NATIONAL CORN GROWERS ASSOCIATION

NCGA Economic Outlook 2026: 1Q

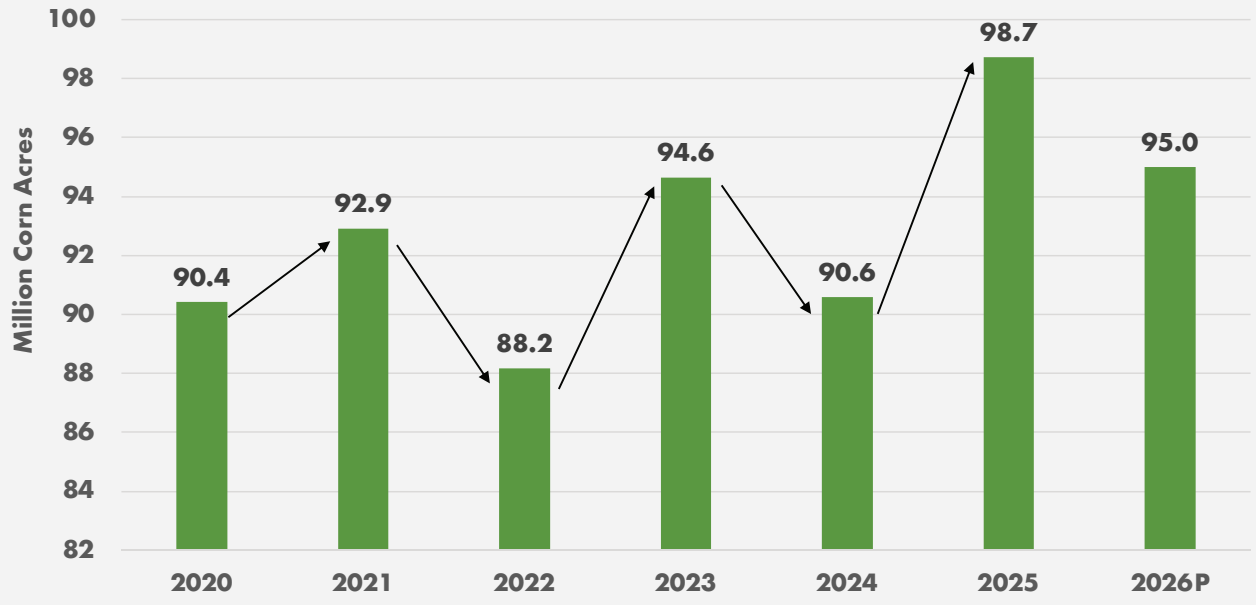
Six in 2026: Outlook for Market Forces Driving Corn Prices & Farm Profits

1. Planted Acres & Growing Supply

U.S. farmers planted 98.7 million acres for corn in 2025, the most in nearly nine decades. With 90 million acres harvested for grain, U.S. farmers produced a record 16.8 billion bushels of corn.

Since 2021, corn has followed an alternating pattern of higher and lower acres. The 95 million corn acres USDA projects for 2026 follows this pattern. Although the projection is 3.7 million acres less than planted acres in 2025, it would still be a high-acreage year by comparison and could mean U.S. corn production tops 16 billion bushels again if 2025 yields are repeated.

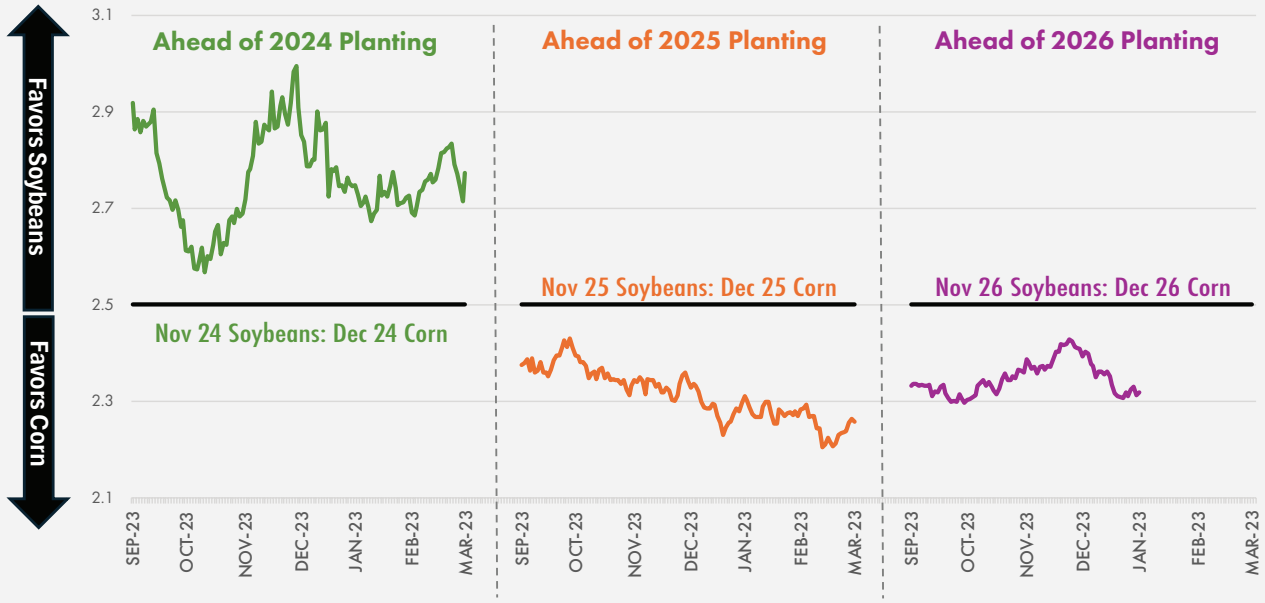
Corn Planted Acres Form Pattern in Recent Years



Source: USDA NASS as of 12/9/25, USDA Baseline Projections as of 12/1925, NCGA Calculations

The soybean-to-corn price ratio is one signal for projecting 2026 acres. The ratio strongly favored soybeans for over six months ahead of 2024 planting, which was ultimately reflected in increased soybean acreage for the year. It similarly favored corn ahead of 2025 planting. The ratio for 2026 favors corn, further suggesting a high number of corn acres for the year ahead.

Crop Acres Signal: Soybean-to-Corn Price Ratio



Source: DTN ProphetX, Data through 12/31/25, NCGA Calculations

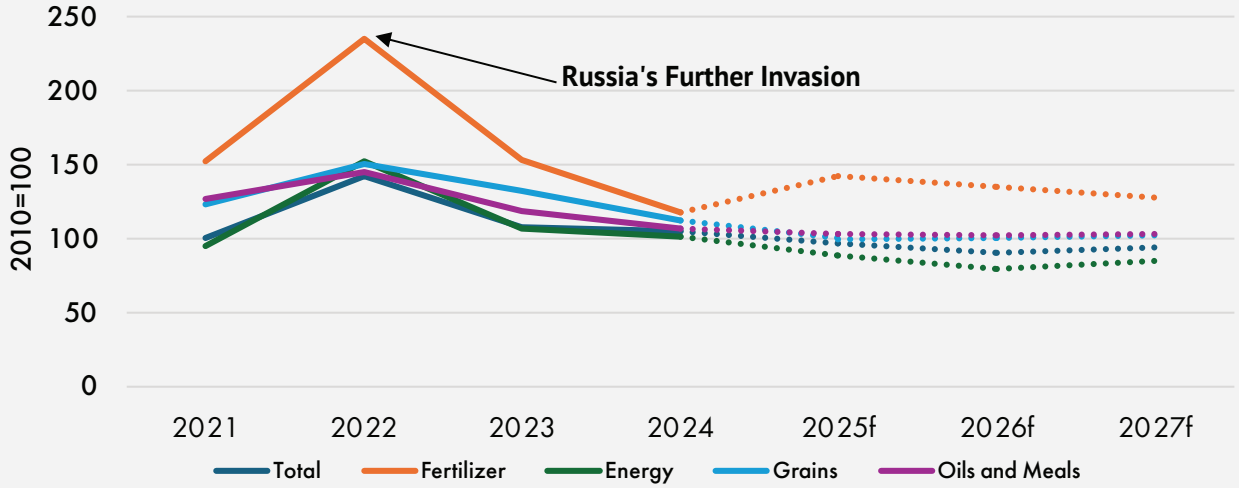
Although farmers consider additional factors like agronomics, management capabilities, and profitability in their planting decisions – the price signal could indicate even fewer corn acres are trimmed in 2026.

Why It Matters: U.S. corn production is increasing with sustained high corn acres and productivity gains. Global corn production is at a record and growing. **Without a shift in demand, rising domestic and global corn supply adds downward pressure on corn prices for U.S. farmers.**

2. Geopolitical Events Shape Fertilizer Markets

A series of events roiled global fertilizer markets in 2025, including Chinese export controls, the ongoing Russia-Ukraine war, and logistical and supply chain disruptions in addition to U.S. tariffs. Tight global supply and demand balances were clearly evident in the prices paid by consumers, with the World Bank "Pink Sheet" (an index of nominal prices of the most-traded global flows for a given commodity) estimating a 20.9% increase in its fertilizer basket between 2024 and 2025. The same index sees slight relief in 2026, forecasting only a little over a 5% decrease from 2025.

Global Fertilizer Price Index Expected to Outpage Grain



Source: World Bank "Pink Sheet" Commodity Price Forecast, October 2025

A few market constraints have been alleviated heading into the new year: Chinese exports are back in the market and, for U.S. growers, most fertilizer categories were exempted from tariffs in November 2025 (though importers will still need to play some catch-up on volumes).

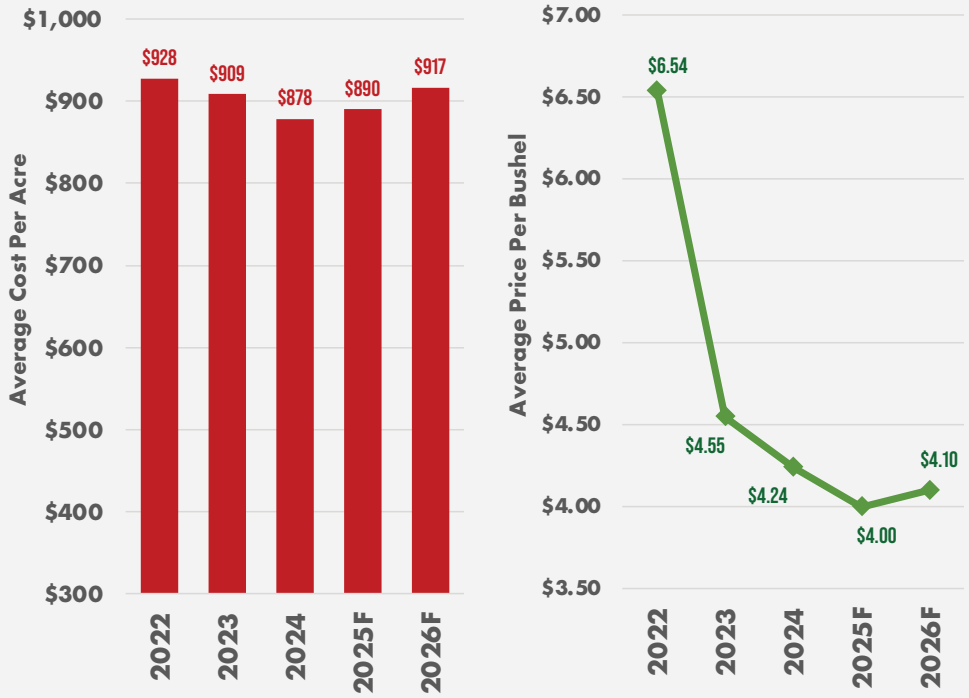
As global supplies look to remain tight, one of the major factors that could relieve – or spike – prices in 2026 is the status of the war in Ukraine. The onset of the conflict in 2022 saw fertilizer prices rocket to record highs. In addition to the direct exports of phosphates, urea and potash caught up in various wartime impediments that raise transaction costs, the cost of natural gas – critical to the production of nitrogen and phosphate formulations – remains highly exposed to the conflict. As markets enter the fourth straight marketing year with the conflict weighing on global fertilizer supplies, this issue remains at the forefront of rising global input costs and, though somewhat moderated, grain market volatility.

Why It Matters: For corn farmers, fertilizers represent roughly a third of operating costs. **Fertilizer costs and outlook will be an important part of shaping the profit equation as farmers make planting, management and marketing decisions for their operations.**

3. Farm Financial Challenges Persist

It will cost a forecasted average of $917 to plant an acre of corn in 2026, a $27 per acre increase from 2025. The 2026 forecast cost is only 1% lower than the record of $928 per acre in 2022, but the forecasted $4.10 per bushel market year average corn price is 37% lower than $6.54 for the 2022 crop.

Corn Price Drops Substantially More than Cost to Produce



Source: USDA NASS 12/9/25, USDA Baseline Projections 12/19/25, USDA ERS 12/18/25, NCGA Calculations

Given the expected yield, each bushel of grain harvested would lose an average of $0.88, marking the fourth consecutive, worsening year of crop losses for corn. In other words, a farmer working to produce 1,000 corn acres would lose over $160,000 for the year. That's like losing the median household income of $83,730 - twice.

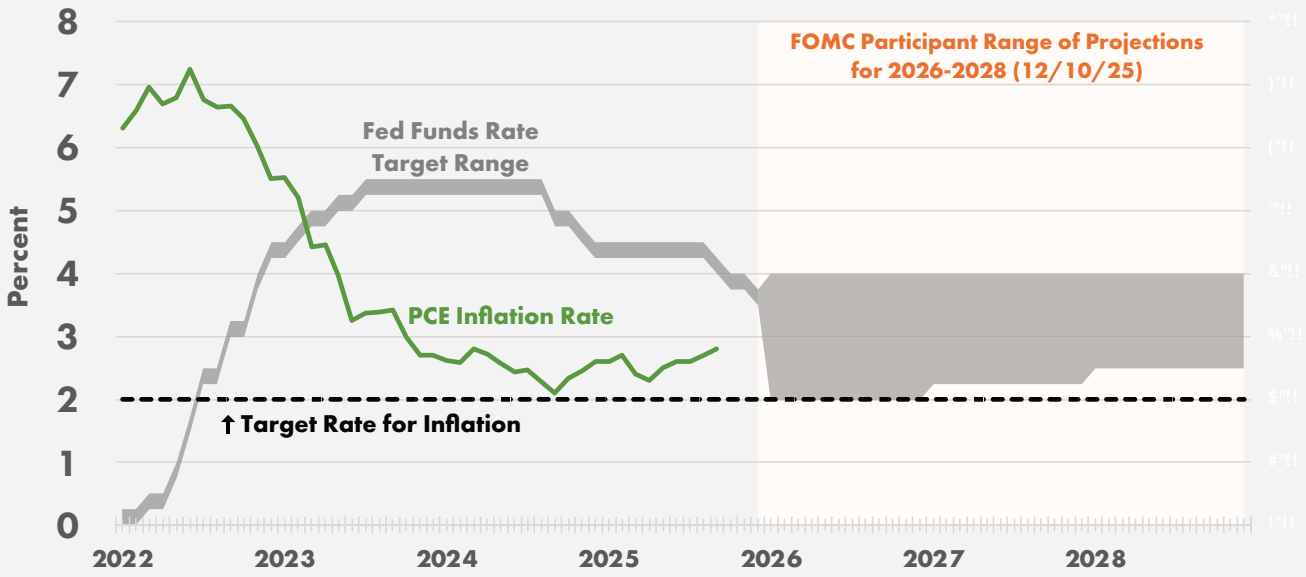
Losses of this magnitude deplete working capital and drive increases in demand for non-real estate loans, as shown in the Federal Reserve District Surveys of Agricultural Credit Conditions for the third quarter of 2025. The survey also revealed farm income and loan repayment rates in the Midwest and Plains States continued to decline.

Why It Matters: Over the past fifty years, the average cost to produce corn has strongly trended upward with a few notable annual declines. An annual decline of more than 5% has happened four times. Based on the past trend, there's an 8% probability of production costs declining by more than 5%; costs are much more likely to stay the same or rise going forward. Meanwhile, corn prices are projected to stagnate around current levels. **To correct this, structural differences in supply and demand need to be addressed.**

4. FOMC Changes and Macroeconomic Conditions

Though not direct farm policy, the agriculture industry waits with the rest of the economy to see how the Federal Open Market Committee (FOMC) will handle interest rates in the new year. In September of 2025, the Fed cut interest rates for the first time in nearly three years, citing labor market concerns and the intent to move monetary policy towards a neutral stance and away from the more 'restrictive' position that had been used to combat high inflation. FOMC participants offered divergent views in their December 2025 assessments of future federal funds rates, ranging from 2% to 4% for 2026. Differing perspectives may continue to emerge with the forthcoming Federal Reserve leadership change in May.

Federal Funds Target Rate Down from Cycle High in 2024



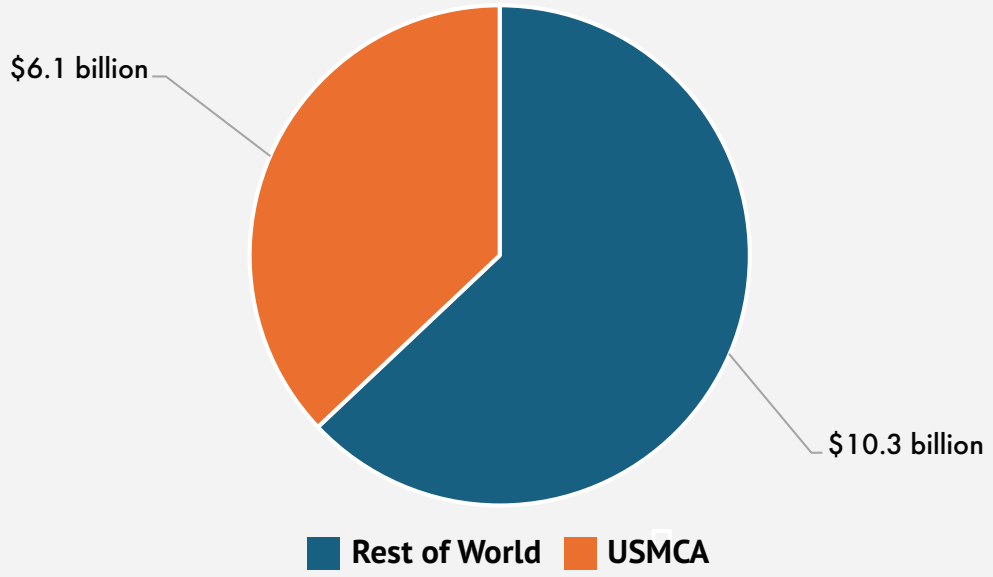
Source: Bureau of Economic Analysis (to 9/25), Federal Reserve (to 12/25), NCGA Calculations

The Fed's total cuts of 75 basis points in late 2025, and the possibility for more to come in 2026, will shape farmer decision making in a handful of ways. Of course, credit conditions and cash flow are chief concerns, especially as corn farmers come off their third straight year of negative returns. Macroeconomic conditions can also influence the demand side in more abstract ways: interest rates can impact the strength of the dollar and export competitiveness, and on the domestic front can impact consumer purchasing decisions related to animal proteins or gasoline gallons with ethanol blends.

Why It Matters: Interest rate related decisions impact corn farmers directly at the bank, on the books and at the elevator. On both the supply and the demand side, **macroeconomic factors determine the strength of the farm economy and could make all the difference between manageable cash flow and razor-thin profit margins during tough times.**

5. USMCA Up for Review

USMCA Partners Vital to U.S. Corn Export Success



Source: USDA GATS, MY 24/25

For three decades (NAFTA 1994-2020, USMCA 2020-present), a trilateral agreement has kept goods flowing relatively freely across the borders of the United States, Canada, and Mexico. As the largest agricultural producer, the United States - and corn growers in particular - have benefitted significantly from the stability and reliability of these close geographical partners.

The United States-Mexico-Canada Agreement (USMCA) faces a major challenge in July when the party countries will negotiate renewal, review, or withdrawal - and any threats to the agreement produce a major challenge to the U.S. corn industry. Trade with Canada and Mexico will likely represent approximately 1.28 billion bushels (~40% of exports, or nearly 8% of the total corn crop) of bulk corn this year. When including the corn-equivalents of ethanol and meat exports to these partners as well, the agreement represents nearly 2 billion bushels of the 16.8-billion-bushel crop- a critically important demand category supporting the U.S. corn industry.

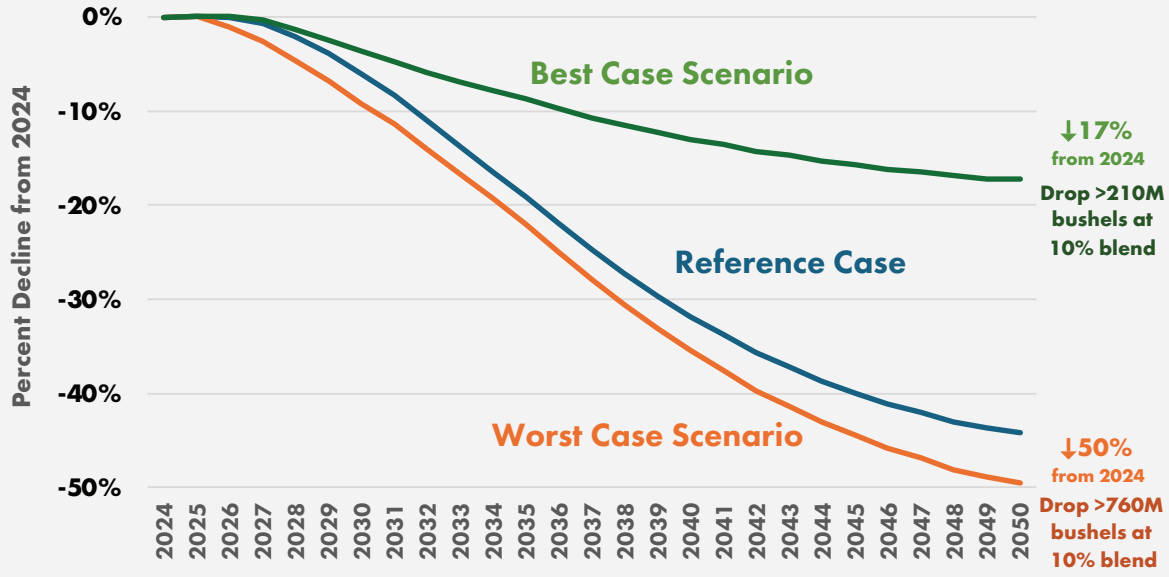
Why it Matters: Market access gives U.S. corn a leg up in these markets and the preservation of the trilateral agreement is a top priority of NCGA - and much of the agricultural industry - in 2026. **Without the certainty and opportunity of these foreign markets, the U.S. corn industry looks very different.**

6. Expanding Ethanol for the Short- and Long-Term

The potential approval of higher blends of ethanol in motor gasoline offers a new opportunity to increase demand for corn in biofuel production. Based on current motor gasoline usage, a 5% increase in the national average blend rate would use 2.4 billion more bushels of corn for domestic ethanol.

Domestic motor gasoline use is forecasted to decline due largely to continued increases in fuel efficiency of motor vehicles, as well as an increasing share of electric vehicles on the road. The Energy Information Administration's long-term outlook scenarios show a range of 17% to 50% below current gasoline use levels by 2050. Even with fuel use reductions on the lower end of that estimate, a decline in corn use for ethanol in motor gasoline is evident at current blend levels. This is why NCGA is calling for passage of E15 this month, which is the single fastest way to improve the short-term demand outlook for U.S. corn growers. Ethanol for motor gasoline is a critical demand driver for U.S. corn and will continue to be in the foreseeable future.

Motor Gasoline Use to Decline Over Time



Source: Energy Information Administration Annual Energy Outlook 2025, NCGA Calculations "Worst Case Scenario" = EIA Low Economic Growth, "Best Case Scenario" = EIA Alternative Transportation

Motor gasoline may decline over the long-term, but ethanol use potential isn't limited to on-road fuels. Ethanol can be used in aviation fuel, maritime fuel, and as an ingredient for renewable plant-based solutions that society wants like plastics and fibers. These possibilities bring major market potential for the next phase of ethanol.

Why It Matters: Leaning into society's desires for low carbon fuels and plant-based non-fossilized consumer goods widens the opportunity for growth in ethanol use, and demand for U.S. corn. **On-road fuels have dominated the domestic ethanol market of the past two decades, but the future isn't limited to a single use.**

Leveraging America's Crop for America's Future:

In 2026, U.S. corn growers face continued high production and input costs, but future profitability will depend on how global supplies, trade agreements, and evolving demand—especially for ethanol—play out. Key uncertainties include the outcome of USMCA negotiations, potential expansion of ethanol markets, and macroeconomic shifts like interest rate changes. These uncertainties also represent areas of key opportunities. The ability of farmers, industry, and policy to seize those opportunities will shape whether corn prices and profits stabilize or remain under pressure. A forward-looking, expansive demand approach is needed by all to ensure America's crop sustains America's future.

Referenced Used:

USDA WASDE Dec 2025

USDA Agricultural Projections to 2035

United States Census Bureau 2024 U.S. Income

Kansas City Fed Credit Conditions Tighten Gradually

Kansas City Fed Tighter Liquidity and Improved Earnings at Agricultural Banks

NCGA The Case for E15

NCGA The Impact of Currency on Corn Markets

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