



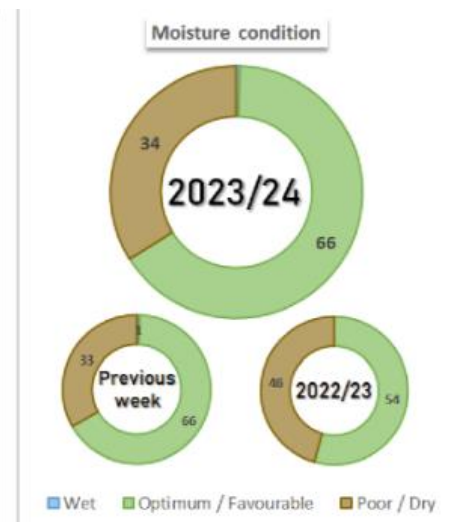
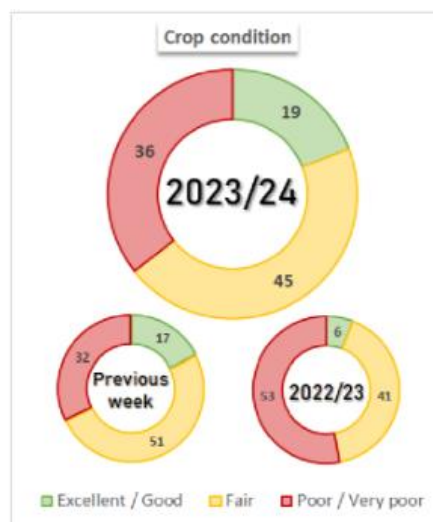
WEEKLY CORNBELT UPDATE

PRESENTED BY
 LANAGAN State Bank

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

Commodity market price drivers—

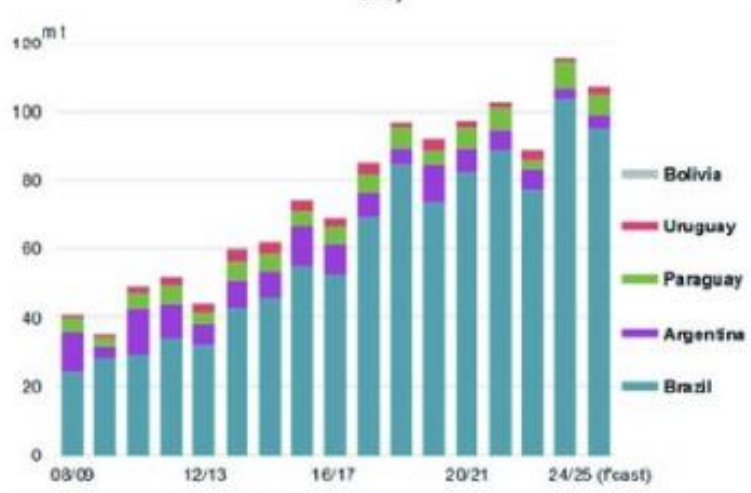
- **Corn and soybean harvest** is ongoing in Argentina. [Dr. Michael Cordonnier of Soybean and Corn Advisor](#) says despite an unexpected pest outbreak in Argentina, early corn and soybean yields are good, "Soybeans look good. Early yields are good, and I think the soybeans are going to do fine. The early corn yields are really good, but everybody says the first yields are going to be the best. The later yields are going to be the worst." He says Brazil's corn projections recently dropped because of dry weather, "CONAB did trim the soybeans a little bit, by 300,000 bu. to 5.38 bil. bu., but they did take a big bite out of the corn. They lowered it by 71 mil. bu. to 4.37 bil. bu., and for the corn, it all came from the safrinha crop. They lowered the yields by about 2 bu. per acre. I would say 30 to 40% of the safrinha corn in the southern areas needs rain. They've gotten a little bit, but they need a lot more, so that's going to be an ongoing concern, I think, for the safrinha crop in Brazil. The soybeans are about 85% harvested, so they're getting pretty close to being done." There's a significant difference in South American harvest predictions, "USDA has much higher estimates than CONAB in Brazil. I guess USDA has a bigger acreage than CONAB does for soybeans and corn in Brazil, which is kind of a dilemma. They both say they use satellite technology to estimate the acreage and people on the ground, especially for CONAB. They estimate the acreage, but the acreage numbers are way different, so I'm not quite sure who to believe." He predicts the soybean crop will be 200 mil. bu. larger than last year, but corn production will be much lower than in 2023. To the right is the Argentina corn rating for April 11, 2024, from the Buenos Aires Grain Exchange. (NAFB News Service)



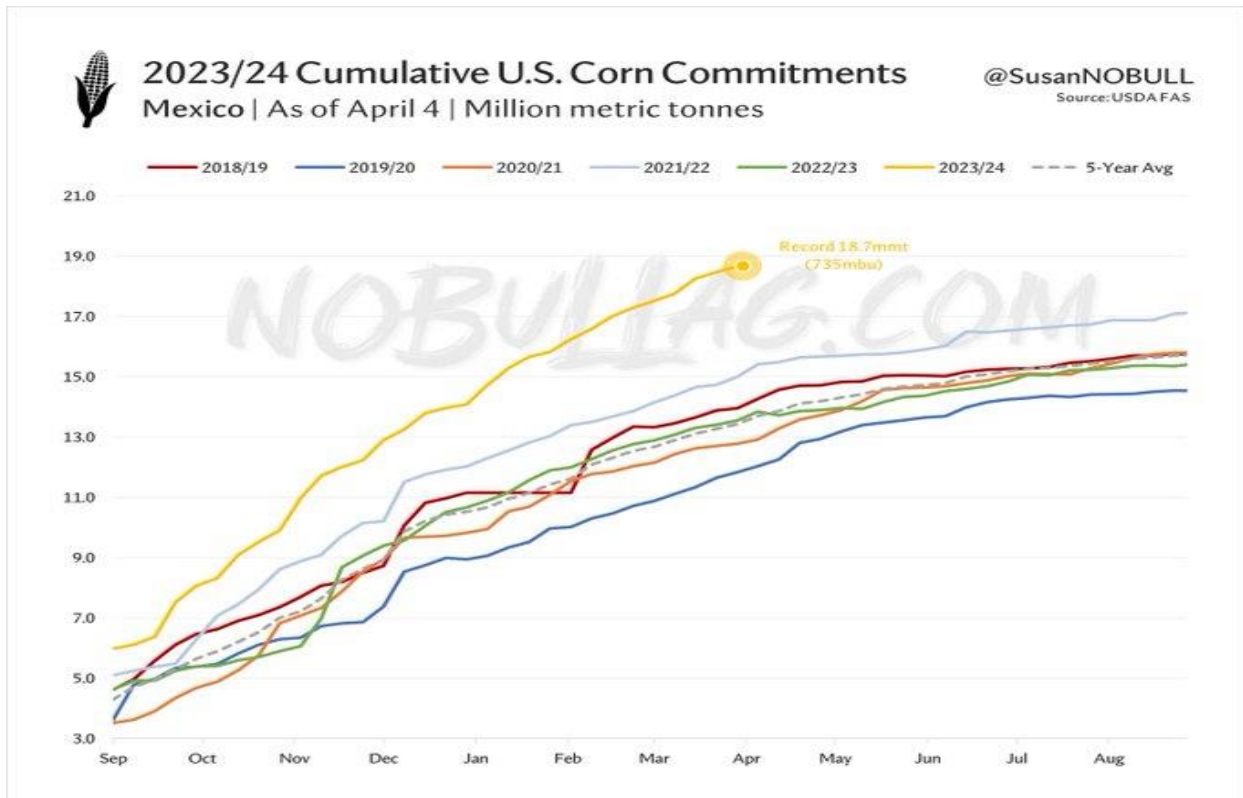
- **Aggregate South American soybean exports** are forecast to contract in 2024/25

(respective local marketing years), led by a drop in Brazil where a smaller crop and sizeable domestic needs will compress exportable availabilities, according to the [International Grains Council](#).

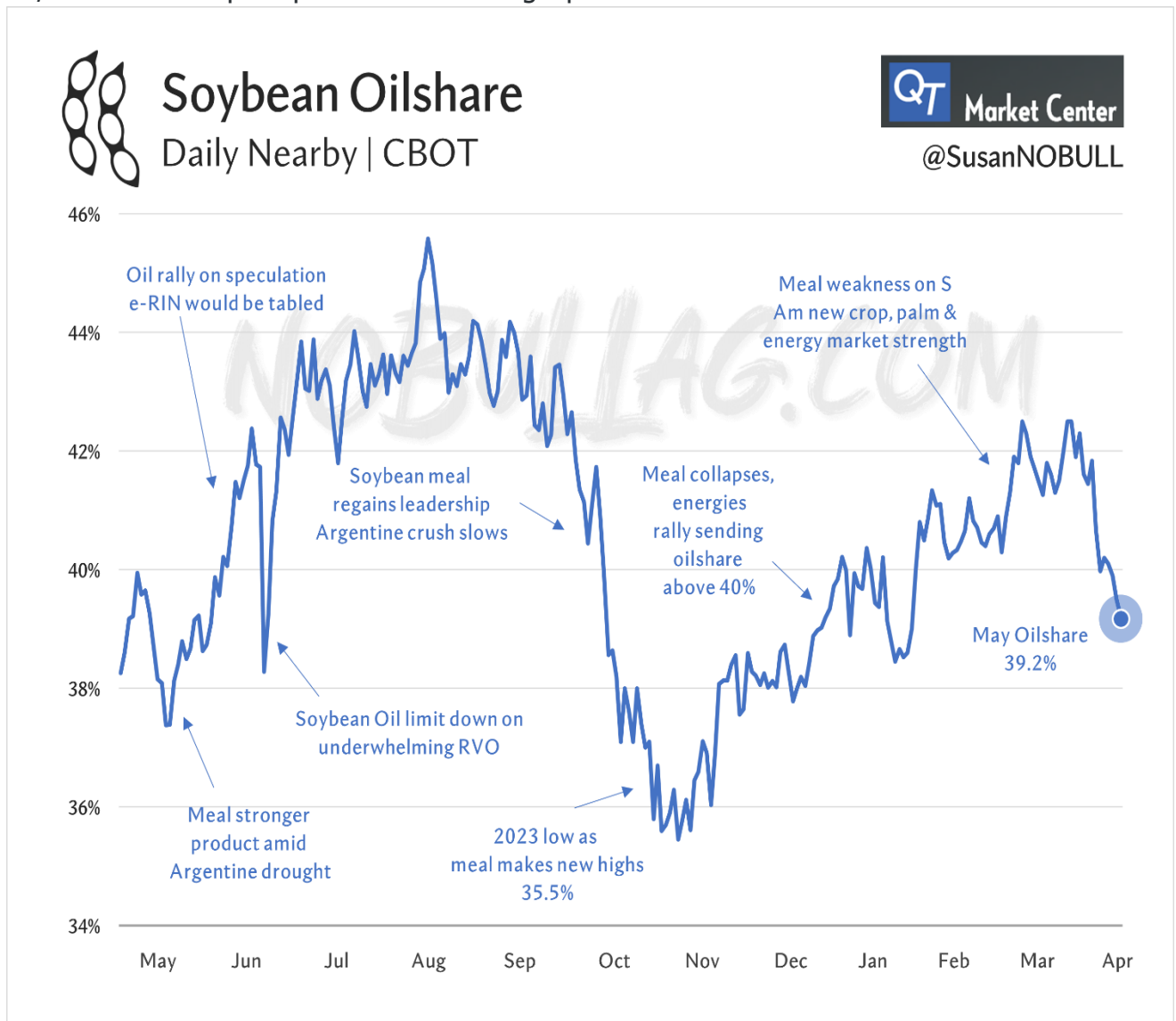
Soyabeans: South American exports (respective local marketing years) – f'cast as at 18 April (GMR 553)



- **While other markets and other commodities** may not be very exciting, the Mexican demand for US corn is a headliner. Thought to be mired in a major trade issue with the USMCA agreement, Mexican corn buyers step to the front of the line with regularity. They have 735 mil. bu. booked for the year, well ahead of the normal pace, and well beyond purchases of recent years. And the marketing year continues through August! Mexican corn has been able to avoid the issues with low water in the Mississippi and the Panama problem, because US railroads connect with FerroMex.



- The bloom seems to be lost** from the soybean oil market. It has been flying high because fuel demand had been battling with food demand, and oil took over from meal as the value leader in the soybean market. Susan Stroud of NoBullAg.com reports, "Dwindling crush margins are slowing crush rates plus record April downtimes and Argentina's wet weather and resulting strength in cash markets supported meal this past week. Oil share unwind is in full effect too as soybean oil made multi-year lows last week. Soybean oil futures have now erased all their renewable diesel-era gains. Oil share spent the week sub-40%, making new lows for the move." As a result of the decline in demand for SBO, [Stroud](http://NoBullAg.com) says stocks are increasing. March NOPA soybean oil stocks were 1.85 bil. lbs., above pre-report estimates and a record 161 mil. lb. increase from Feb to Mar. Soybean oil stocks are 68% higher from the start of the marketing year, compared with a 21% increase at this point in 22/23 and a mere 4% build in 21/22 - which helps explain recent lethargic price action."



Farm Economics and Lending—

- **Federal Reserve Board Open Market Committee** members gather in Apr 30-May 1 to discuss interest rates and here is what their ag economists are telling them:
- ✓ **Chicago Fed:** Prospects for 2024 farm income were little changed overall for crop and livestock producers with contacts continuing to expect incomes in 2024 to fall below 2023 levels. Field work in preparation for planting was well ahead of the usual pace given warmer-than-usual temperatures. Precipitation across the District improved water levels, though some areas remained in drought. Corn and soybean prices increased slightly amid expectations that farmers would plant fewer of these crops than earlier anticipated. Wheat prices were generally lower. Egg prices fell, most dairy prices were down, and hog prices were higher. Cattle prices rose despite a decline toward the end of the period after news of an avian flu outbreak in cattle raised concerns that beef demand would weaken.
- ✓ **St. Louis Fed:** District agriculture conditions have remained unchanged since our previous report. Total acres planted as of the end of March are about the same as this time last year. However, contacts in AR said they're closely watching weather over the next few weeks; if conditions remain wet, that will limit future plantings and may force producers to plant later than is ideal. The distribution of crops is expected to shift: The number of acres of corn planted decreased, especially in AR and MS, while plantings of cotton, rice, and soy increased. For corn and cotton, this marks a return to 2022 acreage. Several District contacts reported feeling price pressures due to higher travel costs of bringing in H2A visa labor. Contacts also noted difficulties with farming equipment due to high costs and delays, particularly for repairs.
- ✓ **Minneapolis Fed:** District agricultural conditions were stable at low levels. Contacts expected decreased farm incomes in the region for the 2024 growing season. Warm weather along with widespread mild drought conditions led to a mixed outlook heading into spring planting.
- ✓ **Kansas City Fed:** Agricultural economic conditions in the Tenth District continued to moderate through the end of March. Agricultural bankers reported a mild deterioration in farm borrower liquidity and a gradual softening in farm loan repayment rates. Crop prices were subdued, and some contacts reported slightly higher instances of carryover debt than a year ago. Cattle prices remained strong, however, and provided ongoing support to the sector. Elevated production expenses and high financing costs remained ongoing concerns for all types of operations. Drought was also cited as an issue in some areas of the region. Farm real estate values increased at a slower pace compared to recent months, but valuations were strong despite the moderation in the farm economy.
- ✓ **Dallas Fed:** Drought conditions remained prevalent in West TX and southern NM, while the rest of the District received ample rainfall over the reporting period. TX experienced the largest wildfire in state history, burning over a mil. acres in the Texas Panhandle in late February and early March. An illness recently identified as avian influenza has been afflicting chickens and dairy cows in the Texas Panhandle, leading to lower milk production. More cotton acres are expected this year as prices are relatively strong compared with corn and sorghum prices, which are at 3-year lows.

The Business of Farming—

- What did it cost you to raise corn and beans** last year in IL? It is possible to determine whether you were above, below, or average by comparison with the 5,500 participants of IL Farm Business Farm Management. Yes, you have different soil, and had different weather, but [FBFM data guru Brad Zwilling has evaluated those numbers](#) and reports, “In 2023, the total of all economic costs per acre for growing corn in IL averaged \$1,301 in the northern section, \$1,342 in the central section for farmland with “high” soil ratings, \$1,291 in the central section for farmland with “low” soil ratings, and \$1,214 in the southern section. Soybean costs per acre were \$915, \$967, \$905, and \$880, respectively (see Table 1). Costs were lower in southern IL primarily because of lower land costs. The total of all economic costs per bushel in the different sections of the state ranged from \$5.68 to \$6.42 for corn and from \$12.90 to \$14.43 for soybeans. Variations in these costs were related to weather, yields, and land quality.”

| | Corn | | | | Soybeans | | | |
|-------------------------------------|----------------|------------------------------|-----------------------------|----------------|--------------|------------------------------|-----------------------------|--------------|
| | Northern | Central ¹ High | Central ² Low | Southern | Northern | Central ¹ High | Central ² Low | Southern |
| Number of Farms | 323 | 494 | 266 | 176 | 323 | 494 | 266 | 176 |
| Acres in crop | 1,095 | 834 | 830 | 801 | 740 | 759 | 752 | 828 |
| TOTAL, all costs | \$1,301 | \$1,342 | \$1,291 | \$1,214 | \$916 | \$967 | \$905 | \$880 |
| Percent change from 2022..... | 10% | 13% | 14% | 11% | 9% | 13% | 14% | 10% |
| 2023 yields, bushels per acre | 229 | 232 | 224 | 189 | 66 | 75 | 69 | 61 |
| Nonland costs per bushel | \$4.37 | \$4.46 | \$4.57 | \$5.30 | \$9.33 | \$8.79 | \$9.25 | \$10.94 |
| Total, all costs per bushel | \$5.68 | \$5.79 | \$5.76 | \$6.42 | \$13.87 | \$12.90 | \$13.12 | \$14.43 |
| 2019-2023 average yield | 212 | 222 | 208 | 190 | 63 | 70 | 64 | 58 |
| Nonland costs per bushel | \$4.72 | \$4.66 | \$4.91 | \$5.26 | \$9.74 | \$9.47 | \$10.04 | \$11.43 |
| Total, all costs per bushel | \$6.13 | \$6.05 | \$6.20 | \$6.38 | \$14.49 | \$13.90 | \$14.23 | \$15.08 |

“Total costs to produce corn for all combined areas of the state were \$1,303 per acre. This is \$138 per acre higher than 2022. Variable costs increased \$50 per acre or 8%, other nonland costs increased \$78 per acre, and land costs increased \$10 per acre. In 2023, cash costs accounted for 50% of the total cost of production for corn, other nonland costs were 28%, and land costs were 22%. Total cost per acre to produce soybeans increased, from \$833 per acre in 2022 to \$929 per acre in 2023. Variable cash costs accounted for 35% of the total cost of production for soybeans, other nonland costs 35% and land costs 31%. For corn, 2024 variable costs are projected to decrease 9%, mainly due to lower soil fertility costs. For 2024, soybeans have a similar projected percentage decrease of variable costs of 7%. This decrease is also primarily due to lower soil fertility costs. These decreases coupled with higher interest and land costs have the possibility to lead to much lower returns due to currently lower projected grain prices for 2024.”

Environment, Conservation, Carbon issues, Climate etc.—

- **Congratulations!** America's farmers and ranchers lead the way in greenhouse gas emissions reduction through voluntary conservation efforts and market-based incentives. The Environmental Protection Agency released the "Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2022." The report shows that American agriculture reduced emissions by 2% from 2021 to 2022, the largest decrease of any economic sector. "The latest numbers demonstrate farmers' and ranchers' commitment to growing the food and fiber America's families rely on while improving the land, air, and water, a benefit to the farm and climate," says AFBF President Zippy Duvall. [AFBF's Market Intel report](#) says U.S. agriculture represents just under 10% of total U.S. emissions compared to other economic sectors. EPA says emissions from agriculture totaled 634 mil. metric tons in CO2 equivalents, or 9.99% of all emissions in 2022. That's a 1.8% decrease or a drop of 12 mil. metric tons from 2021.

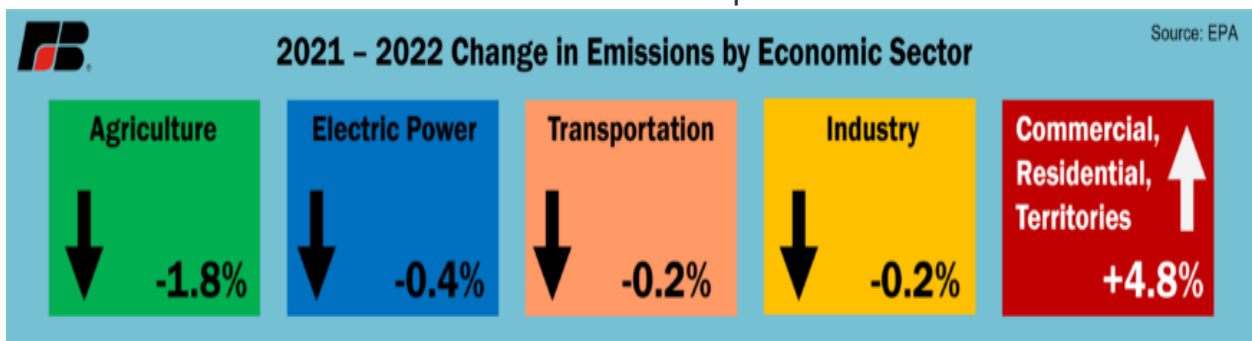
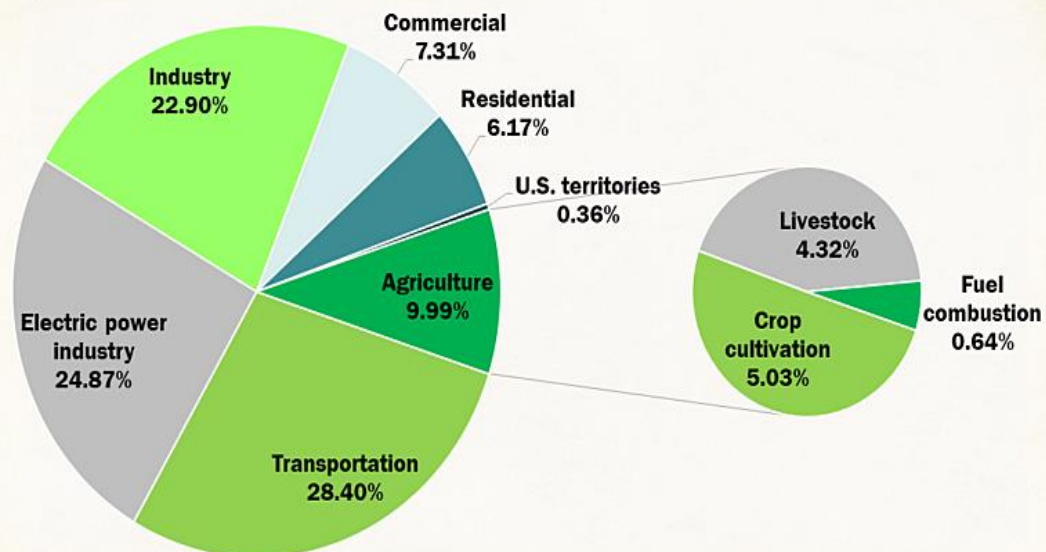


FIGURE 2: U.S. AND AGRICULTURAL EMISSIONS BY SOURCE - 2022

Agriculture just 9.99% of U.S. Greenhouse Gas Emissions



Farm Bill and Farm Policy—

- **House Ag Committee Chair Glenn Thompson**, R-PA, says his committee will “without a doubt” mark up a Farm Bill before Memorial Day on May 27. After repeated delays in the Farm Bill process, Thompson reports that Republicans on the Senate Ag committee plan to release a Farm Bill framework shortly after the House panel takes action. However, Senate Ag Chair Debbie Stabenow, D-MI, says the Senate hasn’t set a specific timeline to move the bill. A Farm Bill is six months overdue. Legislators say they’re working hard to pass a Farm Bill this year despite impasses on crop subsidies, climate, and SNAP cuts. “We’ll move on the bill when I know we can get it done,” Stabenow says. “I do see a path to doing that.” Thompson’s package will get released before the committee vote and will offer a robust farm safety net that’s strengthened with money drawn from the Commodity Credit Corporation. →
- **So, what will be in the Thompson “mark-up”** for the Ag Committee members.
 - ✓ [DTN reports](#): Thompson plans to make moves with both IRA conservation dollars and long-term projections in the growth of SNAP spending that likely will be opposed by Democrats. Thompson said his bill will be popular with people in agriculture and “constituents,” so House Democrats, including Agriculture Committee Ranking Member David Scott, D-Ga., “have some choices to make.” “I haven’t finalized the day for the markup yet, but sometime before Memorial Day,” Thompson said. “I don’t anticipate waiting until the end of May.” A key budget move for Thompson’s farm bill will be to adjust or reverse engineer changes USDA made to the Thrifty Food Plan. USDA, early in the Biden administration, updated the cost estimate for determining a healthy diet for SNAP recipients. In the past, those USDA updates were always “budget neutral,” but the Biden administration updates increased the future projected costs of SNAP by nearly \$30 bil. a year. “It does no harm. It doesn’t cut anybody’s benefits to do that,” Thompson said. Thompson also plans to bring the leftover funds from the Inflation Reduction Act (IRA) into the farm bill -- roughly \$14 bil. out of an initial pot of \$19 bil. Thompson plans to roll that money into the current USDA conservation programs but keep those funds for conservation. Still, unlike Stabenow’s view, Thompson wants to remove the climate-specific focus on those funds but keep conservation “locally led and voluntary.”
 - ✓ [Tri-State Livestock News reports](#): Thompson also said he wants to increase funding for the USDA trade promotion programs. The proposed EATS Act, which would counter California’s Proposition 12 that says pork sold in the state must come from animals raised under certain conditions, “is unfortunately not going anywhere,” but the issue will be addressed in the bill, Thompson. “The prize on messaging goes to the animal rights folks,” he said. The measure will be “respectful of states’ rights,” but will also be mindful of the critical comments that Secretary Vilsack has made about Prop 12, he said. “It is very clear that he and the Supreme Court believe the Farm Bill is the place to address this,” Thompson added. →



✓ [Agri-pulse reported](#): Thompson also indicated he would be including in the farm bill a scaled-back alternative to the Ending Agricultural Trade Suppression (EATS) Act. The EATS Act — which previously garnered support from pork-state lawmakers, but opposition from many Capitol Hill Democrats and states' rights advocates — would bar states from regulating agricultural products produced or manufactured in other states." Thompson is also looking at "utilizing Commodity Credit Corporation funding to support a 'robust farm safety net.'"

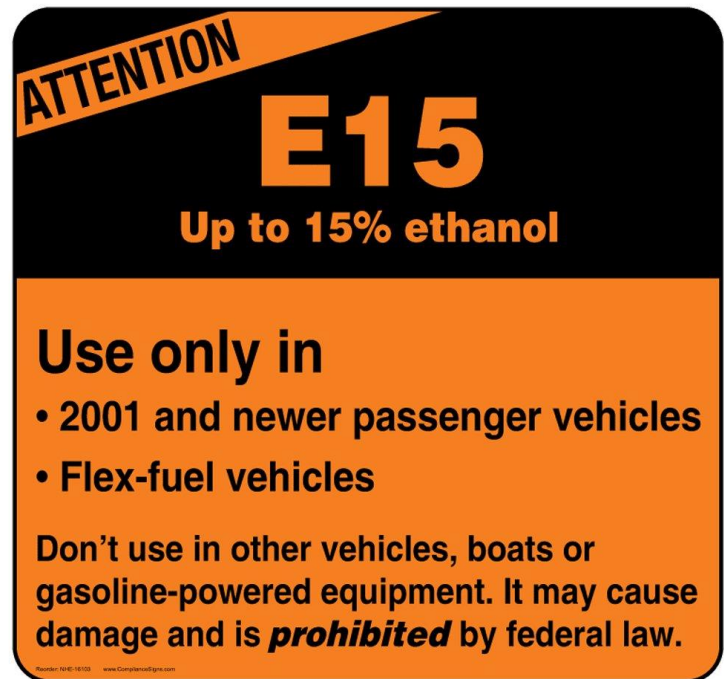
- **House Ag Committee Chair Glenn Thompson's push** to move a Farm Bill next month, if successful, could help jump-start long-stalled Senate committee action. But there are still doubts. Sen. Chuck Grassley, R-IA is still pessimistic about chances for a new Farm Bill this year. But if House Ag Chair Thompson, R-PA, gets bipartisan agreement in his panel on a way to fund farm safety net improvements, Grassley says that could break the logjam in Senate Ag, "Yeah, if it was something that, I suppose in this case, it'd be something that Republicans could agree to with the funding, and I assume if Thompson came up with something that House Republicans agreed to, it'd probably look pretty good to us." But Grassley still predicts Congress won't pass a new Farm Bill until next year, though he hopes otherwise, "What's going on in the House is very unpredictable, so I wouldn't want to make a speculation on what the House can do. But I would hope the House would pass a Farm Bill." But Secretary Vilsack told top GOP Senate Ag appropriator Sen. John Hoeven, R-ND, that doesn't guarantee agreement on his plan to boost support for higher crop insurance levels, "There's a conflicting set of messages coming out of this Capitol on crop insurance. I think we need, perhaps, some consistency in the approach here would be helpful." Hoeven says, "Well, we prefer our approach." Vilsack replied, "I'm sure you do, but there are 166 members of the House Republican caucus that feel that crop insurance should be cut." (Berns Bureau Washington)

- **The ranking minority member** of the House Agriculture Committee, Rep. David Scott, D-GA, says, For this farm bill, House Republicans are abandoning bipartisanship to follow the same partisan ideological strategy that led to the failures of farm bills on the House Floor in 2014 and 2018. They continue to insist, as reiterated in Chairman Glenn Thompson's recent op-ed, on draconian cuts to future SNAP benefits, cuts which I have repeatedly warned him jeopardize Democratic support for his farm bill. Sadly, my warnings have fallen on deaf ears. To fund the farm bill, Republicans plan to extract around \$30 bil. in benefit cuts through changes to the Thrifty Food Plan — the formula used to determine SNAP benefits — and also prohibit the Agriculture Secretary from using any of his discretionary authority to use funds from the Commodity Credit Corporation (CCC). These funds have been used to support farmers during hard times, including providing payments for livestock and crop production losses resulting from natural disasters, keeping farmers afloat during trade wars, and ensuring our agricultural system could weather a global pandemic. However, the Republicans have admitted privately and publicly that they need Democratic votes to get any kind of farm bill to the Senate."



Biofuels and New Bio-based Products--

- **The Environmental Protection Agency** is issuing an emergency fuel waiver to allow E15 gasoline to be sold during the summer driving season. The agency says the move will provide communities with relief at the pump from ongoing market supply issues created by the ongoing Ukraine war and conflict in the Middle East by increasing the fuel supply and offering a variety of fuel blends that consumers can choose from. "EPA is taking action to ensure that American consumers have more choices at the pump," says EPA [Administrator Michael Regan](#). "Allowing E15 sales during the summer driving season will increase fuel supply while supporting American farmers, strengthening our nation's energy security, and providing relief to drivers across the country." Current estimates indicate that on average, E15 is about 25¢ a gallon cheaper than E10. The Clean Air Act allows the EPA administrator to temporarily waive certain fuel requirements to address shortages. And the EPA action drew wide applause:



- ✓ IL Corn Growers [President Dave Rylander](#) said, "We appreciate the U.S. EPA for issuing this temporary waiver allowing everyone the choice to fill up with E15 or Unleaded 88, a blended fuel of 15% ethanol and 85% petroleum fuel. There is a permanent fix for this problem sitting in Congress right now called the Next Generation Fuels Act. The bill permanently fixes this E15 access issue, while also cleaning up our transportation sector by allowing the use of homegrown, renewable fuels. The Next Generation Fuels Act will protect consumer choice to buy the cars you want to buy and have access to the fuels you need, without compromising our country's greenhouse gas emissions goals. This bill remains a top priority for IL Corn."
- ✓ [Renewable Fuels Association head Geoff Cooper](#), "So, EPA is looking at all of those factors and using its authority under the Clean Air Act to declare emergency conditions for this summer and effectively waive the volatility requirements for E15." Cooper says the E15 waiver will help save drivers money, especially during higher summertime demand when gas prices rise, "That fuel is typically priced 25 to 30¢ below E10. So, drivers that are frequenting those 35-hundred stations that sell E15 today are saving a lot of money when they pull up to the pump."

- ✓ [Monte Shaw, Executive Director of the Iowa Renewable Fuels Association](#), is glad for the certainty, "Huge win for consumers and retailers, it's going to allow us to continue to sell E-15 and no interruption. Shaw thanked the IA governor, congressional delegation, and the secretary of agriculture for keeping up the pressure to get this done, "Because of the governor's leadership, at least 8 states in the Midwest will be good to go from here on out. IL is included on the E-15 list with other Cornbelt states.
- ✓ [President Brian Duncan of IL Farm Bureau](#) said, "This announcement is a win-win for IL farmers who produce and deliver more than 657 mil. bu. of corn to the 13 ethanol plants in our state, producing 1.84 bil. gals. of ethanol. We believe year-round sales of E-15 will yield a significant, measurable and noticeable economic and environmental benefit for rural, suburban and urban residents. Additionally, increasing access and growing demand for biofuels such as E-15 is vital to enhancing our nation's energy independence while offering a more affordable fuel option for consumers."
- **The U.S. ethanol industry** expressed appreciation for the joint statement from President Biden and Japanese Prime Minister Kishida on the importance of ethanol as a decarbonization solution. The leaders recognized ethanol as a solution within the transportation sectors in both their respective countries. In the statement on April 10, Biden and Kishida said, "We will advance widespread adoption of innovative new clean energy technologies and seek to increase the globally available supply of sustainable aviation fuel or feedstock, including those that are ethanol-based and show promise in reducing emissions." The U.S. Grains Council, Growth Energy, and the Renewable Fuels Association issued a joint statement saying, "Our organizations appreciate the dedication and support of USDA's Foreign Agricultural Service, the U.S. Trade Representative, and other government agencies in advocating for grain-based ethanol in their international discussions. It can be used immediately as a carbon-mitigation tool for the on-road, aviation, maritime, and biochemical sectors." But it all began when the [IL Corn Growers sent a delegation to Japan](#) to introduce ethanol to the Japanese consumers.

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.