Fall/Winter Crop Outlook

November 18, 2020

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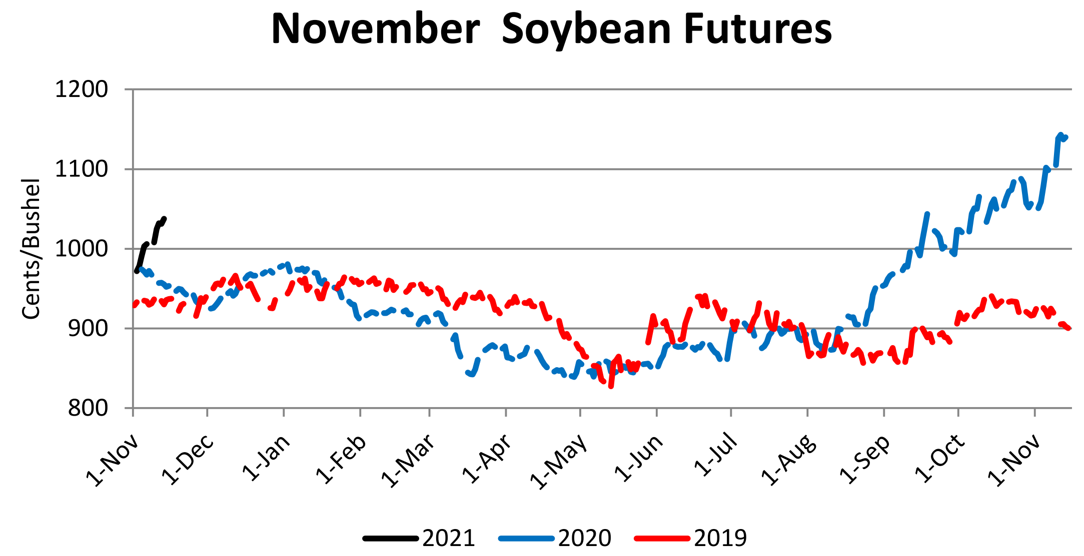
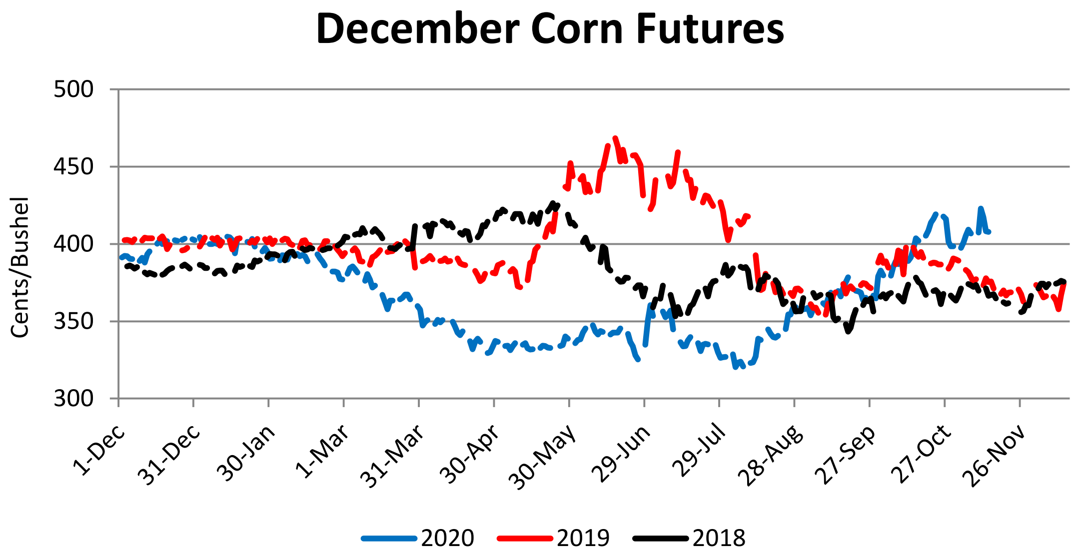
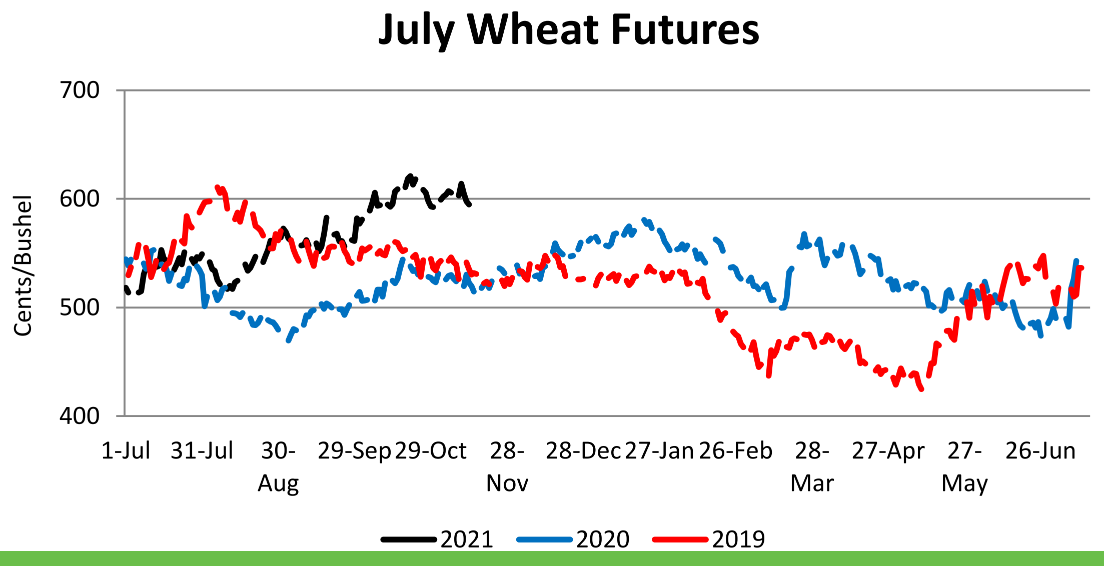
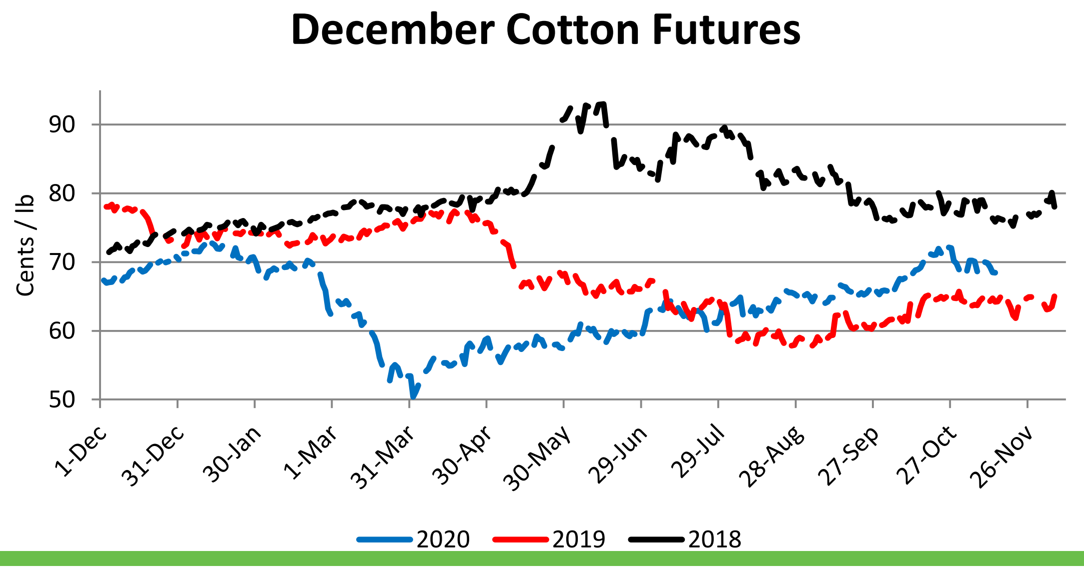
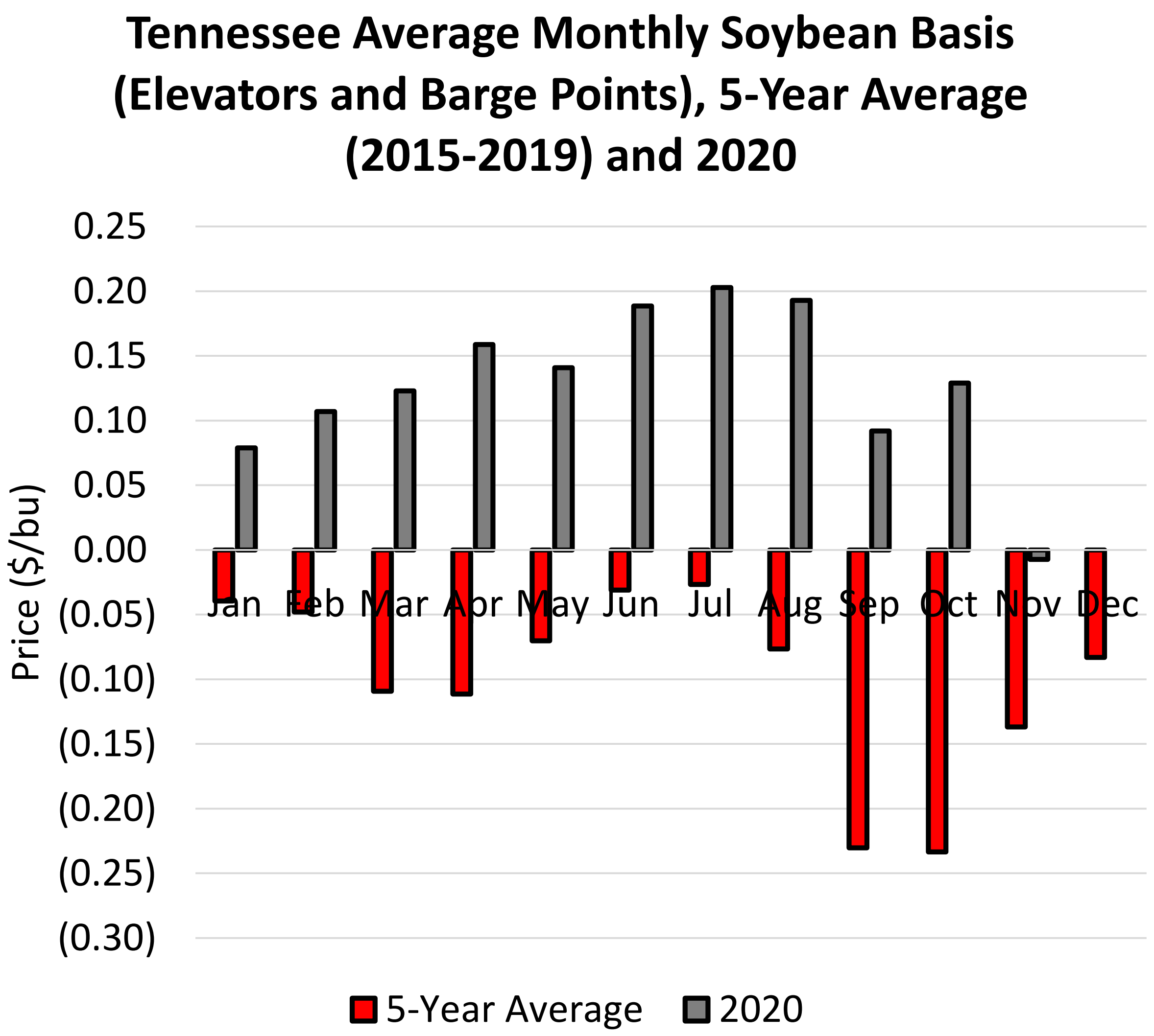

November Soybean Futures
Cents/Bushel
1200
1100
1000
900
800
1-Nov
1-Dec
1-Jan
1-Feb
1-Mar
1-Apr
1-May
1-Jun
1-Jul
1-Aug
1-Sep
1-Oct
1-Nov
2021
2020
2019

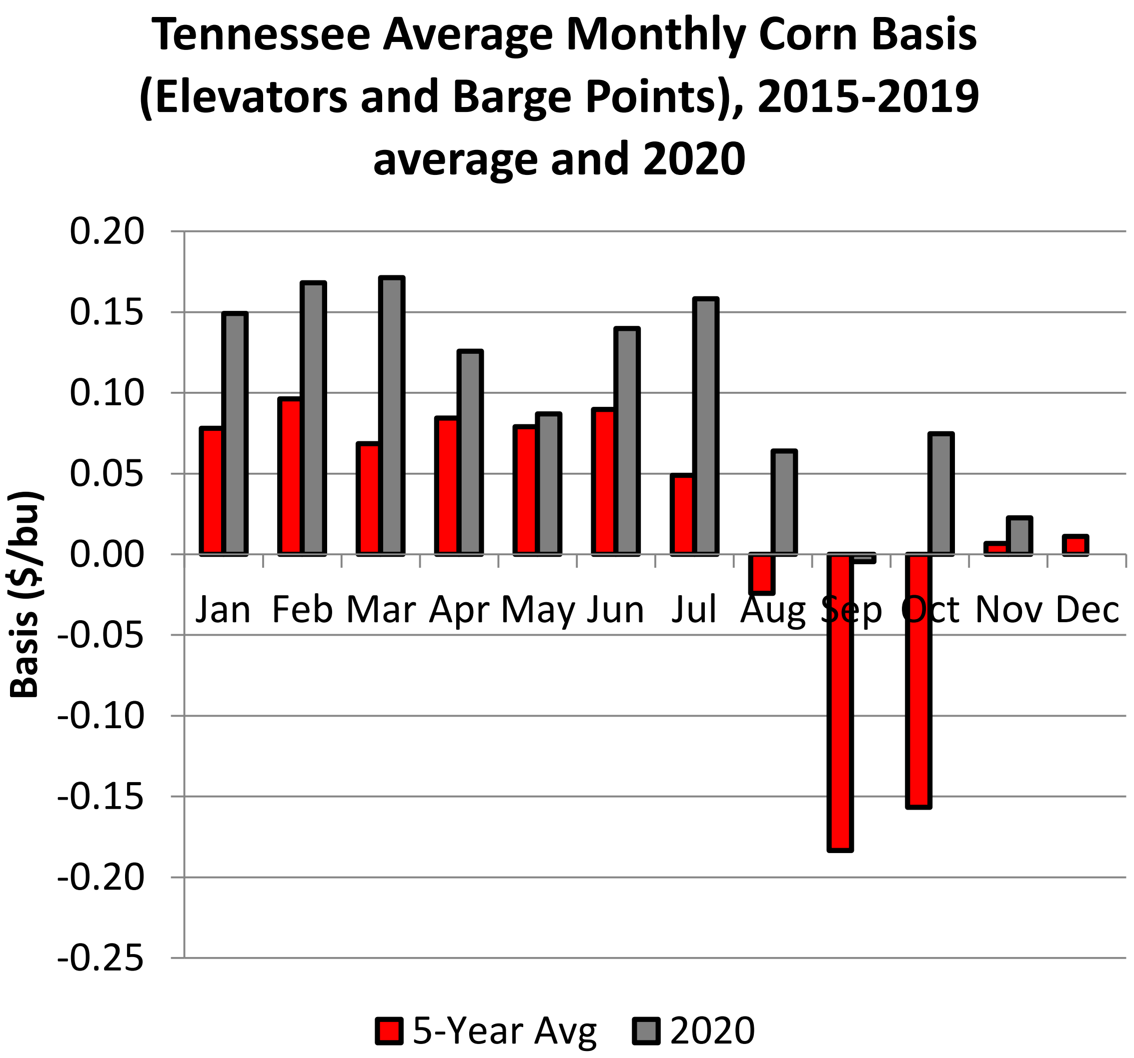

December Corn Futures
Cents/Bushel
500
450
400
350
300
1-Dec
31-Dec
30-Jan
1-Mar
31-Mar
30-Apr
30-May
29-Jun
29-Jul
28-Aug
27-Sep
27-Oct
26-Nov
2020
2019
2018


July Wheat Futures
Cents/Bushel
700
600
500
400
1-Jul
31-Jul
30-Aug
29-Sep
29-Oct
28-Nov
28-Dec
27-Jan
26-Feb
28-Mar
27-Apr
27-May
26-Jun
2021
2020
2019


December Cotton Futures
Cents / lb
90
80
70
60
50
1-Dec
31-Dec
30-Jan
1-Mar
31-Mar
30-Apr
30-May
29-Jun
29-Jul
28-Aug
27-Sep
27-Oct
26-Nov
2020
2019
2018



Tennessee Average Monthly Soybean Basis (Elevators and Barge Points), 5-Year Average (2015-2019) and 2020
0.25
0.20
0.15
0.10
0.05
0.00
(0.05)
(0.10)
(0.15)
(0.20)
(0.25)
(0.30)
Price ($/bu)
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
5-Year Average
2020



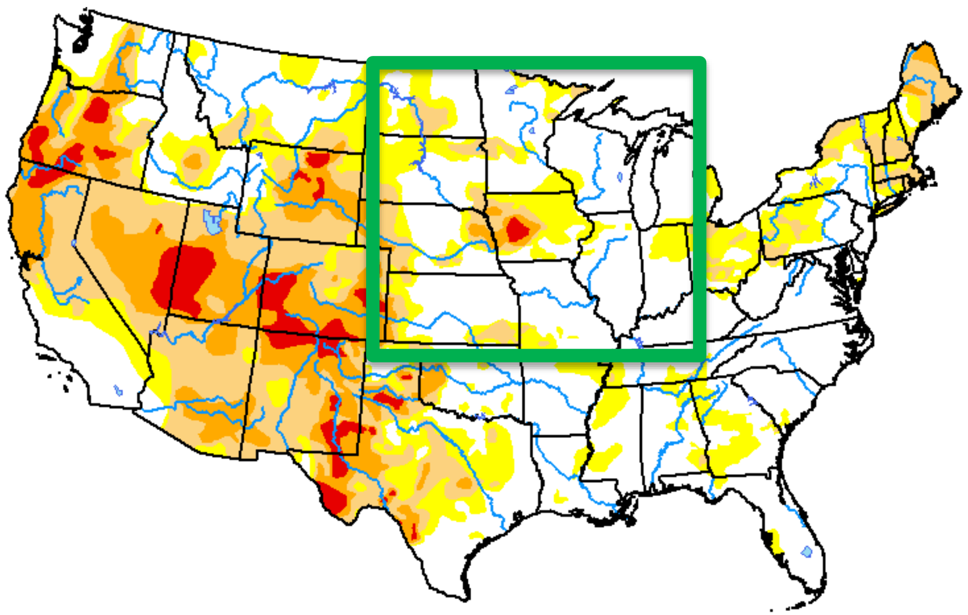
Tennessee Average Monthly Corn Basis (Elevators and Barge Points), 2015-2019 average and 2020
0.20
0.15
0.10
0.05
0.00
-0.05
-0.10
-0.15
-0.20
-0.25
Basis ($/bu)
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
5-Year Avg
2020

What caused the dramatic price increase over the past 3-months?

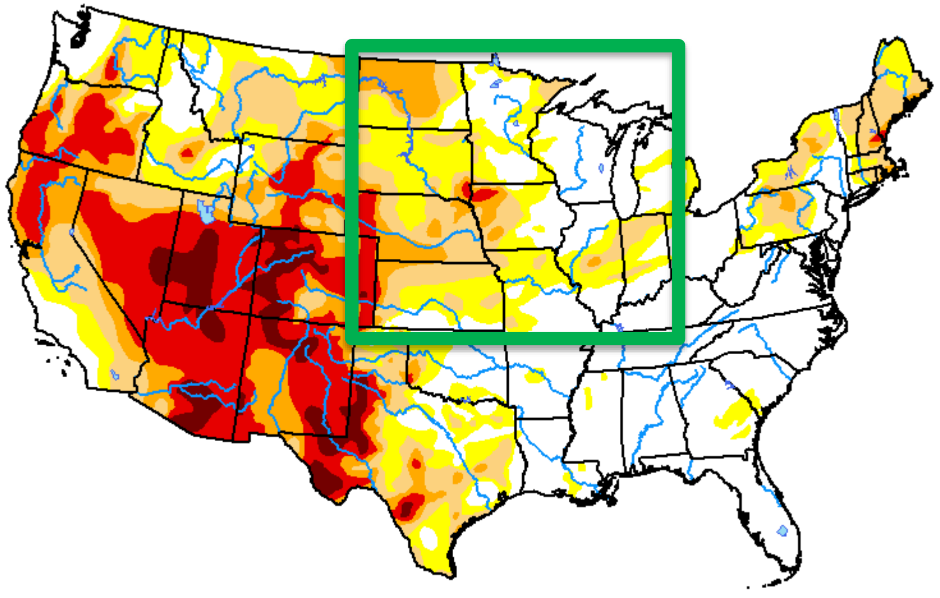
- Weather
  - Domestic – derecho, hurricanes, flash droughts
  - International – drought, delayed plantings
- Trade
  - Export sales
  - China Phase 1 commitment?

Drought in the West

August 11, 2020



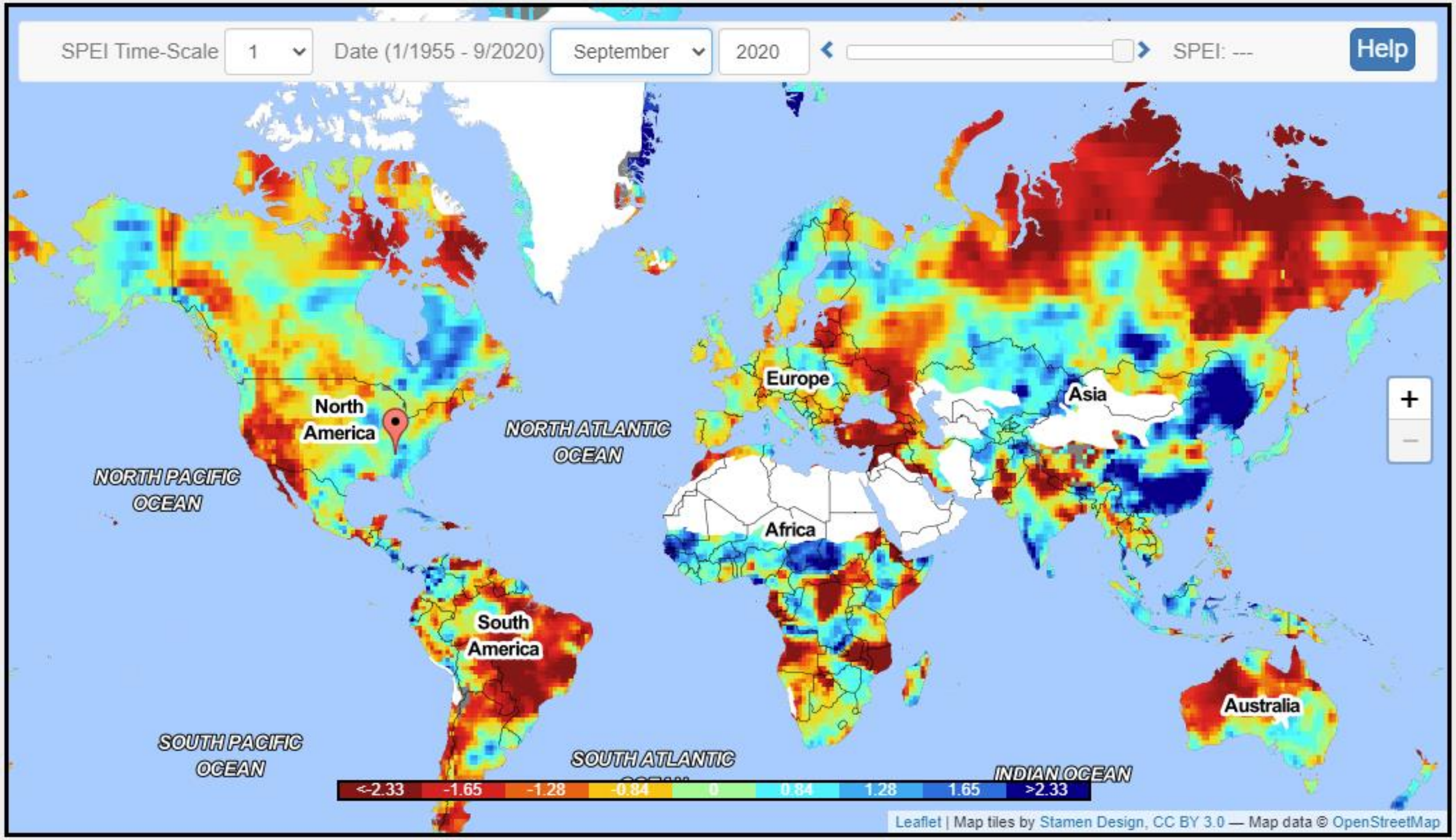
November 10, 2020

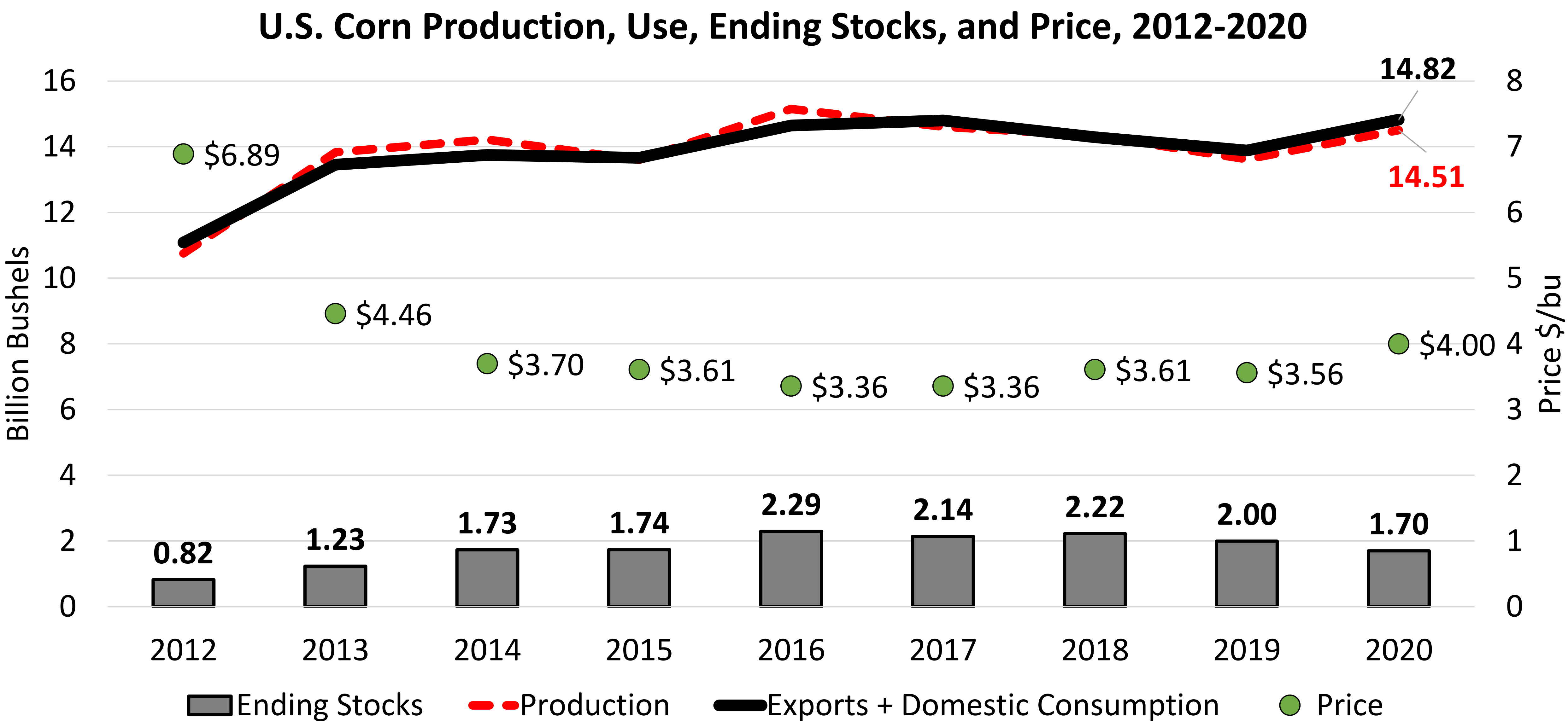


Iowa corn yield: August projection = 202.0 bpa (2.737 billion bu); November projection = 184 bpa (2.336 billion bu); 401 million bushel reduction (or about 3 x Tennessee's 2020 production)

SPEI Global Drought Monitor (September)

https://spei.csic.es/map/maps.html#months=0#month=8#year=2020




U.S. Corn Production, Use, Ending Stocks, and Price, 2012-2020
Billion Bushels
Price $/bu
16
14
12
10
8
6
4
2
0
8
7
6
5
4
3
2
1
0
$6.89
$4.46
$3.70
$3.61
$3.36
$3.36
$3.61
$3.56
$4.00
14.82
14.51
0.82
1.23
1.73
1.74
2.29
2.14
2.22
2.00
1.70
2012
2013
2014
2015
2016
2017
2018
2019
2020
Ending Stocks
Production
Exports + Domestic Consumption
Price

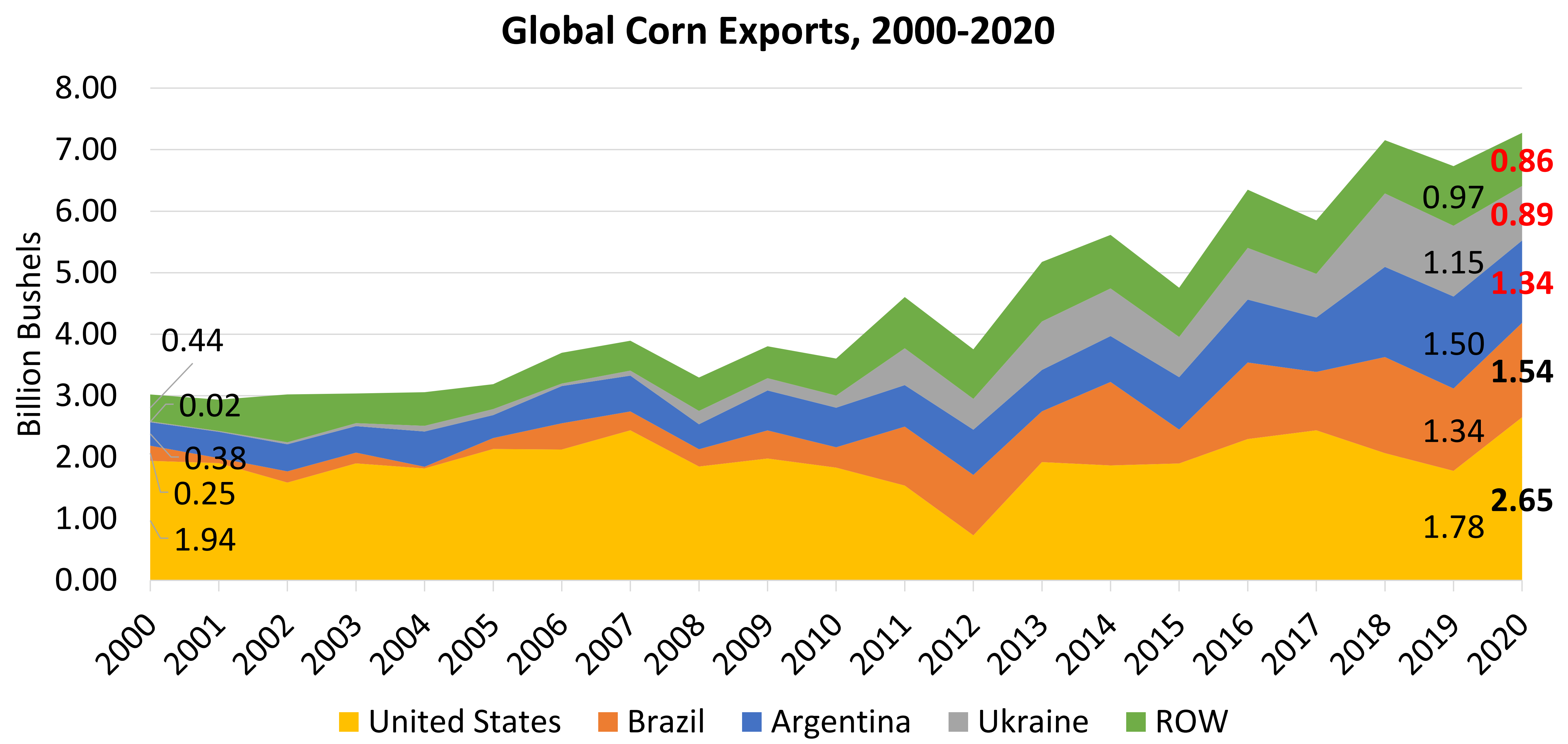
USDA Balance Sheet Changes November-May

	2020/21 Projected May	2020/21 Projected November	Change
Planted (Million)	97	91	**(6)**
Harvested (Million)	89.6	82.5	**(7.1)**
U.S. Avg. Yield (Bu/Acre)	178.5	175.8	**(2.7)**
Beg. Stocks	2,098	1,995	**(103)**
Production	15,995	14,507	**(1,488)**
Imports	25	25	0
Total Supply	18,118	16,527	**(1,591)**
Feed and Residual	6,050	5,700	**(350)**
Ethanol	5,200	5,050	**(150)**
Food, Seed & Industrial	1,400	1,425	**25**
Exports	2,150	2,650	**500**
Total Use	14,800	14,825	25
U.S. Ending Stocks	3,318	1,702	**(1,616)**
Foreign Stocks	10,052	9,771	**(281)**
U.S. Avg. Season Price ($/Bu)	$3.20	$4.00	**$0.80**
U.S. Stocks/Use	22%	11%	**(11%)**

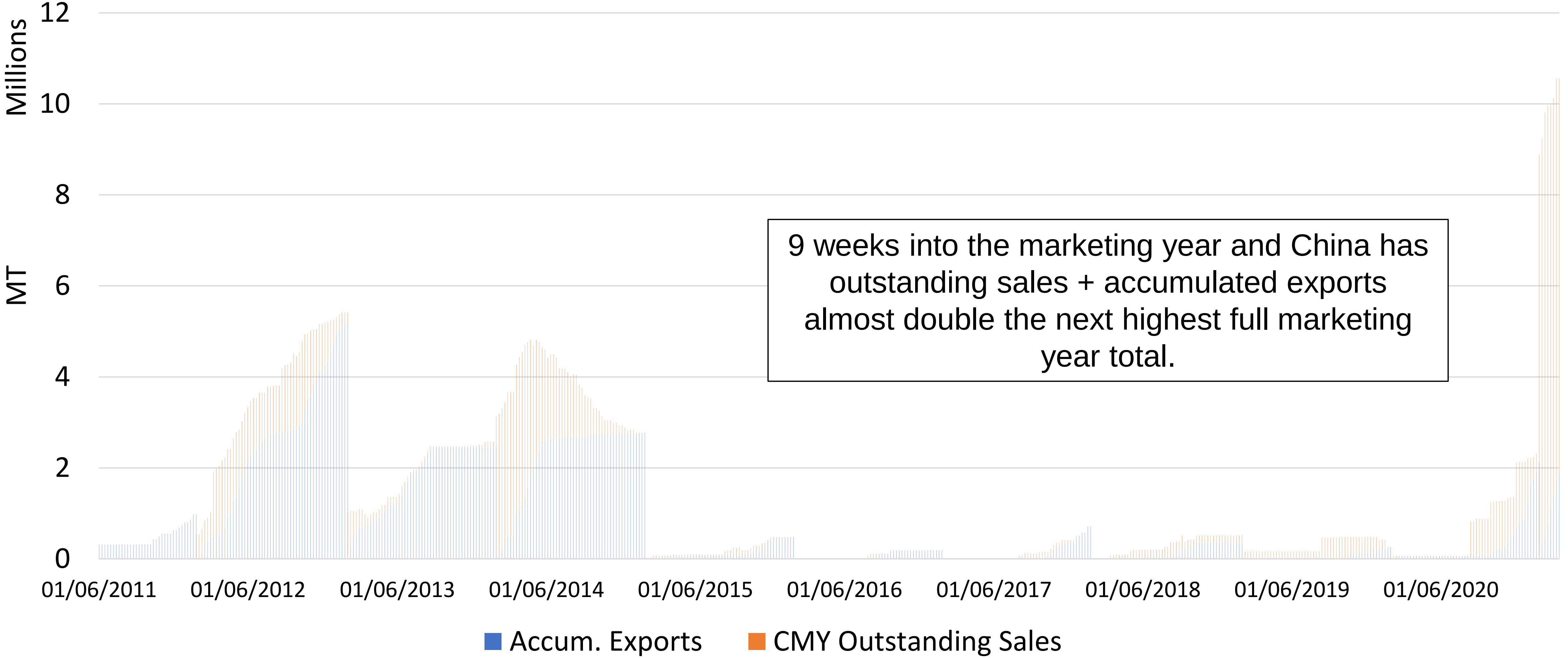
Change in USDA Estimates (November-May)

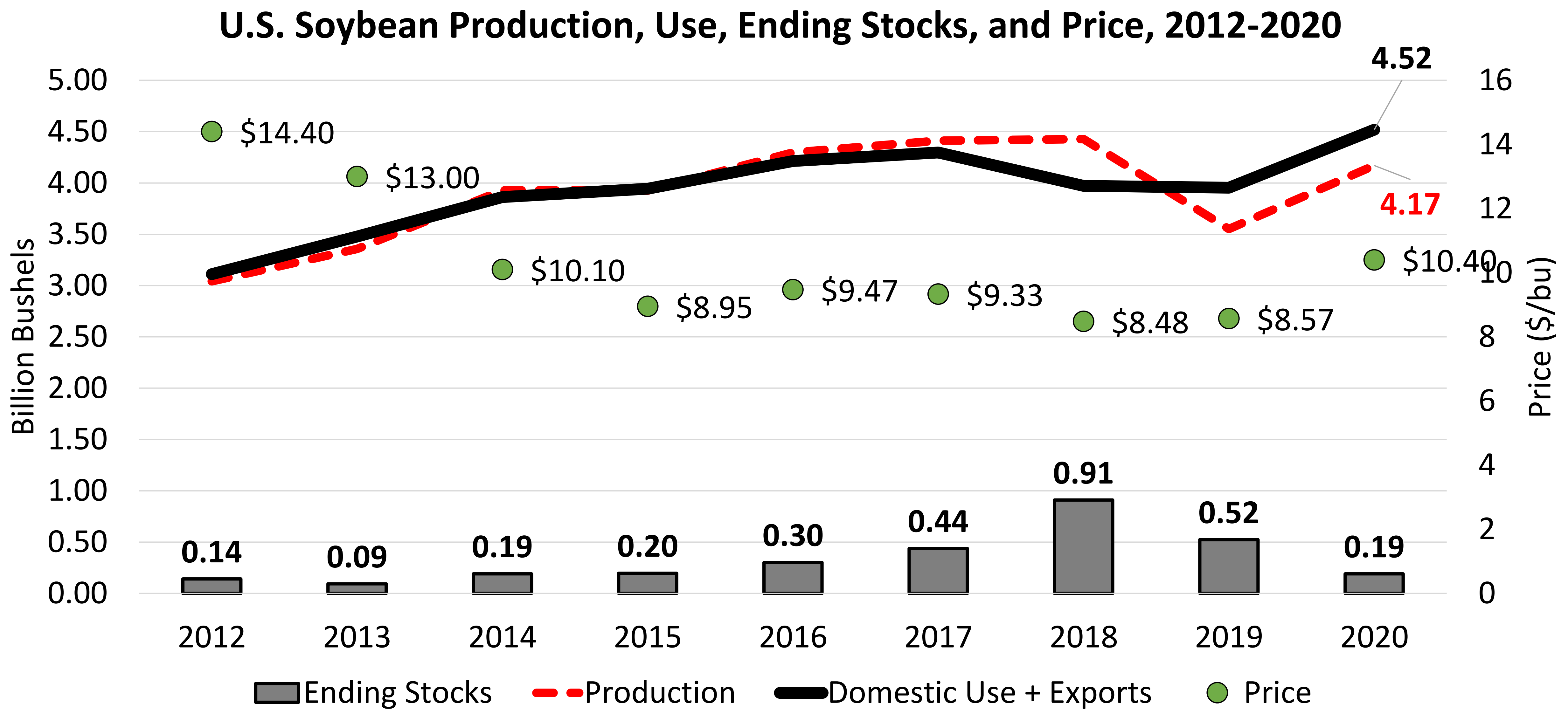
World Corn Supply and Use (Million Bushels) 2020/21 Current Month

Country / Region	Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total	Exports	Ending Stocks
World	**(449)**	**(1,663)**	**80**	**(130)**	**(213)**	**99**	**(1,897)**
United States	**(103)**	**(1,488)**	**0**	**(350)**	**(475)**	**500**	**(1,616)**
Total Foreign	**(345)**	**(174)**	**79**	**220**	**261**	**(401)**	**(281)**
Argentina	(98)	0	0	0	(20)	0	(79)
Brazil	43	157	0	79	79	39	83
Russia	0	(20)	0	39	39	(51)	(7)
South Africa	(32)	79	0	16	20	20	7
Ukraine	20	(413)	0	35	35	(413)	(16)
Egypt	12	0	0	4	4	0	8
E.U.	(33)	(161)	(118)	(217)	(217)	(75)	(22)
Japan	(2)	0	0	4	2	0	(4)
Mexico	44	0	(39)	(51)	(51)	12	44
Southeast Asia	27	(2)	39	35	35	(3)	31
South Korea	4	0	8	8	8	0	4
Canada	20	(63)	28	8	0	0	(16)
China	(297)	0	236	276	276	0	(336)
ROW	(53)	249	(74)	(17)	51	70	21


Global Corn Exports, 2000-2020
Billion Bushels
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
0.44
0.02
0.38
0.25
1.94
0.97
1.15
1.50
1.34
1.78
0.86
0.89
1.34
1.54
2.65
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
United States
Brazil
Argentina
Ukraine
ROW

Corn Weekly Export Sales to China, 2011-2020




U.S. Soybean Production, Use, Ending Stocks, and Price, 2012-2020
Billion Bushels
Price ($/bu)
5.00
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
16
14
12
10
8
6
4
2
0
$14.40
$13.00
$10.10
$8.95
$9.47
$9.33
$8.48
$8.57
$10.40
4.52
4.17
0.14
0.09
0.19
0.20
0.30
0.44
0.91
0.52
0.19
2012
2013
2014
2015
2016
2017
2018
2019
2020
Ending Stocks
Production
Domestic Use + Exports
Price

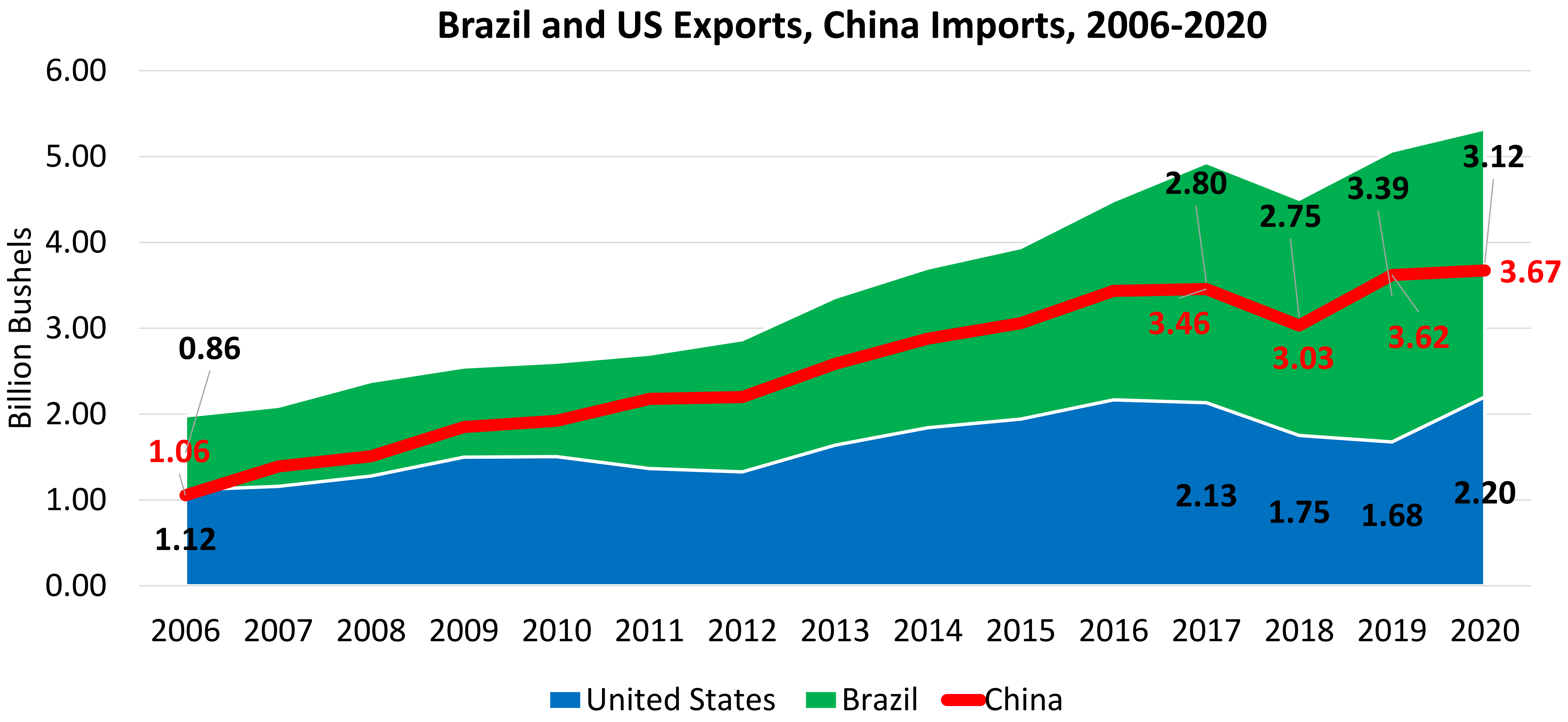
USDA Balance Sheet Changes November-May

	2020/21 Projected May	2020/21 Projected November	Change
Planted (Million)	83.5	83.1	**(0.4)**
Harvested (Million)	82.8	82.3	**(0.5)**
U.S. Avg. Yield (Bu/Acre)	49.8	50.7	0.9
Beg. Stocks	580	523	**(57.0)**
Production	4125	4170	45.0
Imports	15	15	0.0
Total Supply	4720	4709	**(11.0)**
Crushing	2130	2180	**50.0**
Exports	2050	2200	**150.0**
Seed and Residual	135	138	3.0
Total Use	4315	4519	204.0
U.S. Ending Stocks	405	190	**(215.0)**
Foreign Stocks	3210	2989	**(221.0)**
U.S. Average Season Price ($/Bu)	$8.20	$10.40	$ 2.20
U.S. Stocks/Use	9%	4%	**(5%)**

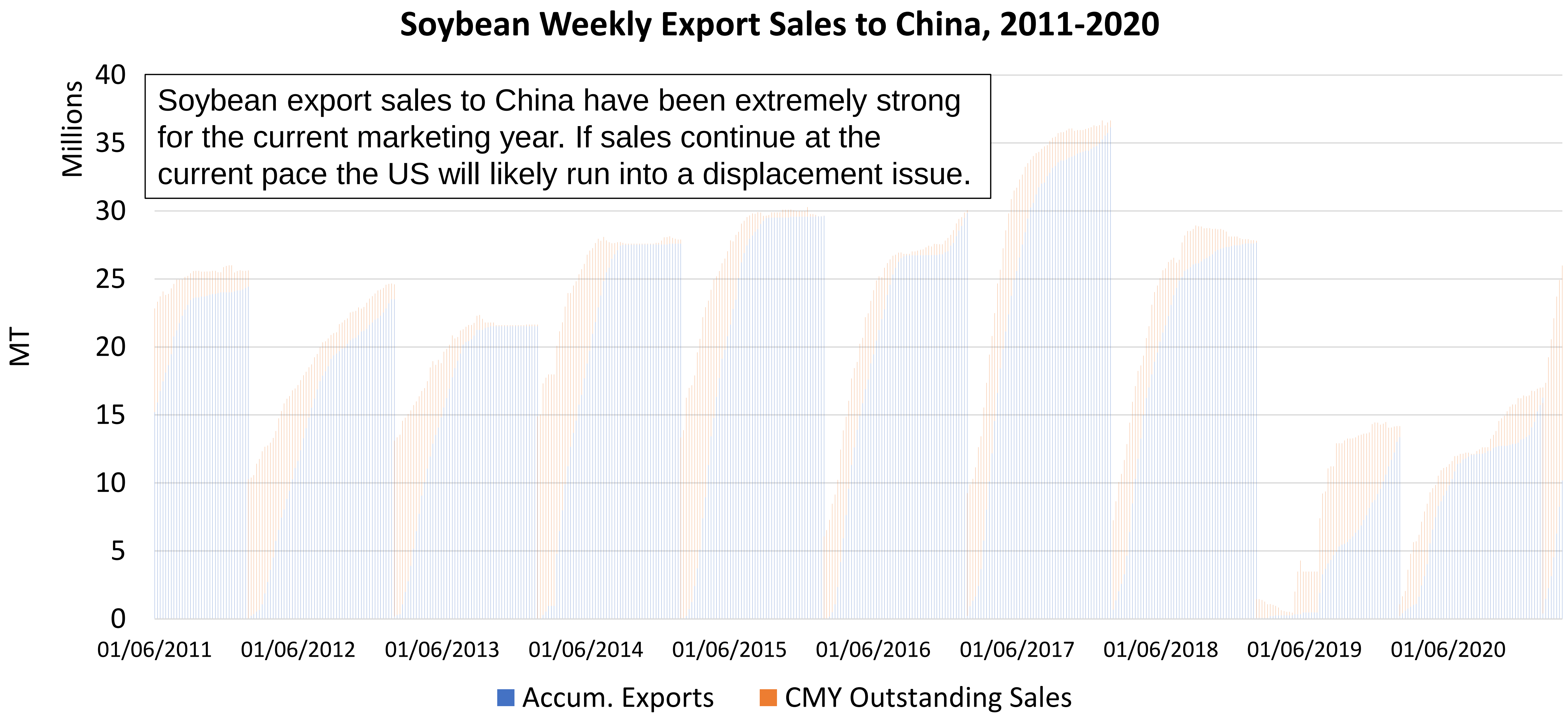
Change in USDA Estimates (November-May)

World Soybean Supply and Use (Million Bushels) 2020/2021 Current Year

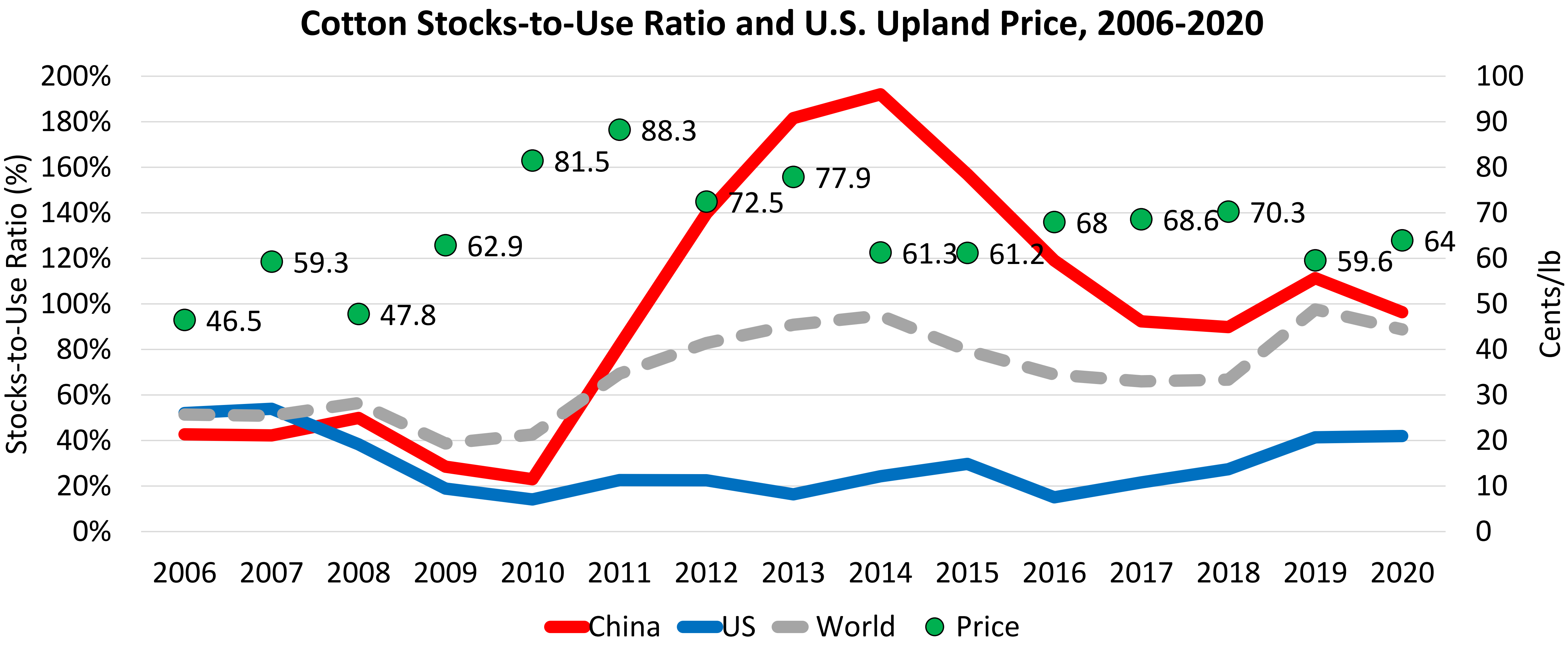
Country / Region	Beginning Stocks	Production	Imports	Domestic Crush	Domestic Total	Exports	Ending Stocks
World	(181.15)	(4.41)	270.80	297.26	304.97	216.42	(436.15)
United States	(56.59)	45.56	0.00	49.97	54.01	149.91	(215.32)
Total Foreign	(124.93)	(49.60)	270.43	247.29	250.96	66.14	(220.83)
Argentina	0.00	(91.86)	14.70	(110.23)	(110.23)	18.37	14.70
Brazil	(199.52)	73.49	9.19	18.37	16.53	73.49	(206.87)
Paraguay	(7.72)	0.00	0.00	0.00	0.00	0.00	(7.72)
China	57.69	0.00	146.97	220.46	220.46	0.00	(15.80)
E.U.	(0.73)	5.51	18.37	40.42	42.26	1.84	(20.94)
S.E. Asia	1.84	0.00	31.60	29.39	29.76	0.00	3.31
Mexico	0.00	(1.84)	0.00	0.00	0.00	0.00	(1.84)
ROW	23.88	(35.27)	49.97	48.87	52.18	(27.19)	14.33



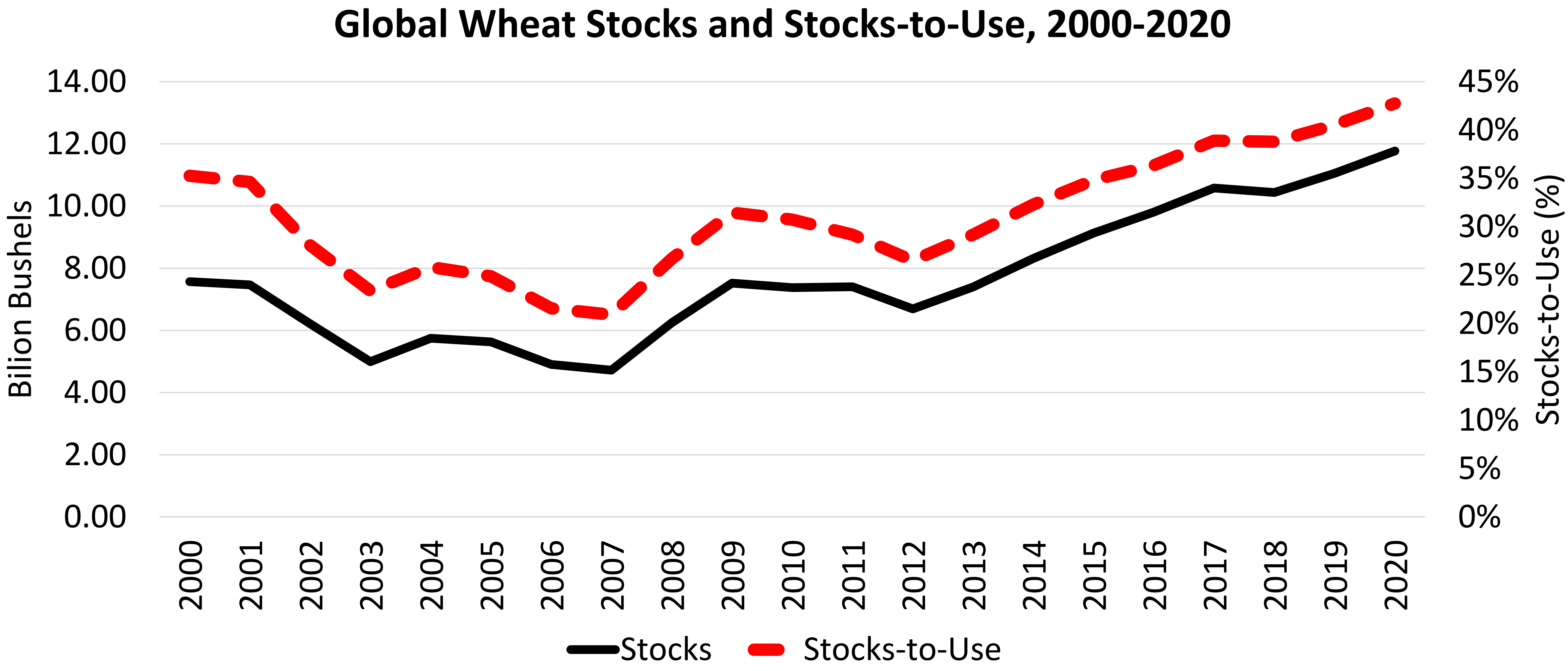
Brazil and US Exports, China Imports, 2006-2020
6.00
5.00
4.00
3.00
2.00
1.00
0.00
Billion Bushels
0.86
1.06
1.12
2.80
2.75
3.39
3.12
3.46
3.03
3.62
3.67
2.13
1.75
1.68
2.20
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
United States
Brazil
China


Soybean Weekly Export Sales to China, 2011-2020
Soybean export sales to China have been extremely strong for the current marketing year. If sales continue at the current pace the US will likely run into a displacement issue.
Millions
MT
40
35
30
25
20
15
10
5
0
01/06/2011
01/06/2012
01/06/2013
01/06/2014
01/06/2015
01/06/2016
01/06/2017
01/06/2018
01/06/2019
01/06/2020
Accum. Exports
CMY Outstanding Sales

One Cotton Slide



One Wheat Slide



Moving Forward

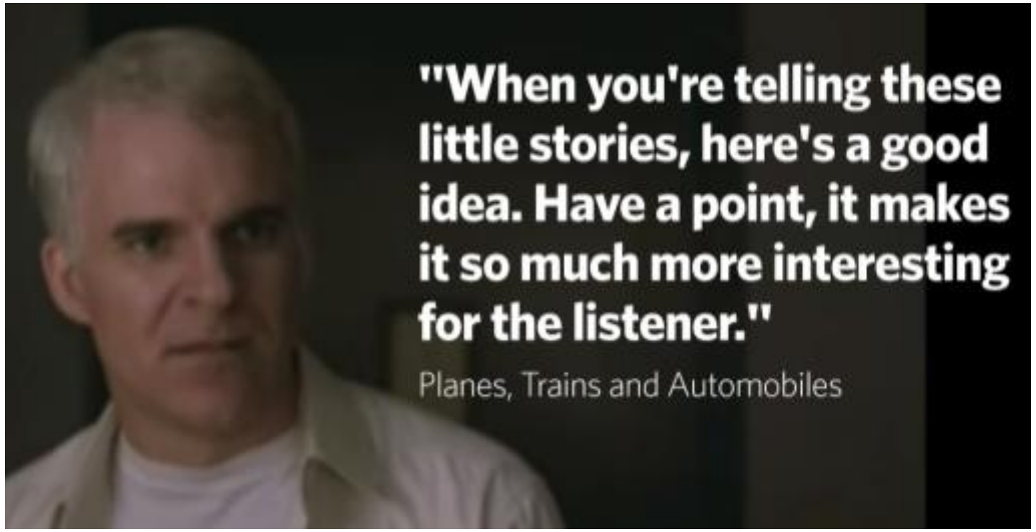
- Old crop bullish trend in corn and soybeans will depend on South American crop progress and China purchases.

- New crop prices currently favors: soybeans>corn>cotton, lots of time between now and planting.

- Implications from the election on Farm policy.

Take Home

- There is no crystal ball - prices could go higher – but they could also decline.
  - Old crop: $11.50 and $4.25 futures + basis plus government payments will equal profit for most Tennessee producers. (if you average $10.50/$4.00 you did good)
  - New crop wheat: sales of up to 50% of 2021 production when July futures are >$6.
  - New crop corn and soybeans: Start pricing with harvest futures over $4.00 and $10.25.
  - New crop cotton: Current price offerings are not competitive with corn and soybeans. Need to hold out for at least 74 cents on the December contract.



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THANK YOU