Meeting summary

Quick recap

The meeting focused on current grain market conditions, weather impacts, and marketing strategies. Josh discussed the recent market rallies in corn, soybeans, and wheat, attributing them to weather concerns in the western Corn Belt and northern plains, as well as geopolitical tensions affecting grain transport in the Black Sea and Middle East. He explained how weather and geopolitical factors have created a premium in the markets, especially for corn and wheat. The group reviewed technical levels, basis changes, and recent sales recommendations for each crop. Josh presented updated financial projections for the crops, factoring in recent price changes, basis improvements, and potential government payments. The conversation also covered topics like wheat quality, protein premiums, and local elevator basis comparisons. Additionally, Josh shared insights from an AgCountry land survey, noting changes in land values and sales volumes. The meeting included discussions on government program payments, specifically ARC and PLC, with some debate over estimated payment amounts for Clay County.

Next steps

Josh

- Forward the Roach Ag Marketing daily update with sell signal percentages to the group when it is available.
- Bring the NDSU ARC/PLC payment calculator to the next meeting to review payment estimates.

Collaboration

- All attendees: Review and potentially adjust their base acres with FSA by August 15th if there are discrepancies.

Summary

Market Conditions and Commodity Outlook

Josh discussed current market conditions, focusing on weather impacts, geopolitical tensions, and their effects on commodity prices. He highlighted the significant rally in wheat, corn, and soybean markets due to weather concerns, particularly in the western Corn Belt and northern plains, as well as ongoing conflicts affecting grain transport in Ukraine and Russia. Josh also noted that soybean stocks are tight, with even small decreases in yield potentially impacting supply significantly. He recommended continuing to sell corn, soybeans, and wheat based on current market signals and technical levels, while cautioning against over-selling due to uncertainty about final crop yields.

Wheat Pricing Location Comparison

Josh discussed wheat pricing across different locations, noting that Maple River was at 78 while other areas like Ulen and Barnesville were at 60 and 70 respectively. He mentioned that while elevators typically find discounts, they test every load and keep samples for testing. Josh also discussed wheat protein levels and potential market opportunities, including the possibility of selling to North Dakota mills and elevators in Grand Forks, and noted that Georgetown was offering prices at -0.80 as of yesterday.

Wheat Pricing and Market Challenges

Josh discussed the challenges farmers in southern Minnesota face when pricing and selling wheat due to limited elevator options and higher transportation costs. He presented current crop price projections using 70 bushel wheat, 40 bushel beans, and 170 corn, showing potential net returns for soybeans and improved returns for wheat and corn, though still in the red for corn. The analysis included adjustments for fertilizer and fuel costs, factoring in a 30 cent ARC County PLC payment and considering early sales at better prices versus spot prices.

Grain Sales and Storage Updates

Josh discussed the current status of grain sales, noting that free sales are likely locked out due to market conditions, with wheat sales at 75% completion and soybean sales limited to post-harvest. He explained changes to CHS storage rates, highlighting that storing for one month now requires paying 24 cents instead of 8 cents previously, with a maximum cap of 40 cents. Josh also mentioned updated loan rates from CC and the House's passed continued resolution for $12 billion, while wheat's marketing year final price was set at $506 for ARC County PLC calculations.

PLC Payment Calculations Discussion

Josh discussed PLC payment calculations for different crops, explaining that wheat payments would be around $50-65 per acre, soybeans about $10-15, and corn in the $27-35 range. He disputed higher payment estimates shared by another person, noting that Clay County's maximum corn payment would be capped at $85, not the projected $100+ amounts mentioned. Josh suggested bringing a calculator to the next meeting to demonstrate the payment calculations and mentioned that reference yields and base acres through FSA determine these payments.

Farm Account Linking and Payments

Josh discussed his experience with linking two different farm accounts and the challenges he faced with base acres adjustments. He explained that while adjustments can be made to actual base acres if there are changes in acreage, farmers cannot change which crops are tied to their base acres. Josh also questioned the accuracy of estimated payments from AgCountry, comparing them to calculations using NDSU's calculator, and noted that the maximum possible payment under ARC

County is 10% of the 5-year Olympic average, which is around $80-$90, not the $100 he had been told to expect.

Land Values and Price Trends

Josh discussed diesel prices, noting they had increased by 11 cents and were expected to rise further. He presented data from AgCountry's land survey showing land and pasture values were up across Minnesota and North Dakota, though cropland values decreased by 19-20% quarter to quarter, returning to levels similar to 2021. Josh questioned how the survey accounted for regional variations in land sales across different quarters.