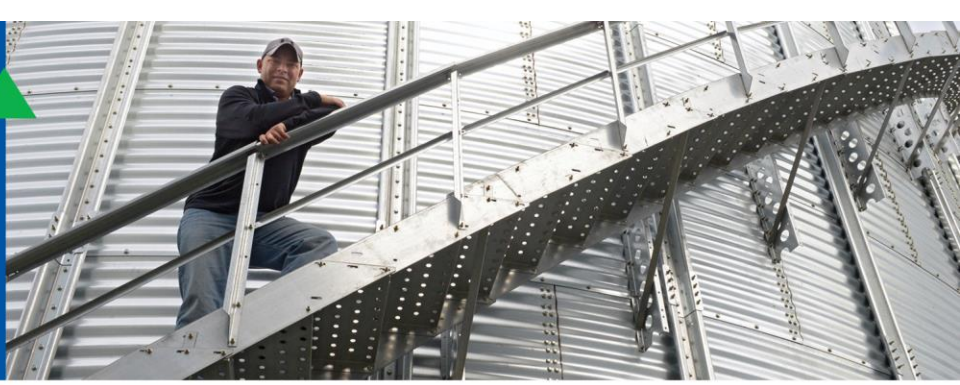




CHS Pro Advantage



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

July 2021

Corn



The new crop corn market has found support, twice, at the 50% retracement line. We now sit solidly in the middle of the 3-month range and the market looks fairly priced at these levels (\$5.65) with what we know today. What we think we know today is the carry-in from last year, the acres planted and the government estimates on usage. What we do not know is the yield, so it is a good exercise to take a look at some scenarios.

On the following page you will find a table with low yield, trendline yield and high yields. For the sake of comparison, we left the entire demand side of the balance sheet alone on this exercise. That is not how it works in the real world, but it works for illustration purposes. In truth, a low yield scenario will cause prices to rise in order to ration out some demand and the opposite is true in a high yield case.

We are in the midst of the yield determining weather and the picture will become clearer as the weeks progress. Right now, we are right in the middle with a trendline yield as the most likely case.

This material has been prepared by a sales or trading employee or agent of CHS Hedging, LLC and should be considered a solicitation. This communication may contain privileged and/or confidential information and is intended only for the use of the individual or entity to which it is addressed. If the reader of this message is not the intended recipient, you are hereby notified that any unauthorized dissemination, distribution, and/or use of this communication is strictly prohibited. CHS Hedging, LLC makes no representation or warranty regarding the correctness of any information contained herein, or the appropriateness of any transaction for any person. There is a risk of loss when trading commodity futures and options. © 2020 CHS Hedging, LLC CHS Hedging, LLC is a subsidiary of CHS Inc. chsproadvantage@chsinc.com





CHS Pro Advantage



S&D Estimates	Low Yield	Trend Yield	High Yield
	21-22	21-22	21-22
Planted Acres	92.7	92.7	92.7
Harvested Acres	84.5	84.5	84.5
Yield	172.0	179.5	182.0
Unharvested %			
Sept 1 Stocks	1,107	1,107	1,107
Production and Imports	14,534	15,168	15,379
	30	30	30
Total Supply	15,671	16,305	16,516
Feed	5,800	5,800	5,800
F/S/I	6,725	6,725	6,725
Domestic Use	12,525	12,525	12,525
Exports	2,200	2,200	2,200
Total Usage	14,725	14,725	14,725
Carry-Out	946	1,580	1,791
	S/U	S/U	S/U
	6.42%	10.73%	12.16%

1.5 billion bushels probably translates to a December board price of \$4.80 in today's environment, so the market is currently pricing in some weather premium. There is some serious stress in some parts of the western corn belt and some very dry soil under good crops in the middle of corn country. This crop can certainly go backwards. We think the high yield case is unlikely. Note the VHI below. LY yield was 172.

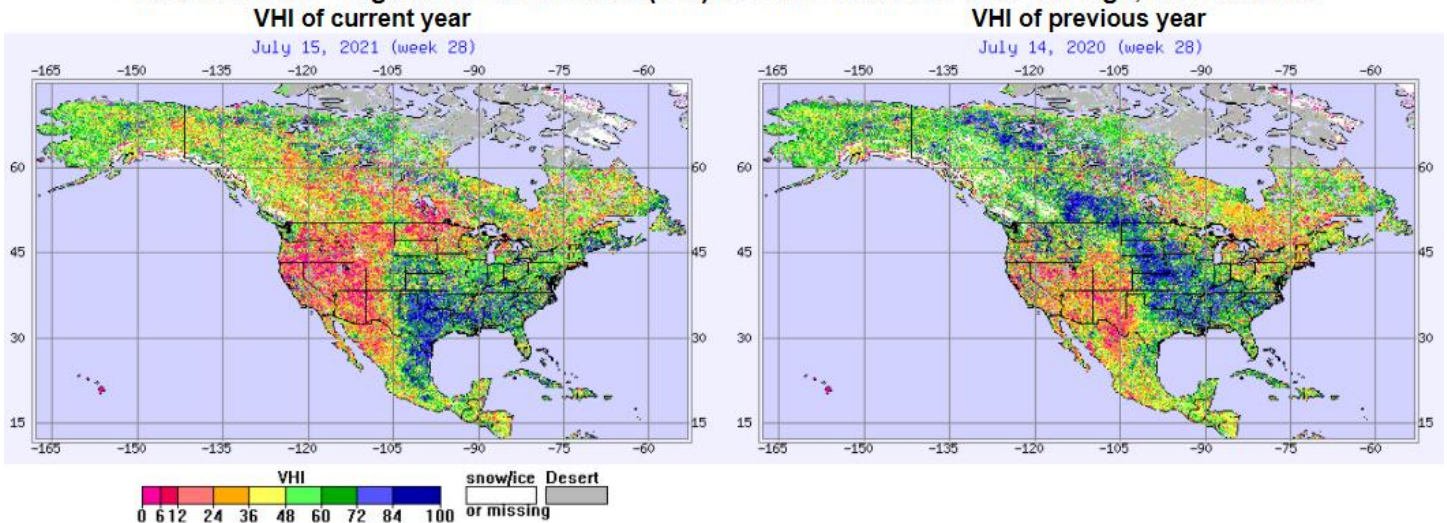
So that has us keeping upside potential open as our strategy, but the clock is ticking. Seasonal patterns are decidedly in favor of lower prices, but seasonal patterns were exactly wrong last year so they hold less water.

We will be ramping up our hedge percentages

soon, but for now we wish to keep upside potential on our books.

The December 21 programs are roughly 60% net sold between options and futures and we have waded into a 30% coverage level for the December 22 programs.

North America - Vegetation Health Index (VHI): Current Week and One Year Ago, 2021 week 28

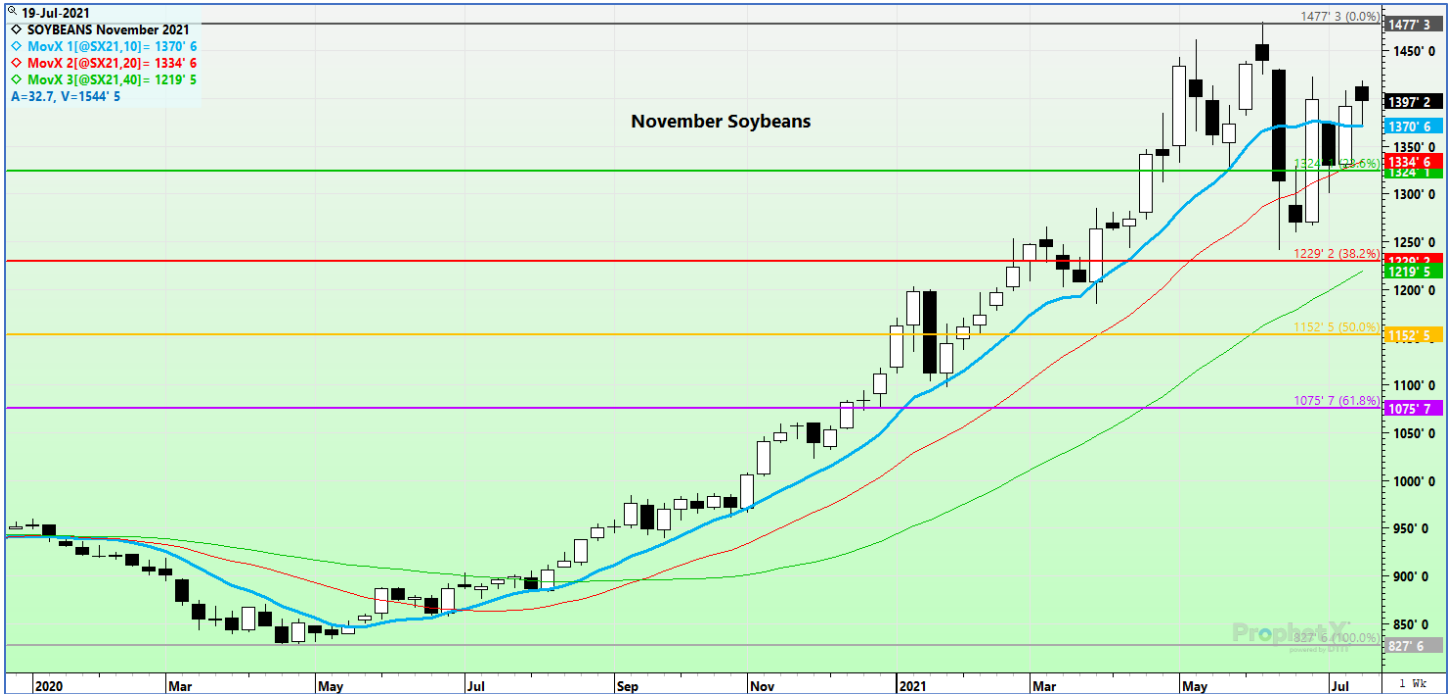




CHS Pro Advantage



Soybeans



Soybeans	USDA	Lo Yield	Trend	Hi Yield
Planted Acres	87.6	87.6	87.6	87.6
Harvested Acres	86.8	86.8	86.8	86.8
Yield	50.8	46.0	50.8	53.0
Sept 1 Stocks	115	115	115	115
Production	4,409	3,992	4,409	4,600
Imports	25	25	25	25
Total Supply	4,549	4,132	4,549	4,740
Crush	2,225	2,225	2,225	2,225
Exports	2,075	2,075	2,075	2,075
Seed	104	104	104	104
Residual	15	15	15	15
Total Usage	4,419	4,419	4,419	4,419
Carry-Out	130	-287	130	321
Stocks/Use Ratio	2.94%	-6.49%	2.94%	7.26%

Soybeans have held the majority of their rally and when forced to pull back, bounced at the 38% retracement. This is because there is almost no practical case that can be made to get soybeans into a 'loose' condition on the balance sheet. A high yield looks totally out of the question with the NE 1/3 of the bean belt under duress.

The bean price looks right here and may go higher if August turns hotter than average by as little as 2F, which is in the forecast for now.

Long term forecasts are poor at best, but the lingering drought and high temperatures are already hurting ND, SD and MN and those states account for 24% of the national acres.

There is a real risk that we lose footing during this time of year, but with the balance sheet looking this tight we think new highs are likely before the bottom falls out of the market.



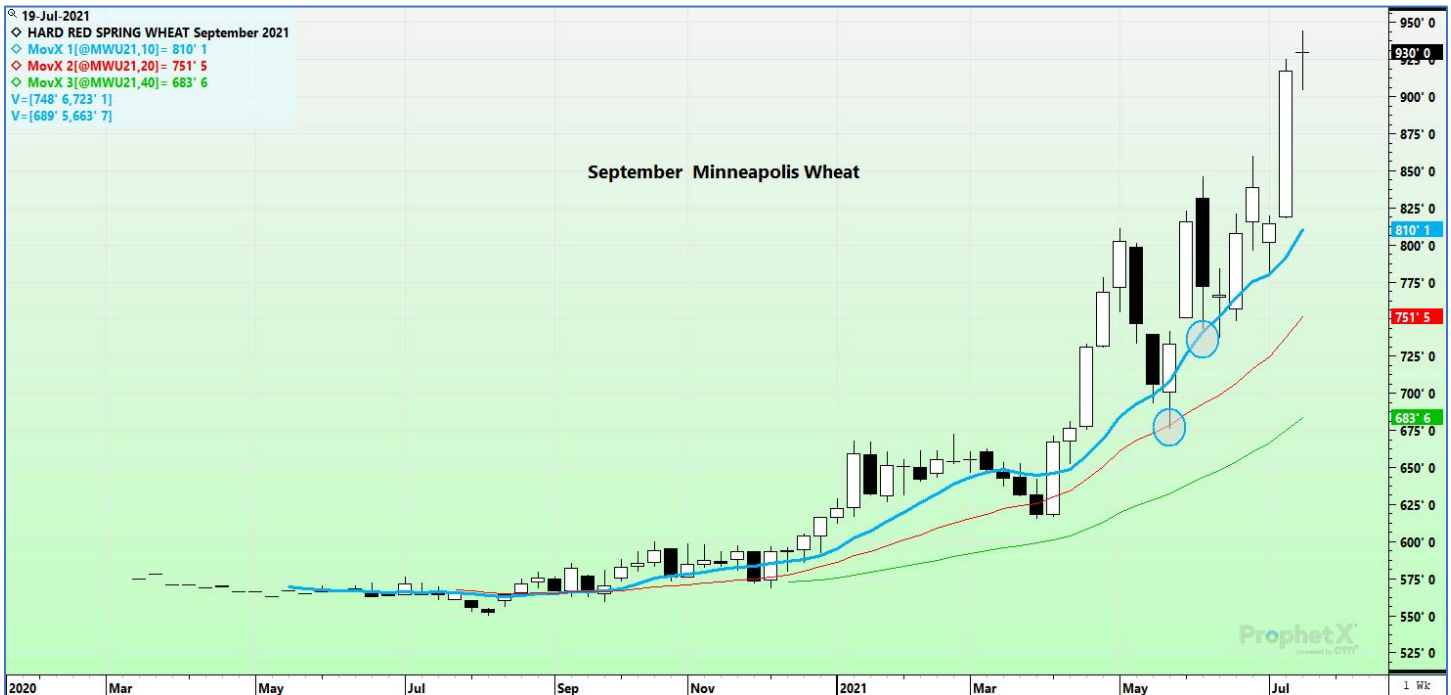
CHS Pro Advantage



For November bean programs we are using options and were 90% covered with puts. That still leaves price appreciation open if the market wants to go higher.

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

Wheat



The main chart is of Minneapolis wheat daily – above. We finally got the charge higher that we have been talking about for months. We were prepared for this with some call spreads protecting our small existing sales and managed to increase our marked-to-market prices by a significant amount over the past month. Spring wheat prices will settle in about 5 weeks, but we are seeing some harvest come in so there may actually be a small bit of hedge pressure to deal with. Even at \$9.00 we think this commodity is underpriced. The growing season has been awful and is not getting better. We will manage the upside as best we can from here.



CHS Pro Advantage



SRW Wheat July 2022



HRW Wheat July 2022

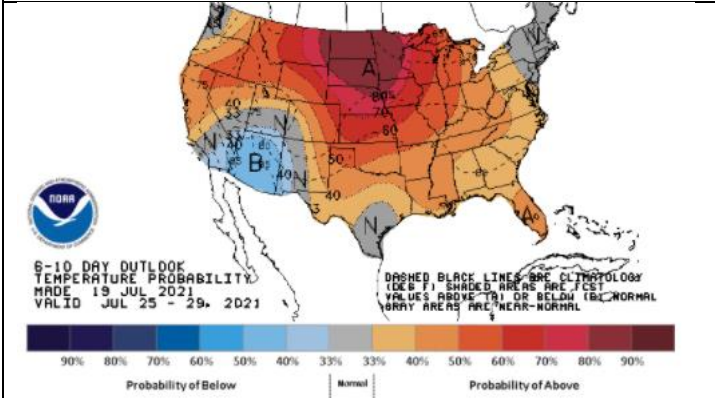


The only winter wheat programs open currently are July 2022, so there is a lot of time to trade those bushels. We think spring wheat will drag those up to some extent but there is a good amount of global wheat on hand and the winter wheat contracts are traded by global participants. There should be less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

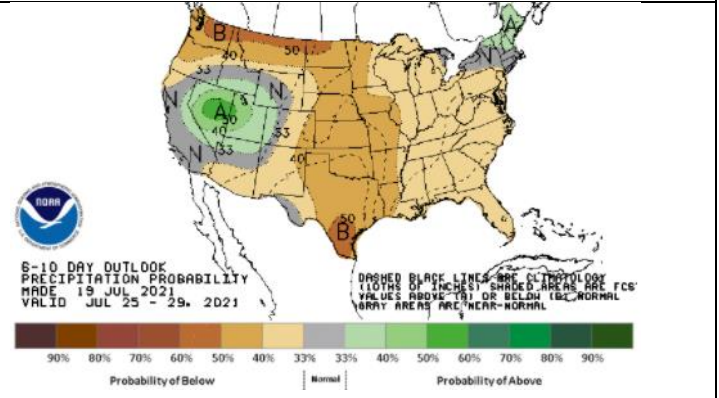
Summary: The percentage noted is a net delta including options.

2021 Programs:	2022 Programs
On HRS wheat, we are net 40% hedged.	On HRS wheat, we are net 30% hedged. On HRW we are 30% hedged. On SRW we are 30% hedged.

NOAA 6-10 Day Temperature Outlook



NOAA 6-10 Day Precipitation Outlook





CHS Pro Advantage



CHS Pro Advantage



Weekly Market Valuations

As of 07/16/21

Contract	Pricing Period	Futures Month	Current Market Valuation
Pro Advantage -2022 Corn (2 yr)	12/2020 - 09/2022	Dec 2022	\$ 4.7032
Pro Advantage -2021 Corn (1 yr)	12/2020 - 09/2021	Dec 2021	\$ 4.7702
Pro Advantage - 2021 Corn (1yr)	09/2020 - 09/2021	Dec 2021	\$ 4.5801
Pro Advantage - 2021 Corn (2 yr)	01/2020 - 09/2021	Dec 2021	\$ 4.6184
Pro Advantage - 2022 Corn (2yr)	09/2020 - 09/2022	Dec 2022	\$ 4.6180
Pro Advantage -2022 Soybeans (2 yr)	12/2020 - 09/2022	Nov 2022	\$ 12.3612
Pro Advantage - 2021 Soybeans (1 yr)	12/2020 - 09/2021	Nov 2021	\$ 12.7106
Pro Advantage - 2021 Soybeans (2 yr)	01/2020 - 09/2021	Nov 2021	\$ 11.3238
Pro Advantage - 2021 Soybeans (1yr)	09/2020 - 09/2021	Nov 2021	\$ 11.5172
Pro Advantage - 2022 Soybeans (2yr)	09/2020 - 09/2022	Nov 2022	\$ 12.3467
Pro Advantage - 2020 Spring Wheat (2 yr)	12/2020 - 08/2022	Sep 2022	\$ 7.2720
Pro Advantage - 2020 Spring Wheat (1 yr)	12/2020 - 08/2021	Sep 2021	\$ 7.9462
Pro Advantage - 2021 Spring Wheat (2 yr)	01/2020 - 08/2021	Sep 2021	\$ 8.0487
Pro Advantage - 2022 HRW Wheat (2 yr)	09/2020 - 05/2022	Jul 2022	\$ 6.4733
Pro Advantage - 2020 SRW Wheat (2 yr)	09/2020 - 05/2022	Jul 2022	\$ 6.6250



This material has been prepared by a sales or trading employee or agent of CHS Hedging, LLC and should be considered a solicitation. This communication may contain privileged and/or confidential information and is intended only for the use of the individual or entity to which it is addressed. If the reader of this message is not the intended recipient, you are hereby notified that any unauthorized dissemination, distribution, and/or use of this communication is strictly prohibited. CHS Hedging, LLC makes no representation or warranty regarding the correctness of any information contained herein, or the appropriateness of any transaction for any person. There is a risk of loss when trading commodity futures and options. © 2020 CHS Hedging, LLC CHS Hedging, LLC is a subsidiary of CHS Inc. chsproadvantage@chsinc.com

