

March 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. Slight changes in profitability occurred over the last quarter, with apple packers as well as lemon, timothy hay and uncontracted potato producers weakening slightly. Conditions for wheat producers improved slightly, but remain unprofitable. 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 than expected 2025 crop along with reasonably strong demand are supporting prices.
Apple producers	Unprofitable			X	While apple supply continues to exceed demand and result in low prices, cost cutting and acreage removal should help improve profitability over time.
Apple packers	Slightly profitable		X		The large 2025 crop and strong consumer demand should continue to support packer profitability.
Cattle feeders	Profitable	X			Cattle feeders are currently profitable, supported by firm fed cattle prices and manageable feed costs. However, tighter feeder supplies and dry weather conditions pose growing headwinds.
Cow/calf producers	Very profitable		X		Tight cattle supplies, strong calf prices and steady beef demand are keeping cow/calf producers very profitable. Slow herd rebuilding is expected to support strong margins throughout the year.
Dairy	Breakeven		X		Slowing herd expansion and steady demand are balancing dairy markets, while elevated costs and ample milk supplies continue to limit upside. The neutral outlook favors disciplined cost management and cautious growth rather than expansion.

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		Bearish	Neutral	Bullish	
Lemons	Slightly unprofitable		X		Relatively weak demand and prices continue to challenge lemon growers. Larger than ideal fruit sizes and mixed quality will pressure prices for the 2026 crop.
Hay (alfalfa)	Breakeven		X		Alfalfa hay markets are expected to operate near breakeven in 2026, as relatively stable but low prices are magnified by high production costs and continued softness in export demand.
Hay (timothy)	Breakeven		X		Timothy hay markets are expected to operate near breakeven in 2026, as steady but limited demand is offset by elevated production expenses.
Forest product mills	Breakeven		X		Profitability is mixed and highly sensitive to small price changes. Less efficient mills are experiencing the most pressure. There is room for optimism heading into the 2026 peak construction season, but housing affordability remains a significant challenge.
Timberlands	Slightly profitable		X		While mills remain cautious to not overcommit on log purchases, prices remain generally profitable for timberland owners.
Oranges	Slightly profitable		X		The 2025-26 mandarin crop faces challenges due to excessively wet and cold weather, but strong quality, demand and prices should support the industry. Navel prices are mixed due to the large size profile, but overall remain slightly profitable.
Pistachios	Profitable		X		Strong and growing demand coupled with a smaller than expected 2025 crop among both the U.S. and key global producers are supporting prices.
Potatoes (contracted)	Slightly profitable	X			Contracted potatoes are supported by stable agreements and processor purchases of overages at \$2-\$3 per cwt, though margins remain thin.
Potatoes (uncontracted)	Unprofitable		X		Uncontracted potatoes remain under significant pressure, with oversupply leaving most growers operating below breakeven despite exceptional yields and quality.
Wheat	Slightly unprofitable		X		Persistently low prices, ongoing dryness and elevated input costs continue to weigh on prospects for 2026. Profit margins are likely to remain under pressure despite the expectation of a smaller U.S. crop.
Wine	Slightly unprofitable	X			Wine demand continues to soften and pressure the industry, particularly in the lower- to mid-range segments.
Wine Grapes	Unprofitable		X		While the 2025 wine grape crop will come in smaller than average, excess wine inventories will continue to limit grape demand.