

Reed's Review



Reed Burrell

Quick Preview

- ✓ *Vote for AgriPeril and Bullish Prices*
- ✓ *Improved Harvest Progress*
- ✓ *Established Harvest Price*
- ✓ *A Look at Live Cattle and Lean Hog Futures*
- ✓ *USDA Livestock Report Dates*
- ✓ *South American Tidbits*

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A Vote for the #AgriPerilAdvantage

A vote for AgriPeril is a vote for \$6.00 corn and \$14.00 soybeans! The market is as bullish as it has ever been because of the #AgriPerilAdvantage! What else could we say to get your vote this past election day? Similar to many of you, it wasn't long after hearing the same political ads that by mid-October, I was ready to shut the radio and television off for good. Looking at the agricultural side of things, we have seen a wide variety of weather events across much of the Midwest, snow in the Dakotas, excessive rain in parts of Nebraska, Iowa, and Illinois.



Farmer Photos:
 Much of Central Iowa received light snowfall that stuck around for only a short while before farmers resumed harvest, in the Western Dakotas it was a different story....



With corn and soybean harvest being delayed for many across the state it has been a year that many are hoping to put behind them and leave far behind. According to the USDA's latest crop progress report, corn harvest is sitting at around 72% in Iowa, 83% in Indiana, and 93% in Illinois and nationally at 76%. Soybean harvest has advanced significantly since last week, improving from 71% harvested to 88% here in Iowa. Nationally we are hovering around 83% harvested and with isolated rainfall across portions of the state, we can expect to see a continued delay in certain portions of the state.



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Insurance Calendar

November 1st - 5th:
Harvest Price Was
Announced

November:
Production Reporting
Harvest Claims

December:
Production Reporting
Claims

January:
Coverage Reviews


February:
AgriPeril Update Meeting
Date: TBA

Harvest Price Set

This year we have seen what many experts believed to be a record setting year, with that, many farmers had to fight through less than ideal growing conditions to achieve the yields they did. How did yields shape up for you or other farmers in your area? Did you see the impacts of nutrient leaching, corn cannibalization, or drown out areas in your fields? If so, you might be on the short end of the yield stick.....so far, we have seen many fields that have been right around 200-bushel corn and 50-bushel soybeans.


Last month, we featured an example with an expected harvest price of \$3.66 and \$8.62, we were close, however we ended with our harvest period with prices of \$3.68 for corn and \$8.60 for soybeans. From spring price to harvest price we witnessed a 7.07% decrease in the price of corn; for soybeans we weren't nearly so lucky, as we endured through a 15.35% price decrease.

The USDA's latest WASDE report being released indicating their best guess through November harvest is gives corn an average of 178.9 b/a and soybeans at 52.1 b/a. These numbers were decreased compared to their October estimates; the decreases were overshadowed due to an increased worldwide ending stocks which affirmed the thoughts of many that grain isn't going anywhere anytime soon.



Spring and Harvest Prices:

Corn: \$3.96	Corn: \$3.68
Soybeans: \$10.16	Soybeans: \$8.60



Revenue Protection Loss Example:

Corn Coverage Level: 85% with approved yield of 200 bushels per acre
 $200 * 85% * \$3.96 = \mathbf{\$673.20}$ **per acre revenue guarantee**
 $\$673.20 / \3.68 (projected harvest price) = 182.93 bushels per acre
If the farmer produces less than 182.93 bushels per acre, a revenue loss will be triggered

Soybean Coverage Level: 85% w/approved yield of 58 bushels per acre
 $58 * 85% * \$10.16 = \mathbf{\$500.89}$ **per acre revenue guarantee**
 $\$500.89 / \8.60 (projected harvest price) = 58.24 bushels per acre
If the farmer produces less than 58.24 bushels per acre, a revenue loss will be triggered



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We're Online!

Website: www.agriperil.com
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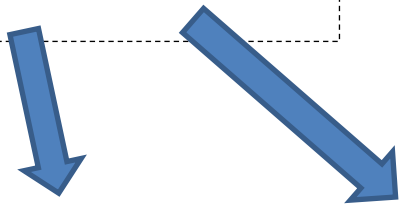
A Look at Livestock

Livestock producers have been in an interesting situation lately with prices all over the board the past few months. Live cattle April futures look promising for many feeders, question is, how will the upcoming Cattle on Feed, Cold Storage, and Livestock Slaughter reports look? We have seen some optimism in the cattle market lately, however, we have hit a partial slide downward, can we recover before the next impactful USDA report for cattle on November 21?

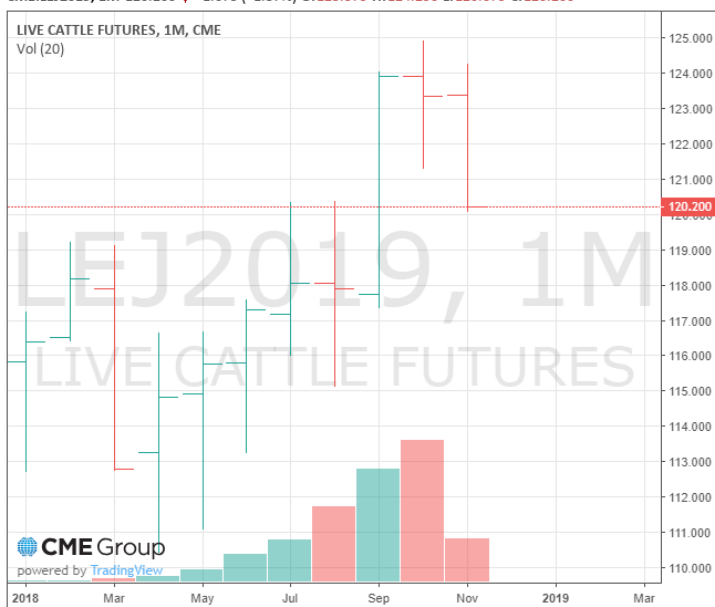
Lean hog futures are fairly similar with being reactive in our new seemingly hyper-volatile market. China has brushed off and supposedly well contained their African Swine Flu episode, for now, will it flare back up? Will it continue to spread to other SE-Asian countries? June futures contracts were on a tear and traded significantly higher before hitting some moderate price resistance. There may be an opportunity in the summer months to lock a fair price through either a subsidized Livestock Risk Protection policy or a put on the market. Spending a few \$/head to lock-in a price could be the difference in breaking even and coming out ahead..... Maybe it's worth a shot?

Taking a quick look at the April Live Cattle and June Lean Hog Futures contracts, we are reminded that we have been all over the board and have recently hit a high point, where will we go from there?

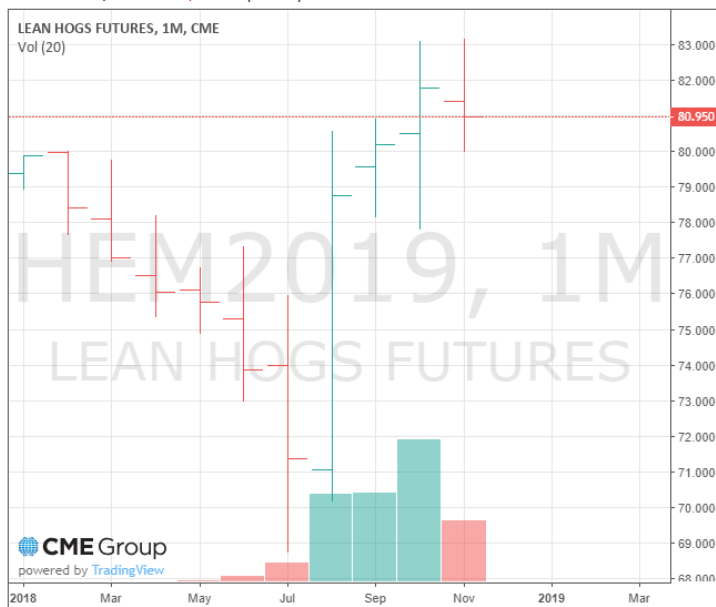
Image Source: CME Group



CME:LEJ2019, 1M 120.200 ▼ -1.675 (-1.37%) O:123.375 H:124.250 L:120.075 C:120.200



CME:HEM2019, 1M 80.950 ▼ -0.400 (-0.49%) O:81.400 H:83.150 L:80.000 C:80.950





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Food for Thought on South America:



Source: <https://www.crossed-flag-pins.com/Friendship-Pins/Brazil/Flag-Pins-Brazil-Argentina.html>

- Brazil's largest agricultural state, *Mato Grosso*, is currently 90% planted.
- Expected soybean harvest will occur 10-15 days before normal, weather permitting.
- Brazil's newly elected President, Jair Bolsonaro, is regarded as a Pro-Agriculture; Anti-Environment.
- There is an expected increase of 3% in Brazil's soybean area that is currently being planted.
- 70% of Brazil is double cropped and Argentina is quickly moving that direction as well.

Closing Remarks

All in all, we need to be on the watch for changes that will enhance or diminish supply and demand drivers in the market, as it will ultimately influence what direction the market may be headed until we burn through some additional supply.

In our December Edition of Reed's Review, we will look at the ever-growing *South American* presence and impact in world agricultural production.

If you have already wrapped up harvest, best of luck with fall tillage. If you are getting crops out of the field still, continue to be safe. Until next time, stay safe, be proactive and work to reduce your operation's risk. Thanks for reading!

We had a great experience at Iowa State University's College of Agriculture and Life Sciences Career Fair! Thanks to all of the students who stopped by and inquired about our summer internships.



AgriPeril's Reed and new summer intern, Cy the Cyclone, were all smiles during the ISU Career Fair.



All the best,