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What's Changed since September? USDA Provides Timely Updates for 2025 Corn and Soybeans

Dr. Todd D. Davis
Chief Economist
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The corn and soybean markets have been in a data blackout due to the U.S. Department of Agriculture's (USDA) shutdown. The November report provides a needed update on the size of the 2025 crops, as well as export projections. Of particular interest is how the USDA views China's purchases from South America and the announced agreement with China to purchase American soybeans.

Corn

The November report estimates the 2025 U.S. corn crop at a record 16.75 billion bushels (BBU). The bin-busting corn crop would be 1.4 BBU (9.2%) larger than the previous record established in 2023. This record is from a record yield of 186 BPA, which is 3.7% larger than last year and the largest harvested area since 1933 (90 million acres). Analysts surveyed before the report expected the 2025 corn crop to be a record, but the USDA estimate exceeded the analysts' maximum guess. The 2025 corn crop, if realized, would be 1.86 BBU (12.5%) larger than last year.

The November *Crop Production* report increased the Indiana corn yield from the September estimate to an average of 206 BPA. If realized, the 2025 yield would be a record that was 3 BPA (1.5%) larger than the previous record established in 2023. While the National Agricultural Statistics Service (NASS) estimates Indiana to harvest a record yield, the total corn crop is currently pegged to be the second-largest on record at 1.08 BBU and only slightly smaller than the record 2014 crop.

USDA estimates corn supply at 18.3 BBU, up 1.6 BBU (9.8%) from last year. In contrast, the USDA estimates total corn use to increase by 6.7% (over 1 billion bushels) from the previous year.

Exports reached a record in 2024, and the USDA estimates exports to increase by 245 million bushels (MBU) (8.7%) from 2024. The other increase in use is for feed and residual, but the 11% increase in use reflects the record crop and the associated losses incurred through grain movement in the marketing channel.

The increase in corn demand cannot offset the 1.6 BBU increase in corn supply (9.8%). Corn ending stocks are estimated to increase by 41% from last year to 2.15 BBU. If realized, this will result in a 49-day inventory in the grain bins on September 1, 2026, and the largest relative ending stocks of corn inventory since 2019. The USDA estimates the 2025 U.S. marketing year average farm price at \$4.00 per bushel, which is down \$0.24 per bushel from last year.

Soybeans

The USDA did not adjust the U.S. soybean harvested area from the September estimate, which remains at 80.3 million acres. Farmers are estimated to harvest 5.9 million fewer acres (6.8%) than last year. USDA pegged the U.S. average yield at a record 53 BPA, which would be 4.5% larger than in 2024.

The November *Crop Production* report pegs the Indiana soybean yield at 59 BPA, which would be the same as last year if realized. USDA estimates the Indiana soybean crop at 320 million bushels.

The 2025 U.S. soybean crop is estimated at 4.25 BBU, which would be 2.8% smaller than the 2024 crop. The total soybean supply is also estimated to decrease by 3.2% from last year, based on a smaller crop, smaller carry-in, and reduced imports.

The focus in the soybean market is on exports, and if the November estimates from USDA increase, the export projects will respond to the announced purchase agreement with China. The USDA reduced its export estimates from September, based on China's purchases from South America. The USDA, as a matter of practice, does not anticipate policy or policy effects. Instead, USDA waits for data that supports increasing the estimated export use. USDA projects 2025-26 soybean exports at 1.635 BBU, which is 13% lower than in 2024.

The November report shows that crush demand remains strong and is projected to increase by 4.5% from 2024. The rapid growth in demand reflects the expansion of the biofuel market. Overall, soybean use is projected to decrease by 2.9% in 2024 as increased crush cannot compensate for lower export volume.

The USDA projects 2025 ending soybean stocks at 290 MBU, which is a slight reduction from the September report and an 8% decrease from 2024. USDA projects 2025-26 soybean ending stocks of 290 MBU to be a 23-day inventory. In a typical marketing environment, a 23-day stock level would support an average price that is larger than the estimated price of \$10.50 per bushel. However, the soybean market is not operating in a typical marketing environment.

Margin Squeeze and Liquidity Concerns

The updated price projections do not ease the profitability and liquidity concerns of farmers. The 2025 corn price of \$4 per bushel is \$2.54 (39%) less than the 2022 price. While the November report increased the projected soybean price to \$10.50 per bushel, this price is \$3.70 (26%) below the soybean price received in 2022.

Operating costs, cash rent, overhead, and family living expenses increase annually, and Indiana grain farmers are facing negative profit margins. For some, this is the third consecutive year of unprofitable production. Farmers have reduced working capital and may have a reduced ability to roll operating debt into the following year. Before the government shutdown, the USDA discussed sending direct payments to farmers to serve as a liquidity bridge, helping them secure inputs and plan for the 2026 crops. The November report reinforces the need for these payments.

Final Message

Profit margins remain tight, and farmers may need to continue reducing working capital or increase operating debt to address liquidity issues. As farmers update their crop and cash flow budgets, it may be an excellent opportunity to discuss your profitability expectations for 2025 and your plans for managing any cash flow issues with your lender. If you typically combine your household finances with those of your farm business, including family members in this conversation may be beneficial.