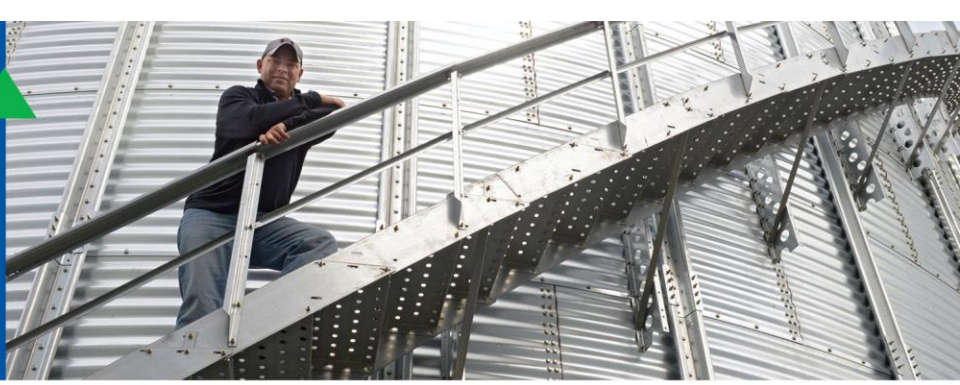




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Please visit our new website at <https://chshedging.com/clients/farmers-ranchers> for weekly marked-to-market price updates.

March 2021

Corn



The featured chart this month is July corn on a weekly basis. There is no lack of volatility as we continuously trade large ranges every week, but it is interesting to note that we have traded the price \$5.40 at least once every week since mid-January. There are a couple of technical warning signals on the corn chart: firstly, it did break the steep short-term uptrend and secondly; it has pierced the 50-day moving average on a couple of occasions. So far, the 50-day can still be considered support since it does not settle below that mark, but the fact that it is in play is troublesome since it has held for 8-months.

The USDA released its monthly WASDE report for March and basically kept everything the same from a fundamental perspective. That was expected and the market has been relatively stable since that report. There will be no new crop 2021/2022 outlook by the USDA until the May release. The next big thing will be the March 31st quarterly stocks report and acreage estimate report. Both are important, but the USDA generally reserves large adjustments to stocks for the June and September reports, so we won't look for any big surprises there. If anything deserves attention there it will be the feed number, which we think is 250 million bushels too low. We have low confidence that they will make that



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change this month. The acreage number will be the focus of attention for the new crop. Keep in mind that 2019 and 2020 had massive prevent plant totals and since then, things have dried out. There is a legitimate possibility that we could see all US crop acreage rise by 10-15 million acres. Obviously high prices help too. It would be plausible that the USDA could print a 94-million-acre corn number at the end of the month. The market is expecting 92 million.

These are very good prices and we are taking a more defensive posture going into the March 31st report. If the charts look bullish after that, we will adjust accordingly, but we think it prudent to be well covered going into the end of March.

For the old crop July program, we are roughly 80% sold. The December 21 programs are at 60% and we have waded into a 30% coverage level for the December 22 programs.

Soybeans



We have presented the July soybean chart without clutter; it is in an obvious uptrend and keeping distance above the 50-day moving average. So far, this chart remains bullish but the momentum is waning; evident in the flattening out of the 50-day MA and the fact that we are making occasional new highs, but not advancing the price from where we have traded in January. The soybean chart looks to be the most promising of the group, but here too we think it prudent to be more defensive as we approach the acreage report.



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The US soybean export program should be winding down dramatically at this time. The crush program will continue, but soy meal has been very weak for the past 2 months as the board crush has been carried by a very powerful rally in bean oil.

The all-time record number for soybean acres planted is 90.1 million back in 2017/2018. November beans are currently trading \$2.00/bu higher than they were that year, so assuming higher acres than the average analyst estimate of 90.0 will influence our positioning going into that report.

We are a bit more advanced on our coverage this month than we were last month. The July bushels are fully covered here, but we will lighten up if the market sinks. We increased coverage by 20% and now sit at about 60% short for the November 21 programs. We have begun the 2022 programs and sit at 30% covered.

Wheat



This chart is of Minneapolis Spring wheat using the front month July, but all months look like this. There was roughly a 60-cent rally from December to January and the spring wheat has since been consolidating near the \$6.40 range. Of the 3 classes of wheat, HRS has the best fundamental outlook as it has to compete for acres in the US and Canada against strong return outlooks for Corn, Soybeans and Canola. We remain optimistic that the HRS wheat has more upside price potential than the other markets.



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HRW Wheat July



SRW Wheat July



The winter wheat contracts have been very disappointing over the past month. With the arctic cold weather in February that we covered here, it had every opportunity to rally the market. Instead the snow has melted, and the market has completely downplayed any damage. The crop ratings are just a couple of percentages lower than last year despite record cold temperatures. We contend that yields will be affected, but for now the market is having none of it.

The result is that both winter wheat contracts (above) are doing chart damage to their respective uptrends. Both are below the 50-day moving averages, an important mark for fund investment managers, and are now in the vicinity of the 100-day.

The winter wheat contracts will settle in about 8-weeks, so we need to be diligent in protecting our pricing. We have gone to a heavily sold stance on the July 21 winter wheat crops, roughly 80%. We are now 50% sold on the July 22 programs. We will lighten up on a larger move lower and continue to trade these programs.

The spring wheat is a different story and we want to maintain a decent sized exposure to higher prices. We are 50% sold on Sep 21 spring wheat and only about 20% sold on Sep 22.

Summary:

| 2021 Programs: | 2022 Programs |
|--------------------------------------|--------------------------------------|
| On HRS wheat, we are net 50% hedged. | On HRS wheat, we are net 20% hedged. |
| On HRW we are net 100% hedged. | On HRW we are 50% hedged. |
| On SRW we are net 100% hedged. | On SRW we are 50% hedged. |



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Weekly Market Valuations

As of 03/15/21

| Contract | Pricing Period | Futures Month | Current Market Valuation |
|--|-------------------|---------------|--------------------------|
| Pro Advantage -2022 Corn (2 yr) | 12/2020 - 09/2022 | Dec 2022 | \$ 4.3216 |
| Pro Advantage -2021 Corn (1 yr) | 12/2020 - 09/2021 | Dec 2021 | \$ 4.5719 |
| Pro Advantage - 2021 Corn (1yr) | 09/2020 - 09/2021 | Dec 2021 | \$ 4.2340 |
| Pro Advantage - 2021 Corn (2 yr) | 01/2020 - 09/2021 | Dec 2021 | \$ 4.2387 |
| Pro Advantage - 2022 Corn (2yr) | 09/2020 - 09/2021 | Dec 2022 | \$ 4.2941 |
| Pro Advantage - 2021 July Corn | 12/2020 - 06/2021 | Jul 2021 | \$ 4.9244 |
| Pro Advantage -2022 Soybeans (2 yr) | 12/2020 - 09/2022 | Nov 2022 | \$ 11.3899 |
| Pro Advantage - 2021 Soybeans (1 yr) | 12/2020 - 09/2021 | Nov 2021 | \$ 11.9387 |
| Pro Advantage - 2021 Soybeans (2 yr) | 01/2020 - 09/2021 | Nov 2021 | \$ 10.4072 |
| Pro Advantage - 2021 Soybeans (1yr) | 09/2020 - 09/2021 | Nov 2021 | \$ 10.9006 |
| Pro Advantage - 2022 Soybeans (2yr) | 09/2020 - 09/2021 | Nov 2022 | \$ 11.3881 |
| Pro Advantage - 2021 July Soybeans | 12/2020 - 06/2021 | Jul 2021 | \$ 13.0854 |
| Pro Advantage - 2020 Spring Wheat (2 yr) | 12/2020 - 08/2022 | Sep 2022 | \$ 6.2500 |
| Pro Advantage - 2020 Spring Wheat (1 yr) | 12/2020 - 08/2021 | Sep 2021 | \$ 6.3873 |
| Pro Advantage - 2021 Spring Wheat (2 yr) | 01/2020 - 08/2021 | Sep 2021 | \$ 6.3323 |
| Pro Advantage - 2022 HRW Wheat (2 yr) | 09/2020 - 05/2022 | Jul 2022 | \$ 5.8962 |
| Pro Advantage - 2021 HRW Wheat (2 yr) | 08/2019 - 05/2021 | Jul 2021 | \$ 5.5552 |
| Pro Advantage - 2020 HRW Wheat (1 yr) | 09/2020 - 05/2021 | Jul 2021 | \$ 6.2733 |
| Pro Advantage - 2020 SRW Wheat (2 yr) | 09/2020 - 05/2022 | Jul 2022 | \$ 6.1517 |
| Pro Advantage - 2021 SRW Wheat (1 yr) | 09/2020 - 05/2021 | Jul 2021 | \$ 6.4039 |
| Pro Advantage - 2021 SRW Wheat (2 yr) | 08/2019 - 05/2021 | Jul 2021 | \$ 6.3266 |



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