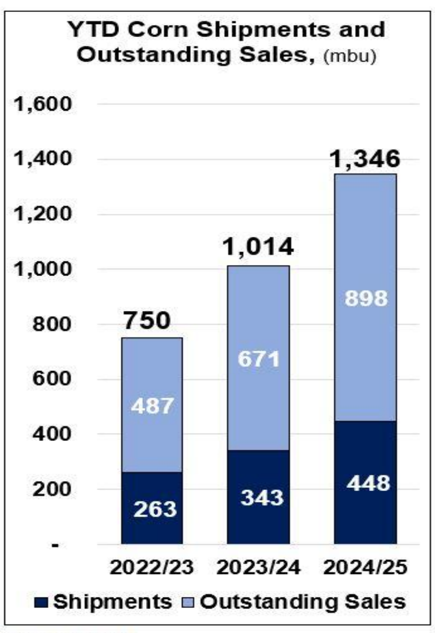
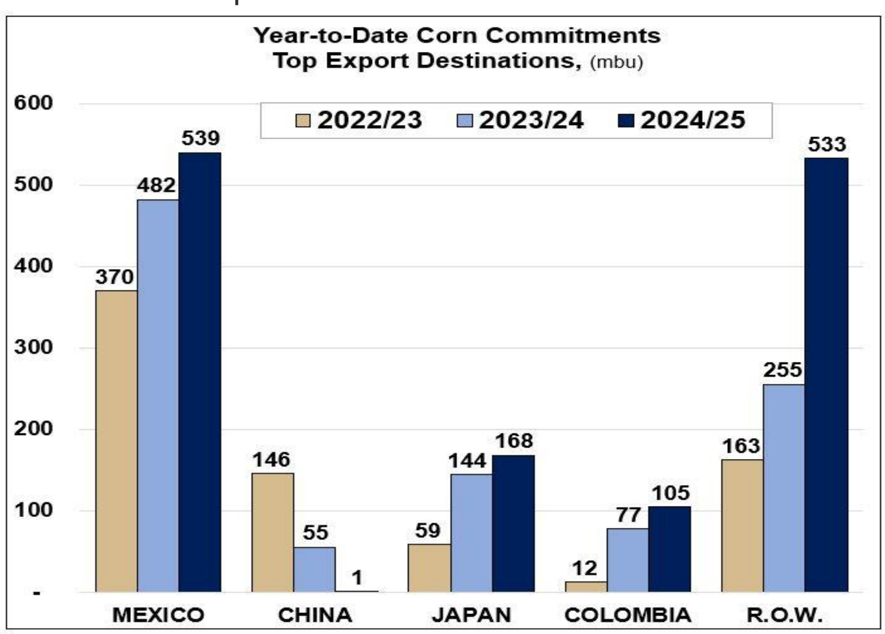
A weekly Cornbelt digest of marketing, economic, agronomic, and management information.

Commodity market price drivers—

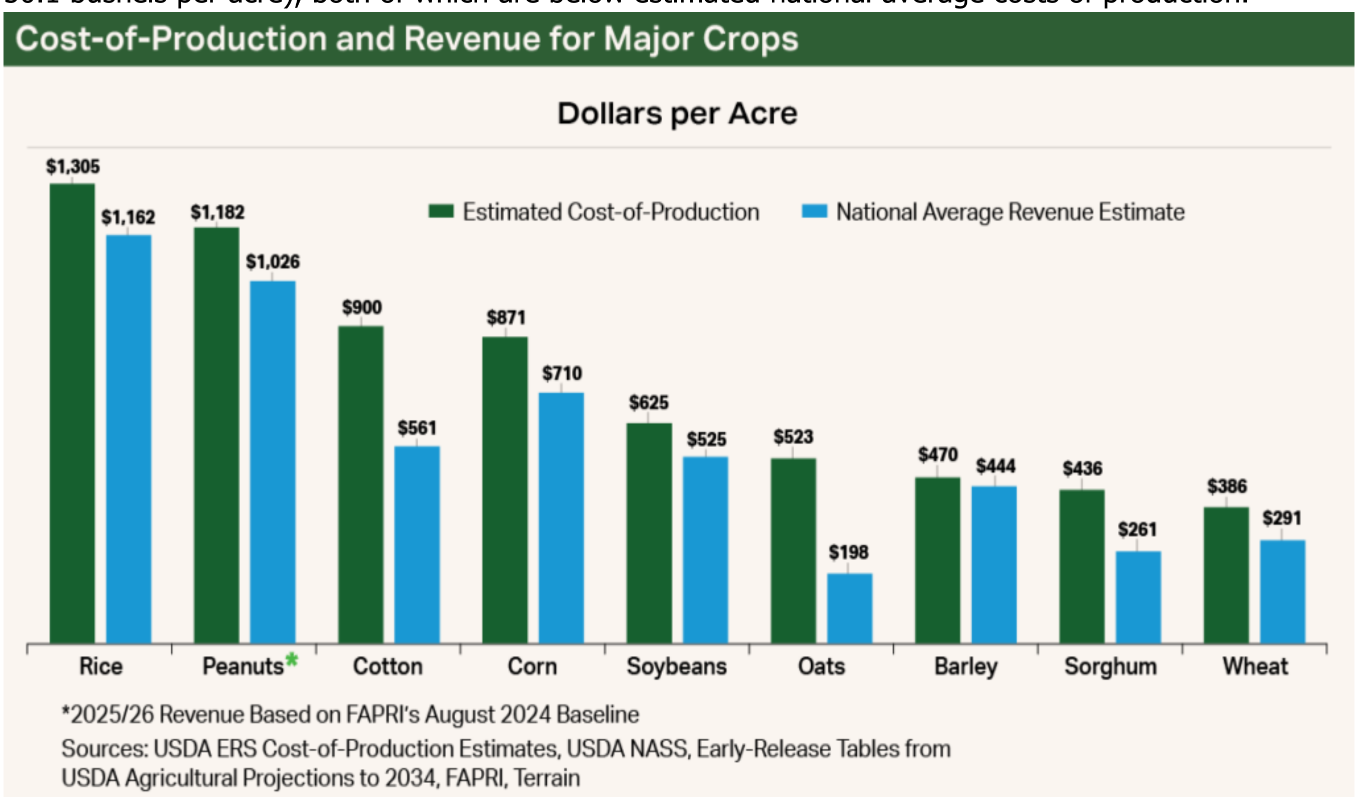
- **USDA will make its next supply and demand adjustments** on December 10.
  - ✓ Ahead of Tuesday's WASDE report, grain market analysts expected to see 2024/25 corn ending stocks shift moderately lower, from 1.938 bil. bu. in November down to 1.906 bil. Individual trade guesses ranged between 1.863 bil. and 1.938 bil. bu. Corn export performance remains firmly ahead of last year's pace with current commitments running 33% above 2023. USDA's current estimate of 2.325 bil. bu. is only a 3% improvement on last year's total. The Energy Information Administration also reported that corn used for biofuels in September at 447 mil. bu., up 4.4% from 2023. A strong showing for the month of September which usually isn't a huge month for corn grind with many plants taking maintenance time ahead of the busy harvest season. Globally, traders will be watching closely for any changes to South American corn production.
  - ✓ For soybeans, grain analysts expect to see 2024/25 ending stocks ease fractionally lower from 470 mil. bu. in November down to 469 mil. Individual trade guesses ranged between 430 mil. and 486 mil. bu. The November WASDE featured the largest yield cut on record for the November report. Despite this, soybean futures have dropped roughly 50₵ on the January CBOT contract since the release of the November report. Traders have been largely concerned with political issues and nervousness regarding U.S. export competitiveness against what is being estimated as a record crop in Brazil. USDA cut soybean exports and crush in the November issue. The export cut came in the wake of a shaky trading relationship with China currently and large South American production. The cut in crush has come under scrutiny in recent weeks, especially after USDA reported October crush at a record 215.8 mil. bu. And traders will be watching how USDA treats the unexpectedly high demand for soybean oil.

- **The Grains Council, which promotes US corn exports globally**, says farmers have a lot to brag about. "The 2024 crop, on average, is entering the market channel with characteristics that met or exceeded each grade factor's numerical requirements for U.S. No. 1 grade corn. The report also showed that 89.2% of the samples met all grade factor requirements for U.S. No. 1 grade, and 96.2% met the grade factor requirements for U.S. No. 2 grade corn. The report is based on 620 yellow corn samples taken from defined areas within 12 of the top corn-producing and exporting states. Inbound samples were collected from local grain elevators to measure and analyze quality at the point of origin and provide representative information about the variability of the quality characteristics across the diverse geographic regions. Test weight of 58.9 pounds per bushel achieved the highest value observed in the history of the report. Average U.S. aggregate BCFM in 2024 (0.6%) and average U.S. aggregate total damage (1.1%) were both lower than the 5YA. Average U.S. aggregate moisture content in 2024 (15.3%) matched the lowest value observed in the history of the report. This year's corn protein concentration registered at 8.5 percent, equaling the five-year average. The chemical composition of the crop remained in a healthy range, as 98.9 percent of the samples tested below the U.S. Food and Drug Administration (FDA) action level for both aflatoxins and deoxynivalenol. Additionally, 98.3 percent tested below the FDA's strictest guidance level of 5.0 parts per mil. for fumonisin. Read the full 2024/2025 USGC Corn Harvest Quality Report here and stay up to date on its associated rollout events on the Council's website. A second Council-produced study, the 2024/2025 Corn Export Cargo Quality Report, will measure corn quality at export terminals at the point of loading and will be available in early 2025.
- **What is happening to US exports?** David Brock (Brock Report) says, "Corn exports are outstanding, but what's amazing is we're doing it without China, and mostly through new customers. For the current marketing year to date, rest of the world exports are up 278 mil. bu. So where is the rest of the world increase coming from?? For starters... -unknown +90 mil. bu. - Korea +22 mil. bu.- Guatemala +17 mil. bu. - Spain +17 mil. bu."



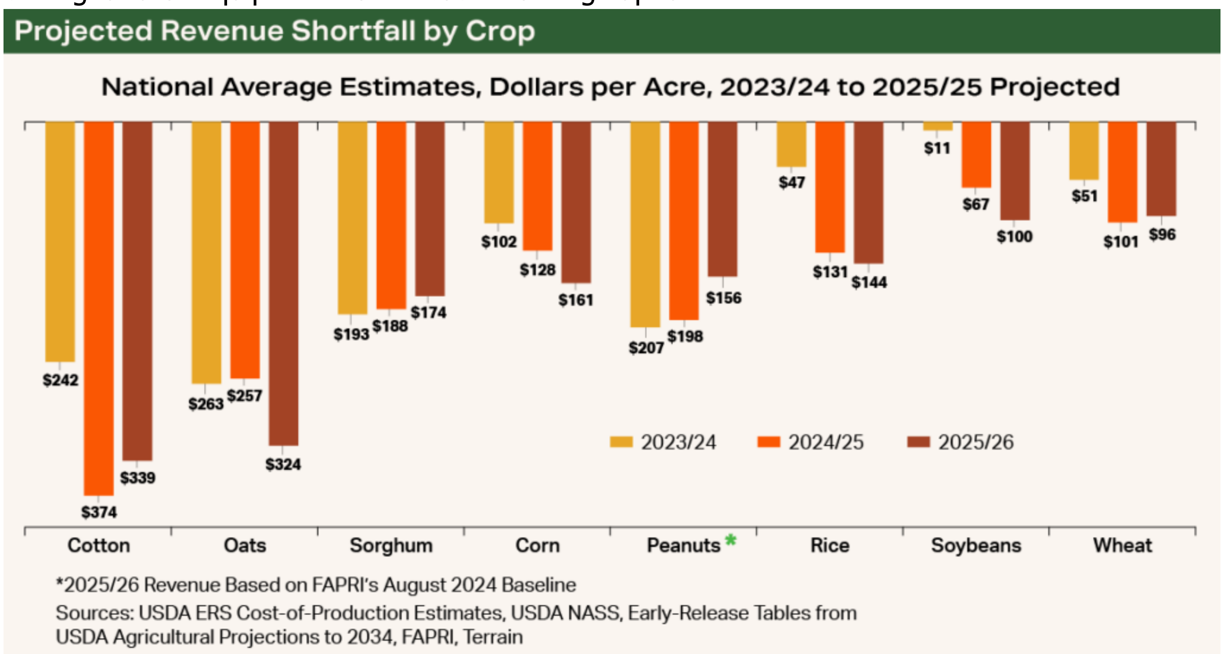


- **USDA just updated its projections** for farm income in 2024. And a new report from Terrain Ag previews what we may see in 2025 on the crop side, says [Terrain chief executive John Newton]. "For 2025, the cost of production for major field crops is expected to remain elevated but down marginally from 2024 for all major crops except cotton. Costs are projected to be higher for seed, chemicals, custom operations, repairs and maintenance, and taxes. Lower costs are projected for fertilizers, fuel and electricity, and interest. The cost to produce an acre of corn is projected at $871/ac., down 0.9%, and for soybeans the projected cost of production is $625/ac. For the 2025/2026 crop year, the national marketing year average corn price is projected at $3.90/bu., down 5% from the current projections for 2024, and down 40% from the recent high of $6.54/bu. in 2022/2023. Soybean prices are projected at $10/bu., down 7% from the 2024/2025 marketing year average price projection and down 30% from two years ago. All major crops except wheat are expected to see lower or flat prices for the 2025/2026 marketing year. While wheat prices are projected to climb to $5.80/bu. in 2025/2026, wheat prices will remain 34% lower than the price farmers received in 2022/2023. To estimate the national average crop revenue per acre, the 2025/2026 marketing year average price was multiplied by the projected crop yield included in the USDA's long-run baseline. For example, given a projected marketing year average price of $3.90/bu. and an expected yield of 182 bu./ac., the estimated revenue per acre of corn is nearly $710 for 2025/2026, $161/ac., or 18.5%, below the estimated cost of production. Estimated revenues range from a high of $1,162/ac. for rice ($1,162 = $15.20 per hundredweight × 7,590 pounds per acre) to a low of $291 per acre of wheat ($291 = $5.80 per bushel × 50.1 bushels per acre), both of which are below estimated national average costs of production.



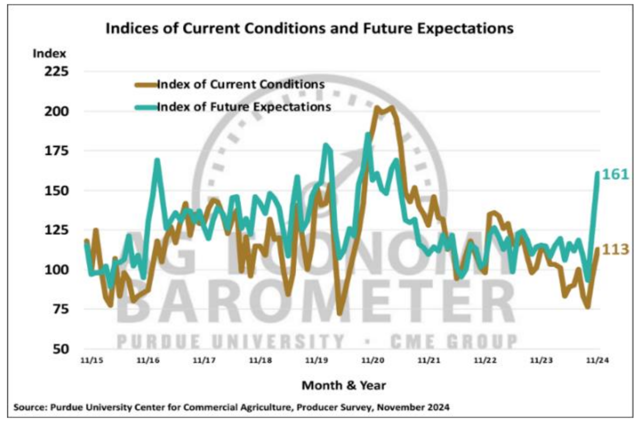
Given expectations for input costs to remain elevated in 2025 and for crop prices to mostly move lower again in 2025, it is no surprise that another year of margins at or below breakeven may be on the horizon. The Univ. of IL [2025 Crop Budgets] confirm similar findings for high-productivity farmland in Central IL. →

- **Based on the USDA's 2024 analysis** and the 2025 projections from Terrain Ag, Terrain chief economist John Newton expects the budget stress to have a number of implications. In a high-cost environment, like the one forecast for 2025, farmers can consider multiple levers to control their own costs, including but not limited to:
  - ✓ Scaling back on machinery purchases.
  - ✓ Attempting to negotiate lower rental rates for cropland
  - ✓ Sharpening the pencil on the utilization of fertilizers and chemicals, but at the risk of lower yields.
  - ✓ Potentially restructuring or consolidating debt.
  - ✓ Selling land or equipment to increase working capital.



Terrain's Newton says, "As farmers head into loan renewal season, ongoing and forward conversations with lenders will be extremely important to stay ahead of any potential liquidity gaps. To help boost their revenues above the projected national average, farmers may consider forward-pricing bushels (physically or on the board) if prices rally to profitable (or near profitable) points; buying higher levels of crop insurance coverage; or buying crop insurance endorsements to increase their level of protection. Additionally, USDA commodity support programs, should they be reauthorized and/or enhanced in a Farm Bill, may help to mitigate the risk associated with the current and prolonged downturn in the farm economy. Congressional efforts to provide ad hoc support may also help farmers experiencing financial losses due to natural or economic disasters. Uncertainty in the farm economy remains. Absent an unforeseen increase in demand or supply shock, recent projections from the USDA and university extension budgets suggest the financial tightening in the corn and cotton belts is likely to continue into 2025, challenging farmers already weathering a historic downturn in the farm economy."

- **Farmer sentiment jumped again in November** as the [Purdue Ag Barometer](#)climbed 30 points to 145. Both the Current Conditions and Future Expectations indices increased in November, with the biggest improvement taking place in future expectations. November's sentiment improvement pushed the barometer to its highest level since May 2021. Some of the reasons behind the improvement in farmer sentiment include expectations for a future regulatory and tax environment for the agricultural sector that is more favorable than expected prior to the November elections.



  - ✓ 33% believe their farm will be better off in a year, compared to 19% who felt that way in October. 34% of farmers in November said they expect good times financially for the U.S. agricultural sector in the next 12 months compared to just 15% of respondents in October. When asked to look ahead 5 years, 52% said they expect U.S. agriculture to experience widespread good times compared to 34% who felt that way in October. The increase in optimism spread to farmer's investment outlook, with 22% of November respondents thinking it a good time to make large investments compared to 15% of farmers in October.
  - ✓ The sentiment improvement extended to farmers' perspectives on capital investments. For the second month in a row, the percentage of producers who expect better times in the upcoming year rose. In November, 25% of respondents said they expect better times next year compared to 16% who felt that way in October. The shift in perspective boosted the Farm Financial Performance Index 38 points above September's index.
  - ✓ On the heels of sharp improvements in both the short-term and long-term farmland indices in October, both farmland value indices drifted lower in November. Compared to a month earlier, the Short-Term Farmland Value Expectations Index fell 5 points, and the Long-Term Farmland Value Expectations Index fell 3 points in November.
  - ✓ Following the 2024 election, there was a big swing in farmers' perspectives on environmental regulations impacting agriculture. In October, 41% of respondents said they expected the regulatory environment to become more restrictive in the next 5 years while 55% of farmers in November said they expected environmental regulations to become less restrictive. When asked about taxes, 55% in November said they look for income tax rates to stay about the same in the upcoming year. This compares to just 25% of respondents following the 2020 election. 57% of the respondents in the November survey also said they think estate tax rates will remain unchanged in the next 5 years, but in November 2020, just 28% of respondents expected no change. 42% of respondents to the November survey said they think it is either "likely" or "very likely" that U.S. agriculture is at risk of a "Trade War" that results in a significant decrease in U.S. agricultural exports.

Farmland Issues—

- **During the first runup in farmland prices** in the early 2000's, farmland value specialist [Randy Dickhut] says, "It was common for farm based real estate brokers to get calls from individuals who wanted to buy a farm because they read about rising land prices in financial publications or a friend said land was a good investment. Most of these folks knew little about farmland and the broker spent most of the call explaining the nuances of owning a farm. The broker would ultimately ask how much money the person had to spend on the farm purchase. Often as not, the individual came back with a vastly inadequate sum of $50,000!

  At the time, there were few options for these individuals to buy a farm when the purchase required hundreds of thousands or millions of dollars of investable resources or financing to own a farm. Buyers of farms were either individuals, private partnerships, or institutional funds who all had the resources to do so. Now there are more options available for those who want to own farmland, but do not have the financial capabilities to afford the transaction themselves. Today's retail investing in farmland allows individuals to invest smaller amounts allowing them to own shares or portions of a farm or portfolio of farms. The options range from publicly traded farmland REITs (Real Estate Investment Trusts), privately offered farmland REITs, and privately offered entities (LLCs or Limited Partnerships) that provide ownership shares in a specific farm or a pooling of farms. Investment amounts range from a low of $10,000 to buy one share of the entity that owns a farm, to minimum investments in other vehicles that might be nearer $100,000. Investing in the publicly traded REITs will be dependent on how many shares are purchased at the market price. For those thinking about utilizing some form of retail investing to own farmland, here are a few things to consider when evaluating options.

  - ✓ What type of farmland is the focus of the investment?
  - ✓ What is the expected hold period for the farm or farms?
  - ✓ How much appreciation in value does the investment forecast over the term of the hold?
  - ✓ What is the projected annual cash return paid through dividends or disbursements? What are the annual management fees?
  - ✓ How is the value of the AUM set each year and how does that relate to a share price or the value of a person's investment?
  - ✓ What liquidity is offered for an individual's investment?
  - ✓ What portion of a farm or farms will you own? Will you be one among a few owners of the shares of the farm by virtue of a larger investment or specific type of investment?

Retail ownership is different than directly owning a farm that one can walk on and make all the management decisions themselves along with the farm operator. However, the biggest attraction is the affordability provided by owning shares of a farm or farms instead of the large financial commitment to own a farm alone.

- **ADM's plan to import carbon dioxide** from its Cedar Rapids and Clinton, IA plants apparently is being shelved. Wolf Carbon Solutions, which was the contractor on the project, has informed the IA Utilities Commission that it was halting the project. Wolf planned to construct the pipeline linking the 2 ADM ethanol plants in IA, and construct a delivery pipeline from IA to Decatur, IL, where the CO-2 would be injected into the ground adjacent to the location of the Farm Progress Show site. ADM has other CO-2 wells at that location and has been sustaining issues with carbonic acid corroding its monitoring facilities. The Wolf announcement was, "While Wolf has continued to build relationships with landowners and stakeholders interested in the Project, a number of factors have continued to delay Wolf's ability to proceed with the Project and Wolf has decided to cease pursuit of the required regulatory approvals at this time, as Wolf does not deem it to be an efficient utilization of resources for the Commission staff to continue processing the Petition without any certainty around Wolf's timing for proceeding on the Project," the filing stated. Some landowners and a pipeline opposition group celebrated the news following Wolf Carbon's announcement. They have questioned whether the project had a community benefit and criticized it for requiring a pathway through private property. The ADM-Wolf project is not the only one which has abandoned plans.

  - ✓ Navigator CO2 Ventures had been developing a 1,300-mile pipeline that would travel from ethanol plants and other facilities in five states and transport the captured carbon dioxide to Taylorville, IL. But the company announced in October that it would stop the project. The SD Public Utilities Commission the previous month denied Navigator CO2's Ventures' permit, which did not conform with some county ordinances that restricted pipelines. Chief Executive Matt Vining said in a statement explaining the company's decision to halt the project, "We are disappointed that we will not be able to provide services to our customers and thank them for their continued support."
  - ✓ Summit Carbon Solutions, an Ames, IA-based company, is now the only remaining project. Summit had proposed the largest plan of the original three projects. The company is still working on a revised plan to gain permit approval in SD. Its $8 bil. carbon capture pipeline could cross 5 states and eventually empty into an underground storage facility in ND. The company received regulatory approval in ND last month.
  - ✓ With the Summit project still underway, it is a potential collector of the CO-2 generated at ADM's Cedar Rapids and Clinton, IA, ethanol plants.

Farm Bill Action/Non-Action--

- **If Santa (Congress) does not deliver** a Farm Bill extension, emergency farm financial aid, and hurricane reconstruction funds, blame the Grinch (House GOP Freedom Caucus). The 118th Congress is getting closer to ending, and with it chances for a new Farm Bill, new agency spending bills, and possibly, economic farm aid. With just over 2 legislative weeks left before time runs out on this Congress, lawmakers are getting another band-aid ready for their failure to produce either a new Farm Bill or USDA and other spending bills. Senate Majority Leader Chuck Schumer, D-NY, on a continuing budget resolution or 'CR', "We're trying to get the CR done. We're making good progress on it, and hopefully, we'll get things done by the 20th deadline. I'm pretty confident that will happen." It could include another extension of the 2018 Farm Bill with its outdated price support floors. Sen. Chuck Grassley, R-IA, says "I don't hear much about agriculture. I do expect a 1-year extension of the 2018 Farm Bill." And as for last-minute low-price help for farmers, "This has never been done before, and I believe it would be a bad precedent. I also think it would take away the incentive for Republicans to come to the table for a 5-year Farm Bill." House Speaker Mike Johnson also struck a cautious note when asked about the pending disaster supplemental aid for hurricane and other damage, "What we're doing right now is the important, methodical job that the House has to go through, really line by line, and assess those requests and make sure that they all are tied to disaster and not superfluous items and issues that are included. That's what the discussion with the Freedom Caucus was about, and with other members because we have to be good stewards of the resources. We have a huge national debt." Rep. David Scott, D-GA, minority leader of the House Ag Committee quickly rejected the call by Freedom Caucus to deny both hurricane and low crop price help to farmers. Scott complains it undercuts efforts by House and Senate Ag panels' leaders to pass much-needed economic aid to deal with the ongoing downturn in large parts of the farm economy. Scott called on President-elect Donald Trump to direct the Freedom Caucus members to "stand down" and develop an aid package. Scott also called on the Freedom Caucus, which doesn't officially release its membership, to release the vote tally that led the group to take its position. "Let the rest of the House and the world know which Freedom Caucus members are fine with denying aid to their constituents when nature unleashes its fury." IL Rep. Mary Miller, R-15th, (left) is a member of the Freedom Caucus. She is the only IL member of Congress in the group which is holding up all the agricultural legislation**.** While the Freedom Caucus complained that the funds would go to the Biden administration, the reality is that even if Congress quickly passes a disaster package, the actual release of any funds to farmers would not happen until after the Trump administration takes office. The incoming Agriculture secretary and Trump's Office of Management and Budget (OMB) would weigh in before any funds are provided to producers. (Berns News Bureau, DTN)

- **When the new government becomes functional** and led by only 1 political party, what will happen to farm policy? Great question posed by Brad Lubben, IL ag econ graduate, and now leading ag econ, farm policy, and risk management at Univ. of NE. Lubben's analysis:
  - ✓ The same major issues that hamstrung Farm Bill development through 2023 and 2024 are still present, with a continuing debate over farm program support levels, Supplemental Nutrition Assistance Program spending, conservation spending for climate practices and secretarial discretion over spending Commodity Credit Corp. (CCC) funds. There also are calls for emergency hurricane and ag disaster relief as well as potential economic relief given that farm program enhancements pushed by some ag groups have not materialized yet with no new Farm Bill.
  - ✓ A renewed Farm Bill debate in 2025 could move quickly with Republican control in both chambers of Congress. If it doesn't move quickly, it will be more prone to increased challenges of budget costs and calls for significant government reforms, as well as other significant issues fighting for the congressional calendar.
  - ✓ Most economists fear the economic losses and conflicts that arise from a (tariff-driven trade) strategy, but the incoming administration has rallied staunch advocates for their approach. Agriculture and other business sectors are left to hope that the approach provides more negotiating leverage and, ultimately, trade agreements with foreign countries than it does trade conflict and export losses.
  - ✓ Before the election, there was a great deal of uncertainty about the future of tax policy, energy and climate policy, labor and immigration policy, and basic regulatory policy, among other issues. Now that the election is over, there may be some idea of the general direction and tenor of policy proposals in the new year, although the fate of any efforts remains uncertain.
  - ✓ Energy and climate policy could swing back from some of the more progressive priorities and incentives of recent major spending bills, although there will remain champions for renewable fuels and sustainable aviation fuel, electric vehicles, climate emissions regulations and climate-friendly practices.
  - ✓ Labor and immigration issues were paramount during the campaign and appear to be a priority for all policy discussions, including the trade policy strategy mentioned above. Broader regulatory issues also are in play, as the Supreme Court ruling against the Chevron doctrine in 2024 lays the foundation for a pullback on Executive Branch regulatory reach and, by extension, the scope of the federal bureaucracy.
  - ✓ Whatever the topic, a great deal of policy uncertainty remains for agriculture headed into the new year. Ag producers and stakeholders will need to manage for the uncertainty and engage in the policy process itself, ensuring that policymakers understand the issues and the potential effects of the complex issues and policy choices ahead.

And Finally, This—

- **The National Corn Growers Association** has decided on its top photographs for its 2024 contest, and there are no disappointments about the quality. They cannot all be shown here, so visit the NCGA website and check out the photo entries for yourself.

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