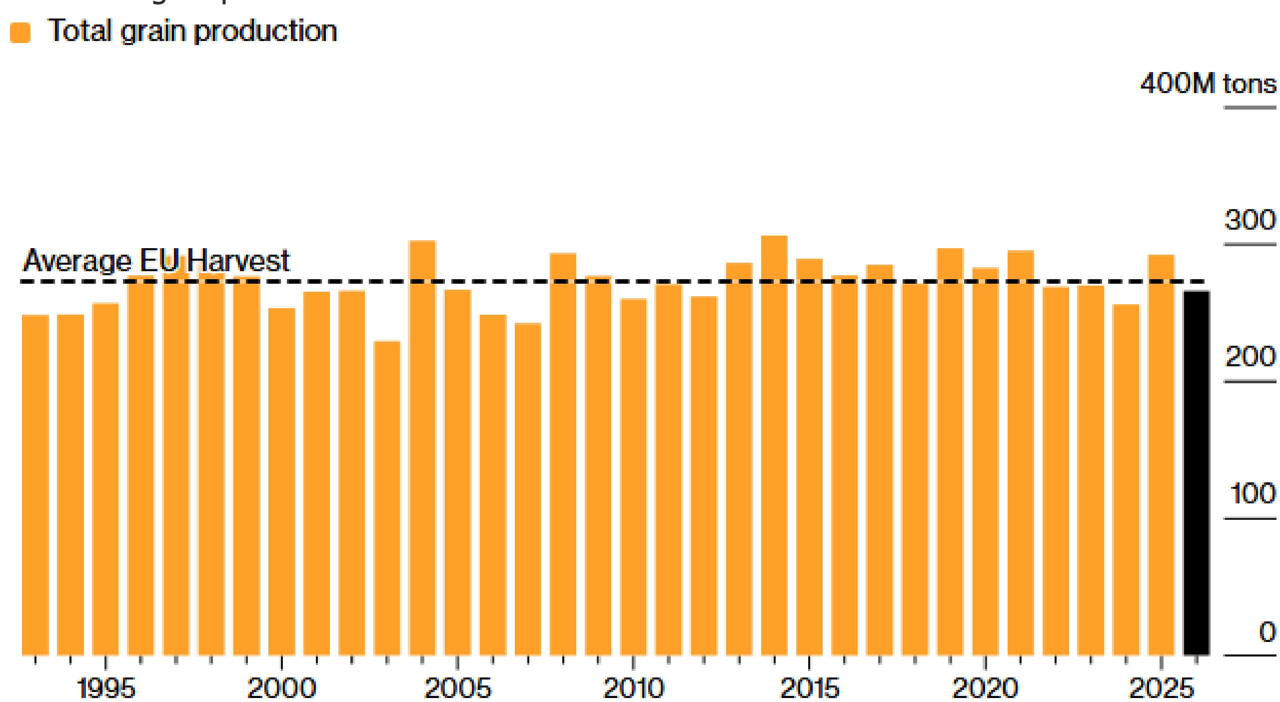
A weekly Cornbelt digest of marketing, economic, agronomic, and management information.

Commodity market price drivers—

- **While, not yet confirmed by the U.S. Trade Representative's office**, Arlan Suderman, chief commodities economist, StoneX says China's tariffs on US imports could be dropped by October 1. Grain markets rallied early last week, led by soybeans, in response to the first confirmation of China lowering its tariffs on U.S. ag goods. A China Daily article noted the U.S. and China have set guiding objective for expanding two-way agricultural trade. The Chinese Ministry of Commerce says the parties have agreed to include ag products under a reciprocal tariff reduction agreement. The U.S. will reportedly end it's 10% fentanyl tariff and China will reciprocate by dropping it's 10-percent tax on U.S. ag goods, including soybeans and grains. While, not yet confirmed by the U.S. Trade Representative's office, Arlan Suderman, chief commodities economist, StoneX says that fits the narrative. He says China lowering the 10% tariff on soybeans would make U.S. beans more competitive, but not cheaper than South America. "We don't have any offers on Brazilian beans for October delivery into China, but for both August and September, they're still 50 to 60¢ below what it would be for U.S. soybeans arriving from the Gulf landed in China," he explains. However, it would make it more economically feasible for China's commercial crushers to buy, as the first 450 mil. bu. of Chinese soybean purchases were done by state owned firms such as Cofco and Sinograin, which can waive the tariffs. Some talk from Chinese sources indicates Beijing will buy 550 mil. bu. by December 31 leaving the remaining 350 mil. committed to in their Oct. 30 agreement until after the election. China sharply reduced soybean imports from the US in June, while purchases from Brazil continued to climb. Reuters said Chinese customs data showed June soybean imports from the U.S. totaled 46.6 mil. bu., down 20.6% from 58.8 mil. bu. a year earlier. Imports from Brazil rose 13.7% to 444 mil. bu. Total soybean arrivals reached a record 498 mil. bu. for the month as strong Brazilian shipments and previously delayed cargoes cleared ports. For the first 6 months of the year, China imported 342 mil. bu. of U.S. soybeans, a 42.4% decline from the same period last year. The decline reflects lingering effects of trade tensions that delayed purchases of U.S. soybeans, although China resumed buying American beans following meetings between Presidents Donald Trump and Xi Jinping and continues to target agreed-upon soybean purchase targets.

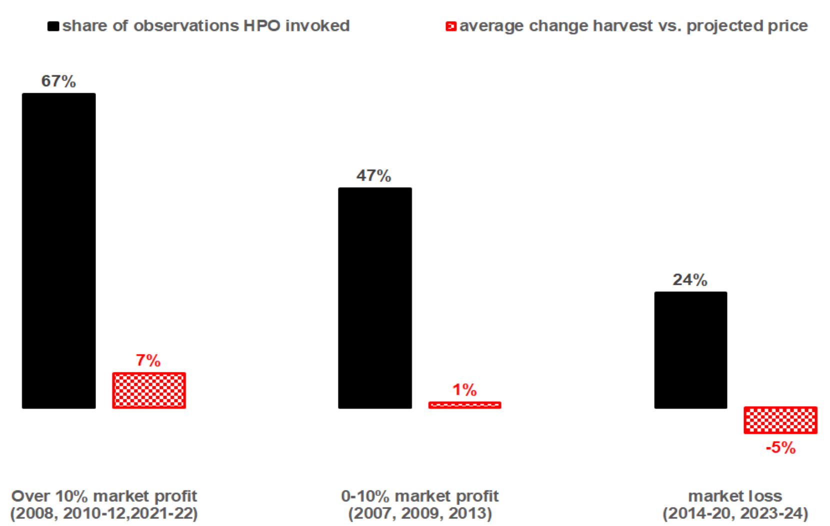
- **Weather in Europe is a significant wildcard.** A Bloomberg journalist says. "We've done some data crunching and spent the past few weeks speaking to farmers and market watchers across the continent. This isn't just another bad weather year. It's the collision of climate change and geopolitics, with consequences for supplies and global trade. A brutal heatwave slashed crop yields across key producing regions. Then we have the impact on the fuel and fertilizer costs from the Iran conflict, and renewed supply risks in the Black Sea region. "Europe is set to suffer one of its sharpest ever declines in grain production as extreme weather and geopolitical tensions converge to pile pressure on farmers. Searing temperatures have hit wheat yields and are expected to cut the region's corn crop to the smallest in 19 years, while sunflower fields and livestock production have also suffered. At the same time, the Middle East conflict has pushed up fuel and fertilizer costs, slashing plantings across the continent earlier this year. As a result, the European Union's total grains output may shrink by more than 9% this year, according to lobby group Coceral. That would be the steepest annual drop in more than two decades, based on the European Union historical data. The June heat wave alone is likely to cost European grain farmers $2.3 bil. in lost revenue, according to UK think tank, the Energy and Climate Intelligence Unit. The woes of European farmers are set to reverberate through global grain markets, just as supplies tighten in the US and Australia, and escalating tensions in the Black Sea strain exports from Russia and Ukraine. Renewed hostilities in the Persian Gulf could keep farm input costs higher for longer, while a developing El Niño threatens intensify crop stress into 2027. Forecasts point to the biggest year-on-year decline in more than a decade. The EU needs corn for animal feed that sustains its huge livestock sector. While tighter supplies could result in some switching from corn to wheat and barley, smaller harvests are poised to boost import demand. The USDA expects the highest EU imports in 4 years after cutting its production forecasts this month.



The Business of Farming—

- **"Making government payments** when crop production is profitable supercharges profits, putting upward pressure on input prices and in turn increasing the likelihood of future demand for, and increases in, government assistance," say [Univ. of IL Farmdoc ag economists](). **"**While extremely popular with farmers, HPO (Harvest Price Option) plays a central role. Eliminating premium subsidies for HPO would notably reduce the supercharging of profits when crops are profitable; in turn, reducing the upward pressure on crop farmers' production costs and taxpayers' federal budgetary costs. HPO is invoked when the insurance price is higher in the harvest than in the pre-planting price discovery period, resulting in the harvest price being used to set the insured liability. HPO was invoked in 67% of the 30 crop-by-year observations for AR rice, IL corn and soybeans, TX cotton, and the average of IL-KS-ND wheat during the 6 years with more than a 10% market profit relative to the cost of production for the 9 COP crops combined (see Figure 2, right). In 2025, RP (Revenue Protection with HPO) was purchased for 214 mil. acres vs. 15.7 mil. acres for Yield Protection and less than 1 mil. acres for RP-HPE (Revenue Protection without HPO). Popularity, however, does not necessarily equate to good policy, even if the perspective is only farmers. Since 2007, crop insurance has made higher payments to farmers when crop production is double-digit profitable, which is contrary to common understanding of a safety net. HPO is a key reason. Simply put, a higher price at harvest (i.e. HPO is invoked) translates into higher profits, other factors remaining the same. Eliminating premium subsidies for HPO would reduce crop insurance's supercharging of profits in profitable years, which would reduce the upward pressure on crop production costs in future years. This paper's perspective is the field crop sector, not the individual crop or farmer. Aggregate impact of policy is often overlooked but is critical for the future profitability of individual farmers and crops. In particular, the field crop sector perspective, or average field crop acre perspective, matters when considering input prices, including land prices. Few farmers raise only one crop, and crops compete with one another for land and often substitute or complement one another in use. If the sector is profitable, whether due to market returns or government payments, upward pressure will exist on crop input prices, with higher prices likely to persist for more than 1 year. Aggregate impact matters."

Figure 2. Harvest Price Option by Market Return, Arkansas Rice, Illinois Corn & Soybeans, Texas Cotton, Average Illinois, Kansas, North Dakota Wheat, US, 2007-2024



- **With recent Congressional legislation** making adjustments to farm programs which have become familiar to farmers, there is a new financial impact that may necessitate changes in program choice. In past years since the development of the 2018 Farm Bill, farmers in much of the Cornbelt opted for ARC-Co as a program choice for their operation. That was based on the fact that reference prices in the PLC program were relatively low and would result in little, if any, financial benefits. That thinking changed when Congress modified farm program parameters about a year ago, boosting potential pay-outs for Cornbelt crops in the PLC program, as well as making changes with the ARC program. Univ. of IL Farmdoc ag economists have created a new decision-making tool to help corn and soybean producers better decide which program would better accommodate their farm. The Farmdoc team has provided the decision-making tool without charge. "This program calculates Agricultural Risk Coverage for County Coverage (ARC-CO), Price Loss Coverage (PLC) payments, and ARC at the Individual Level (ARC-IC). County yields and market year average (MYA) prices are brought in for a user-specified state-county-crop combination. Users then can change county yields and prices to see ARC-CO and PLC payments under those yields and prices." Enter your farm data in the top left, and decide "What if?"

ARC-CO PLC WHAT-IF COMPARISON

Input

State	Illinois
County	Champaign
Crop	Corn
Practice	Non-irrigated
PLC Yield	179
Year	2026
Default PLC Yield	171

ARC-IC Calculator

FAST

Calculation of PLC and ARC-CO Payments

Year	County Yield[1]	MYA Price[2]	Payment[3,4] PLC	Payment[3,4] ARC-CO	ARC-CO Calculations: Benchmark Yield[5]	Benchmark Price[6]	Guarantee[7]	County Revenue[8]
	Bu	$/Bu	$/base acre		Bu	$/Bu	$ per base acre	
2026	233	4.40	$3	$25	233.3	5.03	1055.97	1026.34
Default	233.26	Default 4.40						

1 County yields impact ARC-CO payments.
2 Market year average (MYA) prices impact both PLC and ARC-CO payments.
3 PLC payments equal PLC yield x (effective reference price - higher of MYA price or loan rate) x .85. PLC payment calculations are shown in Table 1 below.
4 Equals .85 x minimum of (ARC guarantee - county revenue) or (12% of benchmark yield x benchmark price), when county revenue is less than ARC guarantee, zero otherwise. Guarantee and revenue calculations are shown in the green ARC-CO Calculations box.
5 Benchmark yield calculations are shown in Table 2 and 3 below.
6 Benchmark price calculations are shown in Table 3 below.
7 Guarantee equals .90 x benchmark yield x benchmark price.
8 County revenue equals county yield x MYA price.

For estimates of expected values of ARC-CO and PLC payments see the Gardner Program Payment Calculator at: https://fd-tools.ncsa.illinois.edu

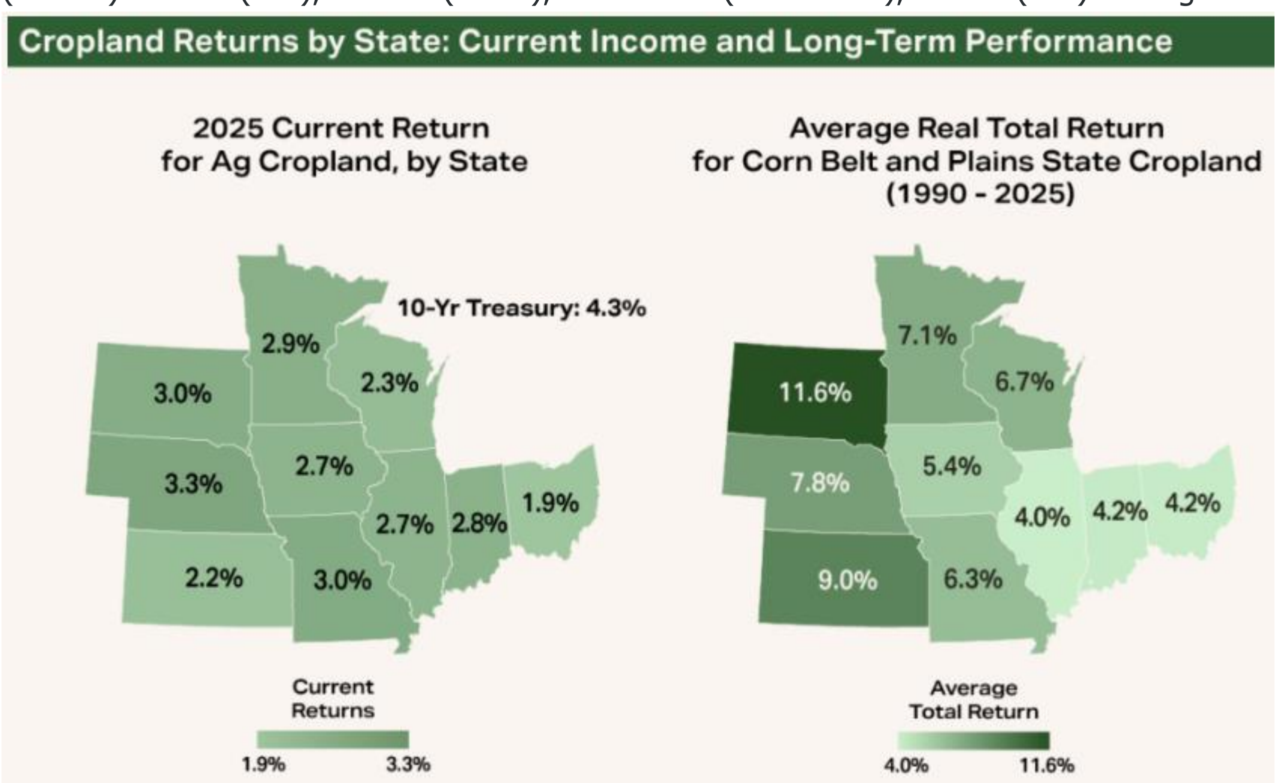
Support provided by:

Gardner Agricultural Policy Program

USDA OFFICE OF THE CHIEF ECONOMIST

Land Values, Farmland Issues, and Data Centers—

- **From an economic standpoint,** [Terrain Ag economist Matt Erickson]() says, cropland investors receive 2 sources that equate to their return on investment: 1) the net cash return and 2) the price appreciation measured in real terms. Current returns to agricultural cropland in 2025 vary widely across the country but generally fall between 1.9% and 3.3% across the Midwest, reflecting strong underlying land values and moderating cash rents. These returns remain below alternative safe-asset benchmarks, including a 4.3% 10-year Treasury, suggesting cropland continues to be priced at a premium relative to its current income yield. For producers, these return levels signal a market still supported by long-term confidence in cropland as an investment but also constrained by weaker commodity price trends and cautious rent growth. Many operators continue to face compressed margins, and rental negotiations have leaned toward stability rather than sharp increases, particularly in the corn belt. Looking ahead to 2027, if crop prices remain under pressure, rents may adjust slowly downward, providing some cost relief for tenants. Additionally, if interest rates ease, farmland values may stabilize or strengthen, which would support balance sheets. Overall, the 2027 outlook points to steady but subdued cropland returns, with profitability hinging more on operational efficiency and market conditions than on significant appreciation in land income. From 1990 to 2025, cropland delivered strong nominal performance across much of the Midwest and Plains, with average annual total returns ranging from about 9% to 17% by state. South Dakota led with an average nominal total return of 17.3%, followed by Kansas at 14.6% and Nebraska at 13.4%. Eastern corn belt states Indiana (9.7%), Ohio (9.6%) and Illinois (9.5%) clustered at the lower end of the range. Real total returns compress meaningfully, falling into a tighter range of SD (11.6%) and KS (9%), with IA (5.4%), IN and OH (near 4.2%), and IL (4%) trailing behind.

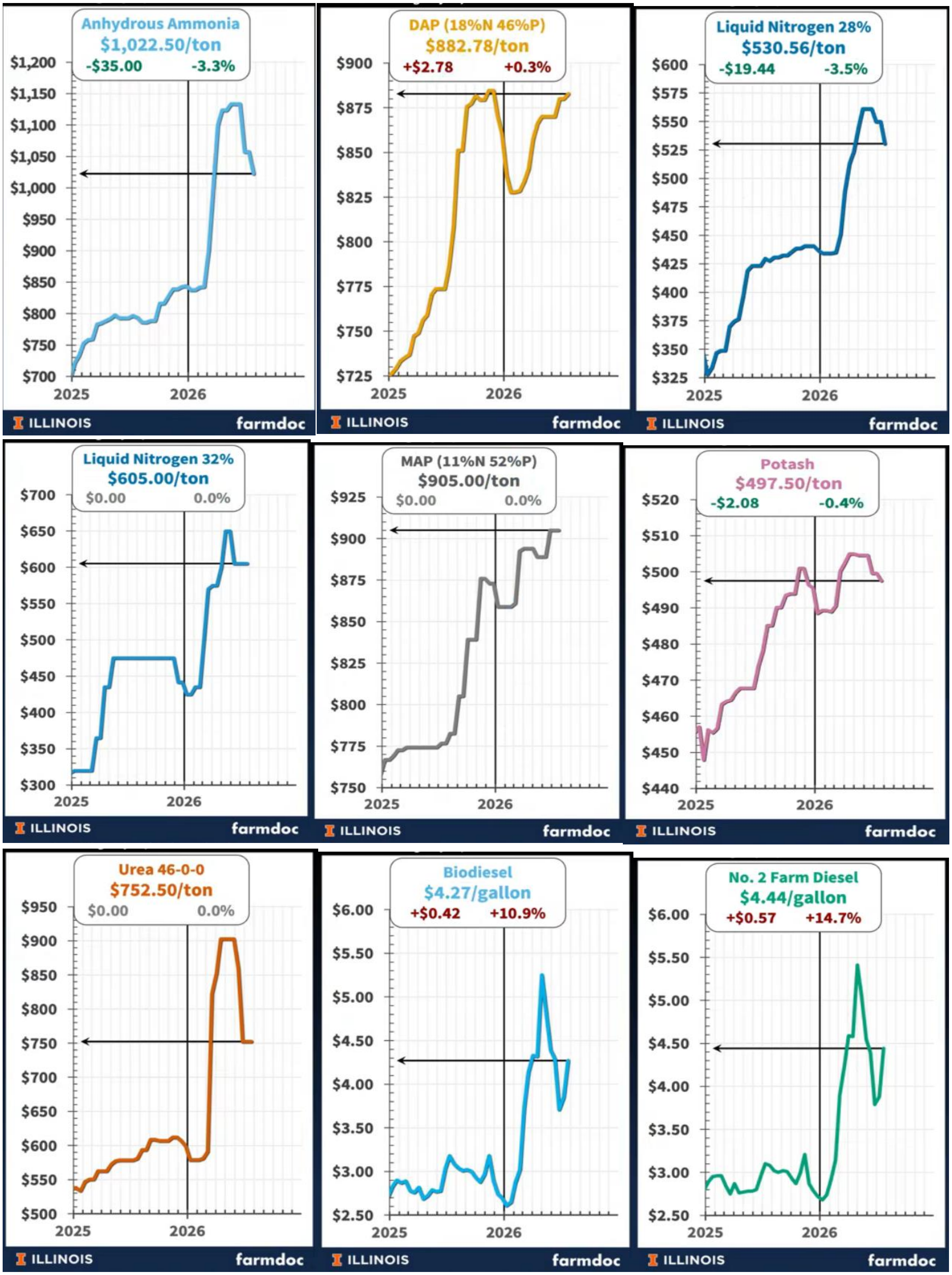


- **"The second quarter of the year** has the least number of farmland sales which stands to reason with the start of a new lease year, spring calving season, and the planting of a new crop," says farmland specialist Randy Dickhut of AEI.ag. "Cropland and ranchland have taken different pricing paths over the past year as each responded to relevant economic signals. Will it be more of the same looking ahead or will the factors influence each change? The stability of cropland prices in the light of the tough economic times for crop production is interesting as common thought would have land values declining due to the poor income being generated by each acre. The margin squeeze in commodity crop production is especially tough right now and is expected to continue for several years with elevated costs. With the current low supply of farms for sale, farmers have been financially able to remain active in the market. In contrast to the minor changes in the value of cropland, the price of ranchland experienced strong upward movement over the past months. With high cattle prices and strong cow-calf profits, ranchers and others bid up the price of grazing and pastureland. Outside factors, especially for cropland, have increasingly come into play to create demand for farmland. An additional bit of demand has been added to the marketplace by those with 1031 exchange funds from the sale of land for data centers, warehouses, and urban growth. Investor interest in farmland is growing again. With the uncertainty in world events, rising inflation, and risk in financial investments, more institutional investors, family offices, and high wealth individuals are looking to include a portion of farmland in their portfolio. One of the geopolitical factors influencing land values is the U.S. government's response to tariffs, low farm income, and other events. In the past, ad hoc payments improved crop farm incomes and working capital which supported land values. Expected payments in the fall, which will boost farmer's working capital, will come at a time when more farms come up for sale.
  As we look ahead to the rest of the year for land values, several factors should be watched during the coming months. If 2026 yields are good and commodity prices improve, the better income outlook will help boost farmer demand for land. A big question is whether there will be more land on the market for sale than the lower supply of the recent past. Current economic conditions are challenging for cropland prices. Yet the view that farmland is a safe, secure investment supports the demand for farmland. As was said in the last Farmland Market Update, "Those who invest in farmland, be they farmers or investors, remain willing to have low income returns in order to have an inflation hedging real asset.

Factors Influencing the Land Market	As of 7/1/26)					
Positive (+) or Negative (-)						
	July, 2025	October, 2025	January, 2026	April, 2026	July, 2026	UNCERTAINTY
Farmer Liquidity	**--Declining**	**--Declining, But?**	--Declining, But?	+/- Stabalizing	-Weakening	Ad Hoc Payments?
Supply For Sale	-Increasing	+/- Increasing or Not	-Slight Increase	+ Low to Ave Volume	++ Low	Increased Fall Sales?
Interest Rates	-Bigger Challenge	-Moderating?	-Which Direction?	-Higher?	-Moderated, but debt up	Higher in the Future?
Commodity Prices	**--LOW**	**--LOW**	--LOW	-Maybe Higher	--LOW	Weather & World Events?
Farm Incomes	-Stabilize at lower $	-Stabilize at lower $	--Crop Income Stress	-Crop Income Stress	--Crop Income Stress	Margin Squeeze Continues
Inflation	+/- Up?	+/- Persistent	+ Persistent	+/- Persistent	+Higher	Increases Land Demand
Cap Rates	**++ Remain Low**	**++ Remain Low**	- Can They Stay Low?	+Staying Low	+ Staying Low	Safe Investment
Future Profits	--Challenging	**--Challenging**	--Challenging	--Challenging	-- Challenging	Government Support?
Investor Capital	+ Some Increase	**Neutral at This Time**	+ Some Increase	+Some Increase	+ Some Increase	More interest
Demand	-Farmer Challenges	-Farmer Challenges	-Farmer Challenges	+ Adequate	+Adequate	1031 Funds, but Farmers?
Geopolitical	**-- Stressed**	**--Stressed**	+/- Stressed, But?	+/- Stressed, But?	+/- Stressed	Farm Income Stress
						Farmland as a Safe Haven

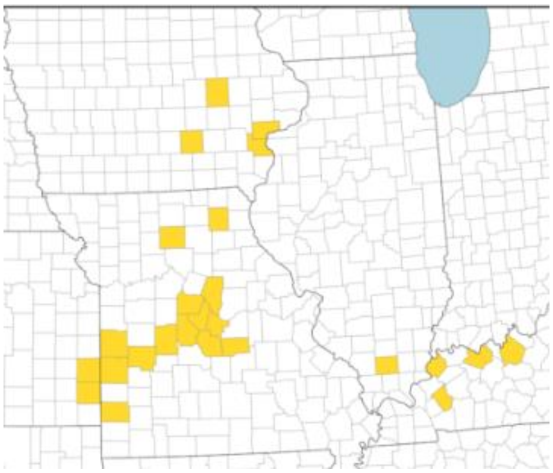
Fertilizer & Fuel Costs, Supply, and Dynamics—

- **IL Fuel and Fertilizer Cost Report** [for week ending July 24](), via Jim Raftis of IDoA.



- **America’s farmers are feeling the squeeze of high input costs**, especially for fertilizer. American Farm Bureau Economist Faith Parum says a new white paper analyzes the problem in more detail, “AFBF released a fertilizer white paper called "A Strategic Fertilizer Response: Policy Considerations for U.S. Agriculture" to talk about the volatility we have all seen in the fertilizer market, some of the actions that USDA, the administration, and Congress are taking to stabilize that market, and policy considerations for things we can do in the future.” She said the fertilizer market is a global market, so anytime there is a disruption, the impact is felt around the world, “It makes prices more expensive here at home, and so this just helps outline some key policy areas where Congress and the administration can look at to help smooth out that volatility. Things like increasing domestic production. Increasing fertilizer transparency. There's been some talk about a fertilizer reserve, so it looks into what a fertilizer reserve would even look like.” Now that the paper has been published, she talks about what’s next, “So next, it's up to our Farm Bureau members and their policy development process as counties across the country get together to talk about the challenges they face, and the policy they want to see implemented here in Washington, and the white paper poses some questions to help get that discussion going. And you can find the white paper here.” (American Farm Bureau)
- **After President Trump’s decision to suspend duties** on Moroccan phosphate, many expected that to put pressure on prices, but they've actually remained remarkably resilient,” says Josh Linville of StoneX. “Why is that? Because the US, the North American marketplace for phosphate was already one of the lowest in the world. And if there's nothing to block exports, well then there's no reason for our price to fall further than it already was. And I don't want to sit there and say that the move was completely terrible. Listen, for the situation as it is, we need to open every supply route we possibly can. And so, I applaud the move. I appreciate the thought process, the energy, everything that they put into making that step. It's a great thing for industry. But unfortunately, when you start to see some of the administration officials say, "Well, you think it’s going to drop phosphate prices 22%." That’s where we started to pump the brakes and say, "No, we don't see that happening." And that's exactly what’s happened. DAP barges are about the same price as they were 3 and a half weeks ago. MAP barges are actually $20 higher than they were when that announcement was made. And it’s because there's just not enough around the world. And it really goes back to sulfur. Sulfur is the name of the game when it comes to phosphate. There's not enough of around when you look at what's lost with the strait of Hormuz, Russia not exporting about 2/3 of the world, 2/3 of the world's tradable sulfur supply right now does not exist. There are other markets in the world which are willing and able to pay far more than phosphate manufacturers are. So, production continues to drop and everybody points out that there’s no demand, it's going to be a terrible fall. That's good because if there was demand you would see prices skyrocket from where they are. No demand and prices have stayed flat. So unfortunately, applaud the move. It's a great move. It's just not going to have the impact today that it really thought it was going to be. Okay. But if demand starts to recover while these supply issues remain in place, how quickly could prices move higher? Immediately!”

Agronomy—



- **Southern rust of corn,** caused by the fungus *Puccinia polysora*, has now been confirmed in Illinois for the 2026 growing season, says Univ. of IL plant pathologist Boris Camiletti. The first report was received on July 23 from Williamson County in southern IL. This confirmation indicates that southern rust spores have reached the state and that corn growers and agronomists should begin scouting, particularly in fields with susceptible hybrids that have not yet reached the later reproductive stages. The disease can develop rapidly under warm, humid conditions, so early detection is important when evaluating whether a fungicide application may protect yield. Southern rust produces small, orange to light-brown pustules typically found on the upper surface of corn leaves." He says do not confuse it with common rust, frequent in IL, but does not cause economic loss. Because southern rust and common rust can look similar, especially in early stages, identifying the correct disease in the field can be challenging. If you suspect southern rust in your corn, submitting a sample to the Univ. of IL Plant Clinic is the best way to confirm the diagnosis: https://extension.illinois.edu/plant-clinic To keep up with real-time disease reports, use the Crop Lookout tool from the Crop Protection Network. (left). Timely application of fungicides with multiple modes of action between the VT and R3 stages has been shown to reduce disease severity and protect yield. If southern rust is not observed until R3, the application can be delayed until then, and a second spray is typically not needed as noted in the table.

Crop Stage When Southern Rust is First Detected	Possible Benefit From Spraying	Comment
Vegetative	Not likely to find southern rust at this stage unless is planted very late for the region	Scout fields for disease
VT/R1 (Tasseling/Silking)	Yes	May need a second spray
R2 (blister)	Yes	Less likely to need a second spray
R3 (milk)	Yes	No second spray needed
R4 (dough)	Maybe, with severe disease pressure	No second spray needed
R5 (dent)	No	No second spray needed
R6 (black layer)	No	No second spray needed

Illinois Issues—

- **Something worked well.** ComEd is proposing to construct through north-central Illinois. The project is in its very early stages, but ComEd recently requested input as it develops a routing study to determine the transmission line's location. IL Farm Bureau worked with 14 county affiliates to provide coordinated feedback and encourage routing the transmission line in a manner that causes the least possible interference with agriculture. If you become aware of a proposed project in your area and need any assistance, please do not hesitate to contact a local Farm Bureau, says Governmental Affairs Director Kevin Semlow.
- **IL Farm Bureau is urging Governor Pritzker** to sign SB 3208 into law. The legislation, which IFB supported, changes the definition of "implements of husbandry" to facilitate the travel of dual axle grain wagons. The legislation, if approved by Governor Pritzker, would go into effect next year and set a weight limit of 44,000 pounds for dual axle grain wagons. While this new law will not be in effect for this year's harvest, IL Farm Bureau worked diligently to get this legislation passed and is excited for its implementation in the future.

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 American Agri-Women** will hold a National Virtual Affiliate Meet & Mingle on Aug. 4, beginning at 12 noon Central time, and its all on your computer. Meet the leaders, connect with others, hear what is being built, share your ideas, discover ways to get involved. Virtual via Zoom **-** REGISTER and get details.
- **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.