

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
Sep-19	348'2s	-0'2	349'6	344'6	Sep-19	854'0s	-5'2	853'6	851'4	Sep-19	477'4s	-7'0	489'0	479'2
Dec-19	360'0s	-1'4	363'4	356'6	Nov-19	866'4s	-5'4	873'4	864'0	Dec-19	477'4s	-4'6	482'4	475'0
Mar-20	372'2s	-2'2	376'2	369'2	Jan-20	880'4s	-5'2	887'2	877'4	Mar-20	484'0s	-3'4	487'4	481'4
May-20	381'6s	-1'6	385'0	378'2	Mar-20	894'0s	-5'0	900'0	891'0	May-20	488'4s	-1'6	491'4	485'4
Jul-20	389'0s	-1'6	392'2	386'0	May-20	906'2s	-4'4	911'2	902'6	Jul-20	491'6s	-1'0	493'0	488'0
Sep-20	394'2s	-1'6	397'2	392'0	Jul-20	916'2s	-4'4	921'0	913'0	Sep-20	499'2s	-0'6	500'6	496'4
Dec-20	402'0s	-1'2	404'2	399'6	Aug-20	920'6s	-4'2	923'0	919'4	Dec-20	512'2s	0'0	512'6	508'2
Mar-21	413'0s	-0'6	414'4	411'0	Sep-20	923'4s	-4'0	924'6	920'4	Mar-21	521'6s	0'2	521'6	519'2
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
Sep-19	287'0s	5'2	---	---	Sep-19	289.6s	-3.3	291.8	288.9	Sep-19	28.73s	0.35	28.68	28.67
Dec-19	279'6s	5'2	282'4	267'0	Oct-19	291.0s	-3.3	295.0	290.2	Oct-19	28.65s	0.30	28.74	28.26
Mar-20	280'6s	4'6	281'4	270'0	Dec-19	294.7s	-3.4	298.8	293.8	Dec-19	28.83s	0.30	28.92	28.44
May-20	279'2s	6'6	280'0	273'0	Jan-20	296.6s	-3.4	300.5	295.6	Jan-20	29.03s	0.28	29.11	28.65
Jul-20	279'2s	6'4	---	---	Mar-20	300.0s	-3.0	303.4	299.0	Mar-20	29.32s	0.28	29.39	28.94
Sep-20	280'2s	7'0	275'6	273'4	May-20	304.3s	-2.7	307.3	303.0	May-20	29.66s	0.29	29.71	29.28
Dec-20	280'2s	7'0	---	---	Jul-20	308.7s	-2.7	311.4	307.5	Jul-20	30.00s	0.30	30.04	29.61
Mar-21	280'2s	7'0	---	---	Aug-20	310.8s	-2.6	313.4	309.8	Aug-20	30.15s	0.32	30.14	29.88
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
Sep-19	11.845s	0.080	11.890	11.890	Sep-19	376'6s	-5'2	---	---	Sep-19	485'0s	-2'4	---	---
Nov-19	12.095s	0.080	12.100	11.975	Dec-19	398'4s	-5'2	403'4	397'2	Dec-19	502'2s	-1'4	505'6	501'2
Jan-20	12.245s	0.070	12.250	12.160	Mar-20	412'4s	-5'0	417'4	411'4	Mar-20	517'0s	-1'6	520'0	515'6
Mar-20	12.365s	0.085	12.380	12.290	May-20	422'6s	-4'2	426'6	421'6	May-20	528'0s	-2'2	530'4	528'0
May-20	12.485s	0.080	---	---	Jul-20	432'6s	-4'0	436'6	431'6	Jul-20	539'2s	-2'2	540'6	539'2
Jul-20	12.565s	0.070	---	---	ELECTRONIC CANOLA (@RS) [10]					Sep-20	549'6s	-2'0	550'6	549'4
Sep-20	12.300s	0.000	---	---	Month	Last	Chg	High	Low	ELECTRONIC MILLING WHEAT (@WA) [0]				
ELECTRONIC BARLEY (@BW) [0]					Nov-19	441.1s	1.7	442.7	438.4	Month	Last	Chg	High	Low
Month	Last	Chg	High	Low	Jan-20	448.8s	1.6	450.3	446.2					
					Mar-20	456.0s	1.5	457.6	453.6					
					May-20	462.3s	1.2	463.8	460.0					
					Jul-20	468.2s	0.7	469.6	467.0					
ELECTRONIC DURUM WHEAT (@DW) [0]					Month	Last	Chg	High	Low					
Month	Last	Chg	High	Low										

Quotes generated on: Wed, Sep 11, 2019 2:05 PM CDT *Quotes are in market time

LOCAL CASH GRAIN PRICES

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

Ron Dvergstien 218-686-5448 / Josh Tjosas 299-5863-Instructors

Date:	9/11/2019 1:56 p.m.				9/8/2019 8:23 p.m.				9/2/2019 1:45 a.m.				8/25/2019 9:40 p.m.			
	2019 Crop Dec 19-Sept Del	2019 Crop Dec 19-Oct Del	2019 Crop Dec 19-Nov Del	2019 Crop Dec 19-Sept Del	2019 Crop Dec 19-Oct Del	2019 Crop Dec 19-Nov Del	2019 Crop Dec 19-Sept Del	2019 Crop Dec 19-Oct Del	2019 Crop Dec 19-Sept Del	2019 Crop Dec 19-Oct Del	2019 Crop Dec 19-Nov Del	2019 Crop Sept 19-Aug Del	2019 Crop Sept 19-Sept Del	2019 Crop Sept 19-Aug Del	2019 Crop Sept 19-Sept Del	2019 Crop Dec 19-Oct Del
WHEAT:																
Georgetown	4.27	4.27	4.27	4.27	4.20	4.20	4.20	4.20	4.23	4.23	4.23	4.37	4.37	4.33	4.37	4.53
Barnesville	4.28	4.28	4.28	4.28	4.21	4.21	4.21	4.21	+0.03*1/5	+0.03*1/5	4.23	4.33	4.33	4.33	4.33	4.53
Protein	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	+0.03*1/5	
GFE	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	-0.06*1/5	
Basis:Gtwn	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	
Breck	-0.70	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.55
Felton	-0.52	-0.52	-0.52	-0.52	-0.52	-0.52	-0.52	-0.52	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74
Barnesville	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.74	-0.60
SOYBEANS:																
Georgetown	7.21	7.21	7.21	7.21	7.13	7.13	7.13	7.13	7.26	7.26	7.26	7.18	7.18	7.34	7.18	7.18
Barnesville	7.40	7.40	7.40	7.40	7.32	7.32	7.32	7.32	7.42	7.42	7.42	7.34	7.34	7.34	7.34	7.34
Basis: Gtwn	-1.46	-1.46	-1.46	-1.46	-1.46	-1.46	-1.46	-1.46	-1.43	-1.43	-1.43	-1.43	-1.43	-1.43	-1.43	-1.43
Breck	-1.25	-1.25	-1.25	-1.25	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.20	-1.15
Felton	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47	-1.47
Bville	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27	-1.27
CORN:																
Georgetown	2.93	2.93	2.93	2.93	2.90	2.90	2.90	2.90	3.02	3.02	3.02	2.99	2.99	2.99	2.99	3.02
Cargill	3.30	3.15	3.15	3.15	3.12	3.12	3.12	3.12	3.38	3.25	3.25	2.34	2.39	2.34	2.39	3.34
Basis-Gtwn	-0.67	-0.67	-0.67	-0.67	-0.67	-0.67	-0.67	-0.67	-0.67	-0.67	-0.67	-0.60	-0.60	-0.60	-0.60	-0.67
Cargill	-0.30	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.25	-0.45	-0.45	-0.25	-0.20	-0.25	-0.20	-0.35
Felton	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72	-0.72	-0.87	-0.87	-0.87	-0.87	-0.87
Barnesville	-0.58	-0.58	-0.58	-0.58	-0.58	-0.58	-0.58	-0.58	-0.58	-0.58	-0.58	-0.50	-0.50	-0.50	-0.50	-0.58

Commodity Int. Rate: 2.875% Sept 1, 2019 Farm Storage Loans

Loan Rates

	2019	2019	2019
Crop	Clay	Norman	Wilkin
Wheat	4.11	4.10	4.12
Corn	2.05	2.02	2.03
Soybeans	5.96	5.92	5.98

Annual Interest Rate	Length of Loan Term	Annual Interest Rate	Length of Loan Term
1.625%	3 years	1.875%	10 years
1.625%	5 years	1.875%	12 years
1.750%	7 years		

2019 Base Line Prices for Wheat, Soybeans and Corn

Local price (forward contract) quoted at Barnesville, MN (Wheat & Soybeans) and Cargill (Wahpeton Corn Plant) for 2019 grain on the second Monday of each month. County Loan is the Minimum Price.

Month	Wheat	Basis	Soybeans	Basis	Corn	Basis
Jan 2019	5.28	-.60	8.28	-1.24	3.57	-.45
Feb	5.22	-.58	8.35	-1.23	3.56	-.43
Mar	5.06	-.50	8.04	-1.25	3.47	-.43
Apr	4.87	-.54	8.13	-1.23	3.51	-.40
May	4.67	-.56	7.01	-1.18	3.26	-.40
June	5.18	-.57	7.54	-1.29	3.91	-.40
July	4.75	-.59	7.90	-1.30	4.07	-.40
Aug	4.64	-.55	7.61	-1.25	3.78	-.57
Sept	4.21	-.74	7.32	-1.27	3.17	-.25
Oct						
Nov						
Dec						
Jan 2020						
Feb						
Mar						
Apr						
May						
Jun						
Average	4.88	-0.58	7.8	-1.25	3.59	-0.42

MARKETING NEWSLETTER COMPARISONS

Northland College-Josh Tjosas and Ron Dvergsten, Instructors

9-11-2019	WHEAT	SOYBEANS	CORN	OTHER
Pro Farmer:	19: 25% sold for cash sellers and for H's 25% sold. 20: No Sales Trend is lower.	19: 30% sold for cash sellers and for H's 40% sold. Trend is even.	19: 30% sold for cash sellers and for H's 30% sold. Trend is lower.	Cattle: No Sales Trend is lower.
Money Farm:	18-40% sold 19-20% GTC	19-20% GTC 20-10% HTA	18: Sell 80% for harvest delivery 19: Price 40% HTA Dec 2019	Luke Swenson writes this daily newsletter.
Martinson Ag:	18-90% sold FF at \$6.065 Sept 19-30% sold FF at \$6.15 Sept 19	18-90% sold FF at \$9.87 19: 25% sold FF at \$9.04	18-95% sold at \$4.09 Dec 19-50% sold at \$4.21 Dec 19	Randy Martinson writes this daily newsletter.
Roach Ag:				
Farm Futures:			19: Price 20% of expected 2019 at \$4.4825. Sold December 2019 and bought July 2020 at 7.1 cents premium July on 50% of expected production to protect basis at harvest. 20: Price 10% of expected 2020 at 4.21 Dec 20	Bryce Knorr, Farm Futures
Usset, U of MN:	Updated 7/1/2019 19: No Sales	Updated 7/1/2019 19: No Sales	Updated 7/1/2019 19: 75% sold at \$4.25 Dec Futures	You can check out Ed Usset's website at http://www.cffm.umn.edu/GrainMarketing/MarketingPlans.aspx
Terms:	CBT-Chicago Board of Trade MGE-Minneapolis Grain Exchange KC-Kansas City Board of Trade	OC-Old Crop NC-New Crop OTM-Out-of-the-Money	P-Put Option C-Call Option ATM-At-the-Money	FC-Forward Contract H-Hedge F/O-Futures/Options
NEXT USDA CROP REPORT: WASDE Sept 12th, 2019 Bold: indicates change from last week.				

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DAILY COMMENTARY
Wednesday, September 11, 2019

DAILY COMMENTARY

Tomorrow is D Day: the next round of massively uncertain crop production reports. Below is the cheat sheet that DTN published today of the most recent average estimates.

U.S. PRODUCTION (Million Bushels) 2019-20

	Sep	Avg	High	Low	Aug	2018-1
Corn		13.614	14.003	13.040	13.901	14.42
Soybeans		3.596	3.745	3.499	3.680	4.54

U.S. AVERAGE YIELD (Bushels Per Acre) 2019-20 (WASDE)

	Sep	Avg	High	Low	Aug	2018-1
Corn		166.7	170.7	163.0	169.5	176
Soybeans		47.2	49.0	46.0	48.5	51

U.S. ENDING STOCKS (Million Bushels) 2018-2019

	Sep	Avg	High	Low	Aug
Corn		2.398	2.460	2.280	2.360
Soybeans		1.043	1.084	990	1,070

U.S. ENDING STOCKS (Million Bushels) 2019-20

	Sep	Average	High	Low	Aug
Corn		1.965	2.269	1.570	2.181
Soybeans		661	797	565	755
Wheat		1,014	1,037	909	1,014

WORLD ENDING STOCKS (Million metric tons) 2018-2019

	Sep	Avg	High	Low	Aug
Corn		329.6	332.3	327.0	328.6
Soybeans		114.1	115.9	113.0	114.5
Wheat		275.3	276.9	272.0	275.5

WORLD ENDING STOCKS (million metric tons) 2019-20

	Sep	Avg	High	Low	Aug
Corn		301.8	307.0	292.7	307.7
Soybeans		101.6	119.0	97.0	101.7
Wheat		285.5	288.1	283.0	285.4

CORN COMMENTARY

We aren't certain which number will be the surprise but none of them are exciting us at the moment. Average guesses have yield down almost 3 BPA versus last month in corn, while soybeans are down 1.3 BPA. We think the latter is much easier to believe. Our long term thought is that the corn crop isn't there. However, expecting farmer surveys to drop substantially from August is hard to believe given the quiet weather.

Our main expectations for the report are that harvested acres should be reduced, but the USDA isn't quick to kill a crop. By the time harvest is finished, we expect a good 2 to 3 million acres to be removed from grain production. That might incrementally start this week. The average guess for harvest acres is 81.6 million acres. This number should be closer to 79 million by the time all the revisions are done.

We finished out the marketing year for Ethanol this week. Production finished with total production at an estimated 5.56 billion bushels. That is above the estimated USDA number of 5.425. The USDA should now accommodate for some of that carryover in 2019/2020 corn.

December corn closed down a penny at \$3.60.

SOYBEAN COMMENTARY

Futures pulled back today partially due to the fact that China only repealed tariffs on 16 goods. None of which were soybeans or pork.

Futures aren't holding up on the hope that China will purchase some agricultural goods as news agencies have reported. They will believe it when they see it. The market is looking for stocks of pork to drop significantly towards the Chinese New Year. We wouldn't be surprised to see grain purchases limp until we get closer to that event. They will want to hold as much leverage as long as they can into the harvest season.

The yield number will be important for beans as producers are appearing to lose their optimism on soybean yields as we near harvest. The Pro Farmer pod counts will likely be coming into play on this report as many may rethink their expectations over the past couple weeks.

November futures finished the day at \$8.66, down 5 cents.

WHEAT COMMENTARY

We have been paying attention to discounts, and falling numbers due to the harvest issues. Allison has compiled an article with the help of ProAg (our insurance partners) to explain the discount structure and how it affects your revenue insurance.

[FALLING NUMBERS](#)

The wheat harvest issues we are facing this year seem to be an even bigger concern in Canada. One buyer that emailed us this week anticipates that western Canada is still very behind on harvest progress.

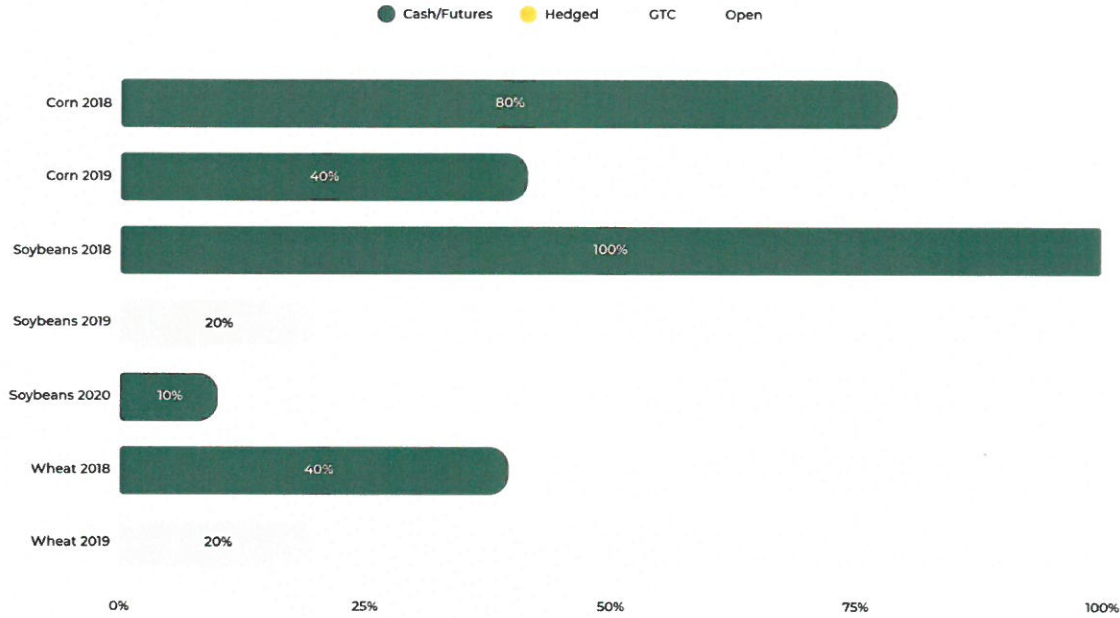
Manitoba looks to have about the same harvest progress as the Dakotas. This will likely influence quality premiums significantly this year. We will be encouraging the storing of high quality wheat through the winter.

Futures today were in a slight sell off with all grains as the market repositions for tomorrow's USDA report.

Chicago December Wheat closed at \$4.77, down 4 cents; December KC ended at \$3.98, down 5 cents; and December Minneapolis wheat closed at \$5.02, down a penny.

Recommendations

PRICE RECOMMENDATIONS



The markets reacted in different ways to this week's trade war news. Stocks went up and commodities went down. For the week, December wheat was flat while the nearby corn contract fell 14 cents. Weather and news of October trade talks with China did little to interest traders as the November soybean contract fell 11 cents. December meal dropped \$2.30 per ton. December cotton lost a quarter per hundredweight. Over in the dairy parlor, October Class III milk futures gained ten cents. The livestock sector ended mixed as October cattle shed \$4.05. October feeders put on a dime. And the October lean hog contract cut 3 cents. In the currency markets, the U.S. Dollar index lost 48 ticks. October crude oil added \$1.61 per barrel. COMEX Gold fell \$16.60 per ounce. And the Goldman Sachs Commodity Index gained jumped more than 7 points to finish at 403.95. Joining us now to offer insight on these and other trends is market analyst Jeff French. Jeff, welcome to the table.

French: Thanks for having me.

Howell: Jeff, let's start out here with a social media question we got from Pete in East Troy, Wisconsin. He wants to know, at what point are we going to see the wheat market buying acres for 2020?

French: Well, I think it's when the U.S. dollar stops its rally. This week the U.S. dollar is at a three year high. It has been rallying now for seven to eight months. That is a flight to safety. It is the strongest dollar in the world. But there are some dryness concerns in Australia regarding the wheat but then you also had Ukraine out a week ago saying that they potentially could have three to four million metric tons more to export. So right now the wheat market is trying to discourage acres and I think that really flips when the U.S. dollar stops its rally.

Howell: And one thing that we saw this week were some acre expectations for corn and soybeans for the 2020 growing season, crazy to think that we're already talking about that. But is the market factoring in a number of a bigger corn acre for next year yet?

French: Yeah, when you look at the economics of it, the market right now, Dec 2020 \$4 corn pencils out better than what the beans are right now. Beans \$9.30 minus your basis locally here, probably 90 cents to a dollar. So yeah, the projections right now the early projections are for 94 million acres of corn so we'll see if that actually happens.

Howell: And that's going to be something crazy to watch. Jeff, as we look at that number, that huge number coming down the pipeline potentially for 2020, how much of a cap does that put on any sort of rally we're going to see for this growing season once things are starting to get rolling in the combines?

French: Well, the focus right now of the market is for this new crop because we don't know what's out there. We've seen some guesstimates and we've seen some surveys but right now 90 million acres of corn, we'll see. The USDA has us at 91% harvested. I think that's a very aggressive number considering the late year that we had in 1993 we harvested 86% of planted acres. So we could lose some acres just from not harvesting them but we're going to find out a lot here moving forward once the combines start rolling.

Howell: And I think that's the big question, especially in the corn market, on the minds of so many producers is we're hearing varied numbers from the USDA versus private estimates on what yield is actually going to be. If we do get a higher yield number 165, 167, 169, does that give us much upside potential?

French: It does but it doesn't change the fact that demand right now has just been gutted. But yeah, it would be friendly. The trade expects a bushel or two drop next week in the September report. They also expected that in the August report, a drop, and they actually got an increase in yield, an increase in acreage as well. So let the market do what it wants to do. If I was sitting here with a bunch of unpriced grain going through the report I would definitely make sure I have it protected. There's these weekly options that are pennies because what you want to do is hedge for the unexpected. And the selloff looks like it has run its course, it's exhausted, but it definitely could take another leg lower.

Howell: Was the selloff what we were looking at here in the corn markets as they touched some contract lows?

French: Yeah, we hit contract lows here today down to \$3.53. We bounced a little bit going into the close but not a good way to begin September. The funds continue to pile in on the short side. It's estimated they're short probably 150,000 contracts. So you take out \$3.53, you go to \$3.42, but this is not a place that you want to be overly bearish because at the end of the day we have a long harvest in front of us and the yield is going to be highly variable depending on when that corn was actually planted.

Howell: And some frost concerns potentially coming down the pipeline?

French: Yeah, I think that's what kind of broke the market here a little bit today. September right now is forecasted to be a little bit warmer. We all know that can change. But you can't rely on a frost for higher prices. What we need is we need some good sustained demand.

Howell: Absolutely. Jeff, let's take one more quick question here from Chris in Iowa. He said, when is the market going to trade on the crop we have, not the crop USDA says we have?

French: I think that's when the combines actually run. And I would just caution the first yield reports are going to be good. That is going to be your April, your May planted. You want to see the yield reports once we get 30% or 40% harvested. So it's going to take some time. This is going to be a long harvest. And yeah, it potentially has some chance that we could definitely move higher.

Howell: Jeff, tell me what is going on in the soybean markets. We had some positive trade news on Thursday yet we finished down pretty drastically.

French: Yeah, that was a big move down. We were 20 lower after that development, the trade delegation would be meeting. To me it looks like maybe the weather turns a little warmer, soybeans to me it looks like they could be hit harder with a frost, but if it's not going to come -- at the end of the day it's just the demand is, it's bad right now and we've got to work through these things before we can sustain this move higher. But if the USDA does come out with a friendly number, 47, 46 bushels to the acre, we might make a move. But the next resistance up is at \$8.90. That would be the 100 day moving average, that would be pretty stiff resistance.

Howell: If the USDA does address some of the yield concern in their next report or here moving forward how much of a rally can we really have? We've still got this lack of demand from the Chinese, we've still got a huge carryout number.

French: If you look at the corn market the first area of resistance is \$3.88 up to \$3.93. But again you have the funds that have built this big short position down here. If they're going to cover their shorts

and potentially even get long that rally can be pretty explosive. But you need to look at hedging at 20 or 30 cent rally.

Howell: In both corn and soybean markets?

French: Absolutely, until we know how long this trade war is going to last, rallies need to definitely be hedged, sold. If you do have to sell down here look to replace it with a cheap call option out to March in case we are selling the low down here.

Falling Numbers
Wednesday, September 11, 2019

The 2019 wheat crop continues to be a challenge in many areas. We have talked with many producers throughout the growing season regarding wheat issues. This harvest, growers are dealing with falling numbers and vomitoxin discounts affecting their final cash price. We want to examine some of these issues to better understand options that are available to producers.

*****If you are dealing with these issues it is important that you contact your crop insurance agent ASAP.*****

In examples we will assume the following:

APH: 60 BPA

Spring Wheat Price: \$5.77

Revenue Coverage: 80%

$60 \text{ BPA} * \$5.77 * 80\% = \$277 \text{ Revenue Guarantee}$

FALLING NUMBERS:

Poor falling numbers (<300) are due to sprout damage. If your falling numbers range from 299-200, the table below is used to determine the discount factor. Falling numbers do not need to be federally graded (only

vomitoxin).

Falling Number Range	Discount Factor (DF)
299-275	0.052
274-250	0.086
249-225	0.121
224-200	0.155
Below 200	See Reduction in Value Below

Example:

Your falling numbers fall between 200-224. The discount factor used is 0.155. Assume your harvest yield is 50 BPA.

Harvest Insurance Price: \$5.05

$50 \text{ BPA} * .845 (1-.155) = 42.25 \text{ BPA Quality Adjusted}$

$42.25 * \$5.05 = \213

$\$277 \text{ (Guarantee)} - \$213 = \$64/\text{acre Revenue Claim}$

If your falling numbers are below 200, the following process is used.

1. If sold prior to 60 days after the calendar date for the end of the

insurance period (EOIP), October 31 you will get a Reduction in Value (RIV). This is the price you receive after all discounts are applied; divided by the local market price.

Example:

Price you received after all discounts: \$2.50

Local Market Price: \$4.00

Quality Adjustment Factor: $\$2.50/\$4.00 = .625$

RIV: (100-62.5) 37.5% Discount Factor

Combined 50 BPA

Insurance Harvest Price: \$5.05

$50 \text{ BPA} * .625 = 31.25 \text{ BPA Quality Adjusted}$

$31.25 * \$5.05 = \158

$\$277 \text{ guarantee} - \$158 = \$119/\text{acre Revenue claim}$

2. If unsold prior to 60 days after the calendar date for the end of the insurance period (October 31) the discount factor will be 50% of your initial RIV. However, you can elect to delay settlement with a 180 day extension from the earlier of the harvest of the field or calendar date of the EOIP.

Example:

RIV: 37.5%

50% of Initial RIV: 18.75

Combined 50 BPA

$50 \text{ BPA} * .8125 = 40.625 \text{ BPA Quality Adjusted}$

$$40.625 * \$5.05 = \$205$$

$$\$277 \text{ guarantee} - \$205 = \$72/\text{acre Revenue claim}$$

3. If you elect to delay settlement with the 180 day extension and production is still unsold the discount factor will be 50%. If the production is sold during the 180 day extension you will use the RIV in #1.

The University of Minnesota Extension did a great article pertaining to falling number. You can find it using the following link:

[Help, My Numbers are Falling](#)

VOMITOXIN:

Vomitoxin has to be state graded. If the wheat is unsold, an adjuster will need to pull a sample within 60 days of the calendar date for the EOIP to obtain a state grade. Vomitoxin levels below 2% do not qualify for a claim. The same insurance dates and extensions apply to vomitoxin insurance claims as they do with falling numbers. The following table is used to figure discount factors.

VOMITOXIN DISCOUNT FACTORS	
Vomitoxin Range	DF
0.1-2.0 ppm	.000
2.1-3.0 ppm	.224
3.1-4.0 ppm	.310
4.1-5.0 ppm	.397
5.1-10.0 ppm	.450
10.1ppm & above	See C3 Below

For sold production with vomitoxin greater than 2%, you will get a Reduction in Value (RIV). This is the price you receive after all discounts are applied; divided by the local market price. Refer to example #1.

If you elect the 180 day extension and production is still unsold the discount factor will be 50% of the initial RVI. See example #2. If the production is sold during the 180 day extension you will use the RIV in #1.

THE WHEAT MARKET:

As we go into fall and harvest, like most fall cash crops, the wheat market comes under pressure. Farmers with fall crops to harvest and store will typically deliver wheat to make room. This weakens basis and with it; the futures price. Prices for both cash and futures usually strengthen after

harvest but this may be modest without further support.

For those producers that have hauled in wheat we suggest re-owning those bushels. Given the current outlook for corn versus wheat, we recommend re-owning in the corn market. March 2020 corn calls are a good option. These calls expire at the end of February and are a cost effective option for the time and reports taking place during that time frame. Like we have stated before, this year's crop will take some time for the market to digest and fully realize.

We highly recommend storing your higher quality wheat bushels if you are able. Given the current issues with the wheat crop and slow demand, waiting may be the best option. Hopefully, discounts and other dockages will be lightened as high quality grain will be hard to find.

If you are able to store your crop and have concerns about cash flow needs, CCC loans are a good option. Contact your local FSA office for more details.

Recommendations

PRICE RECOMMENDATIONS

