

December 3, 2021: Marketing Update

					FLOID FARMS (Example)			
Futures as of		12/03/21	11/26/21	Trend		FUTURES TARGET PRICES		FLOID FARM
						BREAKEVEN	GROWTH	Current Value
CU22	Sep CORN	\$5.62	\$5.72	Bearish	-1.7%	<i>Preliminary Targets as of 11/10/2021</i>		
CZ22	Dec CORN	\$5.52	\$5.63	Bearish	-1.8%	\$5.04	\$5.34	\$5.52
SX22	Nov SOYBEANS	\$12.34	\$12.40	Neutral	-0.5%	\$12.46	\$13.72	\$12.34
CTZ22	Dec COTTON	\$87.75	\$89.77	Bearish	-2.3%	\$89.00	\$94.00	\$87.75
WN22	Jul WHEAT	\$7.94	\$8.34	Bearish	-4.8%	\$7.96	\$8.67	\$7.94

UPCOMING EVENTS:

23rd Annual Executive Marketing: Developing a Marketing Plan

Join us at the EM seminar **January 5-7, 2022**, at the Litchfield Golf & Beach Resort to write your 2022 Commodity Marketing Plan. Speakers include Dr. David Kohl, Virginia Tech; Eric Snodgrass, Nutrien; Doug Johnson, Moody's Analytics; and Scott Mickey, Clemson University. Register at <https://www.eventbrite.com/e/2022-executive-marketing-registration-194509231347>

2022 MARKET OUTLOOK

2022 commodity prices closed lower this week compared to last week. CZ22 is still trending higher, while SX22 is trading sideways and CTZ22 and WN22 are now trending down. See the crop specific pages for more marketing commentary.

MARKETING PLAN UPDATE

Much of the past 3 weeks has been spent looking at 2022 cost of production estimates. At the end this newsletter, are preliminary irrigated and non-irrigated budgets for corn, cotton, peanuts, soybeans, and wheat. NOTE: Overhead costs such as land rent, interest, property taxes, and depreciation are NOT included. These budgets are estimating the margin available from each crop to pay those costs and provide a management return. Edit this numbers for your expected cost of production.

Let's use the non-Irrigated crop summary table shown below to help you understand what each crop offers for 2022.i that may help you plan your crop mix for 2022. **Explanations:**

1. Return available for Overhead, Debt Service & Management estimates the \$/acre available to meet remain cash needs
2. The Direct Expense to Revenue Ratio ranges from 57% (Peanuts-RU-NI) to 80% (Wheat-NI). This ratio calculates how much of every \$1 of Revenue is needed for Direct Expenses.
3. The futures price required to various Operating Profit Margins show the Futures Price needed to reach a certain profit margin, assuming all of costs remain constant.
4. The RP Crop Insurance Guarantee/Direct Expenses show the amount of direct expenses covered by a revenue protection policy at various coverages. The crop insurance premium is adjusted to reflect higher coverage levels.

FINANCIAL EFFICIENCY BY CROP

	CORN-NI	COTTON-NI	PEANUTS-RU-NI	SOYBEANS-NI	WHEAT-NI
EXPECTED CROP REVENUE	\$766.25	\$962.18	\$1,040.00	\$443.24	\$508.79
TOTAL DIRECT EXPENSES	\$605.48	\$695.86	\$588.59	\$335.58	\$407.42

RETURN AVAILABLE FOR OVERHEAD, DEBT SERVICE, & MANAGEMENT	\$ 160.77	\$ 266.32	\$ 451.41	\$ 107.66	\$ 101.37
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DIRECT EXPENSE TO REVENUE RATIO	79%	72%	57%	76%	80%
OPERATING PROFIT MARGIN	21%	28%	43%	24%	20%
Futures Price Required for:					
40% Operating Profit Margin	\$6.80	\$1.05	\$0.25	\$14.62	\$9.80
25% Operating Profit Margin	\$5.88	\$0.89	\$0.21	\$12.72	\$8.62
10% Operating Profit Margin	\$4.96	\$0.73	\$0.18	\$10.82	\$7.45

Revenue Protection Crop Insurance Guarantee

Direct Expenses

<u>MPCI RP</u>	<u>CORN-NI</u>	<u>COTTON-NI</u>	<u>PEANUTS-RU-NI</u>	<u>SOYBEANS-NI</u>	<u>WHEAT-NI</u>
65% Coverage	75%	77%	102%	84%	74%
70% Coverage	81%	83%	109%	90%	79%
75% Coverage	86%	88%	116%	96%	83%

Observations:

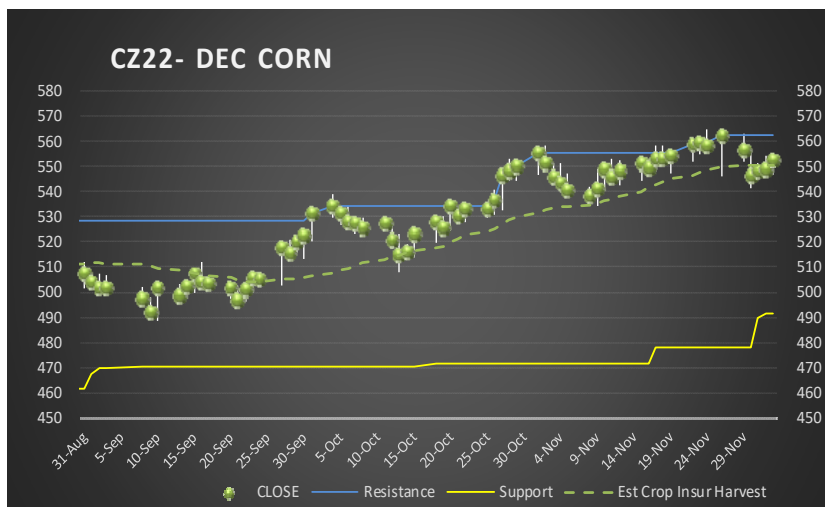
1. Runner peanuts offers the most return per acre and the highest operating profit margin.
2. Cotton is next highest for both metrics.
3. Soybeans offer a 24% operating profit margin compared to corn's 21%, but the return per acre on soybeans is only \$107.66 whereas corn's is \$160.77.
4. RP 75% Coverage for peanuts covers 116% of direct expenses! Soybean coverage at the same level is 96%.
5. Based on these numbers, producers would be likely to maximize peanut acres.
6. No crops are currently offering prices to achieve the 25% operating profit margin shown above.

FLOID Farms like many of you, will be updating their target prices in the next two weeks. It will be critical to evaluate both the crop financials and the whole farm as we move into 2022.

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CORN SUPPLY & DEMAND		WASDE as of 11/09/21				
	19/20	20/21	21/22	22/23	23/24	
	WASDE-618	WASDE-618	WASDE-618	Estimate	Estimate	
Planted	89.7	90.7	93.3	92.0	91.7	
Harvested	81.3	82.3	85.1	84.3	84.0	
Yield	167.5	171.4	177.0	178.8	180.8	
Beg Stocks	2,221	1,919	1,236	1,493	1,653	
Production	13,620	14,111	15,062	15,075	15,189	
Imports	42	24	25	25	27	
Total Supply	15,882	16,055	16,323	16,593	16,869	
Feed	5,903	5,597	5,650	5,800	6,000	
Food/Seed	1,430	1,437	1,430	1,440	1,445	
Ethanol	4,852	5,032	5,250	5,200	5,200	
Exports	1,778	2,753	2,500	2,500	2,550	
Total Demand	13,963	14,819	14,830	14,940	15,195	
Ending Stocks (ES)	1,919	1,236	1,493	1,653	1,674	
Percent Use	14%	8%	10%	11%	11%	
USDA Price	\$ 3.56	\$ 4.53	\$ 5.45	-	-	
<i>Futures as of 12/3/2021</i>				\$5.52		

FUTURES PRICING SIGNALS	\$5.34	\$5.04	
1) Futures as of 12/3/2021 =====>	\$5.52		CZ22
2) What is Crop Insurance doing?	<u>NC-CZ22</u>		<u>SC-CU22</u>
a) Base Price PENDING	\$ 5.50		\$ 5.59
3) Fundamentals - where are prices headed?			
a) Seasonality			UP
b) Ending Stocks			DOWN
4) Technical Signals indicating?			
a) Resistance (<i>Highest Close last 100 Days</i>)			\$ 5.63
b) Support (<i>Lowest Close last 100 Days</i>)			\$ 4.91
c) Moving Average		Change	% Change
5 day	\$ 5.51	-10 1/4	-2%
20 day	\$ 5.51	8 3/4	2%
50 day	\$ 5.39	46 3/4	9%
100 day	\$ 5.22	58 3/4	12%
YTD	\$ 4.86	135 1/4	32%



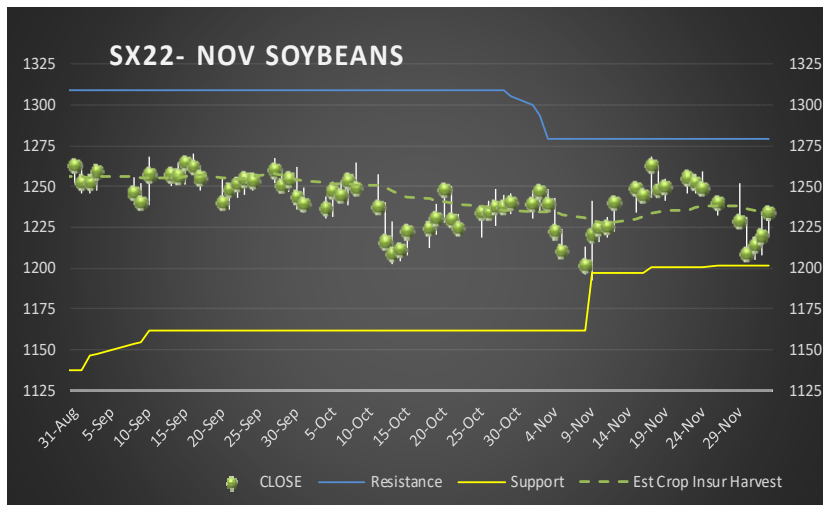
STRATEGY Summary			
Tool	Percentage	Price	Contract
HTA/Futures	0%	\$0.00	CU22
Unpriced	100%	\$5.52	CU22
Open Options		\$0.00	
Closed Positions		\$0.00	
Current Value	100%	\$5.51	CU22
+ Expected Basis			
PENDING Actions			

CZ22 lost \$.10 this week compared to last Friday's close. But the contract continues to trade in an uptrend when looking back to mid-September. If you are wanting to price any 2022 production, consider using the September 2022 contract as it is trading \$.10 higher than the December 2022 contract. If you need to store corn, you may be able to add \$.25 to the CU price (in addition to basis improvement) when rolling from CU to CZ based on historical pricing opportunities.

December 3, 2021: Marketing Update

SOYBEAN SUPPLY & DEMAND		WASDE as of 11/09/21				
	19/20	20/21	21/22	22/23	23/24	
	WASDE-618	WASDE-618	WASDE-618	Estimate	Estimate	
Planted	76.1	83.4	87.2	88.4	88.5	
Harvested	74.9	82.6	86.4	87.5	87.6	
Yield	47.4	51.0	51.2	50.5	51.0	
Beg Stocks	909	525	256	340	278	
Production	3,553	4,216	4,425	4,419	4,470	
Imports	15	20	15	15	15	
Total Supply	4,477	4,761	4,696	4,773	4,763	
Crush	2,165	2,141	2,190	2,240	2,280	
Seed/Residual	105	99	117	125	130	
Exports	1,682	2,265	2,050	2,130	2,160	
Total Demand	3,952	4,505	4,356	4,495	4,570	
End Stocks (ES)	525	256	340	278	193	
Percent Use	13%	6%	8%	6%	4%	
USDA Price	\$ 8.57	\$ 10.80	\$ 12.10			
Futures as of 12/3/2021				\$12.34		

FUTURES PRICING SIGNALS	\$13.72	\$12.46	
1) Futures as of 12/3/2021 =====>		\$12.34	SX22
2) What is Crop Insurance doing?		2022	
a) Base Price PENDING		\$ 12.42	
3) Fundamentals - where are prices headed?			
a) Seasonality		DOWN	
b) Ending Stocks		DOWN	
4) Technical Signals indicating?			
a) Resistance (Highest Close last 100 Days)			\$ 12.80
b) Support (Lowest Close last 100 Days)			\$ 12.02
c) Moving Average		Change	% Change
5 day	\$ 12.21	-6 1/4	-1%
20 day	\$ 12.34	11 1/2	1%
50 day	\$ 12.36	-20 1/2	-2%
100 day	\$ 12.47	-19 1/4	-2%
YTD	\$ 11.96	275	29%



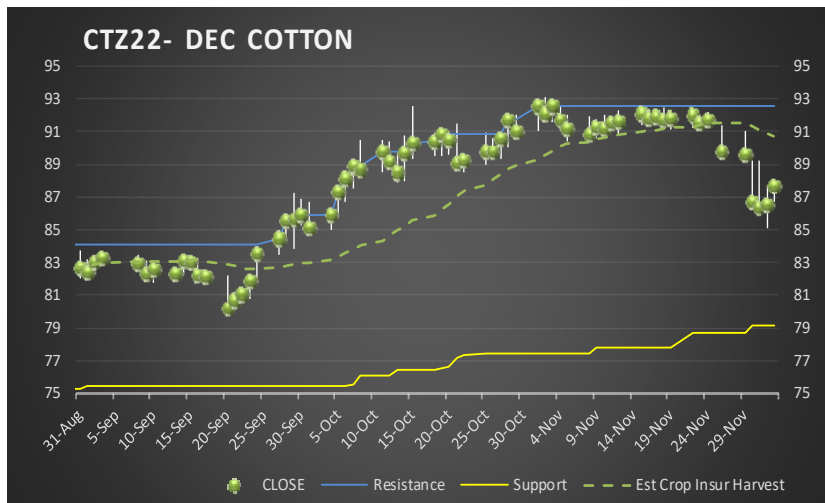
STRATEGY Summary			
Tool	Percentage	Price	Contract
HTA/Futures	0%	\$0.00	SX22
Unpriced	100%	\$12.19	SX22
Open Options		\$0.00	
Closed Positions		\$0.00	
Current Value	100%	\$12.19	SX22
+ Expected Basis			
PENDING Actions			
1			

SX22 lost \$0.05 last week but closed higher every day this week after Tuesday. SX22 trading window has tightened since mid-November. The trading range over the past 100 days is from \$12.02 to \$12.80. Friday's close at @ \$12.35 is slightly below the midpoint. Consider waiting to price 2022 production until SX22 closes above the "projected" crop insurance base price of \$12.43.

December 3, 2021: Marketing Update

COTTON SUPPLY & DEMAND		WASDE as of 11/09/21				
	19/20	20/21	21/22	22/23	23/24	
	WASDE-618	WASDE-618	WASDE-618	Estimate	Estimate	
Planted	13.74	12.09	11.19	12.00	12.80	
Harvested	11.61	8.28	9.92	9.90	10.60	
Yield	823.0	847.0	880.0	952.1	962.3	
Beg Stocks	4.85	7.25	3.15	3.40	5.71	
Production	19.91	14.61	18.20	19.64	21.25	
Imports	0.01	-	0.01	-	-	
Total Supply	24.77	21.86	21.35	23.04	26.96	
Domestic Use	2.15	2.35	2.50	2.55	2.60	
Exports	15.53	16.37	15.50	14.78	15.68	
Total Demand	17.68	18.72	18.00	17.33	18.28	
End Stocks (ES)	7.25	3.15	3.40	5.71	8.69	
Stocks to Use	41%	17%	19%	33%	48%	
USDA Price	\$ 59.60	\$ 66.30	\$ 90.00	-	-	
Futures as of 12/3/2021				\$87.75		

FUTURES PRICING SIGNALS	\$94.00	\$89.00	
1) Futures as of 12/3/2021 =====>		\$87.75	CTZ22
2) What is Crop Insurance doing?		<u>2022</u>	
a) Base Price PENDING		\$0.91	
3) Fundamentals - where are prices headed?			
a) Seasonality		DOWN	
b) Ending Stocks		UP	
4) Technical Signals indicating?			
a) Resistance (Highest Close last 100 Days)			\$ 92.60
b) Support (Lowest Close last 100 Days)			\$ 79.13
c) Moving Average		Change	% Change
5 day	\$ 87.42	-2	-0
20 day	\$ 90.48	-4	-0
50 day	\$ 89.56	5 6/7	0
100 day	\$ 85.78	8	1/9
YTD	\$ 80.07	19 3/4	2/7



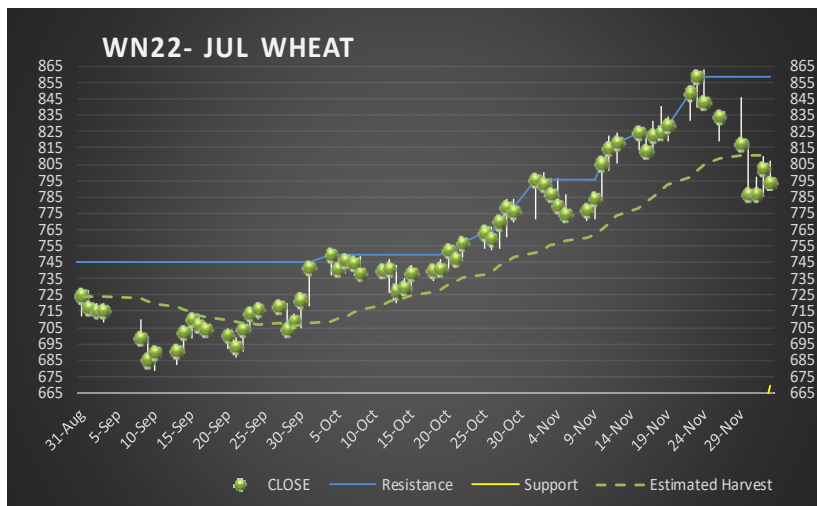
STRATEGY Summary			
Tool	Percentage	Price	Contract
HTA/Futures	0%	\$0.0000	CTZ22
Unpriced	100%	\$0.8658	CTZ22
Open Options		\$0.0000	
Closed Positions		\$0.0000	
Current Value	100%	\$0.8658	CTZ22
+ Expected Basis			
PENDING Actions			
1			

CTZ22 dropped \$0.02 last week, but hopefully set a floor around \$0.865. Friday's close was higher and near \$0.88. Looking ahead, resistance is strong at the \$0.926 price level. Consider starting to price 2022 cotton on rallies above the "projected" 2022 crop insurance base price of \$0.91.

December 3, 2021: Marketing Update

WHEAT SUPPLY & DEMAND		WASDE as of 11/09/21				
	19/20	20/21	21/22	22/23	23/24	
	WASDE-618	WASDE-618	WASDE-618	Estimate	Estimate	
Planted	45.5	44.5	46.7	48.1	45.5	
Harvested	37.4	36.8	37.2	40.3	37.7	
Yield	51.7	49.7	44.3	49.4	49.8	
Production	1,932	1,828	1,646	1,990	1,878	
Beg Stocks	1,080	1,028	845	583	651	
Imports	105	100	115	151	150	
Total Supply	3,117	2,956	2,606	2,724	2,679	
Feed	101	95	135	125	100	
Food, Seed	1,023	1,025	1,028	1,023	1,023	
Exports	965	992	860	925	920	
Total Demand	2,089	2,111	2,023	2,073	2,043	
End Stocks	1,028	845	583	651	636	
Percent Use	49%	40%	29%	31%	31%	
USDA Price	\$ 4.58	\$ 5.05	\$ 6.90	-	-	
Futures as of 12/3/2021				\$7.94		

FUTURES PRICING SIGNALS	\$8.67	\$7.96	
1) Futures as of 12/3/2021 =====>		\$7.94	WN22
2) What is Crop Insurance doing?		2022	
a) Base Price		\$ 7.14	
b) Harvest Price (PENDING)		\$ 8.10	
% loss due to price change		13%	
3) Fundamentals - where are prices headed?			
a) Seasonality		Down	
b) Ending Stocks		UP	
4) Technical Signals indicating?			
a) Resistance (Highest Close last 100 Days)		\$ 8.58	
b) Support (Lowest Close last 100 Days)		\$ 6.69	
c) Moving Average		Change	% Change
5 day	\$ 7.98	-39 3/4	-5%
20 day	\$ 8.13	15 1/4	2%
50 day	\$ 7.74	81	11%
100 day	\$ 7.41	142 1/4	22%
YTD	\$ 6.87	208	35%



STRATEGY Summary			
Tool	Percentage	Price	Contract
HTA/Futures	0%	\$0.00	WN22
Unpriced	100%	\$8.03	WN22
Open Options		\$0.00	
Closed Options		\$0.00	
Current Value	100%	\$8.03	WN22
+ Expected Basis			
PENDING Actions			
1			

WN22 tumbled \$0.40 in the past 5 days. After rallying on Thursday, it closed lower on Friday. WN22 should have support around \$7.85, but if it trades below that level, it may not find any additional support above \$7.05. Consider pricing 2022 wheat on any rallies in the next week as those prices would be well above the crop insurance base price of \$7.14

	CORN-NI	COTTON-NI	PEANUTS-RU-NI	SOYBEANS-NI	WHEAT-NI
REVENUE					
PROJECTED YIELD	125	900	4,000	35	65
FUTURES PRICE	\$5.63	\$0.92	\$0.26	\$12.63	\$8.23
HARVEST BASIS	\$0.50	-\$0.01	\$0.00	\$0.10	-\$0.40
EXPECTED CROP REVENUE	\$766.25	\$818.37	\$1,050.00	\$445.46	\$508.79
<i>COTTONSEED</i>		168.75			
MARKETING	\$0.00	-\$23.06	-\$6.00	\$0.00	\$0.00
CHECKOFF	\$0.00	-\$1.88	-\$4.00	-\$2.23	\$0.00
EXPECTED CROP REVENUE	\$766.25	\$ 962.18	\$ 1,040.00	\$ 443.24	\$ 508.79
DIRECT EXPENSE					
SEED	\$71.50	\$99.18	\$130.50	\$50.00	\$44.00
FERTILIZER	\$275.54	\$256.46	\$66.19	\$99.90	\$210.80
CROP PROTECTION	\$110.02	\$110.72	\$222.87	\$103.36	\$39.70
CROP INSURANCE	\$11.07	\$12.49	\$6.73	\$6.63	\$15.01
DRYING OR GINNING	\$26.63	\$108.00	\$28.60	\$1.49	\$2.77
IRRIGATION ENERGY					
CUSTOM HIRE	\$53.75	\$10.00	\$22.00	\$22.25	\$32.75
LABOR	\$6.08	\$8.36	\$17.67	\$7.15	\$9.02
MACHINERY OPERATING	30.41	\$67.12	\$74.13	\$33.45	\$39.59
INTEREST ON OP. CAP.	\$20.48	\$23.53	\$19.90	\$11.35	\$13.78
TOTAL DIRECT EXPENSES	\$605.48	\$ 695.86	\$ 588.59	\$ 335.58	\$ 407.42
RETURN AVAILABLE FOR OVERHEAD, DEBT SERVICE, & MANAGEMENT	\$ 160.77	\$ 266.32	\$ 451.41	\$ 107.66	\$ 101.37

FINANCIAL EFFICIENCY BY CROP

	CORN-NI	COTTON-NI	PEANUTS-RU-NI	SOYBEANS-NI	WHEAT-NI
EXPECTED CROP REVENUE	\$766.25	\$962.18	\$1,040.00	\$443.24	\$508.79
TOTAL DIRECT EXPENSES	\$605.48	\$695.86	\$588.59	\$335.58	\$407.42
RETURN AVAILABLE FOR OVERHEAD, DEBT SERVICE, & MANAGEMENT	\$ 160.77	\$ 266.32	\$ 451.41	\$ 107.66	\$ 101.37

DIRECT EXPENSE TO REVENUE RATIO	79%	72%	57%	76%	80%
OPERATING PROFIT MARGIN	21%	28%	43%	24%	20%
Futures Price Required for:					
40% Operating Profit Margin	\$6.80	\$1.05	\$0.25	\$14.62	\$9.80
25% Operating Profit Margin	\$5.88	\$0.89	\$0.21	\$12.72	\$8.62
10% Operating Profit Margin	\$4.96	\$0.73	\$0.18	\$10.82	\$7.45

Revenue Protection Crop Insurance Guarantee

Direct Expenses

MPCI RP	CORN-NI	COTTON-NI	PEANUTS-RU-NI	SOYBEANS-NI	WHEAT-NI
65% Coverage	75%	77%	102%	84%	74%
70% Coverage	81%	83%	109%	90%	79%
75% Coverage	86%	88%	116%	96%	83%

	CORN-IRR	COTTON-IRR	PEANUTS-RU-IRR	SOYBEANS-IRR	WHEAT-IRR
REVENUE					
PROJECTED YIELD	210	1250	5,000	65	80
FUTURES PRICE	\$5.63	\$0.92	\$0.26	\$12.63	\$8.23
HARVEST BASIS	\$0.50	-\$0.01	\$0.00	\$0.10	-\$0.40
EXPECTED CROP REVENUE	\$1,287.30	\$1,136.63	\$1,312.50	\$827.29	\$626.20
<i>COTTONSEED</i>		168.75			
MARKETING	\$0.00	-\$32.03	-\$7.50	\$0.00	\$0.00
CHECKOFF	\$0.00	-\$2.60	-\$5.00	-\$4.14	\$0.00
EXPECTED CROP REVENUE	\$1,287.30	\$ 1,270.74	\$ 1,300.00	\$ 823.15	\$ 626.20
DIRECT EXPENSE					
SEED	\$104.00	\$99.18	\$130.50	\$55.00	\$44.00
FERTILIZER	\$401.94	\$242.51	\$66.19	\$122.50	\$242.40
CROP PROTECTION	\$101.03	\$110.72	\$255.27	\$103.36	\$39.70
CROP INSURANCE	\$8.63	\$8.57	\$5.94	\$6.76	\$6.87
DRYING OR GINNING	\$44.73	\$150.00	\$35.75	\$2.77	\$3.41
IRRIGATION ENERGY	\$54.00	\$27.00	\$27.00	\$27.00	\$27.00
CUSTOM HIRE	\$83.50	\$10.00	\$25.00	\$32.75	\$38.00
LABOR	\$6.08	\$8.36	\$17.67	\$7.15	\$9.02
MACHINERY OPERATING	30.41	\$67.12	\$74.13	\$33.45	\$39.59
INTEREST ON OP. CAP.	\$29.20	\$25.32	\$22.31	\$13.68	\$15.75
TOTAL DIRECT EXPENSES	\$863.52	\$ 748.78	\$ 659.76	\$ 404.42	\$ 465.74
RETURN AVAILABLE FOR OVERHEAD, DEBT SERVICE, & MANAGEMENT	\$ 423.78	\$ 521.96	\$ 640.24	\$ 418.73	\$ 160.46

FINANCIAL EFFICIENCY BY CROP

	CORN-IRR	COTTON-IRR	PEANUTS-RU-IRR	SOYBEANS-IRR	WHEAT-IRR
EXPECTED CROP REVENUE	\$1,287.30	\$1,270.74	\$1,300.00	\$823.15	\$626.20
TOTAL DIRECT EXPENSES	\$863.52	\$748.78	\$659.76	\$404.42	\$465.74
RETURN AVAILABLE FOR OVERHEAD, DEBT SERVICE, & MANAGEMENT	\$ 423.78	\$ 521.96	\$ 640.24	\$ 418.73	\$ 160.46
DIRECT EXPENSE TO REVENUE RATIO	67%	59%	51%	49%	74%
OPERATING PROFIT MARGIN	33%	41%	49%	51%	26%
Futures Price Required for:					
40% Operating Profit Margin	\$6.56	\$0.90	\$0.2385	\$11.35	\$8.95
25% Operating Profit Margin	\$5.64	\$0.75	\$0.1995	\$9.45	\$7.78
10% Operating Profit Margin	\$4.73	\$0.59	\$0.1605	\$7.55	\$6.60

Revenue Protection Crop Insurance Guarantee

Direct Expenses

MPCI RP	CORN-IRR	COTTON-IRR	PEANUTS-RU-IRR	SOYBEANS-IRR	WHEAT-IRR
65% Coverage	88%	99%	113%	130%	78%
70% Coverage	95%	107%	122%	139%	84%
75% Coverage	101%	113%	129%	148%	88%