

June 2026

Monthly Market Update



Profitability

What is this? AgWest conducts a profitability analysis of its core industries every quarter by surveying its lending, appraisal and insurance staff, and having discussions with industry experts. Results provide a high-level overview of the health of each industry. Actual profitability may vary significantly by operation. Below is a summary of our latest results.

Summary: The distribution of profitability across agriculture held relatively stable this quarter. Low prices, persistently elevated input costs and trade policy remain headwinds. Changes in profitability were modest overall. Conditions for apple producers and wine grape growers improved, but remain unprofitable. Meanwhile, profitability strengthened for dairy, alfalfa hay and timothy hay producers. The following table details current profitability and the 12-month outlook by industry in AgWest’s territory.

Industry	Current profitability	12-month outlook			Factors dictating 12-month outlook
		Bearish	Neutral	Bullish	
Almonds	Slightly profitable		X		A smaller 2026 crop and average inventory carryover of the 2025 crop should support prices.
Apple producers	Slightly unprofitable			X	Anecdotal reports suggest the 2026 crop will be notably smaller than the last three years and closer to the historical average. An average size crop is supportive of prices.
Apple packers	Slightly profitable		X		With a smaller 2026 apple crop, packer margins may tighten due to lower volume throughput.
Cattle feeders	Slightly profitable		X		Strong fed cattle prices and heavy carcass weights have helped offset higher feeder cattle costs.
Cow/calf producers	Very profitable		X		Record-high calf prices, driven by historically tight cattle supplies and strong beef demand, have more than offset elevated production costs.
Dairy	Slightly profitable		X		Improving milk prices and relatively low feed costs, combined with added revenue from elevated beef values, support modest profitability.

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		Bearish	Neutral	Bullish	
Lemons	Breakeven		X		Relatively weak market conditions will continue to pressure lemon prices.
Hay (alfalfa)	Slightly profitable			X	Tightening Western supplies and an expected reduction in hay production are helping rebalance the market, while increasing drought concerns are driving stronger domestic demand and improving alfalfa prices.
Hay (timothy)	Slightly profitable		X		Sustained export demand, limited high-quality supply and steady forage demand are supporting timothy hay profitability despite higher production and logistics costs.
Forest product mills	Breakeven		X		Low homeowner affordability continues to weigh on the housing market, resulting in relatively weak wood product demand and prices.
Timberlands	Slightly profitable		X		Log demand is limited as wood product mills face a weak housing market.
Oranges	Slightly profitable		X		Relatively strong markets along with fruit supply and quality are supportive of prices.
Pistachios	Breakeven		X		Challenging weather conditions may result in a very short 2026 crop. Producers with sufficient yields and/or crop insurance will fare better than their counterparts.
Potatoes (contracted)	Slightly profitable		X		Contract pricing has helped stabilize returns, but rising and unpredictable input costs are significantly limiting profitability.
Potatoes (uncontracted)	Unprofitable		X		Open market prices have collapsed amid oversupply, with returns far below production costs.
Wheat	Slightly unprofitable		X		Persistent margin pressure continues to weigh on wheat producers, as low prices and elevated input costs limit profitability, though tighter supplies and drought-driven yield risks may provide some price support in the months ahead.
Wine	Slightly unprofitable		X		Wine demand continues to soften and pressure the industry, particularly in the lower- to mid-range segments.
Wine Grapes	Slightly unprofitable		X		Weak demand and excess bulk wine inventories continue to pressure wine grape producers.