

Reed's Review



Reed Burres

Quick Preview

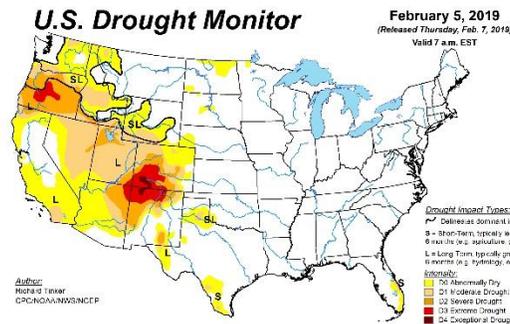
- ✓ "Ready-to-Mingle Markets"
- ✓ Time to Buy-Up Coverage
- ✓ February WASDE Reaction
- ✓ Livestock Risk Protection
- ✓ Market Swings
- ✓ The Takeaway

Underwriting, Agents, & Staff

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New Marketing Intern: TBD

Love *Is Not* in the Market

As we approach "Single's Awareness Day" for some and Valentine's Day for others, love is not the only thing that farmers all across the country are looking for; will we see higher prices, or more of the same? Now after several days of trade talk theories beginning to boil down it will be interesting to see of the 5 million tons promised by Chinese President Xi Jinping, where the line in the sand is drawn. Last week with the help of some slight grain flows we may be edging closer to a deal that will shake the soybean market back to life. Currently across much of the grain belt farmers are scratching their heads wondering which crop to plant that will lose them the least amount of money per acre.



2019 Drought Monitor:

With 2019 subsoil moisture being adequately well established across most of the Cornbelt it will be interesting to see what spring weather has in store; will we see more of 2018 or will 2019 be "its own year".

Looking at the previous few weeks, we have seen a fair amount of temperature variation, one day we are -50 below with wind chill then only a few days later, nearly 50 degrees in areas! Perhaps these temperature variations in early 2019 may signal what we may be in for during the 2019 growing season. Looking ahead, with a wild ride of 2018 weather behind us, the state of Iowa endured through perhaps ones of the most diverse growing seasons in recent memory. As parts of Northern Iowa were covered with potholes, it wouldn't be long before farmers in Southern Iowa would be worried about the impacts of drought reducing yield.



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Insurance Calendar

February:

AgriPeril Update Meeting
Date: February 12th 5:30PM
507 Main St.
Dakota City, IA

March:

Spring Price Announced

March 15th:

Sales Closing Date for
MPCI and Private Products

April:

Insurance Coverage Begins
from Spring Seeded Crops

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Disclaimer

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2019: A Year for Additional Coverage

In 2018, hail insurance policies that featured a wind and green snap endorsement proved to be a very good decision, as many counties across Northern/North Central Iowa received what many believed to be more hail and wind damage than in recent years. Looking to 2019, what is the risk protection worth to your operation? Lately, there have been many new products that I've been excited to share with readers, perhaps the product I am most excited about, Rain & Hail's Revenue Price Option product allows farmers to purchase up to an extra \$0.50 per bushel coverage on the spring price of corn and an extra \$1.20 per bushel coverage on the spring price of their soybeans.

Speaking of additional price coverage, what about the real reason as to why we would need something of that sort.....to protect from potentially even lower commodity prices. With today's World Agricultural Supply and Demand Estimate being released I was rather surprised to see how large the build-up before this particular report has been.

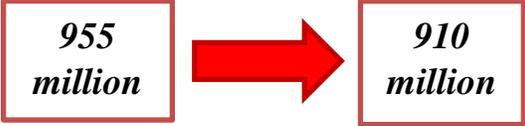
Much Awaited February WASDE

The February WASDE was provided information that many had already expected to see and perhaps the most interesting curveball we were thrown was that there was no real substantial market reaction. With that in mind, the US soybean carryover fell from 955 million bushels to 910 bushels, with corn taking similar movement and falling from 1.781 billion bushels to 1.735 billion bushels. With this short fall in bushels many hoped that prices would react bullishly, however, when the corrections all came in corn ending stocks world wide increased from 308.80 million metric tons to 309.78mmt, which took away a nice rally corn was having prior to the WASDE release.

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Technical, Technicals

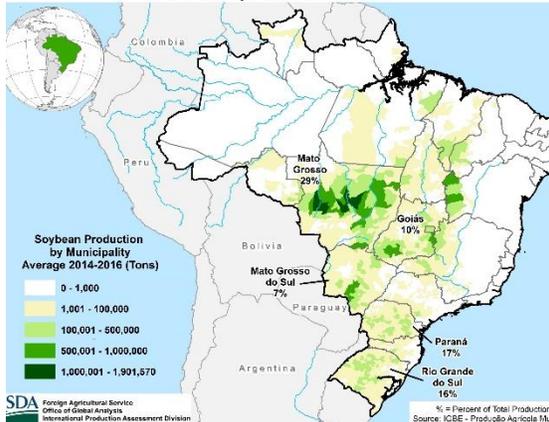
United States' soybean carryover fell by 45 million bushels from:



Perhaps, if South American yields continue to decrease, we might see over local bids over \$9.50 cash.

Shockingly, soybean ending stocks were decreased from 115.33 mmt to 106.72mmt and the market struggled to gain a good head of steam and closed up just over a 1'4. Looking to the future, this report from a soybean producer's standpoint provided some necessary optimism. With the ending stocks down and the Brazilian harvest projected below the 2017 harvest, perhaps we may be able to experience some rallies in the future. Unfortunately, right now we seem to be stuck where we currently are in rather consistent sideways trading. I guess the best answer for low prices still will be low prices; which certainly isn't the United States right now with FOB Export Bids across Argentina, Brazil, Black Sea, and US bids all being fairly similar. With an unpredictable market ahead of us this growing season I am highly recommending that producers begin their grain marketing process a bit earlier than usual as we will likely be experiencing market volatility similar to that of the 2018 crop year following the announcement of Chinese tariffs.

Brazil: Soybean Production



Livestock Risk Protection

***Prices for LRP Policies ***

Prices are based off an indexed value for livestock contracts which can be found through the RMA website directly or quoted by a licensed agent.

Price per CWT will vary and it is not uncommon to see prices below the cost of a board contract. The best part about insurance, is that there is not minimum; insurance 1 animal or up to your expected mortality number.

Taking an overdue look at livestock risk protection policies, these policies are things that many have never heard of and feature a fair amount of price coverage. Livestock Risk Protection (LRP) policies are a federally subsidized insurance product that establishes a price minimum for a futures month in the live cattle, feeder cattle, and lean hog markets.

The prices and coverage levels vary and are quoted and released daily by the Risk Management Agency. Meaning, that if one particular contract you are after with an ideal coverage level and cost per cwt, it may be easier to find exactly what you are after.



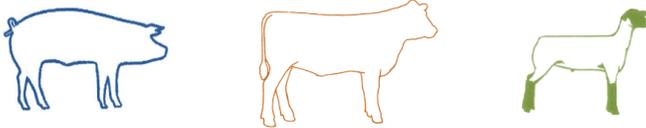
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State Share	IOWA 1.00	County Target End Weight	HUMBOLDT 13	Commodity Sales Effective Date	FED CATTLE 02/08/2019	Type Steers & Heifers				
	Length	End Date	Coverage Price	Coverage Level	Expected Ending Value	Cost Per CWT	Total Liability	Rate	Premium	Producer Premium
	13	05/10/2019	\$ 125.30	99.92 %	125.399	4.083	1629	0.032586	53	46
1 Head	26	08/09/2019	\$ 114.39	99.98 %	114.416	4.934	1487	0.043133	64	56
	39	11/08/2019	\$ 115.56	99.81 %	115.784	5.572	1502	0.048217	72	63

Contract lengths are available for:



Swine: 13, 17, 21, and 26 weeks

Fed Cattle: 13, 17, 21, 26, 30, 34, 39, 43, 47, and 52 weeks

Feeder Cattle: 13, 17, 21, 26, 30, 34, 39, 43, 47, and 52 weeks

Lamb: 13, 20, 26, and 39 weeks

It is not uncommon to see coverage levels well into the upper 90% range, as we can see that the quoted coverage levels are over 99% of the expected ending value.

By selecting a higher percent of coverage, the closer your target end weight coverage price will be to the actual expected ending value.

Across all LRP contracts, there is a 13% subsidy.



***Only specially licensed agents can offer livestock insurance to producers.

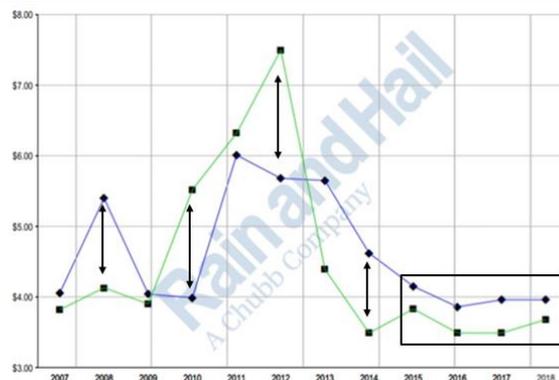
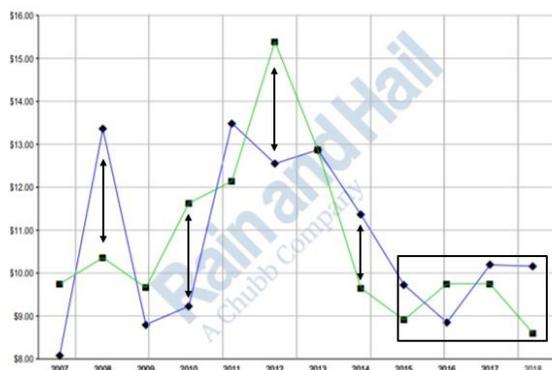
Contracts only need a policy application with an existing approved insurance provider, once approved, the agent and client work together to find the price and coverage level that is best for them.

Interested in a policy?

Reach out to: reed@agriperil.com



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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Projected	8.09	13.36	8.80	9.23	13.49	12.55	12.87	11.36	9.73	8.85	10.19	10.16
Harvest	9.75	10.36	9.66	11.63	12.14	15.39	12.87	9.65	8.91	9.75	9.75	8.60

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Projected	4.06	5.40	4.04	3.99	6.01	5.68	5.65	4.62	4.15	3.86	3.96	3.96
Harvest	3.82	4.13	3.90	5.52	6.32	7.50	4.39	3.49	3.83	3.49	3.49	3.68

Above: Differences in Projected (Spring) Price and Harvest (Fall) Price plotted over the past growing seasons. Take special note of the past four growing season's price variations; lately we have seen that price movements for both soybeans (left) and corn (right) have been less significant. Opinion: Looking to the future, expect more of the same unless a new trade deal emerges and ending stocks continue to trickle away. Until something new emerges, hold on tight!

The Take Away:

To summarize things, South American, especially Brazil, will continue to have an increasing presence in world grain production, especially soybeans. It will be awhile before we reduce our substantial carryout numbers if trade with China remains stunted, on the bright side, we are only one widespread US drought away from this happening.

Perhaps one thing for certain, 2019 will be another year where we see trading be within a fairly limited price range, similar to previous years for both corn and soybeans, and we will likely see lower highs and lower lows following planting and through the growing season as harvest approaches if no substantial trade deals surface.

As we approach #Plant2019, be sure to keep the AgriPeril Risk Management in mind for all of your crop and livestock insurance needs! Until next time, stay safe, be proactive and work to reduce your operation's risk. Thanks for reading!

All the best,

