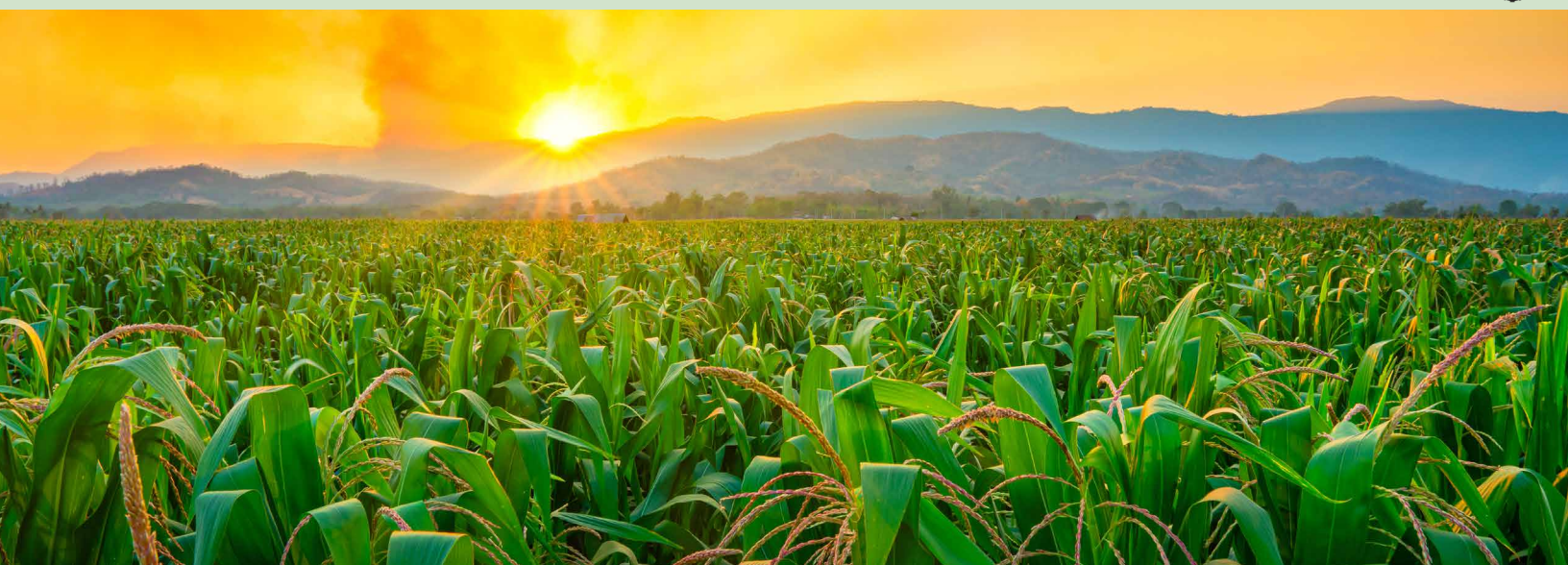




Corn and Soybean Basis Spread and Longrun Projections (Summary)

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WHAT IS THE ISSUE?

The U.S. agricultural sector entered marketing year (MY) 2025/26 amid projected shifts in crop production, export volumes, shipping costs, and total commodity exports. These changes can impact how corn and soybeans, the largest U.S. harvest crops, move through the domestic transportation network and affect basis spreads—the price differences between local collection points (often elevators where producers sell their crops) and export facilities. Because grain exports account for part of overall U.S. transportation demand, even small changes in export patterns can alter traffic patterns, logistical efficiency, and local market prices.

Although basis spreads are widely used indicators of geographical market performance, little is known about how expected export-driven changes are more likely to impact these spreads across the national transportation network. Prior research has focused on local supply and demand, transportation costs, and weather conditions. However, no study has examined how future export volumes, production shifts, and shipping costs combine to affect basis spreads across thousands of collection points. Understanding these relationships is critical for infrastructure planning and logistics management—particularly, given the rising pressures on ports, inland waterways, and rail networks.

This study addresses this gap in previous research by providing the first empirical assessment of how anticipated market conditions for MY 2025/26 would affect corn and soybean basis spreads across roughly 4,000 collection points connected to six exit ports and major global destinations. Moreover, the system developed here could be used for projecting basis into the future on the basis of any sufficiently detailed export projections, including any future USDA long-run international baseline.

HOW WAS THE STUDY CONDUCTED?

The analysis integrates USDA long-run projections into a geographically connected framework linking local collection points to U.S. export ports and foreign destinations. Four categories of projected market drivers—crop production, export volumes, shipping costs, and total export merchandise—were matched to county-level basis spreads for MY 2024/25 and MY 2025/26, allowing estimation of how changes in each driver influence basis spreads at the local level. To generate these estimates, the study first uses historical data to identify how local basis spreads typically respond to shifts in market conditions. These relationships are then combined with USDA's projections to predict basis spreads for MY 2025/26, alongside comparable estimates for MY 2024/25. The impact of projected changes is assessed by comparing the outcomes for the 2 years.

The study evaluates basis-spread changes across approximately 4,000 grain elevators in the Corn Belt, examining differences between the 2 marketing years and tracing these shifts through the export network. By breaking down results by county, port of exit, and crop, the analysis captures the full geographic and logistical complexity of the U.S. grain transportation system and its attributes. This approach makes it possible to identify not only national trends, but also regional variations and port-specific dynamics that shape local price responses.

WHAT DID THE STUDY FIND?

Projected modest declines in basis spreads, nationally. The results show that projected market conditions for MY 2025/26 are associated with modest but consistent declines in basis spreads at the national level. Average corn basis spreads are expected to fall by about \$0.026 per bushel, while soybean spreads are projected to decline by roughly \$0.021 per bushel from MY 2024/25 levels. These national averages, however, mask significant geographic differences. Reductions in corn basis of \$0.05-\$0.08 occur in western Minnesota, northern Iowa, eastern South Dakota, and eastern North Dakota as well as parts of Illinois. Reductions in soybean basis of \$0.04-\$0.08 occur in Minnesota, North and South Dakota, and Nebraska. These areas appear to be more sensitive than other regions to changes in production patterns, shipping costs, and export routes—all of which lead to larger changes in local basis spreads for the sensitive regions.

Differences across port regions. Differences across port regions further underline the uneven nature of basis spread changes. For corn and soybeans, the steepest projected declines are observed in collection points tied to Vancouver (neutral to -\$0.10), while the smallest declines are experienced by collection points that service Norfolk (mostly unchanged). Basis spread of collection points servicing the Toledo area are uniformly negative although not as severely affected as Vancouver. These patterns reflect the varying ability of transportation corridors and port infrastructures to absorb projected shifts in export demand and shipping costs.

Varying sensitivities among crops to different basis-spread drivers. The report's analysis also highlights that different market drivers matter for different crops. Corn basis spreads respond most strongly to changes in production and shipping costs, reflecting the influence of supply conditions and transportation expenses. Soybean basis spreads are more sensitive to projected export volume changes, underscoring the importance of international demand—particularly from China—and the relative inflexibility of northern supply chains serving that market.

Projected trends to alter regional and port basis spreads. Overall, projected changes in production, export activity, and transportation costs will alter basis spreads in ways that vary by region and port. These shifts have vital implications for infrastructure investment, logistics planning, and implementation. Anticipating where basis pressures are likely to intensify or ease can help industry stakeholders allocate resources more effectively, enhance the resilience of key transportation corridors, and support the competitiveness of U.S. grain exports in global markets. From a policy perspective these results point to the need for policies that address both long-term infrastructure investment and short-term congestion management, particularly during periods of peak export demand. Targeted, region-specific strategies—especially in more vulnerable northern corridors—along with improved logistics coordination and market diversification, may further strengthen system resilience and export competitiveness.

PREFERRED CITATION

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