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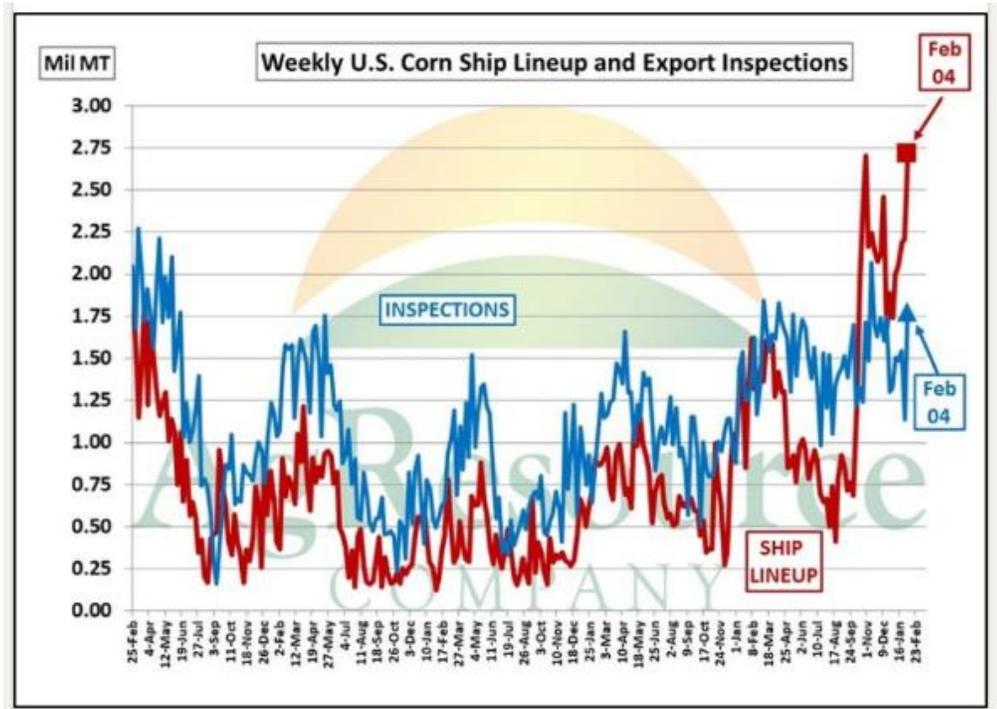


*A weekly Cornbelt digest of marketing, economic, agronomic, and management information.*

### ***Commodity market price drivers—***

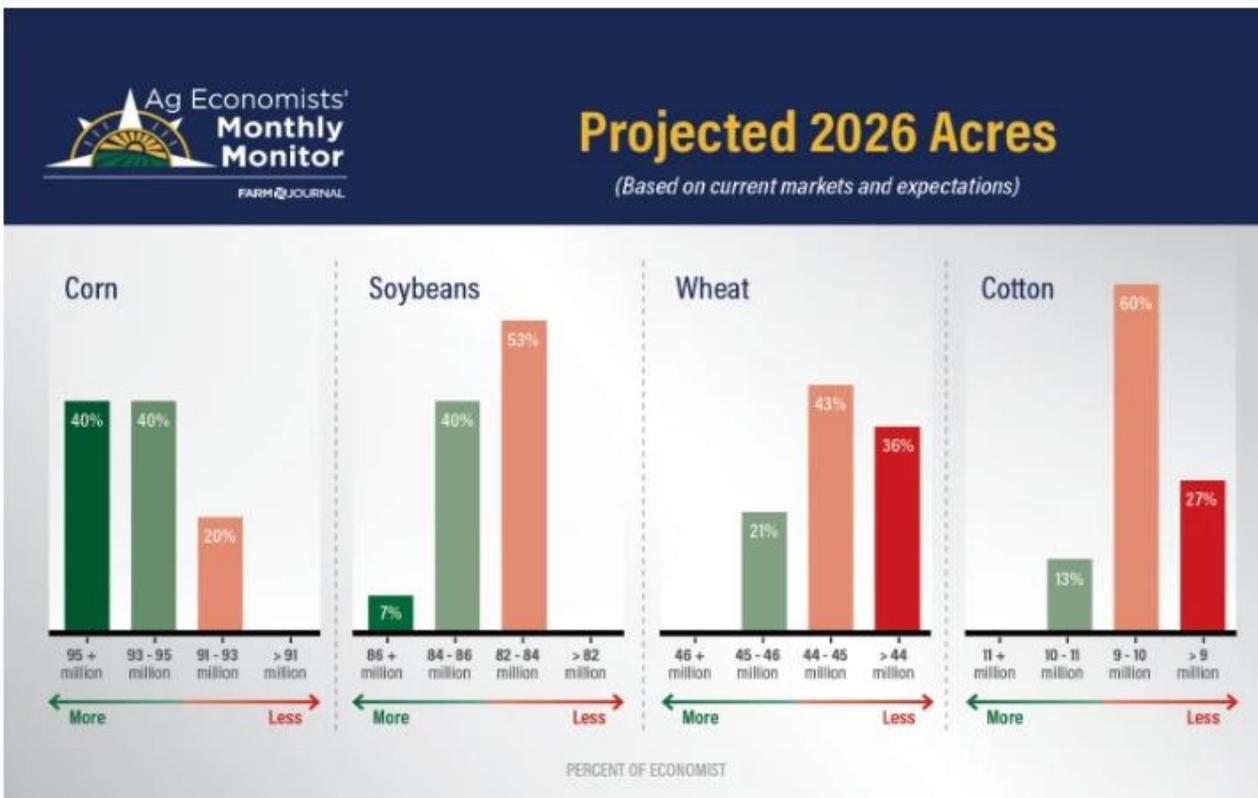
- **Soybean markets made substantial gains** at the end of the past week, after the White House expressed optimism that China would be buying an additional ~300 mil. bu. of soybeans soon. [That pronouncement was termed “bullish” for the soybean market](#) and it reversed a bearish trend at midweek and gained over 50¢ before trading closed on Friday. What did the White House know, or was it a way to make the market rise in value? At midweek, Reuters reported, "Is there a market logic at the moment for China procuring a bunch more U.S. soybeans, just as Brazil's harvest comes in? No," said Even Rogers Pay, director at Beijing-based consultancy Trivium China. "But could it smooth the path for an even more productive and lucrative state visit by Trump in April? Perhaps." China is considering buying 735 mil. bu. of U.S. soybeans in the current season, Trump said after talks on Wednesday with President Xi Jinping that he described as "very positive." China's state-run Sinograin and COFCO have already bought about 440 mil. bu. of U.S. soybeans since October trade talks with the United States, paying close to \$100 mil. more than they would for Brazilian beans, based on market prices. Private Chinese crushers have not bought a single cargo of U.S. soybeans in the season that began in September, preferring to turn instead to Brazil and Argentina, traders said. Rising prices of U.S. soybeans have widened the gap with Brazilian cargoes, which would force Chinese buyers to shell out far higher premiums than they have paid since November, traders said. U.S. soybeans for April shipment were quoted at \$2.08 to \$2.48 a bu. over the Chicago Board of Trade (CBOT) May soybean contract, including cost and freight to China, versus Brazilian shipments at premiums of \$1.18 to \$1.33 a bu. "The spread between Brazilian and U.S. is around \$50 per ton on FOB basis," said a Singapore trader. "It doesn't make commercial sense." At those levels, China would pay up to \$400 mil. more for 294 mil. bu. of U.S. soybeans than for Brazilian cargoes." If China does, the 350 mil. bu. US carryout diminishes rapidly.

- The US corn ship export lineup is record large.** February Census exports could be 285 mil. bu. Next week's corn export inspections could be 70 mil. bu. That would be up 56% from the previous week. This week's ship lineup is 107 mil. bu. That is a RECORD and is up 23% from the previous week. There were 6 vessels waiting to load. That's down 4 from the previous week. February Census exports could be 7.25 285 mil. bu. In the January WASDE, the USDA left their projection of U.S. corn exports unchanged at a record 3.200 bil. bu. Last year's exports were a record 2.858 bil. bu. [Ag Resource](#) expects exports will be 3.100 bil. There have been no corn exports to China, however, in the past few months, China has booked over 90 mil. bu. of sorghum. It is likely that additional sorghum purchases have been made but they may currently be registered to "unknown" destinations.



- Tuesday is WASDE.** USDA used January WASDE to clean up supply data from the 2025 crop, and Feb. 10 begins USDA's march toward rationing out the stocks on hand. As described in the chart above, corn exports have been farmers' best friend. But while exports are running more than 30% ahead of last year at this time, USDA will likely ration out its projections over the next few months of Supply-Demand reports. Late last week a survey of grain market analysts resulted in a projection of corn carryout next August of 2.26 bil. bu., which would be the largest in 9 years. Corn usage will get help from the biofuels demand, based on political indications, but will not get any help from feed demand, based on the continuing decline in the cattle herd. The corn trade will also be watching the expected growth in the South American corn crop. The soybean market got a boost last week when the White House forecast more Chinese purchases and are at the highest point since mid-November. The WASDE statisticians may not pay much attention to social media and prefer to wait on traditional drivers of demand. USDA's January WASDE projected a 1.575 bil. bu. export demand for beans, and the market will be focused on that number throughout the marketing. The market will also pay attention to the soybean crush, since there has been growing demand for exported meal, and fuel demand for bean oil.

- U.S. farmers are expected to trim corn acres** next year after plantings in 2025 hit a nearly 90-year high, while soybean acres are seen posting a rise, according to Farm Journal's latest [Ag Economists Monthly Monitor](#). Views vary, however, on the size of those expected shifts. The November survey found 40% of economists expect corn acres to top 95 mil. in 2026, while another 40% see plantings coming in between 93 mil. and 95 mil. acres. 20% look for acres to fall to between 91 mil. and 93 mil., a sharp drop from the 98.7 mil. planted in 2025. Last year's figure was the highest since 1936, with plantings driven by a more profitable outlook for corn, signs of robust demand and crop rotations. Corn acres jumped 8.1 mil. acres in 2025, taking area away from other crops. Soybean acres fell around 6 mil. acres, with farmers in part spooked by rising trade tensions with China early last year. Those concerns proved well-founded. Crop rotation and input costs are likely to be a major driver in a pullback in corn acres relative to soybeans in 2026. Soybeans typically require less expense toward certain inputs like fertilizer, making them a more economically viable option as chemical prices remain well above a year ago. The survey found 53% of economists expect farmers to plant 82 mil. to 84 mil. acres of soybeans in 2026, up from 81.1 mil. acres in 2025. A significant minority expects a bigger increase, with 40% pegging plantings at 84 mil. to 86 mil. acres and 7% looking for a figure above 86 mil. Most economists expect total wheat acres to decline amid a weak profitability outlook. The survey found 43% see wheat acres between 44 mil. and 45 mil. versus 45.3 mil. in 2025, while 36% see total acres at less than 44 mil. The remaining 21% look for wheat plantings to total between 45 mil. and 46 mil. acres.

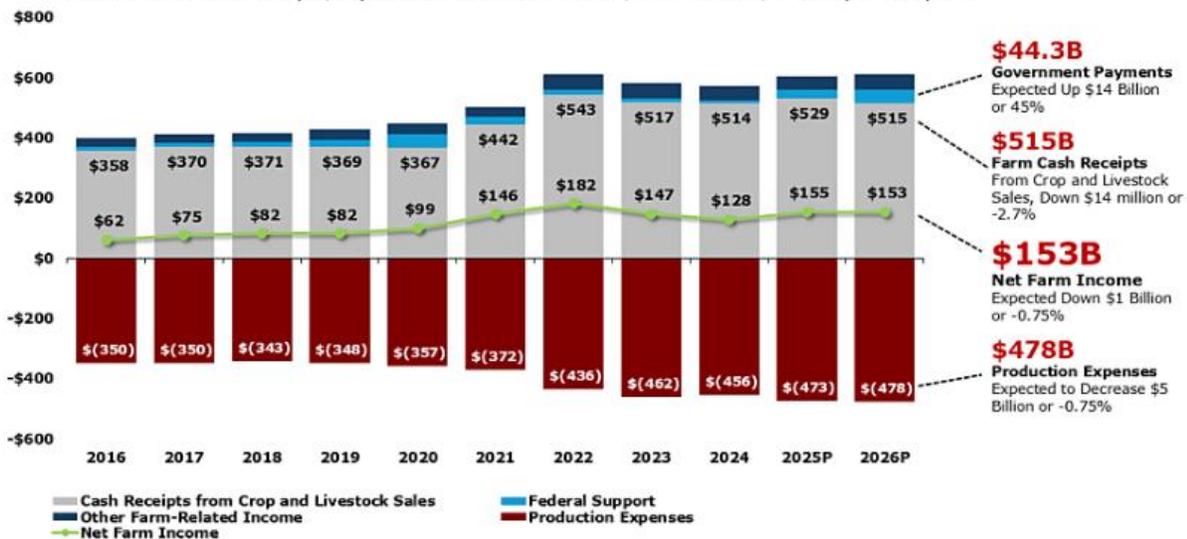


## Farm Economy—

- Farm income with fall again in 2026** according to USDA's Economic Research Service. [In the latest ERS calculation of the farm economy](#), farm income will decline by \$4.1 bil. to \$153.6 bil. in the current year. That is a \$25 bil. drop from USDA's last farm income estimate in September. USDA does not say that, but the [American Farm Bureau does, in its analysis of USDA's Thursday report](#), the first since September, since USDA did not issue its scheduled report on the farm economy in December. Farm Bureau ag economists report, "Because USDA did not release its customary December farm income update, this February report marks the first update since September, and the changes are substantial. USDA now estimates that 2025 net farm income totaled about \$154.6 bil., down roughly \$25 bil. from the \$179.8 bil. forecast in September. Net cash farm income for 2025 was similarly revised down to about \$153.9 bil., nearly \$27 bil. below the \$180.7 bil. previously projected." The AFBF economics team reported, "USDA revised 2025 production expenses higher, to \$473.1 bil., while adjusting direct government payments lower, to about \$30.5 bil., roughly \$10 bil. below earlier expectations. Together, these revisions suggest the farm economy is experiencing a generational downturn rather than a temporary slowdown. Outside of the cattle sector, most commodity markets are weakening. The updated forecast further cements

## U.S. Farm Income and Expenses

U.S. Farm Sector Cash Receipts, Expenses and Net Farm Income, Billion Dollars, February 2026 Update



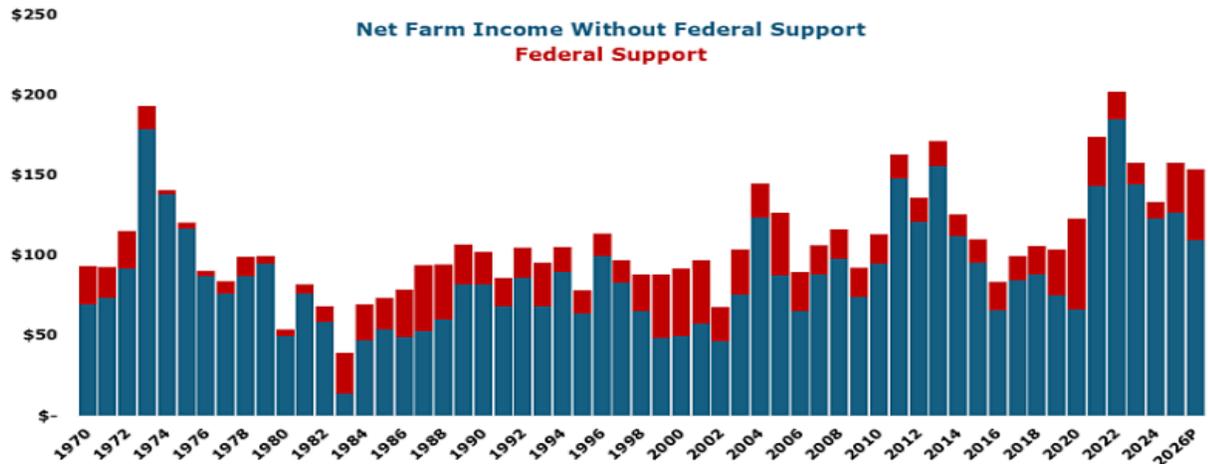
that the

expectations of a strong income rebound for 2025 did not come to fruition and this reinforces that farm profitability last year was more fragile than previously believed." USDA now estimates direct government payments totaled \$30.5 bil. in 2025, down from the \$40.5 bil. forecast in September. This roughly \$10 bil. downward revision reflects, in part, that not all disaster assistance expected for 2025 was paid out during the year." With unpaid Supplemental Disaster Relief Payments in 2025, and the \$12 bil. "bridge" payment expected before the end of the month, USDA economists estimate federal payments to farmers in 2026 will be \$44.3 bil. That will include \$15.2 bil. in ARC and PLC payments next fall. All of mailbox money payments allowed USDA's estimate of net cash income to rise in 2026 at the same time net farm income was declining due to lower commodity prices. →

- **Despite record amounts of mailbox money** forecast in 2026, [American Farm Bureau ag economists](#), say the USDA cash will, “not fully offset the scale of losses farmers have absorbed in recent years. With production costs still high and market prices under pressure, many operations [remain below breakeven](#), even after accounting for disaster and economic assistance, leaving significant financial gaps.” Median total farm household income in 2026 is forecast at \$113,000 approximately, an increase of about 5%.”

## Generational Decline in U.S. Farm Income

*Inflation-Adjusted Net Farm Income and Value of Government Payments, 1970 to 2026P, Billion Dollars*



American Farm Bureau Federation

Source: USDA ERS, Analysis by American Farm Bureau Federation; (P indicates Projection)

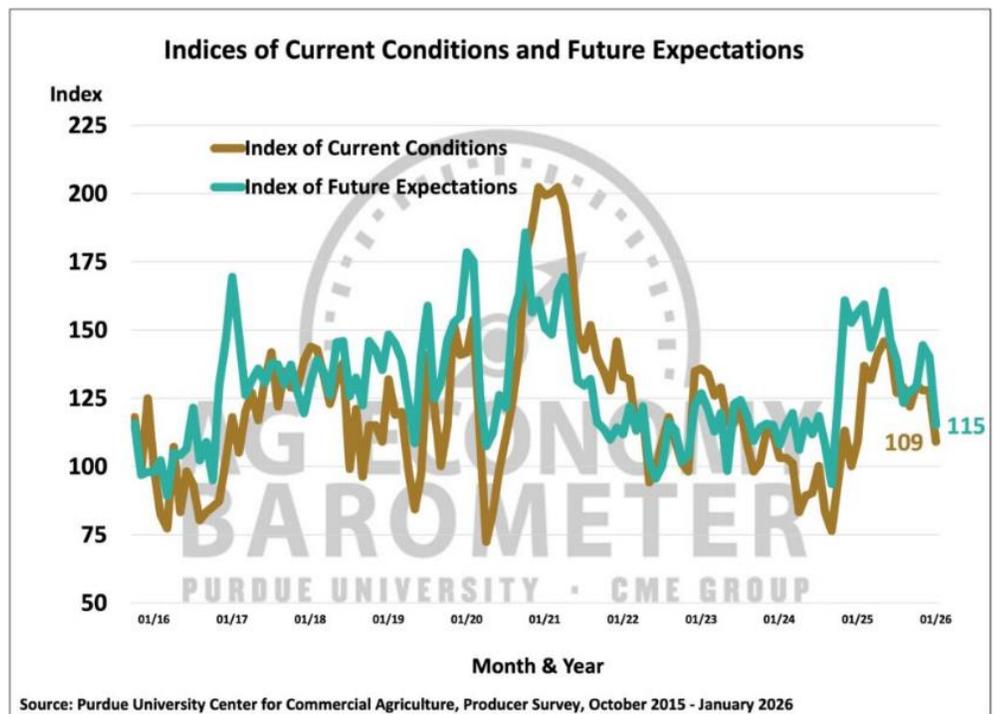
- ✓ **Crop income:** USDA forecasts crop cash receipts will total \$240.8 bil. in 2026, an increase of \$2.8 bil. (1.2% from the revised 2025 estimate). After adjusting for inflation, however, crop receipts are projected to decline by about 0.7%, reflecting continued pressure across most crop markets. Corn is one of the few major crops showing growth in 2026, with receipts expected to increase \$2 bil. (3.3%), driven largely by higher quantities sold rather than price strength. Soybean receipts are forecast to remain near 2025 levels, while wheat receipts decline \$0.2 bil. (2.4%) due to lower sales volumes.
- ✓ **Livestock income:** total animal and animal product cash receipts will decline to \$273.9 bil. in 2026, down \$17 bil. (5.8%) from the revised 2025 estimate. After adjusting for inflation, animal product receipts are projected to fall 7.6%, marking one of the larger year-over-year declines in the farm income forecast. cattle and calf receipts are forecast to continue increasing in 2026, rising \$5.2 bil. (4.1%) as tight supplies support higher prices. Hog receipts are expected to decline slightly, down \$0.2 bil. (0.7%). Milk receipts are forecast to fall \$6.2 bil. (12.8%) as prices retreat from recent strength.
- **Where does that leave farm debt?** American Farm Bureau economists say, “USDA forecasts total farm sector debt will increase to \$624.7 bil. in 2026, up \$30.8 bil. (5.2%) from 2025. Both real estate and non-real estate debt are expected to rise as producers continue to rely on borrowing to manage elevated operating costs and uneven cash flow. Farm real estate debt is projected to reach \$404.3 bil., while non-real estate debt is forecast to climb to \$220.4 bil. As a result, USDA expects the farm sector’s debt-to-asset ratio to increase from 13.49% in 2025 to 13.75% in 2026.”

- **Farmer sentiment weakened sharply in January** as the [Purdue Ag Economy Barometer](#) dropped from 136 in December 2025 to 113 in January 2026. The Current Conditions Index dropped 19 points while the Future Expectations

Index dropped 25 points. Among the 5 indices that make up the AEB Index, the largest decline was in the question asking participants whether U.S. agriculture would have good times or bad times in the next 5 years. The index for this question fell from 122 to 88, marking its lowest point since September 2024.

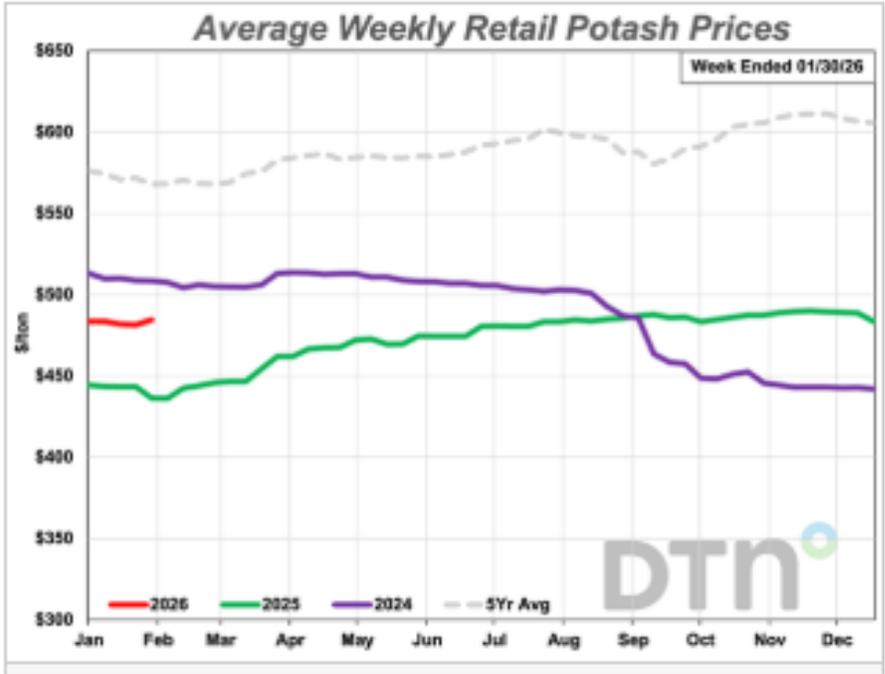
Respondents also expressed greater

concerns about agricultural exports compared to last month.



- ✓ 50% of the producers surveyed reported that their farm operations were worse off than a year ago. Moreover, looking ahead 12 months, 30% expected worse financial performance. 21% expect to have a larger operating loan this year, up from 18% last year. 31% of producers said it was because they were carrying over unpaid operating debt from the prior year, up from 23% in 2025, 17% in 2024, and only 5% in 2023.
- ✓ 16% of the respondents looked for exports to decline over the next 5 years. In contrast, only 5% of the respondents in December expected exports to decline. 21% of corn and soybean producers in January said they expect soybean exports to decline over the upcoming 5 years, up from 13% of growers who felt that way in December. 80% of corn and soybean producers said they were concerned about the competitiveness of U.S. soybean exports versus Brazil's, with 44% indicating they were very concerned.
- ✓ Farmers were asked about the use of Bridge payments. Over 50% of the respondents indicated that these payments would be used to pay down debt. 25% said it would improve working capital. 10% for family living and 12% for farm machinery.
- ✓ Producers were asked if the U.S. is headed in the "right direction" or on the "wrong track". 62% said the U.S. is headed in the "right direction," down from 75% in Dec.

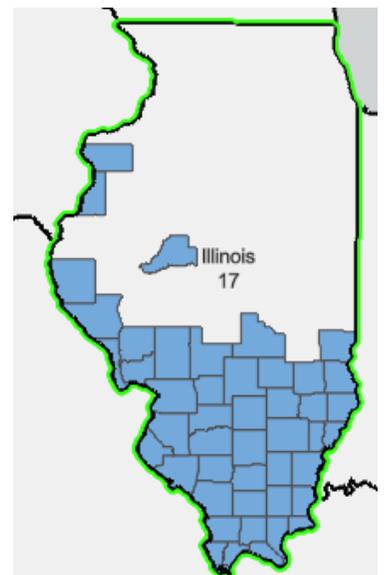
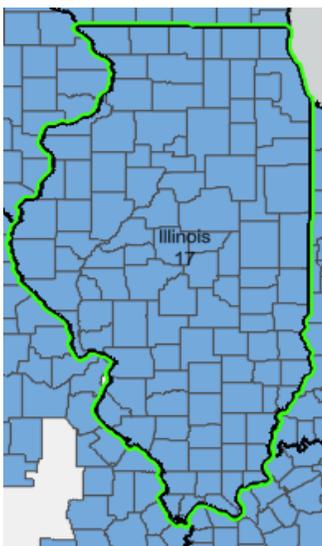
- Retail fertilizer prices** were mixed the 4th week of January 2026, [according to sellers DTN surveyed](#). 5 fertilizers were slightly lower in price compared to the previous month while the remaining 3 were slightly higher. None were up or down a considerable amount. The nutrients posting lower prices were MAP with an average of \$866/ton, 10-34-0 \$665/ton, anhydrous \$856/ton, UAN28 \$408/ton and UAN32 \$464/ton. The 3 fertilizers which were slightly higher in price were DAP with an average of \$851/ton, potash \$485/ton and urea \$583/ton.



On a price per pound of nitrogen basis, the average urea price was \$0.63/lb. N, anhydrous \$0.52/lb. N, UAN28 \$0.73/lb. N and UAN32 \$0.73/lb. N. All 8 fertilizers are now higher in price compared to 1 year earlier. 10-34-0 is 5% higher, MAP is 7% more expensive, potash is 11% higher, urea is 14% more expensive, DAP is 15% higher, anhydrous is 16% more expensive, UAN32 is 21% higher and UAN28 are 26% more expensive looking back to last year.

**Risk Management and Crop Insurance—**

- ...and if you did not already know,** here are the [county deadlines for signing up for crop insurance](#). As always, the deadline for signing up your corn and soybean crops is Mar. 15, as is the deadline for sorghum producers. All IL counties have the same Mar. 15 dates for sign up (left). Sorghum can be produced with crop insurance in the designated counties as indicated on the map (right). Call your agent for an appointment, because the Mar. 15 deadline is a Sunday! He or she may prefer to get you enrolled and processed by Friday the 13<sup>th</sup>!



- **The premium support** on Supplemental Coverage Option (SCO) crop insurance policies from 65% to 80%. The Risk Management Agency of the USDA then [announced in August of 2025](#) that premium support would also be increased to 80% for the Enhanced Coverage Option (ECO) and other similar programs. [IL Farmdoc ag economists](#) say, "As a result, farmer-paid premiums for SCO and ECO will be reduced in 2026. If the Risk Management Agency (RMA) rates SCO and ECO properly, farmers should expect to receive more in insurance payments than they pay in premium over time in addition to the risk benefits the products provide. However, this has not been an experience to date for all crops and regions. Historic loss experiences suggest that the income-enhancing features associated with SCO and ECO are lower for Midwest farmers than implied by the direct premium subsidy rates. SCO and ECO are add-on crop insurance products that provide area-level coverage to supplement farm-level coverage. Note that in most cases the area coverage is based on a county and its expected yield. Farmers must first purchase a farm-level policy such as Revenue Protection (RP), RP with the harvest price exclusion (RPhpe), Yield Protection (YP), or Actual Production History (APH). SCO then provides coverage from 86% down to the coverage level of the underlying farm-level product. Farmers can also purchase additional coverage above 86% using the Enhanced Coverage Option (ECO), either to a 90% or 95% coverage level. Farmers with Revenue Protection (RP) have choices to make:

- ✓ RP farm-level revenue protection up to their elected coverage level, which can be 85%,
- ✓ Supplemental area revenue SCO coverage from 86% down to the coverage level they selected for their underlying RP policy,
- ✓ Additional ECO area revenue coverage from 90% or 95% down to the SCO coverage of 86%.

**And there are some issues** that have a "beware" sign:

- ✓ SCO and ECO policies are based on area-level revenue or yield rather than farm-level experience. Therefore, indemnities triggered by SCO or ECO will not always match losses experienced by the farm.
  - ✓ SCO/ECO are based on expected yields, and the resulting actual area yields from RMA. The actual area yields used to determine losses are typically released in June following the year in which production and losses occurred, which delays payments relative to the underlying farm-level policies.
  - ✓ Farmers do not have to purchase both SCO and ECO but can only purchase ECO or SCO with their allowable bands of coverage.
- **A Central IL farmer who has become a respected authority** on crop insurance and managing perennial changes for better management of risk, has been conducting dozens of farmer meetings. Vince Reincke, an agent for several companies has traveled widely to help farmers develop risk management strategies to protect the crop revenue. He says, "Recent federal legislation was designed to gain farm support with changes to the Federal Crop Insurance program. There were 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. He outlines those changes and addresses changes in ARC/PLC impacting farmer decision-making [in this 13-min. video](#).

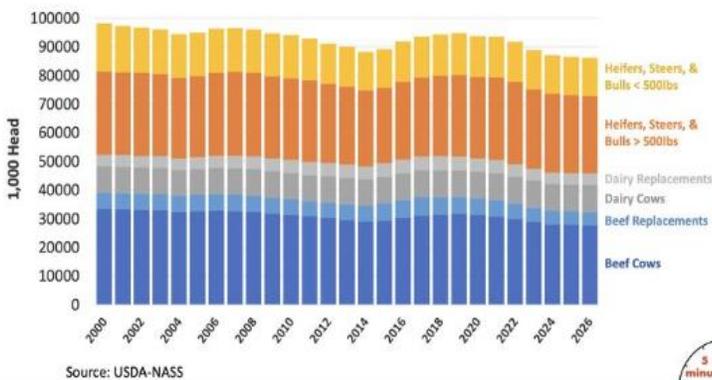
## ***Biofuels News--***

- **A broad coalition of trade groups** representing ethanol producers, petroleum refiners, farmers, and retailers sent a letter to the co-chairs of the new E15 Rural Domestic Energy Council calling for swift action on year-round E15 access. "The window for arriving at a recommended legislative solution is short, with the council expected to submit legislative solutions to the full House by February 15," the letter said. "We applaud this expedited time frame as fuel producers and retailers are making decisions now about product offerings over the next year, farmers are making planting decisions, and a legislative fix is needed as soon as possible to provide fuel producers and retailers with a predictable policy framework as we approach the summer driving season." To "achieve a solution in short order," the groups urged the lawmakers to build upon HR 1346, the Nationwide Consumer and Fuel Retailer Choice Act, which was amended and offered by Rep. Adrian Smith, R-NE. →
- **Year-round E15 legislation was sidelined last year** and still has bipartisan support in Congress, despite some concerns that a study panel to save the measure won't be bipartisan. Energy and Commerce Committee member Greg Landsman, D-OH, says the speaker-appointed council formed to find a new year-round E15 deal is about farmers, not party, "This will make a big difference for my farmers, and it will make a big difference for consumers who will pay less for gas." Joining Landsman before the powerful House Rules Committee recently was Rep. Gary Palmer, R-AL, "I think the point of the commission, as Mr. Landsman has pointed out, is to reach a bipartisan consensus, and then bring it through the committee process through regular order." Rules Committee minority leader Jim McGovern was asked if the new Rural Domestic Energy Council would be bipartisan since the Speaker would appoint members, "We're still addressing the details on this, but I anticipate that it will be bipartisan." Which Landsman told McGovern would speed things up if the bill comes back to Energy and Commerce before the House floor, "Whatever we can do to fast track this to get this done, since we're now a year past when it was going to pass, and to do it in a way where Democrats are involved in that, when it gets to E & C, if it does come back to receive regular order, that there are not a lot of debate or amendments, because we all agree to it." That's key, with a looming February 25th deadline to pass a House bill, lingering concerns by oil patch lawmakers, and criticism from biofuel and ag interests over studying year-round E15 further. (Berns Bureau, Washington) →
- **Ethanol backer Sen. Chuck Grassley, R-IA,** says a year-round E15 bill, if it gets out of the House, must be attached to another bill in the Senate to survive. Getting a reworked year-round E15 deal done and out of the House is hard enough given a February 25th deadline. But Grassley says getting it passed in the Senate is a whole other challenge, "Now the House could probably pass a separate bill, but I think that the only way you're going to get this through the United States Senate is part of a bigger bill." Grassley says that's not to get around oil patch senators who killed year-round E15 as part of an earlier spending bill. He says a deal is still needed to satisfy small refiners. Grassley says if that happens, the best vehicle to attach year-round E15 to will be one with the greatest chance of passing, "They're expecting more aid for farmers, part of that 'bridge' program we're debating."

## Animal Agriculture--

- **Like last year**, the USDA January Cattle Inventory report again confirms anticipated year over year drops across most inventory categories with fewer beef cows than any time since 1960 and the lowest total inventory since 1951, says [Farmdoc ag economist Jason Franken](#). He says that continues to impact US consumption, as well as exports, "In light of the smaller inventory numbers, beef production is anticipated to be 1.0% lower in 2026 than last year. Lower availability of beef is expected to constrain U.S. per capita beef consumption to about 58.9 lbs. per person in 2026, compared to 59.0 lbs. in 2025, or around 0.2% lower. Meanwhile, exports are projected to decline again this year, reflecting lower anticipated beef production and the net effects of changes in trade policies by the U.S., Mexico, and China that could result in more South American and Australian beef blocked from entering China and reverting instead to traditional U.S. customers in Japan and South Korea and more U.S. beef going to Mexico. All things considered, cattle prices in 2026 should again exceed last year's records. Quarterly forecasts for slaughter steer prices average \$235.43/cwt, \$243.48/cwt, \$239.33/cwt, and \$235.82/cwt, respectively, for the coming year. For 600–700-pound

### January 1 Inventory of Cattle & Calves in U.S.



feeder steers, prices are forecast to average about \$395.23/cwt and \$400.05/cwt in the 1<sup>st</sup> and 2<sup>nd</sup> quarters, respectively, holding at \$399.26/cwt in the 3<sup>rd</sup> quarter, and tailing off seasonally to \$390.74/cwt in the 4<sup>th</sup> quarter. These forecasts reflect currently low cattle supply and a likely prolonged return to industry expansion compared to the last cycle, as heifer retention still has not started nationwide. However, if domestic demand

falters or ever-evolving trade policies further inhibit the competitiveness of U.S. beef in the world market, then lower prices may be realized.”

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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