FARMER MAC

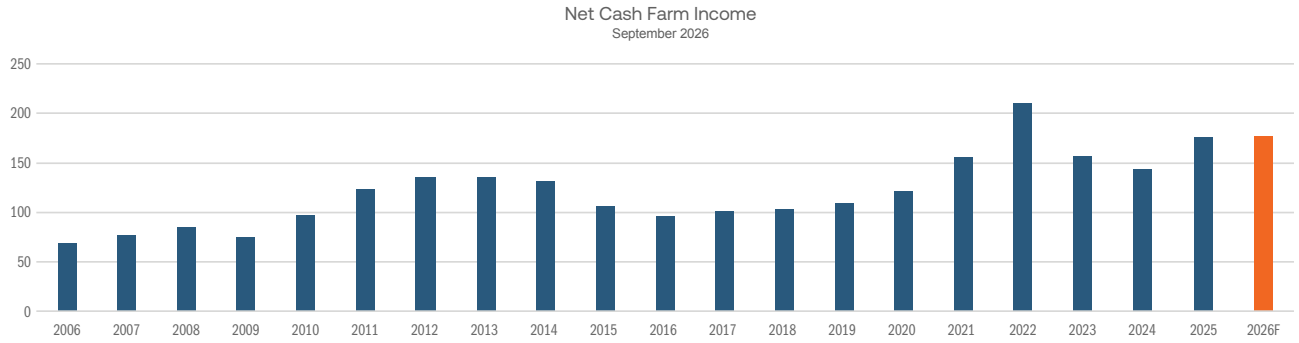
2026 Q3

AG ECONOMY QUARTERLY SUMMARY

Accelerating Rural Opportunities®

AG ECONOMY SNAPSHOT

USDA's latest forecast projects net cash farm income to reach $176.4 billion in 2026, a modest 0.4% increase from 2025 in nominal terms. After adjusting for inflation, however, that value would be a decline of 2.5% from 2025. Direct government payments are a primary factor propping overall farm incomes up and are forecast to surpass the previous record set in 2020. In addition to historically high government payments, strong cattle/calves prices continue to support farm sector profitability. Beef cattle prices reached new record levels in 2026, surpassing records set in 2025. The profitability outlook is less favorable for crop producers, with margins expected to remain compressed due to elevated input costs.



Key Takeaways

"Harvest Fuel Relief" (HRF) program announced: The administration announced a new $8 billion assistance program intended to help farmers offset elevated fuel and input costs during the 2026 harvest season. HFR will provide one-time payments to producers using a national formula based on reported planted acres, USDA cost-of-production estimates, and projected yields and prices. Payments for major commodities are intended to cover a portion of projected 2026 crop-year losses. Many details have yet to be released. The USDA has indicated that specialty crop producers may also be eligible under a separate payment methodology.

Dairy market volatility: Dairy commodity prices have seen significant swings in recent weeks as tightening inventories and changing demand patterns have reshaped market expectations. Whey prices reached record highs amid limited supplies, while strong butter demand has provided additional support. At the farm level, rising feed costs and softer milk prices have led to tighter margins. Despite recent volatility, USDA milk price forecasts remain relatively stable into 2027.

Annual crop prices moderate: Corn and soybean prices have trended lower this fall as expectations for a large harvest increased. In the USDA's October World Agricultural Supply and Demand Estimates (WASDE) report, the 2026/27 corn production forecast was lifted to 16.0 billion bushels, the second-largest crop on record. The report also projected a record soybean harvest of 4.56 billion bushels. Higher yields and a new round of government payments may help support producer revenues Still, lower commodity prices and elevated energy prices may continue to weigh on crop margins.

COMMODITY PRICES

Source: USDA AMS Cash Price Reports; USDA FAS Export Data; CME Group. Data as of 10/19/2026
Note: Prices listed for almonds and pistachios are current export prices, not recent market prices, due to limited real-time market data for tree nuts.

Corn

$4.67 Current Market Price

10% YoY Change

A spike in global energy prices in 2026 has provided support for ethanol demand and prices. Corn prices have increased modestly as a result.

Soybeans

$12.52 Current Market Price

21% YoY Change

Strong crush margins and optimism over potential trade deals have provided modest support for soybean prices in 2026.

Cattle

$344.35 Current Market Price

7% YoY Change

Though down slightly from a year ago, cattle prices remain at historical levels as the USDA projects beef production to reach its lowest level in more than a decade.

Almonds

$2.94 Current Export Price

8% YoY Change

Almond prices remain elevated in 2026, with average export prices at their highest level in over a decade. Strong demand has provided support to the market, with year-to-date shipments up 19% through September and packers reporting strong forward commitments. The industry continues to assess the 2026 crop size, which could influence prices moving forward.

Commodity	Current Market Price	Year-Over-Year Change
Class III Milk	$15.27	↓ 10%
Wheat	$6.54	↑ 29%
Pork	$66.95	↓ 18%
Pistachios	$4.42 (export)	↑ 2%

FARMER MAC

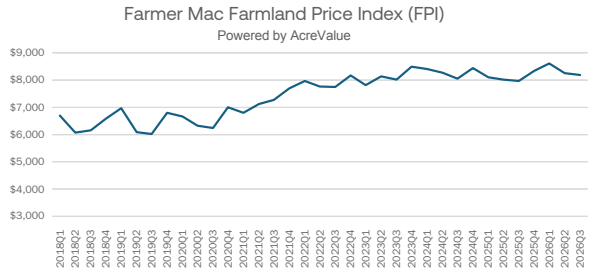
2026 Q3

AG ECONOMY QUARTERLY SUMMARY

Accelerating Rural Opportunities

FARMLAND PRICES SHIFTING

The Farmer Mac Farmland Price Index powered by AcreValue® (FPI) is a proprietary index developed by Farmer Mac and AcreValue. It is built upon raw farm sales data on a per-acre basis, with each sale weighted based on the value of agricultural production within the property state.



Farmer Mac Farmland Price Index Shows Values Inching Higher Nationally, Echoing USDA Land Values Report

The USDA released its annual Land Values report in August, which showed U.S. farmland values, on average, continued to rise in 2026. The average value of farm real estate per acre rose to $4,500 per acre, up 3.4% from $4,350 in 2025. Farmer Mac's national FPI also showed farmland sale prices rising nationally in Q3 2026. The FPI average was 3% higher in Q3 2026 than the previous year, even as prices remain relatively flat in several key agricultural states.

Markets With Increasing Prices

Regions with heavy cattle production are experiencing the most price appreciation as a result of historic cattle prices in recent quarters.

Markets With Stable Prices

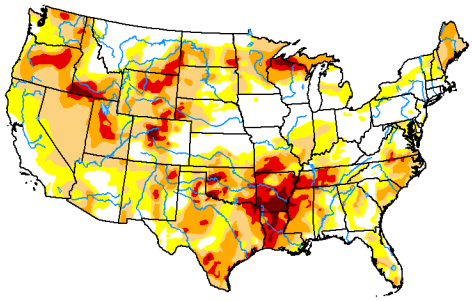
Reports on farmland markets heavy in grain production indicate that they are experiencing price stabilization after multiple years of gains. For example, several states in the Federal Reserve districts of Chicago and Kansas City reported farmland values that were unchanged in Q2 2026 relative to price levels one year prior.

Markets With Price Pressure

Across many Western and Southwestern states, concerns about water availability and regulation combined with tighter grower profitability for numerous permanent crops have put downward pressure on farmland markets.

CONTIGUOUS U.S. DROUGHT MONITOR OCTOBER 27, 2026

Source: Drought Monitor, University of Nebraska-Lincoln, NOAA



Drought conditions persist across much of the U.S. in 2026, though conditions have continued to evolve across regions. The most severe and widespread drought remains concentrated in the West and Southwest, where long-term moisture deficits continue to strain water resources. Conditions have improved across portions of the Plains, Rockies, and Southwest following periods of beneficial rainfall and mountain snow that eased short-term drought concerns. Across the Midwest, drought conditions remain generally moderate and localized, with varying amount of fall precipitation helping stabilize moisture conditions across much of the region. Despite recent improvements in parts of the West, water availability remains a concern in the Colorado River Basin, where reservoir levels remain historically low heading into 2027.

INTENSITY

None | D0 Abnormally Dry | D1 Moderate Drought | D2 Severe Drought | D3 Extreme Drought | D4 Exceptional Drought

NEWS/ HEADLINES

Agricultural Fundamentals

"Farm Income Falls Despite Surge in Government Payments"
RFD-TV, 9/6/26

USDA forecasts lower inflation-adjusted farm income in 2026 despite rising federal payments. Higher production costs continue to pressure margins, while cattle remain a bright spot amid weaker returns in several other livestock sectors.

Harvest and Policy — October Updates

"USDA raises corn production forecast, projects higher ending stocks"
High Plains Journal, 10/12/26

USDA raised its corn and soybean production forecasts as harvest progressed, increasing projected corn ending stocks and lowering its corn price outlook. Larger supplies reinforce the pressure on crop prices highlighted in the quarterly recap.

"US to launch $8 billion support program for farmers to offset diesel costs, Trump says"
Reuters, 10/19/26 (via Yahoo News)

The administration announced $8 billion in one-time Harvest Fuel Relief payments to help farmers manage elevated input costs. USDA said the program will use a uniform formula to cover a portion of modeled losses for the 2026 crop year.