



WEEKLY CORNBELT UPDATE

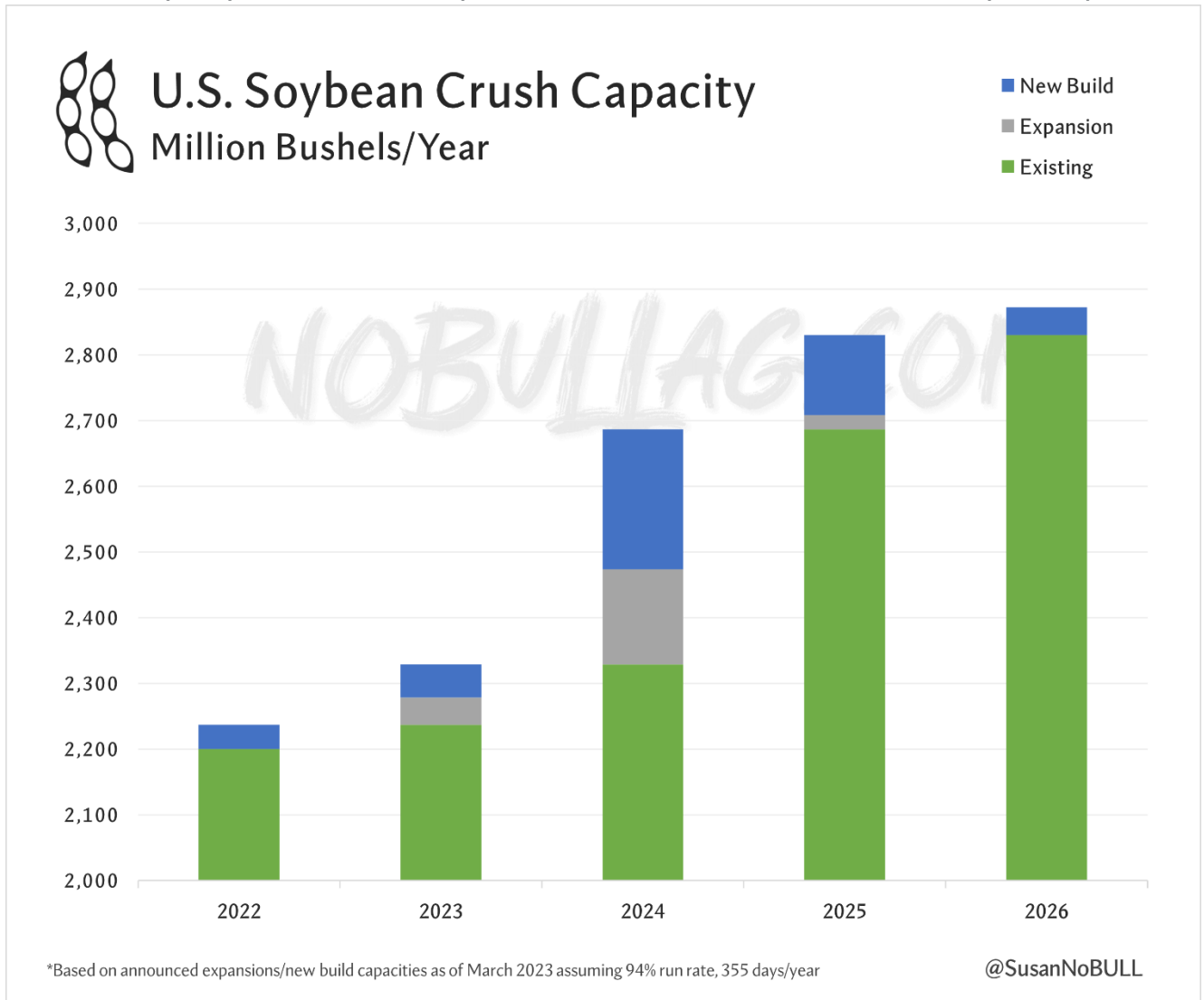
PRESENTED BY
 FLANAGAN State Bank

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

Commodity market price drivers—

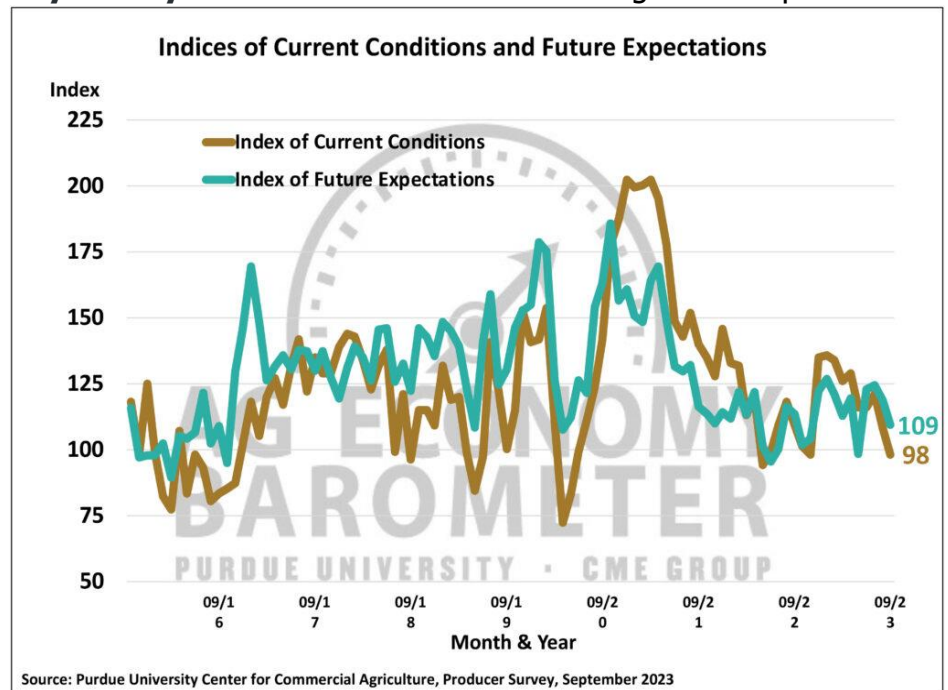
- **Is corn on a slow boat to \$3?** Or forming a bottom that is sealed tight? What's the deal?
 - ✓ **Todd Neely, DTN:** "On Thursday, Oct. 5, December corn closed up 11½¢ at a 1-month high of \$4.97½, helped by USDA reporting 71.5 mil. bu. of corn export sales the previous week, the largest weekly sale since March. This is the time of year when corn prices are typically making new lows. But the only new low December corn hit lately was on Sept. 19, but it briefly fell below the old low of \$4.73½, hit \$4.67¾ and then promptly (recovered)."
 - ✓ **Connor Bridgman, Advance-Trading:** "It's not news that China has not been a buyer for US corn, but September saw great export demand and we're currently on pace to be better than a year ago, 28% of expected volume was sold as of last week. This is below the 5-year average of 32%, but better than last year's 23%. China not buying is still concerning, but we are seeing Mexico fill the gap, currently they have 295 mil. bu. bought, which is 20% above the previous high.
 - ✓ **A big answer to that question** may come on Thursday. October 12 will be the next USDA World Agricultural Supply and Demand Estimates (WASDE). Watch for USDA's estimation of yield, since it will be a better estimate than the August and September reports. (more measurements, more harvest numbers, and more accuracy of how big (or small) the corn and soybean crops are for 2023. With harvest progress expected at 25% for both corn and soybeans in Monday's USDA Crop Progress Report, the USDA's NASS enumerators will have a significant data volume to utilize.
 - ✓ **Market advisory service** Allendale expects corn yields to be estimated by NASS at 173. bu. per acre, and soybean yields at 49.6 bu. per acre. Market advisor Matt Bennett says, "My team at AgMarket.net is forecasting bean yield to come down a shade, possibly under 50. StoneX anticipates USDA being at 175.5 bu for corn and 50.4 bu. for soybeans.

- **If you're expecting an insurance loss** on this year's production, it is worth considering buying a call option to "protect" your insurance payment should prices bounce, say market advisors. With revenue insurance, you are paid based on a combination of yield multiplied by price. If the price surges, you could be paid less from crop insurance even if you have low yields. The call option helps "protect" that crop insurance payment at current price levels. [Market advisor Matt Bennett](#) agrees, and said, "Dec corn average for October...will have big implications for revenue policies, especially when it comes to yield loss situations. He asked where farmers think the average ends up? 34% of the 622 responses to his inquiry said \$4.80 or below.
- **With increasing demand for renewable diesel**, and soybean oil being a feedstock for Sustainable Aviation Fuel, demand for soybean oil should be rising. That is why the crushing industry has significant plans to boost its annual capacity. Market analyst Susan David, www.NoBullAg.com, expects the plant start-ups in late 2024 and 2025, but with some delays along the line due to construction issues. She says US soybean crushers have set 2 consecutive yearly record, and this year should see a volume of 2.290 bil. soybeans processed.



Ag Economy—

- **Farmers in Purdue's monthly survey** are still down in the dauber. "Agricultural producers' sentiment declined for the second month in a row during September, say [Purdue ag economists in their monthly ag barometer](#). Their index values for both current and future conditions declined 10 points. Weakening prices for major crops and ongoing concerns about high production costs and interest rates weighed on producers' minds this month. September's declines left all indices below year-ago levels."

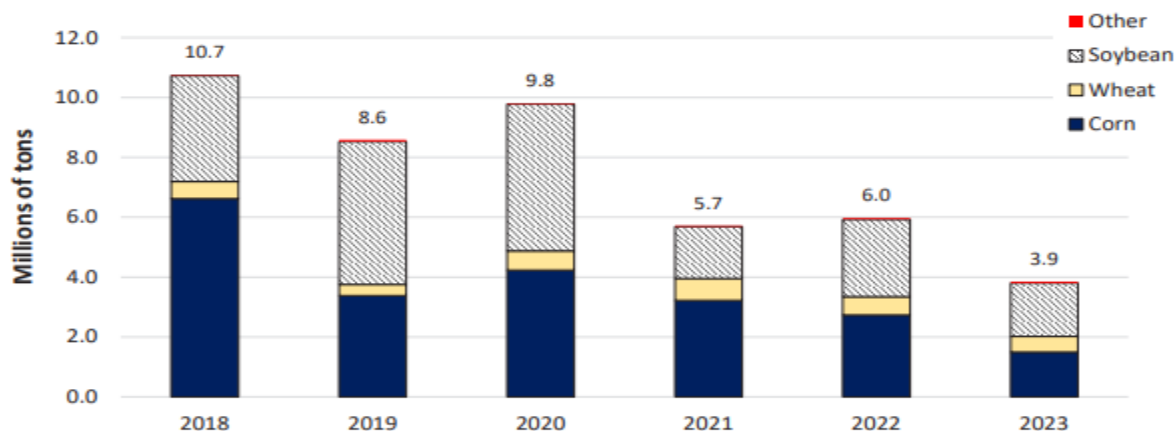


- ✓ There were fewer producers reporting that they expect financial performance to be about the same as last year. In a nod to how variable conditions have been around the country this growing season.
- ✓ There was a slight rise in the percentage of producers who said now is a good time to make investments. However, 75% of the producers in this month's survey still said it's a bad time for large investments, pointing to the high cost of machinery and new construction along with rising interest rates as primary reasons why.
- ✓ The survey has posed an additional question to producers who say it's a good time to invest. Among those, the number 1 reason cited the last 3 months has been strong cash flows on their farm operations.
- ✓ 32% of producers say high input costs are their top concern for their farming operations in the year ahead. The percentage of producers choosing lower crop and/or livestock prices has increased since the beginning of the year when just 16% of producers cited it as a top concern.
- ✓ Producers remain relatively optimistic about farmland values. The long-term index, which is focused on the 5-year outlook, has climbed 16 points since hitting its low point back in February. The short-term index bottomed in May at a reading of 110 before bouncing back to its current level in September.
- ✓ 52% of the corn/soybean growers said they currently plant cover crops on a portion of their acreage, but 47% of them said they used cover crops on no more than 25% of their acreage.

Mississippi River Status—

- **A dry forecast across the Cornbelt** does not bode well for the Mississippi River, barge tariffs, and grain basis. They are all connected. [USDA's Grain Transportation specialist](#)s say barges are finding a way to work in shallow water and in a narrow channel. "For the week ending September 30, barged grain movements totaled 376,787 tons. This was 92% more than the previous week and 19% more than the same period last year. For the same week, 296 grain barges moved down river—163 more than last week. There were 718 grain barges unloaded in the New Orleans region, 25% more than last week." Through most of the year, low export sales kept the demand for barges low, and ample supply kept weekly spot rates below average until July. As of September 30, year-to-date downbound barged grain volumes totaled 690 mil. bu.—25% lower than last year and 29% lower than the 5-year average.
- ✓ In June, low water on the Mississippi led to draft and tow restrictions on barges, as happened in fall 2022. From the week ending July 8 to the week ending September 30, downbound barged grain volumes on the river totaled 150 mil. bu.—35% lower than the third quarter last year and 53% lower than the previous 5-year average.

Figure 1. Downbound barged grain volumes, third quarter



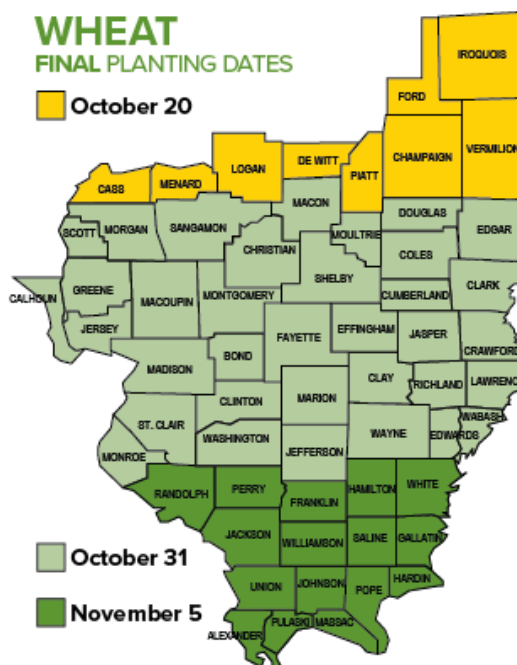
- ✓ On October 3, American Commercial Barge Line reported that, over the past week, it had lost over 16 boats per day, because of deteriorating river conditions. However, having learned from last year, the barge industry has taken steps to try to mitigate the impacts of low water. Also, the available barge supply grew increasingly scarce, because the added restrictions required more barges to move the same amount of grain to the Gulf. The U.S. Army Corps of Engineers has preemptively dredged, and since June, barge companies have imposed load restrictions to prevent barges from being grounded in low water, as they were last year.
- ✓ However, if low-water conditions in the MRS continue, lack of precipitation may lead to increased restrictions, which would further shrink an already tight barge supply. The rising harvest demand and shrinking barge supply may lead to above average spot rates that approach last year's record rates.

Farm Management and Budgeting—

- **Despite Congressional reluctance**, your PLC (price loss coverage) reference prices may be increasing. But don't tell Congress, because it is through the back door, says [Farmdoc policy economist Jonathan Coppess](#). The back door is the result of several years of higher commodity prices that raised the average of the "effective reference price." There had been a statutory reference price which is 85% of the 5-year average, \$8.40 per bu. The effective reference price is higher than \$8.40, which will boost the program payment by the maximum 115% for soybeans, in particular, since most farmers put ARC on corn and PLC on beans. Coppess says, "For soybean base acres, the ERP will increase from MY 2024 through MY2031. In 3 of those years (MY2025-MY2027), the ERP will increase to the maximum (115% of the SRP, or \$9.66 per bushel). With the effective reference price (ERP) calculation enacted in the 2018 Farm Bill, *over 90% of all base acres* in the United States will experience an increase in the PLC price trigger in the coming years without Congress needing to do anything more than extend those provisions."

Risk Management and Crop Insurance—

- **Beware this is the time of year** when USDA's Risk Management Agency has lots of deadlines, which may or may not be on your calendar:
 - ✓ **OCTOBER 20, 31, OR NOVEMBER 5--Wheat Final Plant Date** – Last date to plant with full coverage (see county-specific dates on map.
 - ✓ **NOVEMBER 14 --Wheat Production Reporting Date** – Signed production report due for summer 2023harvested wheat.
 - ✓ **NOVEMBER 30--Corn & Soybean Crop Insurance Premium Due Date** – RMA approved a 60-day waiver of interest on premiums with billing dates between Aug. 1 and Sept. 30; interest will begin to accrue on unpaid premiums after Nov. 30.
 - ✓ **DECEMBER 1--Pasture, Rangeland, Forage Sales Closing Date** – Signed application and acreage report due.
 - ✓ **DECEMBER 10--Corn & Soybean End of Insurance Coverage** – Request an extension or appraisal for any crops left standing in the field.
 - ✓ **DECEMBER 15--Wheat Acreage Reporting Date** – Signed acreage report due for all 2023 fall-planted wheat.



Agri-Politics and Legislative News—

- **The U.S. House of Representatives** resumes business this week with the task of electing a new Speaker of the House. The Republican conference is set to take place on Tuesday to nominate its candidate for Speaker and vote on Wednesday. Ethan Lane, Vice President of Government Affairs with the National Cattlemen's Beef Association says the House can still hold hearings and still process bills and Speaker Pro Temp Patrick McHenry, R-NC, can oversee an open session. One of the pending appropriations bills that did not pass was Ag Appropriations bill which include both USDA and FDA. Lobbyist Lane says the majority of cuts objectionable to rural House Republicans are in the ag portion of the bill. But the FDA portion is also a lightning rod because of abortion issues.
- **Defeat of the House USDA spending bill** last week over farm and abortion issues leaves the bill's future uncertain, amid continued political chaos in the House. The USDA-FDA bill's defeat was yet another scar in a House plagued by continued political turmoil within and between the parties, even as a majority came together to avert a federal shutdown. 27 Republicans joined 210 Democrats to kill the bill. Among Democrats, Central Illinois' Nikki Budzinski (right) who said, "As a member on the House Committee on Agriculture, I could spend hours with you all walking through how cutting funding to 2003 levels, leaves our farmers and working families, behind." While Budzinski complains the bill was "weaponized" to attack women's access to mail-order mifepristone that the FDA says is safe. Rep. Mark Pocan, D-WI, complained the bill "disrespects" America's farmers, "This strips assistance for 104,000 farm loan borrowers. If you're a farmer who uses the Farm Service Agency for loans or disaster relief, this bill cuts FSA, in addition to conservation programs like EQIP that help farmers improve their operations and output. If you get energy assistance as a farmer, good luck with that—REAP funds will be cut by over 500 mil., making your energy costs go up in Rural America." But Ag Appropriations Chair Andy Harris, R-MD, mocked Pocan's claim the bill cuts USDA/FDA spending to 2001 levels, "We are not cutting spending to FY 2001 levels. We are cutting them to pre-covid levels. Because Mr. Chair, the pandemic is over. The freewheeling spending during the pandemic has to end. A \$2 tril. deficit, and an open southern border, are existential threats to this country." The House then passed 3 spending bills plus 1 earlier, and will take up 2 others this week, but not USDA, as Congress races to finish all 12 by a new shutdown deadline, November 17th. The USDA/FDA bill failed 191-237 last Thursday, when 27 Republicans joined Democrats in opposition. The Senate has not considered its version of the Ag Appropriations bill, Although it is unclear when the Senate will move forward with the legislation, Commodity organizations continue to watch developments closely, as an anti-checkoff amendment to this bill was filed recently by Sen. Mike Lee, R-UT.



- **Other pending legislation** is the Migratory Bird Act, an issue to cattlemen, who say “It would allow for more taking of those birds. Currently, one can take 5 black vultures over a year. When you are in a calving season and there are 30 of them circling in the heifer pen, taking 5 is just not going to work. And so, we need some relief there in the Migratory Bird Act.” The Environmental Protection Agency has also issued a new decision regarding pesticide applications, “This new restriction is relative to the Endangered Species Act and so it hits things like the American burying beetle and some other smaller species...what it would do is it would drastically prohibit the pesticide uses, taking tools out of the toolbox. And, the OFF Act is also a big issue, which poses a threat to the Beef Checkoff, “We want to make sure we defeat that because the Beef Checkoff does such a great job promoting our product and defending our product on a daily basis. There are some Waters of the US issues, we got a really nice ruling from EPA regarding WOTUS, here, as a result of the Supreme Court decision. So, there is a litany of issues, we’ve been working on in D.C.”

- **The co-chairs of the Senate 4-H Caucus**, Debbie Stabenow, D-MI, and John Boozman, R-AR, applauded the Senate adoption of their resolution supporting the designation of “National 4-H Week.” The [resolution](#) was introduced by Stabenow and Boozman and supports the designation of October 1-7 as “National 4-H Week.” It recognizes the important role of 4-H in youth development and education and encourages all citizens to recognize 4-H for the significant impact the organization and members have made and continue to make. The organization empowers young people with the skills needed to lead for a lifetime.



“As a former 4-H’er myself, I know that 4-H empowers young people to thrive in their communities and grow into future leaders through hands-on health, science, agriculture, and civic engagement projects,” Stabenow says. Boozman says, “I saw firsthand the tremendous impact 4-H has on young people while watching my three daughters get so much out of it.”

Agribusiness—

- **Farmland Partners**, a commercial real estate company that owns and manages farmland in 20 states, released a report on its sustainability initiatives. But its Environmental, Social, and Governance – or ESG – report is different than what you might see coming out of many publicly traded countries. [Luca Fabbri, Farmland Partners President and CEO](#), explains, “We are first and foremost an agriculture company. Then we are a real estate or publicly traded company. So, when we look at the rap that farmers get in the public domain and environmental circles in particular, we get a little bit surprised. Our goal was to use our first-ever ESG report to educate people about the great things farmers are doing every day and spotlight our tenants’ successes. So, for example, 97% of our tenants are actively investing in improving soil health. 94% practice some form of conservation tillage. 87% use variable rate application technology in their operations and more than half participate in federal conservation programs.”

Commodity Groups and Farm Organizations—

- **Harold Wolle, a MN farmer**, officially took over as the new president of the [National Corn Growers Association](#). Wolle has several goals in mind, saying that reauthorizing a Farm Bill that reflects the priorities of corn growers will be a pressing concern. He also plans to push for more support of the Next Generation Fuels Act in the House and Senate while making ethanol a go-to biofuel in the aviation sector. “My theme as president is ‘Shaping the Future,’ and nothing shapes the future like effective advocacy,” Wolle says. “And no other group does advocacy as well as our state corn grower groups and the NCGA.” Wolle has a lot of experience in many issues important to corn growers. He’s served on NCGA committees and the organization’s board,

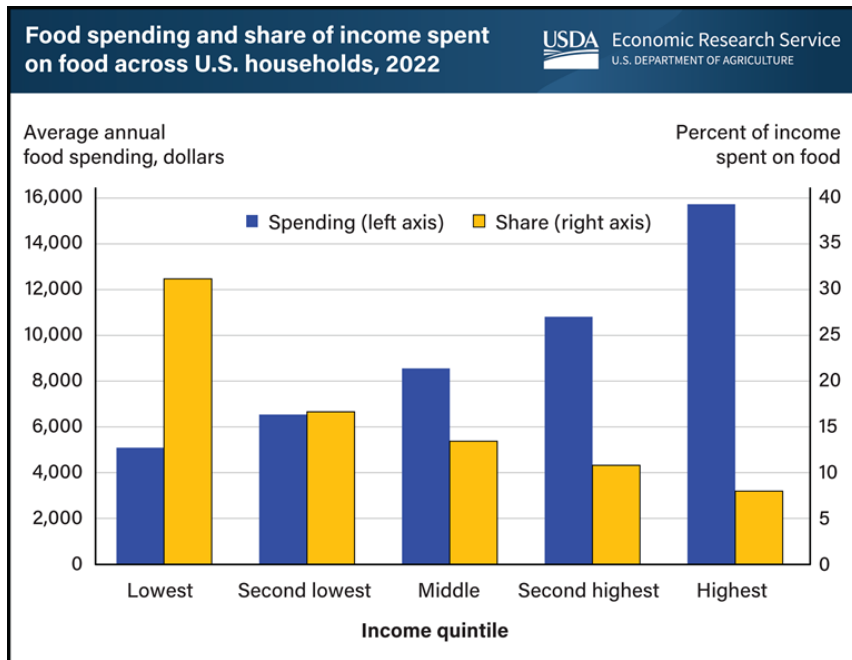


including as a board liaison to the National Corn-to-Ethanol Research Advisory Board. He’s also past president of the Minnesota Corn Growers.

- **This is not a plug for Casey’s**, but a plug for what your IL Corn Growers are doing for public awareness about who you are! Casey’s pizzas through Oct. 31 will come with a flyer featuring 10 farm families representing a variety of IL family-owned row crop and livestock operations. The promotion, a continuation of IFF’s “We are the 96%” campaign to raise awareness that 96% of IL farms are family-owned, is available at all Casey’s locations in IL. “Casey’s sells pizzas in nearly every county in IL, offering the opportunity to bring our message about family farm ownership to both urban and rural folks in IL. It’s a natural partnership with a natural fit, and we are so excited to celebrate,” said [Jon Rosenstiel, chairman of IL Corn](#) and a farmer from Pearl City. C’mon, your family likes Casey’s pizza! And you may find one of your neighbors as the featured family. Families appearing on Casey’s pizza flyers are the Noland family, of Blue Mound; the Casner family, Rosamond; the Dollinger family, Mazon; the Heap family, Minooka; the Gould family, Maple Park; the Kleinschmidt family, Armington; the Willard family, Griggsville; the Sanderson family, Clare; the Stitzel family, Shannon; and the Leman family, Eureka.



- **Households spend more money on food** as their incomes rise, but the amount spent represents a smaller share of their overall budgets, according to [USDA's Economic Research Service](#). When U.S. households were divided into five equal groups by household income, households in the lowest income group had an average after-tax income of \$16,337 and spent



an average of \$5,090 on food, or about \$98 a week, in 2022. Households in the highest income group, with an average after-tax income of \$196,794, spent an average of \$15,713 on food, about \$302 a week. As households gain more disposable income, they often shift to more expensive food options. Food spending as a share of income rose across all income groups in 2022 as food prices increased faster than the overall inflation rate. In 2022, food spending represented

31.2% of the lowest groups' income, 13.4% of income for the middle group, and 8.0% of income for the highest group.

- **The cost to buy a Thanksgiving turkey could be lower this year**, thanks to a drop in avian influenza cases and a recovery of the turkey population in the U.S. Farm Bureau economists analyzed turkey and egg prices and found that the average price for an 8-to-16-pound turkey typically served for Thanksgiving was \$1.27 per pound lower than in August 2023. That's 22% lower than the same time last year. "The status of HPAI is different now than it was just a year ago," The economists say, "Migratory birds are a major vector of this virus, which naturally makes spring and fall migration high-risk times." June marked the first month with no detections since the avian influenza outbreak began in February 2022.
- **American Farmland Trust** will sponsor the new PBS national public series "America the Bountiful" with its premiere planned for spring 2024. The new project is a food, history, and travel series exploring the regional food traditions of America's Heartland. It will help viewers learn more about culture and find inspiration in the chronicles of farmers, artisans, restauranteurs, and home cooks through the bounty they grow, produce, and eat. The show will shine a spotlight on the vibrant, culturally diverse, untold food stories and traditions hidden across America. "We're focused on saving the land that sustains us all, and our new partnership with "America the Bountiful" will help us reach an important PBS audience of engaged and committed conservationists, farmers, and food lovers across the country," says AFT President and CEO John Piotti. "We're excited to further educate people about the importance of farmland protection and sound agricultural practices."

And Finally, This—

- **Not everyone can beat the government**, but Richie Devillier who farms 60 miles east of Houston, TX, has a chance. His lengthy battle has been with the TX Dept. of Transportation. He is working land in his family for the past 100 years, with little difficulty from anyone until 2017. That is when the Texas Department of Transportation renovated nearby Interstate 10, raising its height, adding 2 lanes, and installing a concrete barrier in the median. As a result, heavy rains create a lake washing over Devillier's farm. In 2020 Texas courts said he did not have any business suing the state and tossed his complaint without any compensation. Attorney Bob McNamara of the [Institute for Justice](#) took on Devillier's complaint, and it is on



the US Supreme Court docket for the current term. Devillier's case has implications for property owners nationwide, McNamara explains: "A victory for Richie will mean that governments cannot simply destroy the property you've worked so hard to own and leave you holding the bag." Devillier has a book about his plight, entitled, [Farmer](#)

[Nightmare: Government Floods Family Twice, Kills Herd, and Refuses to Pay Damages.](#)

For more than 110 years, Flanagan State Bank has been helping farmers and serving our communities. In good times and in bad, we have always been there and always will be. With the same name for over a century and the same family ownership since the 1930s we provide stability financial soundness and people you can count on when you need them.

Flanagan State Bank has had experience and produced results in tough Financial Times and our motto is "Farming with a Future." Our lenders will approach every farmer with a "how can we help you" attitude we will work to provide adjustments and solutions all while doing our best to improve your current situation. We will work together alongside you to get back and stay on track financially. We cannot grow and be profitable as a bank without our customers which means we succeed when our customers succeed.