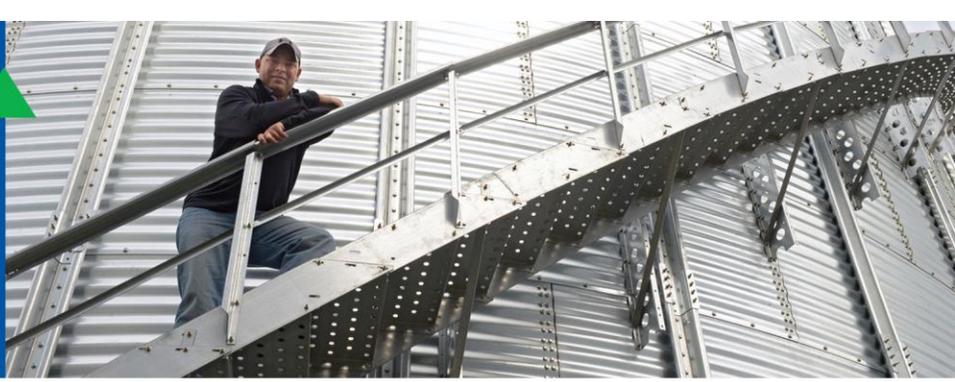




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Please visit our new website at <https://chshedging.com/clients/farmers-ranchers> for weekly marked-to-market price updates.

January 2021

Corn



One really has to look at a long-term chart to appreciate just how far corn has rallied in the past 6 months. In August, front month Corn posted a low of \$3.07; on the highs post-report March corn traded \$5.41, a rally of \$2.34. In 2007 corn rallied from \$3.09 to \$5.47 for a rally of \$2.38 in the same time span. In 2010 it rallied > \$3.00 in 6-months beginning in June of that year. Those are the big 3 rallies that cover half a year in the past 2 decades. 1995/1996 also posted a huge rally, but it lasted longer; note the highs from that year and the low tick of 2012 are within a dime of where this year's market stopped. There is chart resistance here on the continuous timeframe; it would make sense for the market to pause here, but in both 2007 and 2010, the rally continued well beyond these levels over a longer time span.

Those are impressive numbers for the old crop corn, and we do have one program for July corn that we are trading, but for the majority of the bushels under management for our purposes, we need to discuss new crop 2021 and 2022, which are not keeping pace with the front months, but have a very interesting story developing.



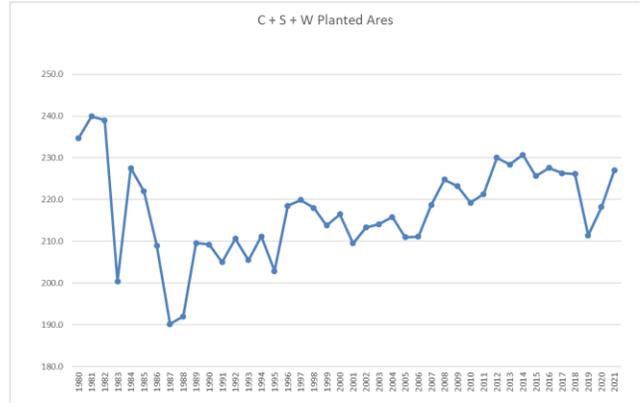
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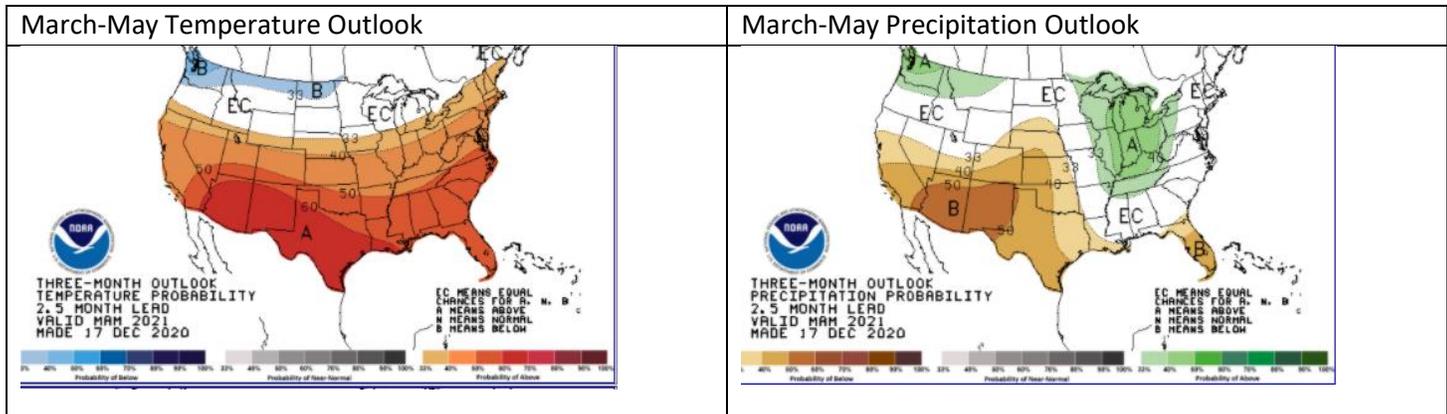


The corn market going forward is determined by supply and demand with weather mixed in. We are definitely paying attention to the dry pattern over the corn belt. Persistent weather tends to persist, but we can't know the weather yet, so the best we can do is estimate acres and plug in normal trendline yields. It was a surprise to us to determine that if the market demands 6 million more soybean acres that we will not be in uncharted territory if you add up all major crops with regard to planted acres (corn, beans and wheat). The last point on the chart assumes 92 million acres of corn, 90 million acres of beans and 45 million acres of wheat. Our short memories are programmed to recall the last few years, but the reality is that we can afford to plant many more soybeans without displacing too many corn or wheat acres and just get back to the levels of the mid-2010s.



We had opened up our book to upside potential and captured some of the recent move (of course with existing sales on, you only get a fraction of it) because the charts told us to. After the bullish January report, we got heavily sold to reward the spectacular rally, but have since taken some profits on those new shorts. We are wanting to purchase a call option strategy under a larger pull-back, but we have not yet pulled the trigger on that trade.

With many months to trade, we are roughly 2/3 sold and looking to expand an upward bias, while protecting what we have. There is a solid case to be made for the market to move in either direction from here, so we are actively trading the bushels. Please refer to the last page on this report for a current price report on all programs.





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Soybeans



This chart is again a monthly continuous soybean chart for a long-term perspective. The \$12.00 mark was exceeded last month and that released the market to find a new resistance point/area. We would contend that the chart resistance now is very loose and rests in a wide \$4.00 range from \$12.50 to \$16.50. Where it stops is anyone's guess.

Old crop beans have been the bell-of-the-ball and outpaced the new crop soybeans for obvious reasons; our exports and crush will demand that we import soybeans this year. We have one old crop program that we exercised some patience on before beginning our sales program, but now have become roughly 2/3 committed. We like our price so far and think there is more on the agenda there.

New crop soybeans have been following, albeit not at a 1:1 pace. Our 2021 soybean programs have been dragging some early sales along, but we are recovering nicely with options and recent sales. We are actively trading all accounts save for the 2022 programs, which are not yet well committed. It is paramount to consider acres right now, it seems that we will be able to find what we need for next year if China makes the usual switch to South American beans. If there is a production issue in SA or the US over the next season, we could be in line for a challenge of record prices. So, this becomes a balance of risk/reward; as it always is.



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On the 2021 new crop accounts we are roughly 60% hedged, but with roughly 20% of that covered with calls. 2022 bushels

There has been no activity in the 2022 accounts, so the price posted represents the actual futures price at the time of print.

Wheat





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The wheat market had been lurking under its resistance points for a few months but has finally breached some important levels. The winter wheat classes are above recent year highs and are now trading at 6-year highs; the exception is spring wheat. While the HRS class has rallied over \$1.00 in the past two months, it has yet to breach a long-term downtrend and it has not yet exceeded the highs of 2017. We think this class of wheat has the most potential for further gains.

Last month we noted that the Russian government was initiating export duties on sunflowers and we feared that would expand to wheat, so we lifted the majority of our hedges. They have now imposed severe export levees on wheat and that has caused all classes of wheat to rise. There is still plenty of wheat in the world, but there is less wheat for sale in the world. It seems that both importers and exporters are attempting to build reserve stocks. That should direct more export business to the US eventually.

Specific to spring wheat, however, is the upcoming acreage battle. It is drastically undervalued when compared to Canola, soybeans and corn. There is room for another \$1.00 in price advancement in the spring wheat and we are positioned for that with a light futures position and calls fortifying our existing sales.

Having published our bullish position on wheat, it is still our job to protect these good prices, so we have recently begun selling into the respective rallies, so our net bushels hedged has increased in all classes of wheat since last month.

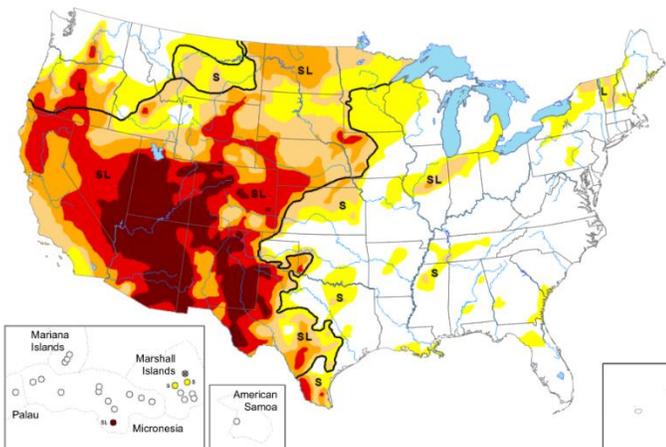
On HRS wheat, we are net 40% hedged.

On HRW we are net 60% hedged.

On SRW we are net 60% hedged.

Map released: January 14, 2021

Data valid: January 12, 2021



The US Drought monitor still shows a rough set up for HRW to come out of dormancy and also a lack of ground moisture for potential HRS acres.

SRW acres (generally East of the Mississippi) look to be under no threat at this time.



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Weekly Market Valuations As of 01/19/21

Contract	Pricing Period	Futures Month	Current Market Valuation
Pro Advantage - 2022 Corn (2 yr)	12/2020 - 09/2022	Dec 2022	\$ 4.1200
Pro Advantage - 2021 Corn (1 yr)	12/2020 - 09/2021	Dec 2021	\$ 4.4037
Pro Advantage - 2021 Corn (1yr)	09/2020 - 09/2021	Dec 2021	\$ 4.1675
Pro Advantage - 2021 Corn (2 yr)	01/2020 - 09/2021	Dec 2021	\$ 4.1323
Pro Advantage - 2022 Corn (2yr)	09/2020 - 09/2021	Dec 2022	\$ 4.1054
Pro Advantage - 2021 July Corn	12/2020 - 06/2021	Jul 2021	\$ 4.7829
Pro Advantage - 2022 Soybeans (2 yr)	12/2020 - 09/2022	Nov 2022	\$ 10.5800
Pro Advantage - 2021 Soybeans (1 yr)	12/2020 - 09/2021	Nov 2021	\$ 11.3676
Pro Advantage - 2021 Soybeans (2 yr)	01/2020 - 09/2021	Nov 2021	\$ 10.0807
Pro Advantage - 2021 Soybeans (1yr)	09/2020 - 09/2021	Nov 2021	\$ 10.5451
Pro Advantage - 2022 Soybeans (2yr)	09/2020 - 09/2021	Nov 2022	\$ 10.5800
Pro Advantage - 2021 July Soybeans	12/2020 - 06/2021	Jul 2021	\$ 12.7690
Pro Advantage - 2020 Spring Wheat (2 yr)	12/2020 - 08/2022	Sep 2022	#N/A
Pro Advantage - 2020 Spring Wheat (1 yr)	12/2020 - 08/2021	Sep 2021	\$ 6.4084
Pro Advantage - 2021 Spring Wheat (2 yr)	01/2020 - 08/2021	Sep 2021	\$ 6.3562
Pro Advantage - 2022 HRW Wheat (2 yr)	09/2020 - 05/2022	Jul 2022	\$ 5.8554
Pro Advantage - 2021 HRW Wheat (2 yr)	08/2019 - 05/2021	Jul 2021	\$ 5.6370
Pro Advantage - 2020 HRW Wheat (1 yr)	09/2020 - 05/2021	Jul 2021	\$ 6.2523
Pro Advantage - 2020 SRW Wheat (2 yr)	09/2020 - 05/2022	Jul 2022	\$ 6.1733
Pro Advantage - 2021 SRW Wheat (1 yr)	09/2020 - 05/2021	Jul 2021	\$ 6.2350
Pro Advantage - 2021 SRW Wheat (2 yr)	08/2019 - 05/2021	Jul 2021	\$ 6.3955



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