

Markets, Policy, and Risk Management

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Row Crop Short Course

12/11/24

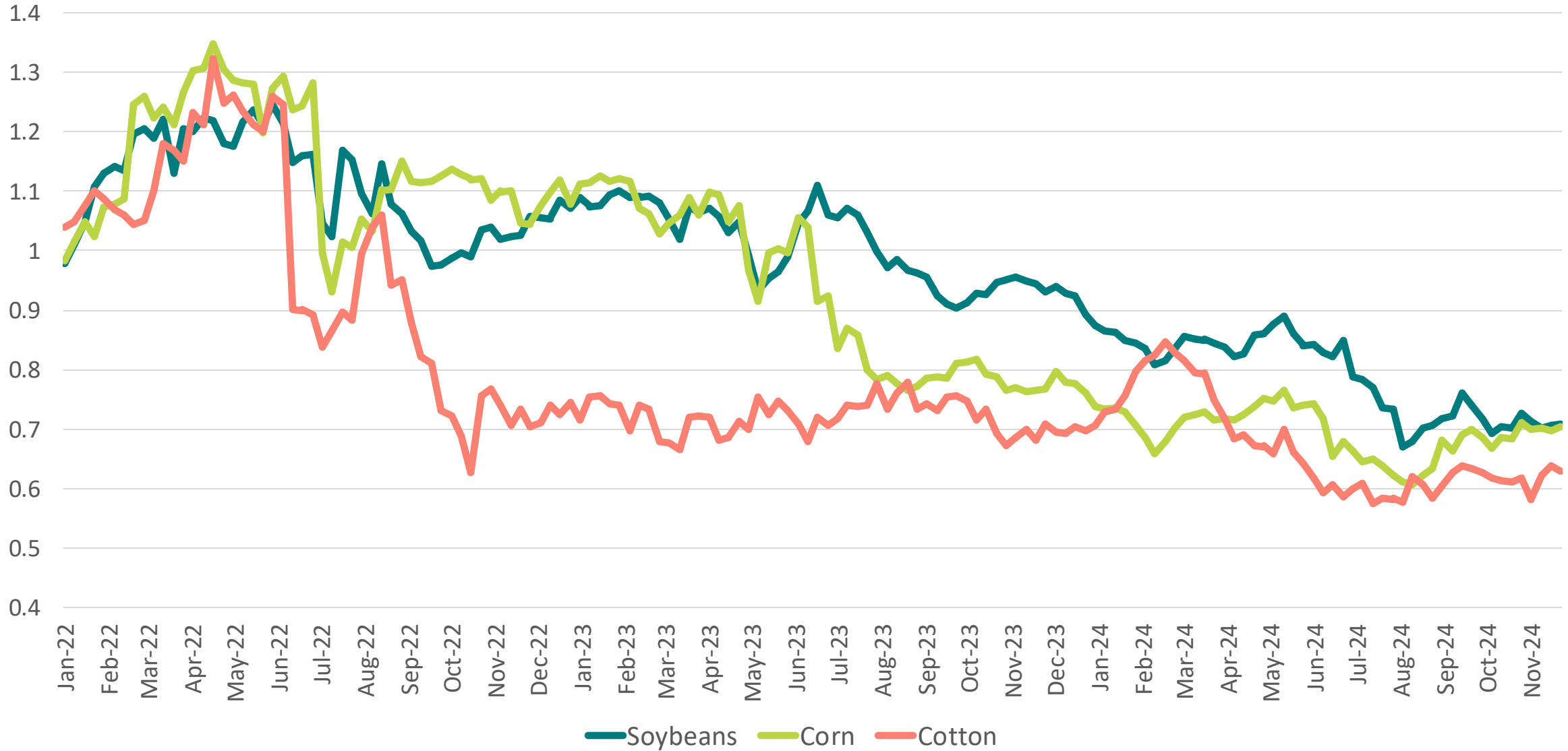


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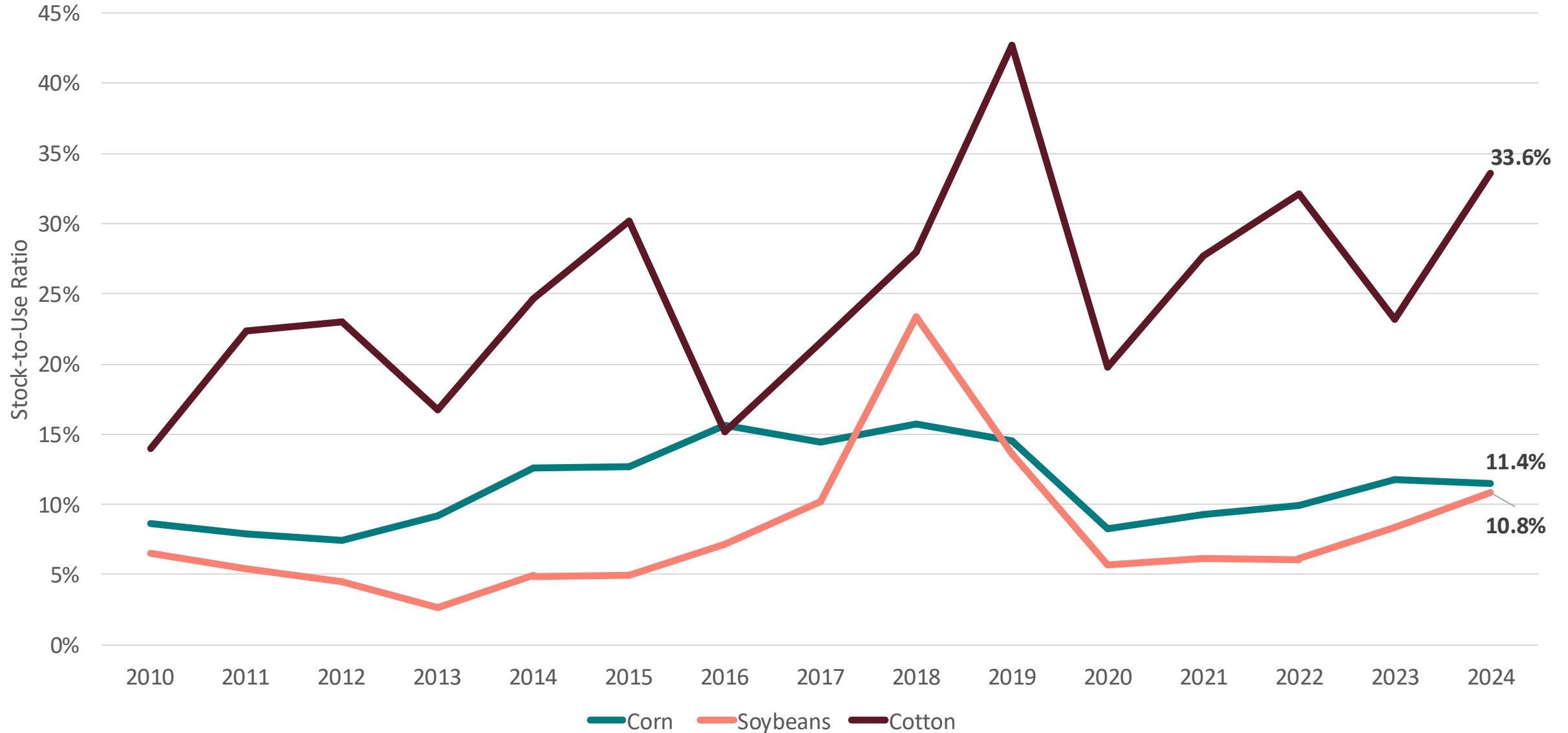


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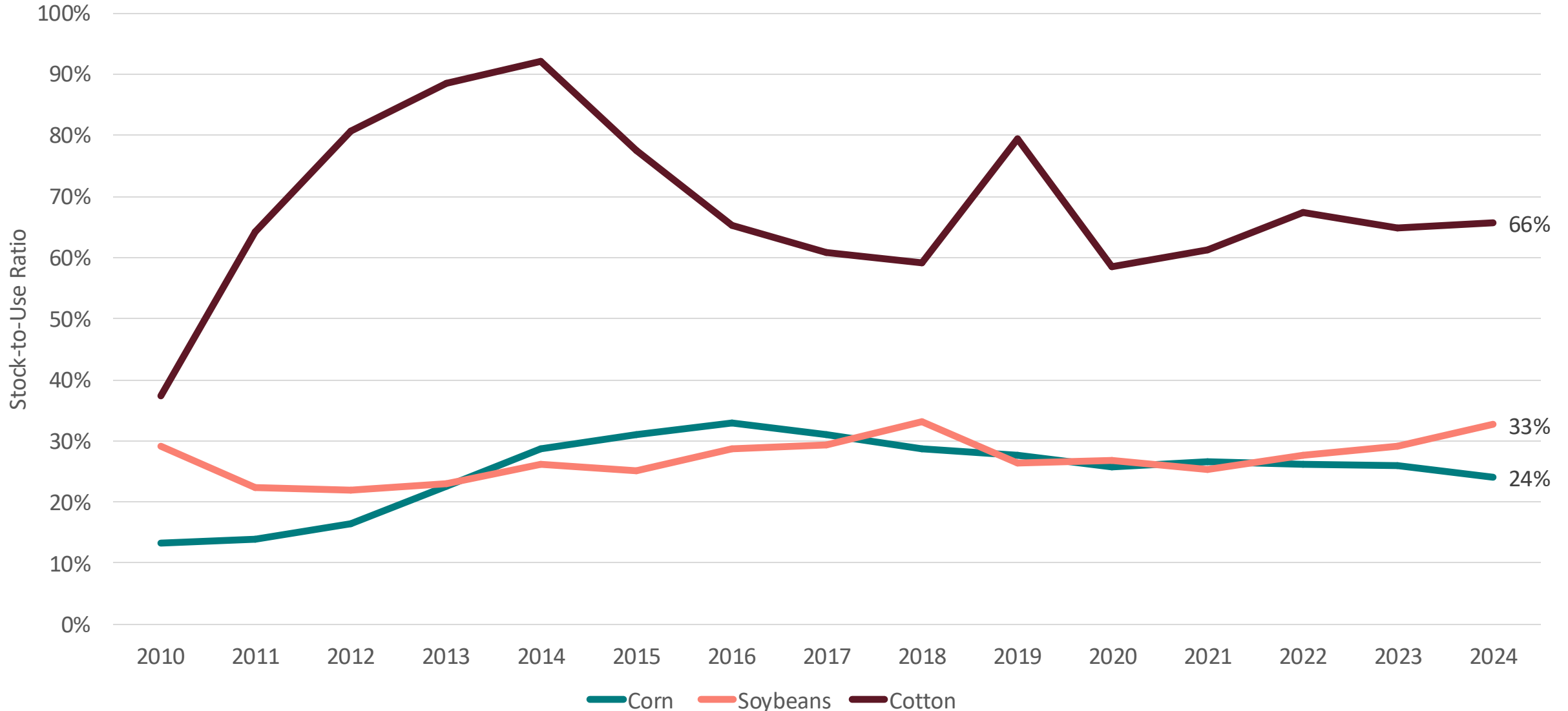
Index of Futures Price Changes from January 2022



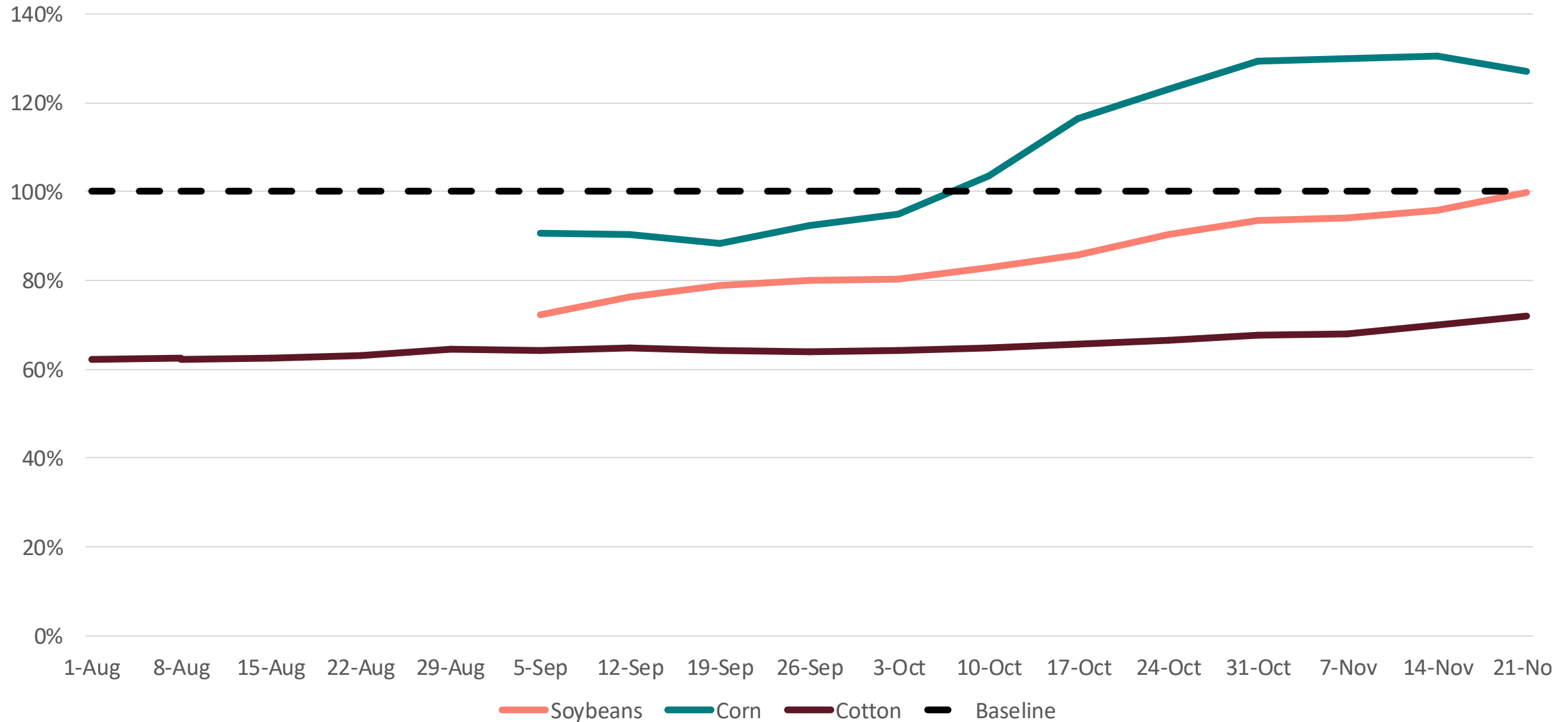
U.S. Stocks-to-Use by Crop



World Stocks-to-Use by Crop

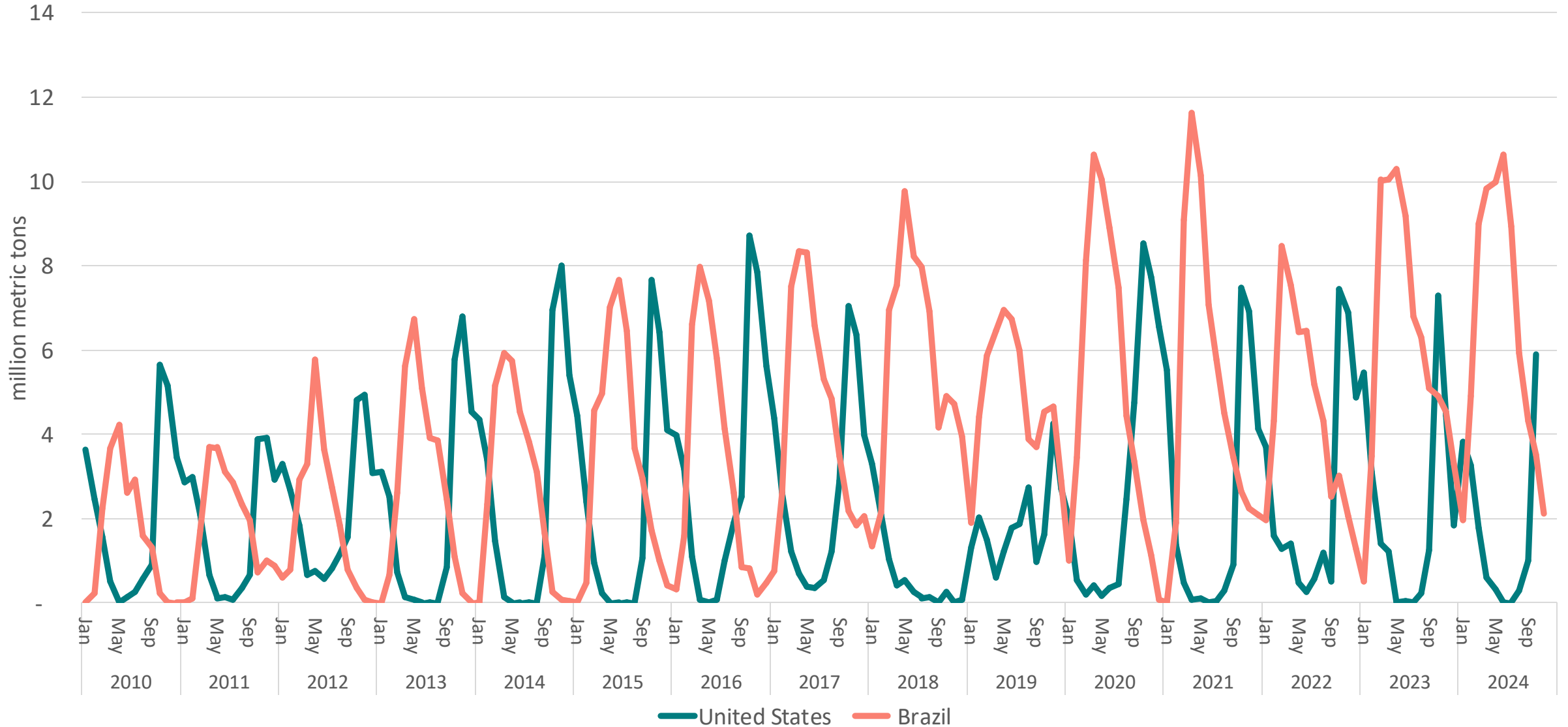


Total Export Commitments as a Percent of the 5-Year Average



Monthly Soybean Exports to China from U.S. and Brazil

2010-2024; million metric tons





Price Summary

| Item | 2023/2024 | | 2024/2025 | | |
|---------------------------|-----------|------------------------|-----------|------------------------|-----------------------|
| | Estimate | Change from November 8 | Forecast | Change from November 8 | Change from 2023/2024 |
| <i>Crops and products</i> | | | | | |
| Wheat (\$/bu) | 6.96 | -- | 5.60 | -- | -1.36 |
| Rice (\$/cwt) | 17.20 | -- | 15.60 | -- | -1.60 |
| Corn (\$/bu) | 4.55 | -- | 4.10 | -- | -0.45 |
| Soybeans (\$/bu) | 12.40 | -- | 10.20 | -0.60 | -2.20 |
| Soybean oil (¢/lb) | 47.28 | -- | 43.00 | -- | -4.28 |
| Soybean meal (\$/s.t.) | 384 | -- | 300 | -20 | -84 |
| Cotton (¢/lb) | 76.10 | -- | 66.00 | -- | -10.10 |

Marketing Plan

```
graph TD; A([Marketing Plan]) --- B[Price Risk Management]; B --- C[Crop Insurance]; B --- D[Farm Bill Programs]; C --- D;
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**Price Risk
Management**

**Crop
Insurance**

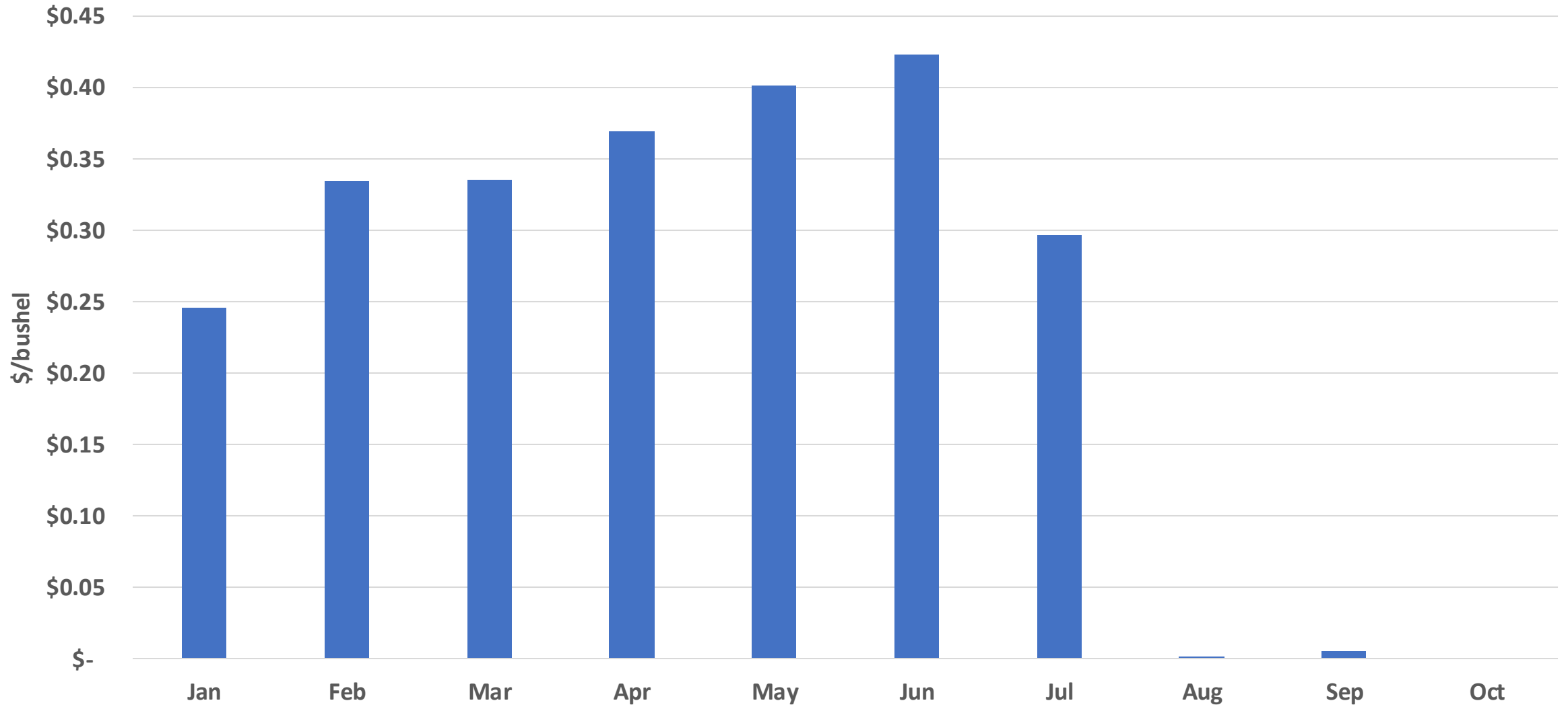
**Farm Bill
Programs**

Proactive Marketing Plans

- Keep it simple and straight forward
- Understand your breakeven and use it as a benchmark
- Use a combination of price targets and decision dates

Monthly Average Price of Nov Soybean Futures

Indexed to October of Harvest Year (2015-2024)



GREENVILLE, MS SOYBEAN MARKETING RESULTS

| Crop Year | Cash | 10% 7 mo. | 25% JFM | 25% FMA | 25% MAM | 25% AMJ | 25% MJJ |
|-----------------|----------|-----------|----------|----------|----------|----------|----------------|
| 2007 | \$9.17 | \$8.12 | \$7.78 | \$7.99 | \$7.95 | \$8.10 | \$8.30 |
| 2008 | \$9.54 | \$11.51 | \$11.30 | \$11.34 | \$11.24 | \$11.27 | \$12.38 |
| 2009 | \$9.25 | \$9.50 | \$9.17 | \$8.92 | \$9.07 | \$9.74 | \$10.00 |
| 2010 | \$10.82 | \$9.83 | \$9.88 | \$9.68 | \$9.72 | \$9.66 | \$9.65 |
| 2011 | \$11.18 | \$12.43 | \$12.43 | \$12.67 | \$12.51 | \$12.65 | \$12.53 |
| 2012 | \$15.40 | \$13.84 | \$13.17 | \$13.60 | \$13.86 | \$13.88 | \$14.14 |
| 2013 | \$12.98 | \$12.91 | \$13.10 | \$12.97 | \$12.68 | \$12.78 | \$12.79 |
| 2014 | \$9.17 | \$10.96 | \$10.86 | \$11.03 | \$11.30 | \$11.40 | \$11.26 |
| 2015 | \$9.11 | \$9.74 | \$9.87 | \$9.74 | \$9.73 | \$9.58 | \$9.72 |
| 2016 | \$9.64 | \$9.73 | \$9.06 | \$9.18 | \$9.61 | \$10.21 | \$10.55 |
| 2017 | \$9.25 | \$9.39 | \$9.59 | \$9.50 | \$9.34 | \$9.16 | \$9.28 |
| 2018 | \$7.98 | \$8.91 | \$9.08 | \$9.20 | \$9.26 | \$9.17 | \$8.77 |
| 2019 | \$8.95 | \$8.98 | \$9.21 | \$9.18 | \$8.89 | \$8.79 | \$8.71 |
| 2020 | \$10.40 | \$9.59 | \$9.83 | \$9.56 | \$9.38 | \$9.27 | \$9.31 |
| 2021 | \$12.15 | \$12.47 | \$11.75 | \$12.06 | \$12.66 | \$13.16 | \$13.29 |
| 2022 | \$12.82 | \$13.27 | \$13.06 | \$13.45 | \$13.56 | \$13.76 | \$13.49 |
| 2023 | \$12.06 | \$12.37 | \$12.83 | \$12.65 | \$12.35 | \$11.90 | \$11.95 |
| AVG | \$10.58 | \$10.80 | \$10.70 | \$10.75 | \$10.77 | \$10.85 | \$10.95 |
| Best CT. | 4 | 0 | 5 | 1 | 1 | 2 | 4 |
| Freq. | 23.53% | 0.00% | 29.41% | 5.88% | 5.88% | 11.76% | 23.53% |
| Lowest | 6 | 0 | 4 | 1 | 1 | 3 | 2 |
| Freq. | 35.29% | 0.00% | 23.53% | 5.88% | 5.88% | 17.65% | 11.76% |



Marketing Questions to Ask Yourself

- Instead of “What is the price going to do?” ask:
 - “What does the current price mean to me?”
 - “What price do I need?”
- “Am I attempting to improve price or mitigate risk?”
- “Do I have an exit strategy?”

Marketing Plan

**Price Risk
Management**

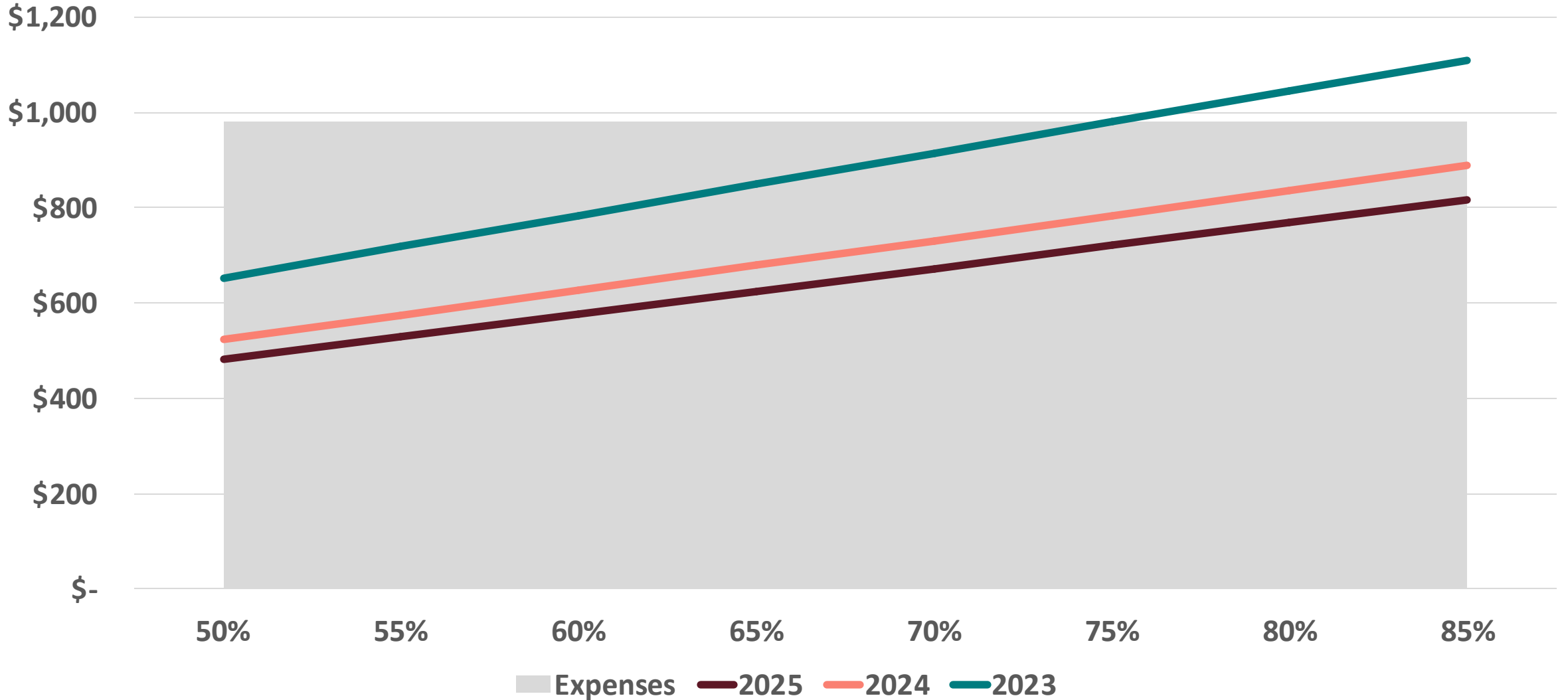
**Crop
Insurance**

**Farm Bill
Programs**



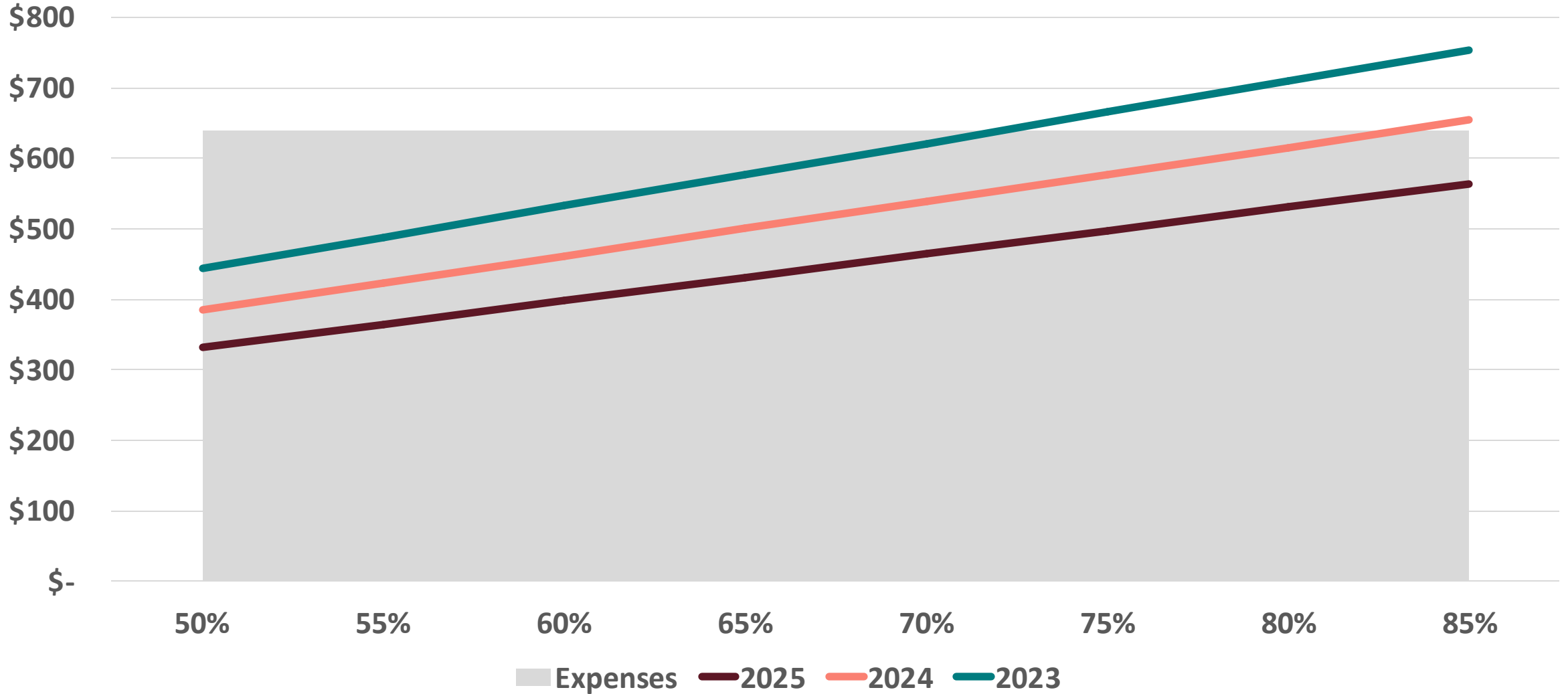
Projected Crop Insurance Guarantees

Corn – 2025: Price \$4.37, APH 220



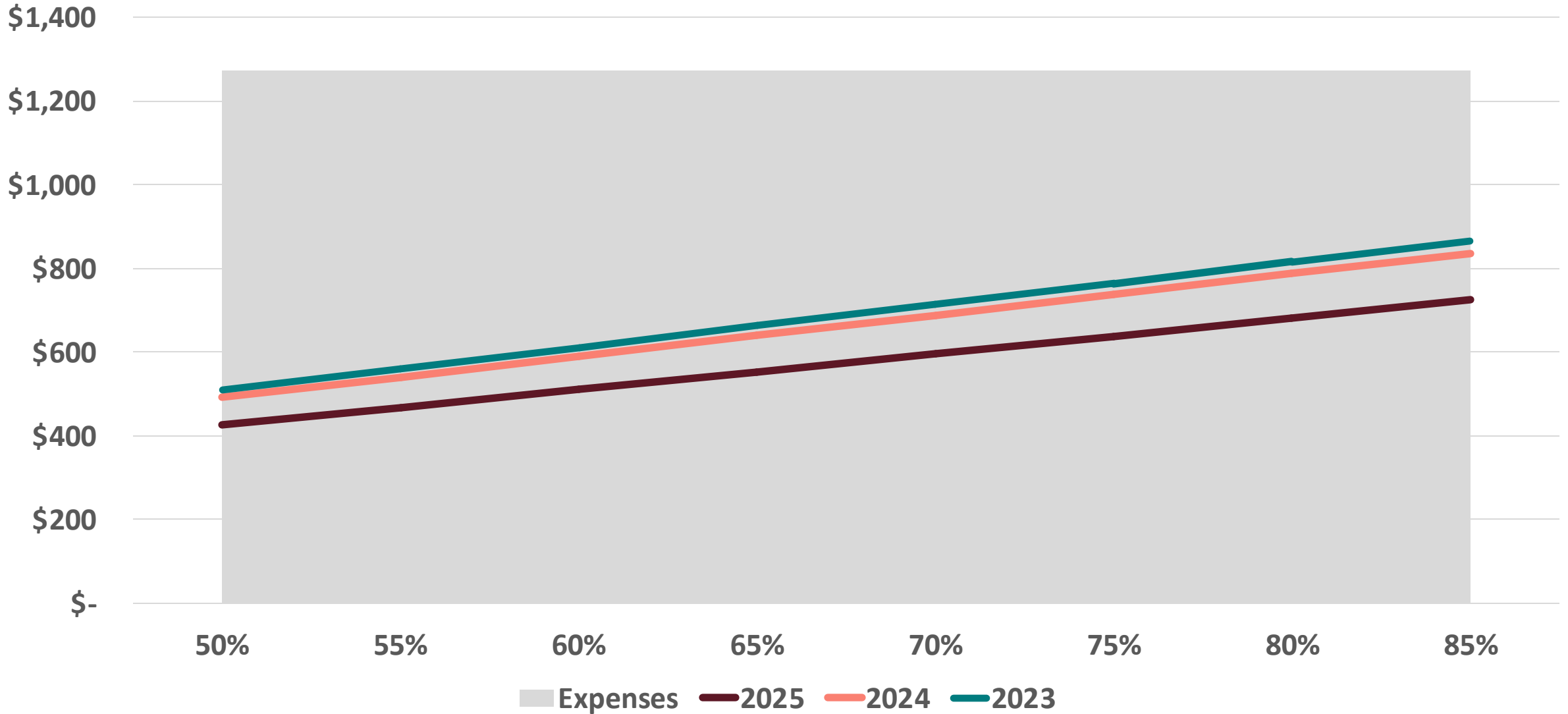
Projected Crop Insurance Guarantees

Soybeans – 2025: Price \$10.20, APH 65



Projected Crop Insurance Guarantees

Cotton – 2025: Price \$0.71, APH 1200



Corn Example

Leflore County, Yield: 195, Price: \$4.37/bu, Enterprise Unit

| Coverage Level | Producer Premium | Revenue Guarantee | Prem Difference from Previous CL | Guarantee Difference | Premium Diff/ Guarantee Diff |
|----------------|------------------|-------------------|----------------------------------|----------------------|------------------------------|
| 70% | \$10.00 | \$597 | - | - | - |
| 75% | \$14.00 | \$639 | \$4.00 | \$43.00 | 9% |
| 80% | \$24.00 | \$682 | \$10.00 | \$43.00 | 23% |
| 85% | \$42.00 | \$724 | \$18.00 | \$43.00 | 42% |

Soybeans Example

Leflore County, Yield: 60, Price: \$10.20/bu, Enterprise Unit

| Coverage Level | Producer Premium | Revenue Guarantee | Prem Difference from Previous CL | Guarantee Difference | Premium Diff/ Guarantee Diff |
|----------------|------------------|-------------------|----------------------------------|----------------------|------------------------------|
| 70% | \$5.00 | \$428 | - | - | - |
| 75% | \$7.00 | \$459 | \$2.00 | \$31.00 | 7% |
| 80% | \$12.00 | \$490 | \$5.00 | \$31.00 | 16% |
| 85% | \$23.00 | \$520 | \$11.00 | \$31.00 | 36% |

Questions for Your Crop Insurance Agent

1. What about enterprise units across county lines?
(Multi-County Enterprise Unit)
2. May I qualify for trend-adjusted yields?
3. May I qualify for APH yield exclusions?
4. What is the premium for different coverage levels?
5. What about separate coverage levels by practice?

Marketing Plan

**Price Risk
Management**

**Crop
Insurance**

**Farm Bill
Programs**



New Farm Bill?

- Expect an Extension of the 2018 Farm Bill this week
- Market relief – Seems unlikely at this time

Calculation of 2025 Effective PLC Reference Prices

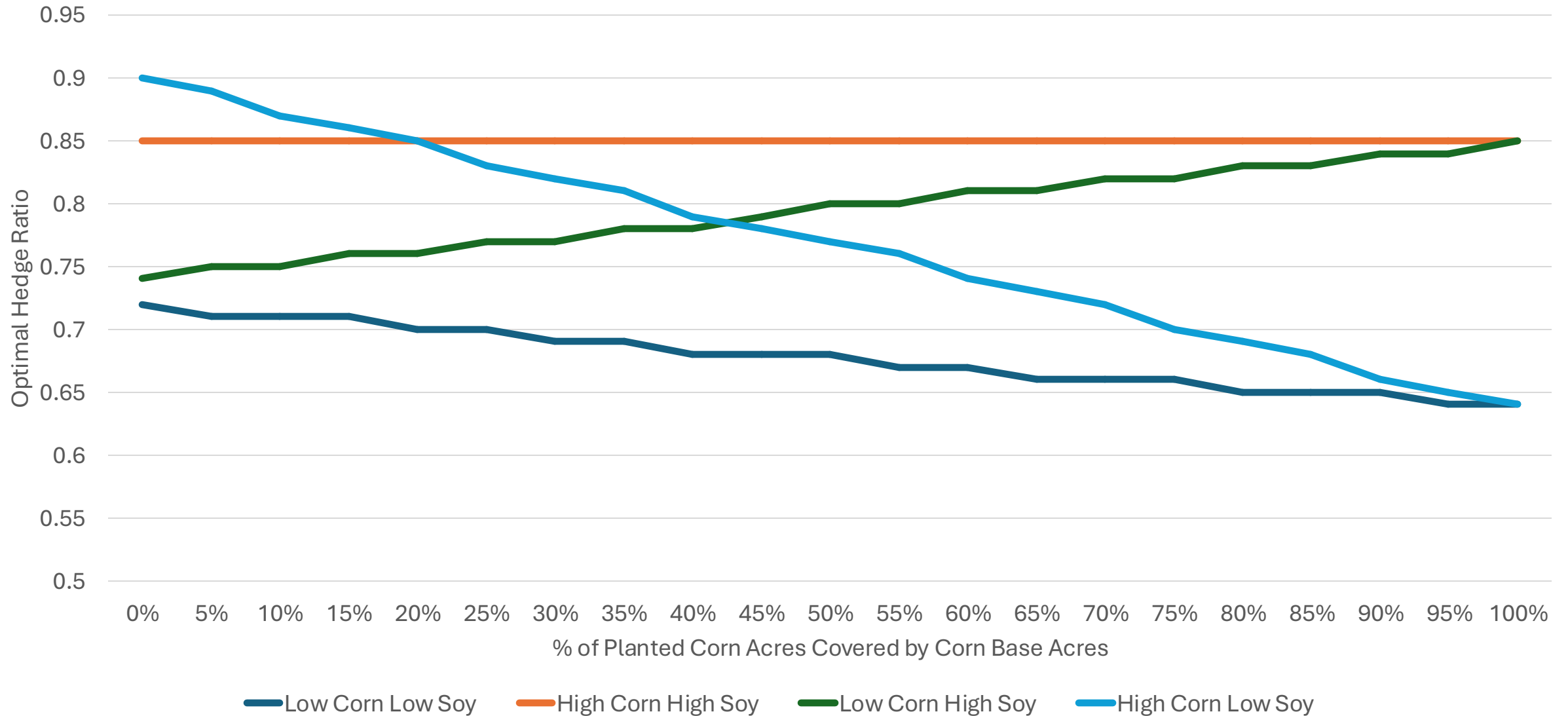
| | Corn | Soybeans | Wheat | Seed Cotton |
|---------------------------------------|---------------|---------------|---------------|-------------|
| Statutory Reference Price | \$3.70 | \$8.40 | \$5.50 | \$0.3670 |
| 115% of Reference Price | \$4.26 | \$9.66 | \$6.33 | \$0.4221 |
| Market Year Average Prices | | | | |
| 2019 | \$3.56 | \$8.57 | \$4.58 | \$0.3058 |
| 2020 | \$4.53 | \$10.80 | \$5.05 | \$0.3393 |
| 2021 | \$6.00 | \$13.30 | \$7.63 | \$0.4675 |
| 2022 | \$6.54 | \$14.20 | \$8.83 | \$0.4533 |
| 2023 | \$4.55 | \$12.40 | \$6.96 | \$0.3949 |
| 85% of 5-year Olympic Average | \$4.27 | \$10.34 | \$5.56 | \$0.3400 |
| 2025 Effective Reference Price | \$4.26 | \$9.66 | \$6.33 | \$0.3670 |

ARC-CO/PLC Questions to Ask

- What is my county yield risk?
- What is my base acre structure?
- Are programs protecting the crops I am actually planting?

Relationship Between Marketing and Base Acres

Corn vs. Soybeans





southernagtoday.com

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2025 Mississippi Agricultural Outlook Conference

January 14, 2025

The Mill Conference Center

Starkville, MS

Use the following link to register:



https://reg.extension.msstate.edu/reg/event_page.aspx?ek=0081-0004-578e97d6b0e34d39a6e7a173df15dacf

For additional information, contact Kevin Kim at kevin.kim@msstate.edu or 662-325-2676.

Cotton Example

Leflore County, Yield: 1150, Price: 0.71, Enterprise Unit

| Coverage Level | Producer Premium | Revenue Guarantee | Prem Difference from Previous CL | Guarantee Difference | Premium Diff/ Guarantee Diff |
|----------------|------------------|-------------------|----------------------------------|----------------------|------------------------------|
| 70% | \$5.00 | \$572 | - | - | 2% |
| 75% | \$8.00 | \$612 | \$3.00 | \$41.00 | 7% |
| 80% | \$14.00 | \$653 | \$6.00 | \$41.00 | 15% |
| 85% | \$26.00 | \$694 | \$12.00 | \$41.00 | 29% |