

Midwest Farmowner

News & Information from Soy Capital Ag Services

Larger Corn Crop, Lower Prices Likely into 2014

Darrel Good, University of Illinois agricultural economist, expected larger corn and soybean crops than in 2012 when he presented his crop price outlook at the annual Soy Capital Seed Plot Day earlier this fall, even though the 2013 production season got off to a rocky start due to late planting in many areas. Now it appears increased use during the current marketing year, a build-up in stocks by next summer and much lower prices than 2012-13 are expected.

USDA had forecast in August a record corn crop of nearly 14 billion bushels, and 2013-14 marketing year average farm corn price in a range of \$4.50 to \$5.30 per bushel, compared to an average near \$7.00 for the previous year. For soybeans, production was forecast at about 3.25 billion bushels, with a 2013-14 marketing year average farm price projected in a range of \$10.35 to \$12.35 per bushel, compared to an average of \$14.40 during the previous year.

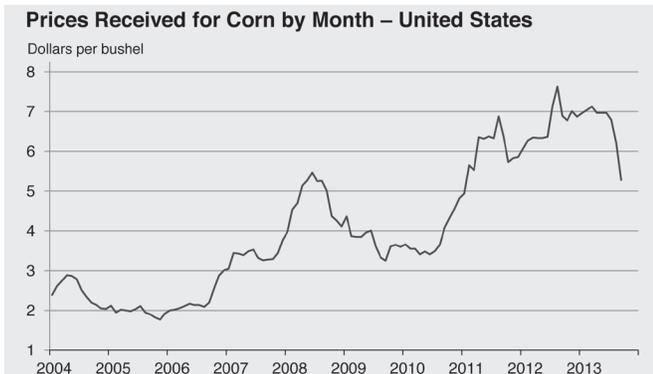
“Some expectations through late August and into September were that these production forecasts were too low, due to historically dry weather and precipitation totals the lowest since records began in 1895,” says Don McCabe, president of Soy Capital Ag Services. “As we got into harvest, yields were generally good, and we think earlier expectations will still hold.”

Currently neither Good nor McCabe believe the 2013 corn crop will be small enough that rationing of consumption during the year ahead will be required. The average farm price range could rise, in response to improved demand caused by lower prices. But a sharp increase in prices to discourage consumption is probably not going to be needed. Corn prices during the first half of the marketing year are expected to be relatively flat.

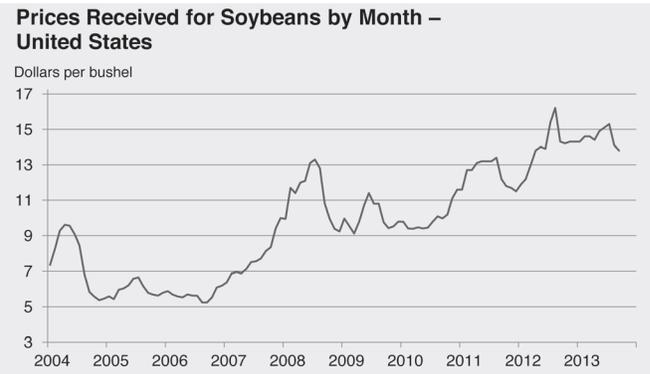
“There has been more concern about the size of the soybean crop, which led to stronger fall prices. Unlike corn prices, soybean prices are expected to unfold in more of a short-crop pattern like that of last year,” he says. “Under such a pattern, prices would be expected to peak very early in the marketing year in order to discourage consumption and decline as the year progresses, particularly if the South American crop is large again in 2014.” **MF**



Darrel Good expects a build-up in corn stocks by next summer and lower prices than those seen in 2012-13.



Source: USDA



Inside: Trust Plays Integral Role in Long Distance Management Partnership

Soy Capital Ag Services

Farm Manager Spotlight: Ross Albert

Ross Albert's passion for agriculture began at an early age. He was raised in rural Heyworth, Ill., and worked at Funk Farm Trust grain and livestock farm. Albert recently joined Soy Capital Ag Services as a farm manager based in the Bloomington office.

"I decided to join Soy Capital after learning about the company's dedication and passion for agriculture. I have been involved with many facets of agriculture, and I really felt like I have an opportunity to continue to be involved in many of its moving parts," says Albert. "I have a general passion for such activities as agronomic research, grain marketing and family legacy fulfillment, and I am excited to be able to touch all of those things as a farm manager."

Albert is a 2009 Illinois State University graduate with a bachelor's degree in agriculture business. He has experience working with the grain elevator industry, grain marketing and agronomy consulting and research. He has consulted more than 30 grain and livestock operations with regard to business management decisions, as well as performed soil testing and fertility recommendation programs, test plots and field demonstrations.

"The culture and values I find at Soy Capital Ag Services align with my personal values as well," says Albert. "I have a genuine opportunity to assist in agriculture's progression while I maintain strong personal values at the same time."

Albert can be reached at ralbert@soybank.com or 309-665-0958. MF



Ross Albert

2013 Soy Capital Test Plot Results Available Online

As data become available from Soy Capital Ag Service's seed test plots this fall, information will be posted to www.soycapitalag.com. A large summary insert of all of the data also will be published Nov. 22 in both the *Illinois* and *Indiana Agrinews*.

"Soy Capital Ag Services is pleased to partner with the seed industry to test the newest released and experimental hybrids and varieties on the market," says Brian Thompson, manager for Soy Capital's Bloomington office. "Many of our tests for the 2013 season were similar to what has been offered in the past, but we also added some new tests to address some challenges."

For example, herbicide-resistant weeds have become a problem in many areas where certain weeds have developed a tolerance to glyphosate, the active ingredient in Roundup herbicides. Conventional soybeans and Liberty Link soybeans offer alternatives. Soy Capital conducted variety testing on both to help direct decision in the future on varieties to plant.

"We are one of a handful of specialists that conducted such testing this year, so the information is very important to us as managers," says Thompson. "We also added a new Southern Illinois zone for 2013, which will help us select the best hybrids and varieties for lower productivity soils. We will have results from our blended corn refuge treatment trial as well."

Replicated testing for corn and soybeans was completed in Illinois and Indiana, and plots were replicated three times at each location where testing was done. In addition, Soy Capital had on-farm strip plots in central Illinois for traited corn and conventional soybeans. A check hybrid/variety was planted at the beginning, end and as every fifth entry of the strip plots.

For more information about trial results, contact Thompson in the Bloomington office at bthompson@soybank.com or 309-665-0959. MF



Soy Capital Ag Services partners with the seed industry to test the newest released and experimental hybrids and varieties on the market.

Illinois Farmland Market Remains Strong into Fall

Farmland values across Illinois remained strong through the summer and have continued firm into the September auction season.

“We tracked auction results in August and September and found that Class A, highly tillable farms continued to sell at a pace averaging in the upper \$12,000s across Illinois, with some areas of the state showing particular strength,” says David Klein, Soy Capital Ag Services managing broker and auctioneer based in

Bloomington. “Farmers and farmland owners are reinvesting their earnings into the asset class they believe is the best place for their money right now, and they are comfortable placing it in farmland. Interest rates have risen slightly, and uncertainty surrounding the general economy is also a factor. Areas that received better rainfall in 2013 have farmers willing to continue paying stronger rents or having higher cash earnings. That is being capitalized into farmland values maintaining at current levels.”

Klein says Soy Capital sees particular strength for both land values and rental rates in western Illinois, the Decatur to Springfield

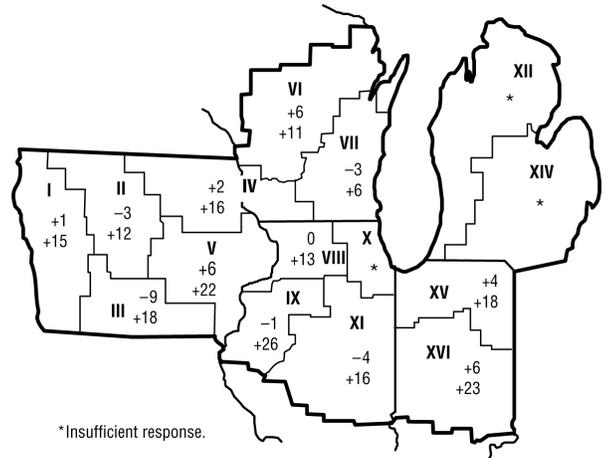
Percent change in dollar value of “good” farmland

Top: April 1, 2013 to July 1, 2013

Bottom: July 1, 2012 to July 1, 2013

| | April 1, 2013 to July 1, 2013 | July 1, 2012 to July 1, 2013 |
|------------------|-------------------------------------|------------------------------------|
| Illinois | -1 | +17 |
| Indiana | +5 | +21 |
| Iowa | 0 | +18 |
| Michigan | -7 | +18 |
| Wisconsin | +1 | +7 |
| Seventh District | 0 | +17 |

Source: Federal Reserve Bank of Chicago AgLetter



corridor, and north of Peoria. Other areas of the state have had more land placed on the market recently, which makes for regional weaknesses.

“The generally tight supply of farmland available has kept prices firm on Class A farms. Lower quality farms have seen some weakness from auction to auction. Not every farm is going to set a new record when we have grain prices at lower levels,” says Klein.

To discuss farmland values and marketing or purchasing investment-grade farmland, call David Klein at 800-532-LAND. MF

Soy Capital Trust Makes Long Distance, Long-Time Management Work

For the last 20 years, Southern California resident Allison Duggins has relied on Soy Capital Ag Services’ expertise to manage the farm she inherited near Watseka, Ill. Duggins has a high level of trust in Steve Jacob, farm manager in Soy Capital’s Kankakee office, and believes that trust is the basis for making the long distance farm management relationship work.

“The farm has been in my family for many years, and I am very pleased that Steve Jacob knows what to do down to the very last detail. His management is very thorough, and he is very patient with me here in California where the agriculture is very different from Illinois,” says Duggins. “On one of my trips to Illinois, I even rode in the combine to learn more about soybean production.”

In addition to farm management, Duggins says Jacob was instrumental in closing a real estate transaction for them earlier this year. The family was approached by a local business and asked if they were willing to sell off a 10-acre parcel for commercial use.

“I worked closely with Allison and her husband Jack to help get

the property sold. I found and helped them purchase a replacement 80 acres for the 10 acres as part of a 1031 exchange,” says Jacob. “The 8-to-1 acre trade turned out to be a good transaction for the Duggins family.”

“Steve negotiated a good deal for us,” says Duggins.

She stresses that the regular contact maintained by Steve Jacob and the information forwarded to them helps the family stay in tune with what is happening on the farm.

“There is so much involved with farming, and clearly it is in their blood to have such expertise. Steve Jacob and the rest of the staff in the Kankakee office are very passionate about what they do. I appreciate that they don’t make my decisions, but instead give me options to consider,” she says. “They are a wonderful group. I would recommend Soy Capital Ag Services to other landowners for both farm management and real estate sales.”

For more information, contact Steve Jacob at 815-936-8980 or sjacob@soybank.com. MF

**Ag Real Estate?
Farm Management?
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