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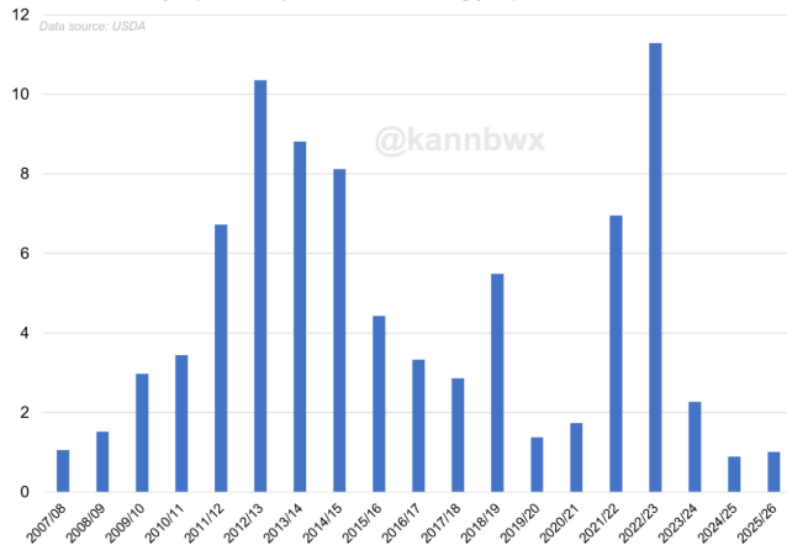
Commodity market price drivers—

- **China's plans are taking shape at the port of Santos in Brazil** to become the main gateway for South American exports of soybeans and other agricultural goods that represent China's only viable alternative supply to U.S. exports, reports the [Wall Street Journal](#). "China's state-owned agricultural conglomerate, COFCO, is building its biggest export terminal outside China at the port to manage shipments of corn, sugar and soybeans. It would increase the company's annual export capacity to 14 mil. tons from 4.5 mil., but isn't expected to reach full capacity until next year. The Santos port fits into China's wider plan to secure access to South America's [agricultural bounty](#) amid shortages of water and arable land at home. Chinese companies are laying hundreds of miles of railroad across Brazil's agricultural heartland and finishing work on a \$3.5 bil. deep-water port on Peru's Pacific coast. The [trade war with the U.S.](#) has heightened the urgency of these projects. Chinese leader Xi Jinping met South American leaders including Brazilian President Luiz Inácio Lula da Silva in Beijing last Monday to discuss their deepening ties. In Peru, COSCO Shipping built a deep-water megaport to speed trade between Asia and South America. Beijing has also discussed with the region's governments a vast railroad running from Peru's Pacific coast to Brazilian ports on the Atlantic. Chinese officials on April 28 said they can easily drop US crop imports and still hit their [5% growth target](#) this year. Brazil—and, to a lesser extent, Argentina—would fill the void, according to analysts tracking agricultural markets. Brazil benefited from global trade tensions during President Trump's first term, displacing U.S. exports to China. Between 2017 and 2024, China increased imports of Brazilian soybeans 35% to 2.7 bil. bu., while cutting imports of U.S. soybeans 14% to 990 mil. bu. according to the Center for Strategic and International Studies in Washington.

- **With corn and soybean exports from the old crop** doing very well currently, [Reuters commodity analyst Karen Braun](#) looked at the prospects for new crop exports, which will be tallied after September 1. "U.S. soybean export sales (below right) for 2025-26 finally sprung to life last week, bringing total bookings to 37 mil. bu. as of May 8. That is slightly better than the year-ago volume but is otherwise the date's lowest in 20 years. But that doesn't necessarily doom the upcoming season. Despite the terrible start to 2024-25 sales, USDA's latest export target for that season is slightly higher than first projected a year ago. The agency predicts 2025-26 U.S. soybean exports down 2% on the year. China might not show up anytime soon given Brazil's massive export program and trade conflicts between Beijing and Washington. Last year, China made its first new-crop U.S. soybean purchase in July, its latest start since 2005." Regarding corn (left), Braun says, "As of May 8, U.S. exporters had sold

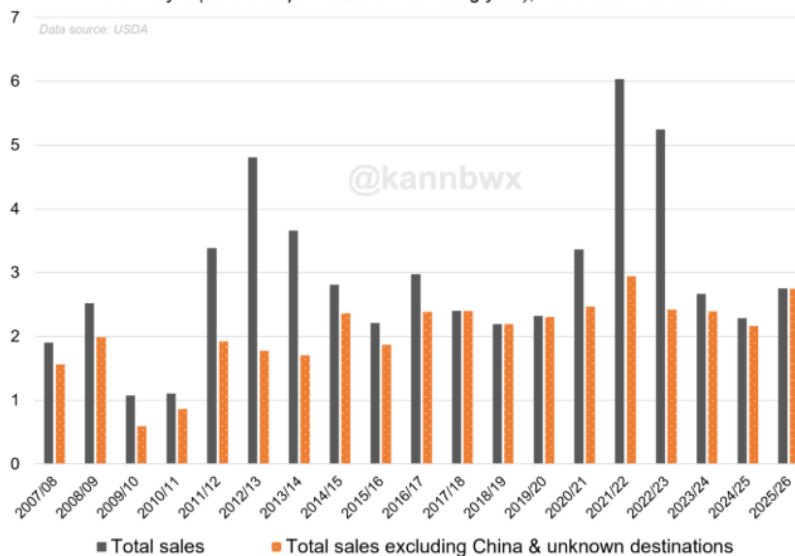
U.S. Soybean Export Sales, Next Marketing Year

As of May 8 (before Sept. 1 start of marketing year); millions of metric tons



U.S. Corn Export Sales, Next Marketing Year

As of May 8 (before Sept. 1 start of marketing year); millions of metric tons



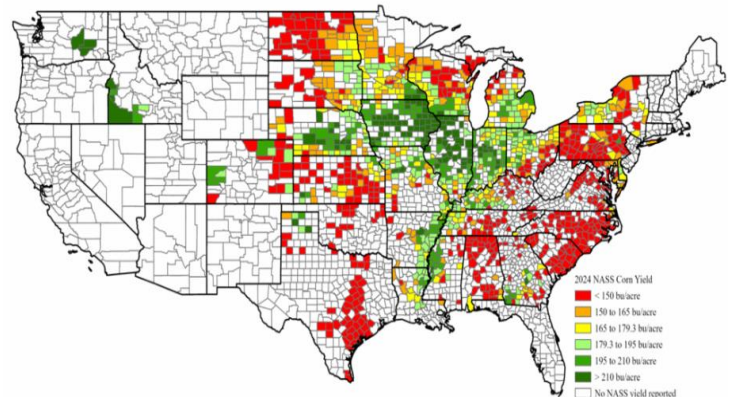
108 mil. bu. of corn for export in 2025-26. That is a 3-year high for the date but a bit below the longer-term average. However, that is the second-best volume in at least 2 decades if excluding China and unknown destinations. China bought virtually no U.S. corn in 2024-25 after having accounted for 31% of American shipments in 2020-21. The USDA last week pegged 2025-26 U.S. corn exports at the second-largest all-time, up 3% on the year. The early sales pace covers about 4% of that target, the same as a year ago. Some

analysts doubt U.S. corn exporters can repeat the strong 2024-25 performance as they may face more Brazilian competition. Brazil's heavily exported second corn crop is set to rise 11% in 2024-25 and harvest will begin in a few weeks."

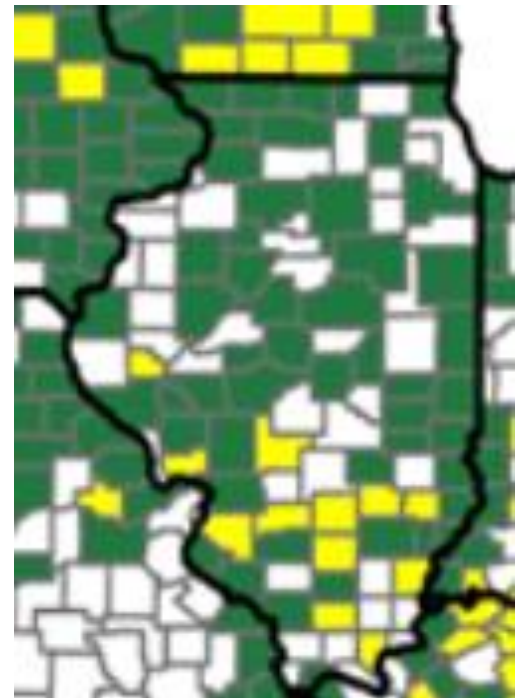
- **Will you get a payment for your 2024 corn?** [IL Farmdoc ag economists](#) have used recently

released NASS county yields to determine that prospect. "Given that MYA prices are expected to be slightly more than 10% below the respective ARC benchmarks for corn and soybeans, ARC-CO payments could be triggered in a number of areas where yields are below the county's benchmark yield. Estimates of county corn yields reported by NASS for 2024 are shown (right). Counties with a NASS corn yield below the US average of 179.3 bu. per acre for 2024 are shown in yellow,

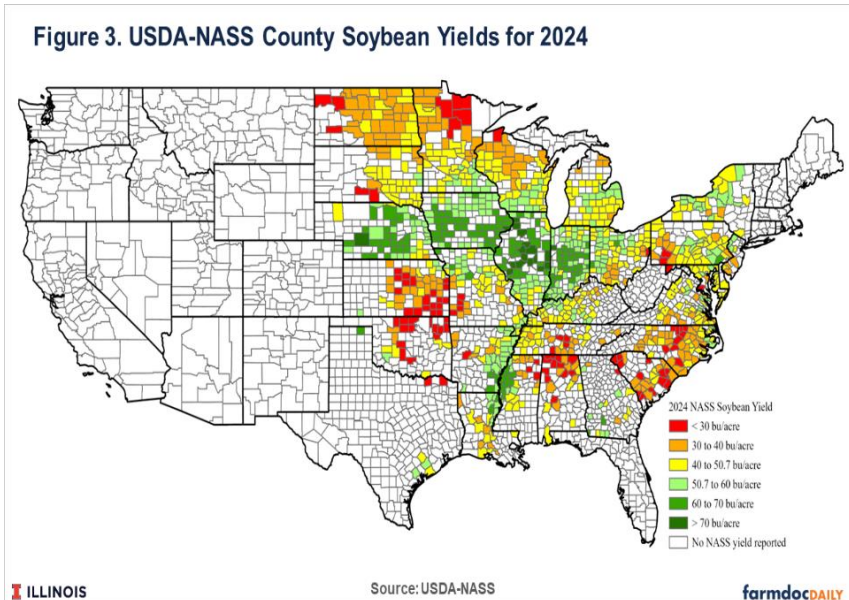
Figure 1. USDA-NASS County Corn Yields for 2024



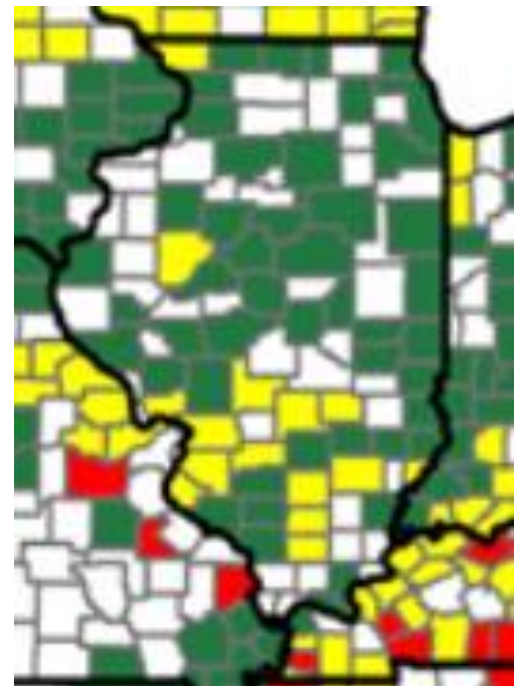
orange, and red. Counties with average yield estimates exceeding the national average are shown in shades of green. NASS yields provide the first county-level estimates available for the 2024 crop year. The Farm Service Agency (FSA) will make their own county yield estimates to determine ARC-CO payments for 2024 once the marketing year ends in August. The 2018 Farm Bill prioritized the use of county yields from the Risk Management Agency (RMA) based on crop insurance data. Still, the NASS yields, combined with the current market year average price projections, provide some indication of where payments might occur. The latest estimate of the 2024 MYA price for corn from the May [WASDE](#) is \$4.35 per bushel, which is just over 10% below the ARC-CO benchmark price of \$4.85 for 2024 ($4.35/4.85 = 0.897$, a 10.3% price loss). Given ARC-CO's revenue trigger of 86%, the yield for a county must be below 96% of the county's benchmark yield for ARC-CO payments to occur ($0.86/0.897 = 0.959$ or 96%). Yields at or below 85% of the county's benchmark would trigger the maximum ARC-CO payment of 10% of benchmark revenue. Figure 2 illustrates where ARC-CO payments for corn base acres might be likely to occur for 2024. Counties in green have a NASS yield greater than 96% of the ARC-CO benchmark yield, which would result in no payment. Counties in yellow have NASS yields between 85% and 96% of the benchmark, suggesting a payment could be triggered for ARC-CO. Counties in red have a reported NASS yield that is less than 85% of the county benchmark, which implies the maximum ARC-CO payment could be triggered. NASS yields suggest ARC-CO payments could be triggered in some counties across all US states for 2024. Of the 1,272 counties with a NASS yield estimate, 64% could have average county yields low enough to trigger an ARC-CO payment and 38% could have sufficient yield losses to trigger the maximum ARC-CO payment.



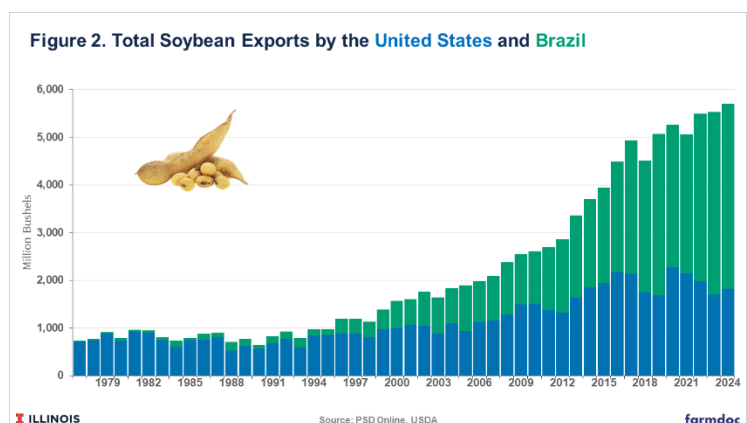
- **Will you get a payment for your 2024 soybeans?** [Il Farmdoc ag economists](#) used the recently released NASS county yields from last year to help determine the potential for ARC-C) payments, which are based on yield. "Similar to corn, soybean yields above the US average yield occurred in most counties throughout the main Cornbelt region, including IA, IL, IN and bordering regions of the surrounding states, and in the Mississippi Delta region counties. Yields below the US average were reported in other soybean production regions of the US for 2024. The May [WASDE](#) projects



the 2024 MYA price for soybeans at \$9.95 per bushel, a little more than 10% below the ARC benchmark price of \$11.12 ($9.95/11.12 = 0.895$, a 10.5% price loss). At this price level, the relative yield triggers would be roughly the same for soybeans as for corn – yields below 96% of the county benchmark would trigger ARC-CO payments and yields more than 85% below the benchmark would trigger the county's max ARC-CO payment. Figure 4 (right) shows the ratio of the NASS yield estimates to each county's respective ARC-CO benchmark yield for soybeans. Counties in green are not likely to trigger ARC-CO payments based on reported NASS yields. Counties in yellow could trigger ARC-CO payments for soybean base acres in 2024, and counties in red would be more likely to trigger maximum ARC-CO payments. ARC-CO payments for soybean base acres seem likely to be triggered in a number of counties across all US states for 2024. We want to emphasize that the NASS yields are not what will be used to determine final ARC-CO payments. More county yield information will become available in June when the Risk Management agency releases their county yields used for area insurance programs. FSA will then follow its process to determine the ARC-CO county yield used to determine ARC-CO payment. Therefore, these estimates are preliminary. Moreover, the final MYA price for 2024 will not be known until the marketing year ends on August 31. The yields, prices, and final payment rates for ARC-CO will not be released until later in September after the marketing year ends.

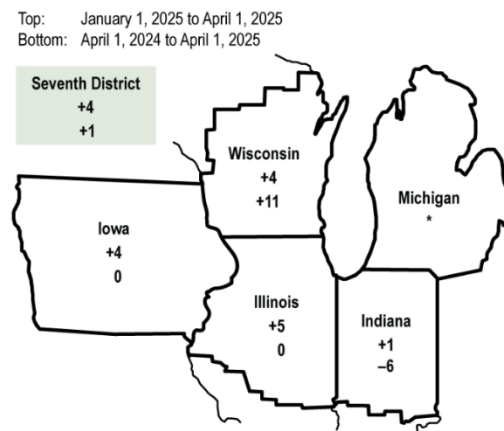
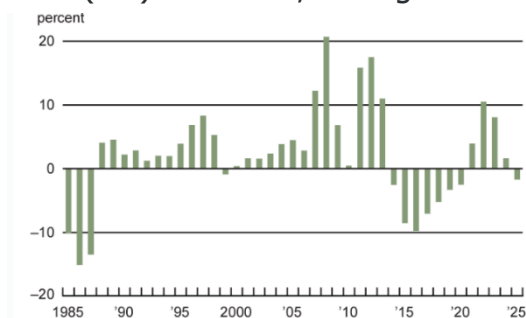


- Trade disputes** can be short-term disruptions, but history also suggests that even short-term disruptions can have lasting impacts—elevating new competitors and shifting the balance of global agricultural trade, say [IL Farmdoc ag economists](#). “The U.S.–China trade conflict, which began in 2018 and has escalated again in 2025 under Donald Trump’s second term, has revived concerns about the reliability of trade flows between the 2 largest global economies. The 1973 U.S. soybean embargo provides a valuable historical example. What started as a temporary policy decision triggered long-term consequences, leading key trading partners to rethink their dependencies and accelerate efforts to diversify suppliers.” The Farmdoc folks recant the 1973 protein shortage due to a shortage in the South American anchovy catch needed for animal feed protein supplement in Japan. The US response was to place an embargo on US soybeans, which was devastating to Japan that relied upon US soy protein. The result was creation of the Japan International Cooperation Agency (JICA), which launched large-scale investments in Brazil’s *Cerrado* region to support soybean production. Since then, Brazil’s soybean planted area has increased 6-fold, from 19 mil. acres in 1977 to a record 117 mil. acres in the last crop season. Meanwhile, U.S. soybean planted area has grown 1.5 times, from 58 mil. acres in 1977 to 86 mil. acres in 2024. The Farmdoc economists say, “As we analyze current challenges in trade and geopolitics, the experience of the 1973 embargo could imply that decisions made in certain moments can have far-reaching consequences for decades to come. The US used to be the world’s largest soybean exporter. In 2013, China became Brazil’s largest agricultural trading partner and Brazil surpassed the US in soybean shipments for the first time. Since then, Brazil’s share of the global soybean trade has continued to grow, with Brazilian soybean exports reaching a record 3.8 bil. bu. in 2024. At the same time, American soybean exports were reduced to 1.8 bil. bu., less than half the Brazilian soybean export volume. While correlation may not be causation, it is also true that decisions leading to trade disruptions of key staple commodities can have long-term consequences. Like any negotiated relationship, trade depends on trust between trading partners that the other side will hold up its end of the bargain—there are almost no avenues for legal recourse or other methods to remedy breaches in the agreements or trust. A self-inflicted trade problem, like the 1973 soybean embargo or the most recent tariff conflicts, could breach not only existing trade agreements but also the necessary trust between trading partners. Countries dependent upon imports of vital commodities will rationally respond by seeking supplies elsewhere and building trust in other trading partners. Those investments are unlikely to change quickly or easily. While it is too early to know the long-term impacts of the most recent trade and tariff dispute with China—and it is more unknown whether the current 90-day reprieve in the highest tariff rates with China will have any lasting impacts—the 1973 soybean embargo and the first round of the trade war provides some examples of what can happen. For agricultural exporters and policymakers alike, the lesson is clear: reliability matters just as much as competitiveness.”



Farm Economics and Lending—

- **In the first quarter of 2025**, the Seventh Federal Reserve District’s agricultural land values saw a 1% increase from a year ago, and “good” farmland values rose 4% from the fourth quarter of 2024, according to the survey respondents of 141 District agricultural banks (right). Demand to purchase farmland was lower in the 3- to 6-month period ending with March 2025 than in the same period ending with March 2024 (15% of the survey respondents reported higher demand to purchase farmland and 29% reported lower demand). Plus, the amount of farmland for sale was down during the winter and early spring of 2025 compared with a year earlier. Likewise, the number of farms and the amount of acreage sold were down in the winter and early spring of 2025 relative to a year ago. Annual cash rental rates for District farmland saw a decrease of 2% in 2025—their first decline since 2020 (left). For 2025, average annual cash rents for farmland were down 2% in IL and 3% in IA

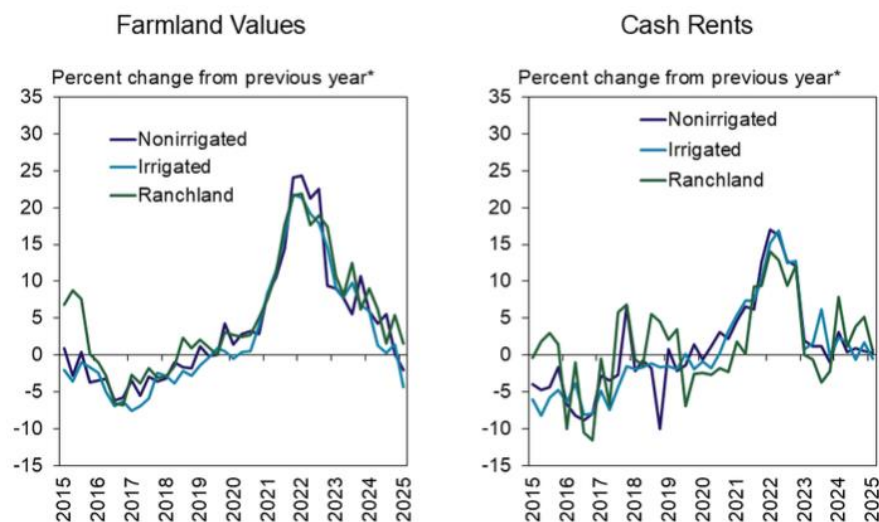


and up 1% in IN and 3% in WI. District agricultural credit conditions weakened during the first quarter of 2025. Repayment rates for non-real-estate farm loans were much lower in the January through March period of 2025 compared with a year ago, and the renewals and extensions of these loans were higher (see figure 3). In the first quarter of 2025, demand for non-real-estate farm loans relative to a year ago was up for the sixth consecutive quarter, while the

availability of funds for agricultural lending relative to a year earlier was down for the eighth consecutive quarter. The breakdown of the index readings for the first quarter of 2025 follows:

- ✓ Demand for non-real-estate farm loans indicated strong demand in the first quarter of 2025; for that quarter, 55% of the responding bankers noted higher loan demand compared with a year ago and 12% noted lower demand.
- ✓ Banks had more funds available to lend in the first quarter of 2025 than a year earlier, while 15% reported their banks had less.
- ✓ Repayment rates for non-real-estate farm loans were down from a year ago for the sixth consecutive quarter; 39% of responding bankers observed lower rates of repayment for the first quarter of 2025 relative to the first quarter of 2024, and no bankers observed higher rates.
- ✓ 35% of the survey respondents reported higher levels of loan renewals and extensions over the January through March period of 2025 compared with the same period last year, while just 2% reported lower levels of them. Furthermore, bankers reported that, on average, 19% of their farm borrowers had more carryover debt (loans not paid off at the end of the growing season and carried over into the next one) in 2025 than in 2024.

- Agricultural real estate values in the Kansas City Federal Reserve District** declined slightly in the first quarter of 2025 and credit conditions deteriorated further. According to lenders in the region, the average value of non-irrigated farmland declined about 2% from a year ago. Land market conditions varied in some states, but in aggregate, values declined slightly following a moderation in farm incomes over the past year. Alongside subdued economic conditions, farm loan repayment rates declined, demand for financing grew and instances of carryover debt and loan restructuring increased notably from a year ago. Deterioration in farm finances was most pronounced in areas more dependent on crop revenues while strong cattle prices continued to support conditions in some parts of the region. The agricultural economy remained subdued through early 2025 alongside weak crop prices. The results of the Survey of Agricultural Credit Conditions were captured in late March, ahead of recent distribution of assistance payments from the Emergency Commodity Assistance Program (ECAP) which could potentially improve liquidity for some producers. Looking ahead, however, relatively low crop prices are likely to continue weighing on financial conditions in the sector and further pressure credit conditions. Farm loan interest rates also remained above recent historic averages, which could pressure land markets and make financing costs particularly challenging for more highly leveraged borrowers. Farm real estate values in the Tenth District declined slightly in early 2025. According to survey respondents, the value of non-irrigated farmland in the Tenth District was about 2% less than a year ago in the first quarter



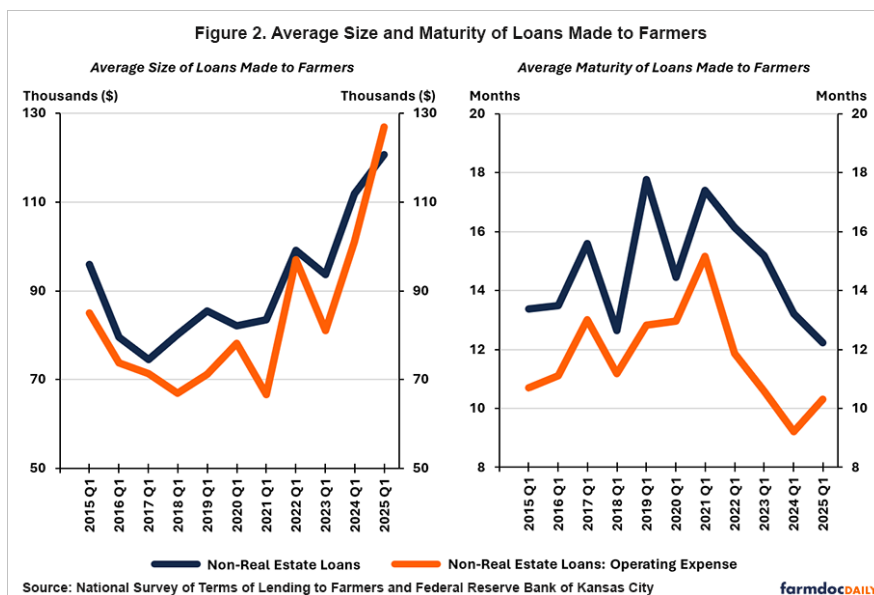
and irrigated land values declined about 4% (left). The value of ranchland was about 1% higher and cash rents on all types of land were unchanged. Farmland markets softened alongside further moderation in the farm economy over the past year, but valuations remained strong. The value of non-irrigated farmland eased modestly from record highs following two consecutive years of declines in U.S. net farm

income. Despite some easing, average farmland values remained more than 50% higher than in 2020 and 165% higher than in 2010. Over those same time periods, cash rents increased only 30% and 60% from 2020 and 2010, respectively. Farm financial conditions in the Tenth District continued to weaken gradually through the first quarter of 2025. According to survey respondents, the pace of decline in farm income and borrower liquidity remained similar to recent quarters. Around 60% of lenders reported that farm income was less than a year ago.



- The Survey of the Terms of Bank Lending to Farmers**

collects information on the characteristics of farm loans made by commercial banks. [IL Farmdoc ag economists](#) say, “Our analysis focuses on non-real estate loans, particularly those designated for operating expenses. The latter includes loans used primarily to finance short-term needs such as current crop production expenses and the care and feeding of livestock. The

number of non-real estate loans made to farmers in the first quarter has trended downward over the past decade. While the number of loans for operating expenses also decreased over the decade, this segment of loans grew by 5.66% from the same time last year. In terms of dollar volume, total non-real estate loans also decreased over the decade. The average size of non-real estate agricultural loans continued its upward trend into the first quarter of the year, as shown in Figure 2. In Q1 2025, the average non-real estate loan was \$120.65 thousand, an increase of 7.81% from the previous year. The average size of loans for production expenses experienced an even more substantial growth, rising by 25.45% from \$101.16 thousand to \$126.91 thousand. The recent loan activity trends discussed above partially reflect the deterioration in liquidity within the farm sector and elevated production costs. According to data reported by the ERS, non-real estate debt is projected to increase to \$187.60 billion in 2025. It has been increasing since 2021 (\$149.86 bil.) and is estimated to have reached \$181.80 bil. in 2024. This period coincided with a significant rise in production expenses. Total production expenses (including operator dwellings) increased from \$371.91 bil. in 2021 to \$435.75 bil. in 2022 (a 17.17% increase), and are estimated to have reached \$452.87 bil. in 2024—an overall increase of 21.77% from 2021. In 2023, working capital fell to \$132.75 bil. and is estimated to have fallen by 6.72% to \$123.82 bil. in 2024. Looking ahead to 2025, working capital is projected to improve to \$128.67 bil., although non-real estate debt is expected to continue its upward trend. The recent growth in non-real estate agricultural loan volumes made to farmers by commercial banks coincides with increased production costs and a deterioration in farm sector liquidity. Additionally, although the number of loans originated in the first quarter has trended downward over the past decade, the average size of loans made has increased. Looking ahead, despite the financial headwinds currently faced by farmers in 2025, payments from the American Relief Act are expected to provide some support alongside the anticipated resolution of trade disputes between the U.S. and its trading partners.



- According to the most recent baseline** of the Food and Agriculture Policy Research Institute, the prices received for major field crops are projected to fall or remain flat again in 2026, says [John Newton, head of Terrain Ag](#). The season-average corn price is projected at \$4.19 per bu., soybeans at \$10.06 per bu., and wheat at \$5.33 per bu.. While some may view this as a return to normal crop prices, the stickiness of production costs and a higher interest rate environment make the current price cycle more challenging than the most recent downturn experienced from 2014 to 2020. Despite crop prices being flat-to-lower, there is no relief on total input costs. The combination of lower crop prices, rising input costs, and a decline in government payments is projected to result in an aggregate U.S. net farm income of \$139 bil. in 2026, down 23%, or \$41 bil. compared to 2025. If realized (and there is a lot of runway in front of us), this would be the third-largest year-over-year decline in farm income in more than 30 years. Like college football, this is a way-too-early projection of farm income in 2026. However, it recognizes that the current headwinds facing crop producers show no signs of letting up, nor are there any tailwinds clearly visible on the horizon. Known unknowns include but are not limited to:

TAILWINDS 	 HEADWINDS
Tailwind: Should we have a dryer or hotter summer, crop supplies could be tighter going into 2026, helping to support higher prices.	Headwind: If Mother Nature provides ample moisture and growing degree days, a bumper crop would fill bins and put downward pressure on prices.
Tailwind: Should trade deals emerge and U.S. agricultural exports take off, prices and farm incomes could move higher.	Headwind: Should U.S. exporters experience retaliatory tariffs for an extended period, commodity prices could decline, lowering farm income (and potentially leading to ad hoc support).
Tailwind: Increased renewable volume obligations and certainty on the future of blenders tax credits or 45Z would be a signal for increased investment, production and consumption of domestically produced biofuels. (This becomes even more important if trade opportunities become limited as harvest approaches.)	Headwind: If renewable volume obligations come in below existing renewable diesel and biodiesel production capacity, and without clarity on the future of blenders tax credits or 45Z, imported feedstocks could be favored over domestic feedstocks and the growth prospects for domestic biofuel consumption could be stalled.
Tailwind: If the Federal Reserve provides multiple rate cuts in 2025, borrowing costs would be lower in advance of the 2026 growing season.	Headwind: If real GDP growth continues to be negative, inflation turns hot, and unemployment continues its upward trajectory, how will the Federal Reserve combat a U.S. economy experiencing stagflation?

- **US agriculture is facing many challenges**, but is now a good time to make capital investments for the future of your operation? In April, the Purdue Ag Barometer's Farm Capital Investment Index showed a surprising jump, with survey director Jim Mintert saying, "This was one of the surprising ones on the report, I suppose. That Farm Capital Investment Index rose 7 points, and that gave us the highest reading for that index since May 2021. Think back to what was going on in May 2021. That was in the midst of people basically standing in line to buy farm equipment. So, the fact that that index is kind of broken out of the trading range, and when I say trading range, moving that index above 50 here these last couple of months, has been kind of significant from our perspective." Regarding the turnaround in the Capital Investment Index Mintert says, "You look under the hood at the actual question we based that index on, which is 'Thinking about large farm investments like buildings and machinery? Do you think now is a good time or a bad time to buy such items?' And what's been happening these last couple of months, and it happened again this month, was that fewer people are saying it's a bad time, more people are saying it's a good time. To put that in context, a year ago, 80% of the people in the surveys said it was a bad time to make investments in farm things like farm machinery. This month, that was down to 64%. A year ago, 11% said it was a good time to make investments. This time around, it was 25%, so that explains why the index is doing what it's doing." The unfortunate thing is the optimism isn't translating into machinery sales, which have been down in the first quarter of 2025, "When you say it's a good time to make investments, part of what we're probably picking up there is the idea that, in the current environment, it's easier to strike a deal. You can get a bigger discount, perhaps, off the list price. You know, there's more inventory out there. Machinery dealers are maybe hungry to make sales, so there might be some opportunities there. I think the index, the question we're asking, is probably picking up some of that as well." (Agriculture of America)

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