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

Commodity market price drivers—

- **USDA's National Agricultural Statistics Service** will be surveying farmers for March 28th Prospective Plantings report the next 2 weeks, asking producers what they intend to plant this spring. Although both corn and beans have pressed into new lows in recent weeks, corn weakness in addition to higher input costs are doing little to dissuade additional bean acres in 2024. Plus, we finished out February, with fall delivery contract futures of a corn to soybean average at 2.48 - leaving beans at an advantage over corn. Friday, March 8 we get the March WASDE report where little focus will be on US crops and the major attention will be on Brazilian production. USDA was at a 5.73 bil. bu. estimate for Brazilian beans in the last WASDE report and remains higher than the majority of private estimates, most of which have gravitated towards the 5 bil. bu. level. This will still be Brazil's 2nd-largest crop in history which remains more than $1.50 per bu. less than US beans nearby, delivered to China. CONAB, Brazil's version of USDA, will not release its March estimates until March 12. Commodity analyst Susan Stroud says, "If anything - we should be more concerned with USDA reducing the US export estimate again than a minor reduction in Brazil's crop size."
- **China needed corn** and went to its old provider, Ukraine, says Reuters. European traders said China is believed to have purchased a substantial volume, upwards of 10 mil. bu. for March to May delivery. Ukrainian corn is the world's cheapest, and the bargain price was worth the risk of moving through the Black sea and vulnerable to Russian naval firepower. The European traders believed the corn was to be loaded on Chinese flag vessels, and that China paid $5.84 per bu. which included cost and freight. Ukraine had provided most of China's corn needs prior to the Chinese agreement in 2019 with the US, and when that was completed, China moved to Brazil for its corn needs. This is the first significant Chinese purchase of Ukrainian corn in about 5 years, and war-weary Ukrainian farmers were probably happy for the business.

- **Both agriculture exports and imports** are on the rise, says USDA's Economics Research Service. "U.S. agricultural exports in fiscal year (FY) 2024 are projected at $170.5 bil., up $1.0 bil. from the November forecast. Exports of livestock and dairy, as well as grains and feeds, lead the increase, which more than offset reductions in oilseeds and products. As a group, livestock, poultry, and dairy exports are forecast up $1.4 bil. to $37.7 bil. Beef exports are projected $700 mil. higher on tight domestic supplies and rising unit values. Pork exports are raised $600 mil. based on higher prices and robust shipments to North American markets. Dairy exports are up $500 mil. due to higher prices for key products. Overall grain and feed exports are projected at $38.2 bil., up $700 mil. from November, as higher exports of corn, sorghum, rice, and feeds and fodders more than offset moderately lower wheat exports. Oilseed and product exports are forecast at $36.2 bil., a $1.0-bil. reduction from the previous quarter, almost entirely due to lower soybean volume and unit values resulting from increased South American competition. Cotton exports are forecast up $300 mil. to $6.0 bil. on higher unit values. Horticultural product exports are unchanged at $39.5 bil. Ethanol exports are forecast at $3.6 bil., unchanged from the November outlook, as lower unit values offset robust shipment volumes. China is forecast to remain the largest market for U.S. agricultural exports at $28.7 bil., an $800-mil. reduction from the previous forecast, largely due to strong South American competition on soybeans and corn. Exports to Mexico are forecast to rise by $500 mil. to a record $28.4 bil., whereas exports to Canada are forecast up $300 mil. to $28.0 bil." But on the other hand, "U.S. agricultural imports in FY 2024 are forecast at $201.0 bil., an increase of $1.0 bil. from the November projection that is predominantly driven by higher beef imports, which are raised $1.2 bil. to $10.1 bil. Tight U.S. supplies coupled with firm demand are expected to stimulate increased shipments of processing beef at higher unit values."

Table 1–U.S. agricultural trade, fiscal years (FYs) 2018–2024 1/

Item	2018	2019	2020	2021	2022	2023	Forecast Fiscal year 2024	
							November	February
	Billion U.S. dollars							
Exports	148.6	140.1	139.7	171.8	196.1	178.7	169.5	170.5
Imports	136.5	141.4	143.4	163.3	194.2	195.4	200.0	201.0
Balance	12.1	-1.3	-3.7	8.5	1.9	-16.7	-30.5	-30.5

- **Corn export sales last week** were 42.6 mil. bu., but needed each week to meet USDA' export projection estimate are 18.3 mil. bu. Soybean export sales were only 5.9 mil. bu. and needed each week to meet USDA's forecast is 8.5 mil.

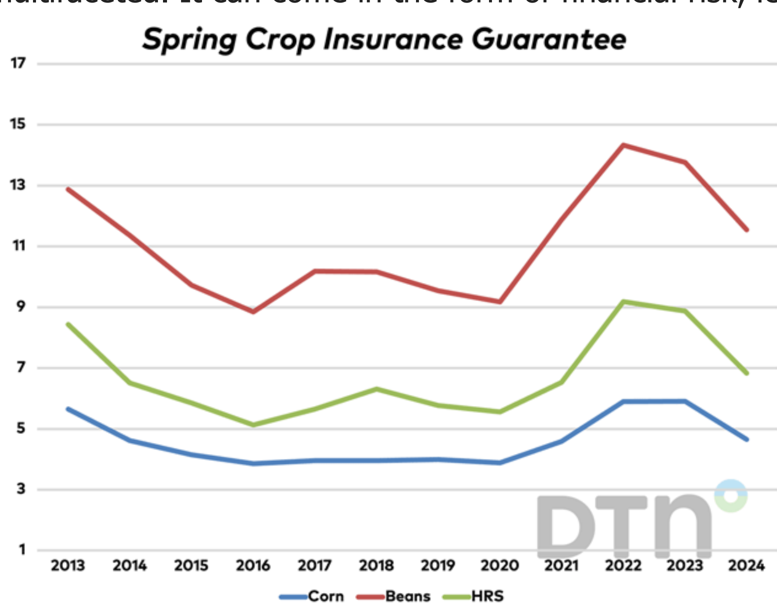
FSA, Risk Management and Crop Insurance—

- **All in, all done,** and the Risk Management Agency says the spring crop insurance guarantees for corn is $4.66 per bu. and $11.55 for soybeans. [Reuters commodity analyst Karen Braun]() says the corn guarantee is down 21% from last year and the soybean guarantee is down 16%. The prices are based on December corn futures contract and the November soybean futures closing prices during February, and then verified and calculated by USDA's Risk Management Agency which applied a volatility factor. Will those guarantees cover your cost of production? Farmers purchasing an 85% coverage policy and producing average yields, would need prices to fall to $3.96 on corn, $9.81 on soybeans, and $5.81 on spring wheat to trigger an indemnity. With a policy at 80% coverage, those fall to $3.72 for corn, $9.24 for soybeans and $5.47 for spring wheat, before any payment would occur. So how do you manage risk in the current environment? [Ken Harrison](), who spent more than 40 years working in the crop insurance industry, said farmers need to understand that risk is multifaceted. It can come in the form of financial risk, legal risk, marketing risk, production risk, strategic risk or even human risk. "One of the things about farming is you can't sit on the sidelines for one growing year. You've got to be in it every year, and this is probably a year most of you would like to go sit on a bench," he said. "This is going to be a year with tight margins. This is going to be a year when you need to understand your risk management plan and your risk strategy. Be aware of your total risk environment because they all interplay with each other." The RMA's [price discovery tool]() offers users to make choices for grains, production years, specialty commodities, practices, states, and sales closing dates.

Projected U.S. Crop Prices

(February discovery; $/bushel) @kannbwx

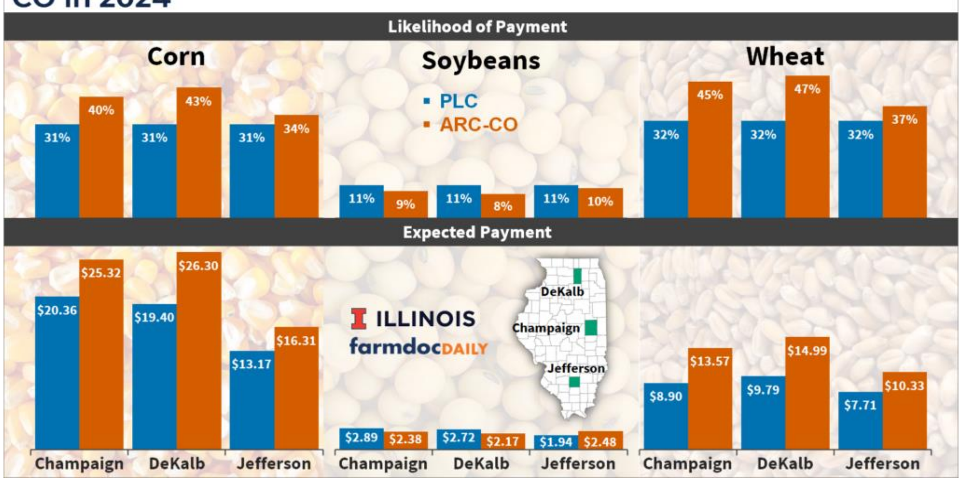
CORN		vs. prior Feb	SOYBEANS		vs. prior Feb
2011	6.01	*51%*	2011	13.49	*46%*
2012	5.68	*-5%*	2012	12.55	*-7%*
2013	5.65	*-1%*	2013	12.87	*3%*
2014	4.62	*-18%*	2014	11.36	*-12%*
2015	4.15	*-10%*	2015	9.73	*-14%*
2016	3.86	*-7%*	2016	8.85	*-9%*
2017	3.96	*3%*	2017	10.19	*15%*
2018	3.96	*0%*	2018	10.16	*0%*
2019	4.00	*1%*	2019	9.54	*-6%*
2020	3.88	*-3%*	2020	9.17	*-4%*
2021	4.58	*18%*	2021	11.87	*29%*
2022	5.90	*29%*	2022	14.33	*21%*
2023	5.91	*0%*	2023	13.76	*-4%*
2024	**4.66**	***-21%***	**2024**	**11.55**	***-16%***



Farm Management

- **Is there any "good" news?** IL Farmdoc ag economists say there may be with chances for ARC and PLC payments responding to lower grain prices. "Estimates from the recently updated Gardner Payment Calculator suggest the county-level ARC program (ARC-CO) has a greater chance than PLC of triggering payments on corn and wheat base acres in 2024. Expected payment levels from ARC-CO are also projected higher than from PLC for corn and wheat. For soybean base, the estimated chances of payments and expected size of payments are much smaller than for corn or wheat, and relatively similar for both program options. We generate estimates of the likelihood, or probability, that PLC and ARC-CO payments might be triggered in 2024 along with expected payment levels for both programs for 3 example counties in IL for corn, soybeans, and wheat. Note that expected payment measures are averages across all simulated outcomes, including those which result in zero payments. Estimates of expected program payments on corn base are in the lower left panel of Figure 1. Expected payment levels from PLC are estimated at just over $20 per base acre for Champaign County, just under $20 per base acre for DeKalb, and just over $13 per acre for Jefferson County. The differences in expected PLC payments are due to the difference in PLC payment yields assumed for each county. Expected ARC-CO payments are higher than for PLC for all 3 counties – $25 per acre for Champaign, $26 for DeKalb, and $16 for Jefferson.

Figure 1. Likelihoods and Expected Payments for PLC and ARC-CO in 2024



  Estimates from the recently updated Gardner Program Payment Calculator suggest that ARC-CO has the higher likelihood of triggering payments on both corn and wheat base in IL in 2024. This is mainly driven by the ARC-CO benchmark price being sufficiently above the PLC effective reference price for both crops for 2024. Moreover, ARC-CO can trigger payments due to yield losses even when prices are above the effective reference price. For both corn and wheat, there looks to be a roughly 1 in 3 chance of PLC payments based on current price expectations. The likelihood of ARC-CO payments varies between 40 and 50% across IL counties. Expected PLC payment levels will vary based on farm-specific PLC yields but will likely be in the range of $10 to $20 per base acre for corn, and $7 to $10 for wheat. Expected ARC-CO payments will also vary across counties but will likely be in the range of $15 to $25 per base acre for corn and $10 to $15 per base acre for wheat. The chances of triggering PLC or ARC-CO payments on soybean base acres in 2024 are estimated at about 1 in 10. Based on the low chances of triggering payments from either program, expected payment levels are also relatively low for soybeans – in the $2 to $3 per base acre range for both programs.

Farm Bill and Farm Policy—

- **Senate Ag leaders dug in further** on Farm Bill differences at a USDA oversight hearing with Secretary Vilsack last week. Vilsack hinted at the deep policy differences dividing Senate Ag lawmakers when he quoted USDA's founder, President Abraham Lincoln, "A house divided against itself cannot stand." And with the Lincoln quote made the unspoken point--stubborn partisan differences could force another 1-year extension of the 2018 Farm Bill. Politico quoted retiring Ag Chair Sen. Debbie Stabenow, D-MI, at a recent White House event that she'd sooner stick with the 2018 bill than leave a legacy of climate and SNAP cuts, saying she'll push a new Farm Bill further into the future rather than strike a deal with Republicans on SNAP and climate spending changes. Politico says she won't agree to limit any updates to the Supplemental Nutrition Assistance Program or cut any climate-smart conservation money in the Inflation Reduction Act. "I'm not going to do it," she says. "If that means we continue the policies of the 2018 Farm Bill, which were pretty good if I do say so myself, then that's okay." Stabenow (right) has reached out to vulnerable House Democrats and urged them to oppose House Agriculture Republican proposals to repurpose some climate and other agriculture funding to pay for farm support programs and other bipartisan priorities in the Farm Bill. And at the latest hearing, "The bipartisan evaluation of SNAP that we directed in the 2018 Farm Bill, after 50-years of the program, resulted in just an additional $1.40 day per person, bringing benefits to about $6 a day to help folks put food on the table. But this was enough to lift 1 mil. children out of poverty." →

- **But top minority Sen. John Boozman, R-AR,** has a different focus – the need to boost the farm safety net with SNAP and climate savings, "What I've heard from our nation's farmers is they're very concerned. Specifically, they're challenged by persistently high and historic inflation, stubbornly high interest rates, burdensome regulations, record high trade deficits in agriculture, and most importantly of all, rapidly declining commodity prices and farm incomes that will make the next 5 years some of the most challenging in their lives," and cited a record $80 bil. drop in net farm income since 2022., Secretary Vilsack claimed net cash income hit a record high the last 3 years with falling joblessness and rural poverty and argued new revenue streams, not just a new Farm Bill, are needed, "That's why we're focused at USDA on more, new, and better markets, on climate-smart agriculture, on renewable energy, and on local and regional food systems." Vilsack committed only to work with lawmakers to boost crop supports possibly with CCC funds, but on SNAP, defended USDA's updating benefits in 2022, while adding that costs could come down with declining enrollments. (Berns News Bureau)

- **Could there be movement** on the Farm Bill in the House in March? Rep Kat Cammack, R-FL, says the Farm Bill has been a frustrating process, "We are currently operating on a basic reauthorization of the 2018 Farm Bill, and we were hoping to have it completed last year, but of course shenanigans in the House prevented us from getting that across the finish line. So, as it stands right now, we're looking at mid-March being our timeline to have draft text presented, a full markup in committee, and then hopefully getting it on the House floor and across to the Senate." Cammack says she is focused on AGI, or Adjusted Gross Income, "With the consolidation that we have had happen across the country, these small mom and pop operations, they have to continually grow at higher and higher levels and really scale up operations just to make ends meet and government hasn't kept up with that in terms of disaster relief or caps on certain programs. So, it's really becoming a tough situation for a lot of our family farms. So, making adjustments on AGI, really protecting that safety net for people who have skin in the game and that risk in the ground." Cammack adds tying nutrition program to American production is important to her as well, "For the $124 bil. that we spend every single year in SNAP and EBT, only $26 mil., $26 mil. out of $124 bil. is required to be American products. If it's an American taxpayer who's financing it, it should be an American farmer that's growing it. We want to really see a change in tying the produce that is consumed through the nutritional programs be American product, and I think that would be a really strong and effective lifeline to our farmers and our producers." (American Ag Network)
- **Speaking of SNAP**, the Supplemental Nutrition Assistance Program in the Farm Bill, IL Farmdoc policy specialist Jonathan Coppess suggests the program is being threatened by the entire financial weight of the legislation. He compares financial benefits to farmers and to citizens benefiting from food assistance:
    - ✓ **Farm programs:** the 2022 Census of Agriculture reported a total of 3.37 mil. producers and 1.9 mil. farms. Not every producer participates in government programs, however; far fewer ever receive any benefits from the Farm Bill. The Census counted 483,211 total farms (25.4%) receiving government payments. Based on data from the Risk Management Agency (RMA), all crop insurance policies earning premium from 2014 to 2021 would represent only 34% of the producers in the Census. The 2022 Census, however, found only 369,393 farms that enrolled land in crop insurance (19.4% of Census farms), an average of 3 policies per farm. For conservation, roughly 13% of those producers would be represented by the highest number of contracts reported in any of those years.
    - ✓ **Food programs:** The single most important point that a focus on the big numbers in the baseline misses (or conveniently avoids) is the substantial difference in the number of people participating. SNAP outlays are big not because they are generous but because so many millions fall below poverty measures and receive assistance to put food on the table. In 2022, SNAP spent $114 bil. on benefits to 41.2 mil. people on average every month, or about $230.48 every month per participant ($7.68 per day; $2,765.76 per year). According to the Census data, 80% of these households likely included 1 or 2 people who were employed, while nearly half had at least 1 child and a roughly similar share included a person with a disability.

IL Legislative Issues—

- **The IL General Assembly is in session,** but there are few headlines from it because little has been accomplished. The IL Farm Bureau's State Legislative team reports, "Spring session this year has a tentative adjournment date of May 24, leaving just 42 scheduled session days with about a week of extra days in case a budget is not negotiated. Of those 42 days, there are only 12 before the House's April 5 committee deadline and 7 days before the Senate's March 15 committee deadline, where sponsors must get their bills voted out of committee. This leaves just 9 days of session for the House and just 3 days of session for the Senate for their respective committees to release bills, 1,553 House bills and 1,283 in the Senate.
  - ✓ The top priority for IL Farm Bureau this year is to reform the IL Estate Tax. Under current law, most farm estates must plan for the estate tax given the low threshold of $4 mil. Worse yet, the entire estate is subject to taxation. The bulk of the value comes from land value and machinery, which means to pay the IL Estate Tax, beneficiaries typically must sell off parts of the family farm or incur tremendous debt to pay the tax. SB 2912 and HB 4600 contain the Family Farm Preservation Act, an IL Farm Bureau legislative priority and initiative. IL Farm Bureau has strongly advocated for this legislation and has secured support from a wide range of legislators across the entire state. We have secured bipartisan, bicameral support from Democratic leadership, Republican leadership, Cook County, suburban, and downstate rank and file legislators.
  - ✓ HB 5054 requires power line, pipeline, and other similar construction to have an agricultural inspector on site approved by the IL Dept. of Agriculture. The Agricultural Impact Mitigation Agreement is designed to identify violations and give the IDOA authority to stop the construction project until there is a resolution. (IFB supports)
  - ✓ SB 2860 would repeal eminent domain authority currently allowed for CO_2 pipelines under the Carbon Dioxide Transportation and Sequestration Act. The legislation also repeals a provision that provides procedures for acquiring easements. (IFB supports)
  - ✓ HB 4708 gives public rights and access to any water where a commercial or recreational watercraft is supported for part of the year, including a singular outing, without any mention of compensation. This would undoubtedly include many creeks and streams running through livestock farms. Livestock producers install fences across these waters, to keep animals from roaming downstream and onto other property. Allowing public access would be threatening to the farmers' livelihood and pose a safety risk to the public. (IFB opposes)
  - ✓ HB 4344 would ban the use of glyphosate in IL. and HB 4956 would ban the use of 2,4-D in IL. SB 2747 would all any unit of government to establish pesticide use laws. SB 3665 would make it unlawful to confine a laying hen in a cage and requires retailers to sell only eggs from uncaged hens. (IFB opposes all)
  - ✓ HB3817 would designate the soybean as the official state bean. (IFB supports)

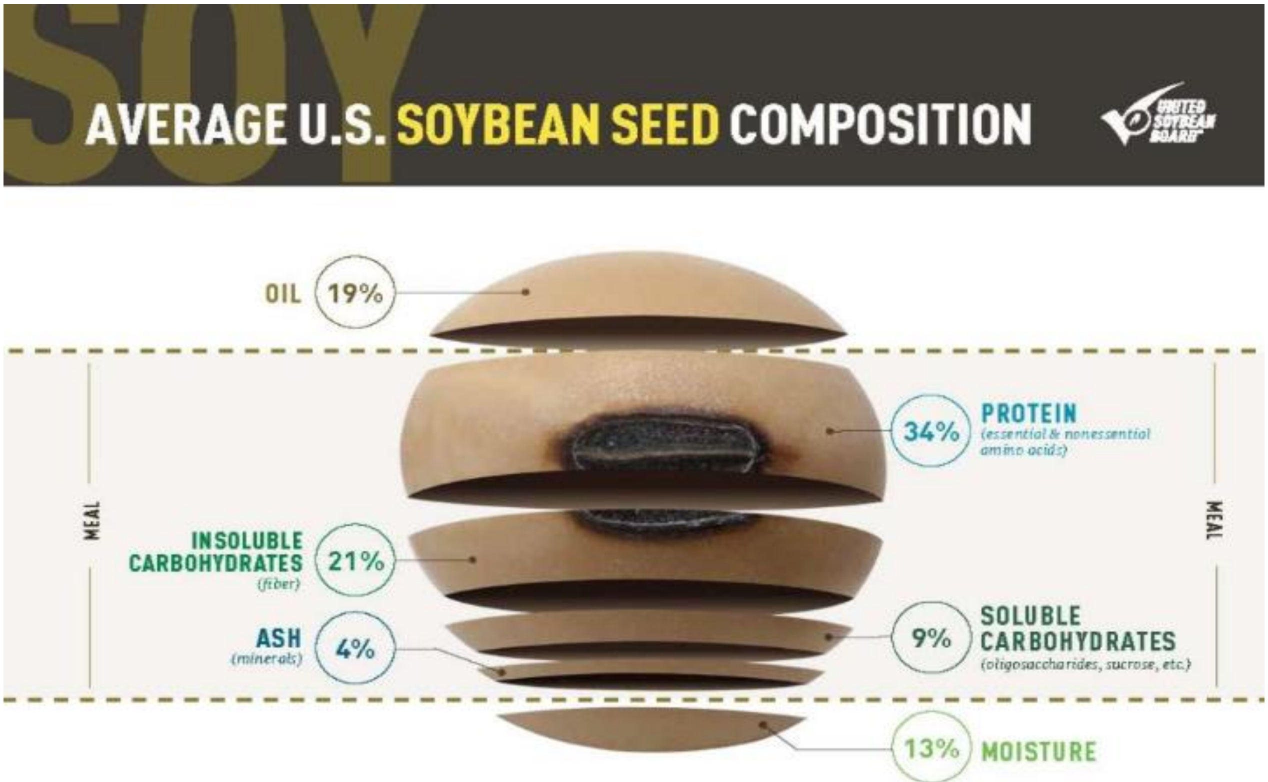
- **Also lobbying IL lawmakers** on major issues impacting farmers is the IL Fertilizer and Chemical Association. IFCA members are chemical retailers and are taking particular interest in a raft of bills impacting crop protection products farmers utilize every year.
  - ✓ SB2757 --- Amends the IL Pesticide Act. Removes pesticide preemption in the state of IL. Provides that political subdivision (cities and countries) of the State may regulate pesticides. IFCA opposes SB2757.
  - ✓ HB4814 --- Amends the IL Pesticide Act. Beginning January 1, 2027, no person shall sell offer for sale or use, or distribute within the State any corn, soybean, or wheat seed that is treated or coated with a pesticide having certain active ingredients. IFCA opposes HB4814.
  - ✓ HB5390 --- Amends the IL Pesticide Act. Bans the sale and use of dicamba. IFCA opposes HB5390.
  - ✓ SB3342 --- Creates the Pesticide Application on Rights-of-Way Notification Act. Provides that, at least 24 hours before applying a pesticide to a public right-of-way that is located within the corporate boundaries of a municipality, a certified applicator employed or contracted with by the State or a unit of local government to apply the pesticide shall provide notice of the application to all residents whose residences are located within 200 feet of the public right-of-way to be treated. IFCA is monitoring SB3342. →
  - ✓ SB187 --- Amends the IL Pesticide Act. Provides that, on and after January 1, 2024, no pesticide containing a neonicotinoid may be used outdoors on any land owned or maintained by the State. IFCA opposes SB187.
  - ✓ HB5075 --- Amends the IL Pesticide Act. Adds 2,4-dichlorophenoxyacetic acid, 3,6-dichloro-2-methoxybenzoic acid, and atrazine to the definition of "Restricted Use Pesticide". IFCA opposes HB5075.
  - ✓ HB5018 --- Amends the IL Pesticide Act. Increases monetary penalties and increases point values in determining monetary penalties. Distinguishes pesticide effects on woody perennial plants and herbaceous plants with respect to penalties. IFCA opposes HB5018.
  - ✓ HB4956 --- Amends the IL Pesticide Act. Bans the sale and use of ester formulations of 2,4-Dichlorophenoxyacetic acid. IFCA opposes HB4956.
  - ✓ HB4932 --- Amends the IL Pesticide Act. Requires certified pesticide applicators to give written or email notice 72 hours prior to application of pesticide to schools and parks within half of a mile from the site of application. Provides other notice requirements. IFCA is monitoring HB4932.
  - ✓ HB4344 --- Amends the IL Pesticide Act. Provides that no person shall distribute, sell, offer for sale, or use glyphosate or any products containing glyphosate within the State. IFCA opposes HB4344.
  - ✓ HB3726 --- Amends the IL Pesticide Act. Provides that any manufactured seed that has been treated with a pesticide and that is to be disposed of must be disposed of at a permitted hazardous waste disposal site. IFCA opposes HB3726.

Biofuels--

- **EPA officials announced** they will miss a self-imposed deadline of March 1 to complete modifications to the GREET (Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies) model for sustainable aviation fuels (SAF). The model is critically important for determining eligibility for the Inflation Reduction Act's "40-B" SAF tax credit. Renewable Fuels Association CEO Geoff Cooper says while they were pleased to hear progress is being made on the modified GREET model, they are disappointed by this additional delay. "RFA is calling on the interagency Working Group to complete this process as quickly as possible while maintaining scientific integrity and honoring the commitment to incorporate a broad range of carbon reduction strategies," he says. "To meet the Biden administration's SAF goals, the marketplace needs certainty and clarity." He also says investment and innovation in SAF technologies will remain frozen until the model gets finalized and additional guidance is issued. "It's an enormous decarbonization opportunity," he adds.
- **Why was the target announcement missed?** Secretary Vilsack told the Commodity Classic crowd the White House had delayed the results of an inter-agency task force looking into changes to the Argonne (GREET) model to allow for SAF tax. The GREET model adjustments are going to be key for driving feedstocks to use for SAF. Vilsack indicated the interagency task force wasn't aware of the extent of "climate-smart practices" farmers use such as no-till farming, cover crops, energy efficiency or reduced rates of nitrogen application. Such factors, plugged into the GREET model, would demonstrate biofuels are more environmentally friendly than current aviation fuel. Vilsack made it clear that SAF credits will have some linkages to the "climate-smart" practices farmers are using such as no-till farming, cover crops, energy efficiency or reduced fertilizer usage. "We're going to take a couple more weeks to get the guidance right," Vilsack told the Commodity Classic crowd. The secretary told farmers at Classic he is confident 95% of SAF will come from feedstocks from U.S. agriculture. The modeling needs to factor in the best science, Vilsack said. (Pictured left to right: Geoff Cooper, Renewable Fuels Association, Secretary Vilsack, and EPA Administrator Michael Regan)

Commodity and Farm Organizations—

- **The United Soybean Board** reports US soybeans are better than beans from Brazil, Argentina, and India. And they have the data to prove it. A new collection of scientific studies reinforces U.S. Soy's reputation for being a global leader in quality and nutrient density. A group of scientists tested 1,944 samples for 18 different factors in soybean protein quality of the nutrients needed for livestock feed formulation.



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.