



## Volatility Meets Viability: The Q2 Outlook for Corn and the Farm Economy

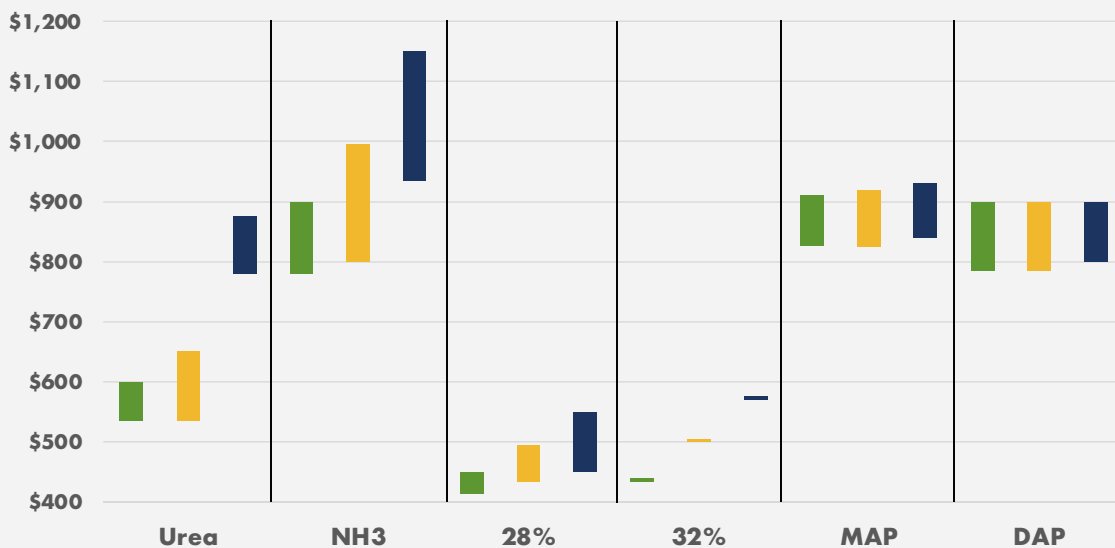
### 1. Volatility: Fertilizer Markets in (Further) Turmoil After Conflict in Iran

Quarter 2 (April-June) will be defined by input-cost volatility and policy timing – fertilizer and energy shocks are raising already high production costs, just as acreage decisions and policy decisions will influence demand, margins, and long-term farm viability.

Fertilizer remains top of mind after years of elevated prices, particularly since Russia’s 2022 invasion of Ukraine. The latest jolt to markets came in early March, when the Strait of Hormuz, a key chokepoint for global fertilizer and energy trade, was closed. Global urea prices jumped about 40% immediately. U.S. wholesale NOLA and retail nitrogen prices initially lagged the global spike but are catching up as it becomes clear the disruption will have lasting effects on the market. In USDA’s biweekly Illinois Production Cost Report, the average reported urea price rose by less than 2% between February 20th and March 6th—then jumped to 42% above the February 20th level in the March 20th report.

### USDA IL Production Cost of Report: Fertilizer Price Ranges

2/20/2026 | 3/6/2026 | 3/20/2026



Source: USDA, AMS

Although evidence suggests most farmers have already purchased at least some fertilizer this year, the latest price shock isn't a new challenge; it's exacerbating existing pressures. Global fertilizer markets were already volatile and supply-constrained leading up to this planting season: due to plant closures, perpetuated impacts from the Russia-Ukraine war, China export bans, and U.S. tariffs and countervailing duties.

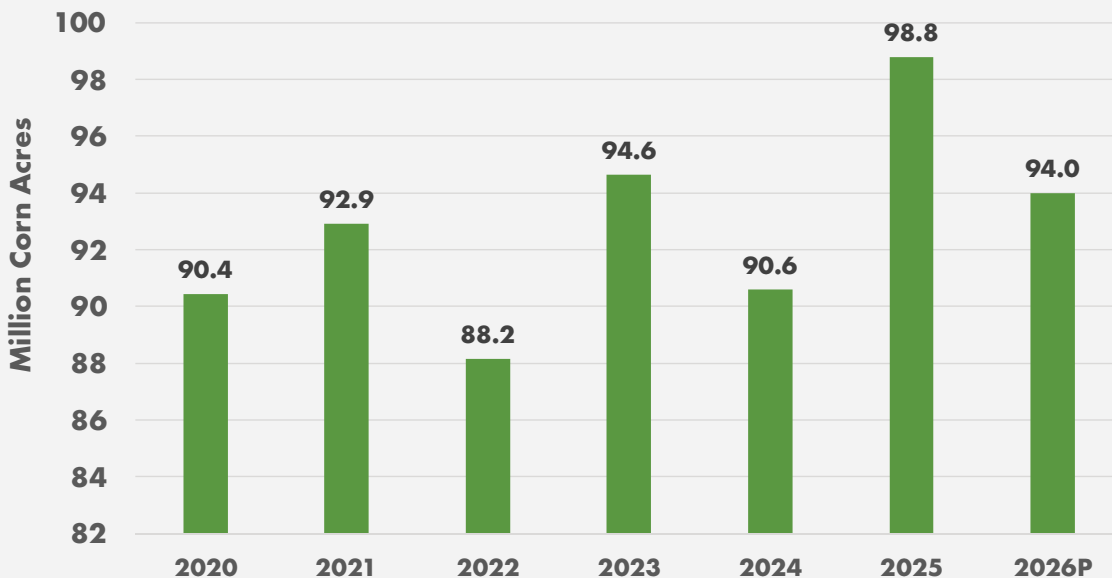
Measured in the "price of corn," fertilizer has been exceptionally expensive for years, particularly for anhydrous ammonia and phosphates. At the same time, lower corn prices and margins make it difficult to generate the cash-flow needed to meet rising operating costs. Six months ago, [40% of more than 1,000 corn farmers surveyed](#) indicated plans to reduce fertilizer applications due to economic conditions. Impacts to the 2026 corn crop are somewhat moderated by the timing of the conflict. Structural supply and pricing issues in the domestic and global impact are likely to extenuate unless action is taken.

## 2. Volatility: 2026 U.S. Corn Planting Decisions Underway

Spring is an exciting time for corn markets as early signals begin to define the size of the new crop. This year, the allocation of principal crop acres to corn remains uncertain. Following the nine-decade high of 98.8 million acres in 2025, USDA's Ag Outlook Forum estimate points to 94 million corn acres for 2026. Its earlier 10 Year Baseline forecast suggested 95 million acres for 2026. Both figures, derived from predictive model forecasts, represent relatively high corn-acre outcomes for 2026.

The first look at farmer intentions will come on March 31 in USDA's Prospective Plantings report. However, current volatility in corn and soybean prices and uncertainty around fertilizer may limit the report's value as an acreage indicator. Responses to the survey are collected in early March, a period marked by global conflict, significant macroeconomic swings, spikes in diesel and fertilizer prices, and limit-down moves in soybeans and soybean oil, and some volatility in

### Corn Acres: Forecast 94 Million in 2026, Still Relatively High Level



Source: USDA, NASS as of 3/12/26, USDA Baseline Projections, NCGA Calculations

corn prices this year. Many corn acres are effectively 'locked in' by agronomic benefits of rotation or pre-purchased seed and inputs, but a portion of acres may still be in flux.

It's unclear how these factors will ultimately impact planting decisions or if farmers will continue to adjust plans after submitting their original intentions, given the wide range of unknowns in the global market and domestic policy coinciding with the spring timing.

### 3. Volatility: RVO and 45Z Policy News Pending

Strong, farmer-friendly biofuels policy supports prices for corn and other feedstock crops by providing a stable and reliable source of demand. This is especially important now as farmers face high input costs and thin margins. In addition to E15, markets are actively awaiting guidance on two other policy issues that will also shape demand for corn.

Final 2026 and 2027 Renewable Volume Obligations (RVO) guidance was announced at the end of March after being delayed. The guidance set the implied conventional biofuel requirement of 15 billion gallons for both years, consistent with the industry's request. This is a positive signal for conventional fuel use, as well as other biofuel categories, along with the recent announcement of a temporary waiver for summertime E15. This indicates that EPA recognizes the rule of ethanol and other biofuels in energy security and the rural economy.

#### Volume Requirements for RVO (billion RINs)

| <i>Billion RINs</i>         | <b>2025</b> | <b>2026</b> | <b>2027</b> |
|-----------------------------|-------------|-------------|-------------|
| <b>Cellulosic</b>           | 1.21        | 1.36        | 1.43        |
| <b>Biomass-Based Diesel</b> | 5.36        | 8.86        | 8.95        |
| <b>Advanced Biofuel</b>     | 7.33        | 10.82       | 10.98       |
| <b>Implied Conventional</b> | 15.00       | 15.00       | 15.00       |
| <b>Total Renewable Fuel</b> | 22.33       | 25.82       | 25.98       |

A second policy development is USDA's forthcoming carbon intensity calculator, coordinated with the Department of Treasury for the 45Z tax credit. The 45Z credit is intended to incentivize production of lower carbon intensity (CI) biofuels, representing a step in the path to expand markets such as sustainable aviation fuel. Reductions in the CI of their feedstock crops can lower the CI of the finished biofuel and raise its credit value, making USDA's methodology for valuing on-farm practices critically important. If implemented effectively, 45Z could benefit farmers through increased biofuel demand, and potential premium for CI reduction contingent on a clear mechanism for farmer compensation.

But transparency and farmer payback are essential pieces. While farm practices can contribute to CI reductions, the credit goes to the biofuel producers – we need a defined market and price transparency, so value isn't lost in the supply chain. Clear USDA guidance is essential, so farmers can make informed decisions and enter marketing agreements that ensure value to be captured at the farm level.

### 4. Viability: Farm Bill Bottom Lines

If one theme is clear through this economic outlook, it's that the farm economy is searching for greater certainty and reliability. The ongoing Congressional consideration and renewal of the Farm Bill (the Farm, Food, and National Security Act of 2026) presents an opportunity to provide that stability for growers, ranchers, and rural businesses across the country.

The One Big Beautiful Bill Act passed through budget reconciliation last year handled many of the 'big ticket' items for row crops: raising the PLC reference price to corn from \$3.70 to \$4.10, increasing ARC County payment rates and coverage levels, authorizing a voluntary 30 million base acre update, expanding trade promotion funds, permanently extended key tax provisions, and making targeted improvements to crop insurance.

However, additional priorities remain as Congress considers a “Farm Bill 2.0.” Key actions include expanding and strengthening NRCS conservation practices, increasing loan limits on FSA operating and ownership loans, funding USDA’s BioPreferred Program, and supporting growth of biofuels with development of the bioeconomy through the Farm to Fly Act, Ag BIO Act, and the Biomanufacturing and Jobs Act, and continued support for agricultural research.

Together, these initiatives modernize programs that have not been comprehensively updated since the 2018 Farm Bill, better aligning policy with the evolving needs of farmers. The legislation also presents new opportunities for forward-looking investments needed now to position agriculture for emerging markets and future challenges. It supports the infrastructure and policy environment necessary to expand new uses and build additional demand for corn, while providing financial and technical guidance on conservation practices that preserve quality farmland for future generations. Passage may not result in immediate improvement in market prices, but more effective, efficient, and responsive programs supported by strategic investments and policy enhancements will strengthen long-term resilience of the corn industry and rural America.

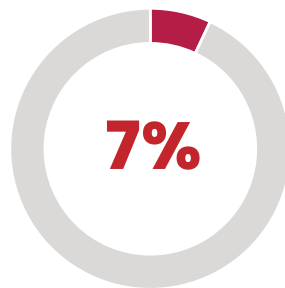
Corn growers are advocating for a bipartisan process resulting in a farm bill signed into law this year. A modern Farm Bill in place would provide important signals affecting everything from financing and cash flow to market development potential. That helps farmers make tough short- and long-term decisions for their farms.

## 5. Viability: The Next 250 Years of the American Family Farm

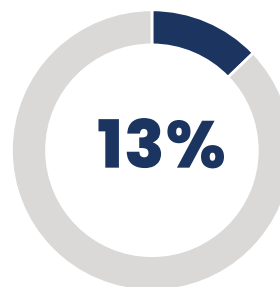
As we look at the factors shaping the upcoming quarter, NCGA is also focused on how near-term pressures fit into the bigger picture of American agriculture and the longer-term outlook for farm finances. Corn farmers are facing pressures rarely seen in the nation’s 250-year history, creating a real risk of losing the next generations of producers—not due to lack of interest, but lack of economic viability.

### Farm Succession Roadblocks

Capital strains impact both ends of the succession spectrum.



**7% of farmers surveyed will retire or exit farming earlier than planned.**



**13% of farmers surveyed will postpone retirement of farm transition.**



**Source: NCGA Survey of Over 1,000 Corn Growers Administered by Farm Journal Closed 1/14/26, NCGA Calculations**





These concerns are reflected in NCGA's recent report [America's Crop at Risk: The Future of Corn and Family Farms](#) reviewing the past, evaluating the present and the trajectory for the future incorporating perspectives of over 1,000 corn growers. When asked what farm changes would result from the current economic environment in 2026, 7% of over 1,000 farmers surveyed said they expect to retire or exit farming earlier than planned, likely to preserve remaining capital amid ongoing losses. Separately, 13% anticipate postponing retirement or farm transition. These shifts underscore how current financial pressures are disrupting succession plans on family farms. As economic conditions reshape these decisions in real time, they compound the already well documented trend of declining farms and increasing consolidation.

Farming is not just a collection of independent businesses; it's also the foundation of communities, livelihoods, and multigenerational legacies. As farms disappear, rural populations decline, local economies weaken, and the production of essential food, fuel, and fiber becomes concentrated in fewer hands—an unsustainable path for U.S. agriculture and rural America.

During this tough spot in the farm economy, NCGA is working with legislators to rise to the occasion by strengthening demand for corn and improving the long-term outlook for producers. The future of corn and family farms depends on **durable demand growth, competitive input markets, and policies that enable U.S. producers to lead globally**. With the right alignment of markets, policy, and investment, U.S. corn farmers can remain globally competitive, sustain the next generation, and ensure agriculture continues to serve America for the next 250 years.



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