

January 2020

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### Turning the page...

As we turn the page to a new decade, we look back with some final thoughts on the past one. With the lingering effects of the 2019 growing season, let's look at the marketing narrative going forward.

### Consistent Fundamentals

Believe it or not, the fundamentals of the market have been very consistent over the past 5 years. Looking at this chart of the bottom lines of Carryout and Stocks to Use, you can see range is quite small.

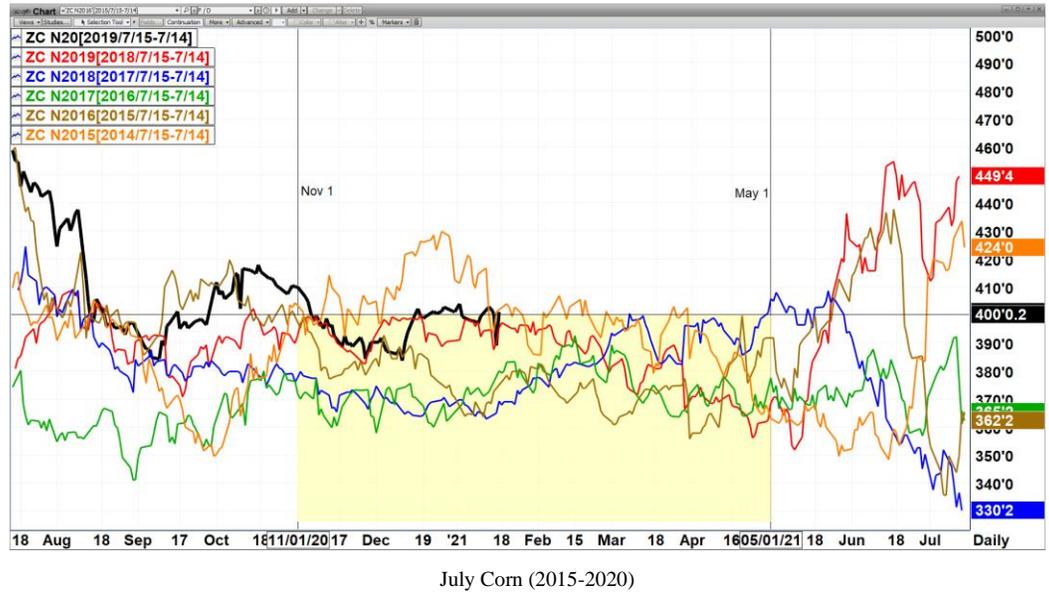
YEAR	CARRYOUT	STOCKS/USE
<b>2019/20</b>	<b>1892</b>	<b>13.6%</b>
<b>2018/19</b>	<b>2221</b>	<b>14.6%</b>
<b>2017/18</b>	<b>2140</b>	<b>14.5%</b>
<b>2016/17</b>	<b>2293</b>	<b>15.7%</b>
<b>2015/16</b>	<b>1737</b>	<b>12.7%</b>
<b>2014/15</b>	<b>1731</b>	<b>12.6%</b>

### November 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>

There are 3 dates we want to highlight as a roadmap over the last 5 years. On the following page, you'll see 2 charts (July Corn, December Corn), which will help illustrate our point.

When we dive into the (old crop) July corn futures, let's focus on November 1<sup>st</sup> and May 1<sup>st</sup>, whereas (new crop) December corn futures will focus on May 1<sup>st</sup> and August 1<sup>st</sup>.

The July Corn chart above emphasizes the (yellow) highlighted area where July corn has only traded above \$4.00 between November 1<sup>st</sup> and May 1<sup>st</sup>, with 2020 being one. Also notice that the price volatility increases during the growing season (after May 1<sup>st</sup>).



*Taking a step ahead*, let's look at the recent direction of new crop (December Corn) considering the same fundamental backdrop. The key price level on both charts is \$4.00, with \$4.20 and \$4.40 highlighted on the December Corn chart below. Notice the dates highlighted in the December Corn chart are May 1<sup>st</sup> and August 1<sup>st</sup>.



Over the past 5 years there is limited consistency of prices above \$4.00 before May 1<sup>st</sup>, but all 5 years of trading are above that level between May 1<sup>st</sup> and August 1<sup>st</sup>.

For 4 of the previous 5 years, December Corn has traded above \$4.20, with the last 3 years over \$4.40.

The last point to consider is December Corn has not traded above \$4.00 after August 1<sup>st</sup>, other than about 10 days last summer.

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## In Summary...

These charts highlight \$4.00 futures along with 3 dates: November 1<sup>st</sup>, May 1<sup>st</sup>, and August 1<sup>st</sup>. As long as fundamentals stay at current values, this should give some direction and timing when considering marketing levels for the 2020 season.

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