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

***Commodity market price drivers—***

- **Global grain supplies are expected to tighten** in the 2026-27 marketing year despite forecasts for another large worldwide harvest, according to updated estimates from the International Grains Council. The council reduced its global grain production forecast by 150 mil. bu. to 92 bil. bu. and lowered projected ending stocks to 23 bil. bu. The reductions were largely tied to smaller expected inventories of corn and wheat. Analysts said the revisions suggest world grain markets may have less flexibility to absorb weather disruptions or geopolitical shocks. Currently, the IGC is watching a substantial reduction of corn and wheat production in France due to drought. Reuters reported that while global production remains historically high, shrinking inventories could leave importers more vulnerable to supply disruptions. The revised outlook follows the July World Agricultural Supply and Demand Estimates report, which also projected tighter corn and wheat stocks. Global grain demand continues to be supported by feed use and food consumption growth, particularly in developing economies, while weather concerns in several key producing regions remain an important factor for commodity markets. Global corn consumption is projected to exceed production during the 2026-27 marketing year, raising concerns about the shrinking margin for error in world grain supplies. According to USDA projections analyzed by Reuters, world corn usage is expected to surpass production by about 1.8%, marking the largest supply deficit in 16 years. Wheat consumption also is expected to outpace output. Despite forecasts for relatively large grain crops, Reuters reported that declining inventories and reduced production cushions could leave markets increasingly sensitive to drought, trade disruptions or geopolitical events.

- "**Thank you to CNBC for taking a look** at the current state of the U.S. Soy-China relationship. And, what I expect it to look like going forward," says Jim Sutter, CEO of the US Soybean Export Council. He adds, "The last year has not been easy for the U.S.–China soybean relationship. We've seen sales slow and trade flows shift. But the foundation we've built over decades is still there, and I believe those sales will come back as things normalize. What we're really encouraging Chinese soy buyers to do now is to go deeper and educate themselves. Politics aside, there are different ways to measure soy quality and nutrition – especially for animal feed – that give a much clearer picture of the value they're getting in terms of digestible amino acids and consistency. When buyers understand those factors, they can make better decisions and get more value out of every ton they purchase, whether that shows up in feed efficiency, animal performance or supply reliability. That's where U.S. Soy is focused: being a long-term, dependable partner and helping our Chinese customers see the full value of the soy they buy." (Sutter is pictured below in the gray suit speaking to visitors at the USSEC booth at the 4th China International Supply Chain Expo.)


While the U.S. and Brazil each accounted for around 40% of China's soybean imports a decade ago, Brazil started to take a far larger share in 2018 after the first round of U.S. tariffs on China, according to CNBC calculations of Chinese customs data accessed through Wind Information. As of the first five months of 2026, more than 60% of China's soybean imports came from Brazil, 23% from the U.S. and 10% from Argentina, the data showed. U.S. soybean exports to China plunged 76% last year to $3.1 bil., down sharply from a peak of $17.9 bil. in 2022, according to official U.S. figures. At 270 mil. bu., U.S. soybeans remained the largest American agricultural export to China during the last calendar year. "Convincing Chinese buyers to ramp up purchases will take time."

**Farm Economy---**

- **The Federal Reserve's Open Market Committee** meets again in August to discuss interest rates. Here's what the Fed's ag economists reported about the farm economy:
  - ✓ **Chicago Fed:** Expectations for 2026 District farm income deteriorated some in late May and June as crop prices faltered and most livestock prices were flat. Corn, soybean and wheat prices all declined. Egg and hog prices were flat overall, while cattle prices decreased some from elevated levels. Dairy prices were down on balance. Contacts noted that cheese production increased, in part because of rising demand for whey protein, a cheese biproduct. Corn and soybean crops were progressing well across most of the District. Production of new farm equipment slowed, spurring sales of used equipment and helping to reduce elevated used inventories. Contacts reported that farm equipment repair activity was much higher this year as a consequence of aging equipment fleets. Prices for fertilizer and fuel purchases dropped as transportation blockages eased in the Middle East, although it is not a major season for farm purchases of these items.
  - ✓ **St. Louis Fed:** Agriculture conditions remain largely unchanged from our previous report. A banker reported that farm operations are holding steady, with no significant uptick in loan delinquencies. In contrast, a rural lender in Northwest AR noted that drought and reductions in federal funding have sharply reduced farm productivity and revenue. A lumber producer described favorable weather and said they have expanded work hours to meet their supply commitments. Meanwhile, an agri-business contact expressed pessimism about the outlook for row-crop farming, particularly rice, observing that several farmers are uncertain whether they will be able to continue operating. Credit conditions remain tight for some growers, as certain financial institutions have become more hesitant to partner or share risk on farm loans.
  - ✓ **Minneapolis Fed:** Though crop progress and conditions were generally good, District agricultural conditions worsened slightly since the last report. Corn and soybean progress was on par with their averages in District states, and most crops were in good or excellent condition, but wheat in MT and SD was mostly in fair or worse condition. Contacts reported that a recent sell-off in commodities was having a depressing effect on already-low crop prices; "Farmers [are] selling out due to poor markets and [inability] to get operating loans," commented a MN farm operator.
  - ✓ **Kansas City Fed:** Strength in the cattle sector continued to support the Tenth District farm economy but ongoing weakness in the crop sector weighed on conditions in many areas. Cattle prices stayed near record highs and contacts in many parts of the region reported that strong calf revenues were supporting farm finances and credit conditions. Profit opportunities for crops remained limited and lenders noted the outlook for the sector was an ongoing concern. Drought also intensified in the southern and western portion of the region and was mentioned as a key risk for crop and livestock producers. Despite ongoing challenges for many operations, deterioration in agricultural credit conditions and loan performance was modest during the most recent survey period and farmland values were stable.

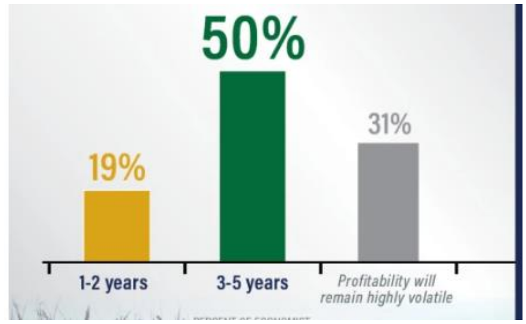
- **"According to the July survey of bank CEOs** in rural areas of a 10-state region dependent on agriculture and/or energy, the overall Rural Mainstreet Index (RMI) sank below growth neutral for the 5th time in the past 6 months." That is the latest report from the Creighton Univ. Rural Main Street Index, and director Ernie Goss. "More than half, or 52.0%, of bank CEOs reported that very weak commodity prices will be the greatest challenge to the agriculture economy moving forward. For a third straight month, the farm and ranchland index climbed above growth neutral but dipped to 52.8 from 55.3 in June. "Though farm and ranchland values have been holding up much better than farm and ranch income, weak farm income, lower farm liquidity and somewhat tougher credit standards have restrained growth in farmland values," said Goss. A Central IL banker said, "Grain prices/cost of inputs are a major concern." The July farm equipment sales index sank to a very weak 27.8 from June's 28.9. This is the 35th straight month that the index has fallen below growth neutral. "The 2026 conflict in Iran and tariffs on imported steel/aluminum continue to create more volatility in the agricultural sector. This volatility, along with low and negative cash flows, have reduced producers' willingness to purchase new farm equipment," said Goss. Despite weak farm and ranch net cash flows, only 53.7% of bankers indicated that their banks had not tightened credit standards. The remaining 46.3% reported tightening standards "somewhat." More than half, or 57.9%, of bank CEOs indicated that their banks would use, or are using AI, for fraud detection. Rural bankers remain pessimistic about economic growth for their area over the next six months. The July economic confidence index slumped to 34.2 from June's 42.1. "Weak grain prices, higher input costs and volatility stemming from the Iran war continue to weigh on banker confidence," said Goss. The IL July Rural Mainstreet Index (RMI) sank to 42.0 from June's 53.1. The farm and ranchland price index for July declined to 53.2 from June's 55.8. The state's new hiring index for July climbed to 50.7 from June's 47.9. According to the USDA, the top IL-exported agriculture products (soybean, corn, distillers' grains) fell by 23.3% for the first 2 fiscal quarters of 2026, compared to the same period in 2025. A Central IL banker reported that, "Recent heavy rains have replenished our ground water levels from prior 3 years of semi-drought. Now our producers are having difficulty spraying crops for weeds. Corn is tasseling, but soybeans are way behind prior years."

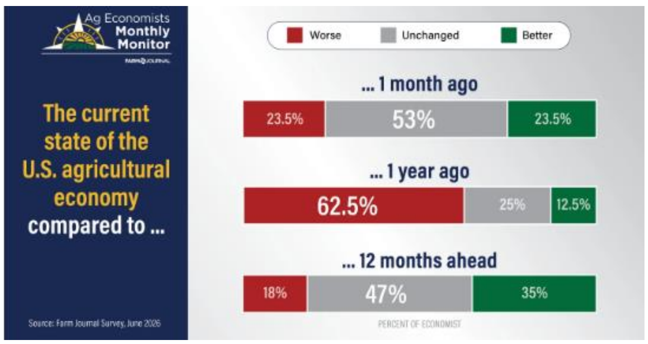
| | Percentage of Bankers Reporting | |
|---|---|---|
| | Unchanged | Tightened Somewhat |
| Have credit standards changed during the past three months? | 53.7% | 46.3% |

| | Percentage of Bankers Reporting | | | | |
|---|---|---|---|---|---|
| | Loan Underwriting | Compliance | Customer Service | Fraud Detection | Other |
| What banking function offers the greatest potential benefit from AI? | 5.3% | 10.7% | 15.8% | 57.9% | 10.3% |

| | Percentage of Bankers Reporting | | | |
|---|---|---|---|---|
| | Other Challenges | Weather | High Input Costs | Low Prices |
| What is currently the greatest financial challenge facing agricultural producers? | 11.2% | 10.5% | 26.3% | 52.0% |

- **Crop farmers waiting for stronger returns** might have a longer road ahead than many hoped. According to [Farm Journal's June Ag Economists' Monthly Monitor](#) (AEEM), half of the agricultural economists surveyed don't expect crop agriculture to return to broadly profitable margins for another 3 to 5 years. The results highlight growing concerns over tight margins, shrinking working capital and continued uncertainty surrounding demand and production costs. Commodity prices below breakeven remain the top concern across much of crop agriculture. Input costs, debt and declining working capital continue to pressure farm balance sheets. Economists paint a mixed but still cautious picture of the current ag economy. Compared to one month ago, the majority say conditions are either unchanged (52.94%) or somewhat better off (23.53%), with none of the economists who responded reporting a significant decline. The longer-term view remains more negative. When compared to a year ago, 62.5% of economists who responded say the ag economy is somewhat worse off, which was a glaring statistic in the latest survey, while just 12.5% say it is somewhat better off. Looking ahead a year, 35% expect conditions to be somewhat better but 47% anticipate no change. When asked to list the top factors driving ag economic health, economists said:



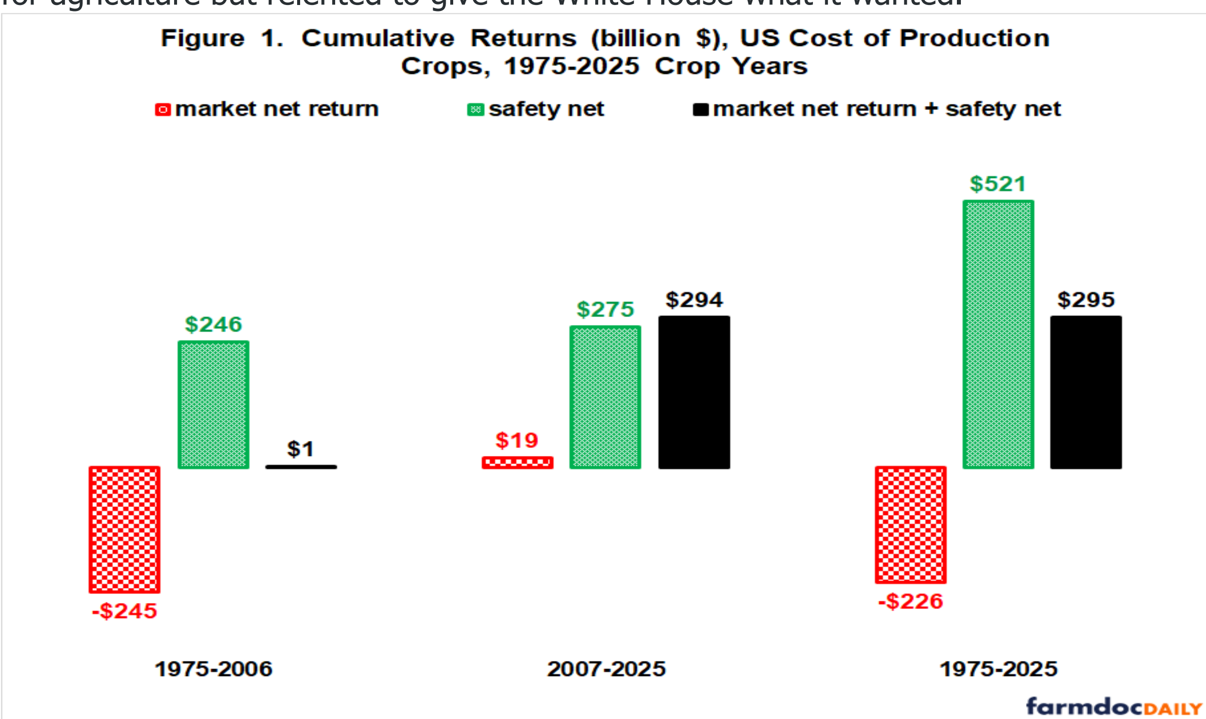




✓ Input costs and commodity prices below breakeven remain the dominant concern
✓ U.S. and global crop production, especially corn and soybeans
✓ Weather patterns and yield potential this summer
✓ Export demand, especially Chinese import activity
✓ Trade policy, geopolitical risk, and global market uncertainty
✓ Energy and fertilizer markets influencing both costs and demand
✓ Rising debt levels and declining working capital across farms

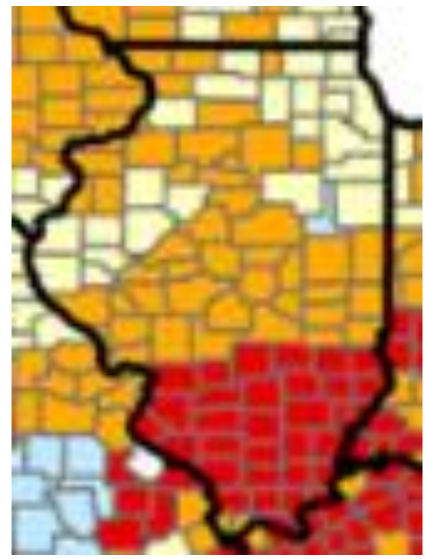
Ahead of USDA's June Acreage report, economists were asked which outcome would have been most supportive for grain prices. 44% selected fewer corn acres, while 19% favored fewer soybean acres and another 19% said more prevented planting would have provided the biggest boost.

**The Business of Farming—**

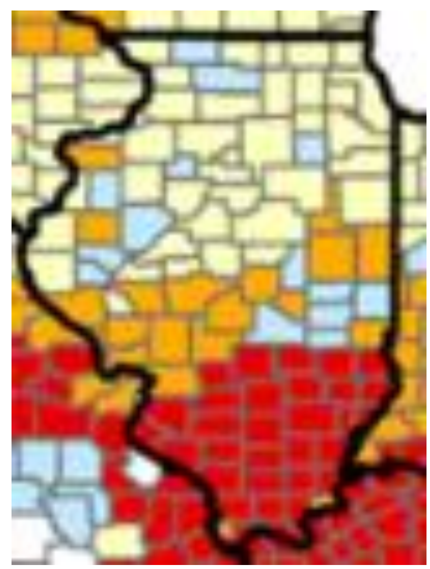
- **Market income will not cover crop production expenses**.....and neither will crop insurance proceeds and farm program payments. But together they come close, say Univ. of IL Farmdoc ag economists. "No one likes losses, but they are important to incentivize efficiency in a market economy at both the individual firm and sector levels. Moreover, the crop safety net has changed from covering most but not all market sector losses in the 1981-2006 period of losses to more than covering sector market losses in years of losses and supercharging profits in years of market profits since 2007. This dramatic change prompts the policy question, "What share of sector market losses should the safety net cover?" This question is seminal. Farmers value the continuity of their farm. It is thus reasonable to expect that they will spend some, maybe a lot of safety net payments above market losses on crop inputs, increasing their demand and price, thus raising the cost of production. Capitalizing public support payments into private production costs makes input providers and manufacturers, landowners, other asset holders, insurance providers, and lenders safety net beneficiaries with a stake in preserving and expanding it. This prompts another policy question, "Is this the intended outcome of the US crop safety net?" Payments in years of sector profitability are particularly troubling both in terms of fairness and supercharging market profits. Crop insurance and *ad hoc* programs are largely responsible for these payments. Their role in years of prosperity should be carefully examined. In addition, since multiyear periods of profits and losses have characterized the US field crop sector since 1975 (i.e. for 50 years), US crop safety net policy needs to move away from an individual year to a multiple year orientation consistent with market reality. While a sector perspective is important in evaluating the crop safety net, its impact will likely vary across crops and regions." The report comes out as the Trump administration and Congress are again considering another ad-hoc aid proposal of at least $11 bil., following $9.6 bil. in FBA payments earlier this year. In October, ARC and PLC are projected by the Farmdoc ag economists to pay out $13.3 bil. for corn and other grains. GOP leaders wanted $20 bil. for agriculture but relented to give the White House what it wanted.



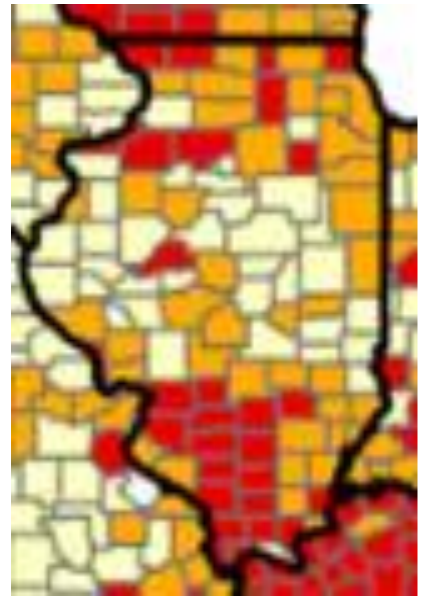
- **When the new federal fiscal year begins Oct. 1,** USDA will be sending out checks to farmers for their farm program payments on the 2025 corn and soybean crops. The county yields for corn and soybeans suggest ARC-CO payments will be widespread with about half of counties triggering payments and many counties triggering the maximum payment. Reported yields and the final MYA price for wheat indicate ARC-CO payments in more than 80% of counties, with over half of counties triggering the maximum payment rate.
  - ✓ **Corn--**As of June 30th, FSA has released final county yields for 70% of the county and practice combinations for which ARC-CO program parameters are provided for corn**.** The 2025 ARC benchmark price for corn was $5.03 per bushel. The latest 2025 MYA price estimate for corn from USDA's July WASDE report was $4.15, or 17.5% below the benchmark price. At this MYA price level, ARC-CO would trigger payments in counties with yields at or below 109% of the county benchmark yield. *Counties in yellow* have a final county yield high enough to offset the price decline with no ARC-CO payment being triggered. *Counties in orange* have a reported yield which triggers an ARC-CO payment in the 12% payment band. *Counties in red* have a reported yield which would imply the maximum ARC-CO payment rate of 12% of the county's benchmark revenue. Data incomplete for *blue counties*.



  - ✓ **Soybeans--**Final county yields are available for 71% of the county and practice combinations for which ARC-CO program parameters are provided for soybeans. The 2025 ARC benchmark price for soybeans was $12.17 per bushel. At this MYA price level, ARC-CO would trigger payments in counties with soybean yields at or below 105% of the county's benchmark yield. The maximum ARC-CO payment for soybeans would be triggered in counties where the actual yield is at or below 91% of the county's benchmark. *Counties in yellow* have a final county yield high enough to offset the price decline with no ARC-CO payment being triggered for soybeans. No ARC-CO payment would be triggered. *Counties in orange* have a reported yield which triggers an ARC-CO payment in the 12% payment band. *Counties in red* have a reported yield which would imply the maximum ARC-CO payment rate of 12% of the county's benchmark revenue. Data incomplete for *blue counties*.



- ✓ **Wheat--** Final county yields for wheat are available for virtually all of the county and practice combinations for which ARC-CO program parameters. The 2025 ARC benchmark price for wheat was $6.98 per bushel.  Wheat's 2025 MYA price has been finalized at $5.06 per bushel, or 27.5% below the benchmark price.  At this MYA price level, ARC-CO would trigger payments in counties with wheat yields well above benchmark levels. Wheat yields at or below 124% of the county's benchmark yield will trigger a payment. *Counties in yellow* have a final county yield high enough to offset the price decline with no ARC-CO payment being triggered for wheat. *Counties in orange* have a reported yield which triggers an ARC-CO payment in the 12% payment band. *Counties in red* have a reported yield which would imply the maximum ARC-CO payment rate of 12% of the county's benchmark revenue. Data incomplete for *blue counties*.



So, your question is, "How much money am I going to get from the 2025 ARC program? The Univ. of IL Farmdoc ag economists are happy to refer you to a colleague for that information. "For specific payment rate estimates for all program crops and counties across the US we refer readers to the interactive payment estimate map tool made available by Robin Reid at KS St. Univ." For corn and soybeans, ARC-CO payments will be compared with PLC payments when MYA prices are finalized. As of the July 10 WASDE estimates from USDA, corn and soybeans  have projected 2025 PLC payment rates of $0.27 ($4.42 effective reference price minus $4.15 estimated MYA price) and $0.31 ($10.71 minus $10.40) per bushel, respectively. Thus, producers with corn or soybean base are likely to receive a payment based on PLC even if they are in counties where an ARC-CO payment is not triggered, and in some cases the PLC payment rate may exceed the ARC-CO payment rate. For wheat the PLC payment rate is $1.29 per bushel ($6.35 minus $5.06). Thus, producers with wheat base will receive support in October even if they are in a county that did not trigger an ARC-CO payment for wheat, and in some cases the PLC payment may be larger even in areas where ARC-CO did trigger. The variation across counties in terms of where ARC-CO did, or is expected to, trigger payments, and the variation in the size of those payments, reflects the yield variation experienced across the US at the county level.  Revenues for all counties are impacted by the same price declines but larger payment rates will occur in areas where yield performance was poorer relative to expectations as measured by ARC-CO's county benchmark yields.  This highlights the design of ARC-CO in targeting support to areas which experienced revenue losses relative to the program's measure of county-level benchmark revenue."

**Agronomy—**

- **Numerous bills in the recent sessions of the IL General Assembly** have proposed prohibiting application of pesticides at specific times, in specific area, and all together. In other words, with the potential of making glyphosate illegal to use in IL. There are many members of the General Assembly who have endorsed such measures, and it may be only a matter of time before they become a majority. Then what? Lobbyists for IL Corn, IL Soybean, IL Farm Bureau, the IL Fertilizer and Chemical Association have all worked hard to prevent such prohibitions. "I don't know of any farmer who wants to take a revenue loss by any stretch of the imagination, and especially when we've got such tight margins right now," said Univ. of IL weed researcher Dr. Aaron Hager, and a co-author of a Univ. of IL study that projected a $609 mil. hit to IL farmers if such a ban were enacted. "Profits have been projected to be negative again this year for a lot of IL farmers, many of which may be on the verge of not being able to survive." Researchers became interested in the potential economic impacts of a glyphosate ban after related legislation was introduced in previous IL General Assembly sessions. With growing public attention and ongoing litigation involving glyphosate, they recognized another ban proposal could emerge at any time. "We actually discussed studying several different chemicals initially and landed on glyphosate," said study co-author and researcher Dr. Corey Lacey, environmental policy manager at the IL Soybean Association. "We chose it because a glyphosate ban would probably have the biggest impact on farmers since it is one of the most used crop protection tools by corn and soybean farmers in IL. Glyphosate allows farmers to adopt conservation practices like no-till on a scale that you can't accomplish in other ways," Lacey said. "A glyphosate ban would likely result in more conventional tillage, which is going to have not just a conservation cost in terms of soil health and emissions, but a literal fuel cost since farmers would also be driving the tractor more in the field. That would lead to increased input costs that we didn't estimate here."
- **"Stairway to Yield,"** a field day focused on crop physiology, will take place on Aug. 6 at 4202 S. First St. in Champaign. It features 8 presentations from researchers on topics ranging from fertilizer management strategies to high-yield corn and soybean insights. "This year marks our 5th annual Univ. of IL Crop Physiology Day," said Connor Sible, research assistant professor in the Department of Crop Sciences, part of the College of ACES. Sible will discuss management factors and their impacts on soybean yield. "We can't wait to share our research with the people we do it for: Illinois growers." The free event will kick off at 8 a.m. at the Crop Sciences Research and Education Center with breakfast. Throughout the day, attendees will hear from researchers in the Dept. of Crop Sciences while also enjoying sponsor visits, snack breaks, and lunch. Dr. Fred Below will begin with corn yield issues and Dr. Connor Sible will share his research on soybean yields, along with a half dozen of their students reported on their important production research findings. Other Agronomy Days events include Monmouth Field Day on July 22, Ewing Agronomy Field Day on July 23, a discussion on the upcoming Alma Mater Plots on Aug. 11, an Insect Management Field Day and Plot Tour on Aug. 12, and the First International Miscanthus Summit on Oct. 26.

**Mark Your Calendar! --**

- **Nutrient Stewardship Summer Field Days**, sponsored by County Farm Bureaus, extend through Sept. 11. Each has a different program, speakers, and focus. Check your county on this list and register to attend.
- **The deadline is July 20** to submit an application for the next class of the IL Ag Leadership Program. Members of the 2028 Cohort class will be chosen this summer and begin classes in the fall. If you are interested, or know someone who should be chosen, here is the application information.
- **The Research and Field Day** at the Monmouth Extension Center is set for July 22, beginning at 8:30 am. Tours begin at 8:30 and include crop diseases, crop insect management, biologicals, crop conditions, fertility, and weed control. Details.
- **July 23** will be the field day at Ewing beginning at 9 am. Presentations will be on crop disease, fertility, biologicals, crop systems. Lunch to follow. Details.
- **July 30 will be the annual Summer Wheat Forum.** It will be held at the American Farm Heritage Museum, Greenville, IL, beginning at 8:30 am. Results of the yield contest will be announced, then presentations on the weather, a conversation with Peter "Wheat Pete" Johnson of Canada, a market analysis, and news from exhibitors. Details and register.
- **Aug. 6 will be the Crop Physiology Field Day** at the U of I South Farms. Mark your calendar for the 8 am-2 pm event. Details.
- **Aug. 6 & 7 will be the National Strip Till conference** being held at the BOS center in Springfield. General and breakout sessions with multiple speakers, sponsored by Strip-Till Farmer magazine. Program is here. Register here.
- **The Alma Mater Plots** (U of I Morrow Plots offspring) will be the focus of a daylong event Aug. 11 at 4202 South First St. Champaign. University researchers are seeking farmer input for what research should be conducted in the new research farm. Details.
- **August 12** will be the field day and plot tour for insect management. It will be at the Agricultural and Biological Engineering Farm, 3603 S. Race St., Urbana, IL Details.
- **The IL State Fair** begins Aug. 13 with the Twilight parade at 5:30 in Springfield, and the fair continues through Sunday, Aug. 23. Agriculture day is Friday, Aug. 14, with activities beginning on the Director's Lawn. Here is a partial list of those.