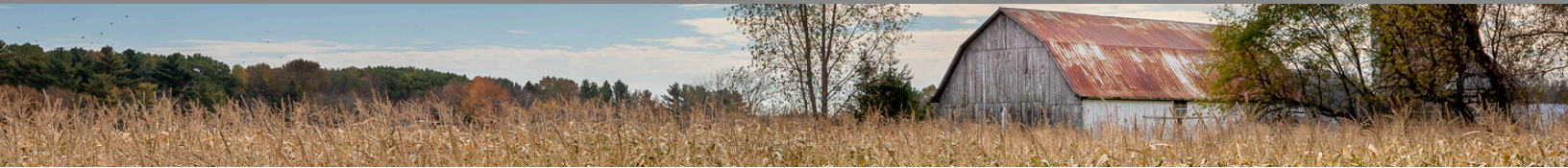




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THE OFFICIAL AGRICULTURE NEWSLETTER OF PEOPLES STATE BANK



Fall Commodity Outlook

Written by: Jacob Burks, Partner at AgMarket.Net

Harvest season is upon us, and it seems like it came a little quicker than expected. Generally speaking, our area experienced about as good a growing season as one could ask for until about August; and the faucets turned off. It feels like a little DeJa'Vu from last year when our crops were left without the finishing rains that filled pods and kernel weight needed for the bin buster. The difference this year is that we were given an overabundance of rain in the midst of summer. These rains are thought to be the culprit of bringing some disease pressure to our area that we are not used to. Some struggled to find the opportunity to defend against this with fungicides. Soon it will be the combine that lets us know if our yields are big enough to push us to profitability.

Corn

As the summer progressed, the corn market faced the ever-growing supply of US production. The ultimate size of the crop this year is alarming; however, when you look at the amount of demand domestically and in the world, our available stocks are not overly burdensome. From the global perspective, our expected stock-to-use at the end of this marketing year is the tightest since 2012. In February, we were given a \$4.70 price during our spring pricing average for MPC1 crop insurance products. This is the average price of December futures during the month of February-in the last 20 years, we have always had an opportunity to sell corn over that price. This caused a lot of complacency among grain marketers. Fast forward to the end of summer, and we saw a relatively consistent decline in price as yield expectations grew beyond the trendline. In August, the USDA provided one of the most bearish reports in history. They increased the expected national yield by 7.8 bushels per acre to 188.8. That may not have been the biggest surprise. The USDA, with new certified acres from FSA, added 2.1 million acres to bring planted acres to 97.3. This provided over 1 billion more bushels to our production for 2025 to bring it to a record high of 16.742 billion bushels. The ironic reaction from the market is that bearish news from the WASDE was on the same day that the market put in its lowest prices so far. The focus was soon moved to how the data collected for that report was too centered on the vegetation growth and crop condition reports leading up to the middle of August. There had been many field trials around that same time reporting pollination problems along with disease pressure that could hamper the extraordinary yields that were being projected. After the August report, the corn market found a way to continue its crawl higher. December corn went from the low of \$3.925 to getting comfortable around the \$4.15-\$4.20 area as the September report was released on September 12, 2025. They cut yield by 2.1 bushels per acre to 186.7, which was at the lower side of expectations, and will still be 7 bushels per acre larger than the previous record yield that was produced last year. The big surprise came from the additional 1.4 million acres that were added in this report. So, even with the decrease in yield, we once again saw an increase in production to 16.814 million bushels. It's extremely difficult to project an ending balance sheet a year in advance, so with higher production, the USDA must project an increase in demand. My caution to producers needing to sell grain is not to get caught up in small changes in yield estimates and expect a large rally. There is plenty of demand that can come off the books if prices get too expensive.

Soybeans

As in corn, the soybean yield expectations were extremely favorable in the early months of 2025. We were blessed with great moisture, and the potential for a bin-busting crop was there just like it was for corn. The USDA didn't shy away from posting that optimism in the August USDA report by increasing the yield expectations to a record 53.6 bushels per acre. The corn increase we saw in planted acreage directly affected the planted acres in soybeans, with the August report showing a loss of 2.5 million acres. The September report brought a lot of curiosity from traders with expectations of the USDA taking the dry weather in August into account to make a significant deduction to yield. They cut yield by only .1 bushel per acre and surprised the market by adding 200,000 planted acres. In the end, the balance sheet increased our carryout by 10 million bushels-to 300 million. The direction of the soybean market will be focused on demand. The government's decisions on how tax benefits in the renewable energy sector will have a major impact on the number of bushels that we crush, but the larger emphasis will be on exports. Will China buy?

Cattle

What a ride! Just when you think the cattle market is making a correction, we take off again. That has been the story over the last year. If you go back and look at the feeder cattle charts, you notice a general 30-day pattern of high to high and trough to trough. The cow/calf operator has been able to take advantage of record prices and, in most cases, record profits. Will this change? The culprit of this move has been well-advertised. The US cattle herd is at its lowest levels in 70 years. 'Ranchin' ain't easy,' and it's starting to pay off. We also had some help early in this rally with the hog and poultry industry struggling to make up for cattle shortfalls due to disease. Mid-summer, we took our largest importer of cattle to the US and had an abrupt halt. Cash cattle have set records in both feeder cattle barns and fat headed to the rail. The US economy continues to persevere through high inflationary times. When will the high cost limit what consumers are willing to pay? What will the average consumer choose to do if biosecurity breaks down? The demand is the other side of the balance sheet that producers have a hard time calculating. Even with extremely tight supplies, the market can take a downward turn, and when you get to these lofty levels, a relatively small pullback can be a very large dollar amount.

Risk Management

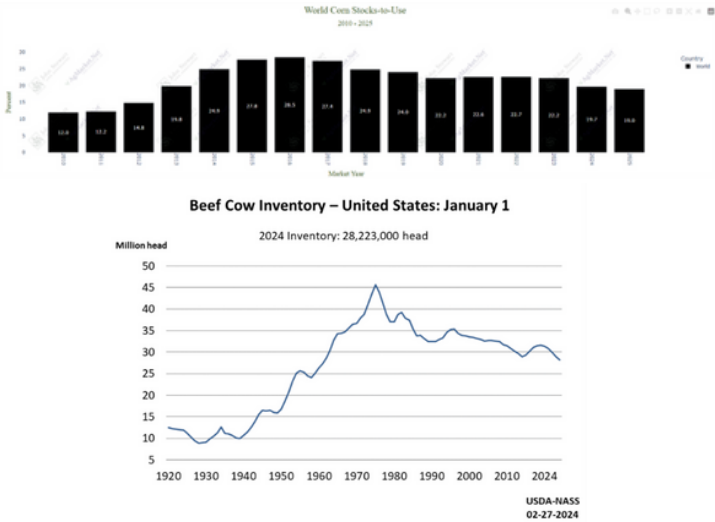
What do you do when you see record profits? Do you act or feel comfortable and bulletproof? It's times like these that I would encourage you to be very active in managing your revenue. Producers tend to be price takers instead of price makers, and there are some tools that can help you. I would encourage the cattleman to look at using low-risk strategies like Livestock Risk Protection (LRP) or put options through the CME to give you a floor on your price. Enjoy these times and build equity because we all know the cycle will eventually swing back to larger inventories of beef; high prices usually solve high prices.

For the corn and soybean farmer, simply relying on the cash market doesn't allow you to always take advantage of price opportunities during the growing season. By using a brokerage account, you can protect the price without being locked into a cash contract that has to be delivered. For example, have you noticed November 2026 soybeans reached calendar year highs on September 16th? You could simply use a put option to place a price floor for next year's soybeans and leave the topside open if it continues to rally. If you only want that protection when crop insurance prices are set in the spring, you can do that. Don't want to spend too much on these options, we can make it cheaper by establishing risk parameters around your put. This is what we talk about: giving yourself flexibility in your marketing plan and taking control of your grain and livestock prices.

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We deeply appreciate all the FFA members in our surrounding communities for their dedication to agriculture, leadership, and service. At Peoples State Bank, we're proud to support and spotlight our local FFA members, celebrating the hard work and bright futures of these outstanding young leaders.

FFA CORNER SPOTLIGHT

Name: Ava Forde

FFA Chapter: Wisconsin FFA State Officer

Current Position: State Elect Secretary 2025-2026

What has been your most defining moment as an FFA member? My most defining moment as an FFA member so far was being elected to the Wisconsin FFA State Office. The feeling of running on stage and meeting lifelong friends is still a movie scene in my head. It has pushed me to grow as a leader, step outside of my comfort zone, and discover who I am as a person. Before being elected to office, a defining moment was found through my Supervised Agriculture Experience, where I realized that agriculture is more than a background, but it's a community and a career path. I have created an FFA family and lifelong memories through this organization.

Who has inspired you most during your FFA career? When I get asked this question, 4 important people come to mind. Jeremiah Ihm, Parker Litterick, and Tyson Gehrke are past Section 4 State Officers. These three individuals made me feel seen as a member and encouraged me to dream bigger than I thought possible. Watching these state officers lead with such passion, authenticity, and courage showed me that leadership isn't about perfection but truly making a difference. At the same time, my advisor, Mr. Cole Chapman, has been the steady hand in guiding me through my FFA journey. Whether it was helping me prepare for competitions, encouraging me when I doubted myself, or celebrating milestones, he was my biggest supporter and gave me a role model to look up to.

How do you foresee your FFA experiences helping you with your professional career moving into the future?

I have a couple of different ideas after high school, but my main one is teaching Ag; my experience in FFA will help me better understand what I'll need to "teach" and how to lead by example for others, unsure if FFA is right for them.

What does it mean to you to be a Wisconsin State FFA Elect Officer, and what do you hope to take away from this experience? To me, being a state officer means the honor and privilege to serve others. It's about being a voice for members, creating opportunities for growth, and making sure every student knows their worth. This role is not about the recognition, but about using my leadership to shine the spotlight on others. What I hope to take away from this experience is a deeper understanding of people's stories, struggles, and dreams. I want to leave this year knowing that I built a genuine connection, inspired others, and knowing that what I learned I can take far beyond the jacket.

In the short time you have already been involved in this position, what have you learned? In the short 3 months that I have been in office, I've learned that time goes by fast and how important it is to be present in every moment. This role has taught me to slow down and appreciate the small conversations, the laughter, and the friendships made. It's a reminder that our year of service is short, but the influence we leave can last far beyond.

Why is the agriculture industry important to you? The Ag Industry is important to me because it is way more than an industry, but it's a way of life. Growing up with a small agricultural background has taught me hard work and the sense of community. It connects people to the food on their table and reminds us of the dedication of those who produced it. Agriculture is an opportunity for all. Whether through FFA, Ag Opportunities, or just the people I have met, it has given me a foundation for my future and a passion to continue sharing our knowledge with others.

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