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

Commodity market headlines—

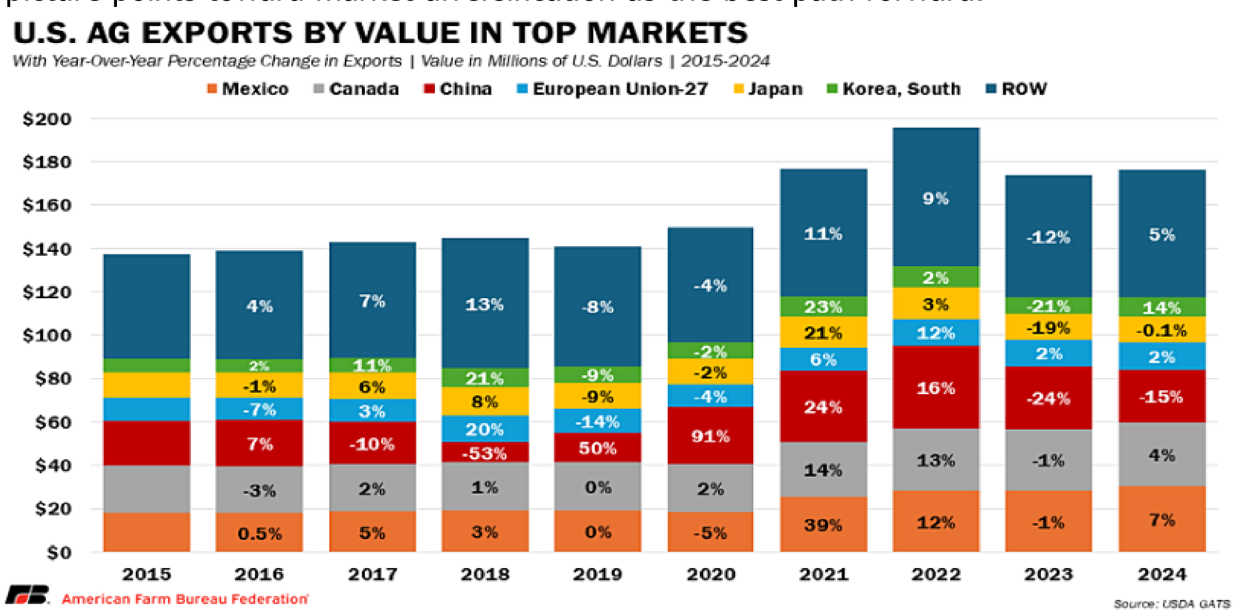
- **USDA confirms suspension of its data releases during shutdown.** The USDA confirmed it will halt all new data and reports during the U.S. government shutdown. "All reports and data releases will cease," a spokesperson told the Wall Street Journal. According to the agency's contingency plan, most USDA employees will be furloughed, with limited exceptions. The government shutdown disrupts the release of key USDA publications, including the weekly export sales report last Thursday, Monday's Crop Progress report will be delayed, and the October supply and demand (WASDE) report scheduled Thursday, Oct. 9th will not appear. The U.S. government is shut down, and the Trump administration is raising the stakes by halting $18 bil. for infrastructure funding and signaling a willingness to fire thousands of federal workers.

- **Mississippi River levels are low** this fall season—for the 3rd year in a row. "The timing couldn't be worse," says Jon Davis, chief meteorologist at Everstream Analytics. "October is a critical month for barge transportation in the Mississippi River Basin. He says this year's river levels mimic 2024 conditions. Barge restrictions were put in place in September, and currently, the low-water restrictions for are in place for southbound vessels on the Lower Mississippi River.

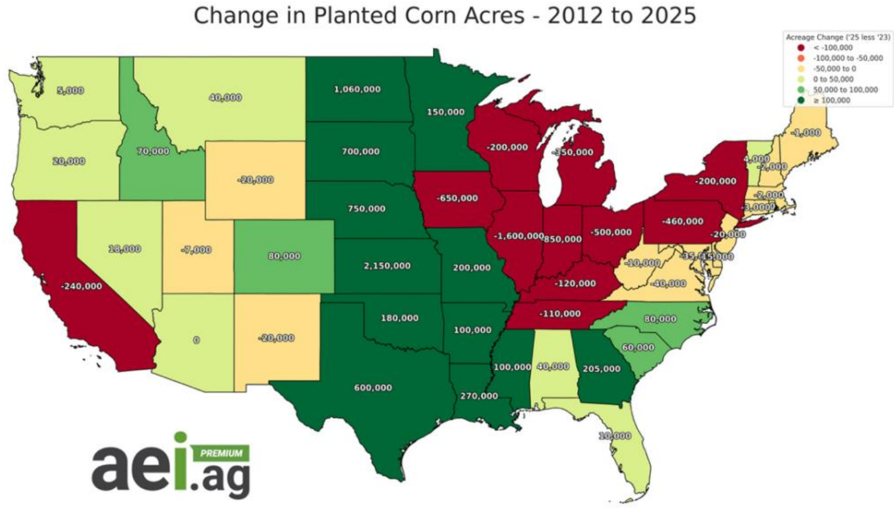
- **On the calendar:** A Trump/Xi meeting is scheduled for November with soybean trade on the agenda. October is the month for setting fall prices for crop insurance for corn and soybeans. The average close for November soybeans in the 3 days of October so far is $10.18, and the harvest price for crop insurance via the average December corn close during October is $4.19. Still a long way to go. Spring guarantees were $10.54 and $4.71.

- **Monday morning markets** were ½¢ higher for Dec corn at $4.19½, deferred contracts languished; and Nov beans began the week 4¼¢ at $10.22¼, then turned weaker.

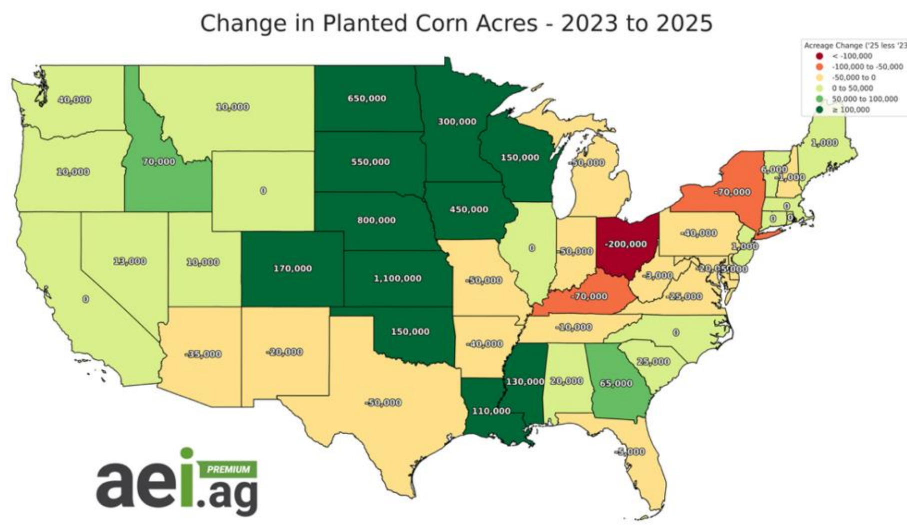
- **Even when U.S. farmers produce crops** that are priced competitively, China has steadily reduced its reliance on the United States, turning instead to Brazil, Argentina and other suppliers. The slowdown of sales in 2025 is not an isolated event: it is part of a longer trajectory in which China is diversifying away from American agriculture, reports American Farm Bureau economist Faith Parum. "This shift is not limited to soybeans. China has not purchased any U.S. corn, wheat or sorghum this year, and pork and cotton exports continue only at reduced levels. USDA projects that U.S. agricultural exports to China will total $17 billion in 2025, down 30% from 2024 and more than 50% from 2022. In 2026, exports to China are expected to fall to just $9 billion, the lowest level since the 2018 trade war. The decline reflects more than a single bad year; it is part of a longer trend. In 2012, China purchased more than $25 billion in U.S. farm products, nearly 20% of all agricultural exports. By 2018, sales had fallen to about $9 billion, the lowest level in a decade. While trade partially rebounded in 2020 and 2021 under the Phase 1 agreement with China, the recovery was temporary. Since then, China has steadily diversified its suppliers, turning more to Brazil and Argentina for soybeans, grains and protein. Domestic policy goals in China, including food security and price management, also encourage spreading purchases across multiple countries to avoid dependence on the United States. The 2025 collapse in soybean trade is the continuation of that broader trajectory. Even when U.S. farmers produce a competitive crop, the absence of consistent Chinese demand leaves a hole in export markets that is difficult to fill. For farmers, the message is clear: relying on 1 major buyer carries risks and developing new markets is essential to sustaining farm incomes. Roughly 20% of all U.S. agricultural production is exported and those sales are often what make the difference between profit and loss at the farm level. The long-term decline in agricultural trade with China highlights the urgency of developing new markets. While China will likely remain an important customer, the volatility of recent years shows the risks of overdependence on a single buyer. While trade with China may rebound in certain years, the larger picture points toward market diversification as the best path forward.



- **The USDA's latest estimate** is that U.S. farmers planted more than 98 mil. acres of corn in 2025, the largest planting in nearly 9 decades. National statistics rightfully capture headlines, but the most valuable insights are often found at the state and county levels. Specifically, the largest corn crop in decades didn't translate into record acreage in all corn-producing states, says [Agricultural Economic Insights staff.]() Comparing state acreages in 2025 with the other big corn years of 2012 (97.3 mil.) and 2023 (94.6 mil.) shows corn acreage has been moving west. Between 2012 and 2025, the biggest gains occurred in KS (+2.15 mil.) and ND (+1.06m) (left). Notably, acreage increased throughout the Great Plains states and across most of the southern US. On the other hand, the I-States and eastern Cornbelt lost corn acreage. IL and IN stand out, planting a combined 2.5m fewer corn acres.



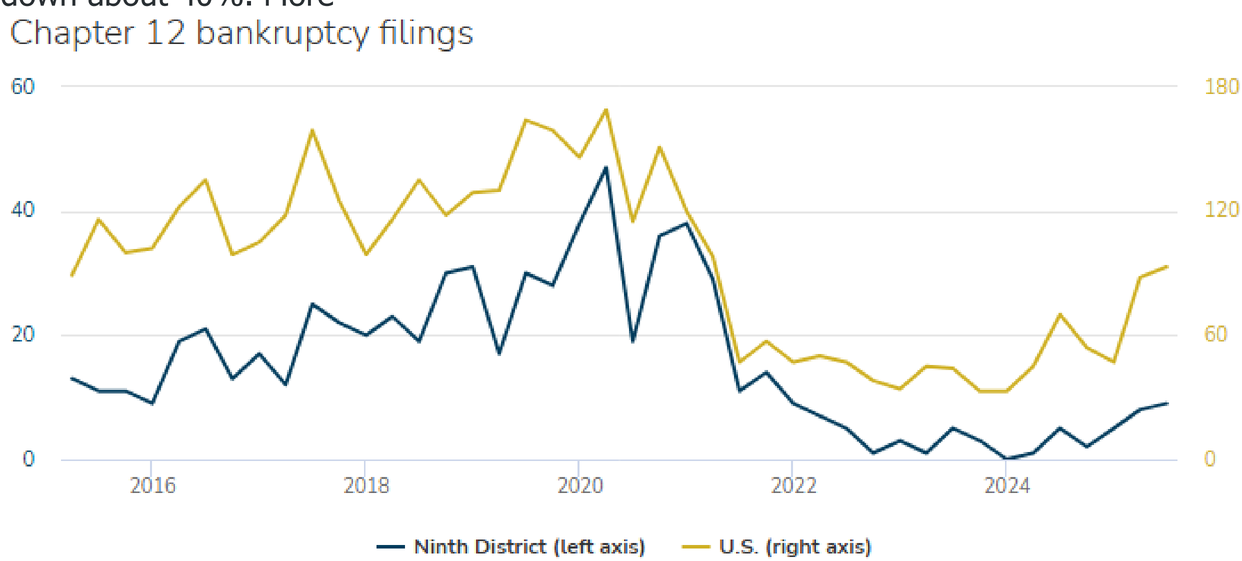
Given the 13-year span, one could dismiss the map above as old news. However, the shift west has been persistent, (right) even in recent years. Between 2023 and 2025, the U.S. planted an additional 4.1 mil. acres, a 4% increase. Once again, the majority of those gains occurred in the northern and central Great Plains (above).



There was no meaningful increase in corn acreage across the eastern Cornbelt states, including IL and IN. OH stands out as it reduced acreage by 200,000 acres. One could also argue that corn acreage is shifting south, with both LA and MS increasing their corn acreage. The implications are far-reaching. Lenders in the Great Plains are likely getting requests for larger operating lines of credit due to corn's high variable costs. Territory or market trends will vary considerably for input retailers and manufacturers. Grain buyers in 2025 will also face very different supply stories in the Great Plains states (large acreage and high yields) compared to the eastern Cornbelt."

Farm Finance and Lending—

- **We're seeing warning signs in the farm economy.** American Farm Bureau President Zippy Duvall says tariffs are starting to take a toll on agriculture. "International trade is important. In general, America's farmers get 20% of their income from exporting goods to other countries. That's why current trade disputes are so concerning. Just look at what's happening with soybeans. In 2024, China booked about 12 mil. tons of U.S. soybeans for September to November shipment. This year, China hasn't booked any U.S. soybean shipments for the same time period. It's just one example of the challenges facing America's farmers. Row crop prices are down, expenses are up, and now America could lose export markets. Farmers have been patient with the administration, and we're pleased that new trade frameworks are being developed. But time is running out. We must resolve tariff disputes and get trade back on track." (American Farm Bureau)
- **The number of farm operations filing for bankruptcy** remains at historically low levels but has jumped sharply this year as a crisis in the agricultural economy drags on. In the second quarter, (nationally) there were 93 filings, [according to the Federal Reserve Bank of Minneapolis](), up from 88 in the first quarter and nearly double the 47 at the end of 2024. That's still well below the recent high of 169 in early 2020, and filings nosedived in the 2 years that followed. But since 2022, farm bankruptcies have been trending higher. That coincides with [higher production costs and plunging crop prices](). For instance, corn prices have crashed about 50% since 2022, while soybean prices are down about 40%. More



recently, President Donald Trump's trade war this year has kept China, traditionally a top buyer of U.S. soybeans, from placing any orders with American farmers, who are facing an uncertain harvest season. The [Federal Reserve's recent survey]() of farm financial conditions found that weaker income has reduced liquidity for farmers, boosting demand for financing. At the same time, credit conditions deteriorated with roughly 30% of respondents in the Chicago Fed and Kansas City Fed districts reporting lower repayment rates versus 2024, while the Minneapolis Fed region's share was around 40% and the St. Louis Fed's was 50%.

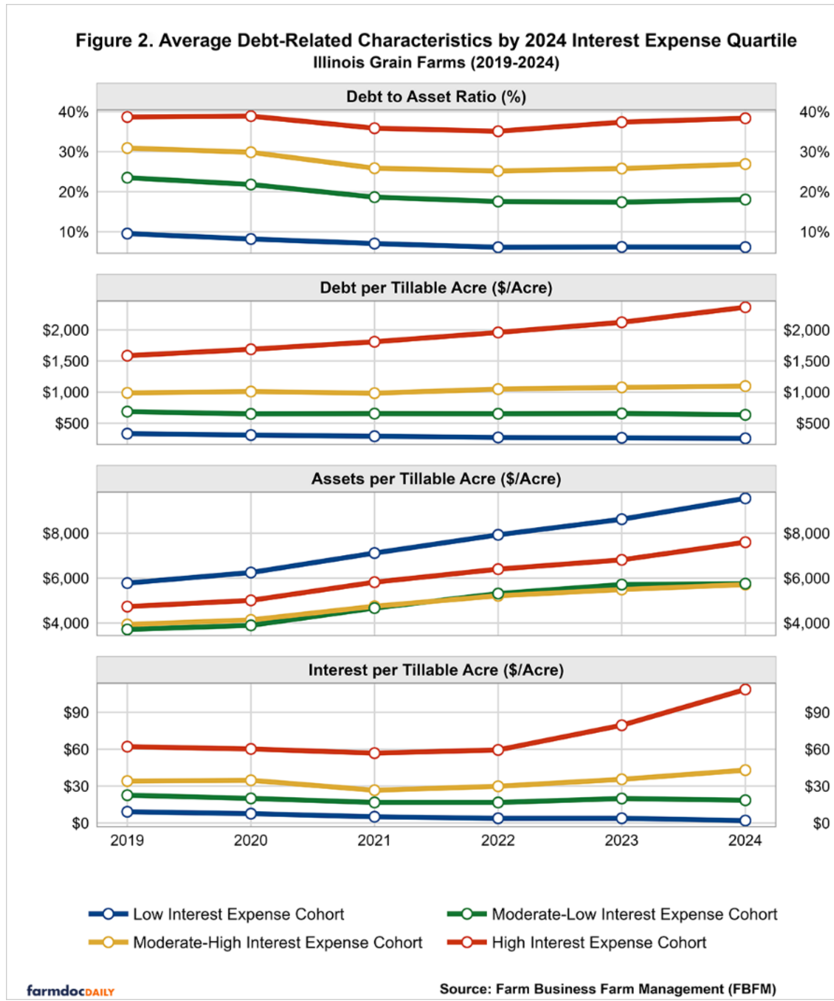
Farm Bailout(s)—

- **The White House is considering** a financial aid program for U.S. farmers, according to multiple outlets, floating the potentially tariff-funded idea as the agriculture industry navigates low commodity prices and high operating costs amid Trump's trade war. The aid package would provide $10 bil. for U.S. farmers, [according to Forbes], which cited unnamed people familiar with the discussions who said money could start being distributed in the coming months. Trump officials are evaluating how money made from tariffs could supplement farmer payments. Official details about the bailout are scarce, though Treasury Secretary Scott Bessent told CNBC that information regarding "substantial support" for farmers would be released Tuesday. Trump told reporters in the Oval Office on Thursday his administration will provide "some of that tariff money" to farmers, "who are, for a little while, going to be hurt until the tariffs kick into their benefit." (In 2018, Trump reimbursed farmer financial losses with $28 bil. from the Commodity Credit Corp., which only has $4 on hand because Congress has not finalized budgets for the new fiscal year. Tariff money is the only cash flowing into government coffers while Congress debates the budget.)
- **U.S. Treasury Secretary Bessent** [said on Thursday] that the federal government would support

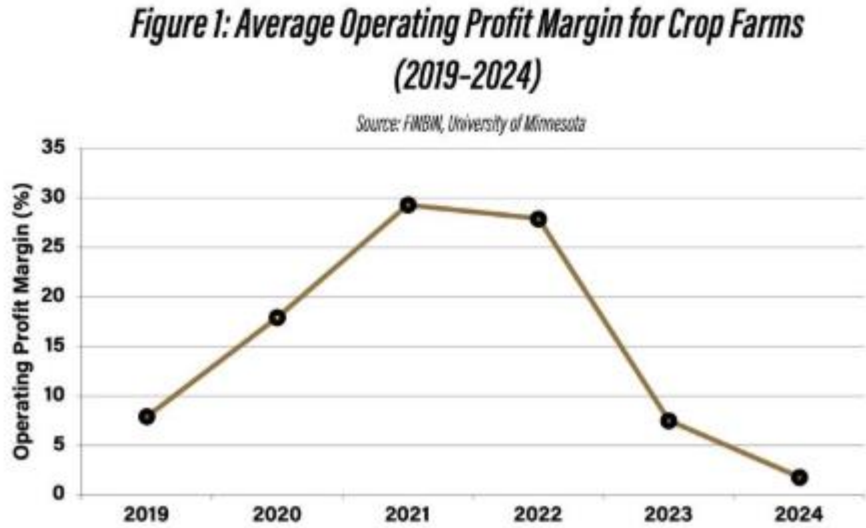
American farmers in light of China's refusal to buy soybeans and that an announcement would be made on Tuesday. Chinese importers have not yet bought soybeans from the autumn [U.S.] harvest during the trade war between Washington and Beijing, costing U.S. farmers billions of dollars in lost sales. Bessent (left) blamed China for the sagging farm economy. Trump on Wednesday that soybeans would be a major topic of discussion when he meets with Chinese President Xi Jinping in November. Almost every recent U.S. trade deal included buying of American farm products, Bessent said, "So we're going to see other countries substitute for [China]." But despite efforts by the Trump administration and the soybean industry, no other countries have emerged as anywhere near able to replace the volumes that China usually buys. Bessent also blamed a record harvest for affecting prices. Bessent said he met with Trump and USDA Secretary Rollins Wednesday and to expect some news on Tuesday on support for U.S. farmers, especially soybean farmers. "On Tuesday, you're going to see substantial support for the farmers, and we're also going to be working with the "Farm Credit Bureau" to make sure that the farmers have what they need for next planting season," Bessent said. It will be very helpful for Trump and China's Xi to meet in person and set the framework for trade going forward, Bessent said. "I think this round, which would be our 5th round of talks, should show a pretty big breakthrough," Bessent said.

The Business of Farming—

- **Interest rates and operating debt are realities** for many farmers. And their lenders, who are probably keeping in frequent contact are likely using a variety of financial yardsticks to help gauge whether the farm is declining financial or climbing out. IL Farm Business Farm Management economists report, "Debt-to-asset ratios declined from 2003 to 2012, then stabilized, with modest increases for highly leveraged farms, between 2012 and 2019, and fell again from 2019 to 2022, before ticking upward in 2022–2024. In contrast, interest per tillable acre fluctuated with interest rate cycles, rising steadily after 2013, easing during the pandemic, and then rising sharply from 2022 to 2024, especially for the 25% of grain farms carrying the heaviest debt loads. On a per-acre basis, we follow 4 cohorts over time: farms with various interest expenses. Using these 2024 quartile levels of interest per tillable acre, we classify farms into 4 cohorts as shown in Figure 2. The average debt-to-asset ratios, debt per tillable acre, assets per tillable acre, and interest per tillable acre reported in Figure 2 represent the same sets of farms tracked over time. The average debt-to-asset ratio for the high interest expense cohort consistently remained above 35% from 2019 to 2024, placing these farms in the *cautionary* risk category (30%–60%) according to the Center for Farm Financial Management's Farm Financial Scorecard. The moderate-high interest expense cohort, representing grain farms with mid-to-high interest expense per tillable acre in 2024, displayed a much different dynamic over the period. The average debt-to-asset ratio was 30.89% (*cautionary*) in 2019 and declined to a low of 25.17% (*strong*) in 2022 before rising to 26.89% (*strong*) in 2024. Unlike the high interest expense cohort, average debt per tillable acre for the moderate-high interest expense cohort remained relatively stable over this period, rising from $987.68 in 2019 to $1,096.32 in 2024. Meanwhile, average assets per tillable acre grew substantially, from $3,934.93 in 2019 to $5,712.25 in 2024. Average interest per tillable acre fell from $34.09 in 2019 to $29.83 in 2022, then increased to $35.50 in 2023 and $42.97 in 2024, as interest rates rose. As interest rate policy and farm income conditions continue to evolve, close monitoring of these highly leveraged farms will be essential for anticipating potential financial strain in the sector."



- **Midwest crop producers** have experienced a significant downturn in corn, soybean, and wheat prices since late 2023, resulting in a drop in net returns in 2024. Moreover, current expectations are that prices will continue to remain at or below the cost of production for at least a couple more years. In this Center for Commercial Agriculture article from [Purdue University Agricultural Economics](), we examine farm-level financial data, focusing on operating profit margins and debt-to-asset ratios. Using the FINBIN database for 2024, approximately 56% of the farms with a debt-to-asset ratio above 60% also had a negative operating profit margin ratio. This represents approximately 11.0% of all crop farms. Of the farms with managers who had less than 10 years of experience, 48% had a debt ratio above 60% in 2024, and 47% had a negative operating profit margin ratio. Putting the pieces together, in 2024, using the FINBIN database, approximately 4 to 6% of crop farms were financially stressed. Although this is not a high percentage by historical standards, the expected low net returns in 2025/26 could dramatically increase the percentage of farms that are financially stressed by the end of 2026. After averaging over 25% in 2021 and 2022, the average operating profit margin for crop farms in the FINBIN database dropped to 7.5% in 2023 and 1.8% in 2024. Given the continuation of relatively low crop prices, the operating profit margin is expected to drop again in 2025, leading to increased concerns pertaining to financial stress. By examining farm-level data for 2024, this article provides an important baseline for upcoming financial stress discussions. This analysis reinforced that the farms most vulnerable to financial stress include those operated by less experienced managers, those that lease most of their acreage, operations with high debt-to-asset ratios, and farms with limited off-farm income. Although FINBIN data does not directly isolate farms that lease most of their land, the evidence suggests that less experienced operators often fall into this category. Moreover, heavy reliance on leased land typically means fewer land assets on the balance sheet, leaving machinery and buildings, assets that depreciate quickly during downturns, as the primary collateral base. This weakens the ability to refinance or restructure debt, a common tool used by lenders to alleviate financial strain. As a result, these operations are particularly exposed when net returns remain low, showing the importance of close financial monitoring and proactive management in the years ahead.



USDA—

- **Mailbox money is arriving! (Sometime…..)** The government shutdown has prevented American farmers from receiving some payments and aid, piling on to an industry facing falling crop prices, rising debts and trade wars. The USDA's contingency plan estimated roughly 42,000 department staff will be furloughed during the shutdown — around 49% of its workforce. USDA's Farm Service Agency, which handles aid programs for the nation's growers, will be among the USDA's hardest hit. Approximately 6,370 of the 9,460 who work at the agency are expected to be furloughed, according to reports. Last week, Trump announced some tariff revenue would go to U.S. farmers, but no details about the amount of aid or how it would be dispersed have been released. On Wednesday, the scope of the shutdown's potential impact to U.S. farmers was beginning to emerge. Even short interruptions in payments could deepen farmers' economic turmoil. 'It costs money to run those combines,' said Chad Hart, agricultural economist with IA St. Univ." The shut down effects the processing of farm loans and making payments to farmers, including billions of dollars in disaster aid contained in Trump's tax-cut and spending bill. The USDA has stopped issuing weather-related disaster payments, accepting and processing farm loans, providing technical assistance for conservation programs, and other agency work. It will also not process annual commodity and land conservation payments typically issued by October.
- **With USDA in a shutdown mode,** daily issues will not be a bother to top executives who remain. It also gives them a chance to implement their massive restructuring plans for shifting around the USDA workforce, which is on layoff status, to distant cities which may have little attraction for family disconnects. The restructuring plan remains "top secret" in government lingo, since it has not been shared with Congress, farm leaders of any political ilk, or anyone who has "leaked" any details to the media. There should be no surprise that the restructuring plan will be parallel to Project 2025, which was the strategy for Donald Trump to restructure the US government as is now happening in other federal agencies. Russell Vaught, head of the Office of Management and Budget, was the overall author of Project 2025, and USDA Secretary Rollins had a role in the drafting. During his July 30 testimony before the Senate Agriculture Committee, Deputy USDA Secretary Vaden said the restructuring plan was formulated in relative secrecy out of respect for USDA workers. "Out of common courtesy and respect, they should hear that decision from the secretary first, and not from a leak that originates from somewhere else," he said. While Vaden's sentiment toward employees may be admirable, it doesn't answer the question of how USDA determined employees should be relocated in the first place. And farmers are curious about how USDA is being rebuilt, restaffed, where, and when, since current administration tariff policy has quickly pulled farmers into becoming dependent upon programs administered, by what used to be, their local Farm Service Agency office. Who knows what it will look like, where it will be, and how farm programs will be accessed?

Trade and the Farm Economy—

- **The Chicago Federal Reserve Bank's agriculture staff** convened its annual Midwest Agriculture Conference last week with notable speakers and topics drawing bankers, corporate executives, industry economists and others. Here are short interviews with some speakers:
  - ✓ China's soybean demand has kept soybean prices near the cost of production, but with US trade tariffs at issue, China has turned to Brazil to replace US soybeans. Dr. Joana Colussi, a native of Brazil, who has shared her knowledge at the Univ. of IL, and now at Purdue, says Brazil is expanding soybean production to meet Chinese demand, but times are tough for Brazilian farmers in doing that. The video is here.
  - ✓ Kreg Ruhl is vice President of inputs for GROWMARK, and fertilizer is consuming a lot of his attention. But he reminds farmers that fertilizer is in global demand, and they will have to pay global prices to get it. The video is here.
  - ✓ Sometimes weather is dominating agriculture, but this year White House trade issues have upset the farm economy. The National Corn Growers have expressed continued concern about the uncertainty and that was the topic in this conversation with Krista Swanson, chief economist for the National Corn Growers. The video is here.
  - ✓ Dr. Shawn Arita watches trade policy and its impact on agriculture, and he says there is both a possibility of potential grain and downside risk. He spoke Sept. 30 to the Midwest Agriculture Conference at the Chicago Federal Reserve. The video is here.
  - ✓ There is both trade uncertainty and high production costs in agriculture. But the chief ag economist for the Chicago Federal Reserve says farmers need to know how to deal with high input costs. David Oppedahl convened numerous other ag economists for his annual Midwest Agriculture Conference and was asked what he learned from it. The video is here.
  - ✓ Dr. John Newton, who has taken his economic leadership widely, addressed a multitude of issues at the recent Midwest Agriculture Conference of the Chicago Fed, and said he believes the US and China will soon resolve their trade differences. Newton is now leading Terrain Ag for the Farm Credit System. The video is here.
- **IL Director of Agriculture** Jerry Costello weighs in on the current trade dilemma for farmers. He also addresses the issues of cuts to the SNAP food program and USDA's plan to remove long term corn and soybean research programs from the Univ. of IL, which he hopes is not being done due to politics. The Costello conversation is here.

Farm and Family Matters—

- **The government shutdown** has healthcare as the centerpiece. And rural families need to beware they are in the target. The Affordable Care Act, approved during the Obama Administration has been a significant source of health care, and reports 17% of its clientele have rural addresses. Chris Clayton of DTN reports, "Roughly 4 mil. rural Americans -- including a fair number of farmers -- could end up paying significantly higher health care premiums if the enhanced tax credits for the Affordable Care Act (ACA) expire. While there is a lot of talk about whether people in the country illegally receive healthcare, there is less talk about how much rural America relies on those tax credits. Health and Human Services (HHS) last year cited that 17% of individuals buying insurance through the Affordable Care Act (ACA) marketplace are rural residents, or about 4 mil. people overall. Nationally, rates of uninsured rural Americans have been cut in half since 2010, falling from 23.8% to 12.6% in 2023, according to the American Community Survey. Uninsured levels remain slightly higher than in urban areas, which is about 10.9%. The tax credits have been a major driver for reducing the number of uninsured Americans. All totaled, Health and Human Services (HHS) reported last January that 24.2 mil. people bought health insurance through the ACA marketplace for 2025 -- a record number. "A lot of farmers are going to be faced with a choice: buying a healthcare insurance policy versus making their loan payment to keep themselves out of foreclosure or, in some cases, putting food on the table," said Gary Wertish, president of the MN Farmers Union.

This newsletter is provided as an informational source by Heartland Bank and Trust Company and is not intended to be and should not be treated as advice.