



# Reed's Review



**Reed Burres**

**Quick Preview:**

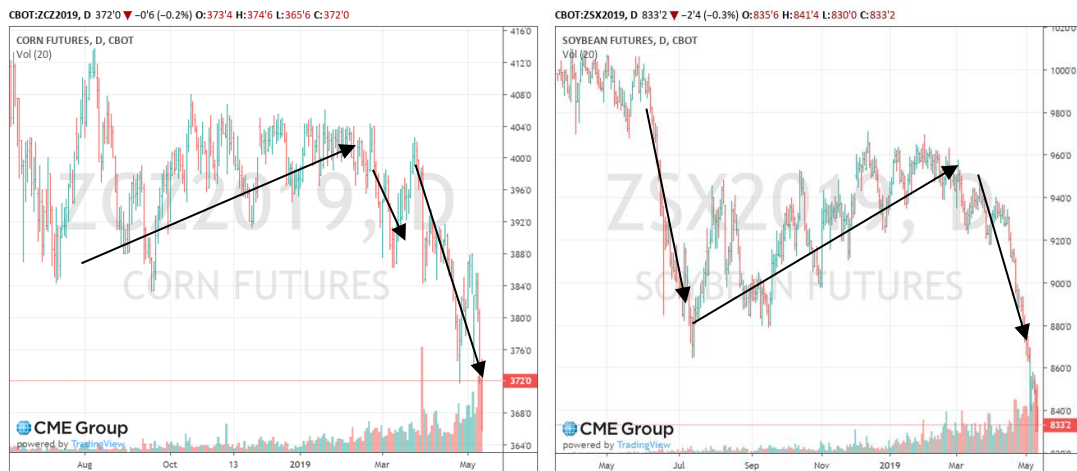
- ✓ *Lack of Sense in the Grains*
- ✓ *Optimism on the Horizon?*
- ✓ *Planting Progress*
- ✓ *Trump Bump Round 2?*
- ✓ *Reed's Recommendation*
- ✓ *The Takeaway*

**Underwriting,  
Agents, & Staff**

Tim Burres: tim@agriperil.com  
 Reed Burres: reed@agriperil.com  
 Ethan Laughery: ethan@agriperil.com

## Not So Common Sense in the Grains

April showers bring May flowers, or so they say! Much of the Midwest has experienced excessive moisture and unseasonably cool temperatures, as a result, there has been a limited amount of planting across much of the Cornbelt. Farmers across Illinois and much of Minnesota have struggled to get in to their fields, thus resulting in significant planting delays. These planting delays should come as welcome news to the markets, especially to the corn market as decreased acreage should result in decreased overall production, that's the hope at least. Truth be told, with all of the moving parts in the markets, it's tough to tell which factors are actually worth keeping an eye on. Hindsight is 20/20 they say, and there is a lot of truth in that, however, it's difficult to not kick yourself when they price falls or goes against what you initially suspected would happen.



Chinese trade tariffs have plagued the market as of late and caused prices to plummet significantly over the past two weeks. **December Corn** (left) and **November Soybeans** (right) futures have felt the pressure first hand. How much bounce will there be in the corn market?

**Image Source:** CME Group, Corn and Soybean Futures

Many knew, with great certainty, that in 2019, some of the most influential factors would undoubtedly be: Chinese trade, shifts in acreage, and 2019 production. Interestingly enough, the factors that many expected have caused price reactions, however, not as evenly as many others would have expected the reaction or relation to be. With intended plantings still undefined for many, the largest market movers up to this point have been the continued political posturing with China as well as an increase in total carryover amounts in US ending stocks for corn and soybeans. Looking ahead, we can only pray that there will be an actual resolution that will give the markets some form of relief from this current state of negative price reaction.



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## Insurance Calendar

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

Late Plant Period  
Begins for Corn

**June 25<sup>th</sup>:**

Late Plant Period  
Begins for Soybeans  
Ends for Corn

**July 10<sup>th</sup>:**

Late Plant Period  
Ends for Soybeans

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

Acres Reporting Deadline

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## A Reason to be Optimistic?

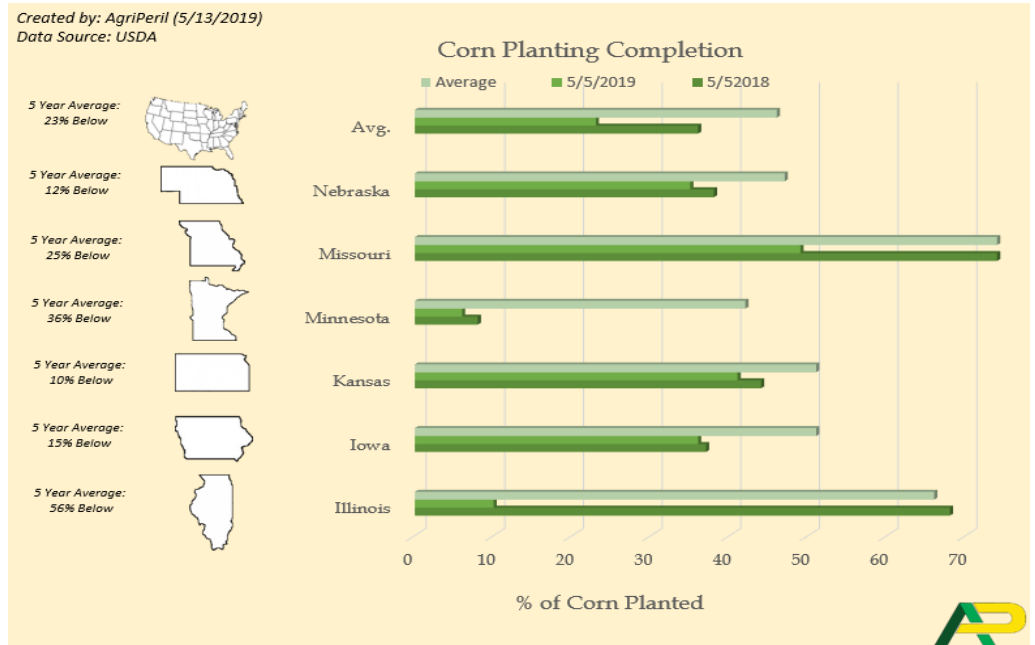
Apart from the fact that market prices have taken a nose dive here in the recent past weeks, there is a strong chance of two main events occurring:

- 1) market prices rebounding
- 2) market prices continuing to fall

I realize you read this and think, "WOW, he's really on to something!", but we should discuss what factors are driving these reactions. Market prices are largely determined by supply and demand, NOT just what President Trump has to say or Tweet.

This is an important reminder, as lately some have forgotten how prices are actually set! My expectation is that corn will rebound and that soybeans will await additional information, perhaps more so favoring the pessimistic side of things. Maybe, as we approach harvest, we will see a trade resolution as politics become more of a focus rather than working to reduce our trade deficit and regain lost intellectual property rights....

My guess is that corn futures will have some bounce in them, there are many acres still unplanted in the Midwest and plenty of acres that can shift to soybeans. Soybean prices seem rather bleak, are rely heavily on the hope of a trade deal in order to see any potential jump.



Perhaps, with the significant corn planting delays in the Midwest, there will be enough momentum to get at least the corn markets back on track.

## Trump Bump Round 2:

Apart from these things, it is perhaps worth remembering that with a spring price of \$4.00 on corn and \$9.54 on soybeans, harvest season is coming and in addition to finding out yields during harvest, we will also learn what the fall prices will be this year.

Futures contracts have slid a fair amount as of late and do not show much optimism or chance of rebounding. Perhaps we will see a second year of Market Facilitation Program payments after all; when I spoke with Secretary Perdue, and asked him about if farmers could hope to see a second go around of MFP payments; he was firm that there would not be any additional payments this year. This conversation was in mid-February and much has changed since then; I am optimistic that perhaps his position has softened given that there has been a great deal of tariff trade talk occurring since then.

Referencing the CME futures prices on the first page, thus far, we see that December corn futures are in the neighborhood of \$3.75 per bushel and November soybean futures are in the range of \$8.40, for now.

These price movements have resulted in price decreases of: 6.25% for corn and over 12% for soybeans. The price movements have been significant and if prices stay in these ranges, there will be an increase in overall yield triggers, if you have Revenue Protection.

*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:

The popularity of utilizing different types of seed coats and treatments has significantly increased in recent years. With 2019 having posed cold and wet growing conditions, how have you adjusted your management strategies in order to combat these issues?

Left:

A quick call to United States Department of Agriculture, Secretary of Agriculture, Sonny Perdue in February helped set the record straight, but how has his stance softened since then? Will we see a second round of Market Facilitation Program payments? If so, how much?





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## The Take Away: A Little Perspective

Minnesota Twins MLB							
GAMES	NEWS	STANDINGS	PLAYERS				
<b>American League</b>							
AL Central	W	L	Pct	GB	Home	Away	L10
Indians	91	71	.562	-	49-32	42-39	6-4
Twins	78	84	.481	13.0	49-32	29-52	7-3
Tigers	64	98	.395	27.0	38-43	26-55	3-7
White Sox	62	100	.383	29.0	30-51	32-49	2-8
Royals	58	104	.358	33.0	32-49	26-55	6-4

Minnesota Twins MLB							
GAMES	NEWS	STANDINGS	PLAYERS				
<b>American League</b>							
AL Central	W	L	Pct	GB	Home	Away	L10
Twins	25	14	.641	-	13-7	12-7	6-4
Indians	21	18	.538	4.0	11-7	10-11	5-5
Tigers	18	20	.474	6.5	9-8	9-12	5-5
White Sox	18	21	.462	7.0	8-10	10-11	4-6
Royals	14	27	.341	12.0	9-13	5-14	3-7

Minnesota Twin's record in 2018 (left) versus early 2019 (right).

Source: Google Search, Twins Baseball

All in all, we are facing some of the worst margins in recent memory and see no significant improvements in sight. If there are a few bright spots to be found they are perhaps mainly in the hog market and any summer sports. For example: the Minnesota Twins currently have the best record in baseball! Last year the Twins finished second in a rather uncompetitive American League Central, through a few offseason moves and acquisitions the Twins now currently have the best record in all of baseball! Their record of 78-84 was only good for a percent of 0.481 whereas this year they are on track to win over 100 games! If this were the case, it would be a huge turn around.

Relating this to the markets, it doesn't take much to get the markets down these days, just like the Twins, we only need a few changes to re-energize our market offense and find some new life in order to elevate our market prices. In reality, it's not quite that easy, but we never know what overnight trade deal might be struck. We never know what will happen from year to year, sometimes we struggle to see results that we may shoot for on the yield monitor and sometimes we seemingly give the grain away in the fall, but when we do hit our mark, we need to celebrate, because life is too short to dwell on the imperfections. 2019 very well could be a year where crop insurance is the thing that keeps you whole. With that in mind, if you ever have any questions on calculating your own trigger yields or what the AgriPeril Advantage is really like, keep us in mind.

Until next time, stay safe, be proactive and work to reduce your operation's risk. Thanks for reading!

All the best,

