



# Reed's Review



## Reed Burres

### Quick Preview:

- ✓ Spring Planting Numbers
- ✓ *Fats, Feeders, & Hogs*
- ✓ Livestock Risk Protection Insurance
- ✓ South American Harvest
- ✓ Reed's Recommendation
- ✓ The Takeaway

## Underwriting, Agents, & Staff

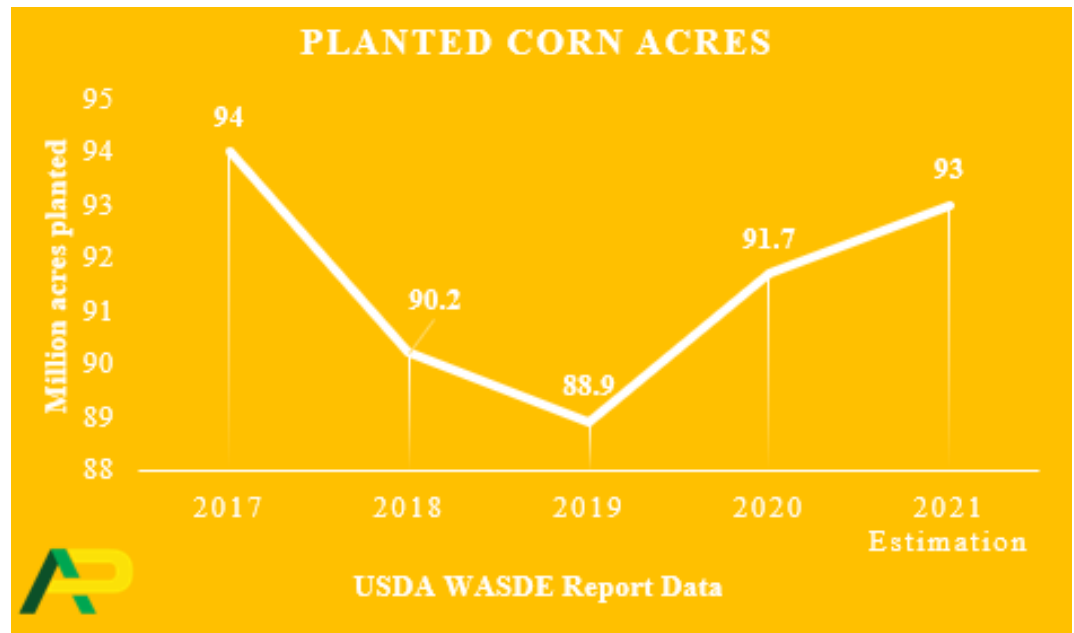
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## Spring Planting Projections

Looking at the most recent World Agricultural Supply and Demand Estimate (WASDE) report, the numbers were slightly bullish, however, not nearly bullish enough to meet trader estimations, and therefore the market went down. Looking to the future, we have several important USDA reports coming in the semi-near future that could cause strong reaction in the market.

- March 9<sup>th</sup>: March WASDE
- March 31<sup>st</sup>: Grain Stocks and Prospective Planting Report
- April 9<sup>th</sup>: April WASDE

As soil moisture remains a point of question across in much on the Cornbelt, it will be interesting to see where the spring thaws will end up setting the 2021 soil moisture. Looking to current prices, some may wonder how much longer the ride will continue to rise.



As traders work to put together an advanced estimate that will weather the weather and seasonality's of spring it will be interesting to see the reality come in the June report. For now, we must rely on current estimates based off of the upcoming prospective planting report and then WASDE numbers to follow. Currently, with winter wheat numbers largely in limbo across areas in Nebraska and Kansas the ultimate decision on whether or not to keep acre intentions steady or shift them to either corn or soybeans for the upcoming growing season will likely be based off of perceived winter kill rather than actual winter kill.

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## Insurance Calendar

**March 1<sup>st</sup>:**

Spring Price Discovery  
Period Ends

**April 11<sup>th</sup>:**

Early Replant Coverage  
Begins: Northern Iowa

**April 29<sup>th</sup>:**

Production Reporting  
Deadline

**May 31<sup>st</sup>:**

Late Planting Period – Corn

**June 15<sup>th</sup>:**

Late Planting Period -  
Soybeans

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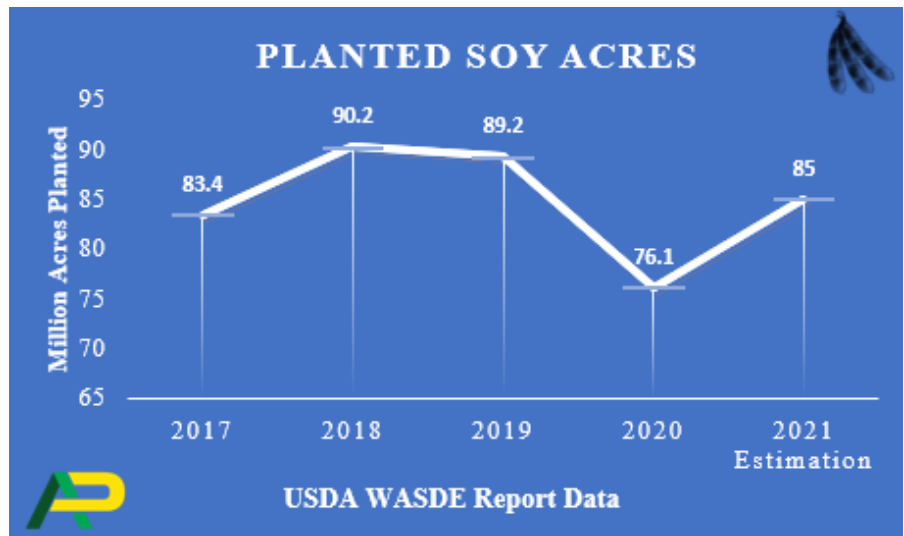
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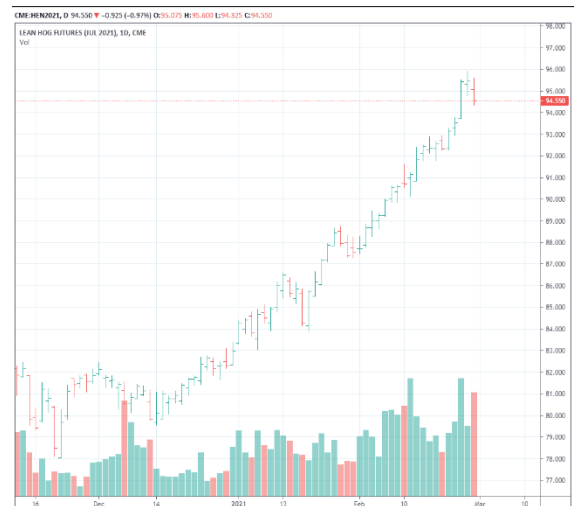
## Planting Estimations Continued:

Corn acres, in my opinion, may be slightly more cut and dry opposed to predicting some soybean acres. Looking back, we have seen great shifts in soybean acreage, largely due to excessive moisture. This year the opportunity to be vastly different lingers along with the effects of the 2020 drought. What will we see for acre shifts from previous years? We may only see in later 2021, however, current estimates far exceed 2020 acreage totals with current estimates by some being more bearish (80 million acres) and others being more aggressive (86 million acres). Ultimately, estimates point that soybean acres will eclipse 80 million acres and more importantly the 83 million acre number. Along with annual yield predictions, we may see production strong enough to sustain low carry-out numbers.



## Price Analysis: Lean Hogs

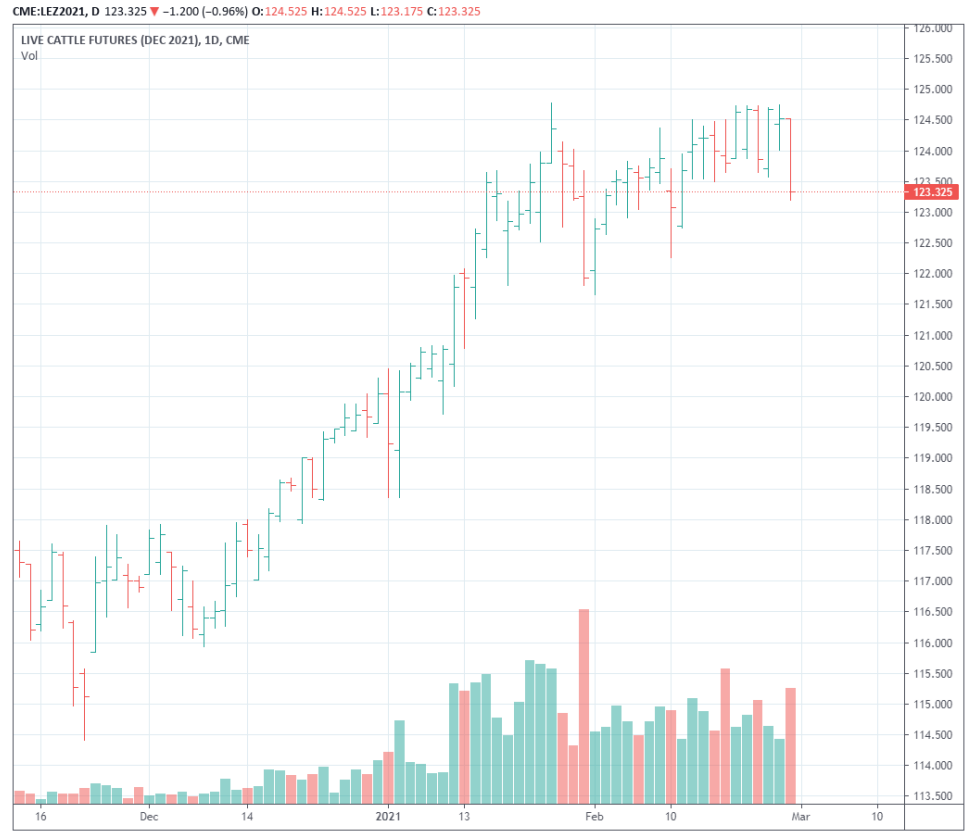
Shifting gears, looking at the lean hog market, we may continue to see strong demand for current nearly finished market hogs, however, looking further ahead we see a strong taper off in the further out months. China's ASF (African Swine Fever) caused significant concern, however, as their herd has come back to near full strength the feed demand for pork accompanied along with poultry has become much stronger than many ever could have foreseen.



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## Price Analysis: Fat Cattle

**Fat cattle** have had their fair share of blows over the past year, however, new strength has arisen and many can find themselves in a new found position of optimism as December futures remain strong. Even looking to nearby April futures, markets have been driven by demand and found seemingly solid ground. As feeder cattle work to secure solid trading ground again, it will be a positive sign for many to see if feeders can break through the 150 dollar mark and find new levels of resistance to test. Feeders have been largely feeding off of the energy of the fat cattle market and will need to find additional help in favorable cattle on feed reports. If numbers stay low, look to see tested highs for future months.



### Contract lengths are available for:



**Swine:** 13, 17, 21, and 26 weeks

**Fed Cattle:** 13, 17, 21, 26, 30, 34, 39, 43, 47, and 52 weeks

**Feeder Cattle:** 13, 17, 21, 26, 30, 34, 39, 43, 47, and 52 weeks

**Lamb:** 13, 20, 26, and 39 weeks

Livestock Risk Protection (LRP) works similar to that of Revenue Protection (RP) in Multiperil-Crop Insurance (MPCI) as it protects against decline in price. One of the things that many do not consider is that there is coverage available for feeder cattle, fed cattle, swine, and feeder lambs.

### Availability

You submit a one-time application for LRP coverage. After the application is accepted, you can buy specific coverage endorsements throughout the year.

### Changes:

In the 2021 crop year, changes we made to further expand the Livestock Risk Protection policy by increasing subsidy levels. With expanded subsidy levels livestock policies are the most affordable ever.

## Reed's Review

### *South American Harvest:*

“Wet weather across central Brazil continues to slow the 2020/21 Brazilian soybean harvest after it was already going to be slower than normal due to dry weather which delayed planting in September and October. As of late last week, the 2020/21 crop was 15% harvested compared to 31% a year earlier. In many areas of Brazil, this is the slowest soybean harvest in ten years. In the largest soybean producing state of Mato Grosso, farmers had harvested 34.5% of their soybeans as of late last week according to the Mato Grosso Institute of Agricultural Economics (Imea). While this represented an advance of 12% for the week, it is still significantly behind the 74% that was harvested last year at this time. The second largest producing state is Parana and harvesting in the state is even slower than in Mato Grosso. The Department of Rural Economics (Deral) reported earlier this week that farmers in the state had harvested 8% of their soybeans compared to about 30% a year earlier. In the state of Goias in central Brazil, farmers started harvesting their irrigated soybeans by the end of January and the crop is currently 14% harvested compared to 29% last year at this time. The soybean harvest in the state is about 20 days slower than average. The third largest soybean producing state is Rio Grande do Sul where the soybeans are planted much later than in other regions of the country. Less than 1% of the soybeans in the state have been harvested with the vast majority of the soybeans in the pod filling phase.” Report courtesy of Michael Cordonnier, [SoyCornAdviser](#).



### *Reed's 2021 Recommendation:*

#### *Multi-Peril Crop Insurance:*

- 85% Revenue Protection, Optional Units, Corn
- 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

Insurance Savings of Over: \$15 per acre compared to other agents. That's the #AgriPerilAdvantage

### *The Takeaway:*

As we inch closer to the crop insurance sales closing date we must be aware that our crop insurance prices are substantially higher than that of previous years' prices. We had put in prices that have not been seen since 2014 in corn and 2013 in soybeans. How will our risk management strategies change? Can we take advantage of the strong new crop prices and lock in profitable margins? When do we begin selling? My best guess is that an ideal time to sell being in front of the next major two USDA reports, the March WASDE and March Grain Ending Stocks Report along with the Prospective Planting Report. Watch March 9<sup>th</sup> and March 31<sup>st</sup>. Be proactive!

All the best,

