

ELEC. CORN (@C) [10]					ELEC. SOYBEANS (@S) [10]					ELEC. WHEAT (@W) [10]				
Month	Last	Chg	High	Low	Month	Last	Chg	High	Low	Month	Last	Chg	High	Low
Mar-19	375'2s	-6'4	382'6	375'0	Jan-19	893'4s	-6'4	905'4	892'6	Mar-19	523'4s	1'0	527'6	521'2
May-19	383'0s	-6'6	390'6	383'0	Mar-19	906'2s	-6'6	918'2	905'6	May-19	531'0s	1'2	534'6	529'0
Jul-19	390'2s	-6'4	397'4	390'2	May-19	919'2s	-6'4	930'6	919'0	Jul-19	538'2s	1'2	541'4	536'0
Sep-19	392'2s	-6'0	399'0	392'2	Jul-19	931'2s	-6'4	942'6	930'6	Sep-19	546'0s	1'2	549'0	544'0
Dec-19	396'6s	-5'6	403'2	396'4	Aug-19	935'6s	-6'4	945'0	935'4	Dec-19	559'4s	2'0	562'2	557'0
Mar-20	406'0s	-5'2	412'0	406'0	Sep-19	937'4s	-6'2	945'6	937'2	Mar-20	569'6s	3'0	572'0	566'4
May-20	411'2s	-5'2	417'2	411'4	Nov-19	942'6s	-6'2	953'2	942'2	May-20	575'4s	3'6	577'4	572'6
Jul-20	415'6s	-5'2	421'2	415'4	Jan-20	951'4s	-6'2	961'6	951'0	Jul-20	571'2s	3'6	572'4	567'6
ELECTRONIC OATS (@O) [10]					ELECTRONIC SOYBEAN MEAL (@SM) [10]					ELECTRONIC SOYBEAN OIL (@BO) [10]				
Month	Last	Chg	High	Low	Month	Last	Chg	High	Low	Month	Last	Chg	High	Low
Mar-19	278'2s	-8'2	287'2	277'2	Jan-19	307.7s	-0.1	309.5	307.0	Jan-19	28.20s	-0.26	28.54	28.17
May-19	281'4s	-7'4	289'0	280'6	Mar-19	312.0s	0.0	313.7	311.1	Mar-19	28.48s	-0.24	28.85	28.45
Jul-19	281'2s	-6'2	---	---	May-19	315.2s	-0.4	316.9	314.5	May-19	28.72s	-0.26	29.07	28.69
Sep-19	271'0s	-3'4	---	---	Jul-19	318.8s	-0.6	320.6	318.2	Jul-19	28.99s	-0.27	29.32	28.96
Dec-19	263'6s	-2'0	---	---	Aug-19	320.4s	-0.6	322.1	320.0	Aug-19	29.13s	-0.28	29.41	29.13
Mar-20	263'6s	-2'0	---	---	Sep-19	321.7s	-0.4	323.4	321.1	Sep-19	29.27s	-0.28	29.53	29.25
May-20	263'6s	-2'0	---	---	Oct-19	322.1s	-0.5	323.8	321.3	Oct-19	29.36s	-0.27	29.62	29.37
Jul-20	262'2s	-2'0	---	---	Dec-19	323.5s	-0.4	325.2	322.6	Dec-19	29.56s	-0.26	29.85	29.53
ELECTRONIC ROUGH RICE (@RR) [10]					ELEC. HRW WHEAT (@KW) [10]					ELEC. HRS WHEAT (@MW) [10]				
Month	Last	Chg	High	Low	Month	Last	Chg	High	Low	Month	Last	Chg	High	Low
Jan-19	10.525s	0.025	10.555	10.330	Mar-19	509'4s	1'0	514'2	507'0	Mar-19	568'0s	-0'4	576'2	567'4
Mar-19	10.620s	0.000	10.650	10.425	May-19	520'6s	0'6	524'6	518'6	May-19	574'6s	-0'2	582'2	574'2
May-19	10.795s	0.005	10.720	10.690	Jul-19	532'2s	0'6	537'0	530'2	Jul-19	581'0s	-0'2	589'2	581'0
Jul-19	10.945s	0.005	---	---	Sep-19	543'2s	0'0	548'0	542'0	Sep-19	589'0s	0'0	594'6	588'4
Sep-19	10.790s	0.010	---	---	Dec-19	560'6s	0'0	564'2	559'6	Dec-19	601'4s	0'0	606'0	601'2
Nov-19	10.975s	0.010	---	---	ELECTRONIC CANOLA (@RS) [10]					Mar-20	610'0s	0'6	610'6	610'4
Jan-20	10.995s	0.010	---	---	Month	Last	Chg	High	Low	ELECTRONIC MILLING WHEAT (@WA) [0]				
ELECTRONIC BARLEY (@BW) [0]					Jan-19	477.4s	-3.0	480.4	477.2	Month	Last	Chg	High	Low
Month	Last	Chg	High	Low	Mar-19	485.8s	-2.7	488.8	485.6					
					May-19	493.6s	-2.5	496.0	493.2					
					Jul-19	500.3s	-2.4	502.7	500.0					
					Nov-19	498.0s	-0.4	498.9	496.1					
ELECTRONIC DURUM WHEAT (@DW) [0]					Month	Last	Chg	High	Low					
Month	Last	Chg	High	Low										

Quotes generated on: Thu, Dec 20, 2018 3:46 PM CST \*Quotes are in market time

# LOCAL CASH GRAIN PRICES

Northland College-<http://www.northlandfbm-moorhead.com/>

Ron Dvergsten 218-686-5448 / Josh Tjosaas 299-5863-Instructors

Date:	12/20/2018 3:48 p.m.				12/17/2018 7:37 a.m.				12/10/2018 8:10 a.m.				12/3/2018 8:00 a.m.			
WHEAT:	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop	2018 Crop
	Mar 19-Dec Del	Mar 19-Jan Del	Mar 19-Feb Del	Mar 19-Dec Del	Mar 19-Jan Del	Mar 19-Feb Del	Mar 19-Dec Del	Mar 19-Jan Del	Mar 19-Dec Del	Mar 19-Nov Del	Mar 19-Jan Del	Mar 19-Dec Del	Mar 19-Nov Del	Mar 19-Dec Del	Mar 19-Jan Del	Mar 19-Dec Del
Georgetown	5.27	5.27	5.27	5.55	5.55	5.55	5.55	5.55	5.46	5.46	5.46	5.46	5.38	5.38	5.38	5.38
Barnesville	5.33	5.33	5.33	5.41	5.41	5.41	5.41	5.41	5.32	5.32	5.32	5.32	5.38	5.38	5.38	5.38
Protein	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5	+0.3*1/5
GFE	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5	-0.6*1/5
Basis:Gtwn	-0.41	-0.41	-0.41	-0.31	-0.31	-0.31	-0.31	-0.31	-0.31	-0.31	-0.31	-0.31	-0.31	-0.31	-0.31	-0.31
Breck	-0.50	-0.55	-0.55	-0.50	-0.55	-0.55	-0.55	-0.55	-0.55	-0.50	-0.55	-0.55	-0.50	-0.55	-0.55	-0.55
Felton	-0.47	-0.47	-0.47	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32	-0.37	-0.37	-0.37
Barnesville	-0.35	-0.35	-0.35	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.40	-0.40	-0.40	-0.40
SOYBEANS:	Jan 19-Dec Del	Mar 19-Jan Del	Mar 19-Feb Del	Jan 19-Dec Del	Mar 19-Jan Del	Mar 19-Feb Del	Jan 19-Dec Del	Mar 19-Jan Del	Mar 19-Dec Del	Jan 19-Dec Del	Mar 19-Feb Del	Mar 19-Dec Del	Jan 19-Dec Del	Mar 19-Jan Del	Mar 19-Dec Del	Mar 19-Feb Del
Georgetown	7.64	7.79	7.79	7.66	7.70	7.83	7.66	7.70	7.83	7.74	7.78	7.90	7.85	7.95	7.95	7.95
B'ville	7.79	7.79	7.79	7.70	7.70	7.83	7.70	7.70	7.83	7.78	7.78	7.90	7.85	7.95	7.95	7.95
Basis: Gtwn	-1.30	-1.30	-1.30	-1.39	-1.39	-1.39	-1.39	-1.39	-1.39	-1.39	-1.39	-1.39	-1.39	-1.39	-1.39	-1.39
Breck	-1.05	-1.05	-1.05	-1.10	-1.10	-1.10	-1.10	-1.10	-1.10	-1.25	-1.25	-1.25	-1.25	-1.25	-1.25	-1.25
Felton	-1.22	-1.22	-1.22	-1.32	-1.32	-1.32	-1.32	-1.32	-1.32	-1.37	-1.37	-1.42	-1.37	-1.42	-1.42	-1.42
Barnesville	-1.15	-1.15	-1.15	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35	-1.35
CORN:	Mar 19-Dec Del	Mar 19-Jan Del	Mar 19-Feb Del	Mar 19-Dec Del	Mar 19-Jan Del	Mar 19-Feb Del	Mar 19-Dec Del	Mar 19-Jan Del	Mar 19-Dec Del	Mar 19-Dec Del	Mar 19-Feb Del	Mar 19-Dec Del	Mar 19-Dec Del	Mar 19-Jan Del	Mar 19-Dec Del	Mar 19-Feb Del
Georgetown	3.09	3.09	3.09	3.19	3.19	3.19	3.19	3.19	3.19	3.08	3.08	3.08	3.05	3.05	3.05	3.05
Cargill	3.20	3.28	3.30	3.30	3.38	3.40	3.30	3.38	3.40	3.21	3.29	3.32	3.34	3.34	3.34	3.39
Basis-Gtwn	-0.66	-0.66	-0.66	-0.66	-0.66	-0.66	-0.66	-0.66	-0.66	-0.66	-0.66	-0.66	-0.68	-0.68	-0.68	-0.68
Cargill	-0.55	-0.47	-0.45	-0.55	-0.47	-0.45	-0.55	-0.47	-0.45	-0.53	-0.45	-0.42	-0.40	-0.40	-0.40	-0.45
Felton	-0.60	-0.60	-0.60	-0.64	-0.62	-0.62	-0.64	-0.62	-0.62	-0.64	-0.62	-0.62	-0.67	-0.67	-0.67	-0.62
Barnesville	-0.55	-0.55	-0.55	-0.62	-0.62	-0.62	-0.62	-0.62	-0.62	-0.62	-0.62	-0.62	-0.60	-0.55	-0.55	-0.55

Commodity Int. Rate: 3.750% Dec 1, 2018 Farm Storage Loans

Crop	2018	2018	2018
Wheat	Clay	Norman	Wilkin
Corn	3.24	3.23	3.25
Soybeans	1.79	1.76	1.77
	4.76	4.72	4.78

Annual Interest Rate	Length of Loan Term	Annual Interest Rate	Length of Loan Term
2.875%	3 years	3.125%	10 years
3.000%	5 years	3.125%	12 years
3.125%	7 years		



# MARKETING NEWSLETTER COMPARISONS

Northland College—Josh Tjosas and Ron Dvergsten, Instructors

12-20-2018	WHEAT	SOYBEANS	CORN	OTHER
<b>Pro Farmer:</b>	18: 55% sold for cash sellers and for H's 65% sold. 19: 15% sold for cash sellers and for H's 15% sold. Trend is lower.	18: 40% sold for cash sellers and for H's 40% sold, 35%F/O 19: 20% sold for cash sellers and for H's 20% sold. Trend is choppy to higher.	18: 25% sold for cash sellers and for H's 25% sold. 19: 0% sold for cash sellers and for H's 0% sold. Trend is choppy.	Cattle: No Sales Trend is higher.
<b>Money Farm:</b>	18-40% sold-\$6.28	18-Price 60% of Nov 18 HTAs-\$9.75	18: Sell 60% for harvest delivery-\$3.95 19: Price 10% HTA Dec 2019	Luke Swenson writes this daily newsletter. Sunflowers: 2016: 25% Sold
<b>Martinson Ag</b>	17-75% sold FF at \$4.97 Sept 18-50% sold FF at \$6.465 Sept 19-15% sold FF at \$6.55 Sept 19	17-90% sold FF at 10.14 18-60% sold FF at \$10.35	17-85% sold FF at 3.95 Dec 18-65% sold at \$4.06 Dec 19-15% sold at \$4.10 Dec 19	Randy Martinson writes this daily newsletter.
<b>Roach Ag</b>				<a href="http://www.roachag.com">www.roachag.com</a>
<b>Farm Futures:</b>	18: Price 70% of expected 2018 production Spring Wheat at \$6.36 basis Sept 2018	18: Price 60% at July 19 Futures at \$10.36 basis futures or HTA	18: Price 30% of expected 2018 at \$4.226 Dec 18 basis 19: Price 10% of expected 2019 at \$4.1125	Bryce Knorr, Farm Futures
<b>Usset, U of MN:</b>	Updated 6/12/2018 18: 75% sold at \$6.56 Mar 19 Futures	Updated 6/25/2018 18: 50% sold at \$10.17 Nov'18 futures	Updated 5/23/2018 18: 40% sold at \$4.21 Dec	You can check out Ed Usset's website at <a href="http://www.cffm.umn.edu/GrainMarketing/MarketingPlans.aspx">http://www.cffm.umn.edu/GrainMarketing/MarketingPlans.aspx</a>
Terms:	CBT-Chicago Board of Trade	OC-Old Crop	P-Put Option	FC-Forward Contract
	MGE-Minneapolis Grain Exchange	NC-New Crop	C-Call Option	H-Hedge
	KC-Kansas City Board of Trade	OTM-Out-of-the-Money	ATM-At-the-Money	F/O-Futures/Options

**NEXT USDA CROP REPORT: WASDE January 11<sup>th</sup>, 2019** **Bold: indicates change from last week.**

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## 2018 Old and New Crop Targets and Support

	Martinson	Randy Zimmerman
Old Crop Wheat-March Target	6.15	5.80-6.00 cash
Old Crop Wheat-Support	5.59	
Old Crop Wheat-Resistance	5.95/6.10	
New Crop Wheat Sept Target	6.35	6.10-6.50 Fut.-Sell all wheat above \$6.00 cash 6.05/6.17/6.24/6.54/6.65
Old Crop Soybean-March Target	9.65	8.00-8.50 cash
Old Crop Soybean-Support	8.37/8.65	
Old Crop Soybean-Resistance	9.50/9.75	
New Crop Soybean Nov Target	9.85	9.80-10.20 Fut. 9.8/9.9/10.02/10.10/10.20
Old Crop Corn-March Target	3.95	3.40-3.60 cash
Old Crop Corn-Support	3.55/3.67	
Old Crop Corn-Resistance	3.97	
New Crop Corn Dec Target	4.15	4.05-4.22 Fut. 4.05/4.08/4.13/4.23

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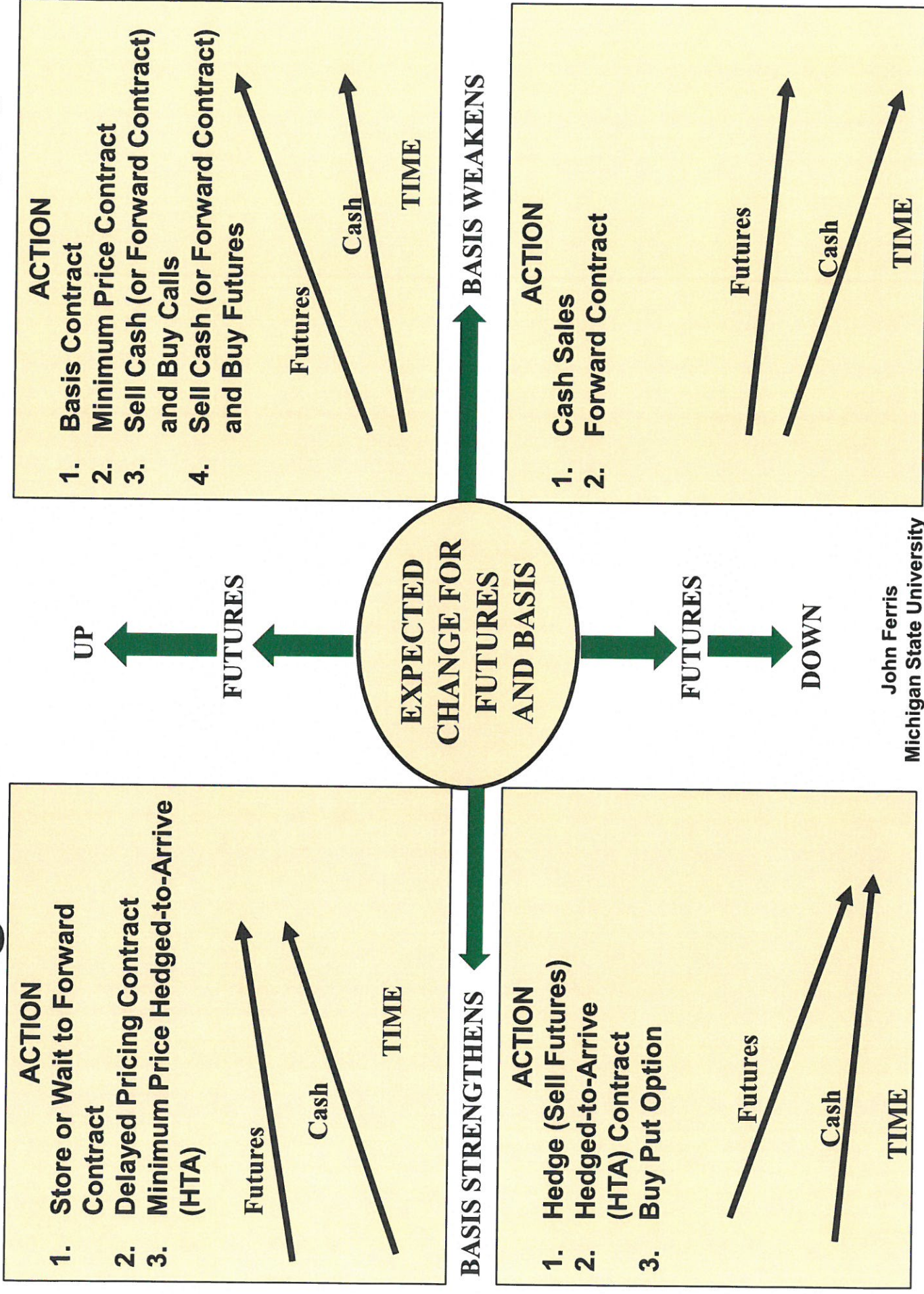
# **Basis Seasonals**

- **Harvest Low:**
  - **Wheat:  $-.30$  (MAY)**
  - **Corn:  $-.60$  (June/July)**
  - **Soybeans:  $-.75$  now? (June/July)**
- **Seasonal Lows:**
  - **Wheat:  $-.10$  (Late November)**
  - **Corn:  $-.50$  (Jan-Mar)**
  - **Soybeans:  $-.75$  now? (Jan-Mar)**

is Check Elevators	12/12/18	12/11/18	12/10/18
Corn-Ag Valley	-1.62	-1.62	-1.55
Corn-Felton	-1.64	-1.64	-1.60
Corn-Cargill	-1.53	-1.55	-1.55
Corn-Georgetown	-1.66	-1.66	-1.66
Corn-Tharaldson	-1.55	-1.55	-1.55
Corn-CW Valley	-1.59	-1.58	-1.55
Corn-HEC	-1.62	-1.62	-1.62
Soybean-Ag Valley	-1.35	-1.35	-1.15
Soybean-Felton	-1.32	-1.32	-1.22
Soybean-Minn Kota	-1.25	-1.10	-1.05
Soybean-Georgetown	-1.39	-1.39	-1.30
Soybean-CW Valley	-1.35	-1.20	-1.15
Soybean-HEC	-1.42	-1.42	-1.22
d S.W.-Ag Valley	-1.45	-1.45	-1.35
d S.W.-Felton	-1.32	-1.32	-1.47
d S.W.-Minn Kota	-1.50	-1.50	-1.50
d S.W.-Georgetown	-1.31	-1.31	-1.31
d S.W.-CW Valley	-1.40	-1.40	-1.35
d S.W.-HEC	-1.37	-1.42	-1.32
ew Corn-Ag Valley	-1.67	-1.67	-1.64
ew Corn-Felton	-1.45	-1.45	-1.45
ew Corn-Cargill	-1.55	-1.55	-1.55
ew Corn-Georgetown	-1.65	-1.65	-1.62
ew Corn-Tharaldson	-1.69	-1.69	-1.69
ew Corn-CW Valley	-1.35	-1.35	-1.36
ew Corn-HEC	-1.40	-1.40	-1.40
ew Soybean-Ag Valley	-1.35	-1.35	-1.36
ew Soybean-Felton	-1.36	-1.36	-1.36
ew Soybean-Minn Kota	-1.35	-1.35	-1.35
ew Soybean-Georgetown	-1.36	-1.36	-1.36
ew Soybean-CW Valley	-1.36	-1.36	-1.36
ew Soybean-HEC	-1.36	-1.36	-1.36
ew S.W.-Ag Valley	-1.36	-1.36	-1.36
ew S.W.-Felton	-1.36	-1.36	-1.36
ew S.W.-Minn Kota	-1.36	-1.36	-1.36
ew S.W.-Georgetown	-1.36	-1.36	-1.36
ew S.W.-CW Valley	-1.36	-1.36	-1.36
ew S.W.-HEC	-1.36	-1.36	-1.36



# Strategies for Product Sellers



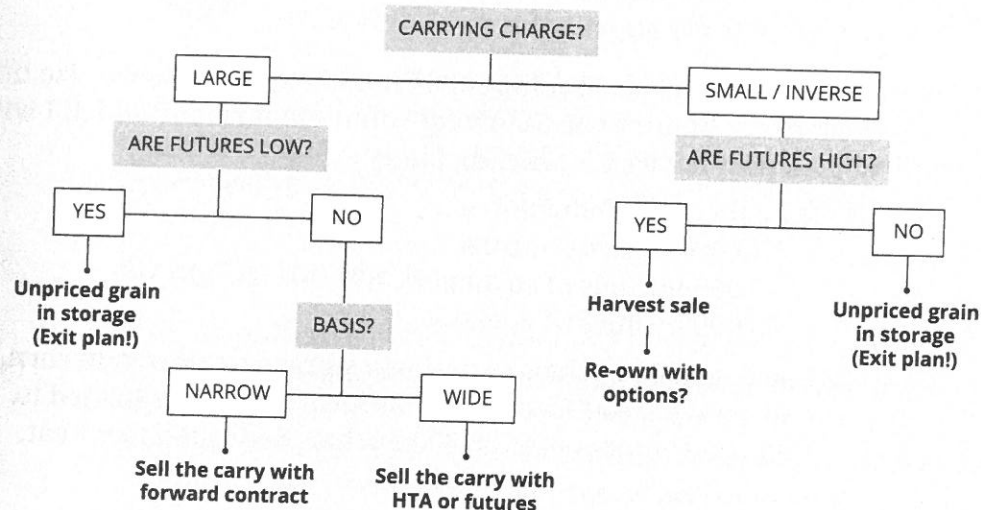


### Part Three: Post-Harvest Marketing Plans

trading at \$3.40 per bushel, but production costs were close to \$4.50 per bushel. That's too low by my new guideline (more than 20 percent below production costs), but the possibility of \$3 corn by harvest still exists.

Your appetite for risk must be part of the equation. It might help to remind yourself that you don't have to put all of your eggs in one basket. You don't need to be just Barney or Sally or May—diversification is good. If market signals are mixed, sell some bushels at harvest, sell the carry with a few more, and hold some in on-farm storage unpriced. If you must use options, be selective. All of your choices in post-harvest marketing involve some degree of risk. Only you can determine what level of risk is right for your operation.

Chart 20  
Decision Tree for Sizing Up the Market



The news that China is buying soybeans from the U.S. for the first time in months failed to inspire the commodity markets. According to Reuters, the White House has delayed additional market facilitation payments because it anticipates new sales to China. For the week, March wheat was flat and the nearby corn contract fought a see-saw battle to finish nearly even. Orders from China's two major state-owned companies have yet to put a fire under the soybean market as the January contract fell 16 cents. The January meal contract dropped \$3.90 per ton. March cotton fell 63 cents per hundredweight. Over in the dairy parlor, January Class III milk futures gained a quarter. The livestock market remains mixed. February cattle added 87 cents. January feeders put on \$3.20. And February lean hogs tumbled \$3.38. In the currency markets, the U.S. Dollar index improved 89 ticks. January crude oil lost \$1.41 per barrel. COMEX Gold slid \$11.20 per ounce. And the Goldman Sachs Commodity Index took a shrink more than 9 points to finish at 406 even. Joining us now to offer insight on these and other trends is one of our regular market analysts, Don Roose. Welcome back, Don.

Roose: Great to be back. Thank you, Paul.

Yeager: All right, Don, we know there was a government report this week, we know there was some news just a tiny little bit with soybeans and China. We'll get to that in a minute. There is some ink though out there that says wheat is the leader in this market. Why would anybody be saying that right now?

Roose: Well, when you look at the wheat market first of all it's down at a level that is very competitive here in the U.S. and if you look at the problems we had around the world Europe had a dry drought, Australia had a dry drought, Argentina the wheat crop 60% harvested but this poor quality too much rain. Paris wheat made an eight week high this week. And now Russia is offering wheat about 10 cents higher than their last offer. So our export pace did go down on the government report the last report. But it feels like this market is just waiting for Russia to quit selling wheat in the world market. That's the big problem.

Yeager: Is that anticipated to happen any time soon?

Roose: Well, they're going to have a meeting next week with the government with the exporters and they have a monthly meeting but they're trying to decide, and I think that's going to be a question mark next week, do they think they're exporting wheat too aggressively, that they're going to slow or restrict the exports? And that has been on the radar but we'll see if something happens. But there's definitely a bid underneath the wheat market and that is helping the corn market also.

Yeager: Am I selling off what I have left in the bin?

Roose: Well, look at the wheat. March wheat has been in a trading range from \$5.10 to about \$5.50, just hasn't been able to get out of that area. And so when you look at it, it's a market that don't sell breaks, don't buy rallies and so when you get closer to that \$5.40, \$5.50 area in March if you have to have some catch up sales that's probably the opportunity, Paul.

Yeager: Am I going to dribble anything out new crop then? Or am I going to keep that same philosophy that you just laid out?

Roose: Yeah, the new crop wheat is very much like the old crop wheat, we're caught kind of in this range, \$5.20, \$5.60 on the upside. So when you get close to that \$5.50, \$5.60 I think you have to look at that as an opportunity and certainly if we would get a break out to the upside, which it feels like we're trying to do, when you get closer to that \$5.80 to \$6 those are catch up sales.

Yeager: Old school thought tells you that corn follows wheat. Resisted though a little bit this week and kind of did its own thing. Why?

Roose: Well, the corn market if you really look at it, it's one that has pretty good fundamentals. And I think when you look forward to, I think the bullish story under the corn market, under the soybean market is the January report because it was a late harvest, the yields at the end of the harvest were really not that great and so I think when you look forward to the January report, not that far away, that yields could go down a couple of bushels on corn and it wouldn't be surprising to me if soybeans went down a bushel. So not a game changer on

beans, but on corn that could get your balance table down closer to that 1.65 billion bushels, so then the fight is on for next year's crop and the weather.

Yeager: Are you buying into this story that China is interested in U.S. corn? Do you think that's happening right now?

Roose: Well, I think it's a good question. But I think it would be highly unlikely that they're in for big amounts. I think it would be more token amounts. I know there has been reports that they're going to be in for 10 to 12 million metric tons. That's 400 million bushels. We only export 2.4 billion a year. I would say that it's more of a logistical situation where they're shipping corn from us off the Pacific Northwest to meet some of their southern regions because it's more expensive to bring it from the north down. I would say that's the better bet. But underneath the market there is buying interest around the world, Paul. That's a good sign.

Yeager: And we still have corn in the field, you talk about it with the old crop that we might adjust some of that end number down there, it's still sitting out there waiting. But is it enough, do you think it's only on dropping that yield number of what is left in the field? Or was maybe this crop a little more hurt with weather than we realized during 2018?

Roose: Well, the yields particularly when you get into the northern Corn Belt, you get into northern Iowa into southern Minnesota, there's a number of areas that just had crops that were substantially under a year ago. It's hard to make up yield losses like that. So I think the yield probably is going to go down. The real trick of the market though, Paul, is when March corn gets up around \$3.90 it's just tough resistance, you get July corn up around \$4, \$4.05 tough resistance and you even have new crop corn when it gets between \$4.05 and \$4.10 that kind of stalls us. But when when you pull back to the downside you get down around \$3.90 on new crop corn, you get down around \$3.77, \$3.70 on March corn there's good buying, there's a \$3.78 gap on March corn. So I think what I'm really saying is we're caught in this big, broad trading range. We're at the top now and producer selling picks up, beats us to the downside, end user picks up and world buying picks up.

Yeager: All right, so if China is maybe not buying corn, they say they're buying soybeans, the proof is in the pudding, whatever phrase you want to use, until they take shipment and delivery this might just be news and it's not enough to move the market. Do you read, are we reading too much into this and looking for hope where hope is not?

Roose: Well, if you look at this last week you had a classic situation, the futures market, it was a buy the rumor, sell the fact. We had an announcement on smaller than the trade thought, 1.1 million metric tons of soybeans, and the trade sold into it because they were looking for a bigger number and it was a fact. But when you have a 955 million carryout if you stop and think about it we're past our peak export time, our advantage. South America is going to start harvesting soybeans the end of December into early January. It's going to be hard to change that balance table a great deal even if you increase exports on the balance table 150 million you're still at 800 million carryout. It's just hard to put lipstick on that pig, Paul. It's a big number and we've got actually pretty good prices. We rallied a dollar off the bottom on soybeans.

Yeager: Well, that's good and you shouldn't, you've been looking at Twitter again because you saw that Adam in Wisconsin was writing and asking, why would China buy beans from the U.S. contra-seasonally when South America looks to have a massive crop? That's his question he sent to us.

Roose: Well, we've got a lot of competition. Why would they? I think because they have been buying very aggressively from South America already so I think it's more of a token situation and I think he's right, I think it's going to be all down to the price. And you take the tariffs off, if we can compete I think we'll get the sale and if we can't we won't. And that is going to be the real issue.

Yeager: Real quick, we hit a four month high. We had the ninth biggest one day sale of beans in a while. Look new crop deferred, what do you see long-term?

Roose: Okay, when you look at the new crop acres could be down 3 to 4 million but that's not going to be enough. But look at the price that you have for an advantage. This last week we got January '20 beans, January



'20 beans up close to \$9.75, not a bad price. If you put a carry on the market, a normal carry of 52 cents, 50 cents, you're talking about July '20 soybeans up around \$10.30. that's a number you can live with.

Yeager: That's a serious number.

Roose: Well, last year in a bull market when we had a drought and weather problems we could only get to \$10.60 on July beans. So there's opportunities but I think you have to kind of market, merchandise your way out of these markets this way.

Yeager: Give your advisor a call or pick up an advisor and try to work through this a little bit.

Roose: Yeah, there's some opportunities. And the same thing, Paul, in corn. New crop corn is \$4.05, you put a carry on that you're out to about \$4.31, \$4.32 on July '20 corn. So try to use those to your advantage

## New evolutionary farm bill tweaks safety-net programs

by Washington Policy Analyst Jim Wiesemeyer

**Pro Farmer**

The new farm bill had an accelerated and successful ending, winning easy passage in both the Senate (87-13) and House (369-47). USDA will now implement the 807-page bill estimated to cost \$867 billion, with 80% of the spending for nutrition programs. Our farm bill alerts in prior letters proved accurate. Here are some highlights and initial analysis of the omnibus measure President Donald Trump will sign into law.

### Safety-net program features

**Marketing loan rates:** Most but not all program crops get a boost beginning with 2019. We detailed the new loan rates in a table on News page 2 in your Dec. 8 newsletter. Soybeans see a 24% increase to \$6.20; corn a 13% rise to \$2.20 and wheat a 15% hike to \$3.38. Upland cotton, minor oilseeds and peanuts see no increase as their current rates are closer to average market prices. Payment limits on marketing loan gains and loan deficiency payments are eliminated.

**Yield updates:** There will be a one-time chance beginning with 2020 crops to update yields used to calculate Ag Risk Coverage (ARC) or Price Loss Coverage (PLC) programs based on a formula of how far they declined from average national yields for each commodity during 2013 to 2017 crop years.

**Electing ARC or PLC:** You can select either program for 2019 and that decision holds for 2020; you can switch to either program annually for 2021, 2022 and 2023. Choices are on a farm and crop basis.

**PLC Reference Prices** are unchanged from current levels but an escalator provision raises them if the five-year Olympic moving average rises significantly above the reference levels, capped at 15% above the statutory rates.

**ARC guarantee calculations** allow a substitute T-yield of 80% of the county T-yield (up from 70%). The 25 largest counties can be subdivided for calculating ARC coverage. Yields are based on Risk Management Agency (RMA) data. There are separate yields for irrigated and non-irrigated land in each county.

**Base acres:** If you kept base acres in grass or pasture since 2009, those acres no longer qualify for PLC or ARC payments, but you can enroll the land in the Conservation Stewardship Program (CSP) for five years at an annual rental rate of \$18 per acre.

### Conservation programs

**Conservation Reserve Program (CRP)** maximum acres would expand to a phased-in 27 million from 24 million — 24.5 million acres in 2020, 25 million in 2021, 25.5 million in 2022 and 27 million acres in 2023 — with 2 million acres reserved for grasslands. Payment rates would be capped at 85% of prevailing rates for general signups; 90% for continuous.

**Conservation Stewardship Program (CSP)** is cut \$800 million per year to pay for more funding elsewhere. New CSP incentive payments are in place for cover crops, rotational grazing and other practices that

protect water quality. Expiring CSP contracts will no longer be eligible for automatic renewal.

**Environmental Quality Incentives Program (EQIP)** is increased by \$275 million; total of \$2.025 billion by 2023. The carveout for livestock producers was lowered to 50% from 60%.

### Dairy and Livestock provisions

**Dairy:** The Margin Protection Program is now the Dairy Margin Coverage (DMC) program that offers new coverage levels for the first 5 million lbs. of production, the equivalent of 240 cows. It significantly reduces premiums on catastrophic coverage levels for large producers, and eliminates the restriction between the margin program (DMC) and Livestock Gross Margin (LGM) insurance.

The bill adds \$8.50, \$9.00 and \$9.50 coverage levels for the first 5 million lbs. of covered milk production. It expands the range of production allowed to be covered, from 5% up to 95% of production history. For operations who make a 5-year decision to lock in a coverage level and coverage percentage for the life of the bill, premium rates are reduced by 25%. For large operations, premiums for \$5.00 coverage in Tier II are reduced by 88% (91% for 5-year coverage) to make catastrophic (CAT) coverage levels more affordable.

**Animal disease and preparedness program**, including a vaccine bank, gets \$150 million in guaranteed funding over the life of the five-year bill; will aid in coming up with vaccines for Foot and Mouth Disease.

### Other provisions

**Trade programs.** Permanent baselines are in place for all major trade promotion and facilitation programs, including Market Access Program (MAP) and Foreign Market Development (FMD).

**Food stamps:** Requires governors to approve applications to USDA by state agencies for waivers from the existing work requirements for able-bodied recipients without dependents. It ends the bonuses that have been paid to states that lower error rates and creates a new system to prevent benefits from being paid to people in more than one state at the same time.

**A \$2.5 billion funding stream** for other improvements was found by restricting the rural electric cooperatives' Cushion of Credit escrow account that has been allowing them to earn 5% interest on deposits. The interest rate is maintained at 5% for two years, after which it is decreased to 4% and then the 1-year treasury rate. Co-ops will be given an opportunity to pre-pay RUS loans without a prepayment penalty.

**Payment limits and AGI test:** Allows cousins, nephews and nieces to qualify for commodity program payments, limited to \$125,000 per person or \$250,000 per married couple — as long as they meet other eligibility requirements for farm risk and engagement. The Adjusted Gross Income (AGI) test remains at \$900,000.

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## Daily Commentary Thursday, December 20, 2018

### **Daily Comments:**

USDA was expected to deliver an early Christmas present this morning with large export sales of corn, soybeans, and wheat. The markets were disappointing despite the agency showing some marketing year highs for export sales last week. The table below shows the sales data released compared to trade estimates.

<b>Weekly Export Sales Data - Week Ending December 13 - USDA</b>		
	Reported (MT)	Trade Estimates (MT)
Corn	1,974,400	1,800,000-2,300,000
Soybeans	2,835,600	2,000,000-2,500,000
Wheat	313,600	500,000-700,000

USDA also reported a few export sales this morning. They include 204,000 MT of soybeans to China, 257,000 MT of soybeans to unknown and 100,000 MT of soybean meal to Columbia; all during the 2018/2019 marketing year. Mexico also took delivery of 426,800 MT of corn with 373,455 MT in 2018/2019 and 53,345 MT in 2019/2020.

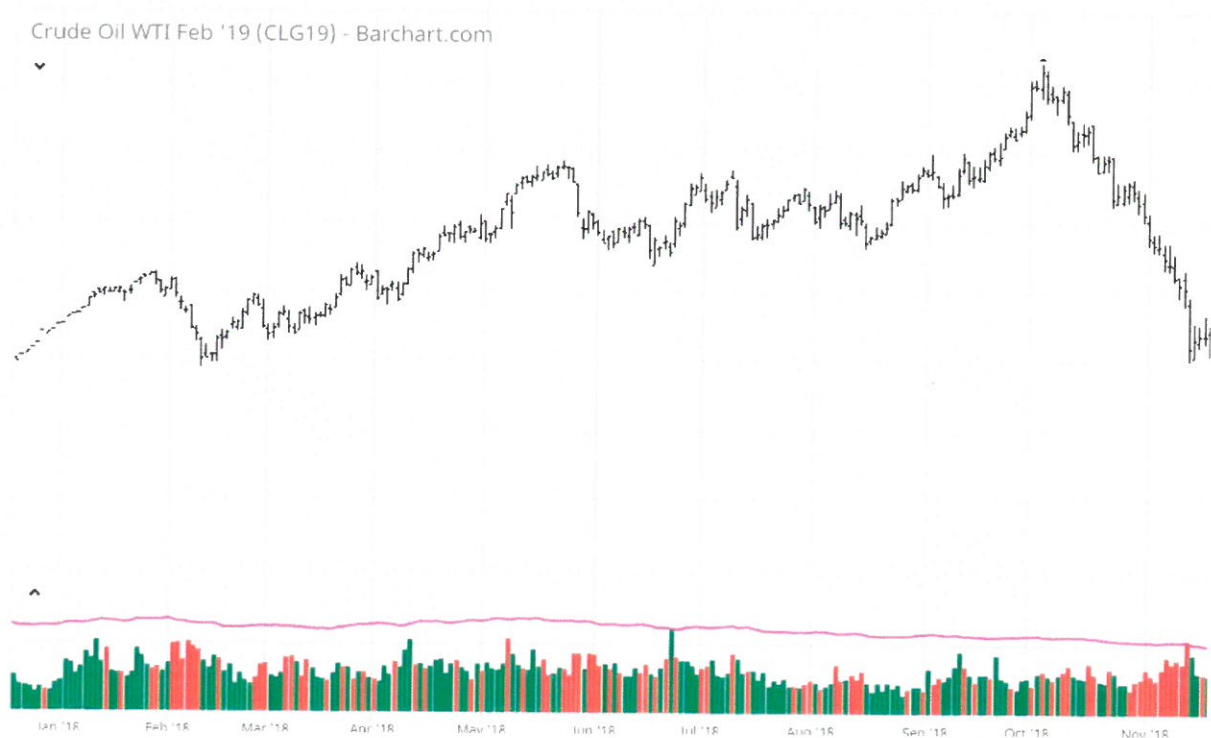


Despite good export sales data and new export sales this morning; corn and soybean markets were under pressure after US DOJ accused Chinese officials of being involved with US intellectual theft. There is also concern regarding the Chinese economy slowing and resulting in reduced demand for commodities. China recently lowered their lending rates in an effort to improve their economy.

### **Corn Comments:**

Without fresh demand headlines or more widespread weather concerns in South America, the corn market continues to struggle.

Unfortunately, there isn't any news of China purchasing US corn, ethanol or DDG's. US Ethanol margins remain weak causing some facilities to reduce run rates, idle plants and lay off workers. Again, global growth concerns and uncertainty over the impact of production cuts from exporters weigh on energy markets. Below is the 1 year chart for Crude Oil where new lows continue to be made.



March corn closed at \$3.75; down 6 cents.

### **Soybean Comments:**

To put the current Chinese purchases into perspective; China has bought 3.152 million tonnes of soybeans this season compared to 21.5 million tonnes at this time last year. The upcoming meeting between the US and China in January should result in a type of documented agreement. However, until tariff issues are resolved, private firms in China will not be active buyers. China's state owned Sinograin has been the most recent buyer of US soybeans. While tariffs do not apply to the state owned firm, they are rumored to be near completion of buying US soybeans. However, if other state owned firms start purchasing we could see a bump in prices.

Pressure in soybeans also continues to come from improved weather conditions in South America. The forecasts for the upcoming weeks will be critical as harvest starts to progress in many areas.

January Soybeans ended at \$8.93 and March closed at \$9.06; both down 6 cents.

### **Wheat Comments:**

A lower US dollar and Egypt tendering wheat gave some support to all three wheat markets overnight. However, Egypt bought cargoes from Ukraine and Romania in their tender. Russian wheat was not offered for the tender which may suggest exports from the country may be slowing. The market is anticipating news of Russia implementing some type of export limitation. The meeting between Russia and their exporters takes place tomorrow.

Chicago March Wheat closed at \$5.23, up a penny; March KC ended at \$5.09, up a penny; and March Minneapolis wheat closed at \$5.68, down less than a penny.

Allison Thompson

