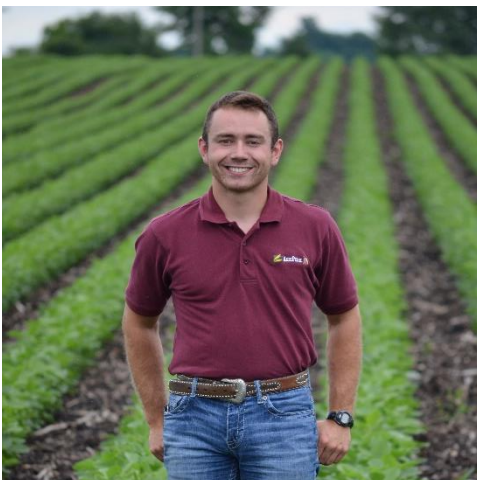




AgriPeril Advantage



Reed Burrell

Quick Preview:

- ✓ Coronavirus Food Assistance Program (CFAP) Payments
- ✓ Frost Damage Across the Midwest
- ✓ Updated Corn Planting Progress
- ✓ Reed's Recommendation
- ✓ The Takeaway

Agents & Contributors

Tim Burrell: tim@agriperil.com
 Reed Burrell: reed@agriperil.com
 Market Analysis: Patrick White
 Agronomic Advice: Matt Levan

New Opportunities on the Horizon

The shifts and corrections over the past two months would have normally been enough for the entire market and now with the proposed relief package for farmers, the Coronavirus Food Assistance Program (CFAP) being more clearly defined, it has some farmers being left with little actual aide.

The CFAP has provisions of assisting farmers whom have been suffered from a five percent or greater price decline from mid-January to mid-April. The single CFAP payment will be based on 50% of the producer's total 2019 production or 2019 inventory as of January 15, 2020. The reality for many who did not have stored grain became evident when this clarification was made as CFAP will only be applicable to those whom carried grain into 2020. Below is a look at the CFAP payments for non-specialty crops. The date to begin signing up for the CFAP payment is May 26, if you have any questions reach out to your local Farm Service Agency office. [Here is a link to USDA's Youtube page](#) where they explain how to fill out the CFAP application.

Commodity	Unit of Measure	CARES Act Payment Rate <small>(Applied against 50% of unpriced inventory as of January 15, 2020, not to exceed 50 percent of 2019 total production)</small>	CCC Payment Rate <small>(Applied against 50% of unpriced inventory as of January 15, 2020, not to exceed 50 percent of 2019 total production)</small>
Barley (malting barley only)	bushel	\$0.34	\$0.37
Canola	pound	\$0.01	\$0.01
Corn	bushel	\$0.32	\$0.35
Upland Cotton	pound	\$0.09	\$0.10
Millet	bushel	\$0.31	\$0.34
Oats	bushel	\$0.15	\$0.17
Sorghum	bushel	\$0.30	\$0.32
Soybeans	bushel	\$0.45	\$0.50
Sunflowers	pound	\$0.02	\$0.02
Wheat, Durum	bushel	\$0.19	\$0.20
Wheat, Hard Red Spring	bushel	\$0.18	\$0.20

Though the CFAP will be helpful to many, it leads many to wonder if there will be an additional assistance program similar to previous Market Facilitation Program payments to help producers get through 2020.



AgriPeril Advantage

Frost Damage Across the Midwest – Matt Levan

Depending on where you call home, most of us experienced at least some frost that occurred over the course of multiple nights. A mass of cold weather blanketed the upper Midwest especially as you worked your way east in Iowa and on into the other “I” states. Some locations in Iowa even tied or even broke record lows for early Saturday morning. Perhaps the most notable, Dubuque, hitting a record setting 25 degrees beating the previous record of 28 which stood since 1966.

The big question that’s ask is: “Are my crops going to survive this chilly event?” Well like most answers in Agriculture is “It Depends.” Luckily most of the state of Iowa had ground temperature ranging in the 50’s, along with most of the state being on a usually very similar schedule in terms of crop progress.

Meaning most corn across the state at the time of the frost was either recently emerged or just about to emerge. Corn is a tough plant when it comes to cold tolerance, especially at this growth stage. Even if you had corn up as big as V1 or V2 stage it will tolerate the mild freeze that most of us experienced. The corn was up may turn a little off color, anywhere from a yellow-green, to some graying on leaves, to even some browned leaves, depending on variety or time after the frost when you are checking your field. The good news is that, the corn will come out of it.



The plant is still deriving its energy from the seed, and the growing point is still very much below the surface, protected from the frost. If the current leaves brown off, there will be new growth soon to emerge. Keep in mind those browned-off leaves when it comes to in-season herbicide applications, and restrictions when it comes to certain herbicides. For corn seedlings however, it will be critical to monitor them over the next couple of days. Corn seedlings can develop some disorders or strange phenomenon’s when the temperatures get down out of corn’s comfort zone. First, corn requires moisture to germinate the seed, if that first moisture absorption comes from cold water i.e. 40 degree or less, some seedlings can experience “inhibitional chilling.” Which means the germ is arrested at or very near the seed, essentially stopping further growth of the seedling. Another phenomenon caused by cold temperatures, especially over a prolonged period is known as “corkscrewing or goose-necking.” This is typically caused when the outside temperature is lower than the soil temperature, which results in the mesocotyl (seedling stem) to start to grow towards the warmest source, i.e. the soil temperature, and not upward toward the sky. The seedling may even start to “leaf out” under the surface, that combined with a curled up mesocotyl, makes it even harder for emergence to occur. This “corkscrewing” in general is less severe than inhibitional chilling, but both are necessary to keep an eye on, **and scout throughout the entire field as effects will not be consistent in every spot of the field.** After a new stand count is determined, it is important to consult with your insurance agent to decide whether or not it is necessary to perform a replant.



AgriPeril Advantage

Frost Damage Across the Midwest Continued:

Soybeans are a bit touchy when it comes to frost, since the growth stage is above the ground as soon as emergence occurs. When the soybeans are still under the surface, that is when they are the safest. However, the colder and wetter the soil is around the seedling, the more susceptible they are to pathogens. One thing to note is exactly when stage was the seedlings when the frost event occurred. If the “crook” of the seedling, or the part of the hypocotyl that does the pushing through the soil surface, is just coming through or is through the surface, this could be very critical. At that point, the crook is below the growing point of the cotyledons. What can sometimes happen is that crook can either freeze and kill the plant right then and there or sometimes it will harden off and may snap when the plant tries to grow up straight. If the cotyledons have fully emerged are straighten up and/or are open, then they are a bit more tolerant to frost, due to how much water is in those leaves. Water has a high resistance to change in temperature making it slower to get frosty.

The biggest thing with soybeans is monitoring them for new growth. If you feel, your field suffered frost damage, monitor the seedlings closely. If you can see new growth development over the course of about a week, the soybeans should survive. If you see no new development after a week to 10 days, as stand loss assessment should be conducted to determine if a replant is necessary. Again like corn, **it is important to check all areas of your field**, especially in the lower areas, as these can have localized lower dew points which could bring the temperature down just a few degrees further. Attached are some great photos to reference from Purdue Extension.

(https://www.agry.purdue.edu/ext/corn/news/articles.01/Frost_Corn_Soy-0418_Gallery.html)

Furthermore, there is many varying research articles as to what temperature soybeans can and cannot tolerate, so it is important to monitor the progression of your crop or lack thereof, to decide what are the next steps to take. It is important to also note that soybean fill themselves in if the is gaps due to loss of stand TO AN EXTENT.

If you feel either of your crops got off to a shaky start due to frost or even just a cold wet spring. Pathogens likely thrive in those, which could mean bad news for your crop down the road. So even though margins are tight right now, it is important to not rule out fungicide applications to keep your crop healthy.

Check Us Out,
Online!

Website: www.agriperil.com

Facebook: @agriperil

Twitter: @agriperil

About Matt:

Matt Levan is a production agronomist for Remington Seeds and has been involved with production agriculture all his life. To contact Matt, feel free to reach out to him via email at: 14mlevan@gmail.com





AgriPeril Advantage

Insurance Calendar

May 31st:

Final Plant Date – Corn

June 15th:

Final Plant Date – Soybeans

June 25th:

Late Planting
Period Ends- Corn

July 1st:

2021 Insurance Year Begins

July 10th:

Late Planting
Period Ends- Soybeans

July 15th:

Acreage Reporting
Period Ends

Disclaimer

The market content published through the AgriPeril Advantage is based on factual information. Market projections are opinions and is not a recommendation that any particular commodity, portfolio of securities, transaction or investment strategy is suitable for any specific person.

May Outlook Continued:

As it stands today the next two weeks it is set to get hot and dry for the majority of the Midwest. In addition, the fuel/ethanol demand is picking back up as people are going back to work and the world economy continues to re-open this summer. In my opinion, corn and soybeans are set up to see a good sized rally this summer. However, I do not believe that we will see highs higher than what we had at the first of the year. Thankfully, the futures market trades the future, not today and not the past. Markets are just starting to tell us that we have seen the worst of it and that there will be a better tomorrow and a brighter future for commodity markets as we recover from this pandemic going forward.

There is significant risk involved in trading futures and/or options on futures. Futures and/or options of futures trading may not be suitable for all investors. Investors should consider these risks and evaluate their suitability based on their financial conditions. Past performance is not indicative of future results.



About Patrick:

My name is Patrick White and I am an independent Commodity Broker, Commodity Trading Advisor and farmer from Spencer, Iowa. I send out daily market comments and cash grain sales recommendations that you can sign up for at aa-commodities.com/newsletter.php

If you have any questions you can reach me at 712-262-7606, or email me at aacomm73@gmail.com.



AgriPeril Advantage

May Outlook – Patrick White

Ever since the start of the year grain markets and really all markets sure haven't been very much fun to follow! To date December corn has lost nearly 70 cents from the high in January. November soybeans have lost over \$1.30 from their highs. The trade continues to price in the loss of demand from the pandemic, the crude oil price war, early planting and China trade threats. Fundamentally, news could not be worse. Producers are despondent about prices. But is there a light at the end of the tunnel?

USDA's May WASDE report set the 2020/21 new crop balance sheets for corn and soybeans. As you can see below, soybeans passed the oversupply issue on to corn this year. The USDA is forecasting a whopping 97 million acres of corn planted, setting the carryout to balloon well past 3 billion bushels and a more than 20% stocks to use ratio. Soybeans however are close to having a major supply shock with any small drop in acres or yield as illustrated below. The bullish and bearish scenarios below assume different acres and yield vs. the USDA WASDE in May.

2020/21 Beans	Bearish	USDA May	Bullish
Planted	84.5	83.5	82.5
Harvested	83.8	82.8	81.8
Yield	51.8	49.8	47.8
Carryin	580	580	580
Production	4340.84	4123.44	3910.04
Imports	15	15	15
Supply	4935.84	4718.44	4505.04
Crush	2130	2130	2130
Other Domestic	135	135	135
Total Domestic	2265	2265	2265
Exports	2050	2050	2050
Total Use	4315	4315	4315
Ending Stocks	620.84	403.44	190.04
Stocks/Use	14.39%	9.35%	4.40%

2020/21 Corn	Bearish	USDA May	Bullish
Planted Acres	99	97	95
Harvested Acres	91.6	89.6	87.6
Yield	180.5	178.5	175
Carryin	2098	2098	2098
Production	16533.8	15993.6	15330
Imports	25	25	25
Supply	18656.8	18116.6	17453
Feed	6050	6050	6050
Oth Domestic Use	6400	6600	6600
Ethanol	5000	5200	5200
Exports	2150	2150	2150
Demand	14600	14800	14800
Carryout	4057	3317	2653
Stocks/Use	27.79%	22.41%	17.93%

So what do we do?

1. Create a market plan for selling into a rally
2. Set targets
3. Execute on those targets.

The current prices for corn and soybeans today are NOT a marketing opportunity for producers in my opinion. Looking at a long term chart, corn and soybeans are near multi-year lows. Funds are very short corn and have held a net short for 40 weeks, the longest on record. Soybeans have the opportunity to see a supply shock with a small yield decrease. **For both my own grain and my clients' grain I am waiting for a classic old summer short covering rally to sell corn and soybeans.**



AgriPeril Advantage

Reed's 2020 Recommendation:

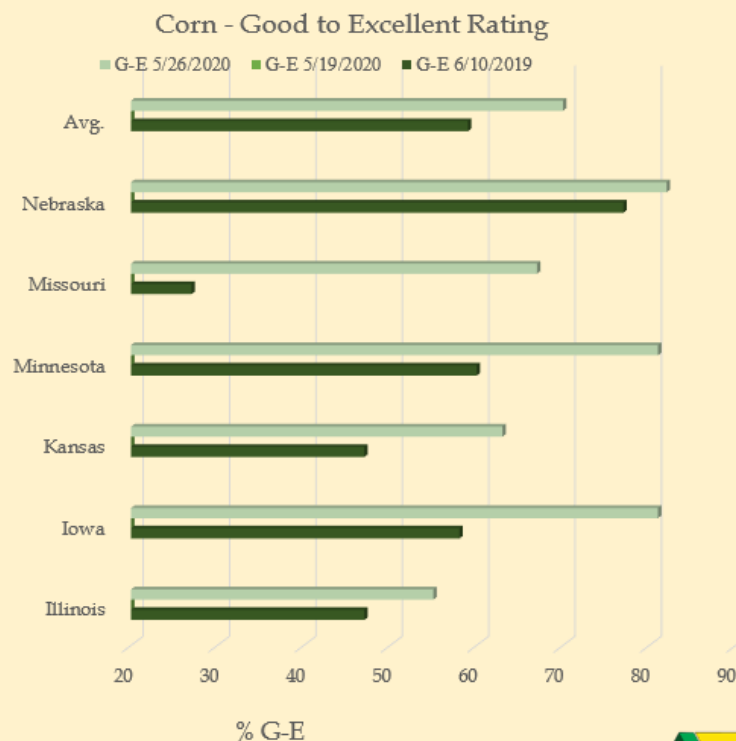
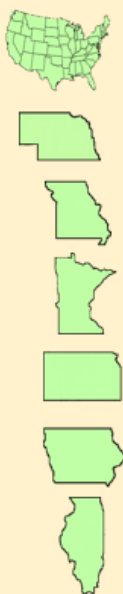
Multi-Peril Crop Insurance:

- 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

Created by: AgriPeril (5/28/2020)
 Data Source: USDA



The Takeaway:

Now that we are beginning to see more businesses reopen hopefully that will suggest that things will return back to normal, the market included. As some states transition and other struggle to find normality, it may be uncertain that there we will be able to operate like we have in the past at all for 2020. IF the market hopes to straighten up and find a little strength we will need some pressure from the weather, tensions to reduce and better with China and lastly a remedy for the COVID-19 pandemic that has forever changed how some look at toilet paper....

Both Matt and Patrick are well experienced and well versed on their topics covered and we will look forward to their unique perspective in newsletters to follow! If you do have any questions feel free to reach out to either, they are both happy to help and lend their knowledge or thoughts. Until next time, stay safe, be proactive and work to reduce your operation's risk. Thanks for reading!

All the best,