Stalcup AgService

Today's LAND OWNER

Summer 2025 Volume XLVIII No 2

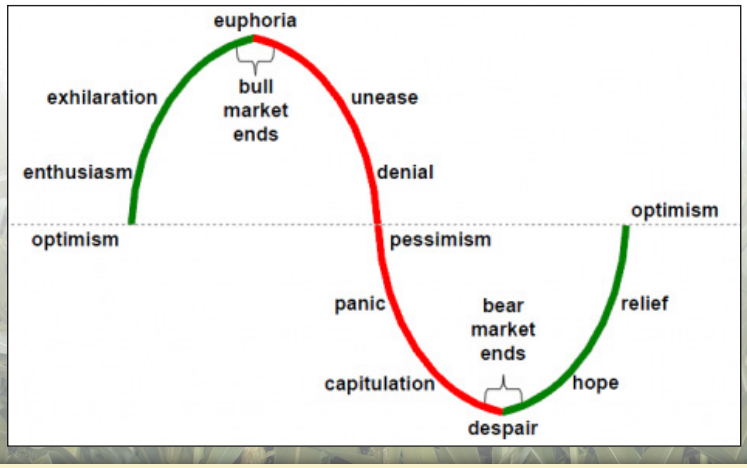
Grain Markets

Grant Aschinger, AFM

Ask any farmer what the most difficult part of farming is and some percentage of them will say marketing. We can do everything right during the entire year and poor marketing can make it all for naught. Excellent yields can sometimes cover for poor marketing, but it is not the best way to thrive.

Human nature and emotions are some of the hardest things to overcome when it comes to marketing a crop. Both greed and fear can be crippling and prevent us from making decisions. One thing is almost guaranteed - we will not sell everything at the top of the market. That would require selling the entire crop in one sale and getting lucky enough to pick the one day when the market is at its peak. Doing this is nearly impossible and can mostly be attributed to luck rather than skill or knowledge. It is best to admit that no matter how good a sale may be, it is likely not going to be the highest price, and that is okay. For this reason, we like to sell in increments and hopefully the weighted average price of all sales is better than two-thirds of the market.

Now that we've gone through the philosophical, now the practical. The market cycle graphic below has been used before in this newsletter. The market top and the end of the green line, labeled as "euphoria" was sometime during 2022. We have been riding that red line down since then. You can decide where we are right now, but that will probably push us back into the human nature and emotions debate.



Let's start with some numbers from USDA. Ending stocks from the 2024 corn crop are currently projected to be 1.365 billion bushels on August 31st. This puts the stocks to use percentage higher which normally correlates with higher prices than we are seeing currently. The reason prices are not moving higher is the expected acres we have planted to corn this year. Estimates from government agencies expect farmers to plant over 95 million acres of corn this year. Almost all those expected acres were planted before June 1st, eliminating the chance of a planting delay rally. Many of the acres left to plant are in eastern states of Ohio and Pennsylvania, not the heart of the corn belt. We could even argue that the relatively dry planting season in the middle and western corn belt allowed more corn acres to be planted than originally intended.

Only two years in the last 50 have had higher corn acres than this year. In 2012, we planted 97.3 million acres and 2013 saw 95.4 million acres. The historic drought of 2012 suppressed our national yield to an amazingly low 123.1 bushels per acre. The resulting tight supply and high prices incentivized farmers to plant corn again in 2013 and national yield recovered to 158.1 bushels per acre; slightly below the long-term trendline. Trendline yield this year is 181 bushels per acre. If realized, this will easily be the largest corn

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Stalcup Ag Service

Today's LAND OWNER

Stalcup Ag Service, located in Storm Lake, Iowa is an employee-owned partnership that has prospered by serving farm management, real estate, and appraisal needs of Northwest Iowa farm owners since 1942.

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Today's Land Market

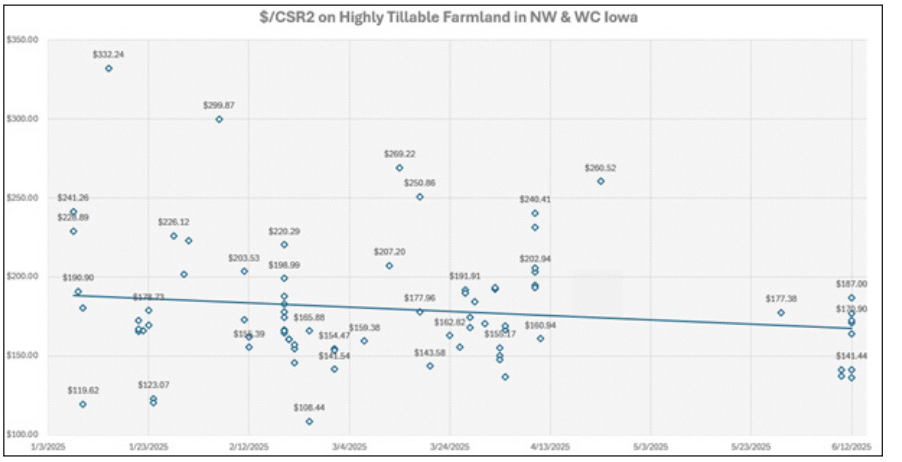
Travis Nissen, ARA

Typically, the second quarter of each year has a limited number of sales, and this year is no different. We have tracked fewer than 26 tracts of farmland sold at public auctions from April to the middle of June. It is normal for activity to begin increasing as we move into the summer and continue to increase each month into December.

Let's look at the "cropland only " land sales results from the first of the year into mid-June. "Cropland only" sales are 85% or more tillable with no substantial building improvements within our trade territory. There were 81 tracts sold at auction which met this criteria. Of those sold so far this year, seven tracts of land have sold for over $20,000 per acre.

These sales can be broken down further by dividing by the CSR2, which is a quick way to value farmland. We use this formula - cropland value/CSR2 - to produce a better apples-to-apples comparison. This, of course, works most accurately when all the value is on the farmable cropland. The range seen in these 81 sales is $141 to $217 per CSR2 point on 68.2% of the sales, with 15.9% being higher than $217 and 15.9% being lower than $141. This is a large range of value and is confirmation that if you are looking to sell your farm it is best to speak to a land professional to determine the quality of your farm and how it compares to the other farms that have sold in the area.

Overall, based on the sales seen in the first part of the year, the market appears steady to slightly softer as shown on the scatter graph.



Land Value Surveys

The most recent land value survey is the semi-annual report released by the Realtor's Land Institute in mid-March (values as of March 1st). This survey of brokers and appraisers' opinions divides the state into the nine crop reporting districts designated by USDA. The six-month change in land values ranged from -1.2 to -2.1% lower around the region. The state was -1% lower.

The Federal Reserve Bank of Chicago's latest survey placed Iowa

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Today's Land Market

at +4% for the first quarter of the year and no change over the past year.

South Dakota State University Extension land value survey was published in May. This year, the survey was 1.1% higher for the entire state. The southeastern region was -0.5% lower.

The table shows one or two sales of "good" farmland for each county in the region. Please consult one of our real estate professionals if you have specific questions about values. You can also check our website for results of Stalcup auctions.

Selected Sales of Good Farmland - Iowa

Date	Acres	% Tillable	County	$/Acre	CSR2
June	101.39	95%	Buena Vista	$14,800	84.5
June	79.85	97%	Buena Vista	$14,800	85.4
June	75.38	96%	Dickinson	$11,250	82.7
June	115.67	100%	Hamilton	$15,000	84.9
June	75.18	100%	Palo Alto	$11,100	80.9
May	148.68	96%	Crawford	$12,400	73.0
April	80.00	92%	Sioux	$20,500	86.0
April	183.00	88%	Buena Vista	$11,950	84.4
April	80.00	99%	Osceola	$17,400	90.3
April	153.00	97%	Hardin	$14,400	87.5
April	160.00	96%	Dickinson	$16,700	90.9
March	99.35	94%	Cherokee	$13,700	85.2
March	193.31	98%	Crawford	$13,250	73.1
March	40.00	98%	Greene	$14,500	85.2
March	160.0	97%	Wright	$14,000	76.4
March	80.00	99%	Dickinson	$13,700	89.3
March	76.27	99%	Monona	$13,200	75.0
March	34.95	100%	Plymouth	$21,250	90.3
March	57.75	96%	Lyon	$16,700	64.5
March	40.06	98%	Clay	$19,400	95.2
March	119.50	91%	Woodbury	$9,750	67.4
March	176.62	89%	Harrison	$9,550	69.6
March	32.89	94%	Monona	$11,800	79.7

Selected Sales of Good Farmland - South Dakota

Date	Acres	% Tillable	County	$/Acre	PI
April	67.27	96%	Minnehaha	$16,500	82.5
April	44.22	95%	Union	$11,500	77.1
April	80.00	99%	Union	$12,700	84.3
April	147.00	89%	Moody	$9,952	71.5
April	114.65	96%	Spink	$8,200	64.2

Progress Report

Nathan Deters, AFM

Spring and early summer have been largely favorable for crop establishment. Planting got a quick start in mid-April, with a decent amount of both corn and soybeans planted before some wet weather at the end of the month. Mostly dry conditions through early May allowed most planting to finish by the third week of the month. Soil conditions were good as well with very little of the crop needing to be "mudded" in between rain storms.

Climatically, our area has been nearly normal on rainfall and temperatures over the last two months. As always, there are extremes in localized areas, with some areas receiving too much or too little rain, but in general, we will enter the second half of the growing season with good soil moisture and crops at normal to ahead of normal maturity.

Taking a larger view, the theme of the current growing season locally could apply to the corn belt as well. There are haves and have nots in rainfall and temperatures, but no extremes to this point over a wide area. Crop condition reports released on June 30th show a good to excellent rating of 73% on corn and 66% on soybeans. These compare to the long term average on this date of 63% on corn and 62% on soybeans. No concerns at this time.

Are we home free to a large crop? Not yet. As we saw as recently as last year, the moisture can shut off quickly in July, historically one of our drier months. Going into this year, many weather forecasters were worried about drought, given our dry winter and low subsoil moisture levels. While good recent conditions have pushed back those concerns, crop losses could still occur if a dry pattern emerges – especially if it is paired with very hot conditions. The period from 2020 through 2024 has seen respectable yields, even though we were in some level of drought for most of that time. A common denominator is that we largely avoided long-term extreme heat events during the critical reproduction phases of our crops from mid-July to mid-August. We will hope this pattern continues for the balance of the 2025 growing season.

Upcoming Auctions

July 29, 2025: 117 +/- ac, Baker Twp, O'Brien Co.
October 16, 2025: 120 ac, Grant Twp, Lyon Co.
October 23, 2025: 281.06 ac, Wilson & Horton Twp., Osceola Co. - Sold as 2 parcels.

Land For Sale
76 ac +/-, Cedar Twp, Cherokee Co.
20 ac +/-, Cedar Twp, Cherokee Co.

Check our website for updated sales results and otherlistings and auctions.

Drone Usage in Agriculture

Chad Husman, AFM

Farms across the Midwest are rapidly adopting drones for a variety of tasks. Unmanned Aerial Vehicles (UAVs), more commonly known as drones, have been used for imagery in agriculture for over a decade. As technology improves and becomes more affordable, its utilization has expanded significantly.

A major shift began about four years ago with the introduction of larger drones capable of spray applications. Since then, the usage has grown dramatically. Just a few years ago, spray drones were not in this area, and now I personally know several farmers and commercial applicators who use them. They are quickly becoming a practical option on nearly every farm, right alongside traditional ground sprayers, airplanes, and helicopters.

Current Role of Spray Drones

While drone sprayers are gaining popularity, they cannot replace ground sprayers. Ground applicators still dominate herbicide and fertilizer applications due to their ability to carry large volumes of product and cover acres quickly. Drones are mainly replacing airplanes and helicopters for mid-season applications of fungicides and insecticides, typically applied in July and August. Drones are also increasingly used for seeding cover crops.

Benefits of Using Drones in Agriculture

- Timely: Drones can be launched immediately after identifying a problem. They don't require dry soil conditions or even daylight, making them extremely versatile.
- Lower Costs: Spray drones typically cost between $30,000 and $40,000, which is much less than high-clearance ground sprayers that will cost 10 times as much. Smaller scouting drones are typically much less expensive, depending on features.
- Crop Scouting: A single operator can scout hundreds of acres in minutes. High-resolution imagery helps detect trouble spots and create detailed field maps. With advancing camera technology, this capability is improving each year.
- Application Precision: Drones spray directly over the crop canopy with computer / GPS-generated guidance paths, reducing human error and ensuring consistent application.

Challenges of Drone Use

- Large Acreage Limitations: Spraying more than 600 acres a day requires multiple drones, a support trailer setup with generators, chemical refill statons, and a dedicated ground crew. Each drone typically covers 7–10 acres per flight before needing a refill and battery swap, meaning frequent stops and coordination.
- Regulatory Hurdles: Commercial drone operators must hold an FAA Part 107 Remote Pilot Certificate and register their drones. Drones over 55 pounds must also be registered with the Iowa DOT. The insurance rates for commercial drone applications have been increasing dramatically.
- Reliance on Chinese Manufacturers: Most agricultural drones are currently manufactured in China. With growing concerns over data integrity and national security, there's talk of restrictions or bans on Chinese-made drones. Unfortunately, U.S.-made alternatives are limited currently.

Looking Ahead

Despite the obstacles, its clear drones are quickly becoming an important part of modern farming. The integration of artificial intelligence (AI) into flight planning, crop analysis, and automated recommendations will accelerate adoption. As technology continues to evolve, drone usage in agriculture is expected to grow even faster.

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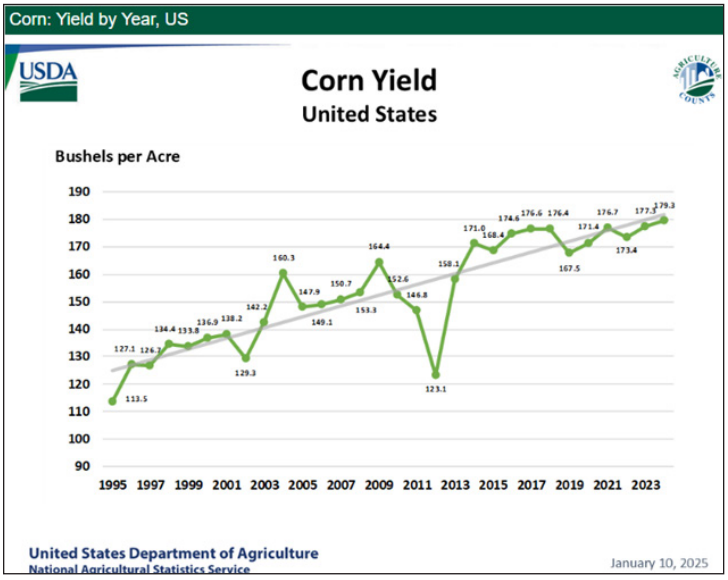
Grain Markets

crop we have ever grown in terms of bushels per acre and in total bushels at over 15.8 billion.

Assuming trendline yield and current acreage assumptions, we can expect the 2025 crop ending stocks to be higher on August 31, 2026. Right now, predictions are for an ending stock increase of almost 400 million bushels, up to 1.75 billion bushels. This is 11.3% stocks to use ratio. USDA's projected yearly average cash price of $4.20 per bushel would probably fit closely with historical data for that kind of ending stock percentage. Something to keep in mind with this projection; the USDA has lowered the 2024 corn ending stock number during 10 of the last 12 months with a total reduction of 700 million bushels. If that were to repeat itself, we are close to a 1-billion-bushel carryover and much higher prices.

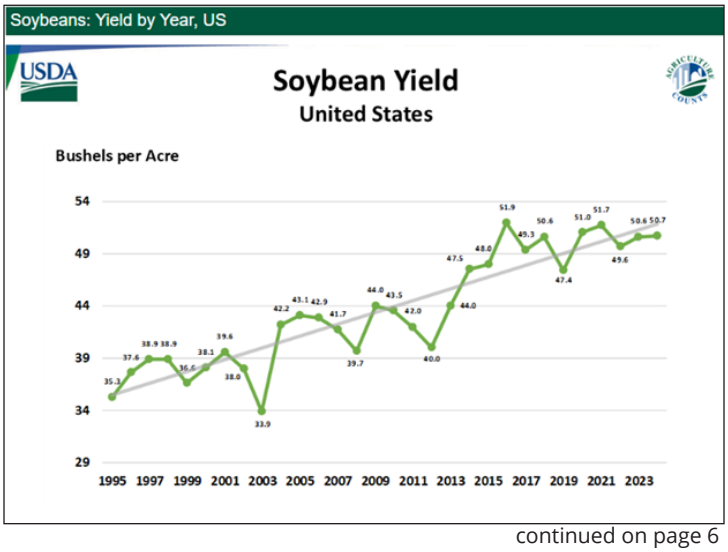


Parts of the southern and eastern corn belt are too wet, while other parts are too dry. There are areas with difficult conditions every year and that is what keeps us from blowing the top off national yield. 2004 could be used as an example of an exceptional growing season where the national yield surpassed expectations by a significant amount. The trendline yield in 2004 was 144.8 bushels per acre and final yield was 160.3 bushels per acre. Although 15.5 bushels per acre doesn't sound like a lot, it is 10.7% above expectations. What if we achieved a 10.7% above trend yield this year? That number would be 200.4 bushels per acre. Many would say a 200 bushel per acre national yield is unrealistic in 2025. While we don't believe this is likely, historical statistics could argue that it is possible. Planted corn acreage in 2004 was 80.9 million acres compared to 95 million acres today. It is likely that some of those additional acres are not the best acres for corn production.

Soybeans

Soybeans are in a very different situation than corn. Ending stocks for the 2024 soybean crop are projected to be 350 million bushels on August 31, 2025. This would put the stocks to use percentage at 8.0%. Historically speaking, this is relatively low although we did hang around 6% during the higher price years of 2021-2023. The difference comes in planted acres. USDA says we will plant about 83.4 million acres of soybeans in the United States this year, down about 3.7 million from last year. Like corn, planting pace ran ahead of average this spring. The only reason to think that we wouldn't hit that total number of acres planted is because some of the intended soybean acres were switched to corn, or some of the wetter areas in the southern part of the US do not get planted this year.

Trendline yield in soybeans is 52.5 bushels per acre this year, which would beat the previous record yield of 51.9 bushels per acre in 2016. Farmers will need to grow an exceptional yield in soybeans this year to even have a chance of not lowering the ending stocks to use percentage. Current production and usage numbers project a tightening of domestic soybean stocks even if we achieve the new record yield of 52.5 bushels per acre.



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Grain Markets

The part that could be interesting is if the soybean yield were to fall short of expectations. Projected ending stocks would fall below 5% domestically, which would likely cause rationing of supply. The first place to see cutbacks would be in exports. China is the largest consumer of soybeans in the world and our largest soybean buyer. Brazil is the largest producer of soybeans in the world, and they are growing most of their crop with exports in mind. Brazil plans to export 3.9 billion bushels of soybeans this year. To put that in perspective, the United States is projected to grow 4.3 billion bushels of soybeans this year. The current trade situation with China and the US will likely accelerate the decline in purchases from the United States and be replaced with exports from elsewhere.

Looking at the other direction in soybean yields. What if we used our 2016 yield compared to projected trendline from that year? Trendline was 45.2 bushels per acre. That puts the actual yield at 14.8% above the trend. If we were to produce a 2025 soybean yield that was 14.8% above the trend, the final yield would be 60.27 bushels per acre. This seems even more unlikely than the corn scenario mentioned earlier, but this is what the statistics show. The craziest part of the 60 bushel per acre national yield is that it still would not produce an ending stock surplus as large as the 2018 soybean crop had in August of 2019.

Prices

What does this all mean for prices? The short answer is, we don't know. The "summer peak" of the market traditionally occurs in the middle to end of June. That was not the case this year as corn prices are sitting at the lower levels we saw during harvest last fall. As of today, the highest prices we have seen since the beginning of the marketing year were in February. If that were to hold, it would only be the second time since 1970 this has happened in corn.

Soybeans are also significantly lower than last year. July is the month most likely to see the highest prices offered for soybeans according to historical data. We still have time for a weather rally, but it will have to be a late summer drought or extreme heat during grain fill rather than a full season lack of moisture.

One thing we can usually count on is that history repeats itself. Cycles in agriculture are nothing new and all we can really do in most years is try our best to learn from the past and apply it to the future. As mentioned at the beginning, removing emotions and looking at data can help us make better decisions going forward.

Iowa & South Dakota Lease Termination Deadline is Prior to September 1

The Iowa & South Dakota lease laws require notification from either party, which could be the landwoner or farm tenant, in writing, prior to September 1 if changes are to be made to your current lease for the upcoming 2026 lease year which is March 1, 2026 to February 28, 2027. You do not need a new lease in place prior to September 1, just notification by either party if they want to change the lease terms.

It does not matter if your lease is verbal or written. Proper notification must be in writing from either party prior to September 1. Written termination as provided by Iowa code must be served via certified mail or acknowledged by the tenant's signature prior to September 1.

If you need assistance terminating your lease, contact one of Stalcup's farm managers.

Stalcup Ag Service

Providing Direction. Delivering Results.

Late Summer is Decision Time

Nathan Deters, AFM

Every year brings its own set of variables to weigh in land ownership. These variables often turn into discussion in late summer and early fall as the lease termination deadline arrives, the crop year winds down, and plans for the following year are initiated. Some of the variables to consider this year are:

- 2025 crop yield potential.
- Crop price outlook.
- Input price trends for 2026.
- Government Farm Program considerations including possible supplemental payments.
- Progress on Renewable Energy legislation.

All these variables go into the equation when determining the cash rent level for 2026.

Of course, individual farms have specific issues that need attention as well. These may include drainage and conservation improvements, wind tower, solar, or carbon pipeline easements, or a possible change of farm tenants or change of farm operating method. Perhaps a sale of the farm is contemplated, and sale price and marketing method raise questions.

All of these issues are items professional farm managers deal with daily. If your comfort level with making decisions on your farm would be enhanced with our boots on the ground, working knowledge of the area where your farm is located, please feel free to contact us. We are glad to have a no obligation discussion on concerns you may have with your farm.

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