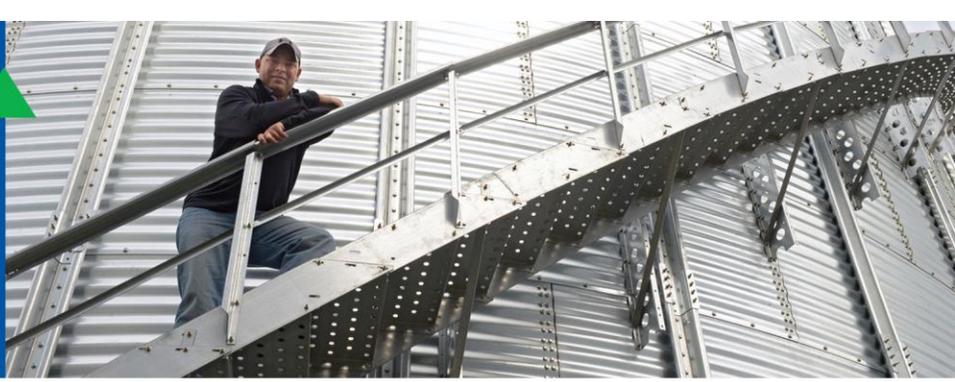




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Please visit our new website at <https://chshedging.com/clients/farmers-ranchers> for weekly marked-to-market price updates.

July 2021

Corn



The ascending lines on the chart are a weekly representation of the 50-day, 100-day and 200-day moving averages (from top to bottom). The corn market has been holding the 50-day line on a settlement basis since August of last year. This week, Thursday, it resoundingly blew right through it. This is what a weather market looks like, there will be huge volatility in both directions. We spoke of this in last month's report and we expect this to continue throughout the summer. Interesting that it landed right on the 38% retracement line. This is a logical place to bounce.

The June USDA provided few surprises to the market but left smaller balance sheets in old crop corn and that spilled into new crop ending stocks. There was no adjustment to yield. On June 30th, we will get a 'final' acreage estimate and the industry is expecting 94-95 million acres as opposed to the current government estimate of 91.1. There is also a quarterly stocks number released that day and those can be big movers. We expect that the feed number is underrepresented in the current balance sheet and will be adjusted on this report. Yield will not be addressed until the July Wasde report two weeks later.



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The hot and dry conditions in the western Corn belt are hurting the corn yield prospects, but it is too early to tell by how much. The cob rows are developed at this point in the growing season and much of the country is hot and dry, so we think that will show up on yield. But as we have seen this week, if there is rain in the forecast for the 'I' states, the market will sell first and ask question later. These are not fun markets, but that is why we are doing this for you.

It is possible that the highs are behind us, but it is more likely, in our view, that they are not. We have had a serious liquidation event this week and it has hurt the price, but the major weather is still in front of us. We were well positioned for a drop in prices for this time of year.

For the old crop July program, which is up next week, we are roughly 90% hedged with puts and futures. The December 21 programs are roughly 70% net sold between options and futures and we have waded into a 30% coverage level for the December 22 programs.

Soybeans



July Beans actually surpassed the retracement levels we talked about last month and did the majority of that move in 1 day. November beans above, made a hard run at the 38% Fibonacci Retracement (red). These are normal moves in any market, but it definitely feels worse when it happens all at once. Thursday June 17, 2021 was the single biggest one-day loss in the soybean market ever; down \$1.19.



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The big problem here is the new conversation that the government opened up about looking into the RFS standards again and it specifically hits the bio-diesel market hard, or at least it could. At the moment it is just talk as far as we can tell, and the rumor is 1 week old as of this writing. At any sign of uncertainty, the funds will sell first and ask question later. Regarding this price collapse, the responsibility lies squarely on the shoulders of the government. Soybean weather is still 2-months away, but rain helps of course.

The June WASDE report lowered crush by 15 mbu and that was magnified by the RFS talk the next day.

For July beans we were 100% covered with puts, but with the violent move lower, we had some sold puts get into play. We have been managing that on Thursday, but that will bite the price by a bit this week. After Thursday's collapse we are attempting to open up the upside for next week. We will have a good price for you next week.

For November bean programs we are using options and were 90% covered going into Thursday. We lifted about 30% after the collapse on Thursday. We want to keep the topside open again since we reached a target purchase price.

November 22 programs are roughly 25% priced and more open to market fluctuations.

Wheat





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The main chart is of Minneapolis wheat daily – above. This class of wheat will not look like anything else this summer. Even on the biggest down day of soybeans in history and corn down the limit, HRS wheat was only down 10-cents. The US crop is going to be very small and it is no longer possible to be saved by rain. We have taken the recent drop in prices to load up on calls. We still have put coverage in case something happens, but HRS wheat will separate from everything.



The only winter wheat programs now are settling in July 2022, so there is a lot of time to trade those bushels. We think spring wheat will drag those up to some extent but there is a good amount of global wheat on hand and the winter wheat contracts are traded by global participants. There should be less volatility here.

The spring wheat has a supply story and we want to maintain a decent sized exposure to higher prices.

Summary: The percentage noted is a net delta including options.

2021 Programs:	2022 Programs
On HRS wheat, we are net 40% hedged. We have recently added more calls.	On HRS wheat, we are net 30% hedged. On HRW we are 30% hedged. On SRW we are 30% hedged.



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Weekly Market Valuations

As of 06/15/21

Contract	Pricing Period	Futures Month	Current Market Valuation
Pro Advantage - 2022 Corn (2 yr)	12/2020 - 09/2022	Dec 2022	\$ 4.7841
Pro Advantage - 2021 Corn (1 yr)	12/2020 - 09/2021	Dec 2021	\$ 4.8633
Pro Advantage - 2021 Com (1yr)	09/2020 - 09/2021	Dec 2021	\$ 4.6919
Pro Advantage - 2021 Com (2 yr)	01/2020 - 09/2021	Dec 2021	\$ 4.6964
Pro Advantage - 2022 Com (2yr)	09/2020 - 09/2022	Dec 2022	\$ 4.6786
Pro Advantage - 2021 July Corn	12/2020 - 06/2021	Jul 2021	\$ 5.6703
Pro Advantage - 2022 Soybeans (2 yr)	12/2020 - 09/2022	Nov 2022	\$ 12.1457
Pro Advantage - 2021 Soybeans (1 yr)	12/2020 - 09/2021	Nov 2021	\$ 12.5590
Pro Advantage - 2021 Soybeans (2 yr)	01/2020 - 09/2021	Nov 2021	\$ 11.1296
Pro Advantage - 2021 Soybeans (1yr)	09/2020 - 09/2021	Nov 2021	\$ 11.1183
Pro Advantage - 2022 Soybeans (2yr)	09/2020 - 09/2022	Nov 2022	\$ 12.1346
Pro Advantage - 2021 July Soybeans	12/2020 - 06/2021	Jul 2021	\$ 13.9456
Pro Advantage - 2020 Spring Wheat (2 yr)	12/2020 - 08/2022	Sep 2022	\$ 6.9182
Pro Advantage - 2020 Spring Wheat (1 yr)	12/2020 - 08/2021	Sep 2021	\$ 6.2608
Pro Advantage - 2021 Spring Wheat (2 yr)	01/2020 - 08/2021	Sep 2021	\$ 6.5510
Pro Advantage - 2022 HRW Wheat (2 yr)	09/2020 - 05/2022	Jul 2022	\$ 6.1893
Pro Advantage - 2020 SRW Wheat (2 yr)	09/2020 - 05/2022	Jul 2022	\$ 6.5110



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