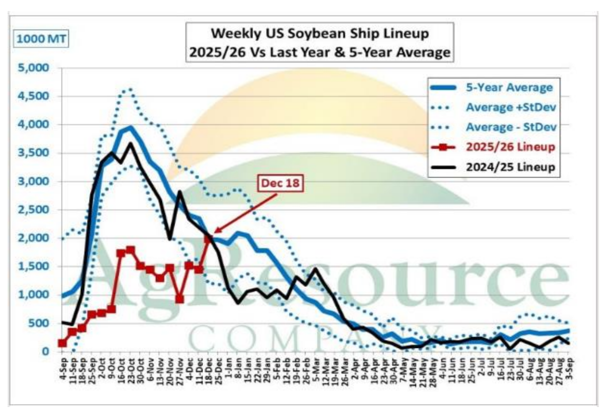
A weekly Cornbelt digest of marketing, economic, agronomic, and management information.

Commodity market price drivers—

- **This week will be one of the slowest trading weeks of the year**, believes Ben Potter of Farm Futures. "Volume typically bottoms out on Christmas Eve, and the markets are closed on Christmas Day. With the holiday falling on Thursday this year, many traders will likely turn that into a 4-day weekend and skip work on Friday. Because of that, Christmas week is often a quiet one. Here's where the paradox comes in. The traders who do show up this week can be overly influential, which can sometimes "gin-up" more volatility. Which will it be in 2025? And according to Luke Williams, ag risk management advisor with Advance-Trading, USDA corn supply and demand data shows a similar pattern to late 2024 and January 2025, which led to a rally. "If that happens again, farmers could see a return to $4.50 to $4.70," he noted. Williams spells out 4 things farmers can do to capitalize on higher corn prices in Friday's Ag Marketing IQ blog. It is increasingly apparent that traders have already priced in expected flash sales to China, electing to largely ignore them when they are announced (as they did Friday). According to the CoBank 2026 Year-Ahead Report, oversupply in global grain markets will continue to create price challenges that will leave farmers with tough decisions next season. The sentiment is that soybeans may pull acres away from corn and other row crops due to relatively better price ratios and lower input costs. Relatively high fertilizer prices may also snipe some corn acres in 2026." Will there be a Christmas gift?
- **China has secured at least 257 mil. bu. of U.S. soybeans** after multiple purchases during the past 2 weeks. Bloomberg said that puts the Asian country over halfway to meeting the 440 mil. bu. purchase agreement it made with the Trump administration. People familiar with the deals say the total comes from purchases by Sinograin, the state company in charge of managing China's strategic grain stockpiles. The company purchased about 70 mil. bu. in the last week alone, with buys continuing into this week. Bloomberg reports that at least 7 soybean shiploads were purchased, totaling over 15 mil. bu. Officially, the USDA has reported under 147 mil. bu. of soybeans sold to China, but industry insiders say the total is likely much higher. Unfortunately, prices will likely stay under pressure, even though U.S. sellers and Chinese buyers expect the target to be met. It's unknown exactly when the beans will ship.

- **Multiple countries brought in large grain harvests** during recent growing seasons. While that’s normally good news, Tanner Ehmke, (right) the lead economist for grains and oilseeds at CoBank, said the large crops and trade tensions have led to excess grain supplies around the world, “A high level, first of all, across the entire grain and oilseed space, really, the theme is oversupply. We've had record crops here in the U.S. We've got a record crop forthcoming in South America. We've had record crops and record yields all over the world, really, and so trying to find new markets is of the utmost importance. That's a challenge, obviously, when we have trade uncertainty. The trade war that we've had recently with China upended a lot of our exports, particularly for soybeans and also other commodities like grain sorghum, which are highly dependent on the Chinese market, and other specialty crops. But really, soybeans are the high-dollar export. That's the number 1 export from the U.S. over to China.” A lot of industry speculation revolves around what the future trade relationship between China and the U.S. will look like, “We've obviously, here the last few weeks, since the end of October, been wondering about what this relationship looks like, going forward, between the U.S. and China. Since we had a trade truce – we call it a trade truce because we can't really call it an agreement. We haven't seen anything signed. There are no trade documents formalizing anything whatsoever that we can confirm. So, as a result, we just kind of rely on what we're hearing and seeing from the marketplace. China is back in the market buying soybeans from the U.S. after having been absent for several months.” There are some market fundamentals in China that may impact soy demand in the short term, The slowing economy. Pork consumption is down. They have an oversupply of hogs, and they are shrinking their hog herd, and so that's going to be impacting their crush margins, or the demand for soybean meal. And so, crush margins in China right now are negative. That's not a signal that we want to see. If we're going to be bullish on exports to China, we need that to reverse. We must have the private Chinese crushers buy.” (Backroads of Illinois Podcast)

- **As of Dec 18, the U.S. soybean ship lineup** is estimated to be 75 mil. bu., up 41.2% from the previous week, says Bill Tierney, chief economist at Ag Resource. Next week’s soybean export inspections could be 35 mil. bu. That would be up 19% from the previous week. There was 1 vessel to-be-nominated (loaded). That is up 2 from the previous week. The ship lineup suggests that U.S. December Census exports could be 163 mil. bu. In the December WASDE, the USDA lowered their projection for U.S. exports by 50 mil. bu. to 1.635 bil. bu. The Ag Resource export projection is 165 mil. bu. lower. Last year’s exports were 1.882 bil. bu. There were 3 vessels (6.6 mil. bu.) that departed for China and 12 vessels (29 mil. bu.) identified in the lineup destined for China.

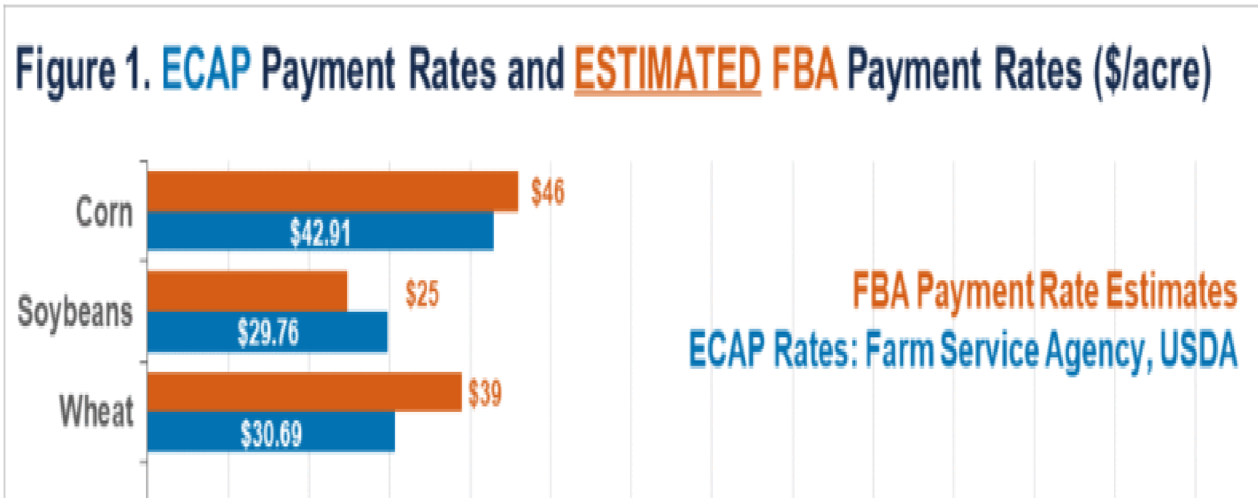


Mailbox Money and Farm Programs—

- **Leaders of the House Agriculture Committee** say Congress may need to step in with at least $10 bil. in additional aid for U.S. farmers, beyond the $12 bil. Farmer Bridge Assistance Program recently announced by the Trump administration. House Agriculture Committee Chairman Rep. Glenn Thompson, R-PA, (right) said the administration's program, while helpful, does not go far enough to support all sectors of agriculture. The current package is largely aimed at row crops such as corn, soybeans and wheat, with about $1 bil. set aside for other commodities. Thompson said industries including dairy, timber and specialty crops may require further assistance to help producers secure credit and remain viable into 2026. He emphasized that any supplemental aid should stabilize farms without replacing market forces. "Thompson didn't provide a timeline for moving a supplemental assistance package in Congress. Lawmakers have been looking at changes to USDA's Section 32 authority which is funded through customs receipts," reported Agri-Pulse. Meanwhile, USDA Undersecretary Richard Fordyce (left) said budget constraints make a second aid package from the agency unlikely, leaving Congress as the primary option for more support. Senate Agriculture Committee leaders said they are waiting to see how far the current funds go before committing to a specific amount of additional aid. "Meanwhile, Fordyce said the USDA next week plans to announce the crop-specific rates that will determine how much financial help individual farmers can expect from the aid package," Bloomberg reported. "Crop producers have been eager to know the per-acre rates that commodities like soybeans, corn, wheat, rice and sorghum will receive because it is key information they can use to talk to lenders and plan for next year."

- **IL Ag Dir. Jerry Costello** is criticizing current federal trade policy and aid for farmers, saying it falls short amid ongoing tariff-related market disruptions. Costello (pictured on the left) said the recently announced $12 bil. "Farmer Bridge Assistance Program" is insufficient compared with a $23.1 bil. package offered in response to trade disputes during the previous administration. "Tariffs are crushing farmers again," Costello said, noting that steep tariffs on exported soybeans and other commodities have shrunk overseas markets and depressed prices. He also pointed to rising input costs tied to tariffs on fertilizer, machinery and other farm goods. Costello warned that long-term financial pressure could drive younger farmers out of the industry and undermine future IL agricultural production.

- **IL Farmdoc ag economists** added the expected "USDA Bridge" payments to 2026 crop budgets and the results were not surprising. "While the payment rates for eligible row crops are still unknown, we estimate payment rates for the largest acreage row crops based on available information. Those estimated payments were $46 per acre for corn and $25 per acre for soybeans, and $39 per acre for wheat. When combined with ARC/PLC payments the Farmdoc folks say "Estimates of total federal support payments for northern and central (high-productivity) IL are



approximately $100 per acre for 2025. This includes a projected $62 per acre from ARC/PLC that would be made in October 2026, and roughly $38 per acre in estimated FBA payments expected to be received by February. Support payment estimates total $85 per acre for southern IL due to smaller estimated ARC/PLC payments of $47 per acre. Estimated average farmer returns to cash rented farmland improve to $21 per acre in northern IL and $19 per acre for high productivity farmland in central IL. Estimated returns are just below break-even at -$3 per acre for low productivity farmland in central IL. Estimated returns in southern IL also improve relative to August projections but remain negative at -$33 per acre. The $12 billion in bridge assistance announced last week by the USDA is intended to provide more immediate support between now and when ARC/PLC payments for 2025 would be received in October of 2026. While payment rates have not yet been released, information provided about FBA was used to compute estimates which suggest around $35-40 per acre in support, on average, could be received by grain farms in IL. These FBA payments, in addition to the expected support from ARC/PLC, improve farmer return prospects compared with previous budget estimates released in August. Farms in northern and central IL are now projected to be at or slightly above break-even levels while average returns in southern IL remain negative even with the additional support estimated from FBA. We caution readers that the FBA payment rates used in this article are only estimates. The procedures and specific data items used by USDA can, and likely will, differ from those used here. Final FBA payment rates should be released during the week of December 22nd. The final FBA rates will be incorporated into the next official IL crop budget update scheduled for January."

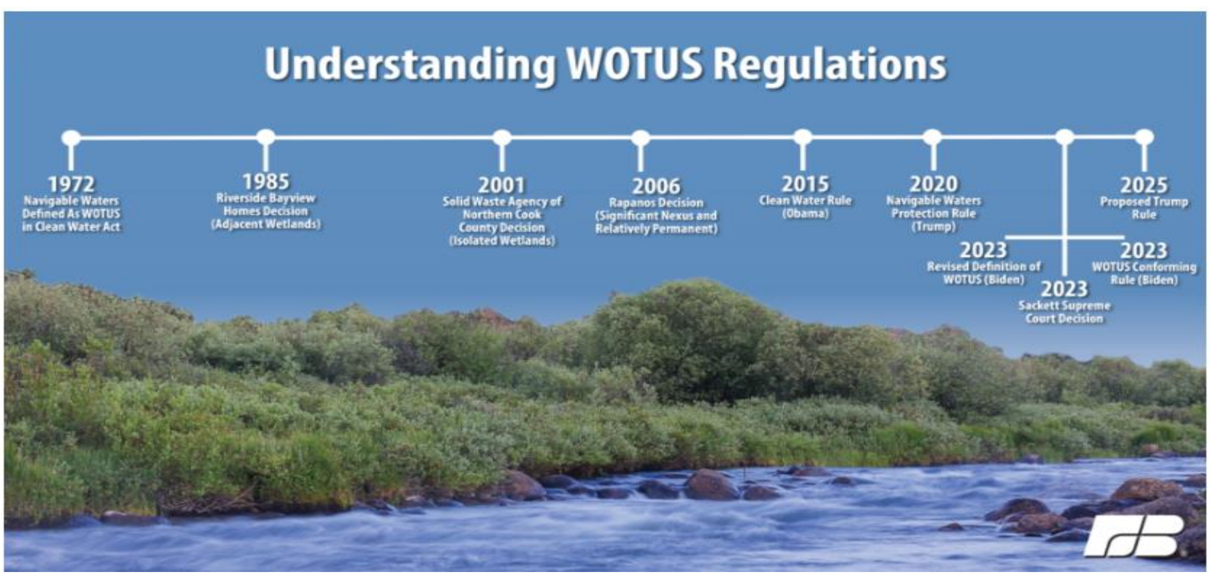
Risk Management and Crop Insurance—

- **Crop budgets for 2026 can be lowered slightly** to accommodate lower premiums for some crop insurance policies. Congress authorized lower premiums that farmers must pay resulting from higher subsidies for Supplemental Coverage Option, Enhanced Coverage Option and Margin Coverage Option to 80%, up from 65% in 2024 and 44% in 2023. This higher subsidy significantly reduces premiums on these options, making them more affordable. IL Farmdoc ag economist Gary Schnitkey provided an example of a farmer spending $15 per acre on SCO coverage in 2025, he or she would only pay $8.57 for the same coverage in 2026 due to the higher subsidy. Jonathan Coppess, a Schnitkey colleague, expressed concern from the policy perspective. "Congress likely increased the SCO subsidies to encourage more farmers to enroll in the program. However, he expressed concerns about the long-term implications of these changes. The increased subsidy levels for SCO favor high-risk areas, such as West TX or other Southern regions. He is concerned that making insurance more favorable for high-risk areas poses a threat to crop insurance in the long run. "Somebody's paying for this in terms of paying a premium," Coppess said. "It risks the integrity of the program." There are some other crop insurance changes:
  - ✓ New in 2026, farmers can take the Supplemental Coverage Option and the Agriculture Risk Coverage program at the same time. Previously, farmers could only use SCO if they selected Price Loss Coverage for their acres. The benefit of having both ARC and SCO is that farmers have a higher chance of receiving payments. ARC pays out more frequently than PLC. By taking SCO and ARC, farmers can gain additional county-level coverage while still benefiting from the more frequent payouts of ARC.
  - ✓ For 2026 farmers can update base acres in 2026, which is not permitted every year. Coppess explained that the OBBA allocated 30 mil. additional base acres across the country. However, not all farmers will be able to add base acres due to the limit. He said this won't change a farmer's underlying base acres, but farmers can add more if it fits within the 30 mil. The first acres that'll be added are seed cotton. So, they're allowing those first, and then they'll figure out what's left. If ARC or PLC payments trigger, farmers will receive payment for these additional acres. Also, farmers must make new ARC and PLC selections in 2026.
  - ✓ The Beginning Farmer and Rancher Program now offers 10 years of increased subsidies for crop insurance, up from five years previously. Coppess described the increased subsidy for beginning farmers as one of the silver linings of the reconciliation farm bill. However, he stressed that while it's positive, it does not offset the additional challenges that beginning farmers face, and that more could be done to help them. A revenue protection plan with an 80% coverage level on enterprise units, the government would subsidize the policy at 71%, and a farmer would pay the remaining 29%. However, if a farmer is in his or her first year as a beginning farmer, the government would pay 86% and the young farmer would only pay 14%.

Conservation, Environment, Carbon—

- **Is there is a "WOTUS candidate"** on your farmland? Many farmers and landowners will wonder about the potential ultimate impact of the new policy from the EPA. American Farm Bureau economist Courtney Briggs says, "While this rule is an important step forward in creating a legally durable definition of WOTUS, implementation of the rule may present some challenges. One potential hurdle for some landowners will be determining if there is sustained flow throughout the wet season. In some instances, field-level data may need to be collected, which could significantly slow down the jurisdictional determination process. This also impedes farmers' ability to use their land, potentially cutting their production and revenue capacity. So, what is the "Cost of Compliance,"
  - ✓ Ensuring compliance under WOTUS for farmers can include several major components that impact a farmer's cost of production:
  - ✓ Obtaining Clean Water Act federal permits for activities like fencing, drainage or pond construction;
  - ✓ Hiring consultants and technical experts for wetland determinations;
  - ✓ Experiencing operational delays while waiting for permit approvals; and
  - ✓ The cost of mitigation activities which can often be substantial.
  - ✓ Because Clean Water Act compliance carries significant civil and criminal liabilities — up to $64,000 per day or even jail time — it is critical that farmers fully understand the rules to avoid inadvertent violations.

  How does WOTUS Shapes Everyday Farm Decisions? Farmers care about the definition of WOTUS because it determines which ditches, wetlands and water features on their land fall under federal regulation — and therefore which everyday activities may require permits, carry compliance obligations or expose them to legal risk and regulatory costs to ensure compliance. Whether they are installing tile, building a fence, cleaning out a ditch, expanding cropland or managing drainage after heavy rains, the scope of WOTUS directly influences what farmers can do without federal oversight.



- **The EPA says it aims to finalize** new Waters of the U.S. rules next year, intended to meet the Supreme Court's WOTUS wetlands definition. Questions do remain on whether the proposal is tight enough to avert future prolonged court challenges. The House has passed the PERMIT Act to streamline permitting under the Clean Water Act and ease the regulatory burden on agriculture. The PERMIT Act passed 221-205 and takes aim at overregulation of waters of the U.S., making it easier to farm or build infrastructure, sponsored by Rep. Andy Biggs, R-AZ, During the Biden Administration, expansive WOTUS interpretations treated dry washes and ephemeral streams as navigable waters, piling up permits that crippled ranchers and farmers." Biggs offered an amendment approved by voice vote to double the time now allowed for land hit by drought to be out of production, "Under the current 5-year window, pauses that ranchers and farmers might take can often revert to wetlands, triggering EPA oversight that locks out grazing. My amendment protects these parcels so they can return to production when conditions improve, without fear of federal reclamation." Democrats argued a 10-year window would upend a post-1985 Clean Water Act exemption for prior-converted cropland, adding more uncertainty after the Supreme Court better defined a WOTUS. Biggs insisted long-running droughts and high beef prices were reason enough to ease EPA permitting, "This overreach hurts family ranches and contributes to a shrinking US cattle herd, now at its lowest level since the 1950s, driving beef prices up more than 14% in the past year." The PERMIT Act exempts farmland from federal permits for stormwater discharges into navigable waters, with federal and state exemptions for pesticide discharges. (Berns Bureau, Washington)
- **USDA recently announced $700 mil.** for voluntary, incentive-based conservation programs.

American Farm Bureau President Zippy Duvall (left) says the Regenerative Pilot Program advances goals while respecting farmers, "Farmers have long practiced regenerative agriculture on their farms, through federal conservation programs and on their own. Regenerative agriculture minimizes environmental impacts, maximizes production, and increases the productivity of soil. We value USDA's acknowledgment of farmers' efforts as it committed money through the Environmental Quality Investment Program and the Conservation Reserve Program. We can build on progress by leveraging existing voluntary and incentive-based programs to advance regenerative goals. The public trusts farmers to care for the land they've been entrusted with as they grow the food and fiber America's families rely on. We're still working on getting full details on the Regenerative Pilot Program, but agriculture programs that put farmers in the driver's seat are a sign of good government. (American Farm Bureau)

USDA—

- **The Agriculture Department's plan to relocate thousands of staff members** and consolidate dozens of offices has received overwhelmingly negative feedback. [Government Executive] reports that employees, lawmakers, and stakeholders say it could lead to "brain drain" due to a loss of employees not wanting to relocate, which may mean significant disruptions in farmer-support programs. The agency has only 10% of its workforce currently in the Washington, D.C., area, but the department wants to relocate about 2,600 of those employees to new locations. USDA intends to move a large number of employees to 5 regional hubs around the country. It will also slash other regional offices around the U.S. and consolidate many support functions. "Stakeholders worry that the cost-cutting measures will prioritize efficiency over service quality, which would undermine public trust in the agency," Government Executive said. Katz reported that "the mostly negative feedback from stakeholders is not expected to deter the Trump administration as it reshapes the department, with several employees telling Government Executive the plan was proceeding full steam ahead." "The reorganization, a process led by Vaden, will move more than 2,000 USDA employees to regional hubs in 5 cities: Raleigh, NC; Kansas City, MO; Indianapolis, IN; Fort Collins, CO, and Salt Lake City, UT."

- **In an interview with Landowner publication,** Deputy USDA Secretary Stephen Vaden (below) justified his closure of USDA offices in Washington and shipping employees to separate offices across the US. "…there's not a lot of rural here in Washington, D.C. We serve rural America, and so we need to have nearly all our people out closer to rural America than they're going to be here in the District of Columbia." Cost of living is another major driver. Washington, D.C., now ranks among the most expensive cities in the country, trailing places like New York and San Francisco. That reality affects both taxpayers and employees. He emphasized that government salaries stretch much further in regional locations where employees can realistically aspire to "home ownership. And a family, and a yard." The 5 regional hubs are designed with both efficiency and specialization in mind. Not every USDA agency will be present at every hub, Vaden said. Geography will guide assignments. Western hubs, for example, will host more Forest Service leadership, reflecting the reality that most national forest lands lie west of the Mississippi River. "Why shouldn't the Forest Service be closer to the land it manages?" Vaden asked. Vaden said that by relocating employees from aging, half-empty D.C. buildings into "newer, nicer spaces for which we're already paying," the department expects to raise utilization rates to 80–100% while shedding billions of dollars in long-term maintenance liabilities.

Farm Bill 2.0 —

- **House Agriculture Chairman** Rep. Glenn Thompson, R-PA, says he plans to take up the Farm Bill in January. After the passage of the "One Big Bill" in July, he is calling this effort Farm Bill 2.0 and is pushing to include a Proposition 12 "fix" as well as a pesticide immunity shield. In contrast, Senate Agriculture Chair Sen. John Boozman, R-AR, wants to keep controversial issues out of the legislation in order to move a bipartisan bill. Meanwhile, both chambers are considering additional farmer relief ahead of the January 30 government spending deadline, which could again derail Thompson's plans for a January debate on the remaining issues in the Farm Bill, says [Farm Action](). →
- **The National Corn Growers Assn.** has also weighed in on Farm Bill 2.0. NCGA says, "Corn growers appreciate that H.R. 1, the One Big Beautiful Bill Act, included several longstanding Farm Bill and tax priorities for agriculture. NCGA will continue to work with Congress and federal agencies on implementation of those provisions. Corn growers support the bipartisan development and passage of a Farm Bill 2.0 in 2025 to make USDA programs more effective, efficient, and responsive through strategic investments and policy enhancements. NCGA has made recommendations across the Farm Bill, including the commodity, conservation, energy, credit, rural development, and research titles.
- **A bi-partisan effort by 2 IL members of Congress** should be well-received by farmers. U.S. Reps. Nikki Budzinski, D-IL, and Mike Bost, R-IL, introduced legislation to remove outdated eligibility barriers that prevent modern family farms from accessing USDA loan programs. The USDA Loan Modernization Act updates eligibility standards to better reflect the structure of today's multi-generational, family-run farms. This bill would expand access to operating, emergency, and real estate loans for producers in Central and Southern IL and across the country. "While farming

operations have changed drastically over time, our loan rules haven't kept up," said Rep. Budzinski (left). "This legislation closes that gap by updating USDA loan rules and making sure small and multi-generational family farmers aren't penalized for using responsible, modern business structures. Most importantly, it puts decisions back in farmers' hands — giving them the freedom to set up their operations and land in ways that work best for their families without

putting their existing FSA loans at risk." "For too long, USDA loan rules have failed to keep up with the reality of modern farming," said Rep. Bost (right). "Family farms shouldn't be punished for choosing a path that helps them manage risk or plan for the next generation. Our legislation cuts through red tape, brings common sense back to USDA lending, and makes sure farmers who are doing things the right way aren't locked out from the capital they need to keep their operations running."

Agriculture This Week on Video—

- **Within all the NCGA categories,** there was only 1 IL farmer in the top 3. Troy Uphoff of Findlay, placed 3rd in the conventional tillage, non-irrigated category. His yield was 348 bu. That was tops within the IL statewide competition in that category. However, his father Tony and brother Trent also placed among the top 3 within the IL competition for different categories. All of the top yields in IL are here, on page 12. A video visit with Troy, can be found here.
- **Butterfat is out. Milk protein is in.** Schools will be serving whole milk. And the CEO of Prairie Farms Dairy Co-op has a good handle on dynamics in the dairy industry. He outlines the impact of the changes, but says, "It's just his opinion." If you are wondering about the changes, the thoughts of Matt McClelland are in this video interview.
- **What happened to variable cash farm leases this year?** There was a problem with variable cash farm leases in 2025. Operators know it. Land owners know it. And the big question now is what leasing changes will be made for 2026? Farmdoc ag economist Nick Paulson says there just was not enough money to pay both the owner and the operator, and he's not sure that will change for 2026. His analysis is in this short video.
- **This is the land sale season**, but will prices for good farmland go up or down? There are some nuances to the land value market and Univ. of IL Farmdoc ag economist Juo-Han Tsay has some ideas where it will go, based on some strategic economics. She provides some high level insight in this interview.
- **What do pork producers contribute to the economy?** They contribute bacon, and ham and sausage, and some jobs, and…..hundreds of millions of dollars! Yes, hundreds of millions. But how? And why? Those questions are answered by Jennifer Tirey, Exec. Dir., IL Pork Producers Assn. in this short video. Hundreds of millions of dollars!
- **Measuring the stress on farms** can be done in a wide variety of ways. Farm liquidity is one measure of financial stress. But how is that measured, and what does that number really tell someone. Gerald Mashange, who works with the Univ. of IL Farmdoc staff, and the Farm Business Farm Management staff provides some insight into farm liquidity in this short video.