Market Talks
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COMMODITIES · BEGINNER · LESSON 12 OF 15

Grains

Corn, wheat and soybeans: what they are used for, who grows and sells them, why the calendar and the weather matter so much, and how one monthly report can move the whole market

14 min read 8 quiz questions with answer key

COMMODITIES · BEGINNER · LESSON 12 OF 15

Grains

IN ONE SENTENCE

Corn, wheat and soybeans are the three most traded grain and oilseed markets in the world. Corn mostly feeds animals and makes ethanol, wheat feeds people, and soybeans are crushed into animal feed and cooking oil. The United States leads corn exports, Brazil leads soybeans and Russia leads wheat. Because crops grow once a year, prices follow a calendar of planting, weather and harvest, and the US Department of Agriculture's monthly WASDE report can move prices within seconds. In Chicago, grains are quoted in cents per bushel, and 2026 showed how quickly a crop forecast can turn a falling market around.

The big three: corn, wheat and soybeans

In Lesson 2 you met the agriculture sector. The largest part of it, by trading activity, is grains and oilseeds, and three crops lead the way.

Corn (called maize in many countries) is the most produced grain in the world. Most of it is not eaten directly by people. It is fed to cattle, pigs and chickens, turned into **ethanol** fuel, or processed into sweeteners and starch. When meat demand or fuel policy changes, corn demand changes.

Wheat is mainly food for people: bread, pasta, noodles, biscuits and couscous. Many countries in the Middle East, North Africa and Asia depend on imported wheat, so its price matters for food security and politics, not only for traders.

Soybeans are an oilseed. They are **crushed** into two products: soybean meal, a protein-rich animal feed, and soybean oil, used for cooking and increasingly for biodiesel and renewable diesel. Demand for soybeans therefore depends on meat production and on energy policy.

Other grains, such as rice, barley, oats and sorghum, also trade, but corn, wheat and soybeans have the deepest futures markets.



Figure 1. Each of the three main crops has a different main use, so each responds to different news.

Who grows and who sells

Grain trade is dominated by a few exporting countries, while buyers are spread around the world.

Corn: the United States is the largest producer and exporter. It is expected to supply around 40% of world corn exports in the 2025/26 season, ahead of Brazil, Argentina and Ukraine.

Soybeans: Brazil overtook the US as the largest producer in 2017/18 and now dominates trade. S&P Global expected Brazil to grow a record 42% of the world's soybeans in 2025/26 and to supply close to 60% of world exports, while the US share fell to about a quarter. **China** is by far the biggest buyer, so US and China trade relations move soybean prices.

Wheat: Russia is the world's largest exporter, with about 46.5 million tonnes shipped in the 2025/26 season, roughly a fifth of world wheat trade. The European Union, Canada, Australia, the United States, Argentina and Ukraine follow. Egypt, Indonesia, Turkey and other countries are major importers.

Because exports come from a few places, a drought in one region, a war near the Black Sea or a change in export taxes can move world prices.

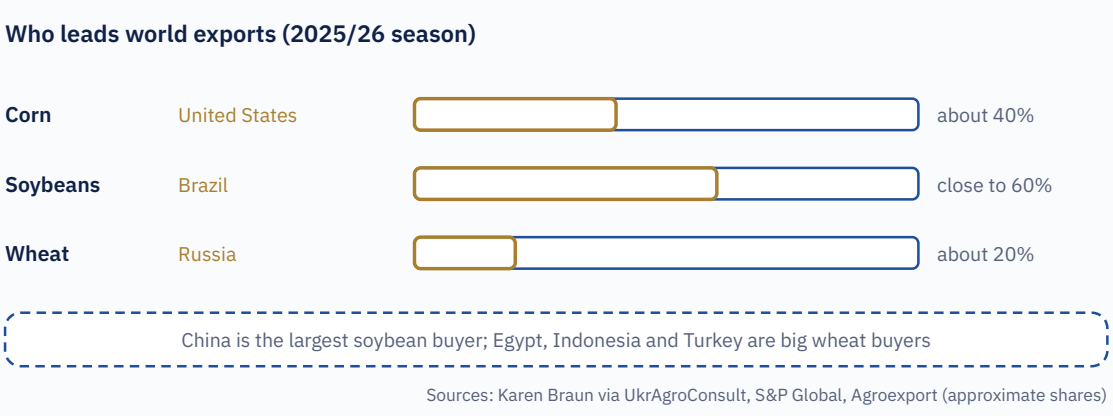


Figure 2. A few countries lead world grain exports. Shares are approximate.

The crop calendar and the weather market

Unlike oil or copper, a crop is produced once a year in each region. That gives grain prices a **calendar**. In the US, corn is planted in April and May and harvested from September to November. Soybeans are planted a little later and harvested at about the same time. Winter wheat is planted in autumn and harvested in early summer.

In the southern hemisphere the seasons are reversed. Brazil plants soybeans from September to December and harvests them from January to April. So the world has two big soybean harvests a year, one in each hemisphere.

The most nervous period for US corn and soybeans is **June to August**, when the crops flower and fill. A heatwave or a dry spell at that time can cut yields sharply. Traders call this the **weather market**: prices react to every weather forecast. After harvest, when the size of the crop is known, the weather premium usually fades.

The grain calendar (typical months)

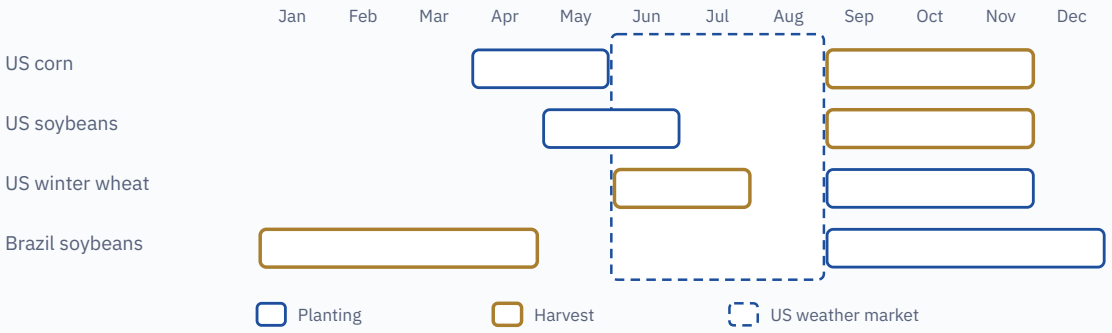


Figure 3. Typical planting and harvest months. Months run from left to right in every language.

EXAMPLE: TRADING THE FORECAST, NOT THE WEATHER

In early July, David sees that weather models predict a hot, dry two weeks across the US Midwest just as corn starts to flower. Corn futures rise before a single plant has suffered, because traders price the risk of a smaller crop. Two weeks later, rain arrives and the forecast turns cooler. Corn falls back, even though nothing changed in the fields. In the weather market, prices move on forecasts, and they can reverse as fast as the forecasts do.

WASDE: the report that moves grains

Every month, the US Department of Agriculture (USDA) publishes the **World Agricultural Supply and Demand Estimates**, known as **WASDE**, at 12:00 noon US Eastern time. It gives a **balance sheet** for each crop, for the US and for the world.

A balance sheet starts with **supply**: stocks left from last year, plus this year's production, plus imports. Then it lists **use**: feed, food, ethanol or crushing, and exports. What remains at the end of the season is **ending stocks**. Traders divide ending stocks by total use to get the **stocks-to-use ratio**. A low ratio means there is little cushion if something goes wrong, so prices tend to be higher and more nervous.

Production itself is **area times yield**: how many acres are harvested and how many bushels each acre produces. Small changes in yield on a huge area change the balance sheet a lot.

Other USDA reports matter too: weekly **Crop Progress** (crop condition ratings), **Prospective Plantings** at the end of March, **Acreage** and quarterly **Grain Stocks** at the end of June, and weekly export sales.

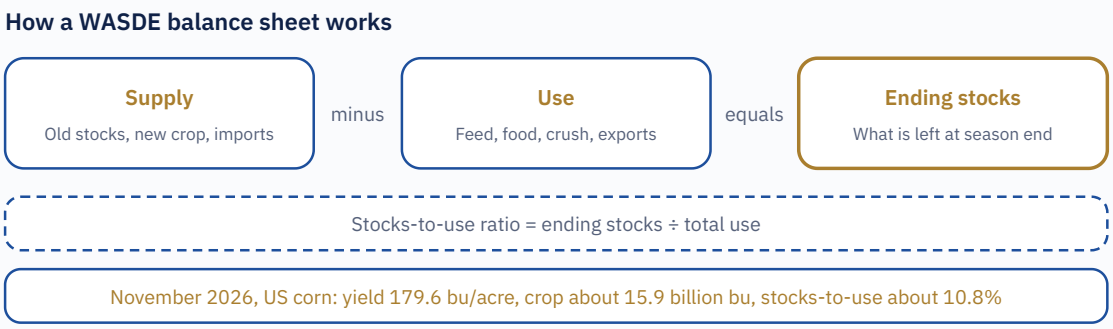


Figure 4. The balance sheet that every WASDE report updates.

REAL EXAMPLE: THE NOVEMBER 2026 WASDE

Before the November 10, 2026 report, December corn had fallen more than $1.10 a bushel, about 20%, from a three-year high near $5.50 in early September, after USDA had raised its crop estimate in October. Traders expected another big crop.

Instead, USDA cut the US corn yield by 1.6 bushels per acre to 179.6, lowered production to about 15.9 billion bushels and trimmed ending stocks, leaving a stocks-to-use ratio of about 10.8%. Soybean ending stocks also came in tighter than expected, near 300 million bushels. Corn jumped, and January soybeans rose more than 35 cents to above $12.24. A single number, the yield, turned the market around in minutes.

Cents per bushel: reading a grain price

The main grain futures trade on the **Chicago Board of Trade (CBOT)**, part of CME Group. Grains are measured in **bushels**, an old volume unit. By convention a bushel of corn weighs 56 pounds, and a bushel of wheat or soybeans weighs 60 pounds.

Contract	Code	Size	Quoted in	Tick
Corn	ZC	5,000 bushels	US cents per bushel	1/4 cent = $12.50
Soybeans	ZS	5,000 bushels	US cents per bushel	1/4 cent = $12.50
Chicago wheat (soft red winter)	ZW	5,000 bushels	US cents per bushel	1/4 cent = $12.50

A corn price shown as **450** means 450 cents, or $4.50 per bushel. One full cent on a 5,000-bushel contract is worth **$50**, so a 10-cent move in corn changes the value of one contract by $500. Smaller mini contracts of 1,000 bushels also exist.

There are other important grain markets: Kansas City hard red winter wheat (also on CME Group), Euronext milling wheat in Paris, and soybean, meal and corn futures on the Dalian Commodity Exchange in China. Soybean meal and soybean oil also have their own futures in Chicago.



Figure 5. How one cent per bushel becomes $50 per contract.

Grain markets in 2026

2025 was a year of big harvests. Most major wheat exporters grew at least 10% more wheat than the year before, Brazil grew a record soybean crop, and prices stayed low. Low prices squeezed farm profits, and early estimates pointed to fewer wheat acres in the US and Russia for 2026/27.

In 2026 the picture moved several times. Corn and soybeans rallied into late summer: December corn reached a three-year high near **$5.50** on September 2, and soybeans a two-and-a-half-year high near **$13.50** on September 11, supported by strong biofuel demand and Chinese buying. Then USDA raised its crop estimates in October, and prices fell sharply: corn by about 20% and soybeans by up to 12%.

The November WASDE reversed part of that drop. For wheat, USDA left the US crop unchanged at 1.534 billion bushels, raised ending stocks slightly to 743 million bushels and trimmed its season average price forecast to $6.20 per bushel.

The lesson: grain prices are a contest between the size of the crop and the strength of demand, and the estimates of both change every month.

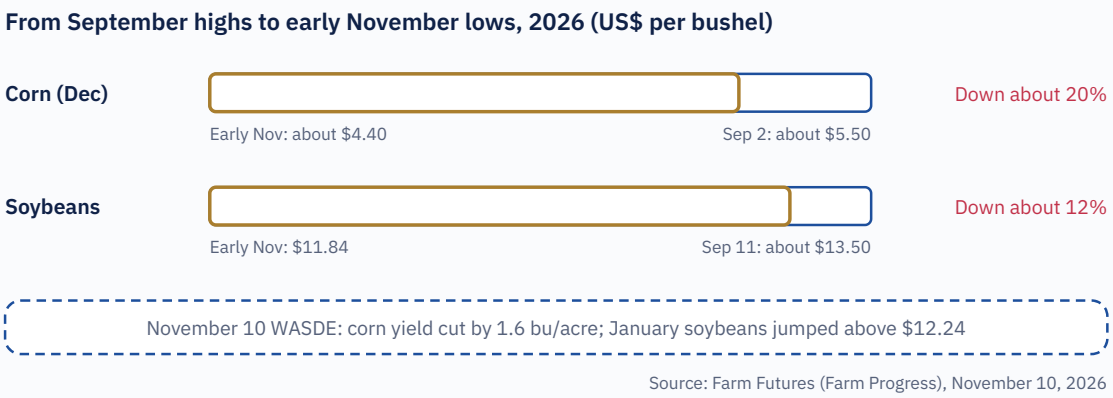


Figure 6. Corn and soybeans fell sharply after their September highs, before the November WASDE turned them higher.

Why this matters for traders

- **Know the calendar.** Planting, the summer weather market and harvest each have their own risks. Brazil's season runs opposite to the US.
- **Mark report days.** WASDE (around the 10th of each month), the end-of-March and end-of-June reports and weekly Crop Progress can cause sudden moves. Many traders reduce positions before them.
- **Watch the weather models.** In June to August, forecasts for the US Midwest drive corn and soybeans. Watch Brazil and Argentina from November to March.
- **Follow trade policy.** China's soybean purchases, export taxes and Black Sea shipping can change the flow of grain quickly.
- **Convert the price correctly.** Quotes are in cents per bushel; one cent on a full contract is $50.

Key terms

Bushel	A volume unit used for grains. A bushel of corn weighs 56 pounds; wheat and soybeans weigh 60 pounds.
Oilseed	A crop grown mainly for oil and meal, such as soybeans or rapeseed.
Crush	Processing soybeans into soybean meal and soybean oil.
WASDE	The USDA's monthly World Agricultural Supply and Demand Estimates report, with balance sheets for each crop.

Ending stocks	The amount of a crop left over at the end of the marketing year.
Stocks-to-use ratio	Ending stocks divided by total use; a measure of how much cushion the market has.
Yield	How much crop is produced per unit of land, in bushels per acre in the US.
Weather market	The period, mainly June to August for US crops, when prices react strongly to weather forecasts.

Key takeaways

1. Corn mostly feeds animals and makes ethanol, wheat mostly feeds people, and soybeans are crushed into meal and oil.
2. The US leads corn exports, Brazil leads soybeans with close to 60% of world exports, and Russia leads wheat.
3. Crops follow a calendar. June to August is the US weather market, and Brazil's soybean season runs opposite to the US.
4. The monthly WASDE report sets the balance sheet. Ending stocks and the stocks-to-use ratio are the numbers traders watch most.
5. CBOT grains are quoted in cents per bushel; contracts are 5,000 bushels, so one cent is $50.
6. In 2026 corn and soybeans rallied into September, fell after a bigger crop estimate, and bounced when the November WASDE cut the corn yield.

Test yourself

Circle one answer for each question. The answer key with explanations is on the next page. You can also take this quiz online at markettalks.info and see your score instantly.

1. What is most corn used for?

- A Bread and pasta
- B Animal feed and ethanol
- C Cooking oil only
- D Paper making

2. Soybeans are crushed into which two products?

A Flour and bran
B Soybean meal and soybean oil
C Ethanol and sugar
D Starch and gluten

3. Which country is the world's largest soybean exporter?

A United States
B China
C Brazil
D Russia

4. Which country is the largest wheat exporter?

A Russia
B Brazil
C Japan
D Egypt

5. Why are US corn and soybean prices often most volatile from June to August?

A Because exchanges close in winter
B Because crops are flowering and filling, so weather forecasts can change the expected yield
C Because Brazil harvests in July
D Because WASDE is not published in summer

6. In a WASDE balance sheet, what does a low stocks-to-use ratio usually mean?

A There is a large cushion and prices tend to be calm
B There is little cushion, so prices tend to be higher and more nervous
C The crop has not been planted yet
D Exports are banned

7. **A corn futures price is shown as 425. What does that mean?**

A $425 per bushel

B 425 cents, or $4.25 per bushel

C $425 per tonne

D 4.25 cents per bushel

8. **Corn rises 8 cents. How much does the value of one 5,000-bushel contract change?**

A $8

B $40

C $400

D $4,000

Answer key

1 B

Animal feed and ethanol

Most corn feeds livestock or is turned into ethanol fuel. Wheat is the grain used mainly for human food.

2 B

Soybean meal and soybean oil

Meal is a protein feed for animals, and oil is used for cooking and biofuels.

3 C

Brazil

Brazil supplies close to 60% of world soybean exports. China is the largest buyer.

4 A

Russia

Russia exported about 46.5 million tonnes of wheat in 2025/26. Egypt is a major importer.

5 B

Because crops are flowering and filling, so weather forecasts can change the expected yield

This is the weather market. Heat or dryness at this stage can cut yields, so prices react to every forecast.

6 B

There is little cushion, so prices tend to be higher and more nervous

Little left over relative to use means any problem can cause a shortage, so the market pays more attention to risk.

7 B

425 cents, or $4.25 per bushel

CBOT grains are quoted in cents per bushel, so 425 means $4.25.

8 C

$400

One cent on 5,000 bushels is $50, so 8 cents is $400.

SOURCES

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