ELEC. CORN (@C) [10]

Month	Last	Chg	High	Low
Jul-17	372'2	1'6	372'2	369'4
Sep-17	380'0	1'4	380'2	377'4
Dec-17	390'4	1'2	390'6	388'0
Mar-18	400'4	1'4	400'4	398'0
May-18	406'4	1'4	406'4	404'2
Jul-18	411'6	1'2	411'6	409'4
Sep-18	402'6s	0'4	403'0	398'6
Dec-18	406'4	0'6	406'4	404'2

ELEC. SOYBEANS (@S) [10]

Month	Last	Chg	High	Low
Jul-17	914'6	2'4	916'2	910'6
Aug-17	917'6	2'4	918'6	913'6
Sep-17	917'4	2'2	919'2	914'4
Nov-17	920'6	3'0	921'6	916'4
Jan-18	927'2	1'6	929'4	924'4
Mar-18	934'2	2'4	935'2	930'4
May-18	939'4	1'4	940'0	938'4
Jul-18	946'2	1'4	946'4	945'2

ELEC. WHEAT (@W) [10]

Month	Last	Chg	High	Low
Jul-17	430'2	1'2	430'6	426'4
Sep-17	444'4	1'0	444'4	441'0
Dec-17	467'2	1'2	467'2	463'2
Mar-18	485'0	1'0	485'0	481'6
May-18	495'2	0'0	495'2	494'2
Jul-18	503'2	0'2	503'2	501'6
Sep-18	514'2	0'4	514'2	514'2
Dec-18	527'2s	1'2	526'0	520'6

ELECTRONIC OATS (@O) [10]

Month	Last	Chg	High	Low
Jul-17	256'0	1'0	256'6	255'2
Sep-17	248'0	1'4	248'0	247'0
Dec-17	233'6	0'6	233'6	233'4
Mar-18	229'6s	3'2	233'0	233'0
May-18	229'6s	3'2	---	---
Jul-18	229'6s	3'2	---	---
Sep-18	229'6s	3'2	---	---
Dec-18	229'6s	3'2	---	---

ELECTRONIC SOYBEAN MEAL (@SM) [10]

Month	Last	Chg	High	Low
Jul-17	299.1	1.6	299.1	296.7
Aug-17	300.4	1.3	300.6	298.3
Sep-17	301.6	1.2	301.7	300.0
Oct-17	302.7	1.2	302.9	300.6
Dec-17	304.8	1.6	304.8	302.3
Jan-18	305.5	1.5	305.5	303.1
Mar-18	306.7	1.5	306.7	304.3
May-18	307.4	0.8	307.4	305.8

ELECTRONIC SOYBEAN OIL (@BO) [10]

Month	Last	Chg	High	Low
Jul-17	31.09	-0.16	31.40	30.96
Aug-17	31.24	-0.14	31.53	31.10
Sep-17	31.36	-0.15	31.65	31.23
Oct-17	31.49	-0.13	31.78	31.35
Dec-17	31.72	-0.13	32.01	31.57
Jan-18	31.86	-0.13	32.14	31.72
Mar-18	32.02	-0.12	32.30	31.90
May-18	32.08	-0.20	32.34	32.08

ELECTRONIC ROUGH RICE (@RR) [10]

Month	Last	Chg	High	Low
Jul-17	11.085	0.035	11.115	11.010
Sep-17	11.345	0.035	11.370	11.320
Nov-17	11.540s	-0.080	11.605	11.560
Jan-18	11.675s	-0.065	---	---
Mar-18	11.785s	-0.060	---	---
May-18	11.795s	-0.060	---	---
Jul-18	11.795s	-0.060	---	---

ELEC. HRW WHEAT (@KW) [10]

Month	Last	Chg	High	Low
Jul-17	433'2	2'4	433'2	428'6
Sep-17	451'4	2'2	451'4	447'4
Dec-17	476'4	2'0	476'4	472'6
Mar-18	491'0	1'6	491'0	489'4
May-18	501'0s	-0'6	501'0	496'0

ELEC. HRS WHEAT (@MW) [10]

Month	Last	Chg	High	Low
Jul-17	577'6	-1'0	578'6	577'2
Sep-17	582'6	0'2	582'6	581'0
Dec-17	585'6	0'0	585'6	584'4
Mar-18	589'0	-0'4	589'0	589'0
May-18	591'2	-0'2	591'2	591'2
Jul-18	592'6	0'0	592'6	592'6

ELECTRONIC BARLEY (@BW) [10]

Month	Last	Chg	High	Low
Jul-17	138.00s	0.00	---	---
Oct-17	140.00s	0.00	---	---
Dec-17	140.00s	0.00	---	---
Mar-18	140.00s	0.00	---	---
May-18	140.00s	0.00	---	---
Jul-18	140.00s	0.00	---	---
Oct-18	140.00s	0.00	---	---

ELECTRONIC CANOLA (@RS) [10]

Month	Last	Chg	High	Low
Jul-17	493.8	-0.8	495.2	493.8
Nov-17	480.0	1.2	480.5	478.5
Jan-18	485.6	1.0	485.8	485.1
Mar-18	490.7	1.4	490.7	490.7
May-18	492.4s	-3.5	---	---

ELECTRONIC MILLING WHEAT (@WA) [10]

Month	Last	Chg	High	Low
Jul-17	251.00s	4.00	---	---
Oct-17	248.00s	4.00	---	---
Dec-17	251.00s	5.00	---	---
Mar-18	254.00s	5.00	---	---
May-18	254.00s	5.00	---	---
Jul-18	254.00s	5.00	---	---
Oct-18	254.00s	5.00	---	---

ELECTRONIC DURUM WHEAT (@DW) [10]

Month	Last	Chg	High	Low
Jul-17	280.00s	1.00	---	---
Oct-17	268.00s	1.00	---	---
Dec-17	268.00s	1.00	---	---
Mar-18	268.00s	1.00	---	---
May-18	268.00s	1.00	---	---
Jul-18	268.00s	1.00	---	---
Oct-18	268.00s	1.00	---	---

Quotes generated on: Fri, Jun 2, 2017 7:03 AM CDT *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:	6/1/2017 10:31 p.m.			5/30/2017 8:00 a.m.			5/22/2017 7:27 a.m.			5/15/2017 7:38 a.m.		
	2016 Crop	2016 Crop	2017 Crop	2016 Crop	2016 Crop	2017 Crop	2016 Crop	2016 Crop	2017 Crop	2016 Crop	2016 Crop	2017 Crop
WHEAT:	July 17-June Del	July 17July Del	Sept17-Aug Delivery	July 17-May Del	July 17June Del	Sept17-Aug Delivery	July 17-May Del	July 17June Del	Sept17-Aug Delivery	July 17-May Del	July 17June Del	Sept17-Aug Delivery
Georgetown	5.27	5.27	5.12	5.17	5.17	5.00	5.14	5.14	4.95	4.85	4.85	4.82
Barnesville	5.13	5.13	5.18	5.05	5.05	5.08	4.97	4.97	5.03	4.83	4.83	4.90
Protein	+.03*1/5	+.03*1/5		+.03*1/5	+.03*1/5		+.03*1/5	+.03*1/5		+.03*1/5	+.03*1/5	
GFE	-.06*1/5	-.06*1/5		-.06*1/5	-.06*1/5		-.06*1/5	-.06*1/5		-.06*1/5	-.06*1/5	
Basis:Gtwn	-0.50	-0.50	-0.70	-0.50	-0.50	-0.70	-0.45	-0.45	-0.70	-0.60	-0.60	-0.70
Breck	-0.60	-0.60	-0.65	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
Felton	-0.47	-0.47	-0.62	-0.47	-0.47	-0.62	-0.47	-0.47	-0.62	-0.47	-0.47	-0.62
Barnesville	-0.64	-0.64	-0.64	-0.62	-0.62	-0.62	-0.62	-0.62	-0.62	-0.62	-0.62	-0.62
SOYBEANS:	July 2017-June Del	July 2017-July Del	2017 crop-Nov 17	July 2017-May Del	July 2017-June Del	2017 crop-Nov 17	July 2017-May Del	July 2017-June Del	2017 crop-Nov 17	July 2017-May Del	July 2017-June Del	2017 crop-Nov 17
Georgetown	8.02	8.02	8.21	8.13	8.13	8.29	8.44	8.44	8.57	8.47	8.47	8.64
B'ville	8.14	8.08	8.21	8.25	8.25	8.29	8.56	8.56	8.57	8.59	8.59	8.64
Basis: Gtwn	-1.12	-1.12	-0.98	-1.12	-1.12	-0.98	-1.12	-1.12	-0.98	-1.20	-1.20	-0.98
Breck	-1.00	-1.00	-1.00	-1.00	-1.10	-1.00	-1.10	-1.10	-0.95	-1.10	-1.10	-0.95
Felton	-1.02	-1.02	-0.97	-1.02	-1.02	-0.97	-1.02	-1.02	-0.97	-1.02	-1.02	-0.97
B'ville	-1.00	-1.06	-0.98	-1.00	-1.00	-0.98	-1.00	-1.00	-0.98	-1.08	-1.08	-0.98
CORN:	July 17-June Del	July 17-July Del	17 Crop-Dec Del	July 17-May Del	July 17-June Del	17 Crop-Dec Del	July 17-May Del	July 17-June Del	17 Crop-Dec Del	July 17-May Del	July 17-June Del	17 Crop-Dec Del
Georgetown	2.92	2.92	3.11	2.92	2.92	3.12	2.95	2.95	3.22	2.92	2.92	3.18
Cargill	3.11	3.11	3.44	3.11	3.11	3.45	3.14	3.14	3.47	3.11	3.11	3.43
Basis-Gtwn	-0.79	-0.79	-0.78	-0.79	-0.79	-0.78	-0.79	-0.79	-0.70	-0.79	-0.79	-0.70
Cargill	-0.60	-0.60	-0.45	-0.60	-0.60	-0.45	-0.60	-0.60	-0.45	-0.60	-0.60	-0.45
Barnesville	-0.67	-0.67	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.67	-0.65	-0.65
Felton	-0.75	-0.75	-0.77	-0.75	-0.75	-0.77	-0.77	-0.77	-0.77	-0.72	-0.72	-0.77

Loan Rates

	2017	2017	2017
Crop	Clay	Norman	Wilkin
Wheat	2.94	2.93	2.95
Corn	1.80	1.77	1.78
Soybeans	4.75	4.71	4.77

Commodity Loan Interest Rate: 2.000% May 1, 2017

Farm Storage Facility Loans:

Annual Interest Rate	Length of Loan Term
2.125%	7 years
2.375%	10 years
2.375%	12 years

MARKETING NEWSLETTER COMPARISONS

Northland College–Josh Tjosaas and Ron Dvergsten, Instructors

6-2-2017	WHEAT	SOYBEANS	CORN	OTHER
PRO FARMER:	16: 80% sold for cash sellers and for H's 80% sold. 17: 20% sold for cash sellers and for H's 20% sold. Short term trend is choppy.	16: 65% sold for cash sellers and for H's 75% sold. 17: 20% sold for cash sellers and for H's 20% sold. Short term trend is choppy.	16: 50% sold for cash sellers and for H's 50% sold 17: 10% sold for cash sellers and for H's 10% sold. Trend is choppy.	Cattle: On Mar 29, Fed Cattle Producers hedged 25% of Qtr 2 in June 2017 at $111.95, Qtr 3 50% in Oct $107.20, Qtr 4 25% in Dec $108.00 Trend is higher.
MONEY FARM:	16-Get 33% sold at $5.45 Minneapolis	17- 10% sold at $10.20 Nov HTA, with add 20% on Option Strategy	16-86% sold or hedged	**Luke Swenson writes this daily newsletter.** Lock in Spring/Summer Fuels Needs Sunflowers: 2016: 25% Sold
Martinson Ag	16-25% sold Futures Fixed at $5.41 average 17-15% sold FF at 5.65 Sept	16-75% sold Futures Fixed at $10.45 average 17-10% sold FF at $10.15	16-50% sold Futures Fixed at $4.02 average 17-15% sold FF at 3.95 Dec	**Randy Martinson writes this daily newsletter.**
ROACH AG MARKETING	**Mpls Wheat Day 5 Sell Signal (6-1-2017)**			**John Roach writes this daily newsletter.** **www.roachag.com**
Farm Futures:	17: Price 15% of expected 2017 production basis Sept 2017 MGE at $5.55, **growers of all types of wheat should hedge 10% of expected 2018 production with july 2018 soft red winter wheat futures for liquidity.**	17: Growers following our recommendations protected 20% of 2017 production against a downturn into February by selling Nov $11 calls and $9 puts to pay for a $10 put at a net cost of 2.75 cents before commissions.	16: Price 80% of 16 production at $4.11 cash or basis July 2017 contracts. 17: Sell July 17 $4 calls on 10%, **price another 10% at cash or Futures/HTA at $3.85 Dec**	Bob Burgdorfer, Senior Editor, *Farm Futures*
USSET, U of MN:	Updated 11/28/2016 16: Sold 15,000 bu at $4.763, additional 15,000 priced at 5.24 July 17 futures 17: No recommendations yet	Updated 11/28/2016 17: 7500 bu sold (25%) at 10.27 Nov 17 futures, close to $9.50 cash	Updated 10/26/2016 16: 35% priced at $4.31 Dec Futures Sold 20,000 bu at $3.69 17: No recommendations yet	**You can check out Ed Usset's website at** **http://www.cffm.umn.edu/GrainMarketing/MarketingPlans.aspx**
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 June 9th, 2017 **Bold: indicates change from last week.**

"The information provided by Northland Farm Business Management is for informational and comparison purposes only. It is not intended to be considered marketing or trading advice for your individual operation. The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. By accepting this communication, you agree that you are capable of making independent trading decisions, and agree that you are not, and will not, rely solely on this communication in making trading decisions."

Planning 2017 Wheat 14% Protei

* Assume
Free Elev
Storage
Start in Feb

In/Out Cg =	**-0.10**	Loan	2.94	
Bank Int =	5.25%	Per Mth =	0.44%	Bushels
CCC Int =	1.88%	Per Mth =	0.16%	
Home Stora	-0.03		Basis =	Historical
Elevator Sto	-0.05			

Calendar Month	Nearby Futures Month	Cash Nearby Futures	**5.13** Nearby Basis	In/Out Charge	Net Cash Bank No Store	Net Cash Bank Elevator	Net Cash Bank Home	Net Cas CCC No Store	Net Cas CCC Elevator	Net Cas CCC Home
Aug-17	Sep	5.822	-0.600	0.000	5.222	5.222	5.222	5.222	5.222	5.222
Sep-17	Dec	5.850	-0.600	-0.100	5.146	5.100	5.116	5.148	5.118	5.118
Oct-17	Dec	5.850	-0.600	-0.100	5.141	5.050	5.081	5.147	5.087	5.087
Nov-17	Dec	5.850	-0.300	-0.100	5.437	5.300	5.347	5.445	5.355	5.355
Dec-17	Mar	5.894	-0.300	-0.100	5.477	5.294	5.357	5.488	5.368	5.368
Jan-18	Mar	5.894	-0.300	-0.100	5.472	5.244	5.322	5.486	5.336	5.336
Feb-18	Mar	5.894	-0.500	-0.100	5.268	5.044	5.118	5.285	5.135	5.135
Mar-18	May	5.914	-0.500	-0.100	5.283	5.064	5.133	5.303	5.153	5.153
Apr-18	May	5.914	-0.500	-0.100	5.279	5.064	5.129	5.302	5.152	5.152
May-18	July	5.926	-0.500	-0.100	5.287	5.076	5.137	5.312	5.162	5.162
Jun-18	July	5.926	-0.500	-0.100	5.282	5.076	5.132	5.310	5.160	5.160

Planning 2017 Corn Sales

In/Out Cg =	**-0.10**	Loan	1.79		* Assume
Bank Int =	5.25%	Per Mth =	0.44%	Bushels	Free Elev
CCC Int =	1.88%	Per Mth =	0.16%		Storage
Home Stora	-0.03		Basis =	Historical	Start in Feb
Elevator Sto	-0.05				

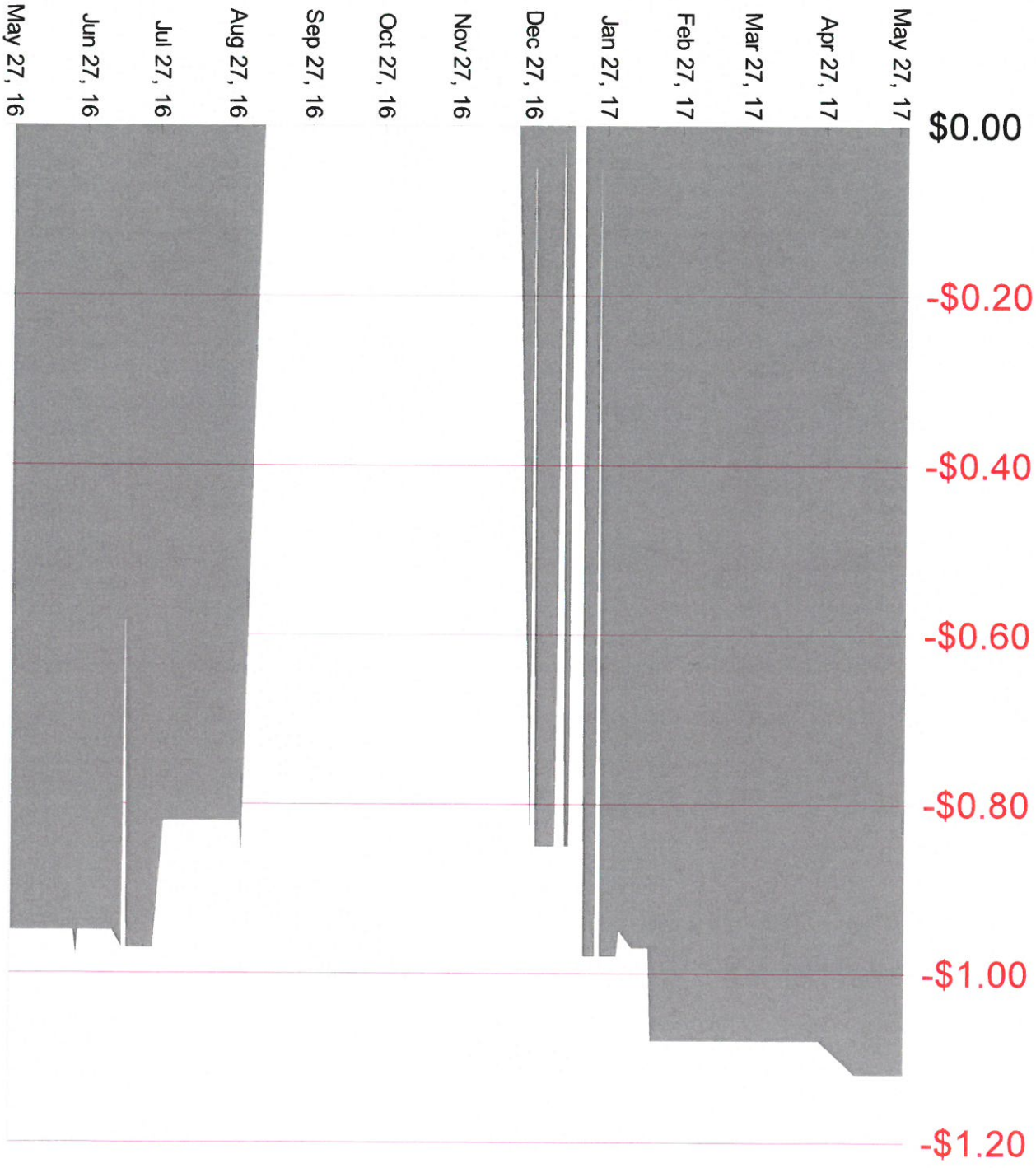
Calendar Month	Nearby Futures Month	Cash Nearby Futures	**3.11** Nearby Basis	In/Out Charge	Net Cash Bank No Store	Net Cash Bank Elevator	Net Cash Bank Home	Net Cash CCC No Store	Net Cash CCC Elevator	Net Cash CCC Home
Nov-17	Dec	3.896	-0.650	0.000	3.246	3.246	3.246	3.246	3.246	3.246
Dec-17	Mar	3.996	-0.650	-0.100	3.242	3.196	3.212	3.244	3.214	3.214
Jan-18	Mar	3.996	-0.750	-0.100	3.137	3.046	3.077	3.143	3.083	3.083
Feb-18	Mar	3.996	-0.750	-0.100	3.133	2.996	3.043	3.141	3.051	3.051
Mar-18	May	4.056	-0.750	-0.100	3.189	3.056	3.069	3.200	3.080	3.080
Apr-18	May	4.056	-0.750	-0.100	3.184	3.056	3.034	3.198	3.048	3.048
May-18	Jul	4.102	-0.650	-0.100	3.326	3.202	3.176	3.343	3.193	3.193
Jun-18	Jul	4.102	-0.650	-0.100	3.326	3.202	3.176	3.341	3.191	3.191
Jul-18	Sep	4.026	-0.650	-0.100	3.241	3.126	3.091	3.264	3.114	3.114

Planning 2017 Soybean Sales

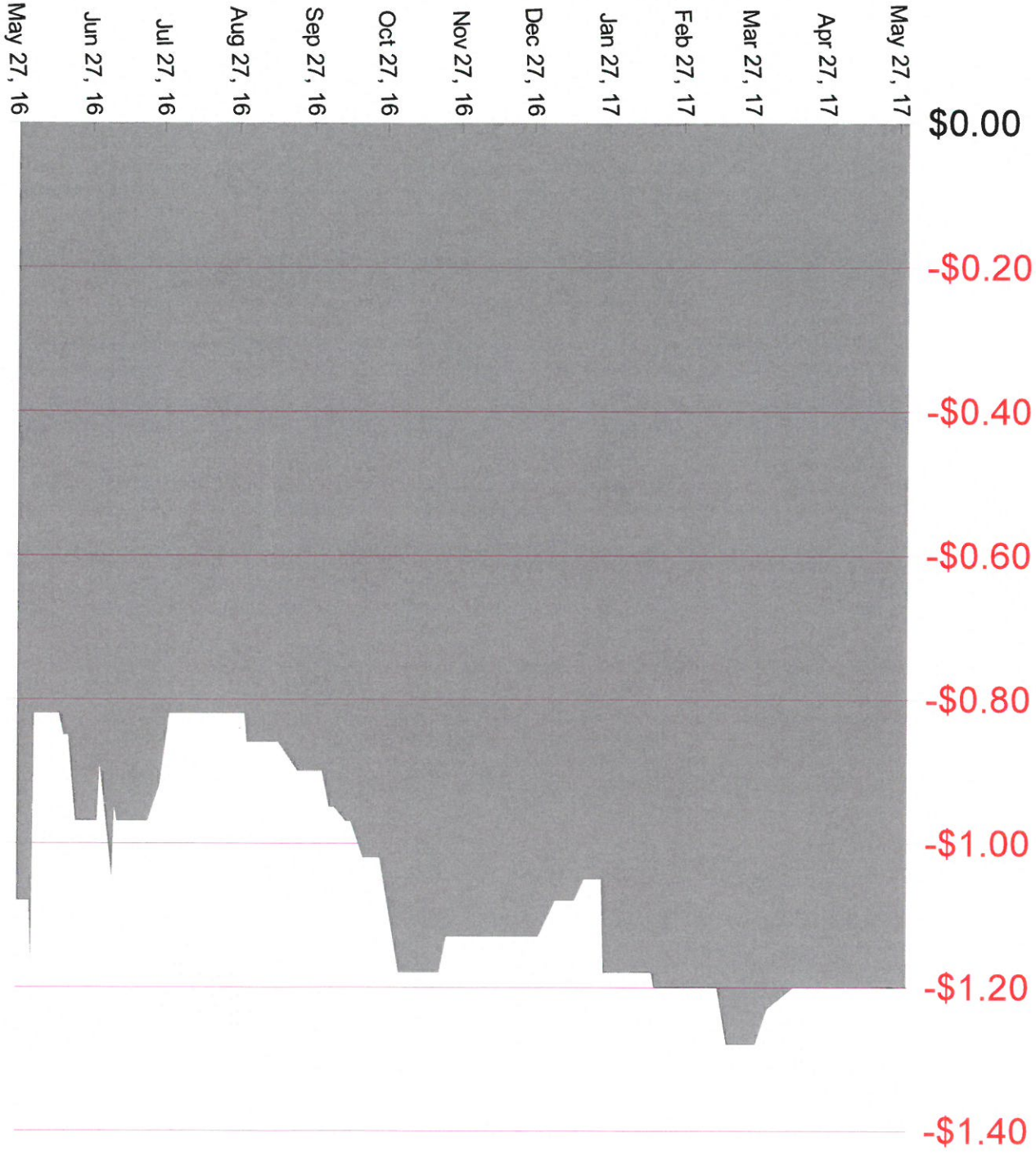
In/Out Cg =	**-0.10**	Loan	4.78		* Assume
Bank Int =	5.25%	Per Mth =	0.44%	Bushels	Free Elev
					Storage
					Start in Feb
CCC Int =	1.88%	Per Mth =	0.16%		
Home Stora	-0.03		Basis =	Historical	
Elevator Sto	-0.05				

Calendar Month	Nearby Futures Month	Cash Nearby Futures	**8.14** Nearby Basis	In/Out t t r Charge	Net Cash Bank No Store	Net Cash Bank Elevator	Net Cash Bank Home	Net Cas CCC No Store	Net Casl CCC Elevator	Net Casl CCC Home
Oct-17	Nov	9.214	-0.750	0.000	8.464	8.464	8.464	8.464	8.464	8.464
Nov-17	Jan	9.294	-0.750	-0.100	8.440	8.394	8.410	8.442	8.412	8.412
Dec-17	Jan	9.294	-0.750	-0.100	8.435	8.344	8.375	8.441	8.381	8.381
Jan-18	Mar	9.352	-1.000	-0.100	8.239	8.102	8.149	8.247	8.157	8.157
Feb-18	Mar	9.352	-1.000	-0.100	8.235	8.052	8.115	8.246	8.126	8.126
Mar-18	May	9.384	-1.000	-0.100	8.262	8.084	8.112	8.276	8.126	8.126
Apr-18	May	9.384	-1.000	-0.100	8.258	8.084	8.108	8.275	8.125	8.125
May-18	Jul	9.452	-0.900	-0.100	8.421	8.252	8.271	8.441	8.291	8.291
Jun-18	Jul	9.452	-0.850	-0.100	8.467	8.302	8.317	8.490	8.340	8.340

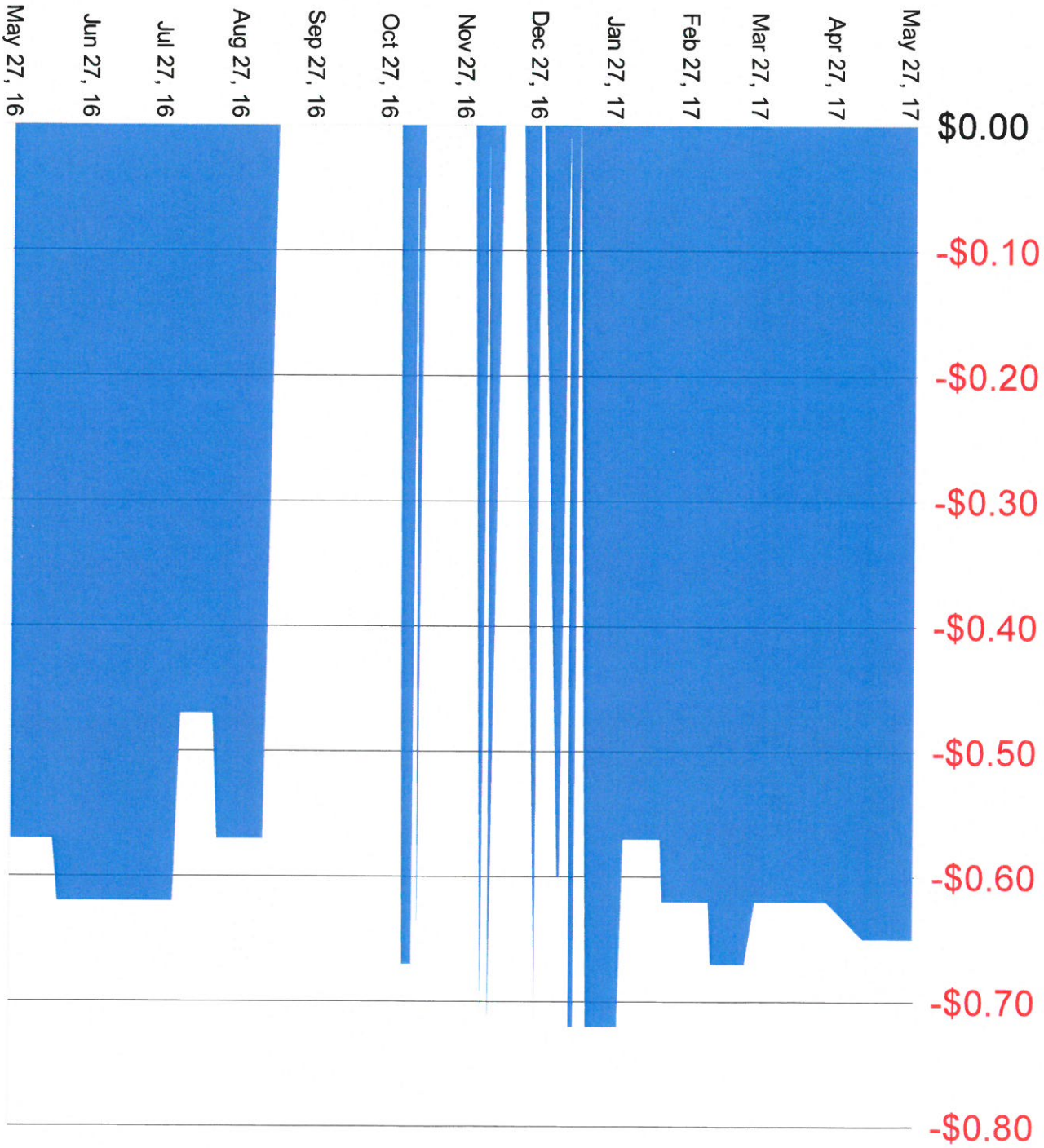
New crop Soybean basis



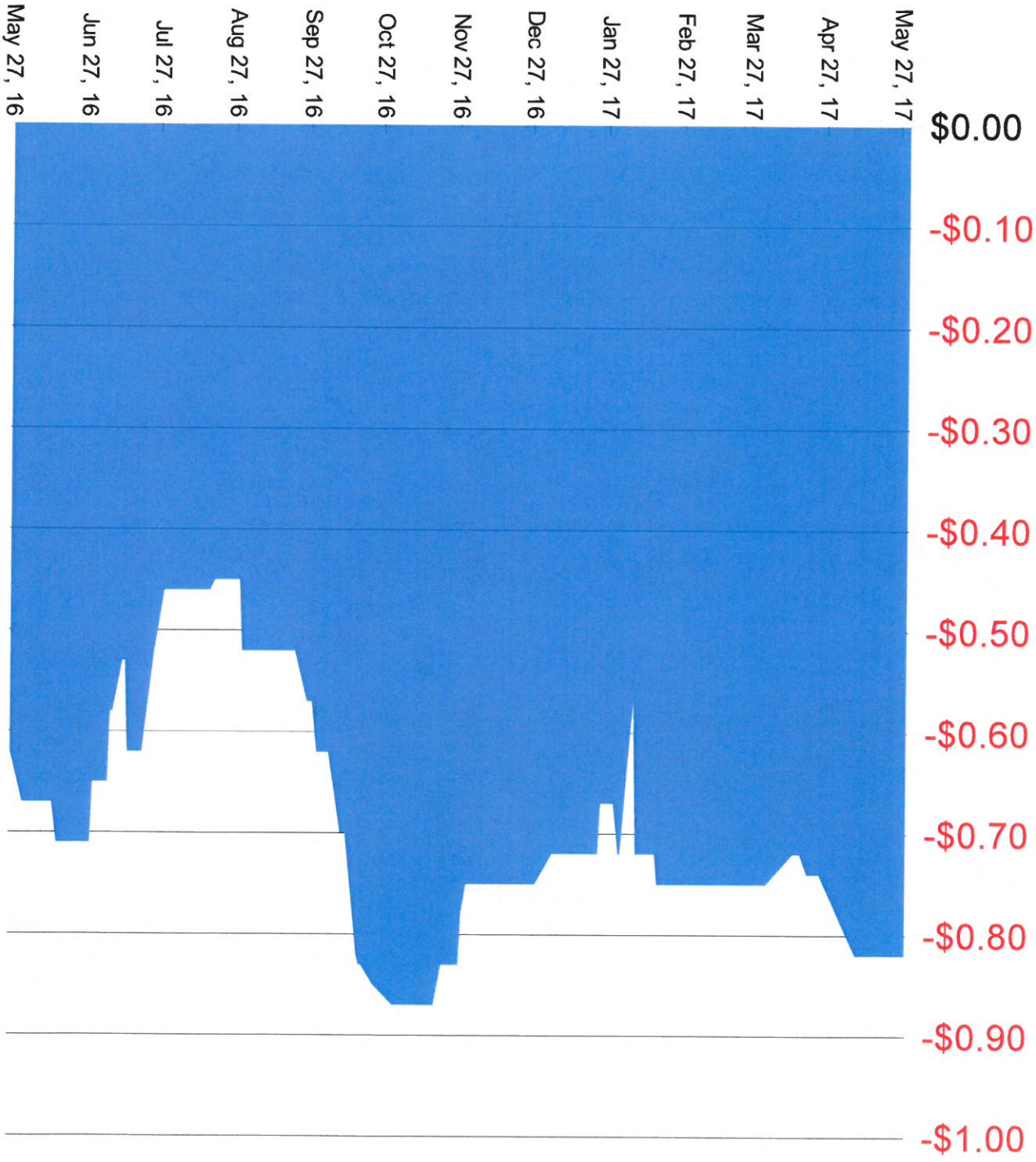
Old crop Soybean basis



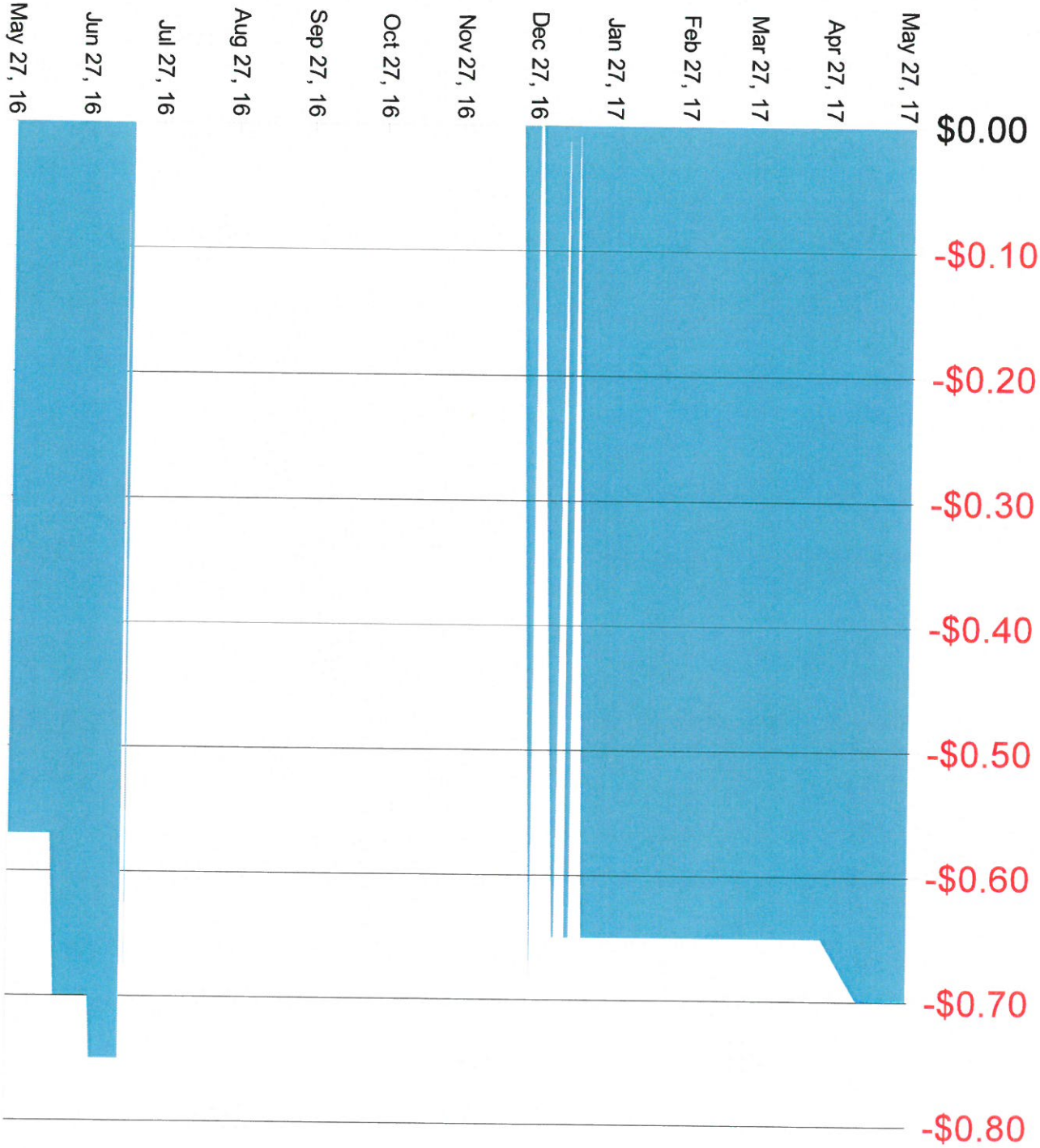
new crop Corn basis



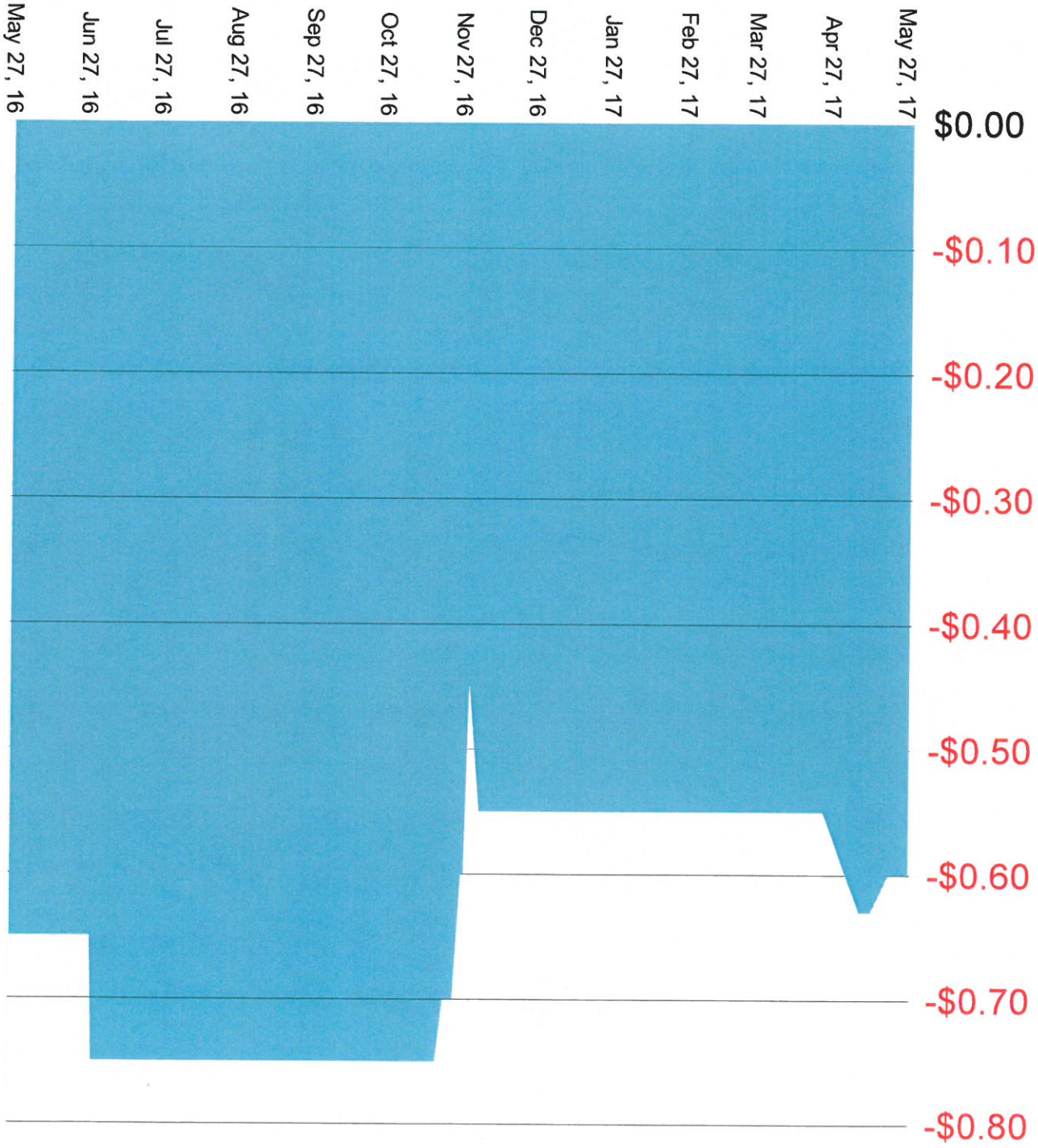
old crop Corn basis



new crop Wheat basis



old crop Wheat basis

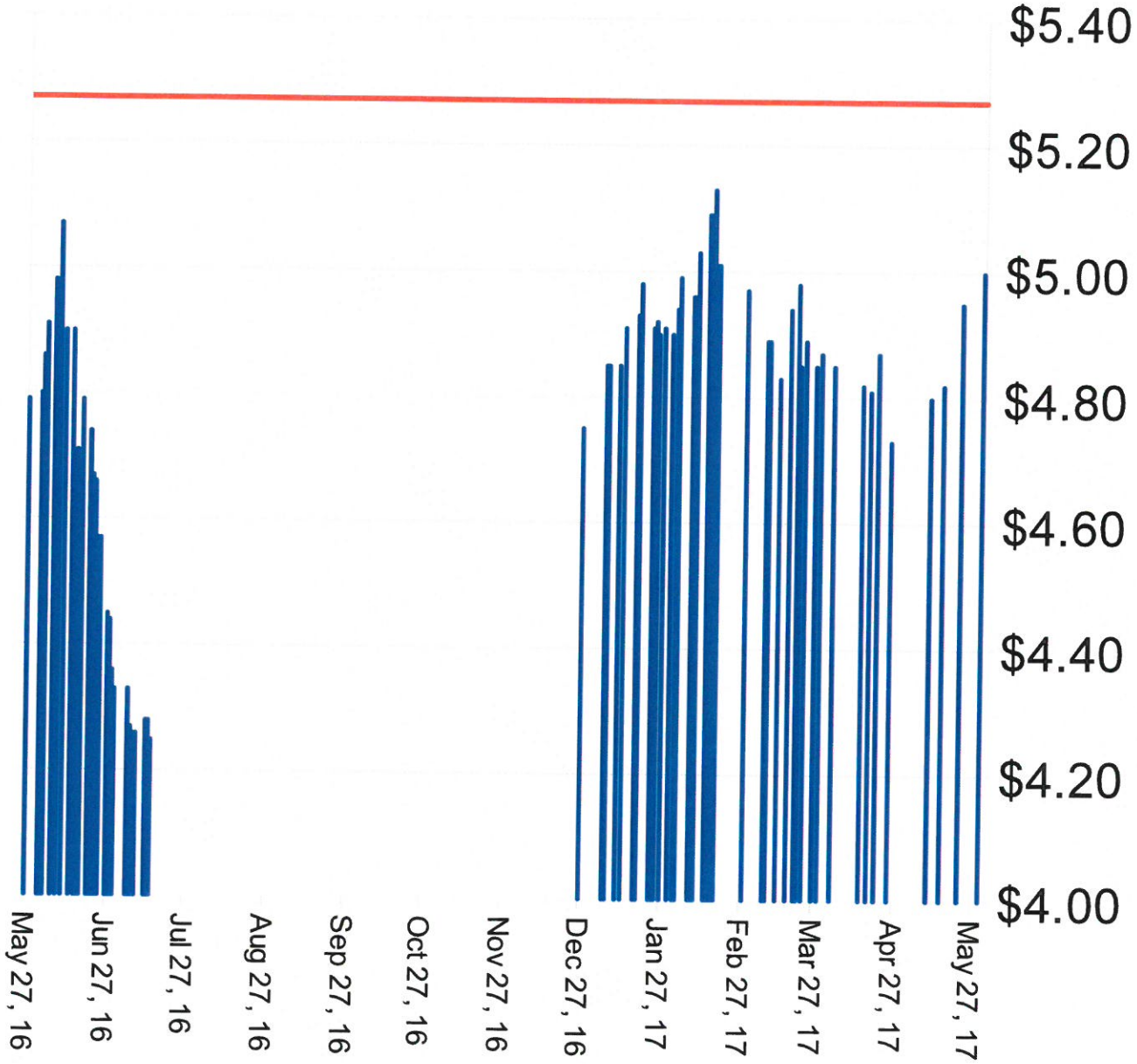


Old Crop Wheat

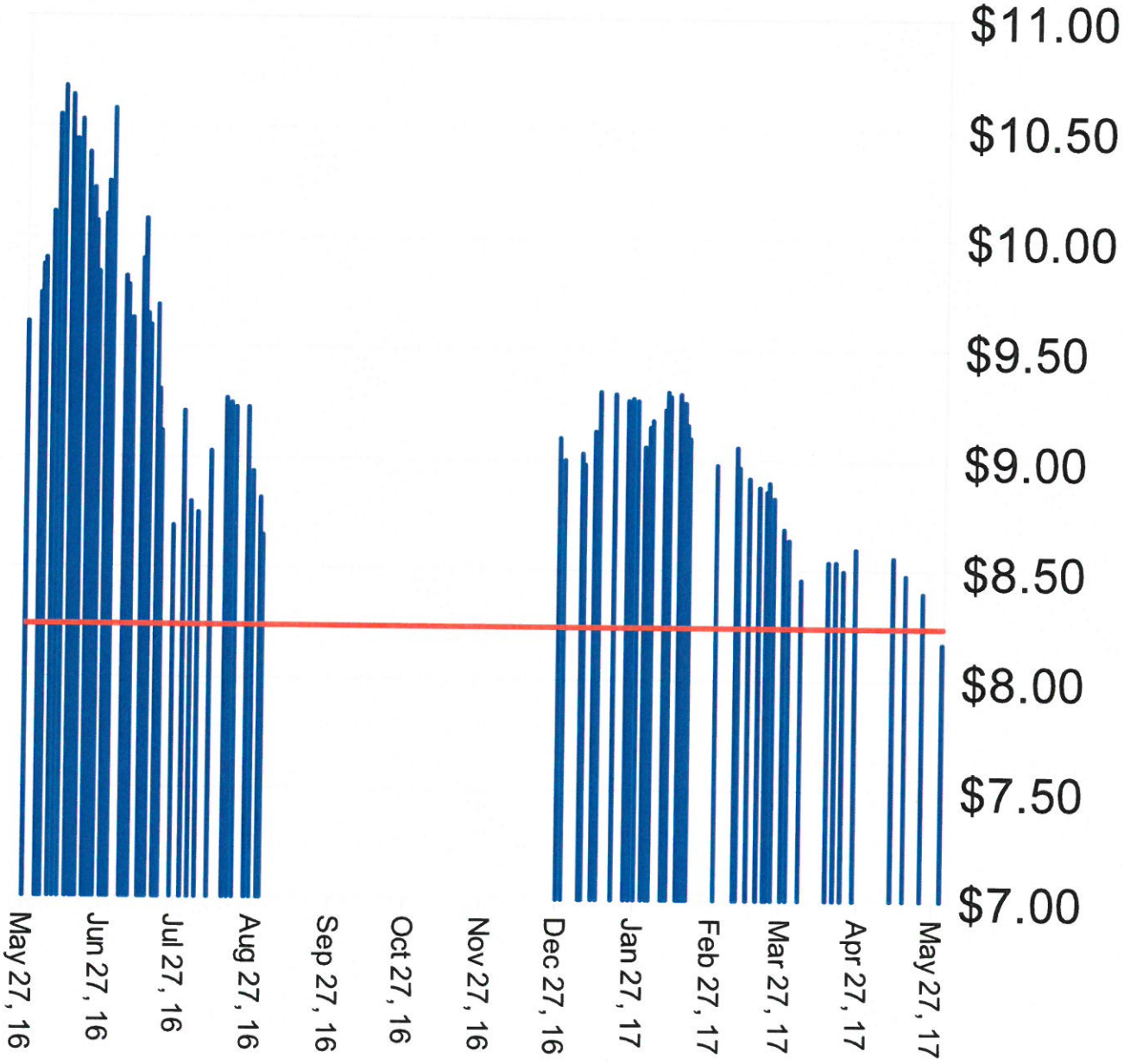
Old Crop Soybeans

Old Crop Corn

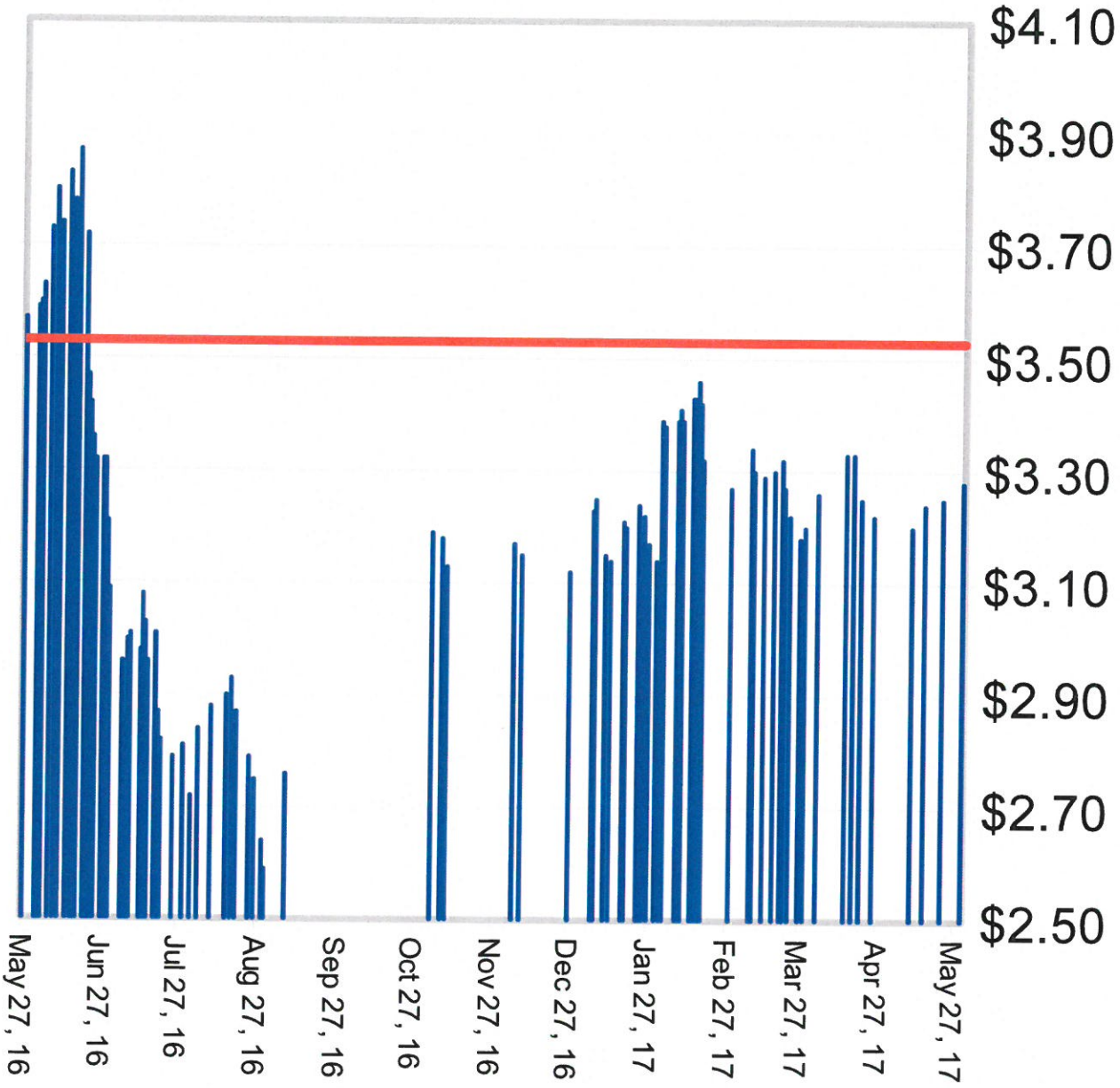
New Crop Wheat



New Crop Soybeans



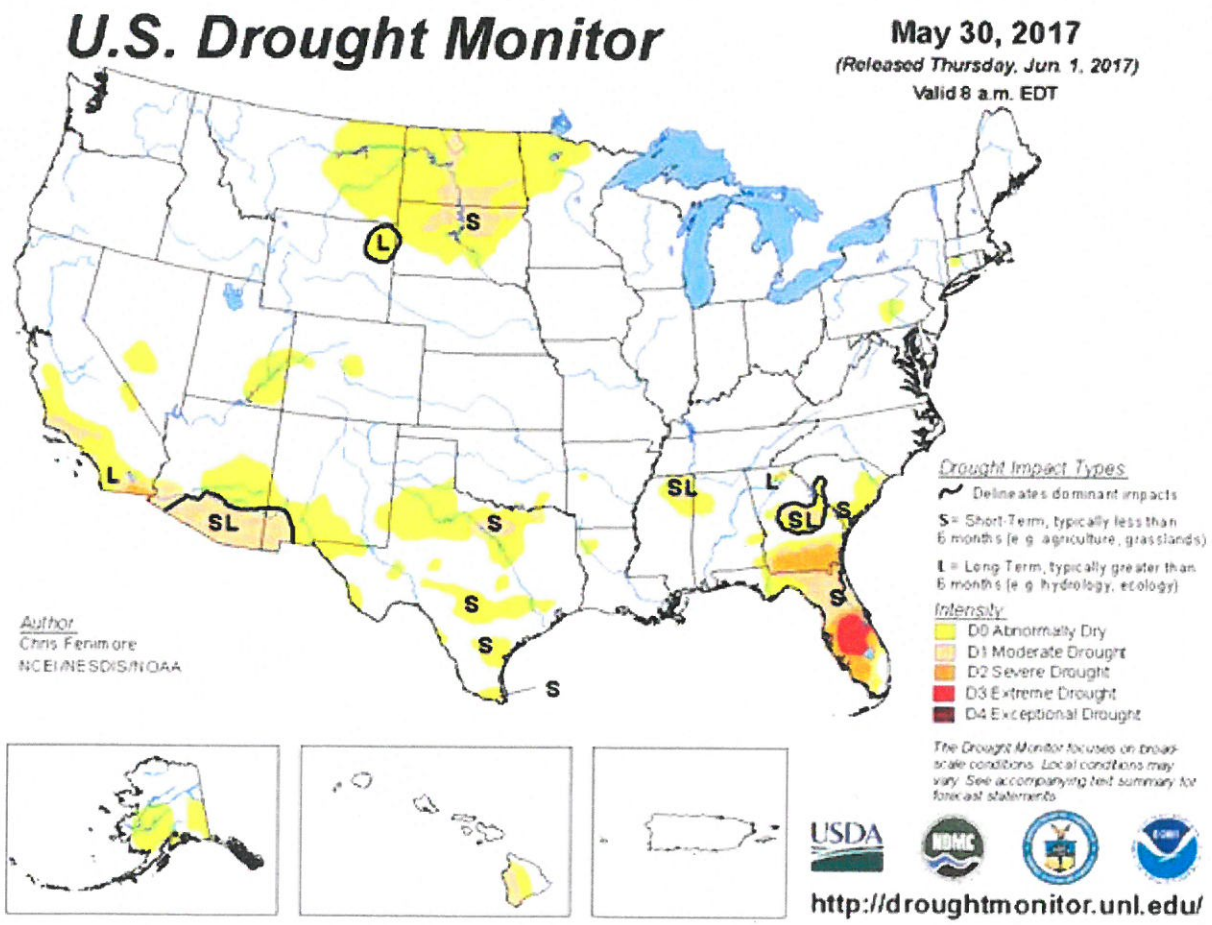
New Crop Corn



Daily Commentary
Thursday, June 1, 2017

Market Comments:

Today we saw a choppy/expected two-sided trade. News was relatively bland outside of the calls and info we are getting on spring wheat. Minneapolis wheat futures broke out of their glass ceilings yesterday, and continued higher today. This is due to the following Drought Monitor which is revised today (take a look at last weeks as well in yesterday's comments). We have gone from no drought, to all of ND, half of SD and MT in two weeks. We have multiple producers from central ND to Montana talking about how the wheat is already rolling up in the afternoons. The forecasts have almost eliminated any meaningful rains for the next 10 days. We still think 'severe' damage is a few weeks away, but the forecast isn't allowing too much wiggle room for that market.



We are reiterating that we want to be long spring wheat here, and we are also happy buying calls if you are heavily cash sold on soybeans for the year. Corn is also a buy in our opinion.

Ethanol numbers today came out strong again. 107 million bushels of corn were crushed this week We are running well above pace and chewing through those old crop stocks!

The dollar today is bouncing back above 97. A nice support for US grain this year should be the fact that we shouldn't be seeing a strong dollar market like we have the last few years. This pullback should be more sustained in the current political/global situation.

Cattle took another leg back towards highs today. The sustained demand from Asia after Brazil's 'Beef Watergate' look to keep packers chewing through supplies here despite strong placement numbers. It remains to be seen how long China will pay up for extra demand out of the US on the livestock side... but let's hope it isn't a short situation. By mid-day we were pushing limit on live cattle and feeders. We held those numbers through the close today.

Grains traded both sides today, but a late surge pushed us back into the close. Corn settled off 1 ¾ in December at $3.89 ¼. November soybeans settled down ½ at $9.17 ¾. Wheat was mixed. Chicago and Kansas City were only slightly lower. Minneapolis settled 4 cents at $5.81.

Past performance is not necessarily indicative of future results. The risk of loss in trading futures and options on futures can be substantial. Each investor must carefully consider whether this type of investment is appropriate for them.

Copyright © 2016 The Money Farm, All rights reserved.

Our mailing address is:
1461 N Broadway
#102
Fargo, North Dakota 58102
+1(701)347-5985

Global competition and predictions of higher acreage put pressure on the grain markets while an outlook for bigger placements was no friend to livestock. July wheat rose 3 cents and the nearby corn contract spent the week lower, clawing its way back to gain 2 cents for the week. Soybeans were unable to keep the bears at bay as the July contract fell 22 cents. July meal slumped $5.20 per ton. In the softs, July cotton fell $2.36 per hundred weight. Over in the dairy parlor, June Class III milk futures added 22 cents. In the livestock sector, the August cattle contract dropped $2.10 and nearby feeders lost $3.50. The July lean hog contract added to a five-week run moving up $1.72. In the currency markets, the U.S. Dollar index dipped to its lowest level in more than 6 years on Monday but managed to put 33 basis points back on the board by the end of the week. This week's OPEC decision to extend production cuts pushed crude oil down 87 cents per barrel. COMEX Gold added $14.50 per ounce. And the Goldman Sachs Commodity Index fell back nearly 7 basis points to finish the week at 384.80.

Pearson: Here now to lend us her insight on these and other trends is one of our regular market analysts, Angie Setzer. Angie, welcome back.

Setzer: Thanks for having me.

Pearson: We're excited to have you. But before we get started, you can listen to our market discussion anytime by downloading our Market Analysis and Market Plus podcasts on our Web site, iptv.org/mtom.

Pearson: Angie, let's talk about the wheat market. We're bouncing back and forth, still within this range, looking at massive crops in Australia. How do things look as you gaze out into the summer? Are we going to break out of this range at some point?

Setzer: Eventually I'm going to be right in saying yes because I've been calling for it to move higher for quite some time. We're really struggling. Wheat has been the whipping boy of the market. Wheat was the first crop out of all of them to have a surplus. We really saw wheat ten years ago when we saw these double digit wheat prices all of a sudden everyone across the globe decided they were going to grow as much wheat as possible. So we've really seen all ends of the spectrum and I think we're finally getting off the mat and I've stood by that for quite some time and I will continue to do so. We really have to see what is going to happen harvest wise. There's still this idea right now that there's going to be a lot of crop come out of the Southern Plains, it's just going to be a lot of very poor quality crop. So that is kind of a hitch in our giddy up at this point you could say. Now, to me it is very variable and anyone who has grown wheat will tell you that you can go out into a field and you can try to guess what it's going to yield but until you put a combine in it you're not going to know. So for me right now I think over the next few weeks as we start to harvest, if we can, at this point in time places that are ready to be harvested here in the next week or so are looking at dealing with some pretty substantial rain systems coming through, so once we're able to get out and harvest we'll get a feel for what we actually have. And then, unfortunately, we are going to have to chew through some of that poor quality stuff and figure out what to do with that going forward.

Pearson: Alright. Well, now I want to talk about the corn market. And you talked about the rain systems and there's more predicted for the next couple of weeks, especially across Southern Illinois, Missouri, you name it. We've got a question here from Rodger in Wisconsin. He's asking, with rain delays what are crop yields projected to be? Do you anticipate them to be the same as last year? Higher? Lower? Or do you see them coming down?

Setzer: To me at this point I see them coming down. Now, I'm not going to sit here and give you an exact yield estimate. I think it's going to be very difficult to out yield last year, of course. Last year was a perfect year really across much of the Corn Belt. And so of course that's going to be difficult. And if you take the Olympic average, so we throw out our highest and our lowest and take a look at what the actual five year average is, it's 4 bushel to the acre lower than what the USDA is anticipating. 167 bushel to the acre crop is not a poor crop. Just three years ago it was a record crop basically. So I do think that we should start to believe that the top end of the yield is going to come off. But of course the crop will be made in July and August. But even in that sense we have to figure out how many acres we're going to have, which is the main thing I'm looking at more so than yield right now.

Pearson: And if we've got a pile of poor quality wheat that's going to compete with corn for livestock feed then there might not even be that much of an incentive. How do you market grain in this environment right now? I'm unsure of what is growing in the field, the price isn't that attractive on the board. Angie, what is my best strategy?

Setzer: You don't do anything. It's just the same, buying, selling, doing nothing, they're all three positions that you can take. And in my mindset right now, for those with old crop corn it's a different story. But for those looking at what to do with new crop corn, as long as you have, if you have a revenue protection policy in place or something of that nature from a crop insurance safety net or something along that line your guaranteed price was $3.96. We're trading $3.90. So to be overly aggressive, I'm not in a big hurry. Now, of course if you have an 85% revenue protection plan that leaves you with 15% at least of your crop unprotected. Most of my customers that I'm working with at this point in time we have hedged around this $3.90 to the $4 range using futures only, which we do quite often. Don't shoot me in Iowa for saying that but it is what we do. Using futures only and we will watch and see how the spreads trade out, what happens with basis going forward because we have had some lower crops in Michigan the last couple of years, in the Eastern Corn Belt too, Indiana, Ohio, Illinois are probably going to be struggling, Ontario has had some issues. So for us we anticipate some strength in basis. Out here of course it's going to be a little tougher because you've got a couple of years of crops to chew through. But futures wise at that $3.90 level you're also ensuring that crop production that you don't have covered via insurance. But other than that, to be overly aggressive at this point in time it's still early yet in my opinion to get to where you need to panic or really get aggressive on the sales side.

Pearson: Alright. Well, now, soybeans, new crop soybeans. Angie, is it time to panic?

Setzer: No, it's never time to panic in marketing, in my opinion. If you're at the point where you think you need to panic you need to take a day and take a breather and calm down because that's probably going to be the worst sale you make. When it comes down to it a lot of guys have been aggressive on soybean sales, they need to remember why they were aggressive in the first place. Same thing, they need to also remember the crop insurance price, that safety net is at a very reasonable strong level and on top of that right now we're in the situation where all of a sudden the market has caught on that things are not necessarily friendly to price. Most of us have known that things aren't necessarily friendly to price for about six months now. So it shouldn't be a surprise. It is scary. It is concerning when you look at things and you worry okay where could we head, what could we see? But until we get to August this crop is not made. So we've seen some pretty solid, reasonable support. We have of course tested and broke that this week, fallen below that $9.40 number. But we've got to test and see where the downside is going to be in November beans and July and we will eventually resurface, get to an area where buyers will come back in and we should be able to capture some opportunities. If you haven't sold a thing, maybe it doesn't hurt to take a look at getting some sales on above that $9 mark because God knows where we'll be come harvest. But if you have sold, if you're sitting in that 40% to 50% sold range, just calm down and, again, just like with anything else you can sit tight for a little bit. Let the market trade out and then resume paying attention here once things catch their breath and get a little bit more rational.

Weather

The market continues to be influenced by the weather. In most of the Corn Belt we have seen plenty of rain impacting the planting or replanting progress. As we near Memorial weekend, many farmers may start making decisions to impact the market even more.

Last week we saw it dry up in the Eastern Corn Belt allowing for good planting conditions. We saw this influence the corn market negatively and soybeans positively. These conditions lead to less corn acres being converted to soybeans.

Our current forecasts show more precipitation likely in the Eastern Corn Belt again. This may impact soybean planting as well as any replanting of corn. We'll have to wait and see what actually happens and how the market may react.

The funds are short in all 3 of the big crops - corn, soybeans and wheat. This has set the stage for a potential sharp short covering rally if weather forecasts hold. Be prepared should the opportunity presents itself. Review your market plan and place some orders. These rallies can be quick, and the market may hit your triggers and back down before you know it.

USDA World Agriculture Supply and Demand Estimates (WASDE) May 10, 2017

The May report came in mixed to neutral for our 3 big crops. Not a lot of news for the market to react to. The report was published on May 10 and we saw the market move both ways that day unsure what news they should be following. At the end of the day it quickly went back to watching the weather.

Wheat

There was very little change this month for U.S. wheat. Slight increase in imports was offset by an increase in exports resulting in ending stocks to remain the same at 1.159 billion bushels. Stocks to Use (S/U) did decrease to 51.7% from 51.8% last month.

The World numbers also only changed marginally. With small increases in supply and demand, we saw an increase in Ending Stocks to 255.35 MMT from 252.26 MMT in April. The S/U ratio increase to 34.5% from April's 34.1%.

This report saw the first published numbers for the 2017 crop being planted. NO big surprises here as the yield is down from last year's record looking at more of a trend line yield at 47.2bu/ac. The good news, with this yield and 4 million less acres being planted, is our ending stocks decrease below a billion to 914 million bushels. The S/U ratio also drops from 51.7% for 2016 crop to 41.7% for the 2017 crop.

The June reports may have some influence on the markets, but make sure to watch it react to the weather the next couple of weeks. There has been a lot of moisture through much of the country and winter wheat is entering a more vulnerable stage to disease.

U.S. Wheat				
Crop	May 15-16	Apr 16-17	May 16-17	May 17-18
Planted Acres (Millions)	55	50.2	50.2	46.1
Yield	43.6	52.6	52.6	47.2
Total Supply (M Bu)	2,927	3,395	3,400	3,405
Total Demand (M Bu)	1,952	2,236	2,241	2,191
Ending Stocks (M Bu)	976	1,159	1,159	914
Stocks/Use	50.0%	51.8%	51.7%	41.7%
Price	$4.89	$3.85	$3.90	$4.25

Corn

We didn't see any big surprises in U.S. corn either. Old crop saw a small decrease in ending stocks to 2,295 million bushels resulting in a 15.7% S/U ratio. The market analyzed this report and quickly turned back to focusing on the weather.

The World corn numbers also remained steady with small increase in ending stocks to 223.9MMT, but the increase in demand actually lowered S/U to 21.3%. The crop in South America continues to grow larger, but we are seeing demand strengthen as well.

The first numbers published for the 2017 crop were a little higher than expected with a yield of 170.7. With the wet spring we have seen in most of the Corn Belt the market expected a little lower yield around 170.3. It may be interesting to see as we get into June with planting and replanting complete, what yield expectations may do.

With the 170.7bu yield our 2017 estimated U.S. ending stocks still decreased to 2110 million bushels from the 2016 crop estimated at 2,295 million bushels. This drops our U.S. Stocks/Use ratio from 15.7% to 14.8%. This is moving in the right direction and gives more fuel to any weather rallies we may see. Watch for some small quick rallies into the month of June, which can be a wild weather month. Have your orders ready or placed to capture these opportunities should they present themselves.

U.S. Corn				
	May 15-16	Apr 16-17	May 16-17	May 17-18
Planted Acres (Millions)	88.0	94.0	94.0	90.0
Yield	168.4	174.6	174.6	170.7
Total Supply (M Bu)	15,401	16,940	16,940	16,410
Total Demand (M Bu)	13,664	14,620	14,645	14,300
Ending Stocks (M Bu)	1,737	2,320	2,295	2,110
Stocks/Use	12.7%	15.9%	15.7%	14.8%
Price	$3.61	$3.40	$3.40	$3.40

Soybeans

No change in old crop supplies, just a small increase in total demand. This dropped U.S. ending stocks to 435 million bushels from last month's estimate of 445 million bushels. The S/U ratio followed ending stocks direction by decreasing to 10.6% from April's 10.9%.

The report was considered mixed as the new crop numbers were also published with bearish news. With the large acre increase and a trend line yield of 48.0 bu, the U.S. ending stocks increases to 480 million bushels. This moves our Stocks/Use ratio from 10.6% up 11.3%.

Looking at the world numbers they were reverse of the U.S. numbers. Old crop world soybeans actually increased S/U ratio up to 27.2% from last month's 26.3%. The new crop (2017-2018) shows the S/U ratio drop down to 25.8%. This is part of the reason the market didn't know what to do. We saw both gains and losses before the market decided to just focus back on the weather that day.

U.S. Soybeans				
	May 15-16	Apr 16-17	May 16-17	May 17-18
Planted Acres (Millions)	82.7	83.4	83.4	89.5
Yield	48.0	52.1	52.1	48.0
Total Supply (M Bu)	4,140	4,528	4,528	4,715
Total Demand (M Bu)	3.944	4,083	4,093	4,235
Ending Stocks (M Bu)	197	445	435	480
Stocks/Use	5.0%	10.9%	10.6%	11.3%
Price	$8.95	$9.55	$9.55	$9.30

Summary

There are a lot of things influencing the market today. We have weather, fundamentals, technical and the funds jumping in and out. This is moving the market quickly both up and down.

Make sure you have your marketing plan out and know what your next trigger is. It's ok to put the orders in, because this market may move faster than you or I can make the call once we see a trigger has been hit. Use those "Good until Canceled" orders.

Be ready for these late spring and early summer rallies. Seasonal reports say we peak out between May and July for new crop futures month. I know you are all busy finishing up planting and starting to spray, but the rallies can't be ignored.

Also don't forget to see your insurance agent once you're done planting. June and July is a busy time for everyone and the earlier you can get those acres in, the quicker they will get your coverages back to you. Once you have your coverages you should know exactly how many

bushels you are protected to market prior to harvest.

Good luck wrapping up planting and have a great start to the summer.

Robert Fronning
VP Insurance & Commodity Marketing education

farmdocDAILY

Department of Agricultural and Consumer Economics, University of Illinois Urbana-Champaign

How Hard is it to be Above Average in Farming?

Gary Schnitkey, Nick Paulson, and Dale Lattz

Department of Agricultural and Consumer Economics
University of Illinois

May 26, 2017

farmdoc daily (7):98

Recommended citation format: Schnitkey, G., N. Paulson, and D. Lattz. "How Hard is it to be Above Average in Farming?" *farmdoc daily* (7):98, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, May 26, 2017.

Permalink: http://farmdocdaily.illinois.edu/2017/05/how-hard-is-it-to-be-above-average-in-farming.html

Returns to farms vary from one year to next due to variation in prices, yields, and costs. Within a year, some farms will have higher returns than others. Over time, there are some farms that tend to persist in having high returns. Over time, the returns of these more profitable farms tend to average $20 and $30 per acre higher than the average of all farms.

Farms Used in Comparisons

Data from Illinois Farm Business Farm Management (FBFM) was used to evaluate returns for a restricted set of farms. These farms had to be:

- Located in McLean County.
- Had high soil productivity on their farms.
- Received the vast majority of their farming income from grain operations.

Farms were picked from a small area (McLean County) to limit the impacts of weather and local markets on returns. Farms were limited to a small soil productivity range so as to reduce the impacts of soil differences on returns.

Focus was given to grain operations to assure that difference in farm types was not causing relative return differences. This does not imply that livestock and other enterprise are unimportant. Rather, focus was given to management of grain farms and not to farm type.

Similar analyses were conducted in other areas of the state. Results are similar to those presented here.

Operator and Land Returns

Per acre operator and land returns is the measure of return. Operator and land return equals gross revenue minus non-land costs and is the return before paying for farmland. Farm returns will vary based on whether farmland is owned, share rented, or cash rented. We are not ranking farms based on land control, rather on the ability to generate returns from farmland.

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from farmdoc daily. Guidelines are available here. The farmdoc daily website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies here.

Figure 1 shows operator and land returns for the McLean County grain farms in this study. The average operator and land returns from 1995 to 2003 was $160 per acre. From 2004 and 2006, operator and land return increased and averaged $208 per acre. Then, higher returns occurred in most years from 2007 through 2013. From 2007 to 2013, operator and land return averaged $395 per acre. Since 2012, operator and land returns have trended down, with the 2015 operator and land return averaging $184 per acre. All farms, no matter their relative profitably face the return variability depicted in Figure 1.

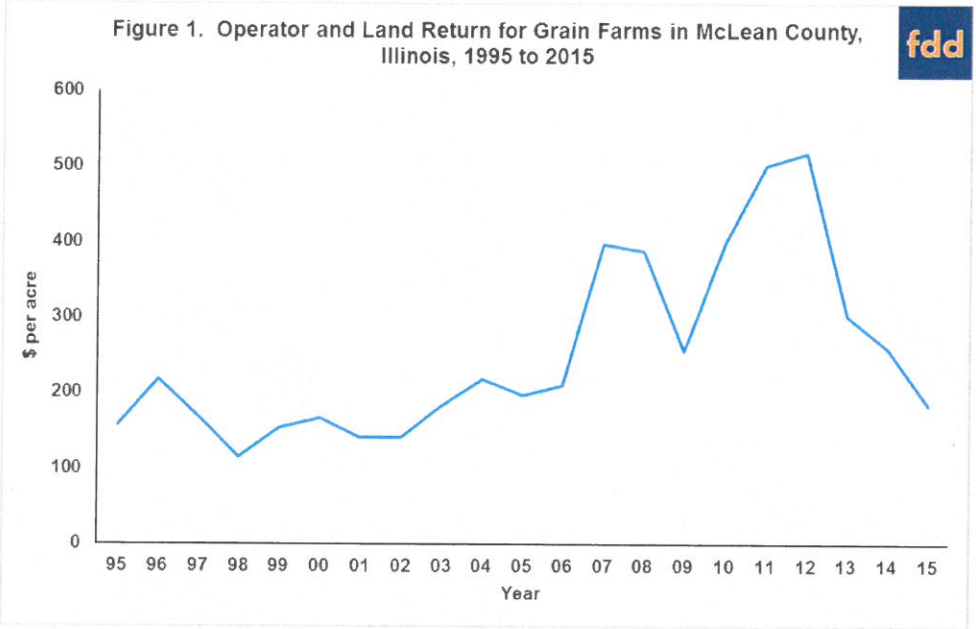


Figure 1. Operator and Land Return for Grain Farms in McLean County, Illinois, 1995 to 2015

Correlation between Rank of Operator and Land Return

In each year, farms were ranked from highest to lowest based on per acre operator and land return. Correlations were then calculated between yearly ranks.

The correlation coefficient between adjacent year's ranks was .40. Correlation coefficients for returns typically range from 1.0 to 0.0. A correlation coefficient of 1.0 would indicate the rank stayed the same across years. That is a farm ranked first in 2014 would be first in 2015, the farm ranked second in 2014 would be second in 2015, and so on. A value of zero would indicate there is no relationship between a farm's rank in one year and that rank in the next year. The .40 is between zero and one. There is persistency in ranks across years, but there are other factors impacting ranks.

Those other factors likely are relative prices, yields, and costs. In any given year, a farm's rank is heavily influenced by yields and prices received for crops. In any given year, a farm may have had an exceptionally high yield or price. However, high relative yields and prices may not be maintained over time. The importance of these random factors will be reduced if more years are averaged together.

Operator and land returns were averaged over a two-year period and then correlation coefficients were re-calculated. For example, operator and land returns were averaged including 2012 and 2013 and then the farms were ranked, operator and land returns were averaged including 2014 and 2015 and then ranked, and then a correlation coefficient was calculated between the 2012-13 and 2014-15 rankings. This process was completed for all two-year periods from 1995 to 2015. The process was then repeated for three-year average periods, four-year average periods, and five-year average periods.

Correlation coefficients based on comparing returns averaged over two, three, four, and five years are:

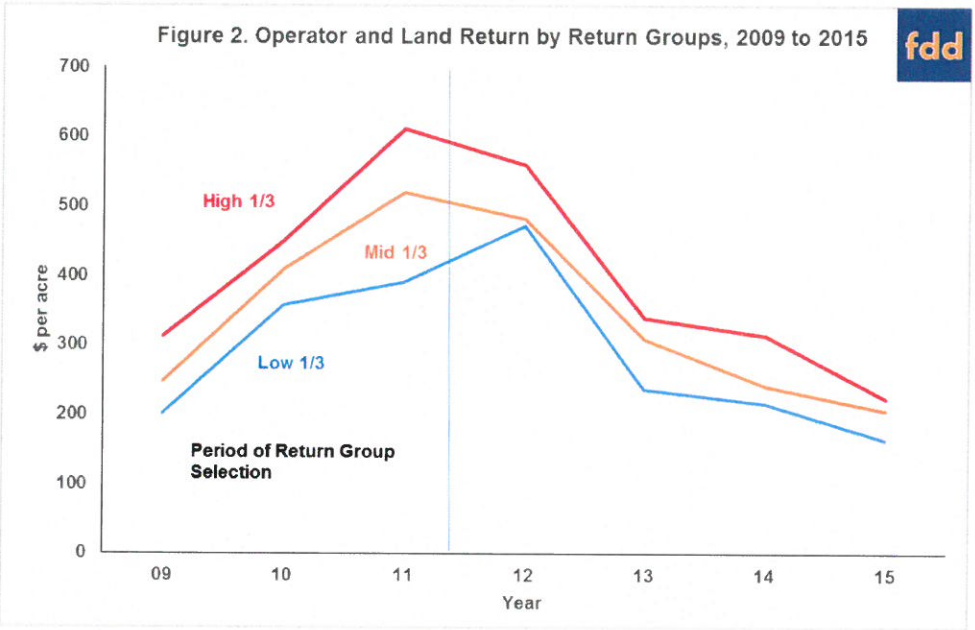
One-year average:	.40
Two-year average:	.50
Three-year average:	.57
Four-year average:	.60
Five-year average:	.60

Note that the correlation coefficients go up, particularly as the averaging period increases from one to three years.

Difference in Returns over Time

To illustrate profitability differences for farms, farms were placed in three profitability groups based on operator and land return for the three-year period from 2009 to 2011. The three groups represent farms with the highest one-third of returns, the mid one-third had middle one-third returns, and the low one-third had the lowest third of returns. The average operator and land returns were $359 per acre for the high one-third group, $310 per acre for the mid one-third group, and $272 per acre for the low one-third group. There was a $49 difference in returns from the high one-third to mid one-third group and an $86 per acre difference from the high to low one-third groups.

Returns were tracked for these three profitability groups from 2012 to 2015 (see Figure 2). Note that average returns for the three groups continued to differ after the averaging period. In 2015, the high one-third group based on the 2009-11 ranking had an average return of $224 per acre, the mid one-third group had $207 per acre, and the low one-third group had $164 per acre. In 2015, operator and land return differed by $17 per acre for the high one-third group and the mid one-third group. The difference was $60 per acre between the high one-third and the low one-third group.



The above process was repeated for other time periods from 1995 to 2014. Over time, farms do have differences in returns which persist. Four years after forming the returns group, the high one-third farms have $20 to $30 per acre higher returns than the average.

Summary

There are farms that tend to be more profitable than other farms over time. Future articles will evaluate those factors that cause farms to stay in the high and low profitability groups.

More profitable farms face the general market changes as all farms. More profitable farms also do not always rank as the most profitable each year because

Acknowledgements

The Illinois Soybean Association provided funding and support for a profitability study that has resulted in these articles. More information on the Illinois Soybean Association can be found at https://www.ilsoy.org.

Data used in this study comes from the local Farm Business Farm Management (FBFM) Associations across the State of Illinois. Without their cooperation, information as comprehensive and accurate as this would not be available for educational purposes. FBFM, which consists of 5,700 plus farmers and 60

professional field staff, is a not-for-profit organization available to all farm operators in Illinois. FBFM staff provide counsel along with recordkeeping, farm financial management, business entity planning and income tax management. For more information, please contact the State FBFM Office located at the University of Illinois Department of Agricultural and Consumer Economics at 217.333.5511 or visit the FBFM website at www.fbfm.org.