

| Crop | Contract | Type | RMA Projected Prices | | | | | | | | RMA Projected | Average Futures Price Close | | | | Expected |
|----------------------|----------|-----------|----------------------|-----------|---------------|-------|------|----------|--------|----------------|---------------|-----------------------------|----------|----------------|------|----------|
| | | | 2011 | 2012 | 2013 | 2014 | 2015 | 5 Yr Avg | 2016 | As of 4-Feb | 2011-2015 | | % Differ | As of 4-Feb | | |
| | | | 2017 | Projected | Highest Month | | 2017 | | | | | | | | | |
| Corn - NC | CZ | Projected | 5.93 | 5.66 | 5.82 | 4.53 | 4.13 | 5.21 | 3.89 | 3.92 | Jan | 5.18 | Aug | 5.50 | 106% | 4.16 |
| Corn - SC (1) | CU | Projected | 6.32 | 5.90 | 6.05 | 4.49 | 4.05 | 5.36 | 3.81 | 3.86 | | | | | | |
| Cotton | CTZ | Projected | 1.15 | 0.94 | 0.81 | 0.78 | 0.63 | 0.86 | 0.62 | 0.72 | Jan | 0.84 | Apr | 0.91 | 108% | 0.78 |
| Grain Sorghum (2) | CZ*.97 | Projected | | | | | | 0.00 | 3.75 | 3.79 | | | | | | 4.04 |
| Peanuts-Runners (3) | | Projected | | | | | | 0.0000 | 0.2039 | 0.1976 | | | | | | 0.2375 |
| Peanuts-Virginia (4) | | Projected | | | | | | 0.0000 | 0.2467 | 0.2194 | | | | | | 0.2500 |
| Soybeans (5) | SF | Projected | 13.55 | 12.27 | 13.10 | 11.19 | 9.67 | 11.96 | 8.91 | 10.23 | Jan | 11.82 | Jul | 12.56 | 106% | 10.87 |
| Tobacco | | Projected | 1.60 | 1.60 | 1.75 | 2.15 | 1.80 | 1.78 | 1.80 | 1.75 | | | | | | |
| Wheat | WN | Projected | 7.14 | 8.09 | 8.57 | 6.64 | 5.82 | 7.25 | 5.04 | 4.59 | Jan | 6.87 | Jan | 6.87 | 100% | 4.59 |

- (1) South Carolina producers typically use the December Corn Futures contract for pricing grain. Therefore, SC producers will utilize the CZ contract for projected revenue for 2017.
- (2) Expected price for Grain Sorghum is calculated as CZ *.97
- (3) Current Runner Peanut contracts offered @ \$475/ton in SC.
- (4) Current Virginia Peanut contracts offered @ \$500/ton in SC
- (5) SC producers typically use the November Soybean Futures contract for pricing grain. Therefore, SC producers will utilize the SX contract for projected revenue for 2017.

Crop insurance projected prices offer producers a unique ability to lock in higher future prices in between the time the projected price and harvest price are set. The crop insurance price is determined by using a 21-23 day moving average of the daily close of the underlying futures contract. The theory is that producers should be willing to hedge or forward price whenever the futures price is greater than the projected price, because if futures continue to rally, the harvest price will also and the guaranteed revenue will increase. If futures price decline, the producer has locked in a higher price than CI guarantees.

Given this fact, producers should utilize expected prices for WFRP that capture the historic volatility of commodity prices in corn, soybeans, wheat and cotton. Since WFRP looks at the producers revenue for the five year period of 2011-2015, producers can apply similar volatility to their expected 2017 prices. The attached file summarizes the price activity for each crop during the lookback period. The data file contains the daily trading activity for each contract from 1986 through 2016. The attached files show the monthly average close for each crop during the calendar year.

The **Expected Commodity Price** is calculated as follows:

$$\text{Expected Price} = \text{RMA projected price} * (\text{2011-2015 Highest Month Average Close} / \text{2011-2015 Jan Average Close})$$

For Dec Corn this is the actual numbers:

$$\begin{aligned} \text{Expected Price} &= \$3.92 * (\$5.50 [\text{The month of August has the highest average monthly price from 2011-2015}] / \$5.18 [\text{Average of January closes for 2011-2015}]) \\ &= \$3.92 * 1.06 \\ &= \$4.16 \end{aligned}$$

SCOTT A. MICKEY



CLEMSON
EXTENSION AGRIBUSINESS
FARM BUSINESS CONSULTANT
PO Box 237
Sumter, SC 29151
803.418.9391
smickey@Clemson.edu

| US Corn Supply and Use -- WASDE | | | | | | | | CY Futures - Monthly Average Close | | | Average Futures Price Close By MONTH | | | | | | | | | | | |
|---------------------------------|------------------|-----------------|------------------|---------------|---------------|---------------|----------------------|------------------------------------|---------|------|--------------------------------------|-----|-----|-----|-----|-----|----------------|-----|-----|-----|-----|-----|
| Crop Year | Futures Contract | Prior Yr ES/Use | Beginning Stocks | Total Supply | Total Use | Ending Stocks | Ending Stocks to Use | Low | Average | High | Spring Price Elections | | | | | | Harvest Prices | | | | | |
| | | | | | | | | | | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 2010 | CZ2010 | 13.1% | 1,708 | 14,182 | 13,055 | 1,128 | 9% | 367 | 442 | 558 | 417 | 399 | 397 | 383 | 385 | 367 | 391 | 424 | 489 | 546 | 552 | 558 |
| 2011 | CZ2011 | 8.6% | 1,128 | 13,516 | 12,527 | 989 | 8% | 568 | 639 | 725 | 568 | 601 | 598 | 656 | 657 | 669 | 661 | 725 | 694 | 632 | 627 | 586 |
| 2012 | CZ2012 | 7.9% | 989 | 11,904 | 11,083 | 821 | 7% | 523 | 655 | 809 | 569 | 568 | 559 | 541 | 523 | 553 | 752 | 809 | 763 | 750 | 740 | 733 |
| 2013 | CZ2013 | 7.4% | 821 | 14,686 | 13,454 | 1,232 | 9% | 423 | 504 | 586 | 586 | 565 | 558 | 539 | 540 | 546 | 497 | 470 | 460 | 439 | 423 | 425 |
| 2014 | CZ2014 | 9.2% | 1,232 | 15,479 | 13,748 | 1,731 | 13% | 339 | 419 | 503 | 451 | 462 | 485 | 503 | 485 | 446 | 387 | 369 | 339 | 349 | 373 | 380 |
| 2015 | CZ2015 | 12.6% | 1,731 | 15,415 | 13,630 | 1,785 | 13% | 366 | 391 | 420 | 415 | 415 | 411 | 398 | 378 | 381 | 420 | 379 | 379 | 383 | 366 | 372 |
| 2016 | CZ2016 | 13.1% | 1,738 | 17,013 | 14,610 | 2,403 | 16% | 333 | 368 | 419 | 385 | 386 | 383 | 384 | 397 | 419 | 352 | 333 | 334 | 349 | 345 | 348 |
| 2017 | CZ2017 | 16.4% | 2,355 | 16,474 | 14,585 | 1,889 | 13.0% | | | | | | | | | | | | | | | |
| | | | | | | | | | | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 1986-2016 | | | 1,414 | 12,884 | 11,374 | 1,461 | 13% | 272 | 318 | 369 | 320 | 323 | 325 | 326 | 325 | 330 | 320 | 315 | 310 | 308 | 308 | 305 |
| 2010's | | | 1,335 | 14,599 | 13,158 | 1,441 | 11% | 417 | 488 | 574 | 484 | 485 | 484 | 486 | 481 | 483 | 494 | 501 | 494 | 493 | 490 | 486 |
| 2011-15 | | | 1,180 | 14,200 | 12,888 | 1,312 | 10% | 444 | 522 | 608 | 518 | 522 | 522 | 527 | 517 | 519 | 543 | 550 | 527 | 511 | 506 | 499 |

| US Soybean Supply and Use -- WASDE | | | | | | | | CY Futures - Monthly Average Close | | | Average Futures Price Close By MONTH | | | | | | | | | | | |
|------------------------------------|------------------|-----------------|------------------|--------------|-----------|---------------|---------------|------------------------------------|---------|------|--------------------------------------|------|------|------|------|------|----------------|------|------|------|------|-----|
| Crop Year | Futures Contract | Prior Yr ES/Use | Beginning Stocks | Total Supply | Total Use | Ending Stocks | Stocks to Use | Low | Average | High | Spring Price Elections | | | | | | Harvest Prices | | | | | |
| | | | | | | | | | | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 2010 | SX2010 | 4.5% | 151 | 3,495 | 3,280 | 215 | 7% | 913 | 1008 | 1275 | 960 | 923 | 929 | 955 | 926 | 913 | 961 | 1021 | 1065 | 1163 | 1275 | |
| 2011 | SX2011 | 6.6% | 215 | 3,325 | 3,156 | 169 | 5% | 1188 | 1321 | 1371 | 1313 | 1349 | 1332 | 1367 | 1340 | 1353 | 1364 | 1371 | 1340 | 1214 | 1188 | |
| 2012 | SX2012 | 5.4% | 169 | 3,252 | 3,111 | 141 | 5% | 1203 | 1431 | 1676 | 1203 | 1255 | 1312 | 1363 | 1317 | 1349 | 1573 | 1665 | 1676 | 1539 | 1484 | |
| 2013 | SX2013 | 4.5% | 141 | 3,570 | 3,478 | 92 | 3% | 1223 | 1277 | 1344 | 1296 | 1287 | 1267 | 1223 | 1233 | 1297 | 1254 | 1266 | 1344 | 1287 | 1290 | |
| 2014 | SX2014 | 2.6% | 92 | 4,052 | 3,861 | 191 | 5% | 965 | 1112 | 1232 | 1112 | 1136 | 1184 | 1224 | 1232 | 1220 | 1097 | 1052 | 971 | 965 | 1034 | |
| 2015 | SX2015 | 4.9% | 191 | 4,140 | 3,943 | 197 | 5% | 871 | 936 | 992 | 984 | 973 | 961 | 956 | 931 | 939 | 992 | 916 | 876 | 891 | 871 | |
| 2016 | SX2016 | 5.0% | 197 | 4,588 | 4,107 | 480 | 12% | 884 | 977 | 1121 | 884 | 885 | 905 | 967 | 1043 | 1121 | 1037 | 983 | 961 | 975 | 983 | |
| 2017 | SX2017 | 11.7% | 420 | 4,445 | 4,108 | 337 | 14.9% | | | | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 | 881 | |
| | | | | | | | | | | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 1986-2015 | | | 223 | 3,321 | 3,084 | 237 | 8% | 677 | 761 | 856 | 744 | 747 | 754 | 763 | 772 | 787 | 778 | 764 | 762 | 745 | 756 | |
| 2010's | | | 165 | 3,775 | 3,562 | 212 | 6% | 1107 | 1151 | 1183 | 1107 | 1116 | 1127 | 1151 | 1146 | 1170 | 1183 | 1182 | 1176 | 1148 | 1161 | |
| 2011-15 | | | 162 | 3,668 | 3,510 | 158 | 4% | 1090 | 1215 | 1323 | 1182 | 1200 | 1211 | 1227 | 1210 | 1232 | 1256 | 1254 | 1242 | 1179 | 1173 | |

| US Cotton Supply and Use -- WASDE | | | | | | | | CY Futures - Monthly Average Close | | | Average Futures Price Close By MONTH | | | | | | | | | | | |
|-----------------------------------|------------------|-----------------|------------------|--------------|-------------|---------------|----------------------|------------------------------------|---------|------|--------------------------------------|-----|-----|-----|-----|-----|----------------|-----|-----|-----|-----|-----|
| Crop Year | Futures Contract | Prior Yr ES/Use | Beginning Stocks | Total Supply | Total Use | Ending Stocks | Ending Stocks to Use | Low | Average | High | Spring Price Elections | | | | | | Harvest Prices | | | | | |
| | | | | | | | | | | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 2010 | CTZ2010 | 19% | 3.0 | 21.1 | 18.3 | 2.6 | 14% | 72 | 91 | 138 | 73 | 72 | 75 | 76 | 77 | 78 | 75 | 83 | 96 | 112 | 133 | 138 |
| 2011 | CTZ2011 | 14% | 2.6 | 18.2 | 15.0 | 3.4 | 22% | 92 | 112 | 133 | 105 | 123 | 125 | 133 | 124 | 128 | 105 | 103 | 106 | 101 | 96 | 92 |
| 2012 | CTZ2012 | 22% | 3.4 | 20.7 | 16.5 | 3.8 | 23% | 70 | 79 | 93 | 93 | 93 | 90 | 88 | 77 | 70 | 71 | 75 | 74 | 73 | 71 | 72 |
| 2013 | CTZ2013 | 23% | 3.8 | 16.7 | 14.1 | 2.4 | 17% | 77 | 83 | 87 | 80 | 83 | 87 | 86 | 85 | 86 | 85 | 87 | 84 | 83 | 77 | 78 |
| 2014 | CTZ2014 | 17% | 2.4 | 18.7 | 14.8 | 3.7 | 25% | 61 | 72 | 82 | 78 | 78 | 80 | 81 | 82 | 77 | 68 | 65 | 65 | 64 | 61 | 61 |
| 2015 | CTZ2015 | 25% | 3.7 | 16.6 | 12.6 | 3.8 | 30% | 62 | 64 | 65 | 63 | 64 | 64 | 65 | 65 | 65 | 65 | 64 | 62 | 63 | 62 | 62 |
| 2016 | CTZ2016 | 30% | 3.8 | 20.0 | 15.5 | 4.5 | 29% | 57 | 66 | 72 | 63 | 60 | 57 | 61 | 62 | 65 | 71 | 70 | 69 | 69 | 71 | 72 |
| 2017 | CTZ2017 | 29% | 5.0 | 23.6 | 15.8 | 7.8 | 50% | | | | | | | | | | | | | | | |
| | | | | | | | | | | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 1986-2015 | | | 4.8 | 22.2 | 17.2 | 4.9 | 28% | 58 | 66 | 75 | 66 | 67 | 67 | 67 | 67 | 67 | 65 | 65 | 66 | 65 | 65 | 65 |
| 2010's | | | 3.2 | 18.8 | 15.3 | 3.4 | 23% | 77 | 81 | 84 | 79 | 82 | 83 | 84 | 82 | 81 | 77 | 78 | 79 | 81 | 82 | 82 |
| 2011-15 | | | 3.2 | 18.2 | 14.6 | 3.4 | 23% | 72 | 82 | 92 | 84 | 88 | 89 | 91 | 87 | 85 | 79 | 79 | 78 | 77 | 73 | 73 |

| US Wheat Supply and Use -- WASDE | | | | | | | | CY Futures - Monthly Average Close | | | Average Futures Price Close By MONTH | | | | | | | | | | | |
|----------------------------------|------------------|-----------------|------------------|--------------|--------------|---------------|---------------|------------------------------------|---------|------|--------------------------------------|------------|------------|------------|------------|-----|-----|-----|-----|-----|-----|-----|
| Crop Year | Futures Contract | Prior Yr ES/Use | Beginning Stocks | Total Supply | Total Use | Ending Stocks | Stocks to Use | Low | Average | High | | | | | | | | | | | | |
| | | | | | | | | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | | | |
| 2010 | WN2010 | 48% | 976 | 3,279 | 2,417 | 862 | 36% | 449 | 499 | 546 | 557 | 508 | 539 | 584 | 566 | 546 | 516 | 497 | 489 | 482 | 449 | 516 |
| 2011 | WN2011 | 36% | 862 | 2,974 | 2,231 | 743 | 33% | 642 | 779 | 892 | 711 | 733 | 745 | 750 | 808 | 851 | 892 | 779 | 813 | 782 | 696 | 642 |
| 2012 | WN2012 | 33% | 743 | 3,118 | 2,400 | 718 | 30% | 638 | 676 | 805 | 804 | 751 | 699 | 668 | 646 | 665 | 668 | 660 | 638 | 639 | 656 | 805 |
| 2013 | WN2013 | 30% | 718 | 3,026 | 2,436 | 590 | 24% | 663 | 714 | 782 | 848 | 863 | 851 | 869 | 832 | 782 | 745 | 715 | 703 | 703 | 688 | 663 |
| 2014 | WN2014 | 24% | 590 | 2,765 | 2,014 | 752 | 37% | 547 | 626 | 690 | 668 | 664 | 693 | 664 | 636 | 585 | 600 | 683 | 690 | 686 | 592 | 547 |
| 2015 | WN2015 | 37% | 752 | 2,927 | 1,952 | 976 | 50% | 492 | 525 | 582 | 600 | 537 | 539 | 561 | 615 | 552 | 520 | 511 | 502 | 492 | 519 | 582 |
| 2016 | WN2016 | 50% | 976 | 3,410 | 2,267 | 1,143 | 50% | 419 | 468 | 485 | 517 | 506 | 521 | 506 | 493 | 485 | 472 | 473 | 479 | 470 | 475 | 419 |
| 2017 | WN2017 | 50.4% | 1,186 | 3,397 | 2,224 | 1,173 | 52.7% | | | | 472 | 448 | 455 | 451 | 432 | | | | | | | |
| | | | | | | | | | | | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul |
| 1986-2016 | | | 680 | 2,958 | 2,242 | 716 | 32.1% | 414 | 425 | 432 | 435 | 429 | 428 | 426 | 427 | 430 | 432 | 430 | 425 | 424 | 417 | 414 |
| 2010's | | | 802 | 3,071 | 2,245 | 826 | 37.3% | 582 | 613 | 638 | 647 | 626 | 630 | 632 | 628 | 638 | 630 | 617 | 616 | 608 | 582 | 596 |
| 2011-15 | | | 733 | 2,962 | 2,207 | 756 | 35.0% | 597 | 664 | 750 | 726 | 710 | 705 | 702 | 707 | 687 | 685 | 669 | 669 | 660 | 630 | 648 |