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AUGUST EDITION

This monthly MarketMix highlights the latest WASDE report findings and what that means for you, your customers and your operation.

TOP TOPICS FOR AUGUST

- Corn Futures Rally on WASDE
- Diesel, Fertilizer Costs Climb Higher
- Feed Buyers' Eye Basis Values
- Cheese Exports Break Records Again

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Fertilizer prices remain above year-ago levels. In August, urea was up 27% from last year, averaging $753 per ton.

A FEED AND FUTURES SNAPSHOT

Corn futures rallied a full $0.20 following the August *WASDE* report's release. The day started out firmer, with wheat markets leading the way on further escalation in the Black Sea region. A reduction in corn ending stocks - primarily driven by increased export demand in both the old-crop and new-crop balance sheets - set the market running in the second half of the session.

A bullish tone seems well established at this point, with average crop conditions in the US, continued deterioration of the European wheat crop, and concerns about severe headwinds for the upcoming South American growing season. Input price and availability, coupled with El Niño forecasts, will keep risk premium tacked onto that crop until late in the first quarter of 2027.

Barring a significant slowdown in exports or surprisingly better-than-estimated yield at harvest, corn futures are unlikely to return to the sub-$4.50 range in the near-term. Basis has been palatable in most Midwestern markets, and end users have been taking advantage. Futures should be the main driver in most feed purchasing decisions at this time, with consideration for options strategies to regain downside flexibility should we get a healthy break in prices going into harvest.

Soybean meal basis has taken on a softer tone in recent weeks, though proteins in general still seem to have more downside in this cash market. Strong export demand for Canadian canola and US soybeans through the end of 2026 has values elevated. But several

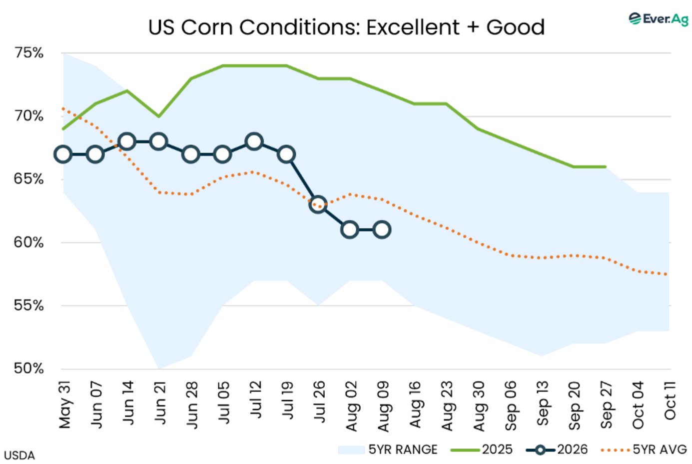
A FEED AND FUTURES SNAPSHOT CONTINUED

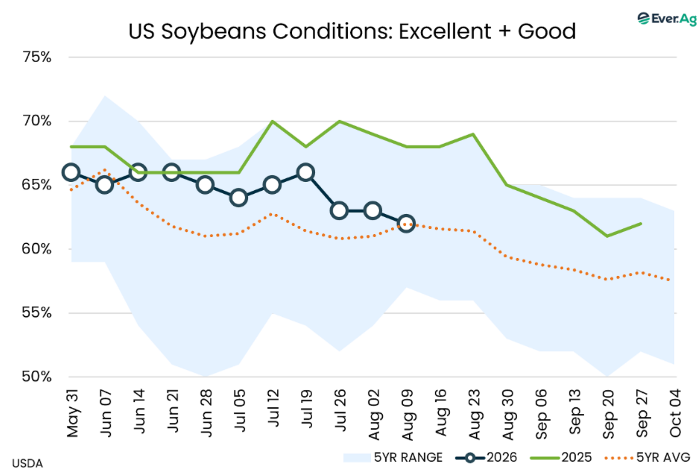
international trade agreements are due to expire or at least be renegotiated in the next few months. Failure to find common ground and extend those agreements could lead to greatly reduced export demand and softening basis values.

Soybean meal futures had a relatively tame response to the August *WASDE* data, finishing the day up just $4.00 per ton on average. A price of $300.00 per ton continues to be an area of support. If basis values for soybean meal, canola and bypass proteins are within $10 or so of last year's lows, many feed buyers are stepping in to their October-to-March needs or some portion of their clock exposure at current levels.

In its August *Crop Production* report, USDA pegged US corn production at 16.013 billion bushels, slightly ahead of expectations. Corn yield estimates reached 180.7 bushels per acre, falling short of expectations for 182.4 bushels per acre and the July *WASDE* estimate of 183.0 bushels per acre. US soybean production projections hit 4.520 billion bushels, ahead of the consensus call. Yield came in at 52.7 bushels per acre, below the pre-report prediction of 52.9 bushels and the July *WASDE* estimate of 53.0 bushels.

As of August 9, USDA rated 61% of the US corn crop in excellent or good condition, which fell slightly behind the five-year average of 63%. For soybeans, 62% of the crop was excellent or good, in line with the five-year average.





Fast Facts:

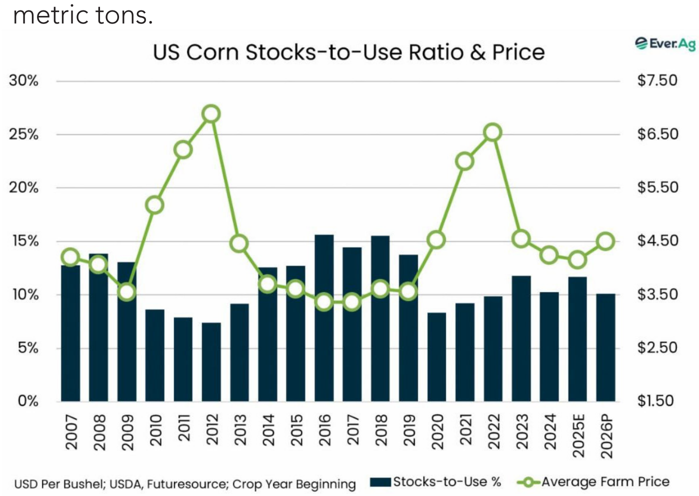
- Crop Progress Report

AUGUST WASDE DETAILS

USDA's August *WASDE* report landed neutral for old-crop corn. US ending stocks decreased to 1.945 billion bushels, down from 2.020 billion in July and below expectations for 1.999 billion bushels. Global ending stocks slipped to 298.83 million metric tons, down from 303.36 million in July.

The report leaned bullish for new-crop corn. USDA cut yield by more than two bushels per acre from the July report, bringing it to 180.7 bushels per acre. However, additional acres made up the difference, with total production coming in slightly above expectations at 16.013 billion bushels. USDA lowered ending stocks to 1.653 billion bushels, down from 1.790 billion in July and well below expectations for 1.725 billion bushels.

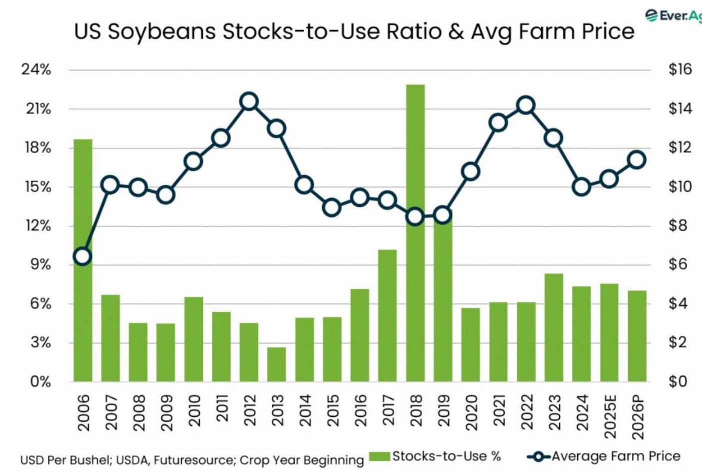
Exports increased by 75 million bushels to 3.275 billion following greater global demand and the potential for reduced grain shipments from Ukraine. World ending stocks tallied 274.66 million metric tons, ahead of expectations but below July's estimate of 275.26 million metric tons.



AUGUST WASDE DETAILS CONTINUED

This *WASDE* report was neutral for both old-crop and new-crop soybeans. Old-crop US stocks totaled 325 million bushels, close to expectations for 321 million. World ending stocks came in at 125.12 million metric tons, down slightly from last report's 125.52 million metric tons. The old-crop balance sheet was largely unchanged, other than a five-million-bushel revision higher to crush demand.

For new-crop soybeans, yield declined slightly to 52.7 bushels per acre, down from 53.0 bushels per acre in the July *WASDE* report. Overall production estimates, however, rose to 4.519 billion bushels, ahead of analysts' expectations. USDA lifted US ending stocks to 320 million bushels, up from 310 million bushels last month and ahead of analysts' expectations for 304 million. World ending stocks were nearly unchanged at 124.21 million metric tons and aligned with analysts' expectations.



Fast Facts:

- August WASDE Report

USDA WASDE Report: August 2026

2025-2026 US Ending Stocks (Billion Bushels)			
	Corn	Soybeans	Wheat
August	1.945	0.325	0.920
Consensus	1.999	0.321	0.942
Range	1.948-2.136	0.300-0.330	0.924-0.985
July	2.020	0.330	0.935

2025-2026 World Ending Stocks (Million Metric Tons)			
	Corn	Soybeans	Wheat
August	298.83	125.12	280.22
Consensus			
Range			
July	303.36	125.52	279.95

Source: Reuters, USDA

2026-2027 US Production Estimates (Billion Bushels)			
	Corn	Soybeans	Wheat
August	16.013	4.519	1.531
Consensus	15.934	4.472	1.525
Range	15.780-16.160	4.389-4.552	1.498-1.566
July	16.000	4.475	1.536
2026-2027 US Yield Estimates (Bushels Per Acre)			
	Corn	Soybeans	Wheat
August	180.7	52.7	47.8
Consensus	182.4	52.9	
Range	180.5-184.8	52.0-53.5	
July	183.0	53.0	47.9

2026-2027 US Harvested Area Estimates (Million Acres)			
	Corn	Soybeans	Wheat
August	88.600	85.800	32.100
Consensus	87.358	84.564	
Range	86.900-87.504	84.400-85.400	
July	87.400	84.400	32.100
2026-2027 US Ending Stocks (Billion Bushels)			
	Corn	Soybeans	Wheat
August	1.653	0.320	0.717
Consensus	1.725	0.304	0.715
Range	1.600-1.986	0.250-0.387	0.692-0.750
July	1.790	0.310	0.722
2026-2027 World Ending Stocks (Million Metric Tons)			
	Corn	Soybeans	Wheat
August	274.66	124.21	273.25
Consensus	273.77	124.24	271.77
Range	271.00-277.00	122.50-125.90	270.00-274.10
July	275.26	124.17	272.84

Source: Reuters, USDA

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FERTILIZER PRICES REMAIN ELEVATED

Fertilizer Cost Update: Illinois

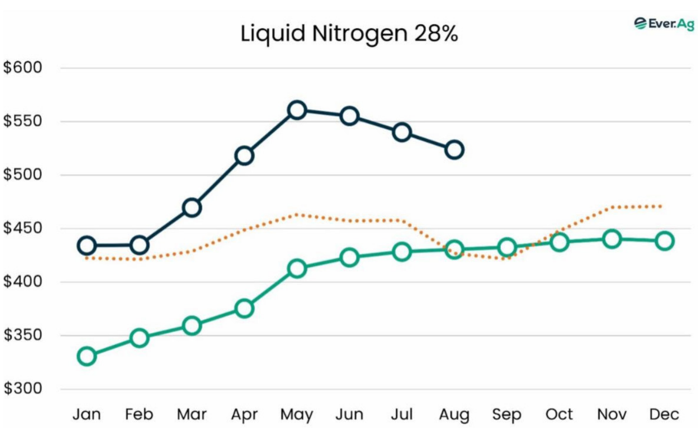
Product	Aug 26	Last Month	Change	Last Year	Change	Average	Change
Liquid Nitrogen 28% Spread	$ 524	$ 540	-3%	$ 431	+22%	$ 427	+23%
Anhydrous Ammonia	$ 916	$ 1,040	-12%	$ 786	+16%	$ 800	+14%
Potash	$ 497	$ 499	-0%	$ 485	+2%	$ 587	-15%
DAP	$ 912	$ 881	+3%	$ 851	+7%	$ 783	+16%
Urea	$ 753	$ 753	0%	$ 594	+27%	$ 601	+25%
Farm Diesel	$ 4.65	$ 4.16	+12%	$ 3.01	+54%	$ 3.31	+41%

Monthly Average in Illinois, USD Per Ton for Fertilizer, USD Per Gallon for Diesel; USDA, Ever.Ag Calculations

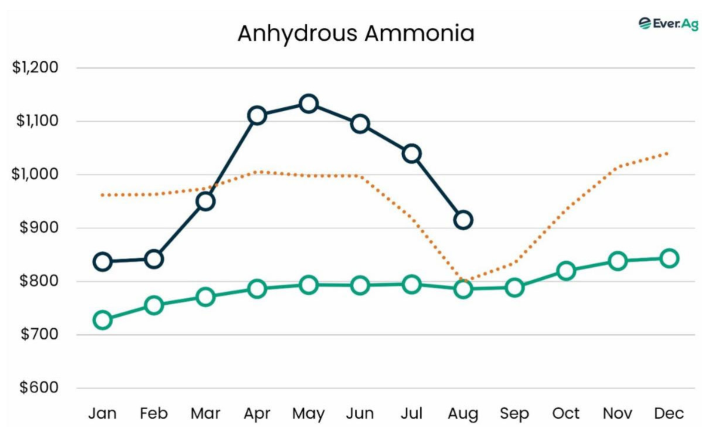
Continued conflict in the Middle East has kept energy prices elevated. Farm diesel is up to $4.65 per gallon, compared to $4.16 per gallon last month and $3.01 per gallon last year.

Fertilizer prices also remain above year-ago levels. In August, urea was up 27% from last year, averaging $753 per ton. Liquid nitrogen 28% was $524 per ton, a 22% increase year-over-year. Anhydrous ammonia was 16% higher, reaching $916 per ton. DAP climbed to $912 per ton, up 7%, and potash was $497 per ton, 2% higher than August 2025.

Talks between the US and Iran to reopen the Strait of Hormuz have made little progress. Meanwhile, Iran has been in discussions with Oman over a different shipping route through the strait. This would include a service-based transit fee for vessels traveling through the strait. Global shipping associations have spoken out against the proposed fee, warning they could raise costs for farmers and consumers and disrupt global trade.



Illinois, USD/Ton, Monthly Average of Biweekly Prices; USDA, Ever.Ag



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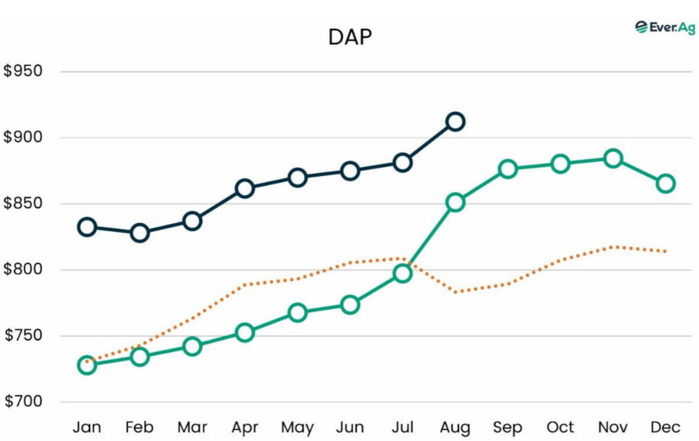

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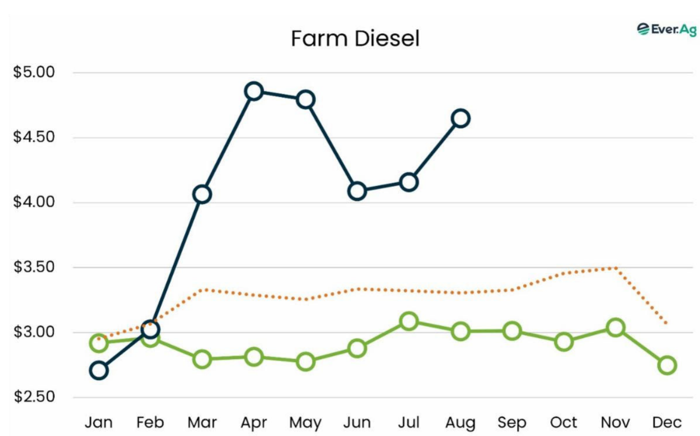

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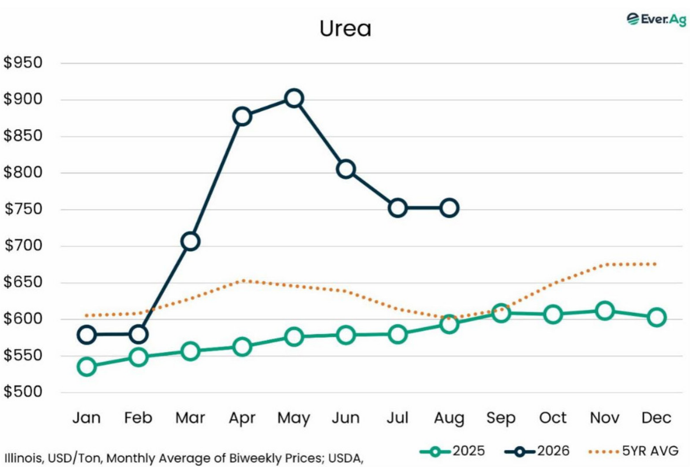
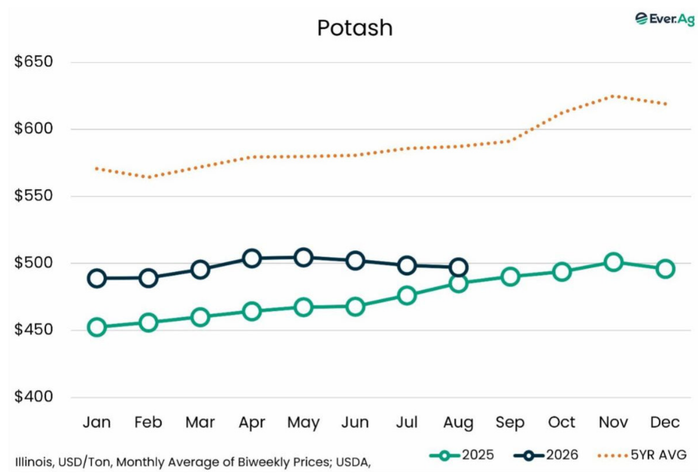
FERTILIZER PRICES REMAIN ELEVATED CONTINUED





Fast Facts:

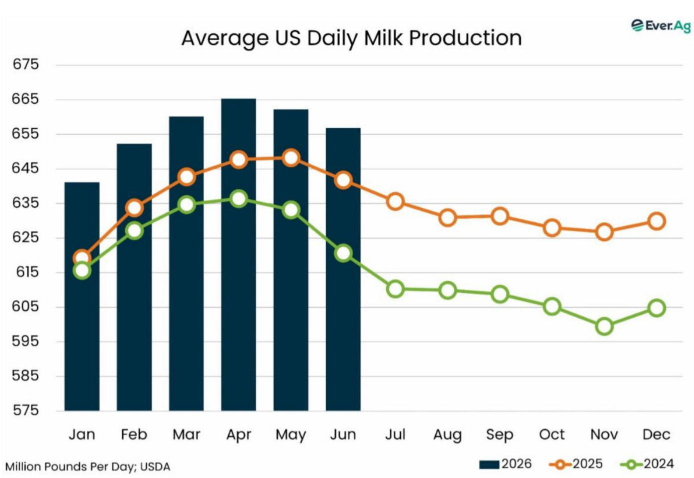
- New Hormuz charges could ripple through energy and consumer prices.

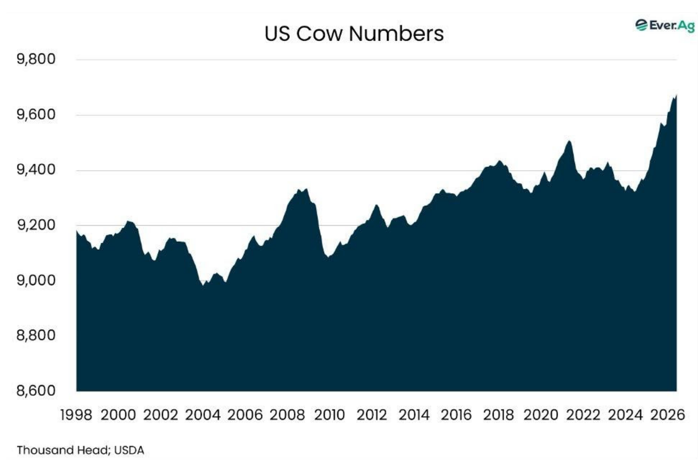
MILK OUTPUT GROWTH CONTINUES

US milk output has surpassed year-ago levels for 18 consecutive months now. June milk production rose 2.3% year-over-year to 19.7 billion pounds, with all dairy regions logging growth. Year-to-date, milk output totaled 119 billion pounds. That's up 2.7% compared to the first half of 2025. Milk solids output is also outperforming 2025 levels. According to USDA, the average on-farm fat test rose to 4.31% in May, up from 4.24% a year earlier.

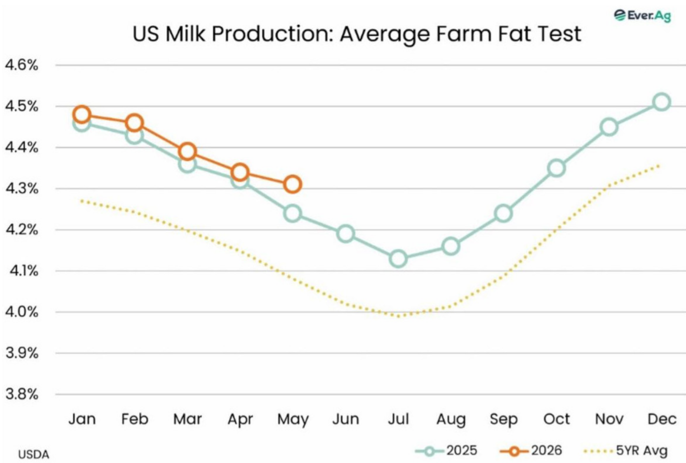
Cow power has been driving this output growth. The US dairy herd sits at 9.7 million head, the biggest herd size in more than three decades. Halfway through the year, cow numbers were up 192,000 head from last June. Even though beef prices have fallen from their highs, dairy producers are still hanging onto cows longer to produce valuable dairy-beef calves.

Domestic cheese demand has been uninspiring, so exports remain a vital outlet for US cheese. US cheese exports set several monthly volume records in 2026, and the latest came in June, with a record 142 million pounds (+28% year-over-year) of US cheese shipped. Year-to-date, cheese exports have surpassed 800 million pounds, beating 2025 shipments by 24%. Butter exports also impressed in June, up 35% year-over-year to 19 million pounds. Lower US prices compared to global competitors continue to pull in buyers. On the other hand, milk powder exports slowed in June amid less competitive prices. Powder shipments totaled 106 million pounds, down 19% from a year ago.





MILK OUTPUT GROWTH CONTINUES CONTINUED



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Fast Facts:
- Milk Production Report

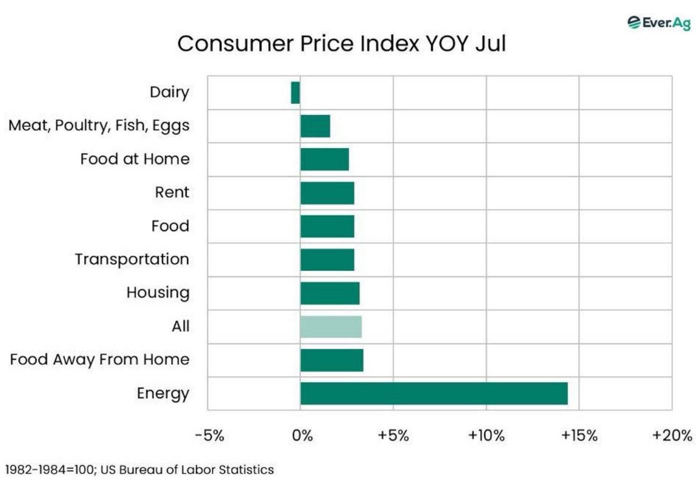
CONSUMER SENTIMENT IMPROVE BUT CONCERNS

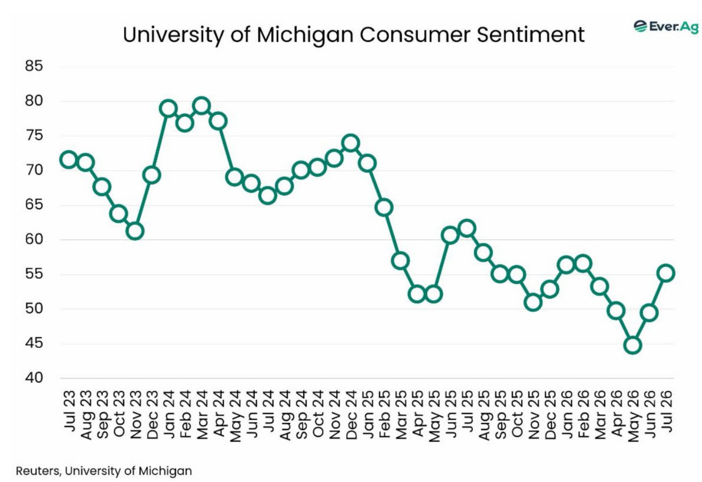
Gas prices have come off the highs but are still elevated compared to earlier this year before the war with Iran. Energy costs continue to be the driver in headline inflation, which was up 3.4% in July but slightly below June's 3.5%. Grocery prices increased 2.7% on the year but were flat month-over-month. The Food Away From Home index ticked up 3.4% on the year and +0.3% month-over-month.

Consumer sentiment rose in July, to reach a reading of 55.2 in the University of Michigan Survey of Consumers. That was up from 49.5 in June but was still well below last July's reading of 61.7. Consumers are still worried about things like purchasing power while conflict in the Middle East creates uncertainty.

Americans are pulling back on certain purchases, and this includes dining out at restaurants. Quick-service restaurant weekly foot traffic has been down year-over-year every week since late April, according to Placer.ai data. Major pizza chains seem to be performing better than burger chains as of late, but overall second quarter performance for most quick-service restaurants was disappointing. Restaurant meals utilize a lot of cheese, so this trend is bearish for the dairy industry.

On the other hand, consumers are still interested in high protein whey products. Circana data showed that ready-to-drink protein beverage volume was up 14% year-over-year in June. Ready-to-mix products were up 7%, which was in line with the previous 12 months despite rising prices. General wellness appears to be a trend among consumers, with Placer.ai measuring foot traffic at fitness centers increasing more than 3% year-over-year in the second quarter and +4% in July.





Fast Facts:
- Inflation cools but prices remain elevated
- Consumer sentiment perks

D&D INGREDIENTS LLC
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WHAT'S IN IT FOR YOU?

Top Takeaways From This MarketMix

The Bottom Line

1. Corn futures are unlikely to dip below $4.50 near-term
2. Fertilizer costs remain sharply elevated — urea is up 27% YoY to $753/ton, with potential transit fees threatening to push energy and input costs higher.
3. US milk production keeps climbing with a 2.3% YoY increase and the largest dairy herd in 30+ years
4. Consumer sentiment ticked up but stayed fragile

50 years officially recognized by Congress! During the 50th celebration in July, D&D Ingredients received a Congressional Record from our Rep. Jim Jordan (OH-4), honoring five decades of service to the feed and pet ingredients industries — and to the great state of Ohio.

Fifty years doesn't happen without great people. Thank you to every employee, partner, and customer who's been part of this journey.

Here's to the next 50.

D&D Ingredients is now on LinkedIn! Follow us!