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

Commodity market price drivers—

- **Corn and soybean traders headed for the exits last week**. After having all the fun they could stand, fund managers liquidated more than 200,000 corn contracts since reaching a net long position of 206,559 contracts just 5 weeks ago. This week's consensus of traders report showed another massive round of selling, with large speculators reducing their net position by 83,571 contracts and leaving them with a net long of just 3,327 contracts. Adding to the bearish tone, index funds sold 39,974 contracts, their largest week of selling since liquidating 62,707 contracts in March 2025, and that was only through June 2. "Corn is no longer the crowded long trade it was a month ago. Speculative length as a percentage of open interest has fallen sharply and much of the fuel behind the liquidation-driven decline has already been burned," says the BrockReport.com. "Large speculators sold another 38,555 soybean contracts this week, reducing their net long position from 143,245 contracts 4 weeks ago to 53,011 contracts today. While significant, that reduction is nowhere near the liquidation that has already occurred in corn, suggesting there is still meaningful speculative length left in the market. Again, this report only captures positions through June 2. Soybean oil had been the primary support for the soybean market, but that support may be fading. Both soybean oil and soybean meal suffered sharp breaks late in the week. If the recent weakness in the products marks a broader trend change, additional fund liquidation throughout the soybean complex could follow. Unlike corn, where speculative length has largely been washed out, soybean oil and soybean meal remain heavily owned by managed money, suggesting the liquidation phase may not yet be complete."

- **Thursday will be WASDE day at USDA.** But where is the market, what does it anticipate, and what could USDA's crop department report in the June WASDE? [Terrain ag economists provided their perspectives:]

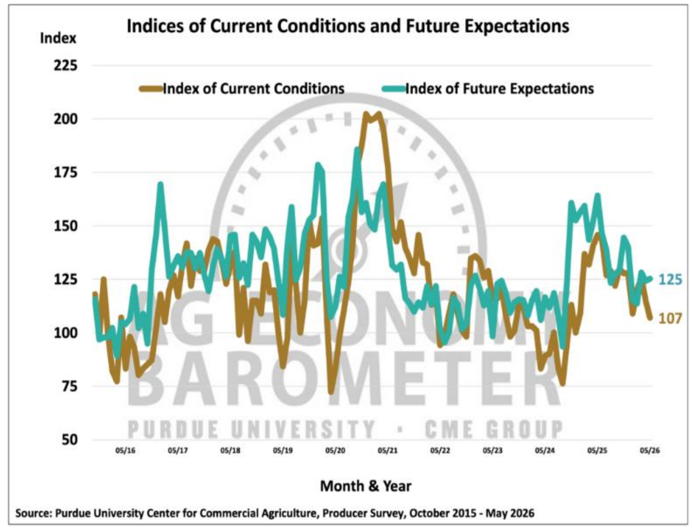
  ✓ **For corn,** the message is that prices are supported by steady ethanol demand, strong fund length, and tightening global supplies. U.S. ethanol production remains solid at 1.082 mil. bbls. per day (after peaking at 1.120 mil. in mid-April), keeping a firm pull on corn demand as long as crude oil stays elevated. At the same time, speculative funds remain heavily net long, increasing both upside and downside risk if energy markets weaken. Beyond biofuels, global fundamentals are also tightening, as world ending stocks for 2026/27 are forecast to be at their lowest level since marketing year 2013/14. Brazil is expected to consume approximately 70% of its corn production domestically, up 4.3 percentage points from its five-year average, leaving exportable supplies more limited to the global marketplace. Currently, the new-crop U.S. corn stocks-to-use ratio is forecast at 12.1%, almost a full percentage point lower than projected for the current 2025/26 marketing year.

  ✓ **The soybean market story** is similar to corn's, driven by increased demand for soybean oil used in biofuel production and strong domestic crush. The USDA's 2026/27 season-average soybean oil price forecast of 70¢ /lb. reflects ongoing support from the biofuel sector, and that support flows directly into crush margins and whole-bean valuation. With funds still carrying a sizable net long in soybeans, the market has structural support from renewable fuels demand, but it is also more exposed if crude oil retreats or if enthusiasm around biofuel policy and soybean oil fades. Competition from South American supplies and trade relations with China will also remain primary factors influencing the U.S. soybean market. The broader takeaway is that the 2026 market will likely entail heightened market volatility. Since corn and soybeans are feedstocks for energy-derivative products, crude oil volatility will likely play a meaningful, outsize role until stability over the Strait of Hormuz is fully realized. Large speculative positions mean market sentiment can amplify price moves in either direction. However, do not lose sight of the supply and demand fundamentals and how these forces interplay on the corn and soybean balance sheets.

  ✓ **With corn and soybean prices** increasingly influenced by global supply and demand shifts, speculative positioning, and now volatile energy markets, producers should lean on a combination of marketing tools to protect price floors while managing risk that could capture future upside. Volatile market rallies can provide opportunities to layer sales incrementally through forward contracts and hedging strategies rather than waiting for a single price target. Pairing futures or cash sales with option strategies can help protect downside while keeping some upside flexibility in case the weather market becomes favorable to prices during the summer.

Farm Economy---

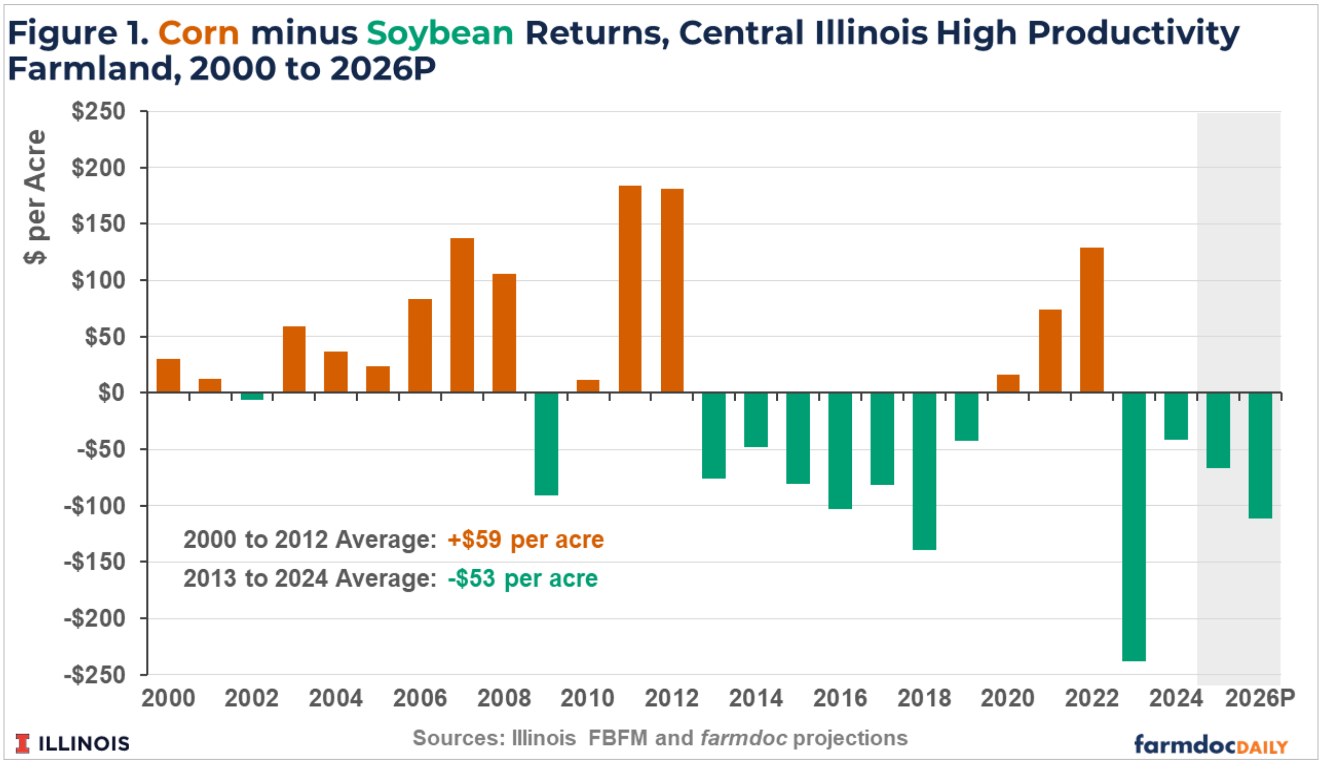
- **Farmer sentiment dropped again in May** in the [Purdue Ag Barometer](). The percentage of respondents who listed high input costs as their biggest concern was 51% in May, reaching a new high. In a related question, 46% of respondents indicated that high input costs are limiting improvements in their financial position this year. The percentage of respondents who think the U.S. is headed in the "right direction" declined from 57% in April to 52% in May, the lowest percentage since we started asking this question in July 2025. The May barometer survey was conducted among 400 farmers across the country from May 11-15, 2026.



  - ✓ Only 14% of respondents indicated that their farm operations were better off in May than they had been a year ago. Looking ahead to the next 12 months, 22% of respondents expect their farm to be better off financially a year from now. The Farm Capital Investment Index fell 3 points to 41, its lowest level since September 2024, indicating a decline in willingness to make large investments.
  - ✓ Of the limitations on their farm, high input costs were by far the most frequently cited constraint, selected by 46% of respondents. Weather risk ranked second at 19%, followed by low output prices at 14%, labor and equipment concerns at 9%, and debt or financial pressure at 5%.
  - ✓ Approximately 2/3 of the respondents expected their net farm income to decline in 2026 due to the Iran conflict. Among respondents who planted corn in 2025, approximately 1/2 expected corn breakeven prices to increase by up to 6%, 17% expected breakeven prices to increase by 6% to 9%, and 30% expected them to increase by 10% or more.
  - ✓ Of those who hire labor, approximately 44% have had at least some or a lot of difficulty hiring this year. Respondents were also asked whether artificial intelligence (AI) tools would improve their current labor and equipment situation. Approximately 59% indicated that it would not improve their situation, while 37% indicated that it would help some, and 4% indicated that it would help a lot.
  - ✓ Alternative investments, interest rates, and net farm income were cited as the three factors with the greatest influence on farmland values.
  - ✓ After averaging 71% over the last 6 months of 2025, the percentage of producers who reported that the U.S. is headed in the "right direction" fell from 57% in April to 52% in May, the lowest percentage since we started asking this question in July 2025.

The Business of Farming—

- **If you are making more money per acre from soybeans,** are you still raising corn? Univ. of IL Farmdoc ag economists report, "Average per acre returns to soybean production have exceeded those for corn production in 10 out of the 13 crop years from 2013 to 2025.

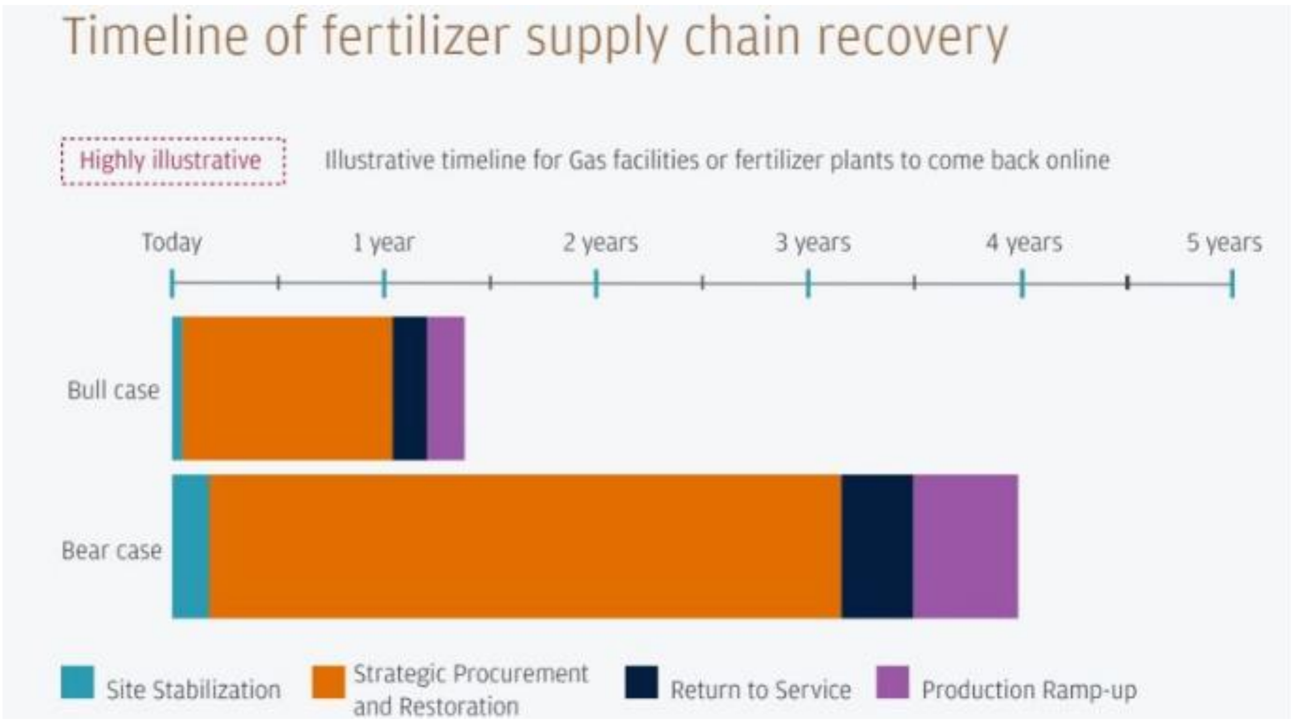


The opposite was true over the prior 13 crops years from 2000 to 2012. Acreage trends in IL indicate farmers are responding to the shift in relative profitability by planting a smaller percentage of their acres to corn. The large increases in use of corn for ethanol production largely came to an end by 2013. The largest return advantage for soybeans in the last 25 years occurred in 2023 when average soybean returns exceeded corn returns by $237 per acre. Notably, average farmer returns to both corn and soybeans were negative in 2023 but the average loss for soybeans was less than that for corn acres. A key question is whether returns will continue to favor soybeans over corn for grain farms in Illinois and across the Midwest. If so, will producers continue to shift towards more soybean acres in their crop rotations? This would imply some farmers moving to planting soybeans to the same land in consecutive years (i.e. soybeans on soybeans). Agronomists tend to advise against planting multiple years of soybeans in a row due to concerns over disease, weed, and other pest pressures and the potential for the development of pest resistance to existing tools (Illinois Soybean Management Guide). However, research is being done on continuous soybean rotations in the Midwest (here for an example of a recent IA study.) Over the next few months, we plan to provide a short series of articles which take a closer look at the shift in relative profitability of corn versus soybeans over the past 25 years. These will include more analysis of the factors that have contributed to the shift and whether we should expect the trend to continue.

- **The United Nations Food and Agriculture Organization** has warned that a closure of Hormuz beyond 90 days could trigger a systemic agrifood shock and a severe food-price crisis within 6 to 12 months. The economic and social consequences of today's blockage will

not be fully visible today. They will appear in the next harvest, the next import bill and the next food price index. That is according to the Secretary General of the International Chamber of Commerce. John Denton (left) says, "The early signals are already ugly. Urea prices have surged, reportedly up 55% in KY. Fertilizer affordability has deteriorated to levels not seen since the Arab Spring. Farmers in import-dependent economies are being forced to make decisions now about how much they can apply, what they can plant and what risks they can bear. These are not marginal choices. At scale, lower fertilizer use means lower yields of staple crops. What begins as a price signal in commodity markets becomes a calorie deficit in poorer households. The geography of the risk is equally clear. The most exposed countries are those that import both food and fuel, carry limited fiscal space and have populations already stretched by inflation. Many are in Africa and Asia. For them, the closure of Hormuz is not an abstract disruption to global trade. It is a direct threat to balance sheets, budgets and bread prices. The problem is not confined to finished fertilizer shipments. The Gulf is also vital to the movement of inputs that keep fertilizer production running elsewhere. Sulphur matters for phosphate fertilizers. Natural gas matters for nitrogen. Ammonia matters across the system. If these inputs do not move, the shock does not remain in the Strait. It cascades through factories, traders, distributors, cooperatives and farms across multiple continents. This is why a "no rush" approach to reopening trade from the Persian Gulf is so dangerous. It assumes time is neutral. The priority must be the full reopening of the Strait. But if that cannot be achieved as a part of the latest negotiations, governments should not let the perfect become the enemy of the urgent. They should establish a protected shipping lane for fertilizers and essential fertilizer inputs immediately, backed by robust transparency and deconfliction processes. In agriculture, time is compound interest in reverse. Every week of delay raises the probability that the final bill will be paid in lower yields, higher food prices and deeper instability. Food systems rarely collapse in a single dramatic moment. They weaken by sequence. By the time the crisis was apparent, the choices that made it inevitable were made months earlier. That is the lesson of Hormuz. The world is still debating whether this is a short-term disruption while farmers are already being forced to make decisions today that will have consequences next year. The clock that matters is not the diplomatic calendar. It is the agricultural one."

- **When the Mideast war is over, and fertilizer becomes available again,** how long will that take to happen? CEO Thomas Halverson of CoBank says, "A new report from JP Morgan says it may take years for global fertilizer markets to recover from disruptions caused by the U.S.-Iran war. World supplies of synthetic nitrogen fertilizer are heavily dependent on natural gas as well as manufacturing facilities in the Persian Gulf region. JPM predicts it could be four years before fertilizer supply chains return to normal (see chart). JPM says farmers could respond to higher nitrogen prices by applying less fertilizer or switching crops, both of which would potentially reduce global crop yields and raise food prices."



The author of the JP Morgan report, says, "The Iran conflict could disrupt fertilizer supply — especially nitrogenous fertilizers shipped from the Persian Gulf — raising farming costs and, over time, contributing to higher food prices. Fertilizer shortages can hurt harvests because the timing is unforgiving: farmers need nitrogenous fertilizers at planting, and they can't be effectively applied once crops are already in the ground. Even if fertilizer shortages abate, there can be lingering effects because restoring fertilizer production can take time, while planting windows arrive on schedule. A brewing El Niño could layer on additional seasonal climate and weather stress, shifting rainfall and temperature patterns, and bringing weather extremes. At the same time, fertilizer supply is tighter, increasing the risk of lower output and added food inflation pressure. It is estimated to take 1-4 years for fertilizer production to be brought back online at full capacity given speed of repairs. However, some damaged natural gas facilities have already been estimated to take 3-5 years to be brought back online when including damage to wells.[ix] This highlights current uncertainty of bringing natural gas feedstocks back online. This could extend fertilizer recovery, especially if long-term LNG contracts take precedent over use of natural gas for fertilizer feedstock."

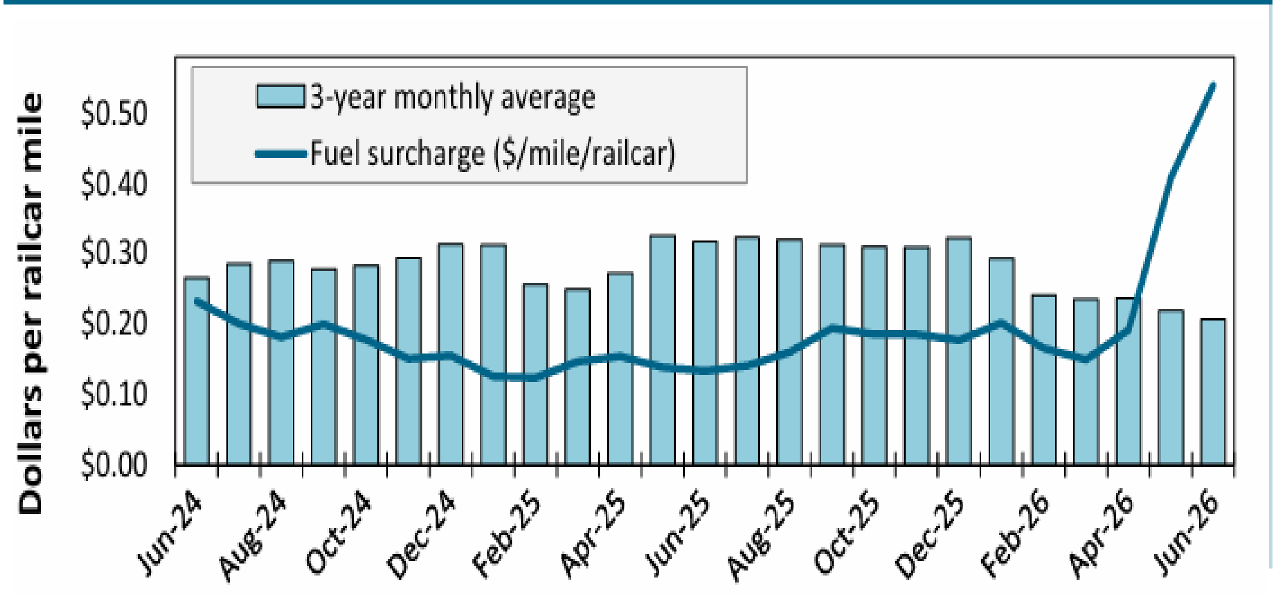
- **Despite the very high prices for phosphates** driven up by the US war on Iran, the Commerce Dept. is retaining its countervailing duties on imported phosphates. Last week 65 agriculture organizations said, "enough is enough" and called on the Commerce Secretary to end the countervailing duties. "These costs land on an already fragile farm economy," the letter said. "Net farm income has fallen roughly 31% from its 2022 peak, fertilizer prices are up more than 150% since 2020, and Chapter 12 farm bankruptcies have surged to their highest levels in several years." The letter also noted that farmers are in their fourth straight year of losses, and that countervailing duties only exacerbate their financial outlook and could mean the difference between sustaining family farms for generations to come or seeing legacies come to an end. "[The duties] do not protect a vulnerable domestic industry from unfair competition," the letter said. "Rather, they further prop up 2 companies who already dominate the domestic market and will continue to dominate that market absent CVD protection." Mosaic and Simplot had requested the import fees to equate imported phosphate prices to what they charge farmers for phosphate products. Ag economists say Commerce Secretary Howard Lutnick estimated the duties cost farmers "roughly $6.9 bil. over the 2021 through 2025 growing seasons. At its full initial rate of 19.97%, the duty drove up the U.S. price of diammonium phosphate by an estimated 28.6%. Secretary Lutnick (right) has received multiple requests previously to withdraw the duties, but has denied them. The joint letter arrives less than a week after Federal Trade Commission Chairman Andrew Ferguson announced a sweeping, industry-wide investigation into the fertilizer sector's pricing practices and market concentration. Among the industry participants in the letter are the National Corn Growers Assn., American Soybean Assn., National Cotton Council, and National Sorghum Producers.

- **Farmers across the Cornbelt** are reducing spending on fertilizer, seed and crop protection products as they prepare for another year of narrow profit margins. Agricultural economists and industry analysts report that many producers are carefully managing expenses after several seasons of declining crop prices and higher operating costs. While fertilizer prices have moderated from record highs seen in recent years, input costs remain elevated compared with historical averages. Farm management specialists say growers are evaluating lower-cost seed options, delaying equipment purchases and reassessing fertilizer application rates to protect cash flow. Some analysts warn that aggressive cost-cutting could affect yields if weather conditions become unfavorable during the growing season. Market observers say producer decisions this spring reflect broader concerns about farm profitability. With uncertainty surrounding export demand, interest rates and global commodity markets, many growers are emphasizing financial discipline while waiting for stronger crop prices and improved market conditions.

Agricultural Transportation Issues—

- **The grain basis will deteriorate for grain shipped by rail.** USDA's Transportation economists report, "Rail Fuel Surcharges Increased in June. Effective this month, Class I railroads' mileage-based fuel surcharges rose. From May to June, the weighted average fuel surcharge increased by $0.13 per car-mile, to $0.54 per car-mile (below). This value is up $0.41 from last June and is the highest since August 2022. The June increase follows a $0.22 increase from April to May, the largest month-to-month increase in the series history. July's fuel surcharges are likely to be similar to June's because most Class I railroads base their fuel surcharge on the U.S. average diesel price from 2 months prior. Because of this lag, July's rail fuel surcharges will be based on May's diesel prices. May's average diesel price ($5.60 per gallon) was up $0.10 from April. This increase is significantly smaller than the February-March increase ($1.20 per gal.) and the March-April increase ($0.58 per gal.).

Figure 9. Railroad fuel surcharges, North American weighted average



- **The Federal Motor Carrier Safety Administration** has issued a temporary waiver of certain trucking regulations for drivers hauling fertilizer, citing concerns about fertilizer availability during the growing season. The waiver, effective May 26 through Aug. 26, applies to motor carriers transporting straight or blended fertilizer products for commercial farming and ranching operations in 35 states. The agency said the action was taken in coordination with the USDA to address an urgent fertilizer supply shortfall. Under the waiver, drivers are exempt from federal hours-of-service limits and electronic logging device requirements that normally govern driving time and duty-status recordkeeping. Drivers using the exemption may operate up to 16 hours in a 24-hour period but must take at least 6 consecutive hours in a sleeper berth or 8 hours off duty. Paper records must be maintained if electronic logs are not used. The waiver does not apply to hazardous materials shipments and expires Aug. 26.

Your video library for the week includes these new releases:

- **It almost happened, then it didn't.** The Assn. of IL Soil and Water Conservation Districts lost major funding a year ago, when legislation cut back its allocation to county soil and water conservation district offices. Hundreds of administrative staff around IL were no longer available to help farmers benefit from federal funding for projects on their farm. The AISWCD Board and new Exec. Dir Eliot Clay developed alternative funding, based on a fee on lost farm acreage to be paid by a developer when it was taken out of production. It was not a tax. It was not dependent on the IL General Assembly, other than approving it. But apparently not enough lawmakers understood the critical issue of funding SWCD offices and operations. Eliot Clay said something happened in the last few hours of the spring session of the General Assembly in this short video.
- **Are you well versed on the "base acre" expansion** underway at USDA and how you are impacted? USDA is allocating 30 mil. base acres to producers of program crops, such as corn, soybeans, and wheat. But it is a complex process. And if you have not replied to USDA's inquiry about your farm's acreage of program crops, it could be a loss of a significant amount of money, if you qualify for more base acres. Before you visit the local Farm Service Agency Office, watch this 12 min. video conversation with IL State FSA Director Bill Graff and FSA program specialist Joan Hammann. Many of your questions might be answered in this video conversation.
- **Are you a specialty crop producer,** also eligible for some of the new USDA Bridge Program funding being distributed by USDA for "specialty crops?" USDA has allocated substantial payments for acreages of high value specialty crops, but production and crop revenue records are required. The IL Farm Service Agency office provided details about the data needed. IL State FSA Director Bill Graff and FSA program specialist Joan Hammann answer some of the questions specialty crop producers may have in this 10-min. video.
- **Are you worried about the screw worm?** Colin Woodall does not seem to be, and he's the CEO of the National Cattlemen's Beef Assn. He spoke to the IL Beef Assn. last week about the pest, and the consumer demand for beef which was overshadowing the rising price of beef in the grocery store. A visit with Colin is on this short video.
- **Drones have captured agriculture** faster than possibly any other technology. But as with anything else, there are rules of the road…or in this case rules of the air. Farmers can buy the drone of their choice, but until then make friends with the Federal Aviation Administration, the drone should stay in the box, or at least on the ground. That is the legal advice of Kelly Neubecker, an attorney, a former Air Traffic controller, and former FAA staff member involved with drone industry. She currently is a consultant to drone operators, providing advice on remaining safe, remaining legal, and aware of how the FAA may check up on your drone activities, whether you are using them on your own farm, or helping a neighbor spot-spray a troublesome soybean field. Anyone using a drone on a farm will want to listen to the advice she shares with everyone in this 10-minute video.

- **Some drones are very high tech and expensive.** Some drones are no longer available in the US. Some drones are available, not as high tech, but need a transportation company to accompany them. Univ. of IL Extension Specialist Dennis Bowman provides an update for anyone considering drone operations today in this short video.
- **The IL wheat crop is a bright spot.** Univ. of IL wheat researcher Jessica Rutkoski conducted a tour of her research plots last week and also provided an update on what she saw during the IL Wheat Assn. tour in late May in this short video.

Mark Your Calendar! --

- **"Practices That Pay:** What 11 Years of Data Reveals" is the title of a PCM/Farmdoc webinar on June 11 at 11 am. Dr. Laura Gentry shares 11 years of PCM data on tillage, nitrogen management, and cover crops — and what's driving profitability in IL corn and soybean fields. Details and registration.
- **The U of I Summer Horticulture Field Day** will be June 11, 8:30 am to 3 pm, at the Rader Farm, 1312 Ropp Rd. Normal. Speakers will address best practices in disease and pest management, focusing on specialty crops. Register upon arrival.
- **June 17** will be an IL Extension water quality plot tour and field day at the Dudley Smith Farm near Pana, beginning at 9 am. Several IL Extension specialists will address a variety of agronomic issues including nutrient losses, bioreactors, conservation management, cover crops and other issues. Details here and register.
- **June 17 is also the date for a webinar** hosted by IL Soybean Assn. and sponsored by Beck's Hybrids. Topics include macro nutrients nitrogen, phosphorus, and potassium, focusing on fertilizer placement, profitable application rates, and optimal timing, including insights on planter-applied liquid nitrogen and sulfur as well as broadcast versus banded dry P+K applications. It will also cover micronutrients and foliar feeding strategies, highlighting which nutrients to target at different growth stages and practical ways to improve returns. The webinar will be at 10 am, and registration information is here.