

Q4 2025 OUTLOOK

Higher Input Costs Likely to Stick Around for 2026 Crop Year

By Marc Rosenbohm

REPORT SNAPSHOT

Situation: Situation: Sensitive to trade issues and geopolitical tensions, fertilizer prices have risen in 2025, and next year may involve more of those global factors.

Outlook: Terrain projects slightly higher operating costs for the 2026 corn and soybean crops.

Impact: Farmers should pay attention to U.S. tariff developments, as import costs for chemicals, parts and fertilizers could come down if the tariffs are successfully challenged.

Demand has been strong across the entire nitrogen complex.

Given the current outlook for fertilizer and other input prices, Terrain projects slightly higher operating

costs for the 2026 corn and soybean crops. A mix of potential tariff impacts as well as global factors could push overall crop production costs higher in 2026 than they were in 2025. Tariffs could impact some production-cost line items such as chemicals and repairs, while global factors have contributed to higher fertilizer costs.

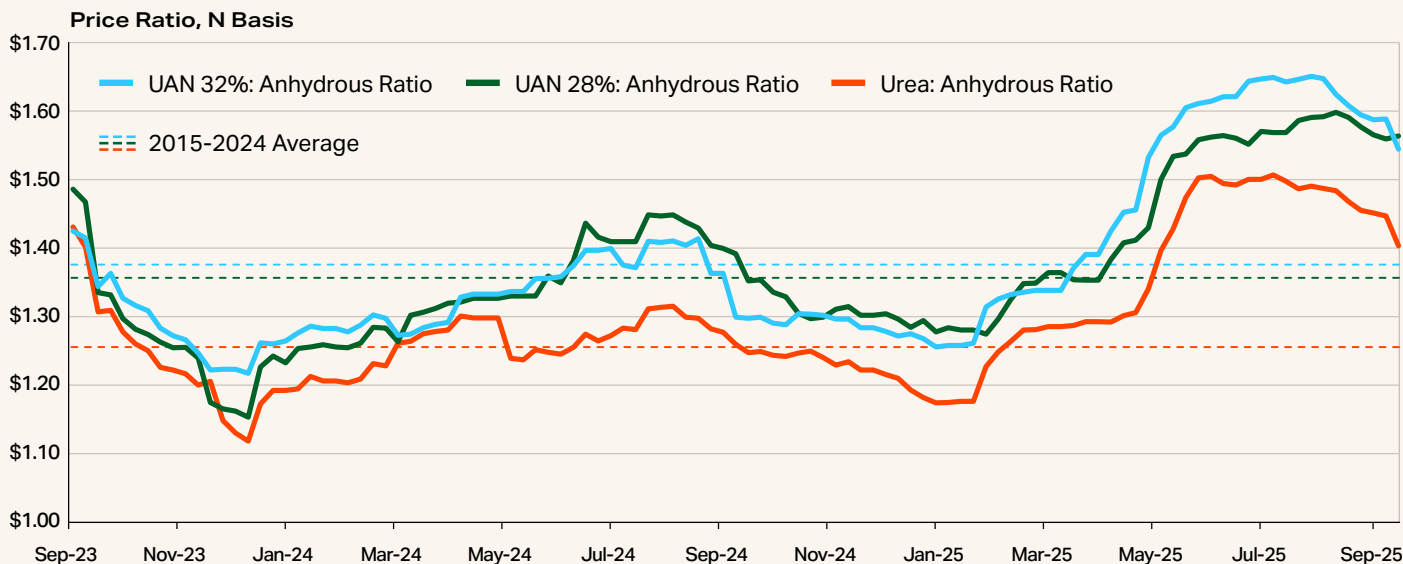
HIGHER FERTILIZER PRICES A MIX OF TARIFFS AND GLOBAL FACTORS

Nitrogen

Geopolitical factors in the Middle East caused nitrogen prices to spike earlier this summer. As those risks subsided and the costs of producing nitrogen fertilizer became more favorable, prices have been slow to retreat.

Demand has been strong across the entire nitrogen complex, while both urea and UAN (urea ammonium

Urea and UAN Relatively Expensive



Sources: DTN ProphetX, Terrain

nitrate solution) have been less than well supplied globally. This has helped keep higher the ratio of those products' prices relative to anhydrous ammonia (AA) in the U.S. Uncertainty about exports out of China for urea and strong import demand from India have also contributed to higher urea prices.

I expect these tighter supplies of both urea and UAN to keep upward pressure on AA through spring.

I project production costs for the nitrogen complex to be lower than the current market prices. This could allow for lower nitrogen prices if demand is weaker than expected in the months ahead because of 2026 crop plans or delayed purchase choices. This would offer some relief on production costs, potentially in October or November, amid lower crop prices and crop farm incomes.

However, geopolitical factors, lower-than-expected urea exports from China, trade restrictions with Russia, or other unforeseen factors could raise nitrogen prices going into next year.

Currently, I project U.S. AA prices to average \$760 per ton (range: \$740 to \$775) and urea to average \$620 per

ton (range: \$610 to \$635) for the 2026 crop. This is up from \$744 per ton (AA) and \$530 per ton (urea) for the 2025 crop.

Phosphate

The U.S. typically imports about 13% of our total consumption for phosphate, with Saudi Arabia now our largest supplier. Phosphate prices remain elevated despite falling slightly from their peak in mid-2022. The U.S. prices remain influenced by the tight global supply situation. Exports from China could ease this situation, but unless exports increase significantly, the overall market is expected to remain tight, with prices elevated.

Of the three primary nutrients, potash is the closest to near its pre-2020 price level.

I project U.S. Midwest monoammonium phosphate (MAP) prices will average \$850 per ton (range \$825 to \$875) for 2026, with the Iowa price toward the upper end of the range and the Illinois price toward the lower end.

Potash

Of the three primary nutrients, potash is the closest to near its pre-2020 price level. Earlier this year, I had expected to see potash prices hold steady in the mid-\$400 range through fall and into 2026. However, global prices rose in the first half of 2025 and have recently held steady above U.S. price levels. This supports U.S. prices in the upper-\$400 range, where I expect them to remain through spring 2026.

The U.S. imports about 97% of our potash consumption, with Canada by far our most important supplier. Russia is also an important global potash supplier but supplies a relatively smaller share of our imports. Geopolitical risks in the Middle East, where Jordan and Israel are smaller but important suppliers, as well as any trade conflicts involving Russia could put upward pressure on prices.

I expect potash prices to remain stable at current levels, with prices averaging about \$475 per ton through spring.

Diesel

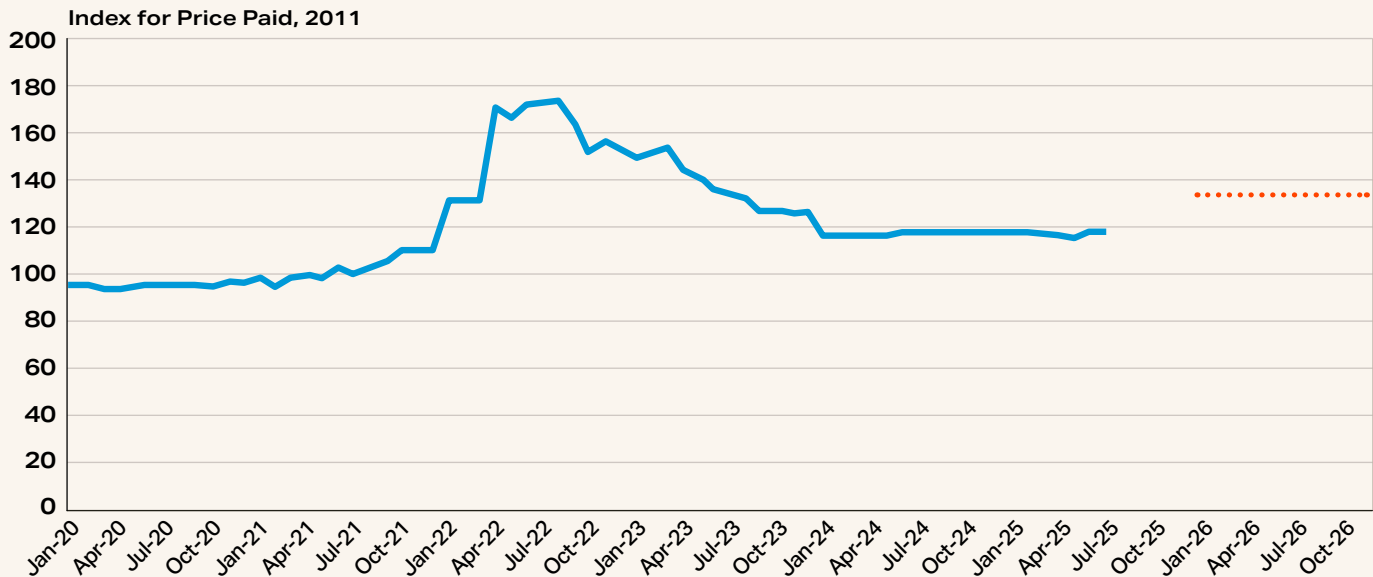
Diesel prices are currently forecast to be similar in 2026 to what they were in 2025. So far, farm diesel prices for 2025 have averaged \$2.75 to \$2.90 per gallon. I project farm diesel prices will average \$2.95 per gallon through the end of 2025 and \$2.85 per gallon in the first half of 2026.

Currently, diesel stocks are near the bottom of their 10-year historical range, so unexpected increases in demand due to weather or industrial activity could push prices higher than I currently expect.

The global crude oil supply outlook is for crude oil to remain well supplied through 2026, with global stocks continuing to build, keeping West Texas Intermediate in the low-\$60 per barrel range or below and maintaining downward pressure on diesel prices.

The global crude oil supply outlook is for crude oil to remain well supplied through 2026, with global stocks continuing to build, keeping West Texas Intermediate

Prices Paid Index for Chemicals



Sources: USDA NASS, NDSU Report, Terrain

in the low-\$60 per barrel range or below and maintaining downward pressure on diesel prices.

Chemicals

I expect chemical costs to rise in 2026, based in large part on import tariffs adding 12% to 18% to the cost of some chemicals, according to a recent [North Dakota State University report](#). Previously the tariffs on these products averaged about 5% to 6% and now range from about 17% to 24%.

Repairs

High new-equipment prices relative to crop or used-machinery prices likely support repair expenses, as some farmers may delay purchasing new machinery and hold on to older equipment longer. I expect manufacturing and labor costs and tariffs on imported parts to further contribute to elevated repair costs in 2026.

The same study from NDSU suggests repair parts could face import tariffs of 13% to 16%, up from

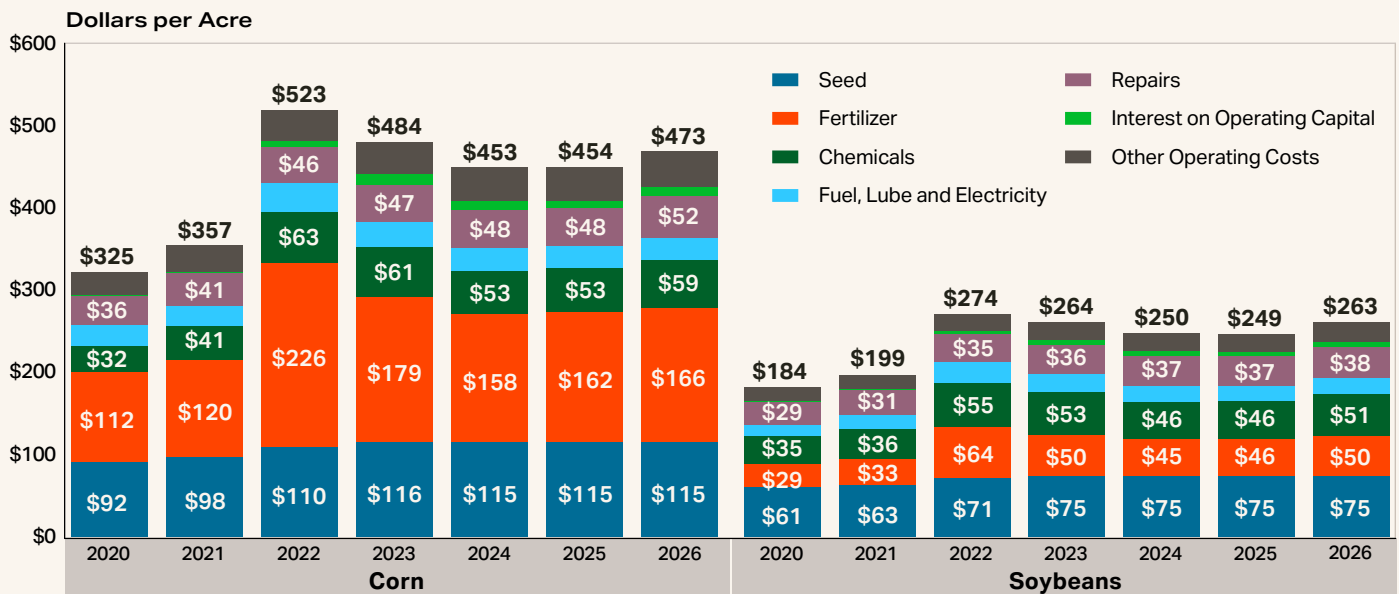
minimal rates previously. Unless these parts can be sourced from alternative origins, or the manufacturer or dealer chooses to temporarily absorb part of the cost, these tariffs are expected to put upward pressure on average repair costs.

Overall, I project operating costs to be 4% higher for corn and 6% higher for soybeans in 2026 versus 2025.

OVERALL PRODUCTION COSTS

Overall, I project operating costs to be 4% higher for corn and 6% higher for soybeans in 2026 versus 2025. These are above the USDA's estimates in June, by 2.2% for corn and 4.4% for soybeans.

Corn and Soybean Operating Costs



Sources: USDA ERS, Terrain

FOR FARMERS

Communicate with your input suppliers about local pricing dynamics and supply availability, especially for any fall application needs.

Communicate with your input suppliers about local pricing dynamics and supply availability, especially for any fall application needs.

Watch closely the tariff case that is likely to be before the Supreme Court soon. If President Trump's tariffs are canceled, import costs for chemicals, parts and, to a much lesser extent, fertilizers could fall. If realized, some of these lower costs should be passed through to retail prices eventually but slowly.



ABOUT THE AUTHOR



Marc Rosenbohm is Terrain's senior grain and oilseed analyst. He previously held research and economist positions at the University of Missouri's Food and Agricultural Policy Research Institute and the World Agricultural Economic and Environmental Services in Columbia, MO. Marc brings experience in modeling, projections, forecasts, scenario analysis and outlooks for a wide range of U.S. and global crop markets. He grew up on his family's corn, soybean and hog farm in northwest Missouri.

ABOUT TERRAIN

Terrain's expert analysts distill vast amounts of data to deliver exclusive insight and confident forecasting for a more resilient agricultural economy. Terrain is an exclusive offering of AgCountry Farm Credit Services, American AgCredit, Farm Credit Services of America and Frontier Farm Credit.



Disclaimer: While the information contained in this report is accurate to the best of our knowledge, it is presented "as is," with no guarantee of completeness, accuracy, or timeliness, and without warranty of any kind, express or implied. None of the contents in this report should be considered to constitute investment, legal, accounting, tax, or other advice of any kind. In no event will Terrain or its affiliated Associations and their respective agents and employees be liable to you or anyone else for any decision made or action taken in reliance on the information in this report.