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EQUAL HOUSING LENDER

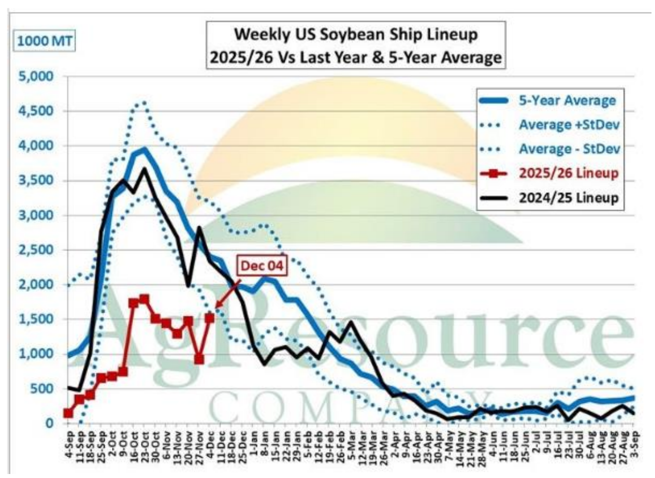
A weekly Cornbelt digest of marketing, economic, agronomic, and management information.

Commodity market price drivers—

- **First it was 440 mil. bu. by the end of 2025.** Then it was "right on target." Now, Treasury Secretary Bessent says, "China is on pace to meet its pledge to buy 440 mil. bu. of US soybeans by the end of February." Bloomberg reports, "The White House said last month that China had agreed to buy the shipments 'during the last 2 months of 2025. I will say that China is on track to keep every part of the deal, every part of the deal,' Bessent said during an interview at a New York Times event. Asked about the pace of soy purchases and the time left before the end of the year, he clarified that the target was 'the end of the season, so I think that'll be Feb. 28.' (The marketing year for US soybeans runs from September to August.) "They are in a perfect cadence to complete that goal," he said. "If I look at the loadings, then their purchase by their central government is well into the correct cadence." Reuters reported, "A 7th U.S. soybean cargo was loaded over the past weekend and is already en route to China, the first such shipment since May. The cargoes would be the first physical deliveries of U.S. soybeans purchased by China following trade talks between presidents Donald Trump and Xi Jinping in South Korea in late October. The shipments also eased concerns among some traders that the purchases reported last month by Reuters and later confirmed by the USDA could be canceled amid a supply glut in the world's top soybean importing nation or later switched to rival exporter Brazil, where prices are considerably lower. USDA has confirmed just 82.6 mil. bu. in Chinese purchases to date for shipment in the 2025/26 marketing year that ends in August 2026. Analysts and traders estimate actual sales could be nearer 110 to 147 mil. bu. as some individual deals were under USDA's reporting threshold while others were reported to undisclosed destinations." China had only booked 110 mil. bu. by the beginning of December, according to the Univ. of IL Farmdoc ag economists. Yet Treasury Secretary Bessent insists that China will meet every part of its tariff-easing deal with President Trump, "Over the next 3-years, we're going to see 3.2 bil. bu. purchased."

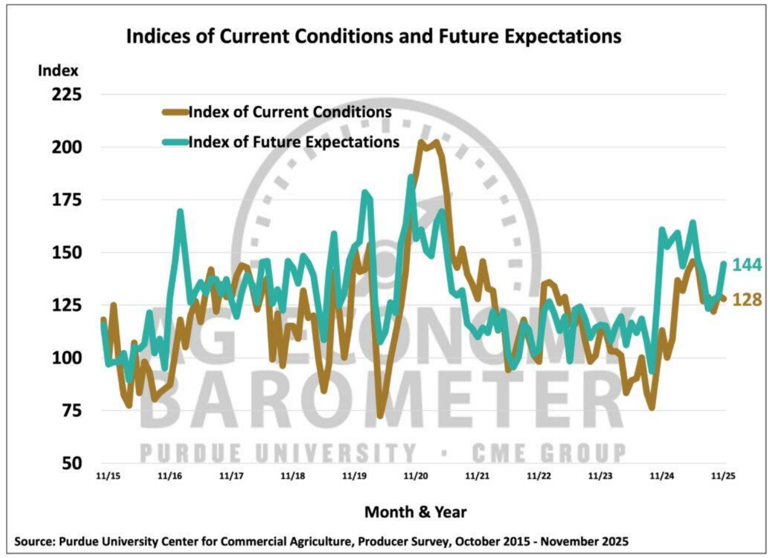
December 8, 2025

- **Trump administration officials are split** in their projections about Chinese purchases of US soybeans. [And that drove down soybean futures on Friday]. "Matt Bennett with AgMarket.Net says the poor close Friday on soybean futures was tied to comments from US Trade Ambassador Jamieson Greer confirming that the U.S. and China have not reached a purchase agreement yet on soybeans. This comes on the heels of Treasury Secretary Scott Bessent telling the Wall Street Journal China was on track to make the 440 mil. bu. buys by the end of February 2026. Greer said, "I mean, we don't know what the situation is, you know, Secretary Bessent says, hey, everything's on track. We're in great shape. And then other people say, well, we don't even have a signed agreement. And you know clearly there's just a lot of muddy water here." If there is a deal and it is now extended to the end of February for purchases to be made that is problematic with Brazil's cheaper soybeans available by February according to Bennett. "I mean, there's no question that from a sales standpoint and it used to be from a shipment standpoint you want to get that done before Brazilian beans came online what are shipments going to look like for us here this year I mean that's a big question mark for sure as far as sales go."
- **Commodity experts and ag economists also appear split** on whether China will actually buy 440 mil. bu. of U.S. soybeans by the end of 2025. Bloomberg said the pledge is underscoring a wider hope in the market that the fragile trade truce can hold on. Traders said commercial and state-owned importers like COFCO will take more shipments in the weeks ahead. Farm Journal's November Ag Economists' Monthly Monitor said more than 75% of economists surveyed say China won't purchase that amount of soybeans this year. Only 24% think they will. Arlan Suderman, of StoneX, said the market is assuming something less than the full 440 mil. bu. pledge. "I think the market has priced in expectations of 290 to 365 mil. bu., and they'll take it during the marketing year between now and the end of August," Suderman told Farm Journal.
- **Total US soybean export inspections** last week could be 30 mil. bu. December Census Exports could be 148 mil. bu. As of Dec 04, the U.S. soybean ship lineup is estimated to be 56 mil. bu., up 65% from the previous week. Next week's soybean export inspections could be 28 mil. bu. That would be down 18% from the previous week. There were 10 vessels to be scheduled. That is up 3 from the previous week. The ship lineup suggests that U.S. December Census exports could be 148 mil. bu. In the November WASDE, the USDA lowered their projection for U.S. exports by 50 mil. to 1.635 bil. [AgResource's export projection] is 165 mil. bu. lower. Last year's exports were 1.893 bil. There were 2 vessels that departed for China and 9 vessels identified in the lineup that are destined for China. At the same time Argentina is loading 78 mil. bu. of soybeans for export to China, says AgResource.



Farm Economy—

- **The Purdue University Ag Barometer** climbed to 139 in November, 10 points higher than in October and the highest barometer reading since June of this year. [The improvement in farmer sentiment](#) was attributable to producers' more optimistic outlook for the future, whereas the Current Conditions Index fell. This month's survey was the first survey conducted since the late October announcement of a trade pact between the U.S. and China that included provisions for increasing U.S. exports of agricultural products to China, and survey respondents were notably more optimistic about future prospects for U.S. agricultural exports.



  - ✓ A sharp rise in crop prices from mid-October to mid-November was a key reason behind the expectation for better financial performance. The stronger financial outlook in the crop sector outweighed a weaker outlook provided by livestock producers, who were feeling the brunt of a decline in cattle prices that took place during the same time frame.
  - ✓ The Farm Capital Investment Index fell with just 16% of respondents saying now is a good time to make large investments in their farm operations.
  - ✓ Just 7% of respondents said they expect U.S. agricultural exports to weaken in the next 5 years, down from 14% who felt that way in October. 47% of corn producers responding to the November survey said they expect soybean exports to rise over the next 5 years, while just 8% said they expect soybean exports to decline.
  - ✓ Just 16% of respondents thought a "Market Facilitation Payment" was "very likely", down from 62% who felt that way in September. 76% of farmers in November said they expect an MFP payment, compared to 83% who felt that way in September. When asked how an MFP payment would be used on their farms, 58% of respondents said they would use it to "pay down debt", up from 52% to pay debt when asked in October.
  - ✓ 74% said they expect cash rental rates in 2026 to be about the same as this year, which was very consistent with responses received in both July and August.
  - ✓ The top 2 production practices they will consider changing are shifting to lower-cost seed traits or varieties and reducing applications of phosphorus; then comes reducing corn seeding rates and nitrogen application rates. 40% plan no changes.

- **Farm bankruptcy attorney Joe Peiffer** (right) reports an unusually early surge of farmers seeking financial help in late summer, signaling deeper strain ahead of the post-harvest season. His northeast Iowa firm saw several new cases in August and September, many involving severe debt-to-asset imbalances. Peiffer, who has advised farm families for more than four decades, said the timing and severity of these cases reflect worsening financial pressures across the sector. "In the last week of August to the first week of September, we signed up five new farm clients," Peiffer reported. "Most of them are crop farmers… and in every case, they're in dire situations." That volume alone would be troubling, but the severity of the individual cases was even more striking. One operation, Peiffer said, is "upside down, 2 to 1. Assets worth a little over $7 mil., liabilities north of $16 mil…That's one of the worst I've seen, and I've been at this 44 years." He explained that most crop farmers avoid speaking with bankruptcy attorneys until after harvest because banks prefer to keep operations running through the growing season. But this year, the reckoning arrived earlier. It is a sign, Peiffer believes, of deeper financial instability. Some of the farmers Peiffer met in August and September suffered from the classic trap of assuming next year will be better. "They'd stuck their head in the sand for a long time… ignored the signs that were out there," he said. Many producers, he added, "don't like to deal with cash flows… don't like to deal with balance sheets." Others were undone by easy credit and pandemic-era loans. The Small Business Administration's non-COVID Economic Injury Disaster Loan program, Peiffer noted, lulled some into a false sense of security. "That was almost like free money… except you got to pay it back. If you're not watching what you're doing with the money, and it goes out the back door, you still got to pay it back," he said. One client owned a promising grain elevator and trans-loading business but "hadn't really pushed the trans-loading" until his financial crisis forced him to do so. Another "had no financial acumen whatsoever," Peiffer said — a situation that could have been avoided with more attention to cash flow. "Any bailout is a band-aid. And in many instances, we need major surgery," Peiffer said. He thinks President Donald Trump's fixation of higher tariffs are adding to farmers' woes. "Basically gutted 30 or 40 years of solid marketing that the farmers have done," Peiffer lamented. With early financial distress showing up months sooner than usual, Peiffer fears late 2025 could bring an even larger wave of bankruptcies. The core issues — rising interest costs, volatile markets, high input prices, and years of thin margins — are not going away. For farm families facing nearly impossible choices, Peiffer's advice is both compassionate and urgent: take the time to process, but don't ignore the calendar. "If you don't get them moving, nothing good will happen," he suggested.

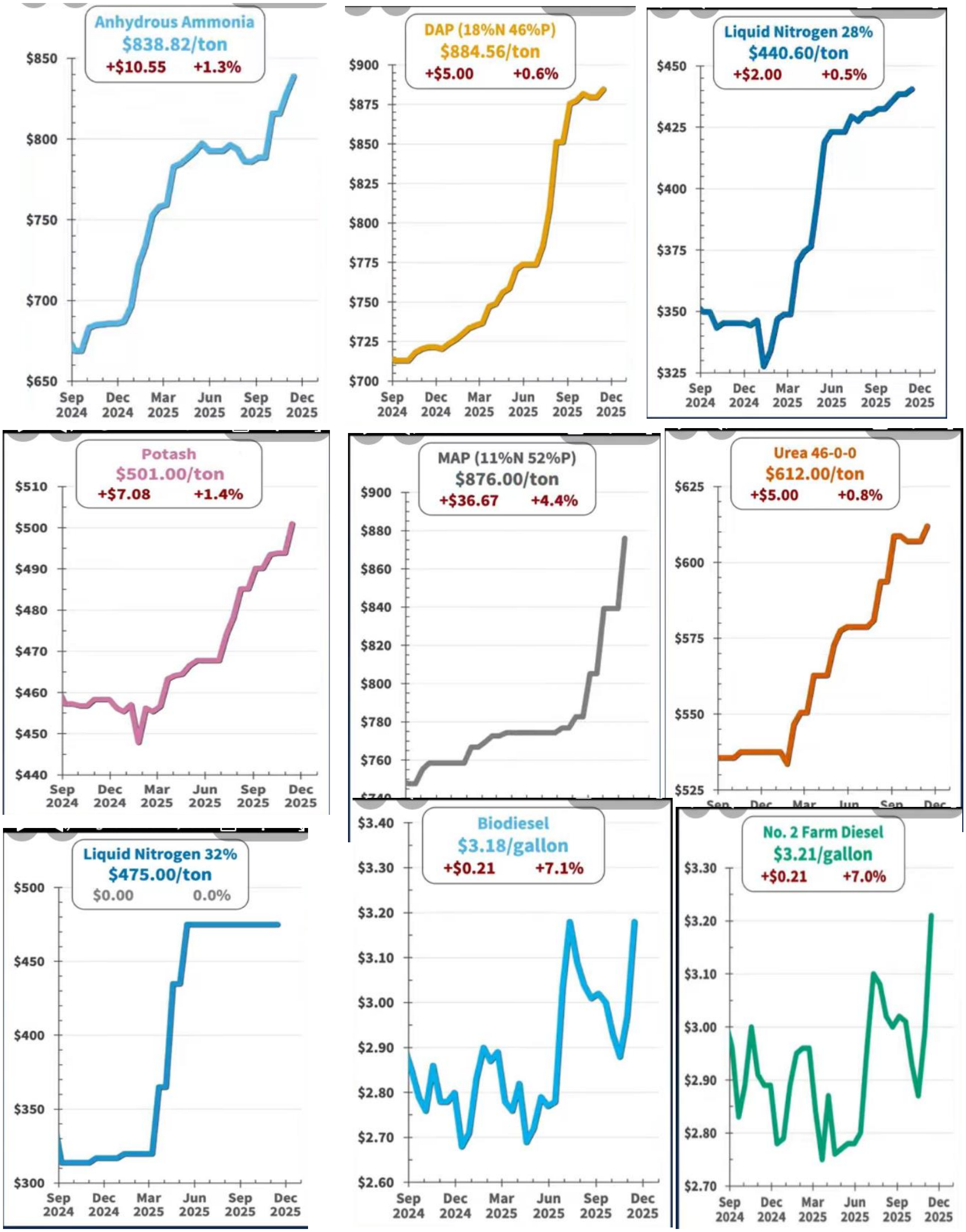
- **Agricultural credit conditions across the Midwest are softening**, and repayment rates are beginning to deteriorate. That is the conclusion of a new analysis of Federal Reserve data.  Meanwhile, on the farm, liquidity is tightening as asset values decline. After several years of strong income, high grain prices, and robust working capital, the tide is turning. Gerald Mashange, (left) Univ. of IL Farmdoc ag economist, recently analyzed data from both the Chicago and St. Louis Federal Reserve districts. He says the trend lines for credit conditions are moving in the wrong direction. "I think what we're really seeing, across the board is that there are deteriorating credit conditions. And I think it's quite important for lenders and producers to get an understanding of what their state looks like but generally overall what across the Midwest credit conditions are being reported as. I think what the data is showing is that when it comes to loan demand, you're seeing a little bit of softening there. But I think you're also seeing an uptick in a deterioration in repayment rates as well." That deterioration in repayment rates, essentially the ability of farmers to pay back loans on time—has been visible since the second quarter of 2021. While there was a brief uptick in early 2025, the overall trend is lower. Mashange notes that as farm incomes fall, lenders are responding with tighter credit conditions and stricter collateral requirements. In a separate study, Mashange looked specifically at the financial health of Illinois grain farms by measuring liquidity. He focused on "working capital," defined as current assets minus current liabilities. For years, this metric was climbing, driven by high grain prices boosting inventory values. But in 2024, the median ratio dropped by about 10%. "Starting in 2023, you see current assets falling. So as current assets are falling, you're also seeing current liabilities slightly move up. And that's going to constrain working capital. If you look at gross farm returns, you're seeing that from 2022 up until 2024, that's also been trending lower. So, when you put all that together, it partly explains why in 2024 we saw median working capital to gross farm returns go down a little bit lower. In summary what that really says is that liquidity at the median is deteriorating." This leaves farmers and lenders watching the Federal Reserve closely. The hope is for lower interest rates to reduce borrowing costs, but Mashange warns the Fed is still performing a balancing act between supporting labor and fighting inflation. "Ideally, we want cost of borrowing to come down. But just looking overall at the state of the economy right now, I think the tricky thing that the Fed is trying to navigate is fighting inflation but at the same time supporting labor. So, when it comes to interest rates, we won't lower borrowing costs, but the most important thing we have to combat is inflation. I think the big question is going into December and at least the first few months of 2026, trying to get and hoping that the Fed is going to be able to finally arrest inflation and slowly bring down interest rates for everybody."

Mailbox Money and Farm Programs—

- **"Bridge Payment,"** is the new term for financial aid from Washington. During a recent meeting,  USDA Secretary Rollins (left) said, "We do have a bridge payment we will be announcing with you next week as we're still trying to recover from the Biden years." The aid package has been dubbed a "bridge payment" because it is intended to help farmers offset losses this crop year before new programs in the One Big Bill Act go into effect in 2026. During her remarks, Rollins went out of her way to blame Biden administration policies for many of the ag economy's woes. She noted that inflation has skyrocketed over the past 5 years. However, key economic indicators show that Trump's tariff policies are at least partly to blame. This is particularly true for the soybean sector. China, traditionally the largest international customer for U.S. soybeans, had not made any soybean purchases until the Trump administration agreed to significantly lower tariffs. In turn, China is expected to buy about 440 mil. bu. of soybeans sometime in 2026. In late September, the Trump administration was reportedly poised to announce a $12 bil. financial aid package for farmers. The administration subsequently put those plans on hold, citing the government shutdown. According to Rollins, new trade deals, including the resumption of some soybean exports to China, could change the manner in which the administration crafts an aid package. "We have always said it is to solve or to mitigate anything under these new trade negotiations," Rollins said during a Nov. 24 CNBC interview. "Every day that changes." While the administration has released multiple assistance programs in 2025, many farmers continue to struggle with various economic factors, including higher costs, trade uncertainty and low commodity prices. Before 2025's shutdown, reports indicated the Trump administration planned to release about $12 bil. in aid to offset the impact of tariffs on the farm economy. This would come in addition to the multiple financial assistance programs already announced this year. The size of the new bridge payment is unclear, given a shortfall in needed CCC funds, and Rollins uses the word "bridge" until longer-term aid is finalized.  However, John Newton, (right) VP of public policy and economic analysis at the American Farm Bureau, in November said U.S. farmers are still left with accumulated losses of more than $50 bil. over the past 3 crop years. "Economic aid is urgently needed in the countryside, as most farmers will begin planting their next crop early in 2026, with some crops already planted, and must have their financial commitments in place as they secure lines of credit," Newton said. "Many lenders will not count federal support on a balance sheet until it is certain, heightening the urgency, especially given that $12 bil. is only a portion of the economic losses farmers have already accumulated."

Fertilizer, Fuel, and Other Inputs—

- **The IL Fuel and Fertilizer Cost Report** is generated by Jim Raftis at the IL Dept. of Ag. This report is based on prices ending the week of Nov. 14.



Risk Management and Crop Insurance—

- **The Federal Crop Insurance Corporation** (FCIC) is amending its regulations to implement changes required by the One Big Bill Act and to update, streamline, and clarify several crop insurance policies. The changes include clarifying the harvest price methodology, deregulating regionalized program dates and moving that information to the Special Provisions, removing regulatory barriers to direct marketing, incorporating quality adjustment and claims processes, updating FCIC contact information used to request interpretations of policy, and making plain language clarifications and corrections. Producers should contact their local crop insurance agent for guidance on how these updates may affect coverage options.
  - ✓ For up to 10 crop years, beginning farmers will receive an additional 5%-point premium subsidy for the first 2 crop years, an additional 3%-point premium subsidy for the 3rd crop year, and an additional 1%-point premium subsidy for the fourth crop year. Those are on top of the existing 10% subsidy, for a total of 15%.
  - ✓ For revenue protection coverage, the harvest price will be set equal to the projected price when data are not available to follow the approved methodology. The policy previously specified that if the harvest price cannot be calculated according to the CEPP, the harvest price "will be determined and announced by FCIC." If data is not available to follow the approved methodology, the harvest price will be set equal to the projected price, essentially removing revenue coverage, and the policyholder's premium will be updated and refunded, as applicable, as if they had purchased yield protection.
  - ✓ Policyholders who transfer their policy to a new AIP for the upcoming year do not need to provide end of year production reporting to the current (and soon-to-be prior) AIP if they do not have a claim. This change provides procedural relief made at the request of stakeholders. Previously, the policy required the policyholder to report their current crop year's production to their old carrier, even if they had gotten a new carrier for 2026.

  For a policyholder to be eligible for a prevented planting payment, the CCIP Basic Provisions require that the acreage must be physically available for planting. The "1 in 4" rule is one part of the eligibility requirement to prove that the acreage is physically available for planting. Previously, the "1 in 4" rule required that in at least 1 out of the previous 4 years the acreage must have been 1) Planted to a crop; 2) Insured; and 3) Harvested, or if not harvested, adjusted for claim purposes due to an insured cause of loss (other than a cause of loss related to flood, excess moisture, drought, or other cause of loss specified in the Special Provisions). If the same operator maintains control of the acreage, proving insurance history on the acreage was relatively simple. However, it was difficult to prove that the acreage had been insured for beginning farmers or ranchers or in any case where the operator for the acreage changed in the previous 4 years. FCIC is removing the requirement that the acreage had been insured to relieve producers and AIPs of the administrative burden of verifying insurance history while maintaining program integrity by continuing verification of planted and harvested history. All other eligibility requirements to prove that the acreage is physically available for planting remain the same.

Tariffs, Trade, and Agriculture—

- **IL agriculture is in the middle of global trade,** in a non-controversial way.
  - ✓ **Recently, the U.S. Grains & BioProducts Council (USGBC)** conducted an officers' mission to the Kingdom of Saudi Arabia to meet with leading agribusinesses and government officials about U.S. corn and corn co-product exports to Saudi Arabia. Pictured are those who discussed corn and corn bioproducts, including Mark Wilson of Toulon, IL, Chairman of the USGBC, pictured below, second from the right, was there to promote the quality of US corn.

  - ✓ **The U.S. Grains & BioProducts Council (USGBC)** recently escorted reporters from weekly Japanese business journals and other influential outlets on a tour of the U.S. biofuel value chain, with a focus on ethanol’s application as a feedstock for sustainable aviation fuel (SAF) through alcohol-to-jet (ATJ) technology. Representatives from IL Corn welcomed the group and spoke about the importance of checkoffs to U.S. farmers and how ethanol drives additional income streams for a wide range of agricultural stakeholders. Later, the group met with representatives from One Earth Energy for additional insights into biofuel production and visited the Univ. of IL-Chicago to better understand the latest research being done in the energy and transportation fields. Pictured below is IL Corn International Marketing specialist Collin Watters addressing the group.

Farm and Check-off Organizations —

- **IL Corn Growers Assn.** Executive Director Rodney Weinzierl addressed his organization's annual meeting in November with his projection of the challenges and opportunities for the coming year for ICGA and for its member farmers. State and federal legislation, the farm economy, trade, and political challenges and opportunities were all included. He recaps his address in this video and says there is legislation needed in Washington to ensure a turnaround in the declining consumption of ethanol.
- **The IL Leadership Council for Ag Education** recognized many known and unknowns for their foundational work in moving IL ag education and FFA forward at a strong pace:
  - ✓ Bill Harmon of Lincoln Land Community College
  - ✓ Abby Coers of Central IL Ag
  - ✓ Phyllis Coulter of FarmWeek
  - ✓ Sen. John Curran of the IL Senate
  - ✓ Rep. Kam Buckner of the IL House
  - ✓ Allie Bode of Facilitating Coordination in Ag Education
  - ✓ Lori Copsy, Patti Davis, and Tammy Yard, of the IL State FFA Center
  - ✓ Chandler Meyer-Brown of Chicago Public School staff
  - ✓ Mark Berg of the Midwest Central Board of Education
  - ✓ Rebecca Perry, ag literacy instructor in Edwards Co.
  - ✓ David Hartke, FFA alumni leader at Teutopolis

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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