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

Commodity market price drivers—E15

- **The E15 vote was bipartisan,** but the vote was close when the House gave its blessing to year-round 15% ethanol, and potential consumption of 2.4 bil. more bu. corn each year, which is in the realm of the annual carryout. Year-round E15 passed in the House 218 to 203 but after years of efforts by Midwest lawmakers, the fate of the legislation was still uncertain. House Republicans came to the year-round E15 debate still bruised by an ugly fight over breaks for small and mid-sized refiners that nearly tanked the House Farm Bill until E15 was sidelined for 2 weeks. Midwest lawmakers like Rural Domestic Energy Council Co-Chair Randy Feenstra, R-IA, again argued passionately for allowing permanent year-round sales, "It will expand the market for farmers, it will secure energy independence, and it will lower the gas prices for all our families. Trump called on Congress to get year-round E15 passed to his desk, when he was in IA earlier this year." Rep. Feenstra couldn't win a deal with oil refiners in February, but claimed most of the industry is now onboard, while farmers and consumers will benefit, "In IA, the option to buy E15 means lower gas prices by up to 40¢ a gal. It drives nationwide savings of about $20 bil. It will boost corn demand by 2.4 bil. bu. and increase farm income by $14 bil." But Rep. Jim McGovern, D-MA, tarred Republicans and Speaker Johnson for intraparty fighting that forced the GOP to first attach, then separate E15 from the Farm Bill—promising disparate factions a 'win.', "Once this gets separated from the Farm Bill, lots of luck. And then, what do you say to your farmers; and what do you say to the people whom you promised to fix this? The bottom line is the Senate is not going to take up an independent E15 bill." (Berns Bureau, Washington)

- **While the E-15 vote in the House of Representatives** went in favor of corn and the ethanol industry, the 15-vote margin was closer than expected. Ethanol supporters indicated that was a result of politics from "oil states," and the influence of small oil refiners (SRE) that would not fare as well in the legislation as would large refiners. To some farmers who raise both corn and soybeans, they found themselves in the middle, if they were aware of the conflict ahead of the House vote. Some of the ammunition used by the biodiesel supporters in pushing against the E15 vote came from the Univ. of MO Food and Agricultural Policy Research Institute (FAPRI). FAPRI's economic analysis found positives for ethanol and corn demand, but it also found economic negatives for soybean oil, renewable diesel, and soybean prices. Yes, farmers may see better corn prices and worse soybean prices because of the House E15 legislation. "FAPRI Director Seth Meyer says the headline is pretty straightforward. The biggest market disruptions in the analysis don't actually come from allowing year-round E15 sales. Instead, the larger economic consequences show up when the House proposal to reduce SRE reallocations gets layered into the equation."

✓ Says Meyer, "It's good for the corn part of the balance sheet, maybe a little harder on the soybean part of the balance sheet because there are trade-offs. But then the bill also proposes small refinery exemptions that are essentially a reduction in the mandates, and that is a negative overall. That takes what is really a trade-off between corn and beans and makes it an overall negative for both what the government spends and for the farm income for the sector."

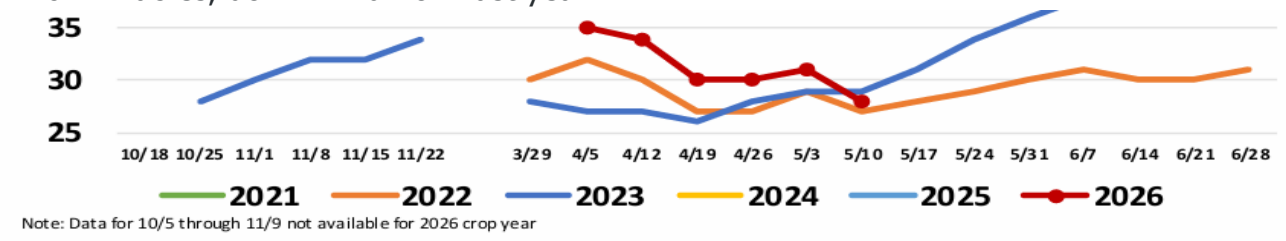
✓ FAPRI's findings show E15 expansion boosts corn demand and corn acreage over time. By 2035, corn prices rise about 14¢ per bu. versus baseline levels, with additional corn acres pulled into production as ethanol demand expands. "So, while corn may benefit, a reduction in the RVO has negative implications for soybeans that outweigh those corn benefits," Meyer explains. The report projects that soybean prices could fall between 38¢ and 43¢ per bu. by 2035, depending on the SRE scenario. Soybean acreage also trends lower throughout the projection period as acres shift toward corn production.

✓ The long-term outcome depends heavily on how quickly E15 adoption actually happens — and whether EPA eventually expands the conventional ethanol "gap" above 15 bil. gals. That final point may be one of the biggest wildcards in the entire discussion, said Meyer.

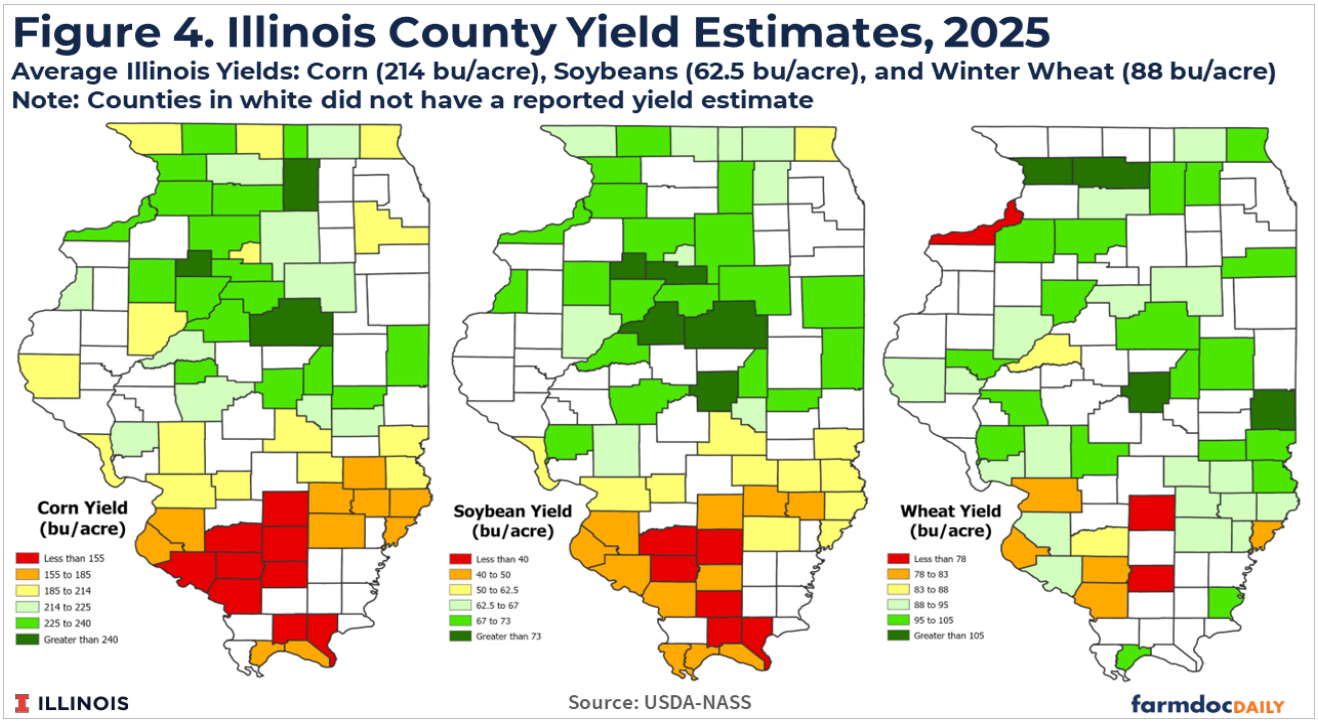
✓ Saying it supports year-round E15, the American Soybean Assn. said, "The bill passed today contains more than just E15 provisions. The House-passed legislation would result in reduced net farm income and negative economic impacts for soybean growers and the broader agricultural economy. Moving forward, ASA will continue working with lawmakers and stakeholders to advance solutions that enable year-round E15 without rewarding petroleum refiners who do not comply with the Renewable Fuel Standard at the expense of a critical domestic market for U.S. soy. Year-round E15 legislation must be pursued with a collective goal of strengthening farm income and supporting markets for both soybean and corn farmers."

Commodity Market Drivers—WASDE

- **Corn:** The 2026/27 U.S. corn outlook is for reductions to supply, total use, and ending stocks with higher expected prices. The corn crop is projected at 16.0 bil. bu., down 6% from a year ago on declines to both area and yield. Planted area of 95.3 mil. acres, if realized, would be down 3.5 mil. The yield projection of 183.0 bu. per acre is based on a weather adjusted trend assuming normal planting progress and summer growing season weather. Larger beginning stocks partially offset the forecast reduction in production, resulting in total corn supplies declining 2% to 18.1 bil. bu. Total U.S. corn use for 2026/27 is forecast to fall 2% relative to a year ago on reductions to domestic use and exports. Food, seed, and industrial use is forecast to be flat at 7.0 bil. bu. Feed and residual use is projected down to 6.1 bil. bu. on smaller supplies and higher prices. U.S. corn exports for 2026/27 are forecast to decline 5% from a year ago to 3.2 bil. bu. With total U.S. corn supply falling more than use, 2026/27 ending stocks are down 185 mil. bu. from last year. Stocks would represent 12.1% of use, down from 13.0% the prior year but above the 5- year average. The season-average farm price is projected at $4.40 per bu. up 25¢.
- **Soybeans:** The 2026/27 outlook for U.S. soybeans shows higher supplies, crush, exports, and lower ending stocks from the prior marketing year. The soybean crop is projected at 4.435 bil. bu., up 173 mil. from last year's crop, reflecting trend yield and higher harvested area. Along with higher beginning stocks, supplies are 188 mil. bu. above the 2025/26 marketing year. U.S. soybean crush for 2026/27 is projected at 2.750 bil. bu., up 120 mil. from the 2025/26 forecast on favorable crush margins and strong demand for soybean oil as a biofuel feedstock. Domestic soybean meal disappearance is forecast to increase 1% while exports are forecast at 21.7 mil. short tons, indicating a 22% share of global trade, compared to the prior 5-year average of 20%. U.S. soybean exports are projected to rise to 1.630 bil. bu. U.S. soybean ending stocks for 2026/27 are projected at 310 mil. bu., down 30 mil. from the last report.
- **What is the story on wheat?** To tell the truth, it's not good. USDA crop specialists conducted their latest survey and winter wheat rated good to excellent was only 28% (below) with the trend going downhill, as presented in the WASDE and Crop Report May 12. The main problem is the intensity of drought in areas with high volumes of wheat acres. The declining quality is influencing many wheat growers to either spend less for fertility or crop protection, or make the ultimate decision of abandonment with a crop insurance claim. The National Ag Statistics Service has estimated the crop at 1.05 bil. bu., well below the trade expectation that ranged from 1.13 to1.31 bil. bu. USDA says, "As of May 1, the US yield is forecast at 47.6 bu. per acre, down 7.3 bu. from last year's average yield of 54.9 bu. per acre. Area expected to be harvested for grain or seed totals 22.0 mil. acres, down 14% from last year.



- **The National Agricultural Statistics Service (NASS)** of the USDA recently released 2025

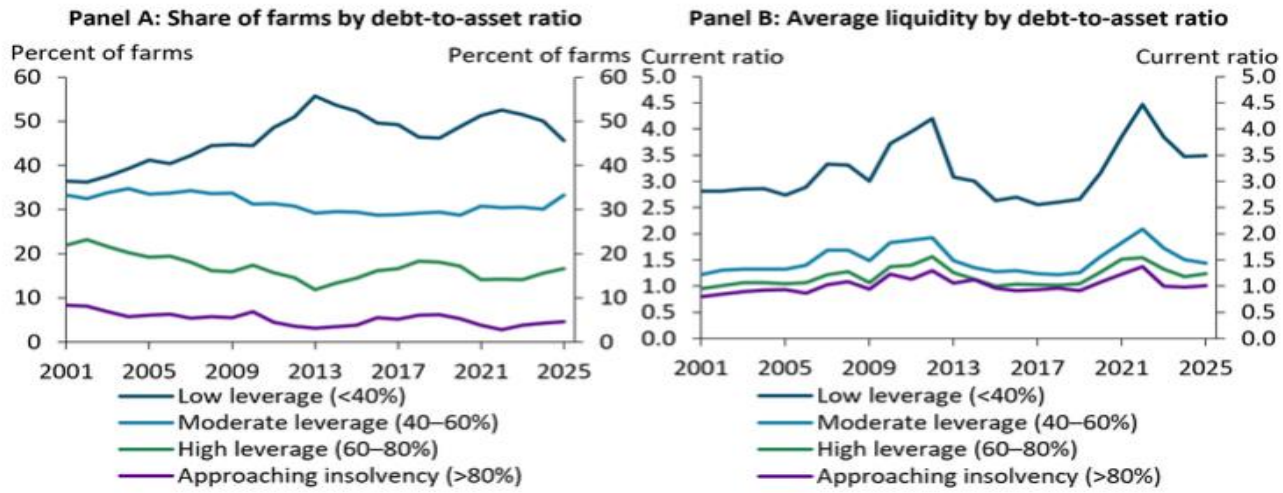


county yield estimates for corn, soybeans, and winter wheat. Farmdoc ag economists say, "County yields tended to exceed the national average in the main Cornbelt region of the Midwest, while yields tended to be below the average in other areas. The number of individual U.S. counties with yield estimates reported has continued to decline. Corn yields were above the national average in eastern NE, IA, IL, IN, and western OH. The highest yields were in IL, with a cluster of particularly high yield counties in central IL. The average soybean yield in the U.S. was 53 bu. per acre in 2025, also a record high. Similar to corn, soybean yields exceeded the U.S. national average across the Midwest from eastern NE into western OH, the southern regions of MN and WI, and parts of AR, LA, and MS. Soybean yields were over 70 bu. in central IL and in central NE. Soybean yields were below the US average yield in most other regions where county estimates were reported. Figure 4 shows county yield estimates for IL in 2025. Corn yields averaged 214 bu. per acre, soybeans yields averaged 62.5, and the average wheat yield was 88 bu. per acre. As is typical, yields above the statewide average were common in the northern 2/3 of the state, with yields below the statewide average in southern IL. For corn, yields exceeded 240 bu. per acre in Stark, McLean, and DeKalb counties in central and northern IL. For soybeans, yields exceeded 73 bu. per acre in Stark, Marshall, Tazewell, McLean, and Macon counties. Corn and soybean yield estimates were well below the state average in most southern IL counties. Wheat yields followed a similar pattern. The decline in counties with yield estimates can also be linked to lower response rates to USDA surveys. Declining response rates is an issue impacting USDA data more broadly than just county yield estimates (more on this issue is available here, here, and here). Lower response rates lead to less data being available and potential issues with the reliability of data that is made available."

Farm Economy---

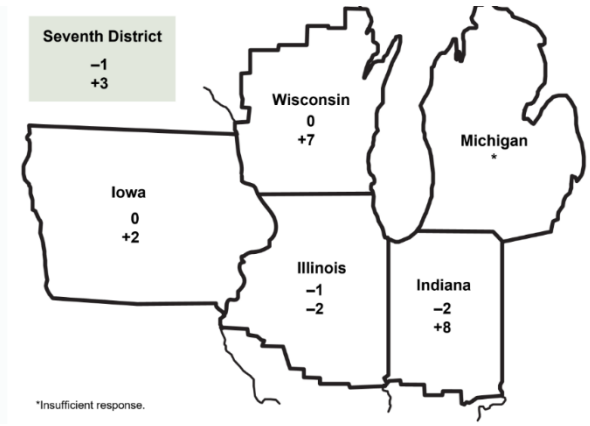
- **Weakness in the U.S. crop** sector has continued to raise concerns about farm financial conditions, say Kansas City Fed economists, looking at US agriculture. "Over the past 3 years, profit opportunities for key U.S. crops have been narrow alongside elevated production costs and low prices, and recent volatility in energy and fertilizer markets have increased uncertainty for many producers**.** Nevertheless, farm-level estimates of solvency and liquidity suggest that most farms remain in a sound financial position. Panel A of Chart 1 shows that the share of farms with low, moderate, or high leverage—measured by their debt-to-asset ratios—remains similar to historical averages. Panel B of Chart 1 shows that average liquidity for these farms has similarly remained in line with historical averages. The average current ratio—measured as current assets divided by current liabilities—remained exceptionally strong in 2025 for low-leverage farms (dark blue line). Although liquidity for moderate (light blue line) and high-leverage farms (green line) has declined in recent years, it remains above the average from 2015 to 2019, when crop profits were similarly compressed. This more modest decline in liquidity may partly reflect the strength of conditions for beef cattle producers and for crop and dairy farms diversified with beef cattle, as cattle prices during this period have been strong."

Chart 1: The distribution of farm leverage is near historic norms, and liquidity is strong for many operations



"Although the most highly leveraged crop farms remain exposed to financial stress, their income and liquidity have been supported by government payments and steady non-farm income. The median farm had a debt-to-asset ratio near 45% in 2025; for those farms to reach high leverage, land values and machinery would need to decline by 35% and intermediate and long-term debt would also need to increase by 35%. The average high-leverage farm had a 70% debt-to-asset ratio in 2025; to approach insolvency, these farms would need to see a 20% decline in land and machinery values combined with a 20% increase in intermediate and long-term debt. Such a rapid pace of debt accumulation and asset depreciation has not been seen since the 1980s farm crisis."

- **Within the Chicago Federal Reserve district,** ag economists report, "District agricultural credit conditions weakened during the first quarter of 2026. Repayment rates for non-real-estate farm loans were lower in the January through March period of 2026 compared with a year ago, and the renewals and extensions of these loans were higher. In the first quarter of 2026, demand for non-real-estate farm loans relative to a year ago was up for the tenth consecutive quarter, while the availability of funds for agricultural lending relative to a year earlier was down for the 12th consecutive quarter.

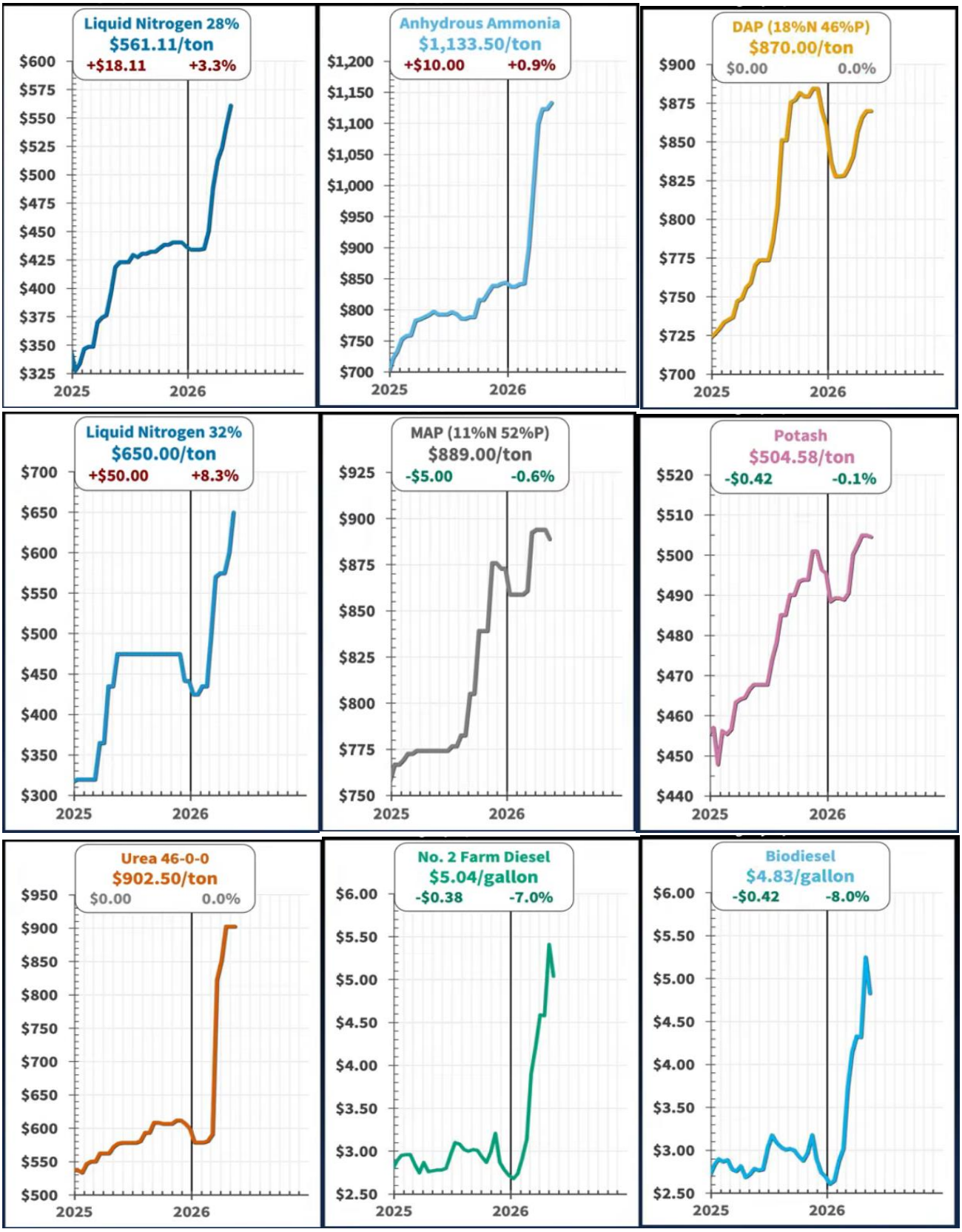


  - ✓ Demand for non-real-estate farm loans indicated strong demand in the first quarter of 2026; for that quarter, 50% of the responding lenders noted higher loan demand compared with a year ago and 9% noted lower demand.
  - ✓ Repayment rates for non-real-estate farm loans was down from a year ago for the 10th consecutive quarter; 38% of responding lenders observed lower rates of repayment for the 1st Q of 2026 relative to the 1st Q of 2025, while 1% observed higher rates.
  - ✓ Loan renewals and extensions in the first quarter of 2026 were at the highest value since the second quarter of 2020; 38% of the survey respondents reported higher levels of loan renewals and extensions over the January through March period of 2026 compared with the same period last year, while just 2% reported lower levels of them. Furthermore, responding lenders reported that, on average, 17% of their farm borrowers had more carryover debt (loans not paid off at the end of the growing season and subsequently carried over into the next one) in 2026 than in 2025.

- **According to an IA lender,** "cash flow projections for many operations are at or below breakeven for 2026 and many borrowers are using up working capital to fund those cash flow shortfalls." Unsurprisingly, survey respondents forecasted that the overall volume of non-real-estate farm loans would rise in the District during the April through June period of 2026 relative to the same period of 2025 (41% of the responding lenders expected a higher volume of such loans, while 8% expected a lower volume). In particular, operating loans, feeder cattle loans, and loans guaranteed by the Farm Service Agency were anticipated to have higher volumes relative to a year earlier, while farm machinery, grain storage construction, and dairy loans were anticipated to have lower volumes. Survey respondents narrowly forecasted a decline in the district's farm real estate loan volume in the second quarter of 2026 from a year earlier. In the first quarter of 2026, 56% of survey respondents considered farmland to be overvalued, while just 1% considered it undervalued. Even so, over 80% of the responding lenders expected farmland values to be unchanged in the second quarter of 2026; 9% of respondents forecasted agricultural land values to decrease, and 8% forecasted them to increase."

Fertilizer Costs and Supply—

- **IL Fuel and Fertilizer Cost Report as of May 15**, via Jim Raftis, IL Dept. of Ag.

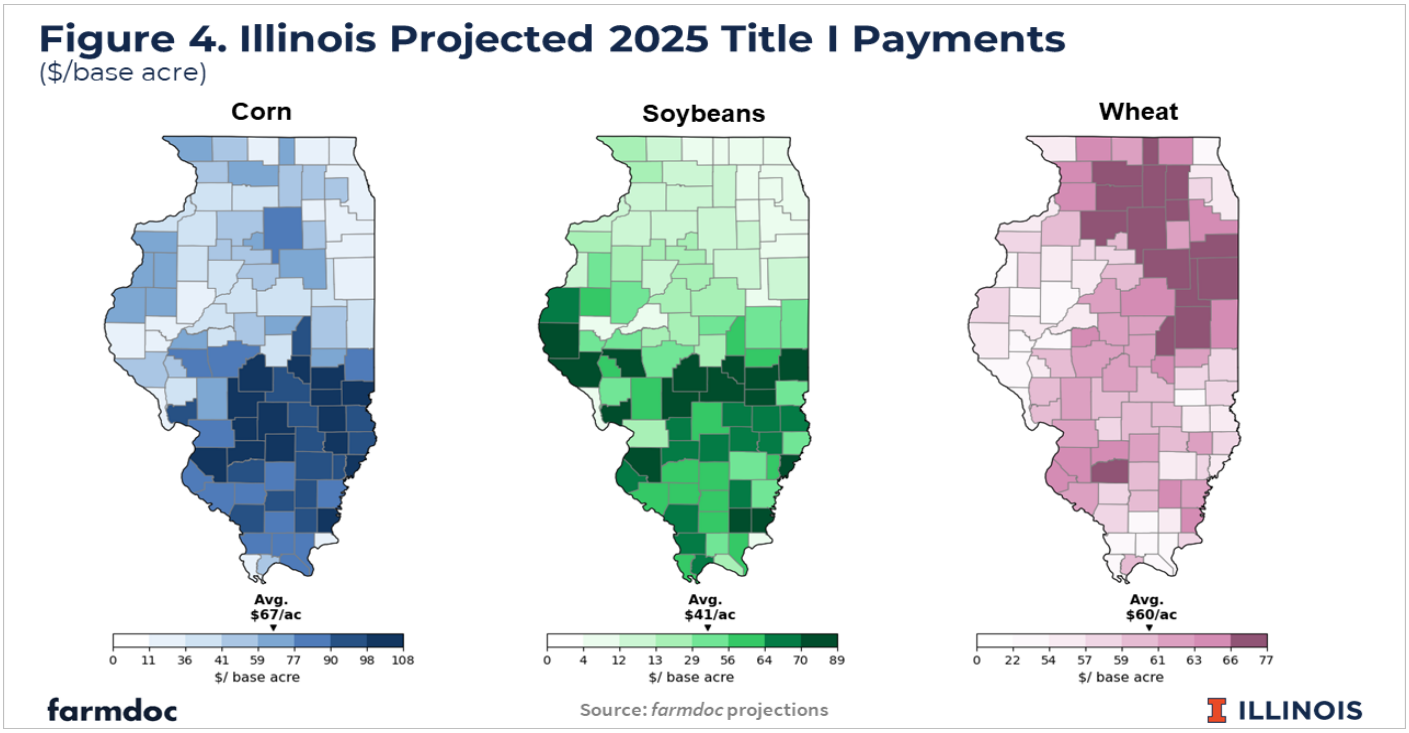


- **Rising diesel fuel and fertilizer prices** are increasing financial pressure on U.S. farmers during the peak of spring planting season, according to analysts and farm groups. Energy costs have climbed in recent weeks amid global trade tensions and uncertainty surrounding tariffs and overseas shipping routes. Higher natural gas prices have also increased fertilizer production costs, especially for nitrogen products heavily used by corn growers. Agricultural economists say many row-crop producers are already operating with thin profit margins after several months of lower corn and soybean prices. Diesel prices are affecting everything from fieldwork to grain transportation, adding expenses across the supply chain. The American Farm Bureau Federation said elevated input costs continue to limit profitability for many farms despite improved planting conditions in parts of the Midwest.
- **With rising gas and diesel prices from the Mideast war,** there has been quite a groundswell calling for the federal and state governments to suspend fuel taxes. While that might seem to be less money paid at the pump, Mike Steenhoek of the Soybean Transportation Coalition sharpened his pencil to calculate the actual savings. Surprise!

  <u>Average Farmer</u>
  - ✓ 1,000 acres (500 acres of soybeans + 500 acres of corn)
  - ✓ 500 acres of soybeans at 53 bu. (national average) per acre = 26,500 bu. of soybeans produced
  - ✓ 500 acres of corn at 186 bu. (national average) per acre = 93,000 bu. of corn produced
  - ✓ 26,500 bu. of soybeans transported by semi at 900 bu. per load = 29 trips required (Utilizing a 5 axle, 80,000 lbs. semi)
  - ✓ 93,000 bu. of corn transported by semi at 964 bu. per load = 96 trips required (Utilizing a 5 axle, 80,000 lbs. semi)
  - ✓ 125 total trips required (29 trips + 96 trips)
  - ✓ If the delivery location is 40 miles from the farm (80 miles roundtrip), 10,000 miles will be driven annually (125 trips X 80 miles)
  - ✓ Assuming 6 miles per gal. fuel efficiency, 1,667 gal. of fuel will be purchased annually (10,000 miles ÷ 6 miles per gal.)
  - ✓ 1,667 gal. X $0.5916 (federal and average state diesel tax) = $986.20 annual cost of diesel fuel taxes. 1,667 gal. of diesel X 24.4¢ in federal diesel taxes = $406.75 spent on federal diesel taxes alone. 1,667 gal. of diesel X $0.3476 per gallon in average state diesel taxes = $579.45 spent, on average, on state diesel taxes alone.
  - ✓ $986.20 ÷ 365 days = $2.71 per day (federal and state diesel taxes combined). $406.75 ÷ 365 days = $1.11 per day (federal diesel taxes alone). $579.45 ÷ 365 days = $1.59, on average, per day (state diesel taxes alone).
  - ✓ A fuel tax holiday for both federal and state diesel taxes will result in the average farmer saving only $2.71 per day. A fuel tax holiday for just federal diesel taxes will result in the average farmer saving $1.11 per day. A fuel tax holiday for just state diesel taxes will result in the average farmer saving only $1.59 per day.

Farm Programs and Mailbox Money—

- **ARC and PLC payments** for the 2025 crop year have been calculated by the Univ. of IL Farmdoc Ag Economists, with payments scheduled to be received in October 2026. Across the U.S., estimated payments average $58 per base acre for corn, $29 for soybeans, and $47 for wheat. The number of counties that had yields reported by NASS is lower than the number of counties for which FSA has base acres enrolled in ARC for 2025. Estimated payments for corn and wheat are smaller than the previous projections given above average yields and slightly higher prices. In contrast, payment estimates for soybeans are higher, due to lower price expectations and yields compared with November. Higher payments for corn and soybeans are concentrated in southern IL. Wheat payments per base acre are larger in the northern part of the state, although the amount of wheat base acres outside of southern IL is relatively small. The projected ARC payment is larger for corn and soybean base acres across most of IL. For these areas, this is driven by yield expectations being poor relative to ARC benchmark yields, particularly in southern IL. Wheat payments were larger for PLC, and thus larger payments occur in counties with higher average PLC yields. Projected ARC/PLC payments were updated using information from NASS yields and MYA price projections from the most recent WASDE report. Historically, FSA yields tend to be higher than NASS, but this is not always the case, especially in IL. Actual county yields used in the program will be released by FSA in June. The MYA prices for corn and soybeans will be determined once the marketing year concludes in August, while the wheat MYA will be determined after the marketing year ends in May. Final payments will be determined by the FSA yields and final MYA prices, with payments being made in October. Thus, the figures presented here should still be viewed as estimates. Finalized payments will likely differ from these estimates, but these updated figures reflect the latest available information."



Mark Your Calendar! --

- **IL Soybean Growers** will host a May 20 webinar about duties and tariffs that are hurting farm income, by disrupting exports. The presenter will be Virgina Houston of the American Soybean Assn. staff. Register here for the 10 am webinar on May 20.
- **Compeer Financial** is hosting a free agriculture-focused session designed to raise awareness about the mental health challenges farmers and rural communities face. It is set for May 20, at 1pm. Registration and details are here.
- **Pesticide safety applicator testing sessions** end May 26 at the IL Dept. of Ag in Springfield; and at the IDOA office in Dekalb May 27. Details are here.
- **May 28 is the next webinar for the Rural Minds series.** It will focus on Removing Stigma & Building Mental Wellness in Farm Communities and will be at 6 pm central time. This free, 1-hour educational webinar will discuss learning more about the challenges facing farmers and farm communities, along with ways rural residents can support each other and promote mental wellness. Register to attend here**.**
- **Extension's Crop Management Conference** will be on-line this year, and available until May 31, with research updates to improve productivity and output of crop science experts. Full event details and registration are available at go.illinois.edu/CMC. CEU's available.
- **Opportunities for market premiums** for specialty crops will be the topic of a Farmdoc webinar June 4 at 11 am. Nick Paulson and Gary Schnitkey will be joined by Kelsey Graber from Clarkson Grain Co. to discuss premium markets, including how farmers can identify opportunities and details to be considered. Registration and details are here.
- **U of I Crop Science Small Grains Field Day** will be June 4 at the Seed House on the South Farm beginning at 8:30 am. Speakers will cover wheat pathology, wheat breeding, oat breeding, and oat-pea intercropping research. Register for the event.