MAJOR QUESTION FOR NEXT WEEK:
Will China buy more US Ags?

Next week, multiple Chinese officials travel to Washington DC for meetings with their US counterparts, and the item most important to our ag markets is this: **Will China walk away with an agreement to buy $17 billion worth of US ag goods?** The meetings begin Sunday with US Treasury Secretary Scott Bessent and US Trade Representative Jamieson Greer set to meet Chinese Vice Premier He Lifeng for final preparatory talks on trade, tariffs, rare earths, AI, and related issues. Chinese Foreign Minister Wang Yi and US Secretary of State Marco Rubio already held a phone call today (September 17) focused on high-level exchanges ahead of the visit. And then US President Donald Trump and Chinese President Xi Jinping are scheduled to meet at the White House on Thursday, September 24.

Let's first review some background here: Following Trump's visit to Beijing in April, the White House announced a $17 billion annual deal for ag products to go to China. This $17 billion annual amount is in addition to the US soybeans purchase agreement that China agreed to in October 2025. And reportedly, in exchange, China would get a break in tariffs, which we are told would add to $70-$80 billion annually. But, there is more than simple math that will complicate this deal:

There are three major themes that point towards no ag deal:

1. The US and China have multiple other issues to deal with. AI, China giving aid to Iran, US stopping Iranian crude going to China, China trying to get rid of the US dollar as the global currency for trade, etc.
2. China does not need or want any more feed grains. Their current corn prices are low, hog margins are bad, and corn import margins are negative. If they did actually want corn, Brazil and Argentina are cheaper.
3. China is well into a 50 year master plan of doing whatever it can to destroy the US. So, it will continue to lie, cheat and steal and this meeting will not change that.

But there are three items that suggest an ag deal may occur.

1. Given a WTO ruling against China in 2004, China has to allow 7.2 million tons of corn imports to occur under a 1% import tariff. So, some argue, if they have to allow corn to come in, why not US corn?
2. Many have felt that China will do whatever is required to punt the ball further down the field and get past the next 2 years of Trump with the expectation that the next administration could be more friendly to China.
3. If the agreement is that China spends $17 billion on US ag goods, then it gets $70-$80 billion break in tariffs, that math is simple.

But, at the end of the day, its still China. And the list of agreements China has broken is much too long to publish here. If they agree to anything, they may or may not ever follow through and actually do it.

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I have put together some reasonable guesses of what China could purchase if they do agree to the $17 billon in US ag goods. And we quickly come to 2 conclusions: 1. The $17 billion will very likely have to include soybeans. And 2. If the agreement includes corn, it will take at least 7 million tons to make much of a difference.

US Annual Ag Exports to China (millions of dollars)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 Jan-Jul	Annual Amount	% of last 3 yr avg	Notes	Current Port Price
Oilseeds and Products	10,626	14,543	12,378	3,252	8,139	14,427	14,324	18,080	15,243	12,803	3,131	5,090	2,850			
Soybeans	10,489	14,203	12,224	3,119	8,005	14,066	14,116	17,917	15,057	12,637	2,996	4,915	2,650	26%	5 mmt	$530 per mt
Other Oilseed or Products	137	340	154	133	134	361	208	163	186	166	135	175	200	123%		
Grains and feeds	4,889	2,593	2,115	1,332	888	3,721	8,744	8,844	4,304	2,984	874	1,381	4,105	151%		
Corn	163	40	142	50	55	1,240	5,057	5,211	1,631	331	2	7	1,785	273%	7 mmt	$255 per MT
Sorghum	2,115	1,030	838	521	186	1,145	1,781	1,813	1,194	1,232	86	883	690	82%	3 mmt	$230 per MT
Wheat	160	205	351	106	56	570	768	392	390	441	16	66	630	223%	2 mmt	SRW $315 per mt
Other Grain and Feed	2,451	1,318	784	655	591	766	1,138	1,428	1,089	980	770	425	1,000	106%	don't want DDG's	
Dairy and Products	452	387	577	498	373	539	701	803	607	584	523	314	750	131%		
Poultry and Products	74	46	53	65	22	774	911	1,113	753	542	292	176	750	142%		
Livestock and Meats	1,888	1,844	1,810	1,403	2,022	3,252	4,204	4,363	3,860	3,481	1,911	912	4,000	130%	More organs and hides, higher price	
Tobacco and Products	198	172	163	158	3	0	170	178	228	242	234	35	250	107%		
Cotton, Linters, and Waste	860	554	978	926	707	1,826	1,333	2,792	1,552	1,475	216	188	2,000	185%	More from US, less others, price up 25%	
Horticultural Products	1,000	1,040	1,165	1,250	1,460	1,603	1,933	1,644	2,072	2,010	893	635	2,200	133%		
Sugar and Tropical	122	114	105	133	111	92	107	95	99	131	121	79	150	128%		
Planting Seeds	119	88	131	146	126	120	181	121	111	157	79	37	150	130%		
Ethanol and Products	135	313	83	82	-	51	162	2	1	1	1	1	5	500%		
Total	20,363	21,694	19,558	9,245	13,851	26,405	32,770	38,035	28,830	24,410	8,275	8,848	17,210			

As for meats, we expect more chicken parts and beef organs and cattle hides, but its hard to argue for more high value meal cuts. They don't want them and don't need them today.

Summary: If, and that is a big IF, China does agree to buy $17 billion of US ag goods per year, and they actually follow through and do it, then that is bullish US corn, soybeans, and wheat. And as such, next week these markets will be **ULTRA SENSITIVE** to any Chinese news.

Please let me know if there are any questions.

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