



AgriPeril Advantage



Reed Burres

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Agents & Contributors

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Rearview Look at Marketing Opportunities

Just like that we feel like we are coming upon the end of summer and nearing the harvest season in the Midwest. Though we have had our share of ups and downs in the market, it certainly seems like we have had many opportunities to market new grain. Below is a look at the December corn futures and how we have been trading. On July 2nd, we traded at or near highs that we have not seen since mid-March. We ticked higher largely thanks to a favorable June Acreage Report, improvements in containing COVID-19, and less than ideal crop conditions. As the market continued upward as did the focus of many for pricing grain. If you subscribe to any ag-marketing services or brokerages, you more than likely got a phone call, text, or email suggesting that you sell 25%-50% of your expected new crop production for corn and soybeans. Looking back, this would have been a profitable decision as we sit \$0.30 less on corn than compared to only 4 weeks ago. Unfortunately, that was then and many of us were not prepared or able to take advantage of that opportunity.



Above: December corn futures finds highs that have not been seen since Mid-March. Source: CME Group, December Corn Futures



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Seeds from China:

Recently, the latest hot topic from China has been far from trade, but has had quite a bit to do with agriculture. Perhaps you may have heard by now of the strange seeds that some have been receiving in the mail with Chinese addresses. Reports have been made showing that people from across all 50 states have received seeds now. Officials from state departments of agriculture have urged residents to not open, plant, or destroy the packets and report it immediately.



#APHIS is working closely with @CBP and State Depts of Ag re: unrequested seeds. If received, pls contact State Dept of Ag bit.ly/3jHcqqe or the #APHIS State Plant Health Office bit.ly/2OZHw9l. Keep packaging and do not plant seeds from an unknown origin!



The above images come from actual packaging and examples of received seeds that have been received in the mail by residents. USDA's Animal and Plant Health Inspection Service have issued many advisories and recommendations to state departments of agriculture in how to proceed. Unfortunately, some individuals have planted the seeds already and have sent in pictures of germinated seed. There is strong speculation that the seeds are of noxious weeds and that it is an attempt to introduce a non-native weed species that will be very difficult to control.

Image Source: CNN.com (left) and USDA-APHIS Twitter Page (right)



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Insurance Calendar

September:

Expected Soybean Harvest

October:

Expected Corn Harvest

October 1st:

Harvest Price Discovery
Period Begins

November 1st:

Harvest Price Announced

November 15th:

Pasture, Rangeland & Forage
Insurance Sales Closing

November 20th:

Grape Coverage
Sales Closing

Disclaimer

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Grape Coverage:

For many the idea of grape insurance may be a novelty, however, as grape production has continued to grow and we are now approaching a point where as acreage continues to expand, as does the risk presented to growers. Currently, the primary form of coverage extended to grape growers, many of whom operate either wineries, vineyards, or a mix of both, would come through way of Whole Farm Revenue Protection (WFRP). Though Whole Farm Revenue Protection offers coverage, it will often not offer adequate coverage to growers who are only raising grapes, as part of the criteria to insure the policy for a high coverage level requires that producers insure a minimum of 3 separate commodities. This may be difficult for lesser diversified operations and ultimately forces the producer to potentially only be able to purchase hail coverage.



Image Source: Cooper Vineyard, Webster County, IA

Until just recently the process of obtaining insurance for grape production was a fairly extensive process filled with many hoops to jump through and mounds of paperwork, resulting in poor coverage. As of the 2020 crop year, coverage was provided to grape producers in Southern Minnesota as actuarial information was accepted by the Risk Management Agency (RMA) giving growers a unique opportunity to purchase coverage. With this in mind, AgriPeril is offering grape growers in Iowa a chance to work with us and explore the possibility of getting coverage. Coverage will be based off of previous production, with at least 3 years of verifiable production required. If loss were to occur, payment would be based off of \$0.75 per pound shortfall. All in all, an opportunity such as this has never been available for producers in Iowa up to this point, we are happy to visit and go over the policy more in detail!



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New Agent On-Board:

We July 1st, we formed welcomed Ethan Laughery to the AgriPeril team. Ethan has been working with us over the past 3 summers and we mutually felt an opportunity to work together for much longer. Ethan initially worked for us as a risk assessment intern and gradually worked his way up to bigger projects, until now, as a fully licensed crop agent. Here's a bit from Ethan:

I graduated from Iowa State University with a bachelor's degree in finance in 2019. Currently, I am entering my second year of law school at Drake University. My plan after graduating and passing the bar is to practice law in a rural community with a focus on wills, trusts, and business law. My hope is to one day help families maintain their farms for future generations and ensure it is protected from liability or financial risk.

As we move into a new decade of modern agriculture, planning for the future productivity of your operation will become even more important as it seems as though the landscape is everchanging. Already we have seen how macro issues such as the ongoing COVID-19 pandemic and trade wars/tariffs have affected agricultural markets. While trade experts and government officials work to establish new markets for U.S. ag products and grant relief packages to struggling farmers, producers can also take measures to protect their bottom line from global pressures.

In the past, Iowa was a large producer of grains such as wheat and specialty crops such as hemp or grapes. Several of these specialty or rarer crops are now being grown again to serve their local markets, whether on family acreages or by large-scale commercial operations. A renaissance of sorts is occurring within the ag industry and I have experienced it with my own hands. Originally, I hail from Guthrie County where I grew up on a 50-acre hobby farm, but even on our small farm we managed to produce a wide variety of products for farmers' markets or our own consumption. The family farm currently has multiple groves of apples and peach trees, honeybee hives, cattle, a vineyard, and just recently started producing hops. Every year our operation grows a little bit larger and one of these years it will become a full-time job for someone in the family to manage everything! So even if only on a smaller scale, I understand what its like to grow a new crop and take a risk on it reaching fruition.

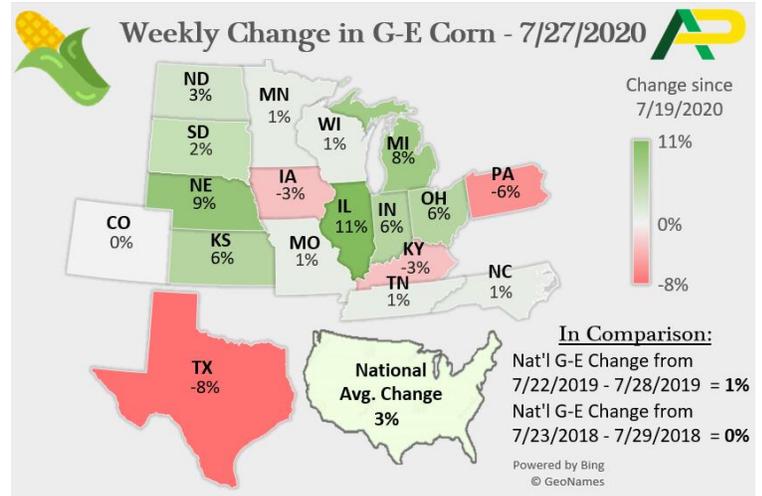
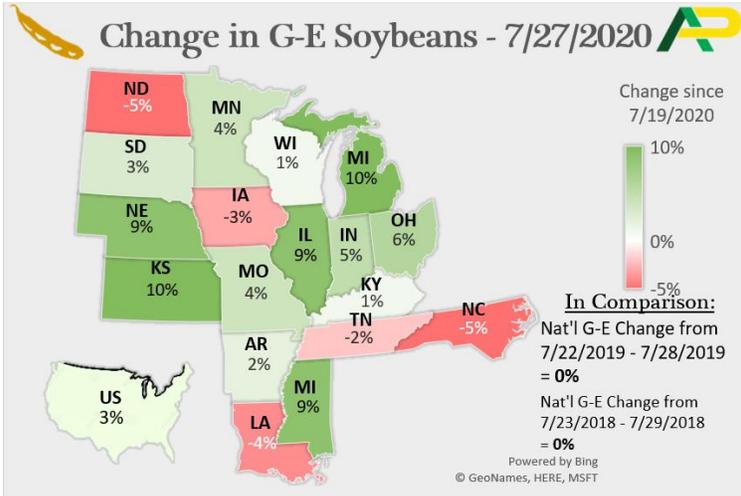
In AgriPeril's next phase of growth, we are working to offer risk management solutions, including insurance, to our specialty crop producers. Traditionally, these less common crops were left behind when it came to large crop insurance products such as MPC1, but that's not the case anymore. Beginning with vineyards, AgriPeril has set up written agreements to ensure the revenue or yield of our client producers. We want to see our clients' farms prosper, regardless of the size.



We are very excited to have Ethan on-board with us now and in the future! If you have any questions for Ethan, feel free to reach out to him by email: ethan@agriperil.com or phone: 641-757-2386



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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:

My-oh-my, have prices continued to trade sideways and continued to fall. As we sit here on this last day of July, many of us realizing that we will soon be harvesting across the Midwest. Iowa has struggled to find necessary rainfalls as drought continues to further creep in and reduce yields. Other portions of the Cornbelt have been more fortunate in areas and have received substantially more rainfall than in previous months, unfortunately, the most recent crop progress report showed just that and markets reacted appropriately....With weather being the driving factor until harvest (apart from the occasional WASDE report) we will likely have to wait a little while before seeing the markets make any serious movement up or down. Even now will China having made the single largest purchase of US Corn, the market remains unphased, that should be a signal to the rest of us, right?

In the meanwhile, if you know any grape producers tell them to give us a call, they'll be glad you did! Until next time, stay safe, be proactive and work to reduce your operation's risk. Thanks for reading!

All the best,