AGRICULTURE LANDSCAPE

January 2026

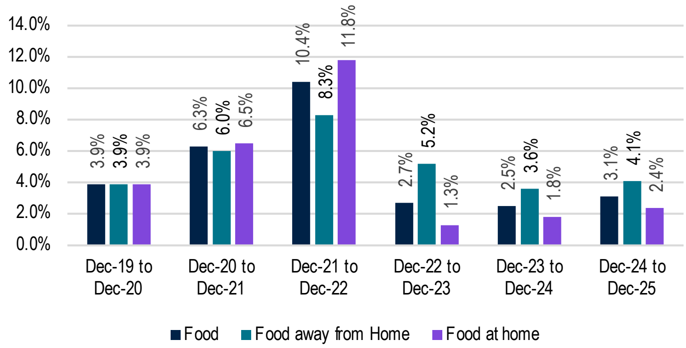
The Consumer Price Index (CPI) for food rose to the highest levels over the past three years. Payment rates have been established for the forthcoming Farm Bridge Assistance Aid program, which will primarily benefit farmers in the Midwest and Southern regions. U.S. Agribusiness Trade Missions will continue 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%.

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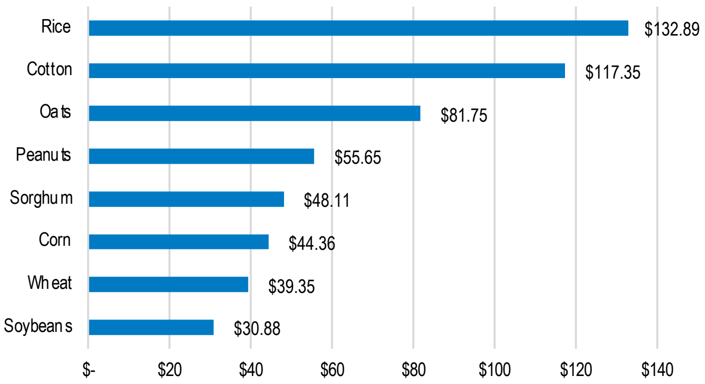
TRADE AND LEGISLATION

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 Associacion 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

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