

Ag News



Summer 2022

from F&M Bank

Message from Doug Sanders

Despite a cold, wet spring, many of our farm customers have made significant progress in getting their crops in the ground.

If you have an opportunity to expand your farm operation, keep F&M Bank in mind. We have a history of commitment to the agricultural industry. The bank has one of the largest ag lending portfolios in western Illinois and eastern Iowa and provides numerous agricultural loan programs. Our team of advisors can assist with all your financial needs.



Doug Sanders

Our expertise extends beyond lenders to cash managers and financial and estate planners. Our long-term goal is to help you succeed and protect your farm's value for current and future generations.

Thank you for your business; we look forward to serving you for years to come.

Sincerely,

Doug Sanders
President
F&M Bank Division

USDA Announces Plans to Support Innovative American-made Fertilizer



The U.S. Department of Agriculture (USDA) announced in March a plan to support additional fertilizer production for American farmers to address rising costs, including the impact of Putin's price hike on farmers, and spur competition.

USDA will make available \$250 million through a new grant program this summer to support independent, innovative and sustainable American fertilizer production to supply American farmers.

Additionally, to address growing competition concerns in the agricultural supply chain, USDA will launch a public inquiry seeking information regarding seeds and agricultural inputs, fertilizer, and retail markets.

Fertilizer prices have more than doubled since last year due to many factors including Putin's price hike, a limited supply of the relevant minerals and high energy costs, high global demand and agricultural commodity prices, reliance on fertilizer imports, and lack of competition in the fertilizer industry.

The United States is a major importer and dependent on foreign fertilizer and is the second or third top importer for each of the three major components of fertilizer. The top producers of the major components of fertilizer include China, Russia, Canada and Morocco, with Belarus also providing a significant share of potash.

USDA will use funds from the Commodity Credit Corporation (CCC) set aside in September for market disruptions to develop a grant program that provides 'gap' financing to bring new, independent domestic production capacity on-line—similar to the recently announced meat and poultry grants that are designed to promote competition and resilience in that sector.

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The new program will support fertilizer production that is:

- Independent – outside the dominant fertilizer suppliers, increasing competition in a concentrated market;
- Made in America – produced in the United States by domestic companies, creating good-paying jobs at home and reducing the reliance on potentially unstable or inconsistent foreign supplies;
- Innovative – improve upon fertilizer production methods to jump start the next generation of fertilizers;
- Sustainable – reduces the greenhouse gas impact of transportation, production, and use through renewable energy sources, feedstocks, formulations, and incentivizing greater precision in fertilizer use;
- Farmer-focused – like other Commodity Credit Corporation investments, a driving factor will be providing support and opportunities for U.S. agriculture commodity producers.

Details on the application process will be announced this summer, with the first awards expected before the end of 2022.

Farmland Values Continue to Increase at Rapid Pace

On May 12, the Federal Reserve Bank of Chicago released updates regarding farm income, farmland values and agricultural credit conditions from the first quarter of 2022.

David Oppedahl, a Senior Business Economist at the Chicago Fed, explained in the AgLetter that, “The District saw a year-over-year gain of 23 percent in its farmland values in the first quarter of 2022—which just exceeded the previous quarter’s large year-over-year gain. Farmland values rose 4 percent in the first quarter of 2022 from the fourth quarter of 2021.”

The AgLetter stated that, “Even after being adjusted for inflation with the Personal Consumption Expenditures Price Index (PCEPI), the year-over-year gain in District farmland values for the first quarter of 2022 was higher than that for any quarter since the first one of 2012 (the gain for the first quarter of 2022 also marked the eighth consecutive quarter of positive changes in real terms).”

Mr. Oppedahl added that, “Cash rental rates for District

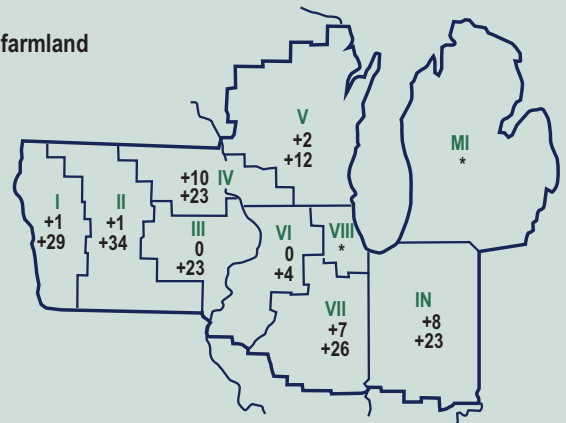
Percent change in dollar value of “good” farmland

Top: January 1, 2022 to April 1, 2022

Bottom: April 1, 2021 to April 1, 2022

	January 1, 2022 to April 1, 2022	April 1, 2021 to April 1, 2022
Illinois	+4	+18
Indiana	+8	+23
Iowa	+3	+28
Michigan	*	*
Wisconsin	+4	+13
Seventh District	+4	+23

*Insufficient response.



farm acres increased 11 percent from 2021 to 2022. For 2022, average annual cash rents for farmland were up 10 percent in Illinois, 11 percent in Indiana, 12 percent in Iowa, and 8 percent in Wisconsin (not enough survey responses were received from bankers in Michigan to report a numerical change for that state). After being adjusted for inflation with the PCEPI, District cash rental rates moved up about 4 percent from 2021.

Good, Keith. “Federal Reserve Ag Credit Surveys- 2022 First Quarter, Farmland Values Continue to Increase at Rapid Pace.” Accessed May 24, 2022. <https://farmpolicynews.illinois.edu/2022/05/federal-reserve-ag-credit-surveys-2022-first-quarter-farmland-values-continue-to-increase-at-rapid-pace/>

Observations on the Ag Economy – April 2022

In late April, the Federal Reserve Board released its April 2022 Beige Book update, a summary of commentary on economic conditions by Federal Reserve District for the first quarter of 2022.

Agriculture markets experienced price increases and substantial volatility during the reporting period related to Russia’s invasion of Ukraine. Prices for corn, soybeans, and wheat moved higher, as did input prices, particularly for fertilizer and diesel fuel.

Some farmers switched to using manure as fertilizer, though

availability was limited, particularly in areas without substantial livestock activity. Rising input costs led to a shift in planting plans from corn to soybeans, which require less expensive inputs. In addition, concerns deepened about whether input deliveries would be in time for planting.

On average, prices for cattle, hogs, eggs, and milk were all up from the prior reporting period. Strong gains in farmland prices continued, in part because of greater interest by investors.

The Beige Book. Accessed May 25, 2022. https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20220420.pdf

What to Do Immediately After the Death of a Loved One

Typically, there is no need to contact lawyer immediately after the passing of a loved one. Instead, this is the time to focus on family needs and the disposition of the body. This checklist explains what should be done in the first weeks following a death until the death certificate is issued.

Funeral/Disposition of Remains

- Look for records of the decedent's desire to donate organs or tissue.
- Check for a record of a prepaid burial contract.
- Check for a document identifying who should make decisions about the disposition of the body (often called a declaration of designee for final disposition). If there is no such document, then state law controls who will make these decisions.
- Review estate planning documents to see if there are any specific wishes about a funeral, burial, cremation, etc.

Protect the Decedent's Identity

- Check that the funeral home will notify the Social Security Administration. If not, notify SSA of the death by calling 1-800-772-1213.
- Call the decedent's banks and inform them of the death.
- Check the internet to ensure there are no unauthorized crowdfunding campaigns in the name of the decedent.
- Place decedent on the Deceased Do-Not-Contact List to remove individual from marketing campaigns.

Gather Documents

- Find any estate planning documents. Hopefully, directions were given by the decedent about where to locate the important documents.
- Check with the county clerk of court to see if a will was filed for safekeeping prior to death.
- Access to the safe deposit box will depend on the estate planning documents. If no documents are available, contact the bank for assistance.

Mail

- Collect all mail addressed to the decedent.
- Create a system to ensure proper receipt of all mail and documentation about the decedent's affairs.



Death Certificate

- The funeral home will be tasked with obtaining and filing the death certificate.
- More than one certified death certificate should be obtained. Some institutions will not accept a copy.

Asset Protection

- If no one is living on the decedent's property, lock the residence and locate all known keys.
- Locate all vehicles and their keys. Ensure that only authorized individuals are able to use the vehicles.
- Cancel services, subscriptions, and memberships that are no longer needed. Common examples include streaming services, cable or satellite TV, internet, cell phone, service club memberships, gym memberships, and newspaper or magazine subscriptions.
- If there is real estate, transfer the basic utility accounts. Do not cancel utility accounts.

Estate executorship and settlement can be complex and influenced by a number of factors. For questions and guidance, please contact Jon Holthe or Tom McIntire.



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and ten locations in Iowa: Muscatine, Davenport, Coralville, Kalona, Washington, Walcott, and Wilton.**