

Reed's Review



Reed Burres

Quick Preview

Read about weather and impacts on commodity prices.

Reed dissects the June USDA Acreage and storage reports.

Grain markets have and will continue to play a large role in livestock markets and slaughter numbers.

Review your insurance acreage documents as the final reporting date is almost here!

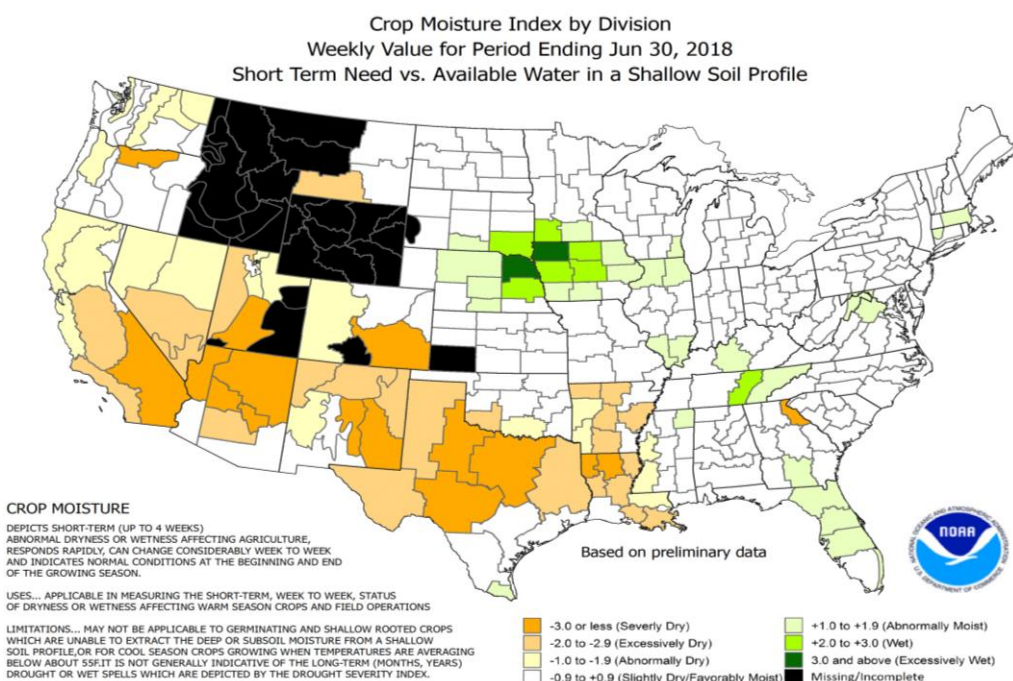
AgriPeril now provides risk management options for producers, contact us about our LRP and LGM.

Stay tuned for future announcements and news impacting the farm sector.

2018 Growing Season & Impacts

In the blink of an eye, we seemed to have jumped from an extended planting season during May, corn and soybean post spraying in June, to the true “dog days” of summer now that we are past the 4th of July. One of my biggest takeaways from the 2018 growing season is perspective; our perspective has greatly changed over our typical growing season as we have fought through snowfalls in late April, concerns of a lack of moisture in much of the Southern grain-belt, to now floating away in late-June and early-July across much of Northern Iowa and Illinois.

We are currently sitting in one of the most volatile markets in recent memory, we are seeing record low prices as a result of the mostly ideal growing conditions thus far across much of the grain belt, as well as strong inconsistency on the demand side that is largely being manipulated and “held hostage” by continued tariff negotiating and political posturing.





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Many sections of the Midwest saw corn tassels before July 4th.

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Storm clouds like these have been all too common for some folks.

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USDA Acreage Reports & Storage

With the recent release of the USDA Acreage report we have seen that projections on actual planted acres were moderately close, with corn being at 89.1 million acres planted and soybeans being at 89.6 million planted acres (See our charts on the last page). As we look back to see what has changed since last year, we will see that even though planted acres decreased by a mere 1% on both corn and soybeans, we are still sitting on a glut of grain and will expect to see that start to disappear within the short time that we have from now, until harvest, as farmers empty their grain bins and get ready to fill them again.

Soybeans that are still being stored totaled to 1.22 million bushels, which happens to be UP 26% from June 1, 2017. On farm storage was up 13% from a year ago, and off-farm stocks were up 33%, so looking ahead things might seem rather bleak.....

Corn stocks are quite a bit different tale, as we are currently sitting on 5.31 billion bushels, which is up only 1% from last year. We have seen slight increases in corn usage, however only slight, as we see that we are sitting at 3% less on-farm stored bushels from a year ago. The biggest surprise was that off-farm stocks were down 7%, which will be helpful going into the 2018 harvest.

Grain Markets & Livestock

With these lower prices, hopefully the livestock producers will be able to enjoy lower feed prices at least, right?! Looking at the previous week's weight average direct slaughter cattle report, fed cattle have seemed to have found their floor at around \$106/cwt, which is starting to put a squeeze on many producers and cut profitability, unless otherwise hedged. Feeder cattle prices have for the most part hung steady and battled back and forth to remain afloat in the market. Lean hog contacts have been a rollercoaster as of late, but have found strong demand for hogs now, with demand tapering off as we get further down the road in the contract period.



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Insurance Calendar

July 10th – Prevent Plant
Opens for Soybeans

July 15th – Final Acreage
Reporting Deadline

August 15th – Premium
Billing Date

September 30th – MPC
Premium Due

October – Fall Price
Determined

October – Revenue Plans

October - Fall Visits

November 5th – Harvest
Price Announced

November/December –
Claims

Insurance Reminders

Shifting views to the insurance, given that we have seen a significant movement in grain prices, we could see losses that we have not seen in recent years be triggered by a revenue loss. Also, as isolated rainfall persists, if we continue to see the growth of wet spots in the field there may even be the potential of qualifying for a yield loss as well. Given that the final acreage reporting date is FAST approaching, please be sure to review all of the reported acreage to your agent to ensure that the amounts are correct; there is nothing worse than finding out that a field was incorrectly reported and sustained a yield or revenue loss come harvest season.

Livestock Risk Management Options

I recently became licensed to offer Livestock Risk Protection and Livestock Gross Margin. They operate similar to a “put”, however have no minimum weight amount, which gives smaller producers a viable option when it comes to putting a price floor in place. If you would be interested in learning more about either Livestock Risk Protection or Livestock Gross Margin, feel free to reach out! I enjoy meeting with people and learning about their operation.



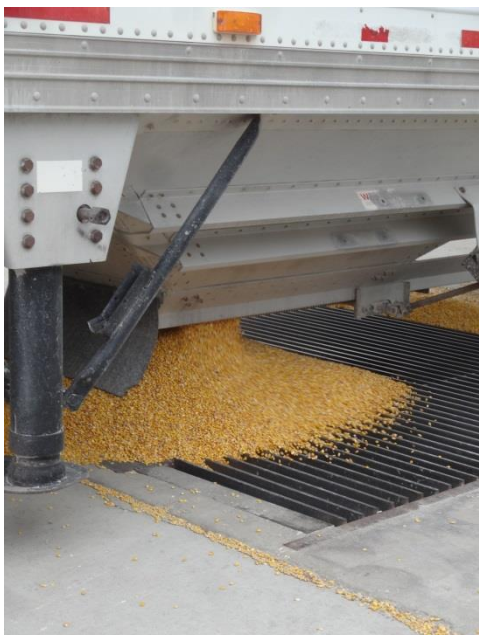
Livestock Risk Protection

One of AgriPeril's premier options for livestock producers.





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Tariffs are to blame for much of the commodity market volatility.

Closing Remarks

All in all, we have seen no shortage of volatility in this past month alone. We can expect to see continued volatility from the demand side as long as tariffs find a way to make it to our headlines on the evening news. Now that we are past the “exciting” reports, we will only have the Crop Progress reports and WASDE reports to look at for a source of “excitement” as we look to learn more about what our 2018 crop shapes up to be! Stay up to speed by connecting with us on Facebook (AgriPeril Insurance and Risk Management) and on Twitter (@agriperil) to see all of our market reports and commentary when they hit the press!

All the best,

Reed

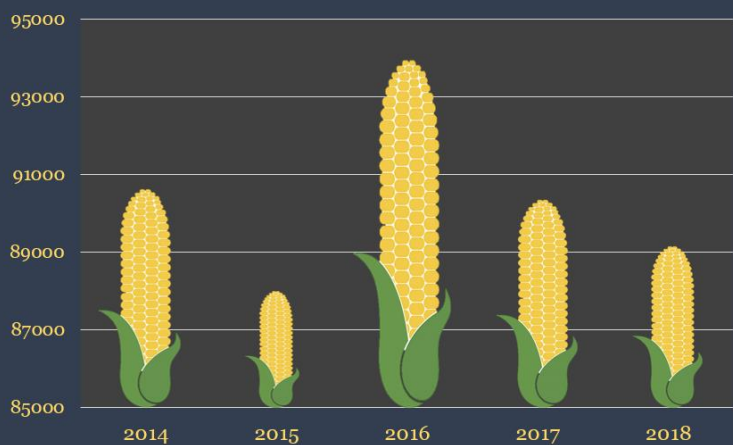


With heavy rainfall causing flood damage to fields across much of Iowa, AgriPeril agents had to find creative ways to inspect crop damage.



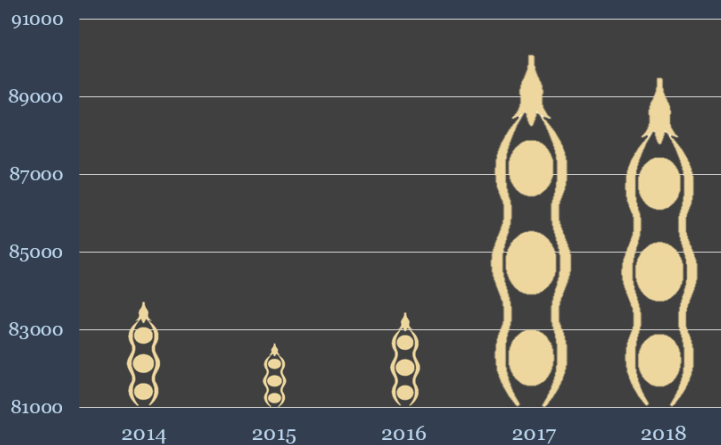
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National Corn Acres Planted (in 1,000's)



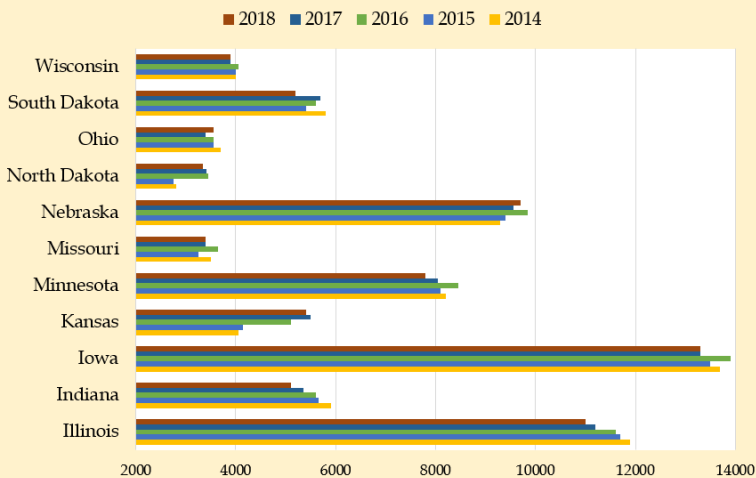
Created by: AgriPeril (6/29/2018)
Data Source: USDA

National Bean Acres Planted (in 1,000's)



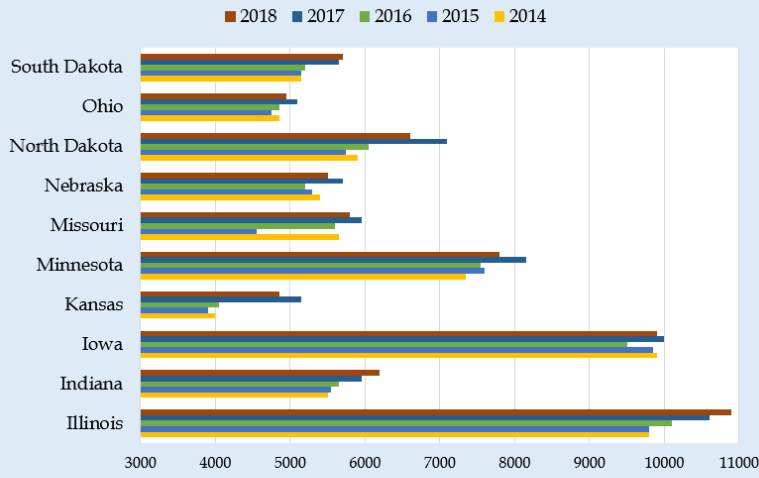
Created by: AgriPeril (6/29/2018)
Data Source: USDA

Corn Acres Planted (in 1,000's)



Created by: AgriPeril (6/29/2018)
Data Source: USDA

Soybean Acres Planted (in 1,000's)



Created by: AgriPeril
(6/29/2018) Data Source: USDA