

# Crop Insurance, ARC & PLC Decisions, and Crop Prices

March 6<sup>th</sup>, 2024

Quarterly Marketing Meeting

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# Overview

- Crop Insurance
- ARC and PLC
- Old Crop
  - S&D
  - Prices
- New Crop
  - Weather
  - Prices



# Corn MYA and Crop Insurance Prices, 2011-2023

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
MYA	\$6.22	\$6.89	\$4.46	\$3.70	\$3.61	\$3.36	\$3.36	\$3.61	\$3.56	\$4.53	\$6.00	\$6.54	<b>\$4.80</b>
Projected	\$6.01	\$5.68	\$5.65	\$4.62	\$4.15	\$3.86	\$3.96	\$3.96	\$4.00	\$3.88	\$4.58	\$5.90	<b>\$5.91</b>
Harvest	\$6.32	\$7.50	\$4.39	\$3.49	\$3.83	\$3.49	\$3.49	\$3.68	\$3.90	\$3.99	\$5.37	\$6.86	<b>\$4.88</b>

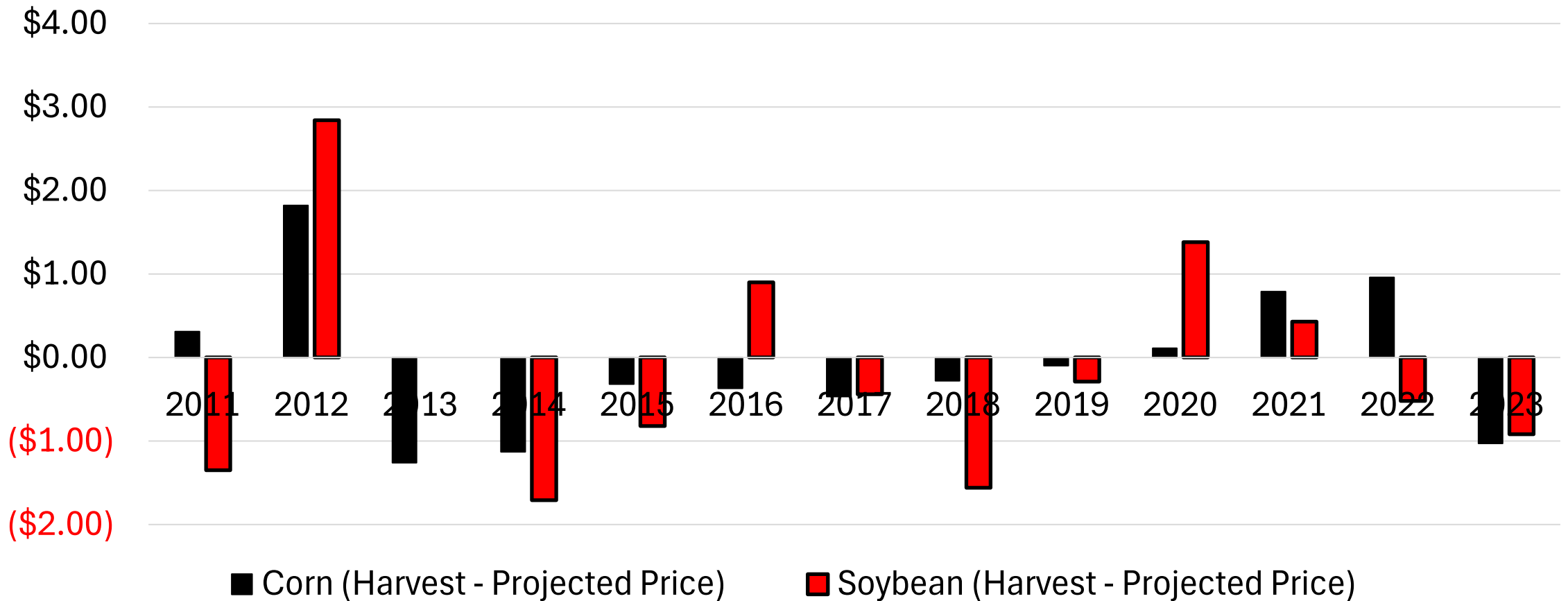
**2024 corn at \$4.66; Soybeans at \$11.55; Cotton at \$0.83.**

# Soybean MYA and Crop Insurance Prices, 2011-2023

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
MYA	\$12.50	\$14.40	\$13.00	\$10.10	\$8.95	\$9.47	\$9.33	\$8.48	\$8.57	\$10.80	\$13.30	\$14.20	<b>\$12.75</b>
Projected	\$13.49	\$12.55	\$12.87	\$11.36	\$9.73	\$8.85	\$10.19	\$10.16	\$9.54	\$9.17	\$11.87	\$14.33	<b>\$13.76</b>
Harvest	\$12.14	\$15.39	\$12.87	\$9.65	\$8.91	\$9.75	\$9.75	\$8.60	\$9.25	\$10.55	\$12.30	\$13.81	<b>\$12.84</b>

# Corn and Soybean Harvest less Projected Prices, 2011-2024

Harvest - Projected Price

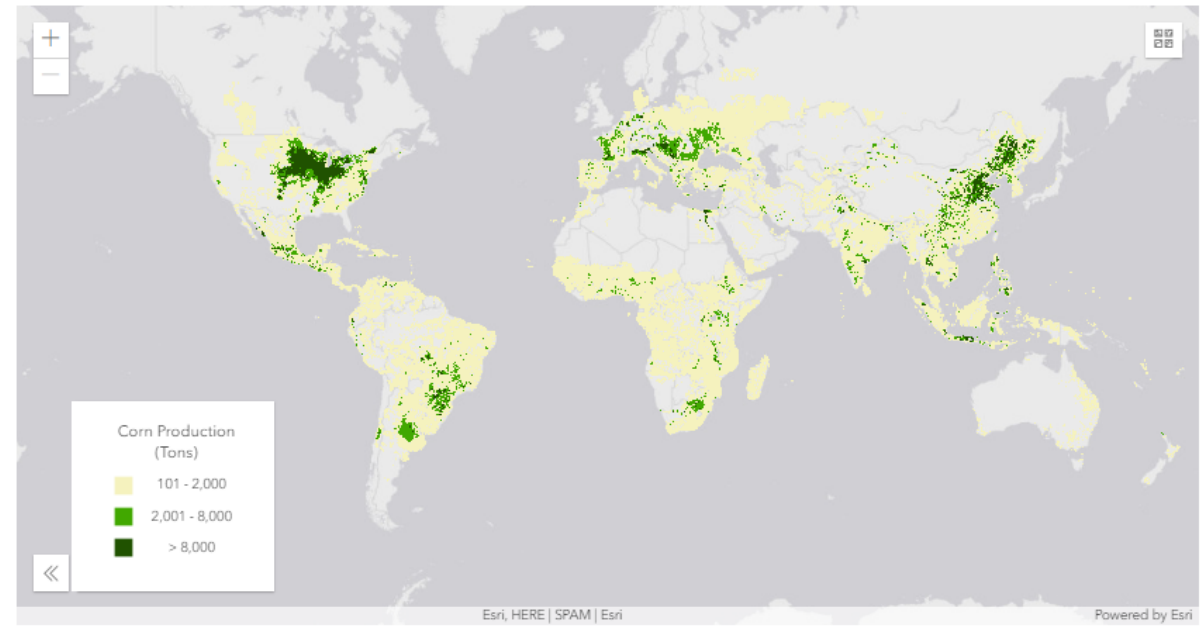


# Farm Bill

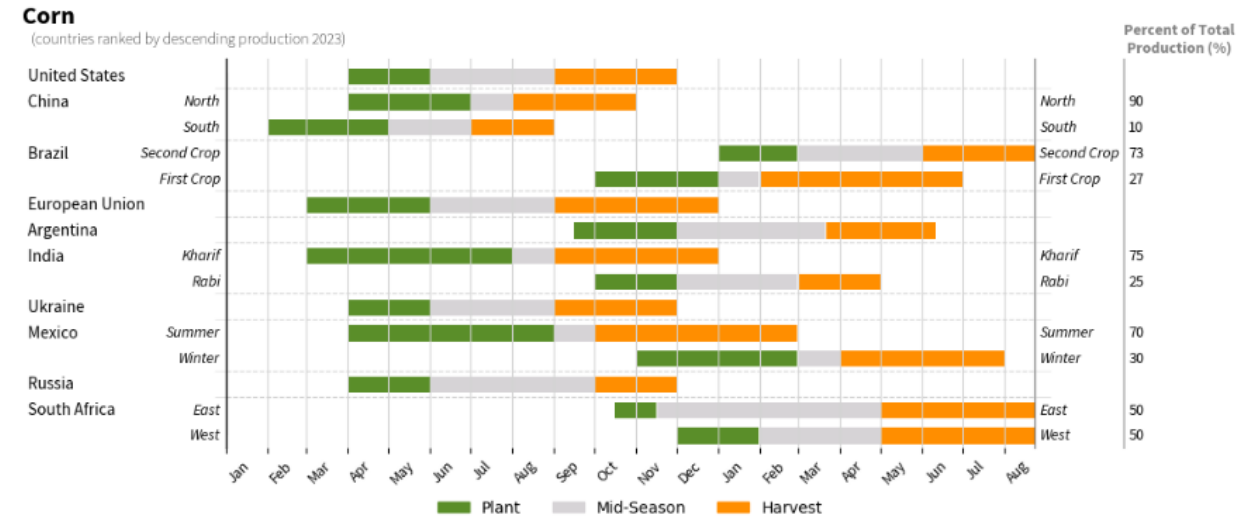
- Extended to September 30, 2024.
- Budget, narrow majorities in both chambers, and an election cycle will make negotiations challenging and likely necessitate another extension.
- Price Loss Coverage (PLC) effective reference prices
  - Corn: +31 cents @ \$4.01
  - Soybeans: +86 cents @ \$9.26
  - Seed cotton (\$0.367) and wheat (\$5.50) unchanged

# ARC-Co or PLC

- Are you purchasing SCO?
  - If yes acres need to be in PLC.
- Low likelihood of payments for both ARC or PLC
- PLC provides more protection against deeper price declines than ARC.
- ARC has a revenue (yield plus price) trigger, so county level yield declines could trigger an ARC-CO payment.

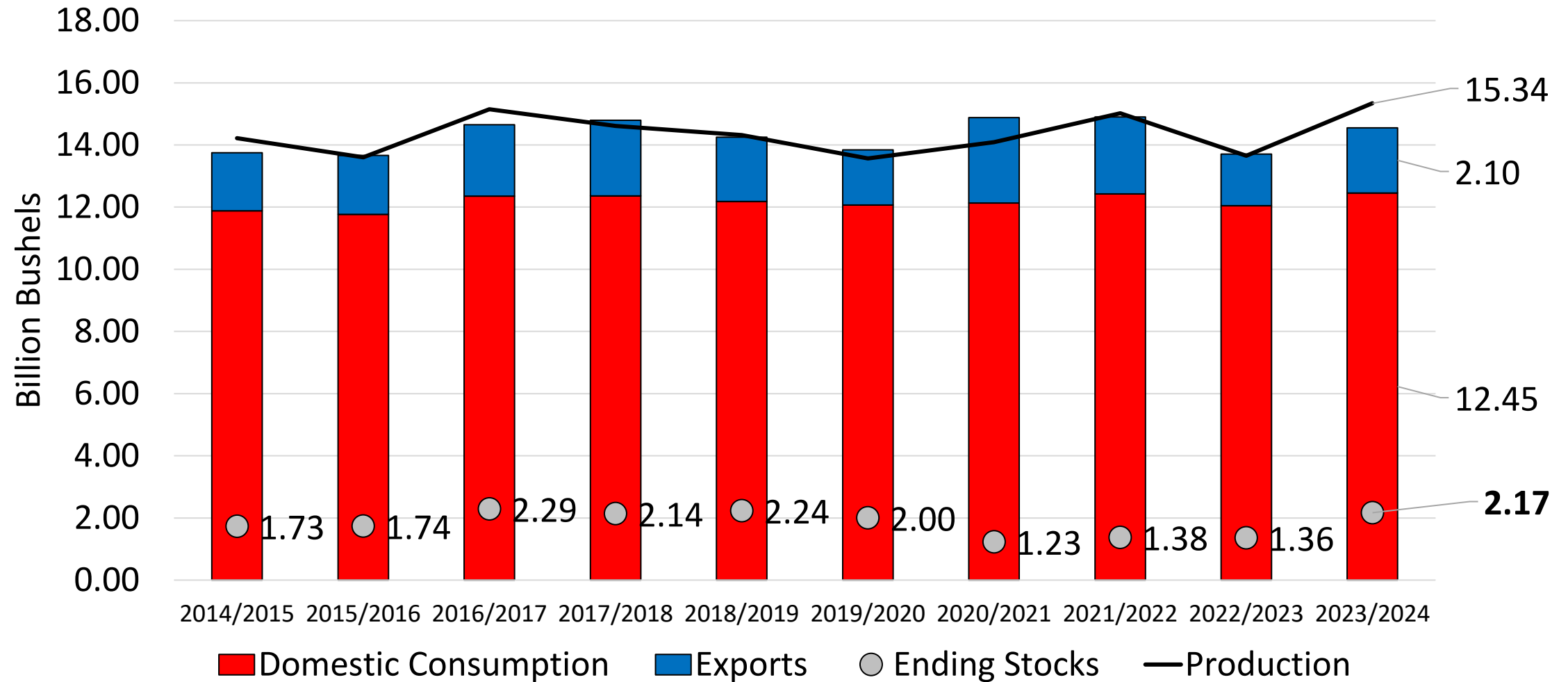


Corn Calendar



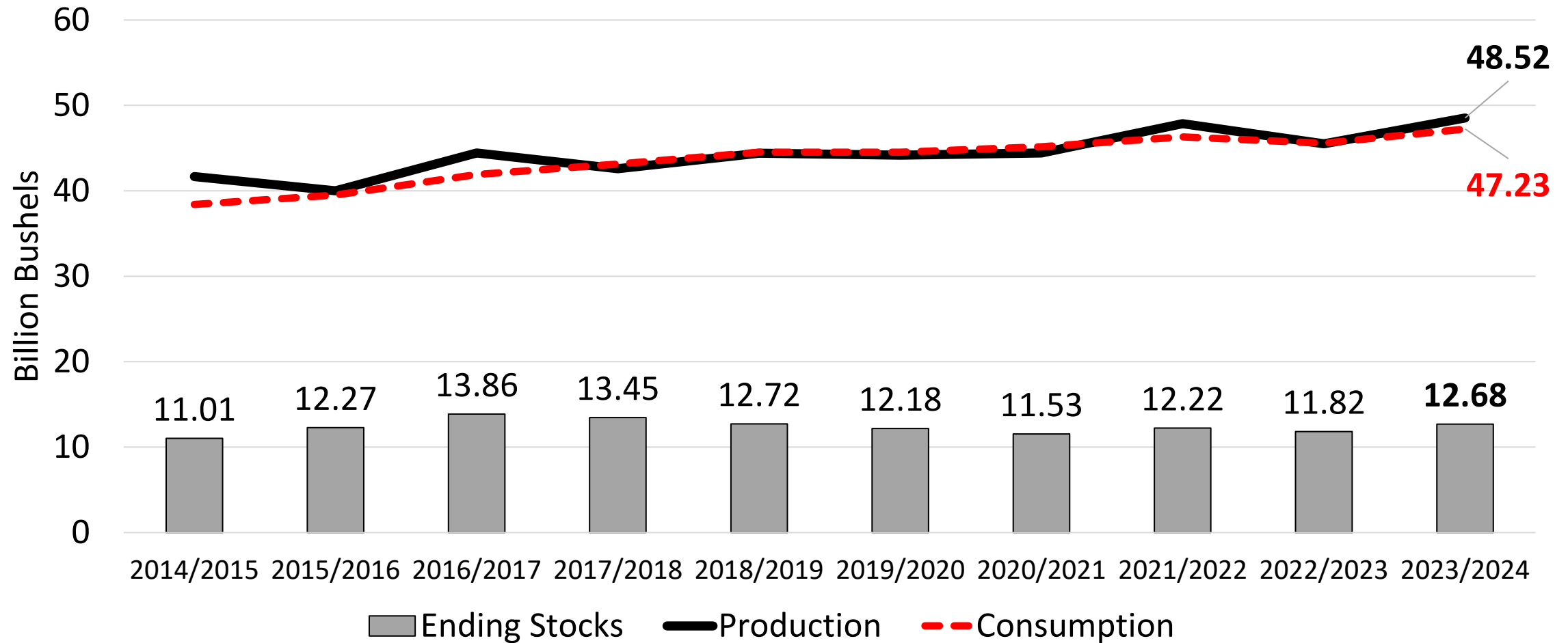
# CORN SUPPLY AND DEMAND

# U.S. Corn Production, Consumption, Exports, and Ending Stocks, 2014/15 to 2023/24



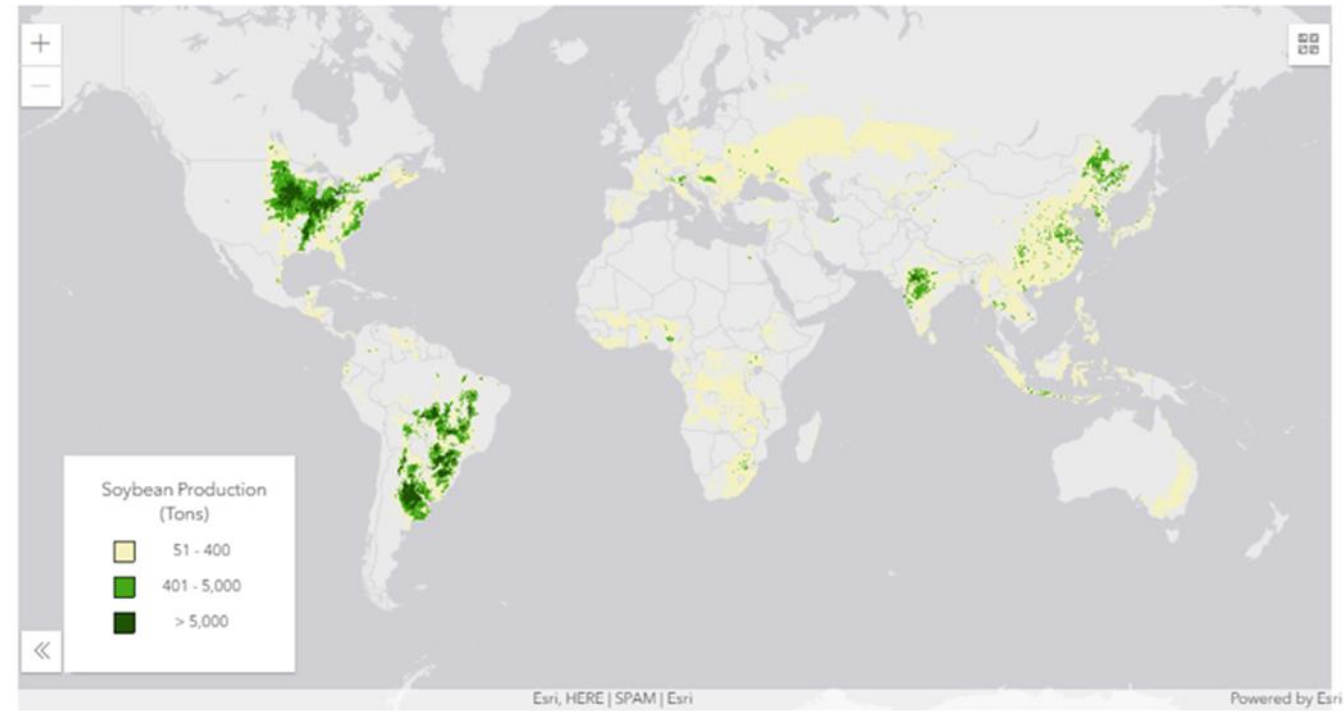


# World Corn Production, Consumption, and Ending Stocks, 2014/15 to 2023/24



Data Source: USDA PSD - <https://apps.fas.usda.gov/psdonline/app/index.html#/app/advQuery>

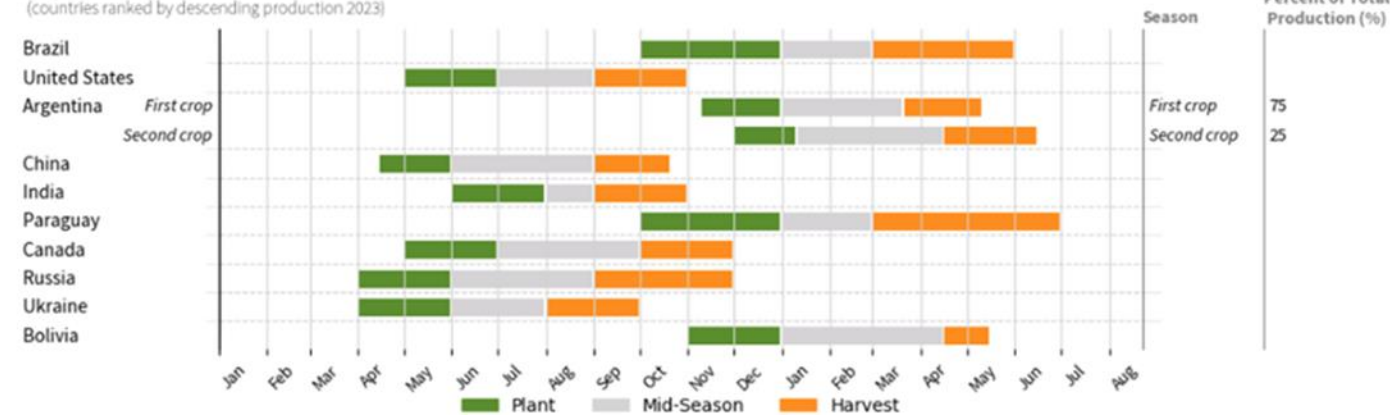
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## Soybean Calendar

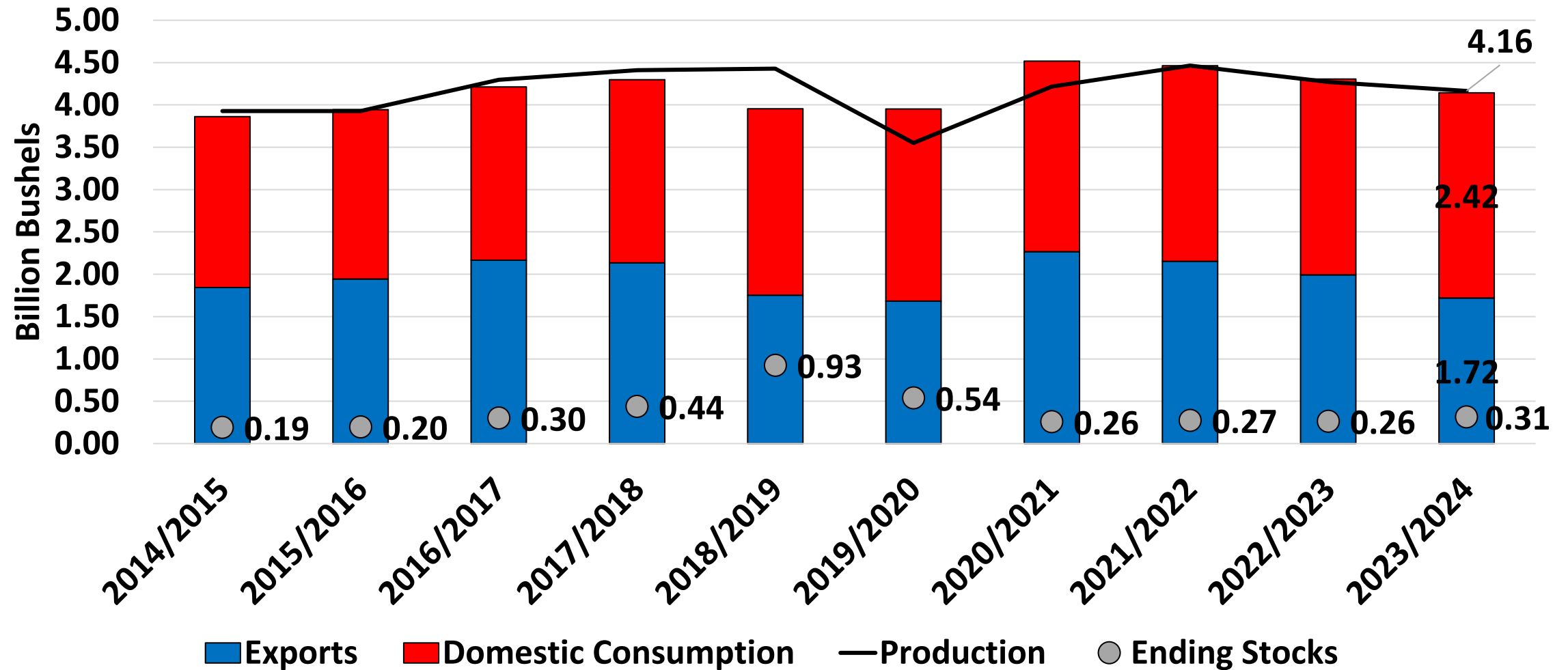
## Soybean

(countries ranked by descending production 2023)

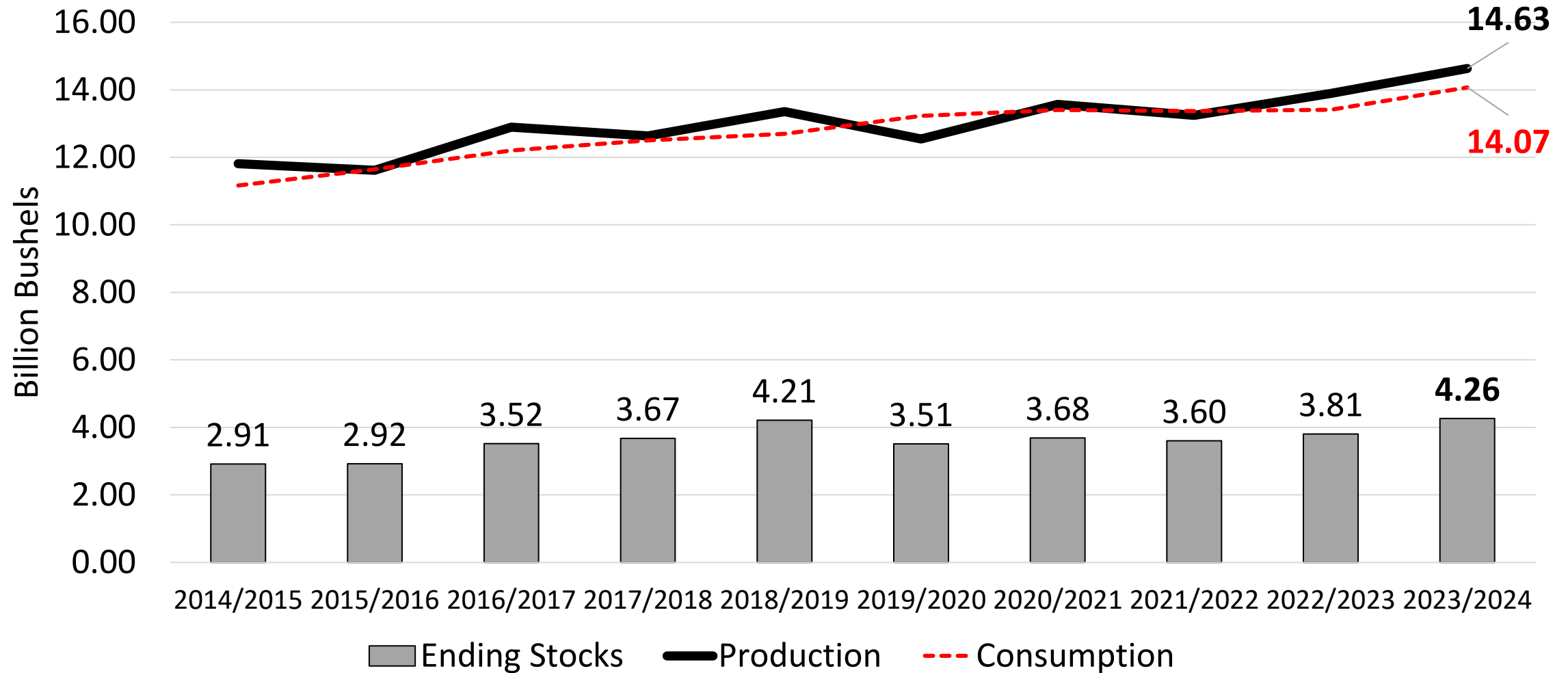


# SOYBEAN SUPPLY AND DEMAND

# U.S. Soybean Production, Consumption, Exports, and Ending Stocks, 2014/15 to 2023/24



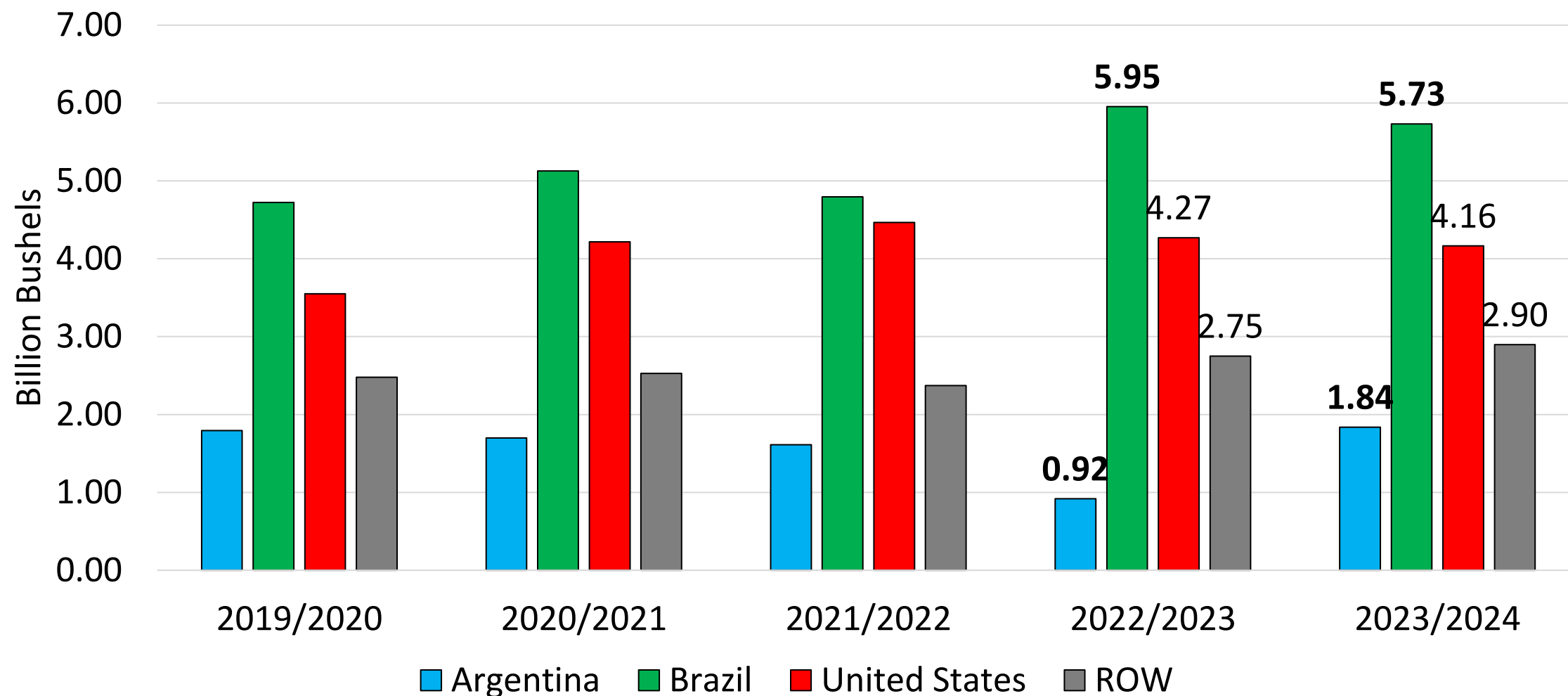
# World Soybean Production, Consumption, and Ending Stocks, 2014/15 to 2023/24



Data Source: USDA PSD - <https://apps.fas.usda.gov/psdonline/app/index.html#/app/advQuery>

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# World Soybean Production, 2019/20 to 2023/24



Data Source: USDA PSD - <https://apps.fas.usda.gov/psdonline/app/index.html#/app/advQuery>

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Flat to down futures  
Basis improvement (muted)

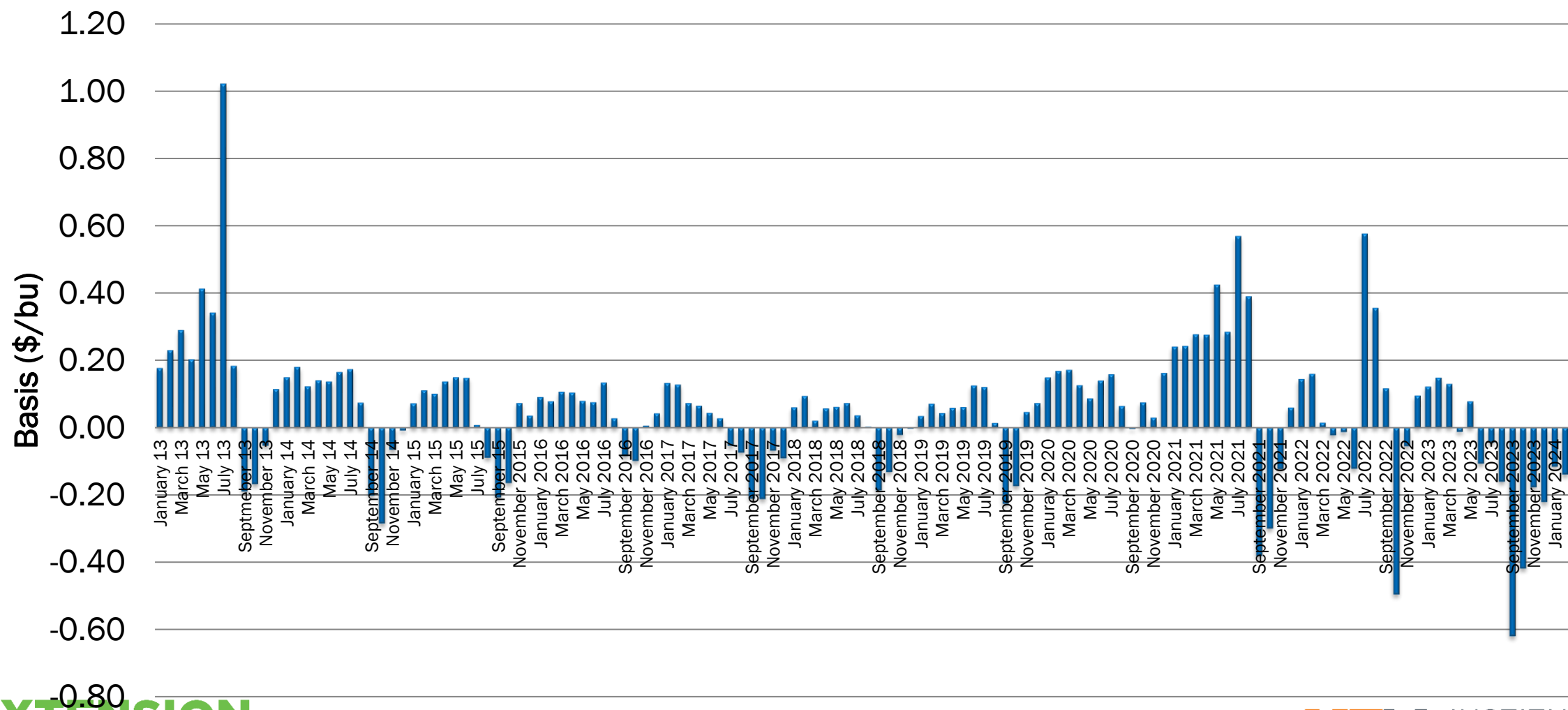


## OLD CROP PRICES

# May Corn



# Tennessee Average Monthly Corn Basis at Elevators and Barge Points, 2013-2024

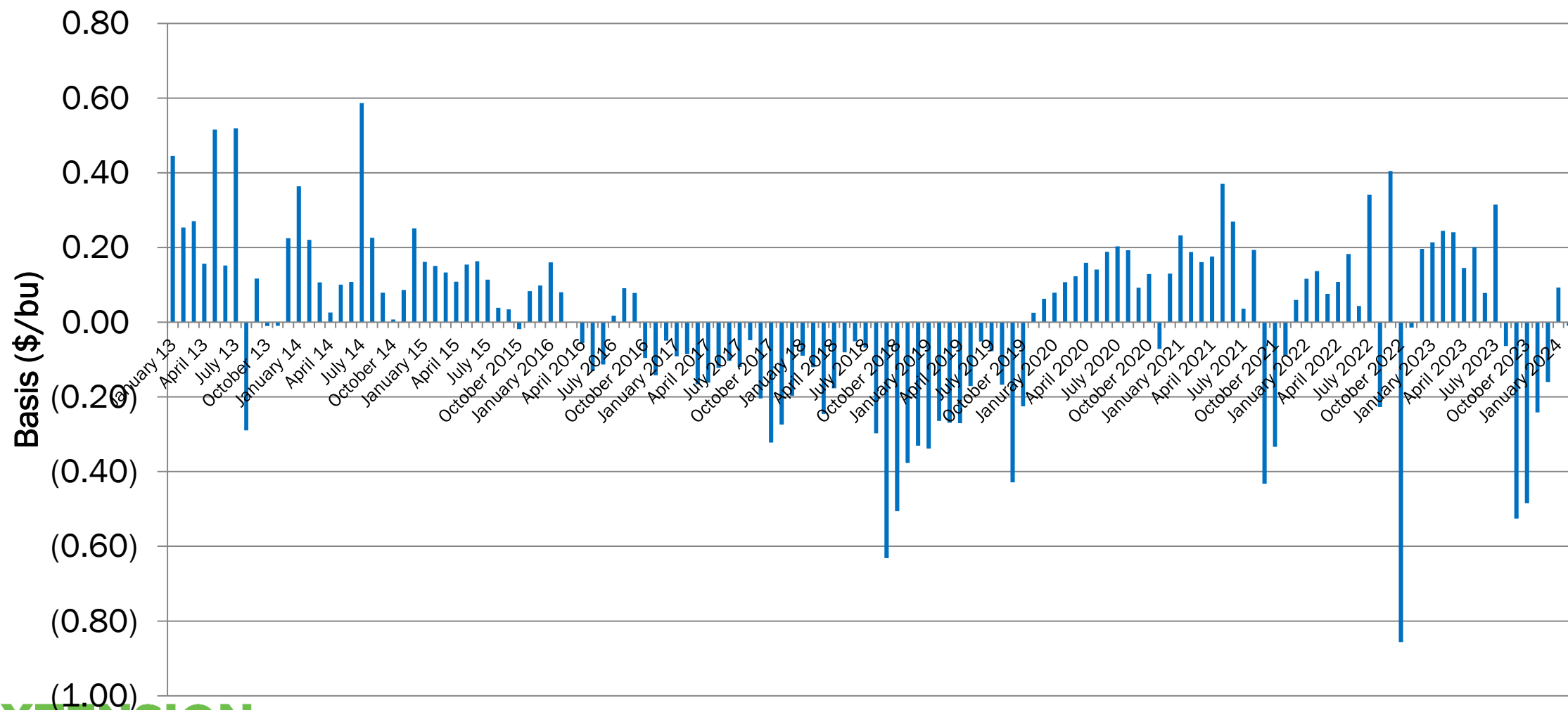




# May Soybeans



# Tennessee Average Monthly Soybean Basis at Elevators and Barge Points, 2013-2024



# Short Option Straddle

- **Speculative position**



Action	Strike	Premium
Sell	1300	4
Sell	1100	11

Weather Market  
US and South America

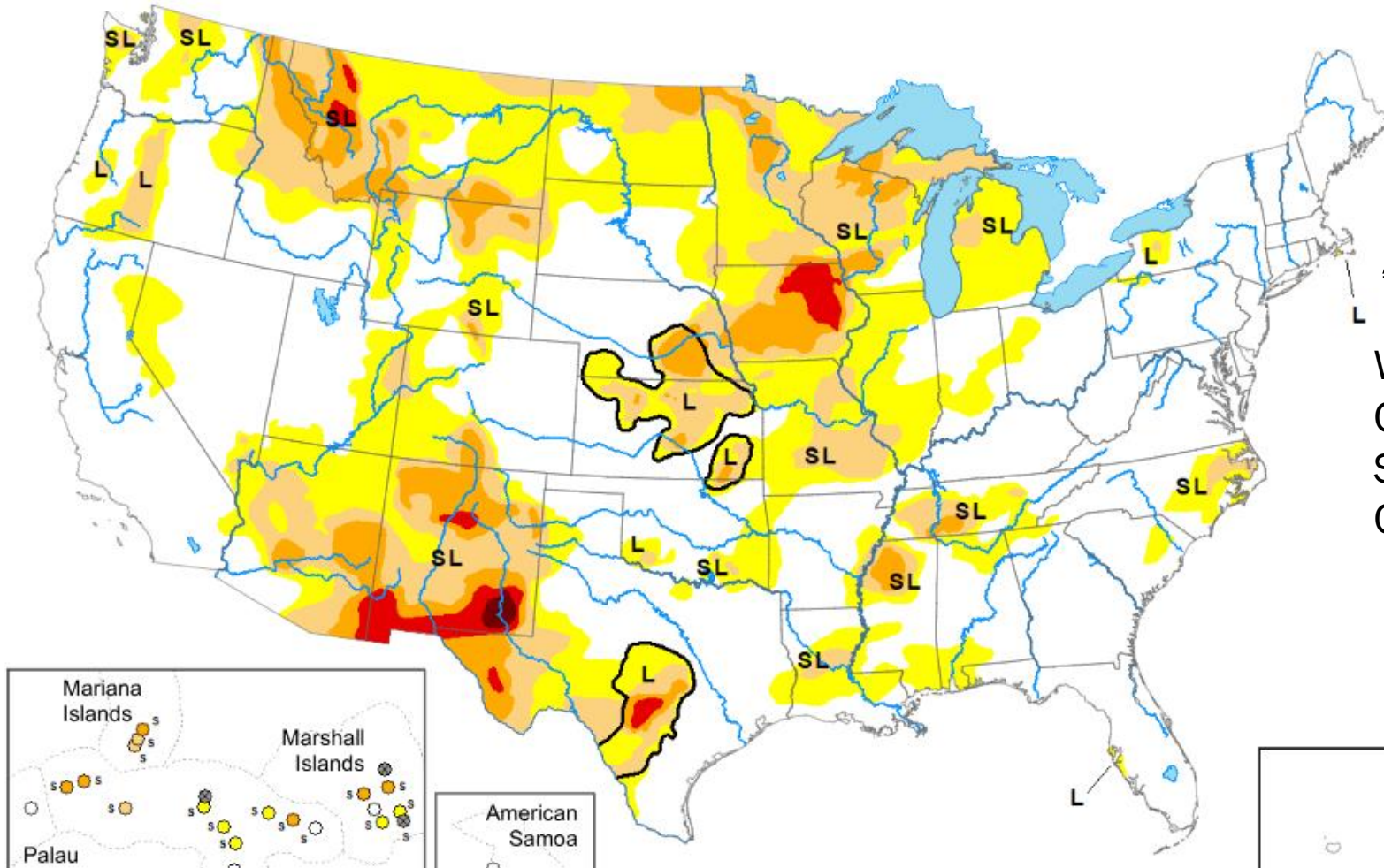


# NEW CROP PRICES

# Understand Your Market

- Local, regional, national, and global influences will influence futures and cash prices received for your commodities.
  - US Planted Acres (projected)
    - Corn – 91 million acres (-3.6 million)
    - Soybeans – 87.5 million acres (+3.9 million)
    - Wheat – 47 million acres (-2.6 million)
    - Cotton – 11 million acres (+0.77 million)
- Disaggregate cash prices
  - Cash = Futures + Basis
  - Typically, 90%+ of price risk is in the futures market.

# US Drought Monitor



## Ag in Drought as of February 27, 2024 (2023)

Winter Wheat in drought = 15% (54%)

Corn in drought = 30% (34%)

Soybean in drought = 28% (26%)

Cotton in drought = 11% (45%)



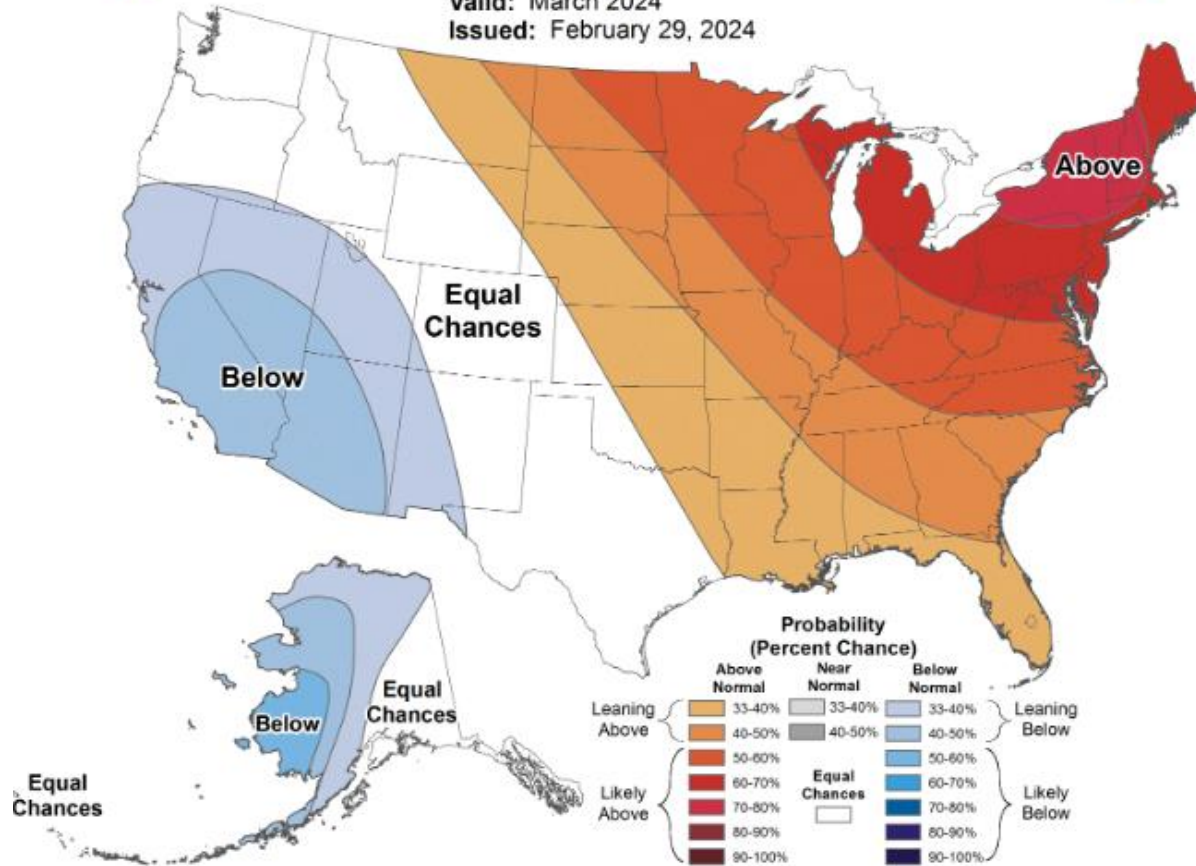
# Updated OFFICIAL 30-Day Forecasts

Issued: February 29, 2024



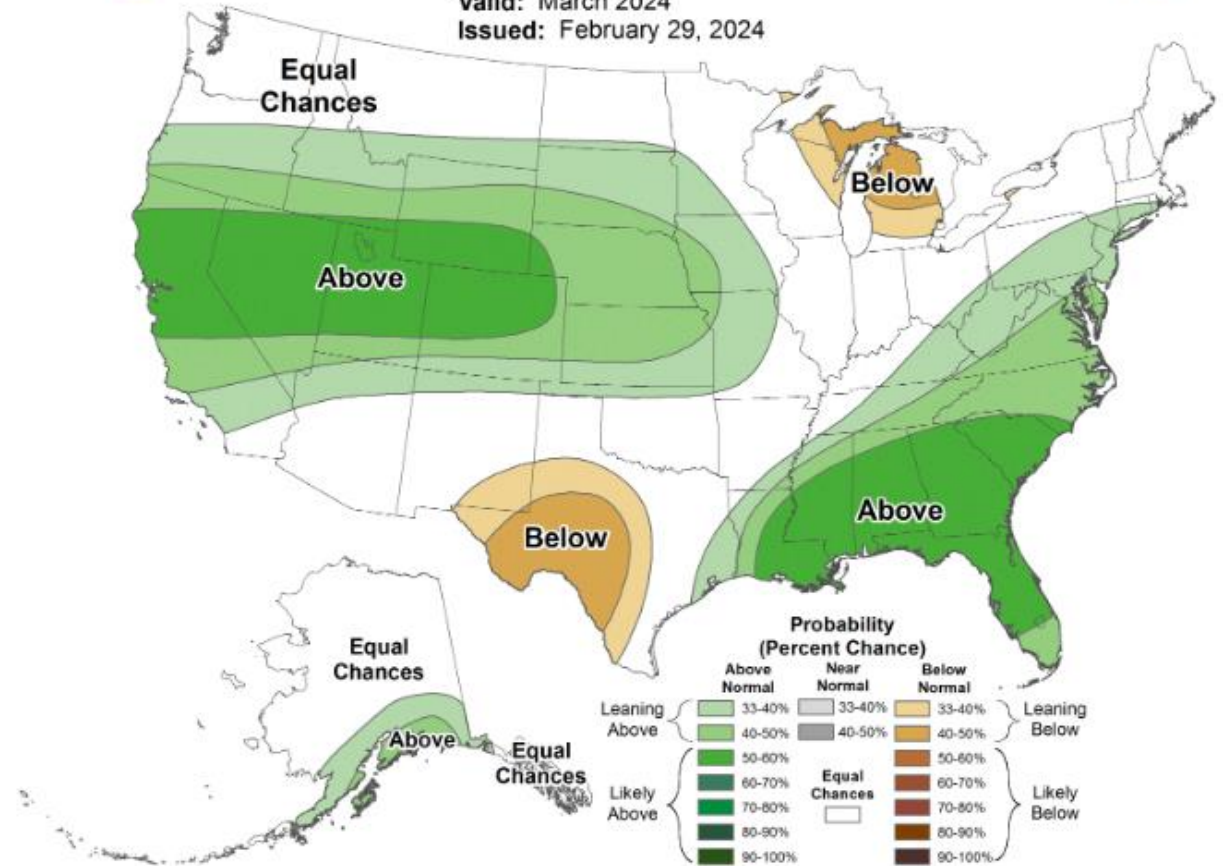
## Monthly Temperature Outlook

Valid: March 2024  
Issued: February 29, 2024

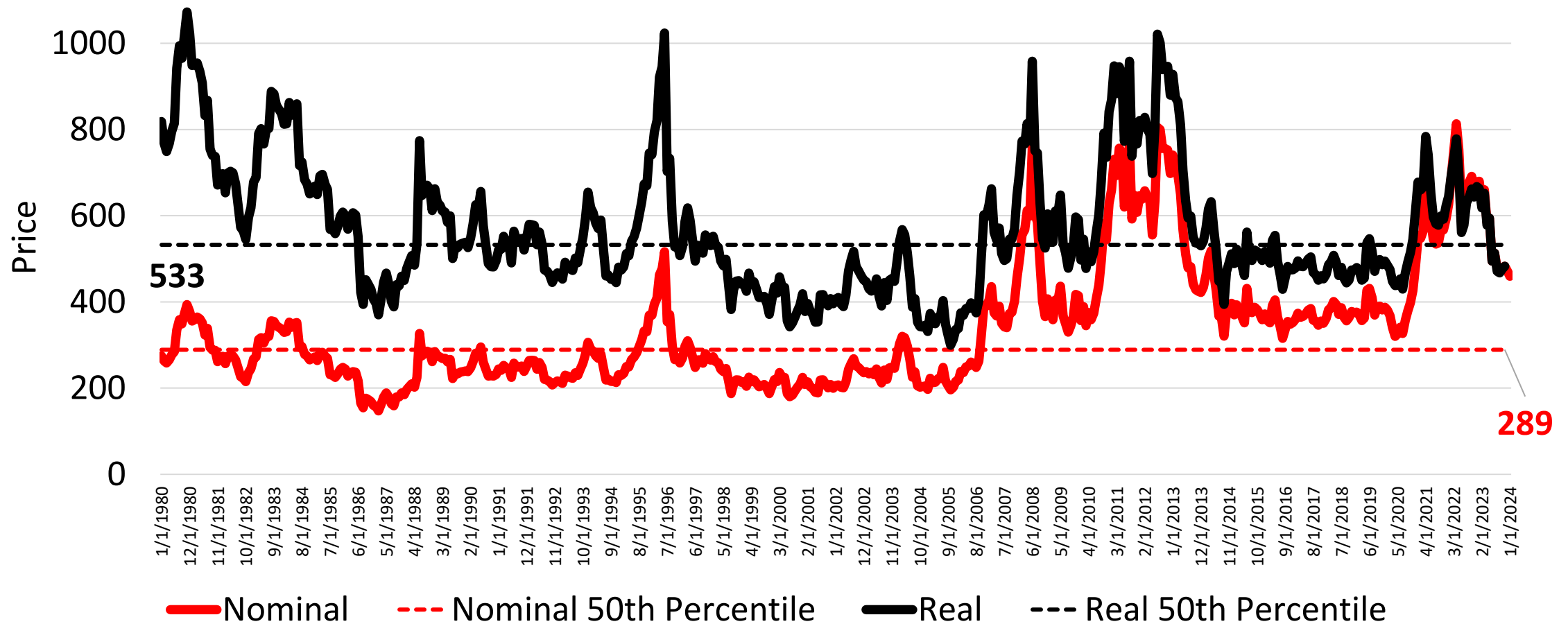


## Monthly Precipitation Outlook

Valid: March 2024  
Issued: February 29, 2024



# Monthly Real and Nominal Nearby Corn Futures Prices, 1980-2023 (Base = November 2023)



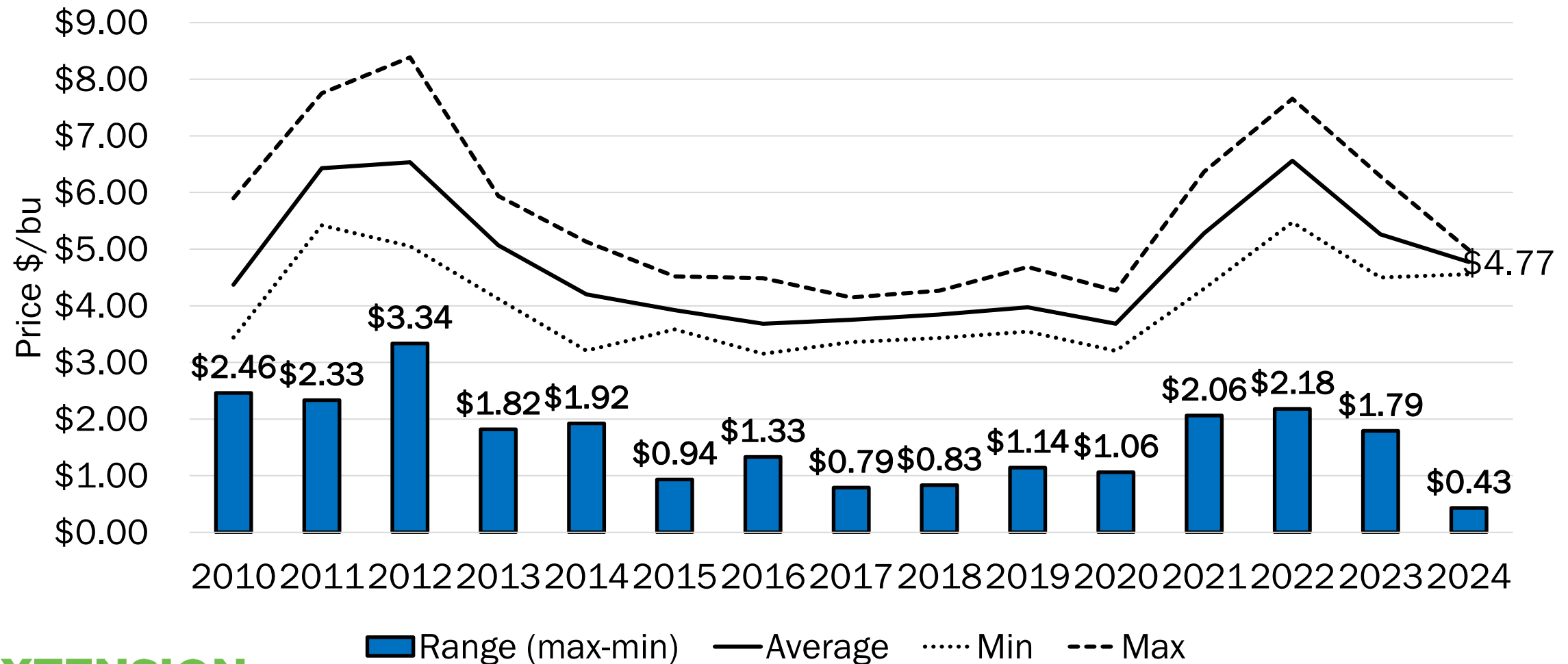


# December 2024 Corn Futures

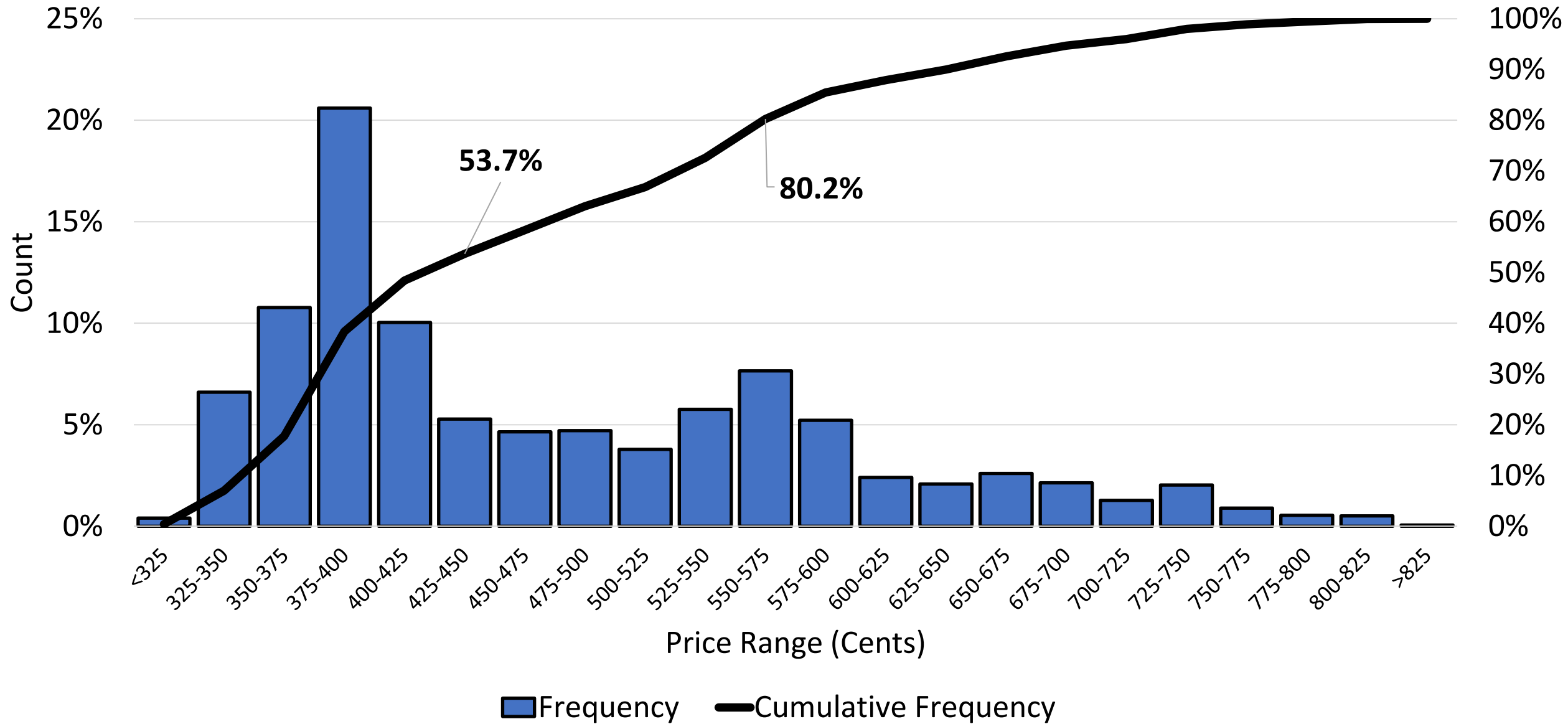


Prices have broken out of the trading range and are looking to establish a new range.

# December Corn Futures Contract, Jan 1 to Expiration, 2010-2024\*



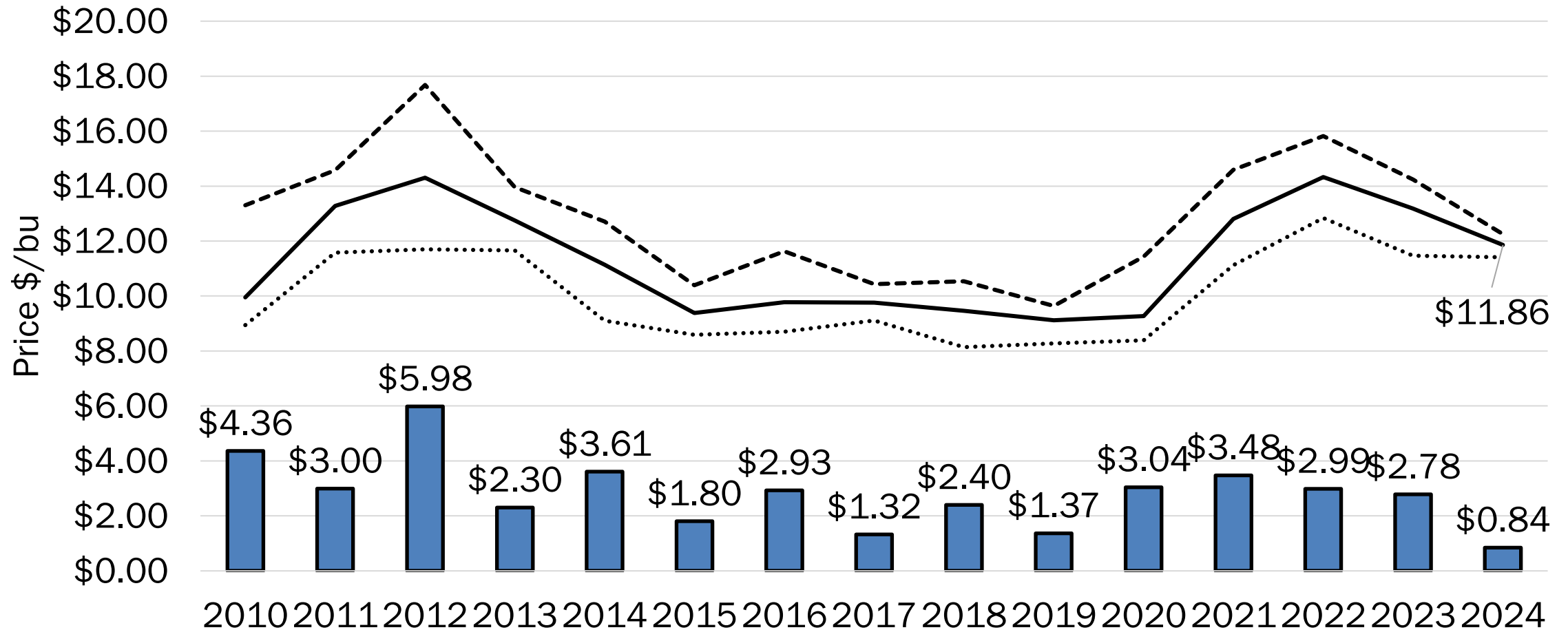
# December Corn Closing Futures Price Frequency, 12/1/09 to 1/26/24



# November 2024 Soybean Futures



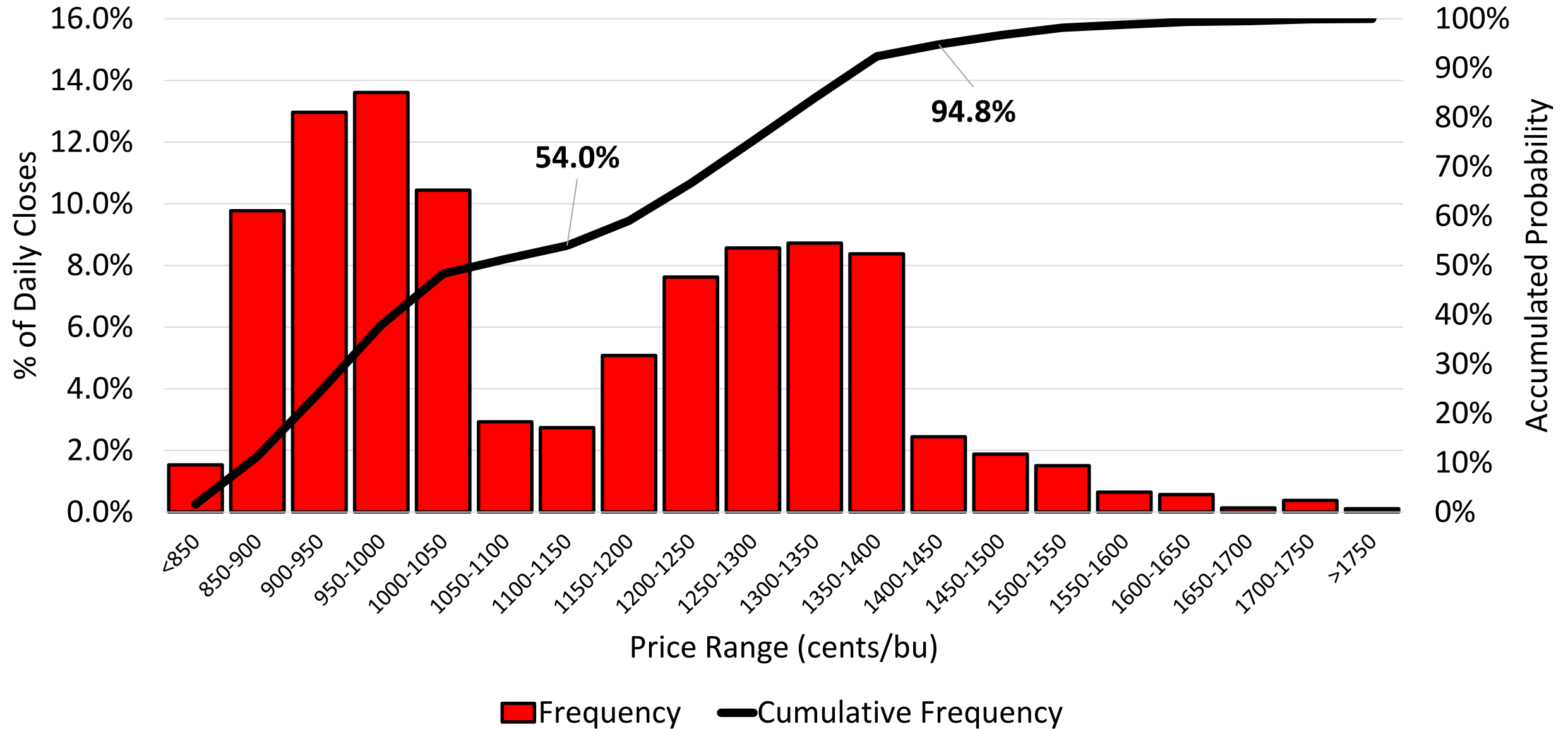
# November Soybean Futures Contract, Jan 1 to Expiration, 2010-2024\*



Range (max-min) — Average ..... Min --- Max

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# November Soybean Closing Futures Price Frequency, 11/1/09 to 1/26/24



## Fence in a Price?



December corn currently at \$4.59.

- Buy a \$4.40 December Put option for \$0.24
- Sell a \$5.60 December Call Option for \$0.10.

Futures price range established between \$4.40 to \$5.60 for \$0.14 premium.

- Set basis during the production year.

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# THANK YOU