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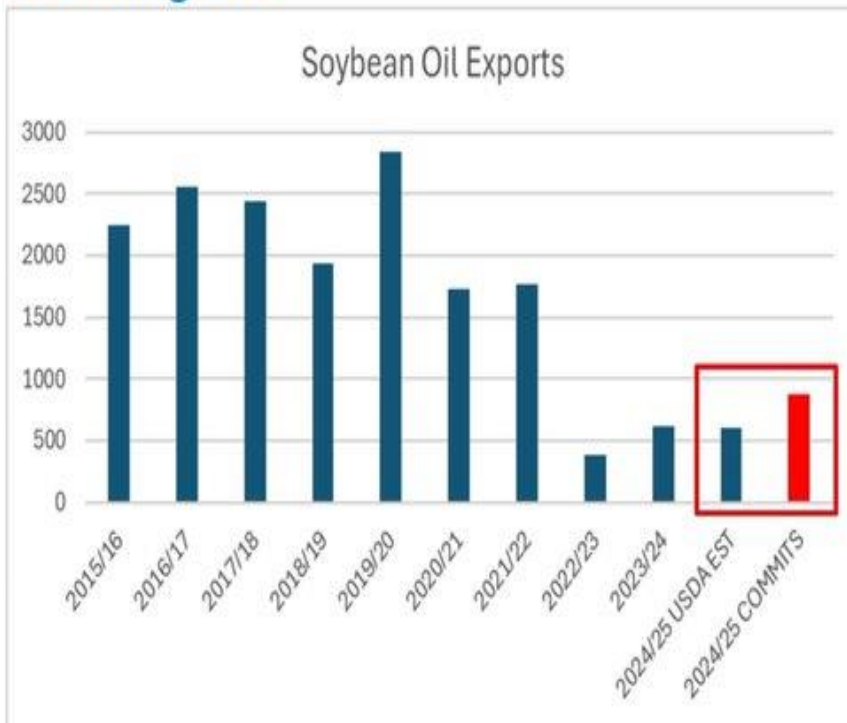


A weekly Cornbelt digest of marketing, economic, agronomic, and management information.

Commodity market price drivers—

- **Soybean oil!** Currently, the world’s cheapest vegetable oil, and currently the world’s highest in demand vegetable oil. USDA economists did not see that coming and the December WASDE Report should reflect higher projections of demand, use, and disappearance. Only 8 weeks are gone in the new marketing year and soybean oil exports are already 875 mil. lbs. and rising well above the USDA’s 600 mil. lb. projection.

Soybean Oil Exports Above USDA Estimate Just 2 Months Into Marketing Year

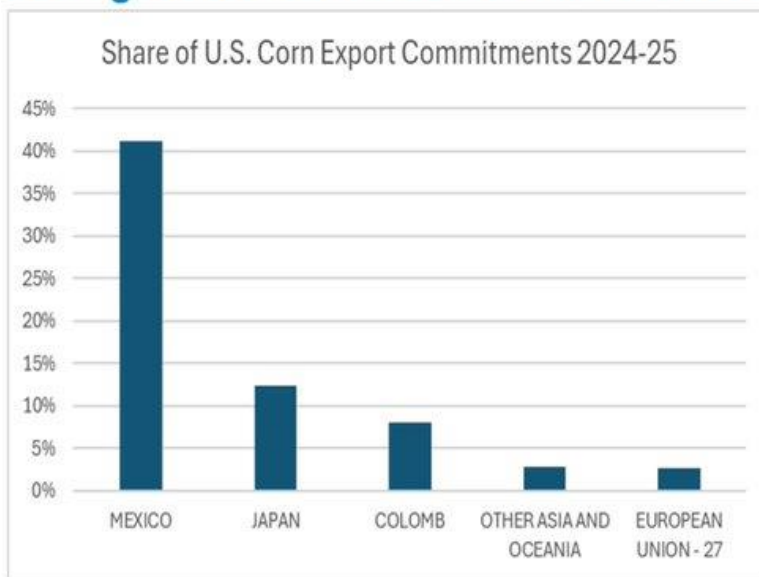


- Relatively inexpensive soybeans and record large crush pace has vastly improved soybean oil competitiveness on world scale
- Canola and palm oil world supplies have tightened while biofuel mandates continue to increase, allowing U.S. soybean oil to secure a foothold in the world biofuel feedstock market.



- One of the most important trade issues** is where will Mexico turn to get its corn if angered by Trump tariffs? The US is Mexico's primary supplier, but other nations depend on the US for corn and could be drawn into a Trump trade war. 60% of US corn exports go to 3 nations. Since these are US corn customers, they have no loss in Trump tariffs, unless they want to retaliate, and a trade war ensues. At that point the US corn market is at risk.

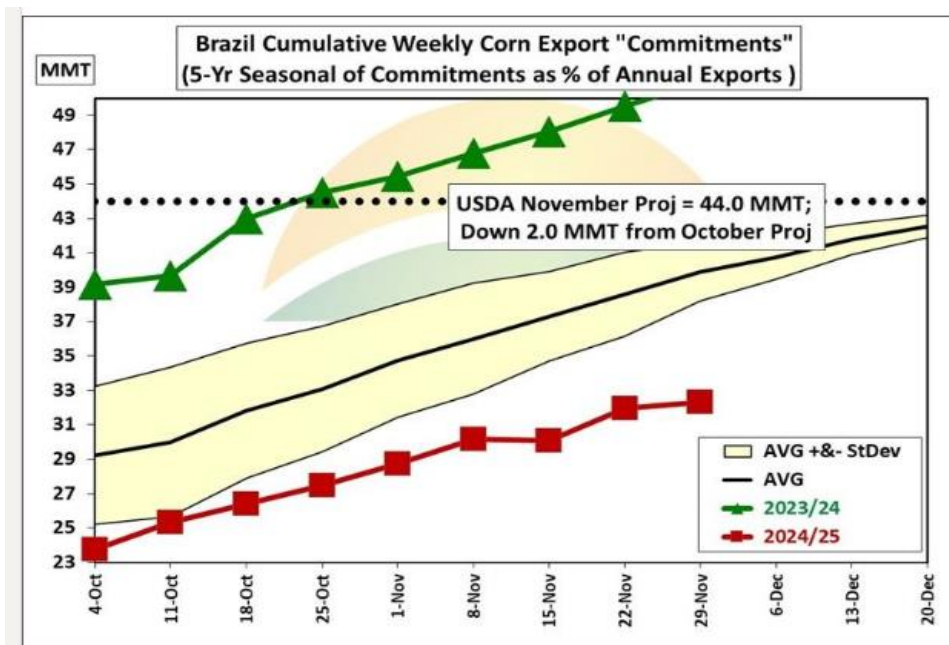
Putting A Potential Trade War With Mexico In Perspective



- Mexico currently accounts for over 40% of U.S. corn export commitments for the current marketing year.
- Exact price economics of a potential trade war are largely unknown at this point.
- World leaders are talking, and there is hope that a resolution can be found quickly to avoid pain points.



- If Mexico backs away from US corn**, there may be more global opportunities for corn exports. [AgResource Chief Economist Bill Tierney](#) says Brazilian corn exports are falling further behind the

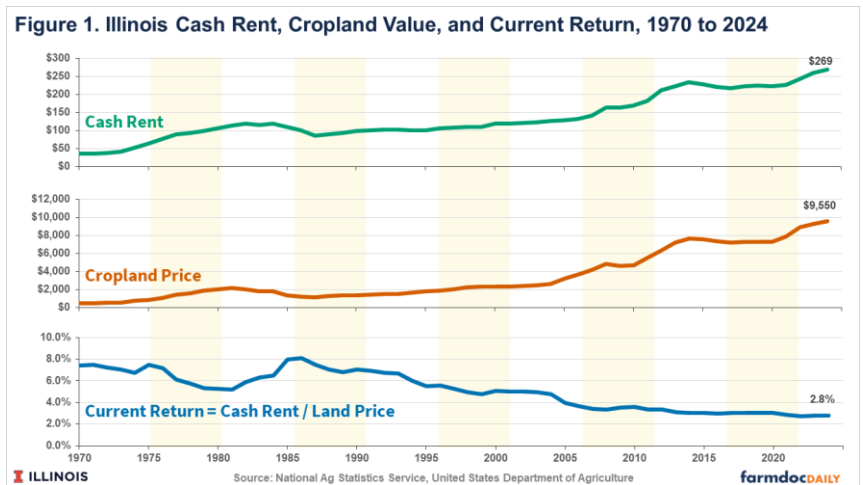


pace that USDA expects from that competitor. "As of Nov 29, only 73.5% of projected annual exports were "committed". Over the last 12 years, the ratio of commitments to annual exports was never lower than 83.6% The 5-year average for commitments/annual exports is 90.7%. "Pace analysis" implies annual exports will be just 1.4 bil. bu. vs USDA's projection of 1.73 bil. bu. We expect that the USDA will reduce its Brazilian export

projection yet again in the December WASDE- - by 80-160 mil. bu. We are uncertain as to how the USDA will "balance" the global corn supply and demand if it reduces Brazil exports. Will they reduce global imports by a similar amount; increase Brazilian domestic use or stocks; or shift the demand to another exporter (e.g. USA, Arg, Ukraine)?

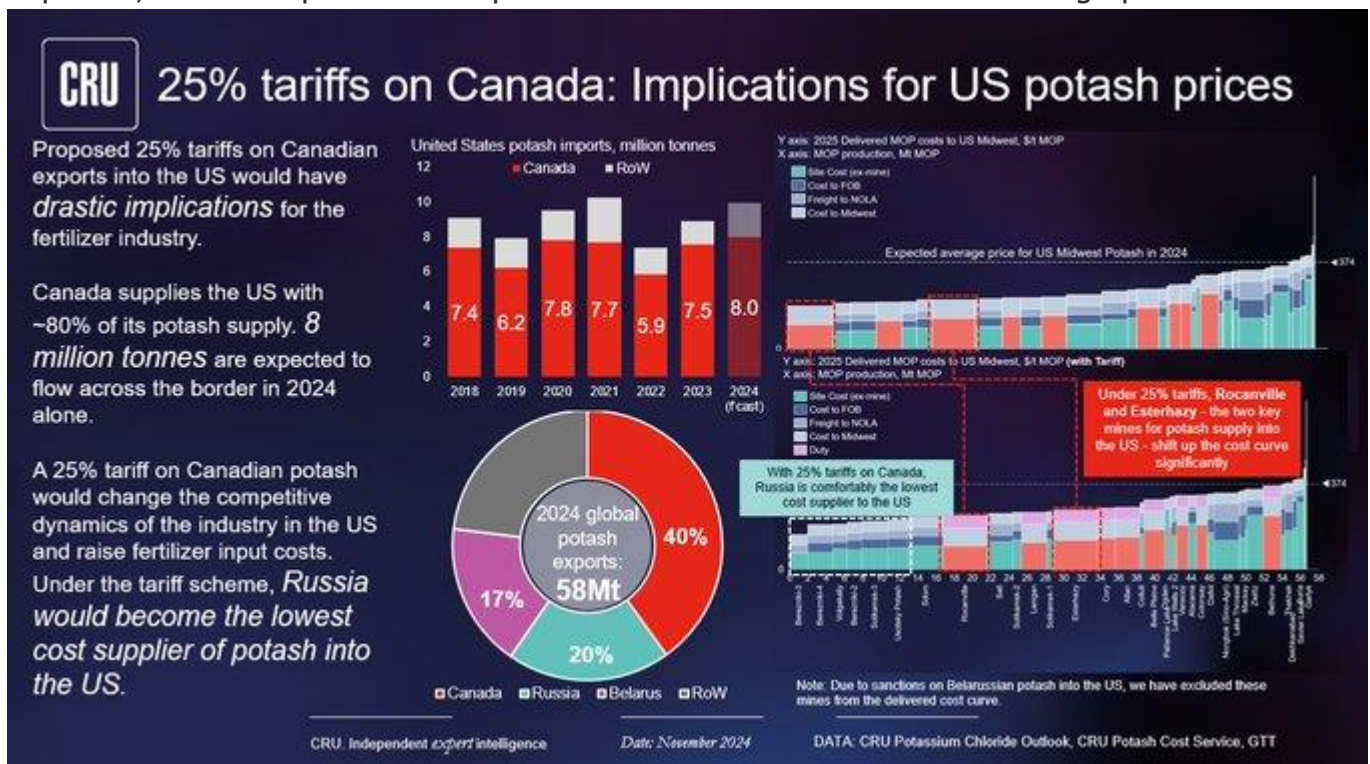
Farmland Issues—

- **Land prices are going up**, cash rents are going up, but returns to land are going down. Therefore, [IL farmdoc ag economists](#) say “something has to give.” They calculate:
 - ✓ “The average cash rent in IL was \$269 per acre in 2024, an increase of \$10 per acre (3.9%) from 2023 (see upper panel of Figure 1). Average IL cash rents have increased by 21% since 2020 after a period of relative stability from 2015 to 2020.
 - ✓ Average IL land values have had the same trends as cash rents. The average farmland value in IL was \$9,550 per acre for 2024, an increase of \$250 per acre (2.7%) from 2023 (see middle panel of Figure 1). Average land values have increased by nearly 31% since 2020, following the stable period from 2015 to 2020.
 - ✓ The average current return to IL farmland, measured as cash rent divided by land value, was 2.8% for 2024 (see lower panel of Figure 1). The current return measure has averaged just over 2.8% since 2020. Lower cash rent levels then cause lower current returns to owning farmland, resulting in downward pressures on land values.
 - ✓ The Farmdoc ag economists say the current treasury rate is around 4%. “While it has been common for the current return to farmland to be above or below the 10-year CMT for multiple years, one should expect farmland returns to eventually come back in line with the higher rates on government securities if they continue to persist.” Multiple years of negative or low average returns to rented farmland will put downward pressures on cash rent levels. A recent survey of professional farmland managers in IL suggested a decline in average cash rents of around \$25 per acre from 2024 to 2025. Rents on professionally managed farmland tend to be higher than broader market averages, and they also tend to adjust to economic conditions more quickly. This would imply an average land value of around \$9,265 for 2025 (a 3% decline from the \$9,550 value in 2024) assuming current returns remain around 2.8%. A reduction of this scale would be consistent with land value reductions since the late 1980s. This would also be in line with results from the IL farm manager survey, where 89% of respondents expected farmland prices to decline with that group roughly split between declines less than 3% and exceeding 3%. Still, multiple arguments for continued strength in farmland values could also be made. First, farmland remains an attractive asset with total returns (current plus capital returns) that are competitive with other asset classes, particularly over longer holding periods. Second, turnover rates for farmland are expected to continue to remain low meaning that purchase opportunities are scarce, and demand remains strong.”



Seed, Fertilizer, Fuel, and Chemical Inputs—

- Fertilizer is one of the input costs** for farmers that have stayed high in recent months. Josh Linville of StoneX says global events can have a bigger impact on fertilizer than some may realize, “Absolutely, it's exciting that somebody's looking more global than just at home, because that's what we need to do, right? We need to consider what's happening halfway around the world. So, we've seen a lot of escalation when it comes to the Russian-Ukraine situation. Earlier last week, Ukraine started using U.S. produced missile, which Putin has often said that is going to be seen as a major escalation. Ukraine did that, and overnight, we saw Russia respond with another missile attack involving ICBMs. That's a scary, scary situation.” If the Russia and Ukraine war gets any worse, it could lead to some serious consequences in fertilizer, “We have to start looking forward and say if this continues to spiral a lot of control, what does that mean for Russian exports? And when you look at Russia, they are incredibly important. They are the top urea and UAN producer, they are the biggest exporter in the world. For anhydrous, historically, they're the biggest exporter, but they've lost their export ability, which went through Ukraine, historically speaking, Phosphate is the 4th-biggest. Potash is the second biggest, and so we got to start wondering, what happens if, suddenly, those exports stop?”
- Conflict with Russia may push up fertilizer prices**, but tariffs on Canada may push them up before that. [Fertilizer Week](#) rhetorically asks, “What would potential US tariffs of 25% on imports from Canada (demanded by president-elect Trump) mean for fertilizer markets? Nitrogen will be impacted, but the implications for potash are enormous. Check out this infographic for more detail:



USDA Programs and Regulations—

- **The arrival of the Trump administration** has already signaled the end of USDA climate-smart programs. But FSA Administrator Zach Ducheneaux says there are enough farmers and agribusiness participants who are pleased with the results of the past 4 years and will likely continue those agronomic practices. Ducheneaux also says the USDA's recently loosened financial assistance policies have been a success, providing financial aid to many farmers in times of financial stress. He addresses those issues [in this short video](#).

Secretary of Agriculture—

- **Because of President-elect Trump's refusal to comply** with the Presidential Ethics Act, Agriculture Secretary nominee Brooke Rollins has not been able to confer with outgoing Secretary Tom Vilsack about USDA transition formalities. Apparently, [Trump complied with the federal law Friday](#), exempting himself. Vilsack said earlier last week, "We can't talk to anyone from the incoming Trump administration until they've signed the necessary transition documents, but I would certainly, as a practical matter, I would encourage the incoming nominee to reach out and encourage that those papers be signed relatively soon so that she can be fully prepared and the team can be fully prepared for the job that they are undertaking," [Vilsack told DTN](#). USDA is dealing with multiple challenges involving foreign animal diseases such as highly pathogenic avian influenza in both poultry and dairy cows. More than 616 dairy herds have been infected with the H5N1 virus including more than 200 dairy herds in California during the past month. A recall went out during the weekend in California over raw milk products infected with the virus. Now USDA has been informed about New World screwworm (NWS) being detected in Mexico that prompted USDA to close the border to Mexican cattle during the weekend. "There are some pretty significant animal-health and trade issues that need to be monitored and need to be understood on day one," Vilsack said. "An incoming secretary needs to be aware of and be able to respond to any questions that may come up at any hearing that she may have." There's also the need to understand the full portfolio under USDA's umbrella. "There's not necessarily always a full appreciation for exactly all USDA does," Vilsack said. "So, it is certainly our hope that eventually those papers get signed as quickly as possible and our team can begin the process of educating folks to the extent they wish to be educated about what they are walking into."
- **What will Rollins be bringing to USDA?** Rollins has been president and CEO of the [America First Policy Institute \(AFPI\)](#), a group that has largely championed Trump's views on foreign policy, border security and energy policies. AFPI has a list of policy agenda "pillars" but little about agricultural policy. The group has called for banning Chinese ownership of U.S. property. When it comes to energy, the group's 15-page policy agenda for energy independence focuses on rolling back regulatory requirements on domestic fossil-fuel energy. AFPI does not mention "biofuels" or "ethanol" once. The policy doesn't mention aviation fuel either. AFPI takes an aggressive stance against renewable energy policies and climate change policies that "only exacerbate the difficulties of providing affordable and reliable energy."

- **What will the new Trump administration bring** for the ethanol industry? That remains to be determined says Geoff Cooper, Renewable Fuels Association CEO. Trump was friendly to ethanol in his first administration, but there is no certainty that will continue, based on the adversity of Lee Zeldin, the expected EPA administrator. Cooper says the ethanol industry will have to re-educate the new administration about ethanol benefits, and the issue of carbon sequestration will have to be addressed, as will CO-2 pipeline issues. Those unsettled issues and others are addressed [in this short interview video](#).

Environment, Climate, Conservation, and Carbon—

- **Conservation is high on the agenda** for the IL Soybean Association. ISA Chairman Ron Kindred of Atlanta says a new three-year partnership with the USDA’s Natural Resources Conservation Service (NRCS) is bringing more conservation assistance to farmers. “Our agronomy team is going to be out boots in the field as technical advisors for NRCS.” He says, “Helping farmers adapt new practices like cover crops and no till trying to reduce carbon, improve soil health, and improve water quality.” He says the \$750,000 matching agreement totaling \$1.5 mil. means additional resources for farmers. “I’ve been messing around with the cover crops a little bit.” He says, “I started about 6 or 7 years ago, so I had to learn by Hard Knocks kind of. So, I think it’s good that farmers are going to have that help out there to mitigate some of the risk that is involved with adopting cover crops.” Kindred says ISA will use part of the funding to hire additional staff to manage the efforts. He expects the first resources will roll out to farmers in late 2025 or early 2026.
- **Officials of the next Trump administration** have indicated Biden climate and carbon programs will not be continued. But some farmers and corporate officials indicate they will pursue those policies. GROWMARK is one, and market development manager Lance Ruppert says their program will continue, helping farmers who want to continue maximizing their assets on every crop, every acre and every year. His comments are [in this short video](#).
- **The STAR program** (Saving Tomorrow’s Agricultural Resources) collaborated with Siemer Milling at Teutopolis to hand out some large check to farmers for achieving program goals. “In Summer 2024, Siemer worked with STAR to identify eligible fields and compensate growers in IL, IN and KY who implemented conservation practices that result in an improved STAR Rating or an outstanding (5-STAR) Rating. The [STAR Siemer Producer Rewards Payment Program](#) successfully wrapped up in November with 13 farmers submitting 56 fields covering 3,245 acres for crop year 2024. Of those acres, 2,474 qualified for payments and completed STAR verification. Ultimately, 10 farmers will receive payments totaling \$65,421.95 on 2,233 acres. Of all acres submitted, 58% qualified by maintaining a 5-STAR rating, 36% qualified by improving from a 4 to a 5 STAR rating, 5% qualified by improving from a 3 to a 5 STAR rating, and 1% qualified by improving from a 3 to a 4 STAR rating.”



Trade Issues—

- **While the USDA has been blamed** for the US agricultural trade deficit, it has been US consumers who have driven it higher. Once measured in billions to the good, it is now projected to be a \$45.5 bil. deficit, because of currency values. Those have made US exports more expensive for foreign buyers. And they have made US imports less expensive for US consumers. The [USDA's latest forecast](#) is for exports to reach \$170 bil. through Sept. 30, 2025. US imports will be \$215.5 bil.
 - ✓ US exports are higher than expected with beef and dairy projected upward \$800 mil., with grain and feed exports up \$200 mil. over August projections. Oilseed exports are projected down \$500 mil. due to lower soybean exports.
 - ✓ Regarding Trump's trade tariff targets, USDA says, "Exports to Mexico, the top U.S. agricultural market, are forecast \$700 mil. higher from the August projection to \$29.9 bil., driven by continued robust demand for a range of products. The export forecast for Canada is \$300 mil. higher to a record \$29.2 bil., supported by a strong economic outlook. Agricultural exports to China are forecast at \$23.3 bil., down \$700 mil. from the August projection. Any retaliation could result in declines of those export levels.
 - ✓ Canada and Mexico are big beneficiaries of US agricultural imports, which are now projected to top a record \$215.5 bil., up \$3.5 bil. from the August forecast. The proposed 25% tariffs would be applied to the \$215.5 bil. increasing the cost to consumers by \$45 bil. From Mexico comes a wide range of fruits, vegetables, both fresh and processed, plus beverages, alcohol, and a wide variety of meat products. From Canada, come prepared foods, grain products, frozen potatoes, and other frozen vegetables.
- **Officials in China, Mexico and Canada** criticized Tuesday's pledge made by President-elect Trump to impose new tariffs on all 3 of the largest US trading partners on the first day of his presidency. Trump said the move, which appears to violate the terms of a free-trade deal Trump signed into law in 2020, is aimed at clamping down on drugs – fentanyl especially – and migrants crossing into the U.S. illegally. Oil is the top U.S. import from Canada. The largest category of goods imported to the U.S. from Mexico is cars and components for cars. The U.S. imports a significant amount of electronics from China. [News reports](#) indicated that Trump and [Mexican President Claudia Sheinbaum](#) (right) had quite different understandings of their telephone visit. Trump "declared that Sheinbaum had "agreed to stop Migration through Mexico, and into the United States, effectively closing our Southern Border." Shortly afterward, Sheinbaum [shared](#) a Spanish-language message about the conversation, writing, "We reiterate that Mexico's position is not to close borders, but to build bridges between governments and communities."



- **Global trade is changing.** With the prospect of renewed tariff wars looming, conflicts in the Middle East and Black Sea blazing untended, and extreme weather causing chaos everywhere, Dan Basse (left) of AgResource sees “a world “fractured” by economic and political divides, with global trade patterns beginning to realign.”



Speaking on the sidelines of the 34th Annual IAOM Mideast & Africa Conference & Expo, held in Dubai in November, Basse said the victory of Donald Trump in the US presidential election would accelerate the end of globalism and the formation of a more complex “duopoly” of world political and economic power. One side will be led by the G7 nations — Canada, France, Germany, Italy, Japan, the United Kingdom and the United States, which represent around 30% of global GDP. The

other will be led by the BRICS nations — Brazil, Russia, India, China and South Africa, which now account for around 32% of global GDP. The implications for US grain exporters are significant. Brazil, with its growing dominance in soybean and corn exports, already has eclipsed the United States in several key markets, thanks in part to price advantages and its political ties within BRICS. For its part, Russia is also now the leading price-setter and supplier of internationally traded wheat. Meanwhile, China’s buying habits continue to underscore its strategy of diversifying suppliers, a trend that has become more apparent since the US-China trade wars were launched during the first Trump administration. “China is doing everything it can to buy grain away from the United States,” he said, adding that price is increasingly a secondary consideration behind the desire to secure supplies from politically aligned nations. “In a broad sense, I think the United States is going to be seeing a diminishment of its export profile while other countries step up and take demand accordingly.” Basse noted that BRICS nations dominate world production of nitrogen, phosphorus and potash. Regarding Trump tariffs, Basse says, the impact on agriculture will be severe. China is a massive buyer of US farm goods, accounting for 19% of total US agricultural exports worth \$34 bil. in 2023. But Basse expects this to drop sharply as Trump wages “war against China.” He forecasts agricultural exports will subside to just \$16 bil. in 2025, down from a high of \$43.5 bil. in 2021. “China is a buyer in the world grain markets that you just cannot replace,” he added. “As China pulls back, the United States is losing its biggest customer, which is a major factor in the 37% decline in US farm incomes over the past two years.” Basse also says, “The unpredictable climate dynamic is adding a fresh layer of uncertainty when it comes to predicting what comes next in terms of global supply and demand of grains.”

Farm Bill Action/Non-Action--

- **With a lame-duck Congress** until the end of the year, is there any chance of getting a new Farm Bill done in 2024, or will we let the new Congress worry about it in 2025? National Farmers Union President Rob Larew says it's pretty clear we really can't afford to wait, "You know, we're nearly a year-and-a-half overdue anyway. Economic conditions out there are not improving for a lot of farm situations, and as folks must have tough conversations with their lenders and try to do planning, this lack of certainty is an enormous challenge." Larew says we will have new leadership coming soon, "What I do know, having followed Farm Bills for a long time, is that when you have the top leadership saying it's time to get this Farm Bill done and get it off the agenda. Because next year is going to be focused on so many other things. I hope that that kind of pressure along with farmers and ranchers talking, that we can seize the opportunity and get it done before the end of the year." Or will bitter Democrats dig in their heels? "So, I don't think that you're necessarily going to have that kind of bickering. I think the real question is whether, with the other things that have to get completed by the end of the year, whether or not there's the political will to make sure that a Farm Bill gets completed." Larew says there are still plenty of rural Democrats and reasons to get a Farm Bill done. (Ag Information Network)

Agri-Politics and Election--

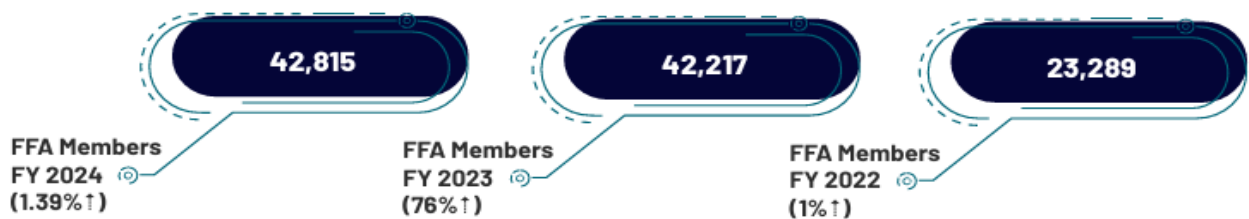
- **An American Farm Bureau lobbyist** says AFB is confident lawmakers will approve some form of farm disaster aid before the 118th Congress adjourns next month. AFB Director of Government Affairs RJ Layher says lawmakers recognize the need for both economic and natural disaster help in farm country, and the need for sooner rather than later, "We are working diligently with leaders on both House and Senate sides here in Washington, and I think our prospects look pretty good at some sort of assistance." The question is what kind of help lawmakers will agree on, "Whether or not that comes in the form of economic or natural disaster, but we are confident that we will be able to have some relief going out to the countryside by the end of the year." President Biden asked Congress for \$98 bil., but mostly for hurricane victims and infrastructure needs, not crop price support. Farmers already face the continued lack of a new Farm Bill with its updated crop supports, making last-minute disaster aid even more important, "It's very possible this could get looped into an end-of-year must-pass legislation and could get tacked into a continuing resolution. At the end of the day, like I said earlier, there's a definite need." Especially given another likely Farm Bill extension, and as President-elect Trump's pick for Ag Secretary, former White House policy adviser Brooke Rollins seeks Senate confirmation next year.
- **President-elect Trump's promised 'day-one' tariffs** are not a sure thing, according to Sen. Chuck Grassley, R-IA, who disagrees that Trump will blow up the U.S.-Mexico-Canada Agreement or trade with China, resulting in new retaliation. Separately, Grassley is non-committal on Trump's pick for Agriculture Secretary—former White House policy adviser Brooke Rollins, "As a young girl in 4H and FFA, she must know a little bit about agriculture, but I don't know how much. And I'm going to be meeting with her, obviously, before she comes before the committee." Grassley says he has questions for Rollins about trade, a new Farm Bill, payment limits, and more. (Berns Bureau)

Farm Organizations—

- **IL FFA has published** its [2024-25 annual report](#). Download and peruse it, but allow adequate time because you will be fascinated with the information and data that reflects what FFA members, advisors, state officers (below), school administrators, FFA staff, IL St. Board of Educ. staff, volunteer supporters, and others are doing to ensure this organization continues its high trajectory. It also includes state and national award recipients (find your locals!).



Student leadership, work ethic, and inspiration are at the heart of this organization, and **all members benefit** from this system and structure of leadership that is FFA.



Understanding the rapidly changing agricultural industry can be a daunting task. At Heartland Bank, our team of ag specialists will work with you to meet the goals of your farming operation. With over 160 combined years of agricultural service experience, we are focused on providing outstanding service and results throughout Central and Northern Illinois. Whether it's farmland real estate, operating and equipment loans, or farm management expertise, we have the professionals who you can trust to improve your farmland's productivity and asset value. Contact one of our knowledgeable experts today at 309-661-3276 or toll free at 1-833-797-FARM (3276).

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