

LOOKING FORWARD WITH A BACKWARD GLANCE

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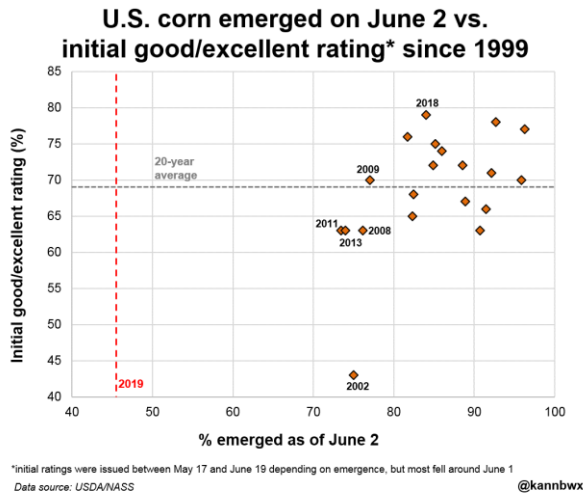
Sales Recommendations: **Patience on new crop corn sales.** Watching wheat for pricing. Next MNU by June 16.

Current Sales:	2018 sales:	corn 100%	soybeans 100%	wheat 87.5%
	2019 sales:	corn 10%	soybeans 100%	wheat 25%
	2020 sales:	corn 10% - 25%	soybeans 50% - 100%	wheat 0%

Quick View: **Dec19 corn** is struggling, now that it's not raining every day; plus the USDA report Tuesday that all seem to fear. We see \$5.20 in play for Dec19 corn sometime this year. **Nov19 soybeans** fell back below its chart gap. Price is struggling, likely to fall back to test its 1st open gap. Its upside technical objective is \$9.38; \$9.20 is R. **July19 K.C.** futures are struggling to hold above \$4.40. It doesn't know if it should fall because it has stopped raining, or rally off of heavy rains later this week. Likely it's the USDA report causing worries with restating the extreme stocks in the world. Still hoping for \$5.30 for making sales.

Best Guesses: That's what it amounts to this year. So far, our 10/10/10 projection of about 4 weeks ago looks to be spot on. We saw guesses these last few days from 8-12 ma PP. No official numbers have the yield much less than 171 to 173 bpa. 30 ma planted after June 3 would lose 15 bpa. It's difficult to compute that into 2019 production because a third of that will be PP, or zero bpa. The easy calculation is 5 bu off total yield (*30 ma being about 1/3 of initial planting expectations*), or 171.5 bpa. It makes sense one can have a higher yield if more producers take PP after their final planting date. But because many will push it until June 10th (*June 20th further south*) and tell the USDA it was planted on June 5th, we'll end up with less PP and end up with a final yield that comes in lower than many guess.

Conditions Report Will Suck: They rate the crop excellent, good, fair, poor or very poor. These observations are based on crops that have emerged. If the corn has emerged and looks great, but it's a month behind, that won't matter! It is excellent! Ha. It will not rate a field that is unplanted, needs replanted, or a field that is PP. Question? How will the guy know if the field is going to get replanted? With all this, crop condition ratings could come out looking very good, helping to keep corn prices from rallying. To date, 2013 was the slowest corn emergence year on record at 85%. Last week, this year's crop was just 46% emerged. Historically, nearly all slower planting years had much lower initial condition scores than in other years. (*That bodes well for the 1st condition reports supporting prices.*) This says that emergence is the key factor, not planting. For now, the planting pace will be the key driver vs the initial condition scores. The 20-year average for initial corn conditions is 69% G/E, with the 5 year average being 73%. 2018 came in on May 27th at 79%! Prior to 2017, if the initial G/E score came in below 70%, yields came in below trend.



Too Late: Here’s what may be an even greater problem. They have a 20 year average in these numbers. It’s only 20 years because that is when they started looking at emergence vs corn’s silking date vs a maturity date. They took May 1st as the average planting date for getting 50% for the U.S. corn crop in the ground. That would have 50% of the U.S. corn crop emerging 19 days later, silking 79 days after that and maturing 142 days after that. That gives us May 19, July 18 and September 19 as the “normal” dates for all this to occur.

This year, they have estimated that 46% of the crop had emerged by June 2nd. Assuming 50% emerged by June 3rd, that would have 50% of this year’s corn crop silking on August 2nd and mature by October 4th. That puts a lot of this crop at the risk of heat stress during pollination, if we have any real heat this year. If we don’t have heat and it’s cooler/colder than normal most this year, then a frost/freeze is likely to hit millions of acres this fall.

Because this year’s yield will be an unknown to many “professionals” during the growing season, they will need to see actual yield data before getting on board this year’s rally. If the rally top arrives early harvest, a “normal” freeze will add to yield losses. An early freeze would make things quite interesting. The U.S. has not had a freeze event that took prices considerably higher in over 40 years. We’re about due, with this year’s extremely late planting start and continued colder than normal temperatures creating the “perfect storm”. Contributing to this perfect storm is planting in mud, uneven stands, flooding, potholes, denitrification, GDD’s, a normal freeze, an early freeze, or disease. This year the corn crop will see it all. All these things do add up to additional crop losses during the growing season, ending on a cold, wet note; frost/freeze. Definitely an epic year; one which we don’t want to see again next year....but what seems to be in the offering, based on longer term trends. June is forecasted to conclude with below average temps and above normal precipitation for many. Top yields are generated if June temperature average 1 degree above normal and July & August 1 degree below normal. Do we accept 2 out of 3 being a win?

Screwed Twice: Hundreds of barges are stalled on the Mississippi. U.S. producers are going to lose at least 3 months of river traffic. That will be near impossible to make up. Elevators will be stuck with 10’s of millions of bushels old crop grain when harvest begins and not be able to

handle new crop. Areas affected will need to watch basis levels. They will be much wider in areas affected if rivers stay high into fall.

Potential for much lower corn & yields exist. It's likely lower for soybeans, too, especially if it turns wet again. A bushel or 2 of bean yield has been captured by planting early. That's all but gone. Good weather in August can make up for a lot. It will have to be a really good August not to have a final soybean yield down to 45 bpa. One can't make up for lost time. The chart below says a 15 bpa loss when planted after June 10th. That would be something. That would be a loss of 850 mb, assuming producers plant 100% of projected acres; 85.6 m. That would still leave a carryover sufficiently large based on ASF and the trade war with China; over 500 mb.

Chart shows expectations should be for 80% less on yield of planted after June 5th. This date would be earlier for northern states? Extension report advisability of planting corn after June 6 declines rapidly.