

March 8, 2021 Marketing Update

Futures as of	03/08/21	03/01/21	Trend	
CZ21 Dec CORN	\$4.82	<i>\$4.69</i>	Bullish	<i>2.7%</i>
SX21 Nov SOYBEANS	\$12.54	<i>\$12.19</i>	Bullish	<i>2.9%</i>
CTZ21 Dec COTTON	\$85.34	<i>\$86.79</i>	Bearish	<i>-1.7%</i>
WN21 Jul WHEAT	\$6.41	<i>\$6.43</i>	Neutral	<i>-0.3%</i>

2022 Crop Prices

CZ22 Dec CORN	\$4.40	<i>\$4.28</i>	Bullish	<i>2.6%</i>
SX22 Nov SOYBEANS	\$11.35	<i>\$10.95</i>	Bullish	<i>3.7%</i>
CTZ22 Dec COTTON	\$75.80	<i>\$76.50</i>	Neutral	<i>-0.9%</i>
WN22 Jul WHEAT	\$6.31	<i>\$6.26</i>	Neutral	<i>0.8%</i>

MARKET UPDATE

USDA will release the March WASDE report on March 9, 2021. Usually, this report does not have any big changes, but given tight stocks in corn and soybeans, it should not be overlooked this year. The markets may need bullish data to continue pushing prices higher. Pay attention to changes in the following areas:

- Brazil soybean production – the country continues to receive rain which is hampering harvest and delaying the planting of safrinha corn. Quality could be an issue with the Brazilian soybean crop, but the same rains have boosted expected production. The delayed harvest is also leading to a backlog of ships waiting to load soybeans for export.
- Argentina needs rain. The corn and soybean crop ratings dropped 5% last week.
- The US crushed its 2nd highest number of soybeans in January. The crush can slow down compared to last year and still meet the 2.2 billion USDA projected usage for 2020-21.
- Corn used for ethanol was down 10.3% in January compared to last year. Year to date corn for ethanol is down 6% compared to last year. If OPEC continues to keep oil production unchanged, ethanol could recover some of its losses.
- High cotton prices have slowed cotton export sales. Watch growing conditions in Texas (expanding drought) and wet conditions in the southeast.

MARKETING PLAN UPDATE

Corn and soybeans managed to push through their short-term resistance levels and closed at or above contract highs. Cotton and wheat could not do the same and drifted lower the past 10 days.

Look at the marketing recommendation page to see how FLOID Farms is managing price risk.

Corn – CU21 closed today @ \$5.00. If FLOID Farms liquidated its option positions today, it would be at \$4.95. The option strategies have enabled FF to keep pace with the market while also providing downside price protection on 25% of the crop at \$4.70 and 10% hedged at \$4.75.

Soybeans – SX21 closed today @ \$12.54. FF liquidating value of its soybeans is \$12.41. It has 15% of its crop with downside protection at \$11.40 and 10% hedged at \$11.75.

Wheat – WN21 closed today @ \$6.41. FF Liquidating value for wheat is \$6.42 with 30% of expected production protected against some downside @ \$6.30 and 10% hedged at \$6.45.

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Cotton – CTZ21 closed today @ \$85.34. FF liquidating value for cotton is \$84.34. It has downside protection on 15% of expected production @ \$78 and 10% hedged at \$77.

FLOID Farms did SELL 15% of production using a \$84 CALL Option. The cotton market is trading higher and FF is paying margin money on the SOLD Calls. With cotton market appearing to have topped at the current time, FF would like to roll their put-call spread up to capture some of the price improvement since January. Below is the current strategy under consideration:

1. Roll the CTZ21 \$78 Put up to a \$84 Put.
2. Roll the CTZ21 \$84 Call up to a \$90 Call.
3. Execute trades for \$1 net cost or less.

RECAP of Cotton Options to Date:

Entry Date	Action	Price	Exit Date	Action	Price	Gain/Loss
1/29	Buy 78P	-5.50	3/9	OFFSET	3.26	-2.24
1/29	Sell 84C	+5.50	3/9	OFFSET	-7.50	-2.50
3/9	Buy 84P	-5.60				
3/9	Sell 90C	+5.36				

Minimum Price Calculations:

	1/29/21		Tentative 3/9/21
Put Strike Price	\$84.00	Put Strike Price	\$84.00
- Cost of 78P	- 5.50	- Loss on 78P	- 2.24
+ Sale of 84C	+ 5.50	- Loss on 84C	- 2.50
		- Cost of 84P	- 5.60
		+ Sale of 90C	<u>+ 5.36</u>
Minimum Price	\$78.00		\$79.02

After reviewing these potential changes, FLOID Farms decides NOT to roll their PUT-CALL spread up. The strategy only has a minimum price improvement of \$1.02. Instead, FF is planning to add an additional 15% of price protection by executing a PUT CALL spread buying a \$84 put option and Selling a \$90 call. This strategy will provide a price floor of \$83.76. If the trade is executed, FF will have a \$80.88 price floor on 30% of expected cotton production.

Continue to monitor the markets this week for pricing opportunities that WORK for your operation.

2021 CORN						FUTURES PRICING SIGNALS			\$ 4.29	\$ 3.99	\$ 3.99
Recommendation						ENTRY			OFFSET (Current Price)		
Date	Tool	Action	Reason	Quantity	STATUS	Date	Price	Date	Price	Gain(Loss)	
1/11/2021	Futures/HTA	Sell CU21 @ \$4.60 OB	\$0.31 > Growth Target	10%	Filled	1/12/2021	4.7500	3/8/2021	5.0025	-0.2525	
1/11/2021	Futures/HTA	Roll CU21 to CZ21 @ \$0.12 OB	Adds \$0.28 to price	10%	Pending	3/8/2021	-0.1875				
1/11/2021	Option	SELL CU21 520 Call @ \$0.25 OB	Sets max price \$1.16 > Growth	10%	Filled	1/12/2021	0.3000	3/8/2021	-0.3863	-0.0863	
1/29/2021	Put Call Option	BUY CU21 470 PUT @ \$0.46 OB	Set Fence from \$4.54 to \$5.20	15%	Filled	2/3/2021	-0.4100	3/8/2021	0.2938	-0.1163	
1/29/2021	Put Call Option	SELL CU21 520 Call @ \$0.30 OB	Set Fence from \$4.54 to \$5.20	15%	Filled	2/3/2021	0.3100	3/8/2021	-0.3863	-0.0763	
2/15/2021	Put Call Option	BUY CU21 470 PUT @ \$0.38 OB	Set Fence from \$4.57 to \$5.20	10%	Filled	2/16/2021	-0.3500	3/8/2021	0.2938	-0.0563	
2/15/2021	Put Call Option	SELL CU21 520 Call @ \$0.25 OB	Set Fence from \$4.57 to \$5.20	10%	Filled	3/8/2021	0.2900	3/8/2021	-0.3863	-0.0963	

2021 SOYBEANS						FUTURES PRICING SIGNALS			\$ 12.00	\$ 10.73	\$ 10.75
Recommendation						ENTRY			OFFSET (Current Price)		
Date	Tool	Action	Reason	Quantity	STATUS	Date	Price	Date	Price	Gain(Loss)	
1/11/2021	Futures/HTA	Sell SX21 @ \$11.75 OB	\$1.00 > B/E Target, Builds Working Cap	10%	Filled	1/12/2021	11.7500	3/8/2021	12.5425	-0.7925	
1/29/2021	Put Call Option	BUY SX21 1140 PUT @ \$0.85 OB	Set Fence from \$11.03 to \$13.00	15%	Filled	2/3/2021	-0.8500	3/8/2021	0.4175	-0.4325	
1/29/2021	Put Call Option	SELL SX21 1300 Call @ \$0.47 OB	Set Fence from \$11.03 to \$13.00	15%	Filled	2/3/2021	0.5000	3/8/2021	-0.7950	-0.2950	

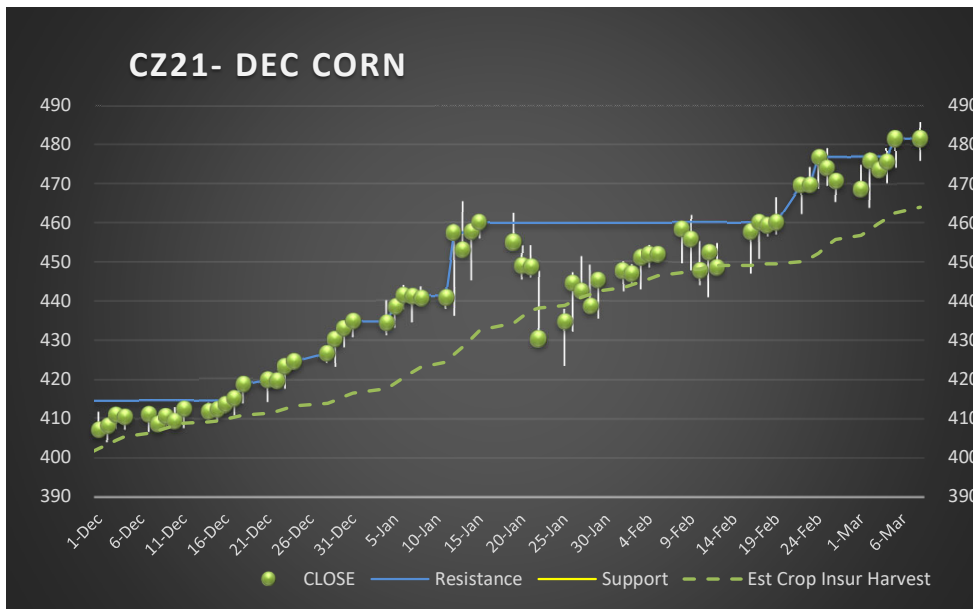
2021 COTTON						FUTURES PRICING SIGNALS			\$ 0.82	\$ 0.77	\$ 0.77
Recommendation						ENTRY			OFFSET (Current Price)		
Date	Tool	Action	Reason	Quantity	STATUS	Date	Price	Date	Price	Gain(Loss)	
1/11/2021	Futures/HTA	Sell CTZ21 @ \$0.77 OB	Achieves B/E Target, maintains WC	10%	Filled	1/12/2021	0.7700	3/8/2021	0.8534	-0.0834	
1/29/2021	Put Call Put Option	BUY CTZ21 7800 PUT @ \$0.06 OB	Set Fence from \$.78 to \$.84	15%	Filled	2/4/2021	-0.0550	3/8/2021	0.0326	-0.0224	
1/29/2021	Put Call Put Option	SELL CTZ21 8400 Call @ \$0.04 OB	Set Fence from \$.78 to \$.84	15%	Filled	2/4/2021	0.0550	3/8/2021	-0.0750	-0.0200	
1/29/2021	Put Call Put Option	SELL CTZ21 6900 Put @ \$0.02 OB	Cheapen Cost of strategy	15%	Filled	2/4/2021	0.0200	3/8/2021	-0.0100	0.0100	
3/8/2021	Put Call Put Option	BUY CTZ21 7800 PUT @ \$0.056 OB	Set Fence from \$.84 to \$.90	15%	Pending	3/8/2021	-0.0560				
3/8/2021	Put Call Put Option	SELL CTZ21 9000 Call @ \$0.053 OB	Set Fence from \$.84 to \$.90	15%	Pending	3/8/2021	0.0536				

2021 WHEAT						FUTURES PRICING SIGNALS			\$ 6.91	\$ 6.20	\$ 6.23
Recommendation						ENTRY			OFFSET (Current Price)		
Date	Tool	Action	Reason	Quantity	STATUS	Date	Price	Date	Price	Gain(Loss)	
1/11/2021	Futures/HTA	Sell WN21 @ \$6.40 OB	\$0.20 > B/E Target, Builds Working Cap	10%	Filled	1/12/2021	6.4500	3/8/2021	6.4050	0.0450	
1/29/2021	Put Call Option	BUY WN21 630 PUT @ \$0.45 OB	Set Fence from \$6.17 to \$7.00	15%	Filled	2/5/2021	-0.4450	3/8/2021	0.3650	-0.0800	
1/29/2021	Put Call Option	SELL WN21 700 Call @ \$0.32 OB	Set Fence from \$6.17 to \$7.00	15%	Filled	2/1/2021	0.3400	3/8/2021	-0.2425	0.0975	
2/15/2021	Put Call Option	BUY WN21 630 PUT @ \$0.45 OB	Set Fence from \$6.20 to \$7.00	15%	Filled	2/16/2021	-0.3800	3/8/2021	0.3650	-0.0150	
2/15/2021	Put Call Option	SELL WN21 700 Call @ \$0.32 OB	Set Fence from \$6.20 to \$7.00	15%	Filled	2/24/2021	0.3600	3/8/2021	-0.2425	0.1175	



CORN SUPPLY & DEMAND		USDA AG Outlook 2/19/2021				
	19/20	20/21	21/22	22/23	23/24	
	WASDE-609	WASDE-609	Estimate	Estimate	Estimate	
Planted	89.7	90.8	92.0	92.5	91.5	
Harvested	81.3	82.5	84.4	85.0	84.0	
Yield	167.5	172.0	179.5	181.5	183.5	
Beg Stocks	2,221	1,919	1,502	1,552	1,744	
Production	13,620	14,182	15,150	15,428	15,414	
Imports	42	25	25	40	31	
Total Supply	15,882	16,127	16,677	17,019	17,189	
Feed	5,903	5,650	5,850	6,020	6,080	
Food/Seed	1,430	1,425	1,425	1,430	1,435	
Ethanol	4,852	4,950	5,200	5,200	5,200	
Exports	1,778	2,600	2,650	2,625	2,650	
Total Demand	13,963	14,625	15,125	15,275	15,365	
Ending Stocks (ES)	1,919	1,502	1,552	1,744	1,824	
Percent Use	14%	10%	10%	11%	12%	
USDA Price	\$ 3.56	\$ 4.30	\$ 4.20	-	-	
<i>Futures as of 03/08/2021</i>		\$5.65	\$4.82	\$4.40		

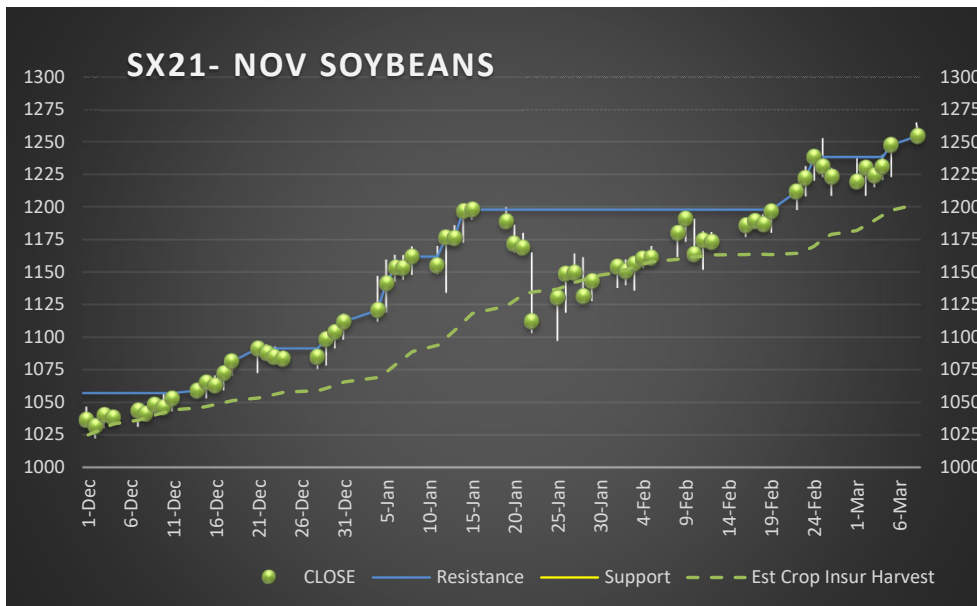
FUTURES PRICING SIGNALS	\$ 4.29	\$ 3.99	\$ 3.99
1) Futures as of 03/08/2021 =====>	\$4.82	CZ21	
2) What is Crop Insurance doing?	NC-CZ21	SC-CU21	
a) Base Price	\$ 4.48	\$ 4.73	
b) Harvest Price (PENDING)	\$ 4.64	\$ 4.86	
3) Fundamentals - where are prices headed?			
a) Seasonality		UP	
b) Ending Stocks		DOWN	
4) Technical Signals indicating?			
a) Resistance (Highest Close last 100 Days)		\$ 4.82	
b) Support (Lowest Close last 100 Days)		\$ 3.83	
c) Moving Average		Change	% Change
5 day	\$ 4.78	12 3/4	2.72%
20 day	\$ 4.66	29 3/4	6.59%
50 day	\$ 4.52	61 3/4	14.71%
100 day	\$ 4.28	88 3/4	22.60%
YTD	\$ 4.55	47	10.82%



STRATEGY Summary			
Tool	Percentage	Price	Contract
HTA/Futures	10%	\$4.75	CU21
Options	35%	\$4.91	CU21
Unpriced	55%	\$5.00	CU21
Current Value	100%	\$4.95	CZ21
+ Expected Basis			
PENDING Actions			
1 Sell 10% CU21 @ \$4.60 or better. Filled @ \$4.75 1/12/21			
2 Roll 10% from CU to CZ for \$0.12 or better to capture carry			
3 Sell 10% CU21 520 Call @ \$0.25 OB. Filled @ \$0.30 1/12/21			
4 Buy 15% CU21 470 Put @ \$0.46 OB. Filled @ \$0.41 2/3/21			
5 Sell 15% CU21 520 Call @ \$0.30 OB. Filled @ \$0.31 2/3/21			
6 Buy 10% CU21 470 Put @ \$0.38 OB. Filled @ \$0.35 2/16/21			
7 Sell 10% CU21 520 Call @ \$0.25 OB. Filled @ \$0.29 2/19/21			

SOYBEAN SUPPLY & DEMAND		USDA AG Outlook 2/19/2021				
	19/20	20/21	21/22	22/23	23/24	
	WASDE-609	WASDE-609	Estimate	Estimate	Estimate	
Planted	76.1	83.1	90.0	89.5	89.0	
Harvested	74.9	82.3	89.1	88.6	88.1	
Yield	47.4	50.2	50.8	51.6	52.2	
Beg Stocks	909	525	120	147	204	
Production	3,553	4,135	4,526	4,572	4,599	
Imports	15	35	35	15	15	
Total Supply	4,477	4,695	4,681	4,734	4,817	
Crush	2,165	2,200	2,210	2,195	2,220	
Seed/Residual	105	125	124	125	135	
Exports	1,682	2,250	2,200	2,210	2,225	
Total Demand	3,952	4,575	4,534	4,530	4,580	
End Stocks (ES)	525	120	147	204	237	
Percent Use	13%	3%	3%	4%	5%	
USDA Price	\$ 8.57	\$ 11.15	\$ 11.25			
Futures as of 03/08/2021		\$14.38	\$12.54	\$11.35		

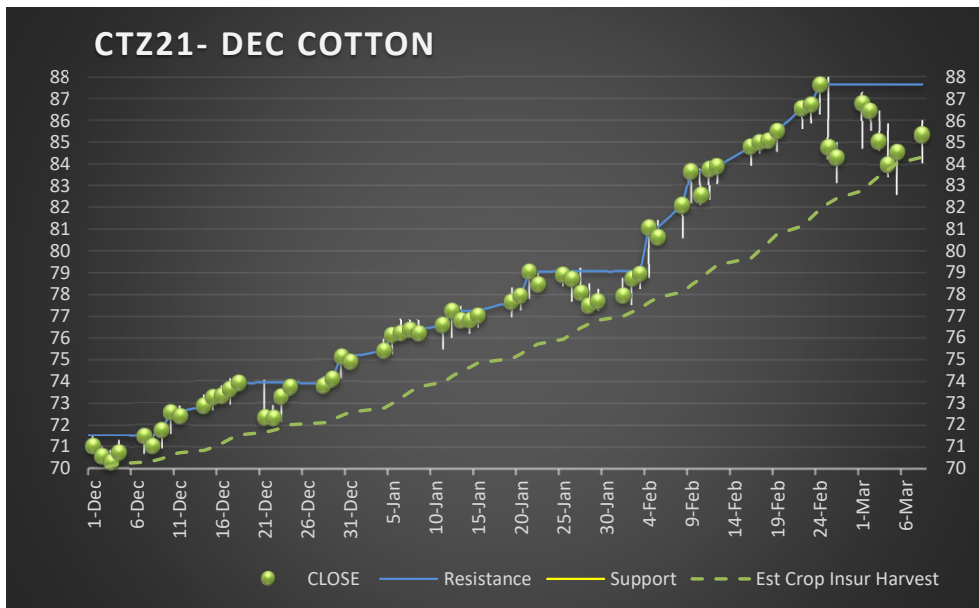
FUTURES PRICING SIGNALS	\$ 12.00	\$ 10.73	\$ 10.75
1) Futures as of 03/08/2021 =====>	\$12.54	SX21	
2) What is Crop Insurance doing?	2021	2020	
a) Base Price	\$ 11.54	\$ 9.36	
b) Harvest Price (PENDING)	\$ 11.99	\$ 9.15	
3) Fundamentals - where are prices headed?			
a) Seasonality	UP		
b) Ending Stocks	DOWN		
4) Technical Signals indicating?			
a) Resistance (Highest Close last 100 Days)	\$ 12.54		
b) Support (Lowest Close last 100 Days)	\$ 9.65		
c) Moving Average		Change	% Change
5 day	\$ 12.37	35	2.87%
20 day	\$ 12.08	93 1/4	8.03%
50 day	\$ 11.70	166 1/2	15.31%
100 day	\$ 10.96	286 1/4	29.57%
YTD	\$ 11.80	133 1/2	11.91%



STRATEGY Summary			
Tool	Percentage	Price	Contract
HTA/Futures	10%	\$11.75	SX21
Options	15%	\$12.18	SX21
Unpriced	75%	\$12.54	SX21
Current Value	100%	\$12.41	SX21
+ Expected Basis			
PENDING Actions			
1 Sell 10% SX21 @ \$11.75. Filled @ \$11.75 1/12/21			
2 Buy 15% SX21 1140 Put @ \$0.85 OB. Filled @ \$0.85 2/3/21			
3 Sell 15% SX21 1300 Call @ \$0.47 OB. Filled @ \$0.50 2/3/21			

COTTON SUPPLY & DEMAND		USDA AG Outlook 2/19/2021			
	19/20	20/21	21/22	22/23	23/24
	WASDE-609	WASDE-609	Estimate	Estimate	Estimate
Planted	13.74	12.09	12.00	12.09	12.00
Harvested	11.61	8.70	10.00	9.81	9.74
Yield	823.0	825.0	840.0	948.5	960.2
Beg Stocks	4.85	7.25	4.34	3.83	5.31
Production	19.91	15.00	17.50	19.39	19.48
Imports	0.01	-	-	-	-
Total Supply	24.77	22.25	21.84	23.22	24.79
Domestic Use	2.15	2.40	2.50	2.40	2.50
Exports	15.53	15.50	15.50	15.50	16.00
Total Demand	17.68	17.90	18.00	17.90	18.50
End Stocks (ES)	7.25	4.34	3.83	5.31	6.28
Stocks to Use	41%	24%	21%	30%	34%
USDA Price	\$ 59.60	\$ 68.00	\$ 75.00	-	-
Futures as of 03/08/2021		\$88.32	\$85.34	\$75.80	\$0.00

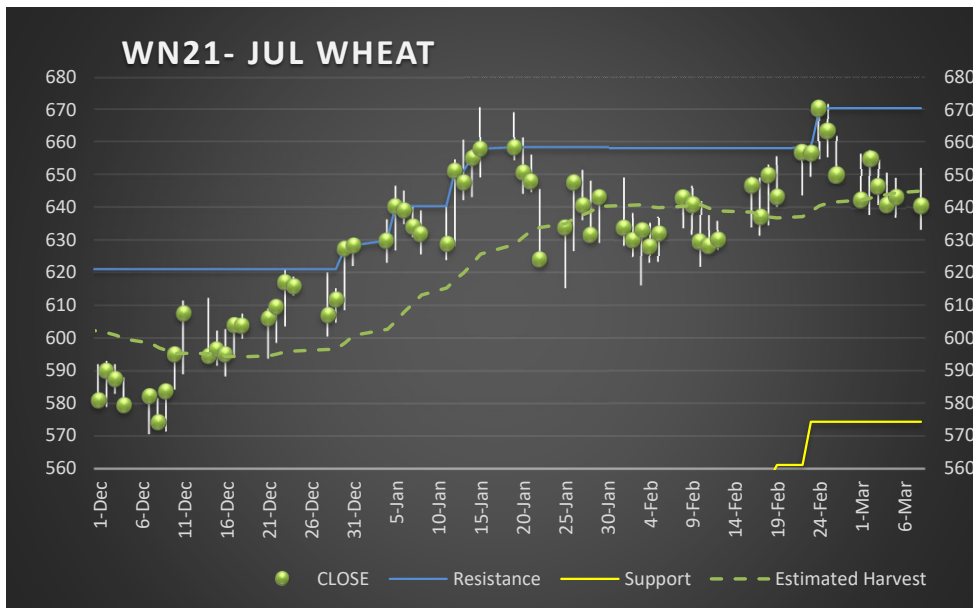
FUTURES PRICING SIGNALS	\$ 82.00	\$ 77.00	\$ 77.00
1) Futures as of 03/08/2021 =====>	\$85.34	CTZ21	
2) What is Crop Insurance doing?	<u>2021</u>	<u>2020</u>	
a) Base Price	\$80.00	\$70.00	
b) Harvest Price (PENDING)	\$85.00	\$63.00	
3) Fundamentals - where are prices headed?			
a) Seasonality		Down	
b) Ending Stocks		UP	
4) Technical Signals indicating?			
a) Resistance (Highest Close last 100 Days)			\$ 87.66
b) Support (Lowest Close last 100 Days)			\$ 68.41
c) Moving Average		<u>Change</u>	<u>% Change</u>
5 day	\$ 85.07	-1.45	-1.67%
20 day	\$ 84.93	4.70	5.83%
50 day	\$ 80.19	13.01	17.99%
100 day	\$ 75.40	16.96	24.80%
YTD	\$ 81.01	9.93	13.17%



STRATEGY Summary			
Tool	Percentage	Price	Contract
HTA/Futures	10%	\$77.00	CTZ21
Options	15%	\$84.26	CTZ21
Unpriced	75%	\$85.34	CTZ21
Current Value	100%	\$84.34	CTZ21
+ Expected Basis			
PENDING Actions			
1 Sell 10% CTZ21 @ \$0.77 or better. Filled @ \$0.77 on 1/12/21			
2 Buy 15% CTZ21 7800 Put @ \$0.06 OB. Filled @ \$0.055 2/4/21			
3 Sell 15% CTZ21 8400 Call @ \$0.04 OB. Filled @ \$0.055 2/4/21			
4 Sell 15% CTZ21 6900 Put @ \$0.02 OB. Filled @ \$0.02 2/4/21			
5 Buy 15% CTZ21 8400 Put @ \$0.056 OB.			
6 Sell 15% CTZ21 9000 Call @ \$0.053 OB.			

WHEAT SUPPLY & DEMAND		USDA AG Outlook 2/19/2021				
	19/20	20/21	21/22	22/23	23/24	
	WASDE-609	WASDE-609	Estimate	Estimate	Estimate	
Planted	45.5	44.3	45.0	45.6	45.4	
Harvested	37.4	36.7	37.2	37.9	37.7	
Yield	51.7	49.7	49.1	49.2	49.6	
Production	1,932	1,826	1,827	1,865	1,870	
Beg Stocks	1,080	1,028	836	698	672	
Imports	105	120	130	140	143	
Total Supply	3,117	2,974	2,793	2,703	2,685	
Feed	101	125	140	77	78	
Food, Seed	1,023	1,028	1,030	1,029	1,030	
Exports	965	985	925	925	925	
Total Demand	2,089	2,138	2,095	2,031	2,033	
End Stocks	1,028	836	698	672	652	
Percent Use	49%	39%	33%	33%	32%	
USDA Price	\$ 4.58	\$ 5.00	\$ 5.50	-	-	
Futures as of 03/08/2021		\$6.47	\$6.41	\$6.31	\$6.00	

FUTURES PRICING SIGNALS	\$ 6.91	\$ 6.20	\$ 6.23
1) Futures as of 03/08/2021 =====>	\$6.41		WN22
2) What is Crop Insurance doing?	<u>2021</u>	<u>2020</u>	
a) Base Price	\$ 5.54	\$ 4.86	
b) Harvest Price (PENDING)	\$ 6.45	\$ 4.97	
% loss due to price change	16%	2%	
3) Fundamentals - where are prices headed?			
a) Seasonality	UP		
b) Ending Stocks	UP		
4) Technical Signals indicating?			
a) Resistance (Highest Close last 100 Days)	\$ 6.71		
b) Support (Lowest Close last 100 Days)	\$ 5.74		
c) Moving Average		Change	% Change
5 day	\$ 6.45	-2	-0.31%
20 day	\$ 6.46	8 1/2	1.34%
50 day	\$ 6.39	31	5.09%
100 day	\$ 6.20	45 3/4	7.69%
YTD	\$ 6.42	10 3/4	1.71%



STRATEGY Summary			
Tool	Percentage	Price	Contract
HTA/Futures	10%	\$6.45	WN21
Options	30%	\$6.44	WN21
Unpriced	60%	\$6.41	WN21
Current Value	100%	\$6.42	WN21
+ Expected Basis			
PENDING Actions			
1 Sell 10% WN21 @ \$6.40 OB. Filled @ \$6.50 1/12/21			
2 Buy 15% WN21 630 Put @ \$0.45 OB Filled @ \$0.445 2/5/21			
3 Sell 15% WN21 700 Call @ \$0.30 OB Filled @ \$0.34 2/1/21			
4 Buy 15% WN21 630 Put @ \$0.35 OB Filled @ \$0.38 2/16/21			
5 Sell 15% WN21 700 Call @ \$0.25 OB			