

AGRICULTURE LANDSCAPE

January 2026



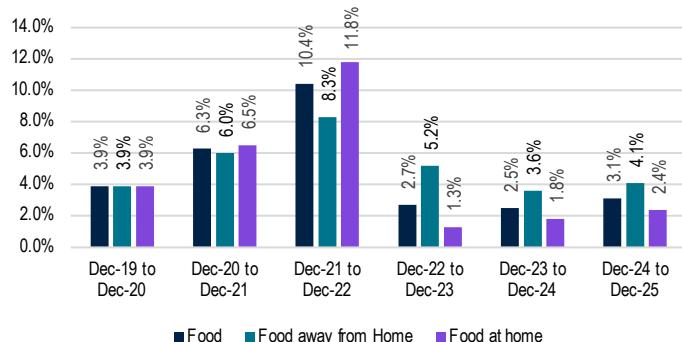
The Consumer Price Index (CPI) for food rose to the highest levels over the past three years. Payment rates have been established for the forthcoming Farm Bridge Assistance Aid program, which will primarily benefit farmers in the Midwest and Southern regions. U.S. Agribusiness Trade Missions will continue around the world to expand market access for U.S. agricultural products. The current administration may relax strict environmental regulations for agricultural producers. Water disputes between Mexico and the U.S. seemed to be appeased after Mexico agreed to comply with the Water Treaty Agreement signed by both countries in 1944. Mergers and acquisitions in the seed and fertilizer space expected to continue.

FOOD SECTOR

The **CPI** increased 2.7% in the 12-month period ending December 2025, according to the latest report from the U.S. Bureau of Labor Statistics. The overall CPI for the food category reflects a 3.1% annual increase – up from the 2.7% in 2024 and the highest annual rate in the past three years. Food-at-home and food-away-from-home had annual increases of 2.4% and 4.1%, respectively.¹ Both the annual food-away-from-home and food-at-home categories spiked by 0.6% in 2025 compared to the prior year.

Within the food-at-home category, non-alcoholic beverages and beverage materials rose 5.10%, followed by meats, poultry, fish and eggs at 3.90%, other-food-at-home at 2.70%, cereals and bakery products at 1.5% and fruits and vegetables at 0.50%. The only decline in prices was observed in the dairy and related products at -0.90%.

Historical CPI for Food

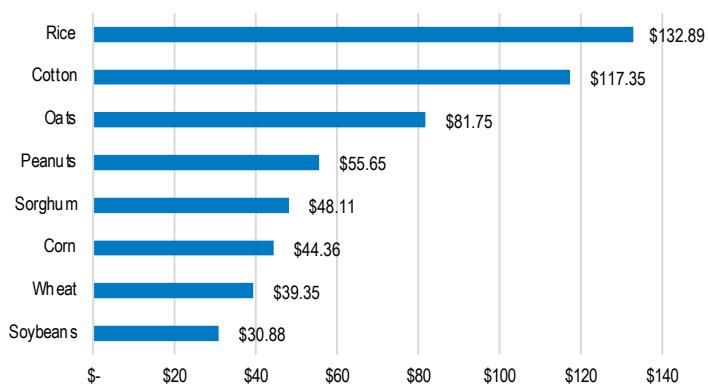


On a regional basis, food prices increased at different rates in 2025 with the Northeast leading at 3.4%, followed by the West at 3.2%, South at 3.0% and Midwest at 2.6%.

TRADE AND LEGISLATION

In early December 2025, the current administration announced a one-time “**Farmer Bridge Assistance Payment**” totalling \$11 billion, aimed primarily at row crop farmers facing ongoing challenges such as global oversupply, weaker commodity prices, rising input and labor costs, higher cost of capital and trade uncertainties. Although these payments are initially scheduled for distribution in February 2026, some have noted that this measure offers only temporary relief and does not address deeper, long-term issues. Eligible crops include Barley, Canola, Chickpeas, Corn, Cotton, Flax, Lentils, Mustard, Oats, Peanuts, Peas, Rice, Safflower, Sesame, Sorghum, Soybeans, Sunflower, and Wheat. Payment amounts, ranging from \$8 to \$133 per acre, depend on the commodity planted in 2025, with double crop acres also qualifying. Additionally, \$1 billion is expected to be allocated for specialty crops and sugar cane growers, though specifics regarding these payments and their timeline remain uncertain.²

Farmer Bridge Assistance Program Payment for Selected Commodities (\$ per acre)



Corn farmers are expected to receive the bulk of the payments at \$4.3 billion, followed by soybeans at \$2.5 billion, wheat at \$1.9 billion, cotton at \$0.9 billion, rice at \$0.4 billion and sorghum at \$0.3 billion.

To expand global market access for U.S. agricultural products, the United States Department of Agriculture (USDA) has announced new **Agribusiness Trade Missions** in 2026 to Indonesia, the Philippines, Turkey, Australia, New Zealand, Saudi Arabia, and Vietnam. These trade initiatives follow several missions completed in 2025 to Thailand, Guatemala, Hong Kong, Peru, the Dominican Republic, Taiwan, and Mexico. The new upcoming missions aim to address tariffs, non-tariff barriers and import bans, open new markets, and secure preferential access for

various agricultural goods. Products marketed will include animal feed protein, dairy products such as specialty cheeses, meats, seafood products, and fruits among many others.³

The Nationwide Consumer and Fuel Retailer Choice Act of 2025 was introduced in both the House and the Senate in February 2025 to amend the Clean Air Act to allow the sale of E15 fuel nationwide throughout the year. E15 is a gasoline blend with ethanol (15%) and petroleum gasoline (85%) which is prohibited from use nationwide during the summer months without a waiver from the Environmental Protection Agency (EPA). The current blend stands at approximately 10%. The EPA has limited higher ethanol blends in the summer to protect air quality which is measured under the Reid Vapor Pressure System (RVP). The EPA claims that from June 1 to September 15 higher ethanol increases RVP when it is blended with gasoline leading to more smog which is harmful to health. While the congressional legislation on this matter is still pending in Congress, lawmakers representing agricultural and energy-producing states continue to make their case for higher ethanol blends. For the 2025/26 season, 28% of the 15.41 billion bushels of corn produced in the U.S. were used for ethanol production. According to the National Corn Growers Association, for every 1% increase in the national fuel blend rate, an additional 460 million bushels of corn could be used. These changes could be a win for corn growers who have dealt with weak pricing conditions for the past two years and will help to reduce inventory levels which surged +59% this past season from the prior year to 2.11 billion bushels.

The Federal Communications Commission (FCC) moved forward in late December 2025 with a **Foreign Drone Ban** as part of national security concerns about drones manufactured by Chinese firms. While last month's decision does not impact previously acquired drones, several agricultural organizations like the American Soybean Association have stated that these restrictions could be impactful to farmers who are looking to expand and modernize the use of technology tools such as precise aerial applications for crop protection and fertilizers to partially offset high production costs.

A new wave of plans to scale back **environmental requirements** for farmers was announced early in December under a roundtable with farmers. One of the proposed regulations include the removal of diesel exhaust fluid (DEF) on agricultural machinery which is expected to simplify engines, eliminate purchase costs and reduce maintenance and repair costs.

Glyphosate, the chemical product used by farmers to kill weeds, could be in jeopardy after Bayer, who is the sole producer of this product in the U.S., has stated that it could withdraw from the market if the cost of litigation continues to skyrocket. Bayer's litigation payments have exceeded \$10 billion to plaintiffs so far as compensation to those that have sued the company claiming that Roundup can cause cancer. Bayer has indicated that approximately \$17 billion has been budgeted towards this glyphosate litigation. Last December, the U.S. solicitor has provided support to get the Supreme Court to curtail further litigation which could provide some relief to Bayer.

In 1944, Mexico and the U.S. signed a Water Treaty Agreement governing the **Colorado River, Rio Grande River and Tijuana River**. This treaty was designed to prevent water conflicts, establish clear rules for sharing border rivers and create a committee to manage disputes and implementation. Mexico is required to deliver an average of 350,000 acre-feet (114 billion gallons) per year from the Rio Grande River calculated over five-year cycles. This water goes mainly to Texas. On the other hand, the U.S. must deliver 1.5 million acre-feet per year to Mexico plus up to 200,000 acre-feet (488 billion gallons) in surplus years. This water is delivered near the Mexico-Arizona border. The U.S. has claimed that Mexico has not fulfilled its obligations for the current cycle and the previous cycle, creating a water deficit for Texas. The USDA announced that Mexico has agreed to deliver more water to the U.S. (202,000-acre feet) beginning in the middle of December and repay any outstanding deficits from prior cycles.⁴

The U.S. continues an unprecedented campaign to gain a better grip in the Western Hemisphere to challenge other dominant countries like China. **Venezuela** has been the next target. In 2024, this South American country imported approximately \$750 million worth of U.S. agricultural products from a total \$3.0 billion, representing a 26% share.

With the incursion of the U.S. in Venezuela's politics, some experts have speculated that this country could become a larger importer of agricultural goods under a new political system. In terms of value, the top 5 U.S. commodities exported to Venezuela in 2024 included Soybean Meal, Corn, Rice, Wheat, and Soybean Oil. These commodities accounted for 80% of the value of U.S. exports in 2024.

MERGERS AND ACQUISITIONS

During the latter half of 2025, merger and acquisition activity in the agricultural sector slowed down. However, South American and Asian companies have become increasingly active in the seeds and fertilizer industries, signalling a trend towards greater regional consolidation in the coming years. Some of these transactions include the following:

- Adufertil to acquire Fass Agro – liquid fertilizer and nutrition portfolio (September 2025)
- Adecoagro and Asociacion de Cooperativas Argentinas (ACA) to acquire a majority interest in Profertil – South America's largest granular aurea producer (December 2025).
- Indorama's Chinese Subsidiary to acquire 100% of Anyand Nitrogen Fertilizer – urea, ammonia, industrial gases (Signed December 2025).

MISCELLANEOUS

According to the Association of Equipment Manufacturers, annual **sales of farm tractors** through **November 2025** were down 9% compared to the same period in the prior year; sales of four-wheel-drive tractors were down 43%; sales of smaller tractors were down 23% for 100 or more horsepower (hp), down 4% for 40 to 99 hp and down 8.6% for less than 40 hp; and sales of combine harvesting machines were down 38% compared with the same period in 2024. Tight margins are still forcing farm owner operators to defer capital investments.⁵

AUTHORS



JAMIE SHEN
Head of Agriculture
jamie.shen@pgim.com



JUAN DAVID CASTRO-ANZOLA
Director of Agriculture Underwriting,
Research & Agricultural Technology
juan.castroanzola@pgim.com

REFERENCES

1. [CPI Home: US Bureau of Labor Statistics \(bls.gov\).](#)
2. [USDA Announces Commodity Payment Rates for Farmer Bridge Assistance Program | USDA](#)
3. [Trade Missions | USDA Foreign Agricultural Service](#)
4. [Mexico Agrees to Meet Water Treaty Obligations for Farmers in the American Southwest](#)
5. [Tractors sales](#)

Learn more at [pgim.com/aginvestments](#)

© 2026 PGIM Real Estate is the real estate investment management business of PGIM, the principal asset management business of Prudential Financial, Inc. ("PFI"), a company incorporated and with its principal place of business in the United States. PGIM is a trading name of PGIM, Inc. and its global subsidiaries. PGIM, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC"). Registration with the SEC does not imply a certain level of skill or training. PFI of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom. Prudential, PGIM, their respective logos and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide. In the United Kingdom, information is issued by PGIM Real Estate (UK) Limited with registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR. PGIM Real Estate (UK) Limited is authorized and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number 181389). These materials are issued by PGIM Real Estate (UK) Limited to persons who are professional clients as defined under the rules of the FCA. In the European Economic Area ("EEA"), information is issued by PGIM Luxembourg S.A. with registered office: 2, boulevard de la Foire, L1528 Luxembourg. PGIM Luxembourg S.A. is authorized and regulated by the Commission de Surveillance du Secteur Financier in Luxembourg (registration number A00001218) and operating on the basis of a European passport. In certain EEA countries, this information, where permitted, is presented by PGIM Limited in reliance of provisions, exemptions, or licenses available to PGIM Limited under the temporary permission arrangements following the exit of the United Kingdom from the European Union. PGIM Limited has its registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London WC2N 5HR. PGIM Limited is authorized and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number: 193418). These materials are issued by PGIM Luxembourg S.A. and/or PGIM Limited to persons who are professional clients as defined in the relevant local implementation of Directive 2014/65/EU (MiFID II) and/or to persons who are professional clients as defined under the rules of the FCA. PGIM operates in various jurisdictions worldwide and distributes materials and/or products to qualified professional investors through its registered affiliates including, but not limited to: PGIM Real Estate (Japan) Ltd. in Japan; PGIM (Hong Kong) Limited in Hong Kong; PGIM (Singapore) Pte. Ltd. in Singapore; PGIM (Australia) Pty Ltd in Australia; PGIM Luxembourg S.A., and PGIM Real Estate Germany AG in Germany. For more information, please visit [pgimrealestate.com](#).

GENERAL/CONFLICTS OF INTEREST

These materials represent the views, opinions and recommendations of the author(s) regarding the economic conditions, asset classes, securities, issuers or financial instruments referenced herein. Distribution of this information to any person other than the person to whom it was originally delivered and to such person's advisers is unauthorized, and any reproduction of these materials, in whole or in part, or the divulgence of any of the contents hereof, without prior consent of PGIM Real Estate is prohibited. Certain information contained herein has been obtained from sources that PGIM Real Estate believes to be reliable as of the date presented; however, PGIM Real Estate cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. The information contained herein is current as of the date of issuance (or such earlier date as referenced herein) and is subject to change without notice. PGIM Real Estate has no obligation to update any or all of such information; nor do we make any express or implied warranties or representations as to the completeness or accuracy or accept responsibility for errors.

These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services and should not be used as the basis for any investment decision. Past performance is no guarantee or reliable indicator of future results. No liability whatsoever is accepted for any loss (whether direct, indirect, or consequential) that may arise from any use of the information contained in or derived from this report. PGIM Real Estate and its affiliates may make investment decisions that are inconsistent with the recommendations or views expressed herein, including for proprietary accounts of PGIM Real Estate or its affiliates.

The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients or prospects. No determination has been made regarding the suitability of any securities, financial instruments or strategies for particular clients or prospects. For any securities or financial instruments mentioned herein, the recipient(s) of this report must make its own independent decisions.

Conflicts of Interest: Key research team staff may be participating voting members of certain PGIM Real Estate fund and/or product investment committees with respect to decisions made on underlying investments or transactions. In addition, research personnel may receive incentive compensation based upon the overall performance of the organization itself and certain investment funds or products. At the date of issue, PGIM Real Estate and/or affiliates may be buying, selling, or holding significant positions in real estate, including publicly traded real estate securities. PGIM Real Estate affiliates may develop and publish research that is independent of, and different than, the recommendations contained herein. PGIM Real Estate personnel other than the author(s), such as sales, marketing and trading personnel, may provide oral or written market commentary or ideas to PGIM Real Estate's clients or prospects or proprietary investment ideas that differ from the views expressed herein. Additional information regarding actual and potential conflicts of interest is available in Part 2 of PGIM's Form ADV.

INFORMATIONAL PURPOSES

These materials are for informational or educational purposes. In providing these materials, PGIM (i) is not acting as your fiduciary and is not giving advice in a fiduciary capacity and (ii) is not undertaking to provide impartial investment advice as PGIM will receive compensation for its investment management services.

These materials do not take into account the investment objectives or financial situation of any client or prospective clients. Clients seeking information regarding their particular investment needs should contact their financial professional.

The information contained herein is provided on the basis and subject to the explanations, caveats and warnings set out in this notice and elsewhere herein. Any discussion of risk management is intended to describe PGIM Real Estate's efforts to monitor and manage risk but does not imply low risk.

These materials do not purport to provide any legal, tax or accounting advice. These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation.