



Reed's Review



Reed Burres

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2021: Better than Average

As the majority of us have finished cleaning out the grain bins and taken advantage of higher than usual grain prices, some feel as if there are on the losing side of the aisle, which may not be completely true. Looking back at past reports we have seen the USDA only make slight changes, these were the cases some may make for the February and March WASDE reports as they seemed to fill in the lines later with other reports. As we approach March 31st, the release date of the grain stocks and prospective planting report we will see how expectations of the USDA differ from that of the traders.



Photo Above: CME, December Corn Futures, 2021

As grain prices have rallied, there seems to be a new found lingering doubt on how strong the markets will continue to trade. These points are reinforced by many concerns with the strength of the South American harvest as well as weakening drought conditions across much of the Cornbelt.

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Insurance Calendar

March 31st:

Grain Stocks Ending Report
Prospective Planting Report

April 11th:

Early Replant Coverage
Begins: Northern Iowa

April 29th:

Production Reporting
Deadline

May 31st:

Late Planting Period – Corn

June 15th:

Late Planting Period -
Soybeans

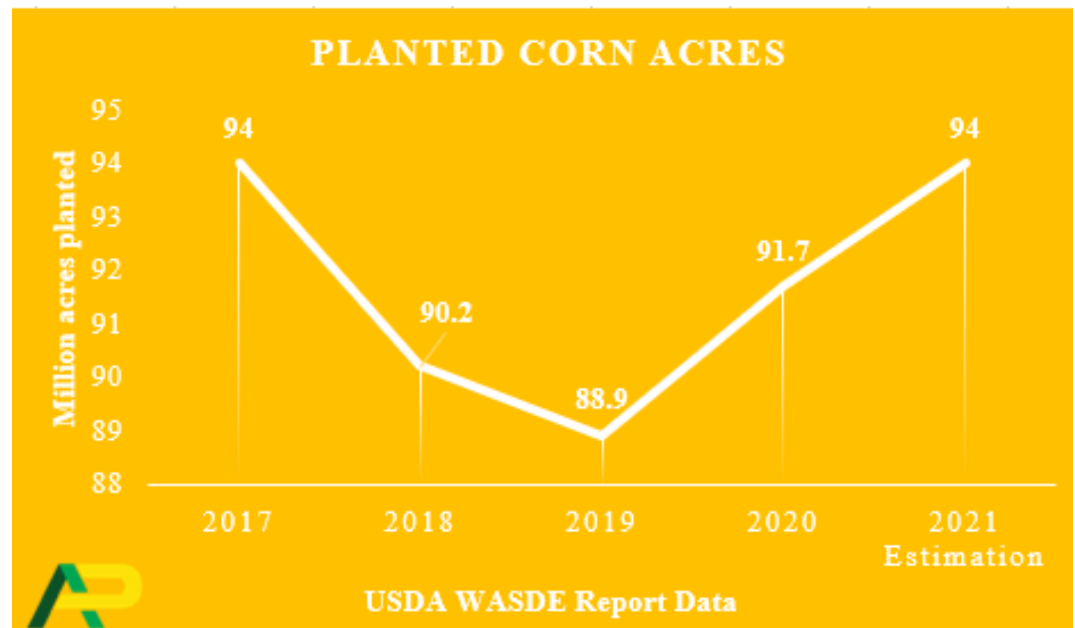
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Better than Average, Continued

If strong trade continues with China there will be many to believe that we will be sitting in one of the best positions of recent memory, however, as African Swine Fever has resurfaced a strong threat to herd health even as recently as only two weeks prior ([AgWeb Article Link Here](#)). We will have some primary driving factors for the remainder of 2021, those will primarily be crop progress reports - where crop conditions are the primary market movers, along with our ever deteriorating ending stocks supply or trade. There is an ever growing list of factors that weigh-in and cause "the market" to move up or down, and unfortunately they are not quite as common as they should be anymore. Our most pressing focus will be the report on the 31st of March and the anticipation going into it.

Acres Analysis:



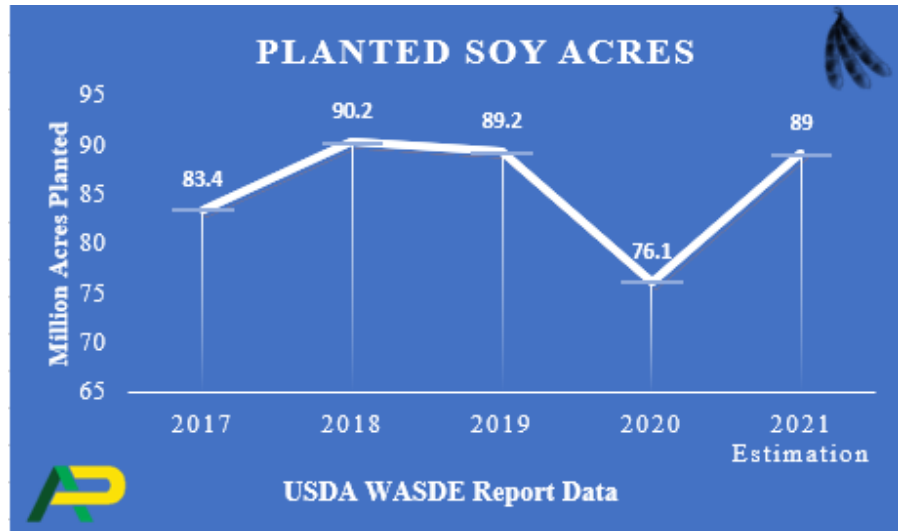
AgriPeril Chart, National Agricultural Statistics Service Data, gathered from WASDE reports in 2018, 2019, and 2020.

Looking solely at corn acres to begin, there is little doubt that we will likely see a strong increase compared to last year. Currently, the biggest question on the table at this point is what numbers will the USDA release and how will traders react? Market analysts are tending to peg expected corn acres North of 94 million acres on average, largely driven by a strong spring insurance price it is suggested that acres would even exceed 96 million acres if spring planting conditions would remain favorable. This may seem excessive, however, the acres which have most recently gone to prevented planting status are now dry and it is expected that with the best futures corn prices since 2014, corn may tend to be a favored crop as opposed to soybeans or wheat.

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Acres Analysis Continued:

Looking at soybean acres through a bit different lens than corn, we will expect a strong acreage rebound from previous years and look to see a “normal spring”. With that being said, we cannot be surprised if acres continue to fluctuate. Winter wheat seedings have not faced the severity of expected winter kill due to extreme cold as some initially expected and therefore we will see many acres stay put for now.



Brazil Safrinha Planting:

As focus on Brazilian and Argentine harvest remain at somewhat of the forefront for South American news, we see that as harvest ends and planting begins the possibility of concern with the Safrinha corn crop. [Michael Cordonnier of Soybean and Corn Adviser writes:](#)

“Meteorologist in Brazil are warning that the autumn weather in southern Brazil during La Nina years could be cauterized by irregular rainfall and colder than normal temperatures. The Environmental Technical and Monitoring System of Parana (Simepar) is forecasting that starting in May, waves of cold and dry air should move into southern Brazil with greater frequency and intensity. According to meteorologists from Simepar, cold temperatures generally arrive earlier during years with La Nina and that there could be frosts as early as late May. In fact, there have already been temperatures as low as 6 C (43 F) in Parana during February. An earlier than normal frost would be a concern for the safrinha corn in both Parana and southern Mato Grosso do Sul. The safrinha corn was planted very late with 88% planted as of earlier last week according to the Department of Rural Economics (Deral). The other second crop in Parana is wheat, but the wheat crop should not be negatively impacted by cold temperatures. The greatest threat for safrinha corn is in western Parana and southern Mato Grosso do Sul. Safrinha corn planted in mid-March would pollinate about mid-May and mature in mid-July.

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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







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Bolsa de Cereales – Argentina Estimates:

Perhaps overshadowed by the usually more frequently viewed CONAB report, Brazil's agricultural estimate report, Argentina's Bolsa de Cereales report has proved to be more important than many realize. It covers the area planted (million hectares), expected yield (quintals per hectare) as well as expected production (metric tons). In the March

Weekly Agricultural Outlook

Report from: <https://www.bolsadecereales.com/>

Culture	Campaign	Seeded (MHA)	Yield (QQ / HA)	Production (MTN)
 Sorghum	2020/2021	950,000	38.90	3,000,000
 Barley	2020/2021	900,000	46.50	4,100,000
 Soy	2020/2021	17,200,000	26.80	44,000,000
 Sunflower	2020/2021	1,300,000	21.60	2,700,000
 Wheat	2020/2021	6,500,000	28.20	17,000,000
 Corn	2020/2021	6,300,000	73.50	45,000,000

WASDE, the USDA had Argentine corn production estimates at 47.5 million tons, whereas, Argentina's current in country report has them at 45.0 million tons. This is a similar story with Argentine soybean production as the Bolsa de Cereales soybean estimate above places expected production at 44.0 million, whereas, March WASDE information places estimated production at 48.0 million tons. These differences are part of what ultimately establish world supply, this is a 6.6% difference, imagine if these inconsistencies are true for all other countries as well, extra food for thought....or traders.

The Takeaway:

Ultimately, as we have more factors to be aware of in the market we must ask whether it is important to watch these factors or just let them hit us as they come, naturally I suggest that we be informed. We can expect tomorrow's report to move the markets, what direction and how far are the primary questions. As we inch closer towards our spring tillage and planting season be sure to take the extra minute to look things over and enjoy the season. Until next time, be especially safe, be proactive and work to reduce your operation's risk. Thanks for reading!

All the best,