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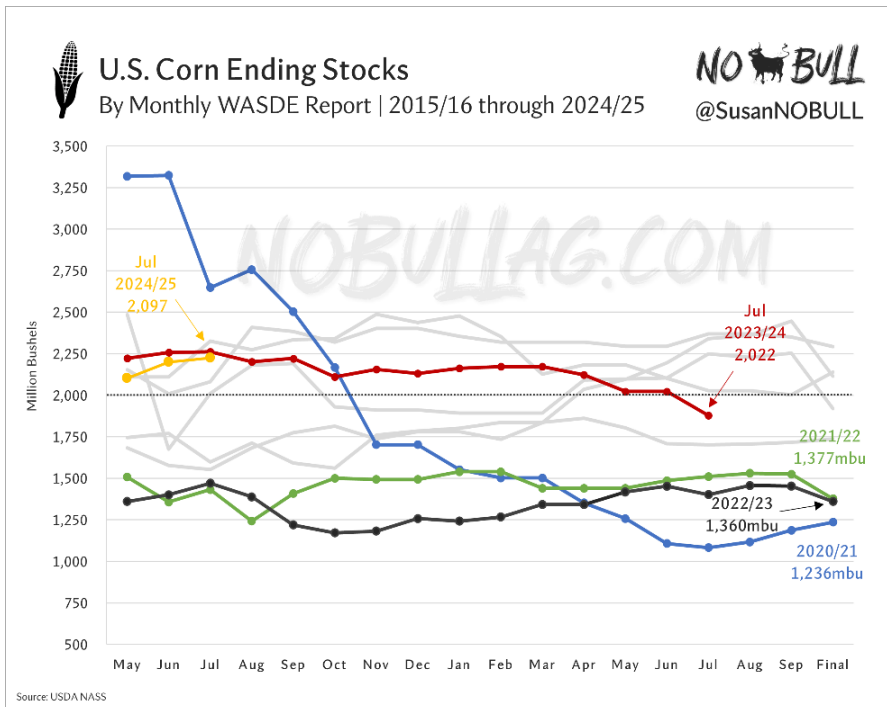


A weekly Cornbelt digest of marketing, economic, agronomic, and management information.

Commodity market price drivers—

- **On Friday, USDA released** the July [World Agricultural Supply and Demand Estimates](#):

✓ **The 2024-2025 corn outlook** indicated larger supplies, greater domestic use and exports, and lower ending stocks. Corn production for 2024/25 is forecast up 240 mil. bu. on greater planted and harvested area from the June Acreage report. The yield is unchanged at 181.0 bu. per acre. For the 2023-24 crop, exports are raised 75 mil. bu. based on current outstanding sales and shipments to date. Feed and residual use is up 75 mil. bu. based on indicated



disappearance in the June Grain Stocks report. Total use is raised 100 mil. bu. with increases to both feed and residual use and exports based on larger supplies and lower expected prices. With use rising slightly more than supply, old crop ending stocks are down 5 mil. bu. to 1.877 bil., the first drop below 2 bil. in over a year (left). The season-average farm price is lowered 10¢ to \$4.30 per bu. Global coarse grain production for 2024/25 is 50 mil. bu. higher to 59.5 bil. bu. Major global trade changes for

2024/25 include larger corn exports for the US with cuts for Russia and the EU.

- ✓ **Soybean production** is projected at 4.4 bil. bu., down 15 mil. on lower harvested area, which was forecast at 85.3 mil. acres in the June Acreage report, down 300,000 acres from June. The yield forecast is unchanged at 52.0 bu. per acre. With slightly lower beginning stocks, reduced production, and unchanged use, ending stocks for 2024/25 are projected at 435 mil. bu., down 20 mil. from last month. The U.S. season-average soybean price for 2024/25 is forecast at \$11.10 per bu., down 10¢ from last month. Global soybean beginning stocks for 2024/25 are increased slightly, with higher stocks for China mainly offset by lower stocks for Argentina, Brazil, and Paraguay due to revisions for 2023/24. China's soybean imports for 2023/24 are revised up 110 mil. bu. to 3.97 bil. bu. on larger-than-anticipated arrivals expected in the fourth quarter of the marketing year. Exports for

World Soybean Supply and Use

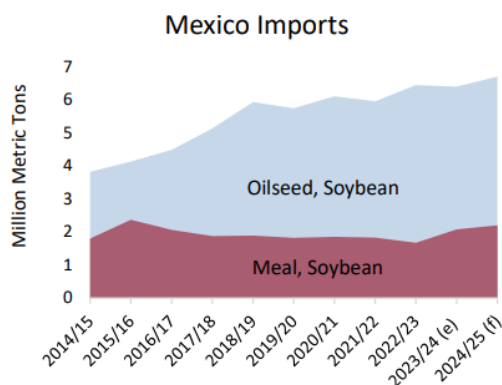
Item	2023/2024		2024/2025		
	Estimate	Change from June 12	Forecast	Change from June 12	Change from 2023/2024
----- Million Tons -----					
Beginning stocks	100.6	**	111.3	0.2	10.6
Production	395.4	-0.5	421.9	-0.4	26.4
Total Supply	496.0	-0.5	533.1	-0.2	37.1
Crush	329.2	-0.6	345.7	-0.1	16.5
Total use	382.5	-0.8	401.5	-0.1	19.0
Trade	175.1	2.5	180.2	--	5.1
Ending Stocks	111.3	0.2	127.8	-0.1	16.5
Addendum					
Beginning stocks					
Argentina plus Brazil	53.8	--	54.6	-2.2	0.8
Imports*					
China	108.0	3.0	109.0	--	1.0

*From all sources.

-- No change. ** Rounds to zero.

Argentina, Brazil, Paraguay, Benin, and Canada are also raised for 2023/24.

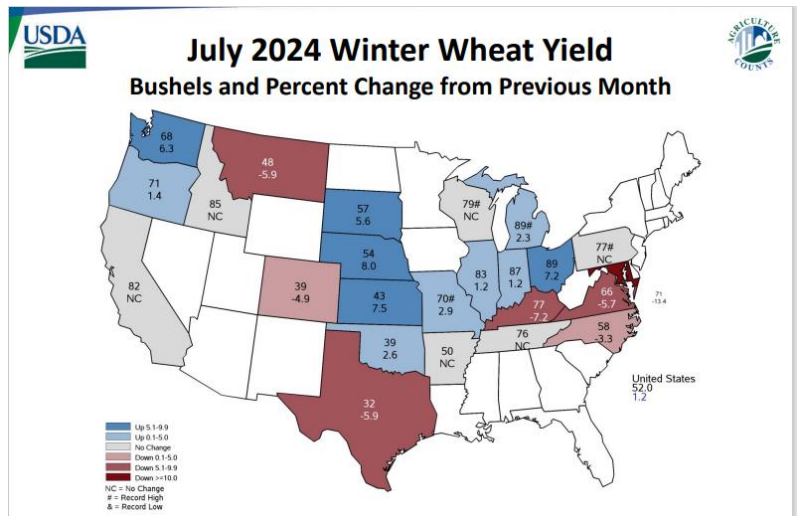
- ✓ **Mexico is gobbling up soybean meal** as much as it imports US corn. [USDA's Foreign Agriculture Service](#) reports, "Mexico soybean meal imports are expected to continue rebounding from the 9-year low seen in 2022/23, reaching the second highest total ever at over 2 mil. tons in 2024/25. Limited domestic soybean production makes Mexico structurally dependent on



imports for livestock feed. Feed manufacturers evaluate the cost of utilizing domestically crushed soybeans or importing meal to supply their operations. The outlook for 2024/25 is bound by many of the same fundamentals seen in 2023/24. Large U.S. soybean crush and higher Brazil soybean production are expected to continue. Growing Mexico livestock and poultry production is expected to drive further increases in Mexico soybean meal consumption. Both soybean and soybean meal imports are forecast to continue expanding, and soybean imports are expected at a

record in 2024/25 and soybean meal at the second highest level on record."

✓ **The wheat outlook** is for larger supplies, domestic use, exports, and ending stocks. All wheat production is raised 134 mil. bu. to 2.008 bil., on an increase in harvested area and higher yields. With larger supplies, exports are raised 25 mil. bu. to 825 mil. Projected 2024/25 ending stocks are raised 98 mil. bu. to 856 mil., up 22% from last year and the highest in 5 years. The projected 2024/25 season-average farm price is reduced 80¢ per bu. to \$5.70 on higher stocks, recent declines in futures and cash prices, and lower projected U.S. corn prices. The global wheat outlook for 2024/25 is for larger supplies, consumption, trade, and stocks. Supplies are increased 250 mil. bu. to 39 bil. bu., primarily on larger beginning stocks and higher production, mainly for the US, Pakistan, and Canada.



July 2024 Winter Wheat Acreage, Yield, and Production

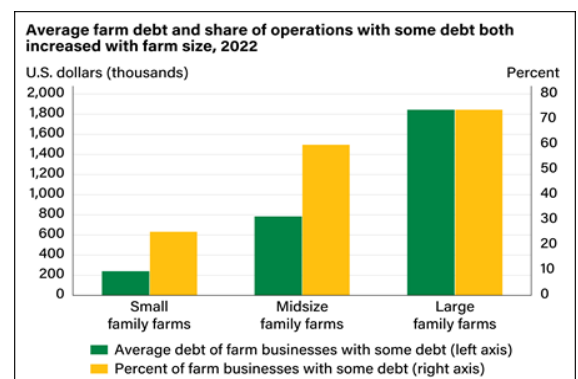
	Planted (1,000 Acres)	Harvested (1,000 Acres)	Yield (Bushels/Acre)	Production (1,000 Bushels)
United States	33,805	25,808	52.0	1,341,255
% Change from Previous Estimate	NC	NC	↑ 1.2	↑ 3.6
% Change from Previous Season	↓ 7.9	↑ 4.6	↑ 2.8	↑ 7.5

	Top 5 States - By Production							
	Planted (1,000 Acres)		Harvested (1,000 Acres)		Yield (Bushels/Acre)		Production (1,000 Bushels)	
		% Δ PY		% Δ PY		% Δ PY		% Δ PY
Kansas	7,700	↓ 4.9	7,150	↑ 24.3	43.0	↑ 22.9	307,450	↑ 52.8
Washington	1,850	↑ 2.8	1,790	↑ 2.3	68.0	↑ 25.9	121,720	↑ 28.8
Oklahoma	4,350	↓ 4.4	2,700	↑ 10.2	39.0	↑ 39.3	105,300	↑ 53.5
Montana	1,950	↑ 5.4	1,900	↑ 13.1	48.0	↓ 5.9	91,200	↑ 6.4
Texas	5,700	↓ 10.9	2,450	↑ 16.7	32.0	↓ 13.5	78,400	↑ 0.9

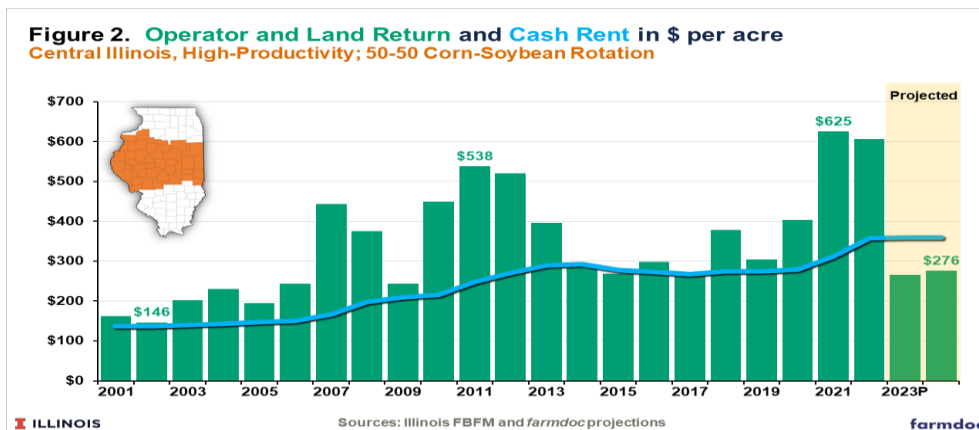
% Change from Previous Estimate represents change from Acreage report for Planted & Harvested Acres and change from June Crop Production report for Yield & Production.

Farm Economics and Lending—

- **The Federal Reserve Governors** meet at the end of July to consider a cut in interest rates, given the recent news about the job market and inflation. [John Williams, Federal Reserve Bank of New York president](#), and vice chair of the Federal Reserve Board, stated that although inflation has recently decreased toward the Fed’s 2% target, reaching the goal will take more time. Currently, inflation is around 2.5%, reflecting significant progress, but sustained 2% inflation is still a way off. In June, officials raised their longer-term rate estimates to 2.8% from 2.6% in March. When Cornbelt ag economists were surveyed in June about their projections for Fed rate-cutting, 73% think the Fed will make 1 interest rate cut this year, 18% think it will be 2 cuts. That compares to the April survey when [44% of ag economists said they were becoming more pessimistic about interest rate cuts in 2024](#).
- **Data from USDA’s Agricultural Resource Management Survey (ARMS)** show that 23% of U.S. farms held debt in 2022. Total farm sector debt is expected to reach more than half a trillion dollars in 2024, according to [USDA, Economic Research Service \(ERS\) farm income forecasts](#) as of February 7, 2024. Data on operating profit margin—the share of gross income that is profit—show that most midsize, large, and very large family farms reported operating profit margins above 10% in 2022. However, most small family farms had an operating profit margin of less than 10%, indicating potentially more financial vulnerability. In recent years, interest rates have risen, making the debt (especially new ones and those with variable interest rate) farmers’ hold more expensive. Since March 2022 until July 2023, the Federal Reserve increased the short-term Federal funds rate (the interest rate banks charge each other for short-term lending) 11 times, with the target range of 5.25 to 5.50%, a 23-year high. The rate has remained steady since July 2023. ERS has projected farm interest expenses as the fastest growing production expense for 2023 at \$34.9 bil., or almost \$10 bil. higher (inflation-adjusted) than in 2022. Large operations typically have real estate debt and higher operating expenses financed by credit. In 2022, 74% of large family farms had some debt compared with one-fourth of small family farms. 60% of midsize family farms had some debt. Large farms are not only more likely to have debt, but also to hold more debt than midsize and small family farms. For farms with debt in 2022, the average debt of large family farms was more than \$1.8 mil., compared with \$239,567 for small family farms and \$783,500 for midsize farms. The average debt-to-asset ratio for all three types of farm businesses improved in 2022 compared with 2021. Generally, a debt-to-asset ratio of above 55% indicates financial stress. The average debt-to-asset ratio for all 3 classes of farm businesses has been below the 55% threshold for the past decade. Furthermore, in 2022, the debt-to-asset ratio was lower than the 10-year average for all farm business types. Large family farm businesses had the highest debt-to-asset ratio at 13.1%, followed by midsize family farm businesses at 10.7%, and small family farm businesses at 4.3%.



- **Sit down and get a good grip.** [IL Farmdoc ag economists](#) may be confirming your worst fears

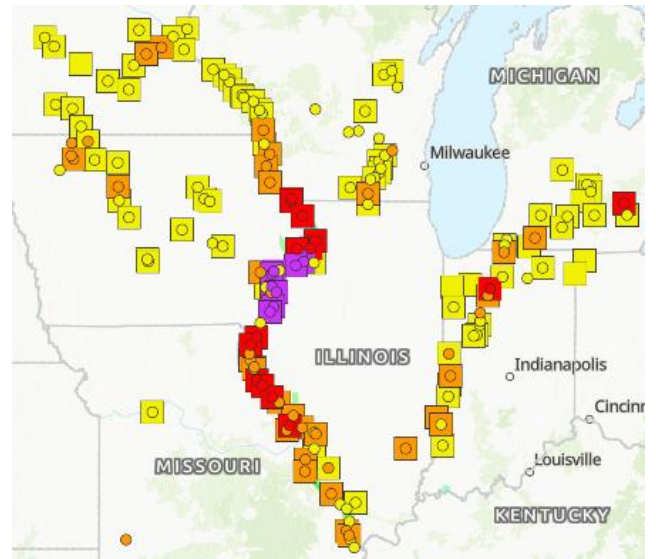


about future commodity prices. “In recent months, corn and soybean prices have trended lower, leading to questions about longer-run prices. Recent price patterns suggest that 2021 through 2023 was a transitory period of higher prices, and now we may be returning to a period of

lower prices. Those price patterns are reminiscent of the past, suggesting potential for a multi-year period of lower incomes. Overall, thoughtful use of financial resources is prudent, as is always the case in Cornbelt farming. Similarly, soybean prices have declined from recent 2022 highs. Soybean prices averaged \$14.20 per bu. in 2022, falling to \$12.55 in 2023, with a projection of \$11.20 per bu. for 2024. Futures markets suggest a 2025 price of \$11.00 per bu. The highs in 2022 led to hopes that corn and soybeans had reached new higher levels. Current prices and projections suggest that those hopes are in the process of being dashed. A reasonable working model is that the high prices were caused by short-lived supply and demand conditions. Since 2006, there have been two periods when corn and soybean prices exceeded the \$4.55 and \$11 plateaus. In 2012, corn and soybean prices hit highs of \$6.89 per bu. for corn and \$14.40 for soybeans. Those higher prices were attributed to supply shortfalls around the world leading into 2012, with the Midwest drought of 2012 causing even lower corn supplies and higher prices. The most recent period of higher prices occurred from 2021 to 2023. At this point, the high prices in 2021 and 2023 appear to be driven by short-run factors and not by changes to fundamental supply-demand conditions. If true, then we expect to see a period of lower prices, with no or little change in the plateaus of \$4.55 corn and \$11.00 soybeans. How long a lower price period may last is unpredictable, just as the factors that cause higher prices are unpredictable. Extended periods of lower corn and soybean prices have been experienced in the past and, in fact, should likely be viewed as the norm. As such, suggested responses to price downturns are well known, and include the usual thoughtful use of financial reserves. Overall, higher incomes from 2020 to 2023 put most farms in solid financial positions such that weathering a period of lower prices and returns is possible. As is usually the case in these periods, younger farmers with fewer financial reserves, higher debt loads, and the need to grow the operation will face the most financial stress. Returns to farming have declined, suggesting that cash rents should decline as well. The process of lowering cash rents lags that of lower incomes. How quickly or how much cash rents decline will depend on how far commodity prices fall, as well as potential policy responses to those price declines. Those dynamics will play out soon, suggesting that farmland markets bear watching.

Transportation and River Flooding—

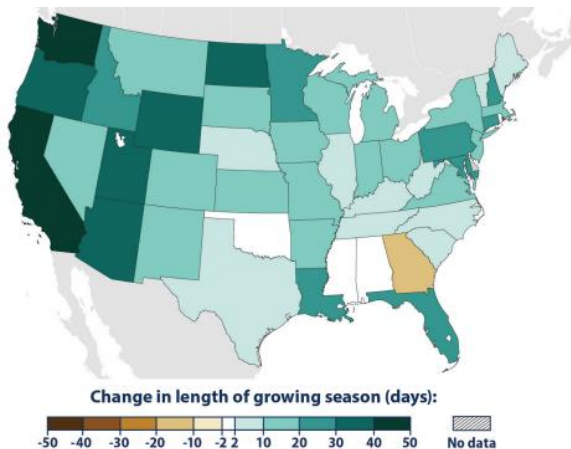
- **Heavy rainfall in late June** is still making its way from the Upper Midwest into the river network, primarily the Mississippi. The latest data from the National Water Prediction Service indicates the Missouri River is generally back in its banks, but Western IL is awash with Mississippi floodwater. Rock Island is still in major flood stage but expected to drop out of that by Tuesday. Water levels were peaking this weekend at Burlington, IA, at 2.5 ft. above major flood stage. Water is rising at Hannibal, MO, which is in moderate flood stage, but not expected to get much higher before Wednesday when it is expected to recede. At St. Louis, authorities say water levels peaked over the weekend in the range of minor flood stage and should drop below any action level Monday. However, the American Commercial Barge Line reports, "There is significant highwater and heavy drift in the St. Louis area causing extreme delays in the area regarding fleet work and transiting. Currently, tow size has been reduced by 20%."



- **Between heavy rains and hurricanes**, there are some potential logistics challenges out there that could hamper fertilizer shipments down the road. For now, though, Josh Linville, vice president of fertilizer at StoneX, says things are okay and just need to be monitored. In terms of any impacts from Hurricane Beryl on U.S. Gulf shipments of fertilizer products, Linville says, "It looks like that hurricane shouldn't have any tremendous effects on any sort of fertilizer shipments or anything like that, but it does act as a reminder. You know, it wasn't that long ago that we had hurricanes shoving right up into the mouth of the Mississippi River. It just takes one storm to completely disrupt that. Today, everything is doing okay. Tomorrow? Who knows." As far as all the heavy rain in the Upper Midwest goes, that is something that Linville says we need to keep a close eye on, "The biggest pressing issue today has been the rainfall. Tons and tons of rain up north. I know here, just outside the window, we can see the Missouri River, and she's full. A lot of reports up and down the rivers that the bottom ground is getting flooded out, probably not going to get planted this year, and not going to have a crop on it. We started thinking about that about a week or 2 ago in terms of what that means (the rainfall) for barge shipments. Now, we are finally starting to see reports on the Mississippi that some of these locks are getting closed. Now, it's a short-term situation, and we think it gets flushed out relatively quickly. A couple of disruptions we can handle, especially this time of the year. We're far enough removed from the fall season that we can make up that time, but not if it continues to get worse. If we stay on this trend and the river systems stay high, and it continues to impact barges in a longer-term situation, it's a new story." (American Ag Network)

Environment, Climate, Conservation, and Carbon—

- **Your growing season is 2 weeks longer** than it was for Grandpa. [A new report from EPA](#) says climate change has lengthened the crop growing season across the lower 48 states by an average of more than 2 weeks since the start of the 20th century. There has been "a particularly large and



steady increase ... since the 1970s," the report says. On the issue of changing seasons, the report says, "Although the timing, duration, and intensity of the seasons vary naturally from year to year, climate change is driving longer-term changes in seasonality and fundamentally altering the ways in which humans and natural systems experience and interact with seasonal events. These changes lead to wide-ranging impacts such as warmer winters, lakes thawing earlier, longer growing seasons, and worsening allergies for people." This report presents excerpts from a larger set of indicators. EPA's full suite of 57 indicators is available on

the web at: www.epa.gov/climate-indicators. Selected excerpts:

- ✓ **Heavy precipitation events are becoming more common.** Heavy precipitation events can cause crop damage, soil erosion, and flooding. An increase in flood risk due to heavy rains can lead to injuries, drownings, respiratory health impacts from exposure to mold, and other flood-related health effects. Heavy precipitation also can overwhelm drainage systems, and the runoff can wash pollutants from land into water bodies, which can reduce water quality and affect the health of people and ecosystems. Climate change can affect the intensity and frequency of precipitation. Warmer oceans increase the amount of water that evaporates into the air. Warmer temperatures cause more water to evaporate from the land and oceans, which leads to more precipitation, larger storms, and more variation in precipitation in some areas.
- ✓ **Temperatures are increasing in all seasons,** with winter warming the most. EPA's Seasonal Temperature indicator shows that average winter temperatures across the contiguous 48 states have increased by about 3°F since 1896. Spring temperatures have increased by about 2°F, while summer and fall temperatures have increased by about 1.6°F. Temperature changes vary by state. Earlier spring events can have a variety of impacts on ecosystems and human society. For example, an earlier spring might lead to longer growing seasons, more abundant invasive species and pests, and earlier and longer allergy seasons. Unusually warm weather in late winter can create a "false spring" that triggers the new growth of plants too early, leaving them vulnerable to any subsequent frosts. Because different plant and animal species respond differently to changes in seasonality, seasonal interactions among species can become unsynchronized. Earlier springs can therefore increase the risk of mismatch in the life cycles of different plants and animals. For example, the emergence of pollinators may no longer match the flowering.

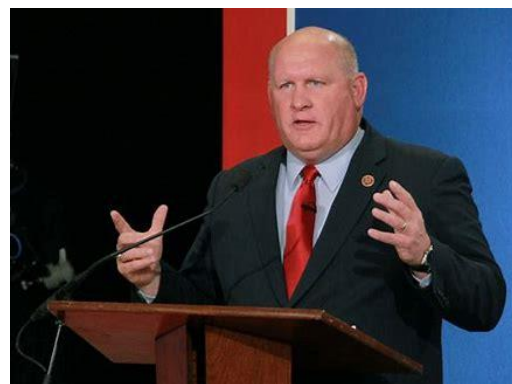
- **It is not yet a law**, but an initiative in the IL General Assembly could create serious problems in agriculture. HB 1634 would import CA vehicle emissions restrictions into IL law. It was introduced into the General Assembly in April and was assigned to the House Rules Committee. Technically it says, "The IL Environmental Protection Agency shall adopt rules to implement the motor vehicle emission standards of the State of California, including, but not limited to the (1) zero-emission vehicle program, (2) low-emission vehicle program, (3) advanced clean trucks program, and (4) heavy-duty low NOx omnibus program, and shall amend the rules within 6 months of any changes to maintain consistency with the California motor vehicle emission standards and federal clean air laws. Provides that the rules may incorporate by reference the California motor vehicle standards established in final regulations issued by the California Air Resources Board and promulgated under the California Health and Safety Code. Effective immediately." One agricultural lobbyist says, "This proposal is extremely detrimental to anyone that owns a semi. The proposal would not force existing gas and diesel-powered vehicles off the road, but it does call for an aggressive phase-in schedule starting in 2028. The proposal to the IPCB would mandate that 20% of new trucks would have to be zero-emission by that date." There are not even enough battery-powered semi-trucks to replace 20% in 1 county, much less the state. Every grain elevator would have to have multiple charging stations so farmers could get back to the field after unloading.
- **Many farmers reading this** will have utilized biosolids from local water treatment plants as inexpensive sources of crop nutrients. Unfortunately, for many those biosolids also contained some of the so-called "forever chemicals," more commonly known as [PFOS and PFAS](#). Because they do not break down PFAS and PFOS have become incredibly pervasive — because of inadequate regulations, they are in our [food](#), our [water](#), and, basically, everywhere. Now, Congress is considering appropriating \$500 mil. to farmers affected by toxic PFAS, based on legislation from the state of Maine, where it was passed unanimously. At issue is a byproduct of the wastewater treatment process. Its disposal is expensive, and the Environmental Protection Agency (EPA) allows it to be spread on cropland as [biosolid fertilizer](#). All biosolids which have been tested contains PFAS and PFOS chemicals, about 15,000 different kinds. The Sanitary District of Decatur, IL, has been providing biosolids for farmland application, [as detailed in this short video](#). A farm operator using the product declined comment.
- **The Summit Carbon pipeline** wandering through several states already, could become larger. Summit Carbon Solutions got approval from the IA state regulators for its carbon dioxide pipeline system it wants to build in the state. Summit wants to move forward with expansion requests for that system beginning in late August. Documents filed with the IA Utilities Commission show proposed public informational meeting dates for 23 counties that would take about 4 weeks to complete. The first meeting would be on August 26. The company must hold those meetings in the affected counties before it can negotiate with landowners for easements and file petitions for permits to build the extensions. The 14 proposed offshoots to additional ethanol plants from Summit's initial proposal would increase the system size in IA by about 341 miles, or 50%. Summit can't start laying pipe in IA until it obtains permits in the Dakotas. The company can use eminent domain in IA to force agreements with unwilling landowners.

Farm Bill Action/Non-Action--

- **House Ag leaders launched a fusillade** of election-season accusations against each other at a hearing intended to focus on government regulations' impact on producers. It was an uncharacteristic attack against the chairman, "His stubborn refusal to engage in a bipartisan Farm



Bill is irresponsible for the American people, especially our farmers." But House Ag minority leader David Scott, D-GA, (above)



didn't end his tirade against Chair Glenn Thompson (right) there, "This willingness to delay the bill to play election-year politics is selfish. It's disrespectful to our farmers who depend on us for their livelihoods." And then this, weeks after a bipartisan Farm Bill markup and days before party conventions, "My feeling is that Speaker Johnson will not bring this bill to the floor for a vote because it was not written as a serious bill. It was written to be used as a campaign slogan." Chairman Thompson responded, "There's a lot I could say, but I'm not going to say anything. We're going to move ahead with this hearing and stay grounded in reality." The hearing was about the relationship between EPA and farmers, which Thompson sees as agency overregulating herbicides, meat processing, and wetlands, "While Biden's USDA spends millions of dollars to supposedly expand meat and poultry processing capacity, its EPA is simultaneously proposing rules that would shutter processing plants and impose significant compliance costs across industries vital to food affordability." Separately, House appropriators sent the GOP's FY 2025 USDA spending plan to the full House, paring nearly \$2.7 bil., or almost 9.5%, off the budget request. The \$26 bil. bill targets administration priorities but includes a Democratic rider to prevent a voluntary state pilot to restrict unhealthy choices.

- **As is quite apparent**, the Farm Bill fracas is over whether money should be used for price support programs or to bolster food and nutrition for the indigent. "The Farm Bill has a great responsibility to the health and viability of our agricultural economy and also authorizes the nation's foremost and effective anti-hunger programs. It shouldn't be a choice between those two," said [Vince Hall of Feeding America](#), a leading anti-hunger advocacy group. "We have a responsibility to do both as a country." Now, the Farm Bill's future is in jeopardy. Previous Farm Bills have passed with bipartisan support from nutrition-conscious urban Democrats and farm-focused rural Republicans with a tacit agreement: Money shifted from one side's priority won't be used to fund a priority for the other. But the spending dispute over food assistance and commodity prices threatens to fray that alliance. To nutrition advocates, a new investment in commodity producers feels like it comes at the expense of families in financial straits, says the Center for Science in the Public Interest. Biden's SNAP benefit boost wasn't an overzealous expansion, said Hall of Feeding America; the move just helped food assistance keep pace with the cost of a healthy diet.

- **Senior Sen. Chuck Grassley, R-IA**, slammed both the Biden administration and the Trump campaign over policies that impact agriculture. Grassley complained the Ag Committee held a hearing last week on cryptocurrency with time about to run out on the 1-year Farm Bill extension, "IA farmers and Chuck Grassley would rather see a Farm Bill markup. The Senate is in session less than 6 weeks between now and the end of September, when the 1-year extension of the 2018 Farm Bill expires." Republican Grassley sees little political impact on the Farm Bill from the Biden debate fallout, but still predicts no Senate Farm Bill deal. Separately, But Grassley's also critical of the Trump campaign and the GOP platform that calls for a tariff-led trade policy, "It's anti-free trade, and I think it hurts agriculture because we're very dependent upon exporting about a third of our production. And I think it's going to be very unhelpful." President Biden has continued the Trump tariffs against China, especially on steel. And Grassley's final verdict on the administration and agriculture, "I think that this White House, except for Secretary Vilsack, don't see farming as very important."
- **Why is there so much bitterness** in negotiating a Farm Bill? Today's political gridlock is not the norm, says [IL Farmdoc agriculture policy specialist Jonathan Coppess](#). "Historically, Farm Bills were completed within a few months of their expiration date. 10 of the 13 Farm Bills since 1965 were enacted by December 31 in the year of their expirations. But 3 of the 4 Farm Bills since 2008 went beyond that date. The last 3 bills – including the 2018 bill, which is the one recent version that passed on time – each had partisan disagreements about spending. The trend represents a change in how the once-bipartisan legislation is viewed. "The last 2 Farm Bills were the anomaly," said Coppess, "Now that it has been 3 in a row, I'm not sure that holds." A recent [report](#) from the nonpartisan Congressional Research Service notes that starting in 2008, Farm Bills have been subject to delays, vetoes and insufficient votes to pass on the floor. The nutrition program that is at the center of the impasse was added to the legislation 50 years ago to help build a coalition of wide-ranging bipartisan support. Lawmakers added the nutrition title to the Farm Bill in 1973, a move that widened the vested interest in the bill in the House. "That was the first coalition building between the 2 interests," Coppess said. "But it was pretty intense. And it was an uneasy alliance from the start." The current partisan division over the nutrition title creates new fault lines for the Farm Bill. As partisan politics have become more entrenched in regions of the country, with the South becoming more closely aligned with the Republican Party, it has played out in farm-bill politics. "You see a staunch realignment around where the regional and the partisan are now very similar," said Coppess.

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