

Meeting summary

Quick recap

The meeting focused on agricultural market updates, farm management education, and weather impacts on crop production. Randy Zimmerman from CHS provided an in-depth analysis of current market trends, volatility, and the impact of global events like the China trade situation and geopolitical conflicts on commodity prices. He explained strategies for capturing carry in the market and the importance of understanding spreads and basis. Daryl Ritchison gave an update on the drought situation in North Dakota and Minnesota, explaining the limitations of the drought monitor and the expansion of the NDON weather station network into Minnesota. He also discussed climate patterns, El Nino effects, and the challenges of using federal data for agricultural decision-making. The meeting included discussions on technology in agriculture, such as AI and precision tools, and the challenges of high input costs like fertilizer. The speakers addressed questions from the audience on topics ranging from sugar beet markets to the reliability of weather data and station security.

Summary

Agricultural Updates and Program Changes

Josh discussed weather conditions and agricultural updates, noting a 60% chance of rain which would help with beet harvesting despite not benefiting wheat crops. He provided an update on farm management programs, explaining that while some funding has been redirected to colleges, the program remains stable with good support through scholarships and tax credits. Josh also mentioned that East Grand is temporarily pausing their Farm Operations program due to an inability to find qualified instructors, though existing students can complete their second year.

Market Updates

Randy Zimmerman from CHS was scheduled to present on market conditions and market volatility, with Josh noting that Randy would provide his personal insights rather than official CHS positions. The discussion included historical market volatility references, particularly comparing current conditions to the 2008-2009 market fluctuations.

Agricultural Market Trends and Technology

Randy discussed market volatility in agriculture, sharing a specific example from 2008 where farmers who hedged grain at \$6 lost significantly when prices rose to \$25, resulting in one farmer losing \$70,000. He outlined several agricultural megatrends including precision agriculture, automation, robotics, and AI applications in farming decisions. Randy also explained CHS's

upcoming Yield Point IQ service, which will use drones and AI to monitor fields six times a year, identifying weeds, diseases, and fertility issues through photo analysis, with a cost of \$12-14 per season.

Drone Tech and Trade Analysis

Randy discussed the potential of drone technology for agricultural analytics, noting that while it could be a valuable tool, agronomists expressed caution about its accuracy. He then provided a detailed analysis of the U.S.-China trade relationship, particularly focusing on soybean exports and how tariffs implemented in 2018 have impacted the trade deficit. Randy explained that while China has committed to purchasing \$17 billion in agricultural commodities, including 25 million metric tons of soybeans, the actual purchases to date have been lower, and the success of this agreement remains uncertain due to geopolitical factors.

Grain Market Marketing Recommendations

Randy discussed the current grain market conditions, noting that while last year's basis was poor with no export bids in October, this year's basis is much better at \$7,500. He recommended marketing soybeans at harvest while storing corn due to limited train availability and poor corn export bids to PNW. Randy also highlighted the growth in domestic crush demand, mentioning that soybean crush has increased to 2.6 billion bushels over the past five years, while corn crush remains at 5.6 billion bushels, and discussed potential opportunities from E15 mandates and international market expansion.

Economic and Crop Condition Updates

Randy discussed current economic conditions including inflation at 4.2%, which he noted was above the desired 2% target, partially driven by Trump's tariff policy. He explained how commodity market speculators typically buy commodities to protect against inflation, citing recent market volatility driven by conflicts in Iran and Ukraine as well as drought conditions affecting 19% of corn production and 24% of wheat production across several key states including Nebraska, South Dakota, North Dakota, Minnesota, and Iowa. Josh also reviewed current crop condition ratings, noting a decline in good-to-excellent ratings for both corn and soybeans compared to the previous week, with soybean ratings particularly concerning for crush plants needing sufficient beans for next year's production.

Crop Market Analysis and Projections

Randy discussed current corn and soybean market conditions, noting that corn acres are down from last year but soybean acres are up. He analyzed yield projections, pricing opportunities, and the impact of market speculation by funds, particularly highlighting potential challenges in achieving high yields and managing carryout levels. Randy also examined seasonal trends, export prospects, and storage considerations, concluding that soybeans present a tight stocks-to-use ratio and may offer opportunities for selling, while cautioning against selling next year's corn due to current pricing.

Wheat and Corn Trading Strategies

Randy discussed market analysis and trading strategies for wheat and corn, focusing on capturing market carry through futures contracts. He explained technical analysis targets including potential price levels at 12.45, 12.89, and 13.61 for wheat, and outlined a strategy to sell deferred wheat contracts like December and March to capture price spreads. Randy detailed a corn strategy involving rolling December corn hedges to later months to benefit from price increases, aiming to capture 40 cents in spread while accounting for storage costs and basis levels.

Agricultural Storage and Risk Management

Randy discussed various agricultural strategies including storing wheat and managing risk through pricing spreads. He explained how farmers could capture value by storing wheat and taking advantage of timing opportunities, noting that many farmers don't utilize these strategies despite their potential benefits. The discussion also covered fertilizer pricing and applications, with Randy questioning whether farmers adjusted their fertilizer use due to high prices the previous year, and he highlighted the importance of offsetting fertilizer costs with grain sales.

Drought Conditions Update Meeting

Daryl Ritchison, the director of NDAWN, provided an update on the current drought conditions in North Dakota and Minnesota. He explained that recent hot and dry weather has significantly impacted the region, with some areas receiving only 7% of normal precipitation this month. Daryl discussed the drought monitor's limitations in agriculture and mentioned potential updates to drought classifications in Minnesota. He also highlighted the expansion of NDAWN stations across Minnesota, funded by the Clean Water Fund, and introduced a new website, NDAWN.INFO, to better track the stations.

Agricultural Weather Station Update

Daryl demonstrated the new NDAWN.INFO website, highlighting its mobile compliance and various agricultural tools including growing degree days and weather data for Minnesota. He explained that the Minnesota Department of Agriculture is installing additional stations, with plans to reach approximately 80 stations total, using funding from the Clean Water Fund. Daryl noted that while the original 30 stations were installed by his team, the Minnesota Department of Agriculture now handles training, building, and maintenance of the new stations.

Minnesota Agricultural Weather Network Overview

Daryl explained the Minnesota Agricultural Weather Network, highlighting that while building weather stations is straightforward, the challenge lies in collecting and displaying data continuously, which requires significant investment in technology and programming. He emphasized that Minnesota's system, which operates through NDSU servers, is the largest in the country and provides valuable

agricultural tools not available in other states. Daryl also criticized the federal government's drought monitoring system, arguing that it fails to accurately reflect current conditions due to outdated algorithms and a lack of integration with high-quality local data, despite purchasing this data.

Drought Monitoring Data Challenges

Daryl discussed challenges with drought monitoring and data accuracy in Minnesota, explaining that while the state has two senators who could potentially address these issues, the single house member is ineffective. He highlighted problems with the drought monitor's inability to capture regional differences and the reliance on generic maps rather than local data. Daryl also addressed issues with AI in agriculture, noting that while AI tools can be helpful, they only produce accurate results when fed high-quality data, and emphasized the importance of using reliable rainfall measurements from ground-level stations rather than radar or satellite estimates.

Weather Forecast Challenges Discussion

Daryl discussed weather patterns and forecast challenges, explaining that while El Nino is an important factor, it's not the only influence on weather. He noted that even average temperatures and precipitation this autumn would likely result in a slower harvest, and expressed skepticism about the ability to predict weather accurately. Josh emphasized that while strong El Ninos typically lead to warm, dry winters, other factors like the Pacific Decadal Oscillation (PDO) can complicate these patterns, referencing a rare combination of negative PDO and strong El Nino that hasn't occurred before in records.

Weather Station Costs and Capabilities

Daryl discussed the costs and capabilities of weather stations, explaining that his stations cost around \$70,000 compared to airport stations which cost about \$400,000. He highlighted issues with federal government weather data collection and maintenance, citing problems with temperature readings at airport stations being consistently inaccurate. Daryl also explained his weather station's camera system which he uses to monitor crop conditions and provide evidence for police investigations, though three cameras were recently stolen in an incident that caused approximately \$15,000 in damage.