



Reed's Review



Reed Burres

Quick Preview:

- ✓ *Who Do YOU Trust?*
- ✓ *No Fireworks in the July WASDE*
- ✓ *What's Next*
- ✓ *The Numbers Game*
- ✓ *Reed's Recommendation*

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Trust: Hard to Earn, Easy to Lose

Who do YOU trust in this day and age where everyone is trying to get your attention? You trusted the fireworks salesman and now you only have 8 fingers, maybe you should have listened to your significant other and let someone else buy the fireworks this year.....



Corn and Soybean contracts for our December and November contract months have been chasing each other, however they no longer mirror each other as corn is working to trade through a spot of resistance for December contracts. Soybeans found a boost from a serious reduction of acres, but what will the USDA find next? We'll know more in the near future with the August WASDE.

Image Source: CME Group, Corn and Soybean Futures

Looking at the real point I'm trying to make is that trust is something that is not always easy to come by. Trust is difficult to define as some are more trusting than others. Who do you trust your making your grain or livestock marketing decisions? Who do you trust with your insurance or safety nets? As of late there have been many speculative sources claiming to offer the world's greatest marketing plans, cheaper insurance, better looking wife serum, etc. that have likely turned out to be all for someone else's benefit and for little benefit of your own.

Shifting gears to the grains, the numbers are in, and it's tough to tell how much work the USDA actually did these past couple of weeks as June's acreage report numbers we the numbers used in this month's WASDE.



Reed's Review

Insurance Calendar

July 22nd:
Acreage Reporting Deadline
Extension

August 12th:
August WASDE Released

September:
Expected Soybean Harvest

October 1st:
Pasture, Rangeland, and
Forage Applications

October:
Expected Corn Harvest

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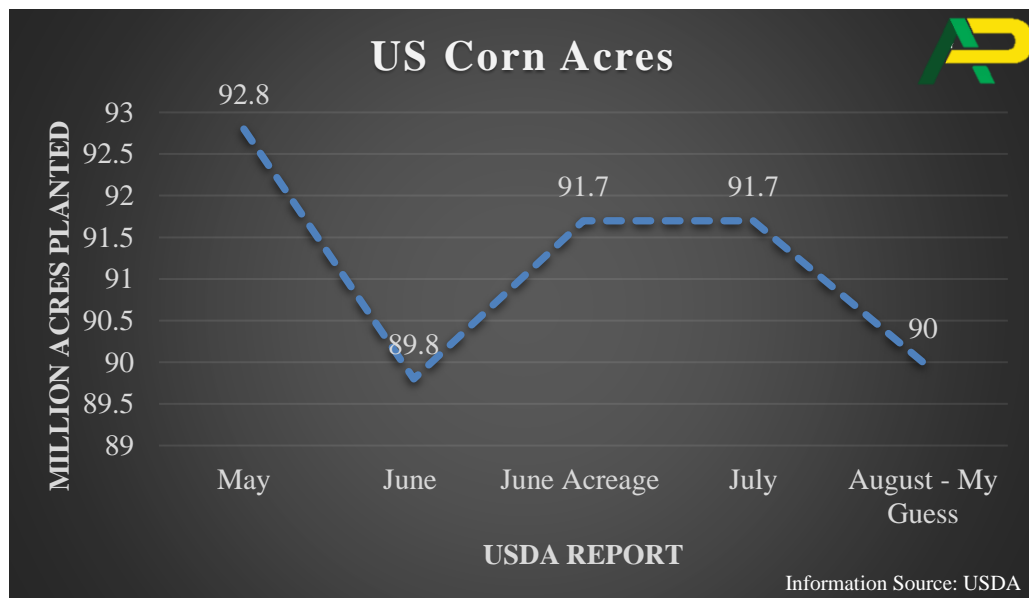
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WASDE Wonderings...

The June World Agriculture Supply and Demand Estimate caused quite a ruckus when the USDA decreased acres from 92.8 million acres to 89.8 million acres and reduced estimated yield per harvested acre from 176.0 bushels to 166.0 bushels per acre. They decided to leave soybeans alone, as there was much still unknown about the likelihood of a crop being planted even at that point. The next big market mover came on June 28th when the USDA released their National Acreage Report; this year's report sent numbers skyrocketing for corn for 89.8 million acres of planted corn, up to 91.7 million acres. This number shocked many and left the door open for future potential revisions in acreage assuming additional changes would likely need to be made later during the growing season.

Touching on soybeans a bit more, what a strange year we have had with soybean acres. Soybean acres have been all over the board, but as of late have been falling. Initial thoughts through early May and June were that soybeans would be fine, however the difference in the June WASDE estimate and June National Acre Report caused a large shake up as acres were reduced from 84.6 million acres to of soybean acres 80.0 million acres of soybeans.



Where will the USDA's August WASDE end up setting acreage at? It might be too early to tell as of today, but given drastically they have changed acreage, it would not be unimaginable if they altered their latest corn acreage numbers in their next report. I'm a firm believer that there will be a good sized acreage reduction come this time next month.



Reed's Review

Reed's 2019 Recommendation:

Multi-Peril Crop Insurance:

- \$0.30 Price Buy-Up on Corn, insuring a spring price of \$4.30
 - 85% Revenue Protection, Optional Units, Corn
- \$1.00 Price Buy-Up on Soybeans, insuring a spring price of \$10.54
 - 85% Revenue Protection, Optional Units, Soybeans

Hail Insurance:

- \$200 per acre BASIC Coverage Soybeans
- \$200 per acre DXS10 Hail Coverage, DXS5 Wind with Extra Harvest Expense on Corn

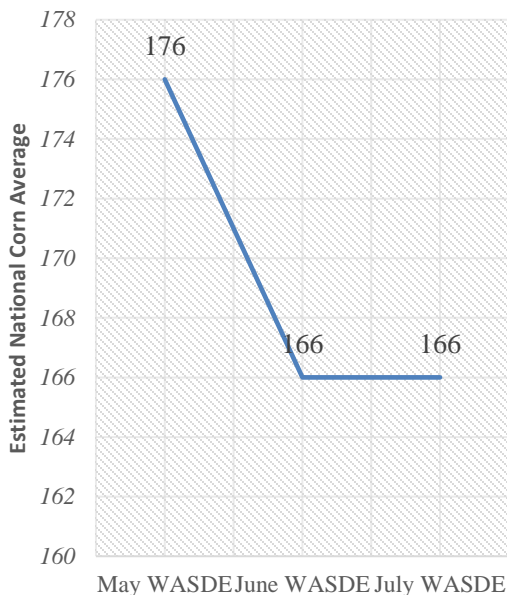
Questions? Call or text Reed!

Old News for the Funds

Here we are today, after much of the dust has settled and traders are able to look back at the numbers, perhaps now there will be some more consistent trade or weather based trading for the month or so. I would not be surprised to see that the traders find some new skepticism in the latest USDA numbers and test the strength of them as we progress later into the growing season. The likely reality could be that no serious news will happen apart from shifts in the trade of ethanol or meal that would cause serious market reactions.

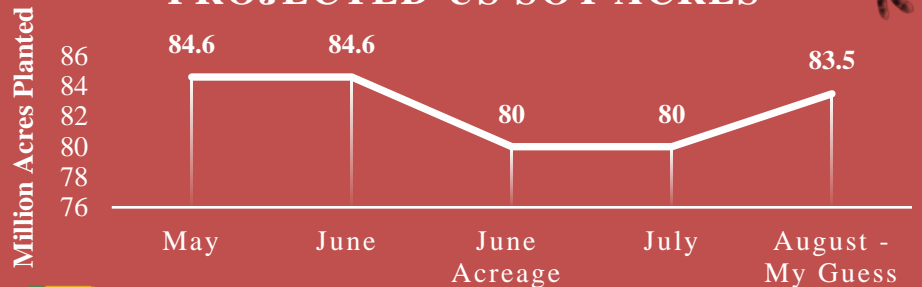
August 12th will be the next big day that we will look to see some kind of serious market reaction on, if not prior based off of any newfound information. What could be a potential reality is that the USDA reduces corn acreage from 91.7 million acres to near 90.0 million acres planted and increases expected yield to around 171.0 bushels per acre and does just the opposite for soybeans, as I expect that there is closer to 83.5 million acres of soybeans planted with a yield estimate near 49.0 bushels per acre.

USDA Estimated Corn Yield



USDA Report Type
Information Source: USDA

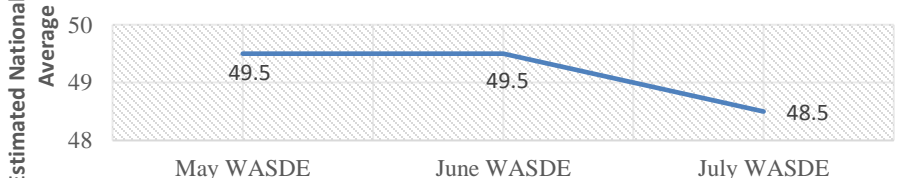
PROJECTED US SOY ACRES



USDA Report

Information Source: USDA

USDA Estimated National Soybean Yield



USDA Report Month

Information Source: USDA



Reed's Review

The Numbers Game:

Most years, we have already hit our high for the year by the 4th of July, however, this year could certainly be different if we have begin to have some intermittent dry spells across much of the Cornbelt. The thing to watch may not only be acres and expected yield, but rather expected production, as following the reduction from the May to June WASDE, we see one of the most substantial price increases for corn in recent memory.

I am a firm believer that we will have the capacity given our hybrid technologies to produce a fair crop yet this year near ideal growing conditions. We are catching up with where we normally would be to have decent crop, which based off of previous records, 171.0 bushel for a national average would be a slightly below average crop. You will see my estimates for how the numbers could shape up come harvest to the left. They are based off of expected changes in acreage and then yield improvements in 2019.

The Takeaway:

These numbers seem awfully stout to some, but everyone seems to forget 2016 where the country was able to grow another trendline yield with much less rainfall than necessary. However, this is a drastically different year, perhaps the wet planting conditions and less than ideal early growing conditions will have a negative enough impact on the crops to help stunt production enough, it's early, but perhaps too hard to tell in some cases. One thing that might be up the sleeve for corn, is the potential of China needing to import corn from the US. China has seen a reduction in expected production by 24 million metric tons or by almost 1 billion bushels of corn or (944 million bushels) around 11% of their expected annual crop. This may seem small, however, even small sales of corn can help get ending stocks reduced to a more manageable level, which should result in higher grain prices. I will be watching the Chinese corn crop story closely and be sure to keep everyone up to speed! Until next time, stay safe, be proactive and work to reduce your operation's risk. Thanks for reading!

Corn Harvest Forecast:

Harvested Acres: 82.5 million acres
National Yield: 171.0 b/a
Nat'l Production: 14.11 billion bushels

Soybean Harvest Forecast:

Harvested Acres: 82.7 million acres
National Yield: 49.0 b/a
National Production: 4.05 billion bushels

Please Note:

The numbers above are forecasts, they may not reflect final amounts of: Harvested Acres, Yield, or Production.



All the best,