

Jamey Kohake

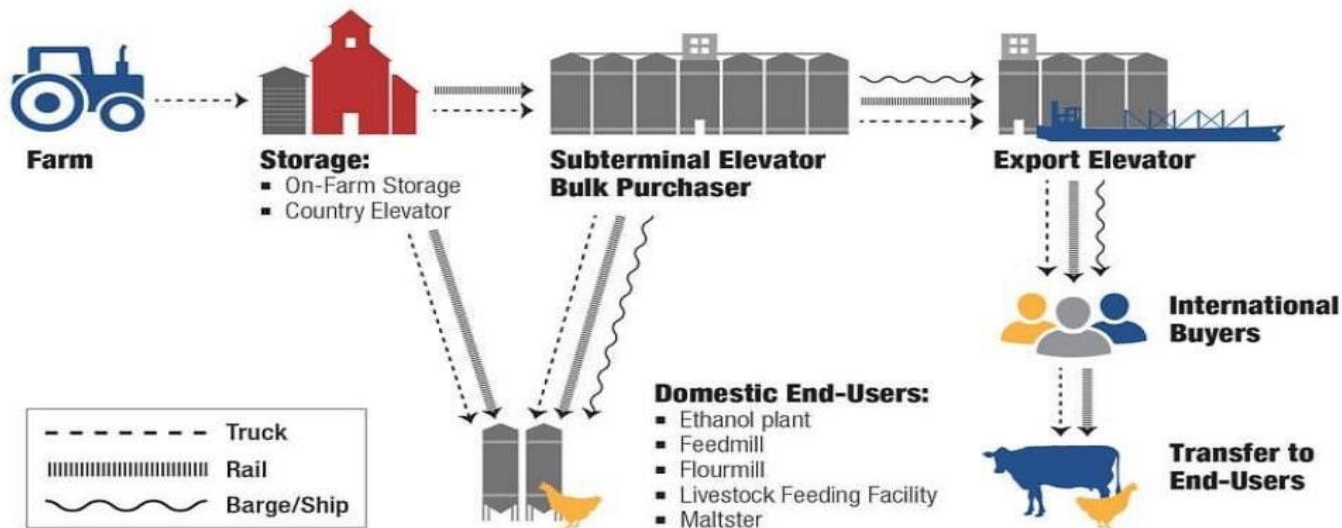
Paragon Ag Advisors
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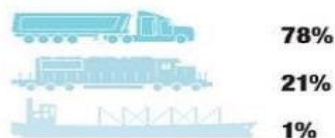
10/4/2013



How Does U.S. Grain Move?



Grain movement to final domestic users¹:



Grain movement to international buyers¹:



The United States has:

1.25 million
km of highways (enough to go around the equator 31 times)

225,000
km of railways (more than any other country in the world)

15,800
km of waterways (twice the length of the Nile River)

Source: ¹Transportation of U.S. Grains A Modal Share Analysis
ams.usda.gov/sites/default/files/media/ModalJune2015.pdf



***World Agricultural Supply and
Demand Estimates***

Report of April 10, 2018

Interagency Commodity Estimates Committee Forecasts

World Agricultural Outlook Board, Chairing Agency

Economic Research Service

Foreign Agricultural Service

Farm Service Agency

Agricultural Marketing Service

Price Summary

	2016/17 estimate	2017/18 forecast	Change from March 8	Change from 2016/17
<i>Crops and products</i>				
Wheat (\$/bu)	3.89	4.65	--	0.76
Rice (\$/cwt)	10.40	12.60	0.10	2.20
Corn (\$/bu)	3.36	3.35	--	-0.01
Soybeans (\$/bu)	9.47	9.30	--	-0.17
Soybean oil (¢/lb)	32.48	31.50	--	-0.98
Soybean meal (\$/s.t.)	316.88	350.00	10.00	33.12
Cotton (¢/lb)	68.00	68.00	-1.00	0.00
<i>Livestock</i>				
Steers (\$/cwt)	121.52	116.40	-3.22	-5.11
Hogs (\$/cwt)	50.48	45.78	-2.60	-4.70
Broilers (¢/lb)	93.5	95.4	4.0	1.9
Turkeys (¢/lb)	96.1	84.3	-4.0	-11.8
<i>Dairy products</i>				
Cheese	1.63	1.57	0.00	-0.06
Butter	2.33	2.25	-0.01	-0.08
Nonfat dry milk	0.87	0.72	-0.00	-0.14
Dry whey	0.44	0.25	-0.03	-0.19
<i>Milk classes</i>				
Class III (\$/cwt)	16.17	14.45	-0.15	-1.72
Class IV (\$/cwt)	15.16	13.55	-0.05	-1.61
All milk (\$/cwt)	17.63	15.85	-0.20	-1.78

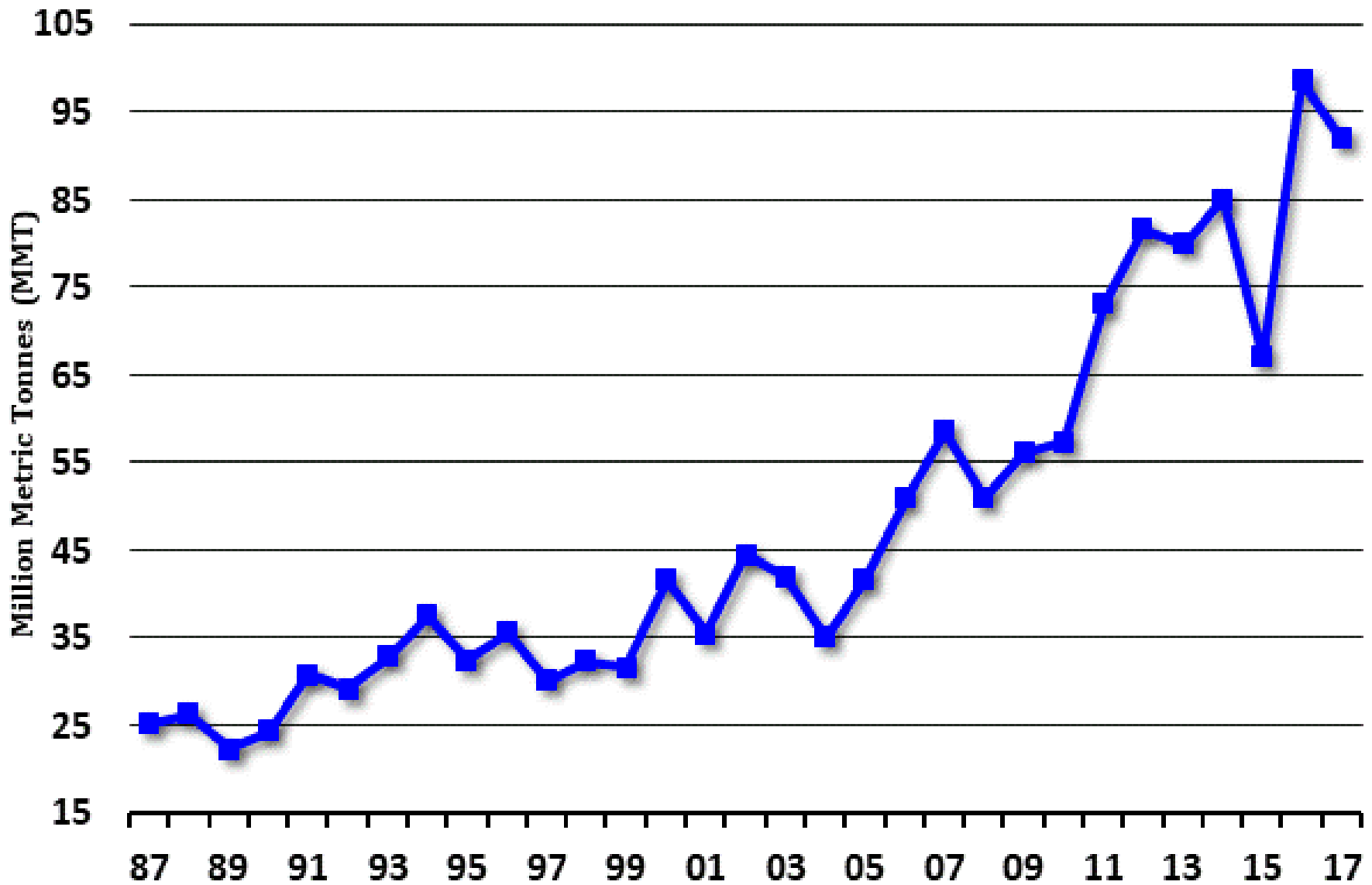
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April 10, 2018

World Corn Supply and Use

	2016/17 estimate	2017/18 forecast	Change from March 8	Change from 2016/17
	<i>Million Tons</i>			
Beginning stocks	213.9	230.9	-1.0	17.0
Production	1,075.5	1,036.1	-5.7	-39.4
Total Supply	1,289.4	1,267.0	-6.6	-22.5
Feed use	632.0	650.0	-3.8	18.0
Total use	1,058.5	1,069.2	-5.2	10.7
Trade	159.8	152.6	-3.4	-7.2
Ending Stocks	230.9	197.8	-1.4	-33.1

Brazil Corn - Production

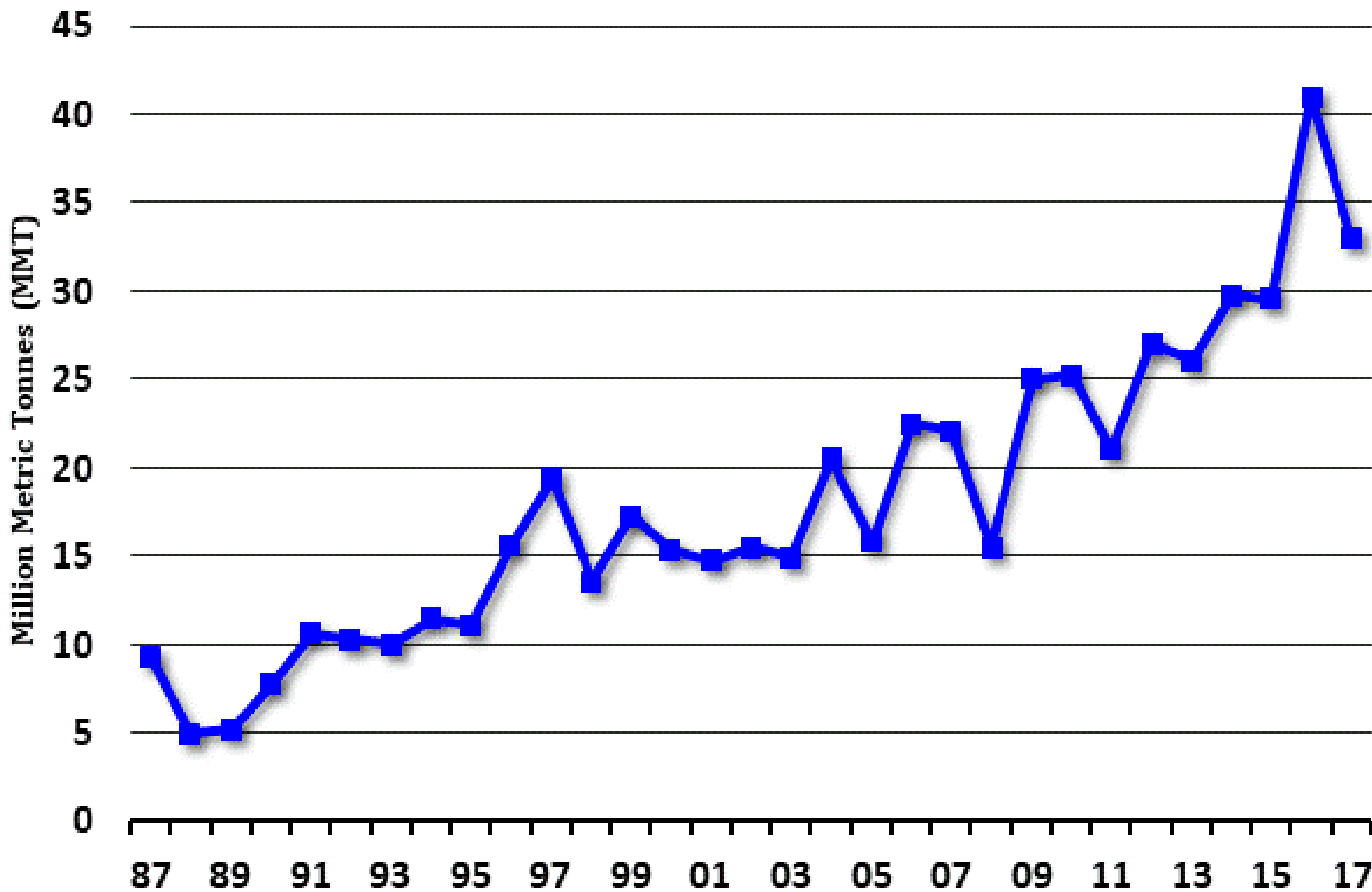


Most Recent: 92 As Of 04/10/2018

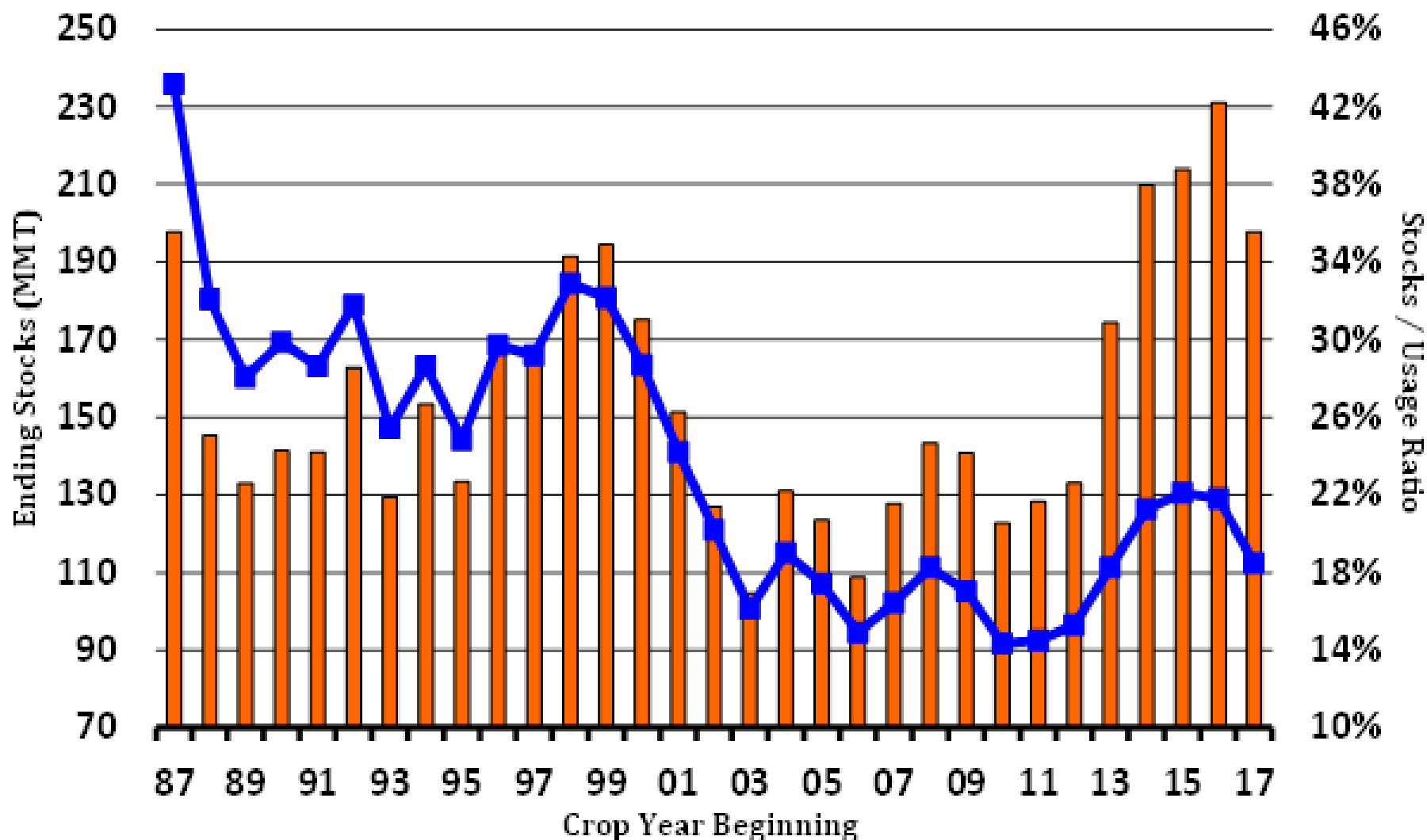
Crop Year Beginning

The Hightower Report

Argentina Corn - Production



World Corn - Ending Stocks vs. Stocks / Usage Ratio



The Hightower Report | Source: USDA

Most Recent: As Of 04/10/2018



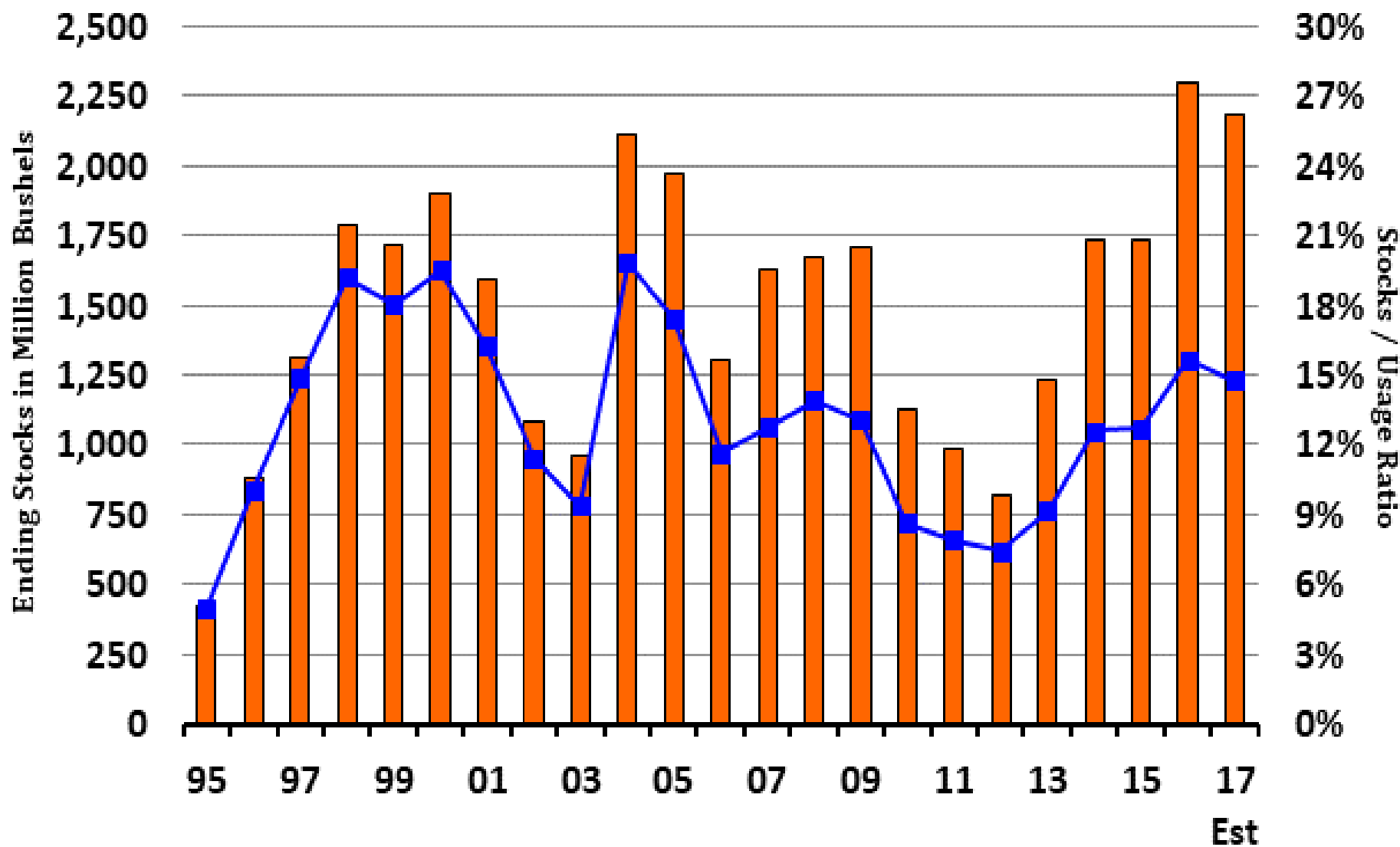
U.S. Corn Supply and Demand

	2016/17 estimate	2017/18 forecast	Change from March 8	Change from 2016/17
Planted area (million acres)	94.0	90.2	--	-3.8
Harvested area (million acres)	86.7	82.7	--	-4.0
Yield (bushels per acre)	174.6	176.6	--	2.0
<i>Million bushels</i>				
Beginning stocks	1,737	2,293	--	556
Production	15,148	14,604	--	-544
Imports	57	50	--	-7
Total supply	16,942	16,947	--	5
Feed and residual	5,472	5,500	-50	28
Food, seed, and industrial	6,883	7,040	-5	157
Ethanol	5,432	5,575	--	143
Domestic use	12,356	12,540	-55	184
Exports	2,293	2,225	--	-68
Total use	14,649	14,765	-55	116
Ending stocks	2,293	2,182	55	-111
<i>Percent</i>				
Stocks to use ratio	15.7	14.8	0.4	-0.9
<i>Dollars per bushel</i>				
Average market price	3.36	3.20/3.50	--	-0.01

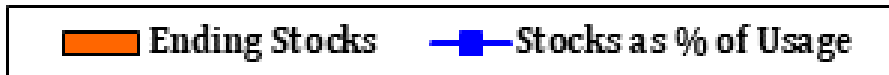
-- No change

April 10, 2018

US Corn Ending Stocks vs Stocks / Usage Ratio



Updated: 04/10/2018

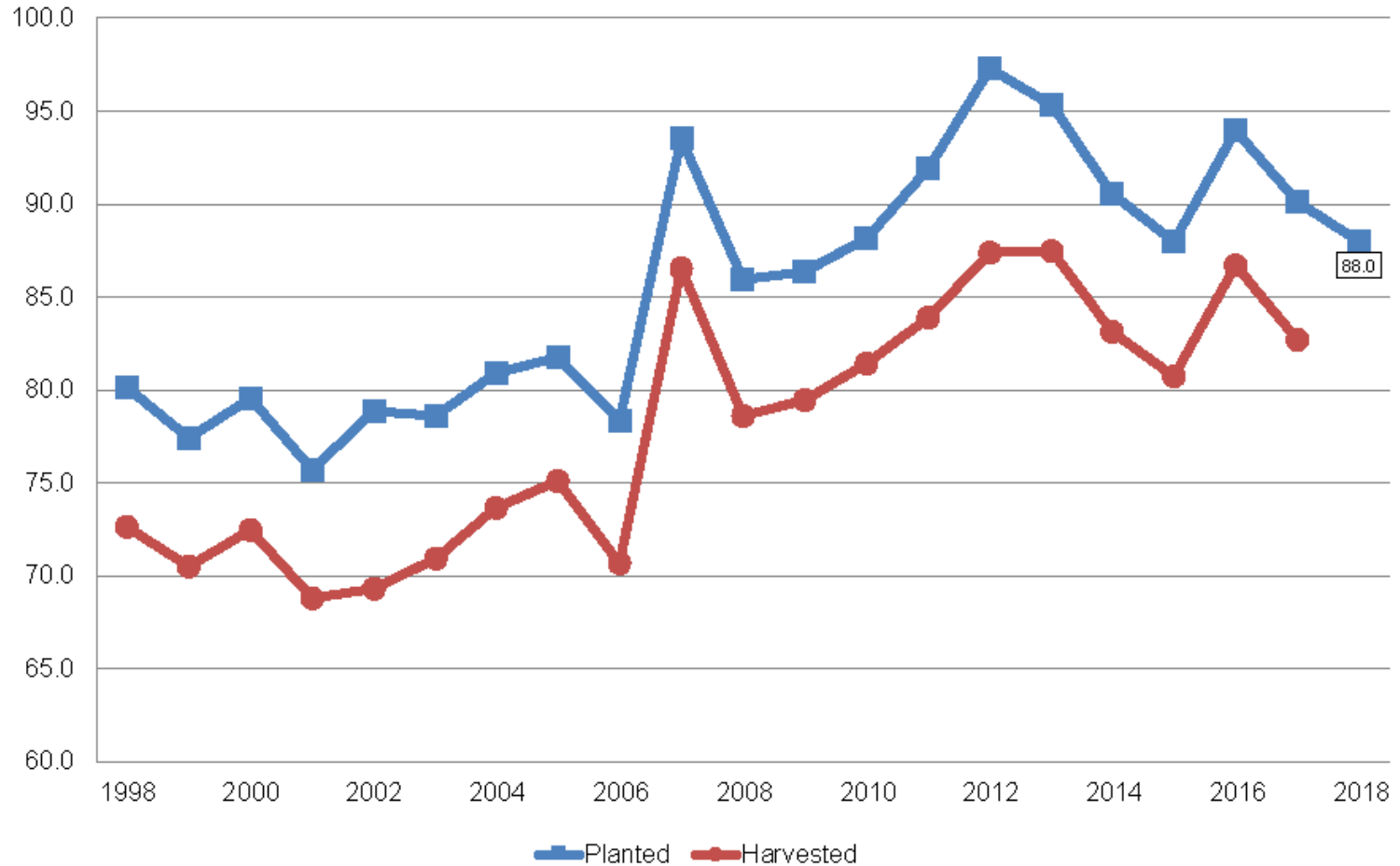


The Hightower Report



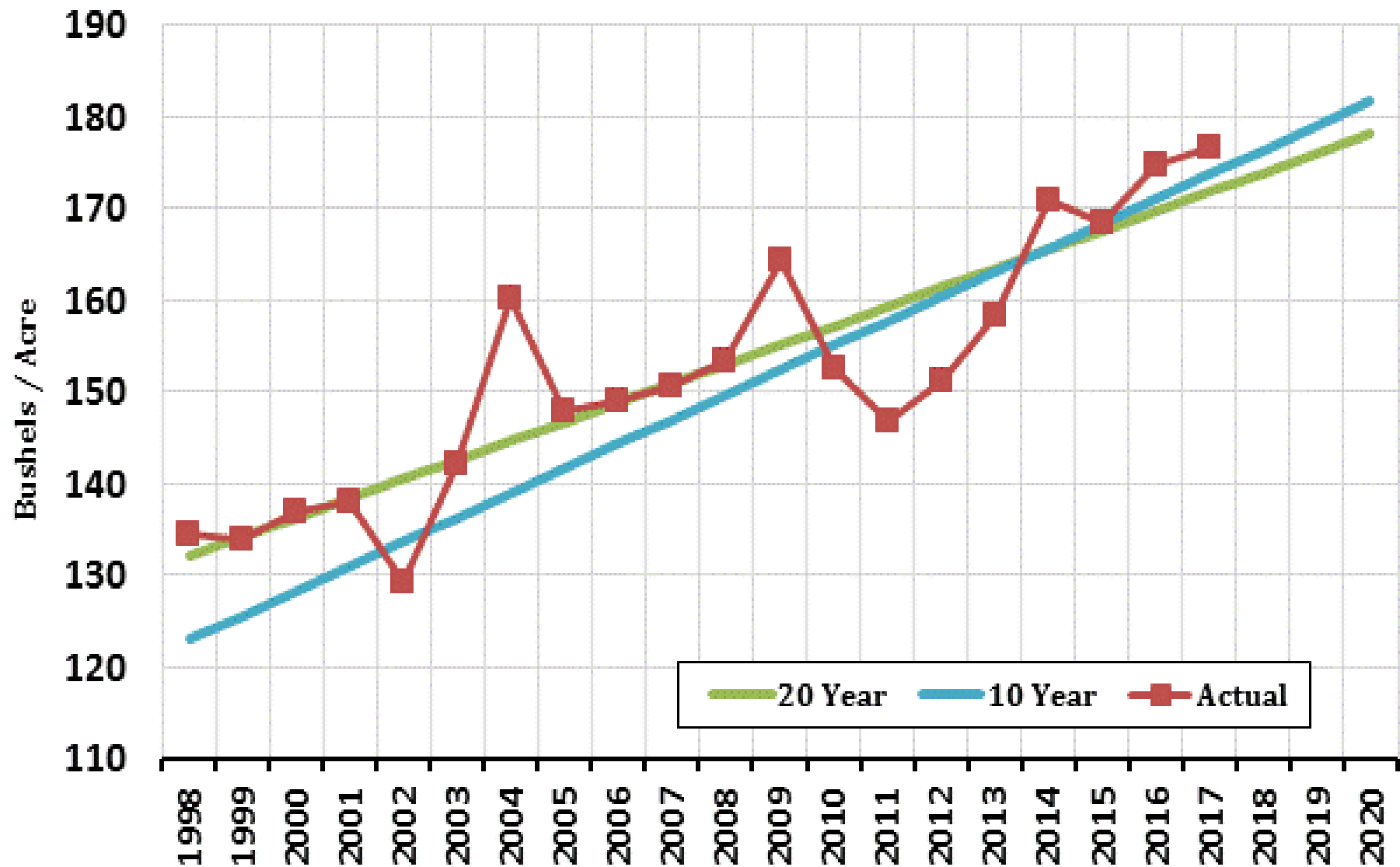
Corn Acres United States

Million Acres



US Corn Yield

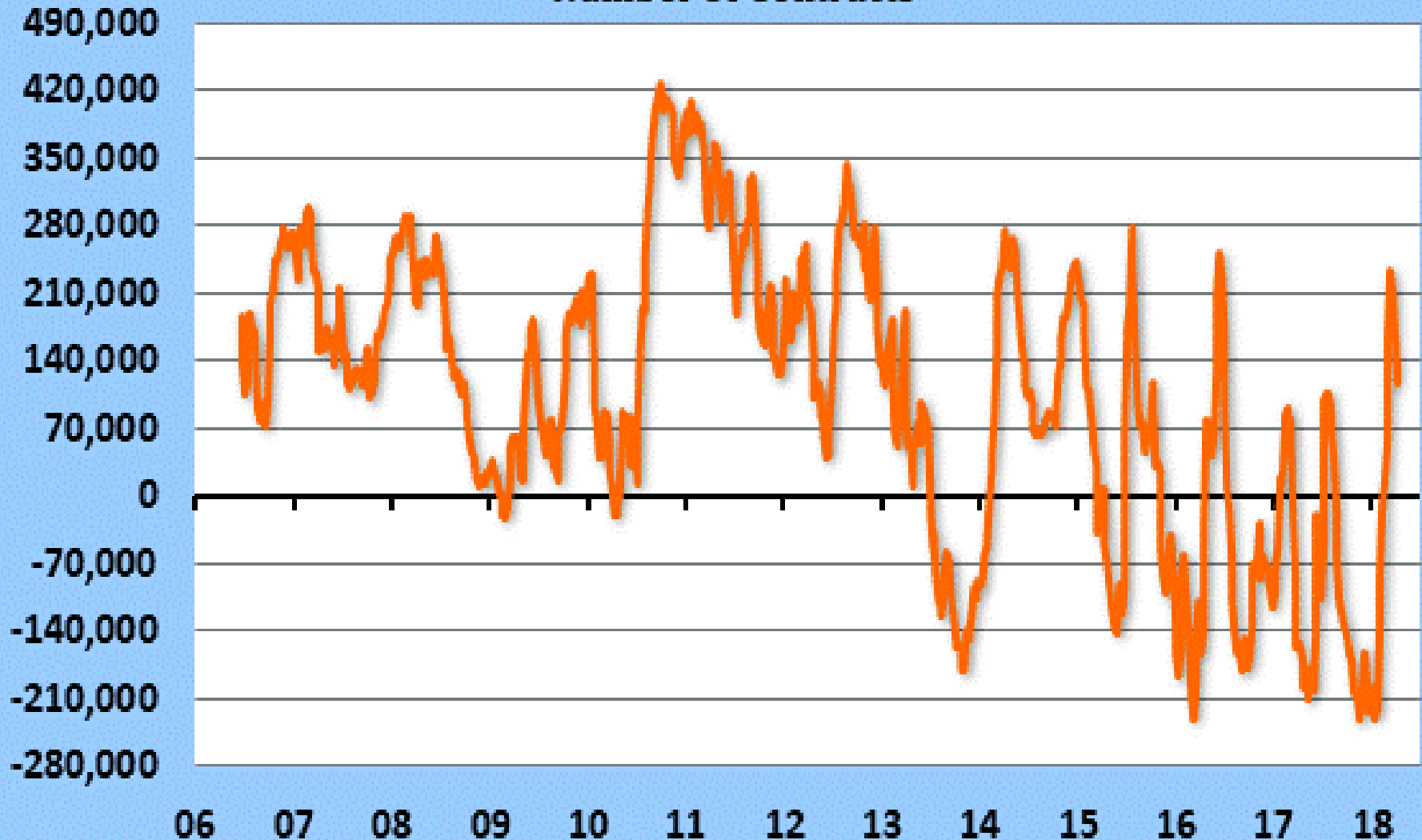
Actual vs. Various Trendlines - No 2012



Corn - COT - Disaggregated Futures and Options

Managed Money - Net Position

Number Of Contracts



The Hightower Report | Source: CFTC

Max: 429,189 (9/28/2010) - Min: -230,556 (11/14/2017) - Most Recent: 140,187 (04/03/2018)

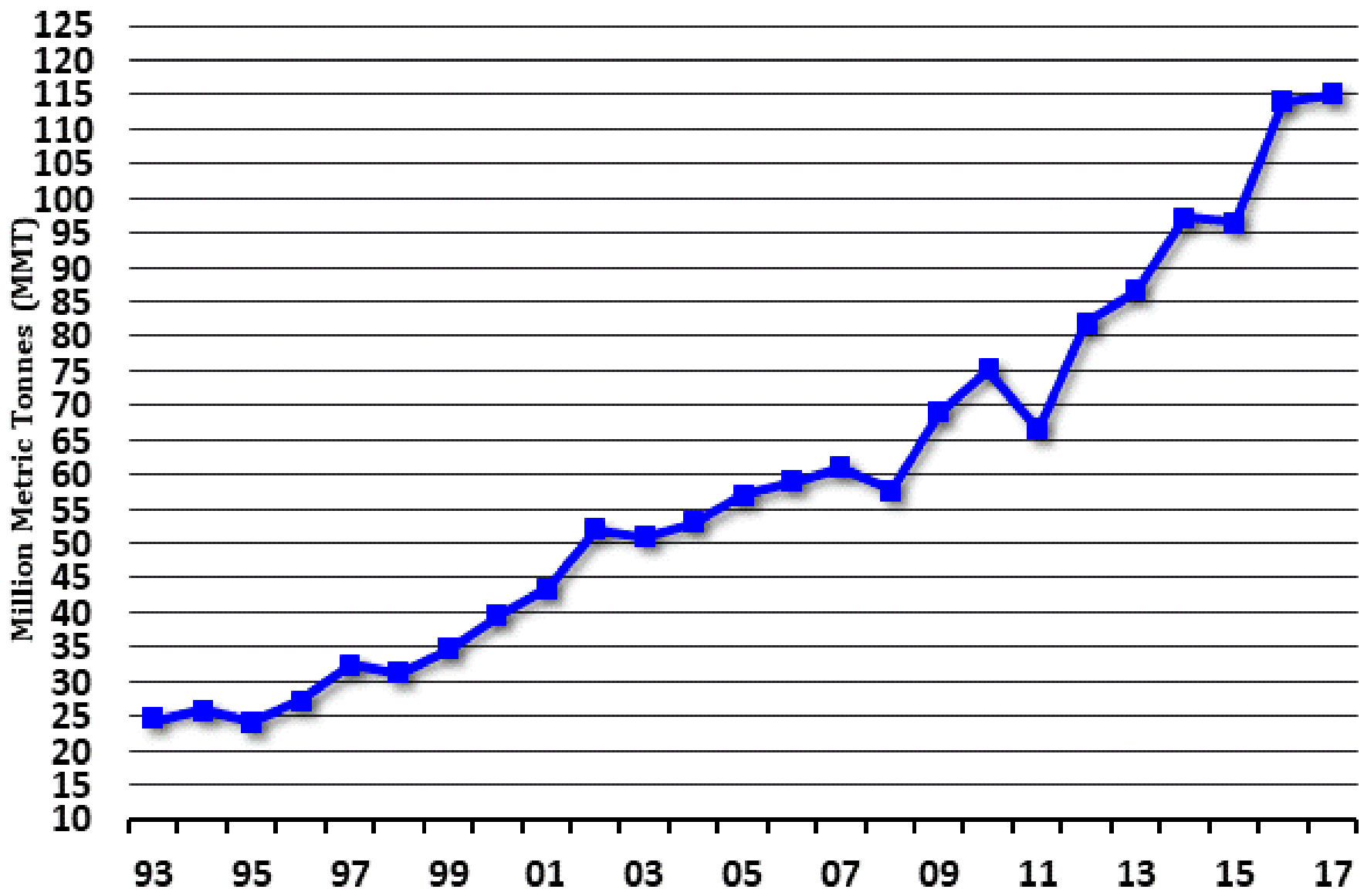
USDA SUPPLY/DEMAND									2018/19 Forecast		
US CORN											
						Apr	Apr	Apr			
						USDA	USDA	USDA	Lower	Average	Higher
	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	Yield	Yield	Yield
Planted Area (M Acres)	88.2	91.9	97.3	95.4	90.6	88.0	94.0	90.2	88.0	88.0	88.0
Harvested Area (Acres)	81.4	83.9	87.4	87.4	83.1	80.8	86.7	82.7	80.7	80.7	80.7
Yield (Bu/Acre)	152.6	146.7	123.2	158.2	171.0	168.4	174.6	176.6	168.0	172.0	177.0
Beginning Stocks (M Bu)	1,708	1,128	989	821	1,232	1,731	1,737	2,293	2,182	2,182	2,182
Production	12,425	12,314	10,755	13,829	14,216	13,602	15,148	14,604	13,555	13,880	14,281
Imports	28	29	160	36	32	68	57	50	50	50	50
Supply, Total	14,161	13,471	11,904	14,686	15,479	15,401	16,942	16,947	15,787	16,112	16,513
Feed & Residual	4,770	4,512	4,309	5,001	5,280	5,114	5,472	5,500	5,475	5,475	5,475
Food, Seed & Industry	6,432	6,431	6,044	6,532	6,601	6,648	6,883	7,040	7,145	7,145	7,145
Ethanol for Fuel	5,019	5,000	4,641	5,124	5,200	5,224	5,432	5,575	5,650	5,650	5,650
Domestic Total	11,202	10,943	10,353	11,533	11,881	11,763	12,356	12,540	12,620	12,620	12,620
Total Exports	1,831	1,539	730	1,921	1,867	1,901	2,293	2,225	2,300	2,300	2,300
Use, Total	13,033	12,482	11,083	13,454	13,748	13,664	14,649	14,765	14,920	14,920	14,920
Ending Stocks	1,128	989	821	1,232	1,731	1,737	2,293	2,182	867	1,192	1,593
Stocks/Use Ratio	8.7%	7.9%	7.4%	9.2%	12.6%	12.7%	15.7%	14.8%	5.8%	8.0%	10.7%

World Soybean Production

Country or Region	2016/17 estimate	2017/18 forecast	Change from March 8	Change from 2016/17
<i>Million Tons</i>				
World	350.8	334.8	-6.1	-16.0
United States	116.9	119.5	--	2.6
Foreign	233.8	215.3	-6.1	-18.6
Argentina	57.8	40.0	-7.0	-17.8
Brazil	114.1	115.0	2.0	0.9
Paraguay	10.7	9.2	--	-1.5
Canada	6.6	8.0	--	1.4
India	11.0	9.0	-0.5	-2.0
China	12.9	14.2	--	1.3

-- No change

Brazil Soybean - Production

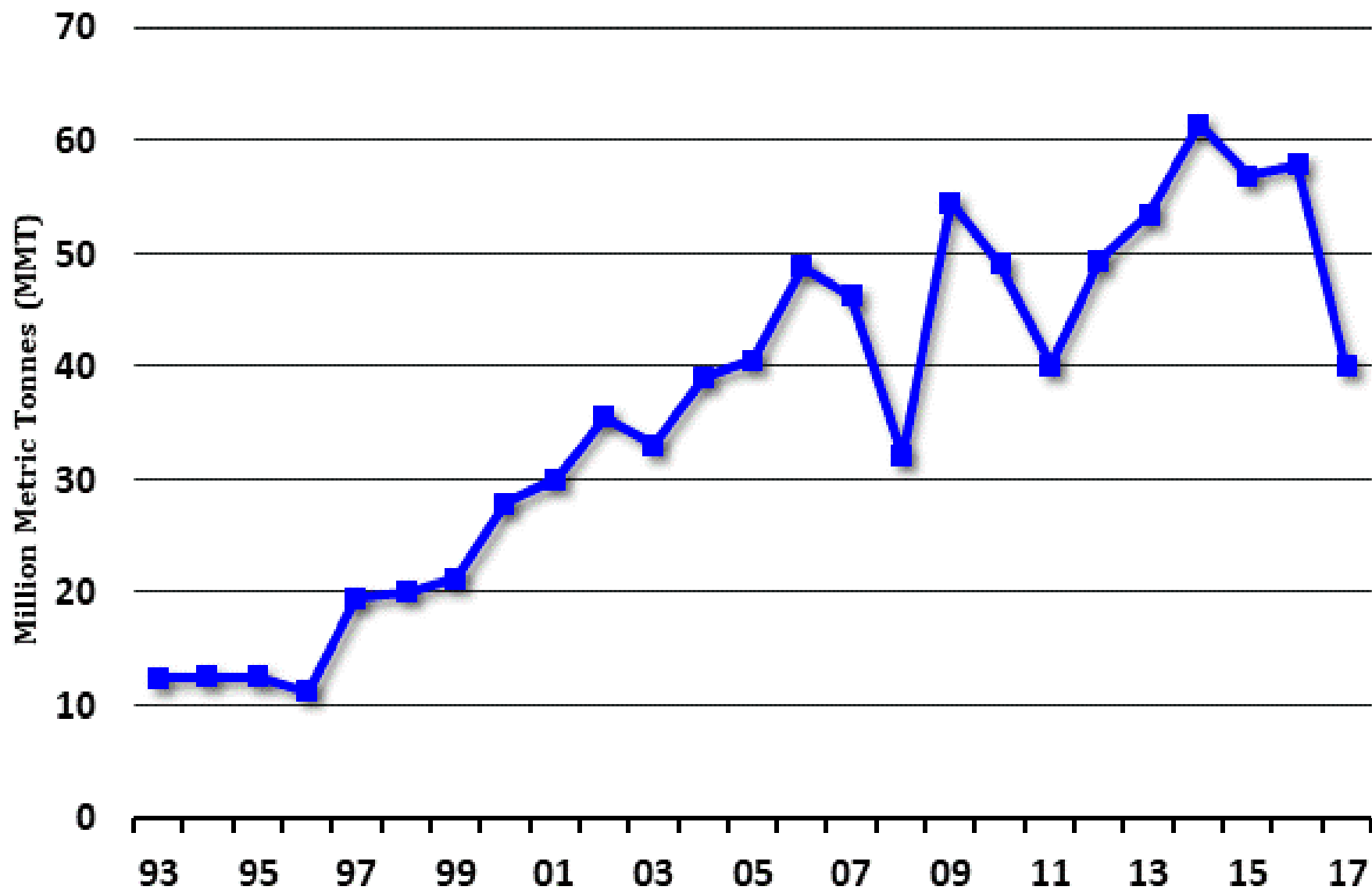


Most Recent: 115 As Of 04/10/2018

Crop Year Beginning

The Hightower Report

Argentina Soybean - Production



Most Recent: 40 As Of 04/10/2018

Crop Year Beginning

The Hightower Report

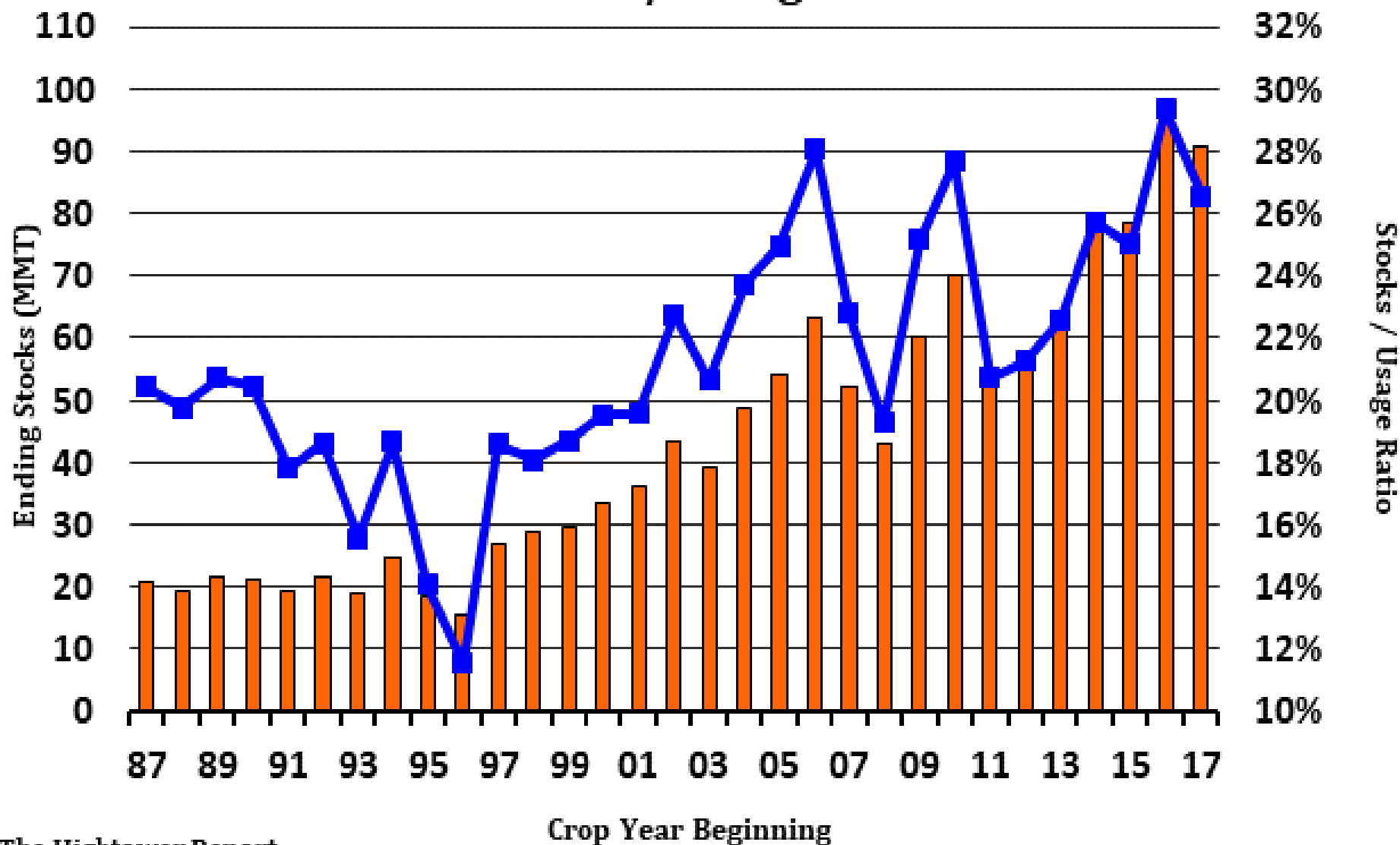
World Soybean Supply and Use

	2016/17 estimate	2017/18 forecast	Change from March 8	Change from 2016/17
<i>Million Tons</i>				
Beginning stocks	78.5	96.7	0.1	18.2
Production	350.8	334.8	-6.1	-16.0
Total Supply	429.3	431.5	-6.0	2.3
Domestic crush	288.2	299.2	-1.6	11.0
Total use	329.4	342.0	-1.7	12.6
Trade	147.5	150.4	-0.2	2.9
Ending Stocks	96.7	90.8	-3.6	-5.9
Addendum:				
Beginning stocks				
Argentina plus Brazil	50.2	61.7	--	11.5
Imports*				
China	93.5	97.0	--	3.5

-- No change

*From all Sources

World Soybeans - Ending Stocks vs. Stocks / Usage Ratio



The Hightower Report

Most Recent: As Of 04/10/2018



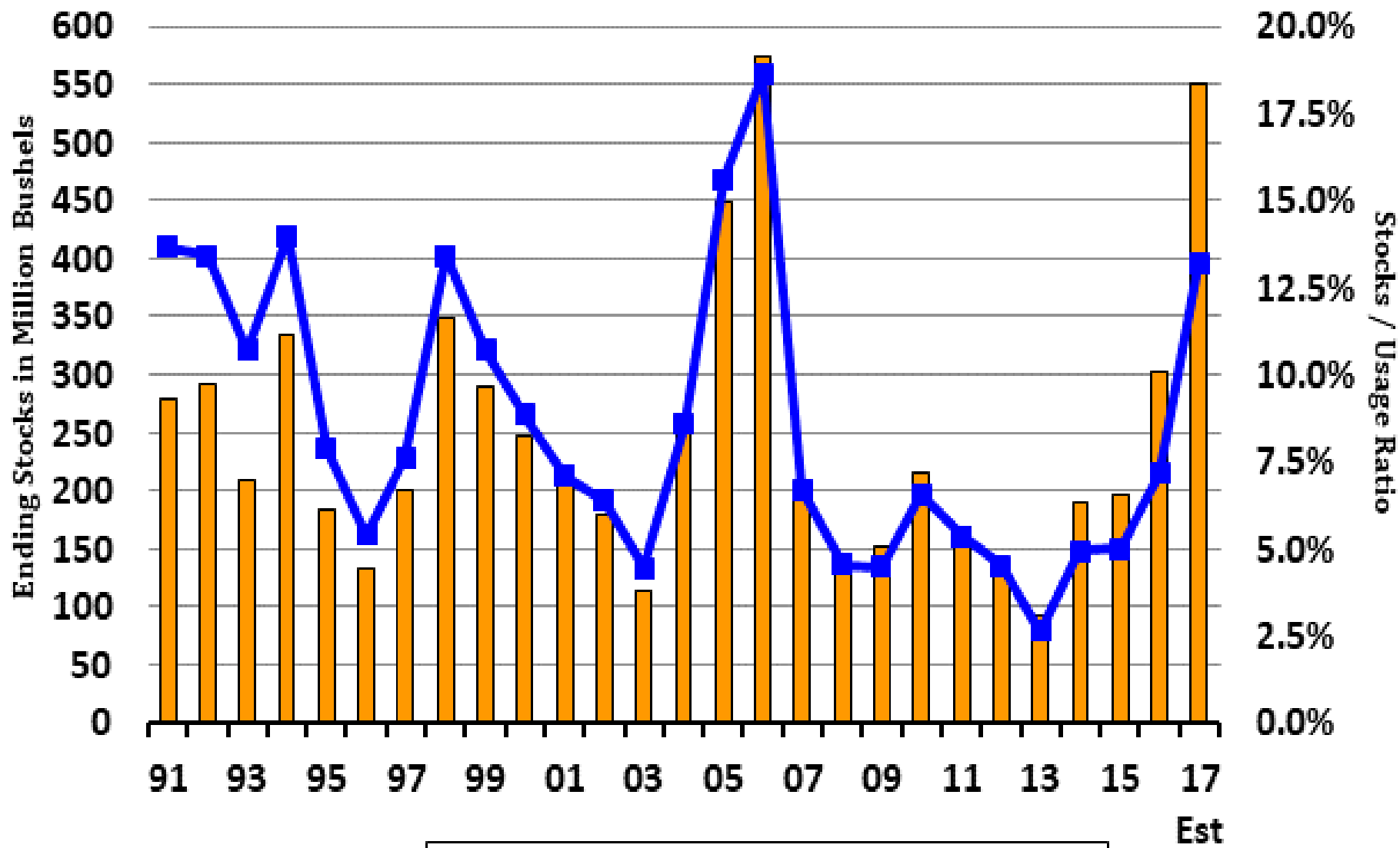
U.S. Soybean Supply and Demand

	2016/17 estimate	2017/18 forecast	Change from March 8	Change from 2016/17
Planted area (million acres)	83.4	90.1	--	6.7
Harvested area (million acres)	82.7	89.5	--	6.8
Yield (bushels per acre)	52.0	49.1	--	-2.9
		<i>Million bushels</i>		
Beginning stocks	197	302	--	105
Production	4,296	4,392	--	95
Imports	22	25	--	3
Total supply	4,515	4,718	--	203
Crush	1,901	1,970	10	69
Seed and residual	139	133	-5	-6
Domestic use	2,040	2,103	5	63
Exports	2,174	2,065	--	-109
Total use	4,213	4,168	5	-46
Ending stocks	302	550	-5	249
		<i>Percent</i>		
Stocks to use ratio	7.2	13.2	-0.1	6.0
		<i>Dollars per bushel</i>		
Average market price	9.47	9.10/9.50	--	-0.17

-- No change

April 10, 2018

US Soybean Ending Stocks vs Stocks / Usage Ratio



Most Recent: As Of 04/10/2018

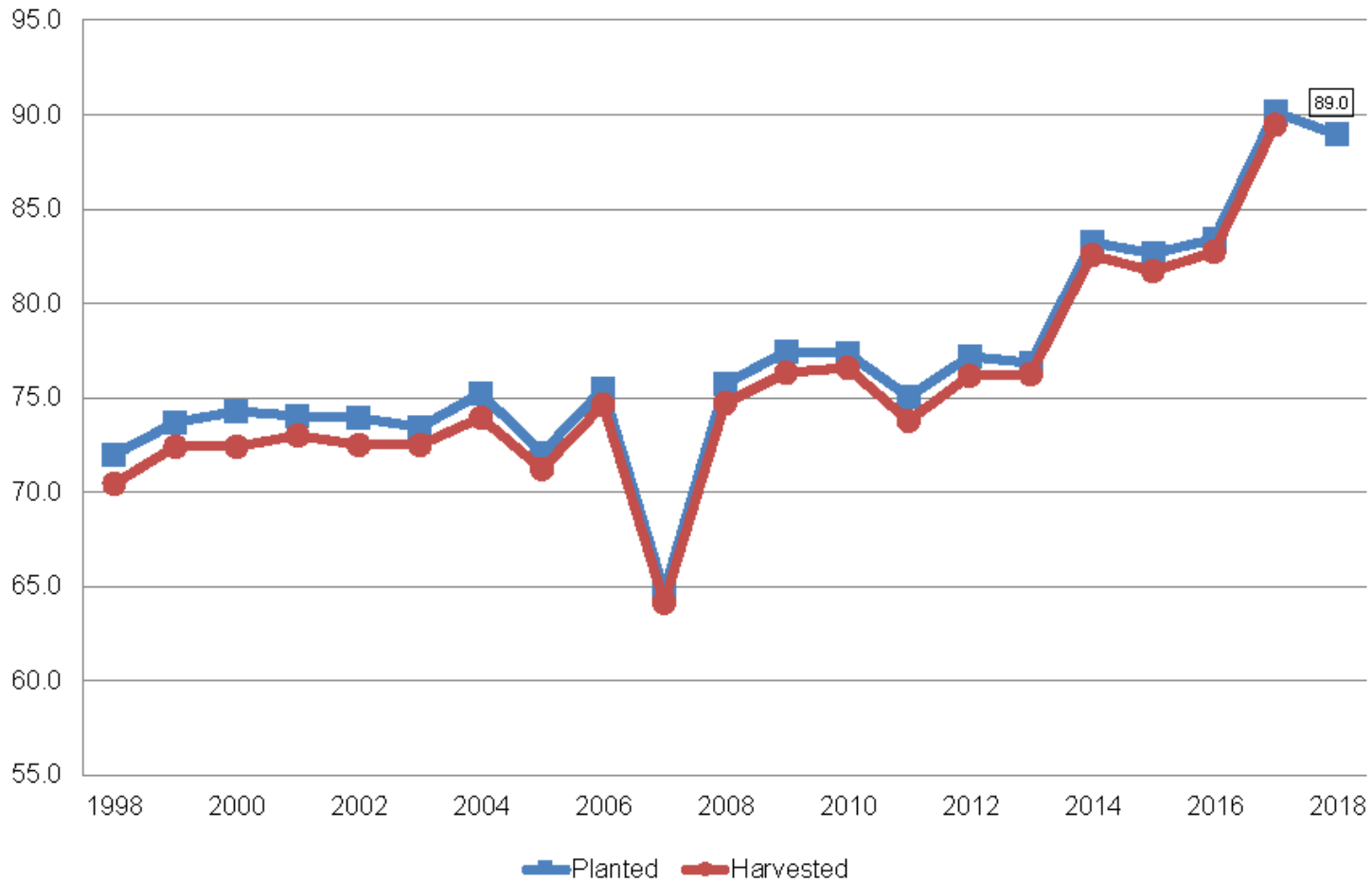
Ending Stocks Stocks / Usage Ratio

The Hightower Report



Soybean Acres United States

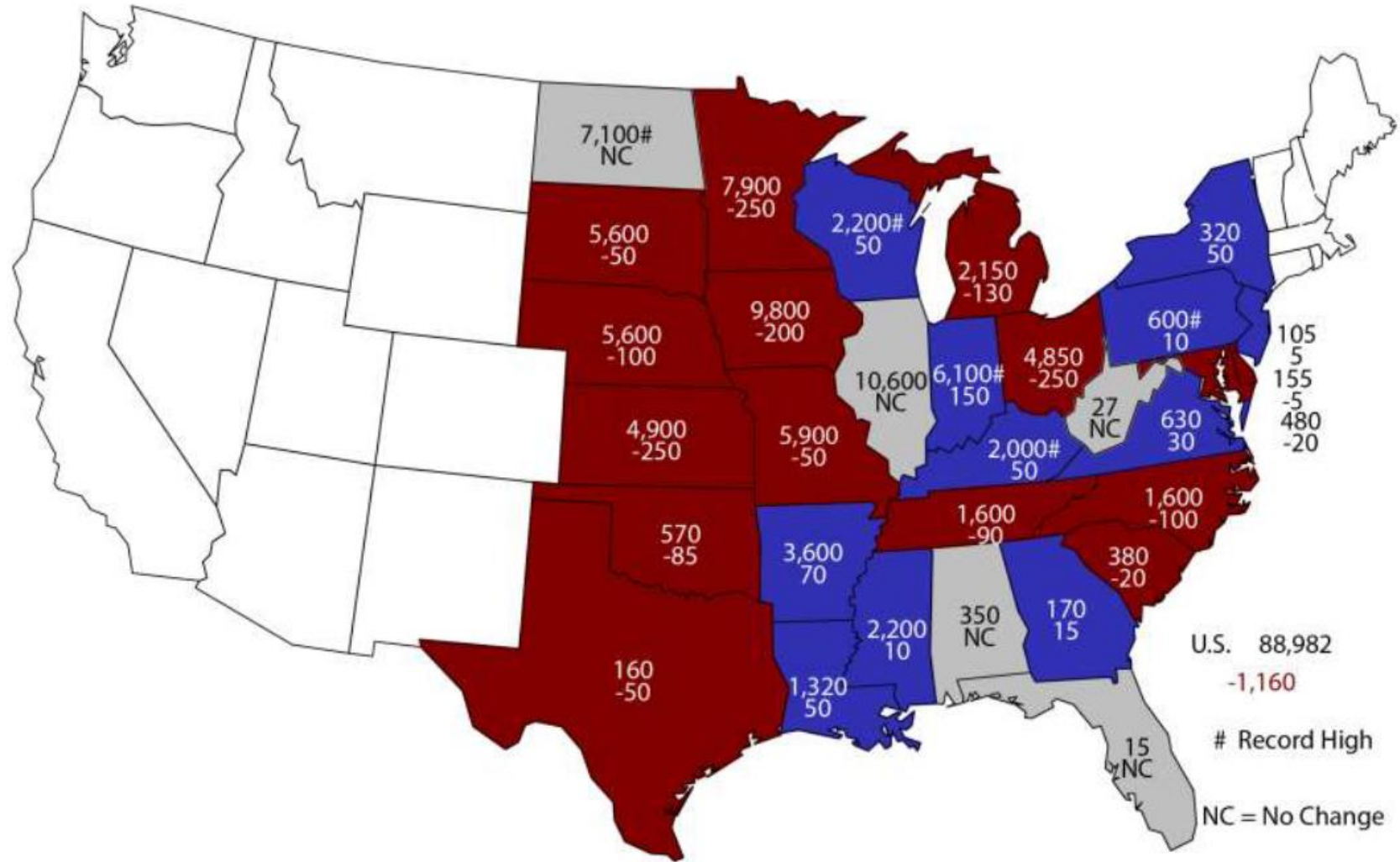
Million Acres



USDA-NASS
3-29-18

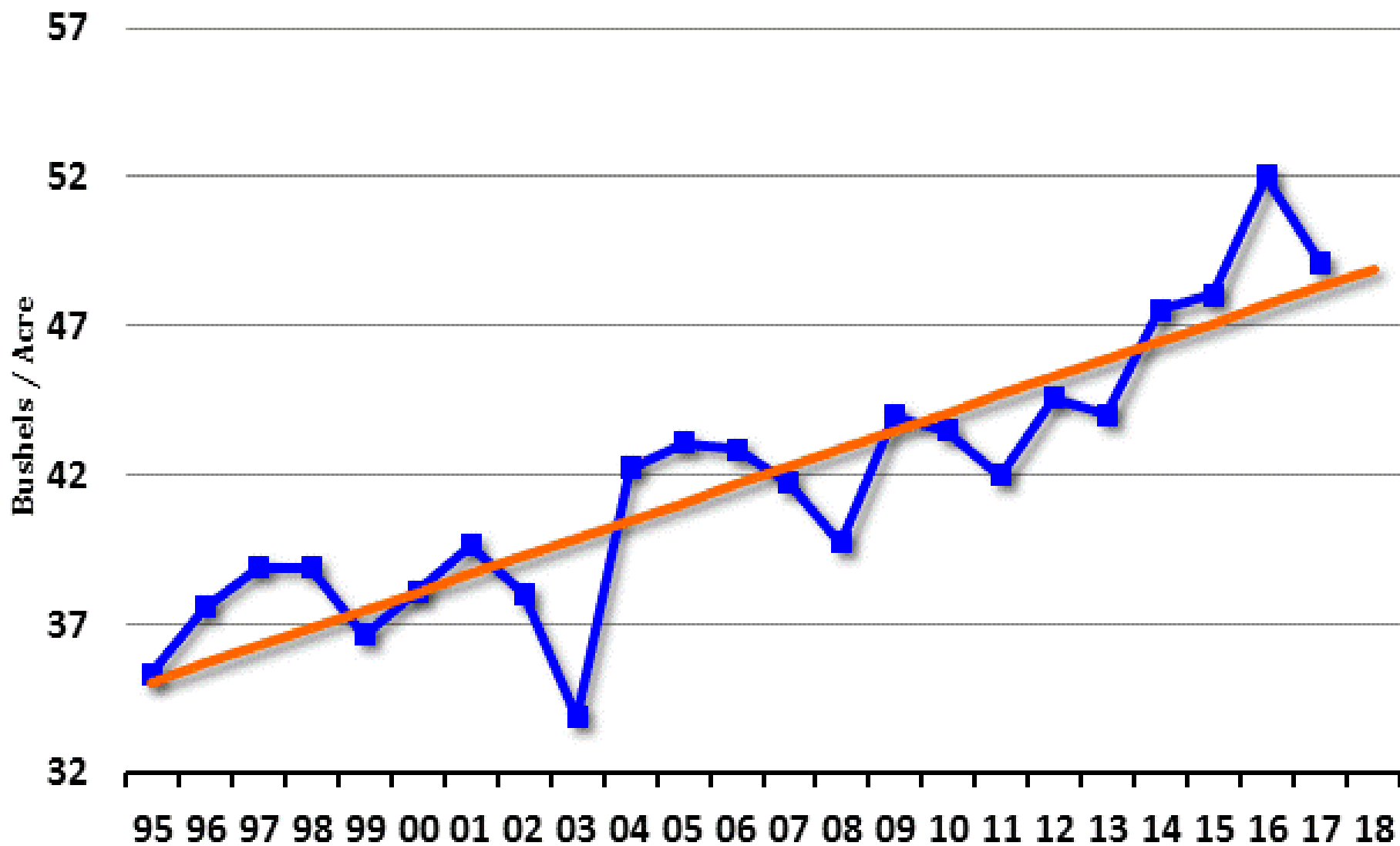
2018 Soybean Planted Area

(000) Acres and Change From Previous Year



U.S. 88,982
-1,160
Record High
NC = No Change

US Soybeans Yield - Actual vs Trendline



Updated: 03/08/2018



The Hightower Report

Soybeans - COT - Disaggregated Futures and Options

Managed Money - Net Position
Number Of Contracts



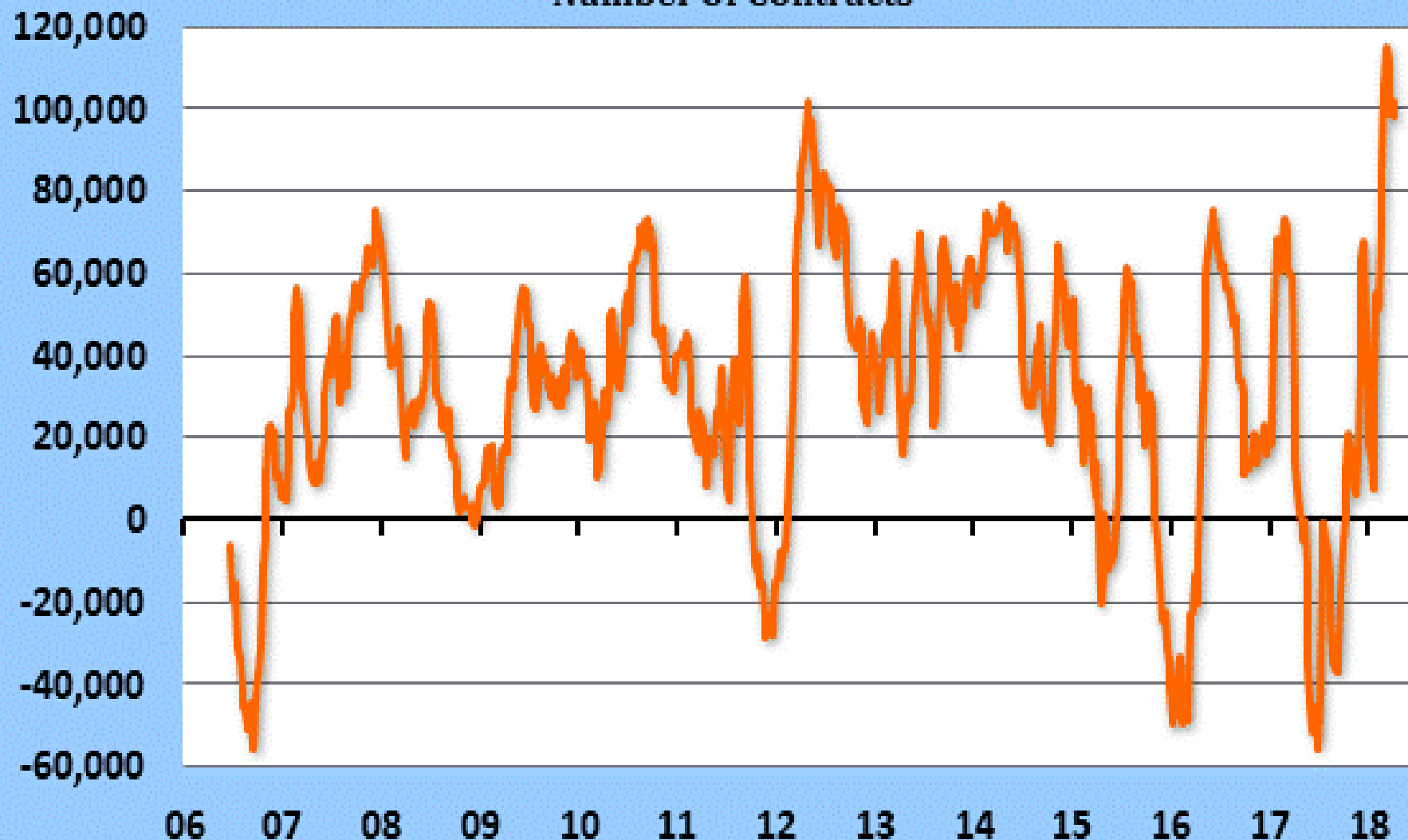
The Hightower Report | Source: CFTC

Max: 253,889 (5/1/2012) - Min: -118,683 (6/27/2017) - Most Recent: 181,154 (04/03/2018)

Soymeal - COT - Disaggregated Futures and Options

Managed Money - Net Position

Number Of Contracts



The Hightower Report | Source: CFTC

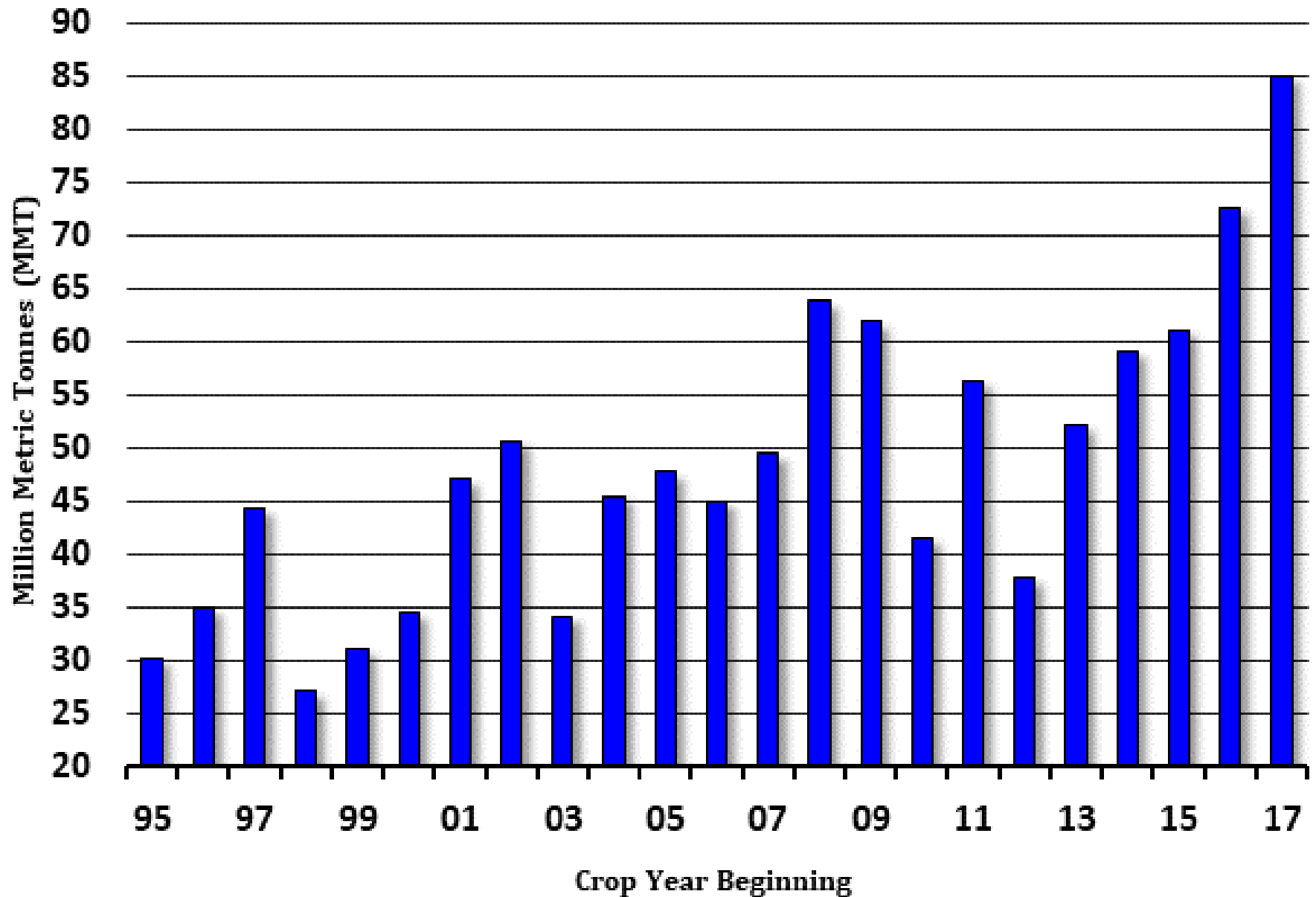
Max: 115,500 (3/6/2018) - Min: -55,215 (9/12/2006) - Most Recent: 98,227 (04/03/2018)

USDA SUPPLY/DEMAND									2018/19		
US SOYBEANS										USDA	
						Apr	Apr	Apr			
						USDA	USDA	USDA	Lower	Outlook	Higher
	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	Yield	Forum	yield
Planted Area (M Acres)	77.4	75.0	77.2	76.8	83.3	82.7	83.4	90.1	89.0	89.0	89.0
Harvested Area (Acres)	76.6	73.8	76.1	76.3	82.6	81.7	82.7	89.5	88.2	88.2	88.2
Yield (Bu/Acre)	43.5	42.0	40.0	44.0	47.6	48.0	52.0	49.1	47.6	48.5	50.0
Beginning Stocks (M Bu)	151	215	169	141	92	191	197	302	550	550	550
Production	3,331	3,097	3,042	3,358	3,927	3,926	4,296	4,392	4,198	4,278	4,412
Imports	14	16	41	72	33	24	22	25	25	25	25
Supply, Total	3,497	3,328	3,252	3,570	4,052	4,140	4,515	4,718	4,773	4,853	4,987
Crushings	1,648	1,703	1,689	1,734	1,873	1,886	1,901	1,970	1,980	1,980	1,980
Exports	1,505	1,366	1,328	1,639	1,842	1,942	2,174	2,065	2,300	2,300	2,300
Seed	87	90	89	97	96	97	105	103	102	102	102
Residual	43	-2	16	10	50	18	34	30	33	33	33
Use, Total	3,282	3,159	3,111	3,478	3,862	3,944	4,213	4,168	4,415	4,415	4,415
Ending Stocks	215	169	141	92	191	197	302	550	358	438	572
Stocks/Use Ratio	6.6%	5.4%	4.5%	2.6%	4.9%	5.0%	7.2%	13.2%	8.1%	9.9%	13.0%

World Wheat Supply and Use

	2016/17 estimate	2017/18 forecast	Change from March 8	Change from 2016/17
<i>Million Tons</i>				
Beginning stocks	242.7	254.6	2.0	11.9
Production	750.7	759.8	1.0	9.1
Total Supply	993.4	1,014.4	3.0	20.9
Feed use	147.2	145.7	1.1	-1.5
Total use	738.8	743.1	0.6	4.3
Trade	183.3	182.0	-0.0	-1.3
Ending Stocks	254.6	271.2	2.3	16.6

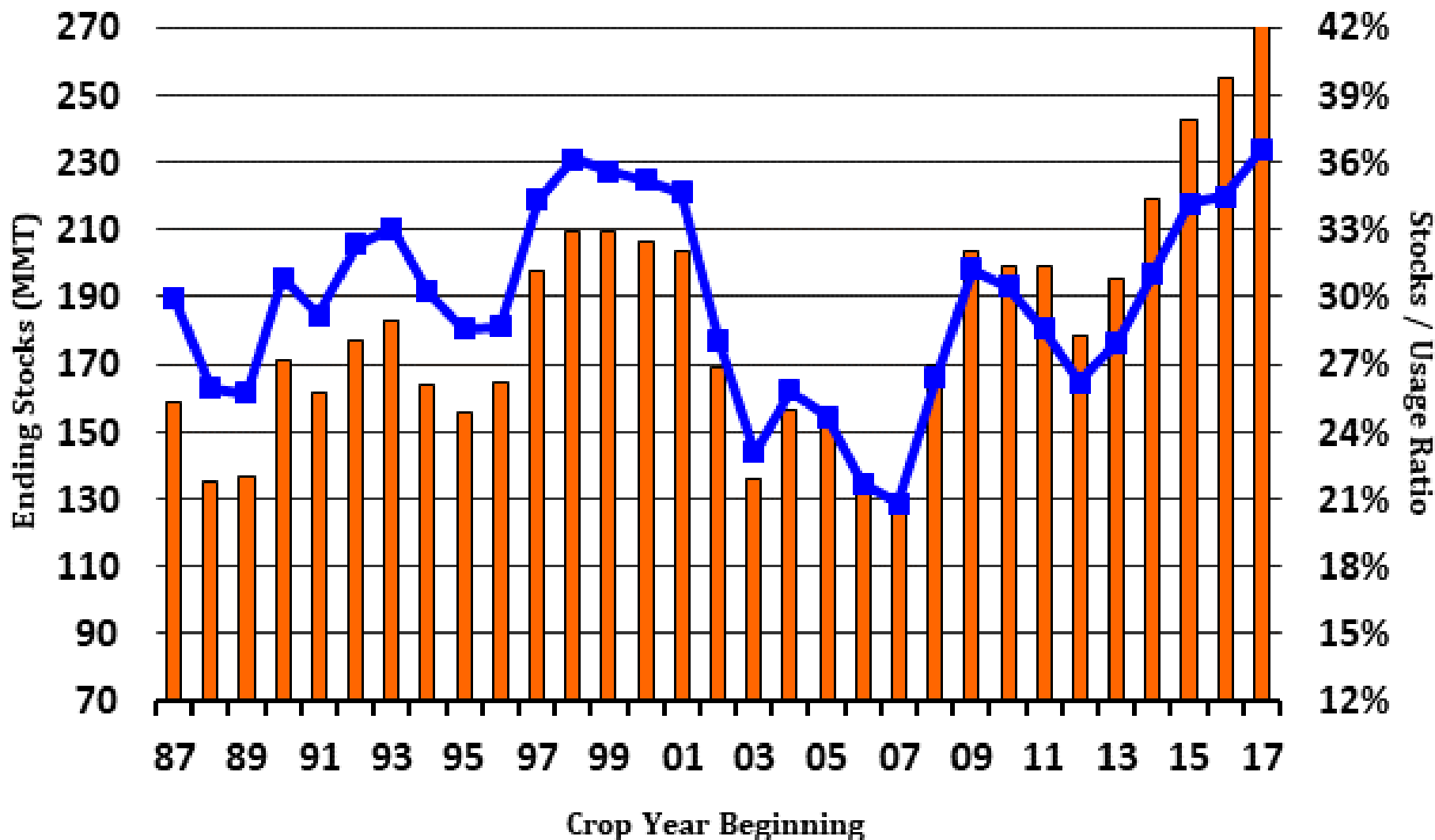
Russia Wheat - Production



Most Recent: 84.992 As Of 04/10/2018

Source: USDA

World Wheat - Ending Stocks vs. Stocks / Usage Ratio



The Hightower Report

Most Recent: As Of 04/10/2018



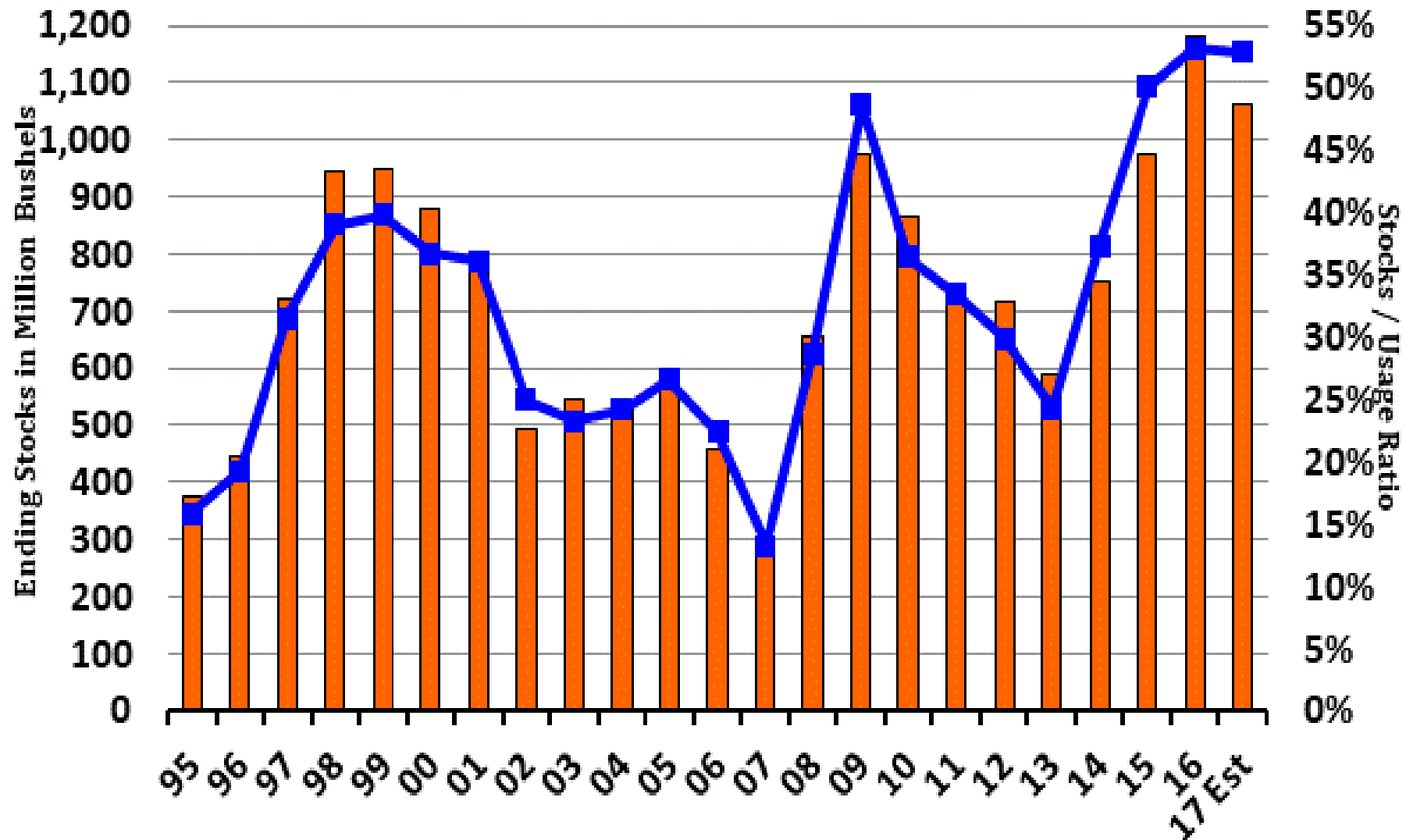
U.S. Wheat Supply and Demand

	2016/17 estimate	2017/18 forecast	Change from March 8	Change from 2016/17
Planted area (million acres)	50.1	46.0	--	-4.1
Harvested area (million acres)	43.9	37.6	--	-6.3
Yield (bushels per acre)	52.7	46.3	--	-6.3
	<i>Million bushels</i>			
Beginning stocks	976	1,181	--	205
Production	2,309	1,741	--	-568
Imports	118	155	--	37
Total supply	3,402	3,076	--	-326
Food use	949	955	--	6
Seed	61	62	--	1
Feed and residual	156	70	-30	-86
Domestic use	1,167	1,087	-30	-80
Exports	1,055	925	--	-130
Total use	2,222	2,012	-30	-210
Ending stocks	1,181	1,064	30	-116
	<i>Percent</i>			
Stocks to use ratio	53.1	52.9	2.2	-0.2
	<i>Dollars per bushel</i>			
Average market price	3.89	4.60/4.70	--	0.76

-- No change

April 10, 2018

US All Wheat Ending Stocks vs Stocks / Usage Ratio



Updated: 04/10/2018

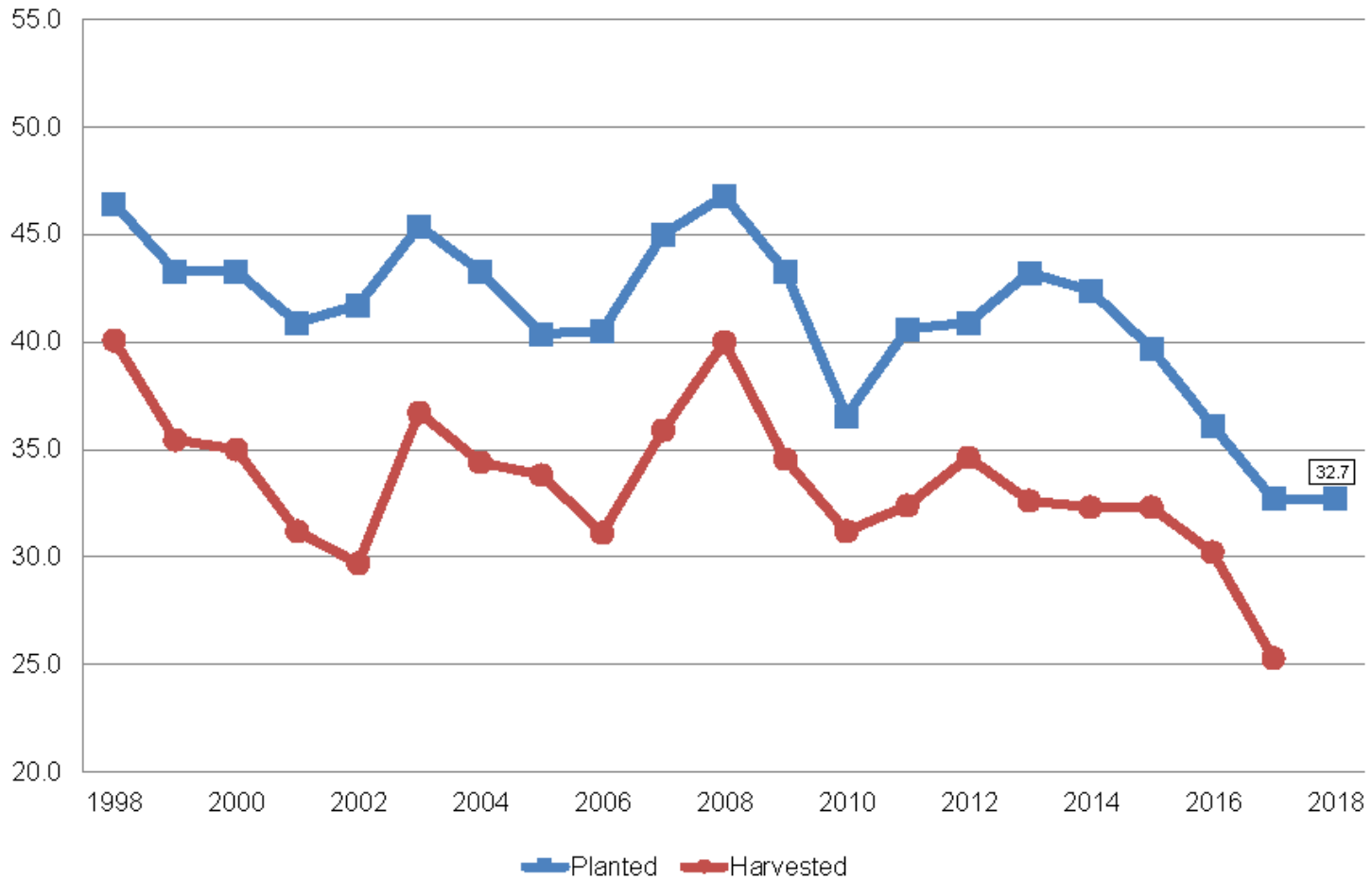


The Hightower Report



Winter Wheat Acres United States

Million Acres

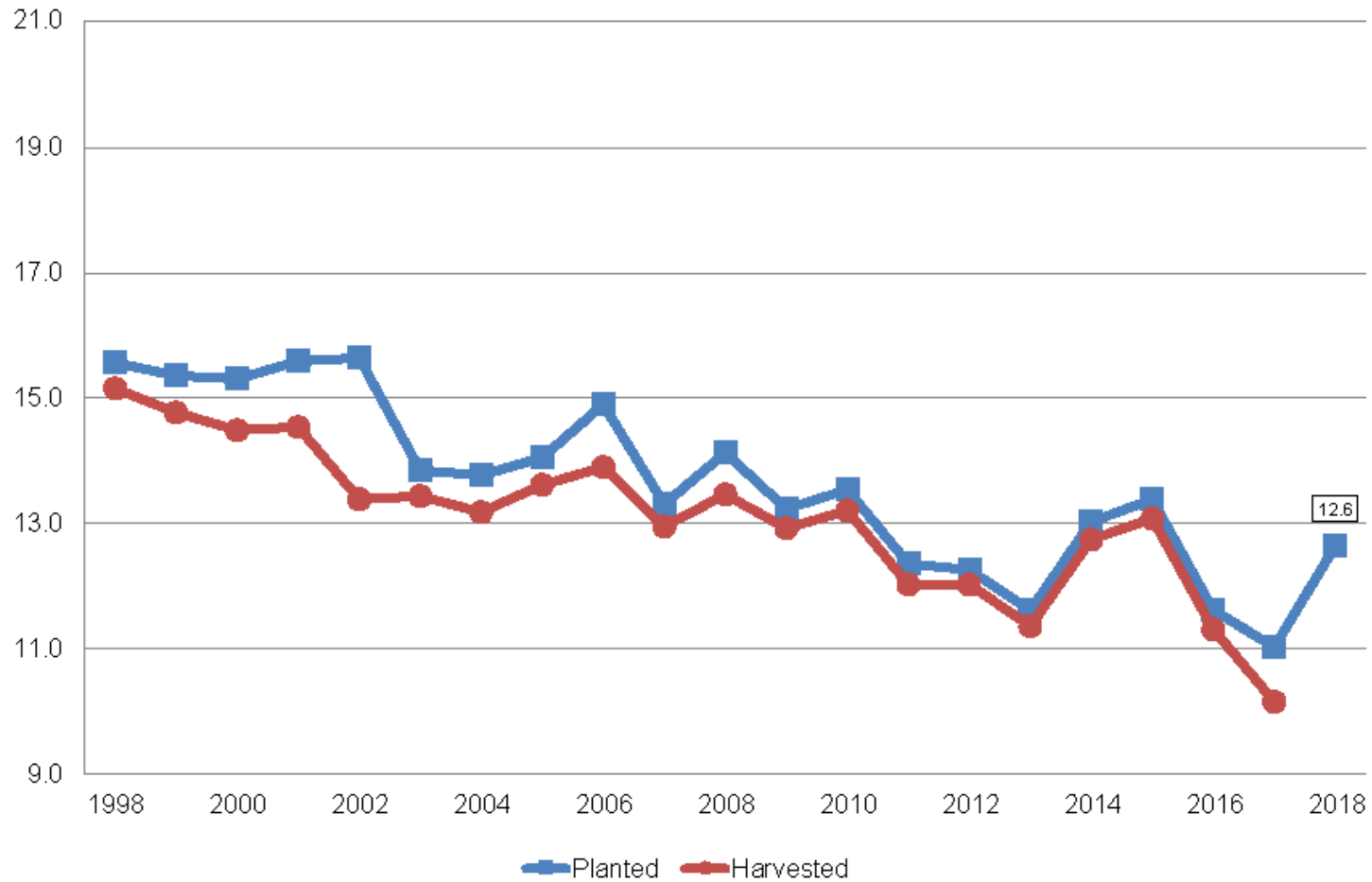


USDA-NASS
3-29-18



Other Spring Wheat Acres United States

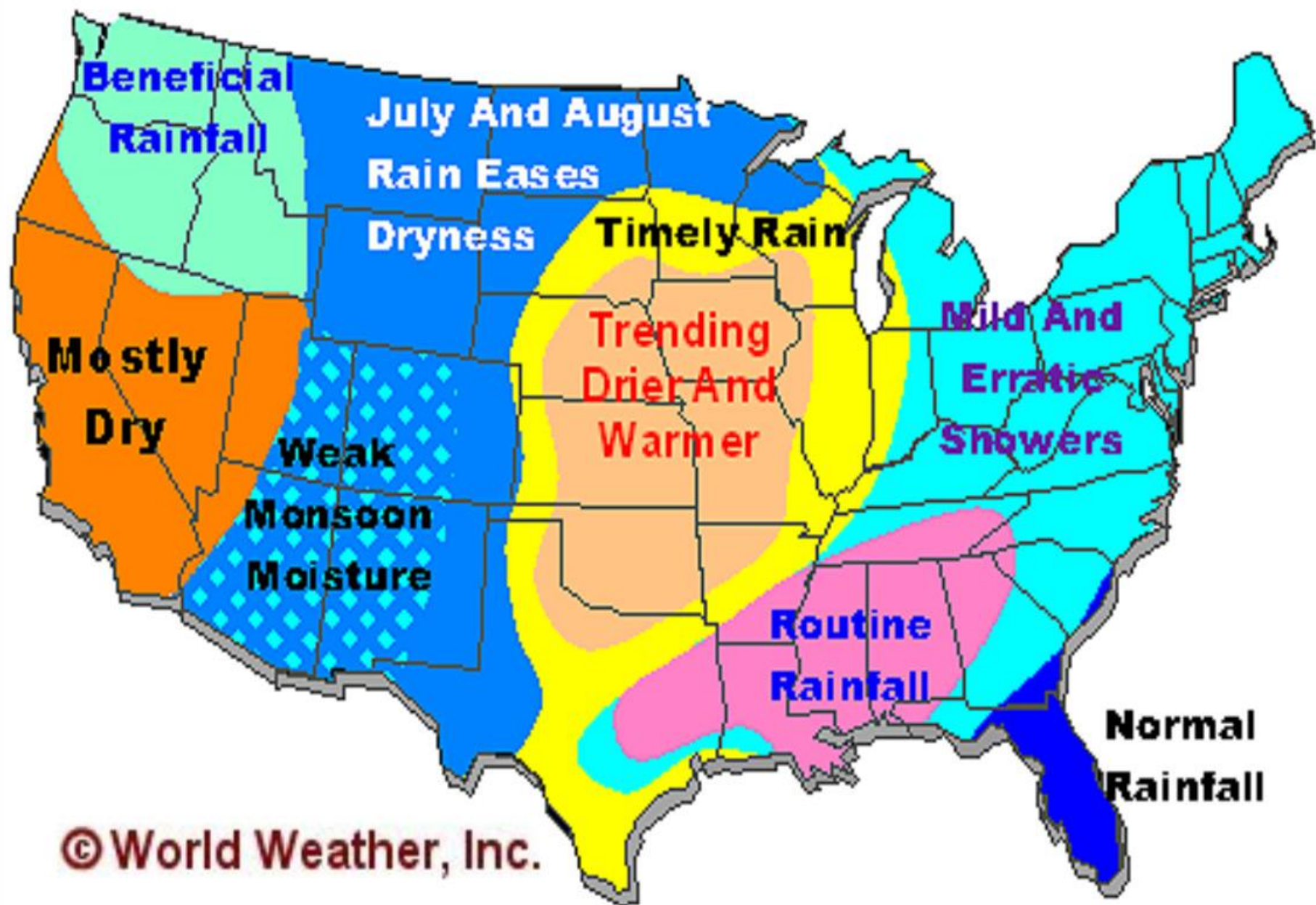
Million Acres



USDA-NASS
3-29-18

USDA SUPPLY/DEMAND									2018/19		
US WHEAT										USDA	
						Apr	Apr	Apr	Lower	Outlook	Higher
	10-11	11-12	12-13	13-14	14-15	USDA	USDA	USDA	Yield	Forum	Yield
Planted Area (M Acres)	53.6	54.4	55.3	56.2	56.8	55.0	50.1	46.0	47.3	47.3	47.3
Harvested Area (Acres)	46.9	45.7	48.8	45.3	46.4	47.3	43.9	37.6	39.5	39.5	39.5
Yield (Bu/Acre)	46.1	43.6	46.2	47.1	43.7	43.6	52.7	46.3	45.0	47.4	51.0
Beginning Stocks (M Bu)	976	863	743	718	590	752	976	1,181	1,064	1,064	1,064
Production	2,163	1,993	2,252	2,135	2,026	2,062	2,309	1,741	1,778	1,873	2,015
Imports	97	113	124	172	151	113	118	155	135	135	135
Supply,Total	3,236	2,969	3,119	3,025	2,768	2,927	3,402	3,076	2,977	3,072	3,214
Food	926	941	951	955	958	957	949	955	955	955	955
Seed	71	76	73	77	79	67	61	62	62	62	62
Feed & Residual	85	159	365	227	114	149	156	70	110	110	110
Domestic, total	1,081	1,176	1,389	1,259	1,151	1,174	1,167	1,087	1,127	1,127	1,127
Total Exports	1,291	1,051	1,012	1,176	864	778	1,055	925	925	925	925
Use, total	2,373	2,227	2,401	2,435	2,015	1,951	2,222	2,012	2,052	2,052	2,052
Ending Stocks	863	743	718	590	752	976	1,181	1,064	925	1,020	1,162
Stocks/Use Ratio	36.4%	33.4%	29.9%	24.2%	37.3%	50.0%	53.2%	52.9%	45.1%	49.7%	56.6%

2018 SUMMER CROP WEATHER HIGHLIGHTS



© World Weather, Inc.

Beef Exports

- March Export New Record!
- March Export Value at \$693.1 million, up 18% year over year
- Exports Accounted for 13.6% of Total Beef Production
- Export Value averaged \$332.89 Per Head



Who Is Buying Beef?

- Japan – 28,158 mt
- Mexico – 57,039 mt
- Taiwan – 13,068 mt
- China / Hong Kong – 35,060 mt
- Indonesia – 11,157 mt



August Feeders Daily Chart – 1.40 – 1.50??



Oct Live Daily Chart – 1.06 – 1.10??



Fundamentals Strong

- Cash 1.26 – 1.30
- Boxes \$4 higher YOY (strong retail demand)
- Cash topped at 1.46 last year
- Steer weights down 11 pounds from last week
- Record basis levels – bulls trying to push futures to meet cash
- Beef production 2.9% above 2017
- Slaughter 2.2% above 2017



What Could Go Wrong

- Boxes probably don't top for another couple weeks
- Roughly 2 more weeks till ample supplies start to build
- Seasonals turning bearish
- Futures stay range bound another couple weeks
- Cash starts to slowly bleed lower
- Trade Wars?
- Currency Wars?
- Exports slow down



Do We Hedge?

- Marketing cattle before fall – yes
- Our opinion is futures re test 140 yet in Aug Feeders
- Summer cash lows are probably not in yet
- 9 out of last 10 years – major lows in cattle in cattle have formed ~9 – 12 months apart – with the 10 month mark being the low
- Last major low was Aug 2017
- 45 week cycle



Market Opinion

- Layer into hedges on further rallies
- Buy puts if you do not want a lot of risk
- Plenty of ways to hedge
- I sell insurance - not spec
- You get paid to sell - protect price
- Bullish technology - bearish price; 5 bullish years and now 5 bearish years (grain)
- Sell price - not your neighbors ideas or some guy at the sale barn
- Droughts have been occurring every 20 years, last 2012



Questions?

