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**“WHERE FARMERS  
FUEL AMERICA”**

**P U B L I C A T I O N # 3 0**

**J U L Y , 2 0 2 0**

I've typed out at least four commentary pieces on Covid-19 and George Floyd and how politics and the economy can affect our grain markets as much as supply & demand. I haven't sent out a newsletter for two months, knowing that anything worth saying could land me in trouble as I erased each commentary because of the risk of readers taking issue. And that's really the commentary.

Who gets to say what they want? Who gets to do what they want? Our freedom of speech is not free if you must risk all in thinking out loud as the public imposes its group bullying tactics to ruin your life should you be a bit too correct in your conclusions. Who gets to control you, your thoughts, and your activities? After erasing four commentaries, it is plain to me that it's not me any more, but those who have demonstrated their power to ruin those that speak against popular culture. The New York Times is going to release an article telling of Fox News host Tucker Carlson's family and personal address in hopes of directing the mob. I saw a Face Book post that said if you type in any 3 digit number followed by "active cases" it would find a Covid article with that number in it. I tried it with a longer 5 digit number of 12050 and it still did. It would seem we are being herded like cattle through chutes and gates to some end other than our own.

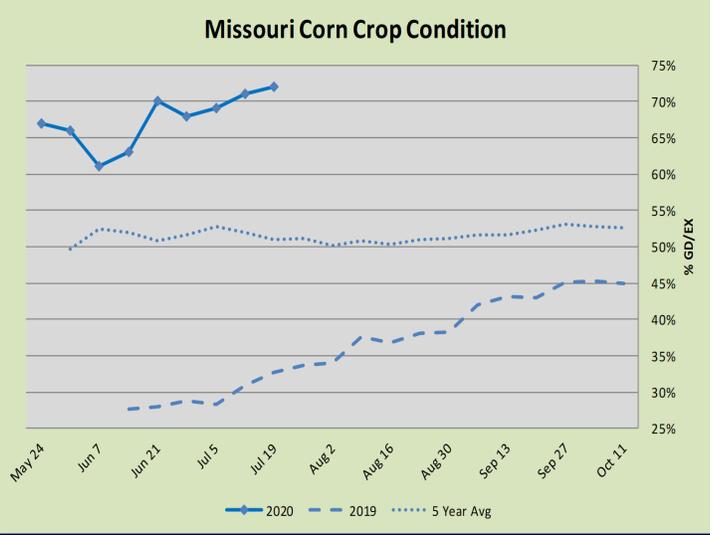
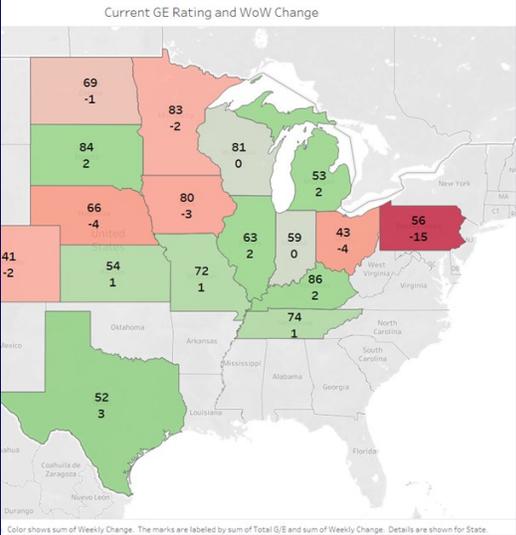
The completely independent, like a Zuckerberg, and the completely dependent, on the Government, seem to have a growing power over the majority of us in the middle. The independent control our financial opportunities, rules, media, and regulations. If we can navigate through that, the dependent attempt to take back anything we managed to gain as they vote for those who will give them our stuff. And now, if you actually have something to say about it, a mob, directed by the independent and made up of the dependent, can freely burn your business to the ground and beat you senseless, or get you arrested for defending yourself in your own home...right here in MO. It seems all too make believe to be true.

Would all this even be taking place if people realized that life on this planet is not and will not be fair and we are all very insignificant and small, from top to bottom. Stand outside in a thunderstorm and you will immediately know you have little power over anything.

Fairness is simply an opinion. Fairness is like everyone getting exactly an inch of rain. It is clear that if you live on this planet, nature is an obvious example that fairness is only a human concept and usually just pride and greed in disguise. I don't recall fairness being talked about in the Bible, but there's plenty to say about pride and greed.

You may get more or less than an inch of rain. But, your neighbor didn't make it that way, and you are not owed part of their crop because of it, no more than you owe them or can give them 10 points of your IQ. The answer to all our problems are very simple and as old as the 10 Commandments. The answer is just that. The fallacy is that in our ego, intellect, and self righteousness, we think we are able to fix others' problems or that people actually want to. Thank goodness all we have to do is grow corn and make ethanol, leaving the big problems to those more qualified.

# “WHERE FARMERS FUEL AMERICA”



Here's 3 different looks at the crop ratings. Are we on pace to see a trend or higher crop?  
 YES. Is there still time for the crop to shrink to below trend? YES. Is it likely? NO  
 Is MO headed toward an above average crop. YES.

### Market Manager

Prog #9 vs Dec '20: 75% priced at \$3.81 vs \$3.31

Prog #10 vs July '21: 72% priced at \$3.95 vs \$3.55

Prog #11 vs July '21: 13% priced at \$3.69 vs \$3.55

Avg Price #22 vs Dec '20: 35.4% priced @ \$3.41 vs \$3.31

### Accumulators

Several accumulators have been knocked out at least once this marketing year and all are just 10-15 cents from it again. Initial accumulators were entered at an average price of \$3.96. At that time, it was likely to produce a final price above the Market Manager program. Once they were knocked out and reenrolled to accumulate remaining bushels closer to \$3.65, the final average price will likely be close to or slightly below our Market Manager programs.

Extreme, quick moves to the downside and then to the upside, have made these less effective than in a normal, “Covid” free year.

Both programs remain good disciplined trading considering the turmoil in our World where many different events, like Covid, could push grain below the cost of production for an extended period at any moment.

## 20/21 Carryout Scenarios

		Corn Carryout Projections (20/21 crop year)														
		Corn Yield (bu/Acre)														
		184	183	182	181	180	179	178	177	176	175	174	173	172	171	170
Planted Acreage (in millions)	94.00	3,639	3,555	3,471	3,387	3,303	3,219	3,136	3,052	2,968	2,884	2,800	2,716	2,632	2,548	2,464
	93.50	3,557	3,473	3,390	3,307	3,223	3,140	3,056	2,973	2,889	2,806	2,722	2,639	2,555	2,472	2,388
	93.00	3,475	3,392	3,309	3,226	3,143	3,060	2,977	2,894	2,811	2,728	2,645	2,562	2,479	2,396	2,313
	92.50	3,393	3,310	3,228	3,145	3,062	2,980	2,897	2,815	2,732	2,650	2,567	2,484	2,402	2,319	2,237
	92.00	3,311	3,228	3,146	3,064	2,982	2,900	2,818	2,736	2,654	2,571	2,489	2,407	2,325	2,243	2,161
	91.70	3,261	3,179	3,098	3,016	2,934	2,852	2,770	2,688	2,606	2,525	2,443	2,361	2,279	2,197	2,115
	91.00	3,146	3,065	2,984	2,903	2,821	2,740	2,659	2,578	2,496	2,415	2,334	2,253	2,172	2,090	2,009
	90.50	3,064	2,983	2,903	2,822	2,741	2,660	2,579	2,499	2,418	2,337	2,256	2,176	2,095	2,014	1,933
	90.00	2,982	2,902	2,821	2,741	2,661	2,580	2,500	2,420	2,339	2,259	2,179	2,098	2,018	1,938	1,857

Assumptions: exports at 2.15B, ethanol usage at 5.2B, Residual = 4% of Supply, harvested acres = 92% of planted acreage.

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At 92 million acres and the likely range of yield outcomes, corresponding prices range from \$2.79 futures to \$3.46. CZ futures right now are \$3.33, already implying a yield reduction of 3-4bpa OR increased demand from some segment in future of about 300 million (China?). The market today would seem to be fairly priced.

## CBOT Price Projections

		Theoretical Corn Futures Price (\$/bu) - 20/21 Crop Year															
		Corn Yield (bu/Acre)															
		185	184	183	182	181	180	179	178	177	176	175	174	173	172	171	170
Planted Acreage (in millions)	94.00	\$2.58	\$2.63	\$2.68	\$2.73	\$2.77	\$2.82	\$2.87	\$ 2.92	\$ 2.97	\$ 3.01	\$ 3.06	\$ 3.11	\$ 3.16	\$ 3.21	\$ 3.25	\$ 3.30
	93.50	\$2.63	\$2.68	\$2.73	\$2.78	\$2.82	\$2.87	\$2.92	\$ 2.97	\$ 3.02	\$ 3.06	\$ 3.11	\$ 3.16	\$ 3.21	\$ 3.25	\$ 3.30	\$ 3.35
	93.00	\$2.69	\$2.73	\$2.78	\$2.83	\$2.88	\$2.92	\$2.97	\$ 3.02	\$ 3.07	\$ 3.11	\$ 3.16	\$ 3.21	\$ 3.26	\$ 3.30	\$ 3.35	\$ 3.40
	92.50	\$2.74	\$2.78	\$2.83	\$2.88	\$2.93	\$2.97	\$3.02	\$ 3.07	\$ 3.11	\$ 3.16	\$ 3.21	\$ 3.26	\$ 3.30	\$ 3.35	\$ 3.40	\$ 3.45
	92.00	\$2.79	\$2.83	\$2.88	\$2.93	\$2.98	\$3.02	\$3.07	\$ 3.12	\$ 3.16	\$ 3.21	\$ 3.26	\$ 3.31	\$ 3.35	\$ 3.40	\$ 3.45	\$ 3.46
	91.70	\$2.79	\$2.84	\$2.89	\$2.93	\$2.98	\$3.03	\$3.07	\$ 3.12	\$ 3.17	\$ 3.22	\$ 3.26	\$ 3.31	\$ 3.36	\$ 3.40	\$ 3.45	\$ 3.49
	91.00	\$2.89	\$2.94	\$2.98	\$3.03	\$3.08	\$3.12	\$3.17	\$ 3.21	\$ 3.26	\$ 3.31	\$ 3.35	\$ 3.40	\$ 3.45	\$ 3.46	\$ 3.50	\$ 3.56
	90.50	\$2.94	\$2.99	\$3.03	\$3.08	\$3.12	\$3.17	\$3.22	\$ 3.26	\$ 3.31	\$ 3.36	\$ 3.40	\$ 3.45	\$ 3.46	\$ 3.50	\$ 3.56	\$ 3.62
	90.00	\$2.99	\$3.03	\$3.08	\$3.13	\$3.17	\$3.22	\$3.26	\$ 3.31	\$ 3.36	\$ 3.40	\$ 3.45	\$ 3.46	\$ 3.50	\$ 3.56	\$ 3.62	\$ 3.67

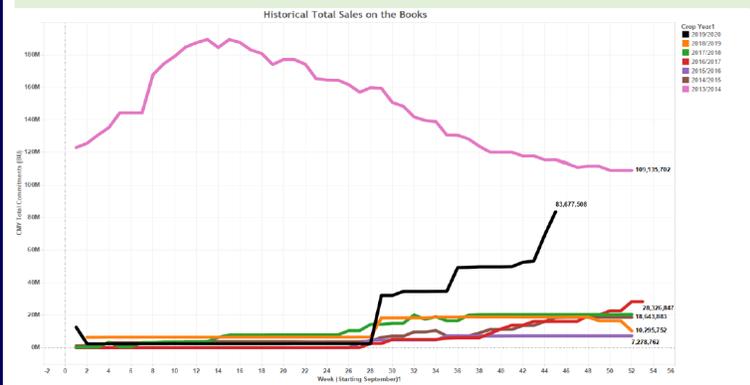
Assumptions: exports at 2.15B, ethanol usage at 5.2B, Residual = 4% of Supply, harvested acres = 92% of planted acreage.

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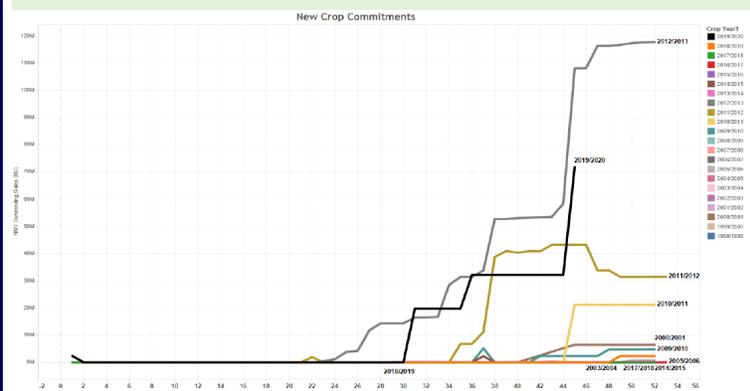
## “WHERE FARMERS FUEL AMERICA”

### Export Sales— Old Crop Commitments to China



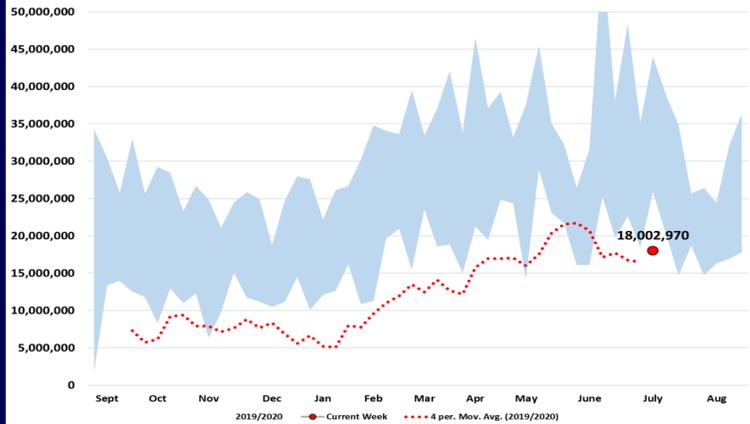
China has started to show some follow thru on their phase 1 purchases. This looks to be lending strength to old crop and new crop river values as of recent.

### Export Sales— New Crop Commitments to China



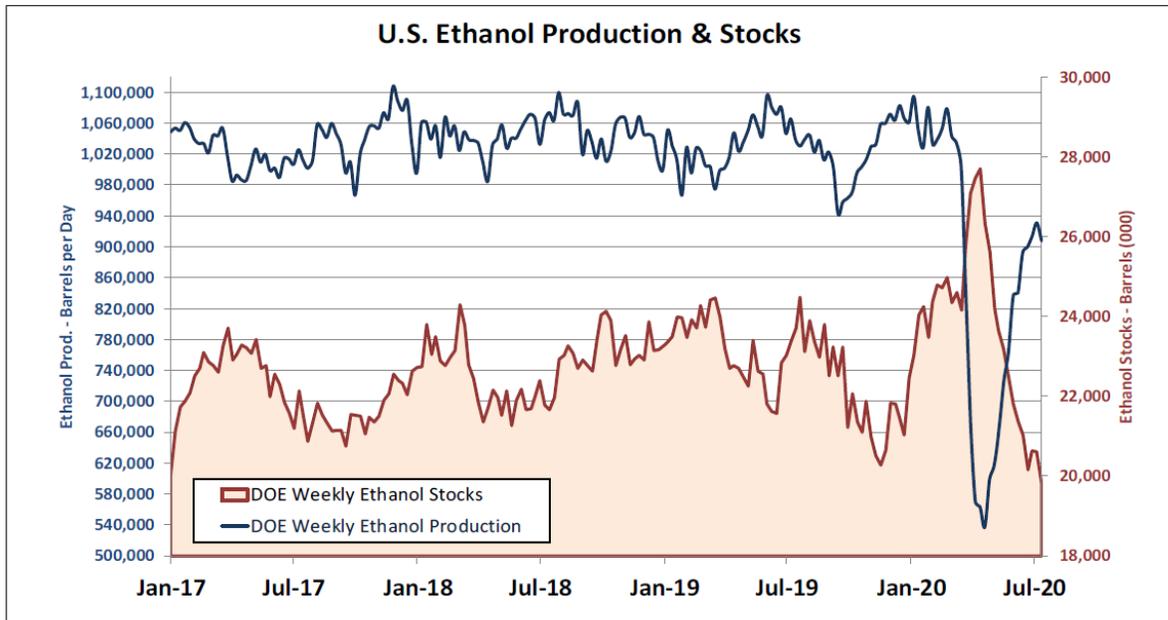
What we need to remember is that demand forecasts used in determining carry outs and futures prices already have some of this penciled in. For now, this is expected and necessary to keep the carryout from growing further.

### Mississippi River - Max/Min Range



You can see that shipments off of the MISS have been very light for the entire year and is one reason and confirmation that MO old crop stocks as of June remained historically high.

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Grain prices depend more on our ability to sell more ethanol than anything else. The ethanol industry has the capacity to use all excess corn. That hinges on people driving. Covid reduced driving by half for a short while. Even now, it's unlikely we will drive 80% of "normal". The ethanol industry is learning to run more flexible. This will support ethanol margins in future and keep the ethanol industry running, but that does nothing to create more corn demand. Gas usage and the same old battle for E15 and higher blends remain the only answer for corn prices.