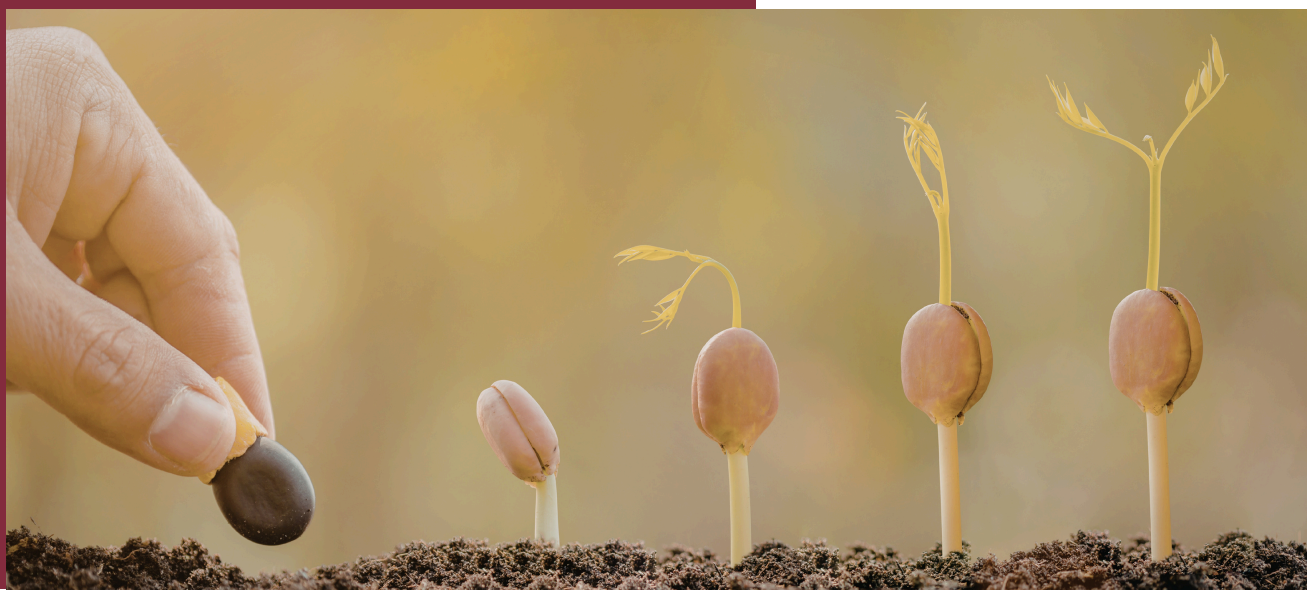
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Cherokee State Bank

Planting Edition



Welcome to the 2026 Planting Edition of the Cherokee State Bank Farm Management Newsletter! As northwest Iowa shakes off winter and fields begin to see activity, our Ag community turns its focus to the promise and potential of a new growing season. With planters rolling, spring brings both opportunity and important decisions that will influence the year ahead. Inside, you will find insights on evolving weather patterns, current market dynamics, updates from the 2026 Iowa Farm Custom Rate Survey, and new-age crop insurance strategies shaping risk management decisions. This season is all about execution and laying the groundwork for a successful harvest.



Kyle Schmillen
Vice President - Farm Management Specialist

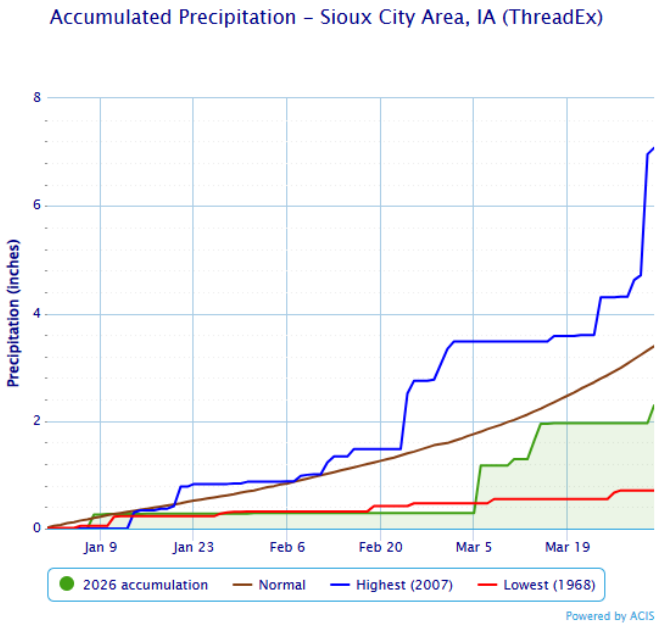


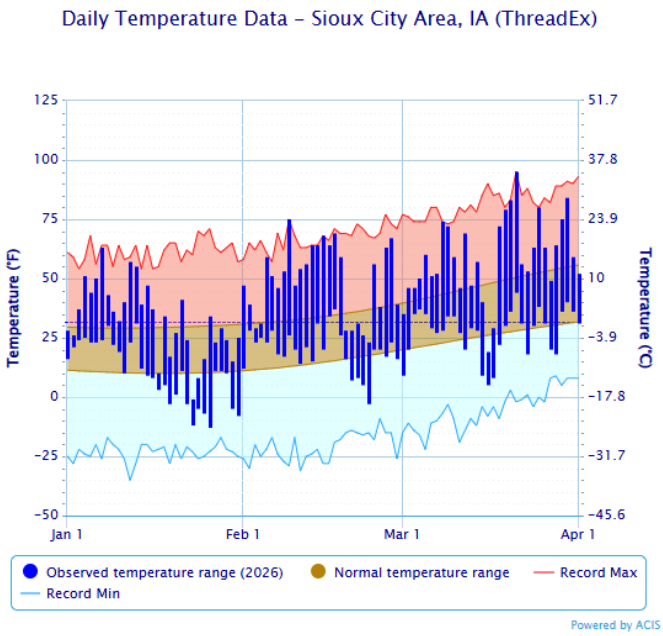
Levi Lundquist
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Weather

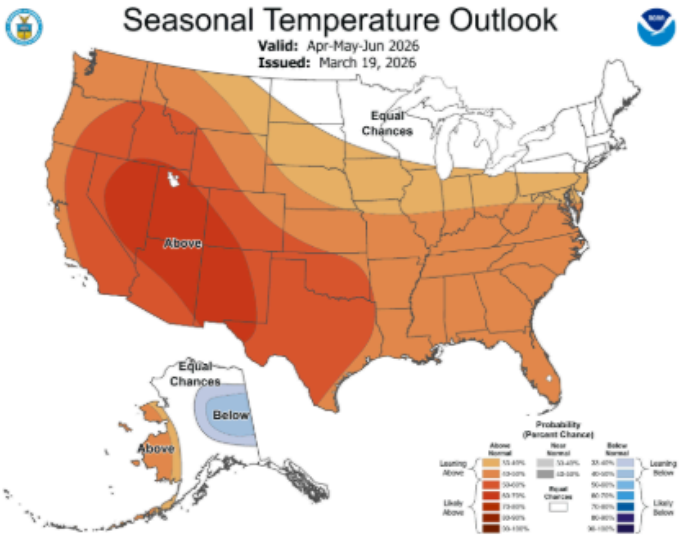
Late winter conditions in northwest Iowa trended above normal temperatures, with fewer extreme cold events limiting frost depth. The direct effect of the shallow frost is improved early soil conditions through faster soil warm-up and timely fieldwork. Precipitation ran below normal through much of January and February before improving in March, resulting in decent surface conditions but uneven subsoil moisture. The cause-and-effect is straightforward with early dryness and warmer soils promoting early planting progress, but also increasing reliance on consistent rainfall shortly after emergence. If early-season precipitation does not materialize, crops could face stress sooner than normal, particularly on lighter or tiled ground.

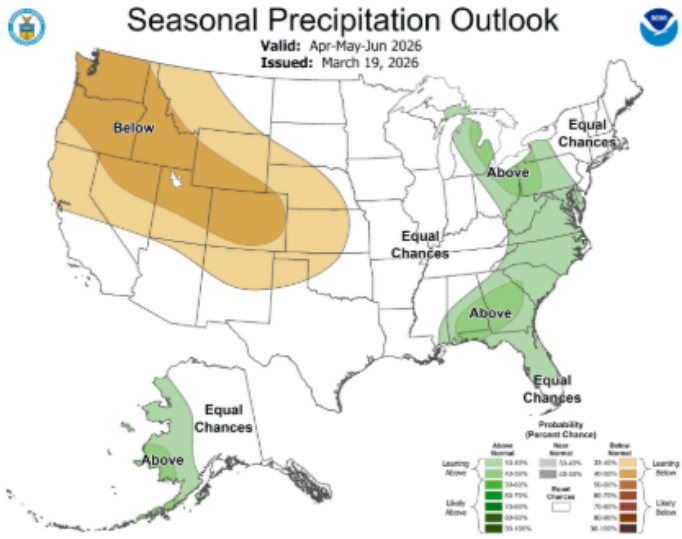




Looking ahead, NOAA's ENSO outlook signals a transition from La Niña to Neutral conditions early this spring, followed by a likely shift toward El Niño by mid-to-late summer. Historically, this progression supports variable spring weather before increasing the odds of cooler, wetter conditions later in the season. In theory, this shift creates early risk for the Corn Belt with dryness and temperature variability during planting and emergence then followed by improved moisture potential during pollination and grain fill. Seasonal outlooks continue to favor warmer early conditions with less certainty around precipitation. The growing buzz among forecasters about the potential for a stronger or even "Super" El Niño stems from Pacific Ocean warming being potentially faster than normal. While too early to confirm, this would generally amplify traditional El Niño impacts by increasing the chances of cooler, wetter late-summer conditions across portions of the Corn Belt. This would raise the risk of severe weather, disease pressure, delayed crop maturity, and harvest disruptions. As always, ENSO is only one piece of the weather puzzle, but if Pacific warming intensifies, markets will likely begin pricing in shifting production expectations before those weather patterns fully materialize.

Weather, continued...





The USDA's March 31, 2026 Prospective Plantings report adds another layer to this outlook, with corn acreage estimated at 95.3MM acres, down 3%, and soybean acreage at 84.7MM acres, up 4%. This acreage shift amplifies weather sensitivity with reduced corn acres tightening margins for error. When combined with the ENSO outlook, the strongest case today is a growing season where early conditions favor early planting progress but also moisture risk, followed by a shift toward more favorable conditions later in the season that could stabilize yields.

MEET OUR CUSTOMER SERVICE TEAM



Lisa Fitzgerald
Asst. Cashier | Customer Relations Officer



Hayley Heims
Business Development Lead | Universal Banker III



Emma Jacobson
Universal Banker III



Molly Patterson
UB Supervisor

Markets

Over the past three months, corn and soybean markets have been driven by shifting U.S. acreage, global trade, and rising energy prices. Corn found support from stronger export demand, slightly tighter ending stocks, and improving ethanol margins tied to higher crude oil prices. Soybeans, meanwhile, remained under pressure from Brazil's record crop and inconsistent Chinese demand.

As planting season approaches, the market's focus has shifted to acreage and weather risk. Early projections suggest fewer corn acres and more soybean acres in 2026, reflecting margin pressure and lower profitability. At the same time, higher energy prices are boosting fertilizer and fuel costs, effectively raising the costs of production. This combination has helped build support underneath the corn market and increased sensitivity to any weather threats.



From a technical standpoint, December 2026 corn futures have rallied into an important resistance area after building momentum through late 2025 and early 2026. Key resistance zones sit near $4.75, $4.90, and now $5.00 futures. These are levels where farmer selling, end-user hedging, and fund profit-taking often create pressure and stall rallies. However, when the market breaks through those areas, it typically signals stronger bullish momentum, and shifts focus to the next resistance target.

Markets, continued...

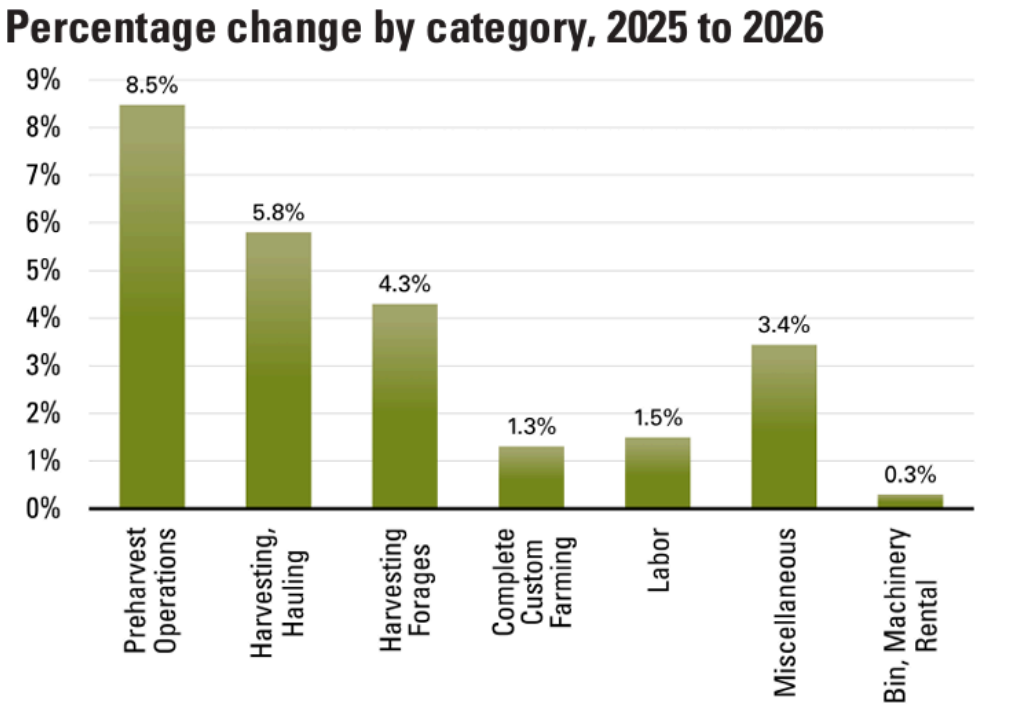


Soybeans are showing similar technicals, with November 2026 futures climbing back into resistance zone after an extended period of consolidation. The market is now testing overhead resistance near $11.60 and $11.80, with a more significant ceiling at $12.00. Much like corn, these levels represent areas where selling pressure tends to build. A failure to break through can lead to choppy, sideways trade, but a move above $12.00 would signal momentum.

The key takeaway is that resistance levels are not just technical markers but rather decision points that consistently align with farmer selling, end-user hedging, and fund-driven volatility, making them some of the most reliable opportunities to reward rallies. Rather than reacting emotionally to market swings, disciplined marketing plans should be built around these levels using scale-up sales or target orders. If December corn can establish and hold above $5.00, it signals a shift in market structure and opens the door to the next upside target of $5.13, while a breakout above $12.00 in soybeans would confirm momentum. Until those levels are held, resistance should be expected to act as a ceiling, reinforcing the importance of marketing plans and incremental selling into strength rather than expecting homeruns.

Land

The 2026 Iowa Farm Custom Rate Survey reinforces that production costs across the whole operation remain firm. The most notable increases showing up in pre-harvest operations which includes tillage, planting, and application being driven by higher costs of labor, equipment ownership, and technology. These passes are some of the most iron-intensive, time-sensitive, and technologically-advanced parts of an operation carrying heavy loads of depreciation, repairs, and interest costs. Layer in higher wages and it becomes clear why these categories are seeing the largest upward pressure.



ISU Extension and Outreach, A3 -10, 2026

Application and planting are being strongly re-priced to reflect efficiency and expectations. Operators are expected to cover more acres in tighter windows with more advanced equipment, which comes at a cost. Fertilizer application also remains closely tied to energy markets which continues to keep those rates elevated. In short, pre-harvest work is where the most capital, labor, and risk are concentrated and the custom market has begun adjusting those rates accordingly.

From a management standpoint, this survey is one of the key benchmarking tools available. It provides a real-world baseline for evaluating whether costs are in line with the market, which is critical in both cost-share and custom farming agreements. It helps ensure fairness between parties and removes emotion from negotiations. In today's environment, where margins are tight and costs are elevated, understanding where those increases are occurring is essential to making disciplined decisions.

Crop Insurance: Defense or Offense?

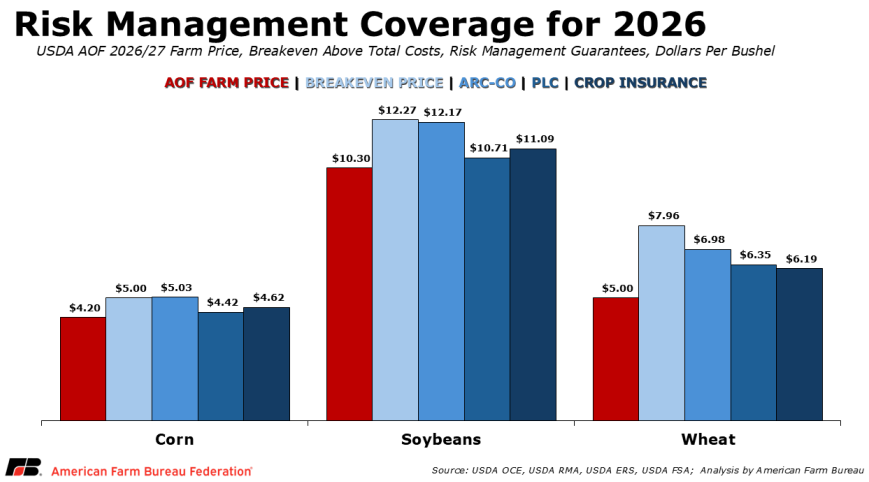


Levi Lundquist
Commercial Loan Officer | Credit Analyst

Crop insurance is increasingly being viewed not only as a defensive tool, but as an offensive tool of the whole-farm risk management toolbox. While its traditional role has been to protect against catastrophic losses, improved economics and subsidy structures are shifting the conversation toward how crop insurance can be used offensively.

With final spring prices set at $4.62 for corn and $11.09 for soybeans and margins remaining compressed, producers are being forced to think beyond simply buying protection and instead ask how insurance dollars can be used efficiently.

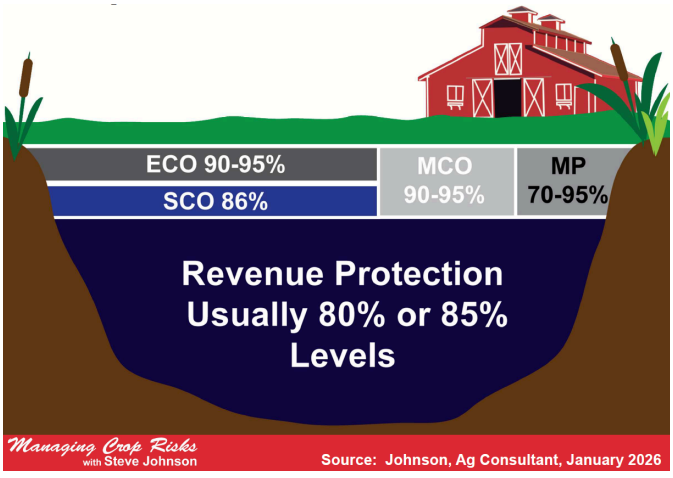
That discussion starts with understanding deductible exposure. A standard 85% Revenue Protection (RP) policy still leaves a meaningful shallow-loss band uncovered, often where many farms are most vulnerable in lower-margin environments. RMA Area Risk Protection products such as SCO/ECO now allow producers to insure that deductible band more affordably due to enhanced subsidy support.



This is creating opportunities to structure protection more strategically rather than defaulting to the highest RP level. In many scenarios, layering these products alongside a lower RP level can improve efficiency while maintaining similar or even lower out-of-pocket cost.

Private Crop Hail products should be viewed through the same lens. When properly structured to cover the deductible band left behind by federal insurance, these tools become targeted risk-management instruments rather than blanket protection. The objective is not to insure every bushel, but to defend the portion of revenue most likely to impact profitability.

Long-term performance data produced by Approved Insurance Providers (AIPs) are reinforcing this strategy. In many local scenarios, ECO has produced return-to-premium ratios exceeding 300% over 20-year periods due to frequent shallow-loss payouts and new elevated subsidy levels. That track record suggests certain crop insurance products can serve not only as defensive tools, but also as offensive tools when implemented consistently over time.



Crop insurance should no longer be viewed as a one-dimensional expense. For operations willing to analyze deductible exposure and layer coverage intentionally, it can function as both a defensive shield against downside risk and an offensive strategy to improve long-term return-on-investment from insurance dollars.

Farm Management

June 9, 2026 at the Cherokee Golf Course from 10:30 am - 12:30 pm, but hurry, seating is limited! RSVP Today!

From Dirt to Decisions: Smarter Farm Management Starts Here



Eric Weuve - Farm Management Specialist with ISU Extension and Outreach

Eric will guide us through key topics for landowners, including:

- Questions to ask when selecting a farm manager
- Farm and lease characteristics under a farm manager
- Understanding landowner goals
- Effective communication in land ownership
- Important considerations when owning land with multiple owners, including ownership structure (titles)

Don't miss this opportunity to gain valuable insights into farm management and land ownership!

Questions about our farm management services?

- Asset Management
- Sustainable Agriculture
- Accounting Services
- Farm Consulting
- Grain Marketing
- Leasing Services



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