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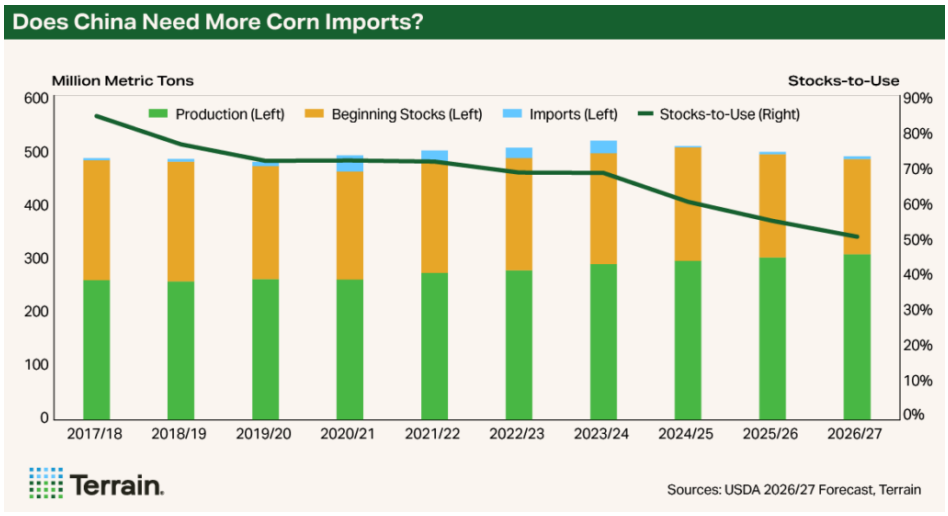
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Commodity market price drivers—

- **The September USDA National Agricultural Statistics Service's Crop Production Estimates** led to some of the largest single-day declines in December corn futures during 2026. But the numbers were not accurate. Faith Parum, the deputy chief economist for the American Farm Bureau, analyzed the corrections, "For corn, specifically in KS and NE, this really affected the yield, and it raised September's national production forecast by 28.4 mil. bu. If you remember in September when that report first released, we saw a pretty marked drop in corn production in the US. This kind of lands more in the middle." Parum said the agency has taken steps to ensure these errors don't happen in future reports, "USDA has looked back at the September and October reports to make sure there are no more changes in any parts of the report, and they have continued to make sure that they are updating their models to make sure that these errors don't happen in the future." The agriculture markets relay on accurate information to support transparent price discovery, "We're very lucky and blessed in the US to have an agricultural statistics service. Obviously, farmers make production, financing, and marketing decisions based on all of these expectations in the report. So, any efforts to make those more reliable, more accurate, are going to be really great for farmers and ranchers." According to American Farm Bureau ag economists, "Two recent USDA reports were followed by some of the largest single-day declines in December corn futures during 2026. On Sept. 30, December corn futures declined 21.25¢ per bu. after USDA reported Sept. 1 corn stocks of 2.095 bil. bu., above market expectations of approximately 1.924 bil. On Oct. 9, futures declined another 20.5¢ after USDA raised its national corn yield forecast to 181.2 bu. per acre, compared with market expectations near 177.7 bu. The AFBF economic staff has more information. "As financial pressures across agriculture continue, maintaining accurate and timely agricultural statistics remains essential to allowing markets to function efficiently and helping farmers make informed business decisions." (American Farm Bureau)

- **Despite a bearish adjustment to old-crop ending stocks**, overall corn supplies remain tighter than a year ago. Combined with stronger demand and global production risks, which could provide support for a firmer market in 2027. Commodity analyst Bree Baatz says, "The USDA's September 1 grain stocks report shocked the corn market, reporting 2.095 bil. bu. of old-crop ending stocks (and subsequently rising new-crop beginning stocks). This was well above all trade estimates and 173 mil. bu. above the USDA's own September World Agricultural Supply and Demand Estimates (WASDE). Old-crop production and residual demand were also adjusted down 57 mil. and 230 mil. bu., respectively. Regardless of the surprise, U.S. corn supply is still forecast to decline year over year (YOY), creating a firmer price floor than the market has had in the past few years. The supply shocks continued for the 2026/27 corn crop. In the October WASDE, the USDA raised the average national yield to 181.2 bu./ac., lifting production forecasts an additional 234 mil. bu. Post-harvest, the market will shift attention from U.S. supplies to South American supplies. Any delays in Brazil's planting of soybeans could result in lower planted acres of second-crop corn. Given the forecast of a strong El Niño, yields could also be reduced in Brazil. The USDA currently forecasts 2026/27 yields to decline only 3% YOY. A sharper decline in South American supplies could lift U.S. corn prices. Corn exports have had a slower start to the new-crop marketing year, down nearly 30% YOY. However, the USDA forecasts 2026/27 to have the second-highest U.S. corn exports on record. Exports to "Unknown" and Mexico are the top two negative drivers for the yearly decline. Arguably, Mexico could be slow-rolling its U.S. corn buys as a tactic with the United States-Mexico-Canada Agreement (USMCA) trade negotiations; however, its domestic production is limited and expected to be flat YOY. The European Union also has less domestic corn production forecast for 2026/27, accounting for 3%-4% of total global supply but 11%-12% of total global imports. However, the U.S. dollar has also strengthened since the start of the year, up almost 6%, as the market expects additional federal rate hikes before year's end. This makes buying U.S. goods like corn more expensive in the global market. If Mexico accelerated U.S. corn purchases, farmers could see a rally in prices. The U.S. is in an excellent position to increase global export market share and for corn prices to move higher as we look to 2027. Though the USDA adjusted the October WASDE balance sheet to reflect a higher stocks-to-use percentage, it should be temporary. As we move throughout the crop year, I expect increased demand will be supportive of higher prices.



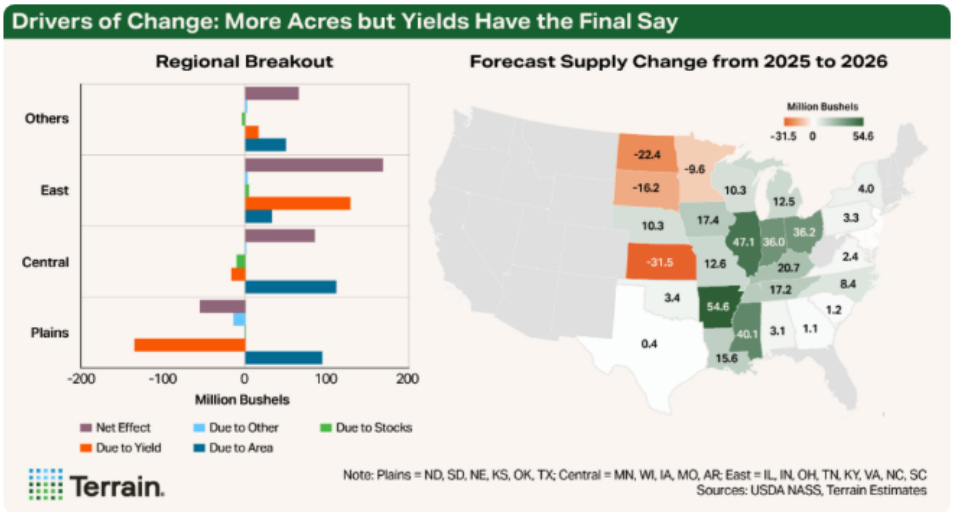
- **The latest USDA reports have added significantly more corn** to the balance sheet than traders expected, while inflation and interest rates continue weighing on the broader economy. TX A&M grain marketing specialist Mark Welch says those developments are creating new challenges for producers as they look ahead to next year's crop, "That 173 mil. bu. of additional grain then got carried over for the new crop year for the '26, added to the '26 crop, that was like adding 2 bu. an acre to the corn crop in 2026." Welch believes the market may face additional pressure if current production estimates hold, "Again, at this point, still holding pretty strong relative to what those fundamentals and particularly those production numbers, if they're correct and if they hold, we'll have trouble, in my opinion, holding this price at $4.80, because that's a lot of corn. So, we'll see what plays out in other factors influencing the market. That number alone will put some pressure on prices."
- **There is no reason** an international corn buyer would not want US corn, says the US Grains and BioProducts Council. "Last week we introduced the data behind U.S. Corn: More Value from Every Bushel, proof that from feed companies in the Middle East and North Africa, to starch operators in Latin America, to Ethanol plants in Europe, U.S. corn is already winning on performance, not just price. For decades, U.S. corn growers have used agronomy, technology, and conservation practices to increase the total volume of corn produced from each acre while reducing the inputs and impacts it takes to get there. As a result, U.S. corn yields have averaged 89% higher than other major origins over the past 10 years1, meaning more bushels produced reliably with a decreasing footprint, year after year, with less exposure to the weather and land-conversion pressures that disrupt supply elsewhere. And key impacts like greenhouse gas emissions run 50% lower on average, which matters increasingly to buyers who have their own sustainability commitments.
  - ✓ The impacts of U.S. corn production have been improving on a per bu. basis over the last 4 decades. According to Field to Market's most recent National Indicators Report, producing each bu. of corn at the start of this decade required 44% less land, 56% less irrigation water use, and 54% less energy when compared to 1980. Buyers purchasing U.S. corn are buying into a system that's been getting more efficient for generations.
  - ✓ Seed technology and reduced impacts. The adoption of seed technology in corn areas has enabled increased productivity and reduced the need to convert more land into agricultural production. It has also allowed the adoption of key practices such as conservation tillage and enabled the reduction of key inputs such as fuel and pesticides. Seed technology also supports grower livelihoods by providing greater resistance to pests and disease; better tolerance to drought, heat, and other stresses; and more consistent crop quality and maturity. All of these translate into increased supply chain resilience, protects grower profitability, and is conducive to resource efficiency.
  - ✓ In their commitment to stewardship and long-term viability, U.S. corn growers strive to implement the practices that will best preserve the land on which future generations will depend. For this reason, over 60% of U.S. corn growers implement key practices such as conservation tillage, which protects the soil and captures carbon.

The Business of Farming---

- **Will credit be available for the 2027 crop?** U.S. farm sector debt is expected to reach a record $605.1 bil. in 2026, according to the latest USDA forecast. That represents a 4.5% increase in nominal dollars from 2025 and a 1.5% increase after adjusting for inflation. The numbers help tell the story of the financial pressures facing farmers. "Farm real estate debt is expected to reach $399.0 bil. in 2026, a 4.6% increase in nominal dollars (a 1.6% increase in inflation-adjusted dollars)," USDA's Farm Income Team wrote. "Farm non-real estate debt is expected to reach $206.1 bil. in 2026, a 4.4% increase in nominal terms (a 1.4% increase in inflation-adjusted dollars)." The USDA also forecasts that the farm sector's financial position will weaken in 2026 compared with 2025, as debt grows faster than assets or equity. So, how could these trends affect agricultural lending in the coming months? Several respondents identified factors that could reduce borrowing in the months ahead, including uncertainty about commodity prices, input costs, and farm profitability. Broader economic concerns also played a role, including the ongoing conflict in the Middle East and its potential ripple effects on businesses and consumers across the district. On the funding side, bankers reported increased competition for deposits from credit unions and non-traditional financial institutions. Financial technology firms and online-only banks are working to expand their customer bases, putting additional pressure on traditional banks. Despite that competition, overall deposits remained stable. 73% of bankers reported maintaining or slightly increasing their deposit levels during the survey period. The report also examined how bankers expect loan demand to change over the coming year. Agricultural loan demand shifted more noticeably: 20% of bankers saw an increase in ag lending, and 16% saw lower demand. The mixed results reflect the different financial circumstances facing agricultural operations. For lenders experiencing changes in loan demand, the report pointed to shifting economic expectations in both agricultural and consumer lending. Overall, bankers expressed cautious optimism about the year ahead. 41% anticipated moderate loan demand over the next 12 months, while 40% expected demand to remain steady. Expectations varied by lending category, however. Agriculture was expected to see some of the strongest growth in borrowing. 35% of respondents anticipated increased agricultural loan demand, reflecting continued investment in farmland and farming operations despite ongoing uncertainty. As farmers prepare for another year of financial uncertainty, lenders are also watching the quality of agricultural loans. The report found that 41% of respondents identified the potential for declining agricultural loan quality as a concern.



- **Are soybeans profitable?** Terrain ag economist Marc Rosenbohm says, "Price volatility and potential opportunities for farmers this quarter will be tied to USDA supply estimates, crush demand, export sales to China, and the outlook for Brazil's crop. These trends are expected to continue through Q4 once we make it through harvest. The strength of crush demand this year rests in part on finalizing the complete reallocation of the excess Small Refinery Exemption volumes above what was previously estimated by the Environmental Protection Agency. Supported by biofuel policy and protein meal demand in the U.S. and globally, soybean crush is forecast to rise 5.1% this year to reach 2.78 bil. bu., according to the USDA. Post-Trump-Xi-meeting, there have been no new substantial export sales to China, leaving the market largely disappointed, with futures prices moving lower accordingly. Additionally, soybeans (except for seed) were not included in the "30-for-30" tariff reduction list submitted by China to the newly formed U.S.-China Board of Trade, leaving U.S. soybean sales to China largely confined to state buyers—unless the price gap versus Brazilian soybeans widens enough to overcome the remaining 10% tariff. It appears that China has retained soybeans as a bargaining chip for ongoing negotiations, as the trade truce to halt the retaliatory tariffs and other restrictions from last fall (the "Busan Agreement") has been extended to January. Brazilian farmers are expected to increase planted soybean area at the slowest rate in 20 years, less than half the 3.1% expansion forecast by the USDA in October. I forecast the 2026/27 season-average price at about $12.50/bu., with a range of $12.20-$12.80/bu., which is above last quarter's forecast. Average operating margins for U.S. soybean farmers have improved steadily throughout the year, rising from a 2026 low of $296/ac. in January to a high of $433/ac. on September 10 before settling back to end September at $416/ac. This estimate is above the long-run benchmark. Depending on a farm's yields and local basis offers, the profitability for this crop could be better than the benchmark.





Your Local Grain Elevator —

- **Grain elevators and cooperatives are facing increased financial pressure** as strong farmer selling shifts more grain ownership and market risk to commercial handlers, according to CoBank. The bank's Knowledge Exchange says recent rallies in corn, soybean, and wheat markets have encouraged producers to sell grain, leaving elevators holding larger inventories amid elevated interest rates and transportation costs. In many areas, elevators expect to own nearly half the local corn and soybean crop after harvest, compared with a more typical 35 to 40%. CoBank economist Tanner Ehmke (left) says larger inventories require more working capital, while volatile prices create additional financial risks. Elevators often hedge owned grain with short futures positions. But when prices rise, those positions can trigger immediate margin calls, requiring cash payments before the physical grain is sold. Limited futures-market returns for storing grain may also fail to cover financing and storage costs, adding further pressure to grain merchandisers' margins. →

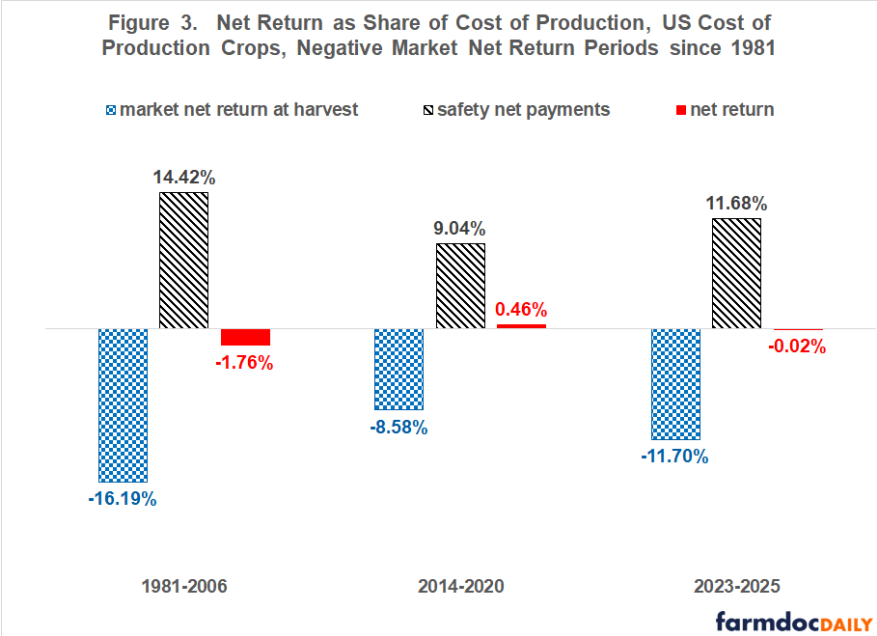


- **In response to the concerns of CoBank's Tanner Ehmke**, Exec. Dir. Jeff Adkisson of the Grain and Feed Assn. of IL says IL farmers should not worry. His members have strong financial positions, thanks to several prior financial challenges in recent years. And he says farmers are also protected by the IL Grain Code, and the IL Grain Insurance Fund. But he also says a trend of consolidations have eliminated small elevators, pulling them into larger, stronger companies. His response can be found in this 10-min. interview.

- **CoBank's Tanner Ehmke** says the basis is a key issue at this juncture. "Elevators can pass costs back through basis. Ehmke says it has not happened yet. "We have seen the basis out in the country has been weakening, but that's mostly a seasonal trend," he says. Farmers who sold outright for cash have already locked in their price and are insulated for now. Ehmke says the exposure sits with farmers who left basis open. "There's a bigger risk for basis to widen over time." He calls that atypical, since basis usually improves after harvest. His outlook depends on how long elevator costs stay high. "What it may do is it may slow the appreciation of basis at best," Ehmke says. "In worst case scenario, it may actually go down." Liquidity is not the concern. "When our customers have a liquidity crunch, the lender steps in," Ehmke says. "And we know that it's temporary." The report still expects grain companies to borrow earlier in the marketing year and for longer than usual. It tells lenders to test whether borrowers can handle large margin calls, expensive inventory and higher freight costs."

Farm Programs—

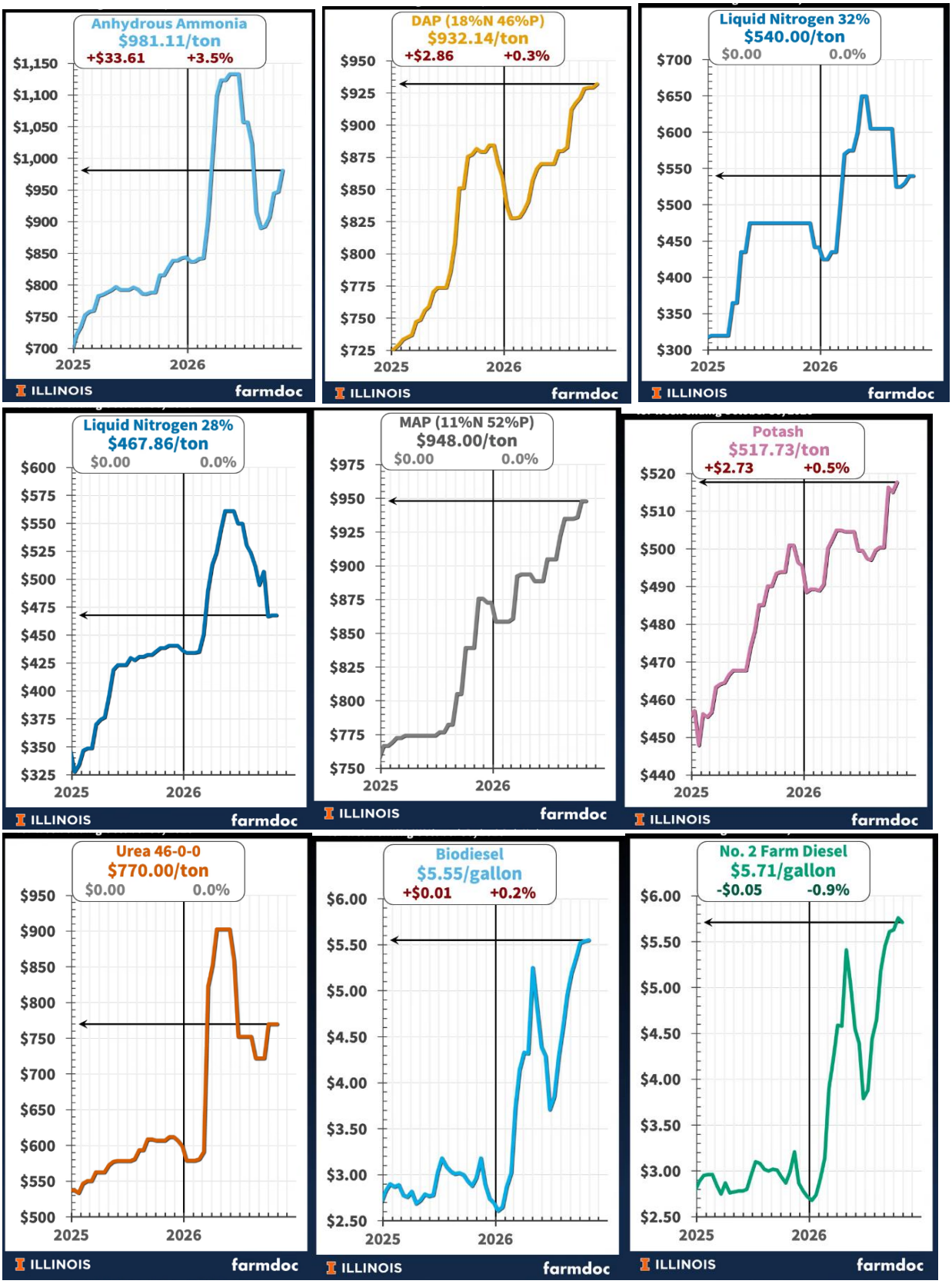
- **Are you making or losing money this year?** Every farm is different, with many seeking financial support from the government, and others saying, "stay out of my business." That dichotomy prompted a pair of Univ. of IL Farmdoc ag economists to ponder: "What sector loss is appropriate to facilitate the field crop sector the US wants in its future?" Over the years, a myriad of challenges have prevented farmers from feeding their family, and farm organizations have pushed for farm support programs to provide minimal financial help. The ag economists report, "The US crop safety net covered 98% of harvest market losses during the long period of consecutive harvest market losses between 1981 and 2006 (graph). During the more recent 2014-2020 period of consecutive losses, the safety net covered slightly more than harvest losses. Net return for 2023-2025 falls between these 2 prior periods of harvest market losses." But what are the implications? Recent US crop safety net policy has been operated to eliminate field crop sector losses. It is thus hard to argue that the US field crop sector is in financial distress. Yes, individual farms are under stress and going bankrupt. But profitability always varies across farms, with some operating at a loss while others earn a profit. Moreover, the variation can be substantial, with some incurring large losses or earning large profits. Thus, if the sector covers all costs, more than a few farms, maybe even a majority, are making money, and some are likely making lots of money. Farmers making money are usually quiet. Sector losses may be distasteful but are important in a market economy. With the sector breaking even, costs have no reason to decline. The US crop all input price index computed by USDA; NASS was 10% higher in August 2026 than August 2023. It was 1% higher after removing inflation as measured by the consumer price index. Does the US want to protect the crop input sector as well as farmers? Removing field crop sector losses enhances cropland's attractiveness as a risk-reducing component of a well-diversified investment portfolio. Unless well-diversified themselves, farmers will find it hard to compete for cropland with nonfarm diversified investment funds. Does the US want an agriculture in which owning cropland requires a well-diversified investment portfolio?" What would be your answer?



- **Dec. 11!** Producers are facing a December 11th deadline to make their commodity program election decisions for the 2026 crop year. Univ. of IL Farmdoc Ag economists have helped with the context for the 2026 ARC-CO and PLC programs and provides guidance and information resources to assist farmers with their enrollment decisions. For most situations, current price projections and yield expectations suggest ARC-CO would trigger larger payments for corn and soybean base acres. For wheat base acres, current projections suggest that ARC-CO and PLC have more similar expected payment levels, with a slight edge towards PLC in most cases. However, individual farm situations can vary. If your selection did result in a farm program payment, it would not be received until Oct. of 2027.
  - ✓ For PLC payments to be triggered for corn base acres in 2026, the MYA would need to be below the Effective Reference Price (ERP) of $4.42. The 2026/27 MYA for corn is currently projected at $4.70 per bu. Thus, no PLC payments would be triggered for corn for 2026 at the current price projection. Of course, the actual MYA price could be below, or above, current projections.
  - ✓ The ARC benchmark price for 2026 is $5.03 per bu. Since ARC-CO is a county revenue program, average county yields will be combined with the actual MYA to determine payments. For counties with 2026 yields at benchmark levels, ARC-CO payments would be triggered at an actual MYA price of $4.53 or lower. This is based on the ARC-CO's revenue guarantee of 90% of benchmark revenue (0.90 x $5.03 = $4.53). For counties with yields above benchmark, lower prices would need to occur for ARC-CO to make payments. If yields above benchmark, ARC-CO could trigger payments at higher prices.
  - ✓ Overall, for counties where the average yield for 2026 is expected to be near benchmark levels, ARC-CO would be expected more likely to trigger larger payments than PLC**.**
  - ✓ Payments from the PLC program will not be known with certainty until marketing year prices are finalized. This will not occur until the end of the 2026/27 marketing year, which is May 31st for wheat, and August 31st for corn and soybeans. ARC-CO payments will also depend on final county yields which are not typically released by FSA until mid- to late-June. Thus, farmers will be making their program enrollment decisions based on projections and expectations for how the programs will perform. Still, given the delayed enrollment deadline of December 11th, more information is available to assist in the decision compared with previous years when enrollment had to be completed in the spring.
  - ✓ The 2026 Farm Bill What-If Tool is an excel-based tool (direct download link here) that can be downloaded and used offline. The What-If Tool allows the user to compare payments from the ARC-CO and PLC programs under different price and county yield scenarios. The online ARC/PLC Calculator tool provides expected payment estimates for comparison between ARC-CO and PLC based on individual farm scenarios (county, crop, farm-level PLC yields).

Fertilizer Cost, Supply and Dynamics--

- **Fertilizer and fuel cost report** for week ending Oct. 30, [from Jim Raftis, IL Dept. of Ag](#).



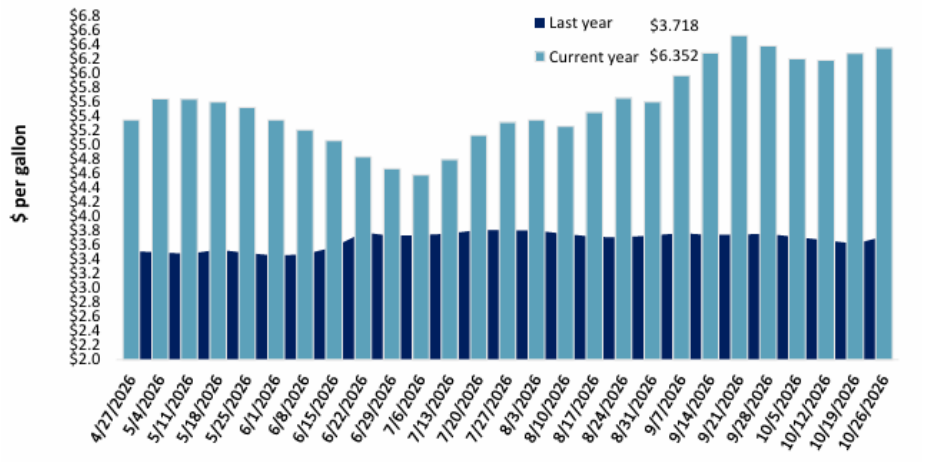
- **Fertilizer prices continued climbing in October**, adding pressure to American farmers already struggling with tight profit margins and elevated production expenses. According to DTN's latest retail fertilizer survey, 7 of 8 major fertilizers increased in price compared with the previous month. UAN28 recorded the largest increase, climbing 6% to an average of $447 per ton during the third week of October. UAN32 increased to $486 per ton, while potash rose to $506. Anhydrous ammonia averaged $987 per ton, and Diammonium phosphate reached $939. Urea was the only fertilizer showing a slight monthly decline, falling to $674 per ton. DTN reported that all 8 fertilizers remain more expensive than a year earlier. Anhydrous ammonia has increased 17% year over year, while urea is 13% higher. The increases come as producers evaluate fertilizer purchases, crop rotations and operating budgets for the 2027 growing season.
- **If you are applying fertilizer this fall**, and planning to sell corn or beans into the biofuels market, there may be some issues you need to considere. Chris Clayton of DTN tells farmers that certain restrictions may cause a change of plans. "Farmers preparing to apply fall fertilizer for their 2027 corn crop may need to complete some paperwork first if they hope to collect premiums for grain going to biofuels under the federal 45Z Clean Fuel Production Tax Credit. Some ethanol plants are beginning to detail premiums for corn grown with practices that reduce the crop's carbon intensity. Premiums range from just a few cents to as much as 75¢ per bu., depending on the practices used and the carbon-intensity score achieved. New federal guidelines on the 45Z require farmers to develop nutrient management budgets, document field practices and maintain records to verify their corn's carbon-intensity score. A key element here is that nutrient budgets must be done before fertilizer applications begin. 6 hoops that farmers must jump through:
  - ✓ Talk to the grain buyer about your plans. Because the federal tax credit goes to the biofuel producer, individual ethanol plants must determine whether and how to compensate farmers for lower-carbon feedstocks.
  - ✓ USDA has a carbon intensity calculator. Farmers should consider running their expected 2027 production practices through USDA's Feedstock Carbon Intensity Calculator (FD-CIC), which requires details about tillage and fertilizer application.
  - ✓ Create your crop nutrient plans before fertilizer application. Those plans indicate the carbon intensity (CI) score that results in any compensation, or even qualifying.
  - ✓ The calculator wants data from a soil test no older than 2 years. If manure is used, test manure sources being applied this fall rather than relying on previous years' analyses.
  - ✓ Document what you have done, because "The burden of 45Z is really one of evidence." Cover crop records may need to include seeding rates, planting dates and other information farmers have not traditionally documented in detail.
  - ✓ Take action now, not next spring, because the 45Z tax credit could create another revenue opportunity for corn farmers at a time when producers are struggling with low commodity prices and higher production expenses. Determine whether adopting new practices makes economic sense.

Diesel Supply and Cost Issues—

- **USDA says temporary diesel fuel tax relief** could save American farmers and transportation operators more than $640 mil. during the current agricultural harvest season. USDA announced Thursday that 31 states have taken or announced measures supporting the federal government's emergency dyed-diesel relief initiative. An executive order Oct. 5 directed federal agencies to temporarily suspend certain penalties and excise tax enforcement related to highway use of dyed diesel fuel. According to USDA, the initiative could generate more than $640 mil. in combined federal and state savings across approximately 224.6 mil. harvested acres. The federal diesel excise tax normally totals 24.4¢ per gal. The Internal Revenue Service issued additional guidance Oct. 14 and Oct. 21 outlining temporary tax enforcement and reporting relief. USDA is encouraging additional states to adopt corresponding measures to reduce transportation and agricultural operating expenses.

- **In third quarter 2026,** U.S. retail prices for on-highway diesel averaged $5.56 per gal., up 21¢ from the previous quarter and up 180¢ from a year earlier (graph). After declining for much of the second quarter, the U.S. average diesel price rose for all but 3 weeks of the third quarter. The price reached a new record high of $6.529 per gal. for the week ending September 21—nearly $2 higher than in early July. From the week ending September 21 to the week ending October 19, prices fell 25¢, but stayed over $6 per gal. report [USDA transportation economists.]

Figure 16. Weekly diesel fuel prices, U.S. average



Note: On June 13, 2022, the Energy Information Administration implemented a new methodology to estimate weekly on-highway diesel fuel prices.
Source: U.S. Department of Energy, Energy Information Administration.

Reflecting rising diesel prices, railroad fuel surcharges increased in the third quarter, and are expected to move higher in the fourth quarter. Barges are also in higher demand, and with higher rates, due to higher trucking costs. "Barged grain movements on the Mississippi River System (MRS) were notably strong in the third quarter, despite a drop from second quarter. Meanwhile, third-quarter barge rates increased, in the face of rising diesel prices and growing operational and capacity constraints. After a second-quarter drop, average monthly barge rates rose throughout the third quarter. Though barge rates typically rise in the third quarter because of harvest demand, this year's third-quarter spike in rates exceeded the typical seasonal rise: for the fourth year in a row, additional upward pressure on rates came from capacity and logistical issues related to low water on the Mississippi River."

- **Farmers who are putting dyed diesel in their trucks** and other vehicles should be aware of new regulations being announced by the IRS and the IL Dept. of Revenue. Pres. Jenny Webb of the IL Fertilizer and Chemical Assn. compiled the data from Washington and Springfield and reports:



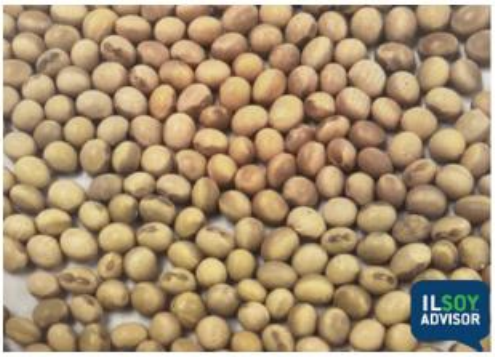
  - ✓ **Federal:** On October 14, the IRS announced it will not impose federal penalties when dyed diesel is sold for use or used on highways nationwide. This applies from October 1 through December 31, 2026, and is not limited to agriculture. The IRS has said it will issue separate guidance on deferring payment of the federal excise tax. That guidance has not yet been released. On October 21, the IRS announced that, for the same period, taxpayers are not required to report the affected federal dyed-diesel excise tax on Form 720 or keep records solely for that tax. The IRS also confirmed these records will not need to be reconstructed after December 31. Other federal reporting and recordkeeping obligations remain in place. On October 23, the IRS released Frequently Asked Questions clarifying the requirements for fuel sellers and users. The FAQs note that the federal relief "does not address any state-imposed fuel-taxes or dyed-fuel requirements." The IRS is also considering a grace period or other measures for residual red dye in fuel tanks after December 31, but has not yet announced one. Although federal penalties and reporting requirements have been relaxed, the underlying federal excise tax has not been formally forgiven.
  - ✓ **State:** IL relief runs from October 6 through December 31, 2026. It applies only to farming and agricultural transportation, not to every highway use of dyed diesel. IDOR has issued 2 new bulletins: IFTA reporting (FY 2027-08): Explains how to report qualifying dyed-diesel use on IFTA quarterly returns. Qualifying IL miles, including empty return trips, are subtracted from IL taxable miles but still included in total miles. Other states' dyed-diesel rules continue to apply when vehicles travel outside IL. Fuel distributors (FY 2027-09): Outlines invoicing, documentation, and reporting requirements for qualifying sales. Only IL-licensed motor fuel distributors may make tax-free dyed-diesel sales, and qualifying sales are reported on Form RMFT-5, Schedule DD-1. IDOR's original bulletin (FY 2027-07) still governs eligibility and recordkeeping for users. It requires documentation of qualifying agricultural transportation and dyed-diesel use to be kept for 4 years, and it describes records to keep for residual dye in vehicle tanks after December 31. The federal recordkeeping does not change these IL requirements.
  - ✓ The temporary federal and state relief is scheduled to end December 31, 2026, and IL Revenue Dept. has stated that normal enforcement resumes January 1, 2027. Questions remain about the deferred federal excise tax and any federal grace period for residual dye. Members should review the applicable guidance and carefully weigh potential implications before making any changes to normal fueling practices.

Risk Management and Crop Insurance Issues—

- **The deadline is approaching to sign up** for Pasture, Rangeland and Forage Insurance, or PRF, for 2027. It is a federally subsidized crop insurance program administered by the USDA's Risk Management Agency. Dr. Jay Parsons, Professor and Director of the Center for Agriculture Profitability at the Univ. of NE-Lincoln, explains some of the basics of PRF, "The coverage itself that I alluded to is in two-month intervals, and you can cover anywhere from 70 to 90% of normal rainfall, 5% increments. Productivity factor: each the dollar value per acre is determined by what county you're in, and it's meant to reflect the productive value of an acre of grass in that county, but you can adjust that value anywhere from one and a half times whatever the county base value is down to 60% of whatever it is. That's just adjusting the dollar value per acre of coverage." Parsons says there are some changes to be aware of for '27, "One of the big changes is they put in a 25% cap for that January-February interval. In general, you can insure anywhere from 10 to 60% of your value in any 2-month interval. So, if you're going to insure a 2-month interval, you got to put at least 10% of your dollar value of coverage in that interval, and you can put up to 60%. A lot of people insure January and February heavily because that's where you get very little moisture most parts of the country." The deadline is coming up soon, "The deadline is Dec. 1. You have to sign up and make your selection on your actual insurance product itself, where the coverage is going to be by Dec. 1." (NAFB News Service)
- **IL is one of 5 Cornbelt states with storm-related crop damage.** USDA's Risk Management Agency has issued a lengthy list of instructions to farm owners on financial claims on damaged crops. Flooding, severe storms, straight line winds, and tornadoes first occurring in August and continuing thereafter caused catastrophic damage in IL, IN, IA, KY, and OH. The Risk Management Agency (RMA) recognizes the need for authorizing emergency procedures to streamline certain determinations to accelerate the adjustment of losses and issuance of indemnity payments to crop insurance policyholders in impacted areas. Farmers and ranchers in the affected areas are experiencing hardship as excessive rainfall and widespread flooding conditions have caused catastrophic damage to crops. Limited ability to travel in impacted areas may prevent many policyholders from being able to communicate with their agents to make changes to their crop insurance policy or report losses within the 72-hour deadline required by the Common Crop Insurance Policy, Basic Provisions (BP). (USDA's instructions were issued Oct. 29 for a wide variety of spring and summer storms, and RMA says, "In lieu of the requirements to report damage within 72 hours, RMA authorizes insurance agents to consider individual circumstances in accepting delayed notices of loss in accordance with the Loss Adjustment Manual (LAM) Standards Handbook (FCIC-25010). Delayed notices of loss or delayed claims attributable to the excessive rainfall or flooding do not require completion of the special report normally required by the LAM. Instead, document such in the narrative of the PW.") Application of these emergency procedures is limited to those situations where the catastrophic nature of the losses due to insured perils is such that not authorizing these emergency procedures would result in unnecessary delays in administering the crop insurance program.

Agronomy—

- **Any SBOC in your neighborhood, (or on your farm)?** There were numerous reports of Soybeans of Other Color this fall, which were not the fault of the producer. Reports have emerged from several soybean-producing areas, leading to questions about grain quality, market acceptance, and possible price deductions. The condition is known as Soybeans of Other Colors, commonly referred to as SBOC. While the appearance of the seed may look concerning, experts emphasize that the issue is generally cosmetic and does not reduce the nutritional or processing value of the soybeans. SBOC occurs when soybean seed coats develop brown, gray, or green discoloration. The discoloration affects only the outer seed coat and does not impact the internal quality of the grain. Oil content, protein levels, and overall functionality of the soybean remain unchanged. Researchers and crop specialists indicate that SBOC develops through a combination of soybean genetics and environmental conditions. Weather patterns characterized by hot and dry conditions early in the growing season followed by wetter weather during grain fill and crop maturity can increase the likelihood of discoloration. Not every soybean variety experiences the issue, and it does not occur every year. It is important for producers to understand that SBOC is not the result of disease damage or heat injury. The condition affects appearance rather than the actual value of the crop's oil and protein components. The main concern arises when soybeans are destined for food-grade markets. Because seed coat color can influence the appearance of processed products, discoloration may be viewed differently by buyers serving human food markets. Products such as tofu and other soy-based foods may be more sensitive to color variation. For most processing and crushing uses, however, SBOC does not impact performance. Soybeans used for feed, oil extraction, and many industrial applications generally retain their full value because the discoloration is limited to the seed surface. Marketing considerations became easier for producers after updates to U.S. soybean grading standards in 2023. The revised standards were designed to better reflect the actual quality of soybeans showing seed coat discoloration. Under current grading guidelines, SBOC is no longer treated as a separate special grade category. Soybeans containing less than 10% discoloration are not considered a grade-determining factor for No. 1 or No. 2 yellow soybeans. Lots containing more than 10% of SBOC may be classified as mixed soybeans. While these standards provide guidance within the United States, producers should remember that some buyers, export customers, and specialty markets may apply stricter quality requirements. Grain specifications can vary depending on the intended end of use and destination. Because market requirements differ, communication with grain buyers is especially important during harvest. Farmers who observe seed coat discoloration should contact their elevator, processor, or grain purchaser before delivery. Growers may also consider alternative marketing channels if one buyer imposes stricter appearance standards. Soybeans intended for domestic crushing can provide another option because SBOC generally does not affect oil extraction or protein performance. While there is not any protein or oil deficiency, buyers may still use SBOC as a tool to lower the price of an otherwise good soybean."



Mark Your Calendar! --

- **Farmers for Soil Health** will present a webinar with farmer Carl Coleman on cover crops, crop performance, and use of synthetic fertilizers, Nov. 4, 10 am CST. Registration and details are here.
- **A soil health equipment event** will be held Nov. 4 at Albion, IL. The Lower Wabash Partnership is offering a soil health equipment event which will feature equipment and presenters to discuss no-till drills, combine and sprayer considerations, roller crimpers, and drones. The session will conclude with a drone demonstration. Details are here.
- **The IL Conservation On-Farm Network** will hold a webinar featuring Carl Coleman, where he will share how cover crops have influenced his family farm's soil health, crop performance and use of synthetic inputs. It will be Nov. 9 at 9-10 am. Register here.
- **The next Cultivating caution webinar will be** Nov. 11 on manure pit gases. Register here for the webinars.
- **Join Illinois Soybean Growers** for the 3rd Annual Farm Business Forum on November 17 at Beck's Hybrids in Effingham or November 19 at Kishwaukee College in Malta. Gain practical knowledge from industry experts on grain marketing, margin management and business strategies that can help improve soybean profitability. Keynote speaker is Matt Bennett. Details and registration are here.
- **Precision Conservation Management** will hold its next webinar on Dec. 1 at 9-10 am. Webinar topics and registration information are located here.
- **The IL Nutrient Lost Reduction Strategy partnership** will hold its next meting Dec. 3, beginning at 9:30 am in the IL Dept. of Ag. his year's conference features statewide updates, scientific advances, and implementation strategies that support coordinated action across sectors. Register here to attend.

Understanding the rapidly changing agricultural industry can be a daunting task. At Heartland Bank, our team of ag specialists will work with you to meet the goals of your farming operation. With over 160 combined years of agricultural service experience, we are focused on providing outstanding service and results throughout Central and Northern Illinois. Whether it's farmland real estate, operating and equipment loans, or farm management expertise, we have the professionals who you can trust to improve your farmland's productivity and asset value. Contact one of our knowledgeable experts today at 309-661-3276 or toll free at 1-833-797-FARM (3276).

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