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

Commodity market price drivers—

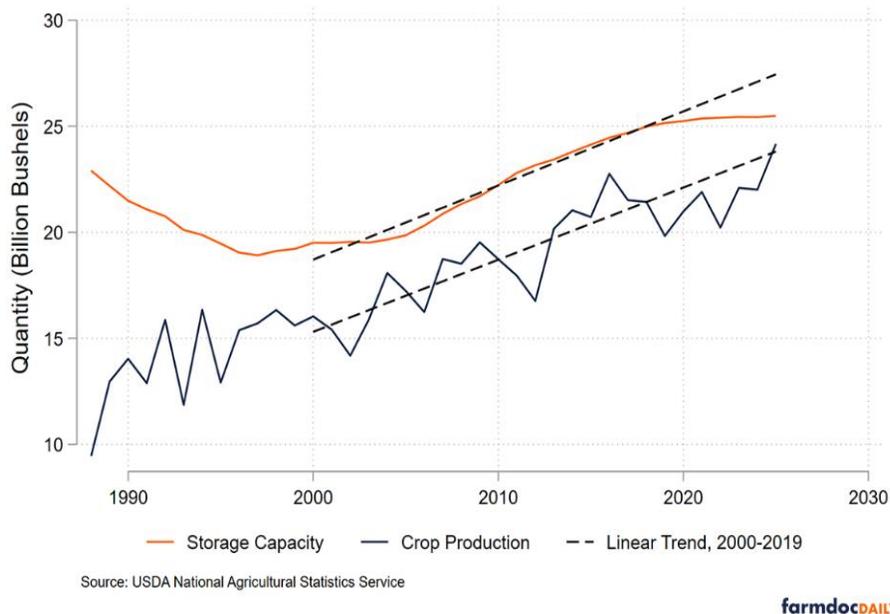
- **Buckle your seat belt,** on the latest about “45Z.” [A transcription from Fox news of the past week](#), featured Sen. Roger Marshall, R-KS, (right) who informed the network host about the potential benefit of the 45Z tax credit provided to biofuels with low carbon intensity. The conversation begins with, “Well, the U.S. Treasury and the IRS releasing a proposed rule which confirms that farmers will be included in the benefits from this 45Z biofuel tax credit. Senator, you say the biggest -- this is the biggest agricultural win of the year. Tell us more about that.” “Yeah, Maria, and it may be the biggest agriculture win for the decade. 45Z is a tax credit that we refined again in the working family tax cuts bill that's going to allow us to take corn and turn it into jet fuel. This is going to help us build that infrastructure over the next 3 years. And the market for this is triple of our export market. So, on average year, we export about 2 bil. bu. of corn. This process, turning corn into jet fuel, could consume 3 times that amount. So, if you can imagine walking in and saying, look, we tripled our exports, that's exactly what this does, and it will give us much more consistency. And by the way, this isn't the only win for agriculture this week. India has announced that they're going to be buying \$500 bil. of agriculture and oil products as well over the next 5 years. That's more than double for them, and China doubled their soybean purchases.....” →



- **There is a lot more to the 45Z policy**, and its impact on commodities. The Renewable Fuels Association said the 170-page proposal was a good first step toward bringing certainty to industries. "Today's 45Z proposed rule is a step in the right direction toward providing the clarity and certainty that ethanol producers are seeking," said [Geoff Cooper, RFA president and CEO](#). "We thank the Treasury department and Trump administration for listening to the input provided by ethanol producers and other stakeholders. The proposal appears to resolve some of previous confusion around what constitutes a 'qualified sale,' and begins to integrate the important improvements to 45Z that resulted from the One Big Bill Act, such as removal of indirect land use change emissions from the carbon intensity scoring framework." However, Cooper said there continues to be unresolved issues including the release of a revised version of the 45Z GREET model to be used in calculating greenhouse gas emissions for purposes of determining credit values. "In addition, questions remain to be resolved around the quantification of emissions related to low-carbon feedstock production at the farm level, implementation of foreign feedstock prohibitions, and provisions related to the use of energy attribute credits," Cooper said. The proposal also calls for integrating a feedstock carbon intensity calculator under development by USDA. This will allow for carbon intensity adjustments for feedstocks produced using no-till farming, cover crops and nutrient management practices. So, farmers producing corn and soybeans or other feedstocks with lower carbon intensity would benefit from making the crops more valuable to biofuels producers seeking higher credits. →
- **Clean Fuels Alliance America** said that although the credit has been in effect since January 2025, "producers and farmers have struggled to capitalize on it with only minimal guidance." [Kurt Kovarik, vice president of federal affairs for Clean Fuels](#), said in a statement the proposed rule does resolve some uncertainties with 45Z. "The delay in rulemaking led to market uncertainty that took a heavy toll on our industry, undercutting fuel production and the value added to agriculture," Kovarik said. "Clean Fuels and its members look forward to working with IRS and treasury to finalize rules that support renewed growth for biodiesel and renewable diesel producers." Fuel retailers were not satisfied with the 45Z credit, as they continue to call for biofuels policies that address affordability. →
- **The 45Z guidance proposal was met with support** by the [American Soybean Association and the National Oilseed Processors Association](#). "Updating federal biofuel policies to prioritize soy-based fuels is a key ASA priority, and we applaud treasury for this action which will help build domestic markets for U.S. soybeans," said Scott Metzger, ASA president. "While Treasury's work to update tax guidance is critical, ASA strongly urges the administration to immediately finalize RFS (Renewable Fuel Standard) blending targets that complement the work of Treasury and Congress, by setting robust biofuel volumes and implementing new policies that will prioritize the utilization of U.S. soybeans in production." NOPA President and CEO Devin Mogler said the industry also needs a "strong RFS that includes the import RIN (renewable identification numbers) reduction mechanism." Another key aspect of the 45Z proposal is its removal of the indirect land use change penalty on agriculture feedstocks.

- When is the last time you put up a new grain bin?** Bin-building is not keeping up with grain yields. That's according to data from [Univ. of IL Farmdoc ag economist Joe Janzen](#), who says "U.S. grain storage capacity grew in parallel with production from 2000 to 2019 at about 350 mil. bu. per year. However, that growth has stagnated since 2020 across all regions and facility types. Janzen said this stagnation, combined with continued production growth, has led to a record-high-capacity utilization rate, particularly in on-farm storage. The 2025 crop brought these tensions to a head, with December 1 on-farm utilization reaching 80%. Less storage capacity relative to crop production is concerning if it creates bottlenecks in the grain handling and transportation system that raise costs and generate significant differences in price between producer and end-user. In transportation for example, shipping constraints on the Mississippi River waterway due to low water levels have periodically led to large swings in inland crop prices relative to prices at export terminals. Recently

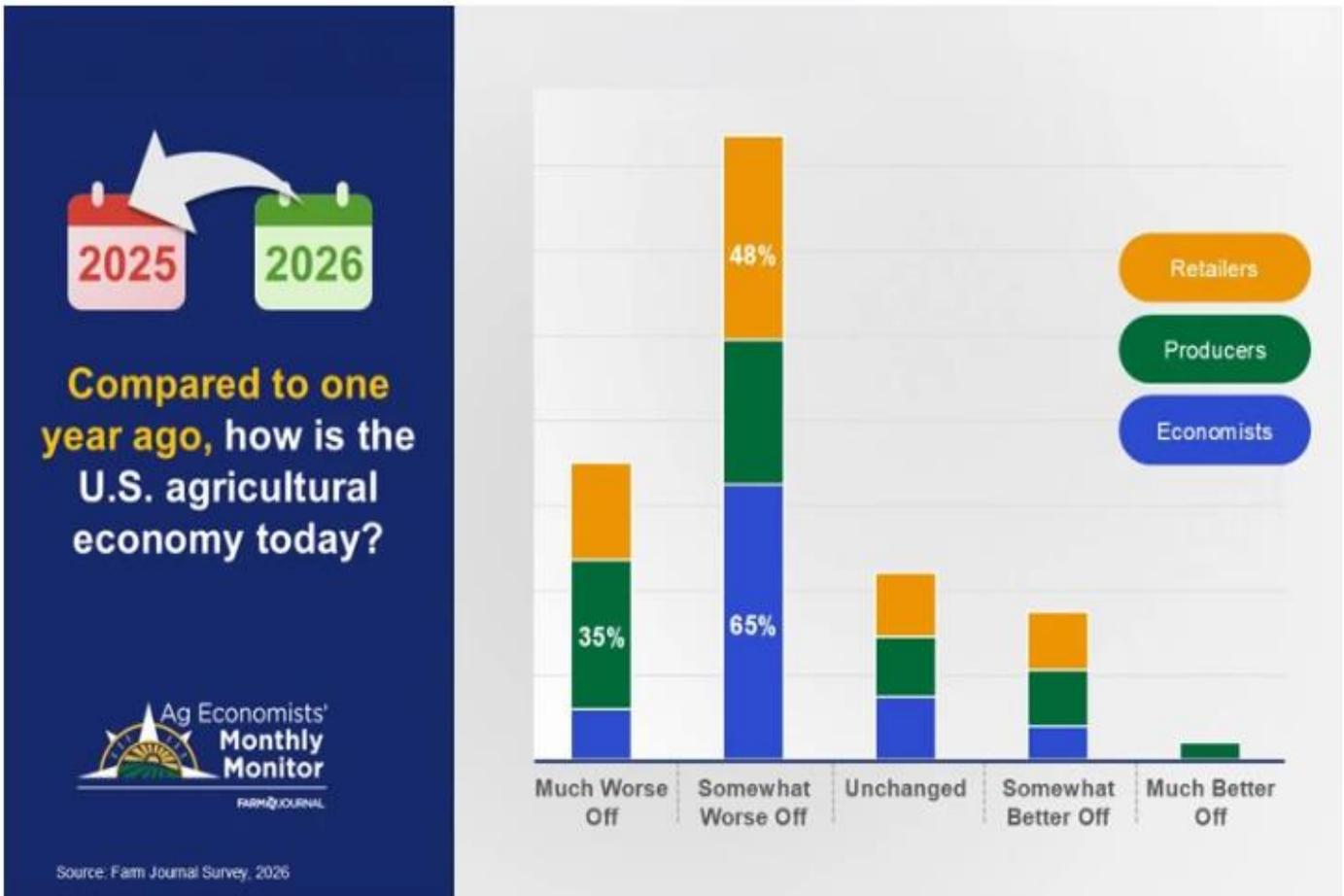
Figure 1. US Grain Storage Capacity and Crop Production, 1988-2025



released data showed 80% of on-farm storage capacity was used by major crops as of December 1, 2025. Stagnant capacity growth raises at least 2 unanswered questions for the US grain industry from the farmer forward through the supply chain: 1) how much capacity utilization is too much before capacity constraints disrupt supply chains and affect market prices? and 2) who will invest in new storage capacity if increases in crop production are expected to continue? What is less clear

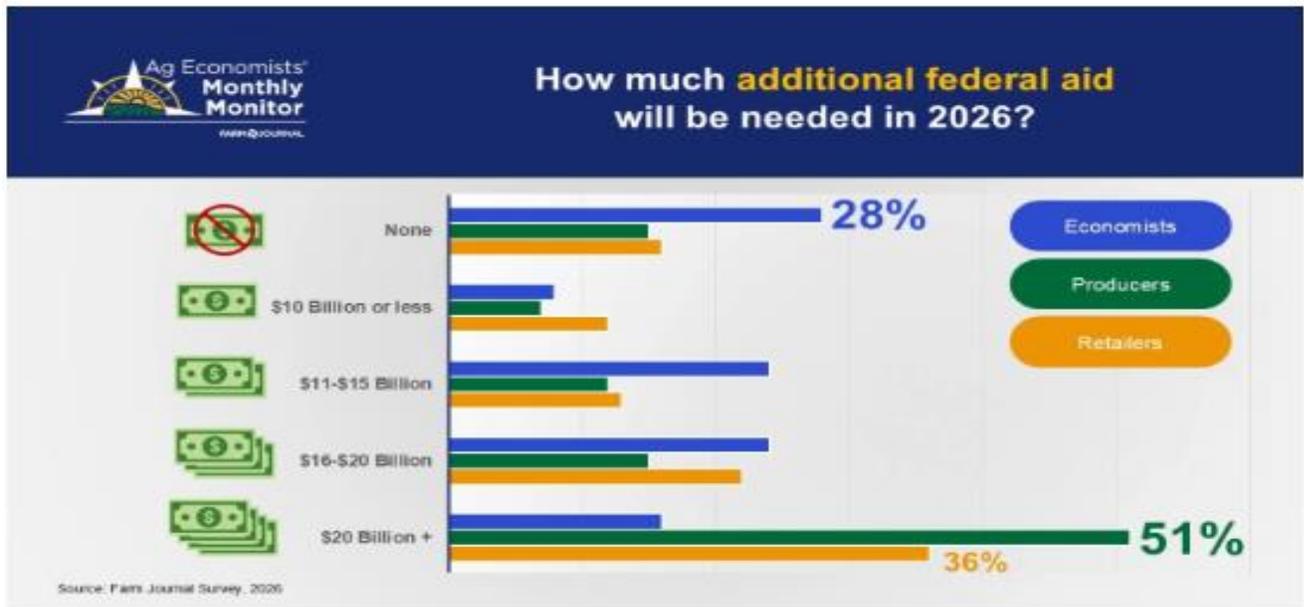
is why investment in grain storage capacity dropped. Possible relevant factors include increased construction costs and higher interest rates in the post-2020, post-Covid economy, concerns about future production growth, and the irregular and unpredictable nature of grain storage demand. It may be difficult to justify investment in storage capacity when the timing and magnitude of benefits are uncertain. Storage capacity may earn low returns in typical market conditions but become much more valuable in the aftermath of specific supply or demand changes. It takes time and effort for farmers and other firms to consistently generate revenue from storage capacity. In the aggregate, it is difficult to determine if current US storage capacity is sufficient for efficient operation along grain supply chains. At what level of capacity utilization do bottlenecks form and capacity constraints begin to materially affect basis relationships, price volatility, and farmer marketing flexibility? The grain industry, from the farmer outward, will need to consider these questions as it addresses the continually shifting geography of global grain production and consumption in the years ahead." (GSI, Brock, Sukup, time to make some "deals?")

- Farm Journal's Ag Economists' Monthly Monitor** shows the U.S. ag economy entered the year in a clear crop-sector recession. However, the survey also finds a deeper crisis of confidence. Economists say the downturn is cyclical and manageable through optimization, but farmers are experiencing it as a structural stress test on their operations and livelihoods. [Economists in January's survey](#) pointed to a familiar but intensifying split in the ag economy: strength in livestock, particularly beef cattle, versus persistent financial stress across much of the row-crop sector. Tight cattle supplies and strong global demand for animal protein continue to support profitability in the livestock sector, even as economists warn that future prospects remain uncertain. At the same time, global surpluses of corn, soybeans and wheat, combined with weak export demand for certain commodities, are weighing heavily on crop prices. Across nearly all responses, margin pressure emerged as a dominant concern. Elevated input costs, rising interest rates and tightening access to

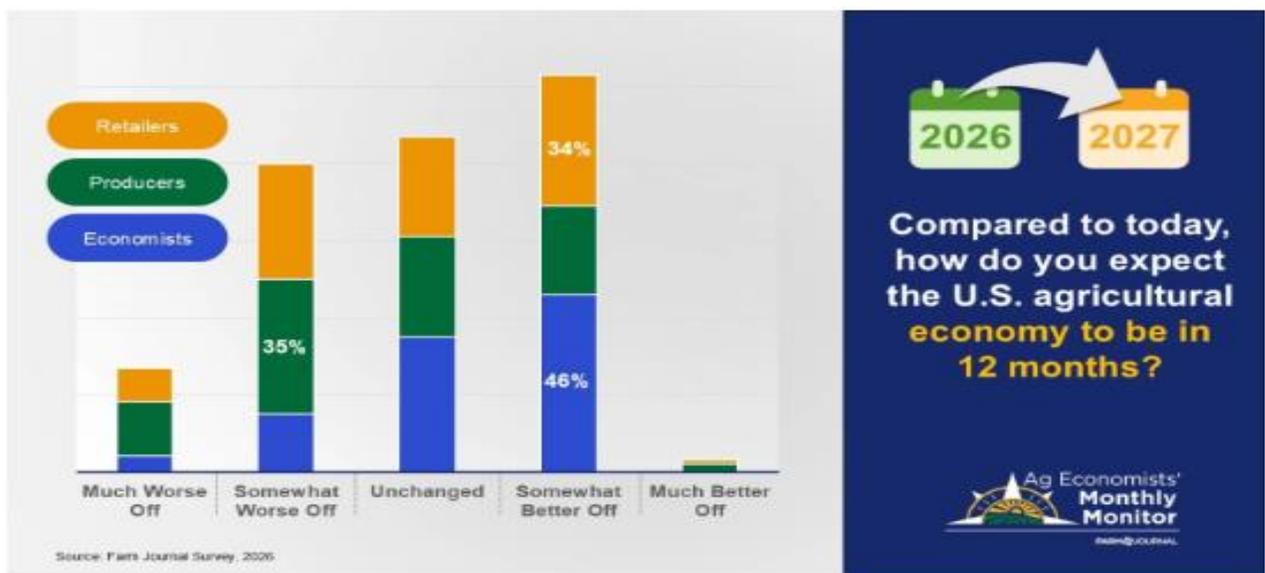


operating loans are pushing break-even costs above market prices for many producers, especially in grain production. Economists repeatedly cited policy uncertainty, ranging from trade relations to biofuels policy, as a pivotal factor. While government assistance and expectations of additional ad hoc payments are providing some near-term relief, many note those funds are largely being used to service debt rather than reinvest in operations, underscoring ongoing liquidity challenges in farm country. →

- ...And what does this mean for the balance of 2026 and into the next year?



When asked a simple but heavy question: "What can you do to be successful in 2026," farmers didn't sugarcoat the challenge. Their answers reflect pressure, fatigue and uncertainty. But underneath the blunt language is a clear, consistent strategy emerging across operations: protect cash, defend ROI and stay flexible long enough to outlast the cycle. While several producers said they're looking to diversify as a key to success, the most dominant theme was cutting costs to the bone, especially when it comes to capital spending. Farmers repeatedly emphasized zero, or near-zero, capex, delaying equipment upgrades and scrutinizing every purchase.

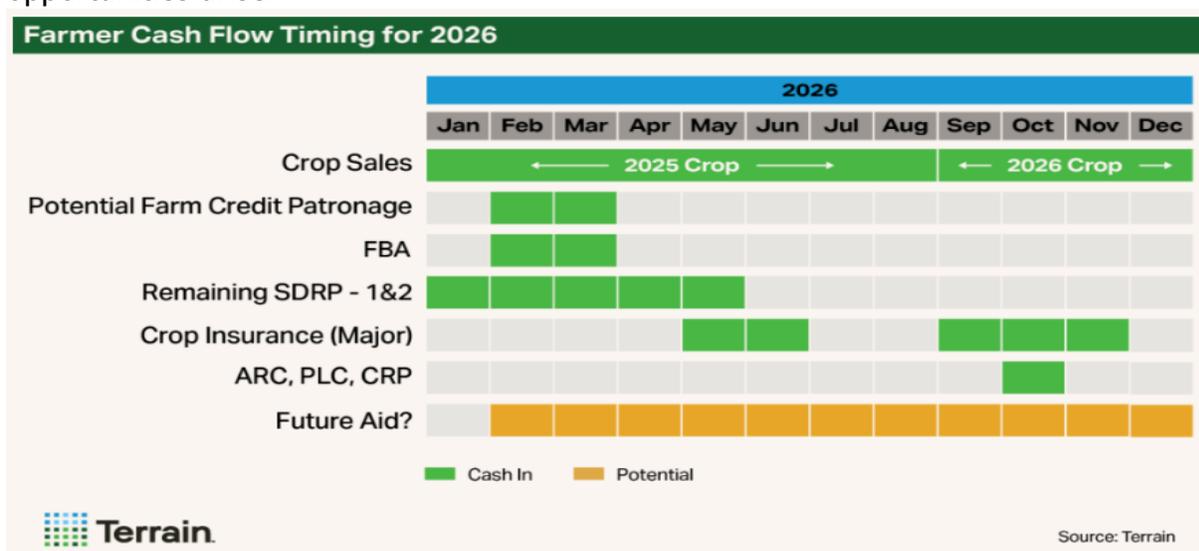


Farm Programs and Mailbox Money—

- **USDA officials say they remain on schedule** to meet the late-February rollout for the Farm Bridge Assistance program. Payments are expected to begin flowing on schedule, and new digital tools are being introduced to streamline the process for producers. Richard Fordyce, USDA Undersecretary for Farm Production and Conservation, speaking with Agriculture of America, said the agency's timeline "remains solid" as procedural steps near completion. As part of the program's rollout, USDA plans to administer the program through login.gov, a federal portal already used by multiple government agencies. Fordyce said that will allow producers to access, review, and sign the required FBA forms electronically. He advised farmers to set up accounts at login.gov ahead of time to avoid delays once the forms are released. USDA views the FBA program as an early test case for the broader use of login.gov in future farm programs.
- **The USDA is on track** to deliver the Farmer Bridge Assistance Program payments to farmers. Richard Fordyce, USDA Undersecretary for Farm Production and Conservation, said things are looking good to get that help in the hands of producers this month, "We've gotten most of the procedural things done in order to get the payments out by the end of February, and that timeline looks good. I mean, we're very confident we're going to be able to do that. One way that we're going to deploy this program is going to be through login.gov, and login.gov is basically a portal that folks need to set up an account in." Fordyce is encouraging producers to create an account at login.gov as soon as possible, When your FBA form is available for you to view and to sign, you can do it through the login.gov platform. And so, you know, I'm just urging farmers to take about 10 or 15 minutes when they've got a little bit of downtime, just go to login.gov and set up an account. It is pretty straightforward. And certainly, if you have trouble setting up a login.gov account, feel free to call the local Farm Service Agency office. I think those folks will be able to help you kind of go through that sign up process or the setting-up that account process, and we're hopeful that it works pretty well for the folks that want to use it. We're going to continue to use that platform as we deploy other programs going forward."
- **While USDA says it will be widely distributing the payments** at the end of this month, nearly every farmer applied weeks ago to qualify for the payments. Not much was heard about farmers who were denied, but apparently some were. The National Ag Law Center, going to bat for those farmers, says: "According to [data](#) recently published by the Economic Research Service (ERS), direct farm payments from federal programs are expected to increase in 2026. In 2025, over \$30 bil. in direct payments were made to U.S. farmers, mainly through USDA programs and supplemental assistance provided for by Congress. In 2026, ERS is predicting this number to increase to \$44.3 bil. ERS attributes this increase to higher expected payments under the Farm Bill program, which are triggered by decreases in commodity prices. ERS also anticipates both supplemental and ad hoc disaster assistance payments to remain high. To learn about the process for challenging a denial of program benefits, click [here](#)."

The Business of Farming—

- **In 2026, with tight margins continuing across row crops,** farmers aren't just managing income levels this year—they're managing cash flow timing, too, says [Marc Rosebohm, grain and oilseed market analyst with Terrain Ag.](#) He says:
 - ✓ Cash won't necessarily arrive steadily. Beyond grain sales, many operations may see cash infusions spread across late winter, spring, summer, and fall from government programs and possible insurance-related payments.
 - ✓ Grain marketing has not appeared to follow 'normal' patterns. Weak prices, wide basis, and margin pressure appear to have shifted sales—especially for soybeans—pushing more producers to initially sell only what's needed for near-term liquidity and potentially shifting some sales to 2026.
 - ✓ The takeaway is that planning in advance can:
 - Help farmers have more productive conversations with their Farm Credit lender,
 - Provide better visibility into anticipated cash flows for the year ahead,
 - Help inform crop sales and purchasing strategies for this past harvest and next, and
 - Can bring additional clarity to your financial picture should unexpected expenses or opportunities arise.



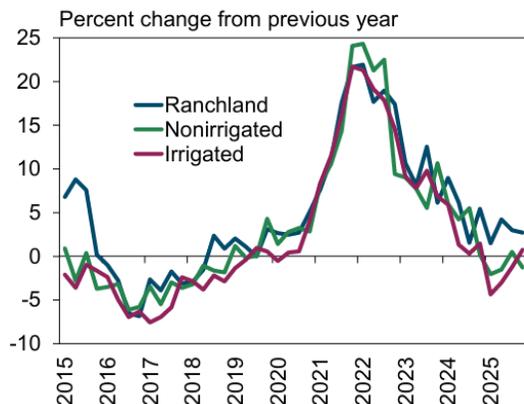
Rosenbohm and colleague Matt Clark say, "Because of continued tight margins, cash flow timing will matter perhaps more than usual this year. Paying attention to this year's upcoming government programs, their rules and payment dates will be important for farmers as they work to manage cash flows for their operation. Paying attention to this year's upcoming government programs, their rules and payment dates will be important for farmers as they work to manage cash flows for their operation." Those include the Farmer Bridge Assistance payment in a few days and Stage 2 of the Supplemental Disaster Relief Program payment that some farmers may get later this year, along with ARC and PLC payments from 2025 crops that will come in October. And crop insurance indemnity payments could be generated and paid later this fall.

Land Prices and Farmland Issues—

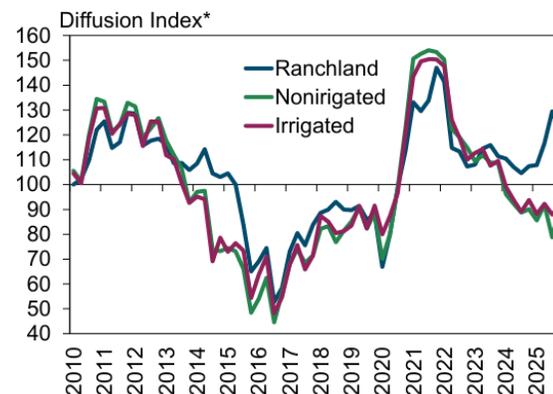
- **Federal Reserve ag economists** have taken a look at [farmland values and demand trends](#) and see a difference between cropland and pasture land values.

Cropland markets have softened, but values remain firm and lenders see potential for strength in ranchland.

Tenth District Farmland Values

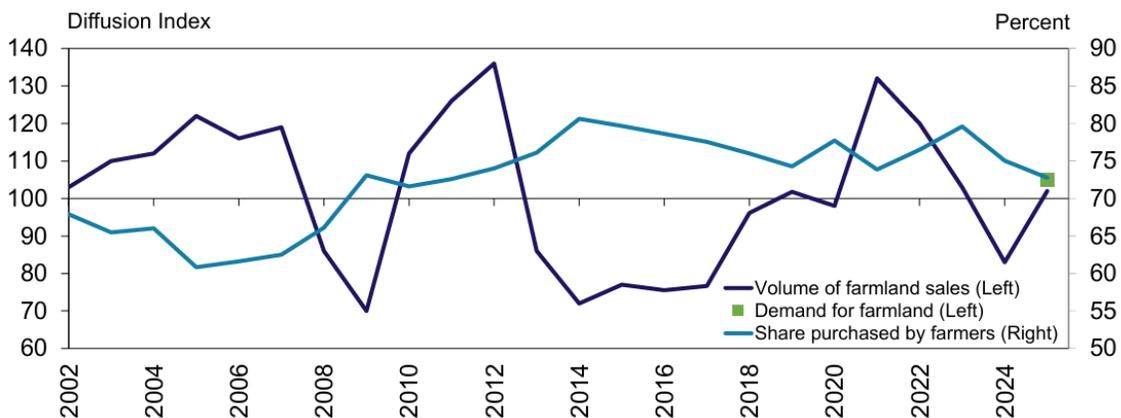


Expected Change in Tenth District Farmland Values



Farmland sales ticked up in 2025, but demand indicators fell slightly

Indicators for the Supply and Demand for Farmland



- **Farm security got a boost this past week** when USDA and the Defense Department signed a new collaboration agreement. The rise of China and its farmland buys near sensitive U.S. military installations prompted the USDA-Pentagon signing of the new MOU, additional collaboration between the Department of War and the USDA.” USDA says information and personnel will be shared with DOD’s Defense Advanced Research Projects Agency, or DARPA, on Ag vulnerabilities. It also adds to efforts to streamline data collection on such buys. USDA will also create a new office within the USDA Office of the Chief Scientist to coordinate security research. (Berns Bureau Washington)

And finally, these—

- **CASE IH drew the typical large crowd** at the National Farm Machinery Show, with the introduction of 2 new tractors and a patriotic paint job on an eye-catching tractor. CASE IH Vice President Kurt Coffey described the new products and conversed about the impact of the farm economy on the company and how it has responded to political challenges. [His comments are in this 9-minute video.](#)
- **Eastern IL farmer John Miller** noticed his nitrogen was not making its way to the knife slit and dissipating atop the soil. So, he fixed that and is selling his attachment to other farmers with the same problem. Miller makes coulters that ensure the nitrogen knife slit is covered to prevent it from dissipating. He was drawing attention at the National Farm Machinery Show. Contact John Miller at 217-304-1109 at Catlin, IL, for more information. [His comments are in this 9-minute video.](#)
- **Duo and Smoke** are the new spray partners created by PTx for better weed control in field crops. Duo provides residual control as well as spot spray with a dual tank and nozzle system. Smoke rides the end of the boom and controls weeds at the field edge. Gavin Burgess, a PTx regional manager, provides the details for the new technology. [His comments are in this 7-minute video.](#)
- **The farm economy is tough all over.** In the eastern Cornbelt, Hart Fledderjohann of Mid-America Farm Credit says he's seeing clients better prepared for loan renewals by improving their liquidity and being more aware of financial yardsticks that help them survive the current downside. He was meeting with farmers recently at the National Farm Machinery Show and provided these [comments in this 4:30 min. video.](#)
- **Ryan Harbur, a regional manager for Big Iron auction services,** says the market is hot for the used equipment market. But he adds that on-line auctions will outperform local in-person auctions because someone across the US somewhere will outbid a neighbor wanting that piece of used equipment. [His analysis is in this 3-min. video.](#)
- **There are many terms for managing manure:** "Throwing," "shooting," and many others. But the Bazooka Farmstar folks have one with extra horsepower. Marcus Davis, National Sales Manager for Bazooka Farmstar, describes their high-tech solution to a years- old challenge. [His description is in this 4 min. video.](#)
- **Creator, inventor, call him what you want;** Greg Sauder is continually producing new farm technology. His BIGGEST (by physical size) is 360 Rain, which changed irrigation technology. Sauder's technicians now have been able to apply dry fertilizers to the water stream. Sauder explains that during his time at the National Farm Machinery Show, [in this 6-minute video.](#)
- **There are changes in farm programs and crop insurance for this year.** There are benefits for young farmers, increased discounts for ECO and SCO premiums, and changes in county corn and soybean yield estimates that could impact farmer decisions. Central IL farmer and crop insurance agent Vince Reincke outlines those changes and addresses changes in ARC/PLC impacting farmer decision-making, [in this 13-min video.](#)

Mark Your Calendar! --

- **The IL Soybean Growers** will hold a marketing webinar on Feb 17 from 10 am to 11:30 am. Univ. of IL Farmdoc ag economist Joe Janzen and Barchart senior economist Darin Newsom will discuss margins, price dynamics, and suggest marketing strategies. [Details](#).
- **2026 USDA Agricultural Outlook Forum** will be Feb. 19-20. USDA's annual Agricultural Outlook Forum—this year themed “Meeting Tomorrow’s Challenges, Today”— [Details and free registration, with participants in person and on-line](#). [Program details](#).
- **The Illinois Beef Expo** is set for the [IL State Fairgrounds, Feb. 19-22, 2026](#). The IL Angus Assn. will hold its Annual Banquet and Conf. Feb. 20 at the IL Building, IL St. Fairgrounds.
- **The AISWCD** will be hosting an Advocacy Day on behalf of the Soil and Water Conservation Districts at the Capitol on Tuesday, February 24, 2026. For all registration-related questions, please reach out to rebecca.sadaj@aiswcd.org.
- **Extension’s Crop Management Conf.** will be on-line this year, and available from Mar 1-Apr. 30 with the latest research updates to improve productivity and output of crop science experts. Full event details and registration are available at go.illinois.edu/CMC.
- **Sustaining your farm legacy** will be the focus of several 2026 meetings beginning Mar. 2 and on-line programs, being jointly presented by Extension and IL Farm Bureau, for IL farmland owners and agricultural stakeholders. [Details, dates, and registration are here](#).
- **Farmdoc ag economists** will be the featured speakers at the WILL Agriculture Day Mar. 3 to be held at the Beef House in Covington, IN. Program from 7:30 am Central time to 2:30 pm. Topics cover: Weather, Markets, South America, Weeds, Budgeting, Crop Insurance. [Details and registration here](#).
- **The Central IL Marketing Club** will hear from Dr. Joana Colussi of Purdue Univ. about Brazil’s ability to supply all of China’s soybean needs at its Mar 3 meeting. The Brazilian native, formerly with the IL Farmdoc staff, will address the Marketing Club via a video link at 6:30 p.m. Anyone wanting to view/listen, send a link request to: StuAgNews@aol.com.

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