

BETWEEN THE ROWS

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Winter 2025

In this issue:

- 1 Commodity Prices
- 3 Weather Update
- 4 Potential Tax Changes
- 5 2024 Land Sales
- 6 Current Listings
- 7 Staff Highlights

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COMMODITY PRICES



Tyler Erickson, AFM | Licensed Real Estate Salesperson, Certified General Appraiser

In the fall of 2023, the price outlook for the 2024 crop year on the Chicago Board of Trade (CBOT) was trading respectively at \$5.00 to \$5.20 per bushel for corn while soybeans prices were roughly \$12.50 to \$13.15 per bushel. The fall 2024 price outlook on the CBOT for the 2025 crop year ranged from \$4.40 to

\$4.60 per bushel for corn while \$10.40 to \$11.00 per bushel for soybeans. The discussion of cash rent levels and cash flows for corn and soybean production for the 2025 crop year had a weaker tone and was much more challenging due to the approximate 60 cent per bushel lower price for corn and over \$2 per bushel price loss on soybeans while input prices such as fertilizer, seed, herbicide, etc. were relatively stable.

Since mid-October, corn prices have fluctuated within a relatively stable range while soybean prices have experienced a more noticeable downward trend driven by a combination of abundant U.S. supply, moderate export demand, and expectations of large soybean crops in Brazil and Argentina. Corn prices on the nearby CBOT months have traded a range from approximately \$4.15 to \$4.55 per bushel while soybeans have a wider trading range of approximately \$9.45 to \$10.40 per bushel.

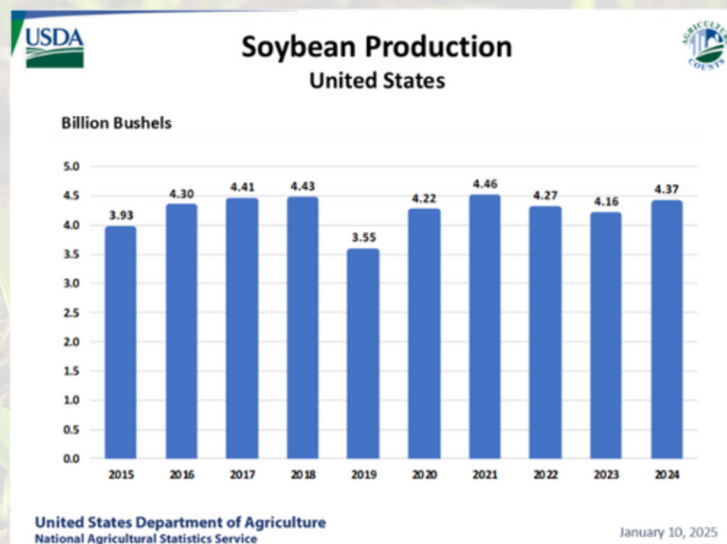
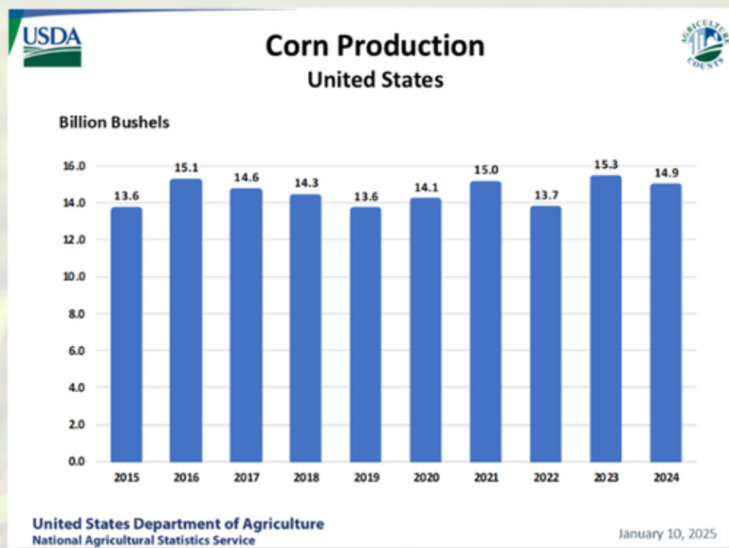
Farm Management

Real Estate Sales

Farm Appraisals

Back on November 7th, the USDA Supply & Demand report showed a reduction in the U.S. corn crop production by 60 million bushels to a 15.143-billion-bushel crop and a reduction in the U.S. soybean crop by 121.2 million bushels to a 4.461-billion-bushel crop. Since mid-December, corn prices gained some strength due to a bullish USDA Supply & Demand Report in December that showed an increase in ethanol usage and exports of 200 million bushels which lowered the US corn carryout total from 1.938 to 1.738 billion bushels. Soybeans didn't realize much change in the December USDA Supply & Demand Report and continued to trade a range. The USDA January 2025 Supply and Demand Report gave a much needed positive tone to commodity prices as the USDA lowered the average national corn yield from 183.1 bushels per acre to 179.3 bushels to the acre and 51.7 bushels per acre to 50.7 bushels to the acre for soybeans. Total corn production went from 15.143 billion bushels to 14.867 billion bushels and 4.461 billion bushels to 4.366 billion bushels on soybeans. This is a record national corn average yield and 4th highest total corn crops produced in the U.S. States like Illinois, Indiana, Iowa, Nebraska, and Ohio experienced record high yields in 2024 unlike Minnesota where we experience average to below average corn and soybean crops due to excessive rains early in the growing season.

The price outlook for corn and soybeans remains in question as we head into 2025 as the global supply of corn and soybeans is abundant. The market is expected to remain sensitive to weather forecasts in South America. If dryness in South America becomes a story in the next several weeks, it could lead to an upward trend on corn and soybeans prices. Conversely, if favorable South American weather is realized it could provide more downward pressure on prices. Also talks of tariffs by the new administration would not be favorable for commodity prices if realized. 2025 will be another intriguing year to see what events play out that affect commodity markets.



WEATHER UPDATE



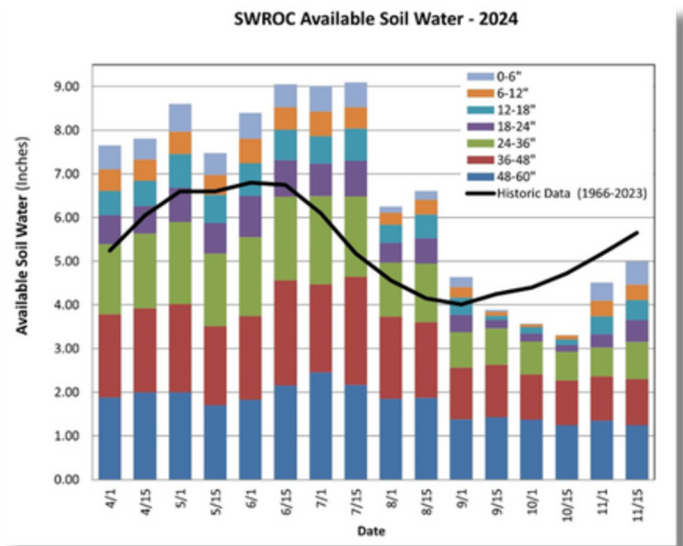
Corey Prins, AFM | Licensed Real Estate Salesperson

Welcome back to another “Between the Rows” weather report. Do you recall the last report from early July, 2024? Precipitation and moisture were plentiful, and there were no reports of drought conditions in the upper Midwest! Wow, did that change from mid-August through mid-October, where many areas of SW MN received little, to no, measurable precipitation for 60+ days. Conditions were very dry as crops matured, which resulted in an early harvest and unusually dry grain.

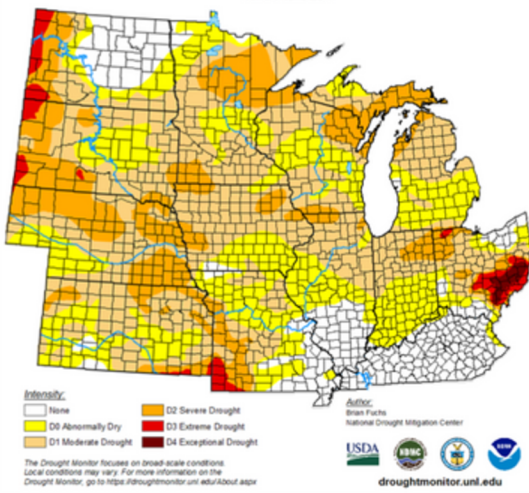
The ideal grain moisture during harvest for soybeans is 13% and 15% for corn. Soybean harvest moistures were commonly in the 8%–9% range and I even heard of a sample that came in at 7%. Corn on the other hand is most commonly harvested around 16 to 21% moisture and dried down to 15%. This year, it was common to hear corn moistures ranging between 12% to 15% which is very unusual. This was a testament to how low humidity levels were....it was desert like.

Dry soil conditions make fall tillage very difficult as tillage tools pull harder and add extra wear on the tillage equipment. This increases the cost of tillage because the tillage points need to be replaced more frequently.

Thankfully, measurable amounts of precipitation occurred late this fall and created a better environment for tillage for the farm operators who were patient. The chart to the right from Southwest Research and Outreach Center (SWROC) in Lamberton, MN shows the level of available soil water from April 1 to Nov 15. Notice how far above average soil moisture was in the first half of the growing season and how short soil moisture was through plant maturity and harvest.



U.S. Drought Monitor
October 15, 2024
(Released Thursday, Oct. 17, 2024)
Valid 8 a.m. EDT



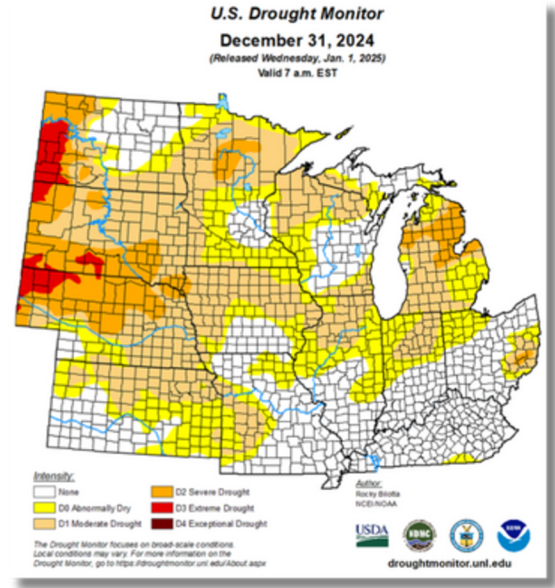
The vast extremes of weather this growing season (too much precipitation in the first half of the season and no to minimal precipitation in the second half of the season) resulted in highly variable yields. Farm operations had fields with impressive yields and fields with very low yields, and those fields could have been next to each other. Crop insurance adjusters were extremely busy this fall handling a high volume of crop insurance claims as a result of the poor yields and low commodity prices.

Prior to the soil profile freezing in late November or early December, drought conditions from early fall were reduced. However, the soil profile is still short of moisture and we will have to wait for spring rains to replenish it as snow on frozen ground from December - March has minimal benefit to soil profile...

moisture. (See current drought monitor map)

As we reflect on the 2024 growing season, it is important to remember how erratic conditions really were. If you just looked at the total averages for the season one would think it was a great growing season. As of 12-16-2024 SWROC in Lamberton, 2024 total precipitation is measured at 34.34 inches which is 7.52 inches above the historic average of 26.82” (year-to-date).

Now looking forward into 2025, we have no idea what is in store, but we do know that ice fishermen are much happier than last winter already as many surrounding lakes have great ice for fishing. Additionally, many parts of MN had a white Christmas, and producers will spend time sharpening the pencil for their 2025 budgets, and figuring out how to manage weather, price risk for another growing season.



2025 / 2026 POTENTIAL TAX CHANGES



Brandon Kirk, AFM | Licensed Real Estate Salesperson, Certified General Appraiser

Estate tax exemptions, child tax credit, earned income tax credit, and bonus depreciation are set to expire by the end of 2025 which impact taxes for farmers and the agriculture sector. A major concern is the status of the estate tax exemption and stepped-up basis.

The Federal Estate Tax Exemption could potentially be cut in half resulting in higher estate tax liabilities. In 2017 Congress temporarily passed an increase to the Federal Estate Tax Exemption level from \$5.49 million citing indexed to inflation. Current exemption limit is \$13.61 million and \$27.22 million per married couple as of 2024.

Should Congress let the current provisions expire at the end of 2025, it is estimated that the limits beginning in 2026 would revert to \$7.20 million per single taxpayer, or \$14.40 million per couple.

Another important agricultural tax provision is the Stepped-Up in Basis. As we know, farmland historically appreciates in value over time. Losing the Stepped-Up Basis would mean a tax on the full appreciated value of the land as compared to the cost of the land when it was inherited or purchased. The loss of Stepped-Up Basis could result in the heirs being forced to sell part of their inherited land to cover the cost of the tax upon the death of the deceased.

It is critical for landowners to stay informed on these and other farm tax laws as Congress embarks on writing new tax legislation in 2025.

2024 LAND SALES OVERVIEW



Mike Norgaard, AFM | Licensed Real Estate Broker

We'd like to extend a huge "THANK YOU" to our clients for hiring us as their trusted brokerage firm for land sales. It's an honor to work for so many great people. 2024 began with somewhat conservative expectations for values due to several of the factors you will read about in this newsletter. Our assumption was that weaker cash flows for corn and soybeans generally would lead to weaker sale values. However, the demand for tillable cropland has outweighed the current economics and land values have been resilient throughout our trade area. Not surprisingly, the strongest

observed sale values are most consistently tied to high quality soil types that are well drained. Our observation is that buyers are still very interested in the capitalizing on the stability of the farmland market in comparison to other financial sectors. As we begin 2025, we'll be tuned in closely to the profitability outlook for crop production agriculture. The factors that influence commodity markets can be as unpredictable as long range forecasts. We continue to be optimistic that the long term trends will continue. Cheers to a prosperous 2025!

2024 Land Sale Summary

County	Closing Month	Acres	Price Per Acre	Land Type
Lincoln	January	159.29	\$11,200	Tillable
Murray	January	160	\$9,063	Tillable/CRP
Murray	February	84.49	\$7,693	Tillable /CRP
Redwood	March	60	\$9,167	Tillable/CRP
Swift	March	320	\$6,875	Tillable
Humbolt, IA	April	144.61	\$15,172	Tillable
Lyon	May	160	\$11,850	Tillable
Pipestone	May	159.31	\$7,219	Tillable/Conservation
Lyon	June	96	\$4,583	CRP
Lincoln	July	320	\$6,938	Tillable/Conservation
Lyon	July	211	\$10,000	Tillable
Redwood	July	235.15	\$10,206	Tillable CRP
Grant	August	128	\$10,600	Tillable
Grant	August	240	\$10,208	Tillable/Feedlot
Lyon	August	240	\$12,193	Tillable
Lyon	August	160	\$13,500	Tillable
Lyon	August	311	\$12,191	Tillable
Moody, SD	August	80	\$16,500	Tillable
Cottonwood	September	400	\$13,750	Tillable
Lyon	September	160.71	\$11,754	Tillable
Yellow Medicine	September	120	\$9,000	Tillable
Yellow Medicine	September	61.29	\$11,258	Tillable
Beadle, SD	October	295.57	\$3,299	Tillable/Pasture
Lyon	October	80	\$5,313	Tillable/CRP
Murray	October	120	\$9,250	Tillable
Yellow Medicine	October	60.40	\$10,596	Tillable
Yellow Medicine	October	63.70	\$11,774	Tillable
Yellow Medicine	October	81.18	\$12,257	Tillable
Yellow Medicine	October	179.60	\$11,253	Tillable
Beadle, SD	November	160	\$5,300	Tillable
Cottonwood	November	75.97	\$11,300	Tillable
Lyon	November	80	\$10,500	Tillable
McLeod	November	154	\$8,442	CRP
Moody, SD	November	99	\$16,061	Tillable
Murray	November	160	\$10,100	Tillable
Lincoln	December	148.46	\$11,125	Tillable
Lyon	December	400	\$9,750	Tillable
Redwood	December	153.03	\$11,800	Tillable
Yellow Medicine	December	80	\$3,438	Recreational
Yellow Medicine	December	120	\$7,917	Tillable/RIM

OVER \$64.7 MILLION

6,500+ ACRES

13 COUNTIES

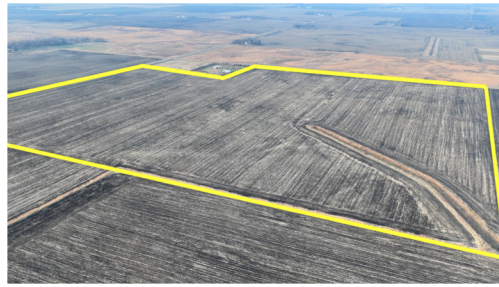
CURRENT LISTINGS BY COUNTY

LYON



Monroe Township

207.26± Total Acres
199.38 Tillable Acres, CPI 93.6
Contact Dan Sprengeler



Clifton Township

149.60± Total Acres
143.83 Tillable Acres, CPI 92.1
Contact Brandon Kirk

LINCOLN



Hansonville Township

80± Total Acres
78.15 Tillable Acres, CPI 90.6
Contact Dallas Mahoney

REDWOOD



Westline Township

144.49± Total Acres
142.95 Tillable Acres, CPI 93
Contact Tyler Erickson



Granite Rock Township

160.02± Total Acres
161.04 Tillable Acres, CPI 92.4
Contact Tyler Erickson

FREEBORN



Moscow Township

128.08± Total Acres
114.2 Tillable Acres, CPI 84.8
Contact Corey Prins

MURRAY



Lake Sarah Township

76.92± Total Acres
68.36 Tillable Acres, CPI 84.6
7.67 Recreational Acres
0.89 CRP Acres
Contact Dallas Mahoney



Iona Township

10.64± Total Acres
Spacious 60' x 100' heated shop, a 3-phase electric service, over 150,000 bushels of storage, a newly updated septic system, and fiber optic internet
Contact Dan Sprengeler



Dovray Township

148± Total Acres
141.70 Tillable Acres, CPI 90.7
Contact Heidi Guttormsson

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Staff Highlights

Welcome to the Team, Danica Czeck!



We're thrilled to introduce our newest staff member, Danica Czeck, who joined us in December 2024 as our Office Coordinator. Danica will be the friendly voice you hear when you call, and we're excited about the positive energy and contributions she brings to our office.

Outside of work, Danica enjoys spending time with her three girls & family, four wheeling/camping, and helping her husband with his auto body business

Please help us give Danica a warm welcome—we're so glad to have her with us!

Wishing Cindy a Happy Retirement!

After more than four years as our accountant, Cindy Rasmussen will retire at the end of January 2025. Since joining us in 2021, Cindy has been essential to our financial operations and office support, helping to keep everything running smoothly.

In retirement, Cindy looks forward to spending more time with her six grandchildren, riding motorcycle with her husband, and enjoying ATV adventures with her family.

We're grateful for Cindy's dedication and wish her all the best in this exciting new chapter!



Celebrating Katie's New Role!



Please join us in congratulating Katie Boettger on her transition from Office Coordinator to Accountant in our office! Since joining our team in 2023, Katie has been a fantastic team player and a vital part of our operations. We're excited to see her bring the same dedication and collaborative spirit to her new role.

Congratulations, Katie—we're confident you'll thrive in this next chapter!



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“Thanks so much for assisting us through the sales process, as well as helping manage our farm the last couple of years. It has been comforting knowing that we were in good hands!”

-David, August 2024