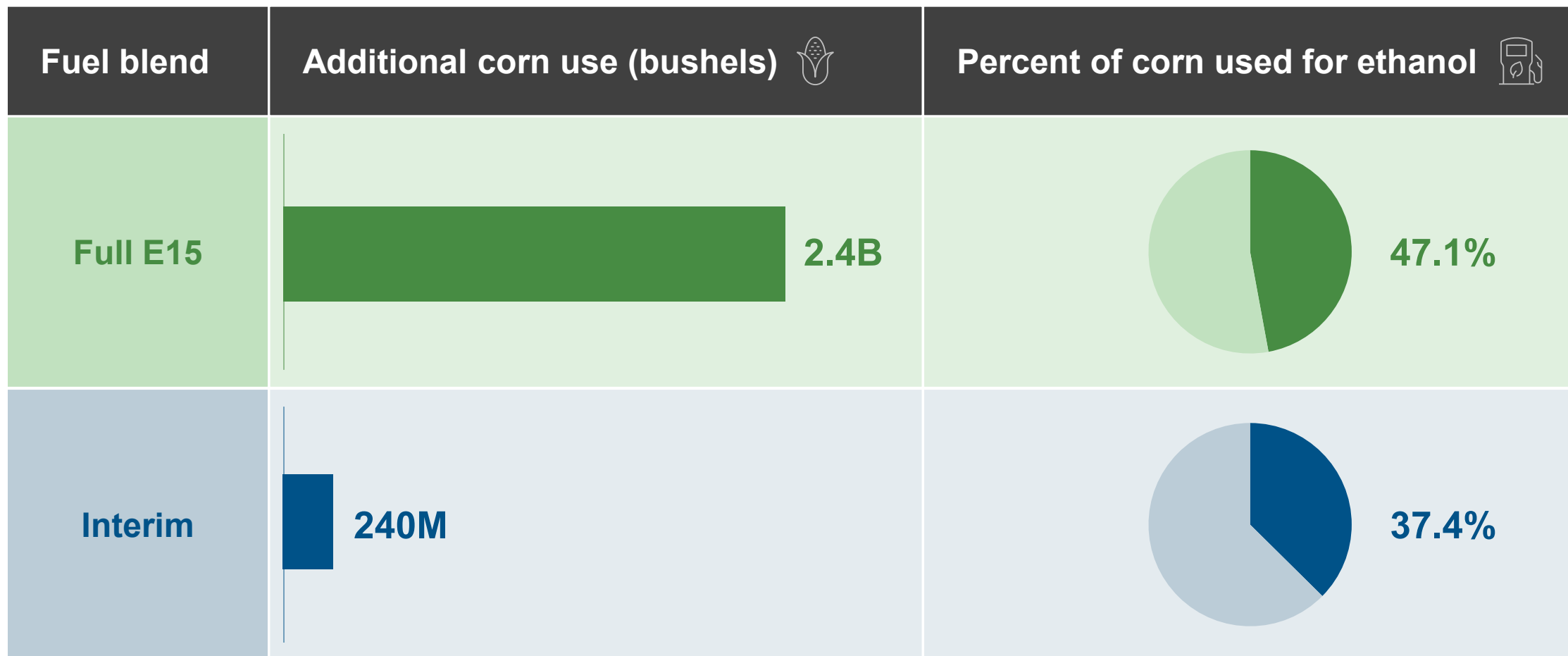


Canada purchased **83%** of all denatured fuel sold



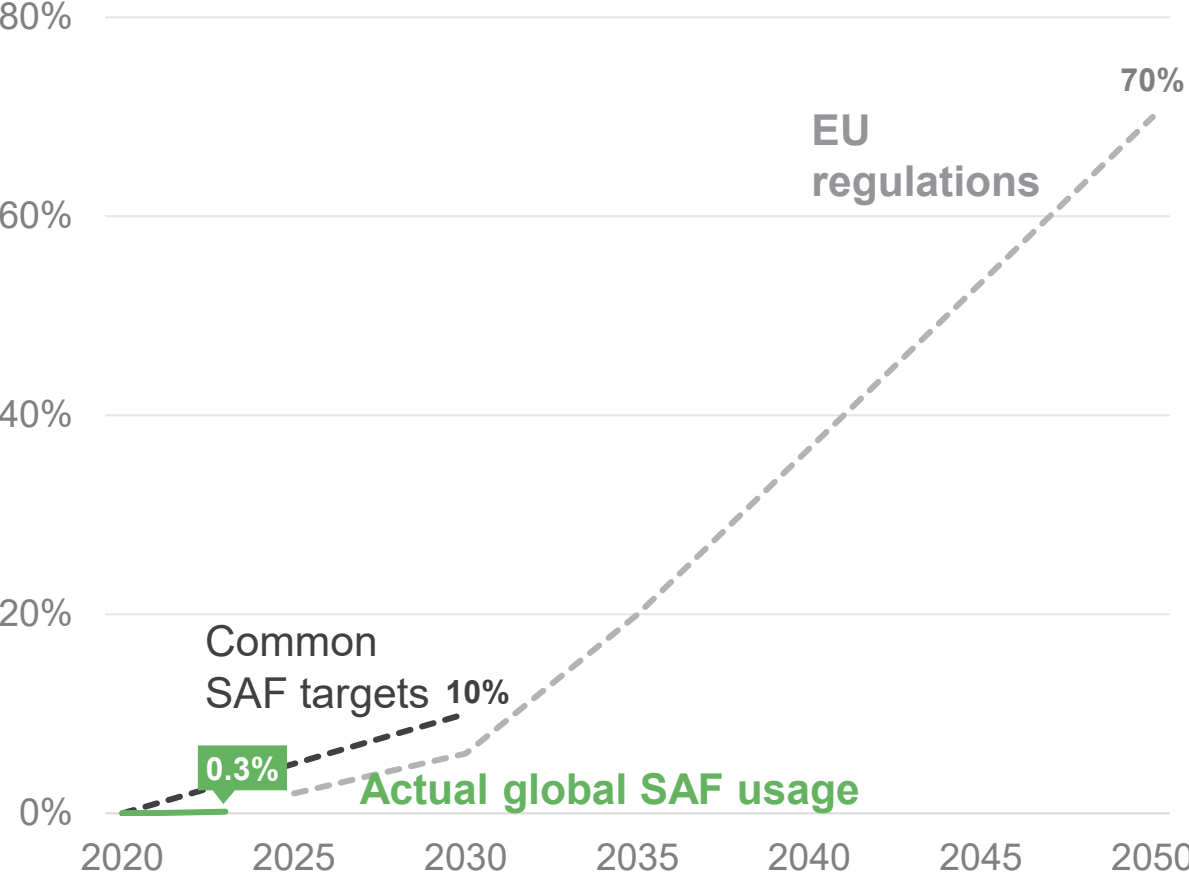
Exports to UK and South Korea increased 5X

Year-round E15 use could boost corn use



Market and regulations driving SAF outlook

Percentage of aviation fuel that came from sustainable sources in 2024



Airlines are off pace to reach promised SAF target of 10% by 2030

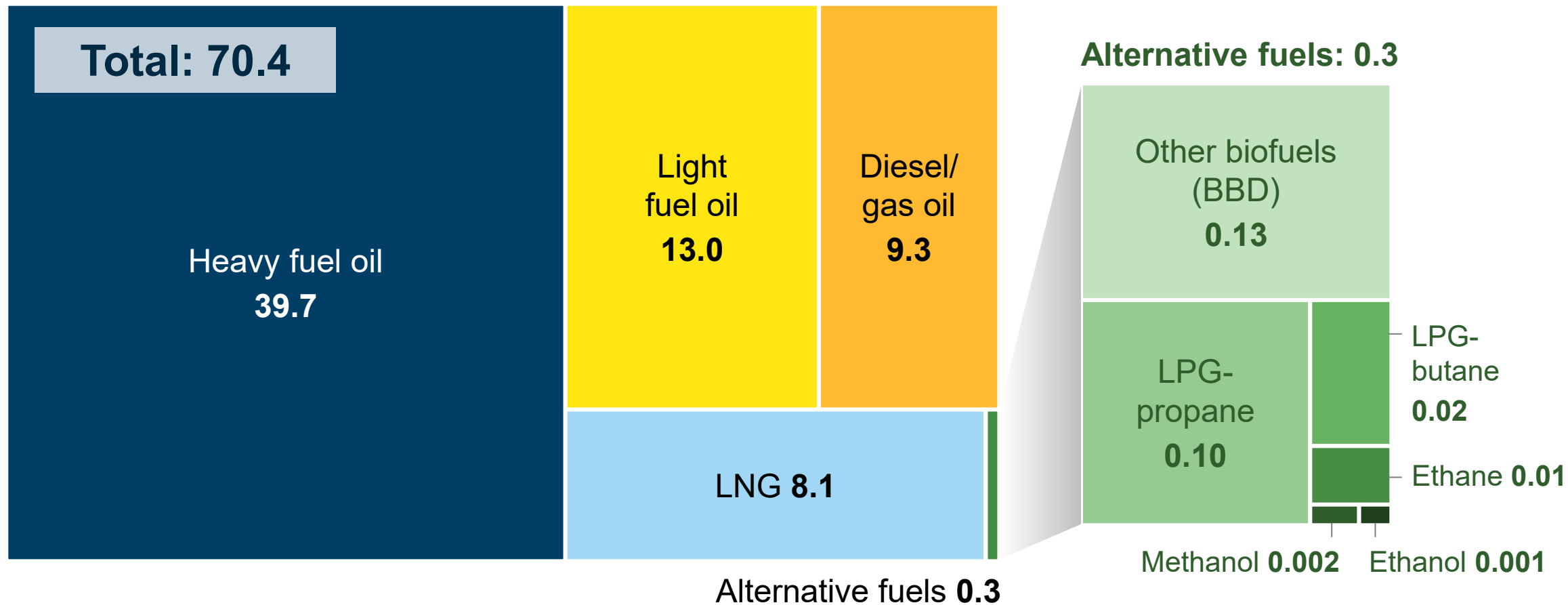
Top 10 SAF users in 2024, kilotons

Airline	2023 (kilotons)	2024 (kilotons)	Percent of fuel
IAG INTERNATIONALS AIRLINES GROUP	54	162	1.9%
AIR FRANCE KLM	87	103	1.3%
DHL	74	74	3.5%
DELTA	10	41	0.3%
UNITED	21	40	0.3%
LUFTHANSA GROUP	13	21	0.2%
SAS Scandinavian Airlines	6	11	1.1%
AIRBUS	7	11	18.0%
virgin atlantic	2	10	0.9%
American Airlines	8	-	0.1%

Source: Bloomberg

Could maritime fuel be the next untapped market?

2023 global marine fuel consumption in >5,000 gross tonnage ships (billion gallons)



Source: Renewable Fuels Association; IMO
*Diesel fuel gallon equivalents; includes only ships >5,000 GT

Just 5% of maritime shift to ethanol offers big boom



Global fuel consumption of ships subject to IMO regulations:

~70-80B
gallons per year



Total U.S. ethanol production in 2024



If U.S. ethanol captured just **5%** of the global maritime fuel market



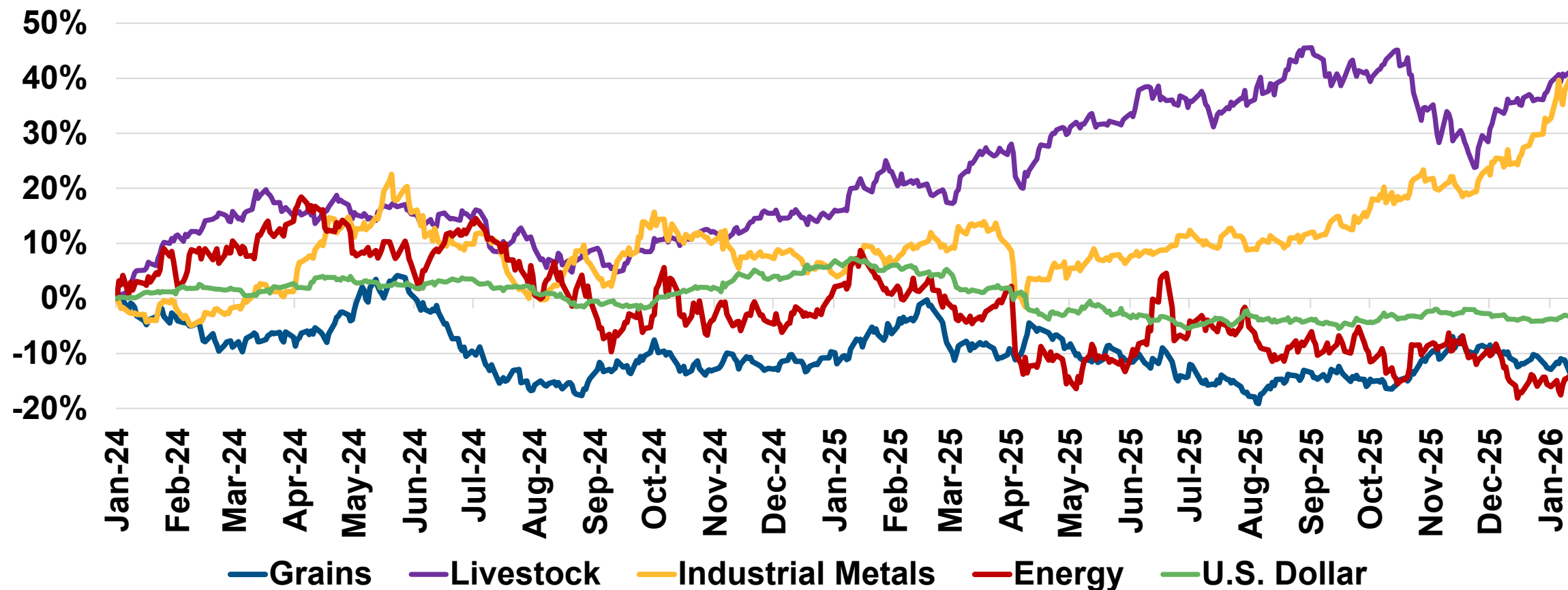
Simultaneously increasing corn demand by 1.5B bushels or more



Grains & Oilseeds

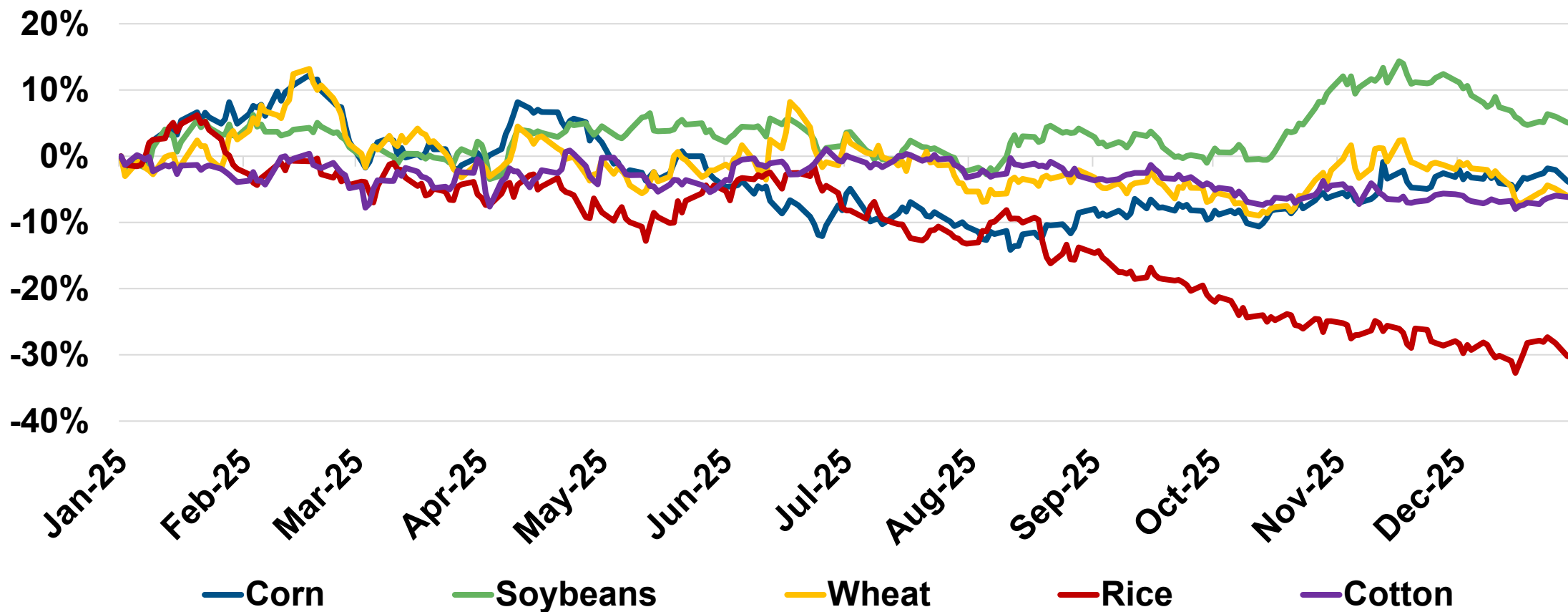
Grain Markets Have Lagged Commodity Sector

Commodity Indexes



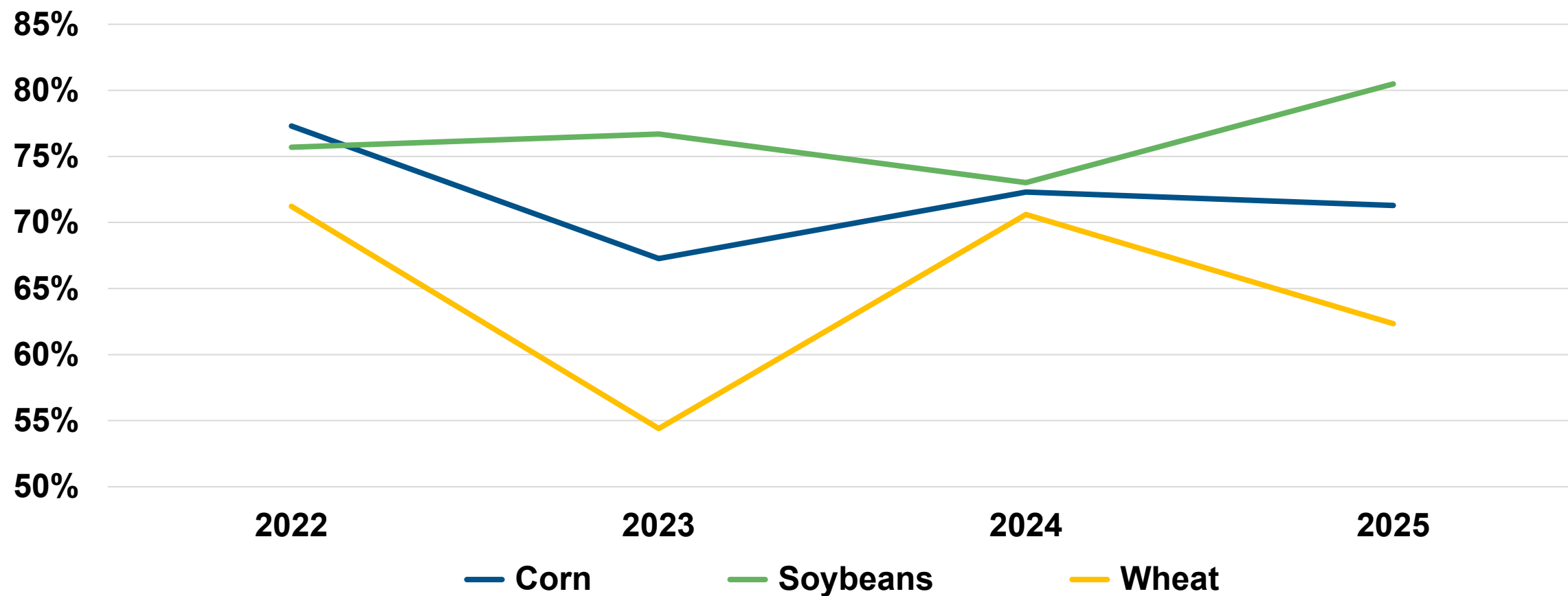
Global Abundance Pressuring Crop Prices

Change in 2025 Crop Prices



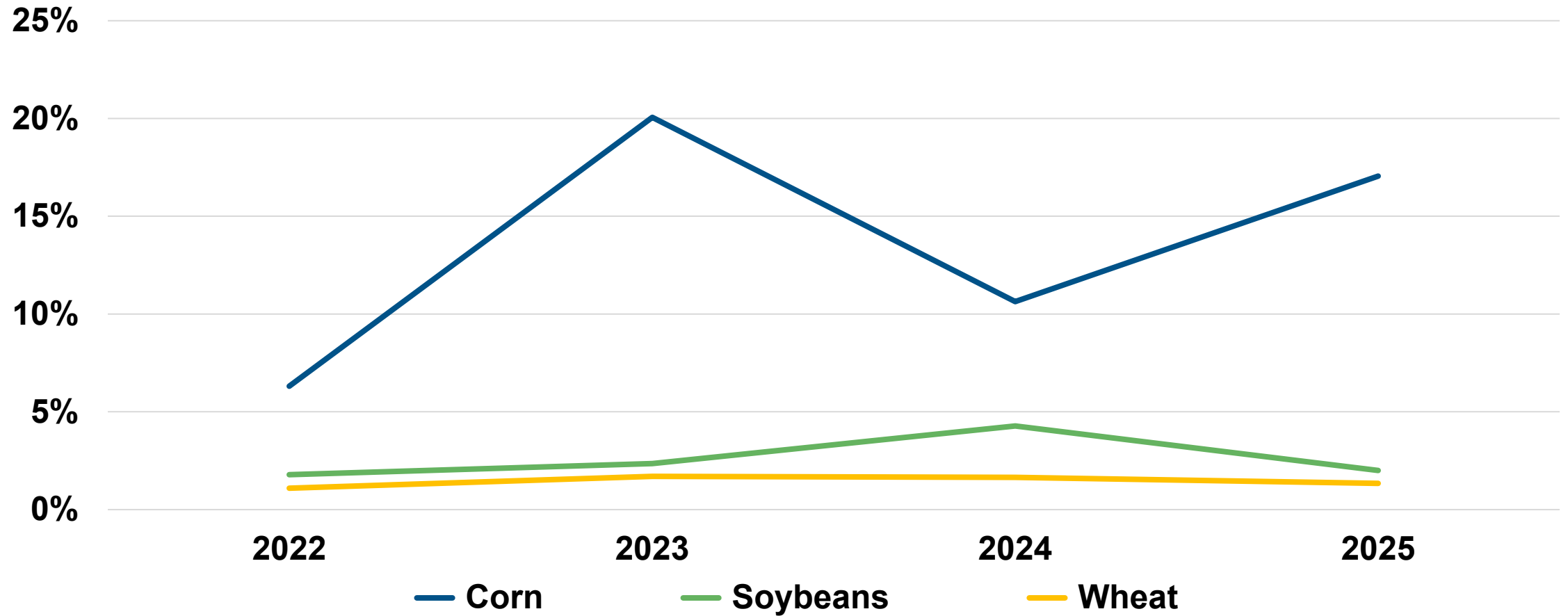
Farmers were Aggressive Sellers of Soybeans Last Fall

Percent of Bushels Company-Owned on Oct. 31



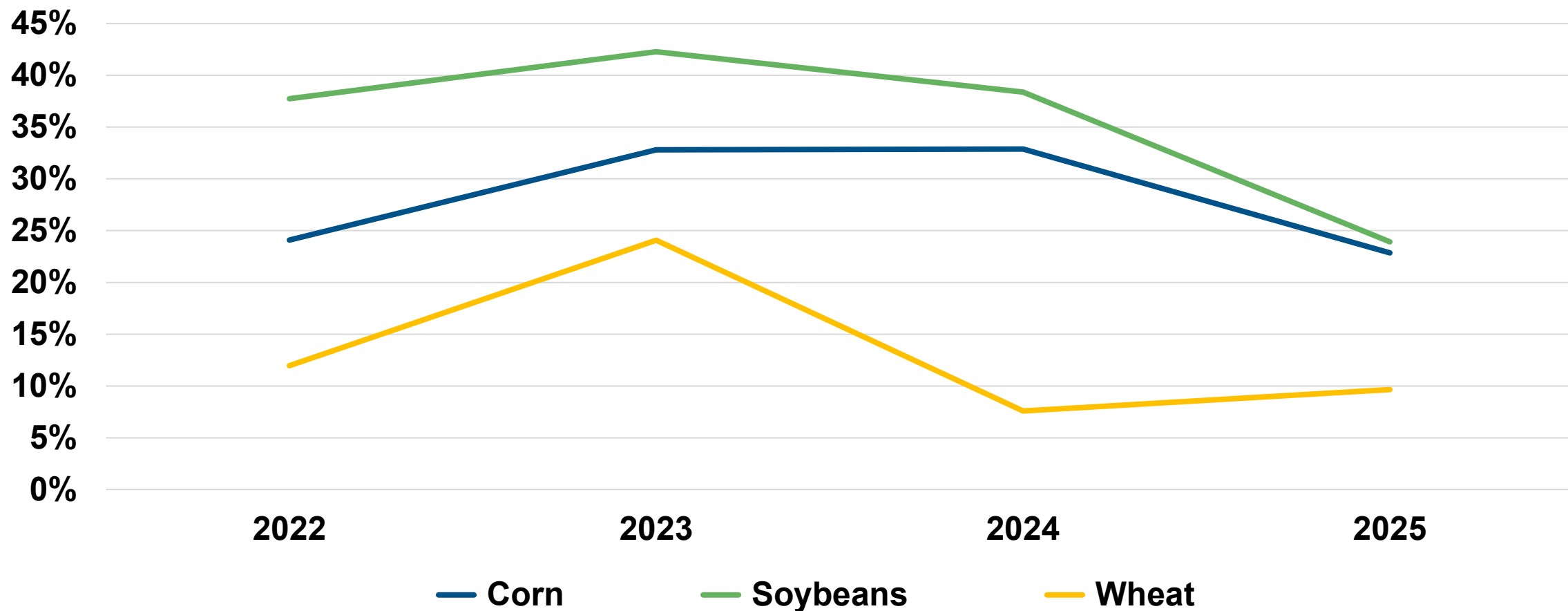
Basis Contracts Increased for Corn

Percent of Company-Owned Bushels in Basis Contracts



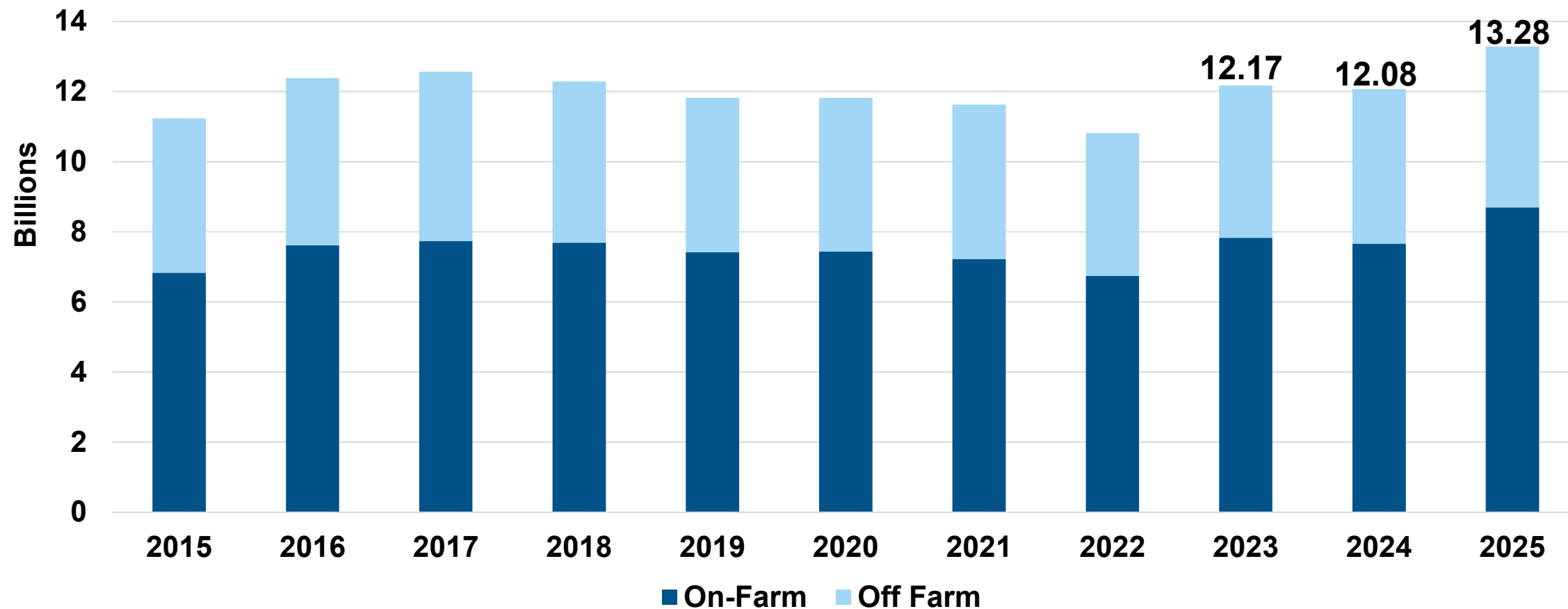
DP Participation Fell for Corn and Soybeans

Percent of Company-Owned Bushels In Delayed Pricing Programs



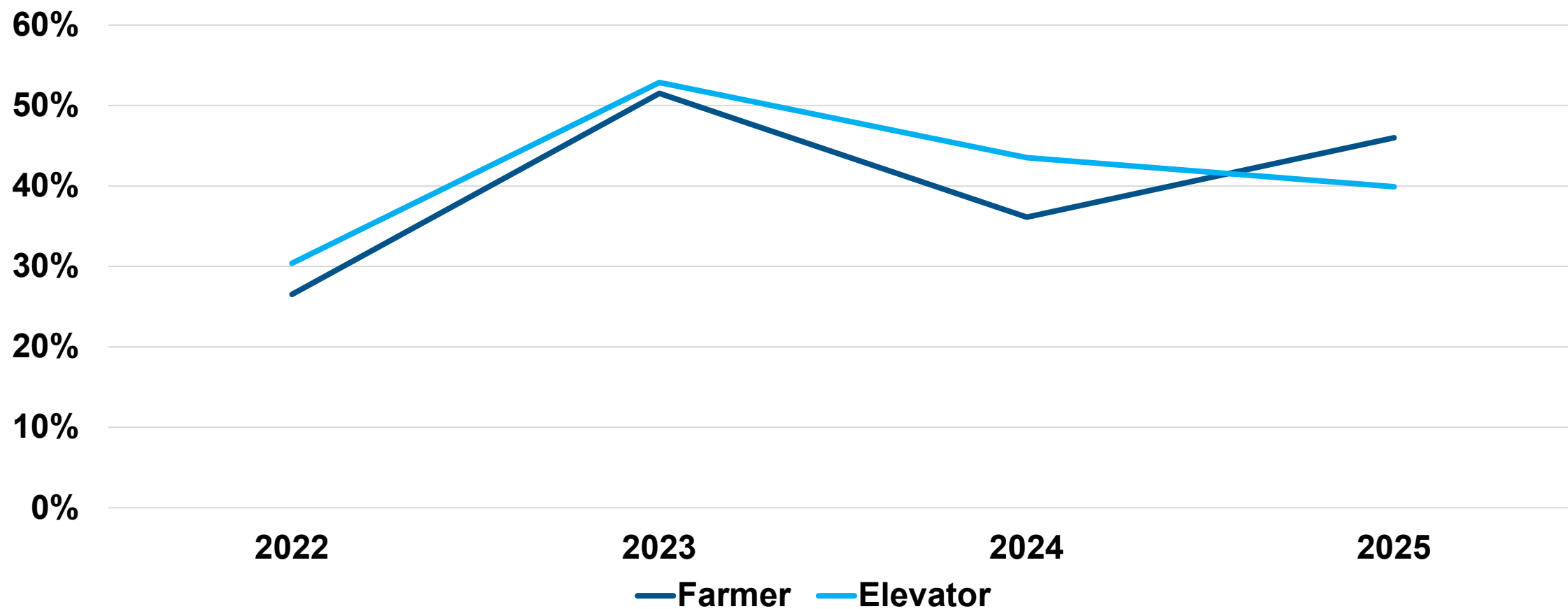
U.S. Corn Supply Record High

U.S. Corn Stocks on Dec. 1



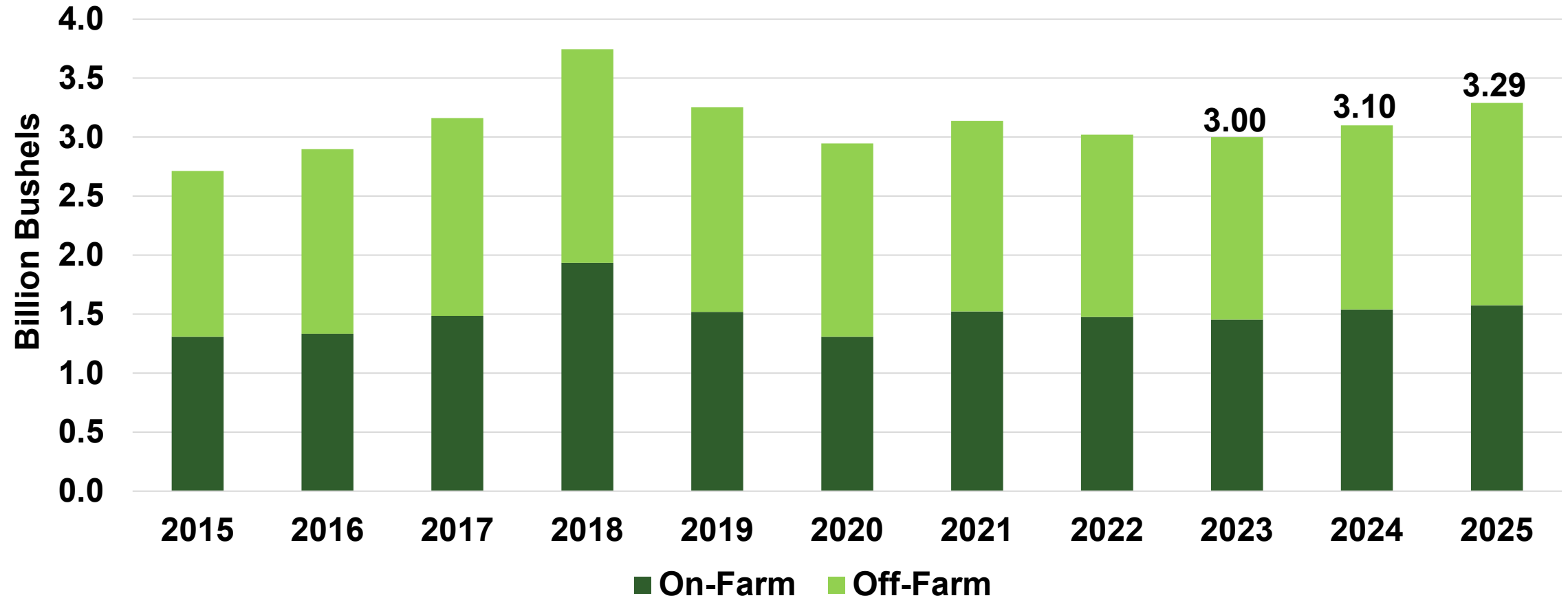
Farmers are Slow on Selling Corn

Percent of Corn Unpriced on Oct. 31



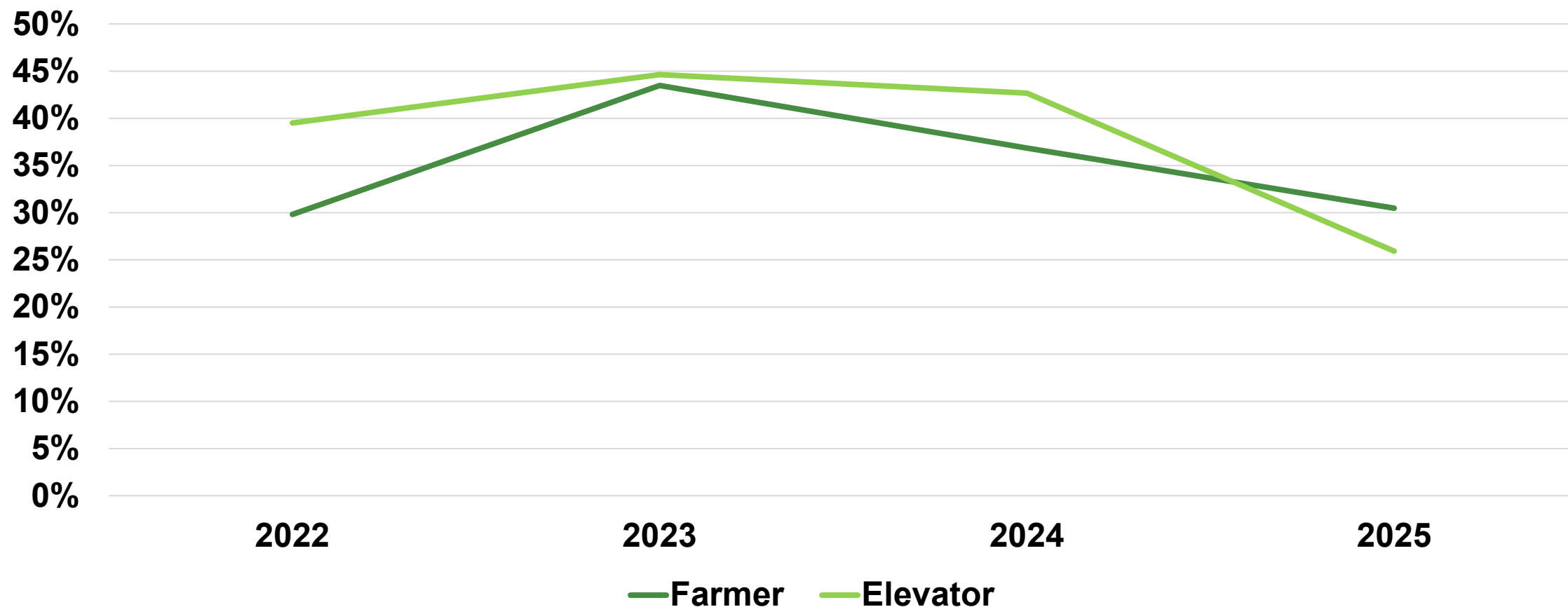
U.S. Soybean Stocks Highest Since 2018

U.S. Soybean Stocks on Dec. 1



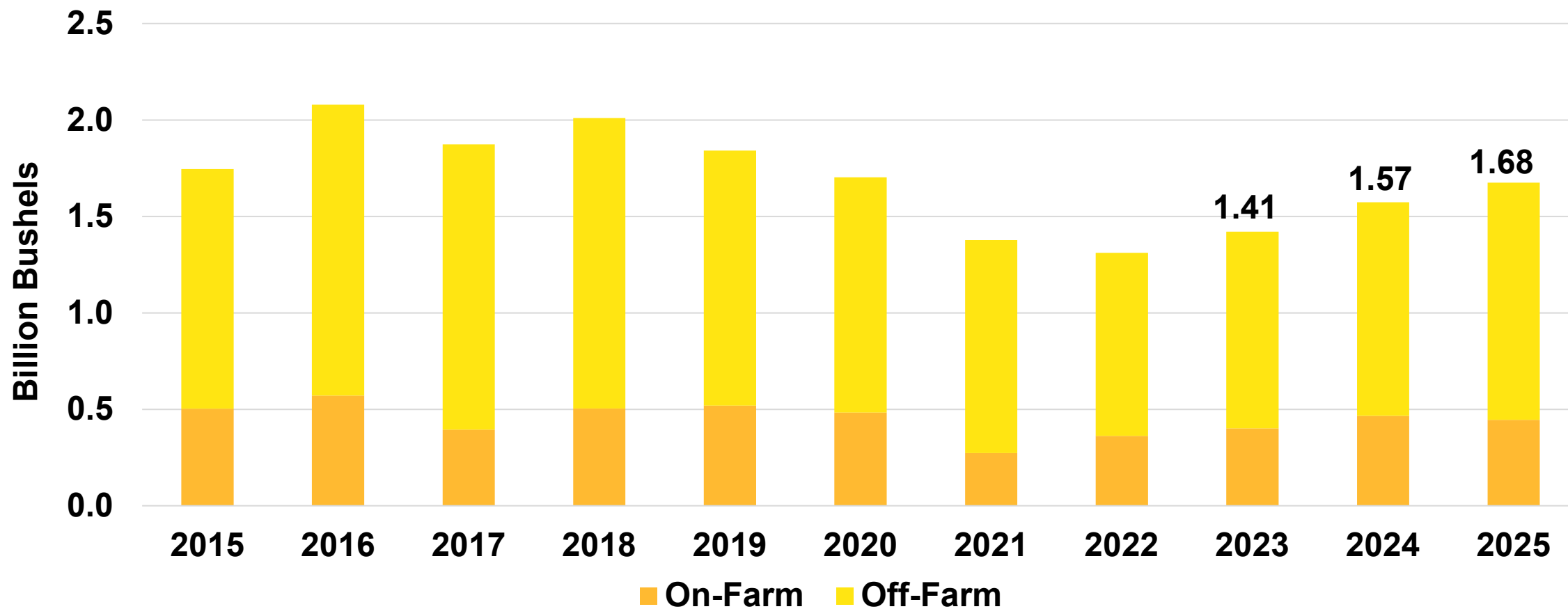
Farmer Selling of Soybeans Accelerated Last Fall

Percent of Soybeans Unpriced on Oct. 31



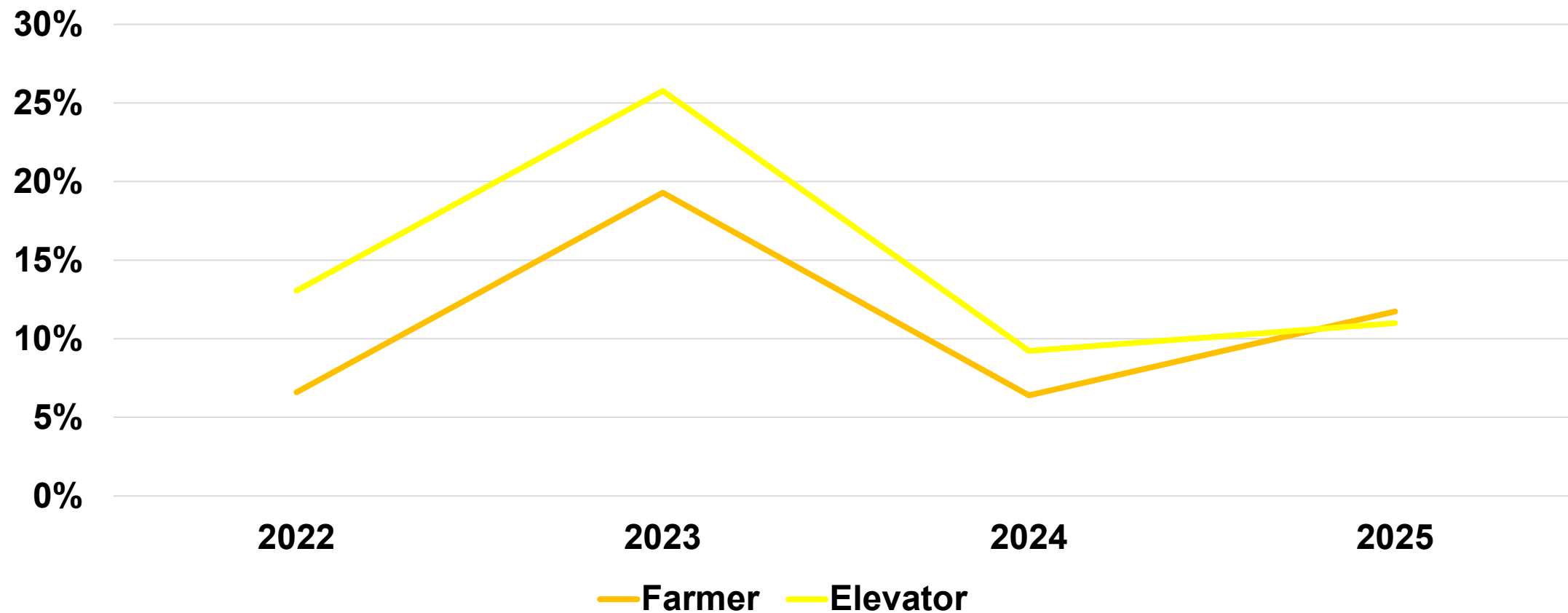
U.S. Wheat Stocks Highest Since 2020

U.S. Wheat Stocks on Dec. 1



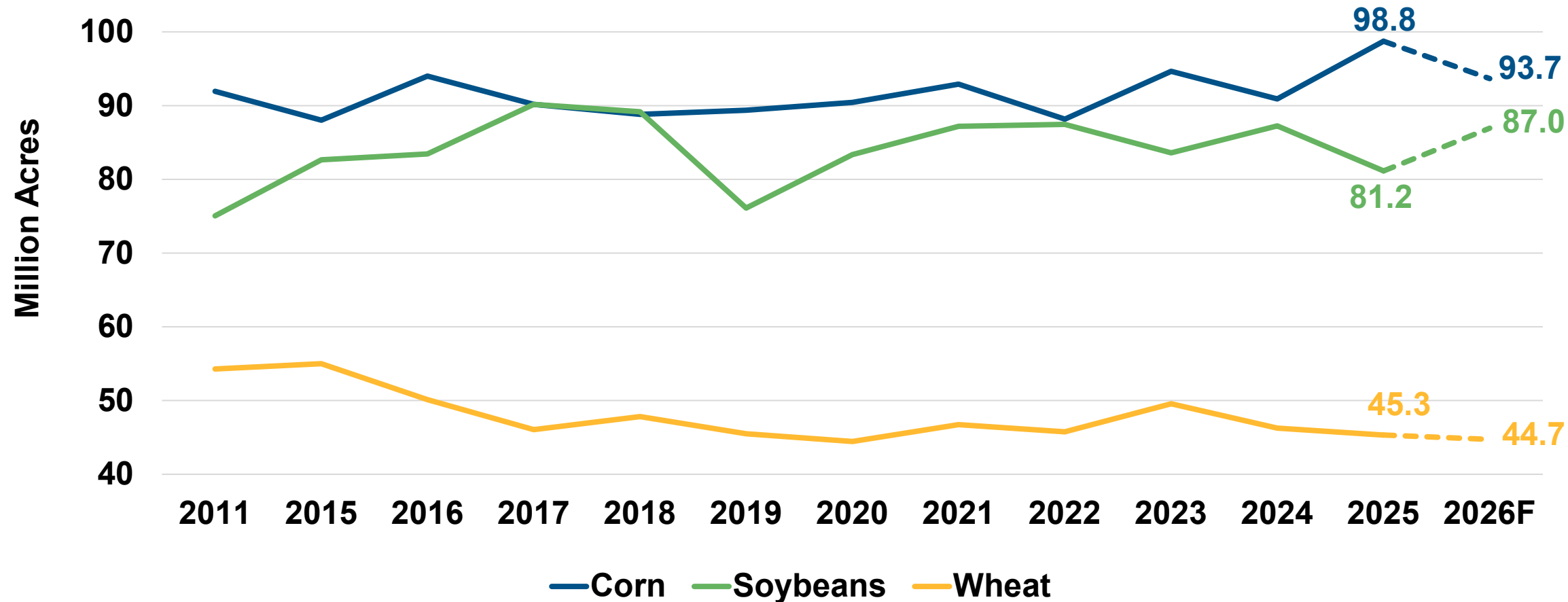
Farmers are Reluctant Sellers of Wheat

Percent of Wheat Bushels Unpriced on Oct. 31



Soybean Acres Currently Expected to Climb in 2026

U.S. Planted Acreage



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