Crop Marketing Update: Know Your Revenue Streams

August 17, 2022

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Trading Ranges

- December Cotton
  - 82.5 to 133.7 cents
- December Corn
  - $5.62 to $7.66
- November Soybeans
  - $12.89 to $15.84
- July 2023 Wheat
  - $7.91 to $11.58

Growing season futures price ranges.


Corn (ZCZ22) 621-6-6-4 (-1.03%)
621-4 x 16
621-6 x 84
08:39 CT[CBOT] DELAYED
ZCZ22
1D 5D 1M 3M 6M 9M 1Y 2Y 3Y 5Y 10Y 20Y MAX
Daily
9M
+Study
Tools
Settings
Compare
f(x)
Grid
Mode
Templates
Clear
780-0
766-2
760-0
740-0
720-0
700-0
680-0
660-0
640-0
621-6
600-0
580-0
562-1
540-0
520-0
Nov 22
Dec 6
Dec 20
Jan 3
Jan 18
Jan 31
Feb 14
Feb 28
Mar 14
Mar 28
Apr 11
Apr 25
May 9
May 23
Jun 6
Jun 21
Jul 5
Jul 18
Aug 1
Aug 15


Soybean (ZSX22) 1402-2-10-0 (-0.71%)
1402-0 x 7
1402-2 x 2
08:38 CT[CBOT] DELAYED
ZSX22
1D 5D 1M 3M 6M 9M 1Y 2Y 3Y 5Y 10Y 20Y MAX
Daily
9M
+Study
Tools
Settings
Compare
f(x)
Grid
Mode
Templates
Clear
1600
1584
1560
1540
1520
1500
1480
1460
1440
1420
1402
1380
1360
1340
1320
1300
1289
1280
1260
1240
1220
1200
1180
Nov 22
Dec 6
Dec 20
Jan 3
Jan 18
Jan 31
Feb 14
Feb 28
Mar 14
Mar 28
Apr 11
Apr 25
May 9
May 23
Jun 6
Jun 21
Jul 5
Jul 18
Aug 1
Aug 15

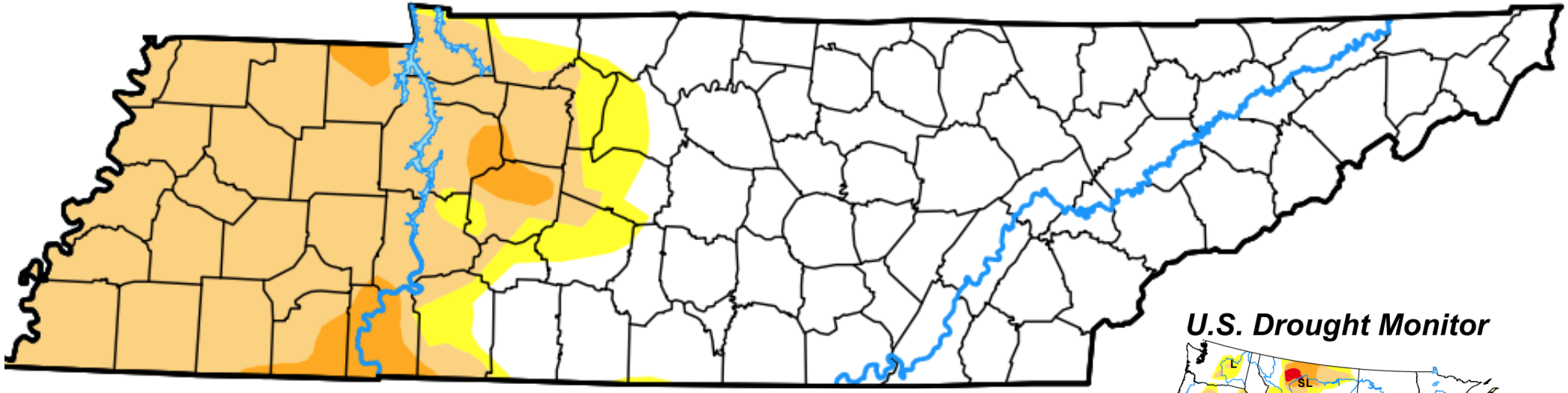

Cotton #2 (CTZ22) 118.95+5.36 (+4.72%)
118.92 x 2
118.96 x 1
08:41 CT[ICE/US] DELAYED
CTZ22
1D 5D 1M 3M 6M 9M 1Y 2Y 3Y 5Y 10Y 20Y MAX
Daily
9M
+Study
Tools
Settings
Compare
f(x)
Grid
Mode
Templates
Clear
135.00
133.69
130.00
125.00
120.00
118.95
115.00
110.00
105.00
100.00
95.00
90.00
85.00
82.50
80.00
Nov 22
Dec 6
Dec 20
Jan 3
Jan 18
Jan 31
Feb 14
Feb 28
Mar 14
Mar 28
Apr 11
Apr 25
May 9
May 23
Jun 6
Jun 21
Jul 5
Jul 18
Aug 1
Aug 15

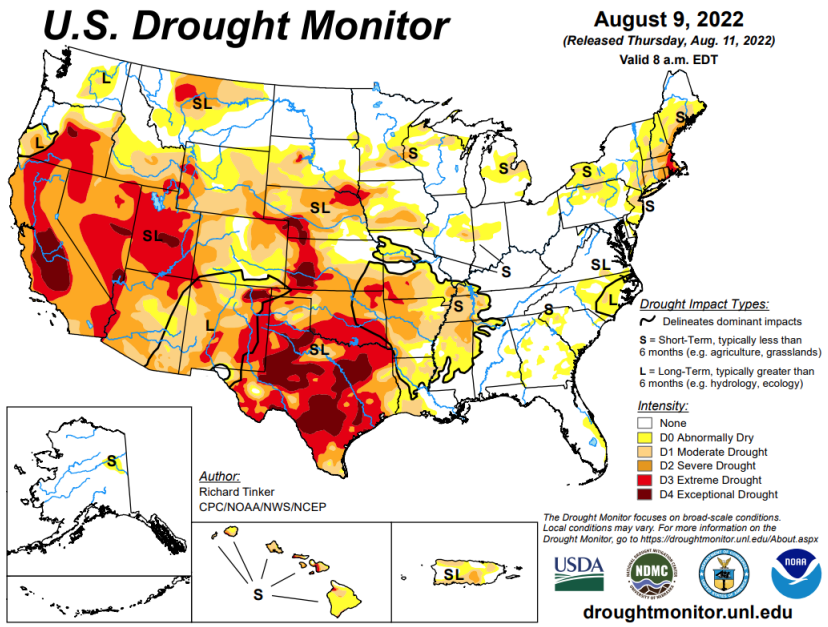

Wheat (ZWN23) 830-0-9-6 (-1.16%)
830-2 x 1
831-0 x 10
08:42 CT[CBOT] DELAYED
ZWN23
1D 5D 1M 3M 6M 9M 1Y 2Y 3Y 5Y 10Y 20Y MAX
Daily
9M
+Study
Tools
Settings
Compare
f(x)
Grid
Mode
Templates
Clear
1200-0
1100-0
1050-0
1000-0
950-0
900-0
877-7
850-0
830-0
800-0
791-0
750-0
700-0
Nov 22
Dec 6
Dec 20
Jan 3
Jan 18
Jan 31
Feb 14
Feb 28
Mar 14
Mar 28
Apr 11
Apr 25
May 9
May 23
Jun 6
Jun 21
Jul 5
Jul 18
Aug 1
Aug 15

August WASDE Summary

- National corn, soybean, upland cotton, and winter wheat yields were projected at 175.4 bu/acre, 51.9 bu/acre, 837 lbs/acre, and 47.9 bu/acre.
- National estimated planted (and harvested) acreage for corn, soybeans, and cotton were: 89.8 million acres (81.8 million); 88.0 million acres (87.2 million); and 12.48 million acres (7.13 million). Cotton abandonment is projected at 42.8%, well above previous projections.
- Tennessee yields: 130 bu/acre (corn), 44 bu/acre (soybean), 869 lbs/acre (cotton), and 71 bu/acre (wheat).
- Tennessee harvested acres: corn 920,000 acres; wheat 365,000; 1.77 million; and cotton 315,000.

U.S. Drought Monitor, August 9, 2022





In Tennessee:
3% is in severe drought
30% is in moderate drought
5% is abnormally dry

Drought is concentrated in the west.

Overview

- Cost of Production
- Production Estimates
- Crop Insurance
- Pre-Harvest Sales
- Gross Revenue Outcomes
- Current Position
- Other Considerations

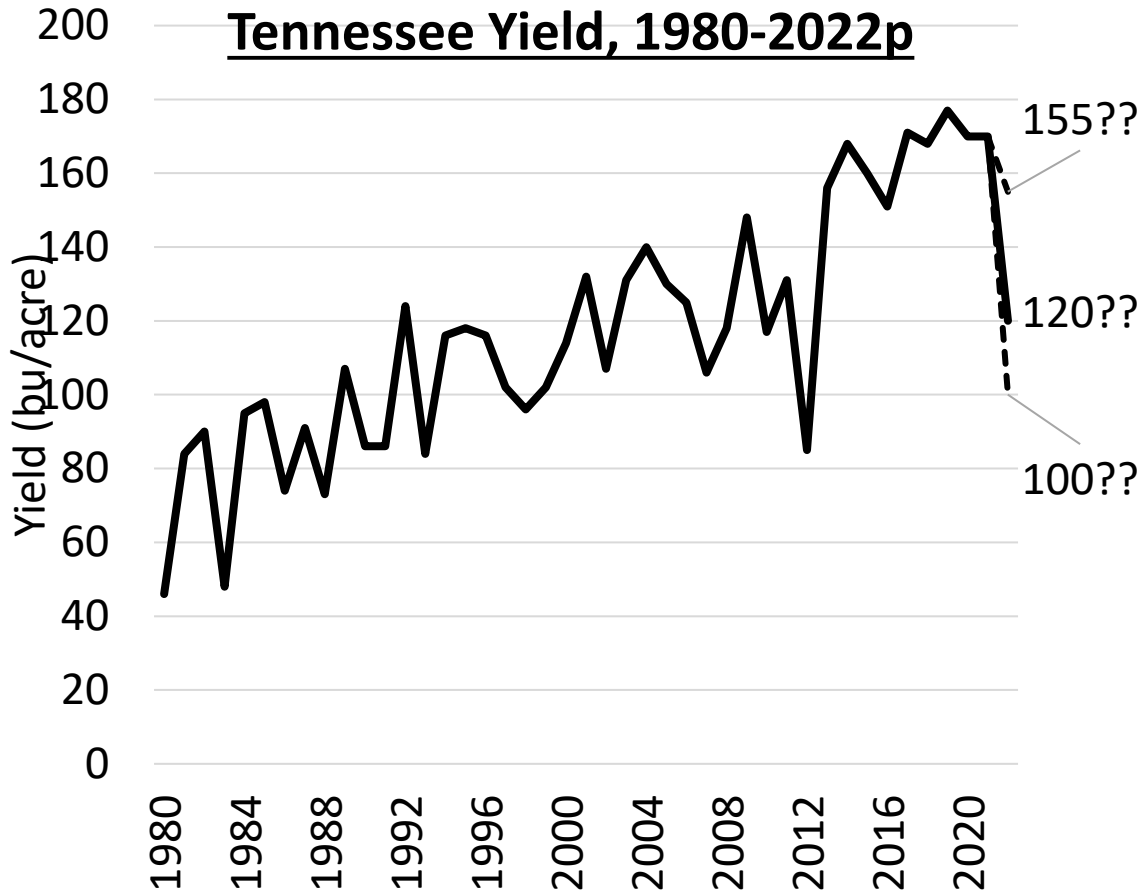
Update Your Cost of Production

- Budgeted investment in the 2022 corn crop varied tremendously.
  - How much of the inputs were applied and what are the costs incurred to date?
  - What are the projected remaining costs to bring the crop to market?

Variable Expenses	$/acre
Seed	115.00
Fertilizer & Lime	300.00
Chemical	65.00
Crop Scout or Consultant	15.00
Repair & Maintenance	43.00
Fuel, Oil & Filter	40.00
Operator Labor	15.00
Crop Insurance	25.00
Operating Interest	25.00
Total Variable Expenses	**643.00**
Fixed Expenses	$/acre
Capital Recovery	125.00
General Overhead	25.00
Cash Rent	104.00
Management Labor	25.00
Total Fixed Expenses	**279.00**
Total Expenses	**922.00**

What are my current production estimates?

- Production estimates will be all over the map ranging from complete write offs to minimal yield losses.
  - Projecting a yield range will allow producers to estimate potential gross revenue.



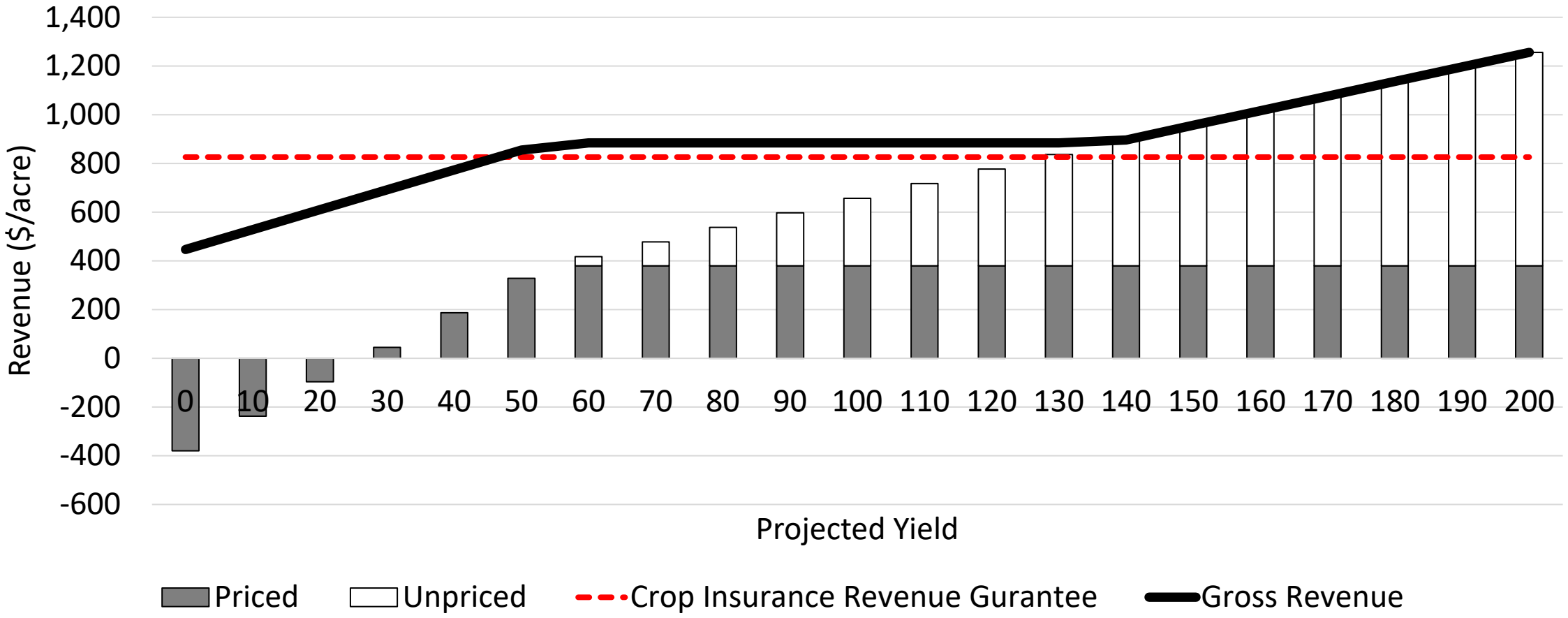
What is the base level of protection that is provided by your crop insurance policy?

- Communication with your crop insurance agent during a drought is essential.
- Know each insured unit's revenue guarantee.
  - For example, for corn, $5.90 (projected price) x 175 (APH) x 80% provides a revenue guarantee of $826/acre.
- Calculate your “Trigger Yield”.
  - The yield where indemnity payments would commence.
    - December futures contract $5.99 ($826/$5.99 = 138 bu/acre).
- Harvest price?
- Base level crop insurance protection should be considered when evaluating current and future market-based transactions.

Pre-Harvest Sales

- How much production is currently priced?
- How was it priced?
  - Cash forward contracts, options etc.
- Are there quality concerns?
  - Mycotoxins
- Does forward priced production exceeds projected production?

Gross Revenue Estimates



Crop Insurance: Projected Price = $5.90; APH = 175 bu; Buy-Up 80%; Revenue Guarantee $826/acre; Trigger Yield 138 bu.
Market: Current Harvest Futures Price = $5.99; Priced 53.6 bu; Average Price Contracted $7.08.

Current Position

Current Market Estimates		
Acres	280	Acres
Current Harvest Futures Price	$5.99	$/bu
Basis	$0.35	$/bu
Projected Yield	100	bu/acre
Cost of Production	$922.00	$/acre
Crop Insurance Expected Actual Revenue	$599.00	$/acre

Crop Insurance (Each Insured Unit)		
APH	175	bu/acre
Projected Price	$5.90	$/bu
Buy-up	80%	%
Revenue Gaurantee	**$826.00**	**$/acre**

Sales	Bushels	Price
1-Mar-22	5,000	$6.50
31-May-22	5,000	$7.25
15-Jun-22	5,000	$7.50
Total Sales	**15,000**	
Average Price		**$7.08**

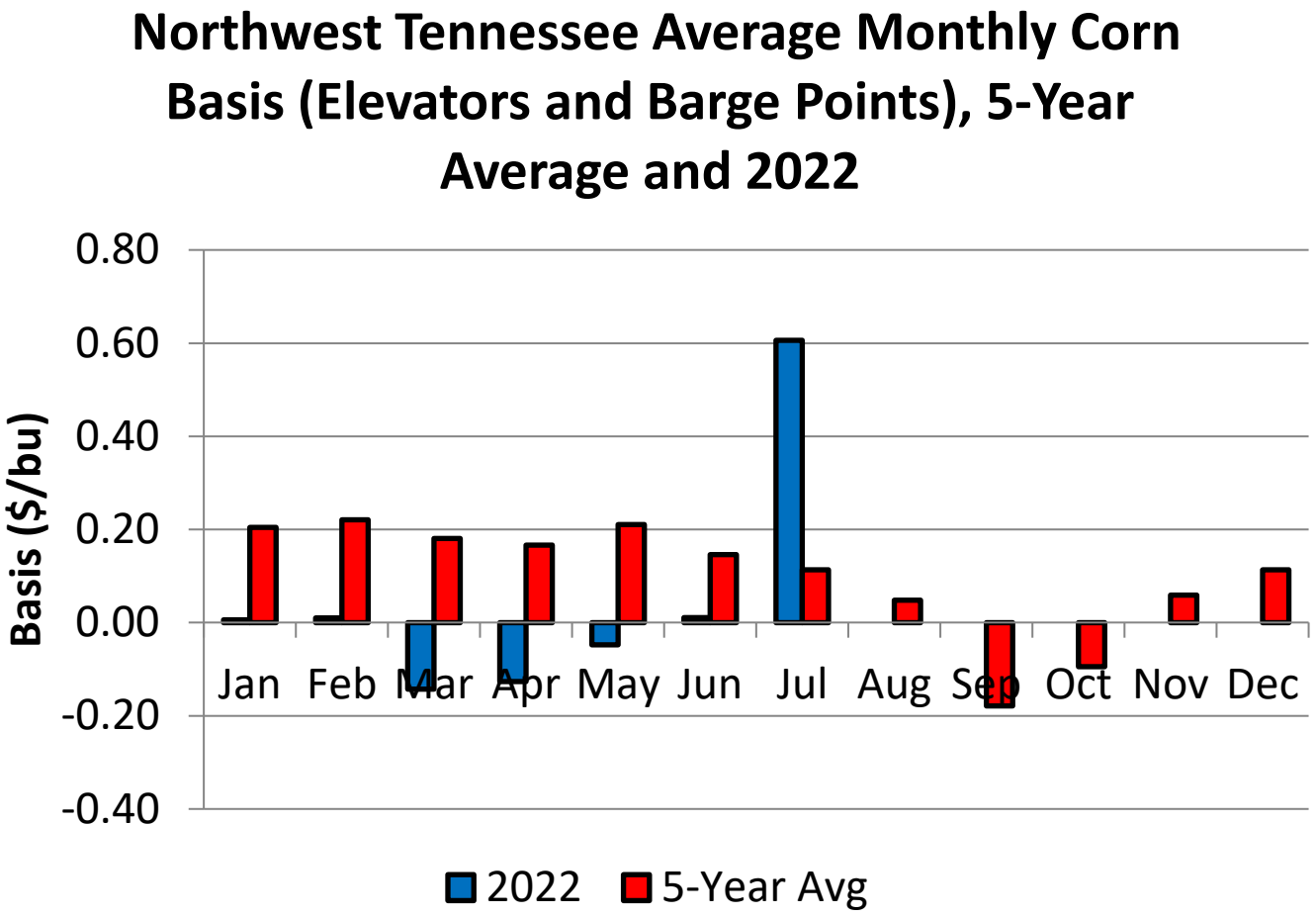
Pricing Position		
Estimated Production	28,000	bu
Priced	15,000	bu
Unpriced	13,000	bu

Projected Revenue		
Indemnity Payment	$227.00	$/acre
Pre-Harvest Sales	$379.46	$/acre
Harvest /Post Harvest Sales	$294.36	$/acre
Gross Revenue	**$900.82**	**$/acre**

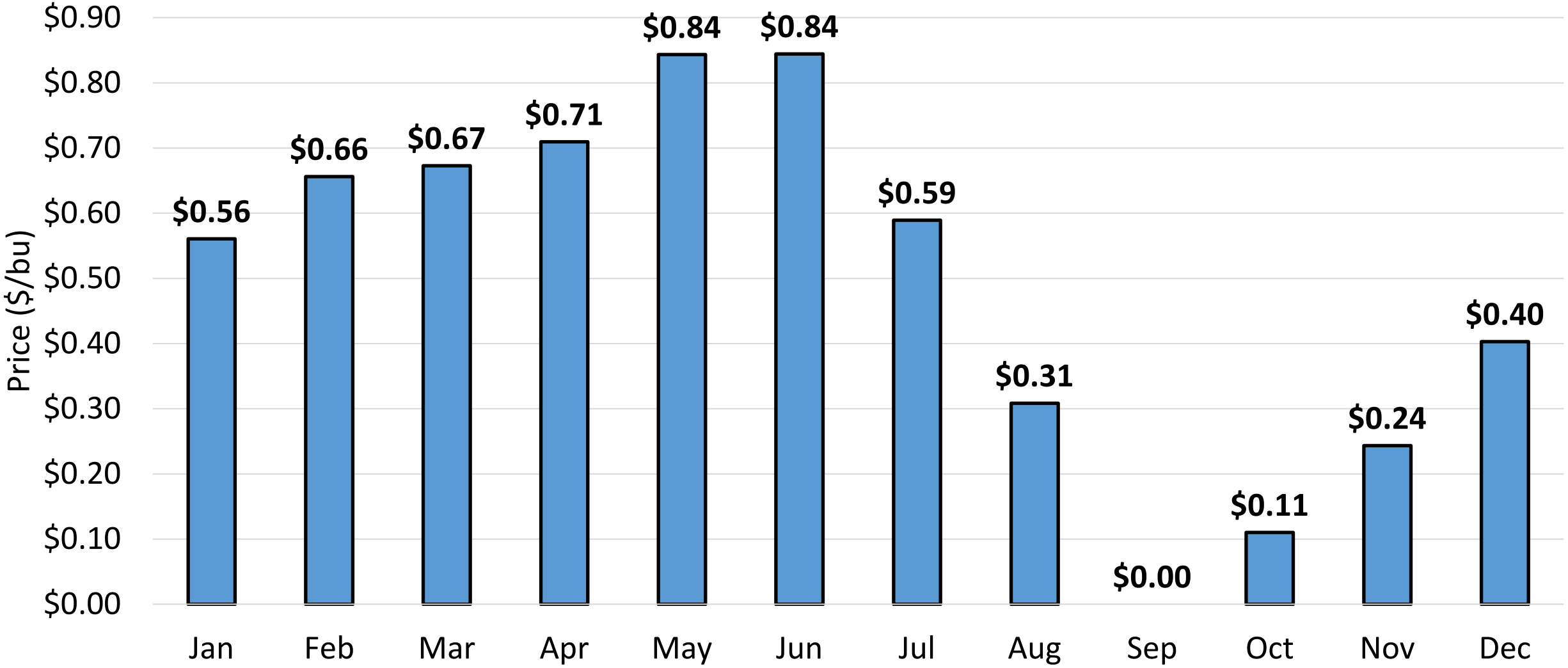
Net returns	**-$21.18**	**$/acre**
Net returns	**-$5,930.00**	**$**

Other Considerations

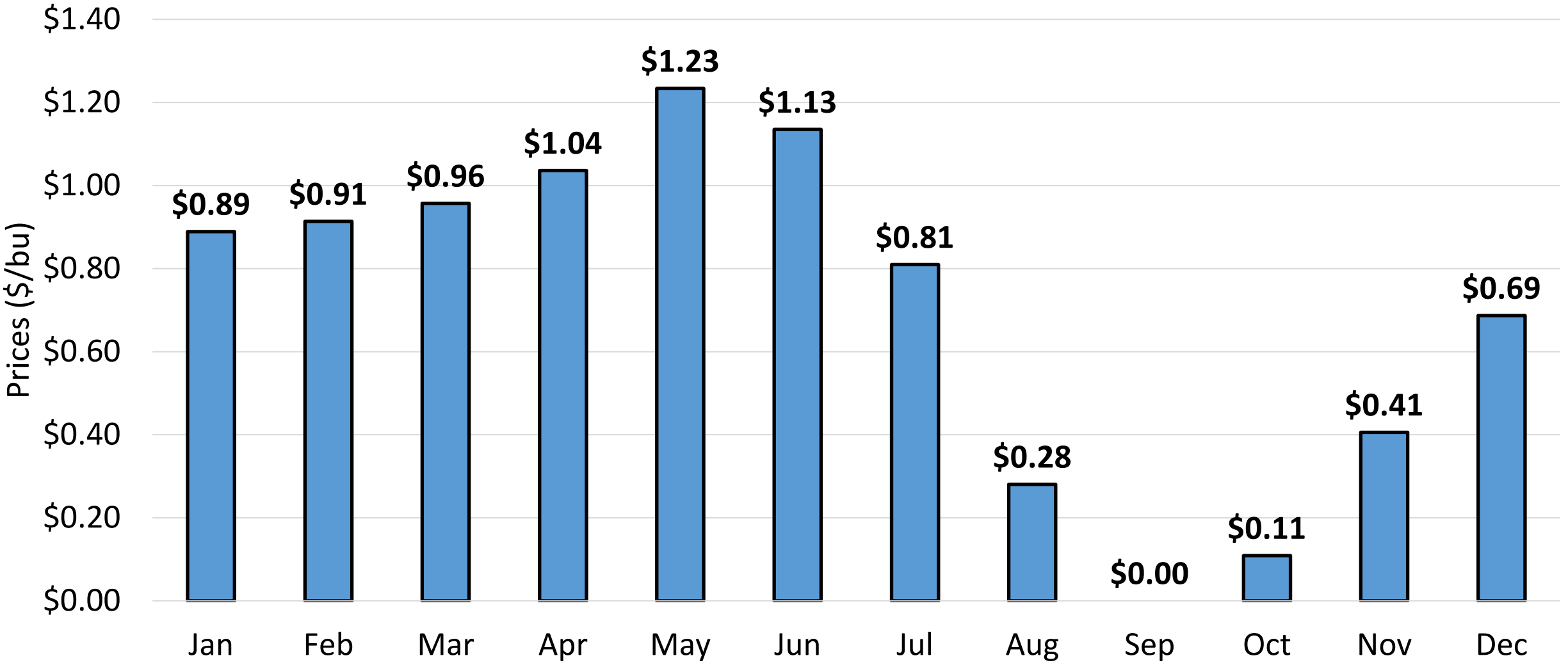
- Forage / Feed
- Quality / Dockage
- Options Strategies
- Storage and Basis



Tennessee Corn Average Cash Price Improvement from September by Month, 2013/14 to 2020/21 Marketing Years



Tennessee Soybean Average Cash Price Improvement from September by Month, 2013/14 to 2020/21 Marketing Years



Thank You!
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SUPPORTING MATERIALS