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Grain Stocks Report Shocks Market

Today's grain stocks report was expected to produce rather substantial market movement, however, the direction was unclear. Traders had initially pegged the estimate to come in at around 2.25 billion bushels of corn ending stocks. Soybeans estimates were slightly above 550 million bushels and all wheat stocks were estimated at 2.16 billion bushels. For many, today's report signaled that there are many areas for trade to be off, however traders missed the corn numbers mark by over 250 million bushels. As we edge closer to the end of trading for the day as well as look closer to the November soybean contract and December corn contract, we can expect no shortage of ups and downs.

CBOT:ZCZ2020, D 378'6 ▲ +14'2 (+3.91%) O:364'2 H:382'6 L:362'0 C:378'6



Above: A look at how the new found strength in the corn managed to carry to new highs as we enter the harvest price tracking month. Corn has found new highs and will likely test new areas of resistance until additional harvest yields become available. October 9th, the WASDE will be released. We can expect further direction and understanding of expected yields once the report is available.

Reed Burres

Quick Preview:

- ✓ Grain Stocks Shock
- ✓ Harvest Price Tracking
- ✓ Reed's Recommendation
- ✓ The Takeaway

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Harvest Price Tracking

Though prices have been on a strong recovery over the past 4 weeks, there is no clear indicator when the rally or bullish run at the market will shut off, especially as we creep closer to a November Presidential election, which may prove to be one of the most significant market movers of the year.



To the left: We can track the climb upward that soybeans have made over the past 4 weeks as a rare climb that seldom happens in the production agriculture. With soybean prices hovering above 1000' for the start of harvest price recording, many wonder where the fall price will land. If we were to experience an increased harvest price many would find great benefit in the higher price through a revenue protection insurance policy. Producers who elected to take a Harvest Price Exclusion policy would especially feel the price difference this year with prices potentially being \$1.00 higher than spring prices.

Harvest progresses more and more each day with the main point of curiosity being where harvest yields will fall. For many growers across the Cornbelt, there have been many that have out shot the estimates, with many also falling well below estimates due to inadequate rainfall and drought that gripped a wide stretching portion of the region.





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Insurance Calendar

October 1st:

Harvest Price Discovery
Period Begins

November:

Production Reporting Begins

November 1st:

Harvest Price Announced

November 15th:

Pasture, Rangeland & Forage
Insurance Sales Closing

November 20th:

Apple & Grape Coverage
Sales Closing

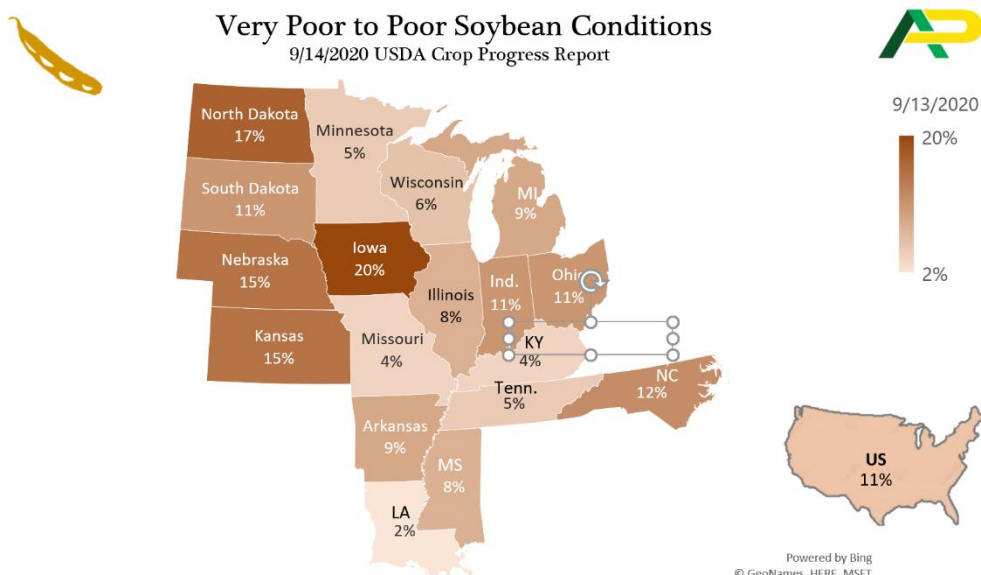
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Harvest Price Continued:

Though it is difficult to estimate the ending harvest price of either corn or soybeans currently, a good estimation tool we can use, is a price at or just below the beginning of the recording period's price. \$10.04 for the average harvest price based off of November soybean contracts during October may be a high estimate, however, if the bullish trend continues, it may likely be at the lower end of the spectrum.

Soybeans have tended to show slightly more predictability than corn, corn may find additional strength and continue to rally. Currently, the greatest hurdle that we have to look forward to is not the recording period prices, but rather the end of Coronavirus and the 2020 Presidential Election.



Looking at the soybean conditions as we entered the most previous week, we can see that Iowa was among the leading state with the worst overall quality of soybean health. An interesting note is that of the condition of Illinois' and Missouri soybeans, which, overall, were in far better condition. Nationally, as we sat at 11% Poor to Very Poor, there is no clear indicator as to where yields may actually fall. Shifting back to corn, there is a great opportunity for many to take advantage of a nice and steady rise in price if yields continue to show serious signs of yield deficit.



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Reed's 2020 Recommendation:

Multi-Peril Crop Insurance:

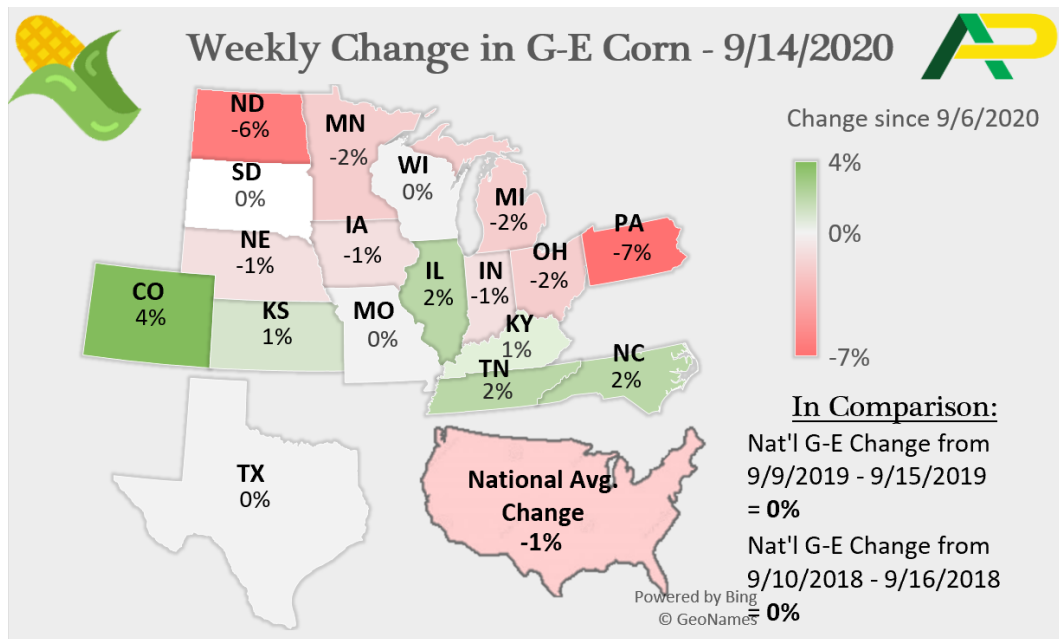
- Corn: 85% Revenue Protection with \$0.15 of price buy-up insuring a price of \$4.03 per bushel.
- Soybeans: 85% Revenue Protection with \$0.50 of price buy-up insuring a price of \$9.67

Hail Insurance:

\$250 per acre BASIC Coverage Soybeans
 \$250 per acre DXS10 Hail Coverage, DXS5 Wind with Extra Harvest Expense

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\$3.88

Spring Price



\$3.93

Expected Harvest Price



The Takeaway:

As we close in on this harvest season we must remain especially keen on the possibility that prices will be on the rise, however, we must also be ready to execute on our sales goals if they show signs of trending down. Looking to the upcoming WASDE, we may see strong corrections in expected production, October has been a pivotal month in the past for corrections. What the future may hold is always uncertain, however, there is good sense in marketing your grain for a profit. If these prices help you further your profitability, do not be shy in making a sale that lands you a profit, as we never know where the prices may head. Until next, have a safe and bountiful harvest, and always work to manage your operations risk!

All the best,