



Thursday, November 16, 2017

Tonight's Futures Closes:

<b>Dec 17 Corn</b>	<b>\$3.365</b>	<b>-1.75</b>	<b>Jan 18 Soybeans</b>	<b>\$9.72</b>	<b>-4.25</b>	<b>Dec 17 CH Wheat</b>	<b>\$4.215</b>	<b>+1.5</b>
<b>Mar 18 Corn</b>	<b>\$3.49</b>	<b>-2.0</b>	<b>Mar 18 Soybeans</b>	<b>\$9.8325</b>	<b>-4.0</b>	<b>July 18 CH Wheat</b>	<b>\$4.6275</b>	<b>-0.75</b>
<b>May 18 Corn</b>	<b>\$3.575</b>	<b>-1.75</b>	<b>May 18 Soybeans</b>	<b>\$9.9275</b>	<b>-4.0</b>	<b>Dec 17 KC Wheat</b>	<b>\$4.17</b>	<b>-0.75</b>
<b>July 18 Corn</b>	<b>\$3.6525</b>	<b>-1.75</b>	<b>Jul 18 Soybeans</b>	<b>\$10.015</b>	<b>-3.5</b>	<b>July 18 KC Wheat</b>	<b>\$4.65</b>	<b>-0.25</b>
<b>Dec 18 Corn</b>	<b>\$3.815</b>	<b>-1.5</b>	<b>Nov 18 Soybeans</b>	<b>\$9.855</b>	<b>-2.25</b>	<b>Dec 17 MN Wheat</b>	<b>\$6.3025</b>	<b>+5.5</b>
<b>Dec 17 Oats</b>	<b>\$2.6225</b>	<b>-7.0</b>	<b>Nov 17 Rapeseed</b>	<b>\$517.4</b>	<b>-1.8</b>	<b>Sep 18 MN Wheat</b>	<b>\$6.3775</b>	<b>+0.5</b>
<b>Dec 17 Meal</b>	<b>\$310.5</b>	<b>-0.8</b>	<b>Dec 17 Cotton</b>	<b>\$69.21</b>	<b>+0.40</b>	<b>Dec Dollar Index</b>	<b>93.855</b>	<b>+0.129</b>
<b>Dec 17 SB Oil</b>	<b>\$34.43</b>	<b>-0.32</b>	<b>Mar 18 Cotton</b>	<b>\$69.18</b>	<b>+0.34</b>	<b>Jan Crude Oil</b>	<b>\$55.32</b>	<b>-0.20</b>
<b>Feb 17 Cattle</b>	<b>125.125</b>	<b>-0.625</b>	<b>Dec 18 Cotton</b>	<b>\$69.50</b>	<b>+0.14</b>	<b>Dec Gold</b>	<b>\$1278.5</b>	<b>+0.8</b>
<b>Mar 18 Feeder</b>	<b>152.100</b>	<b>-0.300</b>	<b>Jan 18 Rice</b>	<b>\$1216.5</b>	<b>+8.0</b>	<b>Dec S&amp;P</b>	<b>2586.70</b>	<b>+21.60</b>
<b>Feb 17 Hogs</b>	<b>66.575</b>	<b>-0.875</b>	<b>Nov 18 Rice</b>	<b>\$1178.0</b>	<b>+7.5</b>	<b>Dec Dow Jones</b>	<b>23437</b>	<b>+174</b>

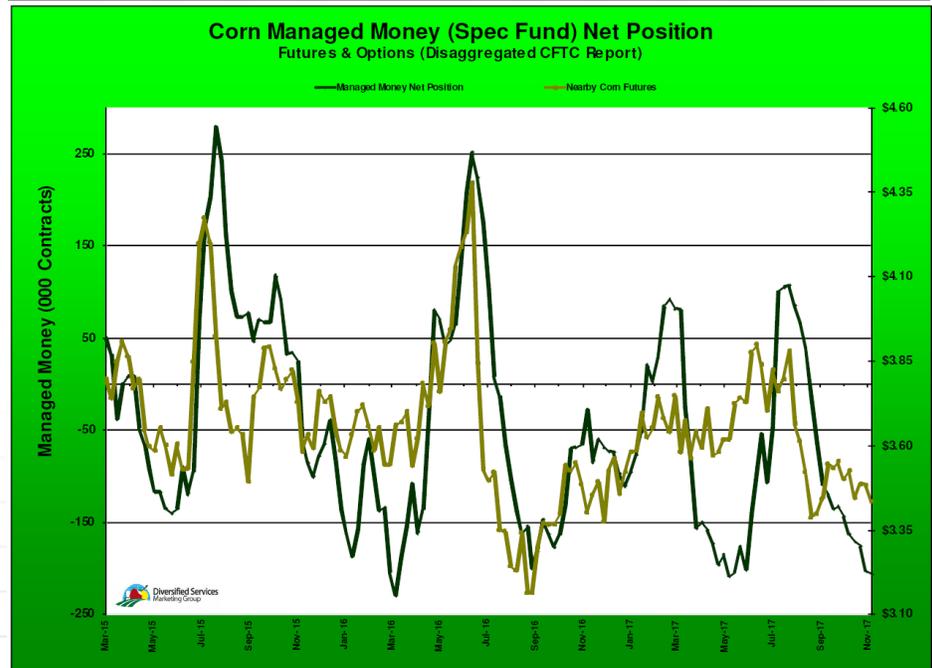
(Futures contracts highlighted in green were the bull leaders today; futures prices highlighted in red were the bear leaders today.)

There is just nothing to talk about in the grain markets right now. Weekly Export Sales were lackluster for corn, soybeans, & wheat, and all three continue below a year ago pace despite relatively cheap prices. Only cotton is ahead of last year, well ahead in fact! I commented in today's *TTMM* that I think USDA will eventually raise its cotton export estimates, possibly quite a bit if China continues to buy.

**Back to corn** – most futures months again made new contract lows today. With 4 billion bushels of harvest left, corn could continue to slide a little further. But how much more downside can we really expect from this level? **Jim McCormick with Allendale** wrote today: "Corn is down to levels that have proven to be buying opportunities over the long haul. There have only been 5 monthly settlements below 330 on a monthly continuous chart. (Front month corn) in the past 10 years."

What goes along with what Jim points out is that managed funds are now near or even record short corn. Tomorrow afternoon we'll get an updated **Commitment of Traders Report**, and that report will likely show these funds short more contracts than the 229,000 contracts from March of 2016 (green line, bottom chart). So at that point, how much more corn will investors want to sell? Any? And what would trigger them to buy back some of their short position? I addressed much of this in today's *TTMM*. Check out the recording if you missed it.

In other news, **January soybeans** failed to climb back above its 200-day moving average, then sold off. On the flip side, **December cotton** found support at a number of moving average lines, and found some willing buyers.



## Margin Protection Update

For those who purchased a Margin Protection policy for 2018, here is my table with updated values for corn, soybeans, & variable input costs – urea, DAP, diesel, & interest rates. You can see that corn price is down vs the Aug-Sep average, while soybeans, urea, DAP, & diesel are all running higher.

Diversified Crop Insurance Services		Margin Protection						
	December '18 Corn	November '18 Soybeans	May '18 UFN (Urea)	May '18 DFL (DAP)	Cash Potash KILM	NYMEX May '18 Diesel	November '18 30-day Fed Funds	
Base Avg Price	\$3.97	\$9.66	\$205.48	\$302.18	\$321.51	\$1.63	98.62	
Volatility	18%	16%	17%	12%		19%	12%	
16-Nov	\$3.8200	\$9.7200	\$230.00	\$353.00		\$1.86	98.29	
2-Apr								
3-Apr								
4-Apr								
5-Apr								
6-Apr								
9-Apr								
10-Apr								
11-Apr								
12-Apr								
13-Apr								
16-Apr								
17-Apr								
18-Apr								
19-Apr								
20-Apr								
23-Apr								
24-Apr								
25-Apr								
26-Apr								
27-Apr								
30-Apr								
Harvest Avg Price	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
Base Price	\$3.97	\$9.66	\$205.48	\$302.18	\$321.51	\$1.63	7.38%	
% Incr/Decr	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

So what does it mean? When I plug these values in our Margin Protection Indemnity Estimator, it shows (green box) that if either yield or price (or combination) were to fall just 0.7% from today, that the policy would trigger an indemnity. This of course assumes input prices stay unchanged from today. But this tool helps bring the policy “to market”, and lets us know where our protection from the policy stands. I’ll continue to update this every couple weeks prior to final input prices being set in April.

## Margin Protection Indemnity Estimator

State	Illinois	County	Sangamon
Expected County Yield	197.2	Final County Yield	197.2
Margin Projected Price	\$3.97	Margin Harvest Price	\$3.82
Percent Share	100%	Harvest Price Option	yes
Coverage Level	95%		
Protection Factor	1.2		
Expected Revenue (\$/ac)	\$782.88		
Expected Margin (\$/ac)	\$475.85		
Trigger Margin (\$/ac)	\$436.71		

Revised Margins If Harvest Price Option	
Revised Expected Revenue (\$/ac)	\$782.88
Revised Expected Margin (\$/ac)	\$475.85
Revised Trigger Margin (\$/ac)	\$436.71

Input	Current Prices	NI YC
Urea (\$205.48)	\$230.00	\$40.92
DAP (\$302.18)	\$353.00	\$26.48
Potash (\$321.50)	\$321.50	\$13.21
Diesel (\$1.63)	\$1.8619	\$19.34
Interest (98.62%)	98.29%	\$4.71
Harvest Variable Cost @ Current Prices		\$104.66
Fixed Cost/ac		\$206.90
<b>Total Harvest Cost/ac @ Current Prices</b>		<b>\$311.56</b>

Harvest Revenue	\$753.30
Harvest Margin	\$441.75

Trigger Margin - Harvest Margin	-\$5.04
---------------------------------	---------

Loss/Acre	\$0.00
<b>MP Indemnity Before Base Policy/ac</b>	<b>\$0.00</b>

Revenue Analysis	
Final County Yield Needed to Trigger Indemnity	195.88
% Change in County Yield to Trigger Indemnity	0.7%
Harvest Price Needed to Trigger Indemnity	\$3.79
% Change in Commodity Price to Trigger Indemnity	0.7%



**Diversified**  
Crop Insurance Services

This email may contain confidential and/or privileged information. If you are not the intended recipient (or have received this email by mistake), please notify the sender immediately and destroy this email. Any unauthorized copying, disclosure or distribution of the material in this email is strictly prohibited. Email transmission security and error-free status cannot be guaranteed as information could be intercepted, corrupted, destroyed, delayed, incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message which may arise as a result of email transmission. CGB Diversified Services, Inc is a registered introducing broker and a member of the NFA. Except as otherwise indicated DS does not warrant the accuracy or correctness of any information herein or the appropriateness of any transaction. Information contained herein is obtained from sources believed to be reliable; however, no guarantee to its accuracy is made. Opinions expressed herein are those of the author and not necessarily of DS. All electronic communications may be reviewed by authorized personnel and may be provided to regulatory authorities or others with a legal right to access such information. At various times, DS or its affiliates may have positions in, and effect proprietary transactions in, futures, options, securities or other financial instruments which may be referred to herein. Trading in futures, options, securities, derivatives or OTC products entails significant risks which must be understood prior to trading and may not be appropriate for all investors. Past performance of actual trades or strategies is not necessarily indicative of future results. Nothing contained herein shall be construed as an offer to sell or a solicitation to buy any futures contract, option, security, or derivative, including foreign exchange. Diversified Crop Insurance Services is a company of CGB Enterprises, Inc. and is an equal opportunity provider.

Diversified Services Marketing Group / Rich Morrison 1610 West Lafayette Ave Jacksonville, Illinois 62650 (217) 479-6012