Field crop margin outlook 2026

Global crop margins to remain under pressure

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Summary

Global crop margins to remain under pressure

The combination of rising operating costs and falling commodity prices is expected to result in another season of compressed margins for major producing regions. This reinforces our view that margin pressures are likely to persist through at least mid-2027.

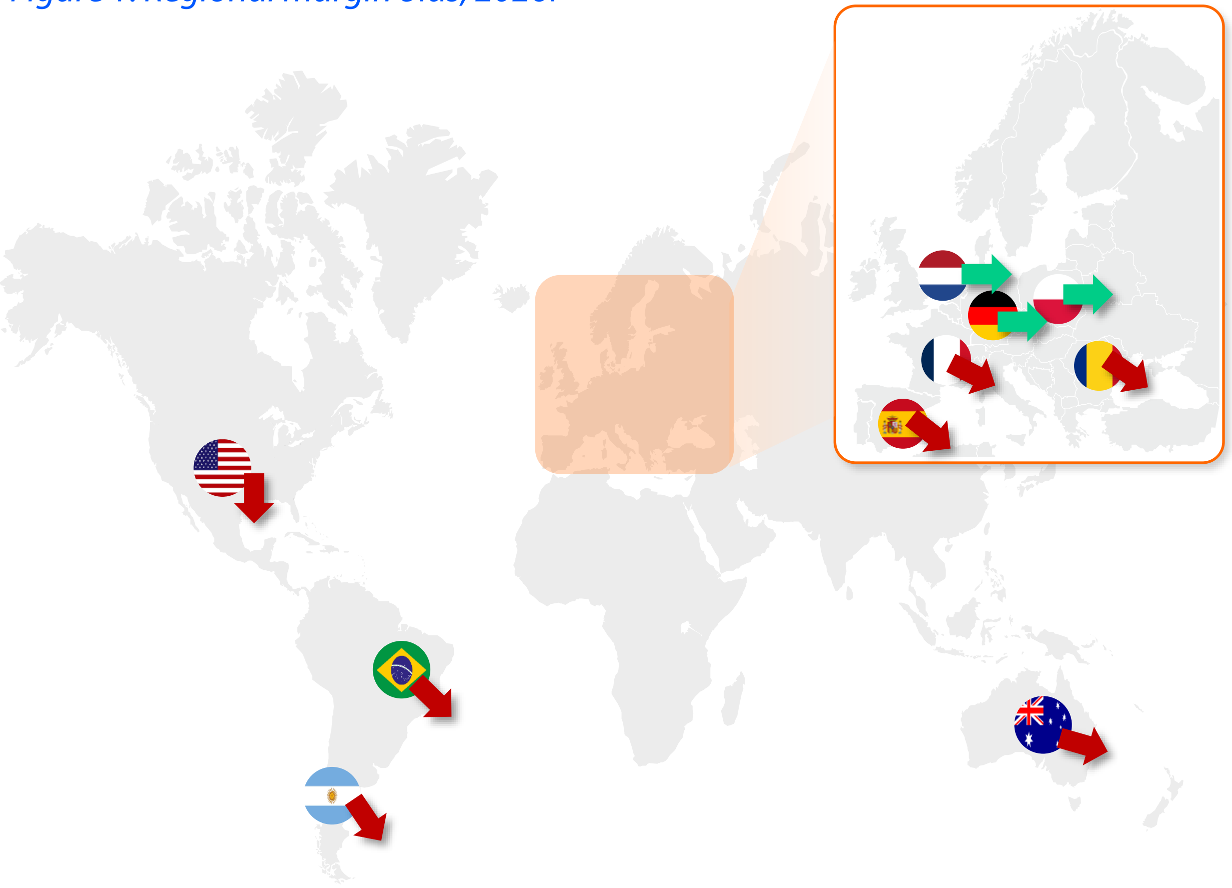
Like the 2024 edition, this year's *Field crop margin outlook* largely highlights the continuing story of margin pressure for farmers – but now within a more complex global environment. Last year, declining commodity prices largely drove margin pressure. This year, we can add other factors to that, including higher costs and heightened uncertainty resulting from intensified geopolitical tensions and the imposition of US tariffs.

Looking ahead to the 2026 season, our analysis points to another challenging year across major agricultural regions. We largely attribute this to persistent input cost pressures, including rising fertilizer prices and elevated interest rates. While some relief is expected in crop protection costs, overall operating expenses are trending upward, posing substantial challenges for producers of soybeans, corn, and other crops.

On the commodities front, production trends suggest that, despite tighter margins, farmers remain committed to investing in their fields to sustain or expand output. Projections indicate another record crop for corn and soybeans, with top-producing regions driving this growth. These record production levels – despite declining stocks – are exerting downward pressure on commodity prices.

Source: *RaboResearch 2025*

Figure 1: Regional margin bias, 2026f



Footnote: *The margin bias represents RaboResearch analysts' opinion on the expected trend for operating margins in 2026.*

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Input costs

Higher fertilizer and chemical costs leading to a more expensive 2026 crop

The overall trend in operating costs for soybean and corn farms indicates an upward movement for the 2026 season, primarily driven by rising fertilizer expenses (see table 1). For crop protection, marginally higher costs are expected, despite a slight price decline in active ingredients from China.

Due to a tighter supply-demand balance, fertilizer prices continue to climb, with phosphate serving as a key example. In Brazil, elevated monoammonium phosphate (MAP) prices are prompting farmers to seek alternative sources of P2O5, such as single superphosphate (SSP) and triple superphosphate (TSP). However, increased demand for these substitutes is also pushing their prices upward.

In the US, with the 2025 harvest fast approaching, attention is beginning to shift to 2026. However, high fertilizer prices are negatively impacting affordability (see figure 2). In fact, the phosphate affordability index for P2O5 has reached its lowest level since 2010 and currently sits at -0.68, according to RaboResearch estimates. If affordability does not improve, we expect a significant reduction in demand for the next planting cycle.

In Australia, fertilizer prices have increased 21% in 2025/26, according to RaboResearch estimates, moving the operating costs for major agricultural commodities higher. The depreciation of the local currency against the US dollar has compounded the rise. Similarly, key European countries are experiencing rising operating costs, with fertilizer prices increasing about 15%.

On the crop protection front, prices for major active ingredients sourced from China are showing signs of decline compared to the previous year. Nevertheless, per-hectare costs in Brazil and the US are increasing, particularly for specific product categories such as insecticides, due to reduced supplies. Overall, the 2026 season is projected to be more expensive across all regions covered in the analysis, presenting considerable headwinds resulting from escalating input costs.

Figure 2: Fertilizer affordability index, Aug 2025

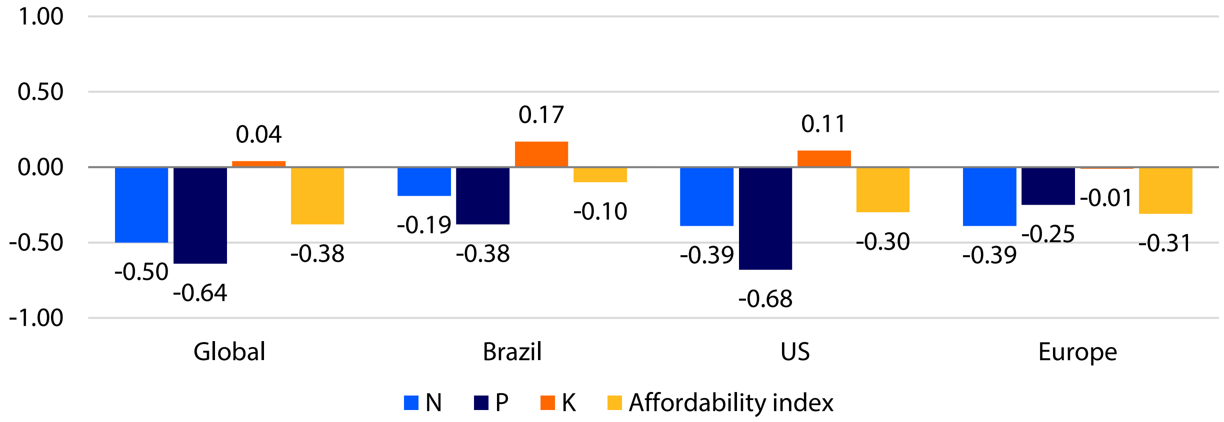

Table 1: Fertilizer and chemical price variations, 2026 vs. 2025

Country	Crop	Cost item	Unit	2025	2026	Variation
Argentina	Soybeans	Fertilizer	USD/ha	55	54	-1%
		Crop protection	USD/ha	130	127	-2%
	Corn	Fertilizer	USD/ha	84	84	-1%
		Crop protection	USD/ha	83	77	-7%
Brazil	Soybeans	Fertilizer	USD/ha	237	284	20%
		Crop protection	USD/ha	256	292	14%
	Corn	Fertilizer	USD/ha	195	216	11%
		Crop protection	USD/ha	83	96	15%
US	Soybeans	Fertilizer	USD/ha	102	113	11%
		Crop protection	USD/ha	113	117	4%
	Corn	Fertilizer	USD/ha	363	393	8%
		Crop protection	USD/ha	129	135	4%

Source: *RaboResearch 2025*

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Agri commodities

The world is awash in supply

Agri commodity prices continue to come under downward pressure, as the world's production machine is firing on all cylinders. Corn, wheat, and oilseeds are all experiencing record-high production in 2025. At the same time, corn and wheat stocks continue their multiyear decline amid record-high domestic consumption. Currently, the market is focused on supply, which will continue to exert downward pressure on agri commodity prices for the foreseeable future.

The big three corn producers in the world – Brazil, China, and the US – are all projected to deliver record-high crops. In Brazil, current estimates are hovering around 140m mt. With both acreage and yield projected to reach record highs, the US is expecting a 425.3m mt (16.7bn bu) crop. And China is forecast to produce a record corn crop for the fifth consecutive year, with the 2025 harvest estimated at 295.0m mt.

Global oilseed production will also be high in 2025, at an estimated 690m mt – the sixth consecutive annual record. While the US will only be producing its second-largest soybean crop, Brazil is producing an estimated 177m mt soybean crop, a record for the country. In addition, Argentina, Canada, China, Ukraine, and the rest of the world are estimated to be producing near-record or record crops in 2025.

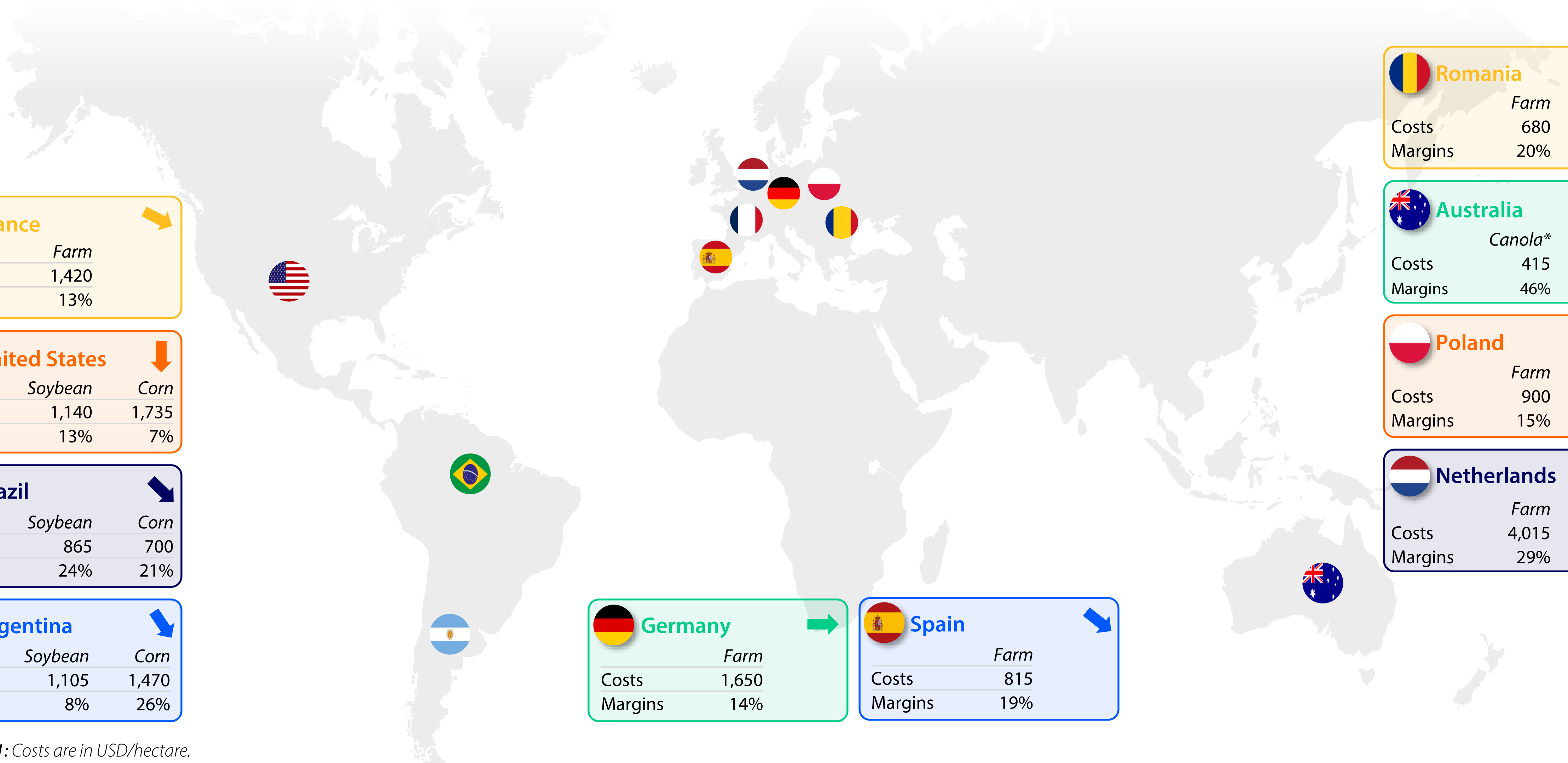
Lastly, global wheat producers have produced six consecutive record-high wheat crops, stretching back to 2019/20. The EU and Russia are seeing significant rebounds in production in 2025 after a disappointing 2024. Plus, Australia and Canada are seeing strong crops. Altogether, the world is looking at record production and record supplies, creating the bear market commodities are currently in.

This is occurring at a time when bullish fundamentals are in place as well. This is particularly true for corn and wheat. Despite record corn production in Brazil and the US, global corn stocks have been in a downtrend since reaching their peak in 2016/17. Likewise, since 2019/20, global wheat stocks have been trending down. In addition, the corn and wheat stocks-to-use ratios aren't only trending down, they're at their lowest levels since 2012/13 and 2014/15, respectively. Plus, domestic consumption of corn, wheat, and soybeans is at record-high levels. In the long term, a strong foundation of demand is in place to support prices.

While there is a case to be made for prices to be well supported from current levels, record output in major production areas like Brazil and the US is overwhelming the market with supply, which will keep prices depressed in the short to medium term. And with stubborn and near-historic input prices, profitability in the grain and oilseed sector will remain challenging.

Source: *RaboResearch 2025*

Crop and farm operating margin forecasts, 2026



France

	Farm
Costs	1,420
Margins	13%

United States

	Soybean	Corn
Costs	1,140	1,735
Margins	13%	7%

Brazil

	Soybean	Corn
Costs	865	700
Margins	24%	21%

Argentina

	Soybean	Corn
Costs	1,105	1,470
Margins	8%	26%

Germany

	Farm
Costs	1,650
Margins	14%

Spain

	Farm
Costs	815
Margins	19%

Romania

	Farm
Costs	680
Margins	20%

Australia

	Canola*	Wheat
Costs	415	230
Margins	46%	39%

Poland

	Farm
Costs	900
Margins	15%

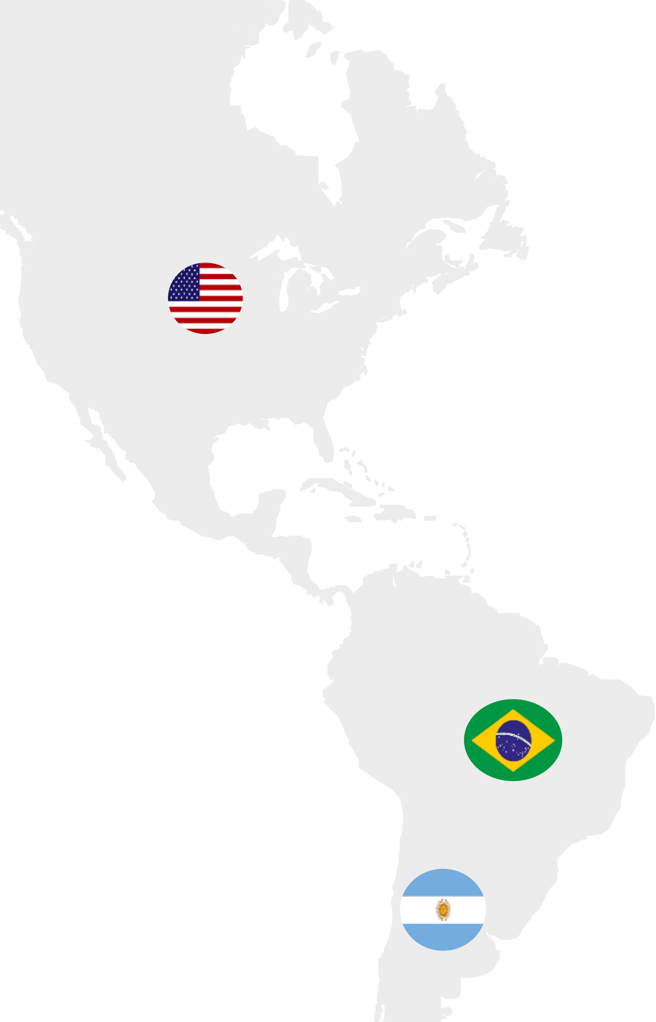
Netherlands

	Farm
Costs	4,015
Margins	29%

Footnote 1: Costs are in USD/hectare.
Footnote 2: For European countries, the model farm is a combination of cereals, oilseed crops, potatoes, sugar beets, vegetables, and flowers.
Source: RaboResearch 2025.

Challenging times for grains

Three distinct histories, one common ground



Tighter margins for soybeans and corn

Taking a closer look at the three main soybean- and corn-producing regions – Argentina, Brazil, and the US – reveals a consistent trend: Between 2019 and 2023, farmers in these countries delivered good margin performance. Despite rising costs, favorable price dynamics supported profitability throughout the period. However, as prices began to decline, producers entered a cycle of margin compression (see figures 3 and 4). The underlying drivers of this shift go beyond the price adjustments observed since mid-2023. Each region carries its own structural narrative that helps explain the current scenario, which we explore in the following pages.

Figure 3: Corn operating margins, 2024-2026f

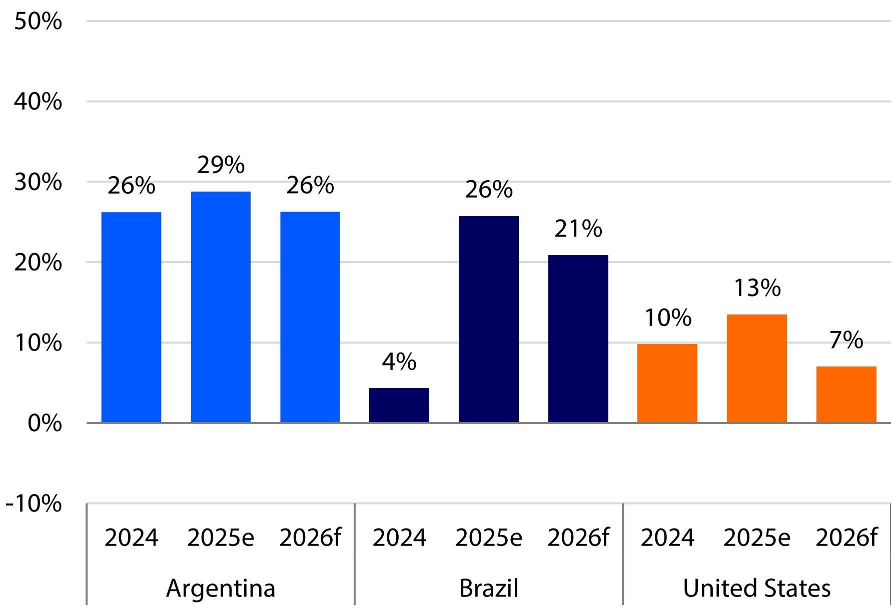
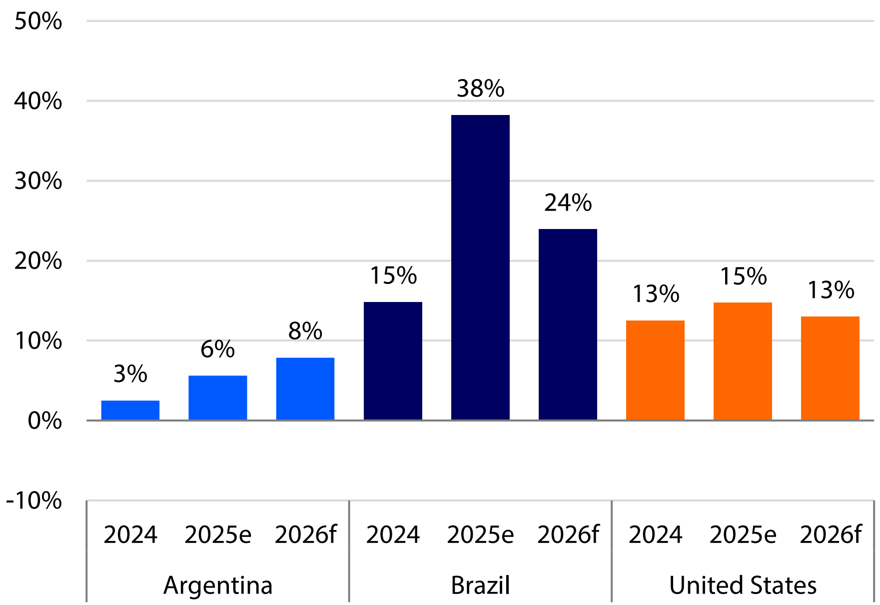


Figure 4: Soybean operating margins, 2024-2026f



***Source:** RaboResearch 2025*

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Challenging times for grains in Argentina

Recovery will take longer for Argentine farmers

Argentina – Among the major grain-producing regions, Argentina has arguably faced the most cumbersome challenges in recent years. A combination of high taxation and the adverse effects of La Niña on crop yields has significantly impacted farmers' profitability. Beyond these agronomic and fiscal setbacks, the country's broader economic instability has further complicated producers' ability to navigate these difficulties.

Export duties on soybeans and corn have remained a focal point of concern for farmers. Many producers accelerated sales in anticipation of potential tax hikes, but ultimately, the government lowered export taxes to 26% for soybeans and 9.5% for corn. However, the overall tax burden on the agricultural sector remains a major issue. According a report published by the Agricultural Foundation for the Development of Argentina (FADA) in December 2024, approximately 65% of gross farm income from soybeans during the 2023/24 season was absorbed by taxes, underscoring the severity of the situation.

Climatic conditions have also taken a toll. Severe weather events, particularly those associated with La Niña during the 2022/23 season, led to a sharp decline in crop production, with output reaching the lowest volume in years. This substantial drop placed additional financial pressure on producers.

Despite a modest recovery, operating margins for soybeans in the 2024/25 season remain extremely tight at around 6%. Corn margins are comparatively stronger at 29%, partly due to a more favorable export tax structure. For the 2025/26 season, projections indicate a slight improvement in soybean margins to 8%, while corn margins will see a slight decline – though at 26% will still outperform soybeans. As a result, the outlook suggests that Argentine farmers will require more time to fully recover from these combined challenges.

Source: *RaboResearch 2025*

Challenging times for grains in Brazil

Farmers will need two years to restore financial balance

Brazil – Brazilian farmers have shown signs of recovery during the 2024/25 season, driven primarily by improved yields and favorable foreign exchange dynamics. However, this modest rebound does not capture the full picture. Despite operating margins remaining at relatively healthy levels, financial indicators continue to reflect elevated leverage, which is consuming a significant portion of revenues.

During the revenue boom between 2020 and 2023, producers invested heavily in new machinery and expanded their planted area. Farmers financed these investments partly through the cash they generated during the high-margin period and partly through credit, as interest rates in Brazil were at historically low levels by local standards.

The situation deteriorated when key agricultural regions experienced severe droughts that coincided with falling commodity prices and rising interest rates. This perfect storm led to reduced revenues and increased debt burdens, pushing many farmers into financial distress.

In Q4 2024, the depreciation of the Brazilian real helped boost soybean prices in reais per metric ton for the 2024/25 season, providing additional support to margins. Operating margins for both soybeans and corn are currently higher than in the 2023/24 season, at 38% and 23%, respectively. However, early projections for the 2025/26 season suggest that operating costs will rise, primarily due to increased fertilizer prices in the international market. Assuming current price levels persist, we expect operating margins in 2025/26 to decline compared to the prior season.

Given this outlook, Brazilian farmers are likely to resolve their financial imbalances by mid-2027. This two-year period will be critical for deleveraging and restoring investment capacity. During this time, expansion of planted area is likely to occur at a significantly slower pace. According to RaboResearch analysis, area should increase about 1.5% for the next season, which will be planted as of September 2025.

Source: *RaboResearch 2025*

Challenging times for grains in the US

Farmers face uncertainty and financial fragility

United States – The tariff announcements made on “Liberation Day” in early April and their potential impacts on the agriculture sector introduced a high degree of uncertainty for US farmers and the 2026 season, and the financial fragility of many producers added to concerns. While the introduction of the One Big Beautiful Bill Act (OBBBA) presented a broad support package for multiple sectors, including agriculture, and represents a substantial aid initiative for US farmers, it also raises significant questions regarding the mechanisms of payment.

The main uncertainty surrounding the OBBBA and creating ambiguity around farmers’ cash flow projections lies in how payments will be executed. Given the challenging financial conditions faced by a large portion of the farming community, cash flow management has become a critical issue. This lack of clarity regarding the timing and structure of support payments complicates investment planning and decisions related to input purchases for the upcoming season.

Regarding input supply risks, the consensus following “Liberation Day” was that the imposed tariffs would not affect the 2026 season. However, they may pose a threat to 2027 if the US government maintains its current trade policy. As of the time of writing, there is still no clear indication of whether these tariffs will remain in effect.

Looking ahead to the next season, we expect US farmers to face higher production costs, due in particular to rising fertilizer prices in the international market. Constrained global supply has made the price of phosphate a key concern for producers, and farmers are confronting an especially unaffordable scenario for MAP. RaboResearch’s affordability index for MAP sits at -0.68, the lowest level recorded since 2010.

Projected margins for the 2026 season suggest that soybean profitability should reach approximately 13%, approximately 200 basis points lower year-on-year due to trade uncertainty and cost dislocation. For corn, however, our analysis indicates a decline in operating margins, falling from roughly 13% in 2025 to just 7% in 2026.

It is important to note that operating margins at these levels imply that total margins, when accounting for all costs, will be negative. In this context, US farmers will likely depend on government support through the OBBBA program to remain current on their financial obligations.

Source: RaboResearch 2025

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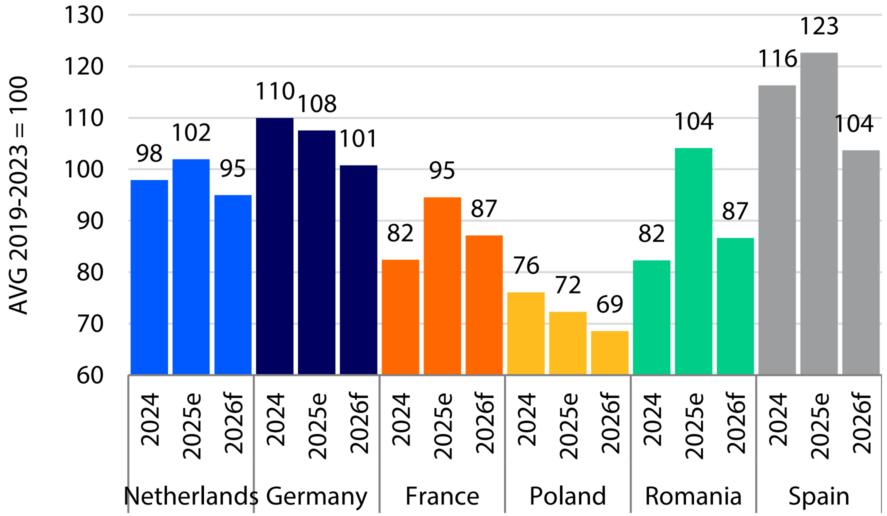
Headwinds to keep pressuring European farmers

EU farmers' margins show modest gains in 2025, but the outlook darkens for 2026

Farmers' margins across the EU are projected to show a slight improvement in 2025 over 2024 (see figure 5). Better crop yields have helped offset the impact of falling commodity prices, driving the modest recovery. Although, yields in Germany and Poland weren't as bad in 2024, making the return to slightly above-average yields in 2025 less impactful there. However, the outlook darkens for 2026, assuming average yields and continued pressure on commodity prices.

For 2025, favorable weather conditions across most of Europe have boosted yield projections for key winter crops such as wheat and rapeseed. As a result, countries like France, Spain, and Romania are seeing margin improvements, supported by strong cereal yield performance. For example, in France, wheat yields are projected to reach 7.4mt/ha, up from 6.1 in 2024 and above the multiyear average of 6.9mt/ha. The Netherlands is also anticipating improved yields in 2025 compared to 2024, particularly for sugar beets, thanks to more balanced rainfall. Germany, however, faces a more challenging season, with declining harvests of sugar beets and potatoes and only average yields for cereals and rapeseed.

Figure 5: EU farm margins projected to be around the five-year average in 2025 and down in 2026



Source: *European Commission Farm Sustainability Data Network, RaboResearch 2025*

Agricultural commodity prices remain a major concern for farmers. So far in 2025, grain prices have been lower compared to 2024, driven by global market dynamics and increased EU production. Potato and sugar beet prices are also under downward pressure, negatively impacting margins in the Netherlands, France, Germany, and Poland. Notable exceptions include higher sunflower seed and oil prices, benefiting Romanian producers, and rising onion prices, which are supporting margins in the Netherlands and Spain.

On the cost side, a 15% YOY increase in fertilizer prices in 2025 is adding pressure to input costs. Other inputs, such as plant protection products, seeds, and fuel, are relatively stable and expected to remain so in 2025.

Looking ahead to the 2026 crop season and assuming average yields, we expect farmer margins across the EU to come under pressure, as forecasts estimate commodity prices will remain low while fertilizer prices stay elevated. Some relief may come from above-average yields, if weather conditions turn out to be favorable.

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Australian farmers to battle declining returns

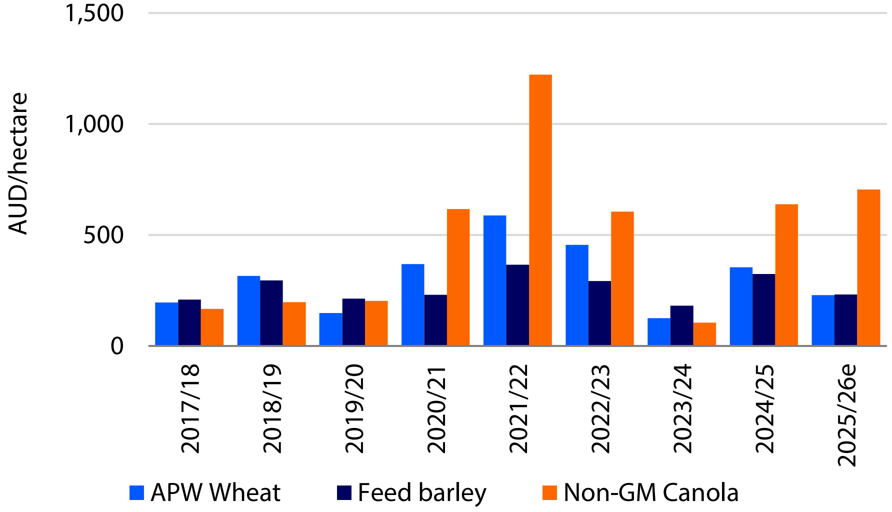
Farmer margins take a hit amid weakening commodity prices

Australian farm margins are anticipated to decline in 2025/26 compared to 2024/25, largely due to falling commodity prices alongside persistently high input costs (see figure 6). Although margins for barley, wheat, and cotton are expected to decline year-on-year, canola margins are expected to buck the trend amid a supportive price outlook.

Conditions look very good in Queensland's cropping belt, where yield potential is high. This is also the case in northern New South Wales, Western Australia, and western South Australia, where wet conditions are supporting yield prospects. Root-zone soil moisture conditions in other parts of South Australia, southern New South Wales, and parts of Victoria are more neutral.

Overall, we expect 2025/26 yields to be above the 10-year average for wheat (2.56mt/ha), canola (1.91mt/ha), and barley (3.05mt/ha). For cotton, yields are expected to decline year-on-year to around 9 bales per hectare. Although recent rains have helped replenish water-storage levels, they are unlikely to match those of the previous season.

Figure 6: Australian wheat and barley margins are expected to contract in 2025/26, but canola could modestly improve



Source: *Bloomberg, CRU, SAGIT, RaboResearch 2025*

Some agricultural commodity prices are under pressure in Australia, driven by a well-supplied global grain market and relatively strong domestic production. In addition, wheat exports remain behind last year's pace, suggesting that stock accumulation within the country is likely. For cotton, Australian cash prices have declined on a year-on-year basis, and the outlook over the next six months does not suggest much upside, due to record Brazilian exports and tariff-induced demand uncertainty.

Input side: Average prices for urea, DAP, and potash fertilizers combined increased by 21% in 2025 compared to 2024. A 4.7% depreciation in the AUD/USD exchange rate exacerbated the price increases seen overseas.

Looking ahead to 2026: RaboResearch expects the AUD/USD cross to rise to 0.68 on a 12-month view, which should be beneficial on the input-cost side. Nonetheless, grains and oilseeds show limited signs of near-term upside, and margins are expected to remain under pressure.

Field crop margin outlook, explained

RaboResearch is proud to present its 2026 outlook highlighting the latest developments in field crop margins in selected regions, using RaboResearch analysts' knowledge of local farming practices around the world and insights into agri commodity prices and farm operating costs.

1 Margin = $\frac{\text{Gross profit}}{\text{Net revenue}}$

Margins are calculated as gross profit, in which we include only the operating costs, divided by net revenue. By not including all costs in the calculation, the margins may appear higher. It is difficult to calculate all financial costs, interest rates, and other costs. Therefore, we omit them from the calculation.

2 Prices = Local prices

In this report, we use local prices for each region analyzed. For futures prices, we apply the variation observed from CBOT prices on top of local prices, as local prices are, in a way, all impacted by international prices.

3 Crops

To better understand how crops are evolving in terms of profitability, this report focuses on selected key crops instead of only on the covered regions.

4 Subsidies

All costs/prices considered in this analysis exclude any possible subsidies local governments may give to farmers.

5 Land costs

Our calculations do not include land costs, as they change considerably from region to region, which could lead to inconclusive readings.

6 Operating costs = Fertilizers + chemicals + seeds + fuel

To estimate gross margins, we look at the specific costs associated with growing soybeans, corn, and wheat, using a variety of data and sources. For future margins, we have developed models that use the data of past crops as input.

7 Calendar

Northern Hemisphere: 2026 = 2026
Southern Hemisphere: 2026 = 2025/26

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