



Reed's Review



Reed Burres

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A Different Approach

Last month's focus was on trying to figure out what the August WASDE would show, now that it is here and the dust has just started to settle, let's take a look at the numbers. This year, corn has often been the leader or has helped set the pace for the grains as soybeans continue to play hardball with the Chinese market. The 91.7 million acres from the June Acreage Report and July WASDE were ludicrous to say the least. While we are currently sitting at 90.0 million acres and now with an expected national yield of 169.5 bushel per acre, putting us at 13.52 billion bushels, an expected reality for some, but I can't help but think that we are in for some surprising results come harvest.



December Corn and November Soybean have not followed each other as closely as 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 fell as acres increased, but avoided an even bigger shortfall from a reduction in expected yield. Corn found some strength as acres were reduced and as production fell also. **Image Source:** CME Group, Corn and Soybean Futures

Planted Acres:	Yield Estimate:	Production:
<p>July: 91.7</p> <p>August: 90.0</p> <p>(million acres)</p>	<p>July: 166.0</p> <p>August: 169.5</p> <p>(bushels / acre)</p>	<p>July: 13.875</p> <p>August: 13.901</p> <p>(billion bushels)</p>



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Insurance Calendar

September:

Soybean Harvest

September 30th:

Margin Protection
Applications Due

October 1st:

Pasture, Rangeland, and
Forage Applications

November:

Production Reporting

November 15th:

Pasture, Rangeland, and
Forage Sales Closing Date

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Disclaimer

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The Painted Lady:

As of late, there has been no shortage of things to poke and prod in the agricultural industry in the United States. Recently, there have been increased amounts of thistle caterpillars leaving their mark on soybean plants as they defoliate plants and spatter vehicle windshields all across the Midwest. Thistle caterpillars are not normally an issue, however, due to excessive moisture in the Southern US and Northern portion of Mexico, along with the Midwest offering favorable weather during the early summer for migration. If you haven't had any issues with aphids yet this year, keep checking your field for this thistle looking pests in your fields as they will continue to feed away for a little while longer.



Left: Thistle caterpillars can come with many different color variations, picture and supporting article from Kansas State University.

Right: Painted Lady Butterfly, innocent looking, but at the caterpillar stage can cause excessive defoliation to soybeans, picture from University of Nebraska, Lincoln.

Chinese Trade: A Long Term Break

African Swine Fever, a disease that has plagued animal agriculture for the last few months, turned up its list of countries impacted in 2019 as Russia and Moldova are added to the list. It was only a matter of time before Russian hogs contracted the deadly disease as they share over 2,600 miles of border! How does this relate to US trade with the Chinese? Quite a bit more than many realize, as the number of hogs impacted in China continues to grow. It was recently noted that the expected proportion of Chinese hog herd culled to be around 1/3 hogs as reported by the Chinese. This number is now expected by many to be around half of their entire herd. The Chinese hog herd is around 400 million pigs, to help feed their herds they must purchase soybeans.....



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Chinese Trade cont'd:

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!



Above: Pork producers cull herds in Russia and Moldova are now beginning to see increased pressure from ASF in their herds, this is nothing new for them as they have had small but well contained outbreaks as recent as 2017.

Image Source: [AAAS](#)

With this reduction in expected production, China will not need to feed around 200 million hogs, this will cause a serious reduction in agricultural trade to China for ALL countries, especially the United States. In recent years, China has produced on average 250 million metric tons of corn in order to meet much of their animal feed needs. Due to China currently favoring corn production and relying on soybean imports to supplement their additional livestock or poultry feed needs, it will be interesting to see what upcoming demand for crops look like. China may very quickly become an exporting nation for corn if their herds are devastated to the expected levels that some suggest. They can either export or store their grain, but with most farmers having poor storage quality, it remains to be seen what will likely happen.

There is no doubt that politics have played a serious role in dictating the prices that the American farmers receive. With all of this tariff talk and the timing of African Swine Fever and its severity, it may be the case for a perfect trade storm for the United States and its largest trade partner. If this hold up continues, it is certainly possible that China could be capable of producing enough corn and utilize enough of its storage capacity to put up a long enough hold out to not only significantly hamper the United States market, but the world market as well.



Politics aside, this business with the Chinese is becoming personal for many farmers, livestock producers, and even the every day American who holds a piece of Amazon, Apple, or any technology focused stock. The need to reduce the amount of intellectual property stolen from the United States is still present and will likely be ever-present, however, where is the best place to start and stop?

Politics are what started this venture with China and politics will be the ending point with China as President Trump will likely continue to play political hardball until campaign season ramps up and he is reminded that he needs the vote from the Midwest and all farmers impacted by this game of checkers.

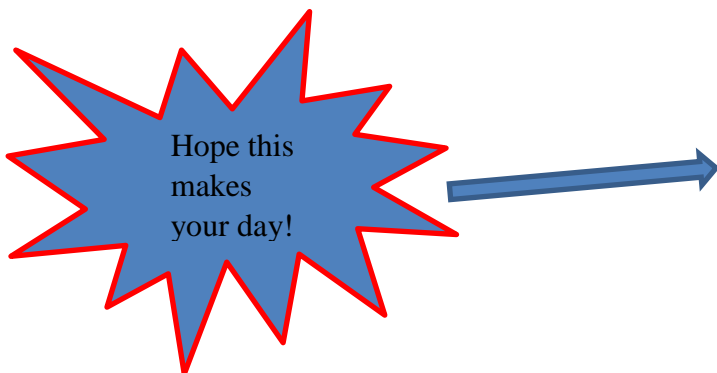


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The Takeaway:

Last month, my takeaway section featured similar numbers seem, I am expecting a harvest that is much better than many are expecting, prevented planting numbers were helpful, however not substantial enough when paired with the expected harvest still not too far from what conditions truly are. I reduced my expected production from 14.11 billion bushels to 13.77 billion bushels, if we see much less yield than that, we will likely see prices fare a bit better in the winter months. I reduced my soybean production reduced from 4.05 billion bushels to 3.88 billion bushels, we will likely see the price woes continue. The USDA came out with a strong reduction on soybean acres, how true are their numbers, hard to say right now, however, we'll know more next month! I'd recommend that everyone watch the ASF spread across Russia, however, they'll been good at preventing the spread of the disease in the past, hopefully they can continue it in the future.

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: 81.5 million acres
 National Yield: 169.0 b/a
 Nat'l Production: 13.77 billion bushels

Soybean Harvest Forecast:

Harvested Acres: 81.0 million acres
 National Yield: 48.0 b/a
 National Production: 3.88 billion bushels

Please Note:

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

Everyone: Hows the corn looking?

USDA:



All the best,