Top 10 “Need to Knows” for 2020 Grain Marketing

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Presented by Stewart-Peterson Group Inc.
**TOP TEN Need to Knows:**

1. Big crops all over the world last 4 years: Is that trend finally changing?
2. Demand has grown!
3. Weather!
4. Geo-Political Drama!
5. U.S. Dollar.
8. FUNDS: Are they long or short?
9. Seasonal Price Patterns.
10. Technicals
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Big crops all over the world the past 4 years. Is that trend finally changing? What about demand?
Is there a bright future for corn?

![Image of light bulbs]

**US Corn Planted Acreage**

- **Million Acres**
- **Est** as of 01/10/2019

- **Most Recent:** 89.7

The Hightower Report
Ample Ending Stocks Have Allowed for Low Prices…

2019/20 World Corn Production (Million Metric Tons)

- United States, 347.80, 31.3%
- China, 260.80, 23.5%
- Brazil, 101.00, 9.1%
- European Union, 65.00, 5.9%
- Argentina, 50.00, 4.5%
- Ukraine, 35.50, 3.2%
- Southeast Asia, 30.91, 2.8%
- Mexico, 25.00, 2.3%
- Canada, 13.40, 1.2%
- South Africa, 14.00, 1.3%
- Others, 167.39, 15.1%

Source: USDA as of 1/02/20
SOYBEANS
Supply and Demand

US Soybean Planted Acreage

Most Recent: 76.1 As Of 01/10/2019

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Comparing the “Exceptional” and “Moderate” drought areas in early January 2012 ... versus the current “Exceptional” and “Moderate” drought areas for the United States.
Worldwide Croplands – Where You Want to “Weather Watch”

The study was led by the USGS and is part of the Global Food Security Support Analysis Data @ 30-m (GFSAD30) project. The map is built primarily from Landsat satellite imagery with 30-meter resolution, which is the highest spatial resolution of any global agricultural dataset. https://www.morningagclips.com/new-map-of-worldwide-croplands-released/

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U.S. Dollar

Continuous Monthly Chart of the U.S. Dollar Index
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China: Economy and demand for commodities.

Source: IMF and Statista
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FUNDS: are they long or short?

Corn: Managed Money Position vs Corn Price

Source: CFTC & ProphetX
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Seasonal Price Patterns

Decay Corn (CBOT) Historical Patterns

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December 2015 Daily Corn Futures

- Date: July 7th, 2015
- Price: $4.54¼
- Calendar Days During Drop: 36
- Change in Price: $0.96 ¾

December 2016 Daily Corn Futures

- Date: June 17th, 2016
- Price: $4.49
- Calendar Days During Drop: 75
- Change in Price: $1.34 ¾
December 2017 Daily Corn Futures

Date: July 17th, 2017
Price: $4.17 ¼
Calendar Days During Drop: 45
Change in Price: $0.73

December 2018 Daily Corn Futures

Date: May 24th, 2018
Price: $4.29 ½
Calendar Days During Drop: 49
Change in Price: $0.79 ¼
December 2019 Daily Corn Futures

Date: June 17th 2019
Price: $4.73

Calendar Days During Drop: 84
Change in Price: $1.20 ¾

Continuous Weekly Chart of DECEMBER Corn Futures

Now that you know…
what are you going to do with it?

You Would Never…

Running your farm **without** knowing all aspects of your farm’s marketing is like driving a car blindfolded.
Great Marketing Does NOT look like this:

How’s Your Crystal Ball?
What Does Great Marketing Look Like?

1. Truly know your cost of production
2. Understand your local cash market
3. Learn which market fundamentals are important to watch
4. Acknowledge your constraints
5. Make time to make your marketing plan
1) Truly know your cost of production.

Cost of Production
Income:
* Crop
* Government payments
* Indemnity payments

Cost of Production
Direct Expenses:
* Fertilizer
* Herbicides
* Insecticide
* Seed
* Crop Insurance
* Labor
* Custom Field Operations
* Machinery – payments/hours/usage
* Fuel
* LP Gas for drying
* Trucking Costs
* Family Cost of Living
* Interest on Operating Capital
* Land (rent or own)

Source: Department of Agricultural Economics – Kansas State University
Be a proactive, not a reactive marketer

2) Understand Your Local Cash Market

- Where can you sell to? Elevator? Ethanol Plant? Feed Yard?
- Is there a time of year when basis is wide?
- Is basis strong now? How can you capture that?
- How long are the trucking lines?
- What fees do they charge?
- What does the discount sheet look like?
- Who takes time to patiently answer your questions?
- What type of contracts are offered?
- How will they help you manage those contracts?

3) Learn which market fundamentals are important to watch.

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5. US Dollar: Will it break out of the range?
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9. Seasonal Price Patterns.
Be a proactive, not a reactive marketer
4) Acknowledge Your Constraints

Cycle of Emotions

PHASE A
- Optimism
- Thrill
- Euphoria

PHASE B
- Excitement
- Anxiety
- Fear
- Desperation

PHASE C
- Panic
- Capitulation
- Hopelessness

PHASE D
- Depression
Acknowledge Your Constraints

- Emotions – turn off Twitter, walk away from your screen
- Knowledge – become an expert or hire an expert
- Risk Tolerance – talk to your lender and business partners
- Time – make time daily
- Discipline – pull the trigger on those sales
- Past Experience/Control Issues

Be a proactive, not a reactive marketer

5) Make TIME to Create Your Marketing Plan!
Learn How to Use all the Marketing Tools in Your Toolbox. (That means your cash market, futures and options.)

What Does Great Marketing Look Like?

Controlled Decision

- Math & Data-based
- Eliminated Emotions
- Planned
- Consistent
Figure Out What’s Holding You Back…

...Then take measures to correct it!

If you need help – seek it. Find a trusted advisor.
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