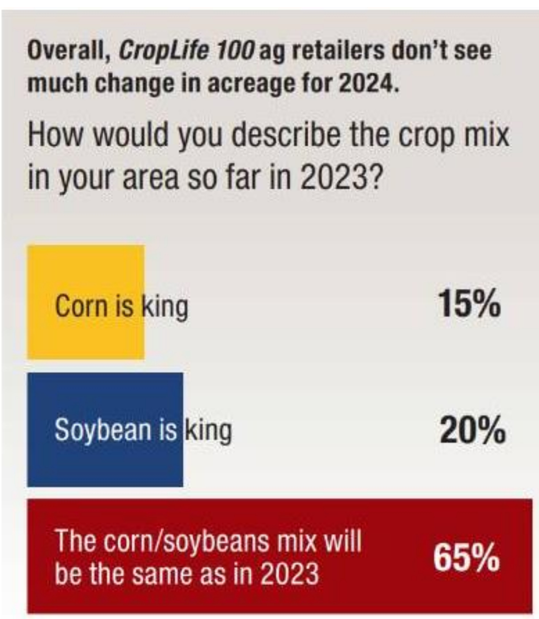
A weekly Cornbelt digest of marketing, economic, agronomic, and management information.

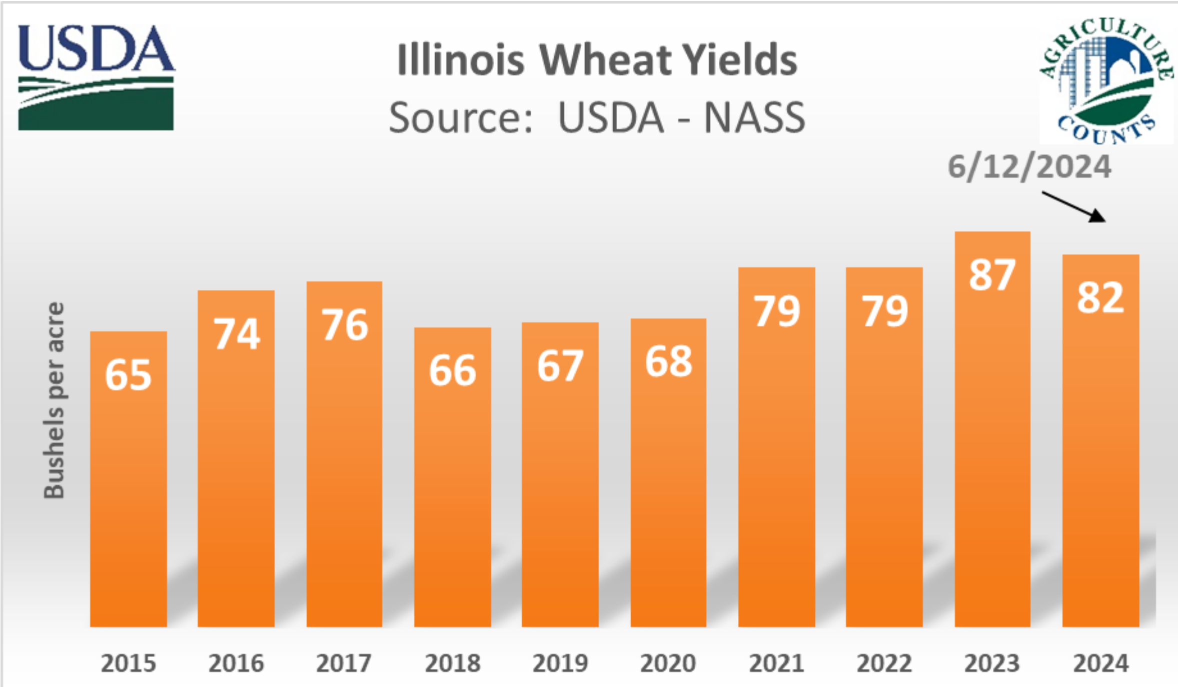
Commodity market price drivers—

- **WASDE was a good chance to yawn last week.** Very few numbers were changed by the economists and specialists within the USDA's Office of the Chief Economist for the June World Ag Supply and Demand Estimates Report.
  - ✓ The 2024-2025 U.S. corn outlook was unchanged relative to last month. The season-average price received by producers remains at $4.40 a bu. Prospects for global corn production was nudged down 55 mil. bu. to 59.5 bil. bu.
  - ✓ The soybean outlook includes higher beginning and ending stocks, reflecting reduced crush for 2023/24, down 10 mil. bu. on lower soybean meal domestic use that is partly offset by higher exports. With increased supplies and no use changes, soybean ending stocks are predicted at 455 mil. bu., up by 10 mil. The soybean price is forecast at $11.20 per bu., unchanged from last month. The 2024/25 global soybean outlook includes lower beginning and ending stocks, principally in Brazil and Paraguay. Global ending stocks are down 22 mil. bu. to 4.7 bil. bu.
  - ✓ The June wheat outlook is for larger supplies, unchanged domestic use, increased exports, and lower stocks. Supplies are raised as all wheat production is forecast at 1.875 bil. bu., up 17 mil. from last month on higher Hard Red Winter production more than offsetting reductions in Soft Red Winter and White Winter. The export forecast is raised 25 mil. bu. to 800 mil., as U.S. wheat prices are expected to be increasingly competitive with reduced exportable Black Sea supplies. Ending stocks are lowered slightly from last month but still significantly higher than last year at 758 mil. bu. The season-average price is $6.50.
  - ✓ USDA will release its Acreage Report on June 28, which will provide survey-based indications of planted and harvested areas. The Acreage Report and the June Quarterly Stocks report historically have a significant market impact.

- **That June 28 report** is expected by market analysts to be very significant because of the wide variation in estimates of crop intentions, as well as major challenges in getting crops planted this spring. [Market analyst Jon Scheve](#) says, "Corn acre estimates for the June 28th report are ranging between 87 mil. and 93 mil., which is a very, widespread. Assuming 180 bu. can be raised on each acre, that is a 1 bil. bu. production difference. A 1 bil. bu. change in carryout could mean a 2.2 bil. carryout next year and would likely send December corn below $4.00. However, having only a 1.2 bil. carryout could send December corn to $8. This means the June 28th report will likely be the most important USDA report of the year."
- **What about prevent plant?** Won't there be a lot of unplanted acres in the Dakotas which will not be planted because of wet conditions? No, says ND St. ag economist Frayne Olson. He says not to count on rain-delayed prevented plant in his state. I think they will be disappointed. We will have some Prevent Plant in the state. I mean, we're part of the Prairie Pothole Region, so we always have a little bit of a Prevent Plant. It's just a matter of how much. Typically, the ag economist says, ND farmers plant about 25 mil. acres of crop each year and about a million of those, with wide swings, are set aside as Prevented Plant under the federal crop insurance program. So, this year we will have a little bit of prevent plant corn. I don't think we're going to have much prevent plant wheat. We may have a few acres of canola and a few acres of soybeans. But it's not going to be horrendous, right? I think we're going to have something like an average year. Generally, the USDA includes an average years' worth of acreage that does not get planted into its March Prospective Plantings report. (WILL radio)
- **There may be a hint about that acreage report** from the ag retailers, whose members were applying chemicals for corn and soybeans prior to planting. USDA's March Planting Intentions report predicted that corn planted areas for the year would decrease 5%, down to 90 mil. acres. On the flipside, [USDA](#) expected soybean planted acres for 2024 to improve slightly, up 3% to 86.5 mil. acres. "However, according to the [2024 CropLife 100 Mid-Year Survey](#), the nation's top ag retailers aren't seeing this kind of acreage shift taking place in their areas. In fact, according to 65% of respondents, their grower-customers are expected to maintain their corn-to-soybean acreage ratios are the same level they had "during the 2023 growing season," when corn slightly outpaced soybeans. 20% of respondents did agree that, with increased demand for renewable diesel and higher commodity prices, soybeans would be "king" among their grower-customers in 2024. The remaining 15% expect "corn to remain king" in their areas of the country this year.

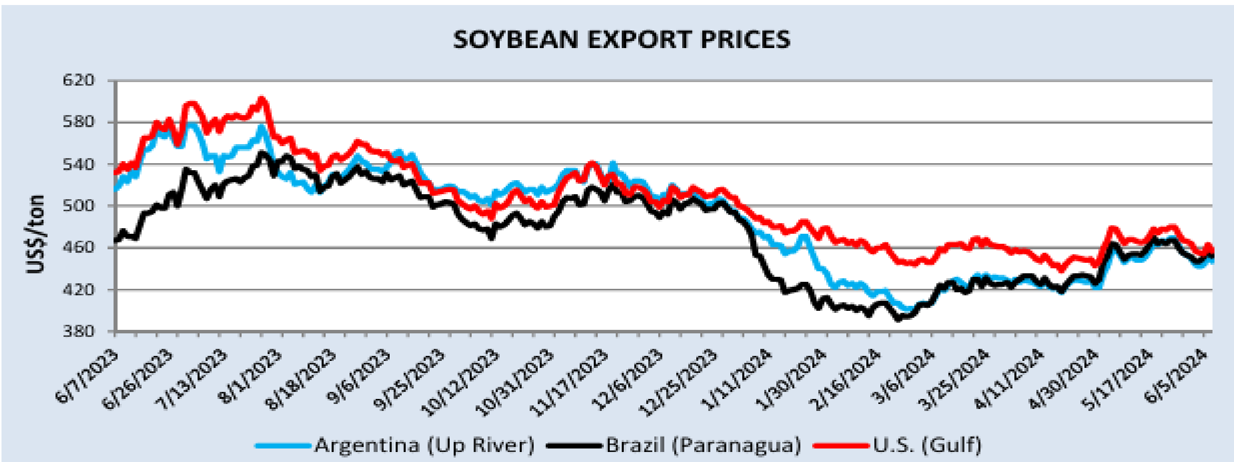


- **As an update, 2024 IL wheat** is 680,000 acres, down 13% from 2023. Yield is forecast at 82 bu. per acre, with production forecast at 55.8 mil. bu., down 18% from 2023, says NASS.

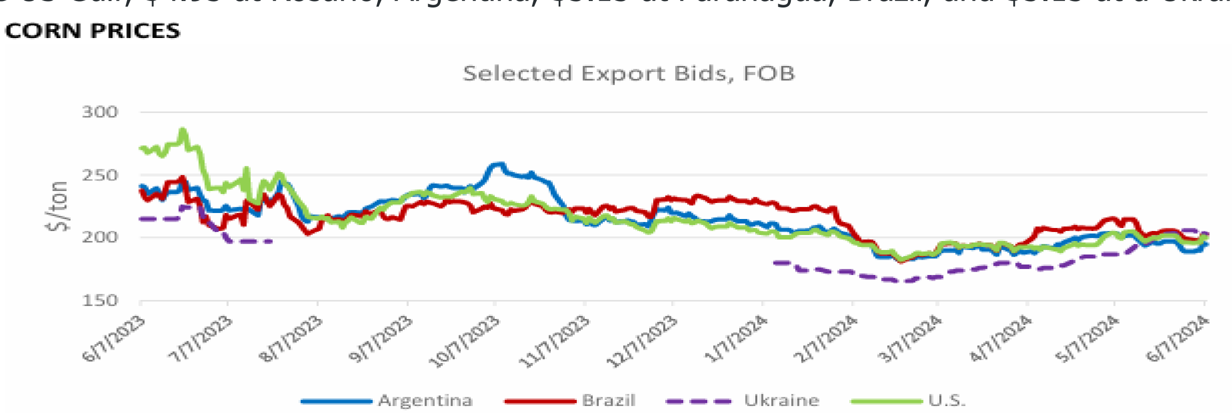


- **South America's harvest results** are a mixed bag this year, says South American crop specialist Dr. Michael Cordonnier, (right). He says Brazil's second corn crop turned out well, "CONAB (Brazil's version of USDA) increased the corn estimate in Brazil to 4.5 bil. bu. Now, the big increase was for the Safrinha corn crop, which is up 75 mil. bu. from May and increased the acreage by 395,000 acres and increased the yield by 1 bu. Now, CONAB has a history of finding more Safrinha acreage as the season progresses. That's what happened this year." Brazil's soybeans were the opposite, "Of course, they had the heavy rain and field flooding problems Rio Grande do Sul, and they did lower the Brazil soybean estimate to 5.4 bil. bu., so that was a result of severe flooding that lost maybe 110 mil. bu. of soybeans in the field in Rio Grande do Sul, and maybe as much as 75 mil. bu. that was in storage. So, that was a big deal for Rio Grande do Sul." The recent flooding in Rio Grande do Sul is the second flooding episode in the last 6 months. When the rains first began this time, soybean harvest wasn't completed, "When the rain started, the soybeans were 75% harvested, so it came right towards the end of the harvest, and they probably did not harvest the last 10%. And what they did harvest after the rain started was terrible condition. It had germinated in the pods, and it would sprout in moldy and terrible condition." (NAFB News Service)

- **Soybean growers will be happy to know** their soybeans are once again competitively priced with those from South America. [USDA's Foreign Agriculture Service] reported "soybean prices for major exporters declined since the last WASDE report on improved US plantings and ample global supply projections. Soybean meal prices also declined following weaker soybean prices and ample supplies from the major meal producers. There was significant appreciation in South America soybean oil prices primarily driven by strong domestic demand in Brazil. Weather related concerns with the European rapeseed crop also boosted vegetable oil prices. Currently, US beans are near $12.45/bu. at Gulf terminals, while Argentine bids at Rosario are $12.30 and bids at Paranagua, Brazil $12.15.

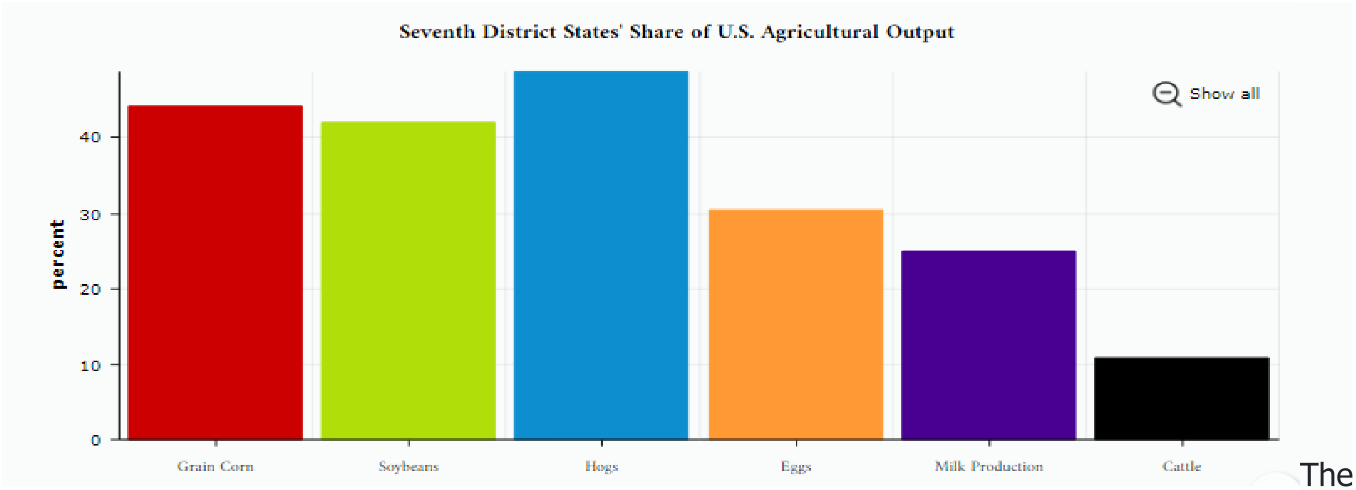


- **Corn growers will be happy to know** their corn is again competitively priced with corn from South America and even Ukraine. [USDA's Foreign Agriculture Services] reports, "Since the May WASDE, export bids for all major exporters except Ukraine fell. Argentine bids were down $9/ton to $195. Amid no fresh news to corn fundamentals in Argentina, declines reflect downward pressures from other exporters. Brazilian bids were down $12/ton to $203. The onset of the safrinha harvest and supportive weather eased bids. U.S. bids were down $4/ton to $200. Price support from a counter seasonal surge in exports were more than offset by prospects of strong supplies due to better than-expected early season crop conditions. Ukrainian bids were up $16/ton to $203 as strong export demand and seasonally declining supplies pushed prices up." Export bids were $5.08 at the US Gulf, $4.95 at Rosario, Argentina, $5.15 at Paranagua, Brazil, and $5.15 at a Ukrainian port.

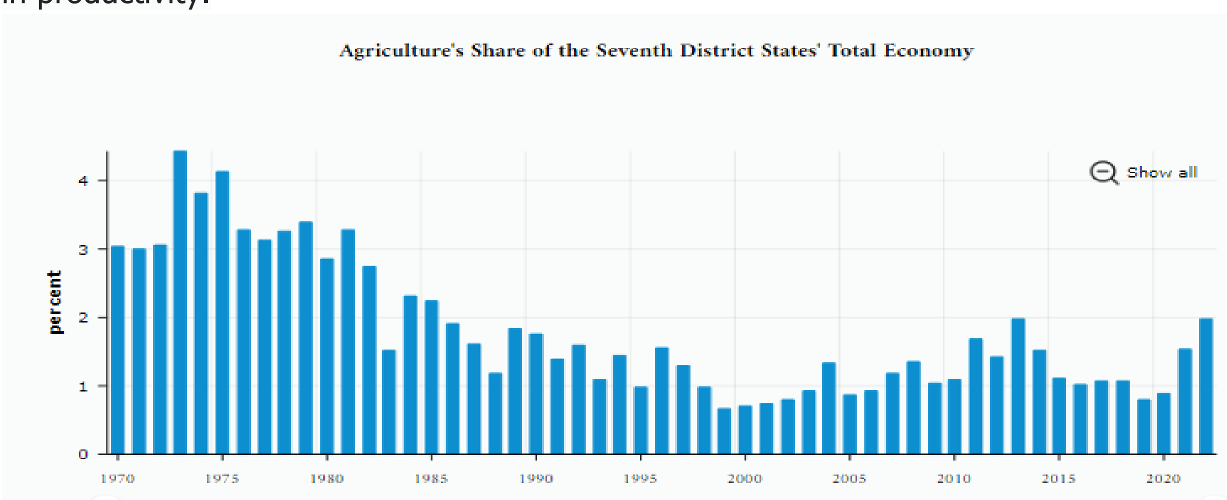


Farm Economics and Lending—

- **The Chicago Federal Reserve District** is the heart of the Cornbelt, and that has a great impact on its bearing within the US ag economy. [Data reports from the Chicago Fed ag economists]() are provided in a clear visual report which has just been issued. All data are for 2023. The agricultural economy of the 7th District states (IL, IN, IA, MI, and WI) produces around 40% or more of the U.S. annual output of corn, soybeans, and hogs. Additionally, more than 20% of the U.S. production of eggs and milk takes place in 7th District states.



The chart shows production agriculture's percentage share of the annual gross state product of the 5 states (IL, IN, IA, MI, and WI) in the 7th District. Over time, the relative importance of agriculture in the 7th District states has been diminishing. This chart shows agriculture now makes up around 1% of the 7th District states' total economic output, after having fallen even lower at the turn of the millennium. The downward trend in the share started long ago as the U.S. shifted from an agrarian economy to an industrialized one, even as agricultural output rose on account of dramatic increases in productivity.



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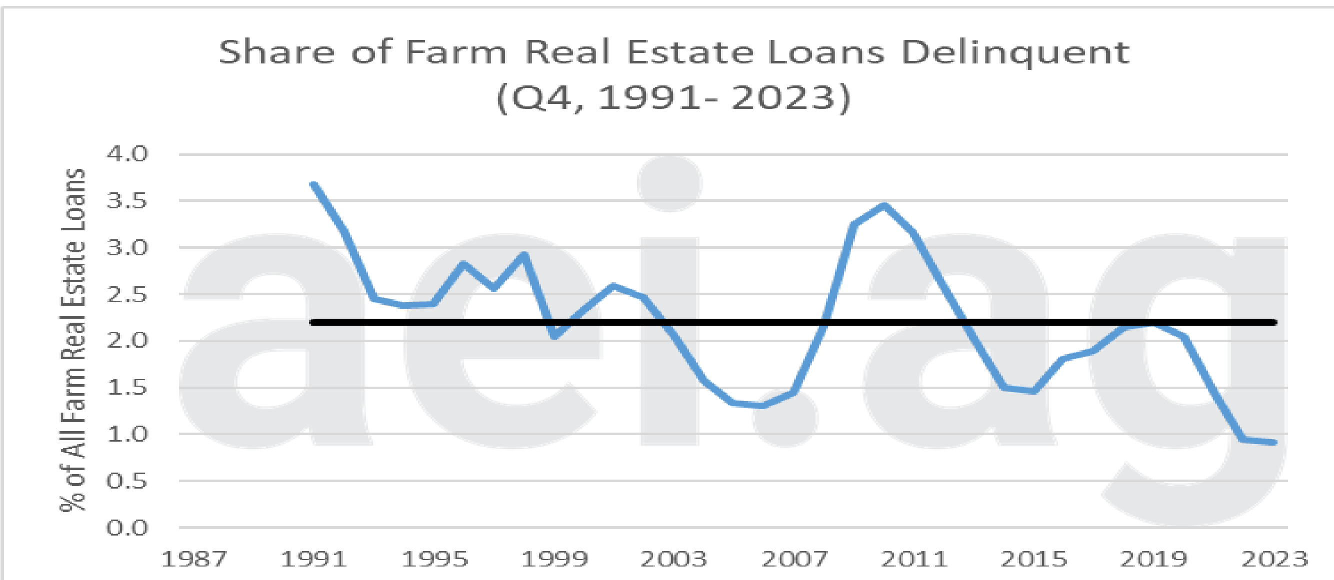
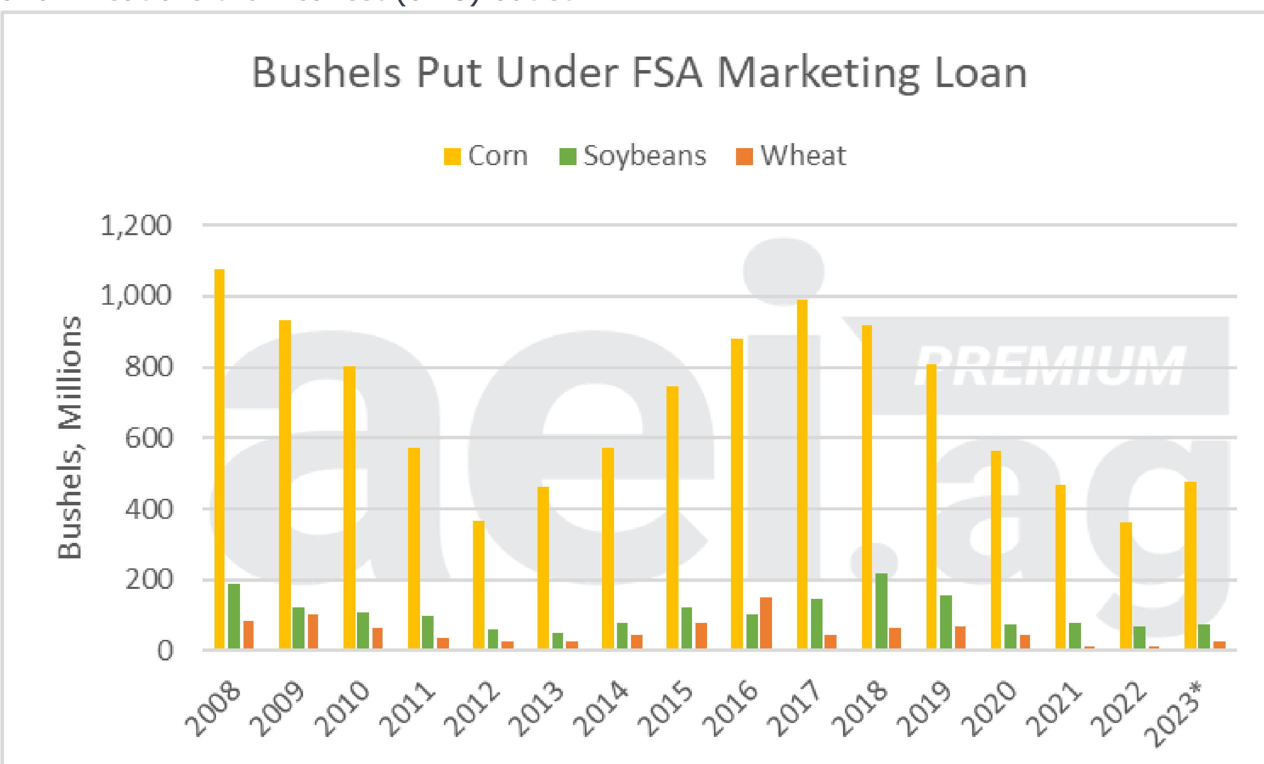
- **Despite falling net farm incomes**, rising interest expenses, and generally low producer sentiment, [Agricultural Economic Insights]() says farm loan delinquencies improved in 2023. Across all commercial banks, the share of farm loans classified as delinquent fell to only 0.91% in the 4th quarter of last year. The previous low points in farm real estate delinquency rates were from 2005 to 2007 and 2014 to 2015. It's worth noting that loan delinquencies at those times dipped to 1.5%. The current dip featuring delinquency rates below 1% is uncommon. The average 4th-quarter delinquency rate has been 2.2% since 1991. However, farm real estate deficiencies haven't been meaningfully above the long-run average since 2012. Delinquency rates for farm non-real estate loans also fell in 2023, reaching 0.71%. While also historically low and below the long-run average of 2%, the lowest non-real estate delinquency rate was 0.59% in 2014. "Despite all the possible sources of bad news, farm loan performance improved in 2023 and was at or near historic lows.



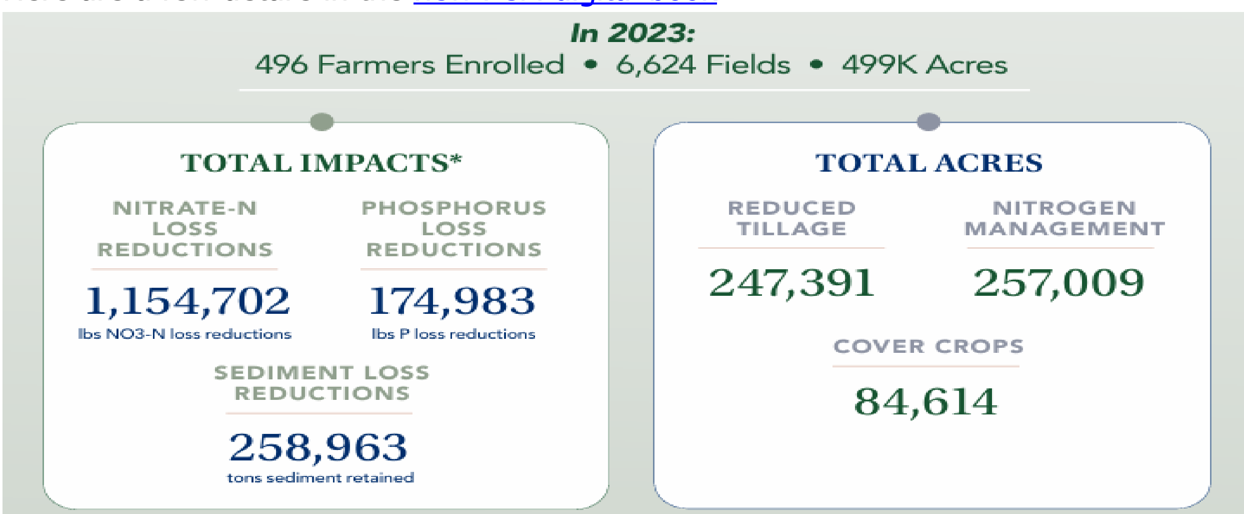
While some small share of farm loans is always in a difficult situation, the overall situation is encouraging. Nobody knows how long the strong loan performance will continue, but history tells us that conditions can rapidly change. The share of delinquent farm real estate loans jumped 71 basis points in 2008, followed by a 108-basis point increase in 2009. Performance went from historic lows (1.45% in 2007) to 20-year highs (3.46% in 2010) in just a few years. Even with a starting point at or near record lows, an upturn in delinquencies could push conditions above the long-run average in just a few short years. Finally, farm loan delinquency rates are another example of needing decades of data to answer "what is normal?" For example, if we only considered the last 5 or 10 years of farm real estate data, the highest observation is 2.2%, which coincidentally is the 33-year average. Alternatively, if we only considered data between 1991 and the early 2000s, loan performance was consistently above 2%. These trends are even more dramatic if the 1980s are considered, which non-real estate loan data partially captured."

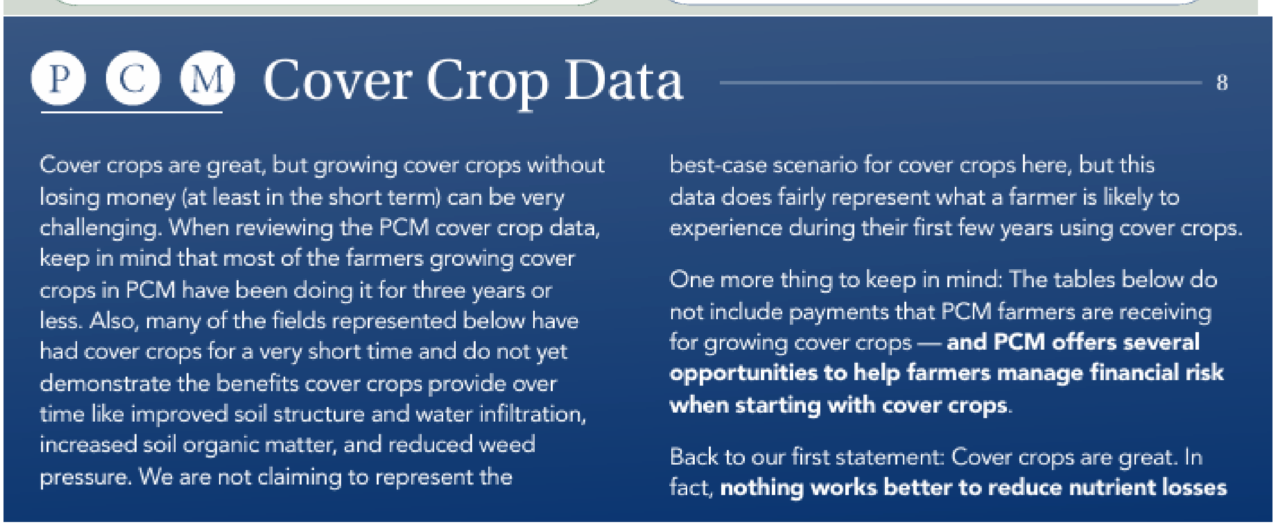
- **For farmers who have used the FSA marketing loan program,** it has probably been a long time since that was done. But apparently, that tool of "making ends meet" has gotten a rebirth of popularity. Ag economist David Widmar of Agricultural Economic Insights says, "This winter lenders noticed farmers putting more bushels under the USDA's Farm Service Agency's (FSA) marketing loan program. The combination of disappointing grain prices, tumbling working capital, and rising interest rates left producers looking for ways to manage their cash position while juggling limited grain marketing opportunities and increasing interest expenses. The axis scale is a little challenging with this chart, but it shows corn, soybean, and wheat activity as it started to turn higher in 2023. On a relative basis, wheat activity increased the most as program bushels jumped from 12.8 mil. in 2022 to more than 25 mil. in 2023, a 96% increase. Corn bushels increased by 32%, while soybeans only increased by 9%. While activity in 2023 was higher for corn, soybeans, and wheat, conditions remain overall low. For instance, more than 1 bil. bu. was under the program in 2008, and nearly that much again in 2017. The use of marketing loan programs for corn, soybeans, and wheat increased in 2023 but remained historically low. One surprise might be how variable program participation has been over the 15 years of available data. On a bushel basis, enrolled corn bushels exceeded 990 mil. bu. in 2017 before falling to a low of 361 mil. bu. in 2022. As a share of production, producers have enrolled between 8.9% and 2.6% of the U.S. corn crop over the last 15 years. Not surprisingly, annual utilization across the 3 crops is strongly correlated. For corn and soybeans, the correlation is very high at 0.89. Corn and wheat are strong at 0.70, while soybeans and wheat are the weakest (0.48) but still firm.



The Business of Farming—

- **If you want to better manage nutrients**, along with your outlay for fertilizer and tillage, the key to success may be in the 9 years of data for Precision Conservation Management. The cooperative venture by IL Corn Growers, IL Soybean Association, and Extension ag economists can provide a plan for the future that most farmers have been seeking. Takeaways include:
  - ✓ Higher yields do not always equal higher profitability.
  - ✓ More than 2 passes of heavy tillage are never profitable compared to lighter tillage systems. Strip tillage is also proving to be a profitable option.
  - ✓ The past 9 years of data have shown that nitrogen applications over MRTN rates are less profitable.
  - ✓ Cover crops are the most effective tool for improving water quality and soil health, although profitability remains a challenge. Several cost-share opportunities are available to farmers through PCM and other programs.
  - ✓ Here are a few details in the new PCM digital book.




P C M Cover Crop Data 8

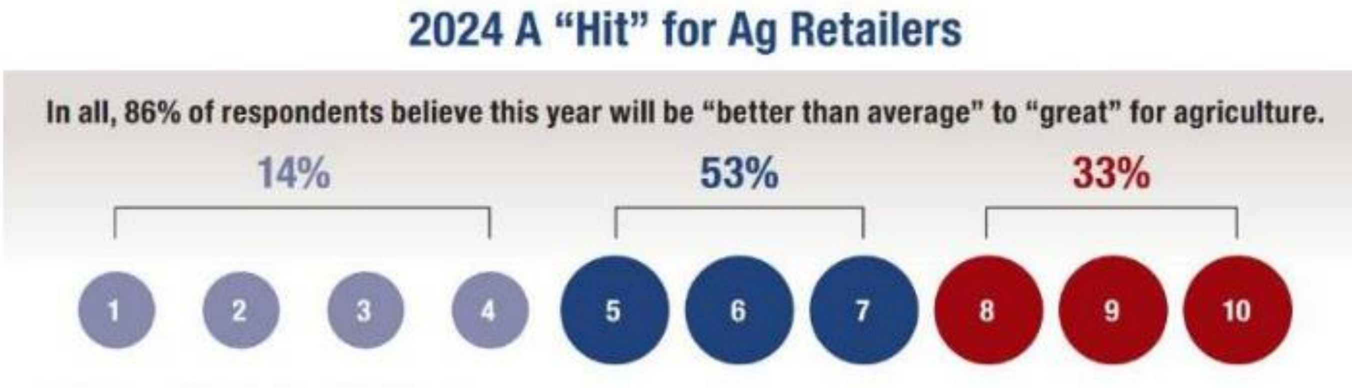
Cover crops are great, but growing cover crops without losing money (at least in the short term) can be very challenging. When reviewing the PCM cover crop data, keep in mind that most of the farmers growing cover crops in PCM have been doing it for three years or less. Also, many of the fields represented below have had cover crops for a very short time and do not yet demonstrate the benefits cover crops provide over time like improved soil structure and water infiltration, increased soil organic matter, and reduced weed pressure. We are not claiming to represent the best-case scenario for cover crops here, but this data does fairly represent what a farmer is likely to experience during their first few years using cover crops.

One more thing to keep in mind: The tables below do not include payments that PCM farmers are receiving for growing cover crops — **and PCM offers several opportunities to help farmers manage financial risk when starting with cover crops**.

Back to our first statement: Cover crops are great. In fact, **nothing works better to reduce nutrient losses**

Agronomy—

- **You are in the middle of the growing season,** and so is your ag retailer, who not only provides fertilizer and chemical products, but may also be integral with application services. But how it that local supplier doing? Their trade magazine, CropLife, just surveyed ag retailers who were asked to rate the year so far on a scale of one to 10 – with one being "worse than expected" and 10 being "better than expected." And overall, the market is pleased with 2024. A little more than 8 out of 10 (86%) survey respondents rated the year so far between a 5 and a 10.



Source: 2024 CropLife 100 Mid-Year Survey

What are the issues they are facing? Finding/keeping labor has been the No. 1 issue most ag retailers have faced year in and year out. In fact, according to the 2023 *CropLife 100* survey, 34% of respondents rated finding/keeping a workforce as their No. 1 issue of concern during the 2023 calendar year. But it seems that this situation has changed somewhat in 2024, at least marginally. 62% said the situation is "about what we expected" for the 2024 growing season. But perhaps significantly, 29% of respondents said their labor issues were "much worse than expected" thus far for the 2024 growing season. Besides labor, one other incredibly "hot" topic during the 2023 growing season was the rapid advancements being made in the area of ag technology. For the middle of the year onward, many equipment manufacturers invested heavily in bringing new technologies such as semi-autonomous vehicles and artificial intelligence (AI)-based systems to the marketplace. In addition, changes made by the Federal Aviation Administration apparently convinced numerous ag retailers to invest in agricultural drones for custom application work. Overall, 57% of respondents remained "neutral" in their views on this technology. Only 33% believed such technology systems would have a "positive impact" on their operations this year. The remaining 10% weren't sure just yet what the potential benefits technological advances in agriculture could bring to their companies. According to 45% of respondents, seed sales were performing "worse than expected." The remaining 3 categories split almost evenly, with 15% of respondents saying custom application sales were "worse than expected" in 2024 and 20% apiece describing their fertilizer and crop protection sales in the same manner."

Environment, Conservation, and Carbon—

- **What do we do now?** That seems to be a common question within the IL conservation community following a 48% cut in the state allocation for operating local Soil and Water Conservation District offices. Instead of a $2 mil. increase requested in the $53 bil. state budget, lawmakers cut the SWCD line item from $8.5 mil. to $4.5 mil. for the fiscal year beginning in July. The funds would have paid for salaries for local administrative and technical staff to help farmers with soil and water issues on their farms. Deputy Director Kristi Jones of the IL Dept. of Agriculture indicated that much of needed technical support could be provided by a cadre of 40 conservation planners on staff at the IDOA working with local SWCD staff. For the longer term, Executive Director Michael Woods of the Association of Illinois Soil and Water Conservation Districts says he would like to see creation of a check-off fee on drainage tile that would be available to local SWCD boards for funding programs and services. He compared it to the $0.75 per ton fee on fertilizer that is used to finance the Nutrient Resource Education Council and its educational programs benefitting farmers.

Farm Bill Action--

- **Sen. John Boozman (R-AR),** ranking member of the Senate Ag Committee, unveiled the Senate Republican-drafted framework answering the call for a "farmer-focused" Farm Bill. "From the onset of this process, we have sought to draft a Farm Bill that reflects the needs of stakeholders," Boozman says. "The world has changed dramatically since the 2018 bill became law, and the unprecedented challenges and economic uncertainty that farmers now face are only projected to get worse in the coming years." He also says that's why farmers have been calling on senators to put more farm in the Farm Bill. The Senate Republican Committee members say the framework modernizes the safety net, facilitating the expansion of access to overseas markets, fosters breakthroughs in agricultural research, and grows the rural communities that farmers, ranchers, and foresters call home. They also say it does all that while making historic investments in conservation and protecting nutrition programs. (This will be a long and politically bitter process, which may not be finished before the end of the year.)