



Reed's Review

Something to be Thankful For!

As combines have entered the field and tested ground conditions in areas that were unfit for harvest earlier in the year, have found new support in the way of below freezing temperatures. Farmers have faced much more than the normal adversity this year and many are now battling the shortage of LP in order to dry down wet corn. The shortage of LP is just another thing on top of an already long list of things that are weighing on the mind of farmers. Apart from an extended harvest for many, the 2019 harvest season was full of better than expected yields for. Looking ahead, 2020 will likely be better.

Reed Burres

Quick Preview:

- ✓ *Thankful for another Season*
- ✓ *Understanding Lower Harvest Price*
- ✓ *Reed's Recommendation*
- ✓ *The Takeaway*



Above: Corn and soybean prices have been patiently awaiting a trade deal agreement, will the proposed trade deal with China actually be signed by both Presidents. The Fall closed at: \$3.90 for December Corn and \$9.25 for November Soybeans.

Image Source: CME Group CZ & SX

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The 2020 crop year has a new found optimism for many looking to grow soybeans, that would likely come as a result of a signed USMCA trade agreement or perhaps a partial compromise with China. What will likely be one of the largest market moving events of this upcoming year.



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Insurance Calendar

November:

Production Reporting

December:

Production Reporting

January:

Crop Insurance Coverage
Reviews

February:

Crop Insurance Update
Meeting

March:

Spring Price Discovery
Period

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Insurance Harvest Price Falls, What This Means

During the early spring month of February, crop insurance companies and agents alike carefully watch the close of December Corn futures and November Soybean futures. There were highs and lows, bumps and rolls before we ended up settling at prices of \$4.00 and \$9.54. These were fair averages, especially considering the year that we had been through up to that point and with a lingering trade deal ready to go through, many spoke of \$4.40 cash corn and some even of \$5.00 cash. Perhaps the biggest struggle this year for many was making the decision to pull the trigger and make some cash sales.

One of the biggest reasons that folks missed a "golden opportunity" to market grain in advance was due to political pressures and instabilities that many were not expecting, partially the reason the corn market fell limit in near consecutive trading. Looking at things from a trading standpoint the November WASDE caused little shake up in the markets and was fairly close to what traders expected. One interesting detail that many should be interested in is that we are currently nearing ending stock levels for soybeans that have not been seen since the pre-trade war amount. This is exciting news and hopefully will result in continued support, however, the question will ultimately when will the traders come to the rescue and throw some support the funds enough to bring prices up.

To recap the November WASDE, corn acres remained steady at 89.8 million acres, yield was 167.0 bushels per acre, and estimated carryover was 1.910 billion bushels, this number has fallen considerably in recent reports. Soybeans were much unchanged as acres were steady at 76.5 million acres, an estimated yield of 46.9 bushels per acre, and carryover of only 475 million acres.

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



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Reed's Soybean Harvest Forecast:

Harvested Acres: 81.0 million acres
 National Yield: 48.0 b/a
 National Production: 3.88 billion bushels

Reed's Corn Harvest Forecast:

Harvested Acres: 81.5 million acres
 National Yield: 169.0 b/a
 Nat'l Production: 13.77 billion bushels

Please Note:

The numbers above are forecasts, they may not reflect final amounts of: Harvested Acres, Yield, or Production.

Final Comparison will be released in the December Newsletter!

The Takeaway:

Sometimes the best ways to save money are in the most unconventional ways. Looking at how some managed the LP shortage, it was safe to say that the most creative of farmers usually found an extra wood nickel.....



This picture comes from Jared Mettler and he used this strategy on an air bin when the LP shortage caused folks to look for a different way to try down wet corn or be forced to pay the drying, certainly a good laugh! Until next time, stay safe, be proactive and work to reduce your operation's risk. Thanks for reading!



All the best,