90 Days Calories, Black Sea, and Washington

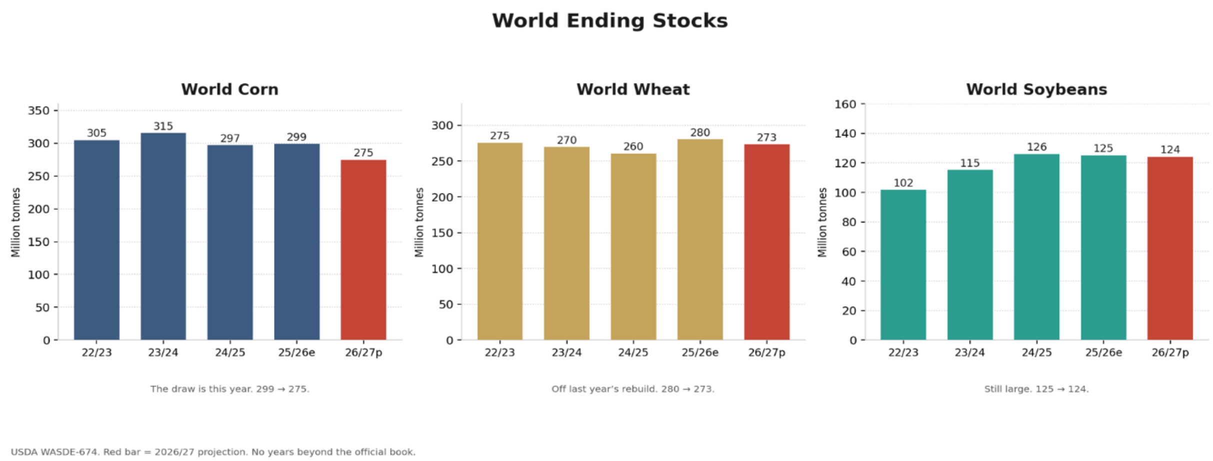
Sept 7, 2026

In my opinion the ag complex is entering a bull market. The foundation is already laid — geopolitics, energy, and the supply-demand of the three crops that set price for everything else: corn, wheat, and soybeans.

USDA has world ending stocks falling this year:

- Corn 299 → 275 Mt
- Wheat 280 → 273 Mt
- Soy 125 → 124 Mt

Those are the official numbers. I believe the data is tighter.



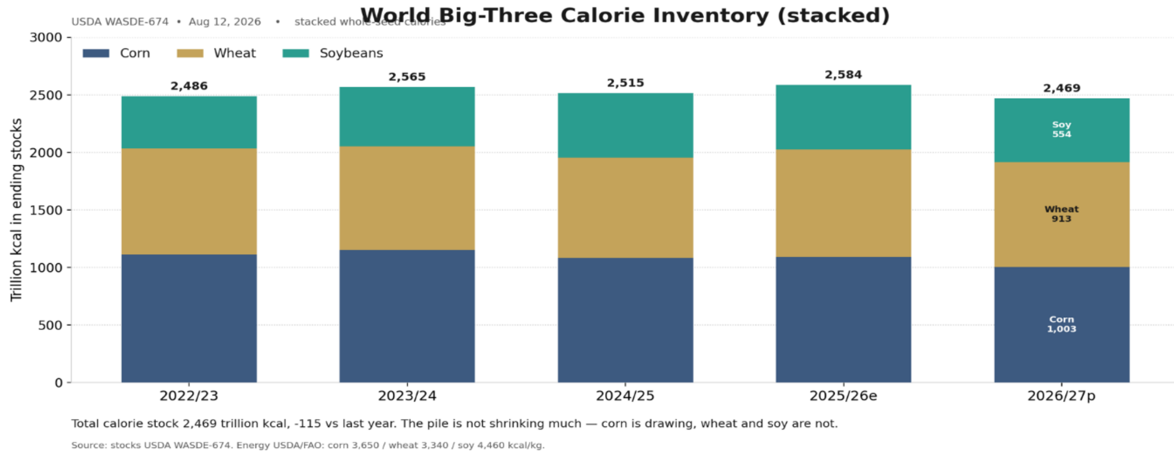
I converted the three into calories because that is what the market actually buys.
Last year, the stack was **2,585 trillion kcal**. This year, USDA has it at **2,470**. That drop matters more than the tonne lines.
Calories are energy, and energy is the currency of the world.

Corn, wheat, and soy are not three separate markets at the top of the complex. **They are three ways of delivering the same thing.** When that calorie pile shrinks, every related commodity — canola, barley, feed wheat, meal, oil, and pulses — has to bid for a smaller energy stack. **Tonnes hide that. Calories do not.**

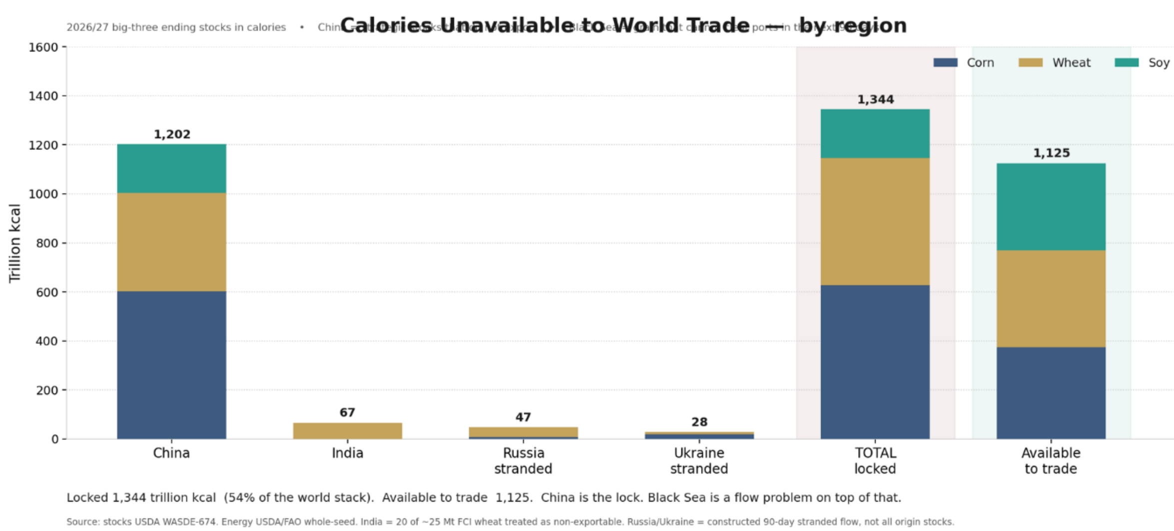
Almost half of the **2,470 Tcal sits in China** and does not trade. Strip China and the stack is about 1,268 Tcal. **Another ~76 Tcal of that — about 6% — sits behind Black Sea ports,** so the pile the rest of the world can **actually trade is closer to 1,192. - That is the real bull case.**

This market is being driven more by **geopolitics and logistics than by traditional supply and demand alone.** That, by itself, is a reason to take notice — and to run risk management, **not a store-and-forget strategy.**

Below is the chart of ending stocks converted to calories. The stack is not in a straight multi-year slide — it rebuilt into last year at 2,585 trillion kcal — but this year USDA takes it down to 2,470. That is the world reducing the overall energy pile, which tightens the S&D.



Things get more interesting once you realize half the calorie stack is locked in China. It is in the WASDE world number. It does not ship. That pads global stocks-to-use and makes the book look safer than the trade is. Strip China and 2,470 Tcal becomes about 1,268. Add Black Sea grain stuck in bins and the trade is working off closer to 1,192. The drop this year is larger than the headline.



With the setup in place, a quick look at what is already at play — and what still has to print in the next 90 days.

El Niño

This is a real threat. This one is expected to be a strong one. We can expect problems in India (already a problem), lower palm oil production in Southeast Asia, and a drier Australia. Midwest dryness is the maybe, not the lock — watch 2027 more than this combine. Overall a strong El Niño is not good for global production. That is why the rebuild is not a one-year story. First hit is Southern Hemisphere and Asia. Second hit is the next Northern Hemisphere crop if fertilizer and moisture both stay tight.

Tariffs for Canada

USMCA is in place. That is not a shield. Washington has already put 50% tariffs on other Canadian goods even when they qualify under the deal. Canola seed, oil, and meal were left off the July list. That can change in an afternoon. Treat it as a live threat, not a footnote.
The US is not a side market for canola oil. Crush in Canada is built on that pipe. If oil gets a tariff, the crush margin breaks, seed backs up on the Prairies, and the whole complex has to find another home that does not exist at that volume.
Same for cattle. In 2025 Canada sent about 585,000 head of slaughter cattle south — fed steers, heifers, cows, and bulls (AAFC). Three-quarters of Canadian boxed beef already goes to the US. A tariff on oil or on cattle is the same class of risk: the customer is next door, and there is no second customer that size.

Black Sea / Ukraine

Right now it is adding bullish pressure. If it gets solved, it becomes a real bearish threat. Wheat feels it first and hardest. Every time this corridor opens, shuts, or gets hit, the wheat market moves — and it moves a lot.

Europe drought and fertilizer

We know the crop this year is poor, and it’s a double whammy. One is the drought and heat. The other is lack of fertilizer at the critical time. Reports are coming out that there is a significant production shortfall across agricultural products this year.

USA wheat

HRW (Kansas wheat) is the wreck. Smallest crop in decades — drought and abandonment. That is why CPS is such a premium to HRS. That crop is in the bin. What we watch now is moisture as winter wheat goes into seeding and dormancy. Southern Plains are still dry. You can plant into dust. You cannot emerge without rain.

90-DAY SUMMARY — THE BULL CASE

World ending stocks of the big three are already falling. In calories that is 2,585 → 2,470. Half of what is left sits in China and does not trade. The pile the market can actually touch is a lot smaller than what the USDA says the supply is.
On top of that:

- Black Sea grain is stuck. Wheat feels it first.
- Europe had a poor crop — heat, drought, and thin fertilizer — and has to bid for feed.
- US HRW is a wreck. Winter wheat is going into dry seedbeds.
- A strong El Niño is on. India, Australia, and palm are the first hits. The rebuild is not this winter.
- Fertilizer access and price mean the next crop does not snap back in one season.
- Tariffs are the wild card, not the base. Canola oil and cattle still move south. If that pipe breaks it is chaos. If it holds, the Prairie complex still prices off a tighter world energy stack.

THE THREE THAT CAN ACTUALLY KILL THIS BULL IN 90 DAYS:

1. BLACK SEA STARTS SAILING

Biggest and fastest. The grain is already grown. If loadings recover and insurance comes back, wheat gives back the geo premium first and the whole pressure eases.

2. WASHINGTON HITS CANOLA OIL OR CATTLE

Not a world-stock story — a Prairie-pipe story. Crush and the feeder complex are built on the US. A tariff does not tighten the world book. It blows up the Canadian bid and can turn a bull market into a basis nightmare at home.

3. WET SOUTHERN PLAINS + A QUIET NIÑO FINISH

If winter wheat emerges and Australia/India do not lose the tonnes the market is pricing. The weather premium dies.

WHEAT (CWRS, CPS)

World wheat is no longer a comfortable surplus. EU heat cut production. Australia is set up smaller under El Niño. Black Sea wheat is harder if not impossible to load and insure.
Canada's 2026-27 wheat crop is down from last year's big one. Supportive — but tonnes are still adequate if quality is good and farmer selling is aggressive. This is not a "no wheat" year. It is a "normal wheat" year.

CANOLA

This is the core oilseed bull in a Prairie book. Demand is crush first, export second.
The official sheet still shows a large 2026 crop — about **21 Mt** in AAFC's July work — with carry-out tightening toward **~2.1 Mt**. That is not what the trade believes. Canola stocks are down to fumes. And with this poor growing season, my intel says production is closer to **19 MMT**.
We have also added large crush capacity — **15 MMT**. **That is the bull.** Official tonnes still look comfortable. Trade tonnes do not. If crush runs at that clip, the only way to ration it is price. Seed that was supposed to export has to stay home first.

CORN

Simply put, corn at $5.50/bu US is not attractive to the Canadian feedlot. Freight and the exchange rate do the rest. That bushel does not come into Alberta or Saskatchewan in size. Prairie feed stays barley and feed wheat.

BARLEY

My intel has a very strong export program underway. That is the bid the cash market has not fully admitted yet.
Harvest barley is plentiful nearby, so feed can stay capped into fall. If that export program is as strong as it looks — and Black Sea feed barley and wheat stay bottled up — Prairie feed firms from late fall into winter as local supplies get claimed. US corn at $5.50 does not come in here and cap it.

SOY COMPLEX (BEANS, MEAL, OIL)

Canola has been trading in lockstep with the soybean oil complex. That is not a coincidence. We sell oil. Soyoil sets the world's oil bid, and canola walks with it.

YELLOW PEAS

Most potential to rally.
Canadian area was cut hard. On an average yield, the yellow crop can be about **30% smaller** year-on-year, and exporter supplies tighten even after last year's carry-in. Yields have been all over the map — extreme low to average. Very few records.
Russia has been the big competitor into China and South Asia. Black Sea disruption makes Canadian origin relevant again.

India extended duty-free yellow peas (and urad) through **March 2027**, and the monsoon has been **very short**. That is real import demand, not a talking point.

GLOBAL PRODUCTION BY REGION

Prairies
Coming off big 2025 crops. 2026 yields look more normal than record. Wheat yield should be good. Canola is looking disappointing. Yellow peas tighter. Quality is the open question, not just yield.

United States
Wheat down hard year-on-year. Corn off the record but still heavy. Soy acres and production up. Sept 11 WASDE is the next official yield stamp.

Black Sea (Russia / Ukraine)
Production is not the constraint. Loadings, insurance, and whether ships will call are the constraint. Russian wheat export pace was already weak before the worst of the port damage.

EU
Wheat production cut by heat. That reduces the export surplus and keeps milling wheat supported if Black Sea stays messy.

Australia
El Niño plus smaller area. Official outlooks already had a much smaller wheat crop in view. Old-crop stocks keep 2026-27 exports from falling off a cliff.

South America
Argentina is the classic El Niño winner for wheat now and corn/soy later — unless it floods. Brazil is mixed: drought/heat risk farther north, excess rain risk in the south.

India / South Asia
Weak monsoon threatens kharif pulses and sets up rabi risk for chickpeas, lentils, and peas. This is the pulse import wildcard.

Southeast Asia
El Niño stresses palm with a lag. That is the veg-oil kicker that can pull canola oil and soy oil into winter and spring.

WRAP-UP.

There is a real bull case this year: falling world stocks, grain that does not trade, a messy Black Sea, a wrecked US HRW crop, and a strong El Niño. That supports the complex.

This is not a store-and-forget year.

Canada's risk is access, not another supply-and-demand sheet. Crush and cattle are built on one US customer. USMCA is not a shield. If that pipe holds, we price off a tighter world book. If it breaks, the damage is dollars of basis, not pennies.

Sell strength when it shows. Watch Black Sea, weather — and Washington harder than both.

World stocks are the floor. Canadian access is the ceiling.

That is why we use real risk management when we market grain. We will miss the absolute top.

We will also build a system that keeps one headline from bankrupting the farm.

Thanks,
Greg