

COMMUNITY LEADERS IN AG

WWW.CHEROKEESTATEBANK.COM



2025 Harvest Edition



Welcome to the 2025 Harvest Edition of the Cherokee State Bank Farm Management Newsletter! Nestled in the heart of northwest Iowa, our community is deeply rooted in a proud agricultural tradition that drives both our economy and our way of life. In this edition, we're excited to bring you the latest insights, from weather trends and market updates to soil testing analyses and soybean moisture management tips. As harvest winds down and planning begins anew, our goal is to help you make every acre and every decision count!



**Kyle
Schmiller**

Vice President – Farm
Management Specialist



**Levi
Lundquist**

Commercial Loan Officer
– Credit Analyst

Cherokee State Bank
212 W Willow St.
Cherokee, IA 51012
(712) 225-3000

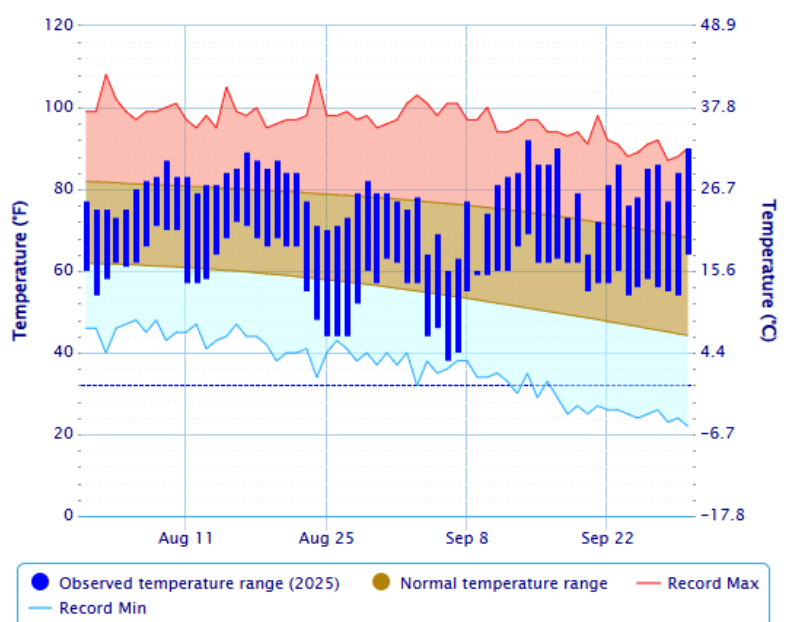
Weather

As the 2025 growing season winds down in northwest Iowa, producers have enjoyed a favorable harvest window, but not without challenges. Warm, dry weather through late August and September has kept field conditions open for machinery, yet the same conditions have also accelerated grain dry-down faster than preferred. According to temperature data from Sanborn, Iowa, daily highs consistently ran well above normal, with many late-season days exceeding 90°F. This record-setting heat, paired with minimal rainfall as shown in the accumulated precipitation graph, has driven a rapid loss of grain moisture across corn and soybean acres.

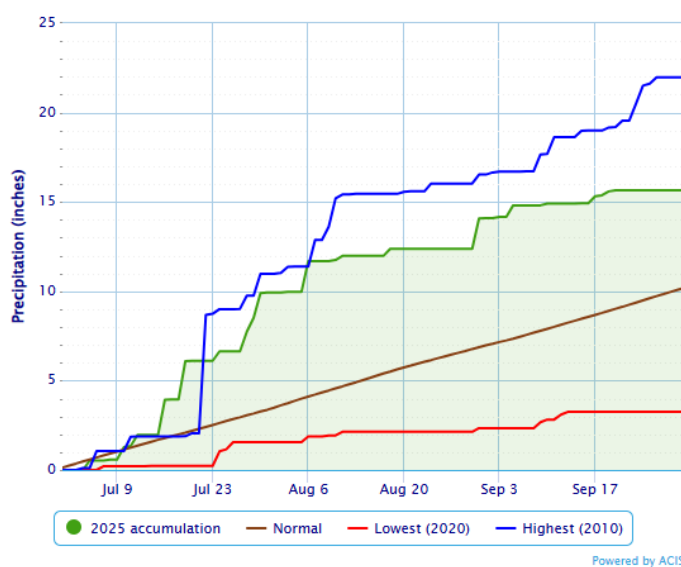
This quick dry-down may sound ideal for cutting harvest drying costs, but it carries a financial tradeoff. As Iowa State University Extension specialists note, excessively dry corn can lead to yield loss through kernel damage, increased mechanical shatter, and reduced test weight. Similarly, soybeans harvested below the market-standard 13% moisture lose both shrink and saleable water weight. While natural field drying reduces the need for artificial drying expenses, it can quietly erode profit margins when grain becomes overly dry before harvest completion.

The lack of late-season rainfall has also compounded stress on stands already weakened by disease pressure, even post fungicide preventive treatments. Southern rust, tar spot, and gray leaf spot, three of Iowa's most prominent foliar diseases this season, have thinned canopies and prematurely dried plants across the state. Reports from local agronomists and Iowa State's Integrated Crop Management program confirm that these diseases have been especially aggressive under the hot, humid early-summer conditions that preceded the drought. As a result, even in fields that appear visually ready, test weights and kernel fill have been compromised, adding another layer of complexity to yield outcomes. Overall, this season has illustrated the fine balance between harvest efficiency and grain quality. The warm, dry finish offered nearly ideal field conditions but introduced hidden costs through rapid moisture loss and disease stress. As harvest progresses, close monitoring of grain moisture, hybrid response, and disease impact will be critical for future management decisions.

Daily Temperature Data – SANBORN, IA



Accumulated Precipitation – SANBORN, IA



Markets

Over the past 90 days, corn and soybean markets have been influenced by a mix of strong production potential, volatile policy developments, and shifting global demand. After early season strength, both markets softened as forecasts predicted record U.S. yields and larger global supplies. December 2025 corn futures have hovered near \$4.15 per bushel, while November 2025 soybeans have traded around the low \$10 range. Both are well below levels that support strong profit margins, keeping pressure on farm budgets as harvest begins across the Corn Belt.

Export demand has been mixed and insufficient to offset the weight of big crops. Corn exports have been steady thanks to consistent buying from Mexico, Japan, and other traditional customers. However, soybean sales to China, once the dominant buyer, have remained inconsistent amid ongoing tariff uncertainty and increased competition from South America. Brazil's record export pace and a favorable currency have made its soybeans cheaper on the world market, challenging U.S. competitiveness. Trade policy has continued to add uncertainty. Tariff discussions between the U.S. and China have surfaced several times over the past three months, occasionally sparking short-term rallies or selloffs depending on the tone of negotiations. With no clear long-term resolution, the market has been forced to price in the risk of weaker U.S. export demand through the winter months. In the meantime, South American weather remains a wildcard. Traders are watching daily rainfall totals closely, knowing that any verified production issues in Brazil or Argentina could quickly shift global supply expectations and lend support to U.S. prices. Biofuel and energy markets have played a supporting but secondary role. U.S. ethanol output has remained near seasonal norms but slightly below last year, tempering demand growth for corn. From a broader financial perspective, a stronger U.S. dollar and cautious funds have kept speculative buying limited. Managed money accounts have largely held net short positions in both corn and soybeans. The recent federal government shutdown, which suspended USDA's key reports including WASDE and weekly export updates, has added another layer of volatility as traders operate without the usual supply-and-demand benchmarks.

Overall, the last 90 days in the grain markets have been characterized by record production potential, trade friction, and a cautious demand environment. With abundant supplies on hand and South America about to enter its critical growing season, price direction into year-end will hinge on weather patterns abroad and the resumption of U.S. export data once government reporting returns. For producers, this remains an environment that rewards disciplined marketing by capturing rallies when they appear, managing basis opportunities, and closely watching global developments. Strategic sales and proactive farm management will be key to navigating what remains a low margin but fast-moving market.



Land – Soil Testing

Soil testing is one of the most valuable and practical tools in modern farm management, offering insights that extend far beyond crop fertility. Agronomically, soil testing provides a snapshot of a field's nutrient levels including but not limited to phosphorus, potassium, calcium, magnesium, organic matter, and pH. This allows farmers to apply inputs efficiently and maintain soil health. When integrated into precision agriculture systems, these tests support variable-rate nutrient applications and long-term fertility planning, which can lead to higher yields and reduced input costs.



PHOTO: PRECISION PLANTING

Beyond crop management, soil testing also serves as a strategic tool in the business side of farming, especially during rent or sale price negotiations. A well-documented soil test provides tangible evidence of a field's fertility and productivity potential. For landowners, soil tests that show high nutrient levels or strong organic matter content can justify a higher rental rate, since tenants benefit from lower fertilizer costs and more productive soils. Conversely, tenants can use soil test results showing depleted fertility or acidic pH to negotiate lower rent or request cost-sharing for fertilizer and lime applications. In some cases, both parties agree on a "baseline fertility clause," where soil tests at the start and end of a lease determine whether additional rent adjustments or reimbursements are warranted. This creates transparency and ensures both landlord and tenant invest fairly in maintaining soil health over time.

From a financial and tax perspective, soil testing can even unlock deductions. Under IRS Code Section 180, buyers of farmland may be eligible to deduct the value of residual soil fertility, essentially treating it as an asset with measurable value. To qualify, the fertility levels must be verified through professional soil testing and documentation by a certified agronomist. This practice, often referred to as a "legacy nutrient deduction," highlights how soil testing can directly impact farm profitability and long-term asset management.

Fall offers the perfect window for soil testing, providing a clear snapshot of nutrient levels after the growing season and before winter freeze. Fall sampling allows farmers and managers to evaluate how crops utilized nutrients throughout the year and to make informed fertilizer and lime recommendations well ahead of spring fieldwork. This proactive approach supports better budgeting, input efficiency, and improved soil health over time.

Understanding the true value beneath the surface is just as important as managing what grows above it. A skilled farm manager can turn soil test data into an actionable strategy, bridging agronomy with economics. From interpreting fertility reports, negotiating fair rent terms, identifying cost-share opportunities, or documenting nutrient values for tax advantages, a professional manager ensures no detail is overlooked. Partnering with a knowledgeable farm management team doesn't just improve crop performance, it protects your investment, maximizes financial returns, and brings clarity to every acre you own.



Soybean Moisture Losses

Levi Lundquist,

Commerical Loan Officer | Credit Analyst

Soybean moisture at harvest is not just an agronomic detail, it's a key driver of profitability. Harvesting too wet triggers elevator discounts or even rejections, while harvesting too dry cuts into saleable water weight and higher risk of field losses. The data provided in the chart shows how quickly yield value erodes when the market benchmark of 13% is not achieved due to harvest timing.

From the standard market benchmark of 13%, there are discount schedules for everything above and opportunity cost for everything below. This chart follows the Platinum Crush Grain Policy for beans delivered above the threshold. When loads exceed 15% or higher they are often rejected due to storage and handling concerns. On the other hand, harvesting below 13% results in yield loss from shrink and the small percentage losses add up quickly in the field. For example, a 70-bushel-per-acre field harvested at 9% moisture loses about 3.10 bushels per acre, 1,550 bushels across 500 acres. At \$10 per bushel, that is \$15,500 in lost revenue!

YIELD LOSS & SOYBEAN MOISTURE

| HARVEST MOISTURE | YIELD LOSS | BUSHELS PER ACRE | | | |
|---------------------|---------------|------------------|--------|--------|--------|
| | | 50 | 60 | 70 | 80 |
| 15.0% | - | Reject | Reject | Reject | Reject |
| 14.6% | -6.00% | -3.0 | -3.6 | -4.2 | -4.8 |
| 14.1% | -4.50% | -2.3 | -2.7 | -3.2 | -3.6 |
| 13.6% | -3.00% | -1.5 | -1.8 | -2.1 | -2.4 |
| 13.1% | -1.50% | -0.8 | -0.9 | -1.1 | -1.2 |
| 13.0% | - | - | - | - | - |
| 12.0% | -1.13% | -0.6 | -0.7 | -0.8 | -0.9 |
| 11.0% | -2.25% | -1.1 | -1.4 | -1.6 | -1.8 |
| 10.0% | -3.33% | -1.7 | -2.0 | -2.3 | -2.7 |
| 9.0% | -4.40% | -2.2 | -2.6 | -3.1 | -3.5 |
| 8.0% | -5.43% | -2.7 | -3.3 | -3.8 | -4.3 |

LEVI LUNDQUIST

Beyond shrinkage, mechanical losses also increase as beans get too dry. Pod shatter, splits, and cracked coats become more common below 11% moisture, especially when weather conditions cause repeated wet/dry cycles. Harvesting during higher humidity periods, such as early morning or evening, can help reduce shatter risk and maintain quality.

Because soybeans can lose several moisture points per day in warm, dry, or windy conditions, maintaining control over harvest timing is essential. Adjusting combine settings throughout the day, closely monitoring field moisture, planning maturities, and managing logistics ahead of time all help maintain that optimal 13% target.

Harvest timing is a business decision as much as an agronomic one. The right timing requires coordination, experience, and attention to detail. Our farm management services can help ensure the hiring of skilled operators dedicated to properly time your ideal harvest window. By managing both people and timing, we can help you capture every bushel and turn sound management into measurable profit.

**WHAT DID THE DUCK SAY
TO THE BANKER?**



**MY BILL IS BIGGER
THAN YOURS.**

Itsy Bitsy Fun

**WHY DID THE COW
GO TO SPACE?**



TO SEE THE MOOOON

Itsy Bitsy Fun

Questions about our Farm Management Services?

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



Call or email Kyle at
712-225-3000 ext. 365
kschmillen@cherokeestatebank.com



Call or email Levi at
712-225-3000 ext. 350
llundquist@cherokeestatebank.com