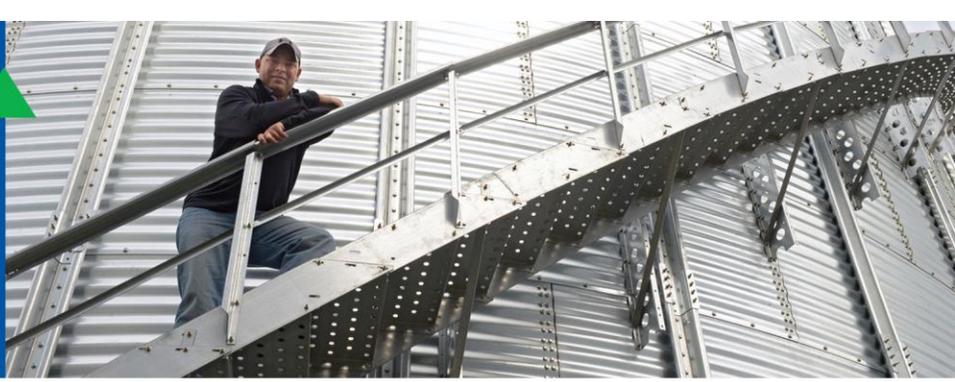




CHS Pro Advantage



Please visit our new website at <https://chshedging.com/clients/farmers-ranchers> for weekly marked-to-market price updates.

July 2020

Corn



We are getting mixed messaging regarding the Covid-19 authorities. Some states are reporting higher numbers, and some are significantly lower. One way to track the use of gasoline (and thus Ethanol) is to review Apple Mobility <https://www.apple.com/covid19/mobility>. The US population is now moving around by car at a very normal pace for this time of year. Ethanol production is still down by about 15% from normal, but this is driving down stocks which will need to be replaced.

The USDA gave us two reports since our last update and there were two very different reactions. The acreage report was a bullish shock to the market, and it overshadowed the bearish stocks numbers released on the same day. Then two weeks later the latest WASDE report was released and the market collapsed. To be fair; the weather outlook also changed dramatically at the time of the second report. The end result is that the corn market is about where it was prior to the release of either report.

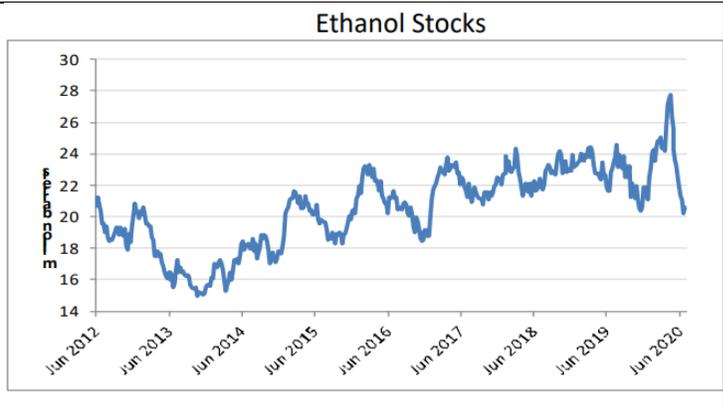
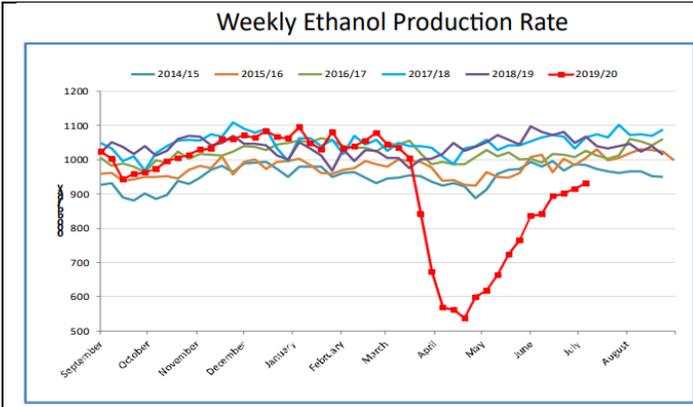
If you combine the extra bushels from the stocks report and the missing acres from the acreage report, we end up with bottom line ending stocks 475 million bushels smaller than we were being told a month ago.

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Our marked-to-market prices all rose this month as we took advantage of the volatility and we also have some options expiring that will help the bottom line. With 10 weeks to go in our current programs, we still want some exposure to the upside. Seasonality is completely out the window this year, so to expect a mid-summer rally is not that far-fetched.

Dec 2020 1 year: \$3.6127 (66%), Dec 2020 2 year: \$3.7946 (85%), Dec 2021 2 year: \$3.6574 (15%). Prices noted are marked to market as of close of business July 15, 2020. Brackets are percent hedged snapshot including all option deltas, these are rough estimates and may move daily.

Soybeans





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The soybeans were on the cusp of a good move higher until the July 10th USDA report. In that report they adjusted last year's residual number to a negative which implies that they will be raising the production from last year's crop in an upcoming report. That adjustment added 30 million bushels to the balance sheet that the market did not expect, and soybeans crashed 30-cents on the news.

Ending stocks are now projected at 425 mbu, which is smaller than the last two years, but still in the comfortable category; just barely. There is still a lot of important weather ahead for the soybean market and if we miss the yield expectations by any amount, the outlook will be tight and cause prices to rise.

The Brazilian Real has been stable for a month, so it is a welcome change to not have to fight the currency battle.

The soybeans still have the best-looking balance sheet of the bunch and we are positioned for some upside potential.

Nov 2020 1 year: \$8.8115 (67%), Nov 2020 2 year: \$9.2821 (65%), Nov 2021 2 year: \$8.8225 (0%)

Prices noted are marked to market as of close of business July 15, 2020. Brackets are percent hedged snapshot including all option deltas, these move daily.

Wheat



Spring wheat continues to struggle. Even with the brief corn and bean rally, it could not get far from the lows. Chicago wheat rallied 80-cents in 2 weeks and Minneapolis just could not find a bid. We are trading small lots within the small moves provided to us, but this market is just not giving us anything to trade as we approach the deadline.



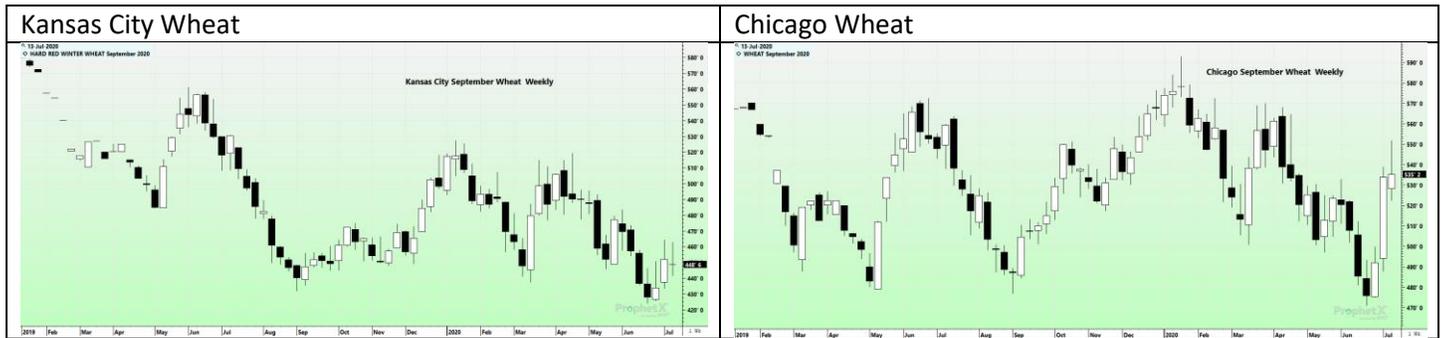
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Kansas City wheat is struggling just like Minneapolis, but the export prospects are looking up for both classes as the Chinese have begun to buy US Wheat. Chicago rallied on the back of a huge fund move to buy wheat. We sold that rally in the 2021 crop and are glad to report at least some good news to wheat clients.

We are quite light on our hard wheat hedges at the moment so as to capture any bounce in price that comes our way.

The fundamentals on wheat are not bullish, but as Chicago Wheat showed us, a bounce can happen at any time. The USDA reports in the past 30 days were benign for US wheat.



HRS 2020 1 year: \$5.4520 (35%), HRS 2020 2 year: \$5.7575 (50%), HRS 2021 2 year: \$5.7113 (50%)

HRW 2021 2 year: \$5.0781 (33%)

SRW 2021 2 year: \$5.7969 (57%)

Prices noted are marked to market as of close of business July 15, 2020. Brackets are percent hedged snapshot including all option deltas, these move daily.



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Weekly Market Valuations
As of 07/15/20

Contract	Pricing Period	Futures Month	Current Market Valuation
Pro Advantage-2020 Corn (2 yr)	12/2018 - 09/2020	Dec 2020	\$ 3.7946
Pro Advantage-2020 Corn (1 yr)	01/2020 - 09/2020	Dec 2020	\$ 3.6127
Pro Advantage- 2021 Corn (2 yr)	01/2020 - 09/2021	Dec 2021	\$ 3.6574
Pro Advantage-2020 Soybeans (2 yr)	12/2018 - 09/2020	Nov 2020	\$ 9.2821
Pro Advantage- 2020 Soybeans (1 yr)	01/2020 - 09/2020	Nov 2020	\$ 8.8115
Pro Advantage- 2021 Soybeans (2 yr)	01/2020 - 09/2021	Nov 2021	\$ 8.8225
Pro Advantage-2020 Spring Wheat (2 yr)	08/2018 - 08/2020	Sep 2020	\$ 5.7575
Pro Advantage- 2020 Spring Wheat (1 yr)	01/2020 - 08/2020	Sep 2020	\$ 5.4520
Pro Advantage- 2021 Spring Wheat (2 yr)	01/2020 - 08/2021	Sep 2021	\$ 5.7113
Pro Advantage-2021 HRW Wheat (2 yr)	08/2019 - 05/2021	Jul 2021	\$ 5.0781
Pro Advantage-2021 SRW Wheat (2 yr)	08/2019 - 05/2021	Jul 2021	\$ 5.7969



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