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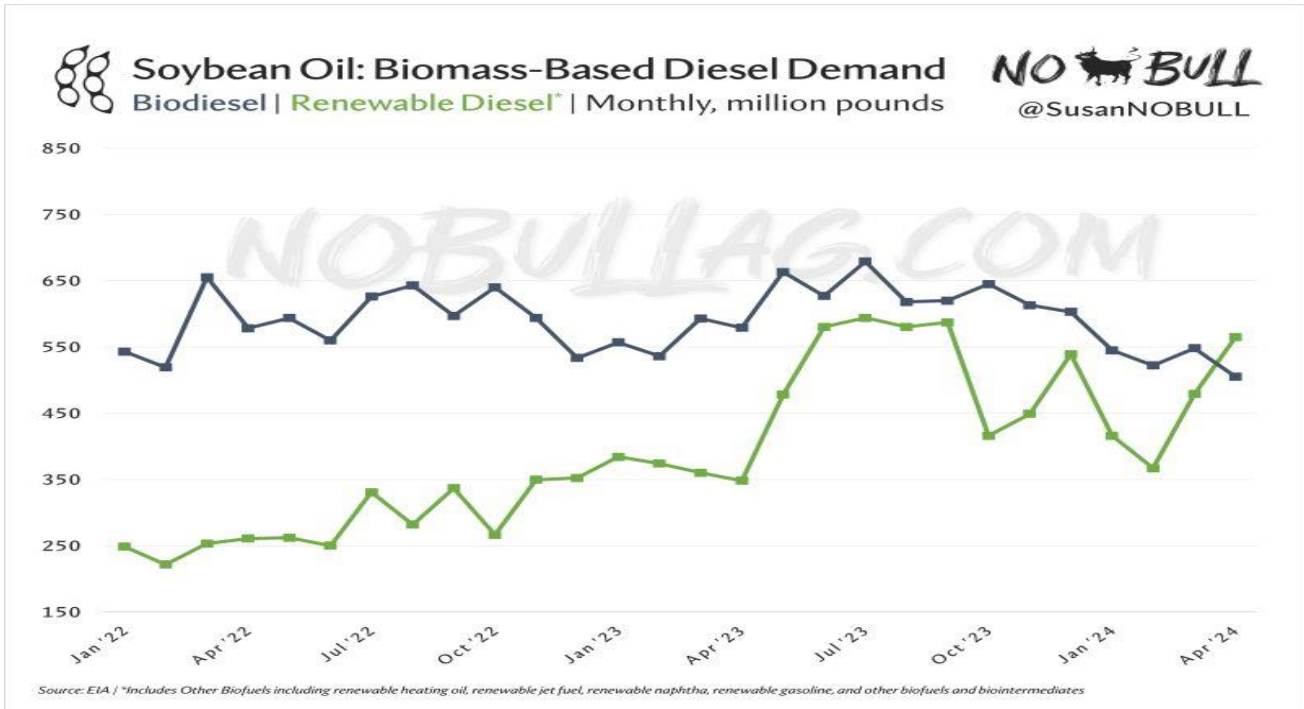
A weekly Cornbelt digest of marketing, economic, agronomic, and management information.

Commodity market price drivers—

- **The incoming government in Mexico** will discard a key goal of the previous administration to reduce yellow corn imports in an effort to achieve self-sufficiency in yellow corn production. [Reuters](#) says the incoming ag minister, Julio Berdegue, (right) says Mexico will focus on maintaining self-sufficiency in the white corn that's commonly used in tortillas, a Mexican dietary staple. Mexico will likely have to continue importing large amounts of yellow corn, said Berdegue, due to the increased demand in the livestock sector as Mexicans' appetite for meat products grows. This is a major policy reversal. The policy of former president Lopez Obrador aimed to dramatically reduce the imports of yellow corn, most of which comes from the U.S, and boost local production instead. Lopez Obrador wanted to limit the use of genetically modified corn, sparking a trade dispute with the U.S. "Our objective is not to reduce imports but to produce more," says Berdegue. "Our goal in this 6-year term is not self-sufficiency in yellow corn." Mexico's appetite for meat is growing, leading to an increasing demand for corn in the livestock sector, and will mean large imports of yellow corn. Berdegue is a former regional head of the United Nations' Food and Agriculture Organization. USDA's Foreign Agriculture Service forecasts MY 2024/2025 Mexican corn imports to be 5% higher than the previous year at 866 mil. bu., to meet the increasing demand for starch and animal feed production. Mexico's domestic corn production estimate for MY 2023/2024 is revised downward 17% from the previous year due to severe and exceptional drought conditions. Mexico will restrict imported white corn to be non-GMO origin for use in food products. The U.S. has said Mexico's plan to limit genetically modified corn is not based in science and violates its commitments under the USMCA trade pact. Mexico, meanwhile, argues that its policy has no impact on its commercial relationship with the U.S.

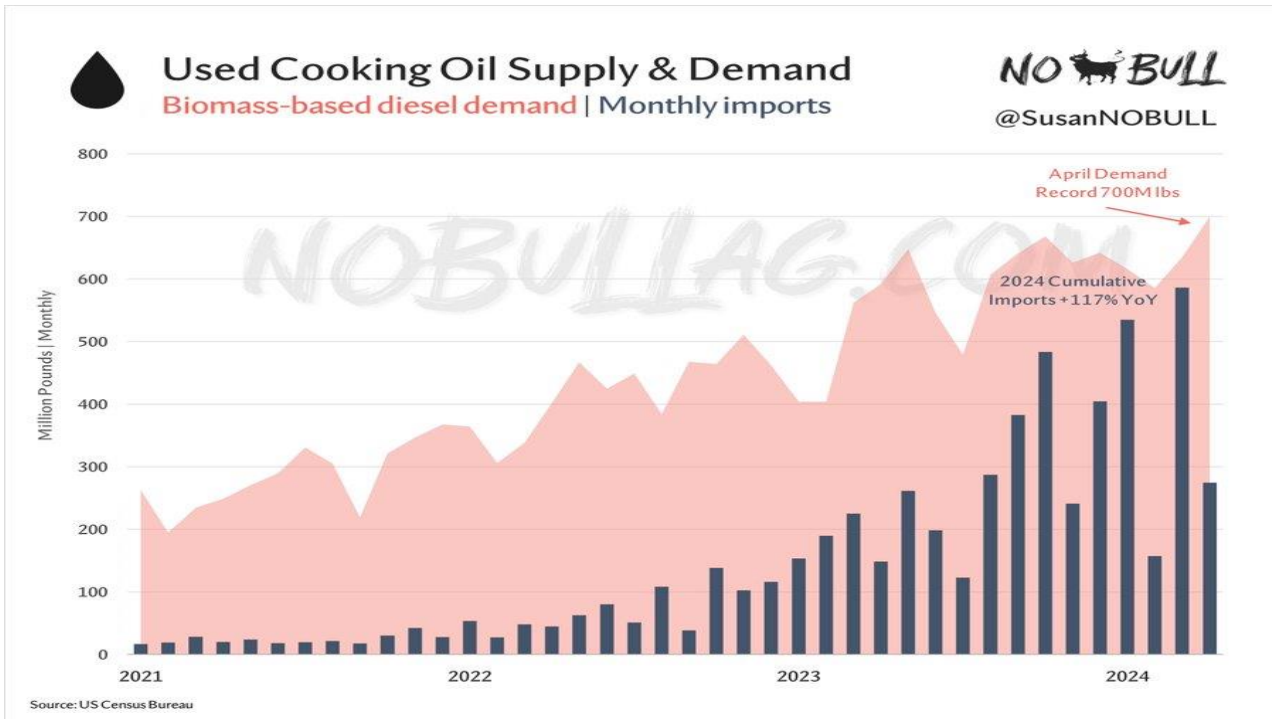


- April marked a milestone for soybean oil demand** in biomass-based diesel production as more pounds of SBO were used to produce renewable diesel than traditional biodiesel for the first time in history, says Susan Stroud of [NoBullAg.com](https://www.nobullag.com). “Speaking of demand - April marked the second month in a row we have used more than 1 bil. lbs. of soybean oil in biomass-based diesel production. But the US use of China’s used cooking oil is up 100% year over year.



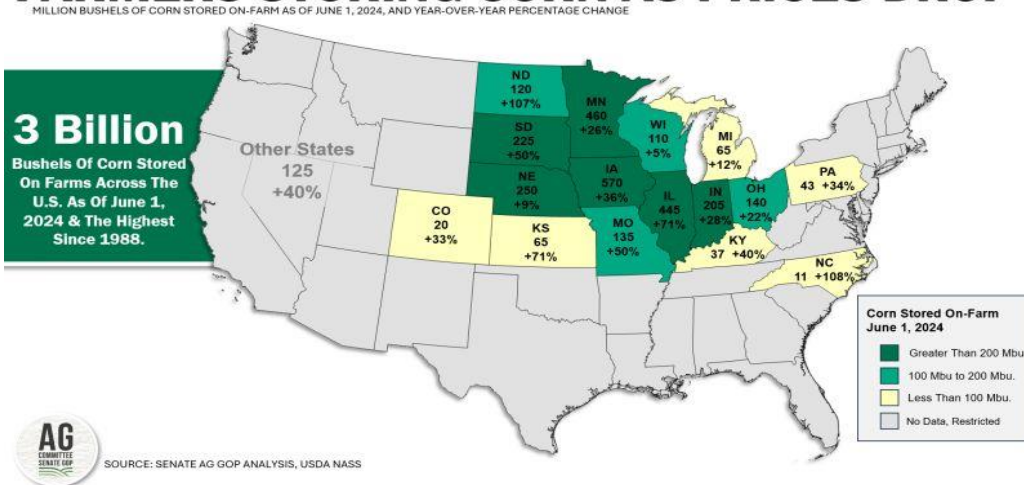
The US

used a record 700 mil. lbs. of used cooking oil (UCO) in biomass-based diesel production in April, helped along by cumulative UCO imports that are up 117% above 2022-23 (thanks, China).”



- **Do you still have corn in the bin? Or at the elevator?** Yes, and you are not alone, as indicated by the June Grain Stocks report. [Economist John Newton](#), who works for the GOP members of the Senate Ag Committee says, "As expected there is a strong negative correlation between the price farmers receive and their willingness to sell versus holding out for a better opportunity. This year is a perfect example as USDA's June Stocks report showed more than 3 bil. bu. of corn stored on the farm (the highest since 1988 and approximately 20% of the prior year's

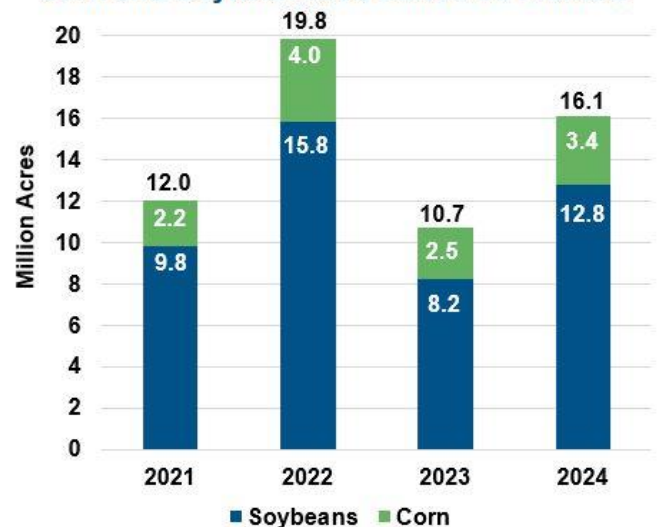
FARMERS STORING CORN AS PRICES DROP



crop) while at the same time, prices have fallen by over 30% year over year and there is a lot of weather uncertainty remaining in the growing season. Farm Bill marketing loans can help make ends meet while farmers await better prices."

- **Questions remain about what will happen** to the flooded farmland from late June. Grain economist [Tanner Ehmke at CoBank](#) says, "There were a lot of corn and soybean acres yet to be planted in last week's [USDA-NASS Acreage](#) report. It's normal for some acres to not be planted yet by the time USDA surveys farmers in the first two weeks of June on planted acreage. The Acreage report, though, showed a notable increase over last year with unplanted corn acres tallied at 3.4 mil. acres, up 35% from last year's 2.5 mil., and unplanted soybean acres at 12.8 mil., up 55% from last year's 8.2 mil. Given the wet conditions and flooding in the northwestern Midwest, what's going to happen to those acres that were reported as unplanted? Some farmers will likely take prevent plant insurance on them. Others will plant them later than desired, which will thereby negatively impact yields. We won't know for sure until USDA-FSA and USDA-RMA data comes in later in the year. Either way, the higher total of unplanted acres this year raises the risk of reduced acreage and/or lower yields for both corn and soybeans."

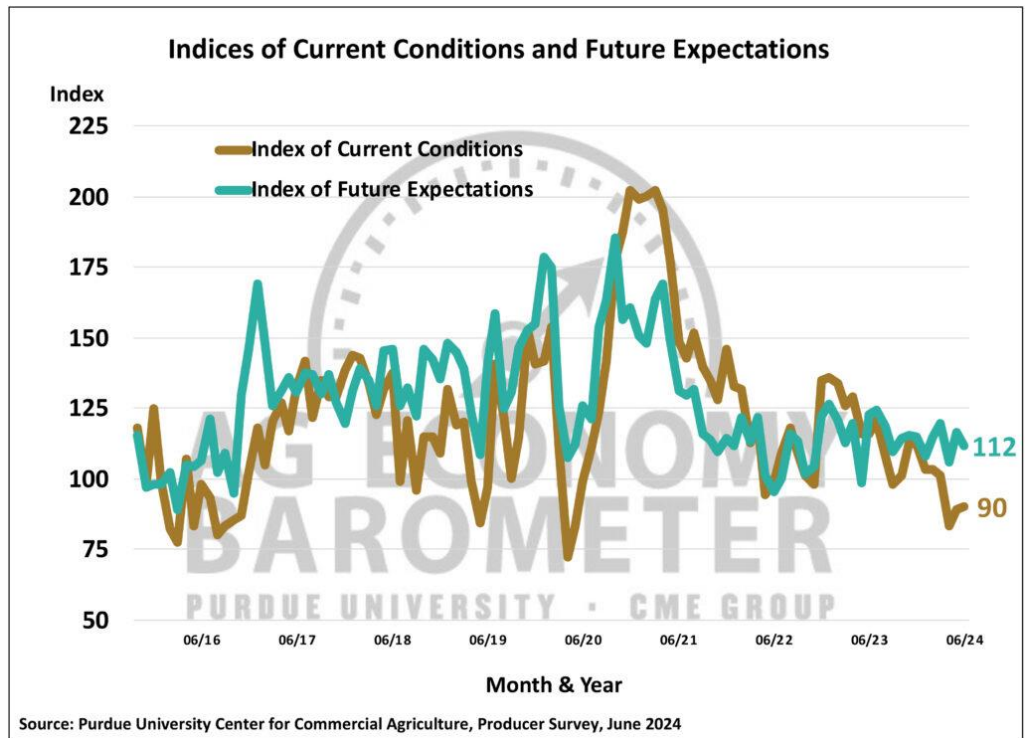
Corn and Soybean Area Left to be Planted



USDA-NASS Acreage

COBANK

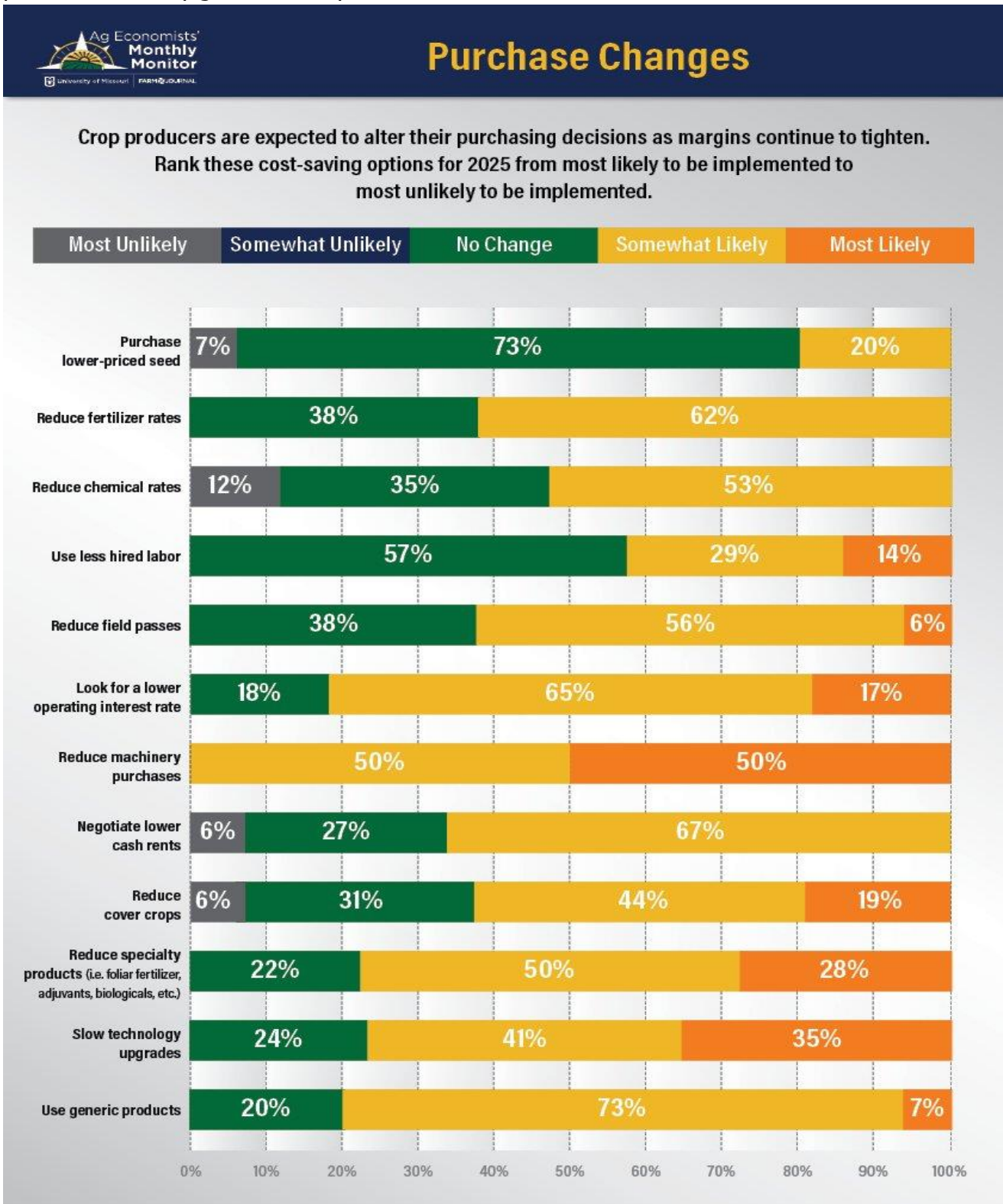
- Farmer sentiment lowered in June** as the [Purdue University Ag Economy Barometer](#) reading of 105 was 3 points below May's level. The overall drop in sentiment was due to a 5-point drop in the Index of Future Expectations, which dropped to 112, while the June Current Conditions Index increased to 90, 1 point higher than the May index. High input costs, the risk of lower prices for their products, and rising interest rates continue to weigh on farmer sentiment.



- ✓ There's been a tendency in recent years for producers' financial performance expectations to bottom out in spring and improve as the spring crop growing season progresses. It remains to be seen if those conditions will be repeated in 2024.
- ✓ More producers this month said now is a bad time to make large investments than in May. Over the last several months, the percentage of producers citing rising interest rates as a top concern for their farm operation has been rising.
- ✓ Fewer producers this month said they expect farmland values to rise over the next 5 years. Among those producers who expect a long-term increase in farmland values, 57% of respondents point to non-farm investor demand as a key driver, with 16% citing inflation. 10% of respondents with a bullish outlook chose energy production as a key factor.
- ✓ This month, 8% of respondents said they had been in contact about a carbon pipeline project. 93% of respondents who had contact with a company reported that payment rates offered were less than \$25 per acre, with just 8% of producers reporting \$50 or more.
- ✓ 16% of respondents said in the last 6 months, they had discussed a farmland lease for solar energy production. 69% of respondents said they were offered a long-term lease rate of \$1,000 per acre or more, up from 27% in June 2021. 27% of respondents said they were offered a lease rate of \$1,500 per acre or more. 58% of respondents said the lease contract they discussed included an annual escalator clause.

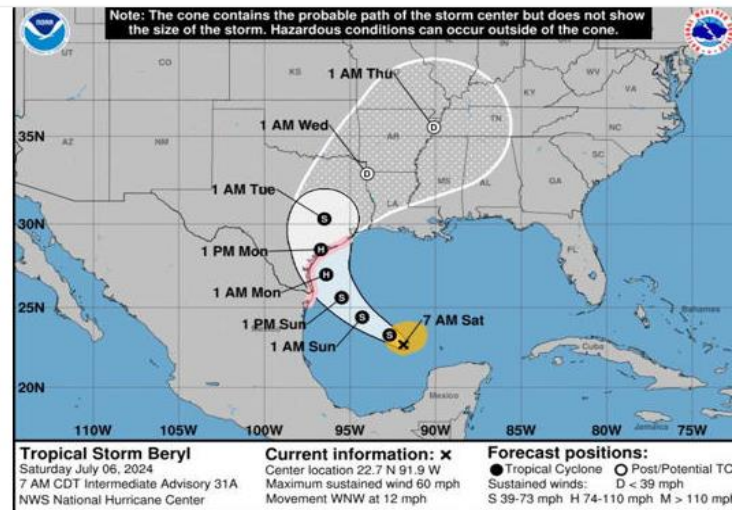
The Business of Farming—

- **If cash is a bit short** in your farm budget, how do you prioritize your expenditures? [Farm Journal](#) did not ask farmers how they make decisions, but instead it asked ag economists how they thought farmers would prioritize. Did they guess correctly?

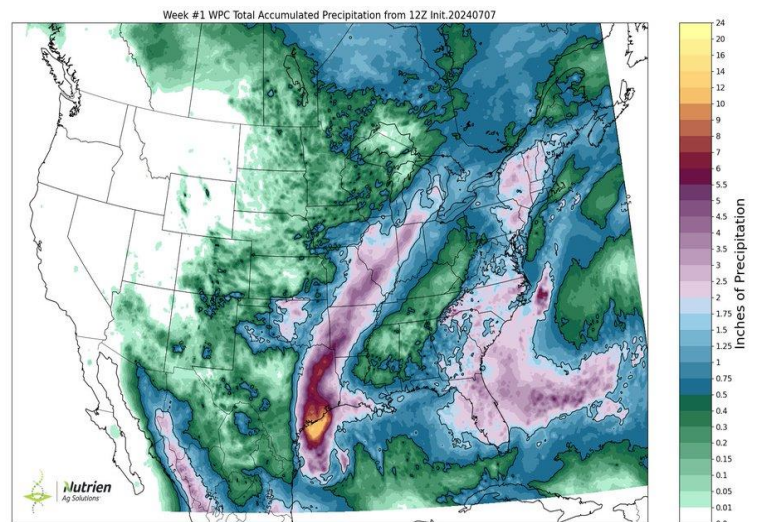


Weather and Climate—

- **Hurricane Beryl** is just making landfall on the TX coast, but could reach into IL by mid-week, then up the Ohio River Valley. Don't worry about flattened palm trees and overturned boats littering southern IL beaches, but showers—to an unknown extent—are expectations. Watch weather forecasts for the direction of the weather system and where it dissipates. Southern IL farm fields needing moisture could benefit from it.



- [Nutrien Atmospheric Scientist Eric Snodgrass](#) says dryness in OK and the eastern Cornbelt should be mitigated to some extent by Hurricane Beryl after it hits TX and curves northeastward toward the Ohio River Valley. He says Beryl's rains will likely make it to the Mid-Mississippi and Ohio River Valleys, based on the Weather Prediction Center's forecast for a 7-day total rainfall accumulation. OK will benefit from Beryl, where drought is increasing.



- **With farmland in IA, SD, and MN flooded** in late June, predictions are filtering in about lost acres for 2024 harvest. [Crop consultant Michael Cordonnier](#) says there might be a half mil. to 1 mil. U.S. corn acres lost due to the flooding, according to *Pro Farmer*. He believes harvested acres will be 90.3% to 90.7% of plantings this year, down from an average of 91.3%. Corn acres won't be replanted at this stage. He adds that planting soybeans this late would be "a risky proposition," as they would flower while the crop is in early development, resulting in low yield potential. According to USDA meteorologist Brad Rippey, "All of those factors are coming together to unleash torrential rains in eastern SD, northern NE, all the way into the Great Lakes region, and sparking this regional flood event that continues to unfold as the waters work their way down into the main stem of the Missouri and Mississippi Rivers." Nutrien's forecaster Eric Snodgrass says, at the height of the flooding last week, he added up about 7 mil. acres that picked up more than 6 inches of rain during that time frame, which caused standing water in fields. He says the question now is whether or not those fields lost crops due to the standing water.

- **You can toil and toil on your farm, but don't till and till.** That's the finding this spring when leaders of IL Precision Conservation Management evaluated [9 years of data from hundreds of IL farmers](#). On of those farmers was Zach Wells, who farms near Homer. "For the last several years I have been considering the switch to strip till on my farm. The idea of resource conservation has played a large role in my management decisions over the last several years. I believe there could be a time in the future where conservation practices are required. I view what I am doing now as practice for those times. "PCM has enabled me to take on additional conservation practices with their datasets and large network of agriculture professionals to provide clarity and direction. PCM is kind of like the person who is holding the flashlight while you are working on a piece of equipment. They make it a lot easier to see what you are doing." According to PCM data, the most frequently observed tillage systems on the most profitable acres were one-pass light tillage for corn (one pass with low-disturbance tillage) and no-till for soybeans. This same trend was seen for fields with both high and low soil productivity ratings throughout IL. In both cases, less than 4% of the most profitable fields were managed with 3 or more tillage passes. Strip tillage has also shown promise as a profitable option with corn production in recent years. PCM surveyed enrolled farmers in 2024 and found that 64% of farmers who don't already use reduced tillage practices agree that they are likely to reduce or eliminate tillage due to information they have received from PCM. Farmers enrolled in PCM receive annual data analysis for their farm in addition to access to conservation experts and guidance on cost-share programs available to farmers. To learn more, visit www.precisionconservation.org.
- **Mark your calendar for August 1,** Crop Physiology Day at the Univ. of IL, when the graduate students of Drs. Fred Below and Connor Sible will report on their research, to help answer challenges many farmers have.
 - ✓ **Connor Sible** outlines several student reports and gives a sample of his own presentation focused on increasing yields, [in this short video](#). Reports will also come from:
 - ✓ **Sam Leskanich** is developing categorization of corn root structures to help farmers select hybrids that are best suited for their farm, tillage, fertilization, etc. [in this short video](#).
 - ✓ **Dalton Knerrer** is trying to create quicker degradation of wheat stubble for earlier double-crop soybean planting and describes his treatments and research [in this short video](#).
- **American Farmland Trust and ADM** are launching the next season of a program that supports IL farmers and the environment. The [ADM re:generations™ Program](#) in IL encourages farmers to incorporate regenerative agriculture practices into their operations while offering financial incentives for doing so. Enrollment closes Sept. 13. The ADM re:generations™ program continues offering flexible contracts to farmers who are willing to adopt cover crops, no-till, and-or provide data to calculate carbon-intensity scores. The program provides payments to farmers who enroll in the program, and carbon assets generated from participation are being claimed by ADM. Farmers can enroll new practice acres as well as previous practice acres.

Farm Bill Action/Non-Action--

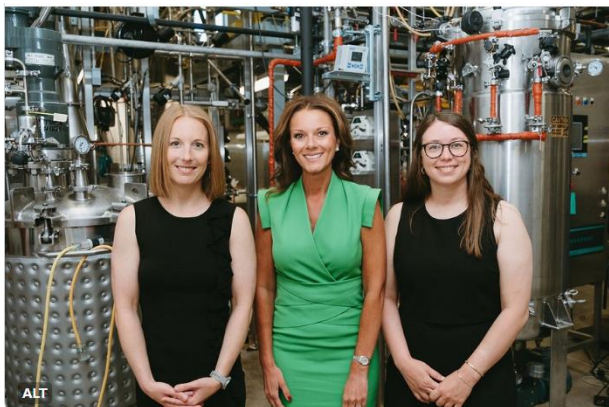
- **The House Agriculture Committee** approved the GOP version of a new Farm Bill, but it has not been scheduled for a vote by the full House. [DTN reports](#) Agriculture Secretary Vilsack says, "The bill is politically astute for House members because it gives them the ability to talk about all of the things they support in the Farm Bill without talking about how to pay for it. "I don't fault the House for what they have done, which is very smart. But I just think it's created a circumstance where it's not going to get done," Vilsack said, adding, "But as a practical matter, there aren't the votes to get it through the process." The House bill, which cleared the committee in a bipartisan vote in late May, would increase the statutory reference price for crops by 10% to 20%. Boosting the statutory reference price will then boost the calculation used to create the effective reference price. Corn reference price would go from \$3.70 a bushel to \$4.10, nearly an 11% increase. Soybeans' reference price would go from \$8.40 to \$10, up 19%. The Agricultural Risk Coverage guarantee would increase from 86% to 90% of benchmark revenue. The payment rate for ARC would also increase to 12.5% of benchmark revenue. Increases maximum payment rate for ARC-County and ARC-Individual to 12.5% of benchmark revenue." Vilsack (right) says the 10% of the largest farmers in the country would get 60% of the reference price increases. In the Senate, Vilsack says the proposal of Chair Debbie Stabenow, which is stalled in committee, "is a very practical bill, but it doesn't do as much as some would like. Therein lies the rub. You've got a practical bill that doesn't satisfy a lot of folks and you have a House Ag bill that people love, except that you can't pay for it. And right now, that's where things are. And I don't know if that's going to change until there's a recognition that we have to either lower expectations or we have to find outside money from some source that doesn't cross red lines." →
- **Outspoken IA Sen. Charles Grassley** says Secretary Vilsack's call for the GOP to lower its Farm Bill expectations is "wrong." Grassley isn't buying it, not given the state of U.S. agriculture today. Asked about Vilsack's call for Congressional Republicans to get practical and 'lower their Farm Bill expectations,' Grassley replied, "It isn't reasonable to expect the Agriculture Committee to lower those expectations below reflection of the inflation that's happened in farming costs since 2018." Grassley says maybe Vilsack is right when he claims the House committee-passed Farm Bill uses "Harry Potter" style 'invisible cloaking' to hide its true costs. But as far as lowering expectations to boost the farm safety net, "Then he's wrong." Meantime, Grassley agrees with a growing perception that Senate Farm Bill talks have reached a stalemate, "Because of the inability to reach some compromise on a new Farm Bill, a 5-year Farm Bill reflecting the inflation that we need that has happened since the 2018 Farm Bill for diesel, interest, seed, fertilizer, chemicals. I applaud the House for moving where they have, and they may pass one, but I think we still have these big differences that we must work out in the Senate." Grassley again predicted the need for another one-year extension of the outdated 2018 Farm Bill.

Agricultural Politics—

- **Project 2025, created for a Trump administration,** has drawn considerable controversy and concern. The 900+ page document prepares a multitude of policies for Trump, including changes in agriculture and natural resources. Those are included in [chapter 10 written by Daren Bakst](#), who is director of the Competitive Enterprise Institute’s Center for Energy and Environment. Bakst begins by laying out a vision for agriculture to operate “without unnecessary government intervention” to flourish best and provide affordable and healthy food options. He writes, “The USDA can and should play a limited role, with much of its focus on removing governmental barriers that hinder food production or otherwise undermine efforts to meet consumer demand.” Specifically:
 - ✓ **To address abuses** in the (Commodity Credit Corp.) that funds Farm Bill programs, where \$30 bil. a year is at stake. “Billions of dollars are being used for programs that Congress never envisioned or intended,” Bakst writes, most notably highlighting the push toward climate-change policies.
 - ✓ **To overhaul the farm subsidy program,** including how subsidies are intertwined with agricultural policy and can influence planting decisions. “The overall goal should be to eliminate subsidy dependence,” Project 2025 states. “Despite what might be conventional wisdom, many farmers receive few to no subsidies, with most subsidies going to only a handful of commodities ... that account for only 28 percent of farm receipts.” It calls for a full repealing of the Agriculture Risk Coverage (ARC) program and the Price Loss Coverage (PLC) program, with the idea that those participating in these programs already have access to federal crop insurance.
 - ✓ **To reform conservation programs,** including the Conservation Reserve Program. “Farmers should not be paid in such a sweeping way not to farm their land,” the Mandate said. “If there is a desire to ensure that extremely sensitive land is not farmed, this should be addressed through targeted efforts that are clearly connected to addressing a specific and concrete environmental harm.”
 - ✓ **Overhauling or eliminating marketing orders and checkoff programs,** which the document calls “some of the most egregious programs run by the USDA.” Changes against this “tax — a means to compel speech — and government-blessed cartels” would shift instead to being handled at a private level if collaboration by both sides is sought.
 - ✓ **Remove obstacles to agricultural biotechnology,** particularly in how genetically engineered food is labeled. “The USDA should strongly counter scare tactics regarding agricultural biotechnology and adopt policies to remove unnecessary barriers to approvals and the adoption of biotechnology,” the mandate says.
 - ✓ **To move food and nutrition programs** to the Dept. of Health and Human Services and reform SNAP. Food assistance programs have long been questioned in relation to agricultural production and the Farm Bill, with this chapter stating, “All means-tested antipoverty programs should be overseen by one department — specifically HHS, which handles most welfare programs.”

Technology—

- **A \$200 bil. industry is hard to fathom**, but that is what is expected to develop from a new bioprocessing and fermentation industry aligned with Central IL corn processors from technology developed by [Univ. of IL researchers](#). It is an entirely new industry that will



utilize dextrose (corn sugar) refined at ADM and Primient, as well as at other IL corn processors, to create new consumer products. More information is being revealed about the initiative following the announcement of a \$51 mil. grant that will jumpstart the process. The IL iFAB center will foster development of precision fermentation innovations to create zero-

emission, high-value products from agricultural commodities. By harnessing microbes to transform local feedstocks — mainly corn and soybeans — into a variety of goods such as textiles, biofuels, food ingredients, and more, these efforts could revolutionize domestic manufacturing. The precision fermentation industry is projected to reach \$200 bil. by 2040, with the potential to generate 1 mil. jobs by 2030, [says Dr. Beth Conerty in this short video](#). In addition to the \$51 mil. in federal funding, altogether, iFab has secured more than \$680 mil. in financial commitments to support infrastructure upgrades, workforce development and entrepreneurial activities.

Primient, [which announced a \\$400 mil. investment in its Decatur plant earlier this year](#), will also receive funding to retrofit an unused 12,000-square-foot building on its campus. ADM will also receive funds to upgrade its precision fermentation facility. The company has committed \$20 mil. in matching funds toward the project. This significant investment solidifies Decatur's role as a key player in Central IL expanding biomanufacturing corridor. (pictured left to right) Dr. Beth Conerty, (Univ. of IL) Nicole Bateman (Decatur Econ. Dev. Council), and Carly McCrory-McKay (Champaign Econ. Dev. Council).

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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