

Row Crop Market

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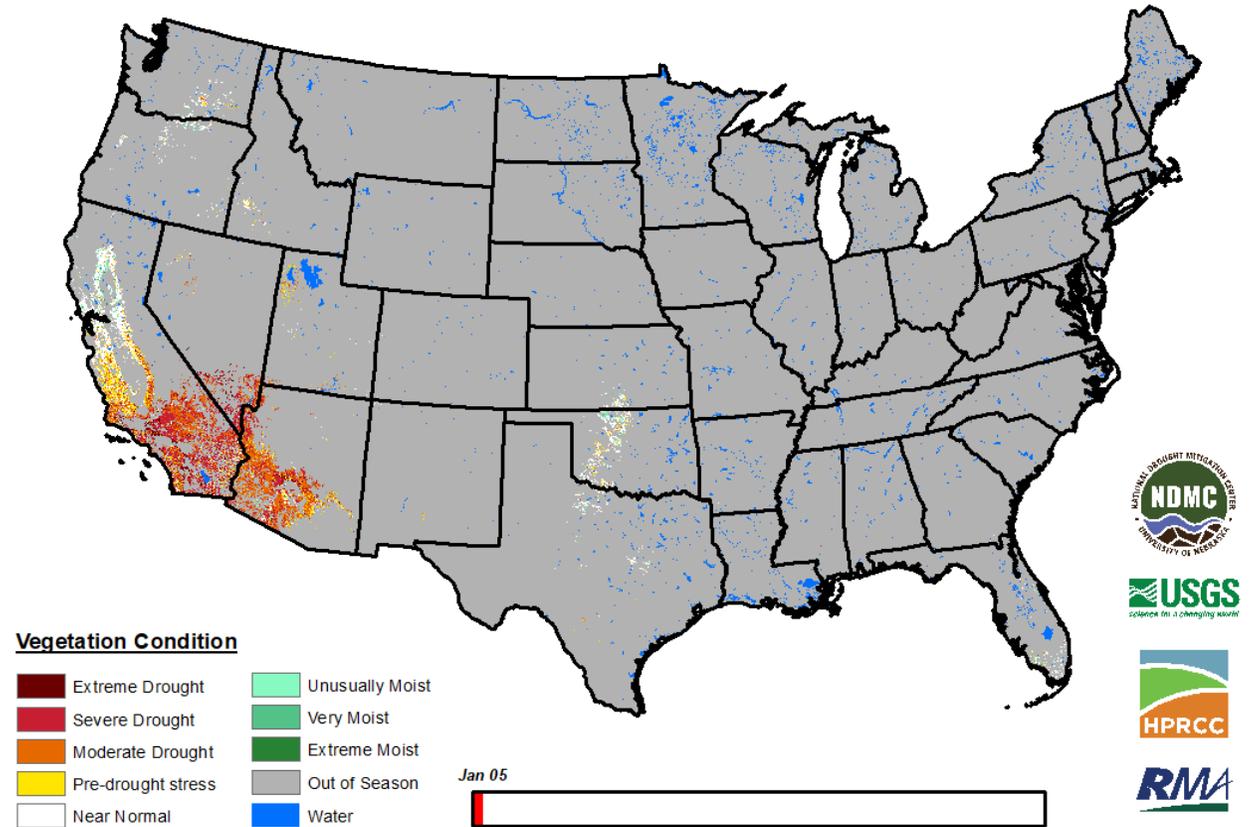
Email: aaron.smith@utk.edu

Web Page: <https://cropeconomics.tennessee.edu>

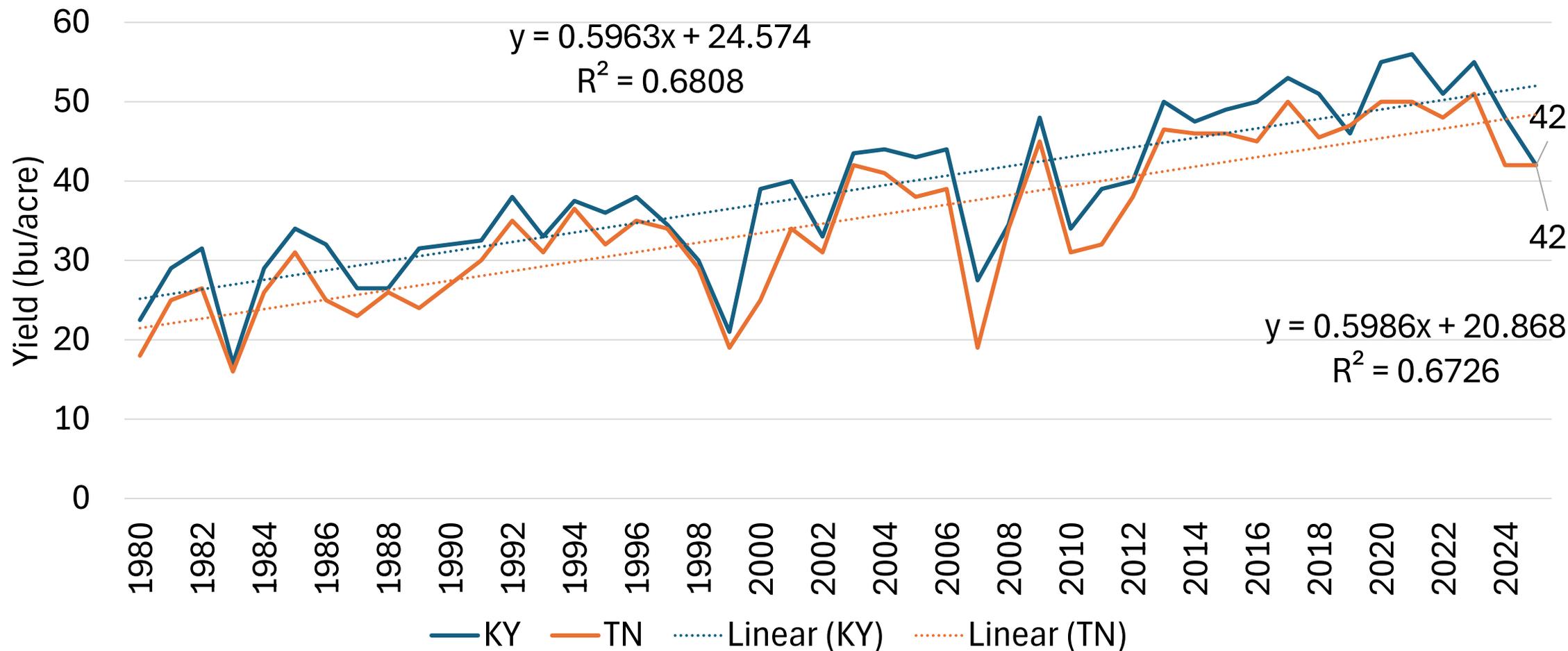
Overview

- 2025 Profitability
- Corn & Soybean Supply and Demand
- Commodity, Input Prices, and 2026 Profitability
- Price Expectations and Policy

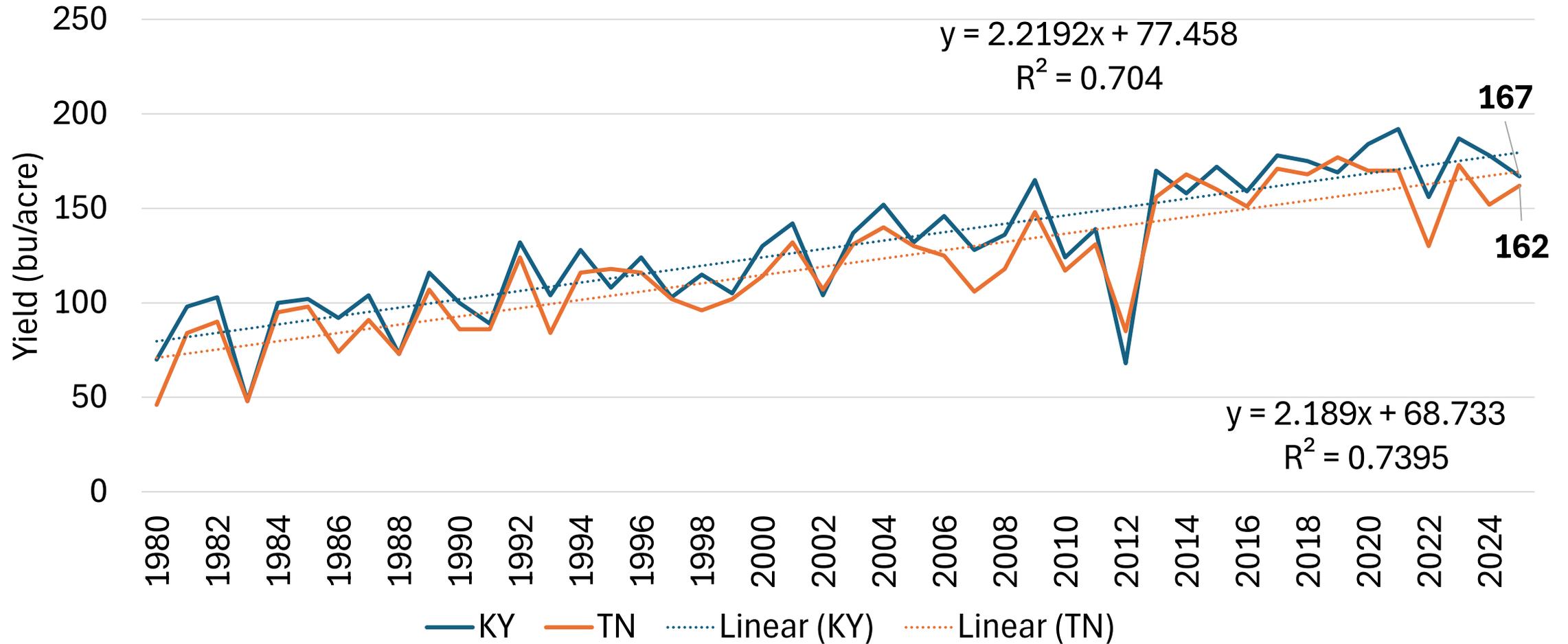
2025 Vegetation Drought Response Index (VegDRI)



KY and TN Average Soybean Yield, 1980-2025



KY and TN Average Corn Yield, 1980-2025



2025 Tennessee Estimated Revenue and Production Costs

| | Cotton | Soybeans | Corn | Wheat/Soybeans |
|---|---------|----------|---------|----------------|
| Yield - Crop Production Report (Tennessee) | 865 | 42 | 162 | 74/37 |
| Average Harvest Price | \$0.65 | \$10.36 | \$4.28 | \$5.27/\$10.36 |
| Revenue | \$562 | \$435 | \$693 | \$773 |
| Variable Expenses | \$616 | \$320 | \$572 | \$566 |
| Returns Over Variable | (\$54) | \$115 | \$121 | \$207 |
| Land Costs | \$150 | \$150 | \$150 | \$150 |
| Returns Over Variable and Land Costs | (\$204) | (\$35) | (\$29) | \$57 |
| Fixed Costs (Capital Recovery and Management Labor) | \$205 | \$149 | \$166 | \$260 |
| Returns Over Specified Costs | (\$409) | (\$184) | (\$195) | (\$203) |
| Breakeven Price at Estimated Yield and Specified Cost | \$1.12 | \$14.74 | \$5.48 | \$6.10/\$12.20 |

2025 Tennessee Crop Losses and Federal Payments

| | Cotton | Soybeans | Corn | Wheat/Soybean | Total |
|--|---------------------|----------------------|----------------------|---------------------|----------------------|
| FSA Acres Planted (2025) | 202,244 | 1,213,629 | 897,270 | 291,791 | 2,604,934 |
| Irrigation % | 14% | 8% | 9% | 4% | 8% |
| Estimated Losses by Crop 2025 | (78,993,473) | (170,298,140) | (168,294,115) | (59,197,391) | (476,783,118) |
| FBA Payment (Estimated) | 23,733,333 | 37,476,864 | 39,802,897 | 20,492,482 | 121,505,576 |
| Crop Insurance Payments (as at Jan 15, 2026) | 12,479,865 | 37,330,926 | 33,163,898 | 14,847,035 | 97,821,724 |
| 2024 ARC/PLC (received Oct 2025) | 21,886,609 | 14,879,780 | 25,106,034 | 3,577,523 | 65,449,946 |
| Loss after safety net and ad hoc payments | (20,893,665) | (80,610,571) | (70,221,285) | (20,280,350) | (192,005,872) |

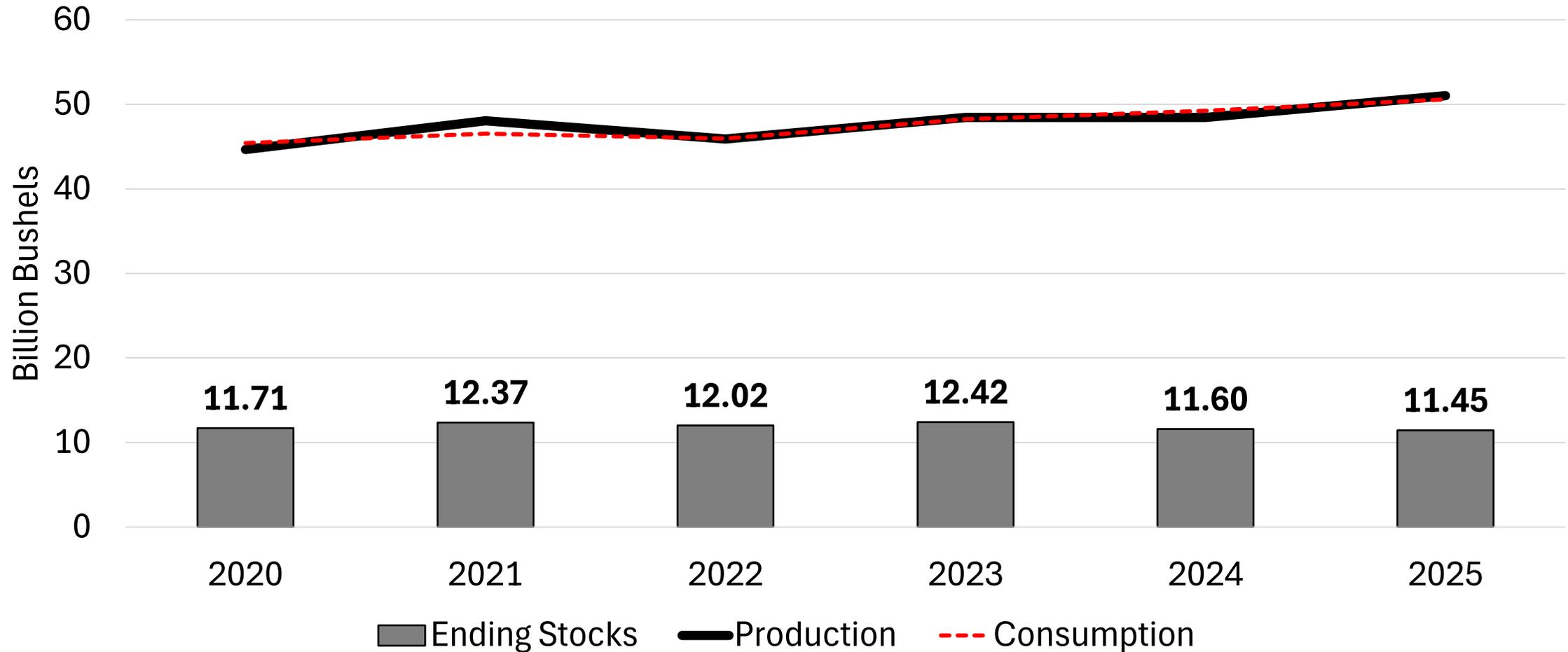
Notes:

- Losses are based on both irrigated and non-irrigated estimated returns for Tennessee
- FSA acres are from the January report
- FBA are estimated based on payment rate and planted acres; does not account for payment limitations
- Crop insurance indemnities are as at Jan 15, 2026; additional indemnities may be added to the RMA data
- ARC/ PLC payments are for the 2024 crop year; received in October 2025; ARC/PLC payments are based on base acres not planted
- Wheat/soybeans includes payments and revenue from both crops.
- Does not include Supplemental Disaster Relief Program (SDRP)

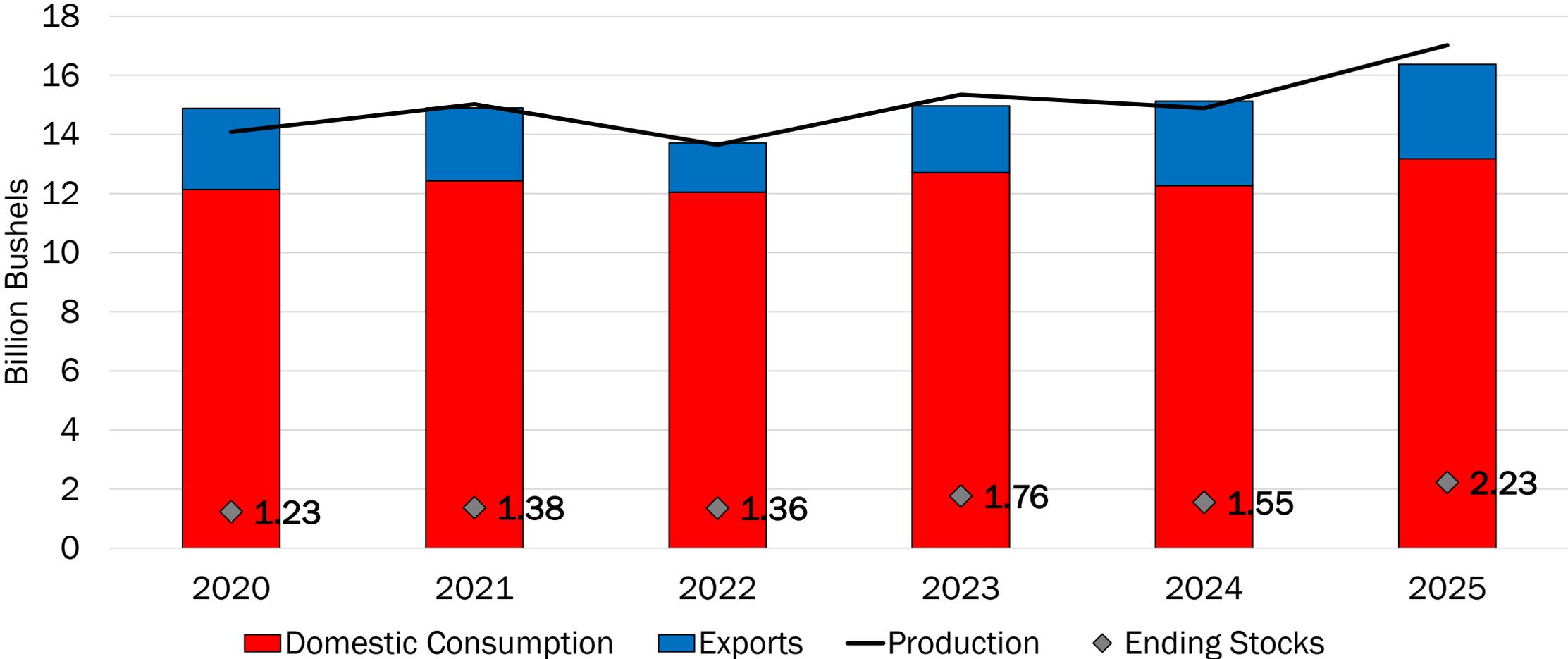
Farmer Bridge Assistance Program (FBA)

- **Corn: \$44.36**
- **Wheat: \$39.35**
- **Soybeans: \$30.88**
- **Cotton \$117.35**

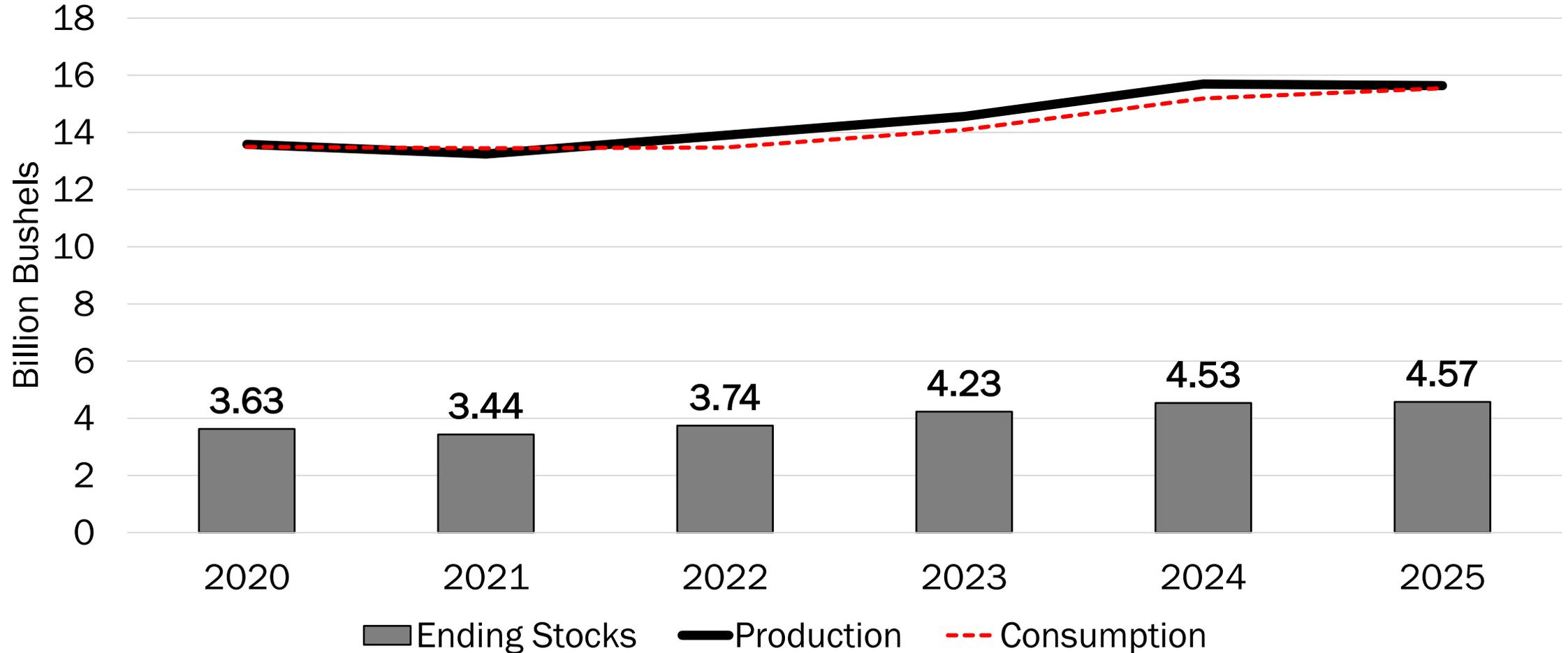
World Corn Production, Consumption, and Ending Stocks



U.S. Corn Production, Consumption, Exports, and Ending Stocks

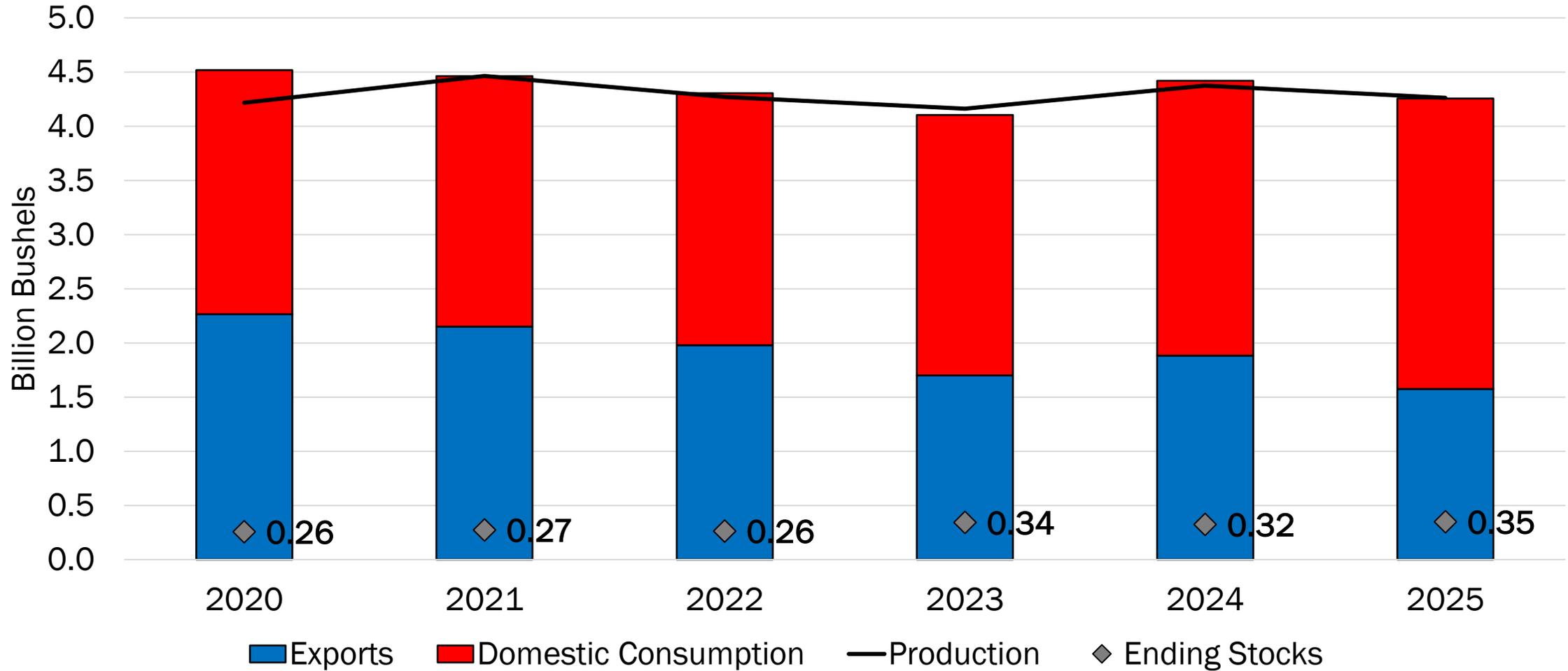


World Soybean Production, Consumption, and Ending Stocks



Source: USDA PSD
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U.S. Soybean Production, Consumption, Exports, and Ending Stocks



HOW WILL A NEW GLOBAL TRADE PARADIGM AND INTERNATIONAL AND DOMESTIC POLICY INFLUENCE SUPPLY, DEMAND, AND TRADE FLOWS?



2026 Estimated Cost-of-Production

| | Corn | Soybeans | Cotton |
|---|---------------|---------------|---------------|
| Crop Revenue | \$823 | \$605 | \$828 |
| Yield | 175 | 55 | 1,200 |
| Price | \$4.70 | \$11.00 | \$0.69 |
| Operating costs | | | |
| Seed | \$125 | \$70 | \$145 |
| Fertilizer | \$210 | \$60 | \$125 |
| Chemicals | \$70 | \$105 | \$160 |
| Machinery operating cost or custom | \$85 | \$75 | \$95 |
| Interest on operating capital | \$20 | \$14 | \$23 |
| Total, operating costs | \$510 | \$324 | \$548 |
| Allocated overhead | | | |
| Labor | \$40 | \$30 | \$50 |
| Capital recovery of machinery and equipment | \$155 | \$135 | \$175 |
| Land Expense | \$180 | \$180 | \$180 |
| Taxes, insurance, and housing | \$21 | \$18 | \$22 |
| General farm overhead | \$26 | \$23 | \$27 |
| Total, allocated overhead costs | \$422 | \$386 | \$454 |
| Total, costs listed | \$932 | \$710 | \$1,002 |
| Revenue less specified costs | -\$110 | -\$105 | -\$174 |

Corn - Net Return Table (\$/acre; **\$932 COP**)

| | | <u>Yield (bu/acre)</u> | | | | | | | | | | |
|-------------------------|------|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | 130 | 140 | 150 | 160 | 170 | 180 | 190 | 200 | 210 | 220 | 230 |
| <u>Price</u> (\$/bu) | 3.00 | (542) | (512) | (482) | (452) | (422) | (392) | (362) | (332) | (302) | (272) | (242) |
| | 3.25 | (510) | (477) | (445) | (412) | (380) | (347) | (315) | (282) | (250) | (217) | (185) |
| | 3.50 | (477) | (442) | (407) | (372) | (337) | (302) | (267) | (232) | (197) | (162) | (127) |
| | 3.75 | (445) | (407) | (370) | (332) | (295) | (257) | (220) | (182) | (145) | (107) | (70) |
| | 4.00 | (412) | (372) | (332) | (292) | (252) | (212) | (172) | (132) | (92) | (52) | (12) |
| | 4.25 | (380) | (337) | (295) | (252) | (210) | (167) | (125) | (82) | (40) | 3 | 46 |
| | 4.50 | (347) | (302) | (257) | (212) | (167) | (122) | (77) | (32) | 13 | 58 | 103 |
| | 4.75 | (315) | (267) | (220) | (172) | (125) | (77) | (30) | 18 | 66 | 113 | 161 |
| | 5.00 | (282) | (232) | (182) | (132) | (82) | (32) | 18 | 68 | 118 | 168 | 218 |
| | 5.25 | (250) | (197) | (145) | (92) | (40) | 13 | 66 | 118 | 171 | 223 | 276 |
| | 5.50 | (217) | (162) | (107) | (52) | 3 | 58 | 113 | 168 | 223 | 278 | 333 |
| | 5.75 | (185) | (127) | (70) | (12) | 46 | 103 | 161 | 218 | 276 | 333 | 391 |
| | 6.00 | (152) | (92) | (32) | 28 | 88 | 148 | 208 | 268 | 328 | 388 | 448 |
| | 6.25 | (120) | (57) | 6 | 68 | 131 | 193 | 256 | 318 | 381 | 443 | 506 |
| | 6.50 | (87) | (22) | 43 | 108 | 173 | 238 | 303 | 368 | 433 | 498 | 563 |
| 6.75 | (55) | 13 | 81 | 148 | 216 | 283 | 351 | 418 | 486 | 553 | 621 | |

ARC/PLC Payments Explorer - Corn

1. Select One County

Kentucky (State) + Logan (County)

2. Select One Irrigation System

All

3. Enter your projected marketing year average price for 2025/26

4.10 \$/bushel

4. Enter Your Farm's PLC Yield

165 bu/acre

[Click here for more information on this decision tool](#)

| Scenarios | 2025 Projected Payment Rates (\$/Acre) | | | | ARC-CO preferred to PLC if 2025 county yield is lower than Equal-Payment Yield |
|---|--|---|---|---|---|
| | PLC | ARC-CO (county yields in horizontal axis) | | | |
| <p>Baseline</p> <p>MYA Price</p> <p>\$4.10</p> | <p>\$100</p> <p>\$50</p> <p>\$0</p> <p>\$26.40</p> <p>165.00 bu/acre</p> | <p>\$103.28</p> <p>Up to 191.45</p> <p>Max-Pmt Yields</p> | <p>\$68.85</p> <p>199.84</p> <p>1/3 Max</p> | <p>\$34.43</p> <p>208.25</p> <p>2/3 Max</p> | <p>\$0.00</p> <p>Above 216.64 bu/acre</p> <p>No-Payment Yields</p> <p>Equal-Payment Yield</p> <p>210.20</p> <p>bu/acre</p> |
| <p>Lower Price</p> <p>90% MYA Price</p> <p>\$3.69</p> | <p>\$100</p> <p>\$50</p> <p>\$0</p> <p>\$94.05</p> <p>165.00 bu/acre</p> | <p>\$103.28</p> <p>Up to 212.72</p> <p>Max-Pmt Yields</p> | <p>\$68.85</p> <p>222.04</p> <p>1/3 Max</p> | <p>\$34.43</p> <p>231.39</p> <p>2/3 Max</p> | <p>\$0.00</p> <p>Above 240.71 bu/acre</p> <p>No-Payment Yields</p> <p>Equal-Payment Yield</p> <p>215.22</p> <p>bu/acre</p> |
| <p>Higher Price</p> <p>110% MYA Price</p> <p>\$4.51</p> | <p>\$1.0</p> <p>\$0.5</p> <p>\$0.0</p> <p>\$0.00</p> <p>165.00 bu/acre</p> | <p>\$103.28</p> <p>Up to 174.04</p> <p>Max-Pmt Yields</p> | <p>\$68.85</p> <p>181.67</p> <p>1/3 Max</p> | <p>\$34.43</p> <p>189.32</p> <p>2/3 Max</p> | <p>\$0.00</p> <p>Above 196.94 bu/acre</p> <p>No-Payment Yields</p> <p>Equal-Payment Yield</p> <p>196.94</p> <p>bu/acre</p> |

Source: <https://ruralandfarmfinance.com/wp-content/uploads/2025/04/ARC-PLC-Payment-Explorer-.pdf>

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ARC/PLC Payments Explorer - Soy

1. Select One County

Kentucky (State) + Logan (County)

2. Select One Irrigation System

All

3. Enter your projected marketing year average price for 2025/26

10.50 \$/bushel

4. Enter Your Farm's PLC Yield

45 bu/acre

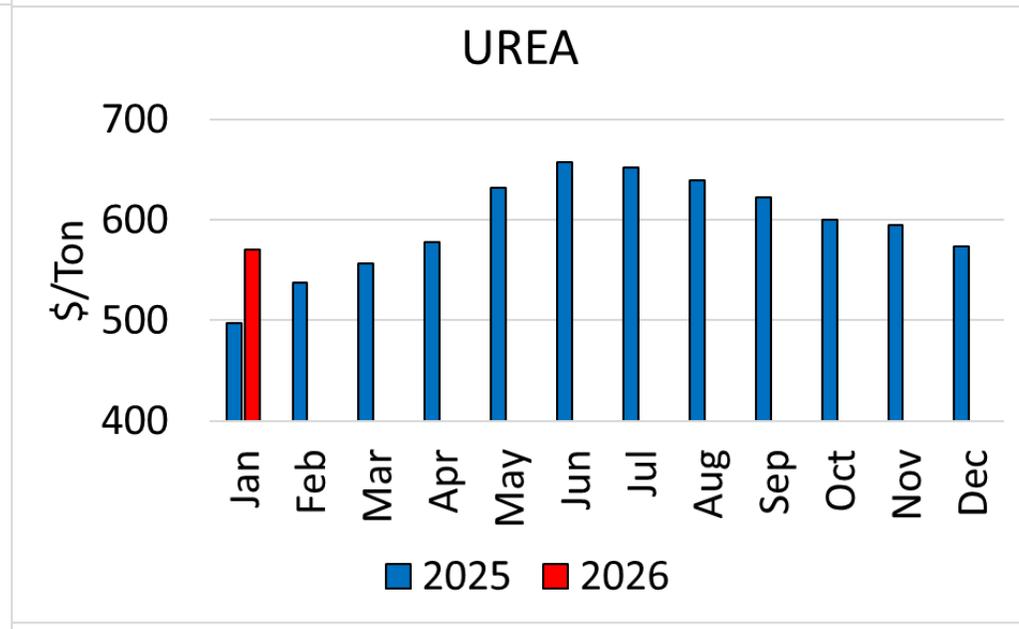
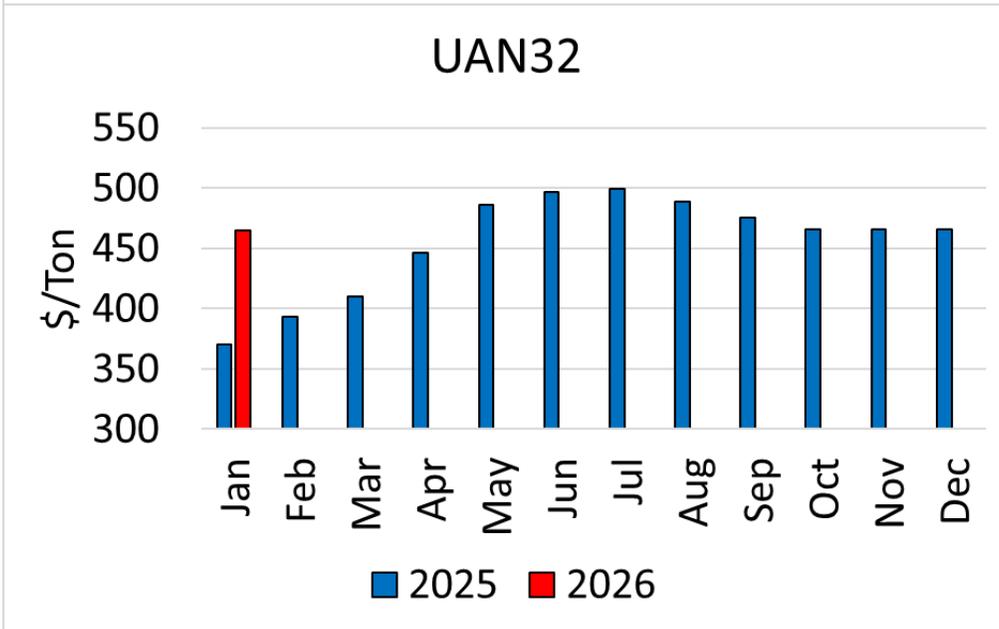
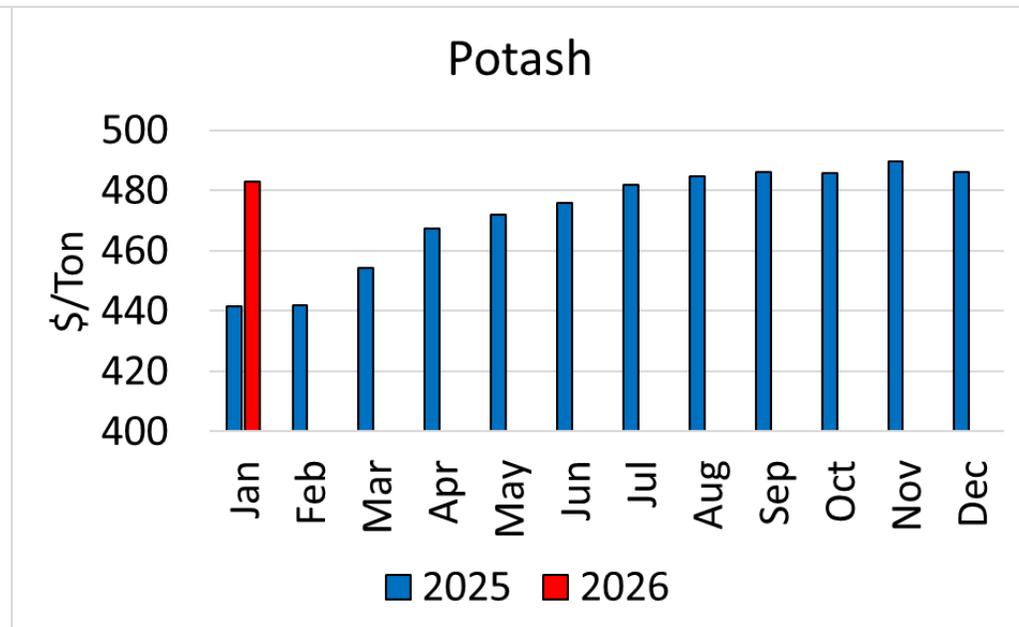
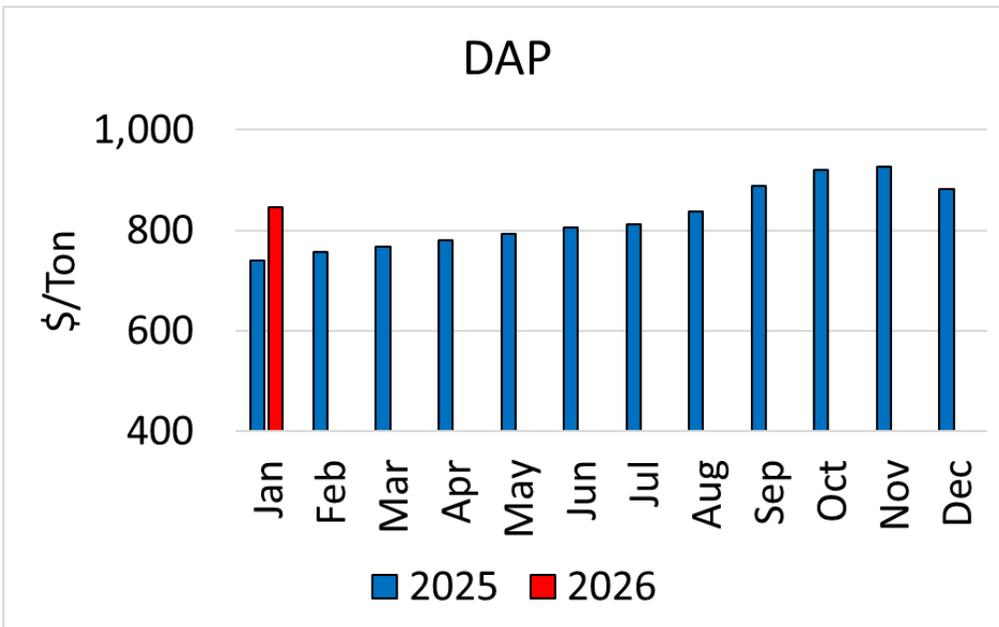
[Click here for more information on this decision tool](#)

| Scenarios | 2025 Projected Payment Rates (\$/Acre) | | | | ARC-CO preferred to PLC if 2025 county yield is lower than Equal-Payment Yield | |
|---|--|---|-----------------------------|-----------------------------|--|--|
| | PLC | ARC-CO (county yields in horizontal axis) | | | | |
| Baseline MYA Price \$10.50 | <p>\$0.00 45.00 bu/acre</p> | \$64.08 Up to 46.38 Max-Pmt Yields | \$42.72 48.41 1/3 Max | \$21.36 50.45 2/3 Max | \$0.00 Above 52.48 bu/acre No-Payment Yields | Equal-Payment Yield 52.48 bu/acre |
| Lower Price 90% MYA Price \$9.45 | <p>\$9.45 45.00 bu/acre</p> | \$64.08 Up to 51.53 Max-Pmt Yields | \$42.72 53.79 1/3 Max | \$21.36 56.05 2/3 Max | \$0.00 Above 58.31 bu/acre No-Payment Yields | Equal-Payment Yield 57.31 bu/acre |
| Higher Price 110% MYA Price \$11.55 | <p>\$0.00 45.00 bu/acre</p> | \$64.08 Up to 42.16 Max-Pmt Yields | \$42.72 44.01 1/3 Max | \$21.36 45.86 2/3 Max | \$0.00 Above 47.71 bu/acre No-Payment Yields | Equal-Payment Yield 47.71 bu/acre |

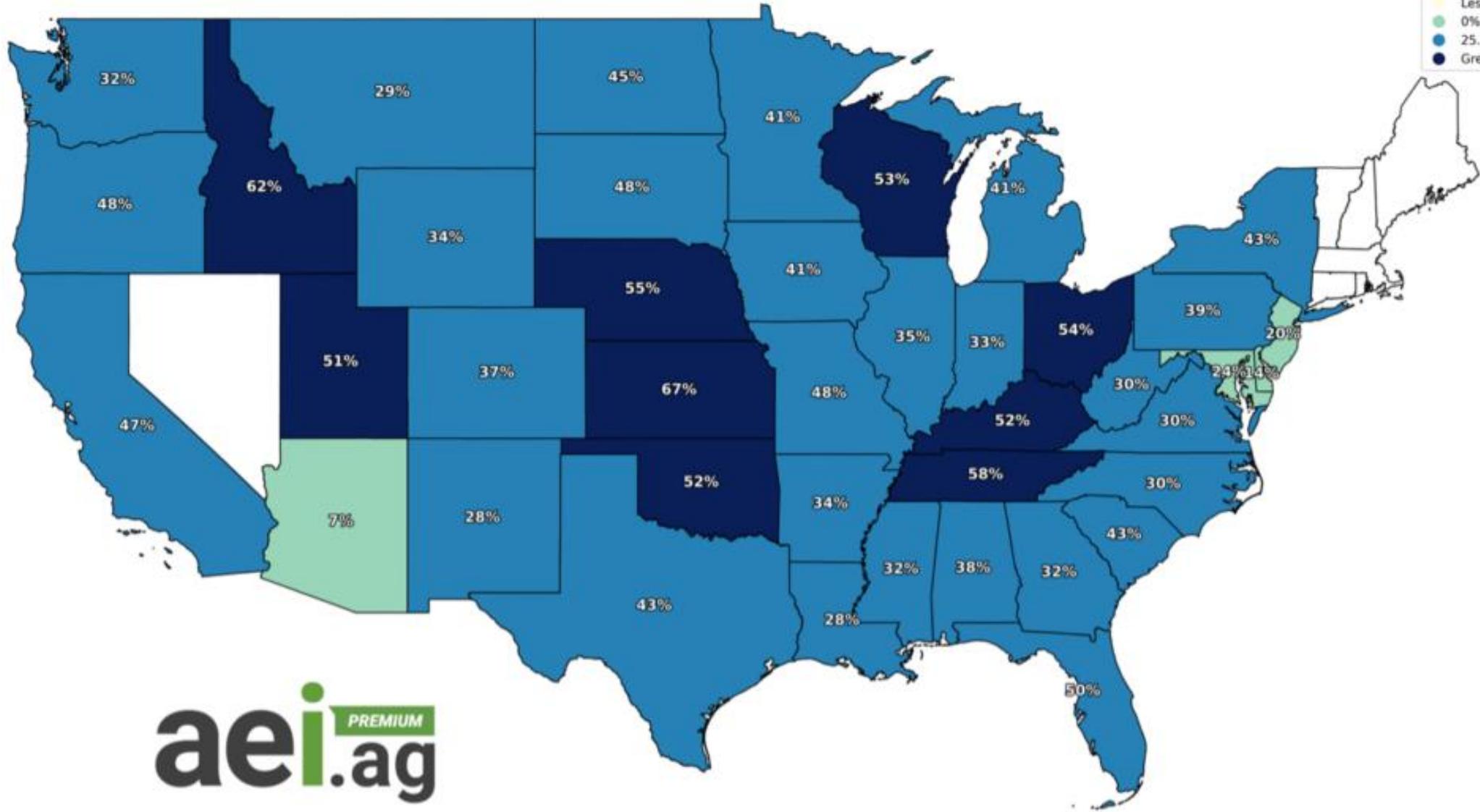
Source: <https://ruralandfarmfinance.com/wp-content/uploads/2025/04/ARC-PLC-Payment-Explorer-.pdf>

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Fertilizer Prices



Change in Cropland Values, 2018 to 2025



Save interest when you can!

500,000 over 15 years

| | | | |
|---------------|-----------|-----------|-----------|
| Interest Rate | 3.5% | 5.5% | 8.5% |
| Interest | \$143,394 | \$235,375 | \$386,265 |
| Change | - | \$91,981 | \$242,871 |

Price Risk Management and Crop Marketing



Planning and Pre Sales

Input Purchases

Crop Insurance

In-season Sales

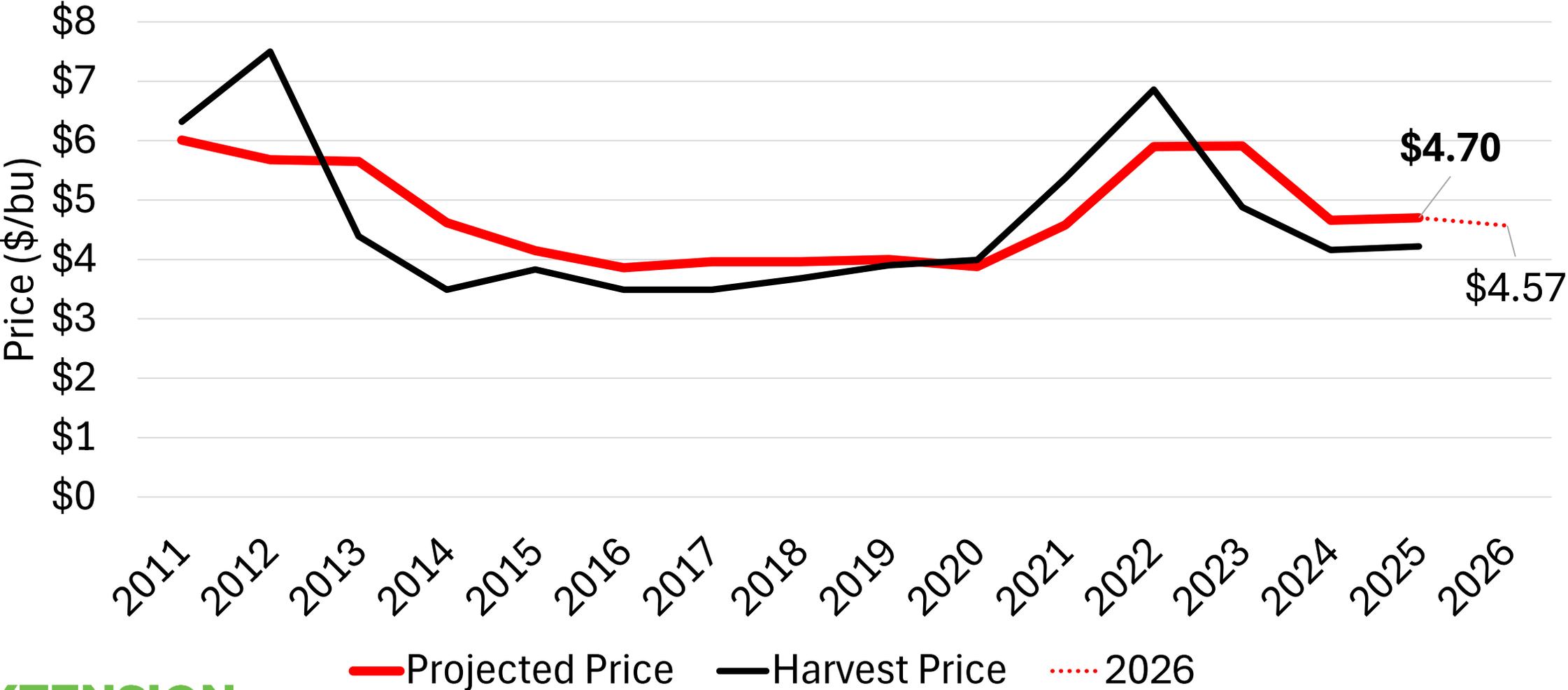
Harvest Sales

Post Harvest Sales

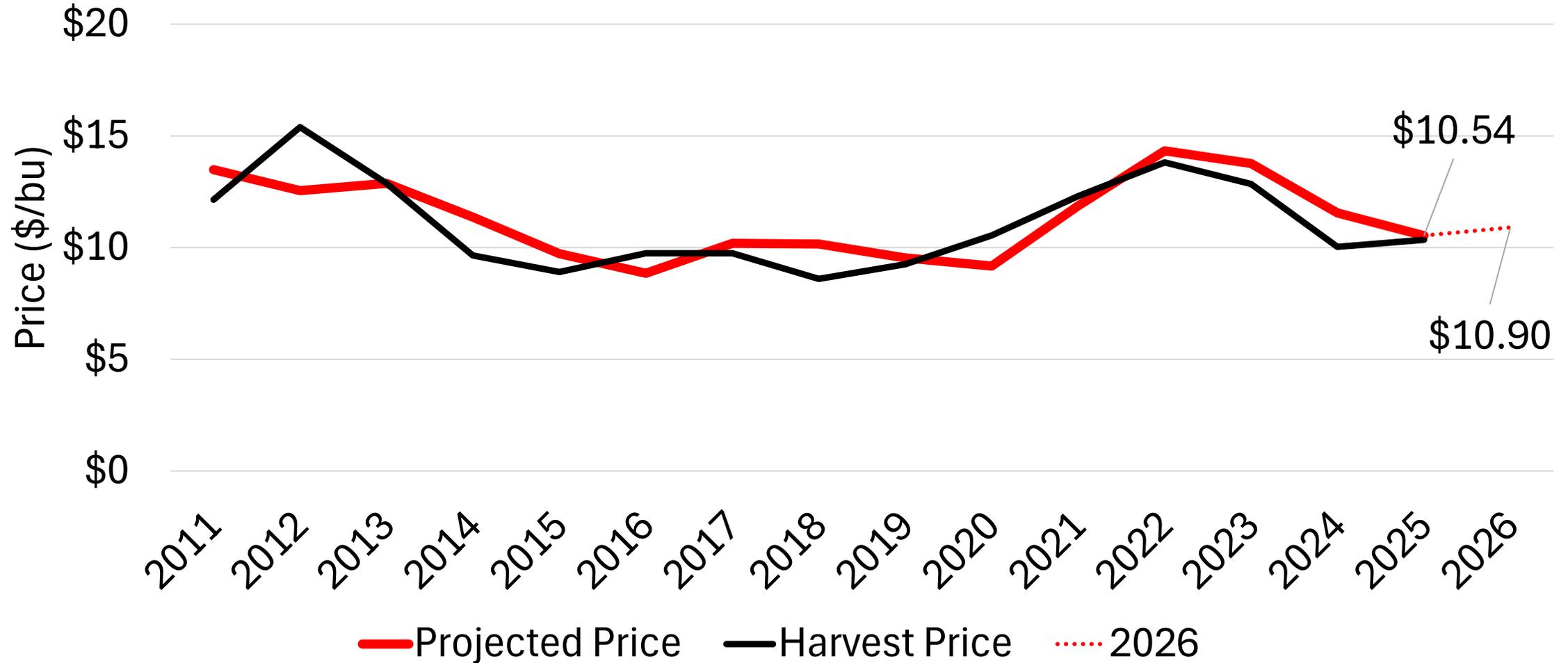
Crop Insurance Considerations

- Insurance Type / Production Practices
- Unit Structure
- Price / APH
- Buy-up Coverage
- Premium
- Trigger Yields / Guarantees
- Companion Policies

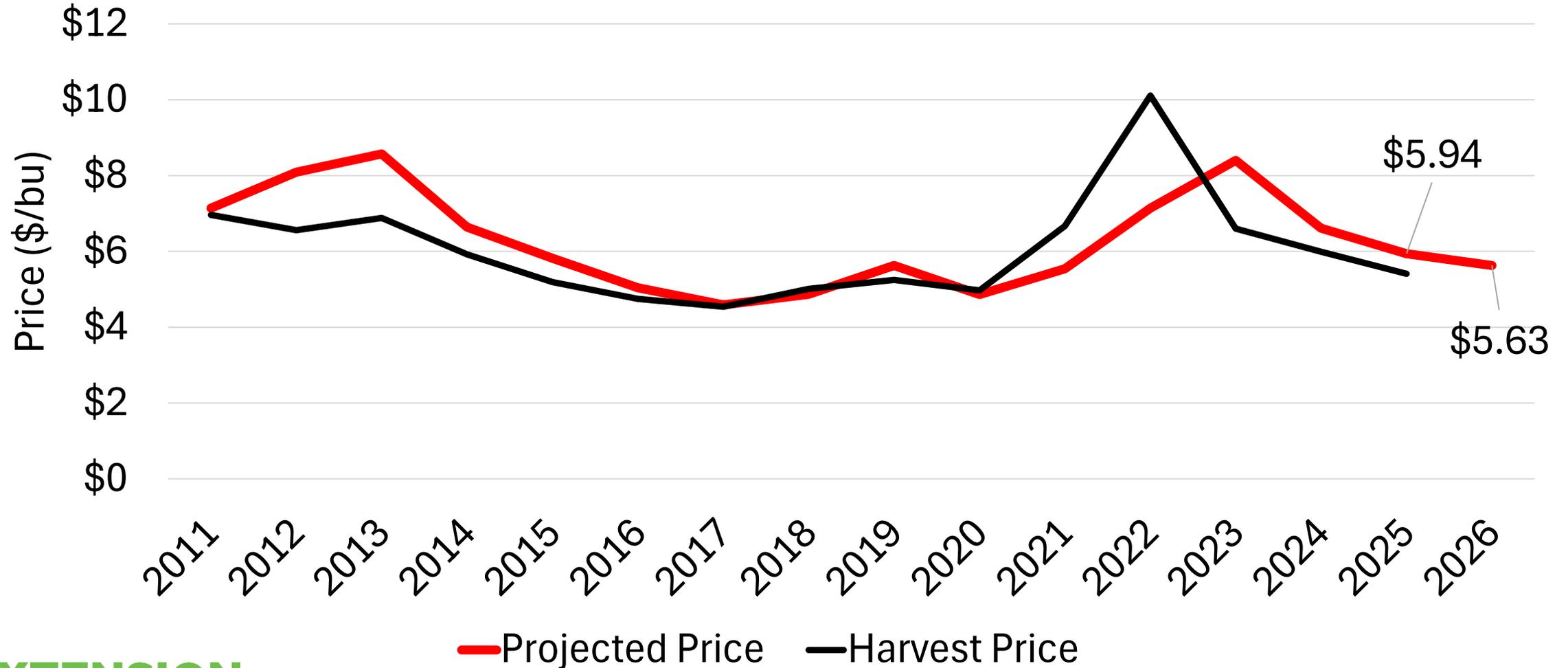
TN Corn Crop Insurance Prices, 2011-2025



TN Soybean Crop Insurance Prices, 2011-2025



TN Wheat Crop Insurance Prices, 2011-2025



Corn (ZCH26) O:434-4 H:435-0 L:433-4 C:434-4 ^-0-4 (-0.11%) 21:10 CT DELAYED

Actions ▾

Symbol... Daily ▾ 6-Month ▾ 0q ▾ Indicators Compare f(x) 1x1 ▾

Templates ⚙️ ⬆️ 🌙



Soybean (ZSH26) O:1108-4 H:1109-2 L:1102-0 C:1107-4 ^-4-6 (-0.43%) 21:12 CT DELAYED

Actions ▾

Symbol... Daily ▾ 6-Month ▾ 00 ▾ Indicators Compare f(x) 1x1 ▾

Templates ⚙️ ⬆️ 🌙



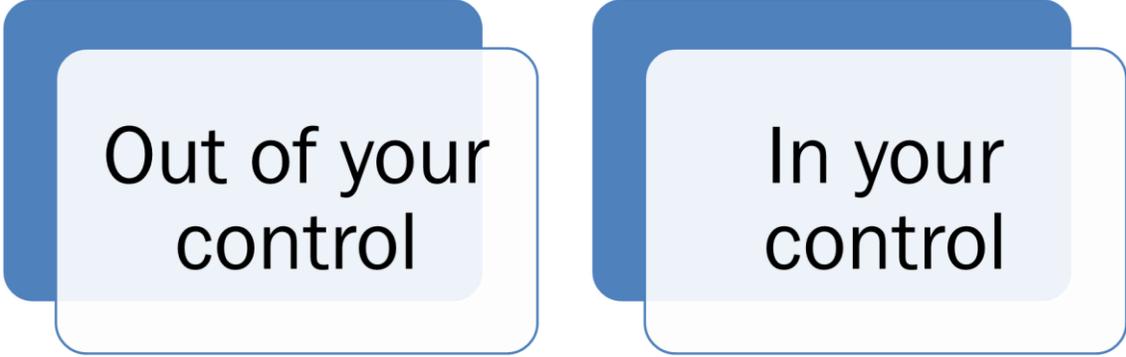


Cash, Futures, and Basis

- Futures markets are a reference price
 - Cash Price = Futures + Basis
 - It is important to disaggregate cash prices for marketing and risk management purposes
 - Price risk management versus establishing a final price

Price Expectations and Marketing

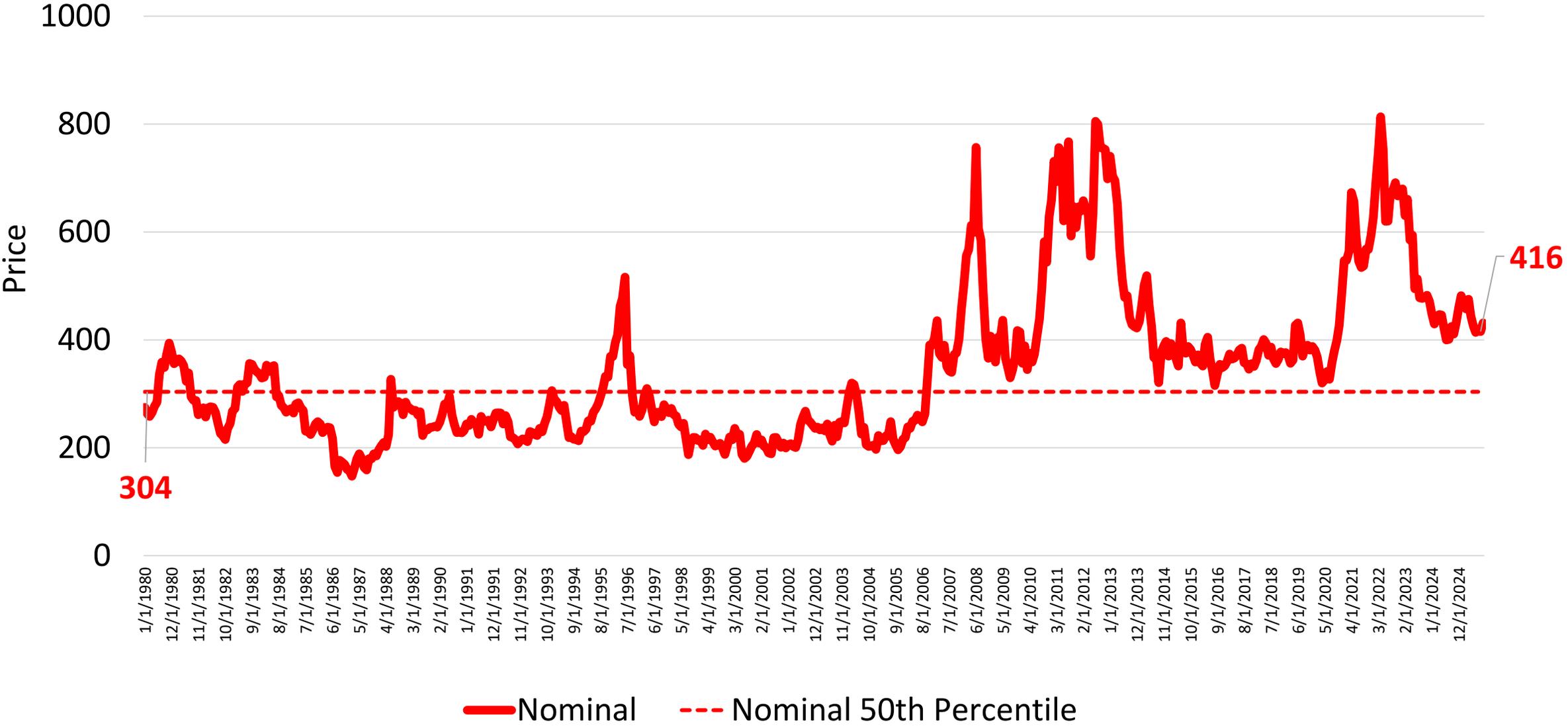
- Understand supply and demand fundamentals
- Look at trends and where prices are in the cycle
- Be forward looking (multiple production cycles)
- Build a plan to incorporate seasonal decisions
- Maintain flexibility
- Execute the plan
- Evaluate successes and failures



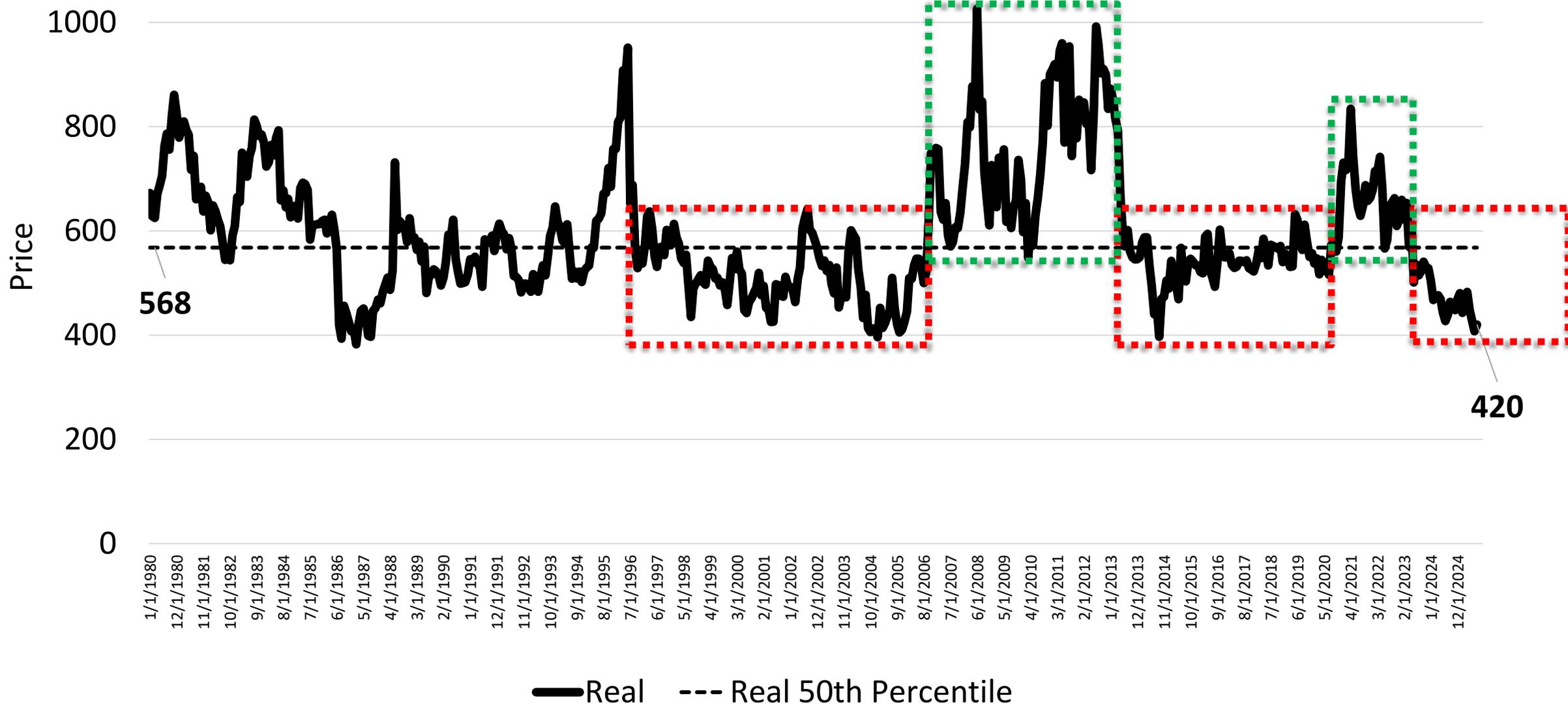
Out of your control

In your control

Monthly Nominal Nearby Corn Futures Prices, 1980-2025



Monthly Real Nearby Corn Futures Prices, 1980-2025 (Base = August 2025)



Example: Options Fence

- Buy a \$4.40 December 2026 put option for \$0.18 to set a futures floor.
- Sell a \$4.95 December 2026 call option for \$0.18 establishes a futures ceiling.
- Premium neutral.
- Futures price set between \$4.40 and \$4.95.
- Set basis at any time.

Futures Market Nearby and Harvest Prices

| | Nearby | 2026 | 2027 | 2028 |
|---------|---------|---------|---------|---------|
| Corn | \$4.34 | \$4.60 | \$4.72 | \$4.73 |
| Soybean | \$11.05 | \$10.92 | \$10.87 | \$10.87 |
| Wheat | \$5.34 | \$5.53 | \$6.09 | \$6.38 |

Data Source: <https://www.barchart.com/futures/grains?viewName=main>

| Corn Cost of Production and Marketing | | | | | | | | |
|--|-------------------|---------------------------------|---------------------------------|---------|----------|--|---------|----------|
| Cost | Cost per Acre | <u>Expected Price</u> | <u>Time Expense is Incurred</u> | | | <u>Bushels Marketed to Cover Expense</u> | | |
| | | \$5.00 | Dec-Apr | May-Aug | Sept-Nov | Dec-Apr | May-Aug | Sept-Nov |
| | | <u># of bu to Cover Expense</u> | | | | | | |
| Operating costs | | | | | | | | |
| Seed | \$125 | 25 | 100% | 0% | 0% | 25 | 0 | 0 |
| Fertilizer | \$210 | 42 | 33% | 67% | 0% | 14 | 28 | 0 |
| Chemicals | \$70 | 14 | 25% | 75% | 0% | 4 | 11 | 0 |
| Fuel, lube, and electricity | \$35 | 7 | 20% | 30% | 50% | 1 | 2 | 4 |
| Repairs | \$50 | 10 | 20% | 30% | 50% | 2 | 3 | 5 |
| Other variable expenses | \$0 | 0 | 33% | 33% | 34% | 0 | 0 | 0 |
| Interest on operating capital | \$20 | 4 | 33% | 33% | 34% | 1 | 1 | 1 |
| Total, operating costs | \$510 | 102 | - | - | - | 47 | 45 | 10 |
| Allocated overhead | | | | | | | | |
| Labor | \$40 | 8 | 25% | 25% | 50% | 2 | 2 | 4 |
| Capital recovery machinery, equipment, and buildings | \$155 | 31 | 0% | 0% | 100% | 0 | 0 | 31 |
| Land (rental rate) | \$180 | 36 | 50% | 0% | 50% | 18 | 0 | 18 |
| Taxes and insurance | \$21 | 4 | 100% | 0% | 0% | 4 | 0 | 0 |
| General farm overhead | \$26 | 5 | 33% | 33% | 34% | 2 | 2 | 2 |
| Other | \$0 | 0 | 33% | 33% | 34% | 0 | 0 | 0 |
| Total, allocated costs | \$422 | 84 | - | - | - | 26 | 4 | 55 |
| Total, costs listed | \$932 | 186 | - | - | - | 73 | 49 | 65 |
| | | | Target % of Crop to be Marketed | | | 39% | 26% | 35% |
| <u>Acres</u> | <u>Total Cost</u> | | | | | Dec-Apr | May-Aug | Sept-Nov |
| 2,500 | \$2,330,000 | | | | | 182,500 | 122,500 | 162,500 |

Take Home

- Low commodity prices, high input prices and low profit margins are likely to persist in 2026.
- Additional payments seem possible (ad hoc and updated farm safety net).
- Tariffs, trade, and economic instability will continue to make markets unpredictable.
- Have a plan to manage price risk.

The past wasn't as good as you remember.
The present isn't as bad as you think.
The future will be better than you anticipate.

Morgan Housel, The Psychology of Money

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University of Tennessee Institute of Agriculture
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Web Page: <https://cropeconomics.tennessee.edu>

THANK YOU

