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Cherokee State Bank

Harvest Update



Welcome to the 2026 Pre-Harvest Edition of the Cherokee State Bank Farm Management Newsletter! As summer winds down and northwest Iowa's fields inch toward maturity, our Ag community shifts their attention from the promise of planting to the payoff of harvest. With combines being readied, late summer brings critical decisions that determine whether a good crop becomes a profitable one. Inside, you will find insights on why this season is all about timing when it comes to weather, a look at how the USDA and Pro Farmer estimates stack up against one another, and a discussion of leasing to the next generation as landowners weigh how to transition their assets. We also explore how to bridge the gap for absentee landowners who deeply value their farmland but wish they had a stronger presence on it. We wish you all a safe and bountiful harvest!



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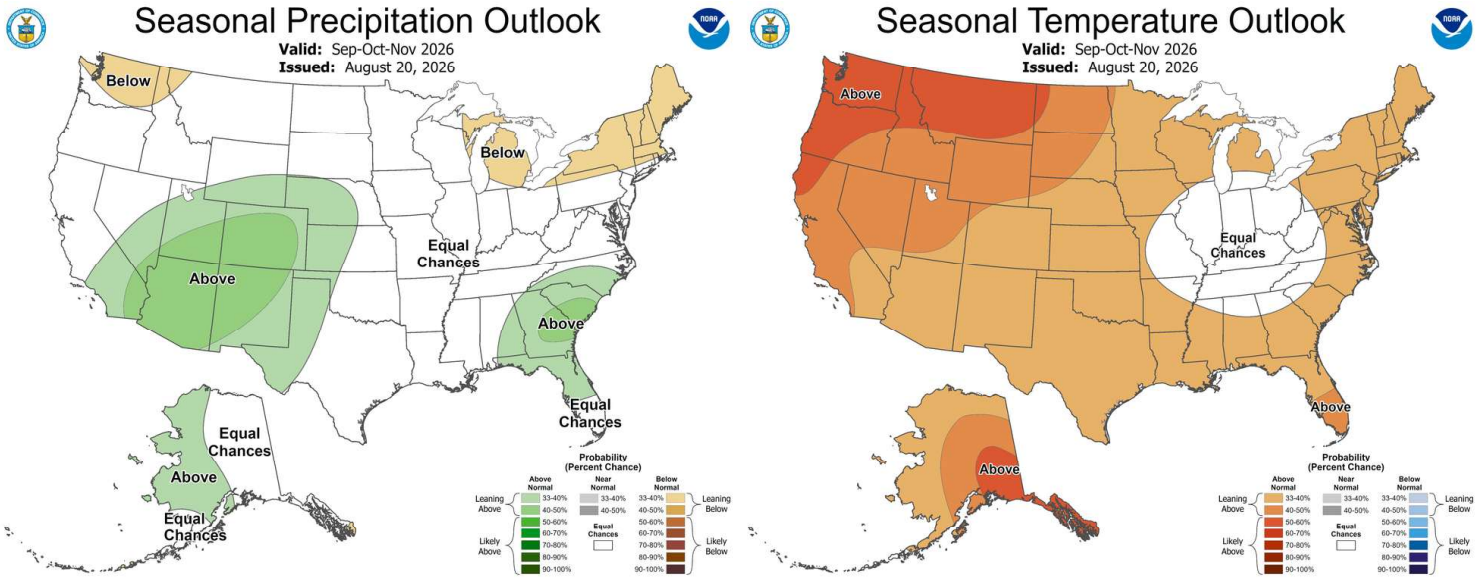


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Weather - Timing, Timing, Timing!

The 2026 season started with heavy promise. Planting started slightly earlier than normal across most of the Corn Belt, and a steady temperature growing season pushed the crop along with growing degree units building steadily. The defining theme became a wet vs dry split where some areas saw excessive spring and early-summer rainfall while others battled drought. July rainfall across Minnesota ranged from 10 to 15 inches in the southeast to less than an inch in the extreme southwest. That fast development was a double-edged sword, because it brought the crop to its most weather-sensitive moments earlier and with less margin for error.

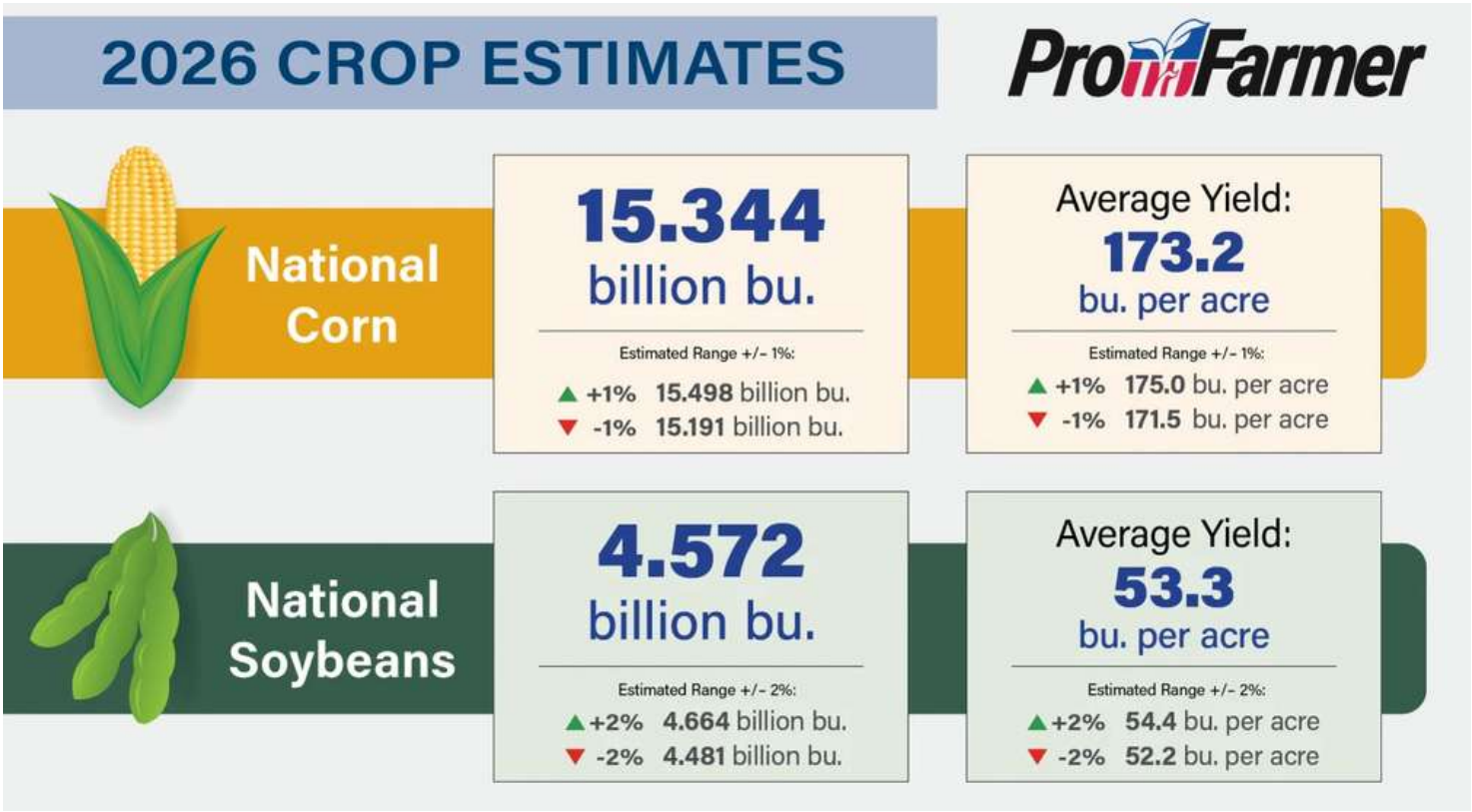
The turning point came in the second half of July, when rain shut off across much of the central and western Corn Belt right at pollination, and overnight temperatures ran above average, a known yield robber. The eastern Corn Belt largely held favorable conditions while the west, Nebraska especially, carried real risk. The result shows up in the USDA condition ratings, which peaked early and slid week after week; corn fell from 61% good-to-excellent in early August to 57% by August 23, down from 65% in 2025. The bottom line for 2026 is a decent, near-average crop that was pulled back from excellent by a dry, warm-night finish through its most sensitive weeks.



Looking at NOAA's Sep-Oct-Nov 2026 outlooks for the Corn Belt, the temperature map places most of the central Corn Belt in a “leaning-above” (33-40% above normal) band, with a notable “equal chances” bubble sitting right over the eastern belt. The precipitation map is more decisive for western Iowa and the central plains, falling inside the "above normal” zone while the eastern belt reads "equal chances." For harvest, that combination points to a warm, wet finish across the western Corn Belt. Leaning warm temperatures favor faster late-season dry down, letting grain shed moisture in the field. The above-normal precipitation cuts the other way, leaning wetter, slowing dry-down, and raising the odds of harvest delays and elevated grain moisture. The result is a stop-and-go harvest across the western belt, while the eastern belt is essentially a coin flip.

Markets – USDA vs Pro Farmer

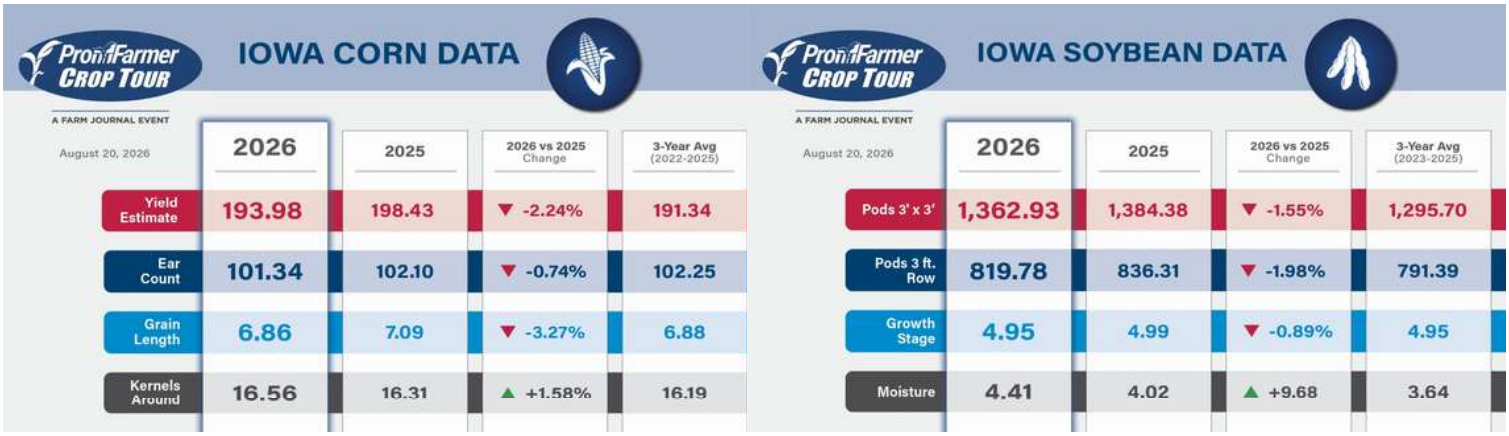
The 2026 Pro Farmer Crop Tour set up a clear split with USDA this year, mostly on corn. Pro Farmer's national corn yield of 173.2 bushels per acre sat well below USDA's August estimate of 180.7, a 7.5-bushel cut. On soybeans, Pro Farmer's 53.3 bushels per acre came in slightly above USDA's 52.7. So, heading into harvest, the tour is telling a much more bearish corn story than the government and a modestly more bullish soybean story.



The tour exists as an independent check, ahead of USDA, and it gets there a different way. Pro Farmer scouts pull physical samples across more than 3,000 fields, whereas USDA leans on survey-based methodology. Because the approaches differ, gaps between the two are common, and it's the direction and size of the gap that trade reacts to, not the existence of a gap. This year, the tour's read came from what road appearances were hiding: lower ear populations, shorter grain length, and inconsistent corn performance, while soybeans showed strong pockets but remained dependent on late-season weather.

Iowa is where the USDA vs Pro Farmer gap was widest. The tour pegged corn at 193.98 bushels per acre, down 2.2% from last year but 1.4% above the three-year average. USDA is forecasting a state record of 216, creating a 22-bushel spread, one of the largest state-level disagreements in the data. On beans, Iowa held up well with pods in a 3'x3' square averaging 1,362.93, down 1.6% from 2025's Tour but up 5.2% versus the three-year average. Scouts flagged strong east and central Iowa beans with clean fields, while western Iowa lagged despite good moisture and minimal disease. Iowa stayed in the record conversation while Minnesota was the tour's corn standout.

Markets, continued...



Pro Farmer Crop Tour — A Farm Journal Event — August 20, 2026

IOWA CORN DATA

	2026	2025	2026 vs 2025 Change	3-Year Avg (2022-2025)
Yield Estimate	193.98	198.43	▼ -2.24%	191.34
Ear Count	101.34	102.10	▼ -0.74%	102.25
Grain Length	6.86	7.09	▼ -3.27%	6.88
Kernels Around	16.56	16.31	▲ +1.58%	16.19

Pro Farmer Crop Tour — A Farm Journal Event — August 20, 2026

IOWA SOYBEAN DATA

	2026	2025	2026 vs 2025 Change	3-Year Avg (2023-2025)
Pods 3' x 3'	1,362.93	1,384.38	▼ -1.55%	1,295.70
Pods 3 ft. Row	819.78	836.31	▼ -1.98%	791.39
Growth Stage	4.95	4.99	▼ -0.89%	4.95
Moisture	4.41	4.02	▲ +9.68	3.64

The tour vs USDA corn number didn't create the rally so much as validate it. Corn and soybeans were already climbing on stacked risk premiums, and the disappointing yields fed the bull. On production, the tour confirmed the bulls, and December corn extended its rally to $5.30, its highest since July 2023. On geopolitics, the immediate concern was that the Russia/Ukraine war could escalate rather than wind down, with Black Sea export worries dragging corn and soybeans higher alongside wheat. On demand, active Chinese buying of new-crop U.S. soybeans added support underneath. The tour ultimately stripped away the bearish record crop story that had capped prices all summer. USDA is now looking optimistic on corn relative to the field data, and markets are pricing in less room for things to go right. The September 11 USDA Supply and Demand report is the next major test of which side wins 2026.

The September 11 USDA Supply and Demand report was the next major test of which side wins 2026, and it told a familiar story for anyone watching the crop through late summer. USDA trimmed corn and left soybeans a touch heavier, but little of it caught the market off guard. On the corn side, USDA lowered the national yield to 178.5 bushels per acre and cut production by 213 million bushels to 15.8 billion, while raising the season-average price forecast to $4.80. Soybeans went the other way as production approached a record 4.535 billion bushels on a small yield bump to 52.8 bpa, and the price forecast climbed to $12.00. The bigger takeaway is how little of this was news. The corn cut had been priced in for weeks as crop-condition ratings and yield expectations steadily fell, and USDA's official 178.5 yield landed almost dead-on the 178.1 trade average. This resulted in a classic buy-the-rumor, sell-the-fact scenario, and the report sparked little market movement.

Land - Leasing to the Next Generation

Iowa's farmland is caught in a demographic squeeze. The most recent USDA Census of Agriculture (Iowa), dated 2022, found the average farmer is 57.6 years old, there are 86,911 farms, and there are 15,835 young producers. At the same time, land values have climbed to levels that put cash purchases out of reach for most people just getting started. For landowners who want to help a new operator gain some traction and reduce their own state tax bill in the process, the Iowa Finance Authority's Beginning Farmer Tax Credit Program is one of the strongest tools available.



Administered by the Iowa Agricultural Development Division within the Iowa Finance Authority (IFA), the program gives a state income tax credit to the landowner who leases agricultural assets to a qualified beginning farmer. Only the asset owner receives the tax credit, and eligibility is capped at 15 years. While beginning farmers receive no direct credit, they gain value through dependable, long-term access to land they otherwise couldn't afford.

Eligible assets include land, machinery, equipment, buildings, bin storage, and breeding livestock, though the lease must include land at a minimum. The tax credit amount depends on the lease structure. For cash rent leases, the credit is 5% of the cash rent; for crop share leases, it is 15% of the landowner's share of the crop; and for flex leases, it is 15% of the flex (bonus) portion of the payment.

There are two important stipulations. The cash rent can't be more than 30% above the county average, based on Iowa State University's annual survey, and the maximum tax credit is $50,000 per asset-owning taxpayer per year across all eligible leases. If the credit exceeds your tax liability in a given year, it isn't lost. Any tax credit exceeding tax liability can be carried forward and applied against tax liability for the following 10 years or until depleted, whichever is earlier.

The credit hinges on the tenant meeting the IFA's beginning-farmer criteria. The applicant must be an Iowa resident at least 18 years of age, have a net worth of no more than $901,000 (adjusted for inflation annually), have sufficient education, training or experience for the anticipated operation, have access to adequate working capital and equipment, and be the owner/operator. Notably, there is no restriction on off-farm income, a factor worth considering for younger operators who are still holding a town job as they build their operation.

A few operational highlights for anyone considering an application include lease term, joint application, deadlines, funding, and acceptance rate. The lease must be for a minimum of two years but no more than five years. This built-in commitment is part of what makes the program valuable to the beginning farmer by providing stability rather than a year-to-year handshake. Applications are made jointly by both the asset owner and the beginning farmer and must include a professionally prepared financial statement for the beginning farmer. The application window closes annually, with the applications historically opening January 1 and closing August 1. The program is funded at $12 million per year, and applications are processed in order of completion. IFA states that virtually all qualified applications are accepted, with only an estimated 10 to 20 rejected each year for failing to meet eligibility requirements.

For an owner who isn't ready to sell but wants their ground farmed well and wants to support a new operator, this program hands you a 5%–15% state income tax credit for doing it with a qualifying beginning farmer. Iowa farmland values have made outright purchases prohibitive, which makes this lease incentive path the first stop rather than a fallback. Beyond the tax savings, there's an angle that resonates with many landowners: the chance to keep ground in active production under a motivated young operator and play a direct role in the generational transfer Iowa agriculture badly needs.

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Bridging the Gap



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Many farmland owners today inherited family ground but live outside Northwest Iowa or work full-time careers away from agriculture. While they value family legacy, managing a farm from a distance can be difficult. A professional farm manager serves as your trusted local presence, monitoring weather impacts, checking tile and drainage concerns, maintaining communication with tenants, and helping ensure the land is cared for properly year after year.

Having a Farm Manager also helps take the emotion out of lease negotiations. As a neutral third party, we use Northwest Iowa cash rent data, yield history, and local market trends to help establish fair, competitive lease terms. This allows landowners and tenants to maintain strong relationships while ensuring the farm remains productive and financially sound for the future.

At Cherokee State Bank, we believe good farm management is about more than collecting rent checks. It's about protecting your investment, preserving your family's legacy, and providing trusted local guidance you can count on. When it comes to your farmland, trust advisors who are rooted in the community and invested in your success.



Questions about our farm management services?

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



Our team is here to help! Call or email us today!