

# CROP GROWERS

## 2021 Grain Markets Webinar New Year – New Opportunities – New Risks

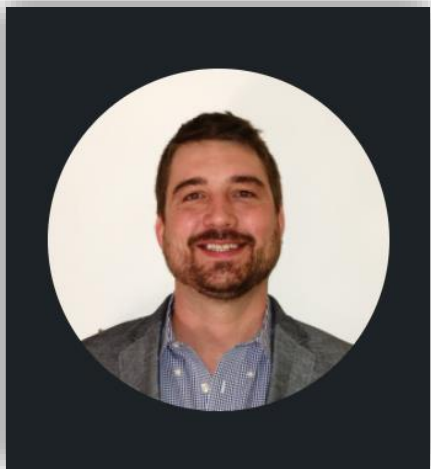
*Wednesday, February 10<sup>th</sup>, 2021*



# Disclaimer

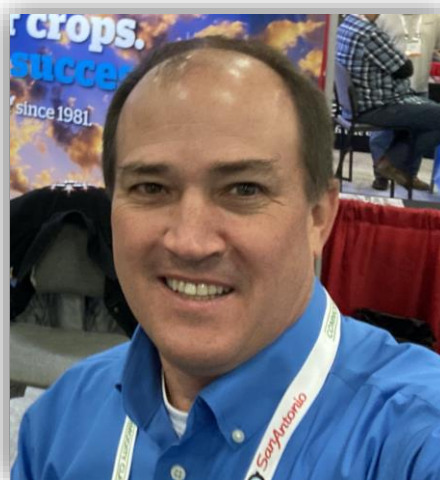
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# Featured Presenters



**Zach Harding**

The Andersons Trade Group



**Rich Morrison**

NAU Country Insurance Company

## FarmCreditEast.com/resourcehub

COVID-19 resources relevant to Northeast agriculture and customers of Farm Credit East

## FarmCreditEast.com/webinars

All upcoming webinars



The image shows a screenshot of the Farm Credit East website's navigation menu. The background is a photograph of a plowed field with rows of furrows receding into the distance under a clear sky. The Farm Credit East logo, a green four-leaf clover, is in the top left. The navigation menu is located in the top right and includes the following items: PRODUCTS & SERVICES, KNOWLEDGE EXCHANGE (highlighted with a green background and a mouse cursor), INDUSTRY SUPPORT, NEWS, and ABOUT US. A dropdown menu is open under KNOWLEDGE EXCHANGE, listing: COVID-19 RESOURCE HUB, TODAY'S HARVEST, TAX TALKS, KNOWLEDGE EXCHANGE PARTNER, WEBINARS (highlighted with a green background), INDUSTRY SNAPSHOTS, and REPORTS. In the bottom right corner, there is a 'FIND US' section with social media icons for Facebook, Instagram, LinkedIn, Twitter, and YouTube. The text 'KNOWLEDGE EXCHANGE' is overlaid in large white letters across the bottom of the image.

**FARM CREDIT EAST**

PRODUCTS & SERVICES

**KNOWLEDGE EXCHANGE**

INDUSTRY SUPPORT

NEWS

ABOUT US

COVID-19 RESOURCE HUB

TODAY'S HARVEST

- TAX TALKS

KNOWLEDGE EXCHANGE PARTNER

**WEBINARS**

INDUSTRY SNAPSHOTS

REPORTS

FIND US

f i l t y

# Farm Revenue Outlook

Crop Growers

February 2021



**Marketing**

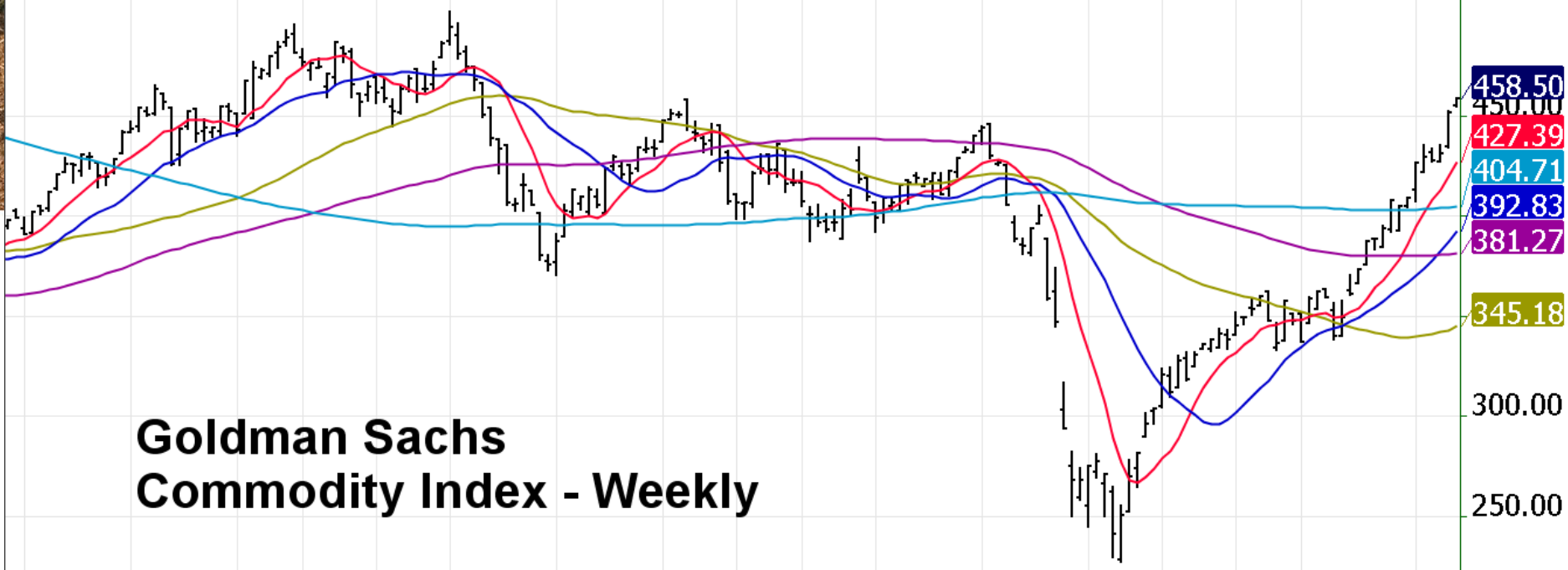


**Crop  
Insurance**

**Government  
Programs**

# Marketing





458.50  
450.00  
427.39  
404.71  
392.83  
381.27

345.18

300.00

250.00

# Goldman Sachs Commodity Index - Weekly

RSI 78.05 70 30

SSTO 98.14 96.52 80 20

40  
20

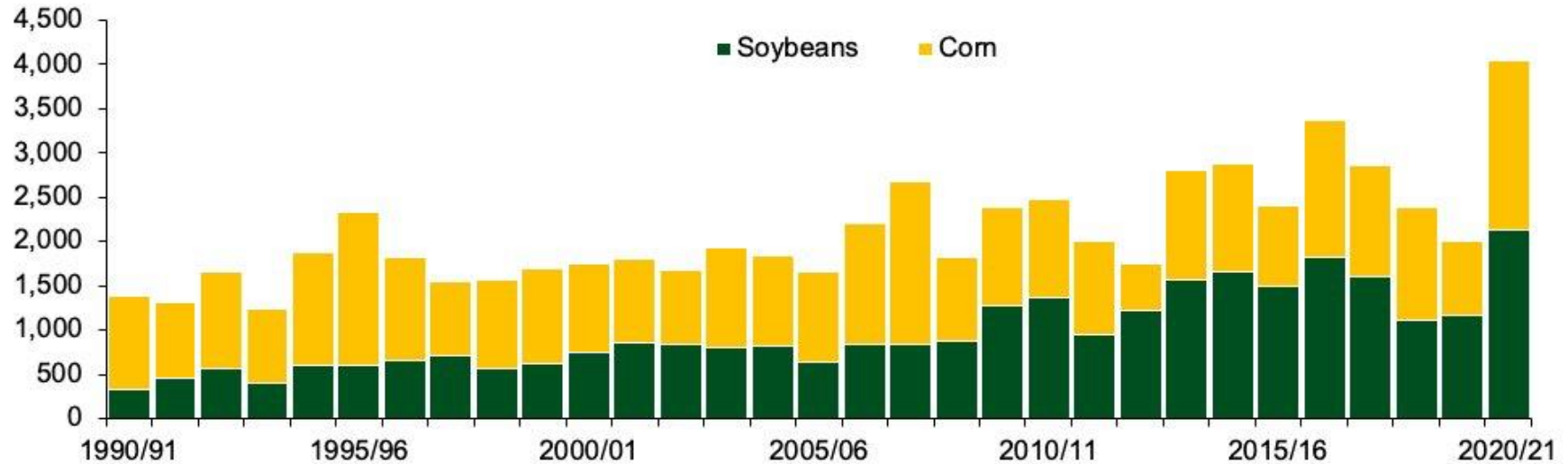
50



# RECORD CORN & SOYBEAN EXPORT COMMITMENTS

## 4 BILLION BUSHELS COMBINED THROUGH WEEK 21 OF THE MARKETING YEAR

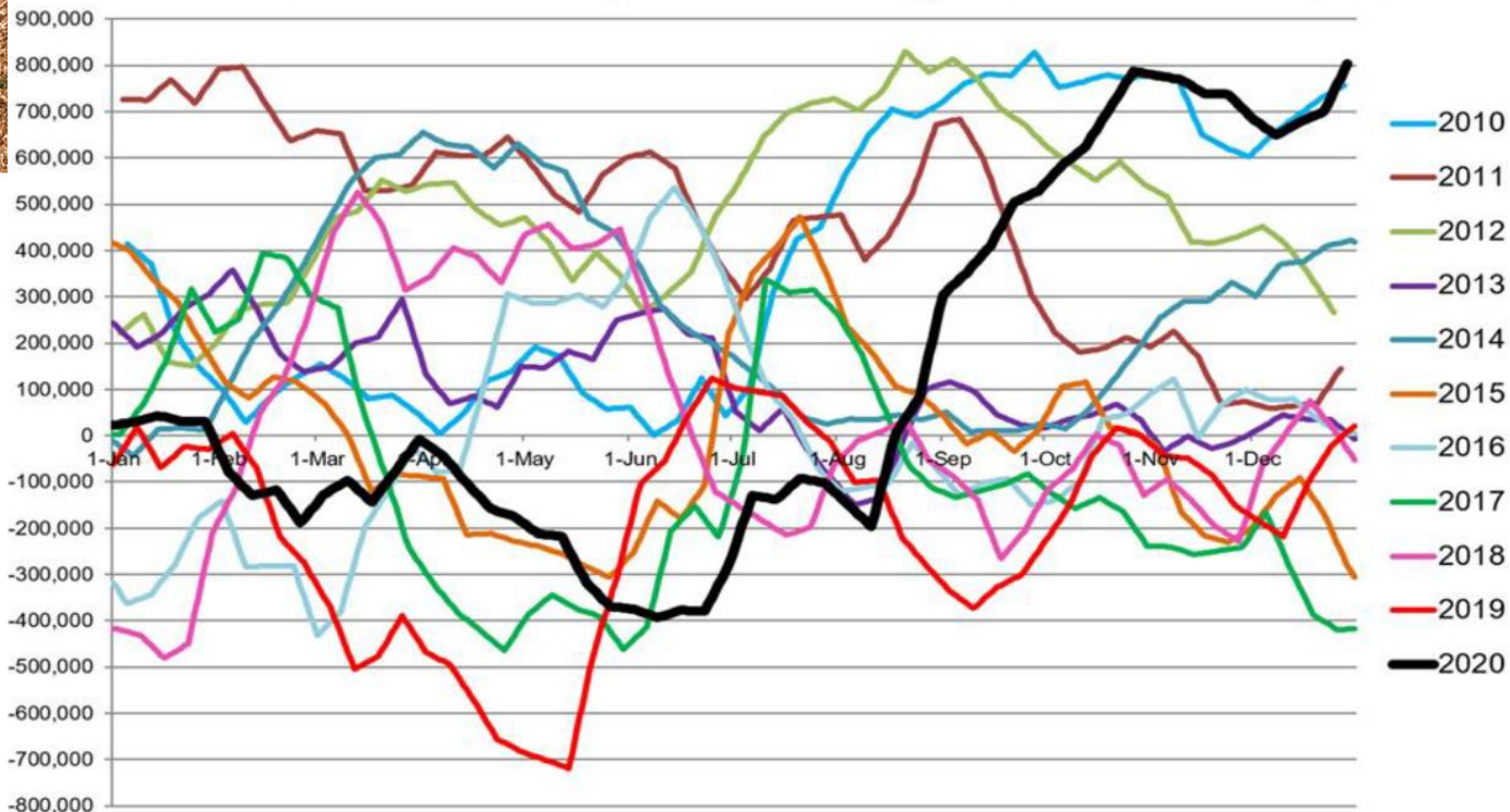
U.S. Soybean and Corn Export Commitments, Million Bushels



Source: USDA FAS, Farm Bureau Calculations



# Money managers' combined net position in grain and oilseed\* futures and options through December 29, 2020



\*Includes CBOT corn, soybeans, wheat, soymeal, soyoil, K.C. wheat and MGEX wheat

Data source: Reuters/CFTC

@kannbwx



antry  
company

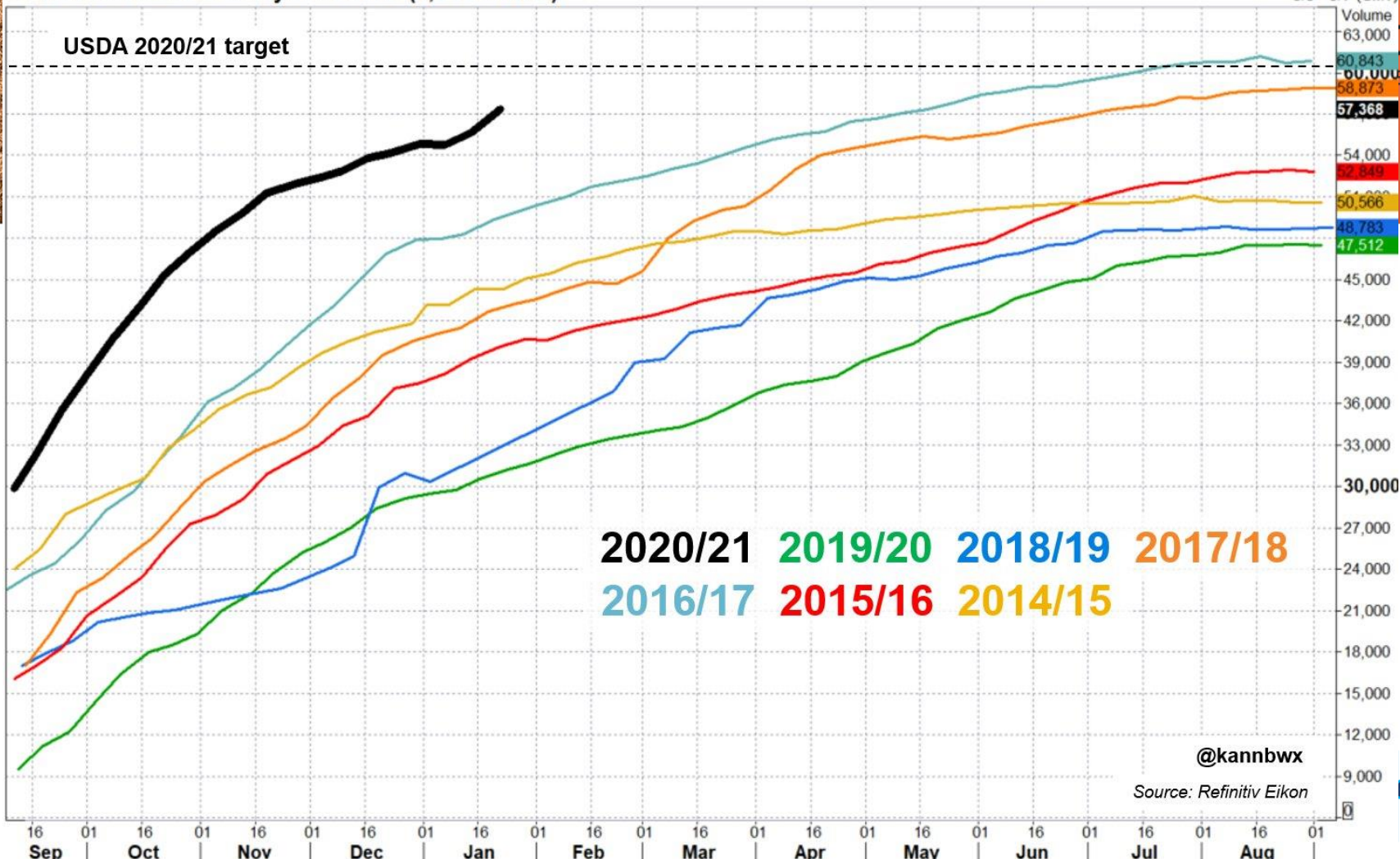
# Soybeans



Accumulated Net U.S. Soybean Sales (1,000 tonnes)

9/9 - 9/7 (GMT)

USDA 2020/21 target



2020/21 2019/20 2018/19 2017/18  
 2016/17 2015/16 2014/15

@kannbwx

Source: Refinitiv Eikon



# US Soybeans

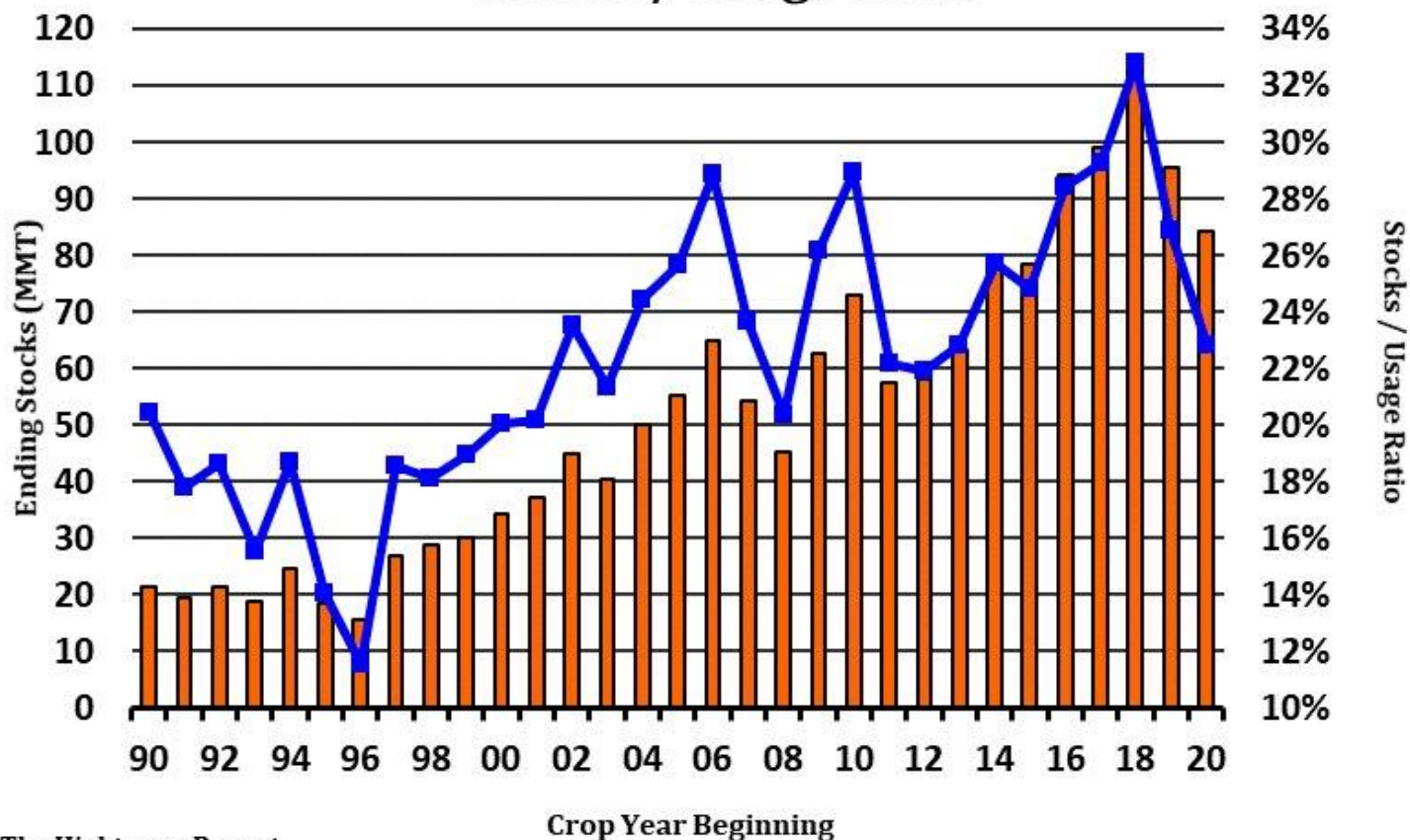
Marketing Year	USDA 17/18	USDA 18/19	USDA 19/20	USDA Feb 20/21
Planted Acres	90.1	89.2	76.1	83.1
Harvested Acres	89.5	87.6	74.9	82.3
Yield	49.3	50.6	47.4	50.2
Production	4,411	4,428	3,552	4,135
Beg. Stocks	302	438	909	525
Imports	22	14	15	35
<b>TOTAL SUPPLY</b>	<b>4,734</b>	<b>4,880</b>	<b>4,476</b>	<b>4,695</b>
Crush	2,055	2,092	2,165	2,200
Seed	104	88	96	103
Residual	8	43	9	22
Total Domestic	2,167	2,223	2,270	2,325
Exports	2,129	1,748	1,682	2,250
<b>TOTAL DEMAND</b>	<b>4,296</b>	<b>3,971</b>	<b>3,901</b>	<b>4,534</b>
<b>ENDING STOCKS</b>	<b>438</b>	<b>909</b>	<b>525</b>	<b>120</b>
<b>STOCKS/USE %</b>	<b>10.2%</b>	<b>22.9%</b>	<b>13.5%</b>	<b>2.6%</b>
Avg Farm Price (\$/Bu)	\$9.33	\$8.48	\$8.57	\$11.15

**Country**  
Insurance Company





## World Soybeans - Ending Stocks vs. Stocks / Usage Ratio



The Hightower Report

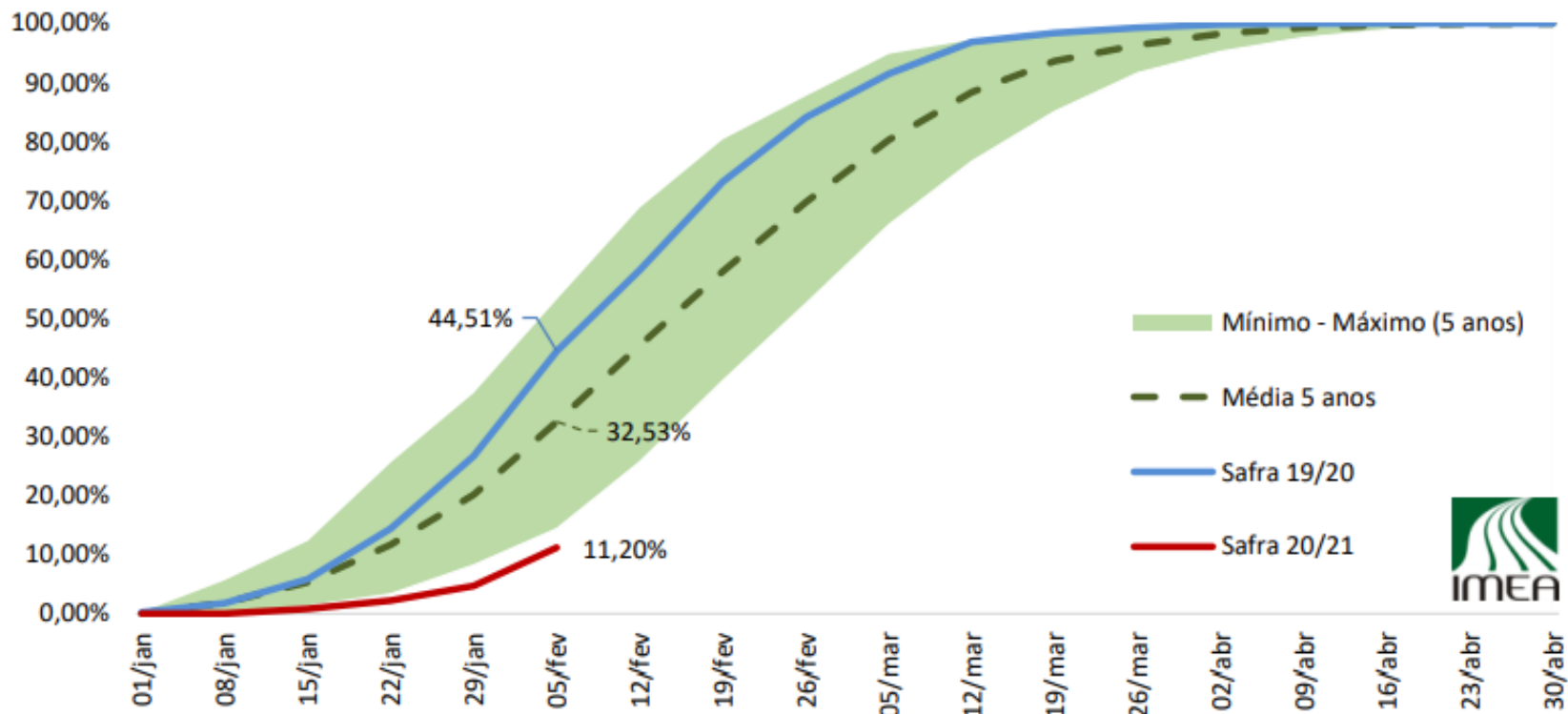
Most Recent: As Of 01/12/2021

Ending Stocks

Stocks / Usage Ratio

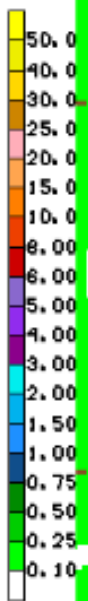
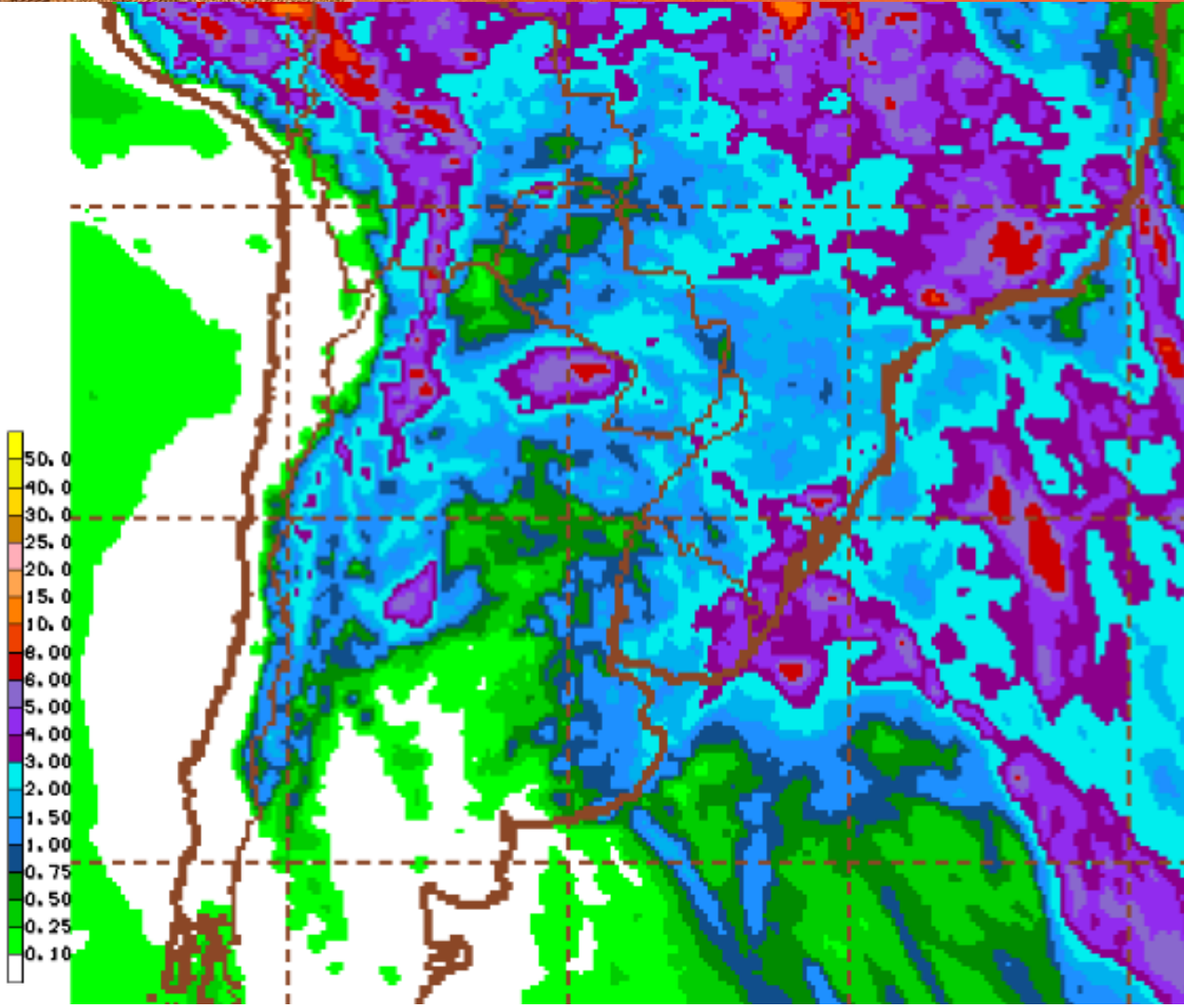


## EVOLUÇÃO DO PERCENTUAL DE ÁREA COLHIDA DE SOJA EM MATO GROSSO



Fonte: Imea





J Country  
Insurance Company

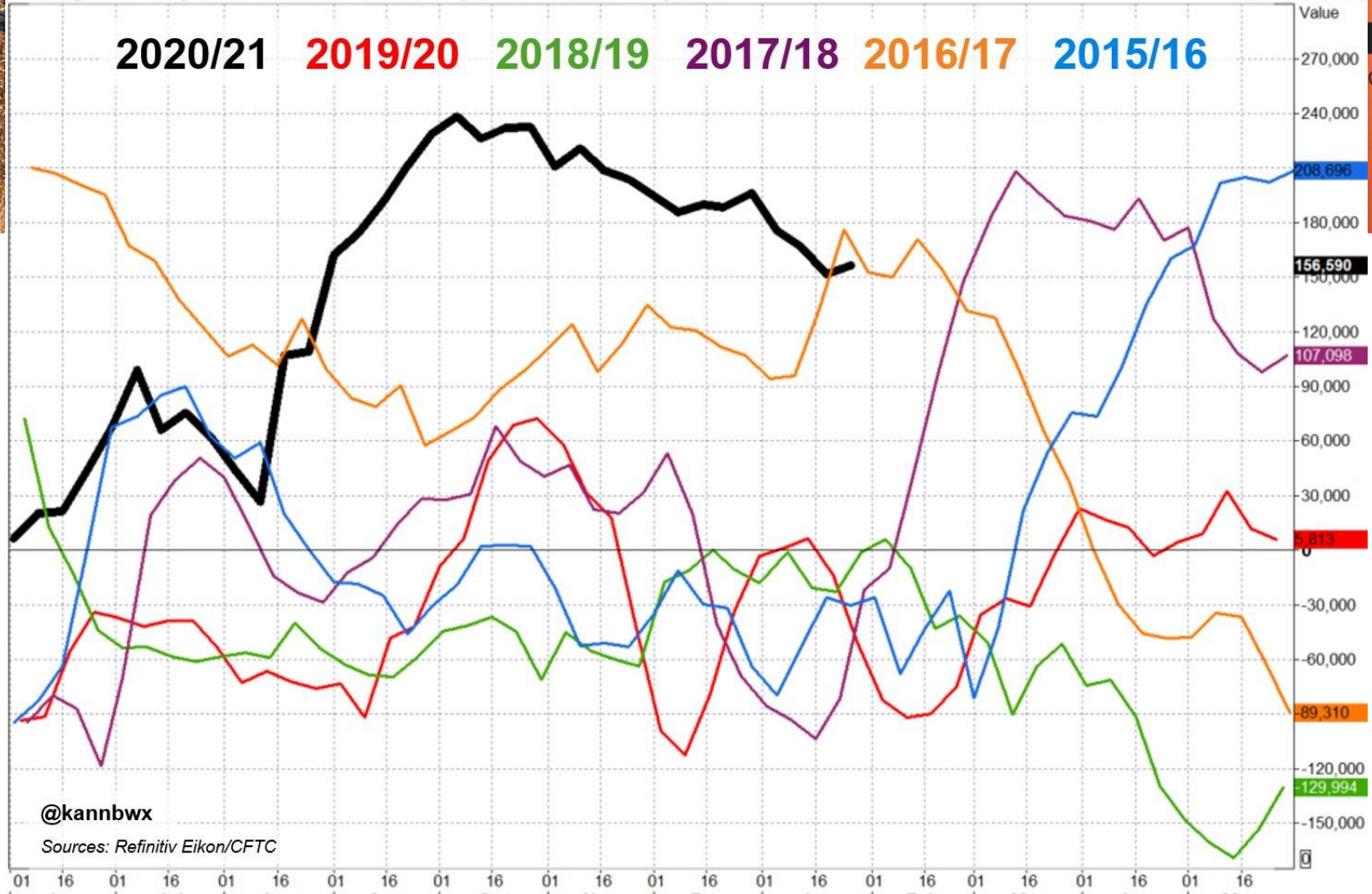




Managed Money Net Position - CBOT Soybean Futures + Options

6/1 - 5/31 (GMT)

2020/21 2019/20 2018/19 2017/18 2016/17 2015/16



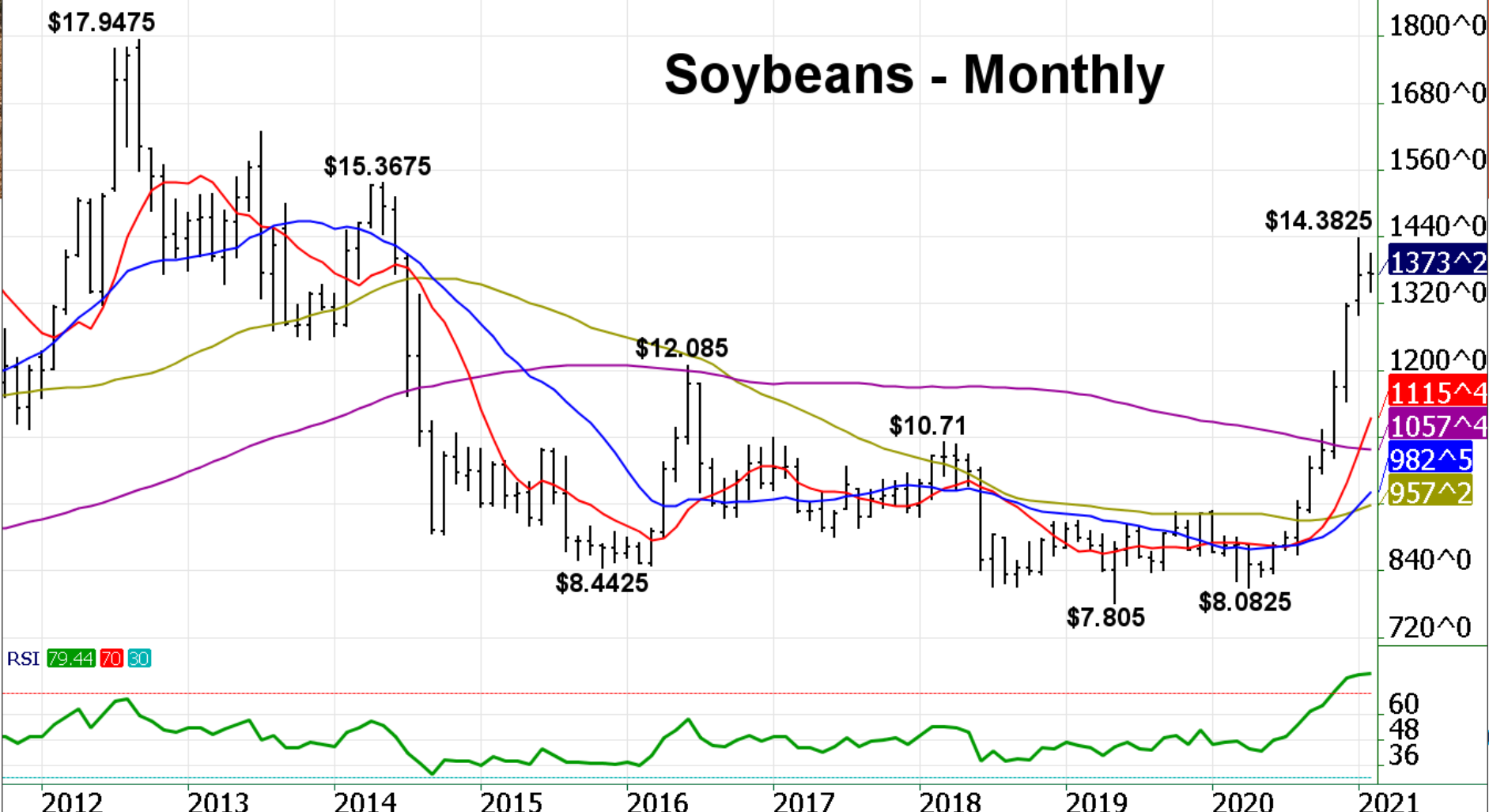
@kannbwx

Sources: Refinitiv Eikon/CFTC

Country  
Company



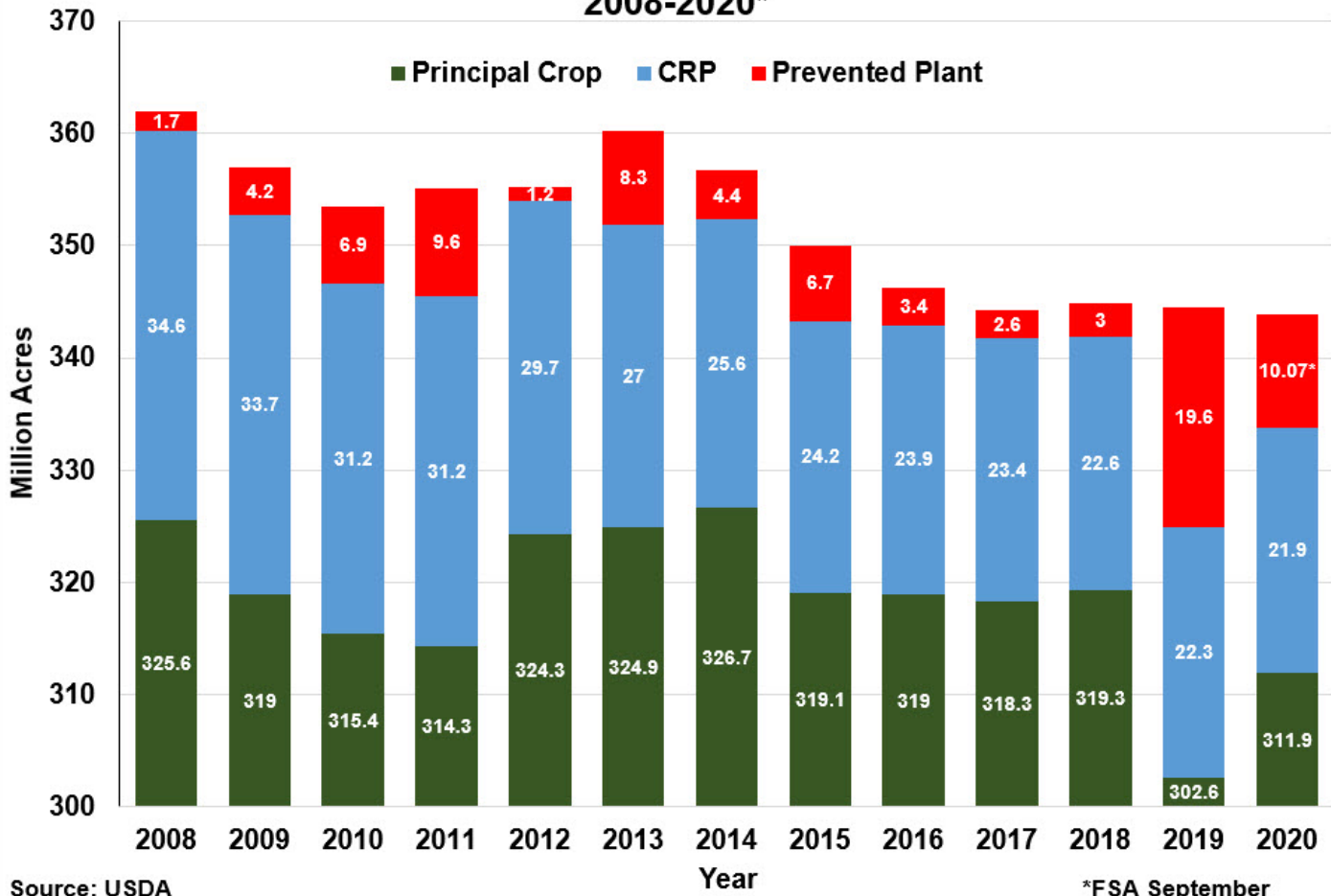
# Soybeans - Monthly



RSI 79.44 70 30



### Composition of Total Crop Acreage in the U.S., 2008-2020\*



Source: USDA

\*FSA September

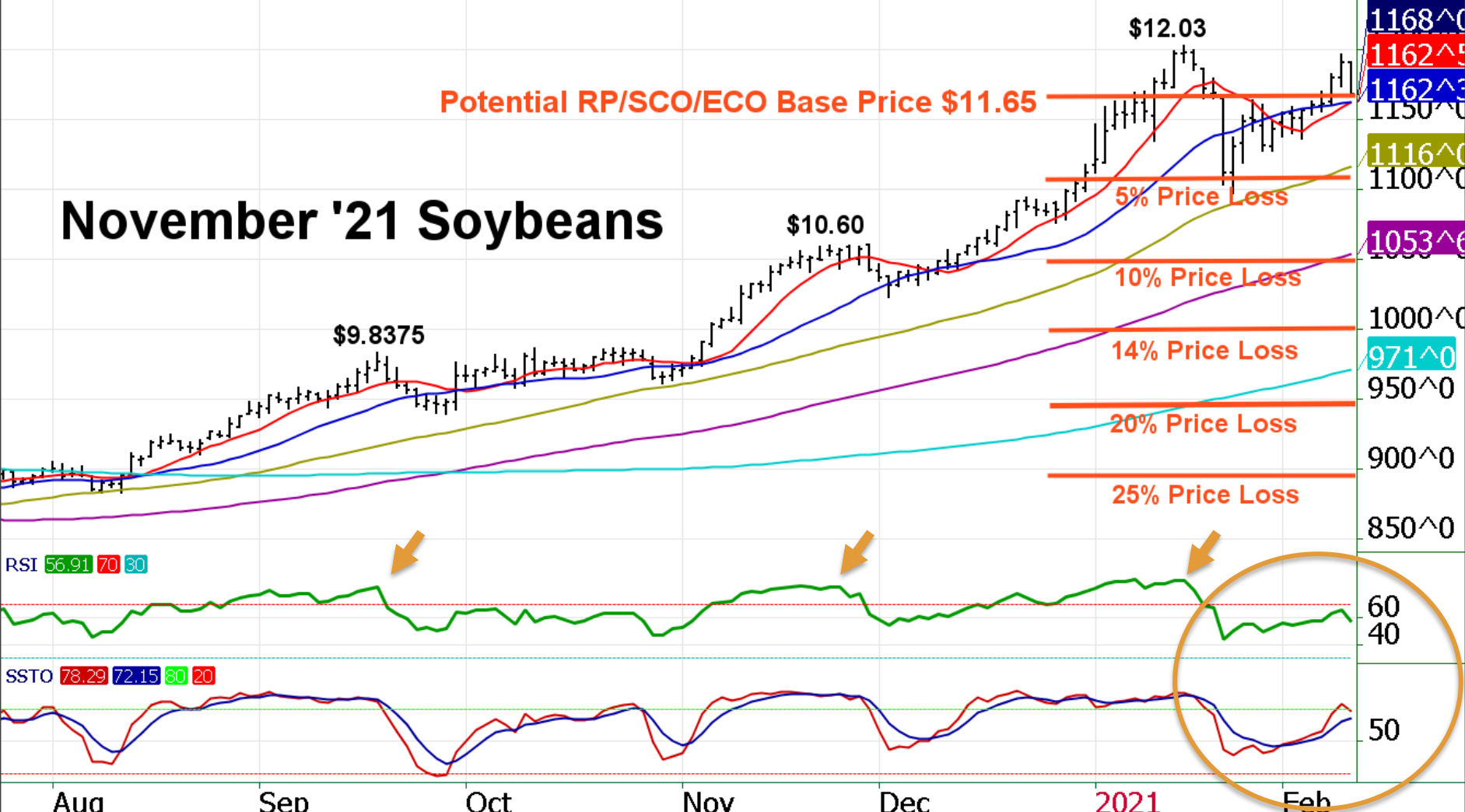
# US Soybeans



Marketing Year	USDA 17/18	USDA 18/19	USDA 19/20	USDA Feb 20/21	Scenario 1 21/22	Scenario 2 21/22	Scenario 3 21/22
Planted Acres	90.1	89.2	76.1	83.1	84.5	88.0	91.0
Harvested Acres	89.5	87.6	74.9	82.3	83.6	87.1	90.1
Yield	49.3	50.6	47.4	50.2	50.6	50.6	50.6
Production	4,411	4,428	3,552	4,135	4,230	4,465	4,591
Beg. Stocks	302	438	909	525	120	120	120
Imports	22	14	15	35	15	15	15
<b>TOTAL SUPPLY</b>	<b>4,734</b>	<b>4,880</b>	<b>4,476</b>	<b>4,695</b>	<b>4,365</b>	<b>4,600</b>	<b>4,726</b>
Crush	2,055	2,092	2,165	2,200	2,200	2,200	2,200
Seed	104	88	96	103	105	105	105
Residual	8	43	9	22	20	20	20
<b>Total Domestic</b>	<b>2,167</b>	<b>2,223</b>	<b>2,270</b>	<b>2,325</b>	<b>2,325</b>	<b>2,325</b>	<b>2,325</b>
Exports	2,129	1,748	1,682	2,250	2,130	2,130	2,130
<b>TOTAL DEMAND</b>	<b>4,296</b>	<b>3,971</b>	<b>3,901</b>	<b>4,534</b>	<b>4,455</b>	<b>4,455</b>	<b>4,455</b>
<b>ENDING STOCKS</b>	<b>438</b>	<b>909</b>	<b>525</b>	<b>120</b>	<b>(90)</b>	<b>145</b>	<b>271</b>
<b>STOCKS/USE %</b>	<b>10.2%</b>	<b>22.9%</b>	<b>13.5%</b>	<b>2.6%</b>	<b>-2.0%</b>	<b>3.3%</b>	<b>6.1%</b>
<b>Avg Farm Price (\$/Bu)</b>	<b>\$9.33</b>	<b>\$8.48</b>	<b>\$8.57</b>	<b>\$11.15</b>			

# November '21 Soybeans

Potential RP/SCO/ECO Base Price \$11.65

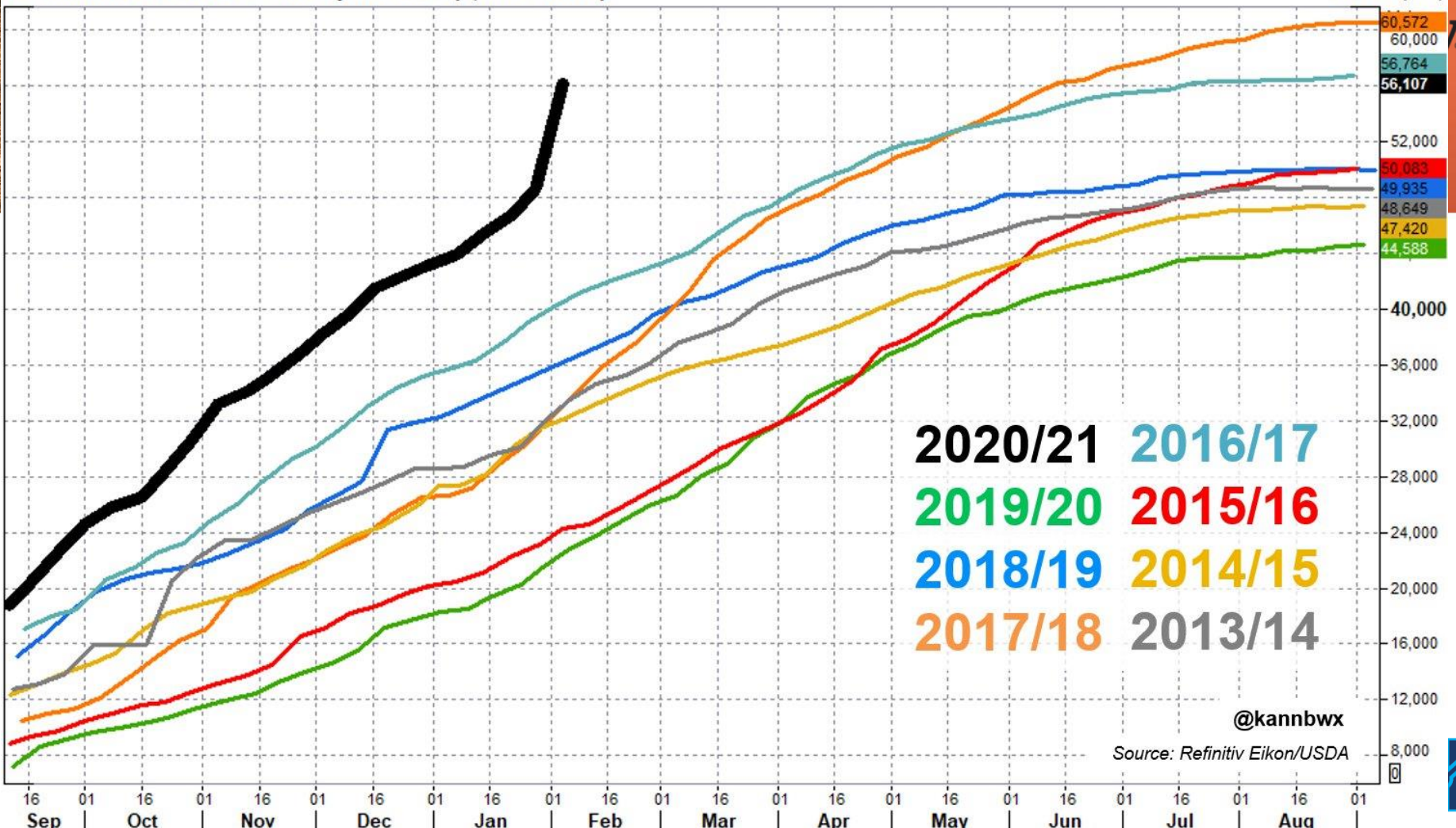


# Corn



# Accumulated Net U.S. Corn Export Sales (1,000 tonnes)

9/10 - 9/7 (GMT)



**2020/21**    2016/17  
 2019/20    2015/16  
 2018/19    2014/15  
 2017/18    2013/14

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Source: Refinitiv Eikon/USDA





# US Corn

Marketing Year	USDA 17/18	USDA 18/19	USDA 19/20	USDA Feb 20/21
Planted Acres	90.2	88.9	89.7	90.8
Harvested Acres	82.7	81.3	81.3	82.5
Yield	176.6	176.4	167.5	172.0
Production	14,604	14,340	13,620	14,182
Beg. Stocks	2,293	2,140	2,221	1,919
Imports	36	28	42	25
<b>TOTAL SUPPLY</b>	<b>16,934</b>	<b>16,508</b>	<b>15,883</b>	<b>16,127</b>
Feed & Residual	5,302	5,432	5,903	5,650
Food, Seed, & Ind	7,054	6,791	6,282	6,375
Ethanol for Fuel	5,601	5,376	4,852	4,950
<b>Total Domestic</b>	<b>12,356</b>	<b>12,223</b>	<b>12,185</b>	<b>12,025</b>
Exports	2,438	2,065	1,778	2,600
<b>TOTAL DEMAND</b>	<b>14,794</b>	<b>14,288</b>	<b>13,963</b>	<b>14,625</b>
<b>ENDING STOCKS</b>	<b>2,140</b>	<b>2,221</b>	<b>1,919</b>	<b>1,502</b>
<b>STOCKS/USE %</b>	<b>14.5%</b>	<b>15.5%</b>	<b>13.7%</b>	<b>10.3%</b>
<b>Avg Farm Price (\$/Bu)</b>	<b>\$3.36</b>	<b>\$3.61</b>	<b>\$3.56</b>	<b>\$4.30</b>

**Country**  
Finance Company

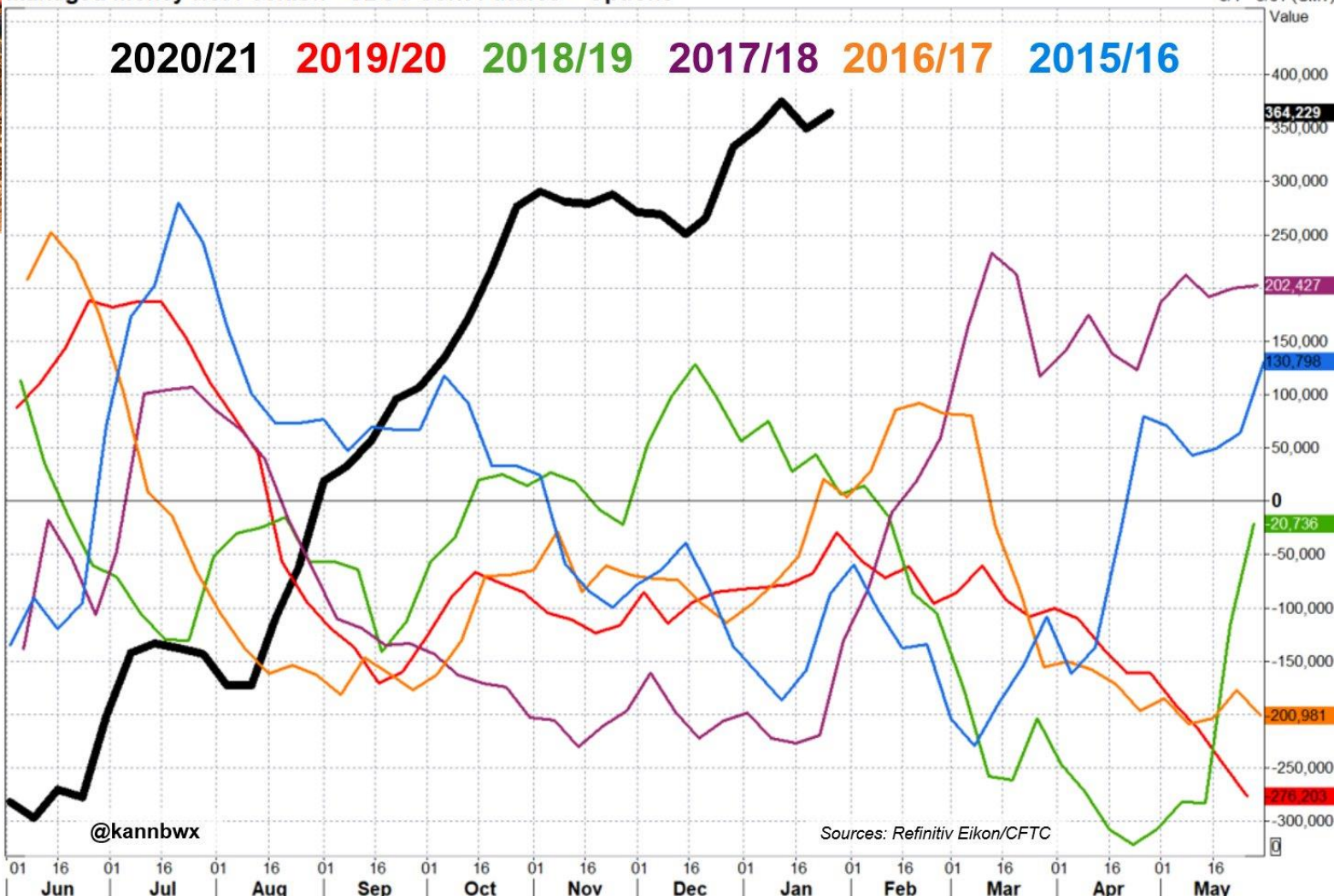




# Managed Money Net Position - CBOT Corn Futures + Options

6/1 - 5/31 (GMT)

2020/21 2019/20 2018/19 2017/18 2016/17 2015/16



@kannbw

Sources: Refinitiv Eikon/CFTC



# Corn - Monthly



800^0  
700^0  
600^0  
500^0  
400^0  
300^0  
60  
48  
36

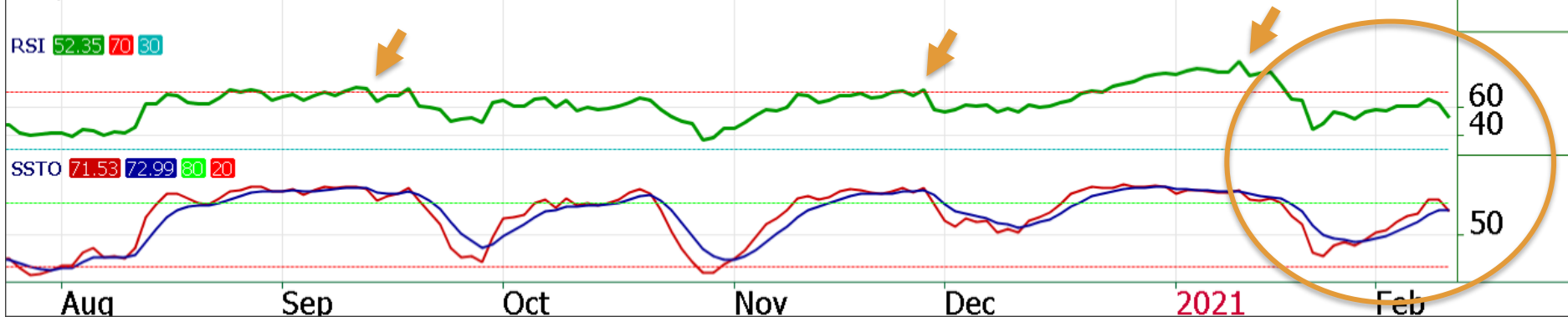
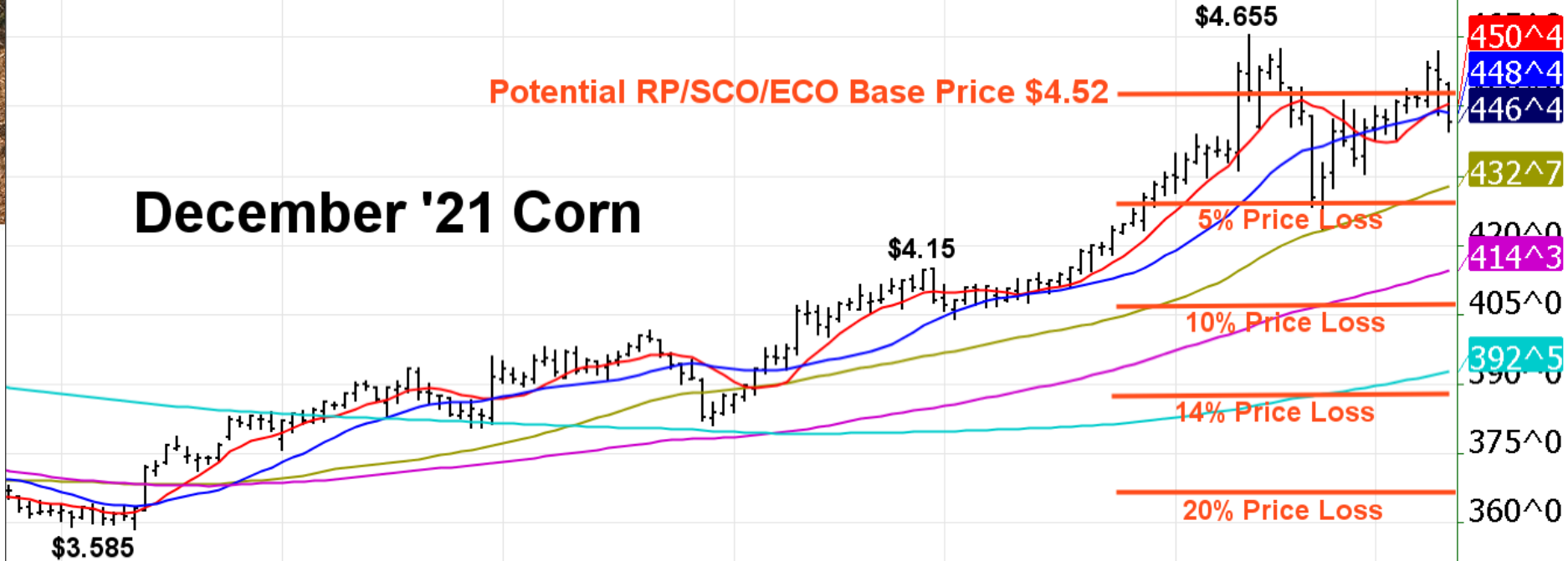
541^6  
419^2  
408^6  
391^1  
376^5

# US Corn

Marketing Year	USDA 17/18	USDA 18/19	USDA 19/20	USDA Feb 20/21	Scenario 1 21/22	Scenario 2 21/22	Scenario 3 21/22
Planted Acres	90.2	88.9	89.7	90.8	92.0	93.0	94.7
Harvested Acres	82.7	81.3	81.3	82.5	84.6	85.6	87.3
Yield	176.6	176.4	167.5	172.0	178.0	178.0	178.0
Production	14,604	14,340	13,620	14,182	15,066	15,237	15,539
Beg. Stocks	2,293	2,140	2,221	1,919	1,502	1,502	1,502
Imports	36	28	42	25	25	25	25
<b>TOTAL SUPPLY</b>	<b>16,934</b>	<b>16,508</b>	<b>15,883</b>	<b>16,127</b>	<b>16,543</b>	<b>16,714</b>	<b>17,016</b>
Feed & Residual	5,302	5,432	5,903	5,650	5,700	5,700	5,700
Food, Seed, & Ind	7,054	6,791	6,282	6,375	6,500	6,500	6,500
Ethanol for Fuel	5,601	5,376	4,852	4,950	5,100	5,100	5,100
<b>Total Domestic</b>	<b>12,356</b>	<b>12,223</b>	<b>12,185</b>	<b>12,025</b>	<b>12,200</b>	<b>12,200</b>	<b>12,200</b>
Exports	2,438	2,065	1,778	2,600	2,400	2,400	2,400
<b>TOTAL DEMAND</b>	<b>14,794</b>	<b>14,288</b>	<b>13,963</b>	<b>14,625</b>	<b>14,600</b>	<b>14,600</b>	<b>14,600</b>
<b>ENDING STOCKS</b>	<b>2,140</b>	<b>2,221</b>	<b>1,919</b>	<b>1,502</b>	<b>1,943</b>	<b>2,114</b>	<b>2,416</b>
<b>STOCKS/USE %</b>	<b>14.5%</b>	<b>15.5%</b>	<b>13.7%</b>	<b>10.3%</b>	<b>13.3%</b>	<b>14.5%</b>	<b>16.6%</b>
<b>Avg Farm Price (\$/Bu)</b>	<b>\$3.36</b>	<b>\$3.61</b>	<b>\$3.56</b>	<b>\$4.30</b>			

# December '21 Corn

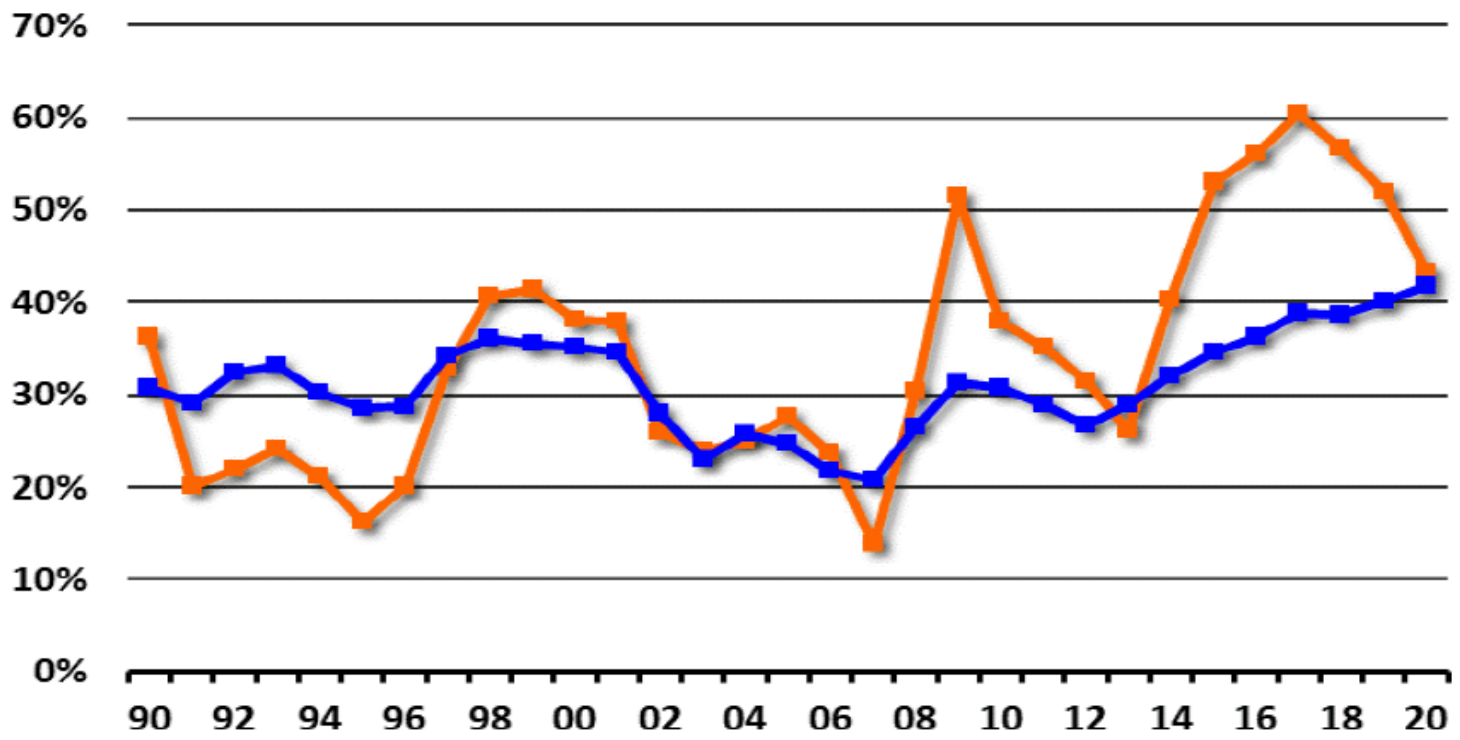
Potential RP/SCO/ECO Base Price \$4.52



# Wheat



## Wheat - World vs. US - Stocks / Usage Ratio



The Hightower Report

Most Recent: US: 43.26% / World: 41.77% As Of 12/10/2020



# US Wheat



USDA

USDA

USDA

USDA Feb

Marketing Year

17/18

18/19

19/20

20/21

Planted Acres

46.1

47.8

45.5

44.3

Harvested Acres

37.6

39.6

37.4

36.7

Yield

46.4

47.6

51.7

49.7

Production

1,741

1,885

1,932

1,826

Beg. Stocks

1,181

1,080

1,080

1,028

Imports

158

135

105

120

**TOTAL SUPPLY**

3,080

3,119

3,117

2,974

Food Use

964

955

962

965

Seed Use

63

59

60

63

Feed &amp; Residual

47

90

102

125

**Total Domestic**

1,075

1,103

1,096

1,153

Exports

906

936

965

985

**TOTAL DEMAND**

1,981

2,039

2,089

2,138

**ENDING STOCKS**

1,099

1,080

1,028

836

**STOCKS/USE %**

55.5%

53.0%

49.2%

39.1%

**Avg Farm Price (\$/Bu)**

\$4.72

\$5.16

\$4.58

\$5.00

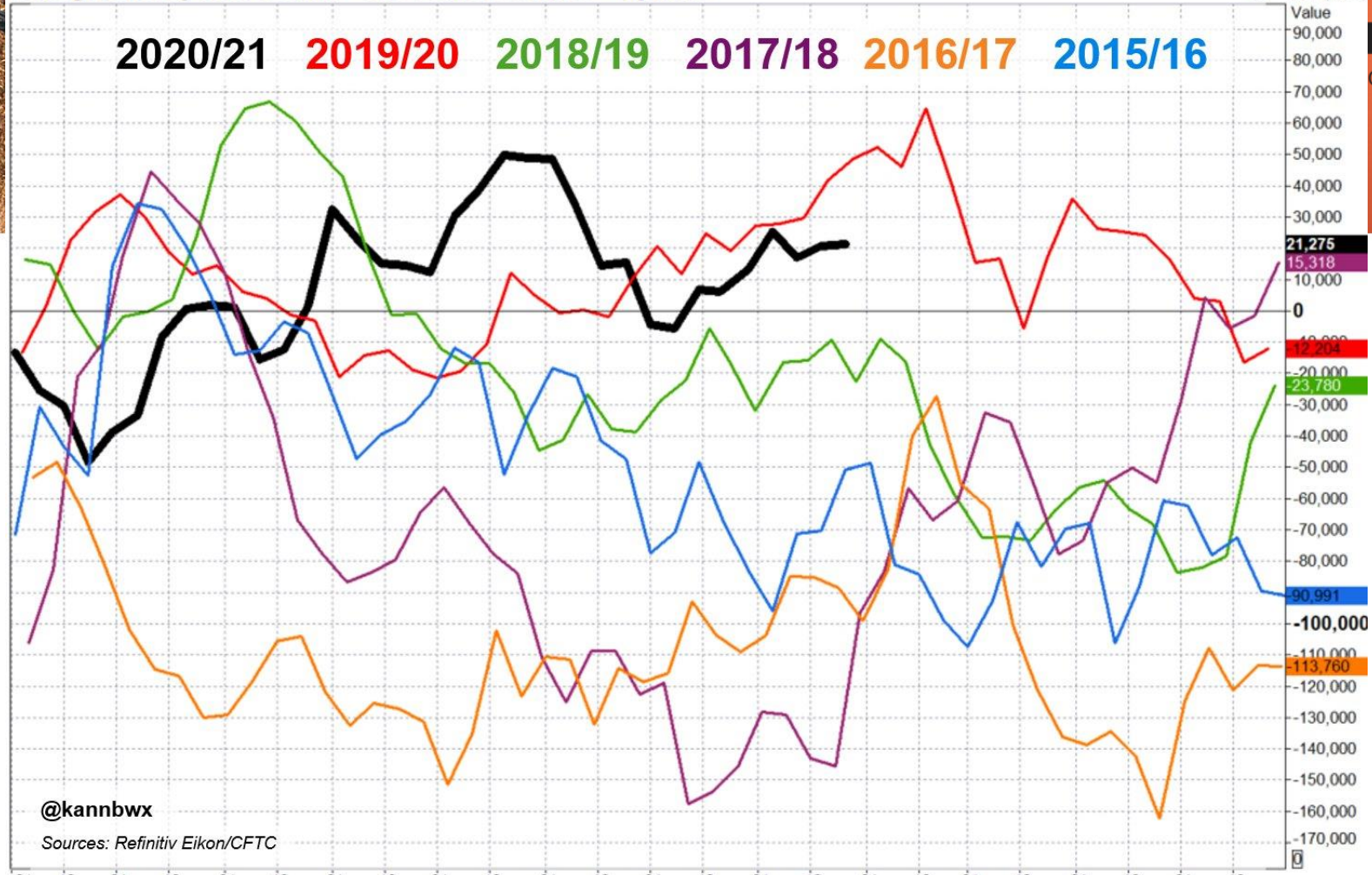
**Country**  
Finance Company



Managed Money Net Position - CBOT Wheat Futures + Options

6/1 - 5/31 (GMT)

2020/21 2019/20 2018/19 2017/18 2016/17 2015/16



@kannbwx

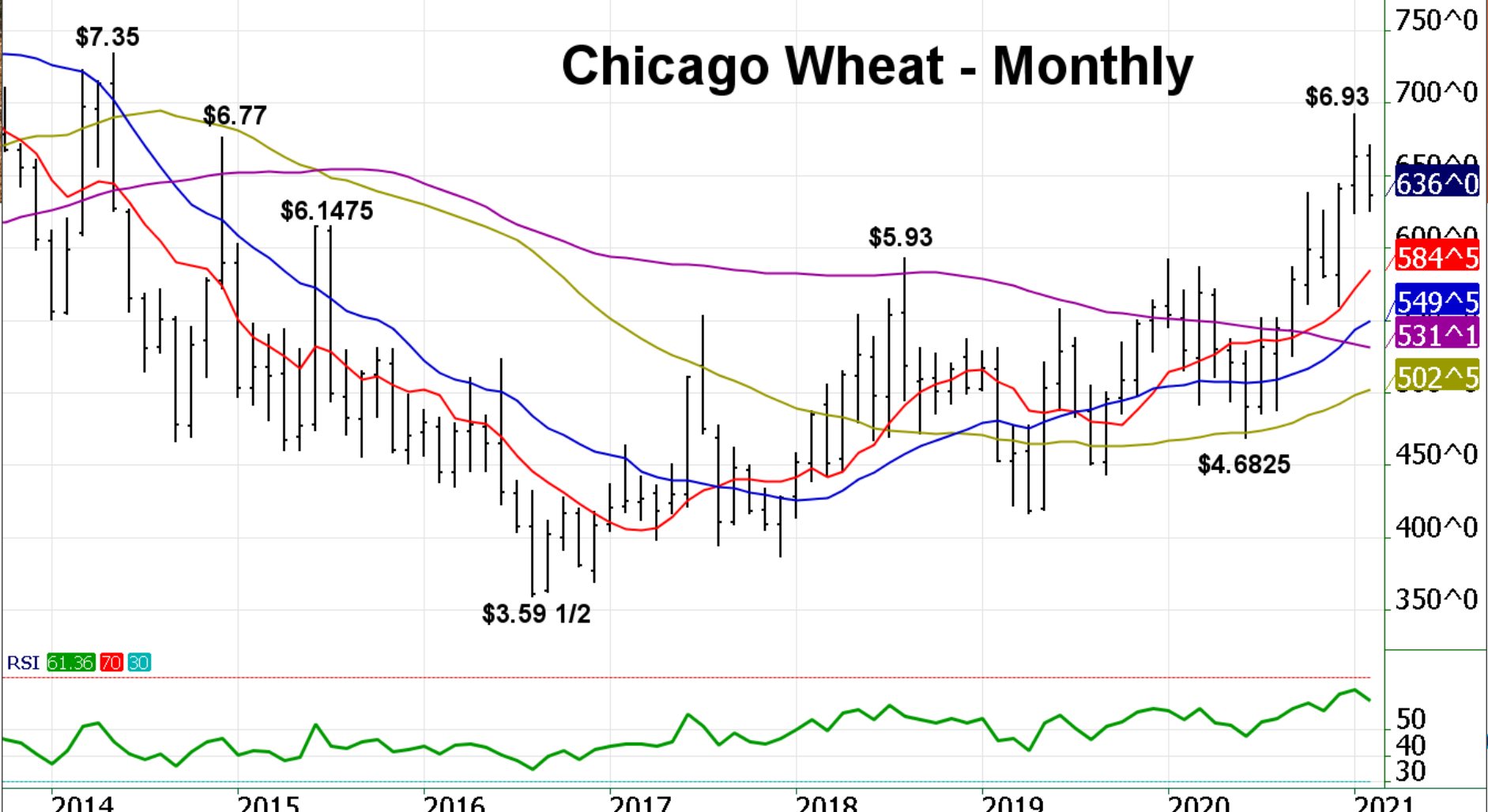
Sources: Refinitiv Eikon/CFTC

entry  
company





# Chicago Wheat - Monthly



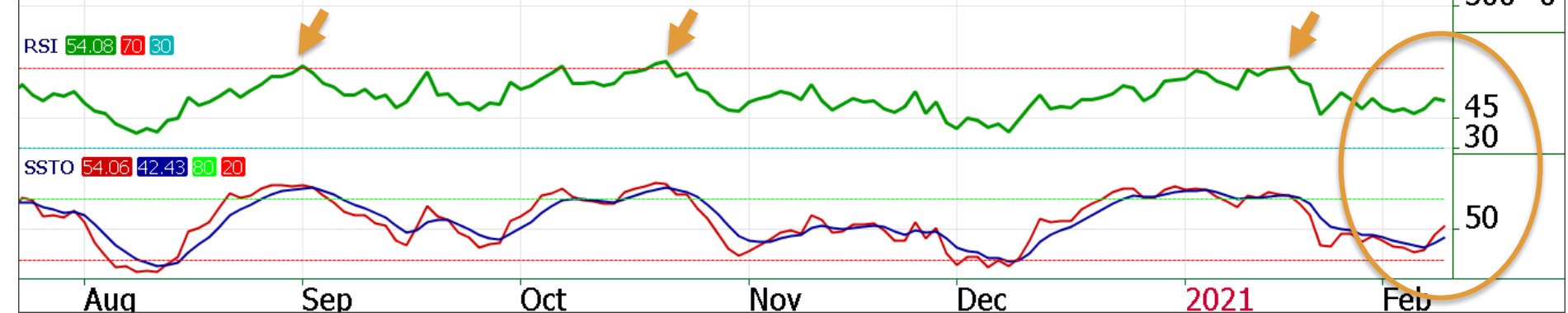
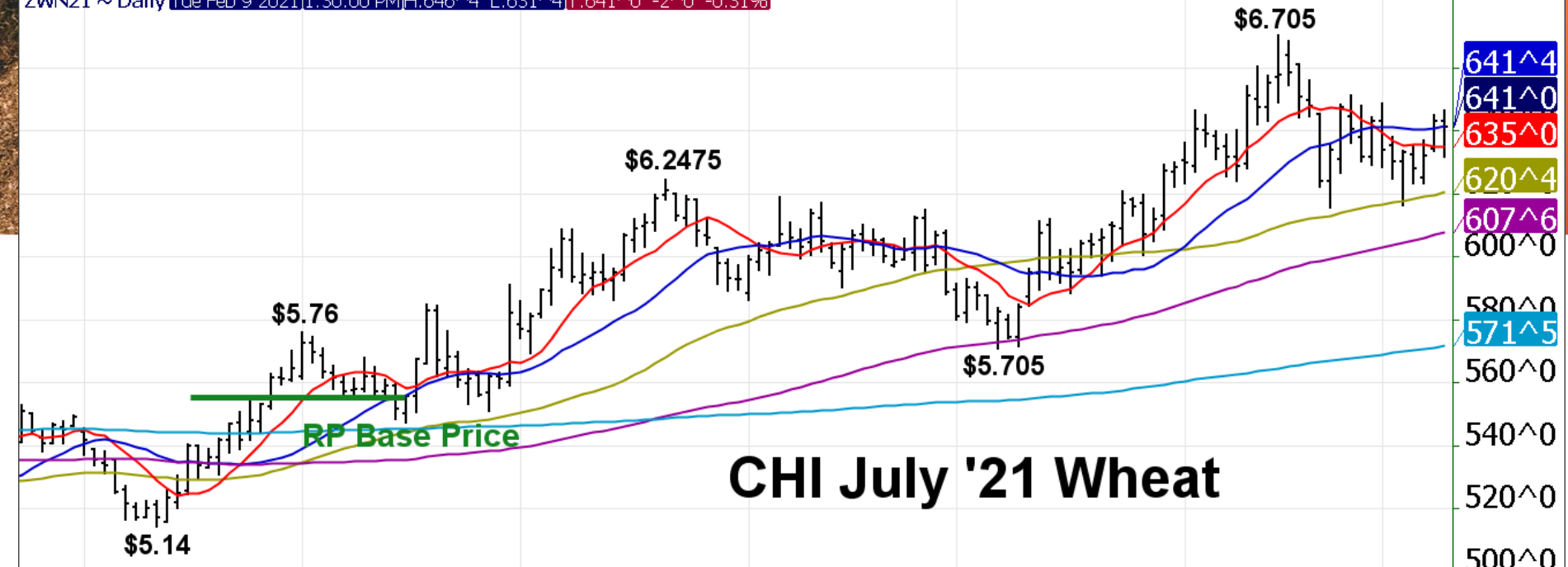
RSI 61.36 70 30

# US Wheat



Marketing Year	USDA 17/18	USDA 18/19	USDA 19/20	USDA Feb 20/21	NAU Rich 21/22
Planted Acres	46.1	47.8	45.5	44.3	45.0
Harvested Acres	37.6	39.6	37.4	36.7	37.0
Yield	46.4	47.6	51.7	49.7	50.0
Production	1,741	1,885	1,932	1,826	1,850
Beg. Stocks	1,181	1,080	1,080	1,028	836
Imports	158	135	105	120	120
<b>TOTAL SUPPLY</b>	<b>3,080</b>	<b>3,119</b>	<b>3,117</b>	<b>2,974</b>	<b>2,806</b>
Food Use	964	955	962	965	960
Seed Use	63	59	60	63	60
Feed & Residual	47	90	102	125	100
<b>Total Domestic</b>	<b>1,075</b>	<b>1,103</b>	<b>1,096</b>	<b>1,153</b>	<b>1,120</b>
Exports	906	936	965	985	950
<b>TOTAL DEMAND</b>	<b>1,981</b>	<b>2,039</b>	<b>2,089</b>	<b>2,138</b>	<b>2,070</b>
<b>ENDING STOCKS</b>	<b>1,099</b>	<b>1,080</b>	<b>1,028</b>	<b>836</b>	<b>736</b>
<b>STOCKS/USE %</b>	<b>55.5%</b>	<b>53.0%</b>	<b>49.2%</b>	<b>39.1%</b>	<b>40.2%</b>
<b>Avg Farm Price (\$/Bu)</b>	<b>\$4.72</b>	<b>\$5.16</b>	<b>\$4.58</b>	<b>\$5.00</b>	<b>\$5.20</b>





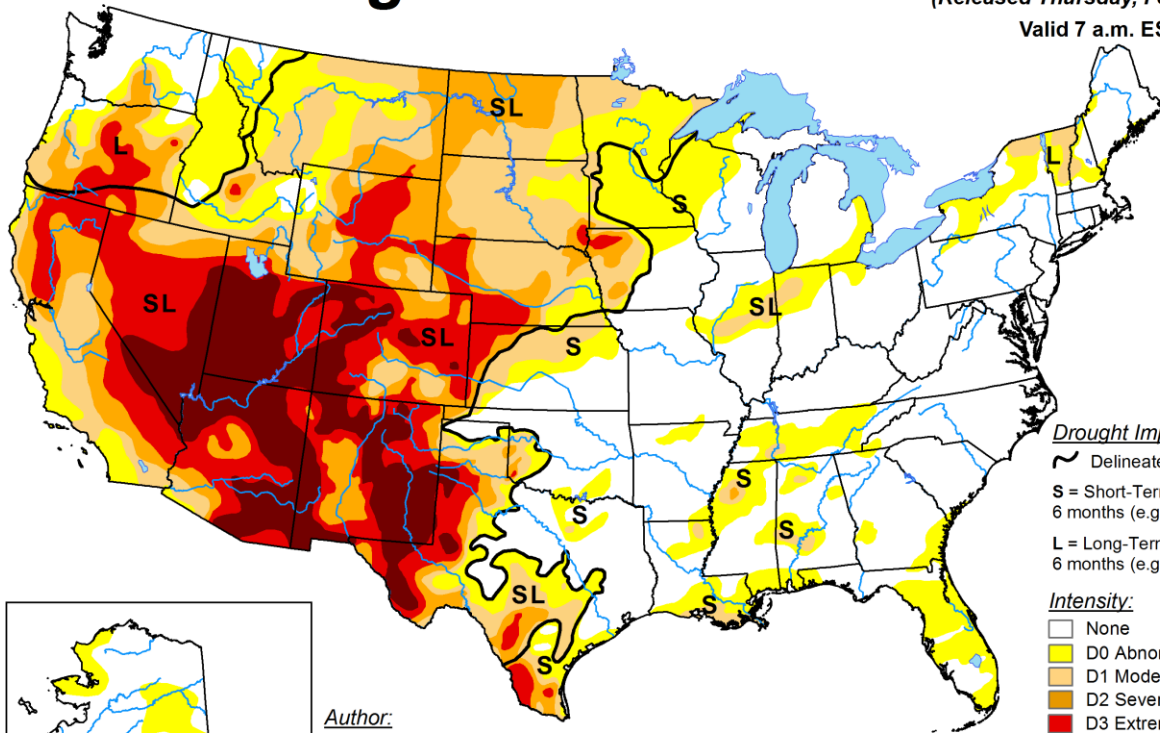
# Weather



# U.S. Drought Monitor

February 2, 2021  
(Released Thursday, Feb. 4, 2021)  
Valid 7 a.m. EST

Country  
Insurance Company

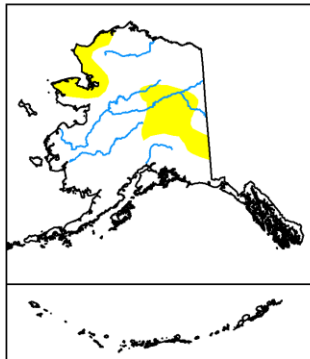


### Drought Impact Types:

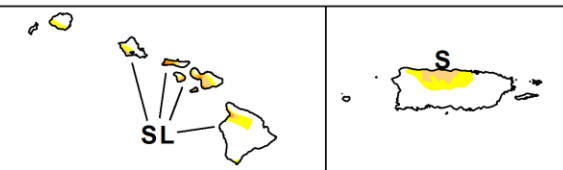
- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

### Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought



Author:  
Brad Rippey  
U.S. Department of Agriculture



The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



[droughtmonitor.unl.edu](https://droughtmonitor.unl.edu)



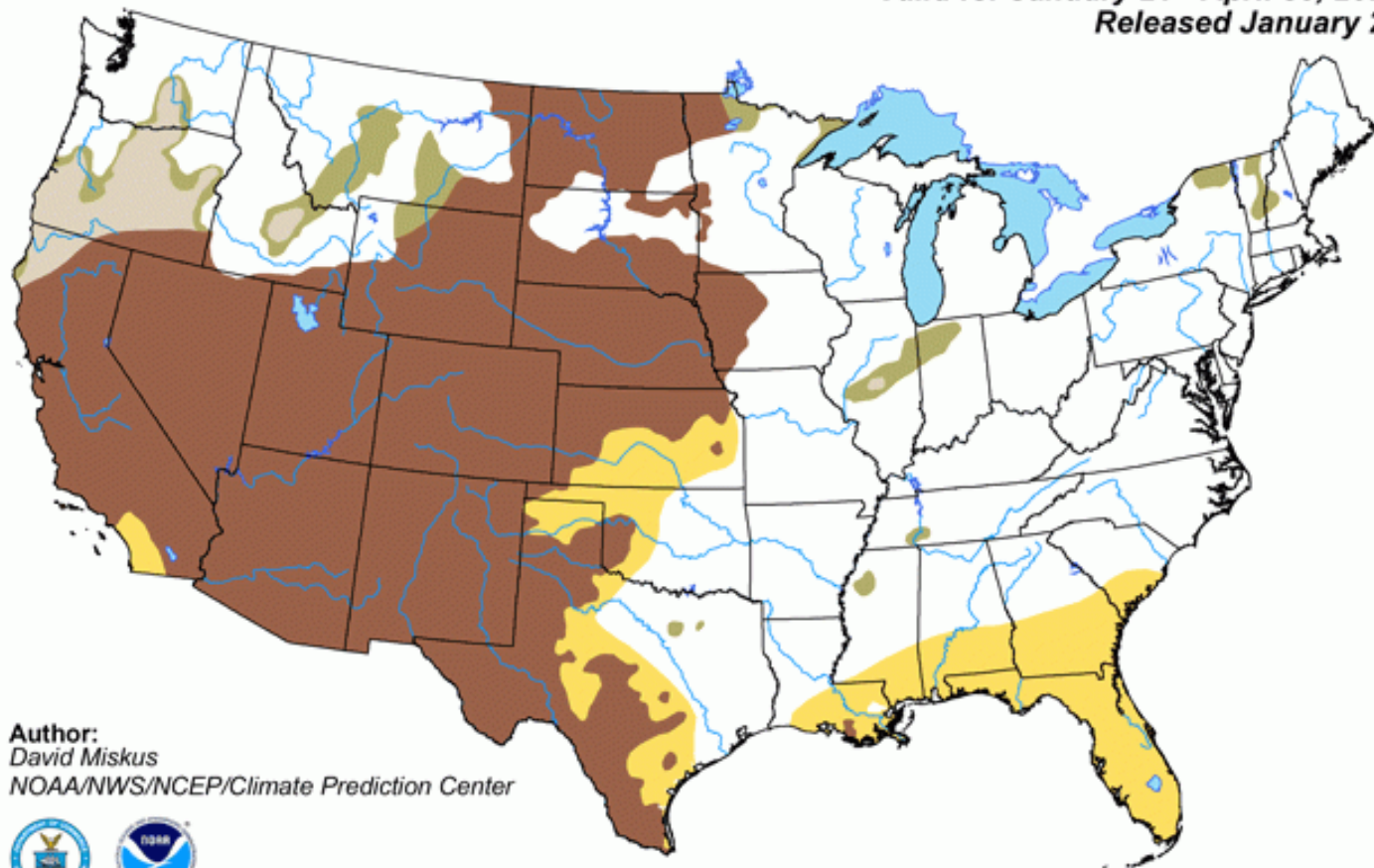
# U.S. Seasonal Drought Outlook

## Drought Tendency During the Valid Period

Valid for January 21 - April 30, 2021

Released January 21

country  
ce Company



Author:  
David Miskus  
NOAA/NWS/NCEP/Climate Prediction Center



Drought persists

Drought remains but improves

Drought removal likely

Drought development likely





## CFSv2 seasonal Prec anomalies (mm/day)

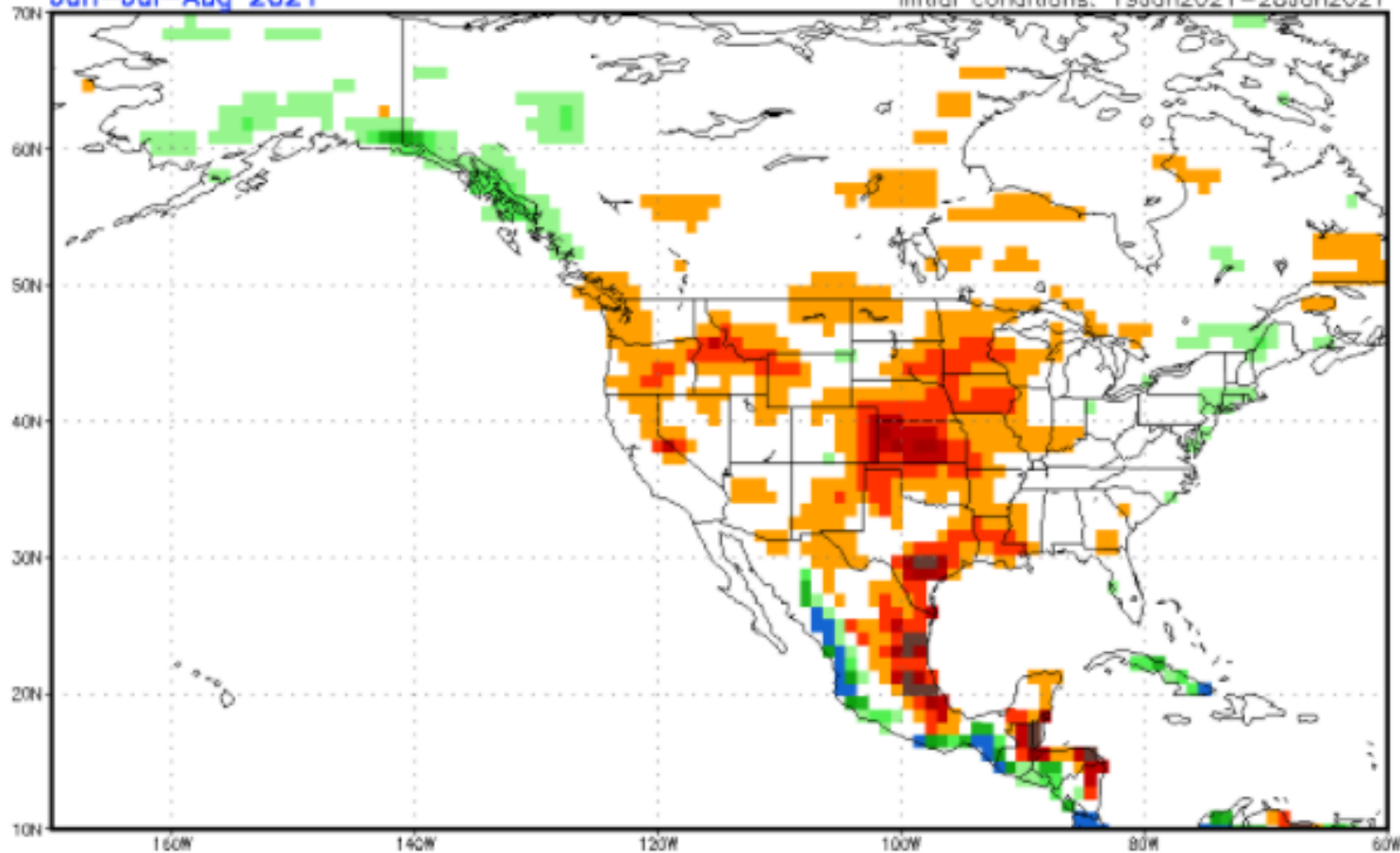


NWS/NCEP/CPC

Country  
Company

Jun-Jul-Aug 2021

Initial conditions: 19Jan2021-28Jan2021





NAU Country  
A QBE Insurance Company



NAU Country  
A QBE Insurance Company



### Enhanced Coverage Option (ECO)

Protect your livelihood with the  
new area-based supplemental  
endorsement ECO.

# Enhanced Coverage Option (ECO)

*New for 2021!*

## & Supplemental Coverage Option (SCO)







# NAU Country<sup>®</sup>

A QBE Insurance Company

## Enhanced Coverage Option (ECO) Program

The ECO program is now available through NAU Country! ECO is simply an area-based supplemental shallow-loss coverage that covers loss from 86% up to 90% or 95%. The endorsement is offered on 31 crops for the 2021 crop year, with expansion planned for 2022.



## Enhanced Coverage Option, ECO, & SCO Basics:

- SCO is area-based coverage from your **RP coverage level to 86%**.
- ECO is an area-based coverage in band from:
  - **86% to 90%, or**
  - **86% to 95%**
- SCO & ECO is an endorsement to individual coverage, & matches the individual coverage.
- ECO added for 31 crops for 2021, more for 2022.



### Example 1: 95% ECO Trigger

Deductible (no coverage)	100-95%
ECO Coverage range	95-86%
SCO or ARC Coverage range	86-75%
MCPI coverage range	75%

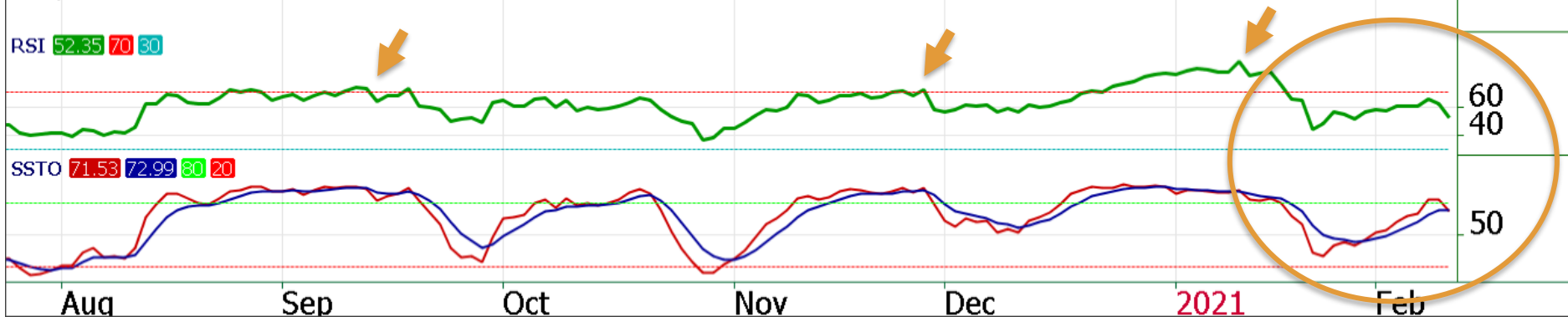
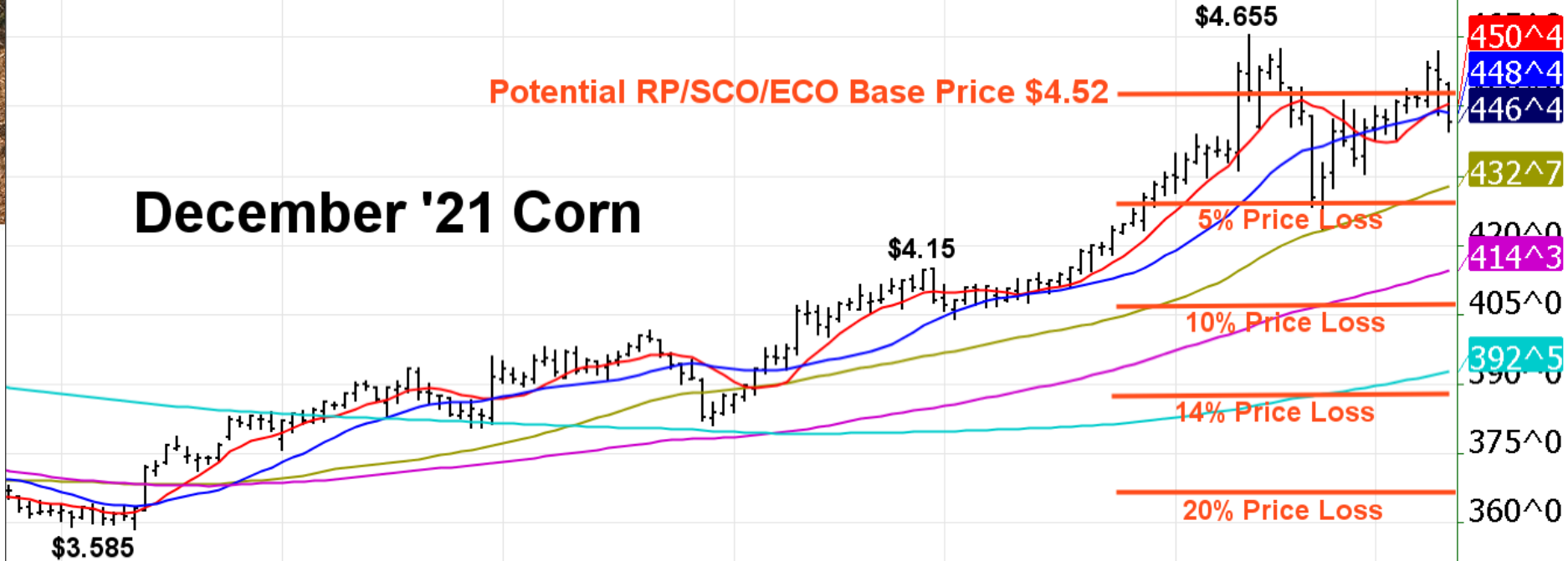
### Example 2: 90% ECO Trigger

Deductible (no coverage)	100-90%
ECO Coverage range	90-86%
SCO or ARC Coverage range	86-75%
MCPI coverage range	75%



# December '21 Corn

Potential RP/SCO/ECO Base Price \$4.52



# MPCI Base & Harvest Prices

## Average of December Corn Futures

Year\Month	<u>February</u>	<u>October</u>	<u>% Change</u>	
2006	\$2.59	<b>\$3.03</b>	<b>1.17</b>	
2007	<b>\$4.06</b>	\$3.58	<b>0.88</b>	
2008	<b>\$5.40</b>	\$4.13	<b>0.76</b>	
2009	<b>\$4.04</b>	\$3.72	<b>0.92</b>	
2010	\$3.99	<b>\$5.46</b>	<b>1.37</b>	
2011	\$6.01	<b>\$6.32</b>	<b>1.05</b>	
2012	\$5.68	<b>\$7.50</b>	<b>1.32</b>	
2013	<b>\$5.65</b>	\$4.39	<b>0.78</b>	
2014	<b>\$4.62</b>	\$3.49	<b>0.76</b>	
2015	<b>\$4.15</b>	\$3.83	<b>0.92</b>	
2016	<b>\$3.86</b>	\$3.49	<b>0.90</b>	
2017	<b>\$3.96</b>	\$3.49	<b>0.88</b>	
2018	<b>\$3.96</b>	\$3.68	<b>0.93</b>	
2019	<b>\$4.00</b>	\$3.90	<b>0.98</b>	<b>SCO &amp; ECO would trigger based on price</b>
2020	\$3.88	<b>\$3.99</b>	<b>1.03</b>	<b>ECO would trigger based on price</b>
<b>15 yr avg</b>	<b>\$4.39</b>	<b>\$4.27</b>		

\*This worksheet has been designed to Estimate Potential Losses Only and is not a guarantee of any loss payment. The Enhanced Coverage Option (ECO) has not been finalized by the Risk Management Agency (RMA) yet, nor have final rating, prices, and calculations been released at this time. Again this worksheet is based on how we believe it will work and is subject to change.\*

# November '21 Soybeans

Potential RP/SCO/ECO Base Price \$11.65

\$12.03

\$10.60

\$9.8375

5% Price Loss

10% Price Loss

14% Price Loss

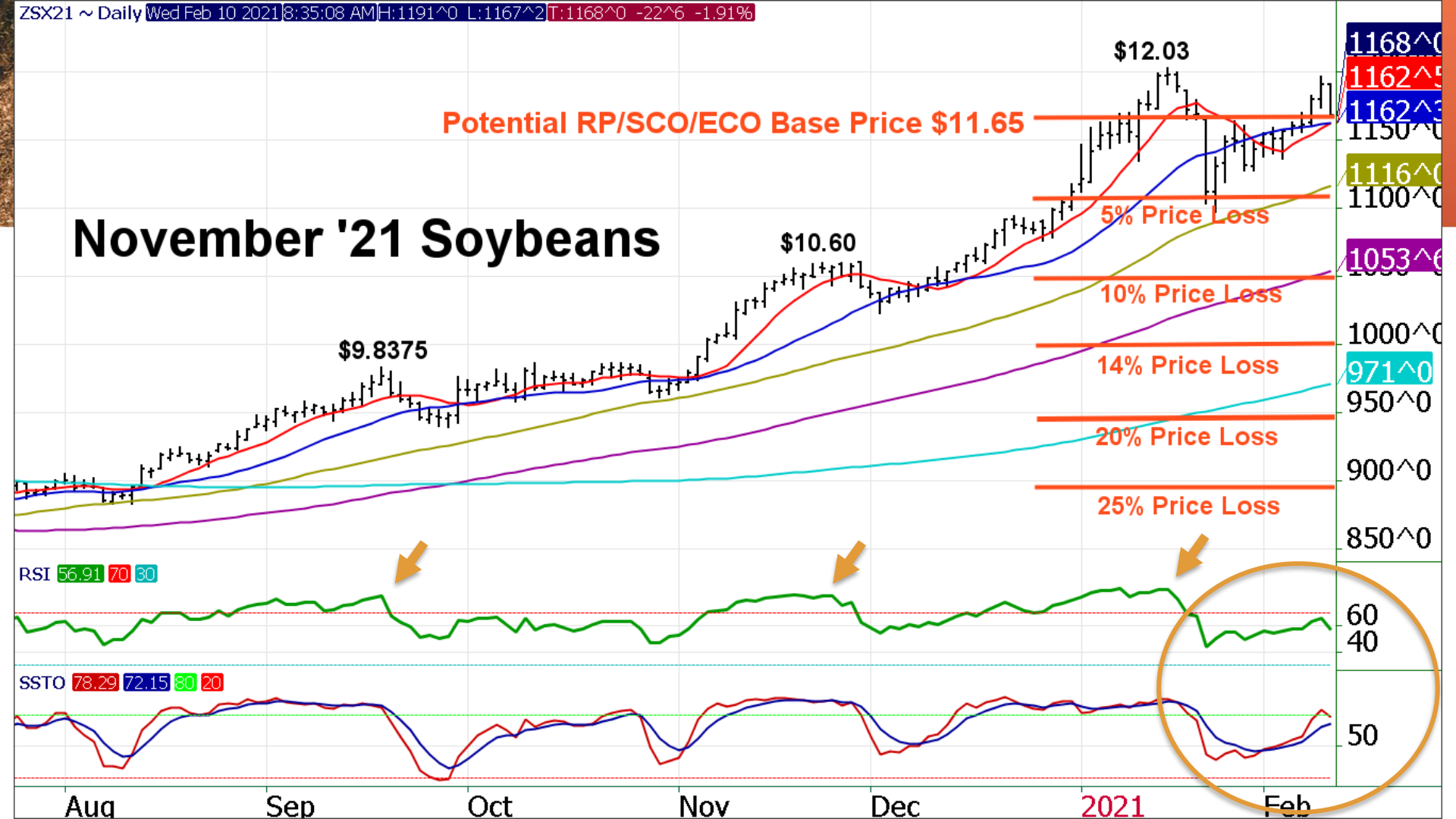
20% Price Loss

25% Price Loss

RSI 56.91 70 30

SSTO 78.29 72.15 80 20

1168^0  
 1162^5  
 1162^3  
 1150^0  
 1116^0  
 1100^0  
 1053^6  
 1000^0  
 971^0  
 950^0  
 900^0  
 850^0  
 60  
 40  
 50



# MPCI Base & Harvest Prices

## Average of November Soybean Futures

Year\Month	<u>February</u>	<u>October</u>	<u>% Change</u>	
2006	<b>\$6.19</b>	\$5.93	<b>0.96</b>	
2007	\$8.09	<b>\$9.75</b>	<b>1.21</b>	
2008	<b>\$13.36</b>	\$10.36	<b>0.78</b>	
2009	\$8.80	<b>\$9.66</b>	<b>1.10</b>	
2010	\$9.23	<b>\$11.63</b>	<b>1.26</b>	
2011	<b>\$13.49</b>	\$12.14	<b>0.90</b>	
2012	\$12.55	<b>\$15.39</b>	<b>1.23</b>	
2013	<b>\$12.87</b>	<b>\$12.87</b>	<b>1.00</b>	
2014	<b>\$11.36</b>	\$9.65	<b>0.85</b>	
2015	<b>\$9.73</b>	\$8.91	<b>0.92</b>	
2016	\$8.85	<b>\$9.75</b>	<b>1.10</b>	
2017	<b>\$10.19</b>	\$9.75	<b>0.96</b>	
2018	<b>\$10.16</b>	\$8.60	<b>0.85</b>	
2019	\$9.54	<b>\$9.66</b>	<b>1.01</b>	SCO & ECO would trigger based on price
2020	\$9.17	<b>\$10.55</b>	<b>1.15</b>	ECO would trigger based on price
<b>15 yr avg</b>	<b>\$10.24</b>	<b>\$10.31</b>		

\*This worksheet has been designed to Estimate Potential Losses Only and is not a guarantee of any loss payment. The Enhanced Coverage Option (ECO) has not been finalized by the Risk Management Agency (RMA) yet, nor have final rating, prices, and calculations been released at this time. Again this worksheet is based on how we believe it will work and is subject to change.\*



## SCO & ECO Purchase Decisions:

- Producers must purchase an individual policy to purchase SCO &/or ECO.
- Producers may purchase SCO along with ECO.
  - **Yes, producers can leave a gap in coverage if they wish.**
- ECO is not impacted by PLC/ARC decisions (SCO is).
- SCO & ECO are subsidized at 44% rate.
  - **vs other unsubsidized private products.**







## SCO & ECO Indemnity Details:

- SCO/ECO indemnities are impacted slightly by producer's APH vs area yield trigger.
- SCO/ECO indemnities & individual indemnities are not connected.
- SCO/ECO expected & final yields are based on RMA data (same as ARPI & Margin Protection).
- SCO/ECO final area yields will be released in late spring the following year, & indemnities paid in early summer.



# Farm Revenue Outlook

Smith Insurance

February 2021



# Supplemental Coverage Option (SCO) & Enhanced Coverage Option (ECO) Indemnity Worksheet

## Coverage Calculation

Base Price **\$4.50** Harvest Price **\$3.90**

Higher Price times Farm APH **185**

equals Expected Crop Value **\$833**

ECO/SCO Top Coverage Trigger **90%**

minus RP Coverage **80%**  
*(or 86% if SCO not purchased)*

equals ECO + SCO Coverage **10%**

Expected Crop Value **\$833**

ECO + SCO Coverage **10%**

ECO + SCO \$ Protection **\$83.25**

## Loss Calculation

Expected County Yield **179.4**

times higher of Base Price/Harvest Price **\$4.50**

equals Expected County Revenue **\$807**

Final County Yield **179.4**

times Harvest Price **\$3.90**

equals Final County Revenue **\$700**

Final County Revenue **\$700**

divided by Expected County Revenue **\$807**

equals % of Expected Revenue Realized **86.7%**  
*(Cannot be below RP coverage level)*

## Payment Factor Calculation

ECO/SCO Top Coverage Trigger **90%**

minus % of Expected Revenue Realized **86.7%**

equals % Revenue Loss **3.30%**

divided by ECO + SCO Coverage **10%**

equals ECO/SCO Indemnity Factor **33.0%**  
*(Cannot exceed 100%)*

## Indemnity Calculation

ECO + SCO \$ Protection **\$83.25**

times ECO/SCO Indemnity Factor **33.0%**

equals ECO/SCO Combined Indemnity **\$27.47**

Yellow boxes must be filled in.

# Supplemental Coverage Option (SCO) & Enhanced Coverage Option (ECO) Indemnity Matrix

		COUNTY YIELD												
		134.6	139	143.5	150.7	152.5	157	161.5	165.9	170.4	179.4	183.9	188.4	192.9
		75.0%	77.5%	80.0%	84.0%	85.0%	87.5%	90.0%	92.5%	95%	100%	103%	105%	108%
\$6.08	35%	\$168.72	\$168.72	\$168.72	\$123.67	\$112.54	\$84.36	\$56.18	\$28.18					
\$5.85	30%	\$162.34	\$162.34	\$162.34	\$118.99	\$108.28	\$81.17	\$54.06	\$27.11					
\$5.63	25%	\$156.23	\$156.23	\$156.23	\$114.52	\$104.21	\$78.12	\$52.03	\$26.09					
\$5.40	20%	\$149.85	\$149.85	\$149.85	\$109.84	\$99.95	\$74.93	\$49.90	\$25.02					
\$5.18	15%	\$143.75	\$143.75	\$143.75	\$105.37	\$95.88	\$71.87	\$47.87	\$24.01					
\$4.95	10%	\$137.36	\$137.36	\$137.36	\$100.69	\$91.62	\$68.68	\$45.74	\$22.94					
\$4.73	5%	\$131.26	\$131.26	\$131.26	\$96.21	\$87.55	\$65.63	\$43.71	\$21.92					
\$4.50	0%	\$124.88	\$124.88	\$124.88	\$91.53	\$83.29	\$62.44	\$41.58	\$20.85					
\$4.39	-3%	\$124.88	\$124.88	\$124.88	\$109.02	\$100.77	\$79.92	\$59.94	\$39.96	\$19.11				
\$4.28	-5%	\$124.88	\$124.88	\$124.88	\$124.88	\$118.26	\$98.28	\$78.30	\$58.32	\$39.09				
\$4.16	-8%	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$117.38	\$98.28	\$79.05	\$59.94	\$21.60	\$1.62		
\$4.05	-10%	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$116.51	\$98.28	\$79.05	\$41.58	\$22.48	\$4.12	
\$3.94	-13%	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$116.51	\$98.28	\$61.56	\$43.33	\$25.85	\$7.49
\$3.83	-15%	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$118.26	\$82.42	\$64.94	\$46.58	\$29.10
\$3.71	-18%	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$104.90	\$87.41	\$69.93	\$53.32
\$3.60	-20%	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$124.88	\$108.27	\$91.53	\$74.93

Full Farm 
  Scenario 
  Historical

IA Wright/CORN/NON IRR/GSG/ (190)

View Selection

Historical Performance for IA / Wright CORN NON IRR GSG 190 (161.5 BU) EU RP@85% \$4.50 100 Acres @ 100% share. / SCO-RP 100% coverage / ECO-RP@95 100% coverage

Year	Expected Price	Expected Yield	Final Price	Final Yield	Trigger Yield	SCO 86%-85% ECO 95%-86%	SCO 86%-80% ECO 95%-86%	SCO 86%-75% ECO 95%-86%	SCO 86%-70% ECO 95%-86%	SCO 86%-65% ECO 95%-86%	SCO 86%-60% ECO 95%-86%	SCO 86%-55% ECO 95%-86%	SCO 86%-50% ECO 95%-86%
2019	\$4.00	184.2	\$3.90	199.4	180.2	-	-	-	-	-	-	-	-
2018	\$3.96	178.8	\$3.68	181.3	183.5	\$5.78	\$5.78	\$5.78	\$5.78	\$5.78	\$5.78	\$5.78	\$5.78
2017	\$3.96	176.6	\$3.49	209.38	189.6	-	-	-	-	-	-	-	-
2016	\$3.86	171.5	\$3.49	202.4	180.8	-	-	-	-	-	-	-	-
2015	\$4.15	181.8	\$3.83	195	186.5	-	-	-	-	-	-	-	-
2014	\$4.62	177.9	\$3.49	163	223.1	\$85.01	\$127.51	\$170.02	\$212.52	\$219.20	\$219.20	\$219.21	\$219.21
2013	\$5.65	176.2	\$4.30	169.5	216.1	\$181.17	\$151.70	\$203.35	\$245.40	\$245.50	\$245.40	\$245.50	\$245.30

Historical Indemnities

Summary Grid

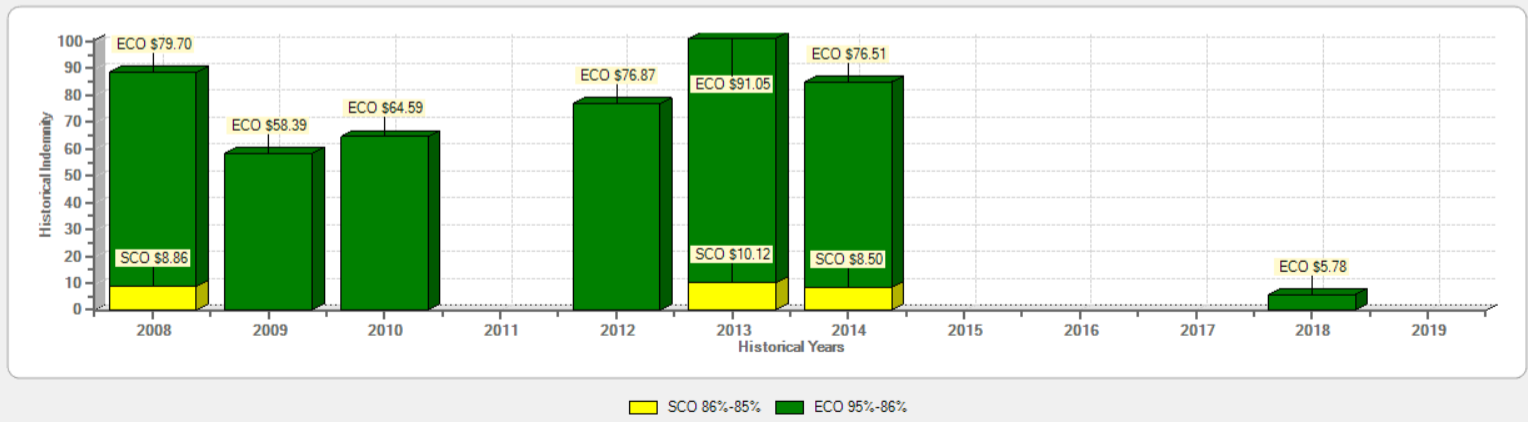
Chart Type

- Indemnity
- Yield
- Price
- Trigger Yield

Chart Level

- 85%
- 80%
- 75%
- 70%
- 65%
- 60%
- 55%
- 50%

Historical Indemnity for SCO 86%-85% ECO 95%-86%



Settings

Historical Years

From: 2008

To: 2019

Last 10 years

Levels

- All levels
- 50%
- 80%
- 55%
- 85%
- 60%
- 65%
- 70%
- 75%

Available Plans

- RP
- RPHE
- YP

Available

Clear Endorsements

- SCO-RP
- ECO 95

Presentation Type

- Plan
- Endorsement Only

Presentation Value

- Net Indemnity

New Quote 1 X +



MN Grant/CORN/NON IRR/GSG/ (195)

APH Plans Area Plans Yields

Historical Performance for MN / Grant CORN NON IRR GSG 195 (156.0 BU) EU RP@80% \$4.43 100 Acres @ 100% share.

Year	Actual Yield	NAU Avg Approved Yield	NAU Average Rate Yield	NAU Average Harvest Yield	NAU Total County Acres	Industry Estimated County Yield	Industry Estimated County Harvest Yield	Industry Total County Acres	ARPI Expected County Yield	ARPI Final County Yield	SCO/ECO Expected Yield	SCO/ECO Final Yield	Projected Price	Hi
2020	185	192	172	132	25,235.33	192	154	117,385	181.9	-	181.9	-	\$3.88	
2019	177	187	169	176	28,953.64	183	138	127,382	175.3	169.3	175.3	182.4	\$4.00	
2018	201	184	165	185	27,582.14	186	162	110,731	170.2	203.3	168.8	204.9	\$3.96	
2017	187	178	161	179	26,699.24	182	163	112,564	165.2	185.4	162.4	196.26	\$3.96	
2016	198	173	156	207	28,328.40	176	164	116,589	160.4	192.6	156.4	212.1	\$3.86	

Settings

Historical Years

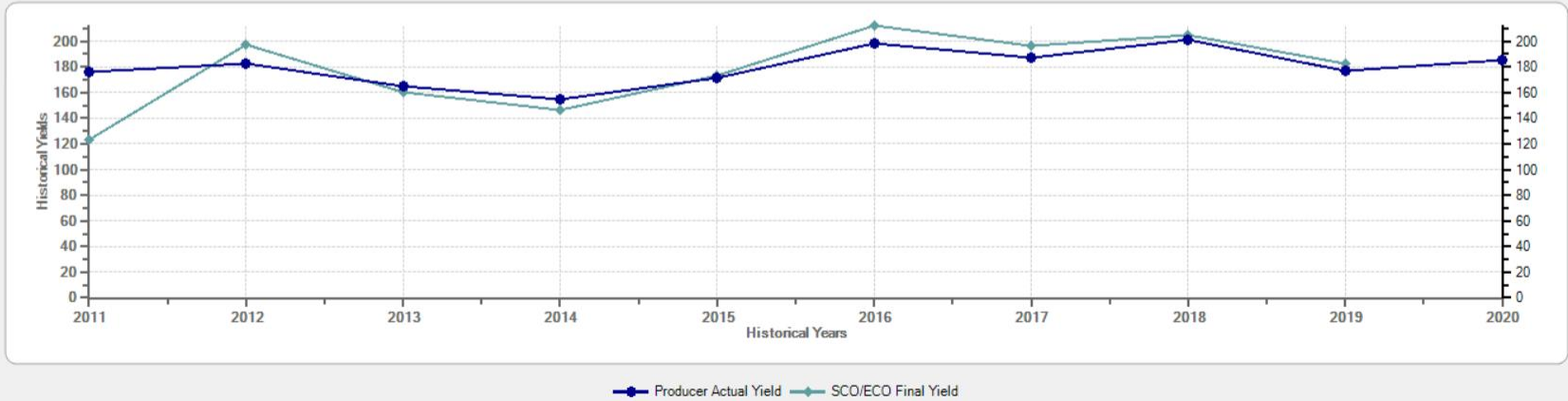
From: 2011

To: 2020

Last 5 years

Yield Comparison

Producer vs County Yield Comparison





TUESDAY, JANUARY 5, 2021

## Election 2021: PLC vs ARC

Between now and March 15, producers will have the opportunity to choose between the Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs for the 2021 marketing year. Under the Coverage (ARC) programs for the 2021 marketing year. Under the 2018 Farm Bill, the initial election was for two years, followed by annual elections for the 2021, 2022, & 2023 marketing years. I wanted to use this platform to share some thoughts on this decision.



PLC is a program that protects producers in case the market year average (MYA) price falls below the pre-set reference price. Those reference prices remain unchanged throughout the life of this farm bill. If the MYA price is below the reference price for the crop, producers would receive the difference times their farm's payment yield times 85% of the base acres for that crop. ARC is a county revenue program that uses the 5-year Olympic average price times the county's 5-year Olympic average yield times 86% to establish the final county yield is below if the MYA price times the final county yield is below the county trigger, then there would be an ARC payment on 85% of the farm's base acres for that crop. The MYA prices for most crops are established between September 1, 2021 and August 31, 2022.

**USDA PLC, Projected MYA, & ARC Prices**

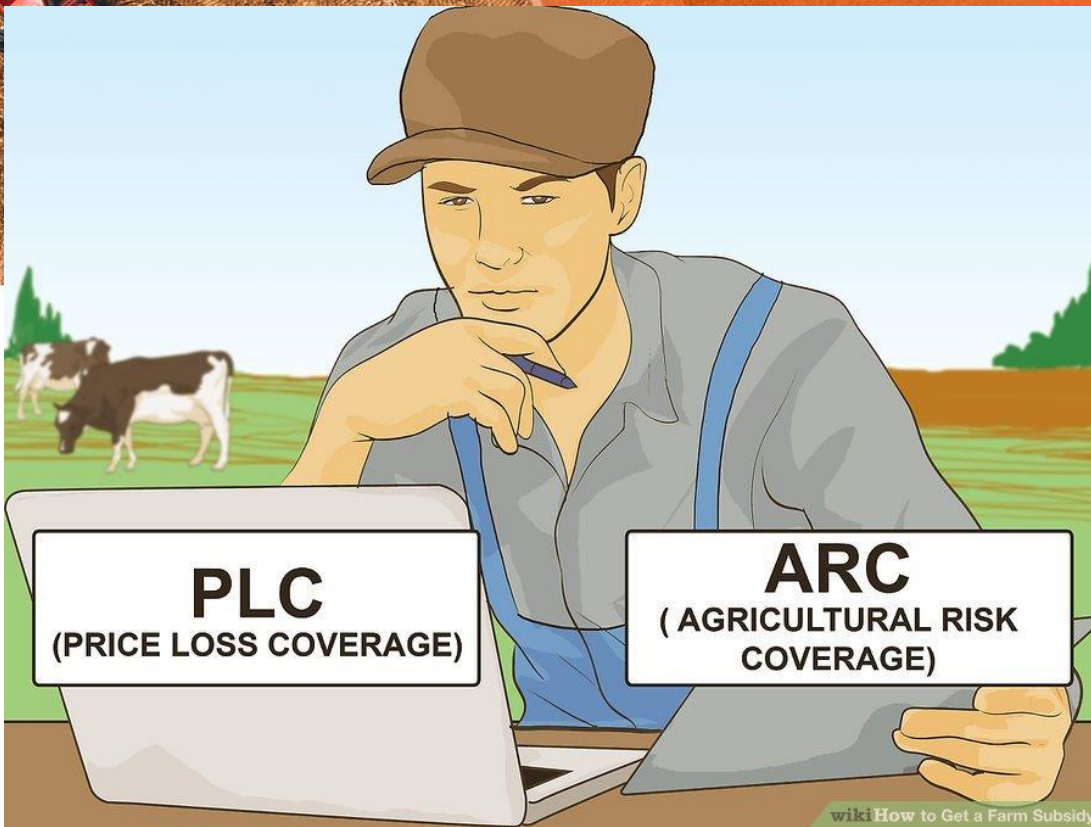
	PLC Reference Price	USDA Baseline		2021 ARC Benchmark Price
		Estimated 2020-21 MYA	2021-22	
Corn	\$3.70	\$4.00	\$3.65	\$3.70
Soybeans	\$8.40	\$10.55	\$10.00	\$8.95
Wheat	\$5.50	\$4.70	\$4.90	\$0.3670
Seed Cotton	\$0.3670	0.3301	\$3.80	\$3.95
Sorghum	\$3.95	\$4.40	\$4.60	\$4.95
Barley	\$4.95	\$4.55	\$12.00	\$14.00
LG Rice	\$14.00	\$11.80		\$0.2675
Peanuts	\$0.2675	\$0.2100		

PLC is the default program, in case producers don't make the actual election. I understand that FSA's online program will allow for online program election, which will help producers this year. The decision is crop by crop, and farm by farm. For example, you could choose to sign up for one program for corn, and another program for soybeans. You could even choose to sign up soybeans on one farm for PLC and soybeans on another farm for ARC. If you want to

So which program(s) should I sign up for? For some crops, I think the decision is fairly clear for crops that have historically high PLC Reference Prices, crops like rice, sorghum, seed cotton, peanuts, small grains, & even wheat.

# Farm Program Update





**Sign up for 2021 by March 15, 2021**





## USDA PLC, Projected MYA, & ARC Prices

	PLC <u>Reference Price</u>	Estimated 2020-21 MYA	Baseline 2021-22	2021 ARC <u>Benchmark Price</u>	2020 ARC <u>Benchmark Price</u>
Corn	\$3.70	\$4.30	\$3.65	\$3.70	\$3.70
Soybeans	\$8.40	\$11.15	\$10.00	\$8.95	\$9.25
Wheat	\$5.50	\$5.00	\$4.90	\$5.50	\$5.50
Seed Cotton	\$0.3670	0.3464		\$0.3670	\$0.3670
Sorghum	\$3.95	\$4.80	\$3.80	\$3.95	\$3.95
Barley	\$4.95	\$4.70	\$4.60	\$4.95	\$5.07
LG Rice	\$14.00	\$12.20	\$12.00	\$14.00	\$14.00
Peanuts	\$0.2675	\$0.2150		\$0.2675	\$0.2675

\* You must elect PLC if you intend to add Supplemental Coverage Option (SCO to your 2021 policy; not required for ECO).



# Closing





## Important Dates Ahead:

- February 26 – Base Price Averaging for 2021
- March 9 – WASDE Report
- March 10 – NAU Country *after* MATH webinar
- March 15 – Crop Insurance Sales Closing
- March 15 – PLC/ARC Election Deadline
- March 31 – Prospective Plantings



## Commodity Market Commentary

Don't miss your opportunity to get insightful daily analysis on market fluctuations, pricing trends, and how this affects you! NAU Country offers the following options for your Commodity Market needs:



### Opening Bell

Sign up to start your day off right with a two minute recorded call on daily grain updates, or review past update calls.

[More](#)



### Market Report

Sign up to receive or view past daily emails highlighting futures and cash markets. In addition, Rich provides a simplistic way to look at the connection between the market and crop insurance, and how outside factors can take their toll.

[More](#)



### The afterMATH

Register for upcoming or view past "The afterMATH" webinars where we discuss the previous day's USDA report, including the changes in U.S. and world balance sheets, and their impact on our markets. Plus, we'll discuss marketing strategies that you may consider, as well as revenue insurance and FSA farm programs.

[More](#)



### Kicking Up Dust

Use your time wisely! While sitting in the office, the car, or even your tractor, make sure to tune into our Kicking Up Dust weekly podcast on market trends.

[More](#)

# Thanks for Having Me On Today!





# *Local Grain Marketing 2021/2022*

Zach Harding  
The Andersons, Inc.



# Agenda

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1. Marketing Goals
2. Supply Factors
3. Demand Factors
4. Advantages of a Grain Merchant
5. Contract Strategies
6. Taking Action!



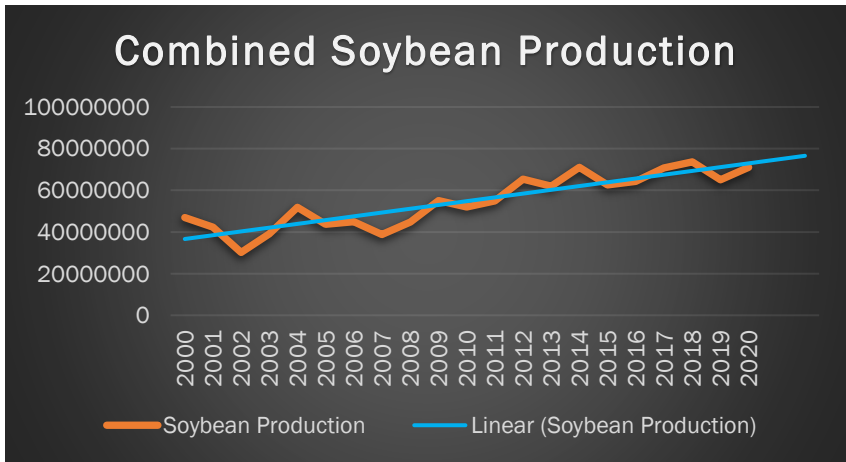
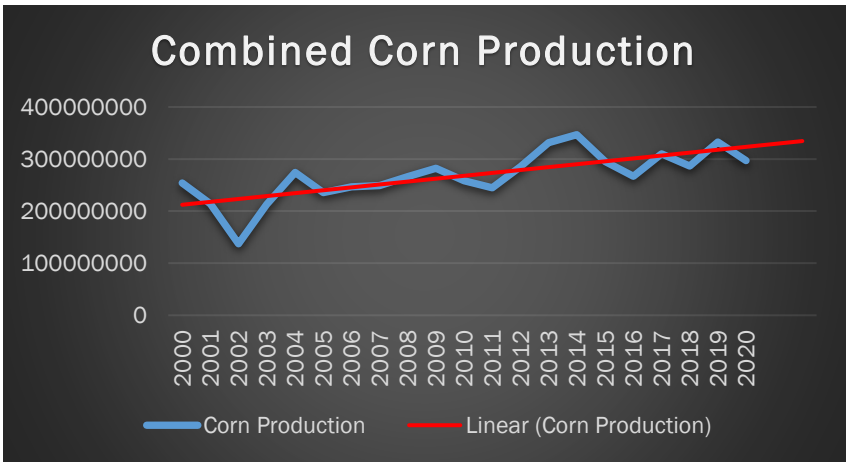
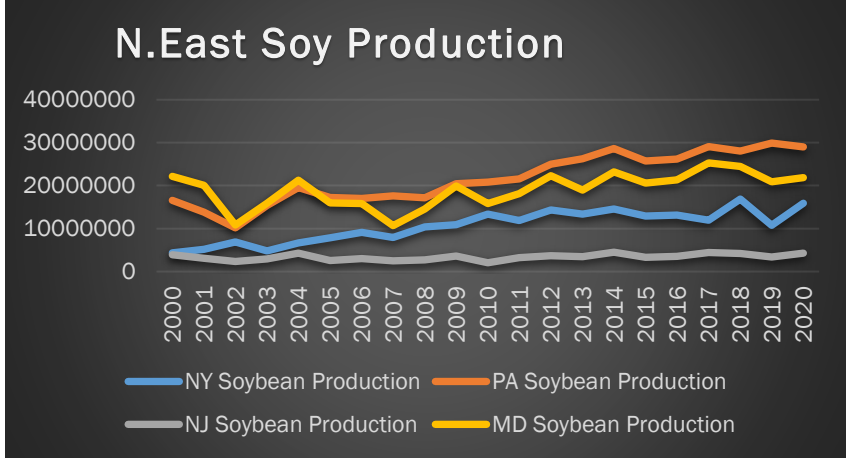
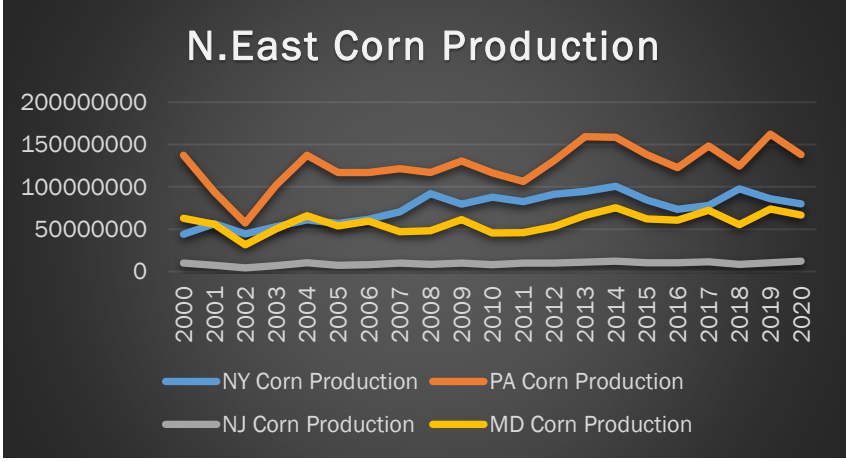


- Finish out old crop sales, get serious about new crop
- Use crop insurance guarantees to encourage forward sales
- Identify marketing tools that can be catered to your business
- Avoid “cancel if close”, be intentional about targets
- Set floors and use tools to capture additional upside





# Supply Factors



2021 Forecast: 329,084,452 BU's  
 2022 Forecast: 334,637,238 BU's

2021 Forecast: 74,709,766 BU's  
 2022 Forecast: 76,523,983 BU's



# Demand Factors

---



- Fulton Ethanol Plant: -10-15mbu per year
- Livestock industry margins
- Emerging Non-GMO, organic programs
- Diversification of crops (small grains, sorghum, vegetables, pulses, etc)
- Pet Foods/Grain Free



# Advantages of a Grain Merchant Relationship

---



- Always have a price for any delivery period, allowing producer to capture futures market opportunities (carries)
- Multiple destinations or outlets for grain
- Contract Flexibility
- Access to research, market analysis, reports, and opinions
- Counterparty Risk assumed by the Merchant (merchant vs broker)





- Minimum Price, Buying a Call Feature
  - As futures rally, option feature value increases
  - Set floors, upside “unlimited”
  - Timing and planning is important for capturing gains
  - Understand Time Value (Theta)
  - 90% of call options expire worthless



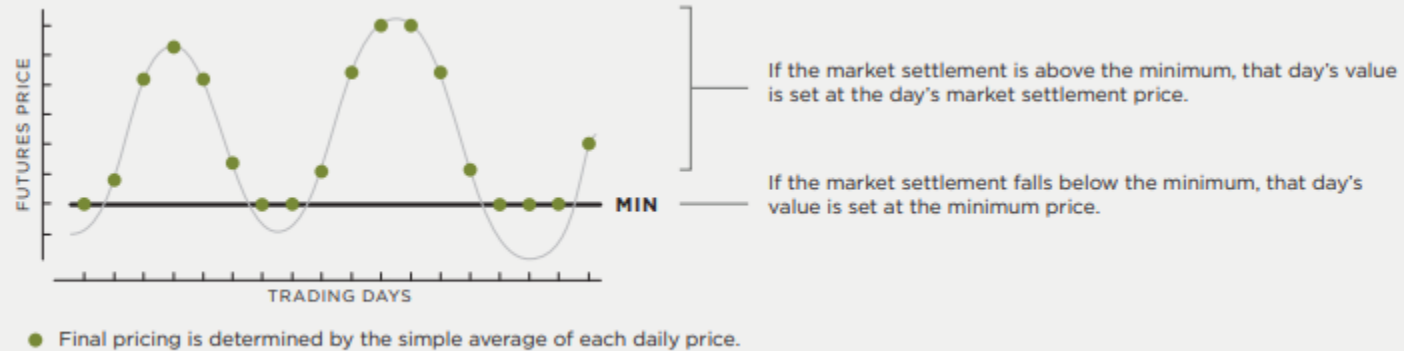


## FREEDOM<sup>®</sup> MIN PRICE AVERAGE<sup>SM</sup>

### PROGRAM OVERVIEW

Our Freedom<sup>®</sup> Min Price Average<sup>SM</sup> program establishes a minimum hedge price at the start of the pricing window.

#### Daily Pricing Levels are determined by the following:



\*More upside but a lower floor\*





## FREEDOM<sup>®</sup> MIN/MAX AVERAGE<sup>SM</sup>

### PROGRAM OVERVIEW

Our Freedom<sup>®</sup> Min/Max Average<sup>SM</sup> program establishes a maximum and minimum hedge price at the start of the pricing window.

#### Daily Pricing Levels are determined by the following:

\$5.00



\$4.50



If the market settlement goes above the maximum, that day's value is set at the maximum price.

If the market settlement is anywhere in-between, that day's value is set at the day's market settlement price.

If the market settlement falls below the minimum, that day's value is set at the minimum price.

● Final pricing is determined by the simple average of each daily price.

\*Realistic ceiling finances a higher floor\*





## FREEDOM<sup>®</sup> DAILY AVERAGE<sup>™</sup>

### PROGRAM OVERVIEW

Our Freedom<sup>®</sup> Daily Average<sup>SM</sup> program helps you gain pricing flexibility. Just as the name implies, it allows you to price your contract by taking advantage of the average daily market settlement during a defined pricing window.

#### Daily Pricing Levels are determined by the following:



This program will price equal amounts daily at the market settlement price.

● Final pricing is determined by the simple average of each daily price.

\*No floor, but using seasonal trends to your advantage\*



# Taking Action!

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- Taking Stock: Inventories, Open Contracts, New Crop production expectations
- Call a Grain Merchant
- Develop a plan. Diversify. Set firm targets.
- Focus on the next sale, not the last one







# Questions?

<https://www.andersonsgrain.com/products-and-services/services/freedom/>

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