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

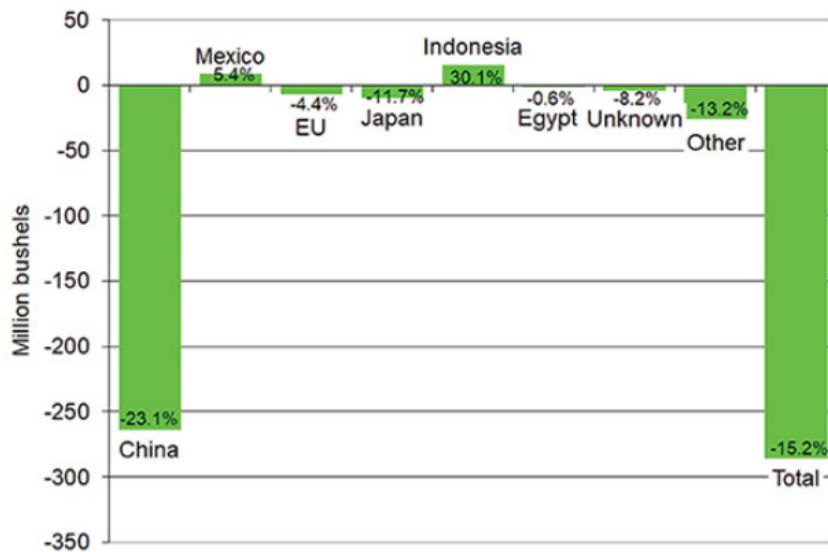
Commodity market price drivers—

- **The end of this week brings a MAJOR** market driver, USDA's June 28th Planted Acreage Report. [Cornbelt ag economists](#) think corn acreage will stay the same from the March Planting Intentions Report, but there could be an increase to soybean acres.
 - ✓ 60% of economists think corn acreage will fall in the 90 to 91 mil. acres range.
 - ✓ That compares to the 91 mil. acres USDA found when they surveyed growers about planting intentions back in March.
 - ✓ 20% think it'll be even lower, in the 89 to 90 mil. acres range.
 - ✓ 20% also think it could come in higher, at 91 to 92 mil. acres.
 - ✓ Soybean acreage was slightly higher, with 60% of ag economists saying 87 to 88 mil. acres.
 - ✓ That compares to the 86.5 mil. in March.

Survey coordinator, MO ag economist Scott Brown says, "I think if we get a growth in both corn and soybean planted acres, it will be a negative for markets, at least they'll respond negatively in the short run," Brown says. "I would encourage folks to think about whether there's any risk management they might want to do before the report comes out. It's hard to tell, at this point, which side of that. Some ag economists are saying we will see less acres for both corn and soybeans. If that happens, we could get a surprise on the other side as well. I keep saying I think we've planted more acres, but we'll see what happens on the yield side. All of this could continue to put pressure on prices to move lower as we get closer to fall harvest." After USDA projected a 6.3 mil. acre loss in principle crops for 2024, NCGA economist Krista Swanson says she does not expect 6 mil. acres of lost principal crop acreage in the June report, expecting that number to decline, possibly moving to more corn and soybean acres.

- **Exports: Corn+, soybeans-** says [IA St. marketing specialist Chad Hart](#). The US soybean market continues to see a retreat in international purchases. Overall, soybean export sales are down over 15% from last year at this time, roughly 280 mil. bu. That is eerily reminiscent of what we saw at

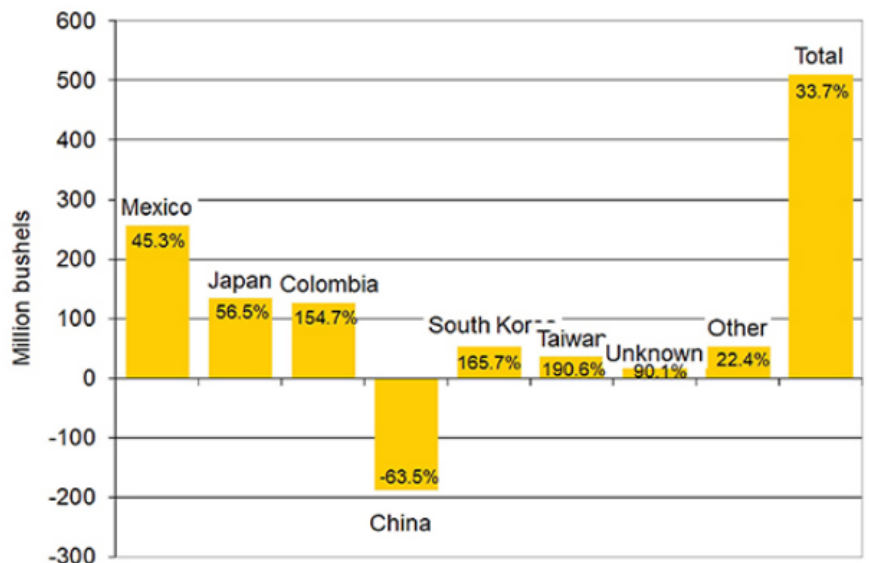
Figure 1. US soybean export sale shifts. Source: USDA-FAS.



this time last year, where export sales were down 15% year-over-year. While China remains our top soybean buyer, they have continued to purchase more soybeans from other countries and less soybeans from us. Soybean export sales in other countries are mixed, with Mexico and Indonesia increasing purchases and the European Union, Japan, and Egypt reducing purchases. The drop in sales to unknown destinations is tied to the drop in Chinese sales as a majority

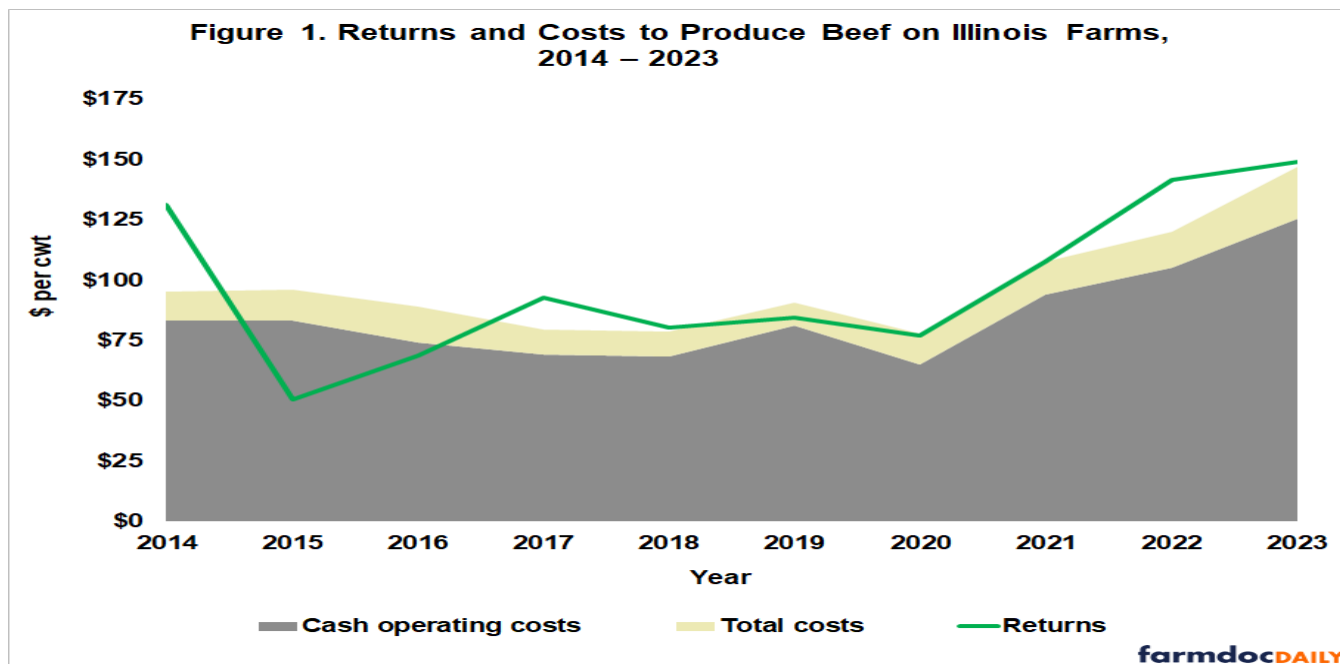
of sales to unknown destinations are revealed to sales to China. The growth in soybean production in Brazil has increased competition in global markets and continues to take its toll on the US soybean industry. While soybean exports continue to struggle, corn exports have rebounded over the past year. Current corn export sales are up roughly 500 mil. bu. in total (over 33%). The only big weak spot has been China, as sales there are off by nearly 200 mil. bu. But gains across the vast majority of other corn export markets have more than offset the Chinese retreat. Mexico alone has increased corn purchases by roughly 250 mil. bu. Corn sales are up in Japan, Colombia, South Korea, Taiwan, unknown destinations, and in smaller markets. The pace of export sales has not been fast enough to prevent higher ending stocks and lower prices, but it has reduced the speed at which they were happening.”

Figure 3. US corn export sale shifts. Source: USDA-FAS.



The Business of Farming—

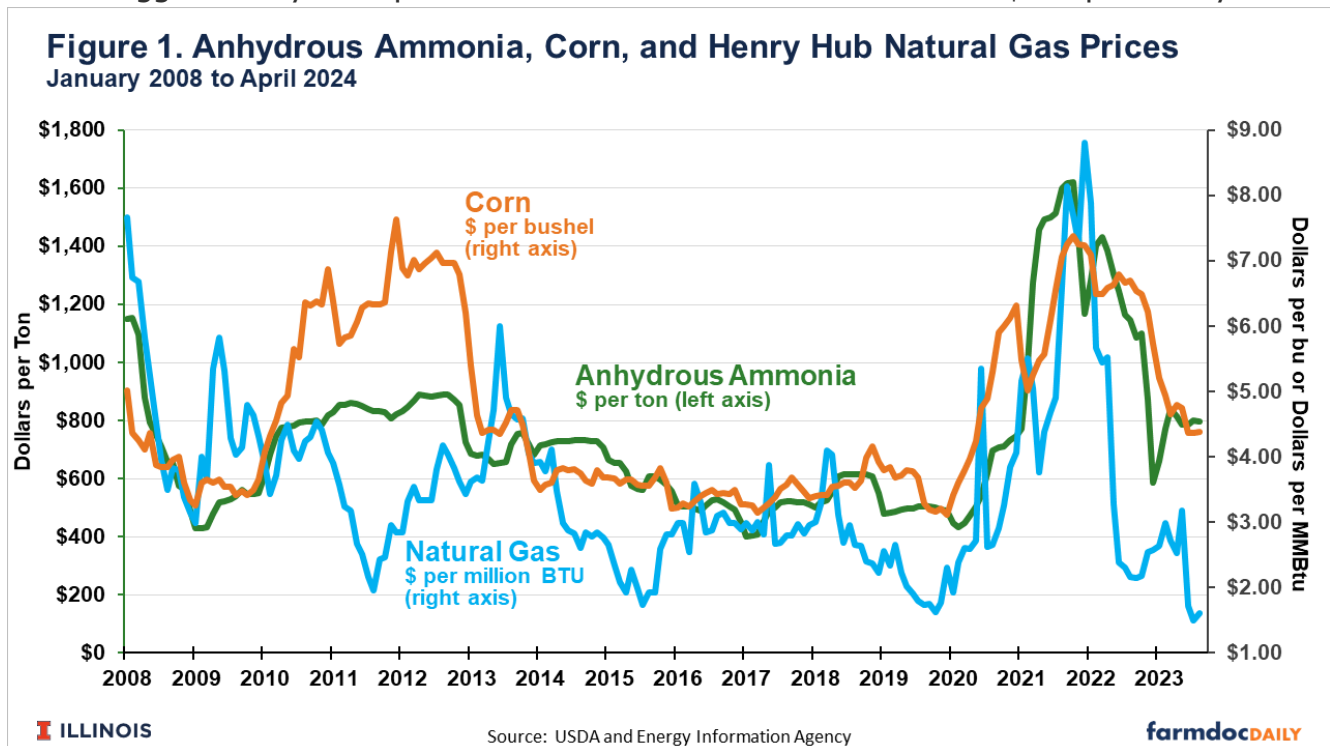
- Is there any money in feeding cattle? [Brad Zwilling of IL Farm Business Farm Management](#)



says, "Total **economic** returns in 2023 for IL beef feeding enterprises exceeded total costs by \$2.04 per 100 pounds of beef produced in preliminary findings for farms enrolled in IL Farm Business Farm Management. The 2023 returns were lower than the 2022 total returns above all costs (2022 was the highest since this study began) by \$19.73 per 100 pounds produced. Total returns have exceeded total economic costs in 5 out of the last 10 years. The 2023 level of return above all costs was \$1.89 per 100 pounds beef produced above the average return above all costs for the 2014 through 2023 period." Zwilling says last year was a standout year. "Total gross returns for 2023 were the highest on record. The average price received per 100 pounds of beef sold of \$166.79 was 16% higher than 2022. This price was the highest price received since this study began." And Zwilling says that was even with the higher cost of corn last year. "Feed costs increased 13% in 2023 as compared to 2022. Feed costs were \$97.23 per 100 pounds produced in 2023 compared to \$85.94 in 2022." Before jumping into the cattle feeding business, what is the outlook for coming months? Zwilling says, "Returns to cattle feeders decreased in 2023 compared to 2022 but still had positive economic returns. The increase in costs was the main factor for the decreased **economic** returns. Higher feed costs coupled with higher interest costs led to lower returns. Projections for 2024 show that beef production is estimated to decrease about 1% and thus market cattle prices are expected to increase about 5%. Returns for 2024 are projected to slightly increase due to similar cattle prices and feed costs will be lower with projected lower grain and forage prices. With these factors combined, **economic** returns to all costs for 2024 are estimated to be similar to, or higher than 2023."

Seed, Fertilizer, Fuel, and Chemical Inputs—

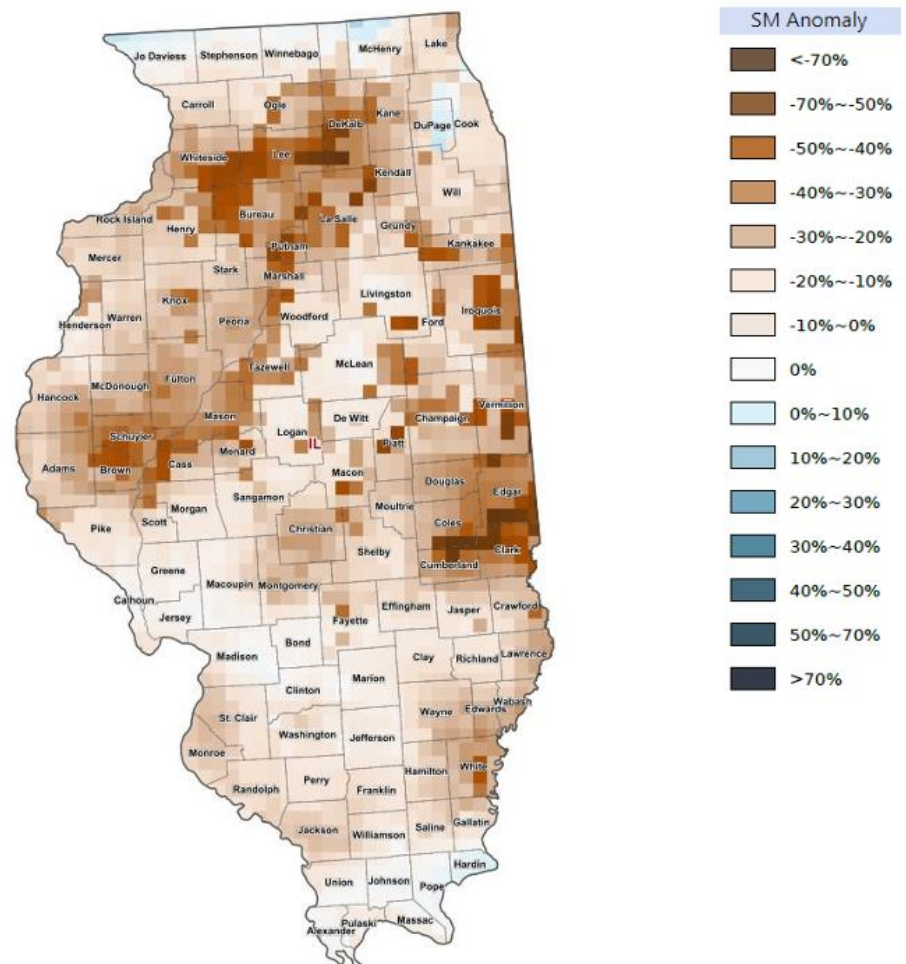
- **Should you be booking fall anhydrous** at current supplier bids? [IL Farmdoc ag economists](#) say that depends on corn prices and natural gas prices, because they are both related to the cost of anhydrous ammonia. They devised a mathematical model based on those relationships. “The correlation between anhydrous and natural gas prices since 2008 is 0.54; the correlation between anhydrous and corn prices has been 0.75. Higher corn prices result in greater demand for nitrogen fertilizer products as corn acres increase and higher farm incomes support higher input prices. Higher natural gas prices are a major input to the production of synthetic nitrogen fertilizers and thus also tend to result in higher prices for nitrogen fertilizer products.” Their mathematical model “suggests that, at current corn and natural gas prices, anhydrous ammonia prices should be expected to continue to decline over the coming months. If corn prices remain around \$4.40 per bu. and natural gas prices remain around \$2.35 per mil. British thermal units (MMBtu), the price model suggests anhydrous prices would continue to decline to around \$700 per ton by later this fall.



“Natural gas futures suggest rising prices over the coming months, returning to between \$3 and \$4 per MMBtu. Corn futures suggest cash corn prices are expected to remain in the low to mid \$4 per bushel range over the next 6 months. Natural gas prices of \$3.50 per MMBtu and corn prices of \$4.50 per bu. would result in an anhydrous price forecast of around \$750 per ton later this fall. Natural gas prices at \$4 and corn prices at \$5 would be expected to result in anhydrous prices remaining in the \$800 per ton range through this fall. Natural gas prices of \$2.00 per MMBtu (note, monthly spot prices were below this level in February, March, and April of 2024) and a corn price of \$4.00 per bu. would suggest anhydrous prices converging to the mid \$600 per ton range this fall.”

- It was a hot one as summer kicked into high gear** last week, says IL State Climatologist Trent Ford. "Average temperatures last week were in the mid to upper 70s, between 2 and 8°F above normal. Most of the state saw multiple days with highs in the mid to upper 90s, including 97°F in Cahokia Heights and O'Hare airport. The heat continued overnight, with low temperatures only getting into the low to mid 70s on many nights. The lowest temperature Quincy has had this entire week is 72°F, and Rockford has only dipped down to 71°F. The duration of this heat waves, now with us for over 5 days is remarkable, especially given we are only a couple weeks into climatological summer. Precipitation was hard to come by this week as the high-pressure system set up shop over much of the eastern US. 7-day totals ranged from less than .1 in. around St. Louis to just over 1 in. in Iroquois and Kankakee Counties. Most of the state has been drier than normal over the past 30 days, (Map, below) and the combination of below normal rainfall and high evaporative demand from the heat has begun to dry out the topsoil. This set up has early indications of potential flash drought, particularly in those areas in western and southeast IL that have had less than 50% of normal rainfall since mid-May. Looking ahead, the heat will continue into early this week. There are indications of a more active storm track toward the middle of next week, with multiple chances of rainfall and some milder temperatures behind them. Forecasted totals for this upcoming week range from around .5 in. in southern IL to around 1.5 in. in northern IL. The rain would be welcome to help young crops with the heat and drier topsoils. While temperatures late this week are expected to be closer to normal, the week 2 outlooks bring heat back – albeit with higher chances of above normal precipitation. Meanwhile, the latest July outlook from the Climate Prediction Center shows strong chances of both hotter and drier than normal conditions for next month."

Soil Moisture Deviation from Historical Average – June 13, 2024



Farm Bill Action--

- **The clock is running on getting a 2024 Farm Bill** in place. Democrats and Republicans have offered competing frameworks with some similarities and many differences. Sen. Roger Marshall, R-KS, says, "I don't think that Democrats adequately address crop insurance. I don't think that they adequately addressed the Title 1 (farm programs) funding, and something that very few people were talking about is that farmers would not be eligible for a lot of the classical conservation programs that we've been using. They put such stringent guardrails around those conservation programs that we couldn't use them." Marshall is worried that might lead to more slowdown in the process, "I think Chairwoman Debbie Stabenow's priorities were a little different for this Farm Bill. If you look at her bill, her framework, there's a priority, seems to be, for all these green energy programs that, unfortunately, were pushing farmers out of control." He says the biggest component of the Farm Bill isn't farming, but the nutrition programs, "The biggest component, of course, is the nutrition programs, and I want to point out that we were spending \$60 bil. a year with the last Farm Bill. We're up to \$120 bil., so we've doubled that. And as we go forward, the Republican framework is we don't touch that. We make it whole, and I'm very proud of the work that we've done on those food programs across the country. People are benefiting from those. So, the majority are those food programs. SNAP comes to mind, but we have food banks and all those things. We don't cut a single dollar from SNAP in our program, and we improve the integrity, which Sen. Stabenow probably didn't touch on. But I'm afraid in 10 or 15% of the SNAP programs, there's waste, fraud, and abuse, and there is in every government program like this. All in, we're spending \$180 bil. a year on nutrition programs. About \$120 bil. of that is in the Farm Bill, so 85% of the Farm Bill are nutrition programs." (Rural Radio Network)
- **But the money the Senate and House GOP wants to spend** is not available says the Congressional Budget Office. [The CBO's cost estimates](#) of their Farm Bill proposals exceed available funding. "In its latest budget estimates for the 2024 to 2034 period, the CBO projected that the Department of Agriculture will spend \$12 bil. from the discretionary authority the secretary has over the Commodity Credit Corp. — or far less than the \$50 bil. in savings that House Republicans say they can squeeze for use in the Farm Bill by limiting that authority. The budget technicalities could prove crucial to House Agriculture Chair Glenn Thompson's plan to pay for the Farm Bill that passed his committee largely along party lines in May. "Today's updated projections from CBO prove what we have been saying all along: The House Republican Farm Bill is unpaid-for, relying on magic math and wishful thinking," Senate Agriculture, Nutrition and Forestry Chair Debbie Stabenow, D-MI, said in a news release Tuesday. "In exchange for blocking USDA's ability to provide real-time assistance to farmers through the CCC to address emergency challenges, House Republicans received only a small fraction of the \$50 bil. hole they need to fill to pay for the bill." She also says her Rural Prosperity and Food Security Act is meaningful and responsible. "More importantly, it doesn't fracture the farm and food coalition that is the foundation of every successful Farm Bill," she adds. "I did the hard work of securing new resources outside the Farm Bill," she says. "Now is the time to start negotiating."

- Farm Bill frustration is building**, now 9 months into a 1-year extension of the 2018 law. Farmers, future farmers, farm-state lawmakers, and farm lobbyists are increasingly frustrated by the lack of a breakthrough in Farm Bill negotiations so late into an already extended '18 farm law, "No update and I will just reiterate how very frustrating this has been." Sen. Joni Ernst, R-IA, whose frustration is echoed by the American Farm Bureau and those it represents. AFB's Joe Gilson, "They're telling us that they need a better farm safety net, that inflation and interest rates have cut into their earning potential, so yeah, I mean, we share our members' frustrations that Congress has not passed a new, modernized Farm Bill." Owing to slim majorities in both chambers and now a presidential election season, "But the needs of farmers and ranchers and their livelihoods are at stake, so we want to see something get done." But will it? Even after both parties' Senate Ag leaders offered proposals and House Ag passed a GOP bill with some votes from Democrats. Republican Ernst is hoping for a Senate GOP majority after November and agrees with others in her party that it may be better to hold out for a better deal, "I absolutely do agree, yes. More 'farm' in the Farm Bill." (Berns Bureau)
- The House Agriculture Committee** approved its GOP Farm Bill proposal in May, and last week's fiscal update by the Congressional Budget Office was the first time it could be compared to the funds that are available. House Agriculture Committee Chairman Glenn Thompson, R-PA, said that "While we appreciate the difficult job of CBO, there are still clear discrepancies between their forecasts and historic realities. We will continue to work with the Budget Committee to ensure scores reflect the reality of how Section 5 authority has been used since 2018. CBO lowered the projected cost of SNAP by \$7 bil. this year and \$59 bil. from fiscal 2025-34, or about 5%. CBO said 'recent data showed that actual average monthly benefits were lower than previously projected, CBO lowered slightly its cost estimates for some commodity program payments, but increased its projections for disaster assistance, according to an analysis provided to [Agri-Pulse](#) by Pat Westhoff, director of the University of Missouri's Food and Agricultural Policy Institute. The 10-year estimate for disaster aid was raised by \$8.9 bil. from the February forecast, according to Westhoff's calculations. USDA is now expected to provide just under \$20 bil. in disaster aid from fiscal 2025 through 2034."
- There is a growing consensus in Washington** that the [political climate in Congress will not approve a new Farm Bill](#). House Democrats say the GOP-approved proposal needs to be more bipartisan. And Senate Ag Committee Chair Debbie Stabenow, D-MI, doesn't think the House Ag Committee's bill can pass the House and fears a Senate bill could face the same fate, being defeated by the House GOP majority. "I don't want to bring a bill out of the committee in the Senate that has the same fate' as the House bill," she says. Stabenow has rejected the Senate GOP proposals in part because of cuts to nutrition spending and their removal of climate guardrails on Inflation Reduction Act funding. 'The way you get a Farm Bill is making sure everybody's happy. And so that recognition hasn't happened yet,' she said.



- **Some Senate Ag Republicans** suggest it may be better to hold out until next year for a better Farm Bill deal. Others disagree. Sen. Chuck Grassley, R-IA, says the argument for waiting 'til next year to get 'more farm in the Farm Bill' may not hold up, "We'd be better off if we had a bipartisan bill this year, but that seems difficult. There might be a little bit of light at the end of the tunnel. I recently heard that Sen. Ralph Warnock, D-GA, has said he needs higher reference prices." Which Grassley says could give Republicans a majority on the Ag committee to boost crop supports. But as for a GOP majority in the full Senate next year, "I don't know how many times I've been in the Senate; I expected a Republican majority to happen. I think, 2010, 2012, but it didn't happen until 2014. So, I think it's very difficult to predict."
- **The partisan fight over SNAP spending** is not limited to the Farm Bill. It was also highlighted in recent House committee action on the FY 2025 USDA-FDA spending bill. The fight over food stamp funding won't go away. It came up again as House Ag Appropriations Chair Andy Harris, R-MD, called once more to allow states to run SNAP healthy food pilots, "Let me be clear. This does not reduce funding for the program or reduce household benefits. This does not make a nationwide program change. We do know that some states and cities have been interested in restricting unhealthy foods in the SNAP program, so this allows them to pilot the concept." Freeing up funds to pay for healthier foods, Harris argues, like fruits and vegetables. But Ranking minority member Sanford Bishop, D-GA, argued that designating a specific SNAP pilot was unnecessary, "USDA already has the authority to approve pilots, and this doesn't add anything to that authority. Why pick that fight again?" But Democrats were more concerned with GOP broader cuts to SNAP in FY 2025, "The bill under-funds SNAP by \$165 bil. There's a reason we fund this mandatory program at the full level every year, and the decision to short-change it only jeopardizes the effort to provide food assistance to our fellow Americans who need it the most." Democrats charge the pending House Farm Bill would pare SNAP increases by almost \$30 bil. over 10 years and refuse to vote for a Farm Bill that uses those savings to boost farm programs. Republicans argue SNAP is 82% of the Farm Bill and long-outdated farm supports need updating to help offset the soaring costs of farm inputs, loans, and labor.
- **Sen. Charles Grassley, R-IA, says the Supreme Court** could soon help farm and biofuel groups in their challenge to EPA's new tailpipe emissions rule thought to favor electric vehicles. That, by reigning in a 1983 ruling granting greater power to federal regulators, "The courts had given great deference to that under the Chevron doctrine. And if they overturn that, then that's going to put the courts back into being an honest interpreter of the law rather than just relying on what the bureaucracy says." Grassley says an earlier WV case established the so-called 'major questions doctrine' that limits agency power to decide issues of vast economic and political significance without Congressional approval.

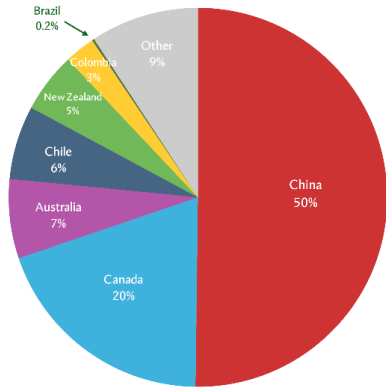
Biofuels—

- Sens. Chuck Grassley, R-IA, and Roger Marshall, R-KS,** are pressing the EPA on the steps it's taking to address the recent surge of used cooking oil imports, for US biofuel production. Last year, the U.S. imported 3 bil. pounds of used cooking oil, half of which came from China. That's up from a total of 200 mil. pounds imported in 2020. The senators sent a letter to the EPA, USDA, the USTR's Office, and Customs and Border Protection. Their [letter](#) points out concerns by some in the renewable fuels industry that large amounts of imported UCO may be a blend of UCO with virgin vegetable oils such as palm oil, which is directly linked to deforestation in Southeast Asia. That would constitute fraudulent value distortion of the commodity designed to take advantage of tax incentives in addition to Renewable Identification Number (RIN) fraud under the RFS. They want to ensure the integrity of clean fuel policies. In a related note, the [Commerce Dept.](#) has just approved used cooking oil from Brazil to be imported and used in biodiesel product. So far, the primary origin for used cooking oil was from China.



2023 U.S. Used Cooking Oil Imports
Percentage-share by origin

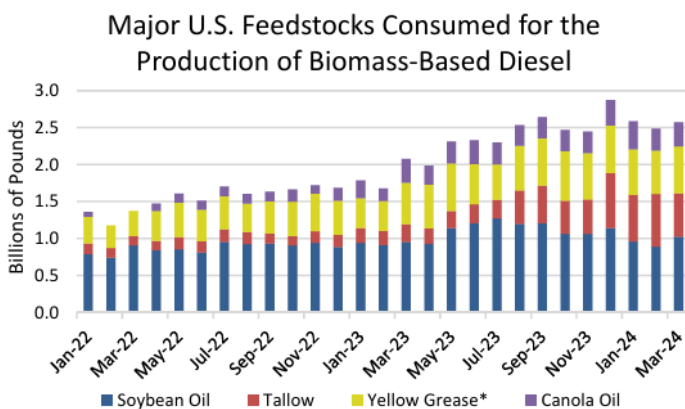
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- Why not US soybean oil?** [World Grain](#) reports "Dramatic growth in US renewable diesel production and capacity is causing significant market-altering shifts domestically and in foreign feedstock trends, according to a [new report from the Foreign Agricultural Service \(FAS\)](#) of the US Department of Agriculture. Production is expected to continue to grow and alter feedstock markets, but the rate of growth will be highly dependent on federal and state policies, availability of



feedstocks and sustained US soybean meal export gains, the FAS said. Policies have driven the rapid production growth, particularly the CA Low-Carbon Fuel Standard (LCFS) that offsets higher biomass-based diesel production costs through a carbon credit for meeting emission targets and has driven renewable diesel consumption in CA. Increased renewable diesel production has bolstered demand for feedstocks, causing US imports of vegetable oils and animal fats to increase dramatically, FAS

said. "As expected, the collective imports for animal fats and vegetable oils have grown drastically in alignment with the growth of renewable diesel," the FAS said. "In fact, U.S. import values of all animal fats and vegetable oils more than doubled from 2020 to 2023." Renewable diesel growth is partially offsetting falling exports by stimulating domestic soybean consumption, the FAS said. As a direct effect of expanding renewable diesel production, US soybean crush is forecast at a record for the fourth consecutive year.

- **In an editorial** designed to push farmers to lobby their lawmakers for the Next Generation Fuels Act, [IL Corn Growers vice president Garrett Hawkins](#) (right) rhetorically asks, “Why are IL corn farmers worried about an energy bill bound to be caught up in the plentiful political dynamics present in today’s Congress? Emphasis and urgency have been placed on the legislation because farmers, rural communities, and the public will suffer if the bill, or similar legislation is not passed. As state and national governments focus on carbon reduction goals, they often leave out the important and positive impact renewable fuels, such as ethanol, have for the planet. Last week, the IL Corn Growers Association (ICGA), the NCGA, and the oil industry sued the EPA for its overreaching and discriminatory multipollutant emissions standards. The rule unfairly penalizes renewable fuels and refuses to acknowledge the environmental impact of electric vehicles. The EPA ruling requires 56% of cars must be electric by 2032. The National Highway Traffic Safety Administration released its similar standards June 7. However, the vehicle shift is not the rule’s only jaw dropping attribute as the EPA predicts the electrification will cost \$870 bil. in vehicle technology. However, NHTSA itself predicts the drastic technology transfer will only reduce global temperatures by .003°C by 2100-- a high pay off for a minuscule reward. Our farmers, communities, and fellow Americans need a solution, and they need it now. Let’s pass the Next Generation Fuels Act.”
- **IL Senators Dick Durbin and Tammy Duckworth** have been joined by 16 of their Senate colleagues urging the EPA to increase Renewable Fuel Standard (RFS) volume requirements for biomass-based diesel and advanced biofuels as the agency develops standards for 2026. [Writing to EPA Administrator Michael Regan](#) they called for volumes need to be set “significantly higher across the board to account for increased production capacity for biomass-based diesel and advanced biofuels. “Without EPA action, America will miss out on the energy benefits and carbon reductions delivered by advanced biofuels,” the letter states. “Domestic fuel production facilities are closing as a result, putting Americans out of work and disrupting local economies,” the letter said. “The negative signal to renewable fuel producers threatens bil. of dollars of investment in feedstock and fuel production, including for sustainable aviation fuel.”



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