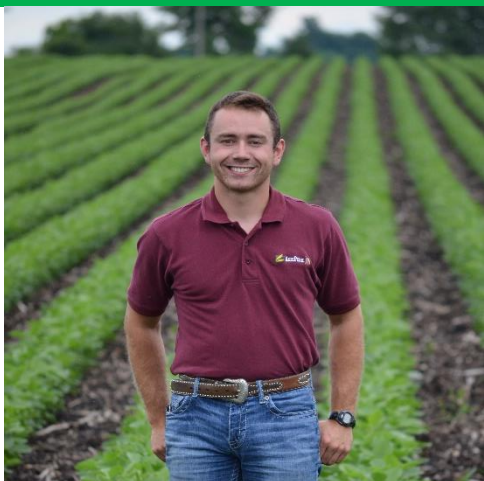




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Reed Burres

Quick Preview:

- ✓ Rebounding Prices?
- ✓ Corn Condition
- ✓ Soybean Condition
- ✓ Reed’s Recommendation
- ✓ The Takeaway

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Crop Conditions and Rebounding Prices?

With previous estimates of current US grain acreage having previously been set, there was much question as to how the USDA might adjust planted acreage for the 2020 crop year, especially with the 2019 report still fresh in the mind of many. As many have continued to hold old crop corn and soybeans the markets have continued to fall apart until now, being propped up partially to improvements in COVID, Crop Progress Reports, and trade news.

As many of us look towards fall, we are hopeful of seeing the prime opportunity to make a large cash sale or large forward contracting sale. Unfortunately, we have not seen any of the “clear” opportunities that so many of us have been hoping for. As we sit today, we will need multiple hurdles to clear themselves to see corn and soybean prices rebound to previous virus price “highs”. Crop conditions have dwindled in areas across the Cornbelt and those will likely be the areas that traders watch as we move closer to harvest. There are areas within each state that have been plagued with excessive rainfall, not quite the severity of 2019, however enough to substantially delay planting enough to reduce yield potential.



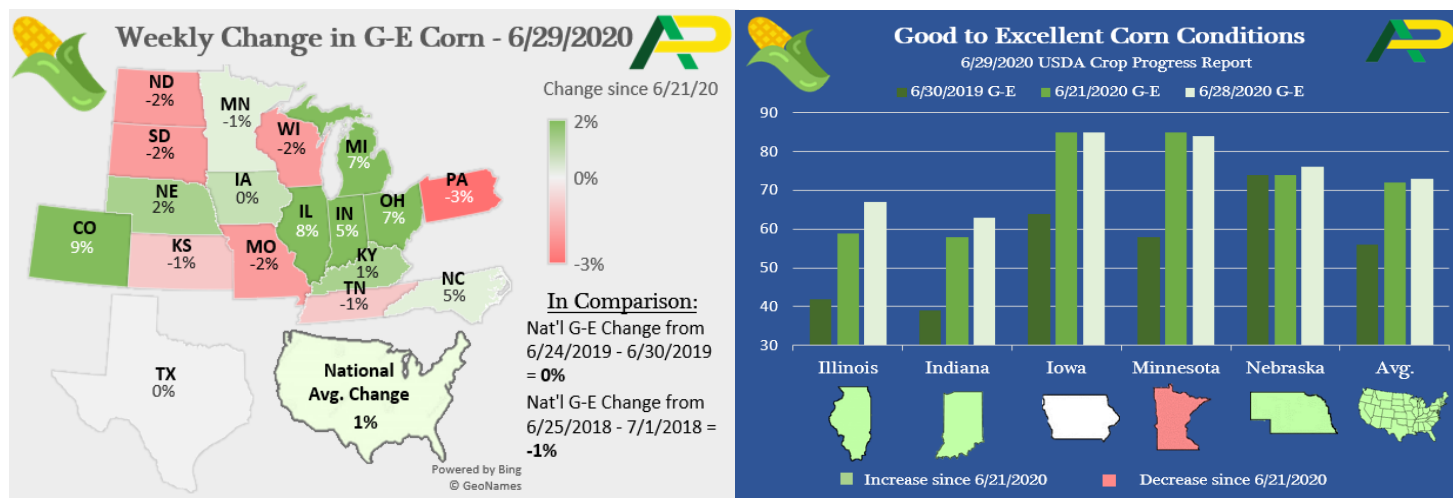
Above: December Corn futures rebound after experiencing near two-month lows, the future is unclear, however optimism remains for positive price movement.



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Corn Conditions – Continued:

Currently as we are sitting with June WASDE expected planted acres of 97.0 million acres of corn with an expected production of 178.5 bushel per acre (record high) placing expected production at 15.99 billion bushels. This is a very strong estimate, it certainly is achievable if growing conditions remain favorable, but what we have seen as of late in the crop progress reports are that conditions may show signs of turning around. The Eastern Cornbelt saw the greatest improvements whereas, Central and Western states saw steady condition or slight decreases. Looking back to previous years with similar crop conditions, there is little doubt that the Crop Condition Report will continue to provide a strong base from traders in the future.



Comparing the 2020 crop to the crop of 2019 is truly like comparing apples and oranges at this point. Looking back at crop conditions, the national average lingered around 55% Good to Excellent, which was near the lowest in history since the crop conditions had been reported. Iowa and Minnesota lead the way with ratings of over 80% G-E with the “I” states of Illinois and Indiana quickly working to catch up to higher rating levels and break into the 70% G-E range. Nationally, as we sit just over 70% G-E it will likely take a strong set back to occur in order to rally prices from their current trading range.

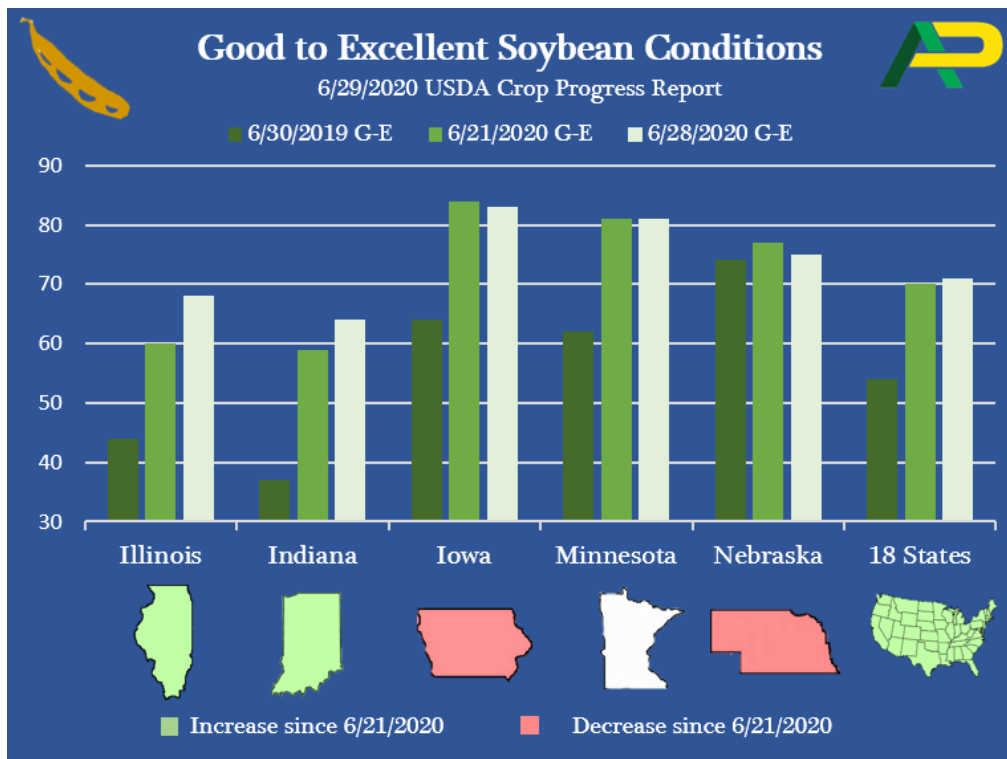
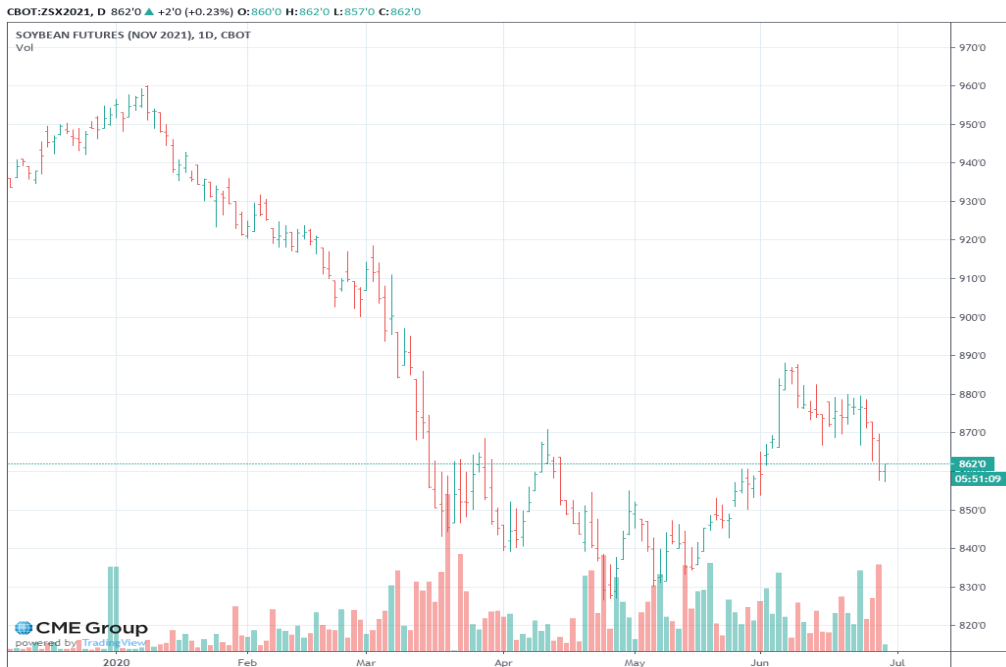
Looking to the future, I have heard that many brokerages have urged clients sitting on old crop grain to clean out their bins and get ready for the 2020 harvest, as we had made strong efforts to catch up, where will the future hold, no one knows! With the current market congestion largely caused by COVID and unclear trading partnerships it has been nice to see that trade between the US and its major corn buyers has continued at a slightly slowed pace. Changes in crop condition can spark a rebound, however, will need more of a significant decline or “good” news partner to help send prices on a rally.



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Soybean Conditions:

Current soybean prices have tended to not as closely follow corn prices, however have followed the highs and lows. With soybeans currently sitting around 860'0 for November contracts it is certainly possible that producers may be eyeing the potential of a revenue loss. If we could look back, I know that we all would have forward contracted our new crop in January and cleaned out the grain bins just after the New Year. As we have continued to expand trade partners, due to market stimulation from COVID, there have been some small developments. One of the more interesting pieces of news hitting the market is of the recent locust infestations in South America. Of the potential to do harm, it is currently reported that the locusts are not causing significant damage up to this point in Argentina. Cities will the more serious infestations have been on lockdown and under serious fumigation in order to help control the pests. 2020 certainly may be on track for a biblical year of sorts having seen crisis after crisis, however the reoccurring tone is that the year must go on.



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Insurance Calendar

June 25th:
Late Planting
Period Ends- Corn

July 1st:
2021 Insurance Year Begins

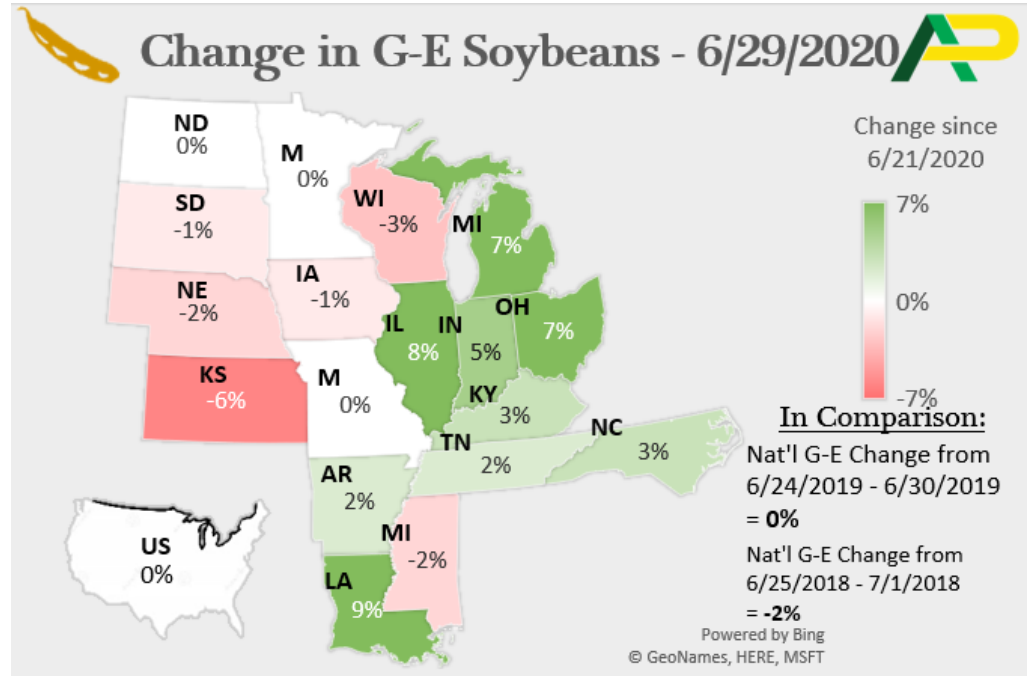
July 10th:
Late Planting
Period Ends - Soybeans

July 15th:
Acreage Reporting
Period Ends

October 1st:
Harvest Price Discovery
Period Begins

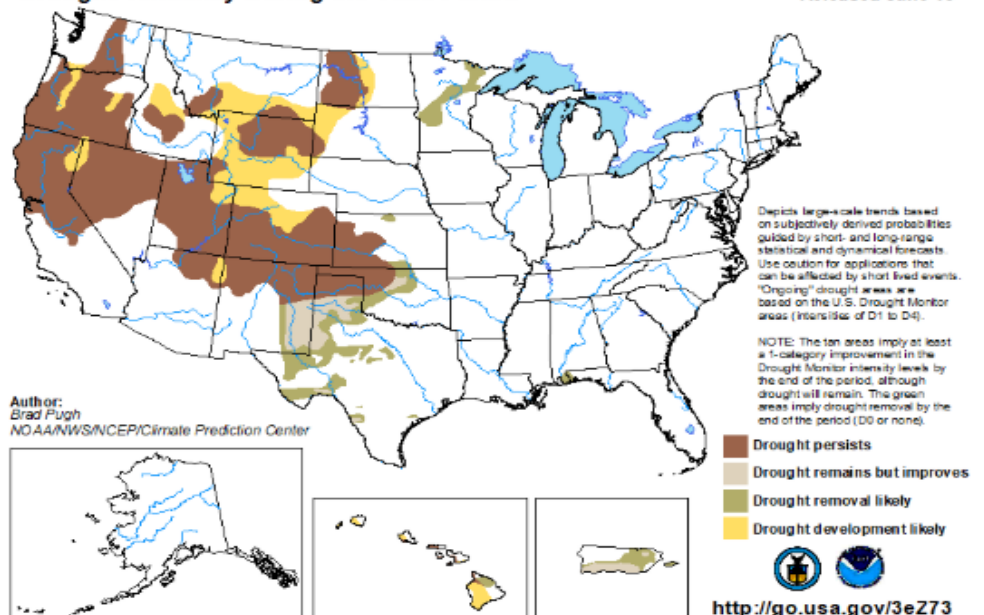
Soybeans Continued:

Soybean Good to Excellent ratings have been on the rise overall, nationally we sit at just over 70% Good to Excellent. Many Eastern states have seen an increase in overall crop conditions as the Western portion has begun to see signs of drought taking hold.



U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for June 18 - September 30, 2020
Released June 18



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The market content published through the AgriPeril Advantage is based on factual information. Market projections are opinions and is not a recommendation that any particular commodity, portfolio of securities, transaction or investment strategy is suitable for any specific person.



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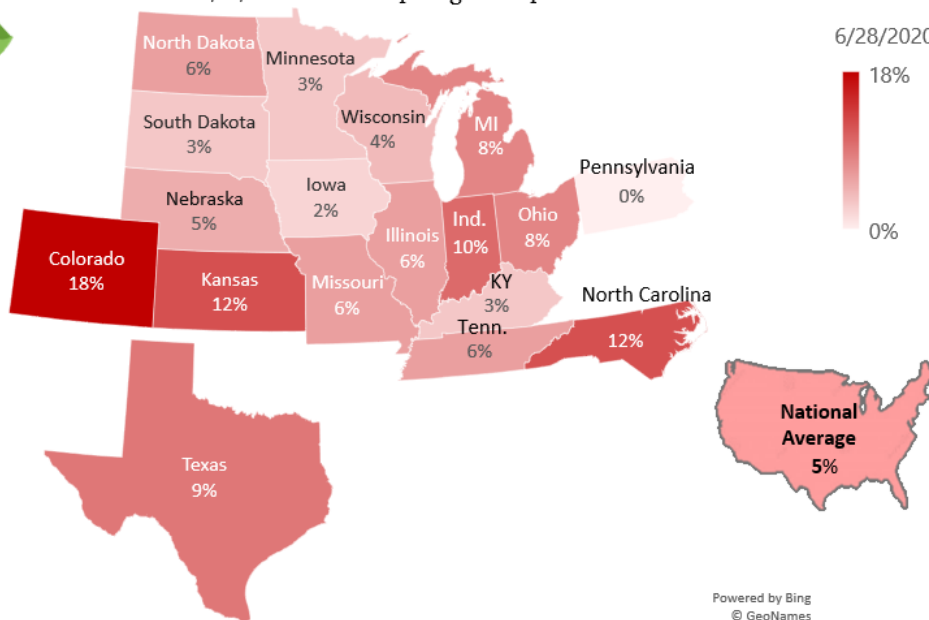
6/28/2020

18%

0%

Very Poor to Poor Corn Conditions

6/29/2020 USDA Crop Progress Report



Powered by Bing © GeoNames

Good to Excellent Ratings are helpful to see, however Very Poor to Poor Conditions give us a unique look at how we might be able to get to our harvest yields.

Reed's 2020 Recommendation:

Multi-Peril Crop Insurance:

- Corn: 85% Revenue Protection with \$0.15 of price buy-up insuring a price of \$4.03 per bushel.
- Soybeans: 85% Revenue Protection with \$0.50 of price buy-up insuring a price of \$9.67

Hail Insurance:

\$250 per acre BASIC Coverage Soybeans
 \$250 per acre DXS10 Hail Coverage, DXS5 Wind with Extra Harvest Expense

The Takeaway:

Overall, crop prices have rebounded as markets have favored a bit less favorable outlook, however, we are still a very long time out from harvest. One metric that I like to look at and compare is not the Good to Excellent rating, but rather the Very Poor to Poor. It is difficult to distinguish what the yield potential for Good to Excellent Corn or Soybeans may be, because of that, it is sometimes worth taking a peak at the ratings on the other end of the scale. Overall, we would need to see this rating be closer to 10-14% across many of the Midwestern states in order to see a strong price rally, however, as drought conditions continue to creep across Western Kansas it certainly could be possible to see ratings slip in the near future.

I will personally keep looking for a general uptick in the markets when COVID takes a break, however, we never know what the future will bring, hopefully a favorable report! A Until next time, stay safe, be proactive and work to reduce your operation's risk. Thanks for reading!

All the best,