



## WEEKLY CORNBELT UPDATE

PRESENTED BY  
 LANAGAN State Bank

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

### **Commodity market price drivers—**

- **Set your alarm for 11 am Thursday.** That is March 28<sup>th</sup>, and the day USDA will release its survey of thousands of farmers who were asked about their planting intentions for 2024. That report is moved ahead this year because of the Easter Weekend and USDA will be closed on Good Friday. So, the Planting Intentions Report and the Quarterly Stocks Report will be released Thursday morning, and the market will have until 1:15 pm to sort out the details before the long weekend. Gentlemen, Place Your Bets!
- **What does the grain trade think will happen?** The market is expecting a decline in corn acres and an increase to soybean acres versus last year. [Farm Futures](#) released its farmer survey results last week that revealed expected corn planted acres at 92.4 mil. acres versus the USDA Outlook Forum projection at 91 mil. acres. While Farm Futures has soybean acres at 86 mil. versus the USDA Outlook Forum acreage number of 87.5 mil. acres. Another private survey, this one of commodity trading houses, is projecting corn acreage at 91.3 mil. and soybeans at 87 mil. acres. Compared to 2023, that would be a 1.1% decline for corn and a 4.1% increase for soybeans. Compared to fall delivery contract prices, soybeans have enjoyed an advantage most of the time since the first of the year. However, the recent uptrend in corn and soybean prices has occurred after the USDA began surveying farmers for their Prospective Plantings, which started at the middle of February, and ended before much of the recent bullish price action occurred. That price action, regardless how farmers may have responded to it, will not be reflected in acreage until USDA reports actual planted acres on June 28, with the official Planted Acreage Report. Ag economists increased their corn acreage projection slightly, to 92.12 mil. acres. That's up from the 91.47 mil. in February. The soybean acreage projection declined from 86.62 mil. to 86.41 mil.
- **Could anything else play into the picture?** The spring weather could hold a trump card, with heavy snow in the northern plains, if it does not dissipate. And uncooperative weather has foiled many farmers from early soybean planting which has been increasing annually.

- **The U.S. Grains Council released** its [2023-2024 Corn Export Cargo Quality Report](#) which contained some good news. The average aggregate quality of U.S. corn samples tested for the report was better than or equal to U.S. No. 2 on all grade factors and represented an improvement on the five-year average of previous crops on several fronts. “The Council is committed to furthering global food security and mutual economic benefit through trade,” says USGC Chair Brent Boydston. “This report will assist buyers in making well-informed decisions by providing reliable and timely information about U.S. corn destined for export.”
  - ✓ Average test weight (58.1 lbs. per bu. was higher than 2022/2023 and the 5YA, indicating overall good quality. 91.8% of the samples tested at or above the limit for U.S. No. 1 grade compared to 93.3% of the samples in 2022/2023.
  - ✓ Average BCFM (2.5%) was lower than 2022/2023, the 5YA and the maximum limit for U.S. No. 2 grade. BCFM predictably increased from 0.5 to 2.5% as the crop moved from harvest through the marketing channel to export.
  - ✓ Average total damage at export (1.7%) was lower than 2022/2023 and the 5YA. 98.8% of the samples were at or below the limit for U.S. No. 2 grade, compared to 95.9% of the samples in 2022/2023.
  - ✓ Average heat damage was 0.0%, the same as 2022/2023 and the 5YA, indicating good management of drying and storage of corn throughout the marketing channel.
  - ✓ Protein concentration (8.9% dry basis) was higher than 2022/2023 and the 5YA.
  - ✓ Starch concentration (71.8% dry basis) was lower than 2022/2023 and the 5YA.
  - ✓ Oil concentration (3.9% dry basis) was the same as 2022/2023 but lower than the 5YA.
  - ✓ Average stress cracks (16.3%) was higher than 2022/2023 and the 5YA. Only 49.2% of the export samples had less than 15% stress cracks compared to 90.2% of the samples in 2022/2023.
  - ✓ Average percent of whole kernels (88.0%) was higher than 2022/2023 and the 5YA.
  - ✓ All samples tested below the FDA action level of 20.0 parts per bil. (ppb) for aflatoxin.
  - ✓ All samples tested below the 5.0 parts per mil. (ppm) FDA advisory level for DON, the same as 2022/2023 and 2021/2022.
  - ✓ Of the samples tested for fumonisin in 2023/2024, 97.2% were below the FDA’s strictest guidance level for fumonisin of 5.0 ppm.
  - ✓ A total of 85.6% of the export samples was at or below the maximum BCFM allowed for U.S. No. 2 grade (3.0%) and 99.8% were at or below the BCFM limit for U.S. No. 3 grade (4.0%).

## **US China Policy versus Grain Prices--**

- **Secretary Vilsack** suggests the U.S. needs to tone down its anti-China rhetoric or else billions in



U.S. farm exports to China could be on the chopping block. From TikTok to China's spy balloon, to its hacking and aggression in the Pacific, U.S. officials and lawmakers have pushed back against Beijing for months. But Secretary Vilsack said at a Washington forum last week the criticism may be getting out of hand, "We have an interesting conversation going on in this country about China. It's hard for the Chinese, and this was expressed to me when I met with the

Chinese Ag minister, it's pretty hard for them to understand that they're the number 1 Ag customer for U.S. products. That's not how you would see it based on the rhetoric that we see today." Vilsack urged a "nuanced and thoughtful conversation about China." Otherwise, he said the U.S. could jeopardize its nearly \$40 bil. farm export trade with Beijing, which fell to \$29 bil. last year. But Sen. and former chair of the Finance Committee that covers trade Chuck Grassley, R-IA, thinks Vilsack is only "half right," "I think you have to be kind of careful how you talk to China, but I think we've been too easy on them, and I think China could retaliate against our ag exports to them. But if they do buy more from Argentina and Brazil, there's going to be opportunities for us to fill the void of where that grain would have otherwise gone." Grassley says China will always need to import enough food to feed its people. But when it comes to U.S. national security versus farm exports, Grassley feels the U.S. must 'stand up to China.' (Berns News Bureau Washington).

- **Vilsack was not the only one** calling for a "time-out." Prior to a House Ag committee hearing on Chinese influence on American agriculture, [Ranking Member David Scott, D-GA](#)



said, "I want us to keep in mind that China is an important trading partner to the U.S. We need a thorough and policy-heavy conversation so we can help American farmers and our agricultural system navigate this issue." He also pointed out that China is America's largest trading partner, accounting for \$33.7 bil. in U.S. agricultural exports last fiscal year. "American farmers produce way more than the country can use domestically, so trade is vital. My colleagues will often note that we are in an agricultural trade deficit," he added. "I'm here to

tell you that alienating our trade partners will only deepen the deficit."



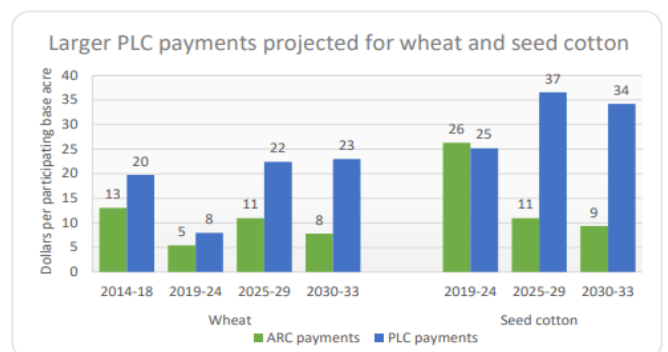
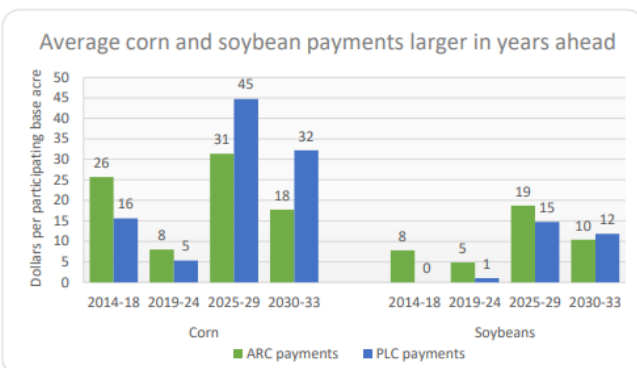
- Flaming arrows were being fired at China** during a midweek hearing of the House Agriculture Committee. Experts testified that China remains the top global threat to U.S. agriculture despite \$bil. in U.S. export sales there. Gov. Kristi Noem, R-SD, (right) says China wants to control the US food supply, “They have, decades ago, started buying our fertilizer companies. Then, I watched them buy up our chemical companies. I watched us as we sold citizenship to members of the Communist Party for investment into our processing systems, and now most of our processing facilities are owned by the Communist Party or Chinese Government. Now they are coming for our land.” House CCP Select Committee Chair Mike Gallagher, R-WI, (right) says U.S. tracking of farmland buys, even near sensitive military installations, is flawed, “The U.S. government has no way of tracking land purchases by foreign adversaries. There was a recent GAO report that found USDA is incapable of properly tracking such land purchases by problematic actors. Second, even upon discovering a problematic transaction, CFIUS often finds it has no jurisdiction.” He’s referring to the interagency Committee on Foreign Investment in the U.S. A member of that committee is Rep. Raja Krishnamoorthi, D-IL, (right) who laid out variety of concerns about China’s involvement in US Agriculture. IN farmer and former U.S. Ambassador to the UN Food and Agriculture Organization Kip Tom (right) says from seeds to data, China’s already undermining the U.S. farmer, “The constellation of satellites that are operating their tractors to communicating data algorithms to the computers in the tractor during planting, these have all been compromised—they’ve been stolen.” Tom says the Chinese now have our seed genetics and will boost corn yield by some 10% this year, further displacing U.S. sales and prompting his call for more research dollars and the best cybersecurity experts. But, American Soybean Association President Josh Gackle (right) said during Pres. Trump’s 2018 tariff war, “We saw almost an immediate drop in the market price for soybeans, in particular, close to a \$2 drop in just a short time after those tariffs were announced and the retaliation from China.” Gackle joined Sec. Vilsack and Rep. Scott in their concern of losing Chinese trade.



## ***Farm Economics and Lending—***

- **Farm commodity prices** have tumbled from the peak levels they rose to during spring 2022, and new projections suggest that downward pressure on prices could continue throughout 2024 and beyond. [The Food and Agricultural Policy Research Institute](#) at the University of Missouri recently released its annual agricultural market baseline outlook. The outlook provides projections for agricultural and biofuel markets and serves as a point of reference for evaluating alternative scenarios for food and agricultural policy. Another key finding from the report is that net farm income is projected to fall to its lowest level since 2020. For consumers, food price inflation slowed in 2023, and FAPRI's report suggests that this trend could continue in 2024. The consumer price index for food is anticipated to increase 2.1% in 2024, with the lion's share of the increase coming from food away from home. Program director Pat Westhoff says, “Despite a \$30 bil. drop in net farm income from 2022 to 2023, and another large projected decline in 2024, net farm income remains above annual levels from 2015 to 2020,” Westhoff said. “Still, there’s no question that farm finances are much tighter now than they were just two years ago.” The price of crops — one component of the farm income equation — continues to decline: placing pressure on profitability for farmers. The baseline report also noted the following trends for farm inputs:
  - ✓ Lower prices for farm inputs, such as fertilizer, partially offset lower prices but don't offer enough relief to avoid declines in farmers' net returns.
  - ✓ Livestock producers can expect reduced feed costs due to lower corn and soybean prices, offsetting price and demand challenges faced in this sector.
  - ✓ Demand-driven price declines for hogs, poultry and milk are expected to continue in 2023 and 2024.
  - ✓ Cattle prices have been strengthened by drought and other factors and an upward trend is projected for 2024 and 2025.
  - ✓ Some key results:
    - Grain and oilseed prices have declined in the 2023/24 marketing year from the record or near-record levels of the previous year. Prices could decline again in 2024/25 if growing conditions result in trend-line yields.
    - U.S. corn production hit a record high in 2023, in spite of less-than-ideal growing conditions. Corn prices that averaged \$6.54 per bu. in 2022/23 fall to a projected \$4.39 per bu. in 2024/25 and even lower in later years.
    - Similarly, soybean prices fall from \$14.20 per bu. in 2022/23 to a projected \$10.73 per bu. in 2024/25. After averaging a record \$8.83 per bu. in 2022/23, projected wheat prices fall to \$6.13 per bu. in 2024/25.
    - Changes in relative prices cause an acreage shift from corn to soybeans in 2024, resulting in record U.S. soybean production.
    - Rising production of renewable diesel increases demand for soybean oil and other fats and oils. This supports soybean oil and soybean prices, but the resulting increase in crush puts downward pressure on soybean meal prices. →

- Lower crop prices are partially offset by lower expected prices for fertilizer and some other farm inputs in 2024/25. Still, projected net returns to producers for major crops are well below recent peak levels.
- Hog, poultry, and milk prices all declined in 2023 as demand weakened. Projected hog prices are about the same in 2024 as in 2023, while further small declines are expected for poultry and milk prices. Lower corn and soybean meal prices mean lower feed costs.
- In contrast, cattle prices increased in 2023 and further increases are expected in 2024 and 2025. Drought and other factors have reduced the cow herd, and it will take time before beef production can increase again.
- Recent high prices have reduced federal spending on commodity programs, but crop insurance net outlays hit a record level in fiscal year (FY) 2023.
- Lower projected prices cause spending on the price loss coverage (PLC) and agriculture risk coverage (ARC) programs to rebound in future years, and crop insurance net outlays average more than \$12 bil. per year.
- Net farm income fell by \$30 bil. in 2023 from the record level of 2022, and another large decline is projected for 2024. However, at \$118 bil., 2024 real net farm income remains above the annual levels of 2015-2020. Projected real net farm income continues to decline in 2025 and subsequent years.
- Consumer food price inflation slowed in 2023 and could slow further in 2024. The consumer price index for food increases by a projected 2.1% in 2024, with the food-away-from-home category accounting for most of the increase.
- **Many farmers will be pleased** with the [FAPRI](#) estimates for farm program payments in coming year. The FAPRI economists calculated bigger payments for ARC and PLC. "Under the 2014 Farm Bill, national average ARC payments per participating corn base acre exceeded PLC payments as prices came back down from their recent highs for both corn and soybeans. Under the 2018 Farm Bill, changing market conditions reduce corn payments under both programs. Projected average payments are greater in the 2025-2029 period for both crops and both programs, as market prices fall, and ARC and PLC payment triggers increase in response to higher Olympic average prices. For wheat, seed cotton and many other crops, historical and projected average PLC payments exceed ARC payments per participating base acre. In addition, ARC payments vary geographically, as they depend in part on county-level yields.



## ***Seed, Fertilizer, Chemical Inputs—***

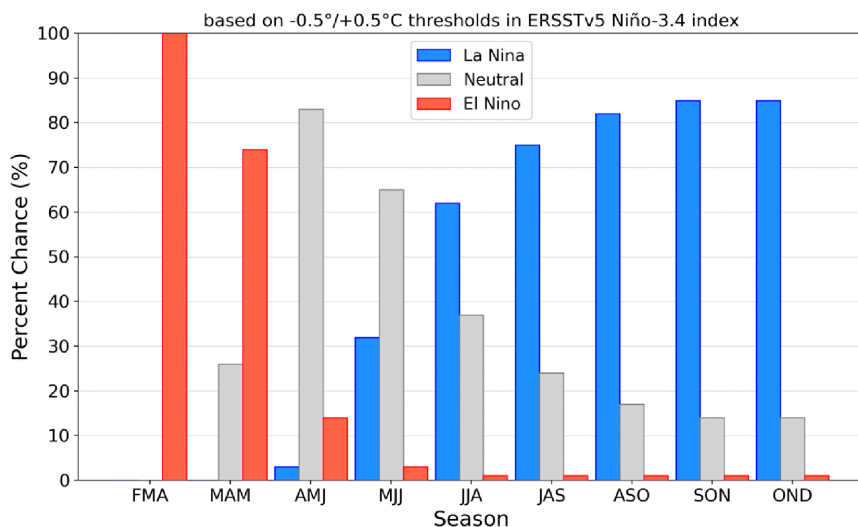
- **“As U.S. spring preplant fertilizer application** continues to roll, (there are a) lot of stories of tight phosphate and UAN inventories,” says StoneX fertilizer vice-president Josh Linville, “Industry is busting its butt to get resupplies in place but be a little understanding with your supplier. They are doing the best they can. North America fertilizer story continues to be tight supplies on the early spring start. Phosphate/potash/NH<sub>3</sub> seasons will wrap up soon with planting starting but urea/UAN will likely persist. At this point, the world/NOLA price doesn't matter. Only what can be sourced.” Linville says all fertilizer products are tight, except potash:
  - ✓ **Urea:** India is buying for the entire nation, but the quantity and bid price are unknown. China should arrive on the global scale around May 1 meaning they can play a part. May 20 starts to bring in summer months which is historically slow for demand which is why prices are generally at their lows at this time. US Imports thru February continue to trend a bit behind our expectations.
  - ✓ **UAN:** Product is TIGHT. Low fertilizer year starting inventories. More production issues this last fall/winter than previously expected. Import/export situation has not gained us a lot of inventory. Already hearing of retailers trying to buy product and being told, “sorry, nothing for March and April is tough.”
  - ✓ **NH<sub>3</sub>:** Ukraine has been successful with deep Russia territory attacks on ammonia infrastructure. Secondary targets could easily include port capabilities. Domestically, product is as tight as we thought it would be. Large/late fall run (3<sup>rd</sup> largest since 2000) emptied the system. Short winter meant less time to restock. Solid spring demand with few breaks meant the market stayed snug.
  - ✓ **Phosphate:** Globally, anticipating China (world’s typical largest DAP/MAP exporter) to return in May. Domestically, ridiculously tight inventories. Today, it appears that the NOLA market is past the biggest inventory crunch, but inland terminals are still suffering. NOLA DAP most recently traded \$645 but Tulsa, OK MAP values have hit \$800. Phosphate has moved to insanely high prices vs grain values.
- **For the first time in several months**, average retail prices for all 8 major fertilizers were higher than they were a month ago in the second week of March 2024, according to sellers [surveyed by DTN](#). Just one fertilizer saw a significant price move. Urea was 7% more expensive than last month. The nitrogen fertilizer had an average price of \$566 per ton. The remaining seven fertilizers were all slightly higher in price. DAP had an average price of \$771 per ton, MAP \$817/ton, potash \$505/ton, 10-34-0 \$622/ton, anhydrous \$789/ton, UAN28 \$355/ton and UAN32 \$397/ton. On a price per pound of nitrogen basis, the average urea price was \$0.62/lb. N, anhydrous \$0.48/lb. N, UAN28 \$0.63/lb. N and UAN32 \$0.62/lb. N.



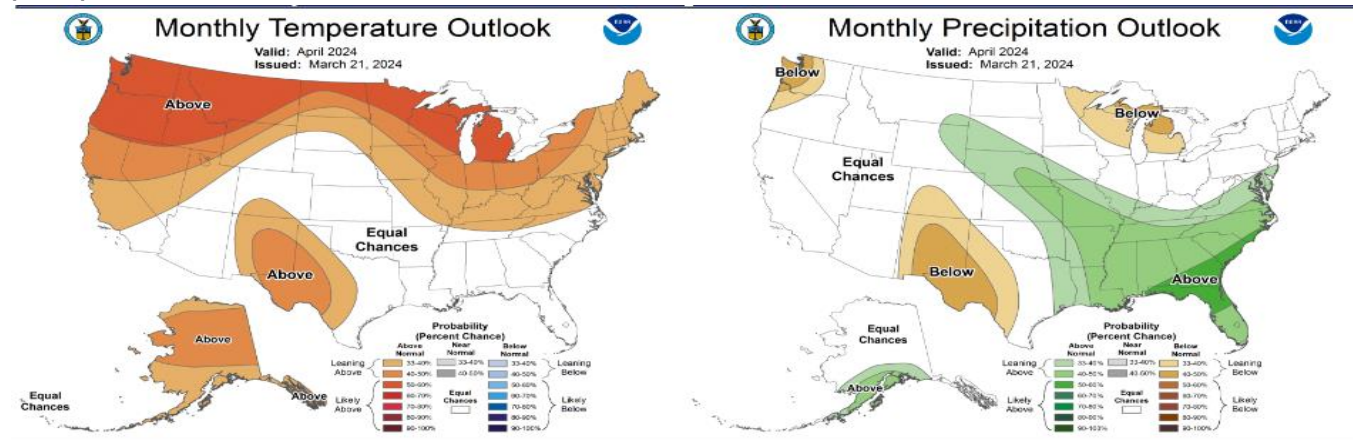
**Weather—**

- The 2024 growing season** is expected to bring a unique combination of El Niño this spring through early summer before switching to La Niña in late summer through early fall. The [Climate Prediction Center](#) says the opposing climate patterns have the potential to trigger significant weather events that could have problematic impacts on crop production. 2023 ended with a strong El Niño, which is weakening now and will end around April. However, the long-term impacts will be felt throughout the growing season. The U.S weather patterns will likely shift back to normal between April and July, followed by a probable La Niña through September. The report also

Official NOAA CPC ENSO Probabilities (issued Mar. 2024)



says 2024 planting dates will likely be slightly earlier for wheat and rice while remaining typical for corn and soybeans. Corn, wheat, and soybean yields are expected to increase this year because of El Niño, while rice yields will slightly decline from last year. "Even though forecasts made through the spring season tend to be less reliable, there is a historical tendency for La Niña to follow strong El Niño events. In summary, a transition from El Niño to ENSO-neutral is likely by April-June 2024 (83% chance), with the odds of La Niña developing by June-August 2024 (62% chance.) The Climate Prediction Center Thursday released its outlook for the month of April, which warms up the temperature and leaves southern IL will more chance for precipitation than the northern 2/3 of the state.





## ***Farm Bill and Farm Policy—***

- **Senate Ag Chair Debbie Stabenow, D-MI**, repeated her threat to oppose a new Farm Bill if Republicans insist on taking funds from nutrition or conservation to fund it. Stabenow (right) told Agri-Pulse's Ag and Food Policy Summit her earlier White House Farm Bill comments (reported as letting it go for another year) were "blown up and misinterpreted." Then, she repeated them, "I had said that I will not have my legacy cutting food assistance for



Americans. If that's the way you have to get a Farm Bill...or, taking conservation money away from farmers, if that's the way you have to get a Farm Bill, then, you know, we'll continue 2018 for another year." Ag Republican Chuck Grassley, confronted with Stabenow's quote, had



this, "Either she budes, or we don't get a Farm Bill, or she seeks to put more 'farm in the Farm Bill,' and that could be, wherever you get more money." But Grassley says that's up to her and Ag Ranking member John Boozman, R-AR, (right), who insists a Farm Bill like a House-advanced tax bill is still possible this year, "That's been worked on for a long time. Suddenly, these things

will come together. And I'm hoping that that'll be one of those, you work hard, doesn't look like you're making a lot of progress, and then, maybe we get it done now, maybe we get it done in the lame duck, or whatever. But we want to get it done this year. If you talk to the average person in Congress, most members on both sides very much want to get a Farm Bill done," said Boozman. "I know how important it is for rural America to give our farmers stability." Stabenow agrees. But after months of talks and the elapsed '18 law, already extended one year through next September, both sides remain dug in on seemingly intractable ground. ((Berns Bureau Washington)

## ***Farm Equipment***

- **Should you have the right to repair** your own farm equipment? The Justice Department's Antitrust Division and Federal Trade Commission (FTC) have [submitted a comment](#) to the U.S. Copyright Office to advocate for regulations that would facilitate consumers' and businesses' right to repair their own products. In their comment, the Justice Department and FTC said that renewing and expanding repair-related exemptions would promote competition in markets for replacement parts, repair and maintenance services, as well as facilitate competition in markets for repairable products. DOJ says, "Promoting competition in repair markets benefits consumers and businesses by making it easier and cheaper to fix things they own. Expanding repair exemptions can also remove barriers that limit the ability of independent service providers -- including small businesses and entrepreneurs -- to provide repair services." The division has also brought cases to protect competition in markets for repair services or component parts, engaged in competition advocacy and provided technical assistance to Congress on proposed legislation that would promote the right to repair.
- **Deere, Kinze, and Ag Leader are getting friendly.** The trio announced a [collaborative agreement](#) to make it easier for farmers to integrate each company's equipment and technology solutions into their farming operation. The collaboration enables farmers to combine the quality equipment and digital solutions offered by John Deere, Kinze and Ag Leader. As part of the agreement, farmers operating Kinze and Ag Leader planting and display products will now have the option to seamlessly integrate their agronomic data into the John Deere Operations Center™. The companies have also agreed to resolve all outstanding litigation through an arrangement where John Deere will license planting technology to Kinze and Ag Leader, ensuring their customers continue to have access to the True Speed® and SureSpeed® technologies, according to a media release from a public relations company. But there is quite a bit of irony in the announcement that Deere and Kinze will be working together. John Kinzenbaw, who created Kinze Manufacturing, has not been on speaking terms with Deere for many years. So, what is this all about? [You'll want to view a short video](#) of a conversation with David Brown, farmer, ag communicator, and someone who has been fascinated with the Deere-Kinze relationship over the years.

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.