2025 Markets in Review

A publication of

Fryar Price Risk Management Center of Excellence

Agricultural Economics & Agribusiness Department Dale Bumpers College of Agriculture Food & Life Sciences and University of Arkansas System Division of Agriculture

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About the Fryar Center

In 2020, the Fryar Price Risk Management Center of Excellence was established in the department of Agricultural Economics and Agribusiness at the University of Arkansas through a generous gift from Dr. Ed and Michelle Fryar. Dr. and Mrs. Fryar are both alumni of the department, and after receiving his Ph.D. in agricultural economics, Dr. Fryar returned to the department and served as a faculty member for 13 years.

The mission of the Fryar Center is to deliver a stakeholder-informed, internationally-recognized research programs in price risk management that improves decision making for farms and businesses, offers unparalleled educational opportunities for students, and enhances professional opportunities for faculty and staff.

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Executive Summary

- Farmers faced severe international trade uncertainty, due in part to a hot-burning trade war, high global supplies, and South American competition, resulting in low crop prices and diminished U.S. crop competitiveness on the global market.

- According to an October 2025 report from University of Missouri Rural & Farm Finance Policy Analysis Center (MU-RAFF) and the University of Arkansas, crop receipts for corn, rice, soybeans, and wheat declined 18.3%, 18.2%, 9%, and 14%, respectively.

- Under a fully owned land scenario in 2025, only soybeans and peanuts generate positive expected returns at $56.38 and $675.84 per acre, respectively. Corn (–$111.86), rice (–$14.18), cotton (–$145.71), and wheat (–$117.34) all show negative returns, with cotton showing the lowest returns.

- U.S. cattle inventories are at their lowest since the 1950s, totaling 86.7 million head as of January 1, 2025. The U.S. cattle industry has been in liquidation since inventories peaked at 94.7 million head in 2019, a loss of 8.0 million head since that time.

- Arkansas steer prices for 500-600 lb calves have averaged $371/cwt year-to-date through November, up 29% from the same period in 2024 and more than double the 2019-2023 average. Arkansas feeder cattle prices (700-800 lb) are averaging $314/cwt, a 32% year-over-year increase.

- Despite a large uptick in HPAI cases and sharply higher wholesale prices, retailers have largely absorbed these increases, and consumer-facing turkey prices remain comparable to 2024.

- The One, Big, Beautiful Bill Act (OBBBA) was passed on July 4, 2025, and includes a 10-21% increase in the Statutory Reference Price used to set the price floors for the Price Loss Coverage (PLC) program. Additionally, the coverage level for the Agricultural Risk Coverage – County (ARC-CO) revenue-based program is increased from 86% to 90% with an increase in the maximum payment rate from 10% to 12% of expected county revenue.

Crop Markets

The 2025 crop year was defined by an out-of-ordinary combination of production and market-driven shocks. On the production side, historic April 2025 floods damaged crop acres, delayed planting, and forced some farmers to completely replant their crops. The flood was estimated to have caused nearly $90 million in total crop-related damages across the state (Biram et al., 2025). Farmers faced severe international trade uncertainty, due in part to a hot-burning trade war, high global supplies, and South American competition, resulting in low crop prices (see Table 1) and diminished U.S. crop competitiveness on the global market.

Table 1. U.S. Average Farm Prices

	unit	**2023/24**	**2024/24**	**2025/26**	**2025/26**
				September	**November**
Rice: Long-Grain	$/cwt	$15.90	$14.00	$12.00	$11.50
Rice:Med. Grain*	$/cwt	$17.20	$15.20	$12.50	$12.00
Soybeans	$/bu.	$12.40	$10.00	$10.00	$10.50
Corn	$/bu.	$4.55	$4.24	$3.90	$4.00
Cotton	$/lb.	$0.7610	$0.6300	$0.6400	$0.6200

*states with marketing year beginning August 1

source: USDA, *World Agricultural Supply and Demand Estimates*, November 2025.

According to an October 2025 report from University of Missouri Rural & Farm Finance Policy Analysis Center (MU-RAFF) and the University of Arkansas, crop receipts for corn, rice, soybeans, and wheat declined 18.3%, 18.2%, 9%, and 14%, respectively (see Figure 1). Cotton had a 9.4% increase in crop receipts but is still down nearly 20% from 2023. On average, all major row crop receipts are down 32% since this time. Wheat had the largest percentage change since 2023, likely due in part to uncertainty surrounding the Russian-Ukraine War (Farmer Mac, 2023). Several years of consecutive declining receipts have put Arkansas farmers in a difficult position, especially as production expenses continue to remain elevated and eat further into ever tightening margins.

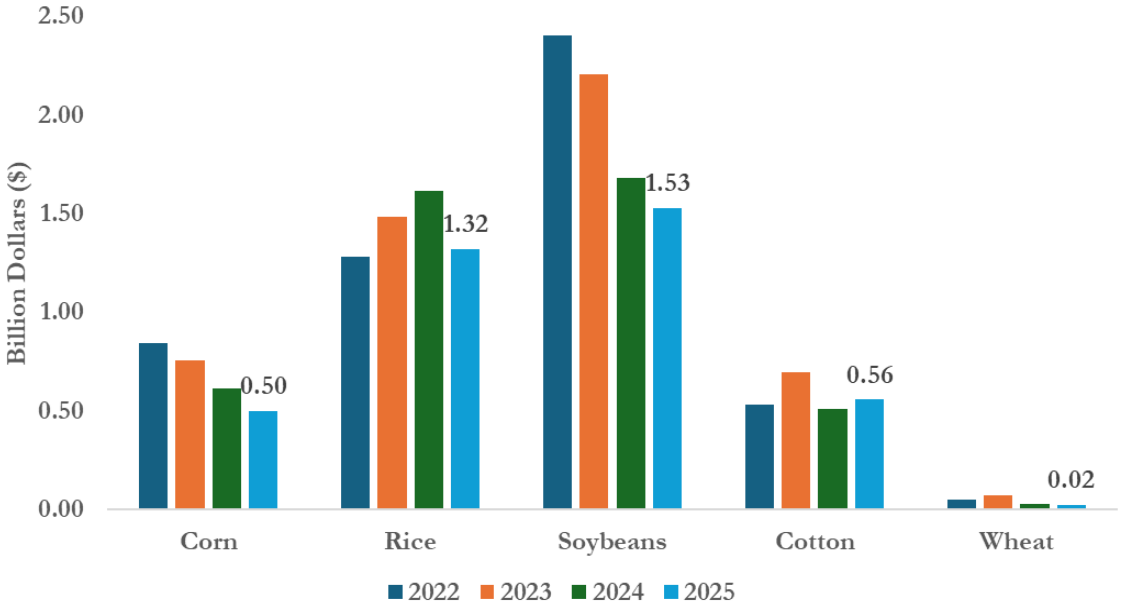

Figure 1. Select Arkansas Crop Receipts, 2022 – 2025
Source: Fall 2025 Farm Income Outlook for Arkansas, MU-RAFF

As crop receipts continue to weaken, the production cost environment offers little relief. Expenses show a mixed bag but remain elevated across major input categories. Seed, fertilizer, pesticide, and fuel all declined relative to 2023 (MU-RAFF, 2025). However, other key inputs continued to remain above 2023 levels (See Figure 2). Machinery repair increased 9.3% over the same period, while labor increased a staggering 15%, the largest percentage increase among all categories. While interest expense rose 8%, The Federal Reserve is expected to continue reducing short-term rates and reduce pressure from higher borrowing costs (FRED, 2025). Some inputs have started to moderate from 2022/23 peaks, but overall input costs remain relatively unchanged from 2024. This continued price squeeze further constrains budgets and will remain a challenge for farmers heading into 2026.

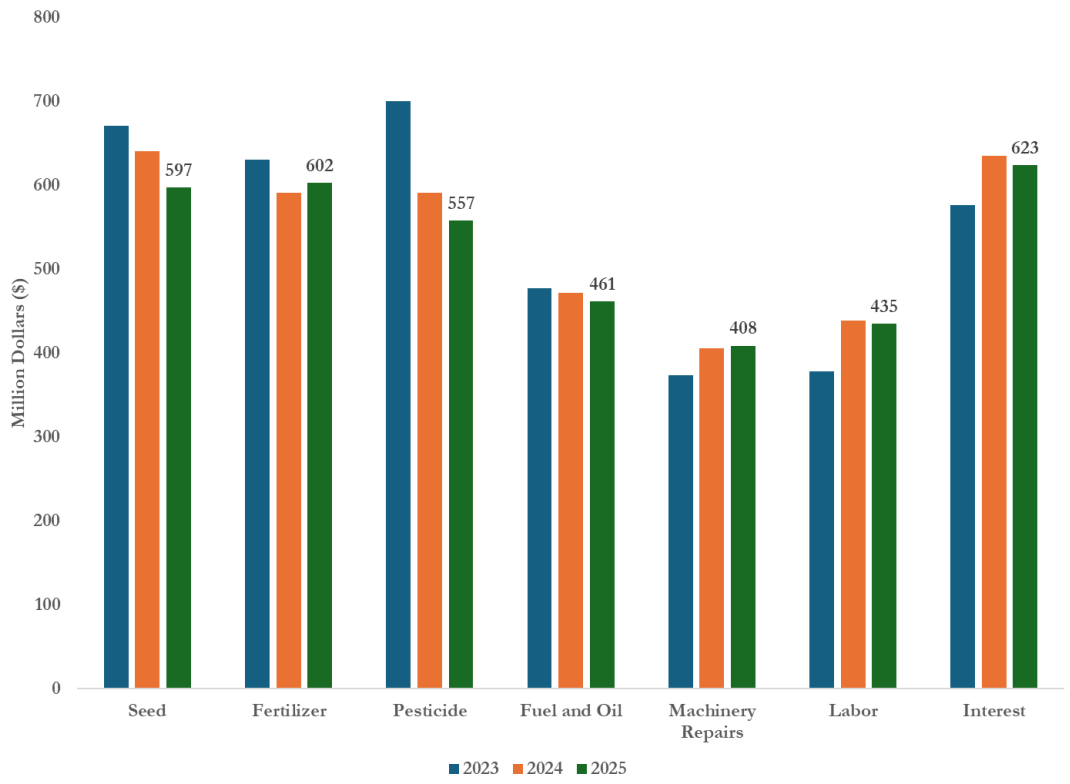

Figure 2. Select Arkansas Crop Production Expenses, 2023 – 2025
Source: Fall 2025 Farm Income Outlook for Arkansas, MU-RAFF

Per-acre returns for principal row crops reinforce the sustained profit margin squeeze. According to the 2025 University of Arkansas Division of Agriculture Crop Enterprise Budgets, under a fully owned land scenario, only soybeans and peanuts generate positive expected returns at $56.38 and $675.84 per acre, respectively (See Figure 3). Corn (–$111.86), rice (–$14.18), cotton (–$145.71), and wheat (–$117.34) all show negative returns, with cotton showing the lowest returns. Returns further deteriorate when we consider common land rent scenarios. Under a 75/25 crop-share arrangement, returns fall to –$285.41 for corn, –$258.84 for rice, –$85.02 for soybeans, –$352.75 for cotton, and –$183.89 for wheat. Peanuts, on the other hand, remain fairly positive at $342.09 per acre. A cash-rent scenario of $150 per acre imposes similar pressure, with returns falling to –$261.86 for corn, –$164.18 for rice, –$93.62 for soybeans, –$295.71 for cotton, and –$267.34 for wheat; peanuts again stand out with a positive return of $525.84 per acre. In summary, Arkansas crops across the board struggled to generate positive returns in 2025 and in most cases, breakeven prices in UADA budget scenarios were not realistic, with little upside potential. 2026 potentially paints a similar picture. Farmers should complete a planning budget and identify avenues to reduce expenses moving forward.

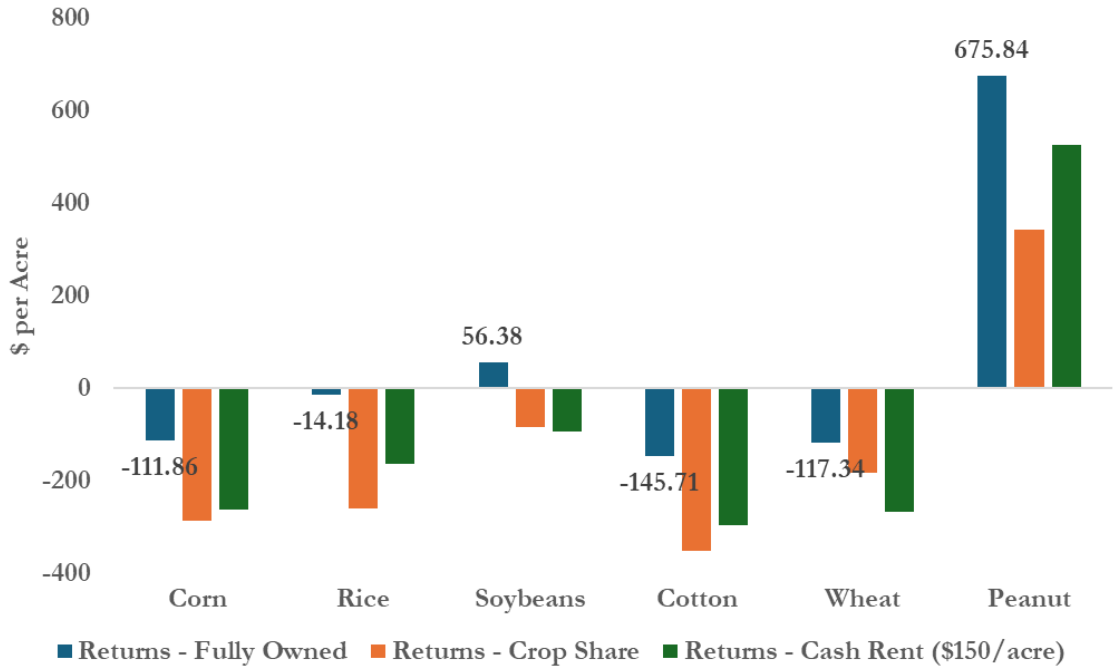

Figure 3. Per-Acre Returns for Select Arkansas Row Crops, 2025

Note: Crop share assumes a farmer retains 75% of crop revenue and pays all operating expenses. Per-acre returns are shown above operating costs and does not consider economic costs.

Source: University of Arkansas Enterprise Budgets

Cattle and Beef Markets

U.S. cattle inventories are at their lowest since the 1950s, totaling 86.7 million head as of January 1, 2025. The U.S. cattle industry has been in liquidation since inventories peaked at 94.7 million head in 2019, a loss of 8.0 million head since that time (Figure 4). Liquidating inventories is one phase of the cattle cycle, a 10-12-year pattern of expanding and contracting cattle numbers driven by changes in producer profitability and worsened by drought. The impacts of historically tight cattle numbers are being felt at every stage of the beef supply chain.

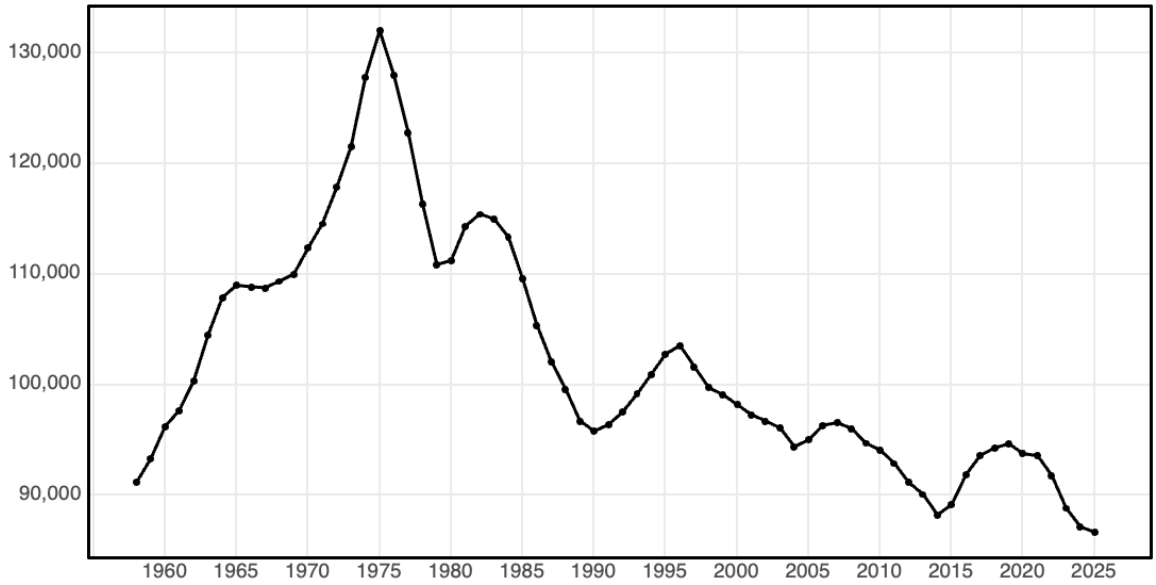

Figure 4. January 1 All Cattle and Calves Inventory, 1,000 Head.
Source: USDA-NASS, LMIC.

Cattle on feed inventories have averaged 11.41 million through September, a decline of 1.4% compared to 2024 over the same period. Despite longer days on feed and record dressed weights, tighter cattle supplies are affecting the number of cattle placed on feed and those leaving feedlots. Through August, cumulative feedlot placements have totaled 13.538 or 5.8% lower year over year. Fed cattle slaughter in 2025 has averaged 6.1% lower compared to 2024. Together, these trends have contributed to lower beef production. The most recent World Agricultural Supply and Demand Estimates from the USDA forecast 2025 beef production at 25.8 billion pounds, or 1.2 billion pounds below 2024 production.

Beef prices are significantly higher this year and are projected to continue increasing as U.S. beef production declines. According to the U.S. Bureau of Labor Statistics, All Fresh Retail Beef prices have averaged $8.56 per pound through August 2025—up $0.60 per pound from the same period last year (Figure 5). Understandably, these higher prices have renewed concerns about consumer demand. There is some evidence that beef has lost price competitiveness in 2025: as of August, beef is 4.4 times more expensive per pound than chicken, compared to 4.1 times more expensive a year ago, while the beef–pork price relationship has remained relatively stable. Purchasing power has also shifted, with consumers able to buy 4.4 pounds of beef with one hour of labor in 2024 but only 4.0 pounds as of August 2025. Monitoring both relative meat prices and changes in purchasing power will be important for assessing future consumer demand.

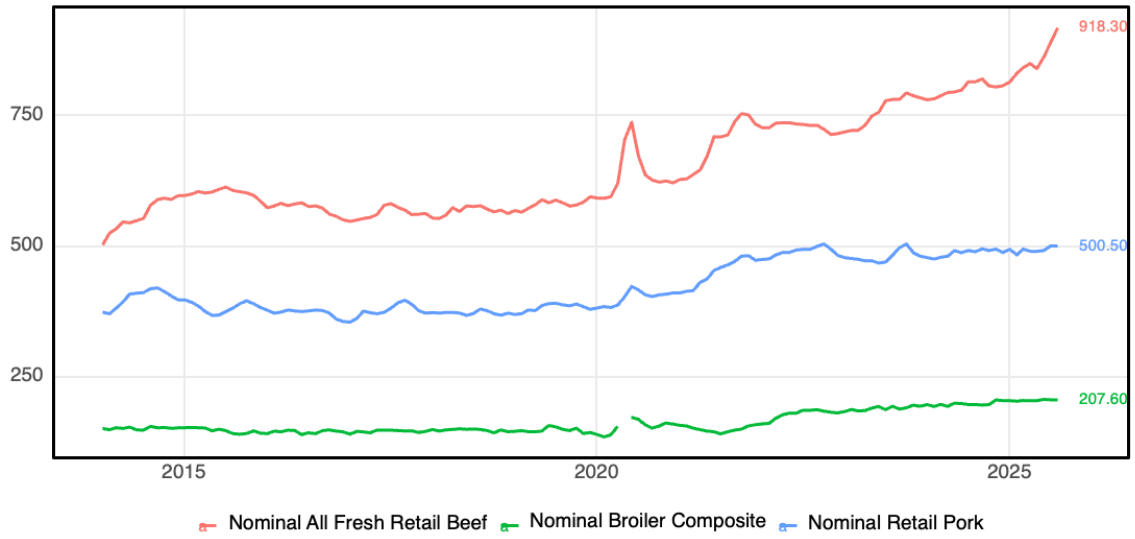

Figure 5. Monthly Average Retail Meat Prices, Nominal, Cents per Pound.
Source: BLS, LMIC.

Cattle and beef prices are sharply higher through the first half of 2025 (Figure 6). Arkansas steer prices for 500-600 lb calves have averaged $371/cwt year-to-date through November, up 29% from the same period in 2024 and more than double the 2019-2023 average. Arkansas feeder cattle prices (700-800 lb) are averaging $314/cwt, a 32% year-over-year increase. Fed cattle prices in the five-area region are averaging $224/cwt, up 20% from last year, while the Choice boxed beef cutout has averaged $359/cwt—17% higher than 2024 and close to 37% above the 2019-2023 average.

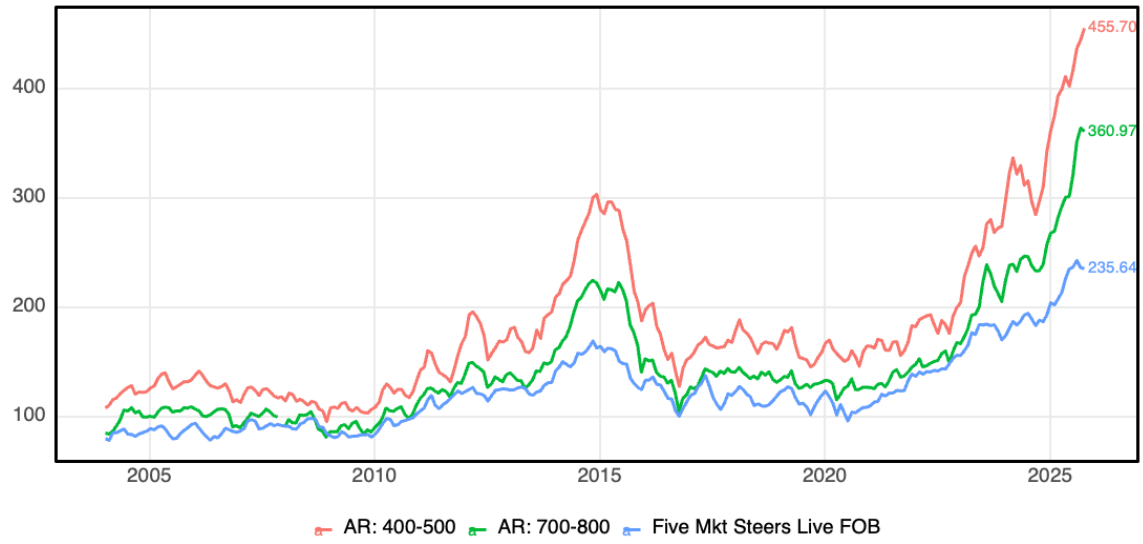

Figure 6. Monthly Average Steer Prices 2004-2025, $/cwt.
Data Source: USDA-AMS, LMIC.

Policy uncertainty is one of the biggest factors to watch, and we've already seen how sensitive cattle markets are to it. In October 2025, the Trump Administration announced several proposals intended to bring down retail beef prices for consumers. These included raising the tariff-rate quota

on beef imports from Argentina, relaxing tariffs on all beef imports, and reopening the southern border to live cattle shipments from Mexico—a border that has been mostly closed since November 2024 due to New World Screwworm concerns. Even though most analysts agreed these proposals would not meaningfully change beef or cattle market fundamentals, the announcements still triggered a three-week selloff in cattle markets. Policy uncertainty will remain a major risk heading into 2026, with the potential to slow an already sluggish path toward industry expansion.

Even as market fundamentals suggest there are incentives to begin rebuilding the U.S. cow herd, the signals for expansion remain muted. While beef cow slaughter has come down by 17%, there is little evidence a beef heifer retention occurring at a scale that would imply that expansion is occurring. Structural constraints, input costs, and financial considerations will likely delay a broad-based recovery in beef cow numbers. This rebuild, when it does occur, will be slow and intentional, supporting cattle prices through 2027-2028.

Poultry and Egg Markets

Broiler production continues to rise steadily, with 2025 production running 3% higher than a year ago. Total chicken slaughter is 6.55 million birds above last year's levels as of August, and live weights continue to trend higher. Feed costs have been cheaper this year, with corn prices averaging $4.31/bushel in Omaha—roughly comparable to year-ago levels but 18% below the previous five-year average (2019–2023). Soybean meal prices are averaging $296/ton, down 18% from 2024. This has eased cost pressures and improved integrator margins. Broiler prices started the year strong before moderating in the second half, while remaining the most price-competitive source of animal protein relative to beef and pork. Wholesale composite prices averaged $1.26/pound, down 2% from last year. than last year, supported by resilient domestic demand and stable export interest. Wholesale prices for broiler parts are shown in Figure 7.

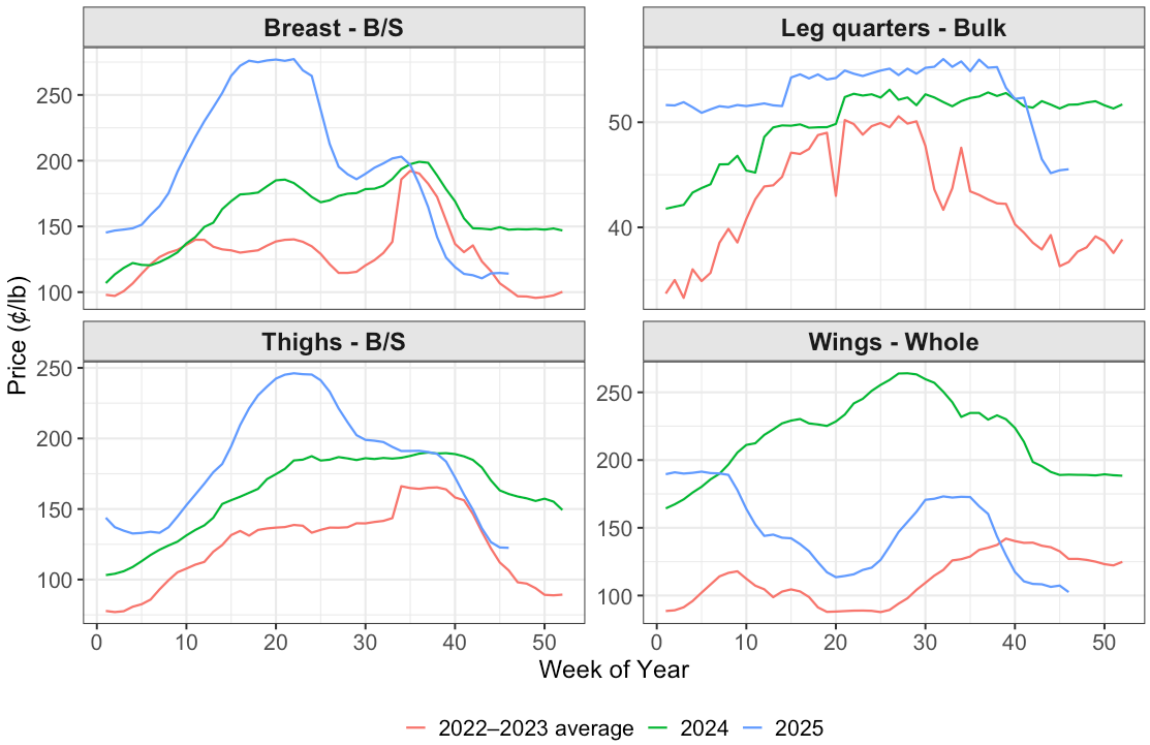

Figure 7. Wholesale broiler prices, cents per pound.
Data Source: USDA-AMS, LMIC.

Wholesale turkey markets have been hit hard by HPAI in the second half of the year (Figure 8). Since January, USDA has lowered its 2025 commercial turkey production forecast by 6%—a reduction of 293 million pounds—to 4.807 billion pounds. If realized, this would be the smallest annual turkey output since 1991. Cold storage stocks have also reflected tighter supplies: turkey inventories through August averaged 14% below year-ago levels and were 8% below 2024 at the seasonal peak in August, just ahead of the holiday demand period. HPAI disruptions have pushed wholesale prices higher in 2025, with the national whole hen price averaging $1.39 per pound—37% above last year. Despite a large uptick in HPAI cases and sharply higher wholesale prices, retailers have largely absorbed these increases, and consumer-facing turkey prices remain comparable to 2024.

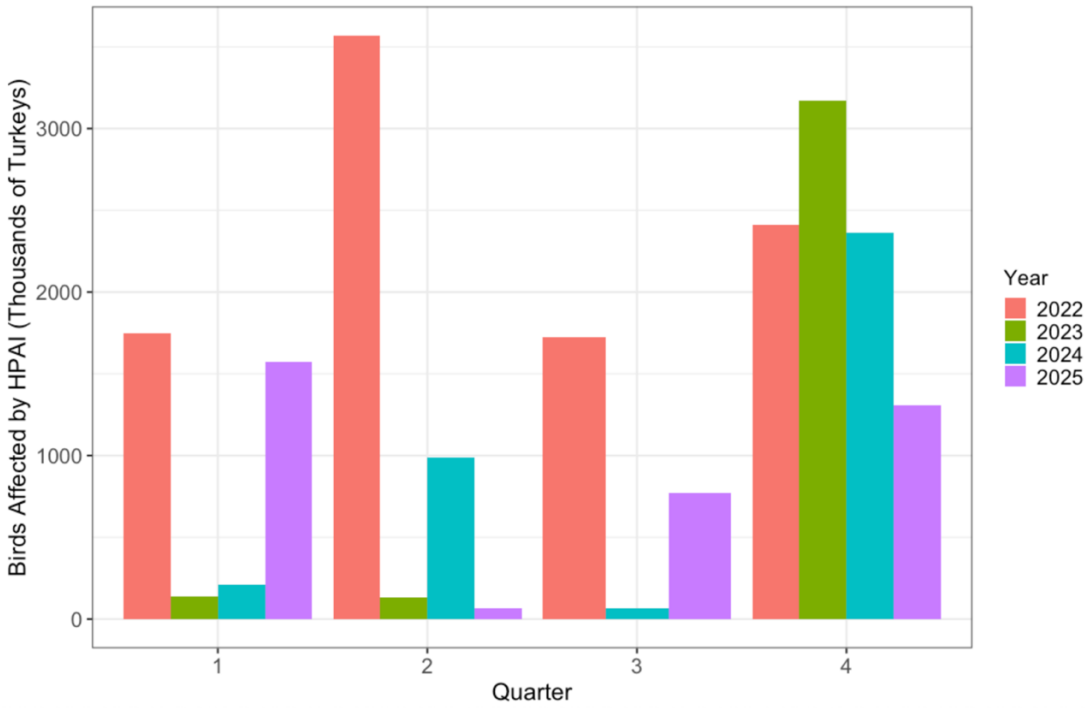

Figure 8. Quarterly HPAI cases on commercial turkey meat bird operations, 2020-2025.
Source: USDA-APHIS
Note: Current as of November 19, 2025

Across poultry markets, cheaper feed costs have strengthened integrator margins and helped stabilize production decisions. Broilers have benefited the most from lower input costs and strong price competitiveness, while the turkey and egg sectors remain more exposed to HPAI-related shocks. Export markets add another layer of uncertainty, with 2025 poultry exports forecast at 7.027 billion pounds—2% below 2024. Domestic protein demand remains relatively strong, but consumers are increasingly price-sensitive amid broader macroeconomic concerns and declining sentiment. As a result, relative meat prices will continue to shape retail movement heading into next year where poultry stands to gain more ground against beef and pork.

Farm Income

Downward Revision in Crop Receipts and Government Payments

Total 2025 Arkansas cash crop receipts are projected to fall for the second consecutive year from $4.797 billion to $4.180 billion (i.e., $617 million) which is a revision from the projected decline of $465 million released in the spring. This revision reflects the wet planting season faced by rice and soybean farmers with well over a 0.5 million downward revision in planted acres. Rice planted acres were revised downward by 0.17 million resulting in a $0.165 billion downward revision in receipts. Soybean acres were revised downward by 0.4 million resulting in a $0.137 billion downward revision in receipts. Total 2025 government assistance, which includes market-based programs (i.e., Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC)), Conservation programs (i.e., Conservation Reserve Program), and supplemental and ad hoc disaster assistance (i.e., ECAP, SDRP, and ELRP), is projected to be $680.1 million and is a $340 million downward revision from $1.02 billion spring projection. The spring projection had supplemental and ad hoc disaster assistance coming in at $883.4 with roughly one-third coming from the ECAP and the remaining from SDRP and ELRP. The estimates for SDRP and ELRP have been downward revised from nearly $600 million to $251 million (i.e., 58%) due largely to timing of the payments driven by the government shutdown and the less-than-anticipated payment rate from SDRP. The remainder of these projected payments are now accounted for in the 2026 crop year.

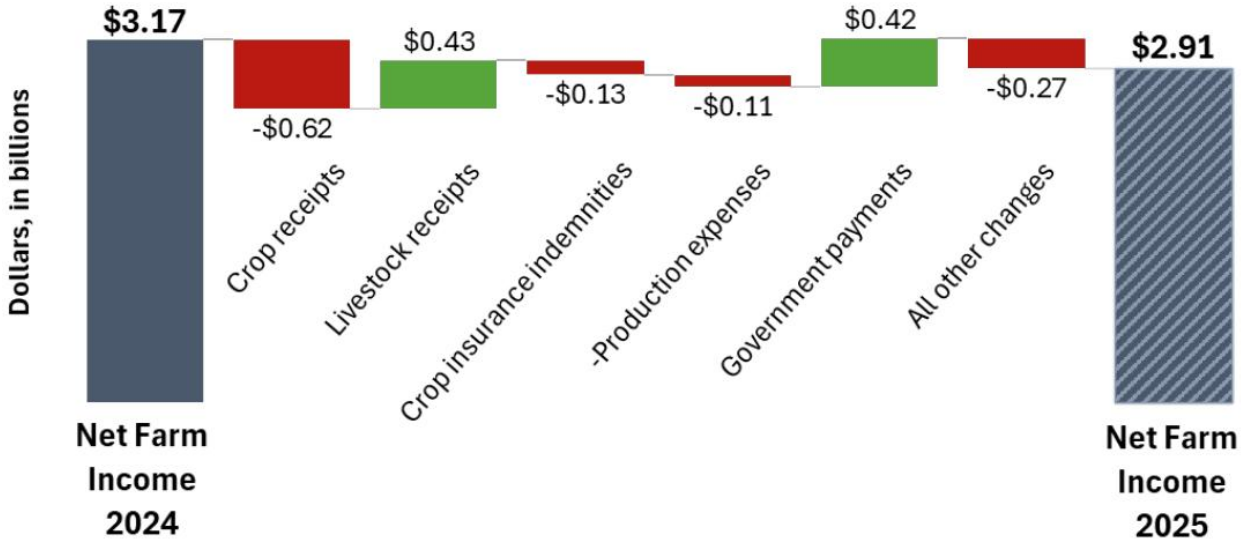

Figure 9. Breakdown of Arkansas Net Farm Income in 2025 (Fall Revision)

Arkansas net farm income is projected to decline by 8% in 2025 based on the fall revision of the RAFF report released in May 2025. This downward revision is driven largely by reduction in planted acreages for rice and soybeans, as well as reductions in supplemental and ad hoc disaster assistance despite an upward revision in livestock receipts. We note changes to the farm safety net included in the One Big Beautiful Bill Act are not included in this revision but will be included in subsequent net farm income reports.

Upward Revision in Livestock Receipts

Livestock cash receipts are forecast at $8.33 billion for 2025, an increase of $430 million from 2024. The fall 2025 forecast represents an upward revision, with the spring 2025 release showing only a $50 million increase in projected livestock receipts. The year-over-year gain is primarily driven by broiler and egg receipts, which reflect higher prices, including a forecasted $0.49 per dozen increase in 2025 egg prices. Turkey prices are also expected to strengthen due to ongoing HPAI-related supply disruptions in the latter half of 2025. Going forward, however, 2026 cash receipt forecasts for turkeys and eggs should be interpreted with caution, as HPAI continues to introduce significant uncertainty into production and price outlooks.

A First Look at Arkansas Net Farm Income in 2026

The RAFF report includes a projection of net farm income in Arkansas heading into next year with essentially no change in 2026. There will likely be reductions in rice and cotton acreage with acreage shifting more into corn and soybeans on more favorable margins. All crop margins are still negative for 2026 according to the recently released 2026 UADA Crop Enterprise Budgets, but soybeans and corn appear to show the lowest likely loss (UADA, 2025). Soybeans show a near breakeven potential when looking at production expenses and rent at 25% crop share. Peanut production shows a healthy positive return at more than $100 per acre but accounts for less than 1 percent of total planted acreage across the state and will not significantly impact total state-level net farm income. The provisions for the updated farm safety net in the One Big Beautiful Bill Act show a projection of about $477 million in PLC and ARC payments which more than offsets a $388 million year-over-year decline in ad hoc and supplemental disaster assistance.

Policy and Trade

Strengthened Farm Safety Net Included in One Big Beautiful Bill Act

The One, Big, Beautiful Bill Act (OBBBA) was passed on July 4, 2025 and includes changes to key risk management tools in the farm safety net. In regards to the Commodity Programs, the OBBBA includes a 10-21% increase in the Statutory Reference Price used to set the price floors for the Price Loss Coverage (PLC) program. The Effective Reference Price (ERP), which is the price upon which the final PLC payment is made, is increased from 86% to 88% of the 5-year Olympic Average Marketing Year Average (MYA) price. A table with ERPs under the 2018 Farm Bill compared to those effective for the 2025 crop year are given in Table 2. We note that the ERPs under the prior language (i.e., 2018 Farm Bill) are given in red while those under the OBBBA (i.e., 2025 Farm Bill Update) are given in green.

Table 2. Effective Reference Prices Before and After the One Big Beautiful Bill Act

Commodity	2018 Farm Bill				2025 Farm Bill Update			
	85% of Average	Old Reference Price	115% of reference Price	Effective Reference Price	88% of Average	New Reference Price	113% of reference Price	Effective Reference Price
Corn	$4.27	$3.70	$4.26	**$4.26**	$4.42	$4.10	$4.63	**$4.42**
Soybeans	$10.34	$8.40	$9.66	**$9.66**	$10.71	$10.00	$11.30	**$10.71**
Seed Cotton	$0.34	$0.37	$0.42	**$0.37**	$0.35	$0.42	$0.47	**$0.420**
Long Grain Rice	$0.12	$0.14	$0.16	**$0.14**	$0.12	$0.17	$0.19	**$0.169**
Wheat	$5.56	$4.95	$5.69	**$5.56**	$5.76	$6.35	$7.18	**$6.35**

Additionally, the coverage level for the Agricultural Risk Coverage – County (ARC-CO) revenue-based program is increased from 86% to 90% with an increase in the maximum payment rate from 10% to 12% of expected county revenue. Additionally, farmers can enroll the same acreage in ARC-CO and the Supplemental Coverage Option (SCO) which is provided through the Federal Crop Insurance Program (see Figure 10). Similarly, the coverage level for SCO has also increased from 86% to 90% with an increase in the premium subsidy rate from 65% to 80% which implies that farmers will pay 15 percentage points less for SCO coverage in 2026.

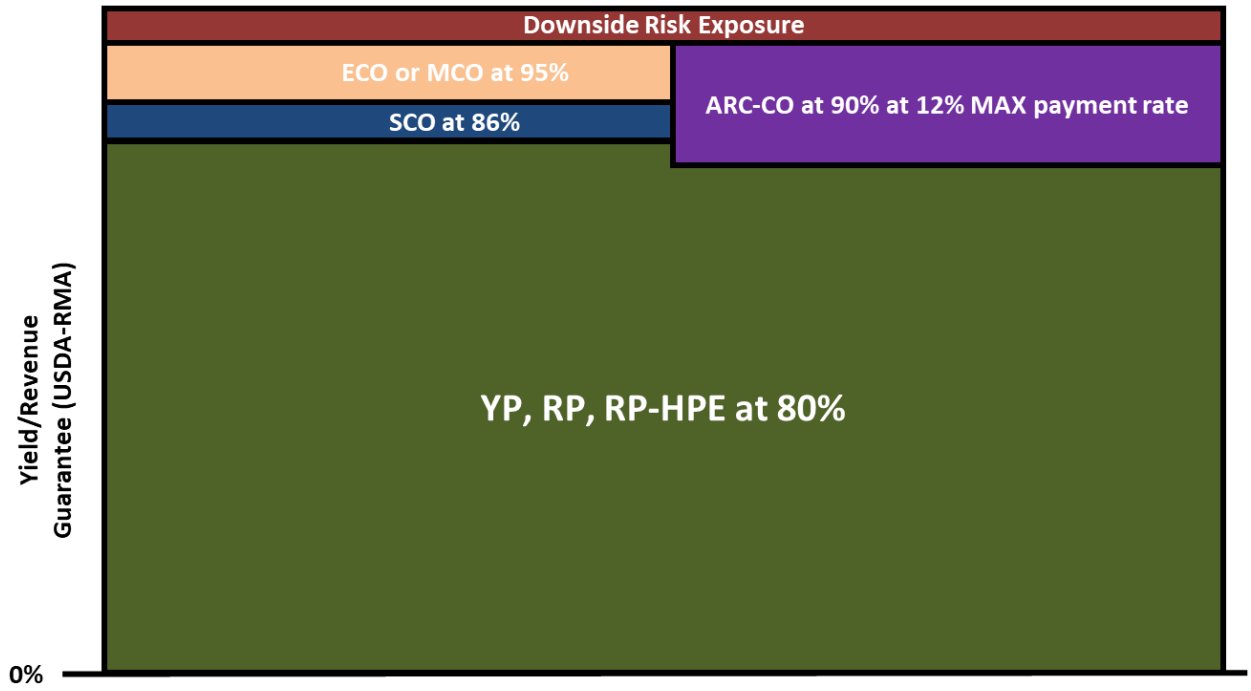

Figure 10. The Jointness of Agricultural Risk Coverage – County (ARC-CO) and Supplemental Area Plans of Federal Crop Insurance

This figure shows the bands of coverage provided by enrolling the same acres in ARC-CO and MPCI individual (i.e, YP, RP, and RP-HPE) and supplemental area (i.e., SCO, ECO, and MCO) insurances. Prior to the OBBBA, farmers could not enroll crop acreage in both ARC-CO and SCO/ECO/MCO. We note here that cotton farmers may still not enroll the same acreage in STAX and ARC/PLC.

Other new provisions include automatic enrollment in PLC or ARC-CO based on the higher payment rate, which simplifies decision-making for farmers and FSA offices alike, though concerns remain about delayed payments affecting 2025 finances. The new language allows members of qualified pass-through entities—such as LLCs, S corporations, and partnerships—to each be eligible for separate $155,000 payment limits, as long as they meet the "actively engaged in farming" requirements. This replaces prior rules that grouped members of joint ventures and general partnerships under a single limit, signaling a significant expansion in individual eligibility.

Estimating Projected Annual PLC and ARC-CO Payments Under OBBBA

These changes will result in a significant increase in risk protection for farmers across the U.S. We describe in a previous newsletter that program payments for PLC are expected to increase by $953,996 per county while ARC-CO payments are expected to increase by $3.65 million per county with the difference in means between the new and old safety net payments having statistical significance at the 1% level. This equates to a total average increase across all counties of $2.60 billion and $9.77 billion for PLC and ARC-CO, respectively. We provide county-level estimates of projected annual PLC and ARC-CO payments in Figures 11-12 below.

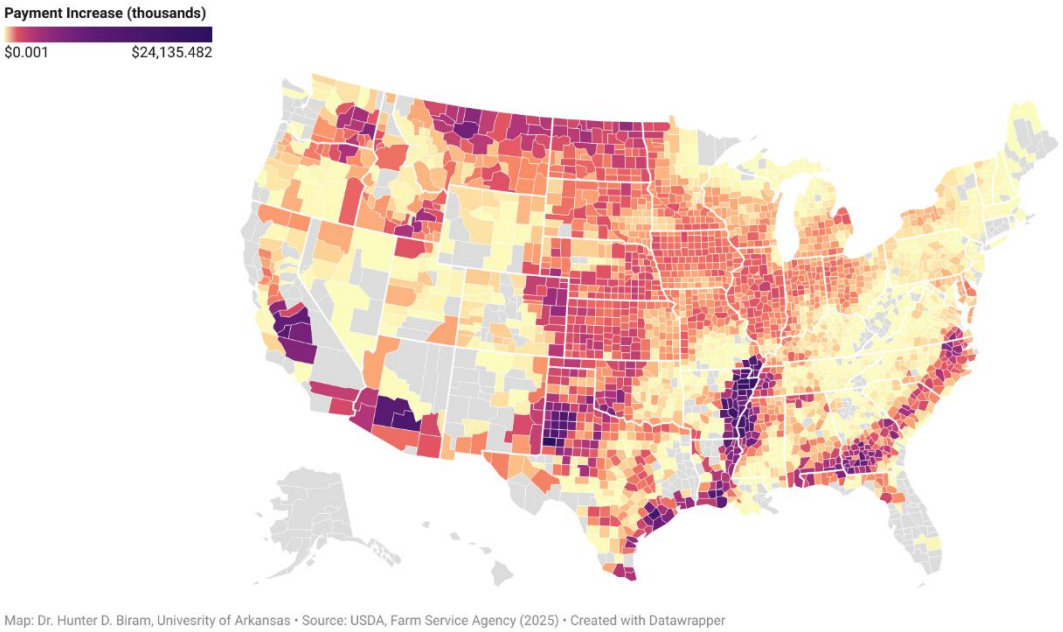

Figure 11. Increase in County-Level Price Loss Coverage (PLC) Payments Under One Big Beautiful Bill Act

Figure 11 map shows an estimated increase in county-level PLC payments under the One Big Beautiful Bill Act of 2025 (H.R. 1). These calculations were made using a backward-looking approach using the average payment weighted by the distribution of base acres enrolled in PLC by crop each year over 2014-2024. An interactive map can be found at this link.

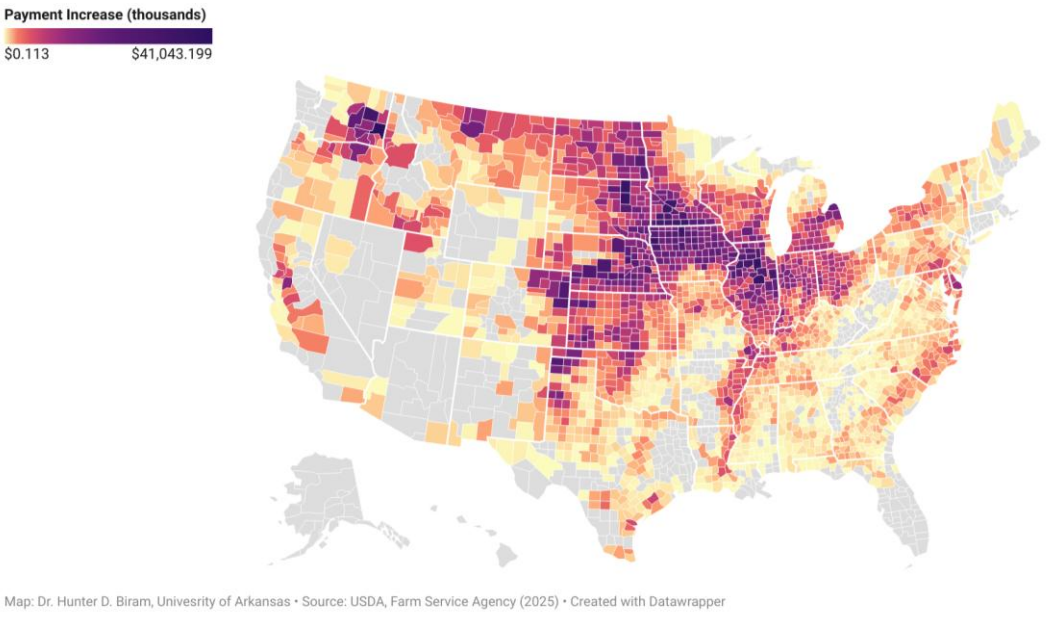

Figure 12. Increase in County-Level Agricultural Risk Coverage – County (ARC-CO) Payments Under One Big Beautiful Bill Act

Figure 12 map shows an estimated increase in county-level ARC-CO payments under the One Big Beautiful Bill Act of 2025 (H.R. 1). These calculations were made using a backward-looking approach using the average payment weighted by the distribution of base acres enrolled in ARC-CO by crop each year over 2014-2024. An interactive map can be found at this link.

Differences in increases in PLC payments arise by region with the midsouth region of the bootheel of Missouri, eastern Arkansas, the Mississippi Delta, southeast Texas, and most of Louisiana seeing the greatest increase. Other regions with relatively higher increases are in the panhandle of Texas and along the eastern cost in parts of Alabama, Georgia, South Carolina, North Carolina, and Virginia. The main reason these regions will see a greater relative increase in PLC payments is due to the majority of base acres being enrolled in seed cotton, peanuts, and rice which face some of the highest increases in the PLC Statutory Reference Price.

Differences in increases in ARC-CO payments arise by region with the upper Midwestern states of Illinois, Indiana, Iowa, southern Minnesota, North Dakota, and eastern South Dakota seeing the greatest increase. Other regions with relatively higher increases are in eastern Colorado, parts of Kansas, and southeastern Washington. The main reason these regions will see a greater relative increase in ARC-CO payments is due to the majority of base acres being enrolled in corn, soybeans, and wheat which have benefited more from county-level revenue guarantees than from price guarantees.

Enhancements to the Federal Crop Insurance Program in the OBBBA

Key enhancements to crop insurance include higher premium subsidy rates for multi-peril crop insurance (MPCI) products (i.e., Yield and Revenue Protection), increased maximum coverage level for Whole Farm Revenue Protection (up to 90%) and AYP/ARP (up to 95%), along with a minimum 17% A&O reimbursement rate. We note that the counties with the highest crop insurance base premium rates will see the greatest reduction in the producer premium paid per acre (see Figure 13). The changes to the premium subsidy levels for MPCI products is given in a previous newsletter. Beginning Farmer and Rancher (BFR) benefits are strengthened, including extended eligibility from five to ten years and increased premium subsidies—up to 15% in the first two years, tapering to 11% in years four through ten. A new poultry crop insurance pilot will address extreme weather and utility costs.

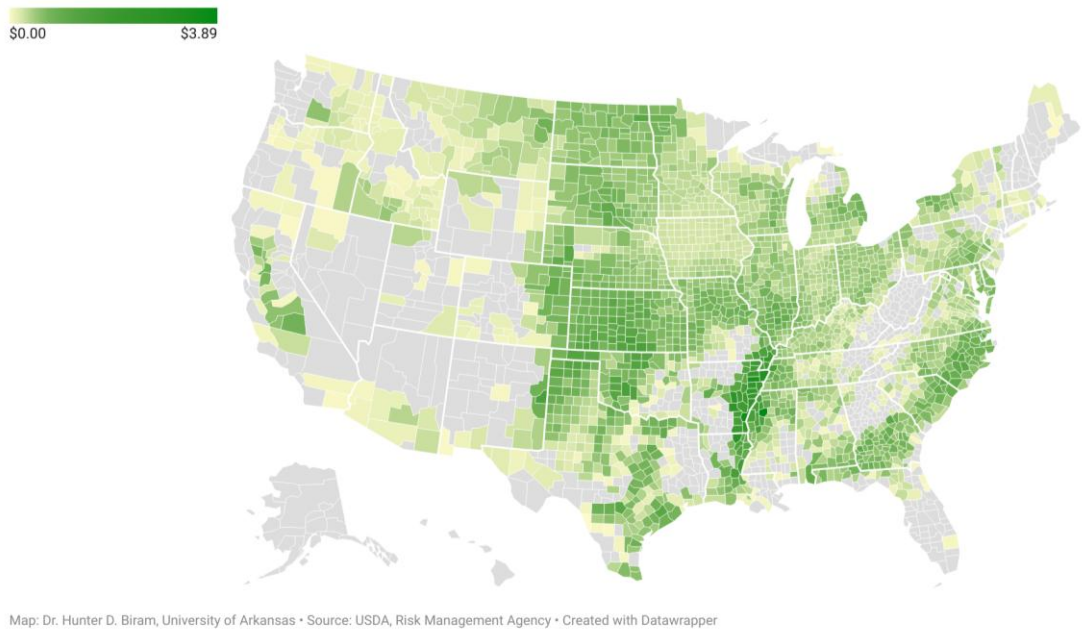

Figure 13. Estimated Producer Premium Savings Under the One Big Beautiful Bill Act

Figure 13 shows the estimated county-level savings per dollar of total premium based on the increases in the multi-peril crop insurance (MPCI) premium subsidy rates found in the OBBBA. These savings were found using the USDA, Risk Management Agency Summary of Business Type, Practice, Unit data set. The average difference in the current and newly passed premium subsidy rates by coverage level is found by using the county-level coverage selections for Basic and Optional Units and net insured acreage over the span 2014-2025. Lastly, this average is divide by the total premium received by insurance companies to provide the savings of per dollar of total premium.

Soybeans

USDA's November forecast of 2025/26 U.S. soybean production was 4.253 billion bushels, compared to the September estimate of 4.301 billion. Yield is still expected to be a record 53.0 bushels per acre, versus 53.5 in September. U.S. ending stocks for 2025/26 are projected at 290 million bushels, compared to 300 million in September and 316 million last year. The only demand adjustment to the U.S. balance sheet in November was a 50 million bushel decrease in exports to 1.635 billion bushels, the lowest since the historic drought year of 2012.

Following the announcement of a trade truce with China at the end of October, President Trump's administration claims Beijing pledged to buy 12 million tons of soybeans by the end of 2025, followed by 25 million tons annually over the next three years. However, China has yet to confirm the specific purchase commitments mentioned by Trump's trade negotiators.

China has reduced tariffs on American soybeans and lifted import bans on three American exporters. However, U.S. soybeans still face a 13% tariff, which would be paid by private entities importing U.S. soybeans. Furthermore, U.S. soybeans are currently trading at a premium to South

American origins, partly due to a sharp price rally after the trade deal was announced. Recent purchases of U.S. soybeans were done by China's state-owned firms.

After two (2) sales (totaling 232,000 MT) following the late October trade talks— which were the first of the 2025/26 marketing year — Chinese purchases of U.S. soybeans have stopped. The pause is creating uncertainty over the amount of U.S. soybeans China will import. China has purchased large quantities of South American soybeans in recent months. Coupled with sizeable domestic stocks, Chinese import demand is expected to be lower in the coming months regardless of any trade deal with the U.S.

Cotton

The November outlook for 2025/26 U.S. cotton supply and demand included higher production, exports and ending stocks compared to September. There were no changes to domestic mill use and imports. USDA projected the 2025/26 U.S. crop to reach 14.12 million bales, up roughly 897,000 bales from the September report. The national average yield per acre was increased by 58 pounds this month to 919 pounds. This would be the second highest yield on record behind 2022's 953 pounds.

U.S. exports were raised 200,000 bales to 12.2 million bales while mill use was unchanged from September at 1.70 million bales. This generates a total 2025/26 offtake of 13.90 million bales. Ending stocks for 2025/26 are projected at 4.30 million bales for an ending stocks-to-use ratio of 30.9%. This month's projected average farm price for 2025/26 is 62.00 cents/lb, down 2 cents/lb from September.

For the 2025/26 marketing year, roughly 88% of U.S. cotton demand is expected to be from exports. Recently announced agreements or frameworks with Cambodia, Malaysia, Thailand, and Vietnam offer optimism for increased U.S. agricultural exports, but there were no specific purchase agreements for cotton in any of the documents released.

The same was true for the agreement that was released after the late October meeting between the U.S. and China. That text indicated China agreed to purchases of U.S. soybeans and a few other commodities, but it did not mention cotton. China has historically been a sizeable export market for U.S. cotton. A key feature of the agreement announced by the U.S. and China were comments suggesting general agreement from both sides to lower obstacles to trade. China committed to suspend or remove certain retaliatory actions, including suspending tariffs on a range of U.S. agricultural goods until the end of 2026. The U.S. agreed to maintain its suspension of heightened reciprocal tariffs on China until November 10, 2026. Specifically, the U.S. lowered tariffs on imports from China by 10 percentage points (ppt). Before the meeting, the U.S. was imposing a 30ppt increase on Chinese imports (20ppt of "fentanyl" tariffs and 10ppt of "reciprocal" tariffs). Following the recent reduction, the total tariffs on imports from China in 2025 is 20ppt

Rice

The November 2025 World Agricultural Supply and Demand Estimates (WASDE) report forecasts a 35% year-over-year increase in all rice-class beginning stocks. This increase in beginning stocks is almost entirely driven by the 93% year-over-year increase for long grain, the result of record

yields across the southern region in 2024, with Arkansas averaging 169.8 bu/acre (UADA-CES, 2025). On the other hand, medium grain is forecasted to fall by 27.5%. The current outlook is for a slight rise in overall exports and a relatively minor decrease (~0.9%) in ending stocks relative to 2024/25 (USDA-AMS, 2025). Ending stocks are currently forecasted at 51.9 million cwt, compared to 2024/45, which was 53.9 million cwt. The USDA anticipates long-grain rice exports will reach 64 million cwt, a level that hinges on maintaining price competitiveness in global markets. As a result, farm prices for long-grain rice are forecast to decline to $11.50/cwt, while the prices for Southern medium & short-grain rice are forecast at $12.00/cwt (Figure 14). These expectations represent a severe decline from the 2024/25 marketing year, with long grain and Southern medium & short grain prices falling 14% and 18%, respectively. It's worth noting that the effective reference price has increased from $14.00/cwt to $16.90/cwt for the 2025/26 marketing year (One Big Beautiful Bill Act, 2025). Figure 2 highlights this change, showing that current forecasts indicate a possible PLC payment under the new effective reference price.

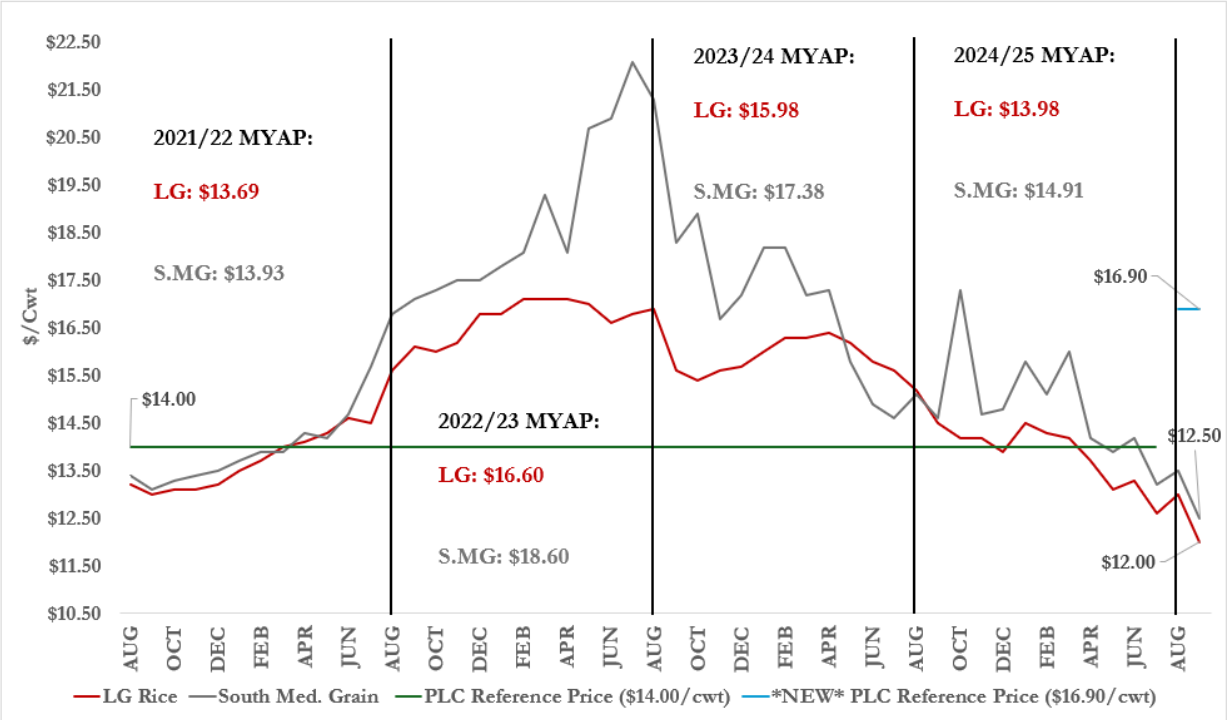

Figure 14. Rice Marketing Year Average Farm Prices (2021/22 - 2025/26F)
Source: USDA-National Agricultural Statistics Service (NASS), 2025

Figure 15 highlights a modest increase in exports across major rice-supplying countries. However, global rice prices have trended downward throughout 2025, primarily due to weaker global demand, India resuming rice exports, much lower import demand from Indonesia, and a temporary ban on rice imports in the Philippines, which is expected to lift in November (USDA-FAS, 2025). U.S. long-grain rice is currently priced around $585/ton[1], which represents the most expensive rice on the world market. In contrast, India, Pakistan, and Thailand are all competing for the cheapest rice on the market, priced at around $360/ton. The broad decline in the world rice price has been from India's decision to lift its rice export ban in September 2024. Nearly a year later, Indian exports continue to exert downward pressure on international markets.

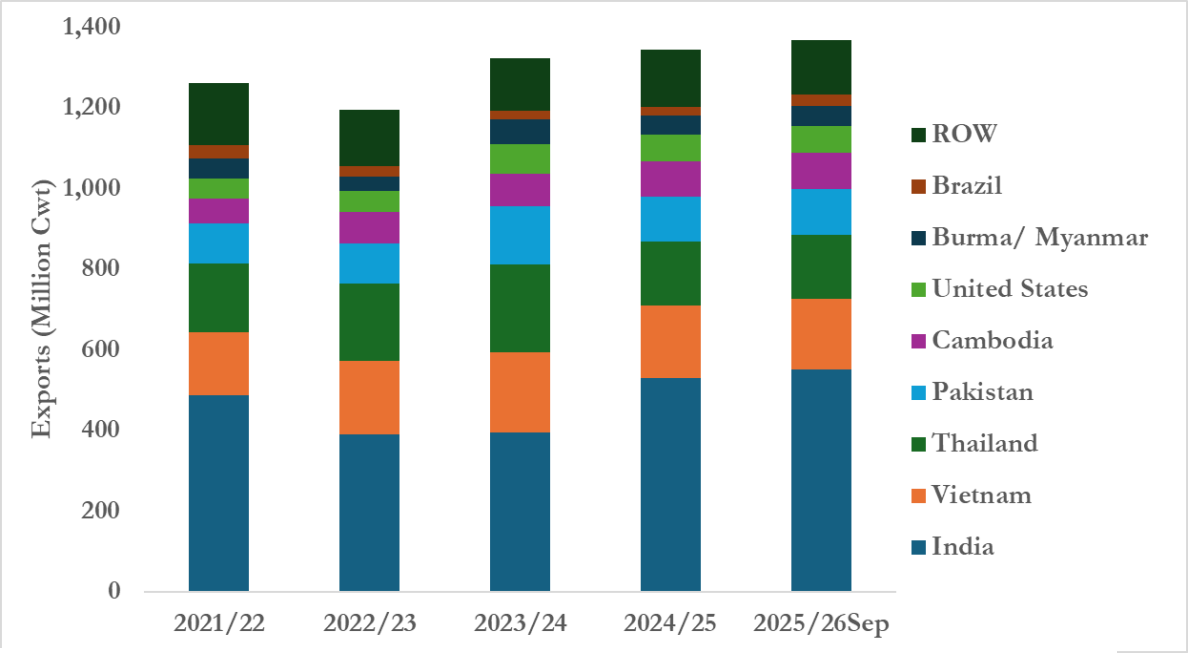

Figure 15. Milled Rice Exports (2021/22 - 2025/26Sept)
Source: USDA-Foreign Agricultural Service (FAS), 2025

[1] This price reflects #2, 4-percent brokens, sacked FOB, Gulf Coast (Childs and Abadam, 2025)

Fryar Center Research Update

Fryar Center faculty produced a broad set of high-profile research contributions across price risk, production risk, and applied market analysis during 2024–2025. This work reflects the Center's continued commitment to advancing risk management, econometric innovation, and market transparency for agricultural producers and industry stakeholders. This section highlights a few of the many high quality scholarly activities from the Fryar Center faculty in 2025.

A major milestone this year was the publication of ***Physical Grain Trading: Core Concepts and Real-World Scenarios*** by Chris DeLong, Andrew McKenzie, and Thomas Meierotto. The book provides comprehensive coverage of grain risk-management fundamentals—hedging, basis trading, arbitrage, counterparty risk, and the mechanics of futures and options markets. It is intended to be used primarily by early-career practitioners and as a comprehensive text for university commodity risk management courses.

"Do Corn Options Update Volatility Expectations in the Wake of USDA Reports?" Yang, Y. and Andrew M. McKenzie, was published in the July 2025 edition of Journal of Futures Markets. Results highlight that USDA crop reports contain valuable information that impacts market expectations of volatility, and the corn options market incorporates most of this information into prices within a day of a report's release. Importantly, results show the corn options market is performing well, which is comforting given that options-based volatility projections are used to price crop insurance products and help guide hedging and marketing decisions for producers and firms along the grain market supply chain.

"Risk Return of Forward Contracting Corn with Crop Insurance." Bhattarei, C., Andrew M. McKenzie, Hunter Biram, Jesse Tack, and Alvaro Durand-Morat, which is forthcoming in *Journal of Agricultural and Applied Economics*, demonstrated the considerable benefits of integrating forward contracting and crop insurance for corn producers in Stuttgart, Arkansas. Forward contracting 100% of expected production in June coupled with an 80% revenue or yield insurance coverage level generated high risk-adjusted net returns. While yield insurance is a cheaper alternative to revenue insurance, the latter has distinct risk management benefits when farmers are unable to deliver bushels on their forward contracts and face a non-delivery penalty from elevators. This revenue insurance benefit is highlighted by cases when non-production penalties are high because there is a short crop and the harvest cash price exceeds the forward contracted price. Under these circumstances revenue insurance payments help to cover the elevator fees for non-delivery.

"Evaluating Feral Swine Eradication and Control Pilot Program Impact on Crop Indemnities." Duncan, W.H., C.N. Boyer, E. Park, and A. Smith, published in Applied Economic Perspectives and Policy, evaluates how the Feral Swine Eradication and Control Pilot Program affects crop insurance indemnities in impacted regions. By combining program information with crop insurance loss data, the authors document how feral swine damage is reflected in indemnity payments and examine whether targeted control efforts change the pattern or level of losses over time. The results provide timely evidence for policymakers and insurers on how wildlife-damage mitigation programs interact with federal crop insurance.

"The Effects of Extreme Weather on Rural Transportation Infrastructure and Crop Prices Along the Lower Mississippi River." James L. Mitchell and Hunter D. Biram was published in the March

2025 edition of Applied Economic Perspectives and Policy. This study examines how extreme drought and historically low Mississippi River levels during the 2022 and 2023 harvest seasons affected soybean prices in Arkansas. Using daily soybean basis data from 12 grain markets and U.S. Geological Survey gauge readings at Memphis, the authors develop a difference-in-differences framework to measure how low water levels disrupt barge transportation and weaken local cash bids. The authors find that when river levels fall to –7 feet, soybean basis weakens by roughly $0.88/bushel at markets 5 miles from a port, compared with $0.18/bushel at markets 25 miles away. They find that statewide losses ranged from about $17 million to $26 million on average, depending on the water-level threshold used. If all soybeans were delivered into river-terminal markets, the potential maximum loss exceeded $190 million.

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