



# **BRAVOS** RESEARCH

A Top-Down Equity Research Report

# **High Conviction Investments in Agriculture: Bottlenecks and Tech Breakthroughs**

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# Summary

## Significant Economic Risks Due to Higher Oil

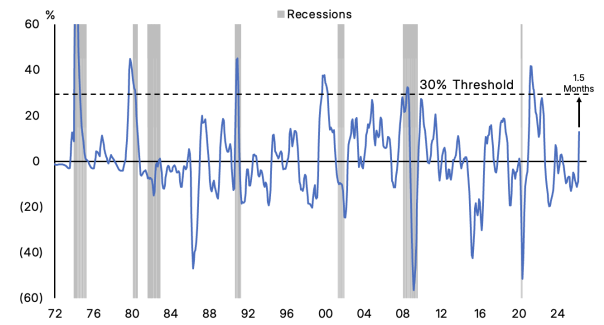
Despite a potential ceasefire, oil has risen 50%+ since February 2026. Oil shocks hitting the +30% threshold for >3 months have typically preceded a recession. We will hit this threshold in 1.5 months.

In other words, if sustained, the jump in oil prices risks causing a hit to economic growth in 2026 putting broad equity market performance at risk in H2 of 2026. Oil coming down below \$80 a barrel would make these risks come down.

### Recession Probability Based on Oil



Crude Oil Real Price (i.e., Inflation-Adjusted) Relative to 12-Month MA

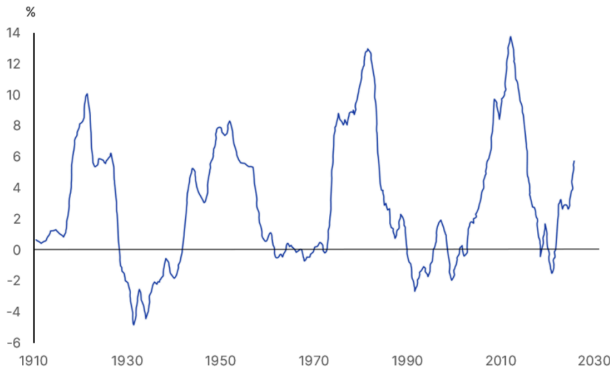


Date: 1972 Through March 2026.  
Source: Bloomberg Finance L.P., National Bureau of Economic Research, Federal Reserve Board, Bravos Research. Smoothed on a trailing 3-month basis to reduce volatility in the series.

### Upswing in Commodities Has Begun



Long-Term Commodity Cycles



Date: 1910 Through 2030E.  
Source: LSEG, Bravos Research.

## We're in a Long-term Upswing in Commodity Markets

Regardless of the outcome of the war, we are experiencing the beginning of a long-term upswing in commodity prices driven by secular tailwinds of debasement and undersupply along with cyclical tailwinds from easy monetary and fiscal policies.

This could make it difficult for oil to come down and easy for it to move higher, which will put upward pressure on commodity prices across the board.

## Substantial Runway for Commodities, Specifically Agricultural Commodities

The performance of the commodities sector relative to the SP500 is near 100-year lows. A reversion to the 60-year median implies 500% outperformance of the commodity sector.

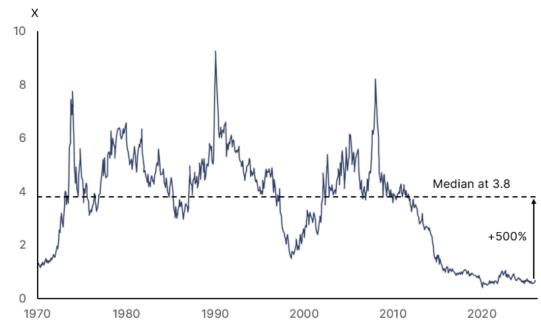
Agricultural commodities are particularly cheap right now when compared against Gold's run up. This reflects very low concerns regarding the scarcity of these commodities and so plenty of room for markets to become more concerned. Wheat and corn for example could make new all time highs this cycle, implying >100% move on both.

Two ways to invest in the broad agricultural theme (without picking individual stocks): DBA where we have a 12 month target of \$39 (+45%) and VEGI where we have a 12 month target of \$81.50 (+80%).

### Commodities Undervalued Relative to Stocks



S&P GSCI Total Return Index Relative To S&P 500 Index

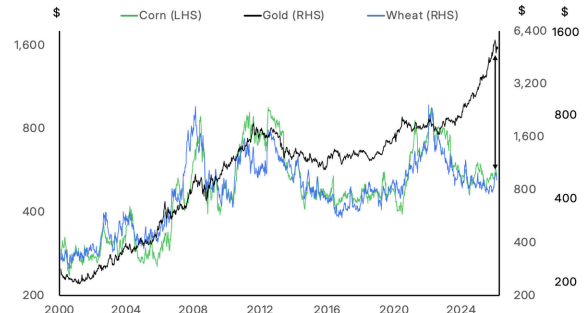


Date: 1970 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Record Gap Between Gold and Crop Prices



Gold, Wheat, and Corn Price



Date: 2000 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

## Nutrien (NTR): The Cheapest Producer in an Inelastic Market

Nutrien is the world's largest fertilizer producer. It controls 20% of global potash supply and produces at a lower cost than its competitors, thanks to Canadian natural gas feedstock and world-class deposit grades. Fertilizer demand is highly inelastic, especially around the planting window. When crop prices rise the incentive to maximize yield further intensifies.

Fertilizer production is largely a fixed-cost business, so incremental revenue flows directly to NTR's bottom line. Every \$25/tonne increase in nitrogen prices adds \$250M to earnings. With urea up 50%+ since March 2026, that tailwind is building fast. NTR trades at 16x PE against a 10-year median of 25x, indicating that the earnings expansion hasn't been priced in yet.

### Nutrien Price Targets



Nutrien Ltd. (NTR) Price Targets



Date: 2018 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

<b>Targets</b>	Fundamental: \$394 (425%), Technical (Inverse Head & Shoulders): \$100 (33%)
<b>Key Support Levels</b>	\$72, \$68, and \$62
<b>Potential Stop-loss</b>	Weekly close below \$62
<b>Conviction</b>	9 / 10

## The Andersons (ANDE): The Best Play on Food Scarcity

ANDE's core business model is commodity trading. They buy grains from farmers and sell them to exporters, ethanol plants, and food processors. ANDE has had a tough time with the cooling down of the agricultural market. A pick up in this market would lead to a revival of the company's revenues and earnings.

ANDE also recently acquired full ownership of multiple ethanol plants. This allows the company to use the grains it already buys from its core business model to produce ethanol at a large scale. This has the ability to significantly expand the profit margins of the company that have been historically quite narrow.

Together, these expansions have the potential to 2-3x ANDE's margins from a sub-1% base. At 15.3x forward PE against a peer average of 24.7x, the market is yet to catch up with the transformation underway.

### The Andersons Price Targets



The Andersons, Inc. (ANDE) Price Targets



Date: 1996 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

<b>Targets</b>	Fundamental: \$153 (105%), \$247 (225%), Technical (Cup and Handle): \$310 (315%)
<b>Key Support Levels</b>	\$69.75 and \$55
<b>Potential Stop-loss</b>	Weekly close below \$55
<b>Conviction</b>	9 / 10

We believe these are strong companies benefiting from secular tailwinds that can meaningfully diversify any investor's portfolio in this macro environment. Many investors prefer to limit their downside risk by having a stop-loss, depending on their individual strategy. **At Bravos, we manage every position with a clear stop-loss, allowing us to make big bets while keeping downside risk limited.** Access our exact market strategy [here](#).

## Archer-Daniels-Midland (ADM): A High Beta Bet on Agricultural Prices

ADM is one of the world's largest agricultural processors, making it closely correlated to grain prices. The last few years were difficult for ADM, but the source of that difficulty is now becoming the primary catalyst for recovery.

Policy uncertainty around biofuel mandates froze soybean oil demand from renewable diesel producers. As a result, ADM's revenue fell by 20% and net margins compressed from 4.4% to 1.3%.

But the Trump administration recently finalized the mandates, requiring a 60% increase in biodiesel production and restoring the exact policy visibility that was missing. ADM also used the downturn to cut \$200M in costs, meaning the recovery is flowing into a more efficient cost base than before.

As crop prices rise, ADM has substantial runway on both the earnings and valuation front.

### Archer-Daniels-Midland Price Targets



Archer-Daniels-Midland Company (ADM) Price Targets



Date: 1996 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

<b>Targets</b>	Fundamental: \$158 (115%), \$270 (270%), Technical (Rising Channel Resistance): \$120 (65%)
<b>Key Support Levels</b>	\$64 (for Plan A) and \$47 (for Plan B)
<b>Potential Stop-loss</b>	Weekly close below \$64 (for Plan A) and below \$47 (for Plan B)
<b>Conviction</b>	8 / 10

### Deere & Company



Deere & Company (DE) Target Price



Date: 2000 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

<b>Targets</b>	Fundamental: \$1,085 (90%), Technical (Bull Flag): \$1,800 (215%)
<b>Key Support Levels</b>	\$535 and \$450
<b>Potential Stop-loss</b>	Weekly close below \$450
<b>Conviction</b>	8 / 10

## Deere & Company (DE): A Tech Bet in Agriculture

Rather than benefiting from the price of what farmers grow, Deere benefits from the economics of how they grow it. With fertilizer costs rising and labor getting scarce, efficiency matters more than ever.

Deere's See and Spray technology delivered a 59% reduction in herbicide usage by using cameras and AI to spray only where needed. That kind of precision becomes an essential margin protection tool for farmers in this environment. This also helps build loyal customers, making the stock price resilient even when crop prices fall, like in 2012-2020.

Deere is also targeting 24/7 fully autonomous systems by 2030 without the need for a driver. The company is effectively transforming into a recurring, high-margin agricultural technology platform that is yet to be fully reflected in its 32.3x valuation.

## Willi-Food International Ltd. (WILC): Highly Profitable, Strong Growth and a Regulatory Moat

Willi-Food operates at a cultural and regulatory bottleneck in the global food system — the kosher food market. Kosher certification takes years to build and creates a customer base that won't switch to a non-kosher alternative. The certification is part of what they are buying, making demand uniquely price-insensitive. The result: earnings grew 28.6% to a record \$28.4M in 2025 during a period of broad agricultural market weakness.

A \$35M self-funded refrigerated and frozen logistics center coming online in Q4 2026 opens categories where WILC faces limited certified competition. The facility also enables WILC's proprietary dairy brand to scale into frozen distribution, thus capturing margins at two points in the value chain.

WILC still holds \$122M in cash with zero debt even after funding all expansions internally. Meaning, 35 cents of every \$1 invested in the stock is backed by cash. Yet, the stock is significantly undervalued at 12.2x PE, less than half its peer average of 26.5x.

### G. Willi-Food International, Ltd.



G. Willi Food International, Ltd. (WILC) Target Price



Date: 2002 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

<b>Targets</b>	Fundamental: \$109.50 (335%), Technical (Rising Channel Resistance): \$47 (85%)
<b>Key Support Levels</b>	\$23.75 and \$17.40
<b>Potential Stop-loss</b>	Weekly close below \$23.75 (Plan A) and below \$17.40 (Plan B)
<b>Conviction</b>	7 / 10

### CF Industries Holdings, Ltd.



CF Industries Holdings, Ltd. (CF) Target Price



Date: 2005 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

<b>Targets</b>	Fundamental: \$486 (285%), \$674 (435%), Technical (Rising Channel Resistance): \$260 (95%)
<b>Key Support Levels</b>	\$110-\$118 zone and \$85
<b>Potential Stop-loss</b>	Weekly Close below \$110 (Plan A) and below \$85 (Plan B)
<b>Conviction</b>	9 / 10

## CF Industries (CF): The Lowest-Cost Producer of the World's Most Essential Crop Input

CF Industries is the world's largest ammonia producer, which is needed to produce every single nitrogen fertilizer. Ammonia production is natural gas-intensive. CF sources gas at \$3.36 while its European & Asian competitors pay \$10-15. CF's production costs are largely fixed. So when nitrogen prices rise, the extra revenue translates almost entirely to profits. That's why CF closely tracks nitrogen-based fertilizers like urea that we also believe has embarked on a large run.

CF is expanding its operations by opening new facilities for low-carbon ammonia, which will provide additional tailwinds to earnings.

CF has outperformed the broader agricultural sector by 50% this year alone. But at a 14.1x PE against a peer average of 29x and a 2021 peak of 40.2x, CF still has room for significant repricing.

## Allocation Strategy: How We are Thinking About This Environment

We are operating in a market where the **macro backdrop is bifurcated**. On one hand, the **structural commodity cycle** we outlined in this report is well underway and **building momentum**. On the other, the **oil shock** introduces a layer of **near-term volatility** that demands discipline. **Our focus right now is on positions we believe can perform well regardless of how the geopolitical situation resolves**. That means allocating into sectors where the fundamental case is driven by long-term supply and demand dynamics, not short-term geopolitical and macro outcomes.



**Agricultural Commodities:** One of our highest-conviction theme as outlined through this report. We think these commodities remain significantly underpriced relative to the broader commodity complex. We have meaningful exposure here across both commodity instruments and equities operating at the structural bottlenecks of global food supply.



**Energy Infrastructure:** The physical backbone of the energy transition remains one of the most durable investment opportunities in the market today. We hold positions in companies operating at the grid-level constraints.



**Nuclear Power:** Baseload power demand is accelerating and nuclear remains one of the most energy-efficient solutions available at scale. We continue to hold exposure to companies directly positioned at the supply bottleneck of the nuclear fuel cycle.



**Base Metals:** These are the building blocks of today's economy and are experiencing a structural supply crunch, as we highlighted in our last report. These producers are also showing technical setups that we are actively monitoring and have begun building exposure in the names we find most compelling.



**Biotech:** We have a selective allocation to a handful of companies making significant breakthroughs. This exposure is intentionally concentrated because we are not making a broad sector bet, but rather targeting specific situations where we believe the market has not yet priced in the magnitude of what is being developed.



**Semiconductors & Small Cap Equities:** In the near term, Semiconductors have shown exceptional resilience to higher energy prices. We took selective exposure to this space that continues to remain strong. We have also recently added a small-cap position that is already up 10%. We believe this part of the market is presenting an asymmetric opportunity right now.

Our current portfolio is allocated approximately, 35% to agriculture, energy infrastructure and nuclear equities, 17% to base metals, 5% to biotech, 12% to semiconductors & small cap equities, 10% in financials & materials, and 21% held in cash. **If oil pulls back materially, we will deploy our remaining cash into more aggressive positions. But if it stays elevated, we will gradually trim our more cyclically sensitive exposure and let cash build.**

# Full Report

## Oil Shock Increases Risk of 1970s Repeat

Despite a potential ceasefire in the works, oil prices have risen by **over 40%** since the beginning of March 2026. We work with the data that is in front of us and **oil prices around \$80 a barrel** are going to have profound consequences on the economy through **inflation and growth**.

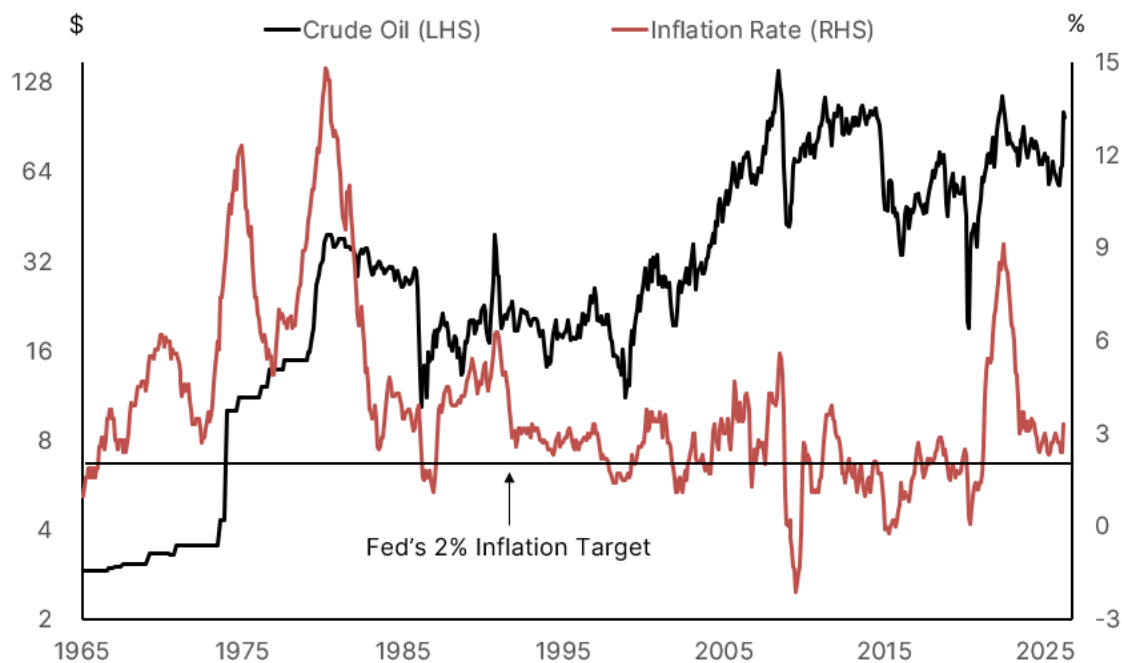
The US inflation rate (CPI) is released with a **1-month lag**, so the March print (released in early April) that came in at **3.3%** is the first real look at where things actually stand. But even then, a **higher oil price takes multiple months to work through the economy** as it feeds into the cost of almost everything.

Inflation has been running **above the Federal Reserve's 2% target** for **60 consecutive months now**. The last time inflation stayed this stubborn this long was the 1960s and 1970s. This was a period that also saw oil rise aggressively, with CPI closely tracking oil prices.

## Inflation Rate Follows Oil Price



WTI Crude Oil and US Inflation Rate



Date: 1965 Through 10<sup>th</sup> April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

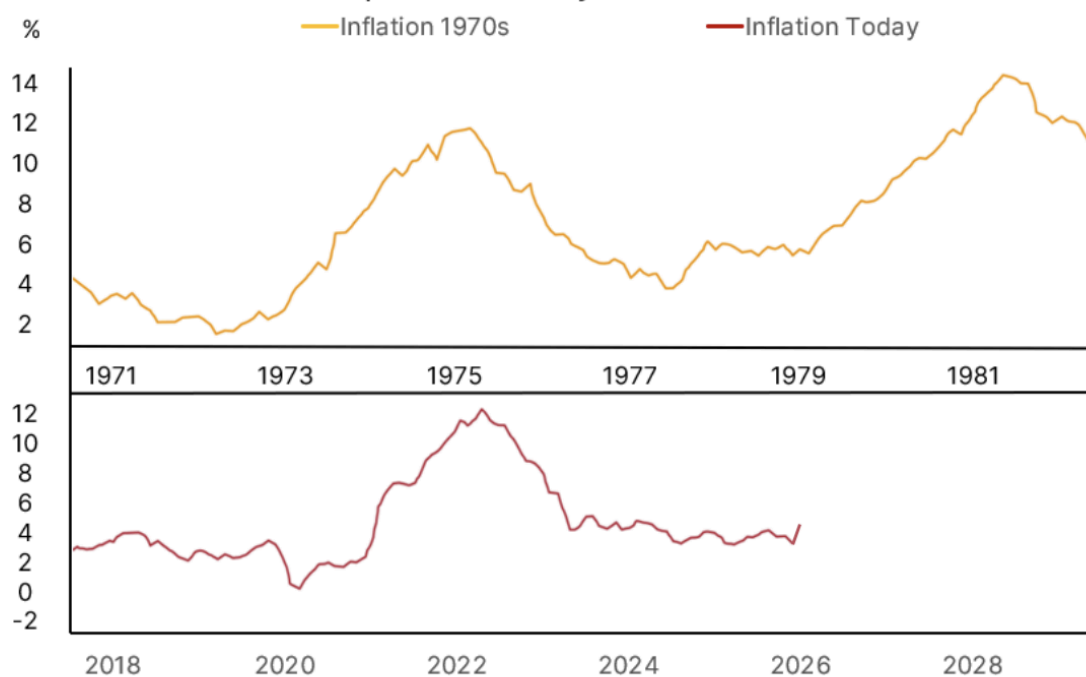
That era saw inflation rise in **three distinct waves**. First in the late-1960s following the onset of the Vietnam war, again in 1973 during the Arab oil embargo, and a third time in

late-1970s heading into the Iranian Revolution. Each time, inflation appeared to cool before **surging again even higher**. Today's inflation trajectory looks remarkably similar. CPI spiked in 2021 after the record money printing post-Pandemic, then pulled back, and is now **right at the point where the 1970s saw its second wave begin**. So what can a **50% oil spike actually do to inflation?**

## Inflation Today vs 1970s



### Inflation in the 1970s Compared to Today's Inflation



Date: As of 10<sup>th</sup> April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

Energy only makes up around **6% of the CPI basket**, but it is the most volatile component by far. That means big moves in oil have an outsized impact on inflation relative to its weight. A **50% rise in energy prices**, if sustained, has the potential to add approximately **3% to headline CPI** on its own ( $50\% \times 6\% = 3\%$ ). Starting from the **2.4% baseline prior to the oil shock**, that alone would push inflation to around **5.4%**. And we just saw the first signs of this, with inflation **accelerating** from **2.4% to 3.3%** in April.

But energy doesn't hit the economy all at once. Different parts of the economy absorb it at different speeds. **Gasoline** prices at the pump typically **react within days**. **Fresh produce and dairy prices** usually take **4 to 8 weeks** to reflect higher energy costs. Whereas **shelter costs** can take **6 to 12 months** to fully adjust. So even if only **half of today's oil shock** feeds through in the near term, that still brings CPI to almost **4% by Q2 2026**. This would be **twice the Fed's 2% target** leaving them in a very difficult position.

But it would also have significant economic consequences.

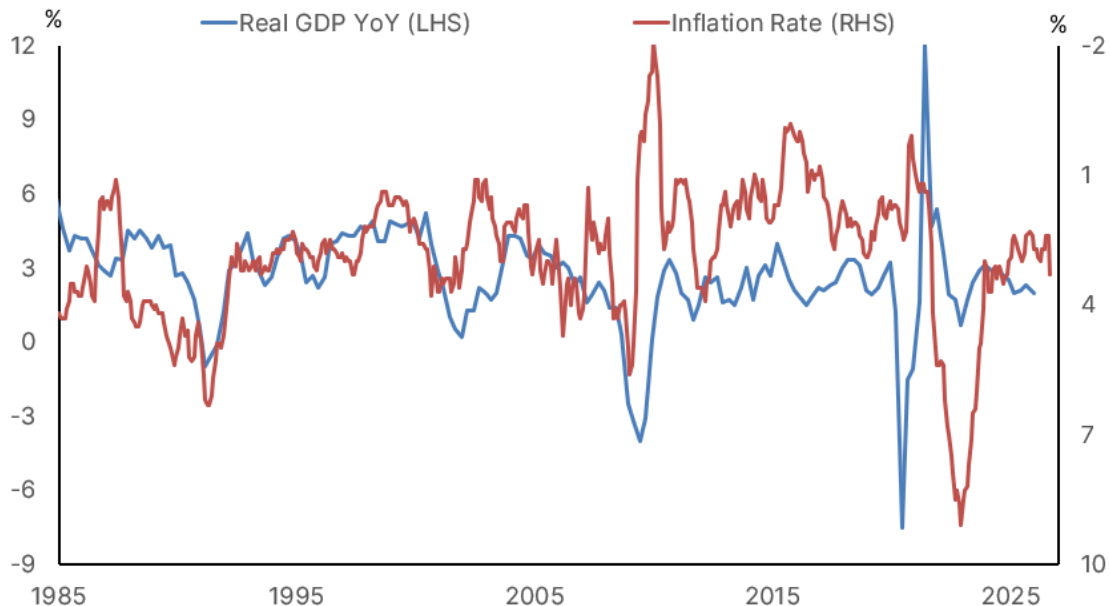
### Oil Spike Drags Economic Growth and Increases Recession Risks

Since the mid-1980s, **inflation has led economic growth** by approximately **6 months**. As this chart shows, **every major inflation spike** has been **followed** by a meaningful **slowdown in US GDP** growth with roughly that lag (Note: Inflation has been **inverted** on the chart). So the growth impact of an inflation spike in Q2 2026 won't accurately show up in GDP data until **late-2026/early-2027**. But by then, the damage to consumer spending and corporate margins would likely be well underway. In fact, if **oil prices stay elevated long enough**, it's also possible that the **economy rolls over into a recession**. And this wouldn't be the first time we see something like this happen.

## 6 Month US Real GDP Growth Forecast Based on Inflation Swings



US GDP YoY and Inflation Rate (Inverted) Shifted Forward By 6-Months



Date: 1985 Through 10<sup>th</sup> April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

Pretty much every oil shock that crossed the **30% level** on this model has **preceded a US recession**. The 1973 Arab embargo, the 1979 Iranian Revolution, the 1990 Gulf War, the 2000 Dot Com bust, and the 2008 housing collapse were all accompanied or preceded by a sharp rise in oil prices. The **only exception was 2022**. Back then, the consumer was exceptionally resilient as a result of high savings and stimulus money from the Pandemic. That cushion helped absorb the shock. But that **buffer has since been used up**.

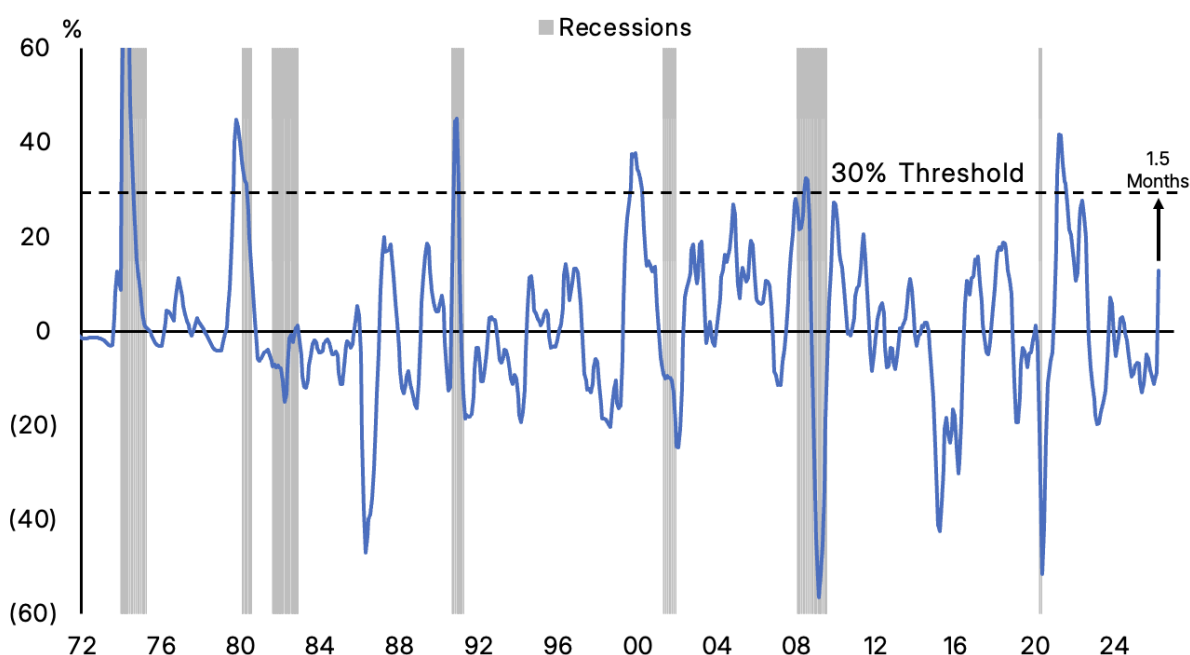
The current oil shock is already beginning to resemble some of the prior recession-triggering episodes. If **oil remains around the \$80 to \$90 level for approximately two more months**, it will **cross the 30% threshold on this model** that's been a **reliable precursor to past recessions**.

It's important to note that **even if oil prices decline significantly from these levels, it would not resolve the broader inflation problem**. As we will discuss later in this report, the inflationary pressures building in this environment run far deeper than the price of a single commodity. In other words, they are **structural in nature**.

## Recession Probability Based on Oil



Crude Oil Real Price (i.e., Inflation-Adjusted) Relative to 12-Month MA



Dates: 1972 Through March 2026.

Source: Bloomberg Finance L.P., National Bureau of Economic Research, Federal Reserve Board, Bravos Research. Smoothed on a trailing 3-month basis to reduce volatility in the series.

### Oil Shock Hits the Economy Through Three Channels

What makes an oil shock particularly damaging is that it impacts the economy through **three simultaneous channels** that **compound** each other.

#### Channel 1: Rising Gasoline Prices

The first is the **direct** channel that's the **most visible**. **Gasoline prices** have already **doubled** since the start of 2026, reaching the **highest level since the 2022 oil shock**. This functions as an **immediate tax on every household and business** that relies on transportation. For example, every sustained **\$10 per barrel increase in oil** translates into

roughly **\$450 in additional annual costs for the average US household**. And this is **before** any second-order effects work their way through the economy.

That said, if oil prices were to pull back meaningfully below \$80, this direct pressure on household budgets would ease considerably and **could become a tailwind for the markets**. What it would **not** change, however, is the longer-term commodity story we will outline later in this report.

## Gasoline Price Are Spiking



Gasoline / US Dollar



Date: October 2021 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

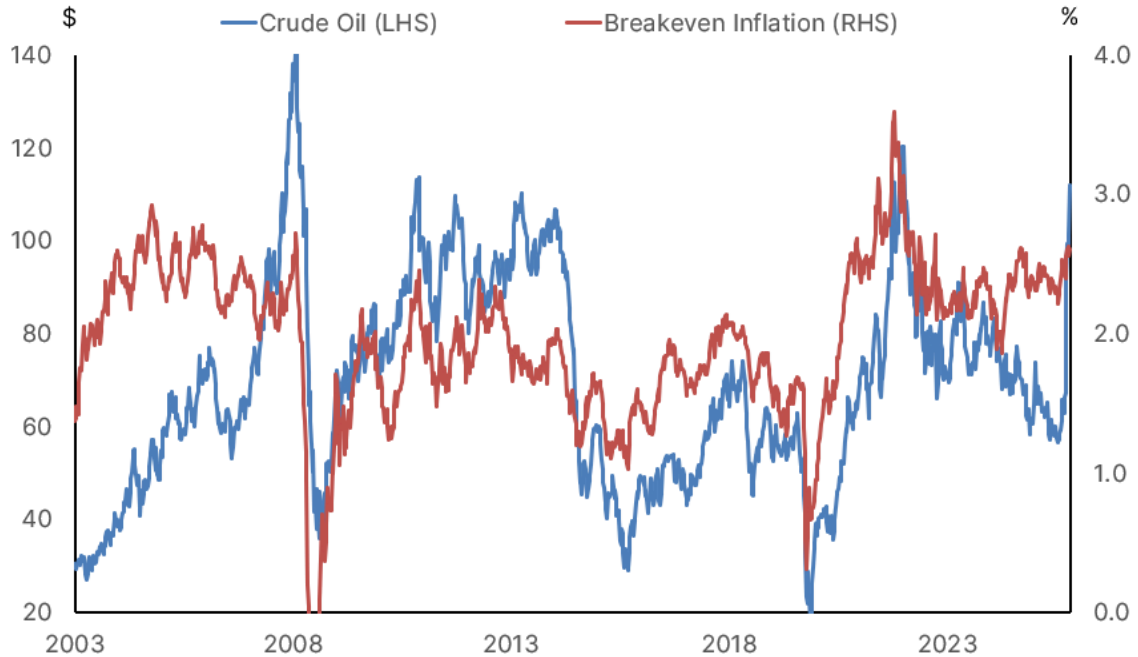
### Channel 2: Higher Yields

The second channel is an **indirect** one that works through the **bond market**. **Inflation expectations** have historically been **closely correlated** with **oil prices**. When inflation expectations rise, bond yields tend to rise with them. This puts **upwards pressure** on **borrowing costs** and **mortgage rates**.

## 5-Year Breakeven Inflation Follows Oil Price



### WTI Crude Oil and US 5-Year Breakeven Inflation Rate



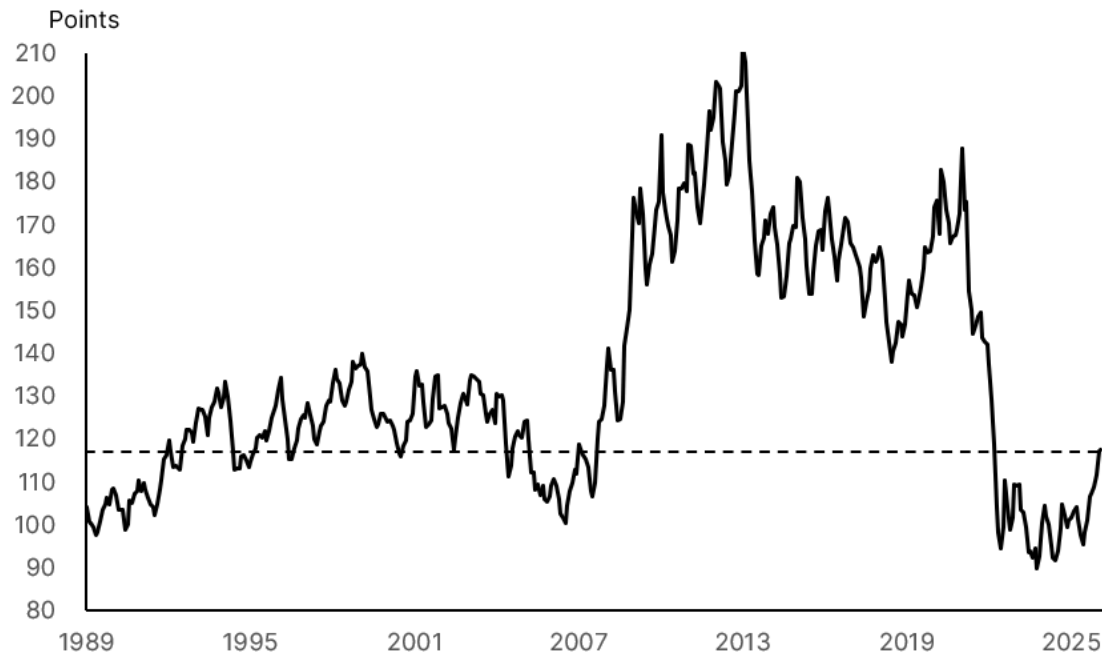
Date: 2003 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

**Housing** alone makes up **33.4%** of the **average household budget**, which is by far the **single largest expense** for most Americans. The 30-year mortgage rate has already moved from **6% to 6.4%** since March 2026. The worst part is this is happening at a time when **housing affordability is still sitting at some of the lowest levels since 1989**. A household that could barely afford a home at 6% now faces an even higher bar. So every further move up in yields driven by rising inflation expectations adds a **second major squeeze** on top of the one already coming from the gas pump. However, a **sustained drop in oil prices** would relieve some of this pressure on yields and mortgage rates, **reducing the risk of a prolonged economic slowdown**.

# US Housing is Extremely Unaffordable



## Homebuyer Affordability, Fixed Mortgage



Dates: 1989 Through February 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Channel 3: Monetary Policy Fix

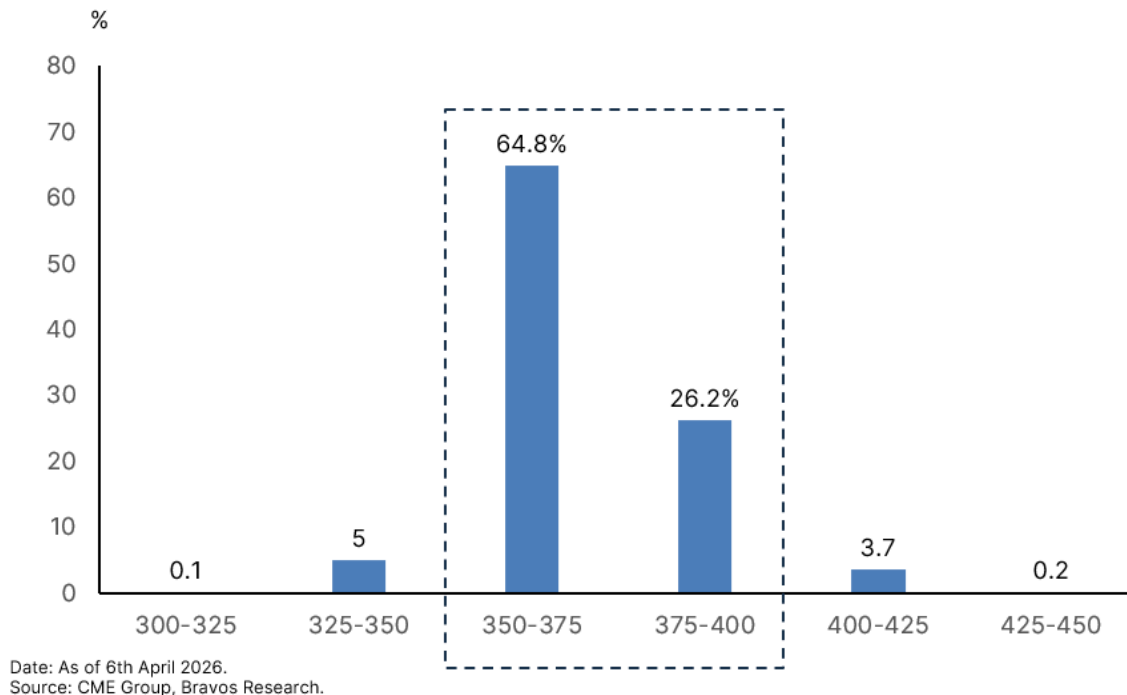
The third channel is what makes this oil shock particularly dangerous from a **monetary policy** standpoint. When inflation is rising and the economy is weakening at the same time, the Fed gets caught in a trap. **Raising rates** to fight inflation risks pushing an already slowing **economy over the edge**. Whereas **cutting rates** to support growth risks letting **inflation run even higher**. The result is **paralysis** at exactly the moment the economy needs a clear direction.

Just a few months ago when oil prices were low, the markets were anticipating at least **2-3 rate cuts in 2026**. But investors are now pricing in a **65% chance of only one rate cut** in the next year, with a **26% chance of a rate hike instead**. This is a **complete 180-degree turn** and could **significantly impact the real economy**.

# Fed Funds Rate Probabilities



## Target Rate Probabilities for 28th April 2027 Fed Meeting



### Weak Labor Market Increases Economic Slowdown Risks

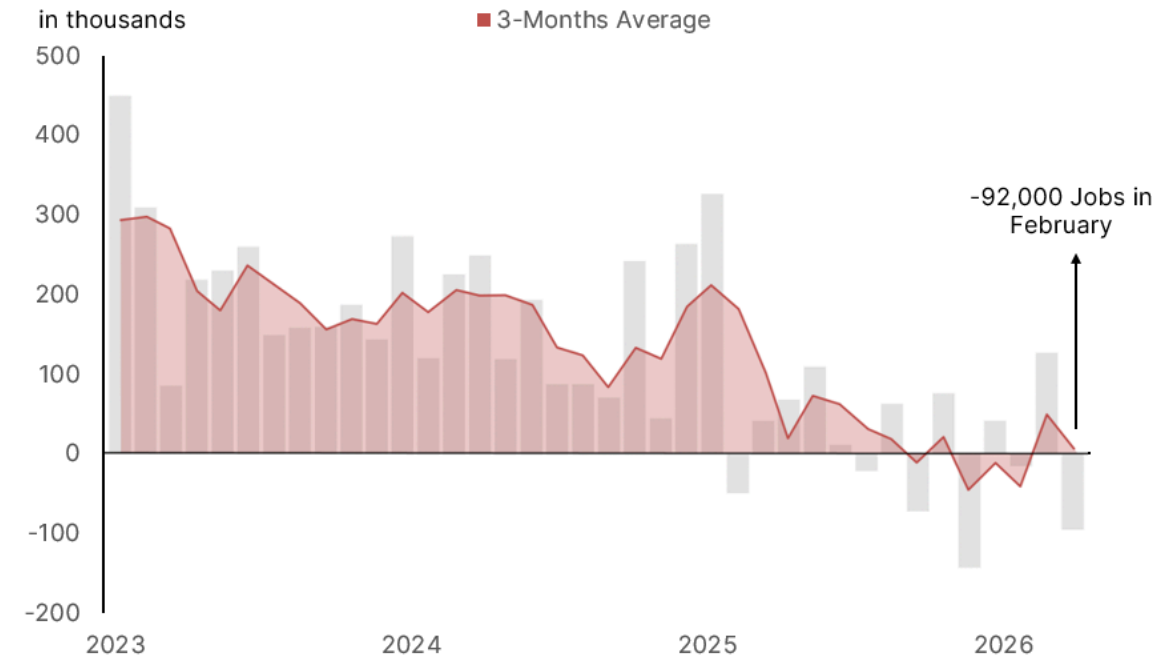
The **labor market** was already **showing cracks** even **before** the recent **oil shock**. For instance, the US private sector added only **116,000 jobs** across all of **2025**. This is **80%** below the initial projections. More recently, **92,000 jobs** were **lost in February 2026** alone. **Holding or hiking rates into a weakening labor market** is precisely the kind of policy that risks **turning a slowdown into a recession**.

If oil retreats from significantly **below \$80** though, the Fed's dilemma eases, rate cut expectations would likely return due to a weak labor market, and the financial markets could see a meaningful rally. We want to be clear that this is a **real possibility**. The recession risk we are describing is conditional on oil staying elevated. But what **remains intact regardless of where oil goes** in the near term is the **broader commodity cycle we are in**.

# Labor Market is Weakening



## US Monthly Change in Jobs



Date: 2023 Through February 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Three Compounding Forces Further Amplify Drag on Economic Growth

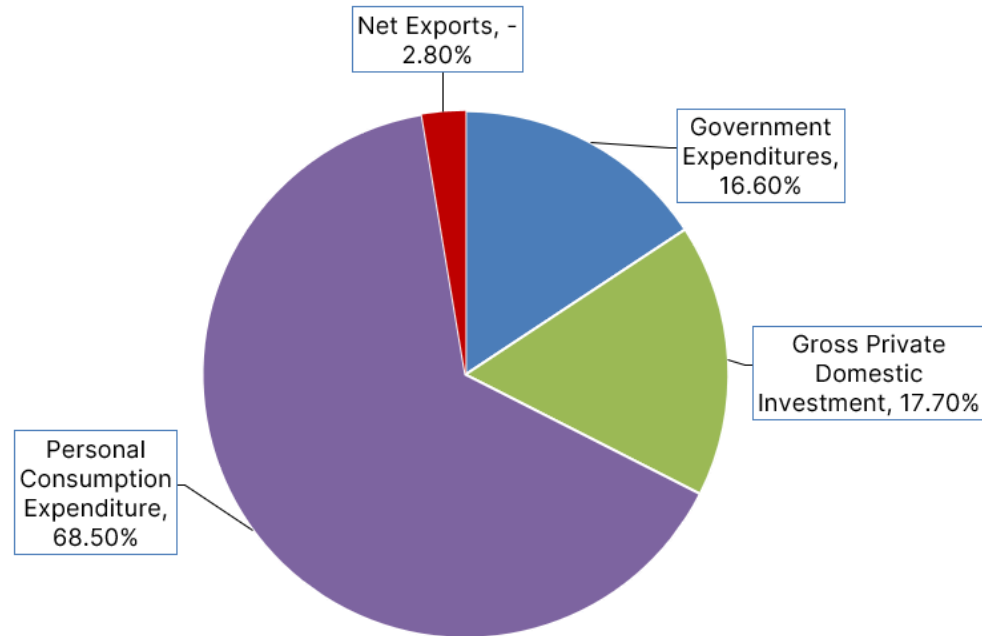
When **all three channels** we discussed earlier **operate at the same time**, they can feed on each other in a way that becomes **self-reinforcing**. Higher energy costs and rising borrowing rates force households to cut back on discretionary spending. Businesses facing higher input costs and weaker demand respond by freezing hiring and eventually laying people off to protect margins. Fewer employed consumers spend even less, creating a **negative feedback loop**.

This is the same sequence that turned the **2022 energy shock** into **2 consecutive quarters of negative US GDP growth**. But the consumer entering 2026 is in a much **weaker position** than they were back then. **Savings** have been **drawn down**, **credit card debt** is at **record highs**, and **low-income default rate** has been **rising rapidly**. This matters a lot because the **US consumer** accounts for almost **70% of GDP**. So any sustained squeeze on household spending directly translates into **broader economic weakness**. All of this is of course dependent on oil staying elevated above \$80. But we also have to put all of this in the broader context as well.

# Consumer Spending is Critical for GDP



## US GDP Breakdown



Date: as of 6<sup>th</sup> April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### The Commodity Cycle is Turning Regardless of What Happens With the Middle East War

For the last decade, we've been in a macro environment where there have been **little concerns regarding the scarcity of commodities**. Prices were low, supply felt abundant, and investors rotated away from real assets towards other areas of the market. That is **beginning to shift in a major way**.

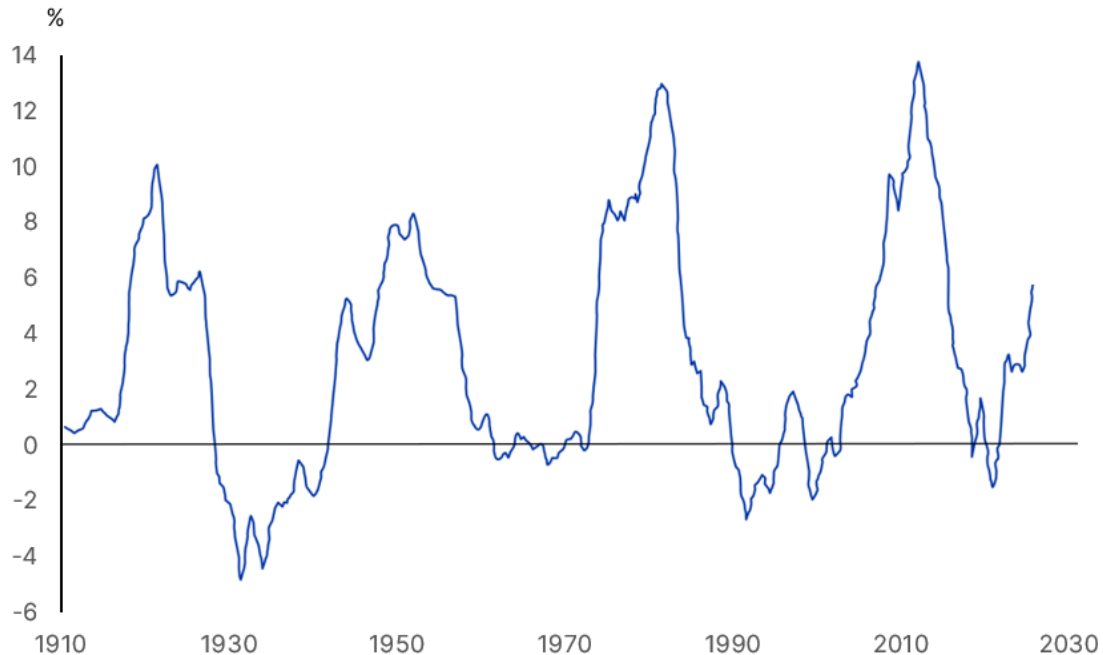
We saw the **first big wave** of this in **2022**, when the Russia-Ukraine war triggered a broad repricing across commodities. But now a **second wave appears to be underway**. To understand why this one could be **more sustained**, it helps to look at where we are in the longer commodity cycle.

In the past 100 years of data, **commodity cycles** have proven to last between **10 to 20 years**. The most recent **trough** came in **2020**. If history is any guide, the **current cycle** likely has a runway until **2030 at least**. So the commodity cycle has already been showing signs of **structurally turning** even before the Middle East war. In other words, the **ongoing geopolitical tensions** does **not** change anything about the **structural nature of the commodities bull market we are experiencing**.

# Upswing in Commodities Has Begun



## Long-Term Commodity Cycles



Date: 1910 Through 2030E.  
Source: LSEG, Bravos Research.

### Commodity and Equity Bull Markets Can Coexist

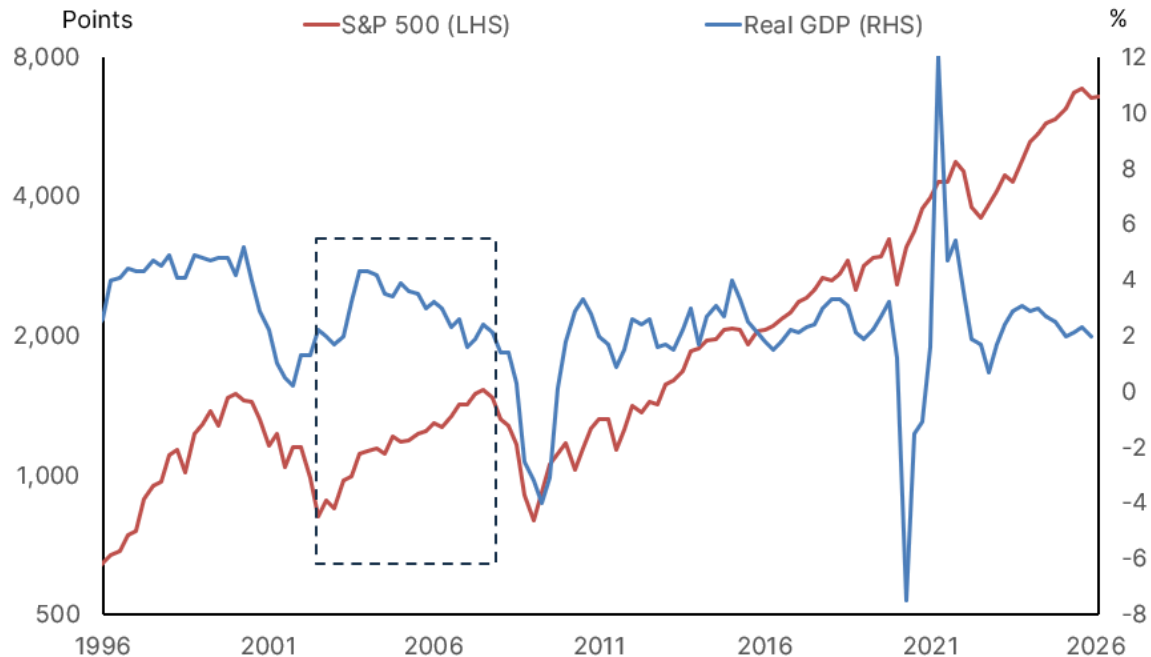
This is **not all bad news** for the economy or the financial markets though. Part of the last commodity cycle in the 2000s actually coincided with a period of stable US economic growth. Between 2002 and 2007, US GDP averaged a healthy **2.8%**. This also coincided with a **strong equity market performance**, with the S&P 500 rising **85%**. So based on history, a **commodity cycle and an equity bull market can absolutely coexist**.

**If there is a material turnaround in the price of oil, everything that was highlighted above will be reversed and the secular bull market that we've been in since 2009 will continue.**

# S&P 500 Index and Real GDP



## S&P 500 Index and United States Real GDP Growth Rate YoY



Date: 1996 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

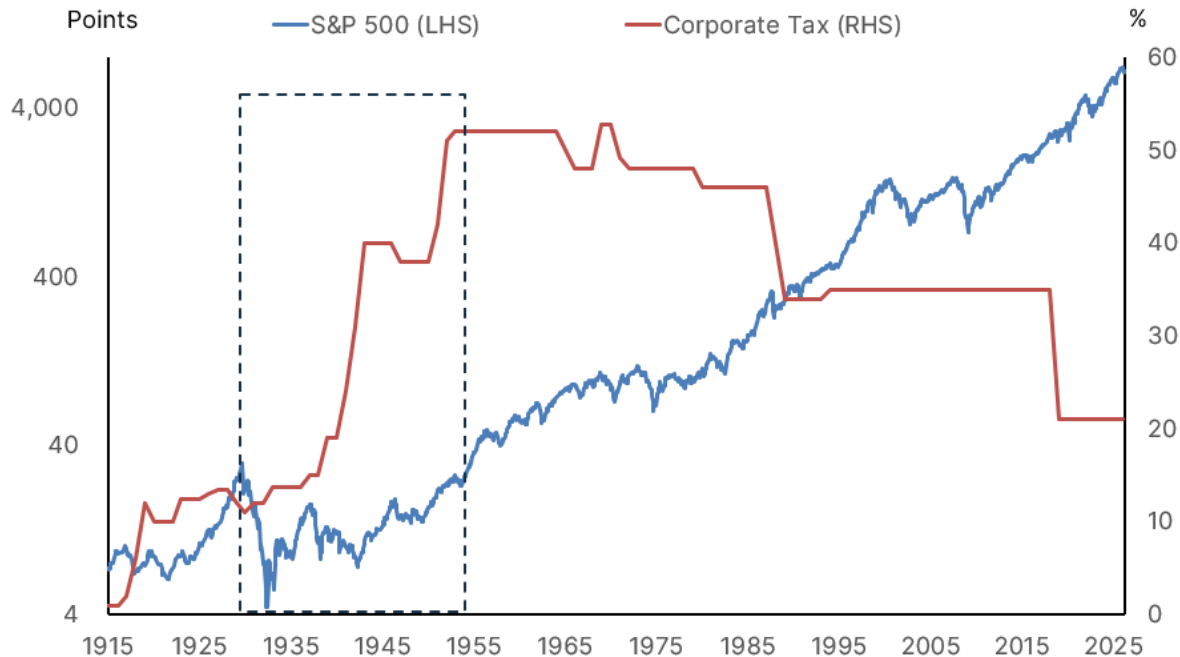
### Corporate Tax Structure Ends Secular Equity Bull Markets

A large part of what **drives secular bull markets** in stocks is a favorable **corporate profit environment**. That still largely remains intact today. Corporate tax rates are at the **lowest levels since the 1940s**, which has been supporting strong profit margins. We think the **real inflection point for equities** will come when **this is put in jeopardy**, like we saw between **late-1920s and mid-1950s**.

# Rising Tax Rates Ends Secular Bull Markets



## S&P 500 Index and US Corporate Tax Rate



Date: 1915 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

## Commodities are Relatively Much More Attractive Than Equities

Within the current macro backdrop, however, we think the **commodity space offers a much more attractive risk/reward opportunity than broader equities** right now. One way to see this is through the **ratio of commodity prices to equity prices**. This ratio is at levels **lower** than even the **early-1970s and late-1990s**. Both of those instances were **followed** by a prolonged period of significant **commodity outperformance relative to equities**. We appear to be at a **third** such **inflection point** today. If this ratio were to simply go from today's **0.66** level to its **60-year median at 3.8**, it would equate to almost a **500% relative outperformance by the commodity market**.

# Commodities Undervalued Relative to Stocks



S&P GSCI Total Return Index Relative To S&P 500 Index



Date: 1970 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

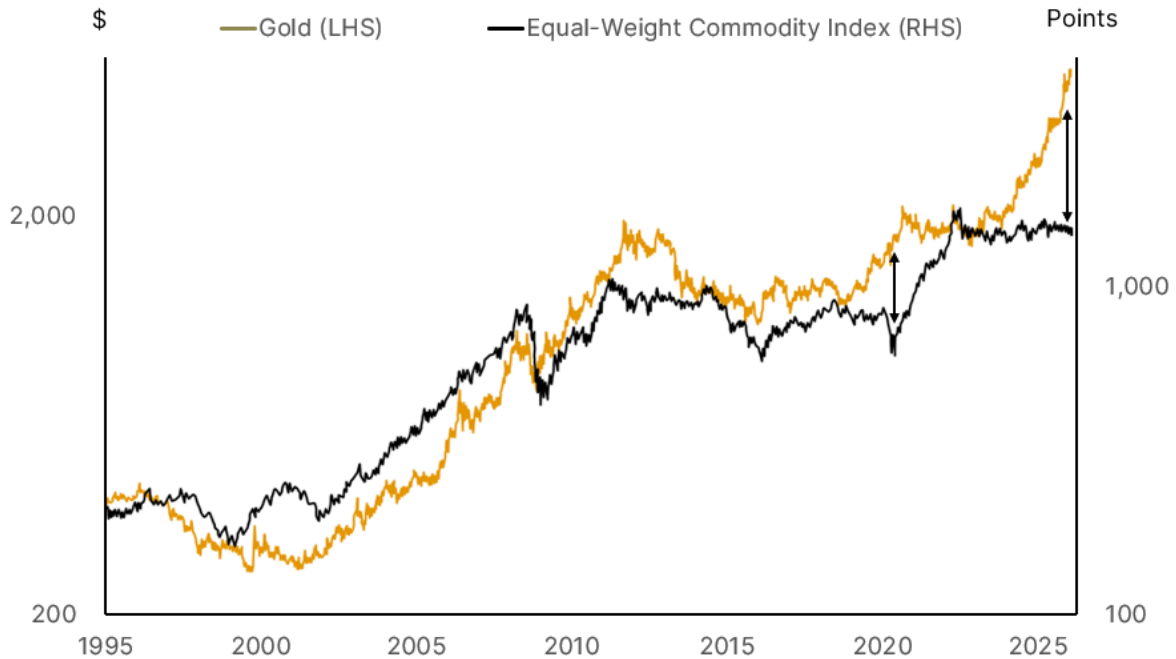
## Gold Has Already Tripled, Agricultural Commodities are Next

**Gold** is typically the **first commodity to move in a new cycle**, with base metals, energy, and agricultural commodities following with a **lag**. Gold has already **tripled over the past three years**, the **fastest appreciation since the 1970s commodity cycle**. This is the market's way of signaling that the US dollar has been effectively **debased** and investors have **lost confidence** in its ability to hold its value. This debasement is also likely to set a **new price floor for real assets broadly**.

The **gap between gold and broader commodities** is currently at one of its **widest levels on record**. We also saw a similar divergence between 2019 and 2021, which eventually led to a violent catch-up move by other commodities. With the macro backdrop now **shifting in favor of commodities once again**, we think **this gap provides a major opportunity** as it's unlikely to last much longer.

# Divergence Between Gold & Commodity Index

Gold / US Dollar and Equal-Weight Commodity Index



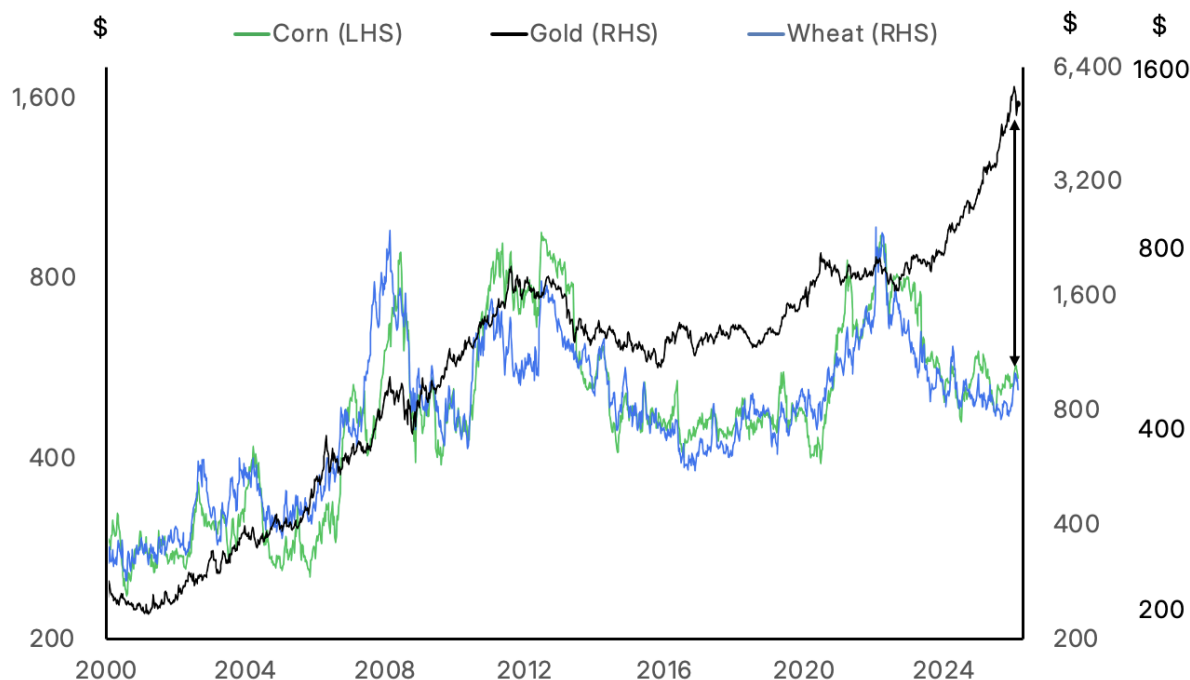
Date: 1995 Through March 2026.  
Source: LSEG, Bravos Research.

Out of all the commodities that stand to benefit, **agricultural commodities have shown the widest gap** against gold's move. For instance, wheat and corn are essentially at the same level as they were in 2013. This makes **agricultural commodities the most underpriced part of the commodity complex** and therefore the **most susceptible to a sharp repricing**. The **energy shock** is now likely to **accelerate that process**.

# Record Gap Between Gold and Crop Prices



Gold, Wheat, and Corn Price



Date: 2000 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

**Higher energy prices** tend to **feed into agricultural input** costs like fertilizers and transportation with around a **60 to 90 day lag**. Only after that do these higher costs trickle through into grain and food prices. So compared to where metals and energy prices already are, the **agricultural repricing** that has been set in motion is still in its **very early stages**. As investors, that is precisely where we want to be **positioning to maximize our risk-reward**.

## Agricultural Commodities are Very Cheap in Real Terms

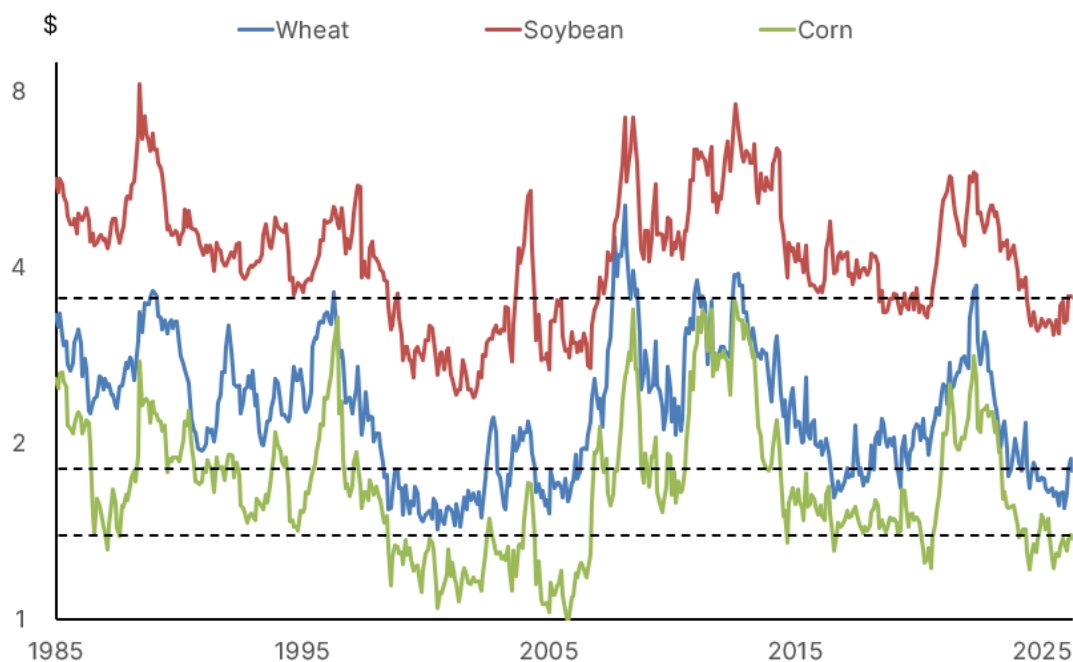
The inflation-adjusted starting point for agricultural commodities makes this even more compelling. In **real terms**, crops like wheat, corn, and soybeans are currently trading near their **lowest levels since the 1980s**. The **2022 commodity spike has fully unwound** on an inflation-adjusted basis, leaving all three crops at prices comparable to where they were before the bull runs of the early 2000s and heading into 2022. Both of those instances saw **real prices more than double** from similar starting points.

What makes today's setup even more attractive is that this cheapness is occurring at the same time as **agricultural input costs are rising**. The result is a sector that is historically

cheap on a real basis at precisely the moment when the **broader structural forces** driving the next repricing are beginning to **accelerate**.

## Inflation Adjusted Commodity Prices Are Low

Inflation Adjusted Wheat, Soybean and Corn Prices



Date: 1985 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

To understand why the repricing case is so strong, let's first look at the **supply side**. The structural challenge facing agricultural commodities is rooted in a simple **physical constraint: land**.

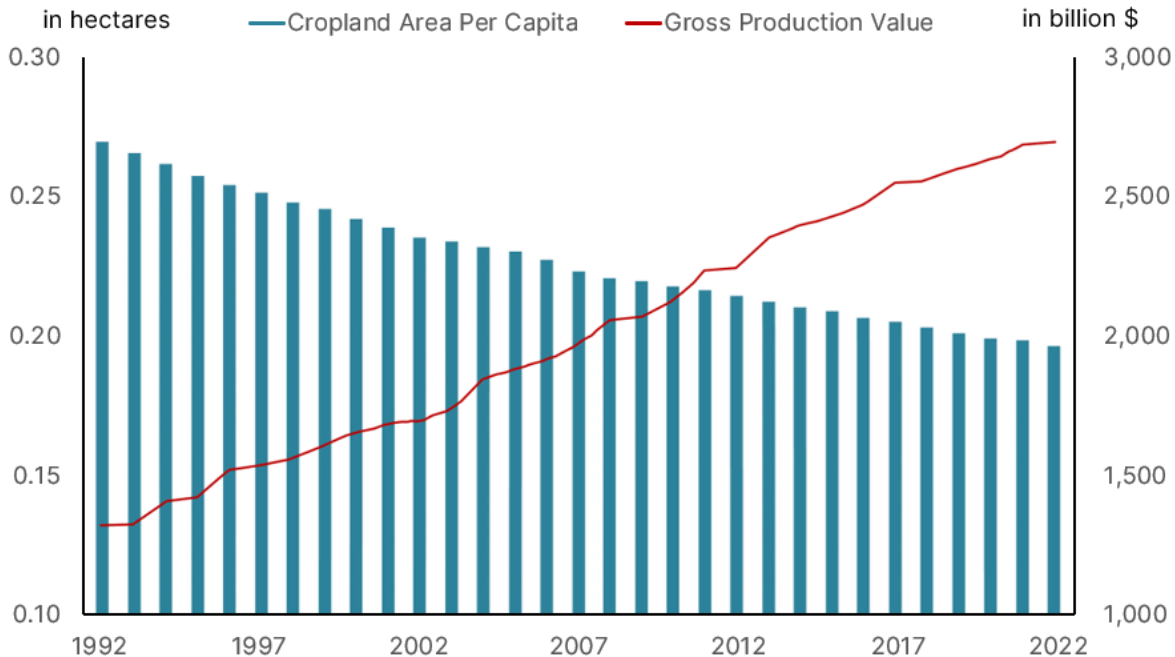
### The World is Running Out of Land to Grow More Food

Since 1992, the amount of **farmland** available per person has **fallen 27%**. During this period, **total agricultural production** has still managed to nearly **double**. Now that may look like a success story at first, but there's a nuance to this. **None** of those gains came from bringing new land into production. Instead, **90%** of all production increases came entirely from **intensifying how existing land was used**. This was done through higher-yielding crop varieties, expanded irrigation, and above all, the increasing use of **fertilizers**.

# Falling Cropland and Rising Crop Production



## Cropland Area Per Capita and Gross Production Value of Crops



Date: 1992 Through 2022.  
Source: FAOSTAT, Bravos Research.

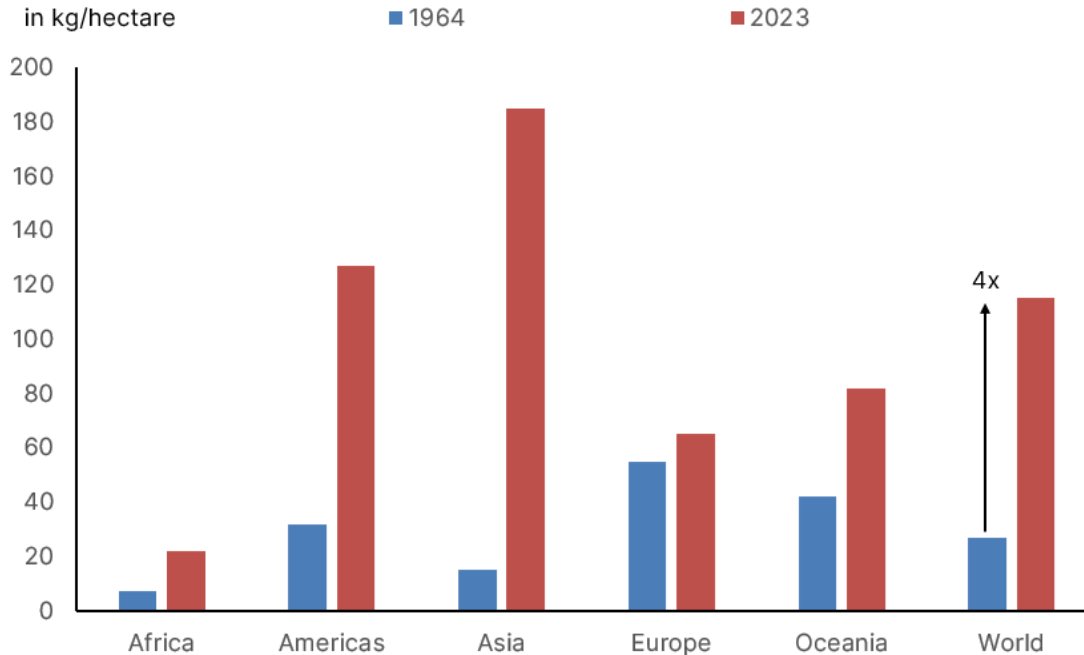
**Fertilizer use per acre of farmland** is now more than **four times** what it was in **1964**. And future production growth must also continue coming from this same intensification path because there is simply **no new land left to bring into production**. The problem is that the **economics of intensification are breaking down**. You cannot keep pushing yields higher when the cost of the inputs needed to do so rises faster than the price you get for the crop. At some point, it stops making financial sense. **We think that point is fast approaching**.

Moreover, this path is also hitting **physical limits**. Aspects like water stress, soil degradation, and the cost of maintaining intensification-driven yields on the same land are all **compounding** the problem.

# Increased Use of Fertilizers



## Variation in the Use of Fertilizers in Cropland



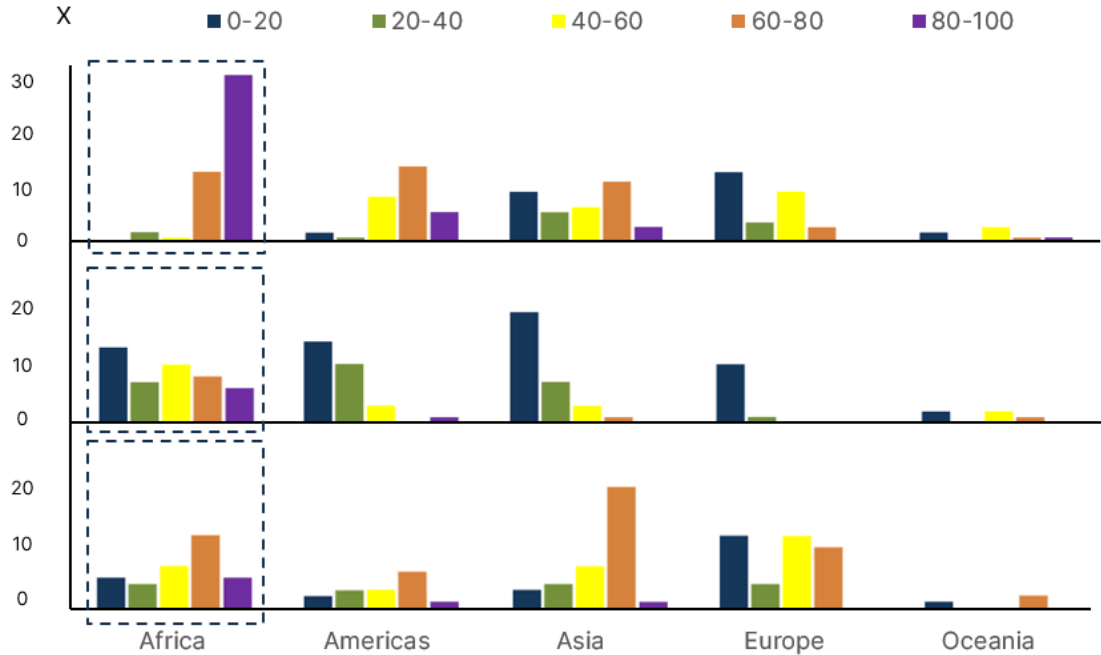
Date: As of 2025.  
Source: FAOSTAT, Bravos Research.

**Africa** is the one remaining region where **meaningful agricultural expansion is still possible**. The vast majority of the continent still faces **severe yield gaps** across maize, rice, and wheat. Simply put, their actual harvests are running at less than **40%** of what the land could theoretically produce under proper resources. But expanding production there requires exactly the inputs (seeds, fertilizers, transportation) that are becoming **more expensive and harder to source globally**. This creates a **structural paradox**. The one place on earth with genuine **room to grow food supply** is also the place **least able to afford** what it takes to do so.

# Big Yield Gap in Africa



## Yield Gap For Maize, Rice and Wheat



Date: As of 6th April 2026.  
Source: FAOSTAT, Bravos Research.

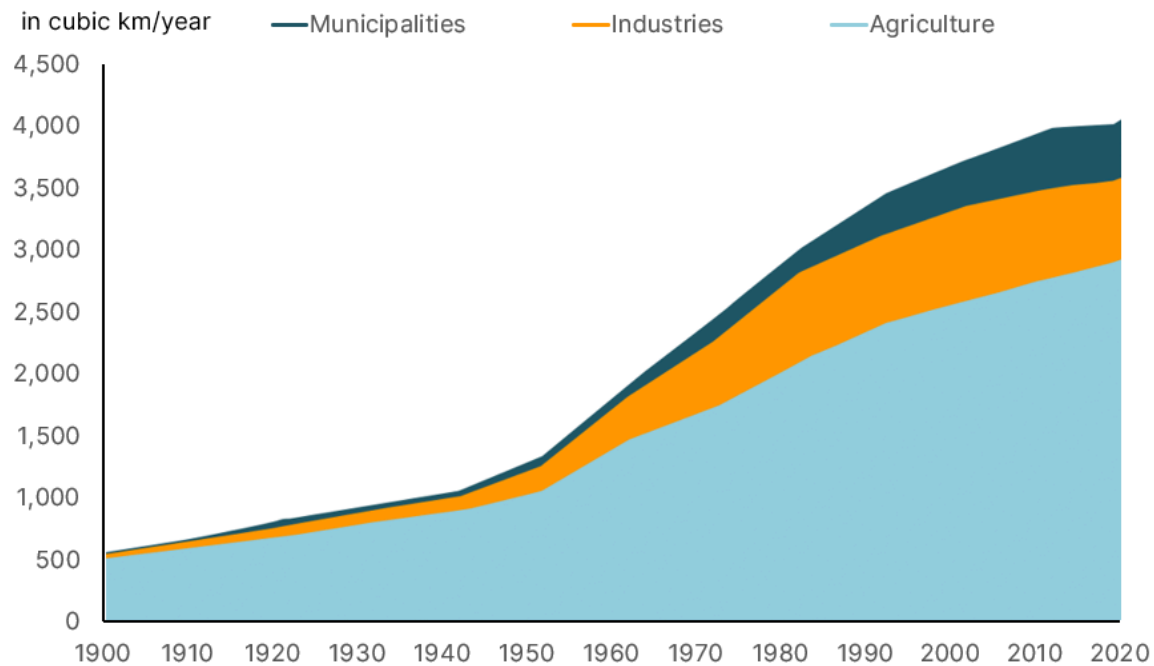
### Water Scarcity Is Capping Agricultural Supply Growth

Even where agricultural production is well-established today, a key foundation supporting it is eroding quickly. Agriculture accounts for **72% of all global freshwater withdrawals**, more than industries and households combined. The problem is that much of this water is being drawn from sources that are **not replenishing fast enough**.

# Rising Water Demand for Agriculture



## Evolution of Global Sectoral Water Withdrawals



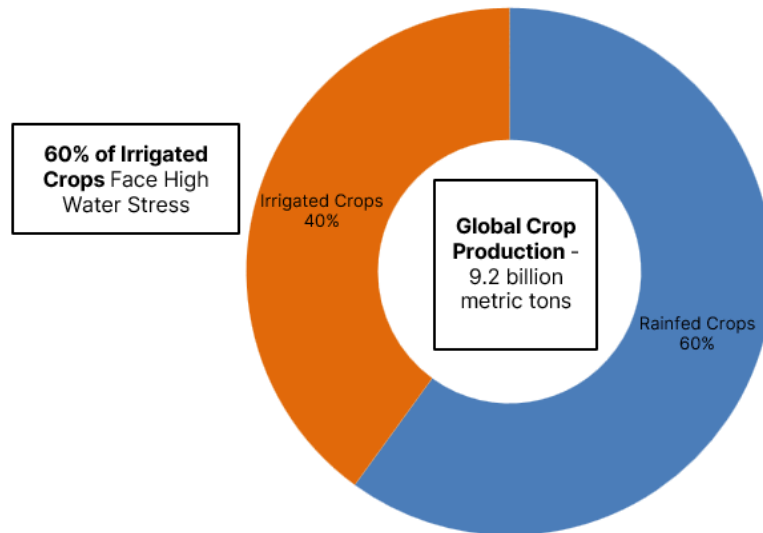
Date: 1900 Through 2020.  
Source: FAOSTAT, Bravos Research.

Around **60%** of all irrigated crops are currently grown in areas already facing **high or extremely high water stress**. For example, India pumps non-renewable groundwater to irrigate 270 million metric tons of crops, about 24% of its total production. At the same time, **demand for irrigation water** is projected to rise another **16%** in just the next **two decades**. In other words, a large part of the yield gains of the past 60 years were built on water supply being abundant, but that has now come to an end.

# 60% Irrigated Crops Face High Water Stress



Share of Irrigated and Rainfed Crops



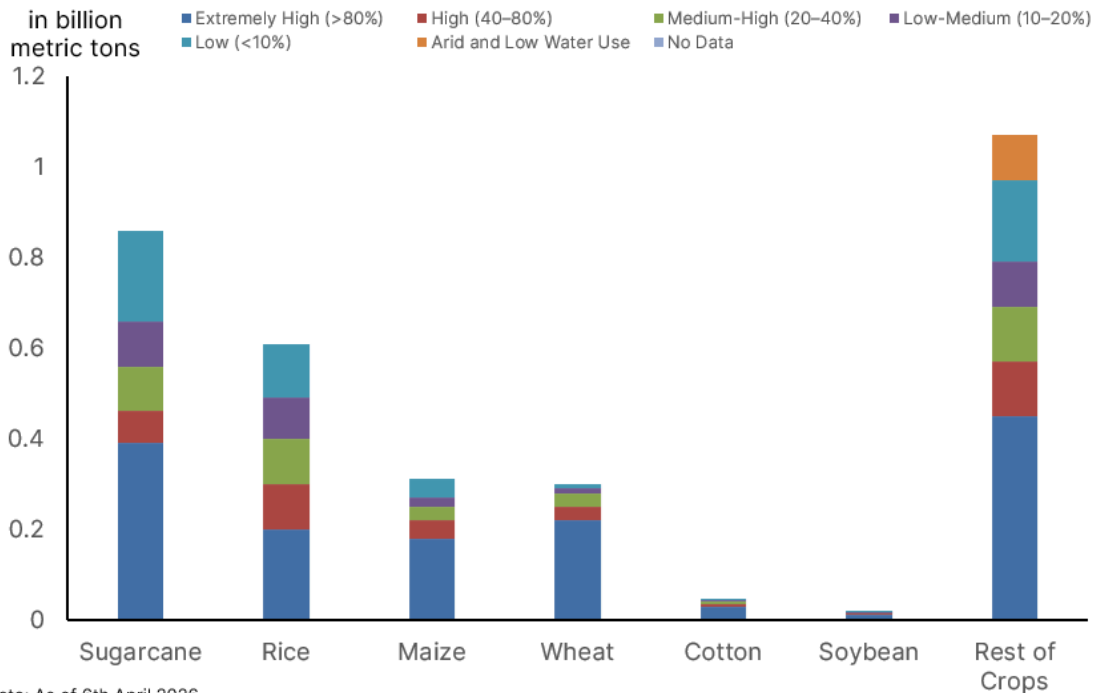
Date: as of September 2024.  
Source: Aqueduct, Bravos Research.

A 2026 UN report has formally declared that the world has entered an era of "**global water bankruptcy.**" Of course, different crops will be affected at varying intensity due to this, with sugarcane, rice, maize, wheat, and cotton being the five most vulnerable crops. But overall, this is a **structural constraint on agricultural supply** that is still being overlooked by the market that's more focused on near-term dynamics like geopolitics.

# Crops Susceptible to Water Stress



## Level of Water Stress By Crop Type



Date: As of 6th April 2026.  
Source: World Resources Institute, Bravos Research.

## Food Demand is Growing Faster Than Supply Can Keep Up

While supply is running into these structural walls, demand is moving in the opposite direction. **Global food demand** is projected to **grow between 35% to 56% by 2050**. But the population growth number this is based on actually **understates the challenge**.

As incomes rise across the developing world, diets shift toward meat and protein. **Global meat consumption** alone is projected to **grow 14% through 2030**. This matters because meat production is extremely **resource intensive**. It takes approximately **50 calories of animal feed to produce a single calorie of beef**. So the world doesn't just need more food for people, but also to **feed the animals that are then used as food**.

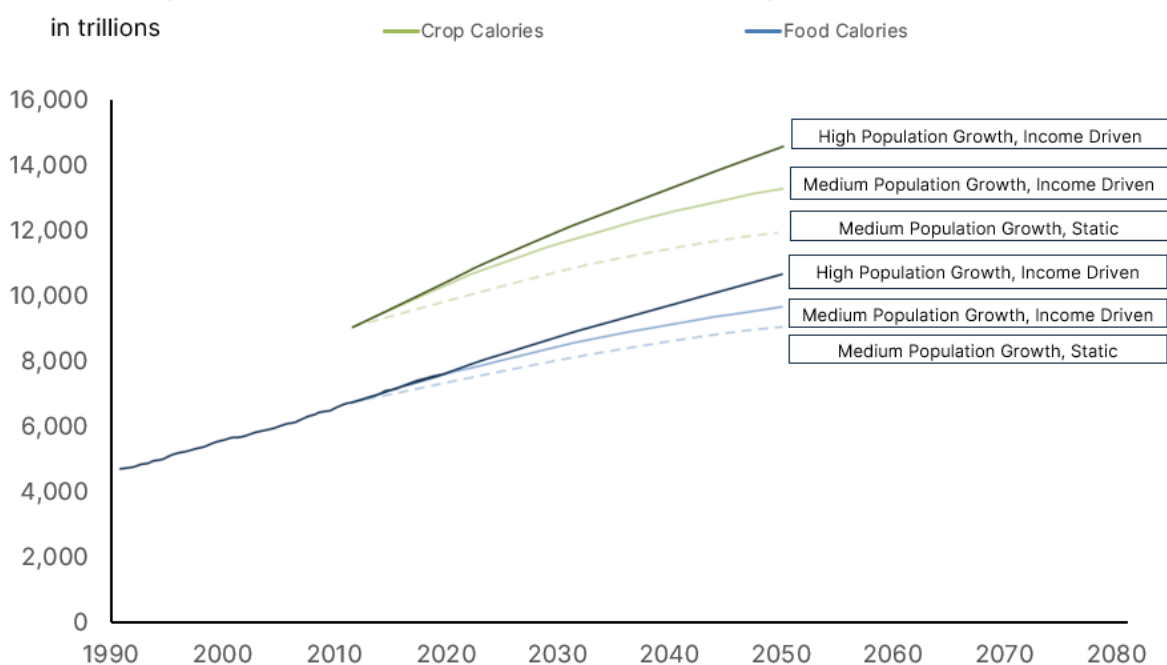
The result is that the **true demand on global agriculture is much larger than headline food consumption figures suggest**. Crop calories, which capture everything agriculture must produce including animal feed, need to grow far more than the food calories people actually eat.

As the chart below shows, under every scenario modeled (whether population grows fast or slow and whether diets change or not) both crop and food calories rise sharply through 2050. There is **no plausible path to meeting that demand without a significant increase in agricultural output**. Yet the system being asked to deliver it is already **running out of land, water, and affordable inputs**.

## Growth in Crop Calories & Food Calories



### World Crop Calories and Food Calories Growth Projections



Date: 1990 Through 2050E.  
Source: Bloomberg Finance L.P., Bravos Research.

### Crops are Now Feeding the World and Fueling It at the Same Time

What makes today's **demand picture** even more complex is that **food is no longer the only source of it**. For most of the 20th century, agricultural commodity prices **were** driven almost entirely by food supply, food demand, and weather. That has now **fundamentally changed**.

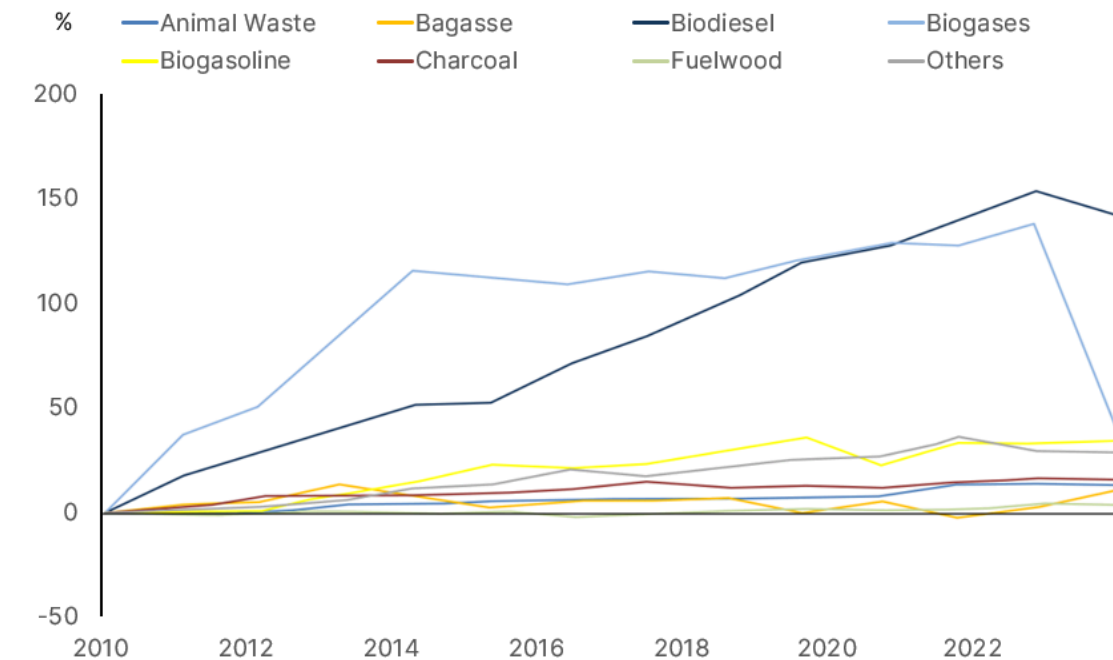
Today, **corn and soybeans** are simultaneously food and animal feed, but also **biofuel feedstocks**. **Biodiesel** in particular has been the **fastest growing source of demand** within this mix. This is not just a market-driven trend, but also a **policy-driven one**. Governments across the US, Brazil, and Europe have mandated that a growing share of their fuel supply must come from biological sources. That has **turned agricultural commodities** into an **energy product** with a **demand floor** that's now **backed by law**.

Unlike regular food demand, this cannot be “switched off” even if crop prices rise. That’s because the economics here are driven by **policy incentives** rather than the price of the crop itself.

## Bioenergy Demand Has Grown



### Bioenergy Consumption Trends



Date: 2010 Through 2023.  
Source: FAOSTAT, Bravos Research.

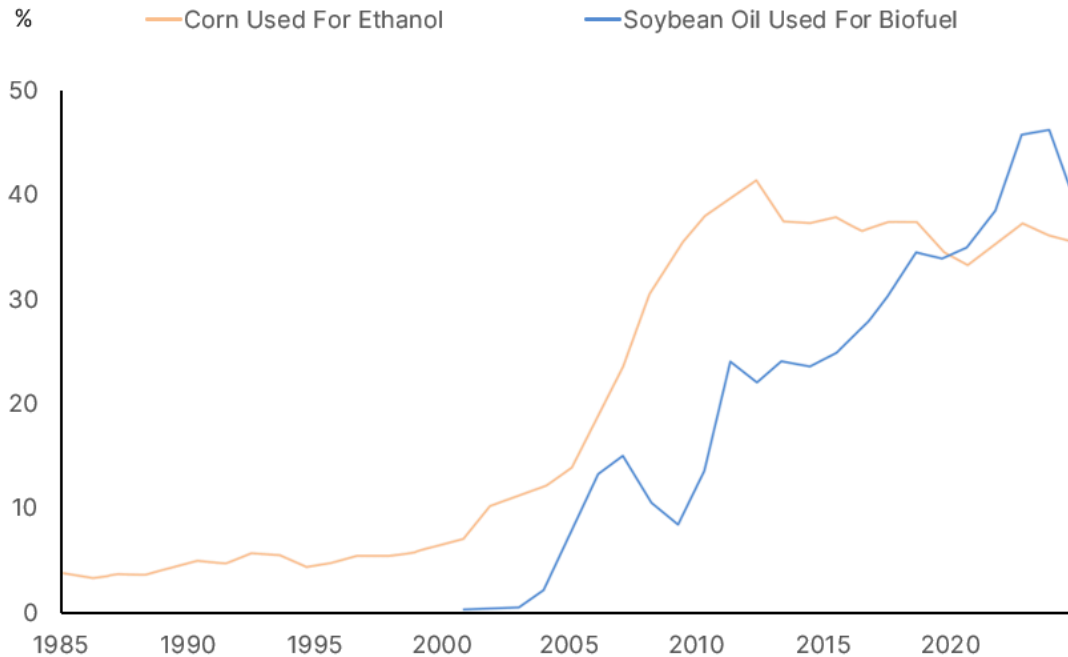
History already shows just how powerful this dynamic can be. Between 2005 and 2012, inflation-adjusted corn prices rose by 193%, driven by government mandates that significantly increased demand for ethanol biofuel. Today, the mandate structure is even larger and more entrenched.

The Environmental Protection Agency’s **2026 biofuel blending mandate** has come in well **above earlier proposals**. **Biodiesel** and **renewable diesel production** are required to **increase their blending mix by 60% from 2025 levels**. Approximately **36% of the entire US corn crop** now goes to **ethanol production** and **40% of soybean oil** goes to **biodiesel**. These have become **structural demand floors** baked into the economics of the biofuel energy sector. What this means in practice is that a **bad growing season** no longer just creates a food shortage, but simultaneously creates a **biofuel energy shortage**.

# Corn And Soybeans are Used For Energy



## Use of Corn and Soybean Oil for Ethanol and Biofuel Respectively



Date: 1985 Through 2025.  
Source: FAOSTAT, Bravos Research.

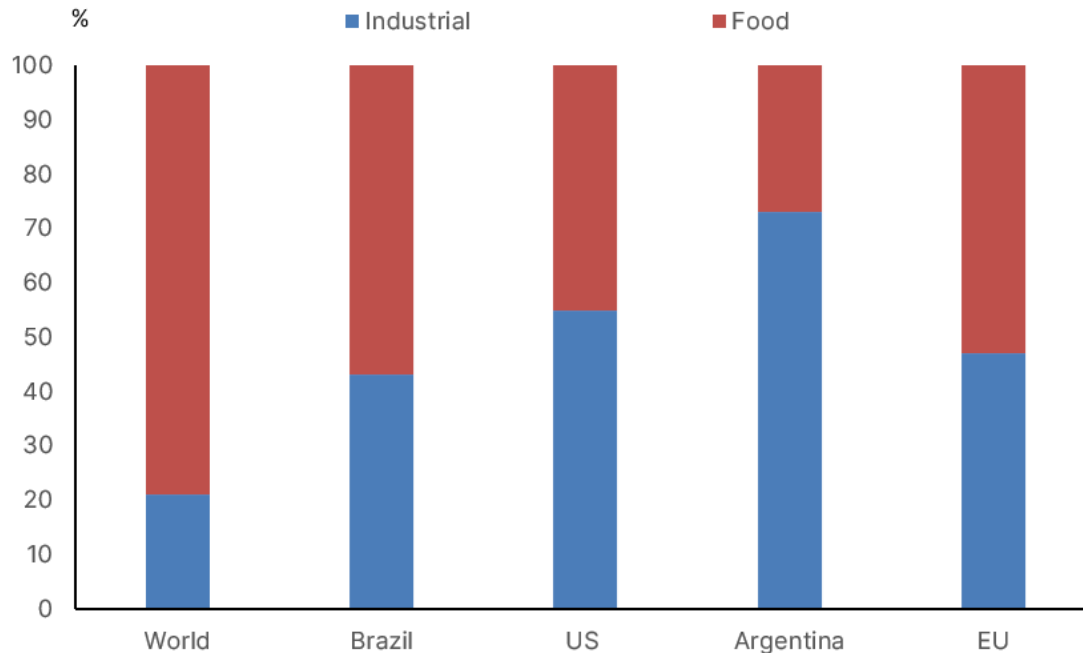
Soybeans are the clearest example of how this convergence has taken hold. In the US, Argentina, Brazil, and the EU, biofuel already accounts for **40% to 70% of total soybean oil consumption**. This creates a **direct mechanical link between energy prices and food prices**.

When energy prices rise, the economics of biofuel improve, which **pulls more soybean oil toward fuel rather than food**. This **tightens** food supply further even **without any change in crop production**. The result is that soybeans now sit at the intersection of **three independent forces** all pulling in the same direction at once - **food demand, energy markets, and Chinese trade policy**, which we will cover in more detail later in this report.

# Soy Oil Consumption as Biofuel is High



## Share of Soy Oil Industrial Use in the World and Top Four Markets



Date: As of 6th April 2026.  
Source: USDA, Bravos Research.

### A Historically Thin Grain Buffer Has Set the Stage for a Sharp Repricing

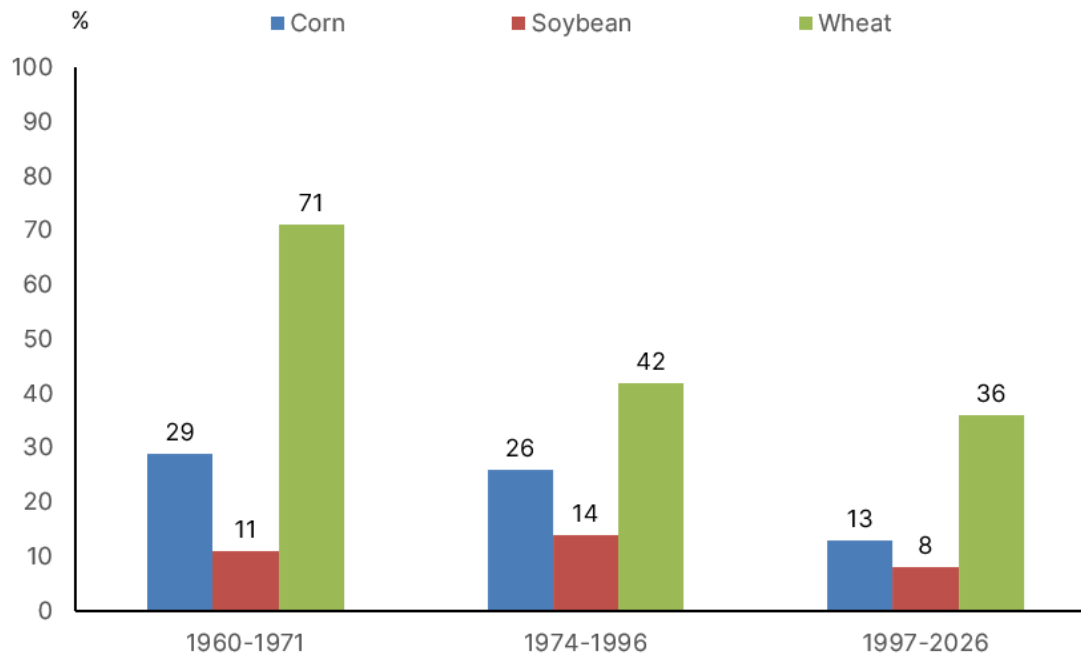
Despite everything outlined above, agricultural commodity prices have largely failed to reflect it. The main reason prices stayed low for so long was that the world had built up a comfortable cushion of grain reserves. **That cushion is now gone.** As of early 2026, **global grain production of 2,460 million tonnes** is barely keeping pace with **global consumption of 2,415 million tonnes**. The **buffer between what the world grows and what it eats has never been thinner.**

This shows up clearly in the **stock-to-use ratio**, which is a measure of how many months of supply are sitting in warehouses relative to annual consumption. In the US, the wheat stock-to-use ratio has fallen from 71% to **36%**, corn from 29% to **13%**, and soybeans from 14% to just **8%**. When these numbers fall **below** certain thresholds, agricultural prices tend to move sharply higher. This is driven by **panic buying** as buyers bid against each other for limited supply and **prices spike to ration what's left.**

# Stock-to-Use Ratio is Historically Low



## Average Ending Stock To Use Ratio



Date: As of 6th April 2026.  
Source: USDA, Bravos Research.

## A Multi-Year Cost-Price Squeeze Could Shrink Grain Supply Further

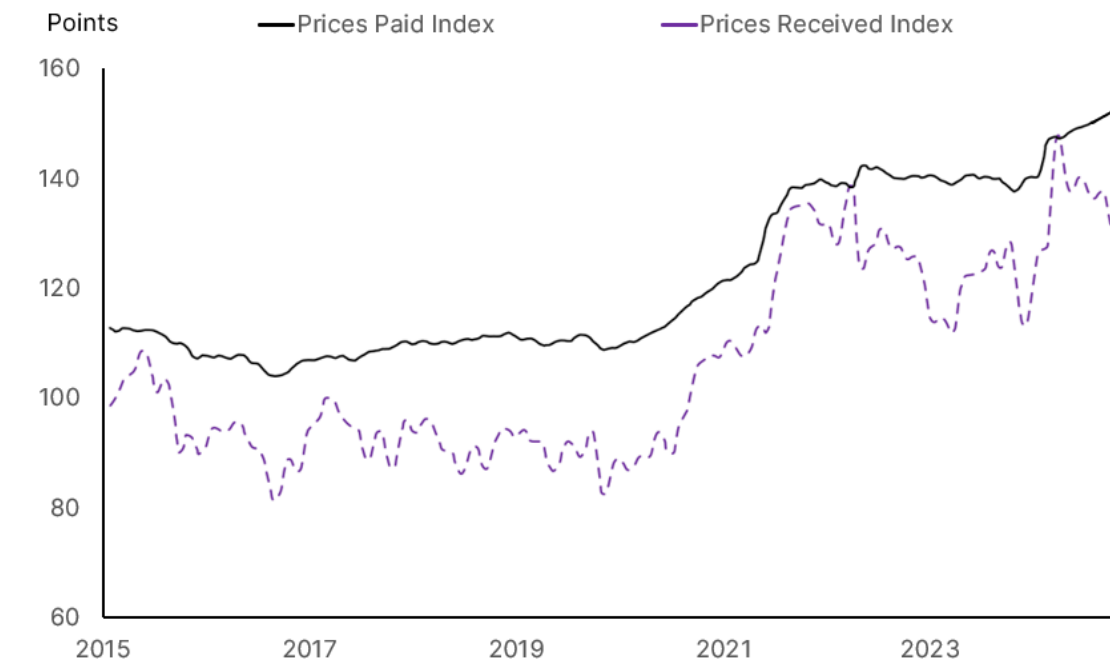
The situation is made worse by what's happening at the farm level. Since the commodity run-up of 2021 and 2022, **prices that farmers receive for their crops have fallen faster than their costs have come down**. This has created one of the **widest gaps** in a decade between what it costs to grow food and what farmers actually get paid for it. Such a **cost-price squeeze** has a direct consequence for the near future.

When farmers lose money for multiple consecutive years, they eventually plant fewer acres and cut back on inputs to reduce costs. **Fewer inputs** on already constrained land means **lower yields**. As a result, **supply grows even more slowly** at precisely the moment when **demand is accelerating**.

# Farmers Are Facing Cost-Price Squeeze



## Prices Paid and Received Index for Agricultural Commodities



Date: 2015 Through 2025.  
Source: USDA, Bravos Research.

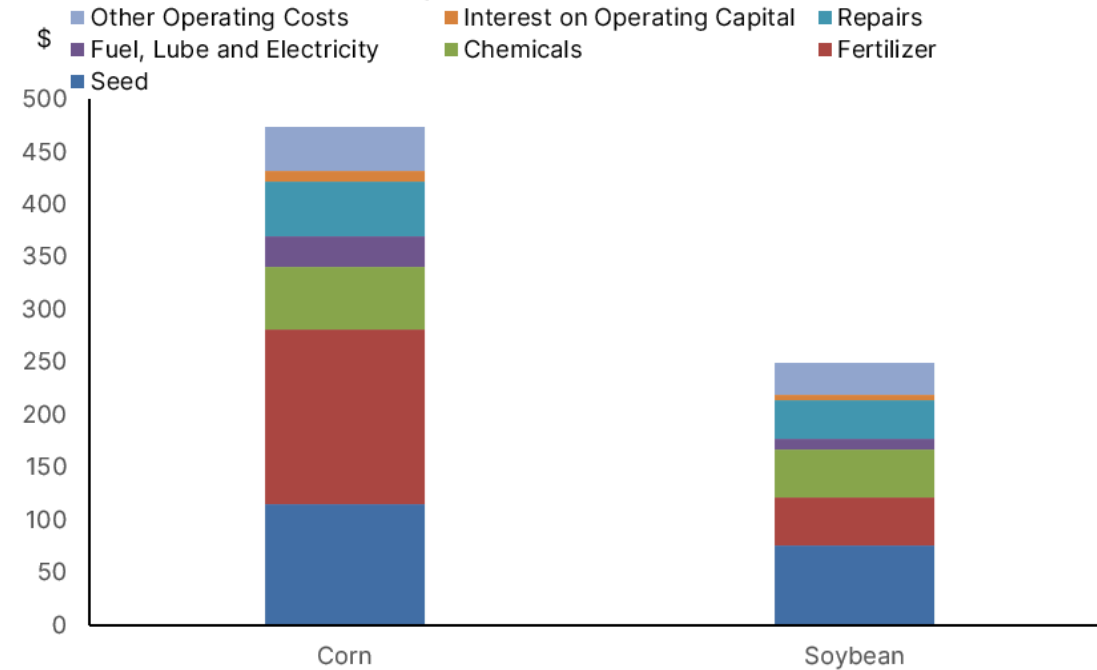
### Farmers Have No Choice But to Pay the High Fertilizer Costs

The **agricultural supply-demand imbalance** was already under great stress even **before** the recent **disruption in the Strait of Hormuz**. For example, fertilizer prices jumped **20.9%** between 2024 and 2025, driven largely by Chinese export controls. What made the recent disruption particularly damaging is the **timing**. Fertilizers make up **20% to 35% of total farm operating costs**. But within the narrow **60 to 90 day planting window**, it is among the **most price-inelastic purchases** a farmer makes. The alternative to paying up is a smaller harvest, and most farmers will not accept that trade-off so close to the planting season.

# Fertilizers Make Up 20-35% Operating Costs



## Corn and Soybean Operating Costs



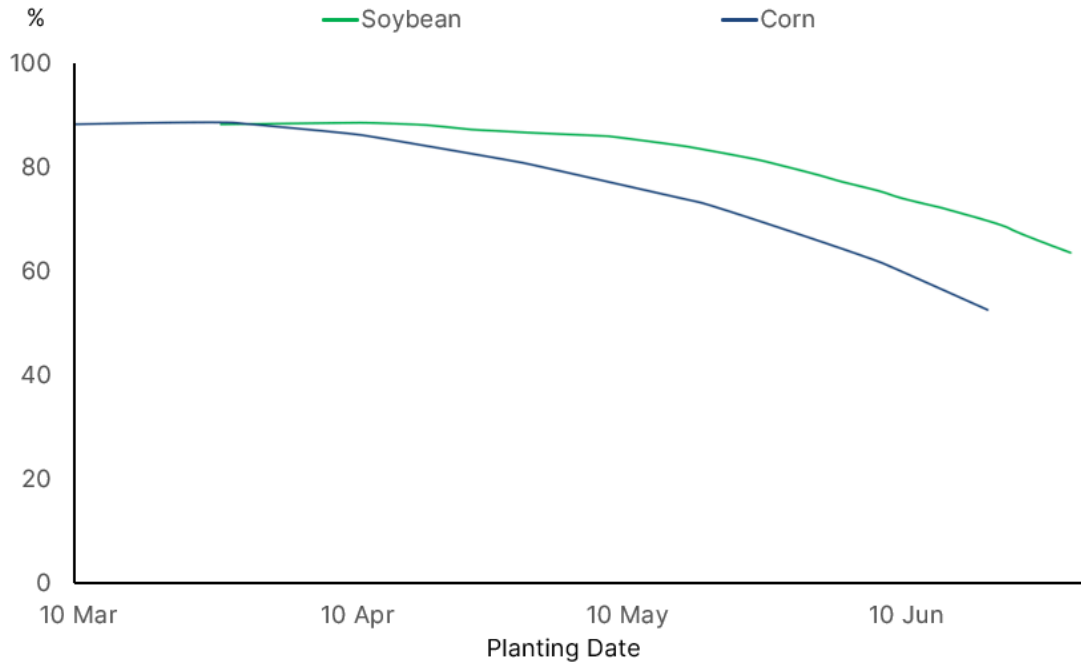
Date: As of 6th April 2026.  
Source: USDA ERS, Bravos Research.

Corn and soybean planting happens between **March and May**, which means fertilizer purchases are being made within that window. Fertilizer costs were already expected to average **\$166 per acre for corn in 2026** and **\$57 per acre for soybeans**, up **5.3%** and **5.2%** respectively from 2025. The Hormuz shock has significantly pushed those costs even higher and even when Hormuz re-opens, the damage has already been done as we'll go into more detail later in this report. But first we need to understand why this **fertilizer shortage cannot be quickly resolved**. For that we have to look at **where** the fertilizer actually comes from in the first place.

# March to May is Peak Planting Window



## Percentage of Highest Yield For Corn and Soybean



Date: As of 6th April 2026.  
Source: USDA, Bravos Research.

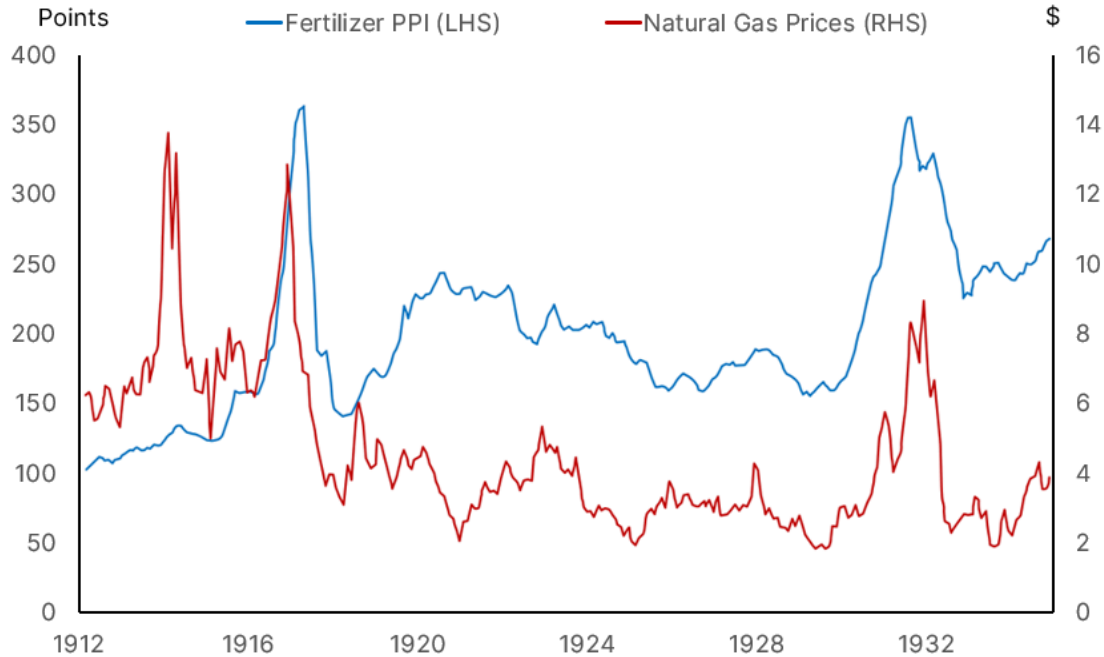
## The Fertilizer Supply Chain Damage Cannot Be Quickly Resolved

**Natural gas** accounts for approximately **80% of the variable cost of producing nitrogen fertilizer** and also makes up a **significant portion for other types of fertilizers**. This is why the fertilizer producer price index, which tracks what manufacturers charge for fertilizer at the factory level, has historically **moved closely** with natural gas prices.

# Fertilizers PPI Follows Natural Gas Price



## Producer Price Index for US Fertilizers and Natural Gas Prices



Date: 2003 Through 6th April 2026.  
Source: FRED, BLS, Bravos Research.

Gulf countries use natural gas for ammonia production, which is then processed into finished fertilizers like nitrogen-based urea. Almost **50% of global urea supply** comes directly from this region, with **American farmers** being the **single largest importers**.

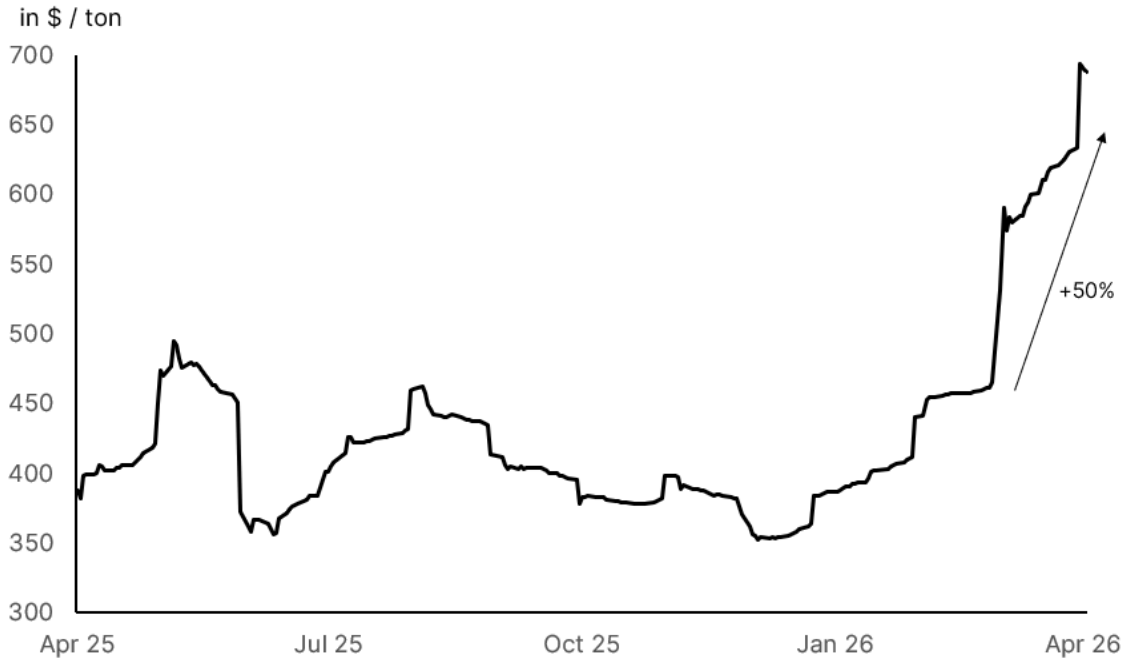
Irrespective of whether the Strait of Hormuz is open or closed, the war has **already** severely damaged gas fields in Iran and Qatar. These are home to the **world's largest natural gas reserves**. They were also a key supply source for fertilizer producers in countries like India, the world's second largest nitrogen fertilizer producer. **Rebuilding the infrastructure and supply chain** for these damaged gas fields is like going to take **multiple months to years**. So the **damage to this planting season has already been done**.

The result is an aggressive repricing of fertilizer prices. For example, **urea prices** have **surged more than 50%** to almost \$700 per metric ton in just **one month**. This is what happens when farmers scramble to secure whatever inventory remains ahead of the planting season.

# Urea Prices Are Spiking



Urea / US Dollar



Date: April 2025 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

## **Either Fertilizer Prices Have to Fall or Grain Prices Must Rise**

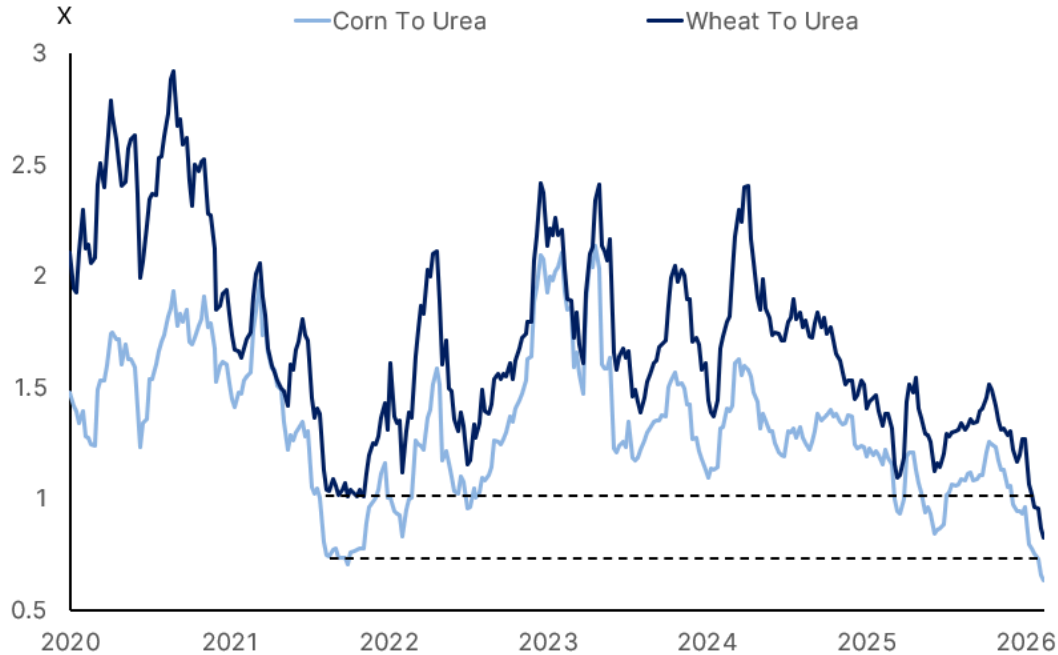
The fertilizer repricing tells a simple but important story. The **ratio of grain prices relative to fertilizer costs** has **collapsed back to the 2022 lows**. At these levels, **either fertilizer prices must fall sharply (unlikely) or grain prices will have to rise** to restore the **basic economics of farming**. The last time this ratio fell to similar levels, grain prices subsequently doubled.

Now the path to **higher grain prices runs through one of two scenarios**. In the first, farmers absorb the higher input costs and pass them on through higher selling prices for their crops. In the second, farmers cut back on fertilizer usage to protect their margins, leading to lower yields and tighter supplies. This is what's known as the **"yield cliff"** scenario and would in turn trigger a surge in crop prices down the line. Either way, both scenarios point to the same outcome: an **incoming rise in agricultural commodity prices**.

# Grain/Fertilizer Ratio at 2022 Lows



## Corn and Wheat Price Relative To Urea



Date: 2020 Through 6th April 2026.  
Source: BofA Global Research, Bravos Research.

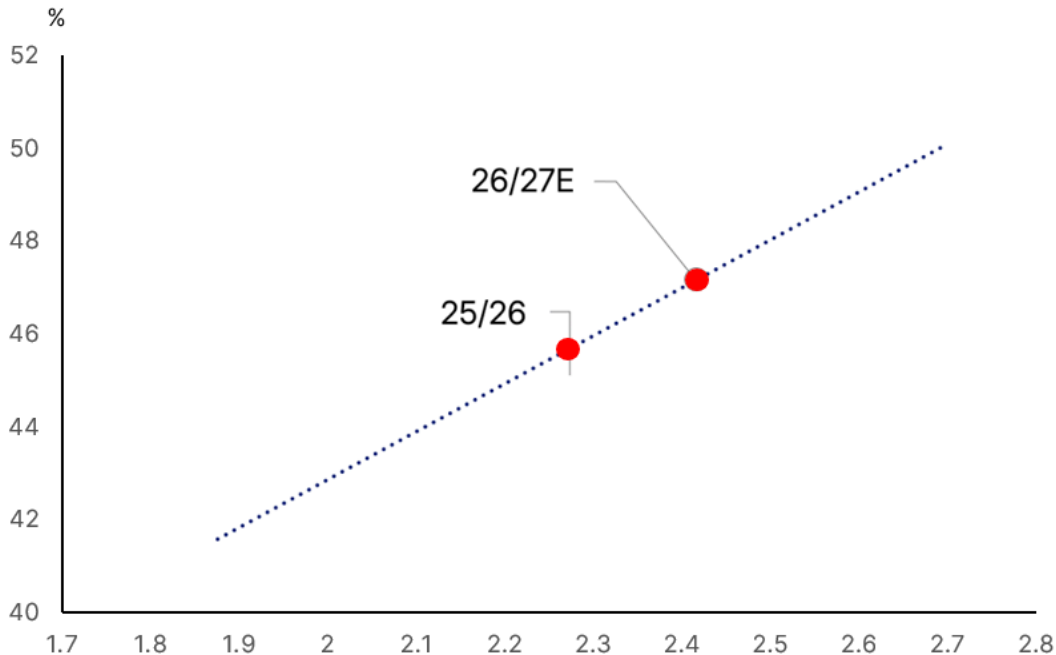
### Corn is the Most Vulnerable Crop in This Environment

Not every crop is equally exposed to a fertilizer shock though. The degree of exposure comes down to how much **nitrogen** a crop actually needs to produce a viable yield. **Corn** sits at the **most vulnerable** end of that spectrum, requiring between **100 and 240 pounds of nitrogen fertilizer per acre**. Soybeans, by comparison, require very little.

So when urea prices surge, corn production costs and planting decisions are the first to get hit. US farmers were already planning to reduce corn planting from **98.8 million acres** down to **95 million acres**. Instead, their plan was to **rotate into soybeans** in response to the more favorable cost economics.

# Farmers Are Rotating From Corn to Soybeans

Relation Between Soy To Corn Ratio and Soy Area % in Soy-Corn Mix



Date: As of 6th April 2026.  
Source: BofA Global Research, Bravos Research.

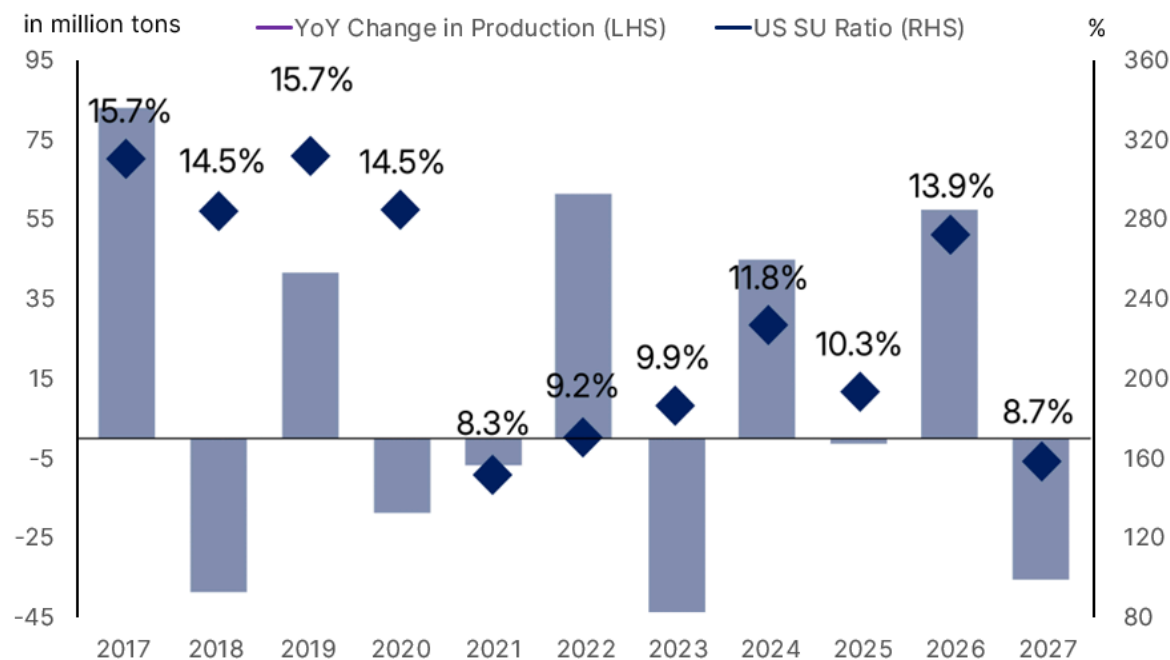
If the fertilizer shortage further reduces global corn output, the US corn stock-to-use ratio for 2026/27 could fall from 13% to just **8.7%**. This would mark the **second lowest level in a decade**. The last time the stock-to-use ratio fell below 9% was in 2021, which was followed by over a 150% move higher for corn prices. The setup today looks remarkably **similar**.

At the same time, production across the **four major corn-producing regions** (the US, Brazil, Argentina, and Ukraine) is also expected to **decline year-over-year**. This combination of **falling production** and **shrinking inventories** creates one of the **tightest corn balance sheets** in the past decade.

# Corn Market is Projected to Tighten Further



## YoY Change in Corn Production and US Stock-To-Use Ratio



Date: 2017 Through 2027E.  
Source: BofA Global Research, Bravos Research.

### Chinese Demand Could Push Soybean Inventories to a Breaking Point

Soybeans face a different but equally compelling setup. As we highlighted earlier, the US soybean stock-to-use ratio already sits at just **8%**. But there is an additional demand catalyst that the market has not yet fully priced in. **China** recently announced it would **purchase 20 million tons of US soybeans for the 2025/2026 season**, with commitments of **25 million tons annually for the following three years**. If those purchases materialize, the US soybean stock-to-use ratio could fall toward **5%** even with the additional acreage coming online. Such a low level could trigger a **sharp price spike for soybeans**.

### Today's Setup Mirrors the 1970s But Structural Pressures are Even Stronger

To understand the full magnitude of what could be coming, it helps to look back at the last time these many forces converged on agricultural markets all at once. In the early 1970s, wheat, corn, and soybean prices began rising rapidly. By 1974, they had reached record highs after a **series of simultaneous shocks**:

- 1) The 1973 Arab oil embargo
- 2) Several years of adverse weather across major producing countries

- 3) Large Soviet Union grain purchases
- 4) Collapse of the Peruvian anchovy catch leading to a spike in demand for soybean meal as a protein substitute
- 5) Significant underinvestment in agricultural commodities

It was the combination of these factors that made the 1970s commodity cycle so powerful. Today's setup rhymes closely with that period. We have an **energy shock**, a **fertilizer supply decline**, growing **weather risk from El Niño in the second half of 2026**, and a **geopolitical reordering of trade flows through tariffs**. All of these are **hitting at the same time**.

In **1973-1974**, grain prices surged **2 to 3 times** from their **pre-shock lows**. Today, the structural backdrop is **significantly more demanding** than it was back then. Livestock feed demand is larger, biofuel mandates have created an entirely new source of agricultural demand, and the land and water constraints we have outlined simply did not exist at this scale in the 1970s.

History offers one more telling data point that we think is important. In the **past 60 years**, there have only been **four periods** where **prices of at least two of the three principal field crops surged for two or more consecutive years**: 1973-74, 1994-95, 2006-08, and 2010-12. Every single one was **preceded** by the same **combination of an energy shock, a supply disruption, and tight inventories**. Those are precisely the **conditions present today**.

### **Institutional Investors are Just Starting to Pile In**

What makes today's setup even more interesting is how institutional capital was positioned heading into all of this. Throughout the last few years, **institutional money** was running one of the **largest net short positions in agricultural commodities**. In other words, professional investors were overwhelmingly betting against the very thesis we have outlined above.

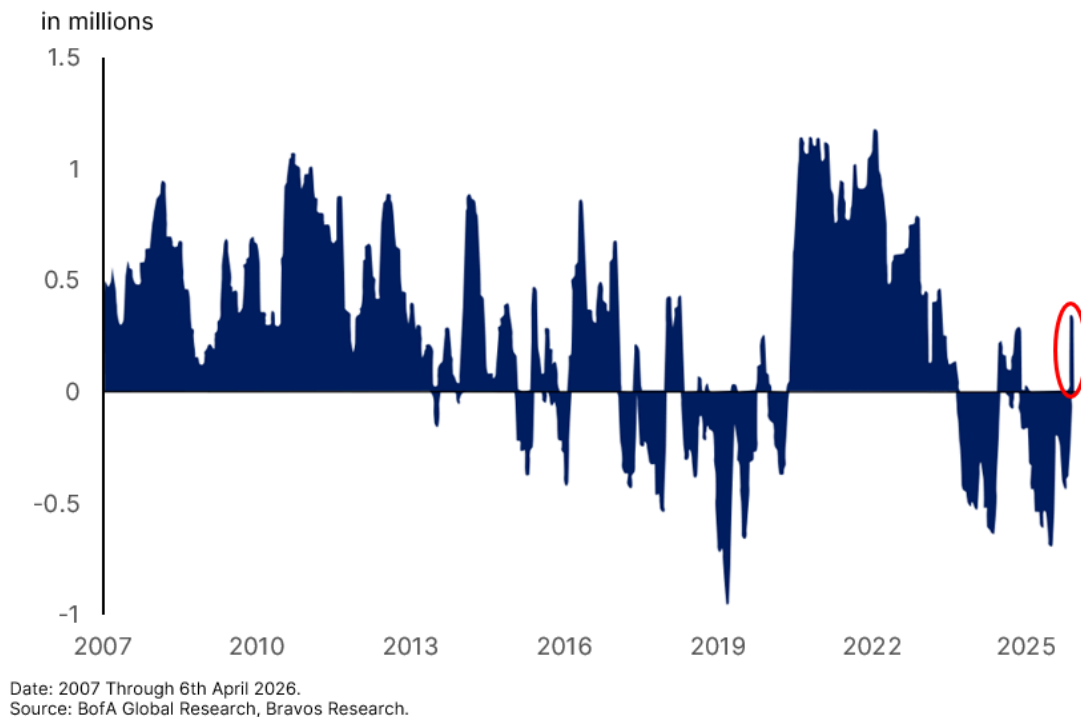
That positioning has now begun to **shift**. Since the beginning of this year, their net position has flipped to approximately **250,000 net long contracts**. But to put that in context, the **peak net long position reached 1,100,000 contracts in 2011** and **800,000 contracts in 2022**. Both of these periods saw significant agricultural commodity price appreciation.

Today's net long position is still a **fraction of either of those levels**. If institutional positioning simply reverts toward average historical levels, it implies **hundreds of thousands of additional contracts of buying pressure still to come** across the agricultural space. This would be **on top** of the **fundamental supply and demand forces**

that are already in motion. So what does all of this actually mean for agricultural commodity prices?

## Institutions Have Shifted Their AG Positioning

CFTC CoT Managed Money Agri Commodities Net Total Positions



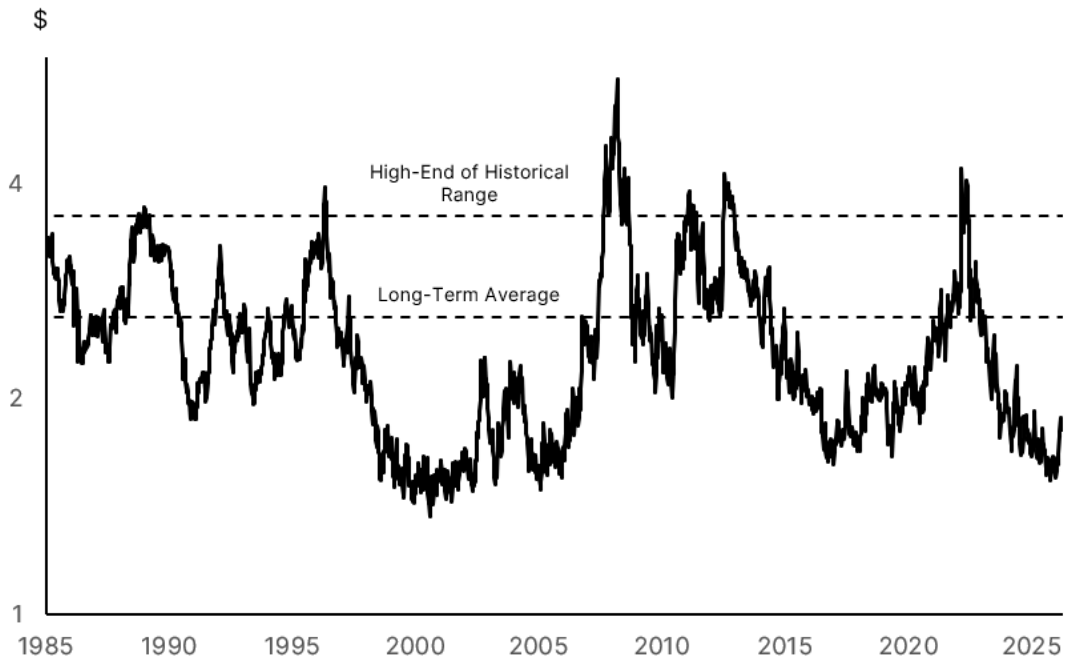
### Our Price Targets for the Three Principal Crops

**Soybeans** are currently trading around **\$11.65 per bushel**. In **inflation-adjusted terms**, that places them near the **bottom of its four-decade historical range**. A simple **mean reversion** to the long-term real average would represent a **30% gain** from here, equating to around **\$15 per bushel** in today's dollars. If real prices were to move toward the **upper end of the historical range**, then that would mean a **70% gain**, putting soybeans at almost **\$20 per bushel**. These are our conservative estimates though because if inflation continues to rise from here, the nominal targets would naturally move higher alongside it.

# Inflation Adjusted Wheat Price is Cheap



## Inflation Adjusted Wheat Price



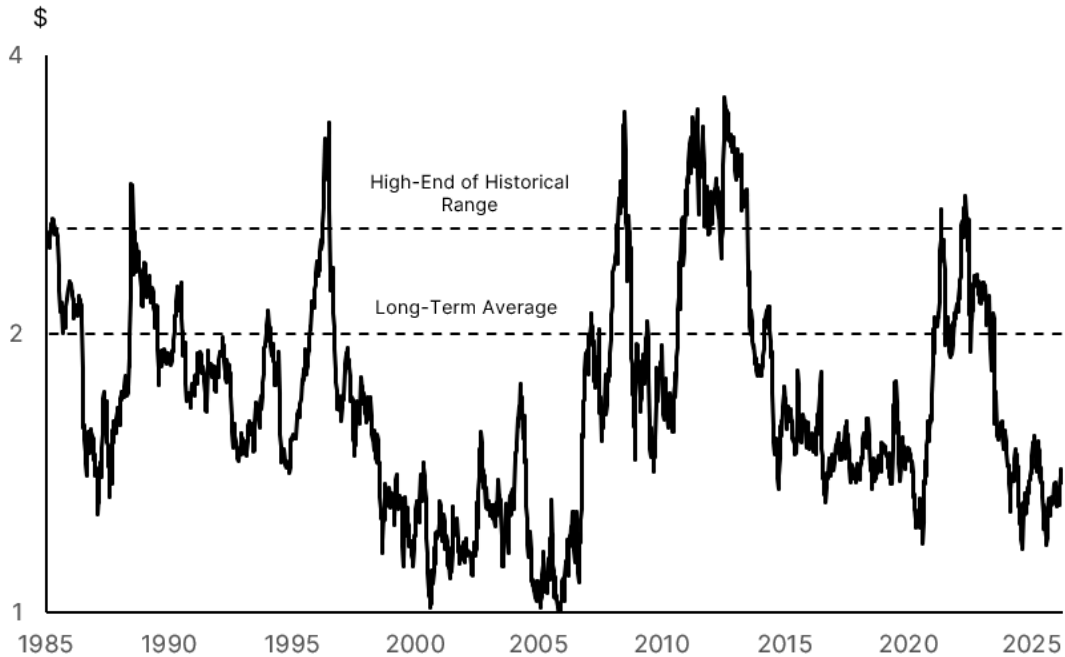
Date: 1985 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

**Wheat** is currently trading around **\$6 per bushel**, with its **inflation-adjusted price** at the **lower end of its historical range**. A move back to the **long-term average** implies **50% upside** and would equate to around **\$9 per bushel** in nominal terms. Whereas a move toward the **historical upper range** would put wheat at around **\$12 per bushel**, representing a **100% gain**. As with soybeans, these targets assume inflation stays roughly where it is today. Any further rise would push the nominal targets even higher.

# Inflation Adjusted Corn Price is Cheap



## Inflation Adjusted Corn Price



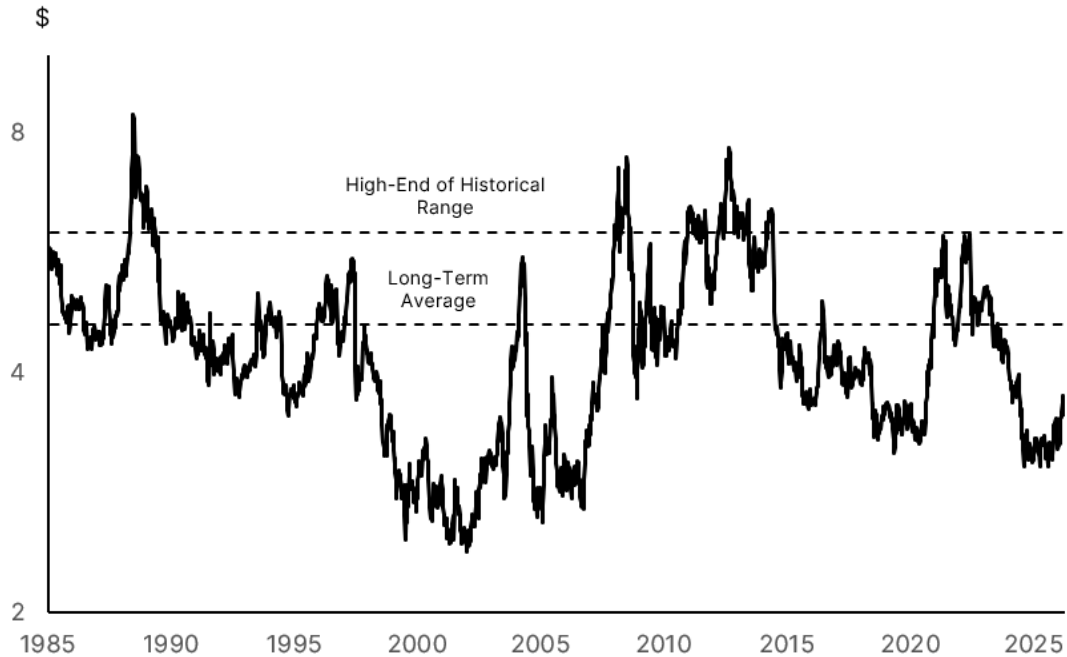
Date: 1985 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

**Corn** tells a similar story. On an **inflation-adjusted basis**, it is sitting well **below its long-term average**. Getting back to that **average** is a **50% move up** from here, putting corn at around **\$6.75 per bushel** in today's dollars. The **upper end of its historical real range** implies a **105% gain** to around **\$9.20 per bushel**. Given the degree of nitrogen dependence, the acreage rotation, and the stock-to-use dynamics outlined in this report, the fundamental case for corn reaching that upper range is **arguably the strongest** of the three crops.

# Inflation Adjusted Soybean Price is Cheap



## Inflation Adjusted Soybean Price



Date: 1985 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Two ETFs Offer Broad Agricultural Exposure

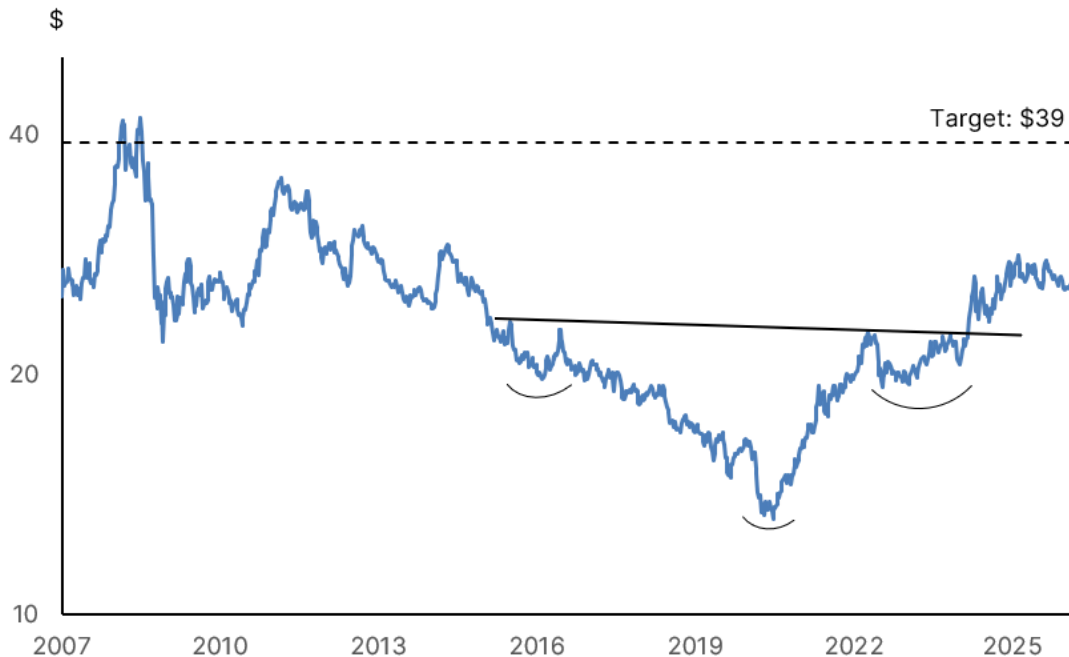
A broad way to invest in the agricultural space is through the **Invesco DB Agriculture Fund (DBA)**. It tracks a **basket of agricultural commodity futures** including wheat, corn, soybeans, sugar, cattle, and coffee. This provides **direct exposure to agricultural commodity price movements** without the need to trade individual futures contracts.

After a decade of declining prices, DBA broke out of an **inverse head and shoulders basing pattern** in 2025. Since then it has been consolidating, essentially digesting that initial move. We think the current macro environment should provide the fuel needed for DBA to finally break out of this consolidation and make its next leg higher. The implied upside target from the basing pattern is approximately **\$39**, representing around a **45% gain** from current levels.

# Agricultural Commodities Index (DBA)



Invesco DB Agriculture Fund



Date: 2007 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

For investors who prefer to have exposure to the agricultural theme through the companies that directly benefit from it rather than the commodities themselves, the **iShares MSCI Agriculture Producers ETF (VEGI) is our preferred vehicle**. It tracks a **global index of companies across the entire agricultural supply chain**. This includes fertilizer producers, agricultural chemical companies, farm machinery manufacturers, and packaged food and meat businesses.

As agricultural commodity prices rise, these are the businesses that tend to see their revenues and margins expand as a direct result. This gives VEGI the potential to deliver **leveraged exposure to the agricultural thesis** relative to the underlying commodities themselves. VEGI has been in a well-defined **rising channel** since 2016. It recently bounced off channel support, which is a constructive sign that the **longer-term uptrend remains intact**. The channel resistance sits approximately **80% above current levels**, giving us a target of around **\$81.50**.

Now there are also **6 specific companies** within this sector that we find particularly attractive. These are companies that we think are ideally positioned to take advantage of this environment and have the potential for **significantly more upside than the ETF itself**.

# Agricultural Producers Index (VEGI)



iShares MSCI Agriculture Producers Index



Date: 2012 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

## Stock 1: Nutrien Ltd. (NTR)

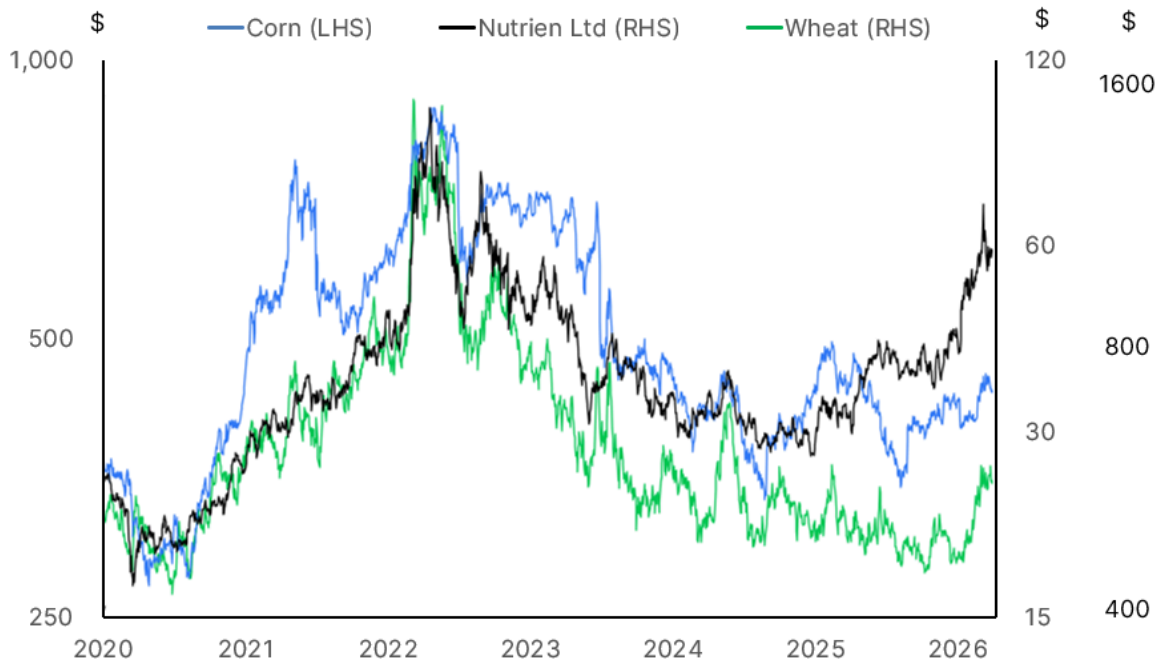
When crop prices rise, the entire agricultural supply chain gets a tailwind. But not every company in that chain benefits equally. Some have **structural advantages** that turn an agricultural commodity upcycle into a **disproportionate earnings event**. We believe **Nutrien** is one of those companies.

As we highlighted earlier in this report, fertilizers make up **20 to 35%** of total crop costs but have an **outsized impact on crop yield**. This is what makes fertilizer demand **highly inelastic**, especially around the planting window. When crop prices rise, that relationship is put on steroids. Farmers who are already committed to buying fertilizer regardless of price now have an even **stronger incentive to maximize every acre's output**. The economics of applying more inputs improve dramatically when the crop they are growing is worth significantly more. Nutrien sits at the center of that dynamic. We can see this by looking at the **close relationship between NTR against the price of corn and wheat**, for example.

# Nutrien Follows Crop Prices



## Nutrien Stock Price and Wheat and Corn Price



Date: 2020 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Lower Costs & Greater Scale Gives Nutrien an Outsized Advantage

Nutrien is the world's **largest fertilizer producer by capacity**, controlling approximately **20% of global potash supply**. But what makes Nutrien particularly compelling in this environment is not just its size. It is the combination of **cost advantage and scale**.

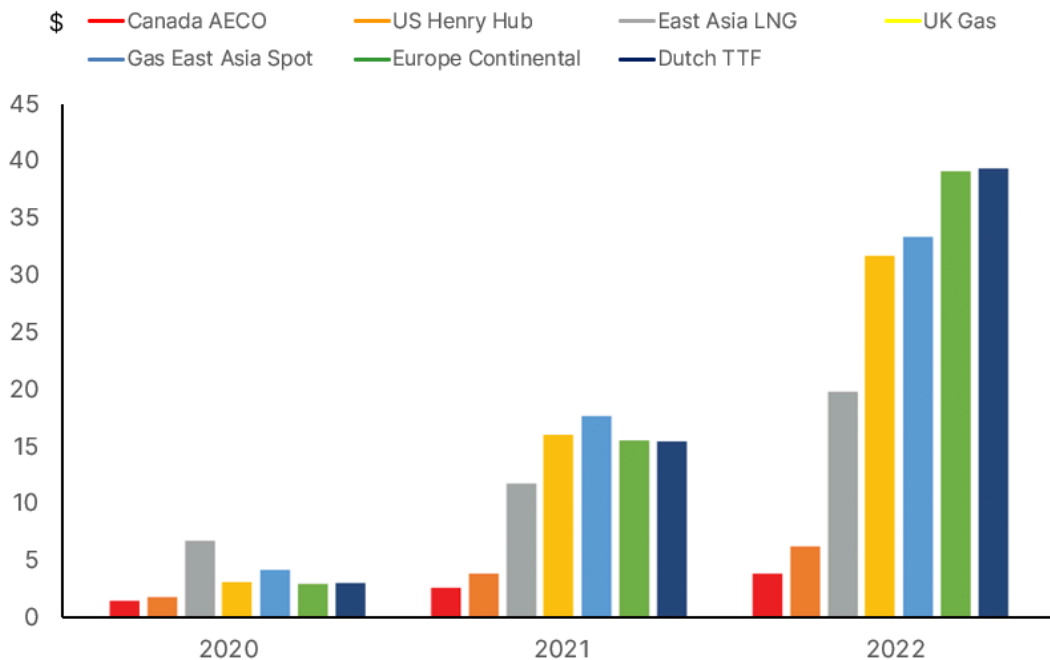
By concentrating its nitrogen-based fertilizer production in Western Canada, Nutrien accesses some of the **lowest-cost natural gas feedstock** available globally. As **energy-driven inflation pushes fertilizer production costs higher** for competitors around the world, Nutrien is **largely insulated from this**.

As a result, Nutrien is able to produce fertilizers at a **lower cost** while selling into a **globally elevated price environment**. Every **\$25 per tonne increase** in nitrogen-based fertilizer prices directly translates into approximately **\$250 million in additional earnings** for the company. With urea prices already up **more than 50% since March 2026**, it acts as a **significant tailwind** for Nutrien.

# Canada Has the Cheapest Global Gas Prices



## Global Gas Prices



Date: 2020 Through 2022.  
Source: Canadian Energy Center, Bravos Research.

This cost advantage is further amplified through Nutrien's potash quality. Its deposits are among the **highest grade in the world, nearly double the grade of the world's second-largest potash reserve**. Higher grade means lower cost per tonne to mine and process. So Nutrien can be much **more price-competitive** than peers while still **maintaining superior margins**.

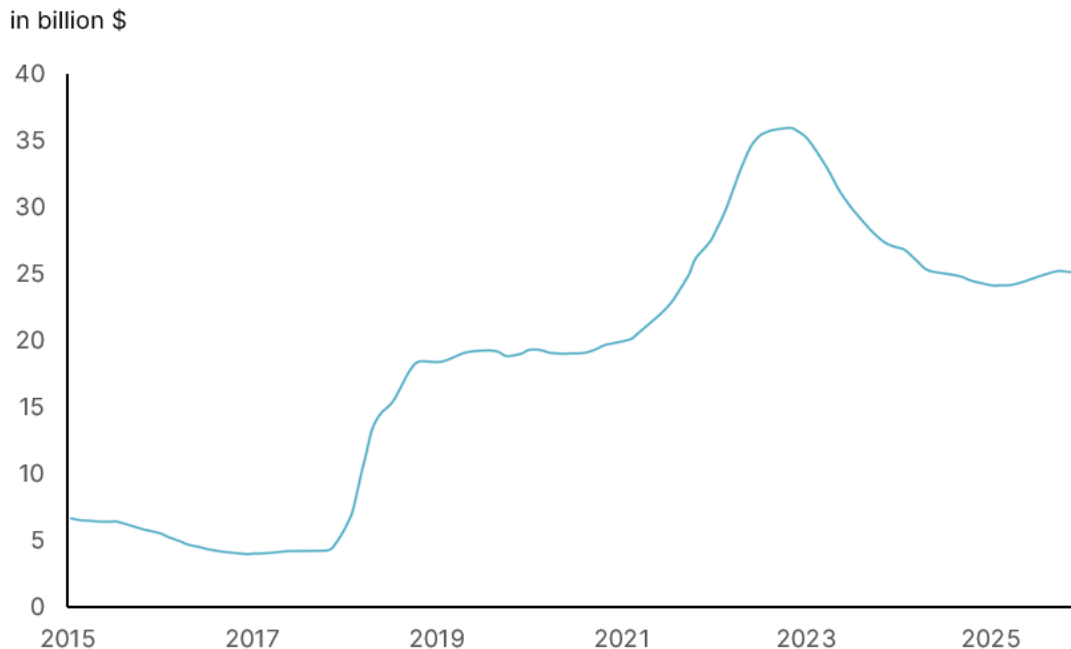
Nutrien's **scale** gives it another **advantage that goes beyond cost**. Unlike smaller producers that are constrained by capacity, Nutrien can **ramp up production to meet rising demand quite quickly** whenever the economics make sense. So when fertilizer demand accelerates, Nutrien doesn't face the bottleneck problem that limits other competitors. This is what makes Nutrien genuinely an **exceptional bet in this type of environment**.

This dominant position has allowed Nutrien to **consistently grow its revenues** cycle after cycle in a **stair step fashion**. The last two times crop prices rose were in **2018** and **2022**. In both instances, Nutrien was able to **expand its revenues significantly**. Since 2022, the company has still been able to relatively stabilize its revenues around **\$26 billion** despite a "dead" agricultural commodity market. A pick back up in crop prices would likely lead **revenues to take its next step higher** and **exceed the 2022 highs of \$37.9 billion**.

# Revenue For Nutrien Ltd.



## Nutrien Ltd (NTR) - Revenue



Date: 2015 Through 2025.  
Source: Bloomberg Finance L.P., Bravos Research.

### When Revenue Surges, Margins Significantly Expand

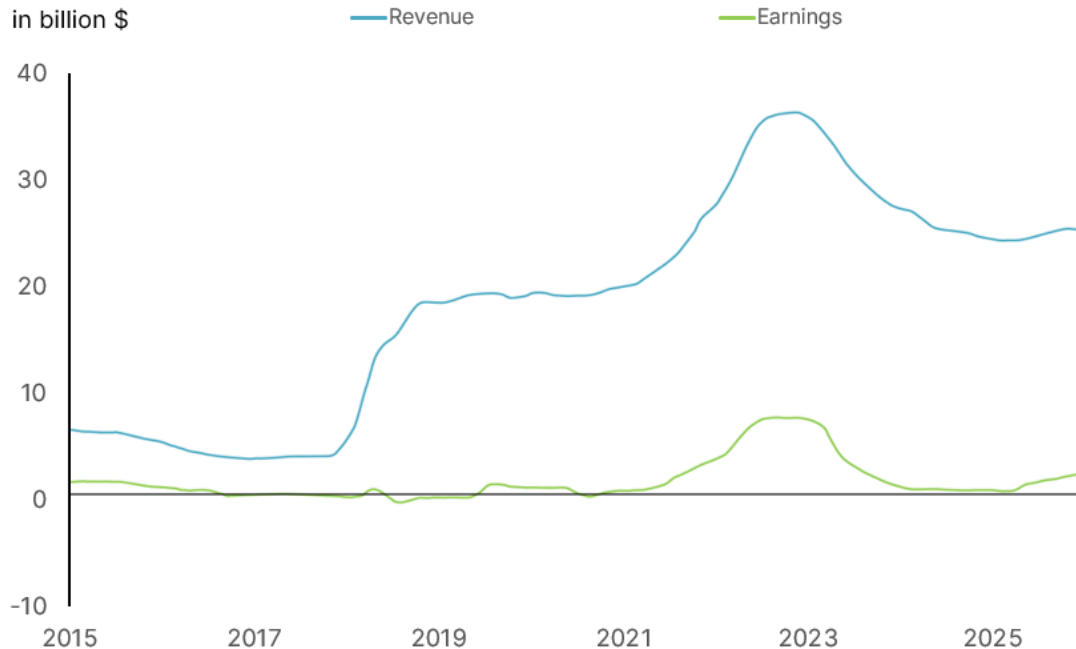
What makes this potential revenue growth particularly attractive for us is its impact on Nutrien's earnings. You see, fertilizer production is a **high fixed-cost business**. The mines, plants, and infrastructure cost roughly the same to run whether Nutrien is producing at 50% capacity or 100%. So when revenue rises, those fixed costs don't move much. That means the **incremental revenue flows almost directly to the bottom line**.

For example, when Nutrien's revenue surged between 2020 and 2022, net profit margins expanded from below **10%** to over **20%**. As a result, the company saw a **big ramp up in its earnings profile**. Today, Nutrien's net profit margins sit at **8.7%**. This gives the company **ample room to see both its revenues and earnings rise materially** as crop prices recover.

# Earnings and Revenue For Nutrien Ltd.



## Nutrien Ltd (NTR) - Earnings and Revenue



Date: 2015 Through 2025.  
Source: Bloomberg Finance L.P., Bravos Research.

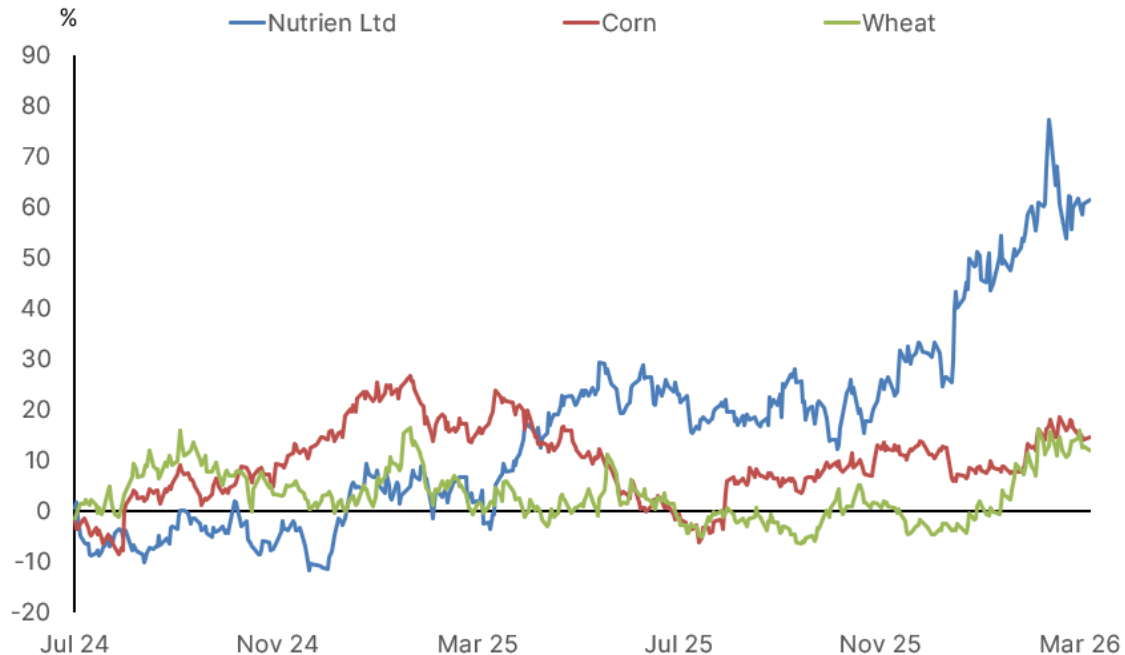
When revenues surge and margins expand simultaneously, Nutrien generates an **enormous amount of free cash flow**. What makes this even more attractive is what Nutrien does with that cash. The company has a **strong track record of returning that capital to its shareholders** through **buybacks** and **dividends**. Nutrien recently authorized a **new 5% share buyback program**, building on the 2% of shares it already retired in 2025. Combined with its **2.9% dividend yield**, the company offers nearly a **4.5% total shareholder yield**.

This is something that's already beginning to show up in Nutrien's stock price. NTR has **risen approximately 50%** over the past few months, even as crop prices have only moved up by around **15%**. As crop prices continue to rise and the earnings expansion materializes, we think that **outperformance is likely to continue**.

# Nutrien and Commodity Price Returns



## Nutrien Ltd, Corn and Wheat Price Returns



Date: July 2024 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### The Market Has Not Yet Priced In Nutrien's Earnings Power

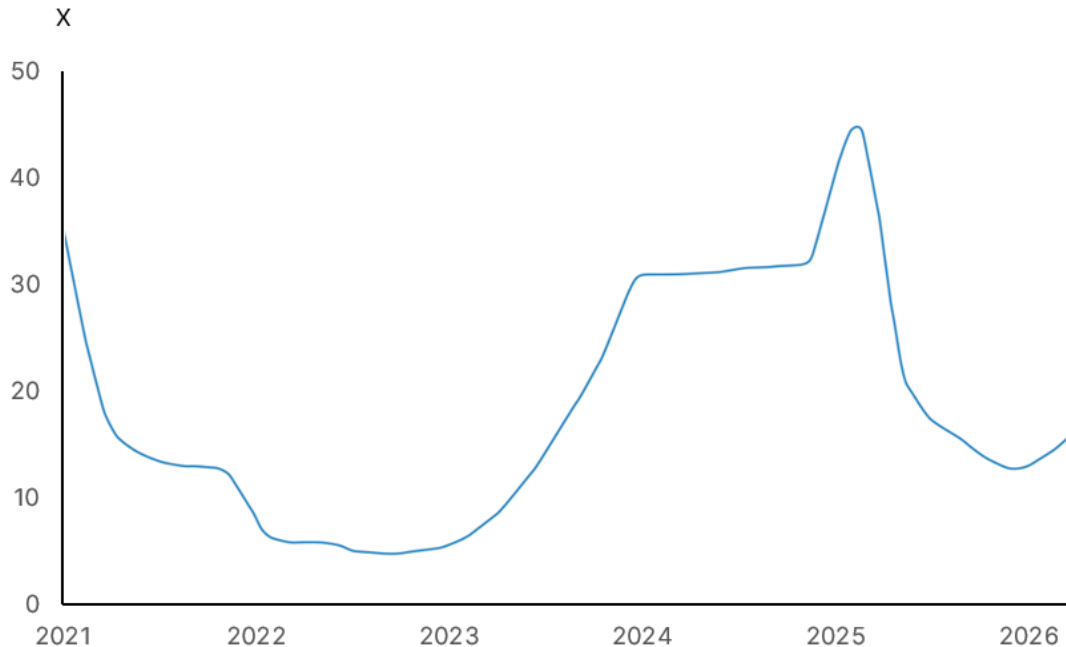
The valuation picture adds another compelling layer to this story. NTR currently trades at a **PE ratio of 16x**, which is well below its own **10-year median of 25x**. In fact, NTR had reached a **PE ratio of almost 36x in 2021** at the heart of the rally in crop prices.

This tells us pretty much **none of the unique differentiators for the company in this environment have been priced in yet**. So not only do the **revenues** and **earnings** have the **potential to move significantly higher**, but also the **valuation of the company** as money starts to get allocated in the space.

# Price to Earnings Ratio For Nutrien



## Nutrien Ltd (NTR) Price To Earnings Ratio



Date: 2021 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

If Nutrien's revenue recovers toward the **2022 peak of \$37.9 billion** and net margins re-expand toward **20%**, net income would reach approximately **\$7.6 billion**. Nutrien also has fewer shares outstanding today than it did in 2022. Thanks to consistent buybacks, the share count has fallen from **540 million in 2022** to **481 million today**. That would translate into an earnings per share of around **\$15.75**.

As the market begins to properly price in Nutrien's earnings power in this environment, a re-rating back to NTR's **10-year median PE of 25x** looks very reasonable. This would translate into a share price of **\$394**, representing **425% upside** from current levels. None of this requires anything unprecedented though. It simply requires a repeat of what this company has already demonstrated it can deliver when crop prices are rising.

In the medium-term, NTR has broken out from a **multi-year inverse head and shoulders basing pattern**. The implied target for this pattern is **\$100**, which would be a **33% move** from current levels.

Our conviction for this stock remains **high**, with a **rating of 9 out of 10**. But while the overall upside potential for this stock is significant, our near-term risk management is focused around the **\$72 and \$68 support levels**. But the **real line in the sand for us is \$62**. This is where the

primary breakout line meets the stock's uptrend line. A **weekly close below \$62** would break the invalidate the bullish structure and force us to re-evaluate the thesis from a technical analysis standpoint.

**Action To Take:** If you're interested in following our analysis and getting real-time alerts on when we enter and exit Nutrien, you can learn more about it [here](#).

## Nutrien Price Targets



### Nutrien Ltd. (NTR) Price Targets



Date: 2018 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Stock 2: The Andersons, Inc. (ANDE)

The Andersons' primary business model has been **commodity trading**. The company buys grains from farmers and sells them to exporters, ethanol plants, and food processors. Like most commodity traders, ANDE earns **thin margins** on **high volumes**. So when **grain prices rise**, the value of grains flowing through the business rises with them, directly **increasing revenues and earnings**.

We saw this between **2018 and 2022**, for example, when revenues grew from **\$3 billion** to nearly **\$17 billion** as agricultural commodity prices surged. But the cooling of the agricultural sector since then has pulled revenues back down. With **grain prices now recovering**, the

argument for **revenues growing back above the 2022 highs** is becoming increasingly credible. And this is before accounting for the **changes** the company has recently made to its **business model**.

## Earnings & Revenue For The Andersons, Inc.



### The Andersons, Inc. (ANDE) - Earnings and Revenue



Date: 2015 Through 2025.  
Source: Bloomberg Finance L.P., Bravos Research.

### Full Ethanol Ownership Creates a Second and More Powerful Earnings Driver

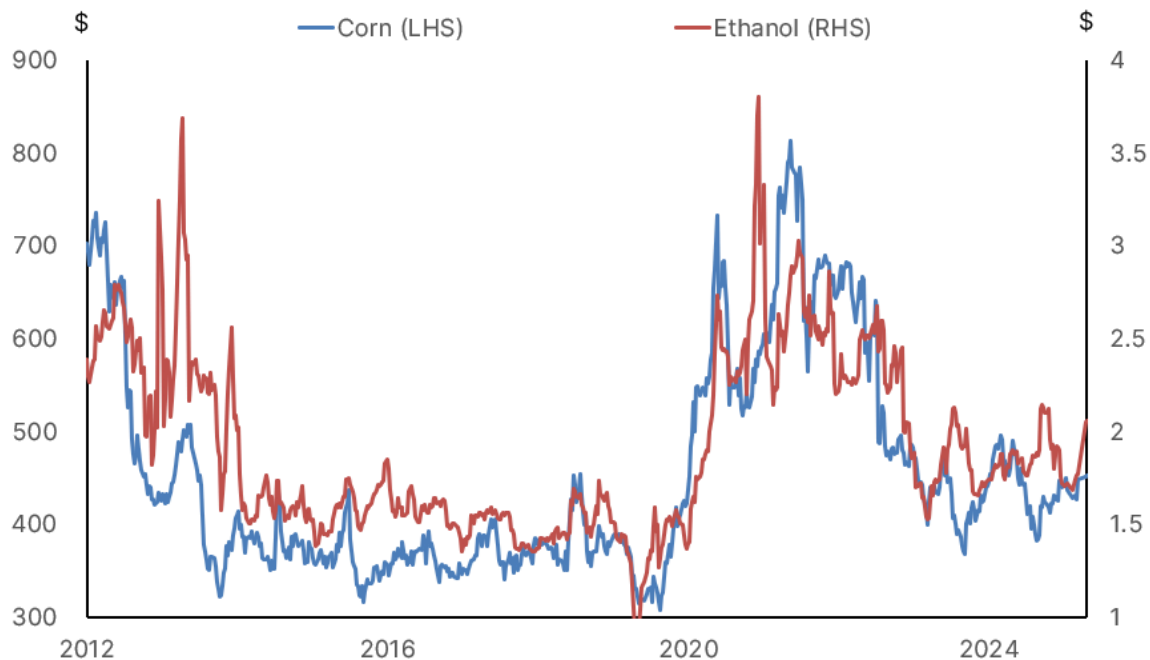
The second tailwind is arguably more compelling. ANDE recently acquired **full ownership of four ethanol plants** with a combined annual production capacity of approximately **500 million gallons**, roughly **3% of total US output**. What makes this particularly powerful is the **integration** with the core business. Rather than buying grains from farmers and selling them to third-party ethanol producers, ANDE can now take those same grains and produce ethanol itself. This has the **potential to significantly expand the company's profit margins** that have historically operated **below 1%**.

When corn prices rise, **ethanol prices tend to follow**. **Full ownership** means all of those **profits now flow entirely to shareholders** instead of being shared with joint venture partners like in the past.

# Ethanol and Corn Futures



## Ethanol and Corn Futures



Date: 2012 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

Full ownership also unlocks a direct financial benefit that did not previously apply. The **45Z tax credit** rewards companies for the low-carbon intensity of their biofuel operations. **All four** of ANDE's plants **qualify** for this. In **2025**, the 45Z credit generated **\$35 million** for the company. But that only reflected a partial year of full ownership since the acquisition was completed later in the year. In **2026**, that same credit is expected to generate **\$90 to \$100 million**. That is a **near-tripling of a single tax benefit** that flows **directly to the bottom line**, with no additional capital required.

The ethanol plants are not the only renewables exposure for ANDE. In **H1 2026**, the company is launching a **bio-based diesel feedstock storage and blending facility in Kansas**. This facility targets feedstocks for **Sustainable Aviation Fuel (SAF)** and **renewable diesel**. Both of these products have a **significant premium** over conventional ethanol. As airlines face mounting regulatory pressure to source SAF, ANDE is **expanding into this market** that did not exist for the company 12 months ago.

### The Port of Houston Adds a Third Layer of Revenue

On top of this double tailwind, ANDE owns the grain elevator at the **Port of Houston** that it began operating in late 2024. Most grain companies are forced to rely on third-party

infrastructure, paying fees and navigating congestion to get their product to export markets. The Andersons **owns the exit point**. That is a **competitive advantage** that most peers **cannot really replicate quickly**. And the strategic value of this infrastructure asset is about to expand even further.

In **Q2 2026**, a major expansion will add the capability to export **soybean meal** alongside grain and sorghum. **Soybean meal is a higher-margin product** that should help **boost ANDE's earnings**. This also turns the Houston elevator into a **multi-commodity hub** at a moment when **global soybean meal demand** is projected to **grow 14% through 2030**.

### **A Lean Balance Sheet Behind a Margin Expansion Story**

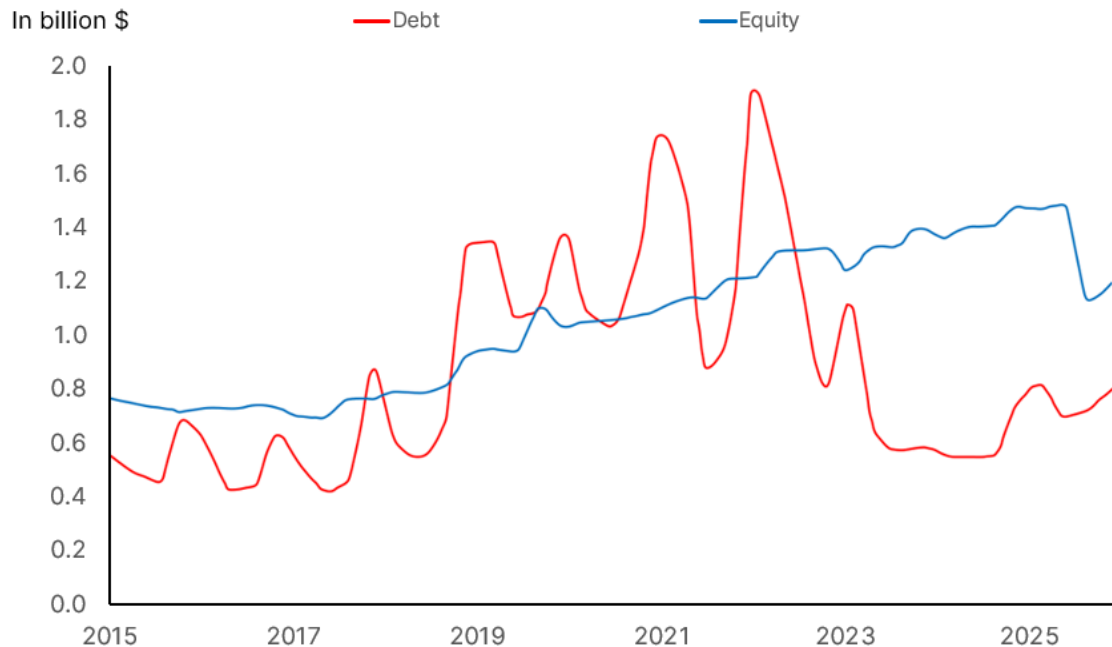
The above **three catalysts** are converging at the same time. We already know that ANDE's margins have historically sat below **1%**, but that was a reflection of the **old commodity trading model**. As the ethanol integration and infrastructure expansion become a larger share of revenue, those margins have room to **double or even triple** from this low base.

For a company undergoing this kind of transformation, the one risk that could undermine its growth potential would be excessive debt. But ANDE has spent the last several years aggressively **cleaning up its balance sheet**. The company has brought its **debt-to-equity ratio** down to **67%** from a 2022 peak of **158%**. At **67%**, ANDE is in significantly better shape than industry peers where ratios of **100% to 150%** are common. This gives the company the **financial flexibility** to accumulate grain positions, fund its capital projects, and absorb any short-term volatility that more leveraged competitors cannot.

# Debt and Equity For The Andersons, Inc.



## The Andersons, Inc. (ANDE) - Debt and Equity



Date: 2015 Through 2025.  
Source: Bloomberg Finance L.P., Bravos Research.

The company's infrastructure expansion and financial strength is also beginning to show up in its stock price. ANDE had been consolidating between 2022 and 2025 following a 400% run-up during the 2020 to 2022 commodities bull market. But the stock found its footing and **started gaining momentum** again at **precisely** the moment the company announced **full ownership of its ethanol plants**. As the earnings from those plants materialize this year, and the Houston and Kansas expansions also come online, we think the stock has **significant runway ahead**.

# Full Ownership Catalyst for The Andersons



The Andersons, Inc. (ANDE) Bottom After Full Ownership of 4 Ethanol Plants



Date: 2012 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

## The Valuation Does Not Yet Reflect the New Business Model

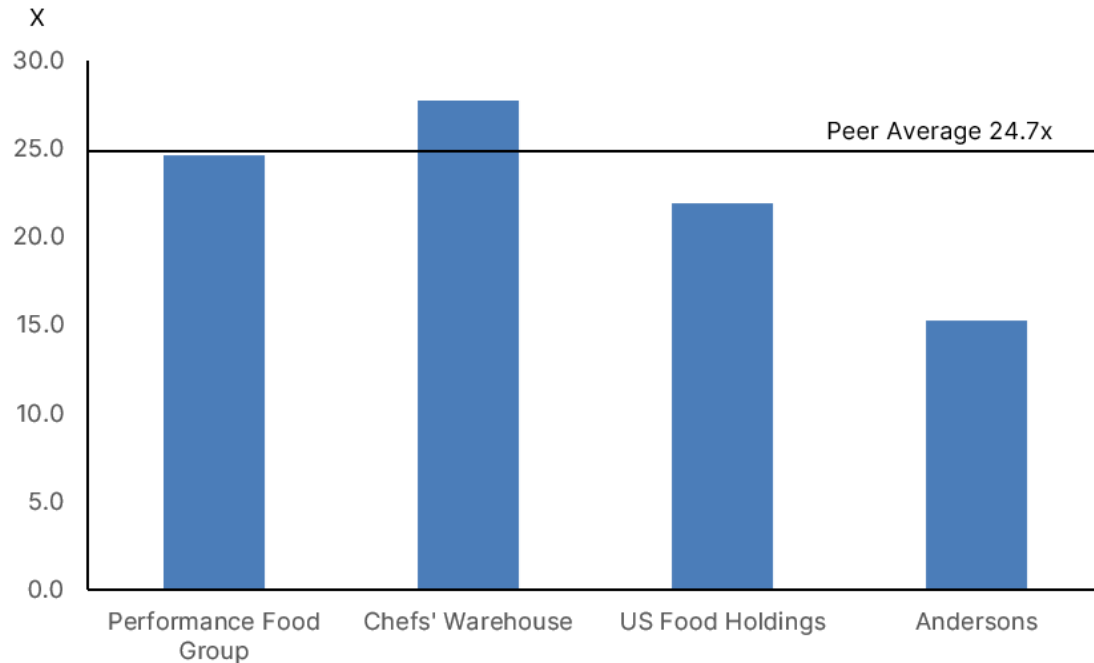
ANDE currently has a **forward PE ratio of 15.3x**. This is meaningfully cheaper **compared to its peers** that trade at an average **forward PE of 24.7x**. All of the catalysts outlined above are expected to contribute to a **significant earnings ramp** over the next **two to three years**.

Management has also publicly committed to growing EPS by at least **150% by 2028**, driven by the Houston infrastructure expansion, full ethanol ownership, and the Kansas feedstock facility.

# ANDE Price to Earnings Ratio Versus Peers



## The Andersons, Inc. Price To Earnings Ratio Versus Peers



Date: As of 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

If ANDE's revenue recovers to just the **2022 highs of \$17 billion** and margins expand from **1% to 2%** because of the new business model, the company would generate **\$340 million in earnings**. That translates into an **earnings per share of \$10**. Even without any change in its forward PE ratio, that earnings power alone implies a **share price of approximately \$153**, representing **105% upside** from current levels.

On the other hand, if the market begins to simultaneously re-rate ANDE closer to its peer average of **24.7x**, the implied share price rises to approximately **\$247**. That would be a **225% move up** in the stock price. Given the business context, our overall conviction on ANDE stands at **9 out of 10**.

The stock's technical chart further supports its constructive macro and fundamental backdrop. ANDE has recently broken out from a **10-year cup and handle basing pattern**. This structure carries an implied technical target of **\$310**, equating to **315% upside** from here. Now such a move might seem aggressive at first. But for a company with a **\$2.5 billion market cap** trading at just **0.2x sales** against a peer average of **0.8x**, this type of a re-rating is **fundamentally justifiable**.

In fact, we saw a similar type of aggressive move in **2002**. Back then, the stock broke out of a **6-year long resistance** heading into an agricultural commodity cycle. This led to a **1,000% rally** in the **4 years** that followed. Our risk management for the current breakout revolves around **\$69.75** and **\$55**, the latter marking the breakout line. Given how quickly ANDE's fundamentals are evolving and its price can move, this is a name that will require **close monitoring and risk management**.

**Action To Take:** We suggest you check our Macro Membership [here](#) for the latest updates on our positions.

## The Andersons Price Targets



### The Andersons, Inc. (ANDE) Price Targets



Date: 1996 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

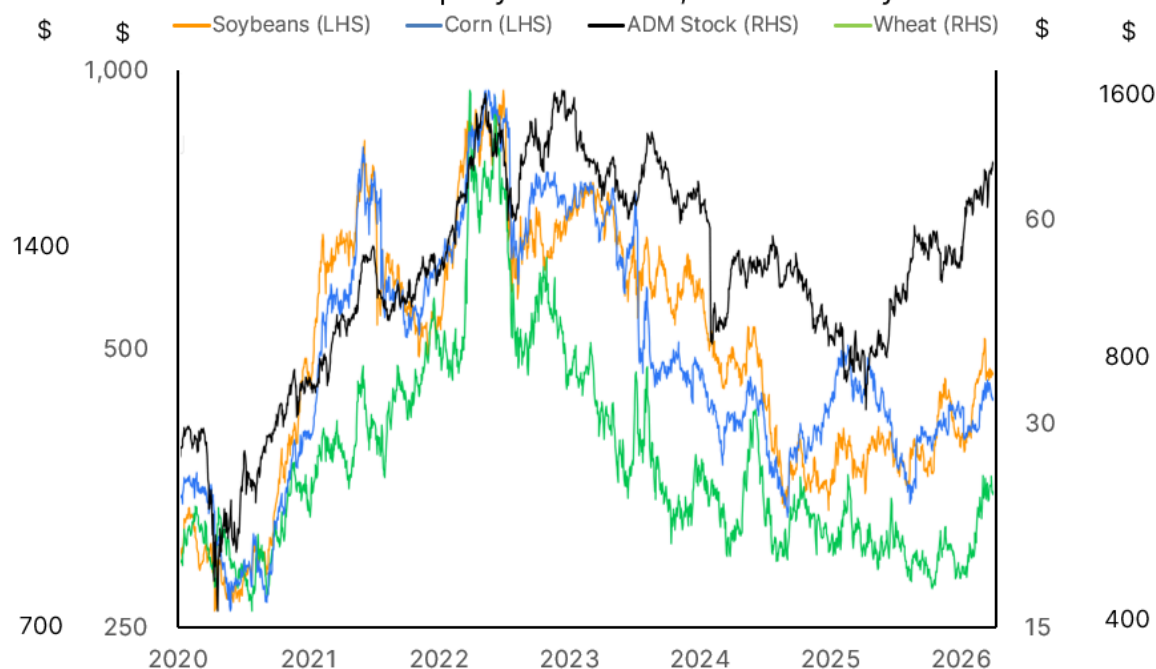
### Stock 3: Archer-Daniels-Midland (ADM)

While Nutrien and The Andersons are both growth stories, Archer-Daniels-Midland represents a **different kind of opportunity**. This is a **recovery story**. ADM sits at the **intersection of nearly every major agricultural flow**. It processes corn, soybeans, and wheat at industrial scale, trades agricultural commodities across more than 200 countries, and supplies the ingredients, flavors, and nutritional components that go into food and beverage products worldwide.

So the price of the crops we have outlined throughout this report has a **direct influence on ADM's earnings**. This is something we can see clearly through the **close relationship between ADM's stock and the price of wheat, corn, and soybeans**.

## Archer-Daniels-Midland Follows Crop Prices

Archer-Daniels-Midland Company and Wheat, Corn and Soybean Price



Date: 2020 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

In the past few years, that relationship has actually worked against the company. A **collapse in soybean crush margins** had been putting **pressure on their earnings**. This represents the margin earned from processing soybeans to produce soybean oil and soybean meal. As highlighted earlier in this report, soybean oil has become a critical feedstock for biodiesel and renewable diesel production. The margin ADM earns from processing soybeans is therefore **directly tied to the policy environment** governing biofuel demand.

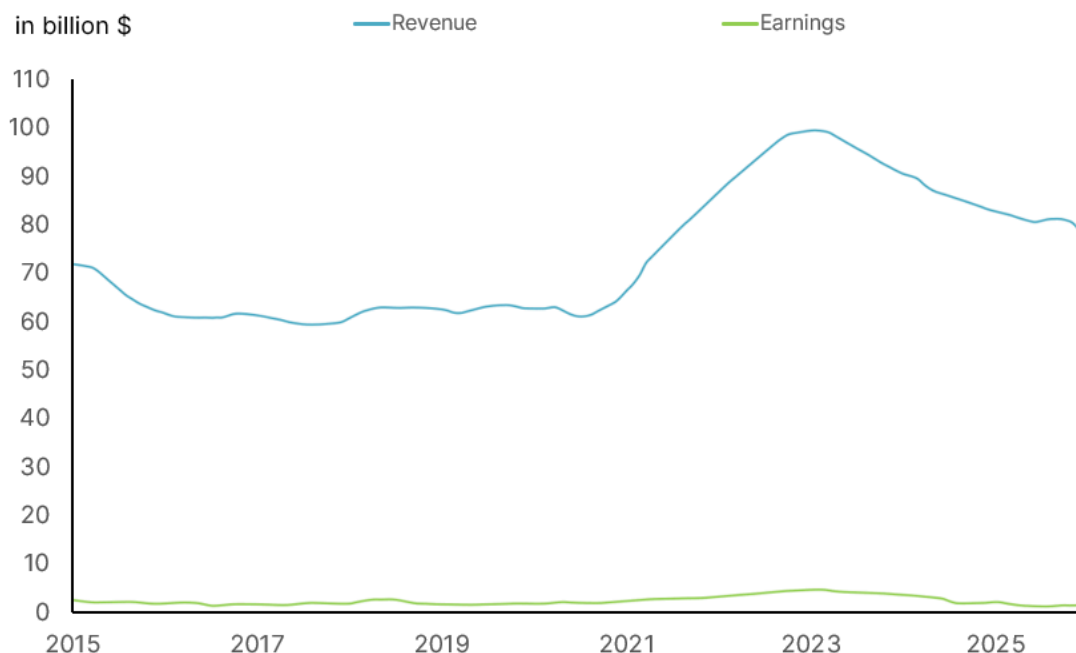
Throughout **2025**, that **policy environment was uncertain**. The 2025 biofuel mandates had been set under the previous Biden administration. But renewable diesel producers had **no visibility** into what the **2026 and 2027 mandates** would look like under the new Trump administration. These producers systematically make **long-term supply decisions** based on multi-year policy visibility. Without it, they could **not commit to long-term soybean oil contracts**.

As the **largest soybean crusher in North America**, ADM bore the full weight of that gridlock. Over the past few years, revenues **fell 20%** and net margins compressed from **4.4% to 1.3%**. The **most damage** naturally came from the **soybean crushing business**, where **operating profit fell by 81% in 2025 alone**.

## Earnings and Revenue for ADM



### Archer-Daniels-Midland Company (ADM) - Earnings and Revenue



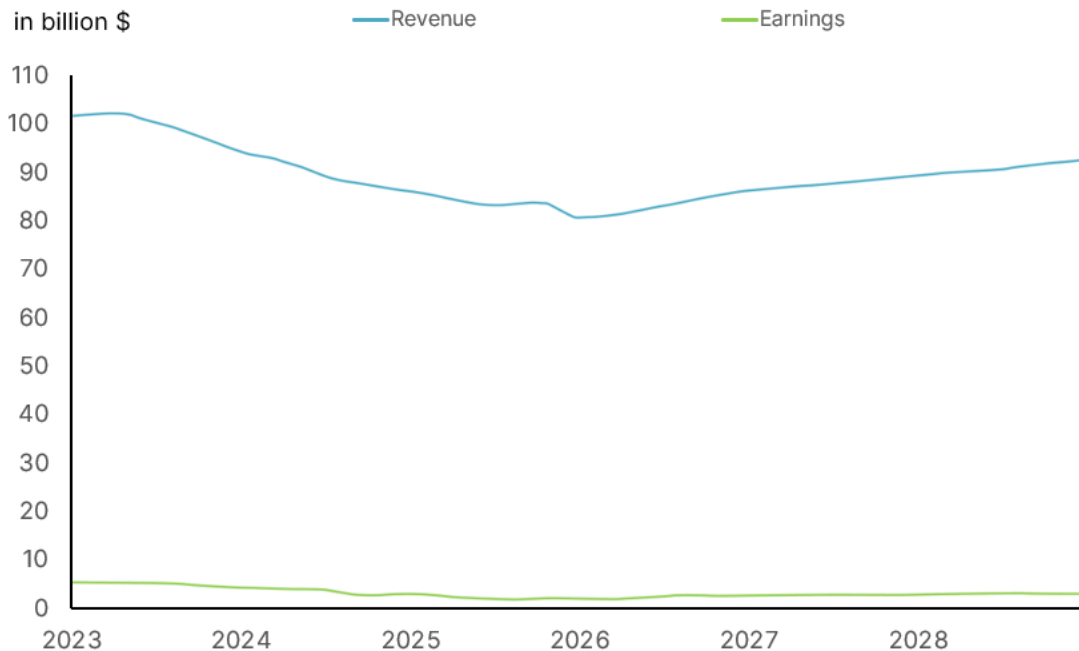
Date: 2015 Through 2025.  
Source: Bloomberg Finance L.P., Bravos Research.

That same policy uncertainty is now turning out to be the primary catalyst for the recovery. The Trump administration recently finalized the **2026 and 2027 biofuel mandates**, which came in **well above earlier proposals**. **Biodiesel and renewable diesel production** is required to **increase 60%** from **2025** levels. This immediately **restores the demand visibility** that renewable diesel producers were missing.

Such a shift now turns a multi-year financial headwind into a **primary tailwind** for ADM. As a result, the company's revenue and earnings are both projected to **recover meaningfully over the next three years** as soybean oil demand finds its footing and crush margins normalize.

# Earnings & Revenue Growth Forecast for ADM

## Archer-Daniels-Midland Company (ADM) - Earnings and Revenue



Date: 2023 Through 2028E.  
Source: Bloomberg Finance L.P., Bravos Research.

### ADM Used the Downturn to Build a Leaner Business

What makes this recovery even more compelling is that ADM did not sit idle during the downturn. The company launched a **cost savings program in 2025 targeting \$500 to \$750 million in aggregate savings over three to five years**. Roughly **\$200 million** of that has already been achieved through **portfolio optimization and efficiency improvements**. So as revenues recover, they are flowing into a **leaner cost structure** than existed before the downturn.

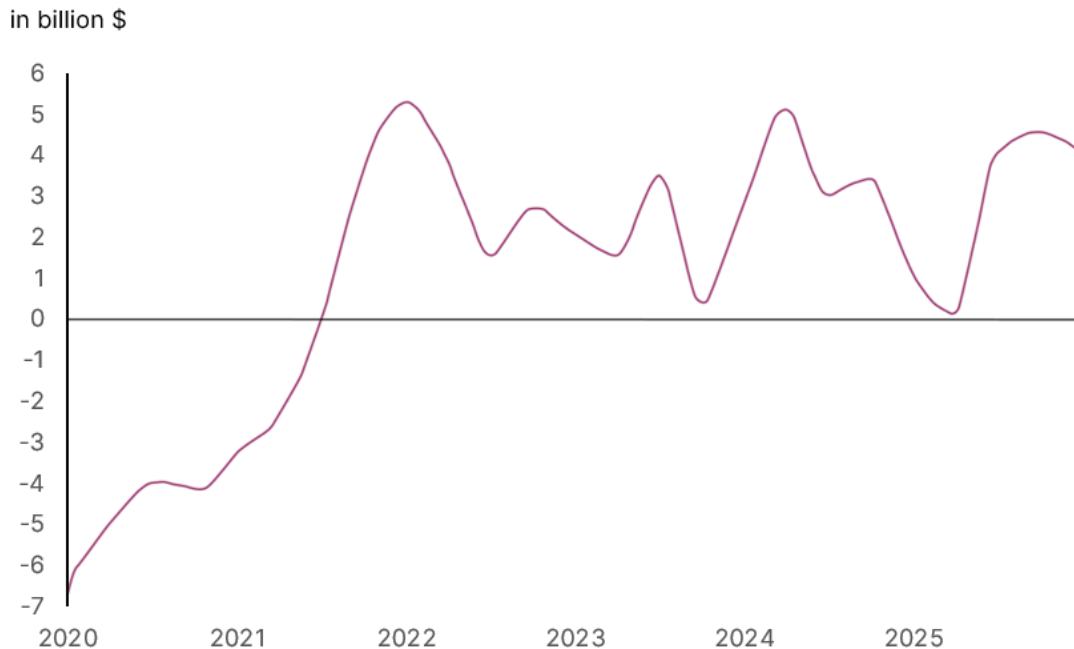
On top of this, the **45Z clean fuel production tax credit** is expected to contribute an additional **\$100 million directly to the bottomline in 2026**. This rewards ADM for the **low-carbon intensity of its biofuel operations**. The combination of recovering crush margins, a leaner cost base, and the 45Z tailwind creates a **recovery story with multiple engines driving it at the same time**.

It's also worth noting that when soybean crush profits fell 81%, the company still generated **\$4.2 billion in free cash flow** and maintained a **healthy cash position of over \$1 billion**. That speaks to the **underlying resilience of a business that touches nearly every part of the global agricultural supply chain**.

# Free Cash Flow for ADM



## Archer-Daniels-Midland Company (ADM) - Free Cash Flow



Date: 2020 Through 2025.  
Source: Bloomberg Finance L.P., Bravos Research.

### Dividends and Buybacks are Increasing Shareholder Value

As revenues and earnings now recover, ADM's free cash flow is likely to grow even further. What makes this particularly attractive for investors is what ADM does with that cash. The company has a **53-year streak of consecutive dividend increases**. This track record has survived every major agricultural bear market and geopolitical shock of the past half-century.

Beyond dividends, ADM is also running a **buyback program** targeting the repurchase of **300 million shares by 2029**. The company has already bought back **185 million** of those shares, with **115 million remaining**. That means another **24% of total shares outstanding** is likely to be taken off the market within the next **three years**. This will **directly increase the earnings per share** for every shareholder who stays invested.

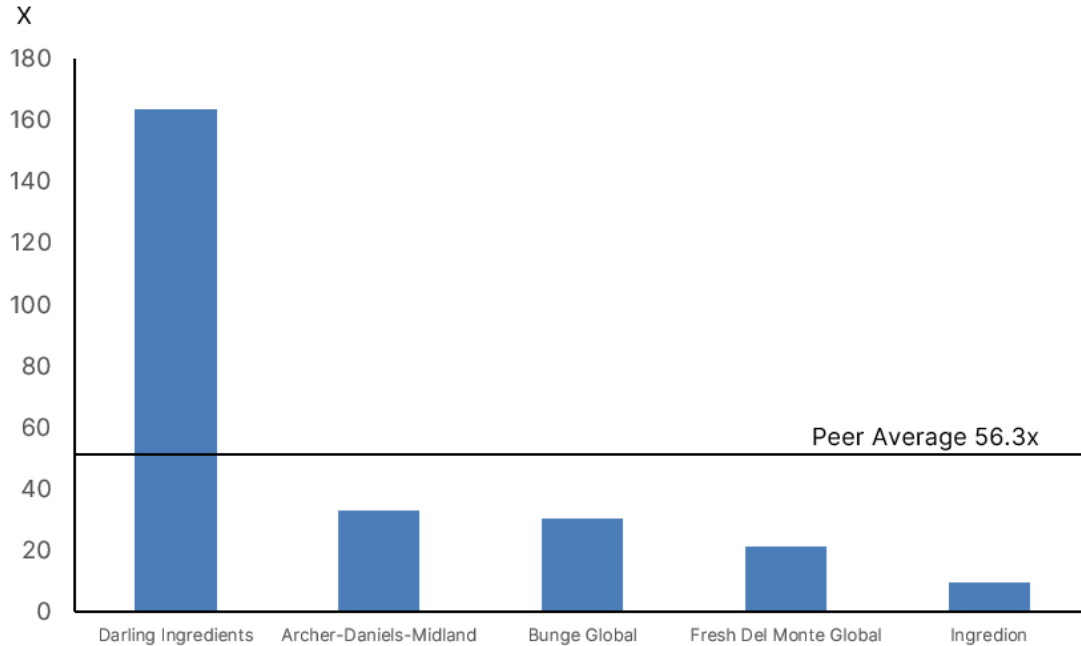
### The Stock Still Remains Undervalued

Despite all of this, the company currently trades at a **PE ratio of 33x**. That is **undervalued** when compared to its **peer average of 56.3x**. More importantly, the earnings that make up the current valuation are near their **cyclical low**.

# ADM Price to Earnings Ratio Versus Peers



Archer-Daniels-Midland Company (ADM) Price To Earnings Ratio Vs Peers



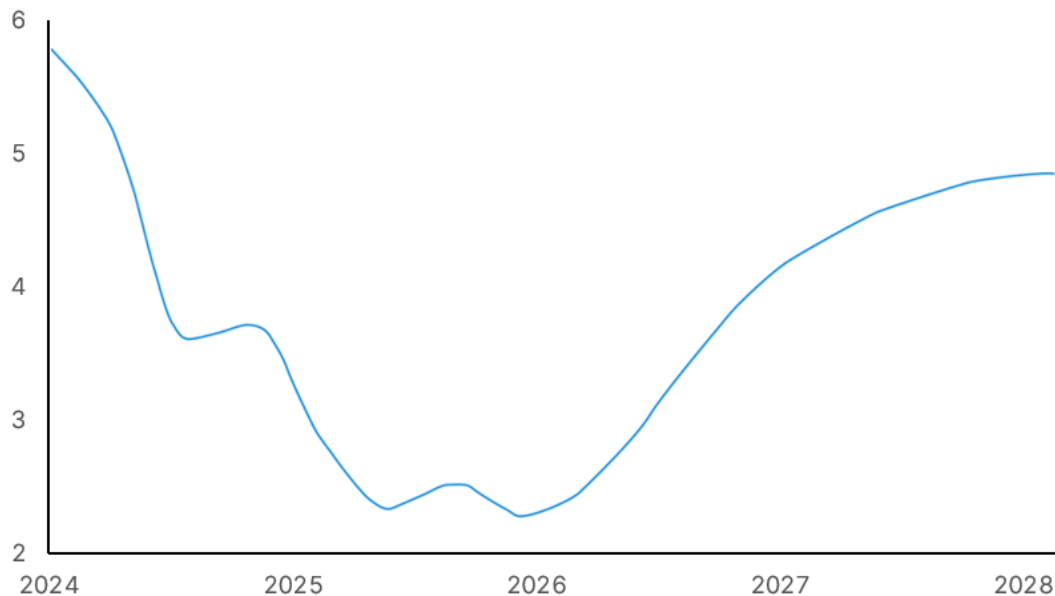
Date: As of 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

As crush margins normalize and the cost savings program delivers its full benefit, earnings per share should recover from **\$2.20 today toward \$4.80 by 2027**. These were levels ADM was already generating in 2024, meaning such a recovery does not require anything extraordinary from the company.

# Earnings Per Share Growth Forecast for ADM

## Archer-Daniels-Midland Company (ADM) - Earnings Per Share Forecast

in billion \$



Date: 2024 Through 2028E.  
Source: Bloomberg Finance L.P., Bravos Research.

That earnings recovery alone, with no change in the current PE ratio, implies a share price of approximately **\$158**. This represents around **115% upside** from current levels. If the market also begins to re-rate ADM closer to the industry average PE of **56.3x** as earnings recover, the implied share price rises to approximately **\$270**. That would translate into **270% upside** from where the stock currently trades.

ADM's technical picture adds further confluence to the company's recovery case. The stock recently broke out of an **inverse head and shoulders basing pattern**, one of the more reliable **reversal signals** in technical analysis. This breakout is also occurring within a **rising channel** that has been in place since 2006. The upper boundary of that channel points toward a medium-term price target of **\$120**. That would be a **65% move up** and sits comfortably within the range of the fundamental price targets highlighted above.

Our overall conviction on ADM is **8 out of 10**. But as traders, we are managing our entry with a specific **"Plan B."** The immediate line in the sand is **\$64**, which is the breakout level for the inverse head and shoulders base. If price closes back below that, it would suggest a **false breakout**. In that scenario, we will be shifting our area of interest down to the **rising channel support around \$52**. A clean break below that channel around **\$47** would then become our **invalidation** for this **"Plan B" trade**. We have **professional money managers** helping our

members **capture trades on this stock** during periods we view as most attractive.

**Action To Take:** If you want to see exactly when we're buying and selling ADM and receive real-time alerts on other position changes, you can sign up [here](#).

## Archer-Daniels-Midland Price Targets



### Archer-Daniels-Midland Company (ADM) Price Targets



Date: 1996 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Stock 4: Deere & Company (DE)

The three stocks we have covered so far in this report (Nutrien, The Andersons, and Archer-Daniels-Midland) all benefit directly from rising crop prices. Deere represents a **fundamentally different type of bet** in the list. Rather than benefiting from the price of what farmers grow, Deere benefits from the **economics of how they grow it**. And in an environment where fertilizer costs are surging, energy prices are rising, and labor is increasingly difficult to source, the **value of growing crops more efficiently has never been higher**.

This is the lens through which we think about Deere's precision agriculture stack. As we already know, **fertilizers costs have risen sharply**. When those costs rise, **every tool a farmer has to reduce waste becomes financially critical**. Deere's See and Spray technology does exactly that. This tech delivered an average **59% reduction in herbicide usage** across **five million acres in 2025**. It did that by using **cameras and AI** to identify individual weeds and **trigger**

**spray nozzles only where needed.** For a farmer facing rising input costs (like urea that's up **50%**) this becomes an **essential margin protection tool.**

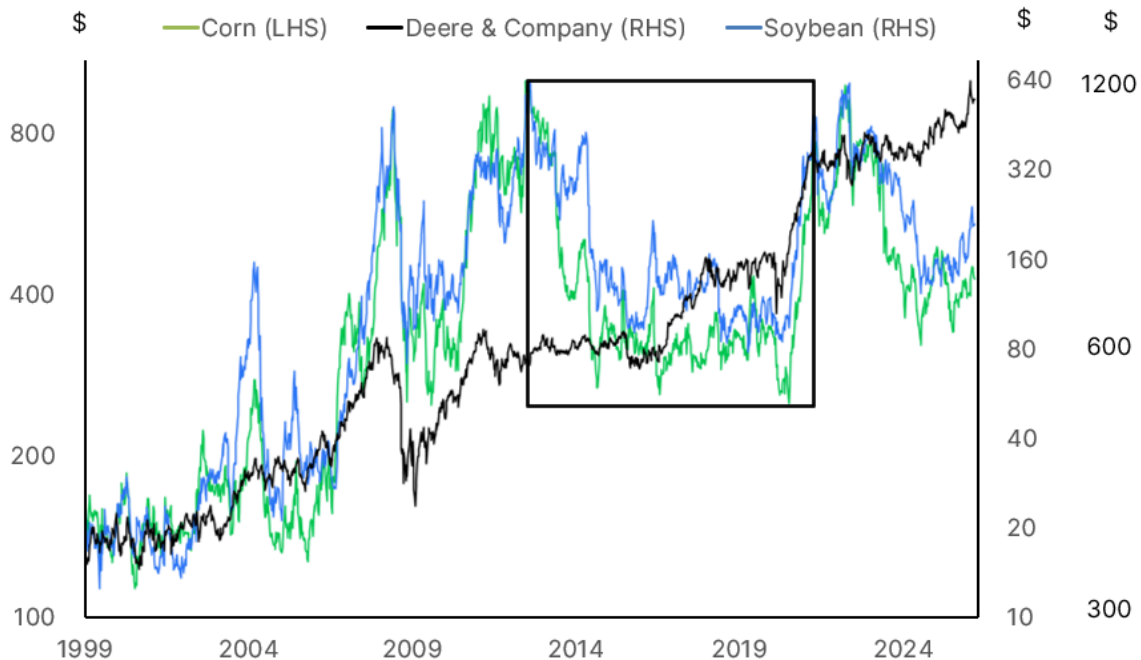
What makes this dynamic particularly powerful for Deere is the **“lock-in” effect** it creates. Once a farmer integrates Deere's systems into their operation, **switching to a competitor means abandoning the entire decision-making layer** that manages their most expensive inputs. Fertilizer, herbicide, and seeds make up the **three largest variable costs** in crop production. All three can be meaningfully reduced when the equipment knows exactly where to apply them. That kind of **precision keeps customers loyal to the Deere ecosystem.**

As a result of this business model, the company has also historically remained **resilient when grain prices fall.** For example, between the 2012 peak and the 2020 bottom, corn and soybean prices declined by **50 to 60%**. That was a challenging environment for most agricultural companies. Yet, Deere's stock **rose by over 100%** during that same period. The reason for this is quite straightforward. **Farmers don't stop farming when crop prices fall.** Instead, they look for ways to do it **more efficiently** - precisely what Deere sells.

## DE Moved Up Even When Crop Prices Fell



Deere & Company (DE) and Soybean and Corn Price



Date: 1999 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

**The Labor Shortage is Accelerating the Case for Autonomous Farming**

The **labor dimension** adds another layer to the long-term case. In key agricultural markets, **sourcing reliable farm labor** is becoming **increasingly difficult** at almost any price. Deere's roadmap addresses this directly.

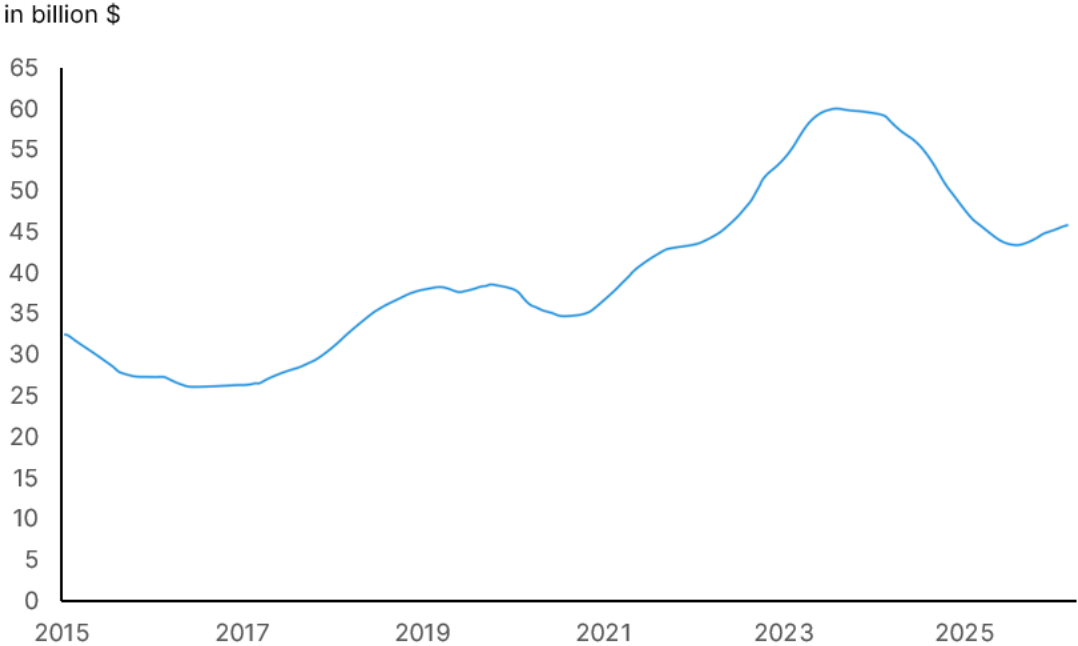
The company is targeting **fully autonomous row-crop systems by 2030**. This will allow machines to operate **24 hours a day without a driver**, making real-time agronomic decisions in the field. The recent acquisition of Tenna, a fleet intelligence platform, **accelerates** this roadmap by giving Deere the ability to manage entire autonomous fleets. By integrating these capabilities, Deere is essentially transforming its business into a **recurring, high-margin agricultural technology platform**.

Deere's revenue had grown from around \$37 billion in 2015 to a peak of approximately **\$61 billion in 2023**. Since then, revenue has pulled as the agricultural equipment cycle cooled off. But with agricultural input costs now rising, Deere's new technology offerings are becoming increasingly important. This lays the foundation for the **next step up in revenue**, with the potential to **surpass the 2023 highs**.

## Revenue For Deere & Company



Deere & Company (DE) - Revenue



Date: 2015 Through Q1 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

More importantly, despite the pullback in revenue and earnings, the company's **free cash flow has consistently remained positive**. That is **not typical of a cyclical equipment manufacturer**. It actually reflects the growing contribution of **software, services, and recurring technology revenue** that does not necessarily move in sync with equipment sales. A business that generates this level of free cash flow at the lower end of its cycle has the potential to see it rise significantly as revenue and earnings pick back up.

## Earnings and Free Cash Flow For DE



### Deere & Company (DE) - Earnings and Free Cash Flow



Date: 2015 Through Q1 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Deere Outperforms the Broader Sector in Both Up and Down Markets

Deere's **structural outperformance relative to the VEGI ETF** has been a direct consequence of the company's business model. Since **2016**, Deere has outperformed VEGI by **over 300%**. In other words, Deere has not only been a relatively more attractive investment when crop prices are rising, but also during agricultural downturns. So the market has typically treated Deere like a **"flight to quality"** type of asset for the entire sector. However, we don't think the stock reflects that premium positioning yet.

# DE/VEGI Ratio Has Consistently Moved Up



Deere & Company (DE) Relative To Agriculture Producers ETF



Date: 2012 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

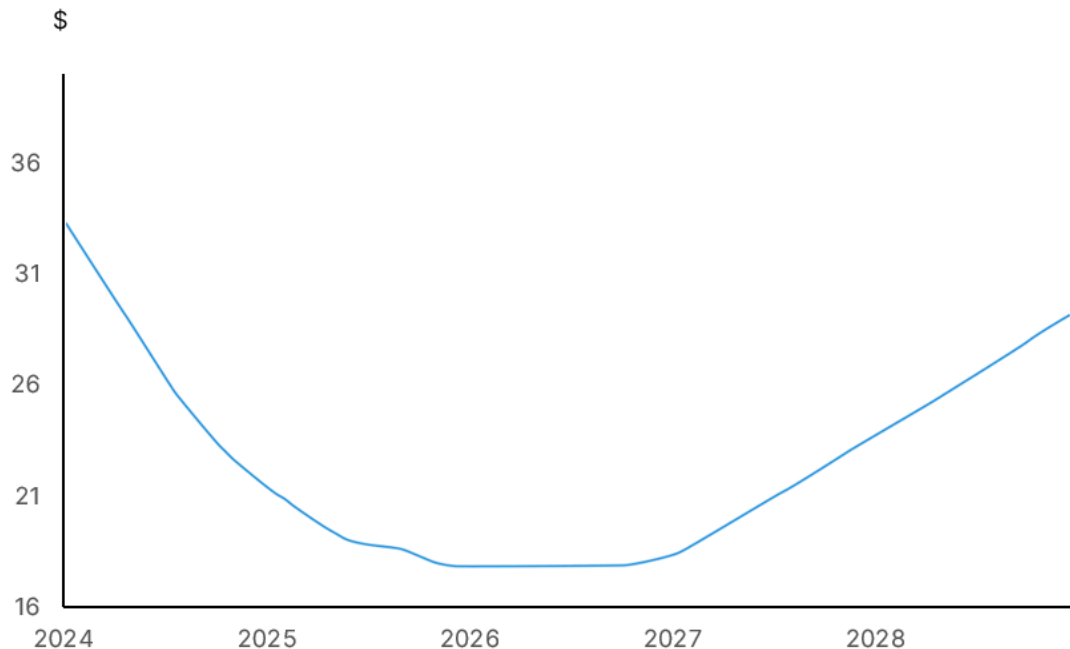
## The Stock Has Not Yet Reflected Its Earnings Power

Deere's earnings per share currently sit at approximately **\$17.80**. At its earnings peak in **2024**, that figure was **nearly double at \$33.50**. We think this level of earnings power is a **realistic baseline to return to**. This would be driven by **higher crop prices** and **technology adoption** that's becoming essential for farmers in this high cost environment. Moreover, It does not require anything the company has not already demonstrated it can deliver. Applying the **current PE of 32.3x** to that earnings power implies a share price of approximately **\$1,085**. That represents around **90% upside** from current levels.

# Earnings Per Share Forecast For DE



## Deere & Company (DE) - Earnings Per Share Forecast



Date: 2024 Through 2028E.  
Source: Bloomberg Finance L.P., Bravos Research.

The technical picture adds further conviction to this case. The stock recently broke out of a **bull flag pattern**. This is a technical formation where a sharp move higher is followed by a period of consolidation before the uptrend resumes. The implied long-term target from this pattern is approximately **\$1,800**, representing around **215% upside**.

For that target to be reached, however, the company will require strong execution on **three fronts**:

- 1) Strong adoption of the precision agriculture and automation technology stack
- 2) Sustained recovery in large agriculture equipment demand
- 3) Successful execution on the autonomous systems roadmap by 2030

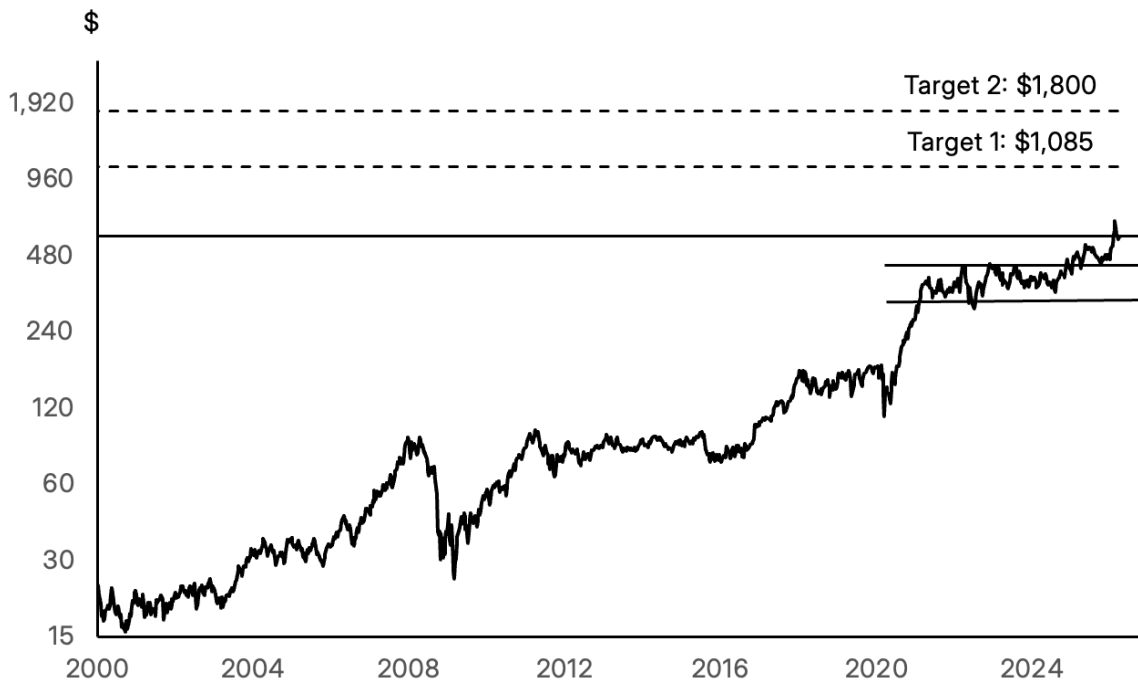
Our conviction level on Deere is **8 out of 10**. To manage risk, we are monitoring the **\$535 support level** as the initial area. Our key **line in the sand** sits a little lower at **\$450**. This represents the original breakout point of the bull flag. A decisive close below that would suggest a failed breakout and would cause us to reassess the technical setup.

**Action To Take:** If you're interested in getting actionable updates on this stock, you can learn more about it [here](#).

## Deere & Company



### Deere & Company (DE) Target Price



Date: 2000 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Stock 5: G. Willi-Food International Ltd. (WILC)

Similar to Deere, G. Willi-Food International also represents a **very different type of bet** from the commodity-linked plays we have covered earlier in this report. Most of the earlier names covered are direct expressions of the agricultural commodity upcycle. Whereas, Willi-Food operates at a **cultural** and **regulatory bottleneck** in the global food system — the **kosher food market**.

Today, **41%** of all new packaged food and beverage demand in the US falls under the **kosher category**. This makes it the **single most important food label in the country**, ahead of even gluten-free and allergy claims. To sell kosher products, a company must work with certification bodies that conduct on-site supervision, maintain ongoing oversight of ingredients and production processes, and re-certify regularly. These relationships take **years to establish** without any short cuts. A **high level of oversight** is what makes the space genuinely **difficult to enter** and **protects established players** like Willi-Food.

This is particularly valuable in today's environment because **kosher consumers cannot just simply buy a non-kosher product as a cheaper substitute**. The **certification itself makes up a key part of the product**. So on one hand, **rising input costs are squeezing margins for generic food producers** across the board. But Willi-Food's demand is **largely insulated from those pressures** because its customers are not “cost-sensitive” but “**certification-sensitive**”.

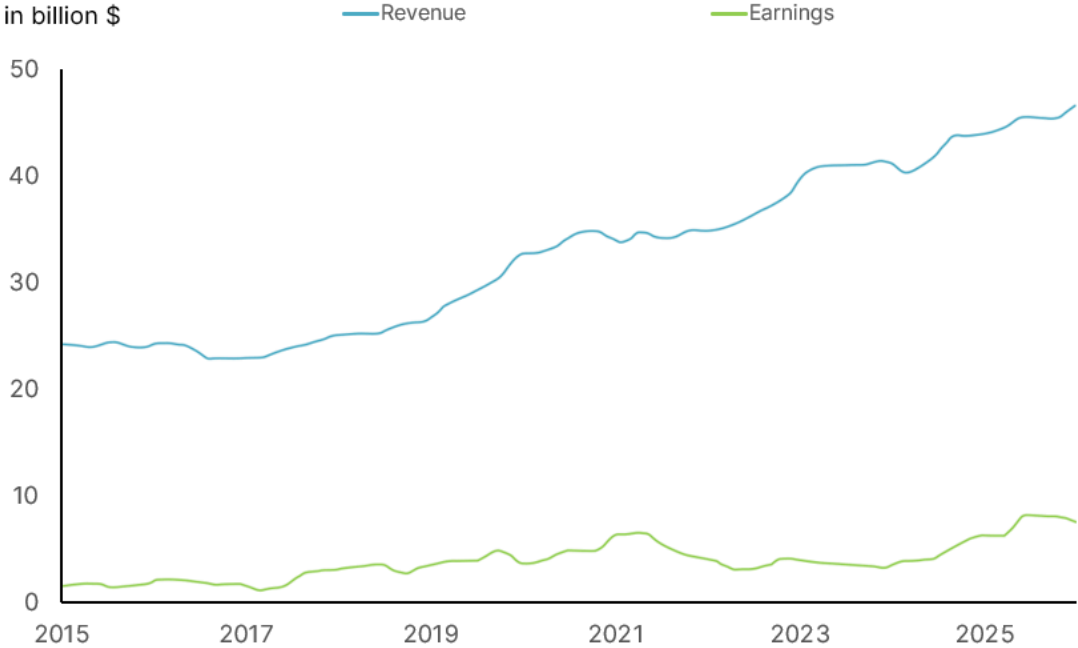
### Record Revenue and Earnings Despite a Weak Agricultural Market

The **demand insulation** has been clearly showing up in the company's financial trajectory. WILC's revenue hit a **record \$191 million** in 2025, growing by **6%** from 2024. Its operating profit grew by **35.6%** on that same 6% revenue growth. Simply put, the **company has been able to extract an increasingly larger amount of profit from every dollar of revenue it's generated**. As a result, earnings have grown by **28.6%** to a **record \$28.4 million**. All of this came **despite broader agricultural market weakness** during the same period. And based on the company's recent expansions, **we think this growth trajectory is likely to continue**.

## Earnings and Revenue For WILC



G. Willi-Food International, Ltd. (WILC) - Earnings and Revenue



Date: 2015 Through 2025.  
Source: Bloomberg Finance L.P., Bravos Research.

### Expansion Into Higher-Margin Categories Without Stressing the Balance Sheet

Willi-Food has invested **\$35 million** into building infrastructure for a new refrigerated and

frozen logistics center. All of this is **funded entirely from the company's cash reserves** and will come online in **Q4 2026**. This facility **opens up the chilled and frozen categories** for Willi-Food, where it faces **no meaningful certified competition**. These segments also carry **higher selling prices and margins** than the dry kosher products that historically defined the business.

The timing of this infrastructure rollout also coincides with the scaling of the Euro brand, WILC's proprietary dairy subsidiary. In a high cost environment, the Euro brand offers a **high-quality, cost-effective alternative** to domestic dairy monopolies. The new logistics center being built out will enable volume distribution for Euro's frozen products. This is turning Willi-Food from a pure distributor into a **branded producer with its own proprietary distribution network**. Owning both the product and the distribution means the company **captures margin at two points in the value chain** thus increasing its earnings potential.

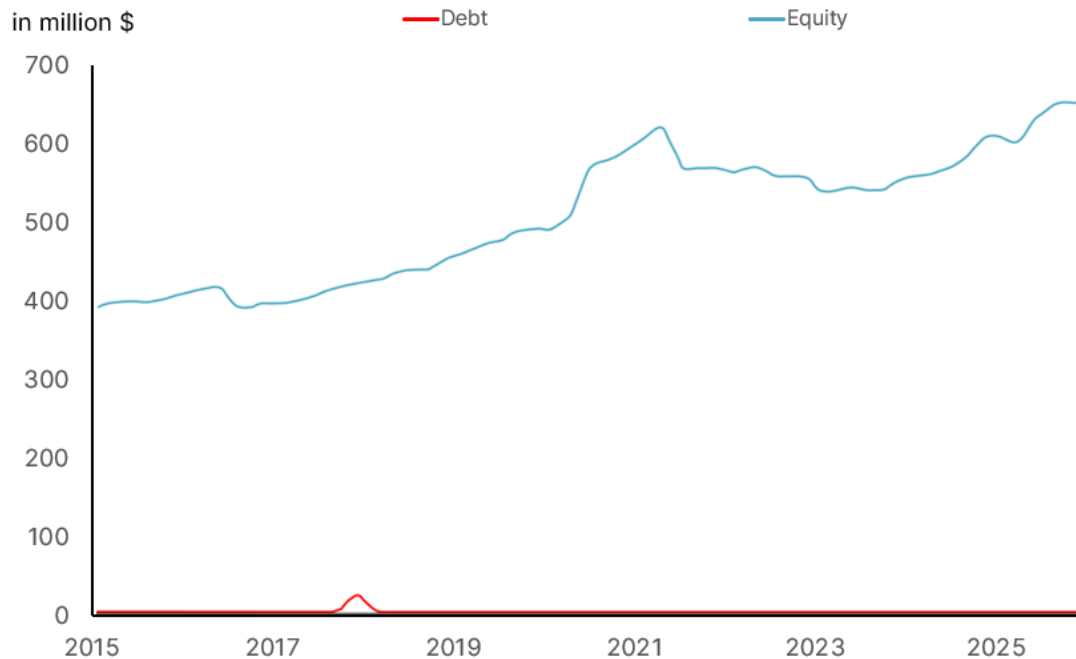
The second expansion is via the HORECA division launched last year. This is a dedicated professional foodservice channel aimed at directly serving hotels, restaurants, and cafes. These buyers place **significantly larger orders**, require less promotional spending, and prioritize supply reliability and certification credentials over price. The HORECA division alone is on track to add **12% to total revenue**.

Now even after funding all of these expansions internally, Willi-Food still holds approximately **\$122 million in cash with zero debt**. For a \$350 million market cap company, that is an **exceptionally strong financial position**. In simple terms, **almost 35 cents of every dollar invested in this stock is already backed by cash sitting on the balance sheet**. This significantly strengthens the company's ability to continue its aggressive expansions to further grow its revenue and earnings.

# Debt and Equity For WILC



## G Willi-Food International, Ltd. (WILC) - Debt and Equity



Date: 2015 Through 2025.  
Source: Bloomberg Finance L.P., Bravos Research.

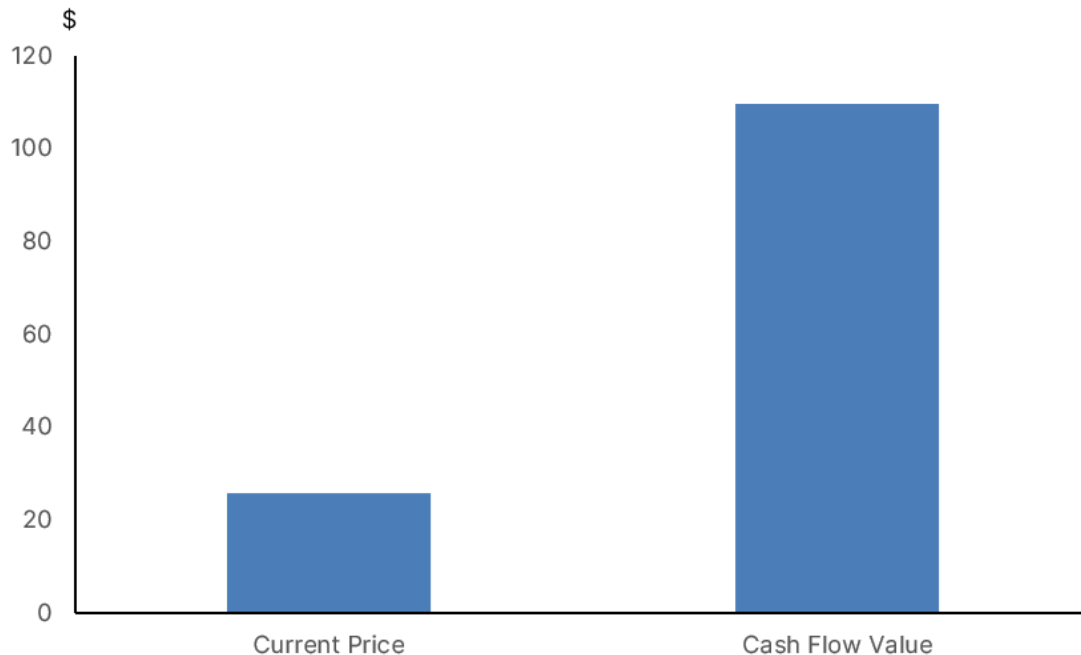
### The Market Has Not Yet Recognized What This Business is Becoming

Despite all of this, the stock still trades at a PE of just **12.2x**. This is **less than half its peer average of 26.5x**. One way to assess what WILC's business is actually worth is to look at the present value of its **projected future cash flows**. This approach takes the earnings the company is expected to generate over the coming years and calculates what those earnings are worth in today's dollars. Using this approach, the fair value comes out to **\$109.50 per share**. This represents the potential for **335% upside** from current levels for investors willing to hold as the market recognizes the full value of what is being built here.

# Fair Value for WILC



## G. Willi Food (WILC) Net Present Value Share Price and Current Price



Date: As of 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

WILC's stock has also been showing significant strength. It broke out of an **inverse head and shoulders basing pattern** last year and has hit all-time highs in 2026. This move is occurring within a **rising channel** that has been intact since 2011. The upper boundary of this channel provides a **medium-term target of \$47**. That would be a **85% move up** and is well within the range of its fair value target highlighted above.

Our conviction on this name is **7 out of 10**. That's because unlike the other names that are more diversified, Willi-Food is a slightly more niche investment. However, with the kosher category **increasingly growing** in the US, we think there's still the potential for **significant upside** here.

Our strategy in the near-term is to monitor **two key support levels**. First is the retest of the previous all-time highs around **\$23.75 (Plan A)** and second is the inverse head and shoulders breakout level at **\$17.40 (Plan B)**. We are looking for **high-volume buyers to step in and defend one of these levels** before initiating a trade. For risk management, we'll be placing a **stop-loss below whichever support level (Plan A or B) acts as the entry trigger**.

**Action To Take:** Each shift in our allocation to this stock will be communicated through

the Macro Membership that you can access by clicking [here](#).

## Archer-Daniels-Midland Price Targets



### Archer-Daniels-Midland Company (ADM) Price Targets



Date: 1996 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Stock 6: CF Industries (CF)

Every crop in the world requires **nitrogen to grow**. And the only commercial way to produce nitrogen fertilizer at scale is through **ammonia**. CF Industries is the **world's largest ammonia producer**. What makes CF particularly compelling is not just its size though, but what it costs to produce ammonia.

**Natural gas is the primary input for ammonia production** and CF's North American facilities source it at approximately **\$3.36 per MMBtu**. European and Asian competitors, on the other hand, are paying **\$10 to \$15 per MMBtu**. As we highlighted earlier, **gas fields in Iran and Qatar have been severely damaged in the war**. These are among the world's largest natural gas reserves, which are unlikely to return to pre-war levels anytime soon. CF's **European and Asian competitors relied on this supply heavily** for their ammonia production. So they are now being **forced to reduce production** and in some cases **even shut down**. As a result, **North American supply is becoming increasingly critical to the global nitrogen market** with CF sitting right at the center of it.

**Global nitrogen prices are largely set by the cost of the highest-cost producer**, which are the European and Asian competitors using expensive gas. CF produces it at a **fraction of the cost but sells at the same global price**. The wider that gap, the more profit CF captures on every tonne sold. As we already established earlier, **fertilizer demand around the planting window is highly inelastic**. Farmers cannot defer nitrogen application even when prices are high. That inelasticity means CF can **hold its prices without losing volume**. This is why the company's stock tends to **move closely with nitrogen-based fertilizer prices like urea**. And we saw exactly how profitable this can be for the company during the last agricultural bull run.

## CF Industries Holdings Follows Urea Price



CF Industries Holdings, Inc. (CF) and Urea Price



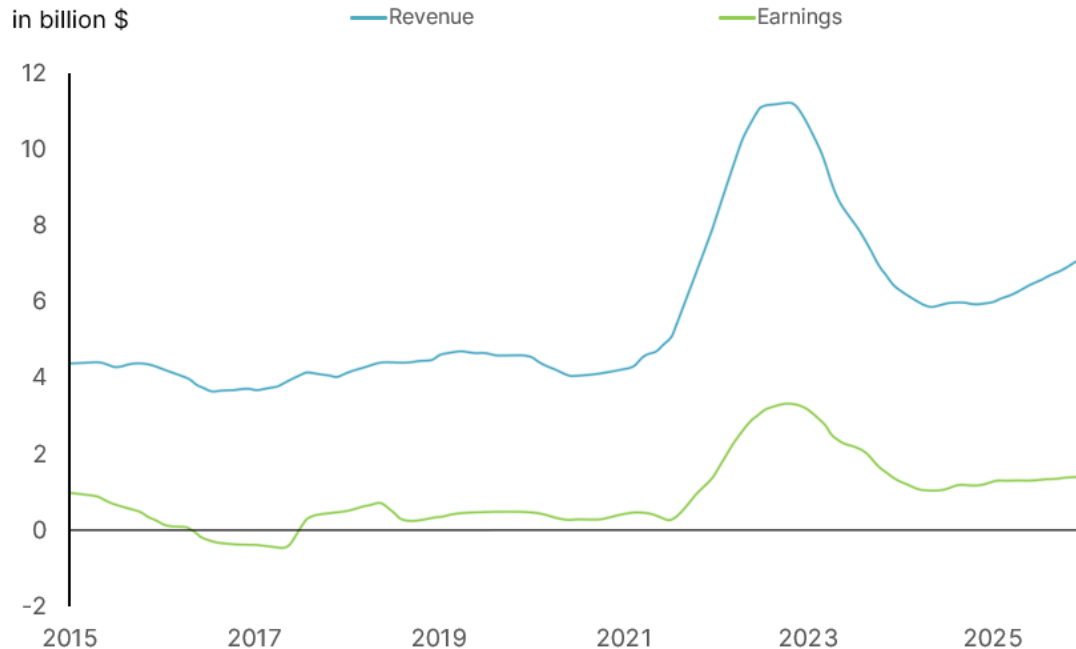
Date: 2020 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

Between **2020 and 2022**, CF's revenue **tripled** from **\$4 billion** to nearly **\$12 billion**, with profit margins reaching nearly **30%**. This led to a **ten-fold increase** in the company's earnings from **\$320 million** to **\$3.2 billion** in just **2 years**. The reason for this is pretty straightforward. CF's **production facilities cost roughly the same** to run **regardless of where nitrogen prices are**. So when prices rise, almost all of the incremental revenue flows directly to the bottom line. This cycle seems to be beginning again as fertilizer prices have been rising. The company's revenue has already grown by **23%** in the past year, with its profit margin currently at **20.5%**. But this time there's **another catalyst** building that could eventually propel CF's revenue and earnings even higher than before.

# Earnings and Revenue For CF



## CF Industries Holdings, Inc. (CF) - Earnings and Revenue



Date: 2015 Through 2025.  
Source: Bloomberg Finance L.P., Bravos Research.

### A Second Earnings Stream is Being Built in Parallel

CF has been expanding into **low-carbon ammonia production**, which **qualifies for government incentive programs in the US and Japan**. Through its Blue Point joint venture in Louisiana, the company is building a \$4 billion facility to **supply clean-burning ammonia to markets in Japan, Europe, and the US**. This venture was formed with JERA, Japan's largest energy company, and Mitsui, one of Japan's largest trading houses. Construction for it begins this year with **production expected in 2029**. What makes this particularly attractive is that a **portion of the revenue is already secured** before the facility even opens. CF's Japanese partners have locked in government-backed agreements at a fixed price for the ammonia produced.

Moreover, the demand backdrop for this investment has been growing stronger. Japan, South Korea, and the European Union have all passed laws requiring their shipping, power, and industrial sectors to move away from fossil fuels over the coming decade. Ammonia is one of the **primary alternatives** they are turning to. CF's Donaldsonville facility is already selling certified low-carbon ammonia to customers in Europe at a **premium to conventional prices**. Its Blue Point project is being built on this same model, but at an industrial scale.

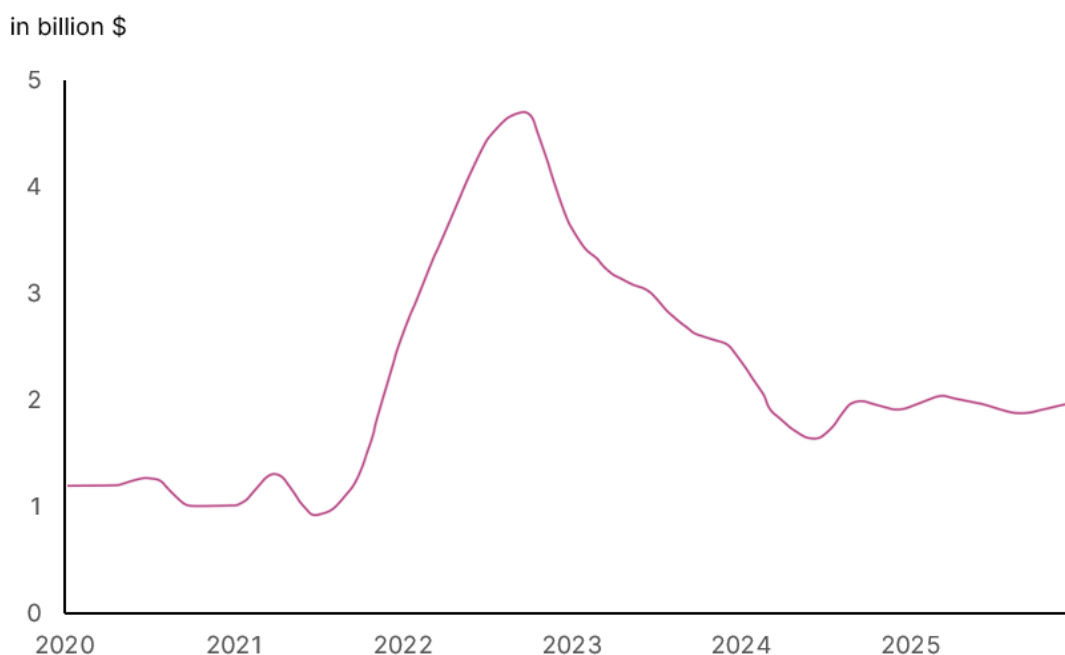
## Buybacks are Amplifying Every Dollar of Earnings Growth

As revenues grow and margins expand, CF generates **significant free cash flow**. For example, between **2020** and **2022**, free cash flow rose from **\$900 million** to **\$4.3 billion**. What makes this particularly attractive for us is the **buybacks** that the company does with this cash. **Last year alone**, CF retired approximately **10% of its total shares outstanding**. Management has also authorized a **new \$2 billion program through 2029**. The combination of the company's buyback strategy and dividend payouts together deliver a **total shareholder yield of 8.8%**.

## Free Cash Flow For CF



CF Industries Holdings, Inc. (CF) - Free Cash Flow



Date: 2020 Through 2025.  
Source: Bloomberg Finance L.P., Bravos Research.

This is why CF has been one of the **biggest outperformers** within the broader agricultural sector. The CF/VEGI ratio recently reached new highs after a **50% outperformance by CF** since the start of 2026 alone. In a rising agricultural commodity environment, owning **sector leaders** is a strategy we like to use to **maximize our potential returns**.

# CF/VEGI Ratio Has Risen to Record Highs



CF Industries Holdings, Ltd. (CF) Relative To Agriculture Producers ETF



Date: 2012 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

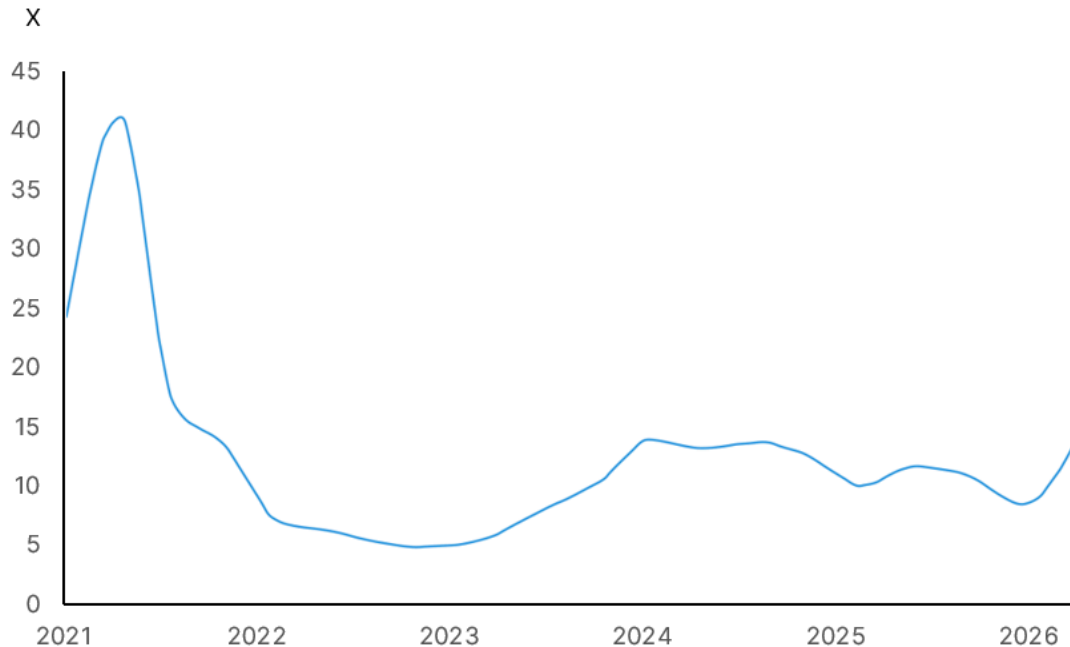
## The Stock Has Yet to Reflect the Full Extent of the Opportunity

Despite all of this, the stock currently trades at a PE of just **14.1x**. That is **less than half the peer average of 29x**. But more importantly, it's significantly lower than the **40.2x** level the company had reached during the **2020 to 2022** agricultural commodity bull market. A recovery in CF's revenues toward the **2022 peak levels** while simply maintaining its current **20.5% margins**, would translate into an **earnings per share of approximately \$16.75**. This is a level the business has already delivered before in 2022, and that was **without** the low-carbon ammonia division existing back then.

# Price to Earnings Ratio For CF



CF Industries Holdings, Inc. (CF) - Price To Earnings Ratio



Date: 2021 Through 6<sup>TH</sup> April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

If the market begins to price in that earnings recovery and **re-rates** CF simply back to its **peer average of 29x**, the implied share price rises to approximately **\$486**. That represents around **285% upside** from current levels. And if CF were to revisit the **40.2x** PE it saw during the **2021 commodity bull run** as confidence in the cycle grows, the implied share price rises further to approximately **\$674**. This would represent a **435% upside potential**.

In the medium term, the technical picture is governed by a **rising channel** that has been in play since 2018. The upper boundary of this channel sits at **\$260**, representing a **95% gain**. We expect the stock to gravitate toward this level as nitrogen pricing momentum builds and the Blue Point construction timeline comes into focus. Our overall conviction on this stock is **9 out of 10**.

Tactically however, CF is **currently overextended** and likely due for a **pullback**. Our primary entry strategy (**Plan A**) focuses on the **\$110 to \$118 support region**. We want to see the stock re-test and hold this support zone before initiating a trade. Our stop-loss for this would be placed **below the \$110 level** to protect ourselves against a deeper correction.

We also have a **Plan B** in case of a more aggressive pullback. If price decisively breaks below **\$110**, we will look to accumulate at the rising channel's support level around **\$85**. A **break below that support** would serve as our **invalidation** for this trade.

**Action To Take:** If you're interested in receiving our real-time analysis and exact positioning for this stock, you can learn more about it [here](#).

## CF Industries Holdings, Ltd.



### CF Industries Holdings, Ltd. (CF) Target Price



Date: 2005 Through 6th April 2026.  
Source: Bloomberg Finance L.P., Bravos Research.

### Final Thoughts

The macro environment and sector research both point in the same general direction: **Agricultural commodities are significantly undervalued today.** And the conditions required to change that are already taking place.

The agricultural supply chain has been severely disrupted at the worst possible moment. **Demand is structurally growing faster than the land and resources available to meet it.** The institutional money that was betting against all of this has only just started to reverse. We believe the **bulk of the move in this space is still ahead of us.**

The **six stocks** in this report each represent a **distinct way to express this thesis.** Together, they offer exposure to different parts in the agricultural chain, from fertilizer producers to infrastructure owners to technology platforms. Each one offers a different risk-reward profile that we believe are among the **most attractive in today's environment.**

We have **high conviction** in the research and stocks outlined in this report. But **conviction alone does not deliver returns**. How these **positions are managed** through what will inevitably be a volatile period **will matter just as much as the thesis itself**.

This is **precisely the role** of our **Bravos Macro Membership**.

Inside the membership, we provide **real-time position alerts**, **portfolio construction guidance**, and continuous **macro updates** designed to help investors navigate what we believe will be a tricky but opportunity-rich environment.

**Action To Take:** If you would like ongoing guidance as this theme continues to unfold, you can secure your access [here](#).

We appreciate the time and trust you have placed in our work.

Peter Massaut and the Bravos Research Team