

Meeting summary

Quick recap

The meeting focused on harvest progress, crop yields, and government program decisions. Josh reported that harvesting was nearly complete and discussed the impact of extreme drought on corn and soybean yields, noting that his estimates might still be too high. He explained the differences between ARC County and ARC Individual programs, including payment rates, paperwork requirements, and how they apply to whole-farm revenue. Josh shared market data showing a recent price recovery and discussed the influence of USDA yield projections and international demand, particularly from China. He also reviewed local basis trends and noted a recent text from an elevator regarding cash and contract-only corn and beans. The conversation covered the potential for a harvest fuel relief payment and the context surrounding it. Josh used an NDSU calculator to illustrate how ARC County payments might be calculated based on projected county yields and reference prices.

Next steps

Josh

- Update the baseline sales percentage tracking to reflect actual production levels (e.g., adjusting 56% sold to 100% if production is significantly lower).
- Text the contact regarding the Ulen elevator's "cash or contract only" policy to clarify if they are short on corn or trying to fill booked trains.
- Update the 2027 crop projections with revised fertilizer and fuel costs.
- Continue monitoring and updating the ARC-PLC decision chart leading up to the December 11th deadline.

Summary

Harvest Completion and FSA Meeting

Josh discussed the completion of harvesting and mentioned taking a day off tomorrow, noting he and others have been working for about 40 days straight. He commented on the weather, saying there's only a slight chance of rain in the near future and temperatures are returning to normal. Josh also mentioned a recent meeting with FSA in Thief River Falls where they discussed crop insurance and the timing of meetings due to ongoing field work.

ARC Program Selection Discussion

Josh discussed crop yield estimates, noting that current projections may still be too high due to the extreme drought conditions. He explained the differences between ARC County and ARC Individual

programs, highlighting that while ARC Individual offers more targeted protection, it pays out at a lower rate (65% versus 85%) and is less commonly used nationwide. Josh mentioned that the county's ARC payment for the 2026 crop year is expected to be significant, and the decision on which program to choose will be made in December.

Grain Market and Harvest Updates

Josh discussed grain market trends and harvest conditions, noting that wheat trading had shifted to December contracts with recent price declines from September highs. He explained that harvest was progressing well with no major weather concerns, though temperatures were expected to remain above normal through January due to El Nino conditions. Josh also mentioned that while some areas were experiencing drought, other regions were receiving needed moisture, including recent heavy rains in New Mexico.

Agricultural Market Conditions Update

Josh discussed the current agricultural market conditions, noting that while some areas are dry, USDA yield projections for corn and soybeans remain uncertain until the January report. He reported that U.S. soybean prices are currently below Brazilian prices, driving increased international demand, particularly from China and Spain. While U.S. corn exports are above expectations, total commitments are behind last year's pace, though still above USDA projections for a 5% decrease.

Soybean and Wheat Market Update

Josh discussed market conditions for soybeans and wheat, noting improved supplies due to tightened stocks but potential impacts from South American production issues. He mentioned optimism about a possible peace agreement in the Russia-Ukraine conflict that could affect wheat exports, though no agreement has been reached yet. Josh reported that most farmers are sold out on soybeans, with the exception of Van Ahn who is less sold on soybeans, and noted that current selling levels may exceed actual production due to lower crop yields.

2026 ARC-PLC Program Decision Deadline

Josh discussed the decision for the 2026 ARC-PLC program, explaining that farmers need to make their selection by December 11th, with the ability to change it up until that deadline. He presented current price projections showing no PLC payments for 2026 crop would be made for wheat, soybeans and corn based on current prices. Josh noted that reference prices will be indexed over time, providing some protection against low future prices.

ARC Program Comparison Discussion

Josh explained the differences between ARC County and ARC Individual programs, noting that ARC County uses county revenue data with a 10% cap while ARC Individual considers whole farm

revenue with more complex calculations requiring historical yield data. He determined that ARC County would provide better payments in the current year due to high county yields and relatively low revenue numbers, with maximum potential payments of about \$90 on corn, \$47-49 on beans, and \$50-60 on wheat. Josh concluded that ARC Individual might be more beneficial in cases of farm-specific disasters or significant yield variability compared to county averages, though it starts with a 20% reduction by paying only on 65% of base acres.

Marketing Basis Analysis Discussion

Josh discussed the unique opportunity this year to make marketing decisions after yields are determined, noting that yield estimates should be available by mid-December. He analyzed current market conditions, including price changes since September and basis variations across different elevators, particularly highlighting significant basis differences between locations like Ulen, Maple River Grain, Agassiz Valley. Josh observed that while soybean basis has improved due to crush plant availability, corn and wheat basis hasn't shown similar improvements, with some locations offering up to 30 cents better pricing than others.

Crop Sales and PLC Payments

Josh discussed adjusting crop sales percentage baselines due to the abnormal crop year, considering that some crops like corn may be effectively 100% sold despite the typical 6% monthly sales rate. He reviewed PLC payments, estimating \$25 for the current year and \$45 for the next year, calculated based on base acres rather than actual crop acres.

Crop Market Basis Levels Discussion

Josh discussed market conditions and basis levels for various crops, noting that old crop prices are now effectively new crop prices as they approach year-end. He highlighted that basis levels are widening, with common spreads of 10-20 cents on soybeans and corn, though some locations like Mulan showed improvement from 80 to 50. Josh explained that while there is some carry advantage for soybeans stored to February, the returns are minimal at around 6 cents after factoring in storage and interest costs, with basis levels currently ranging from 35 under to zero depending on the delivery month.

Grain Facility Pricing and Payments

Josh discussed a unique situation where a grain facility is only accepting cash or contract pricing for corn and beans, which he found unusual as they typically store grain. He analyzed potential ARC County payments using the NDSU calculator, determining that Clay County is likely to receive maximum payments for corn and soybeans but not for wheat, projecting around \$45 per crop across the three main crops. Josh also reviewed details about an upcoming \$8 billion harvest fuel relief program from USDA, which he noted will likely provide payments in the \$20-30 range per acre and is expected to be announced in November with payments likely coming after January.