Commodity Outlook

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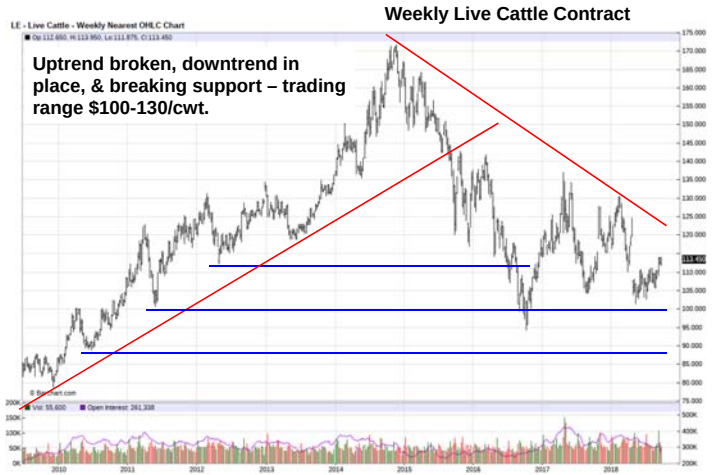
Outline

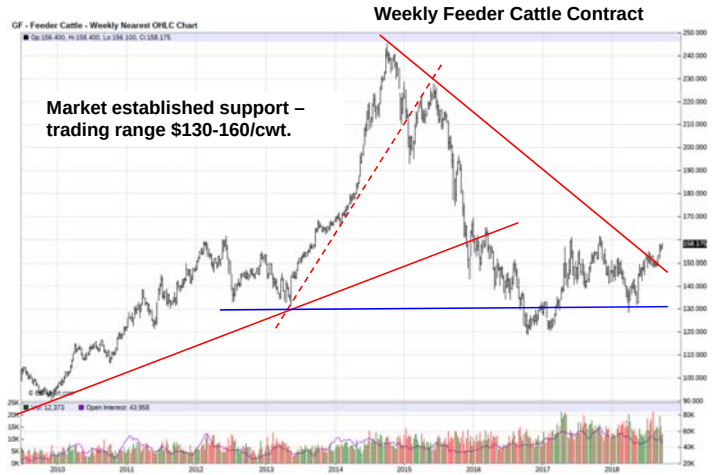
- Cattle & Beef
- Feed Markets: Corn & Forage
- Wheat
- Inputs & Land Values
- Short-term & Long-term Price Outlook
- Macroeconomic

09/28/18	Corn	Wheat	KCW	Soybeans	Fed	Feeder	Hogs	Milk
SEP18						$156.890		$16.11
OCT					$113.450	$158.175	$62.175	$15.80
NOV				$8.4550		$158.050		$16.31
DEC	$3.5625	$5.0900	$5.1125		$118.850		$57.925	$16.13
JAN19				$8.5950		$154.650		$15.99
FEB					$122.800		$65.850	$15.87
MAR	$3.6800	$5.2725	$5.3525	$8.7275		$153.300		$15.89
APR					$123.900	$153.575	$70.025	$16.01
MAY	$3.7575	$5.3825	$5.4825	$8.8575		$153.175	$75.125	$16.04
JUN					$116.675		$80.175	$16.07
JUL	$3.8125	$5.4225	$5.5000	$8.9600			$80.400	$16.28
AUG				$9.0050	$114.475	$154.800	$79.025	$16.46
SEP	$3.8500	$5.5175	$5.6250	$9.0400		$154.500		$16.53
OCT					$115.550		$65.425	$16.48
NOV				$9.1200				$16.27
DEC	$3.9125	$5.6750	$5.8100		$116.775		$61.000	$16.15
JUL20	$4.1225	$5.7950	$5.8825	$9.4550				
NOV				$9.3500				
DEC	$4.0925							
JUL21	$4.2550	$5.9575	$6.0675	$9.6225				
NOV				$9.4325				
DEC	$4.1900							

Commodity Market Outlook Summary

- Cattle – Expansion, competing meats but excellent demand.
- Corn – Plentiful but not as...
- Hay – Plentiful except out west.
- Wheat – Finally turned corner…



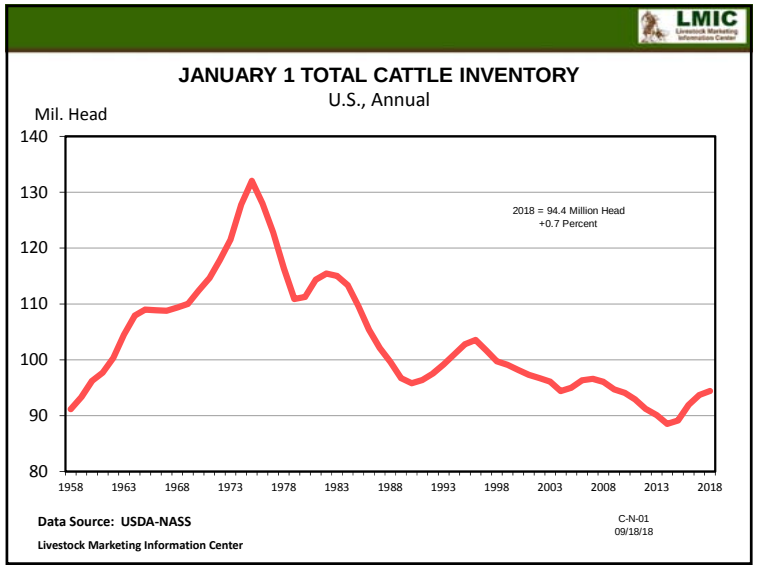


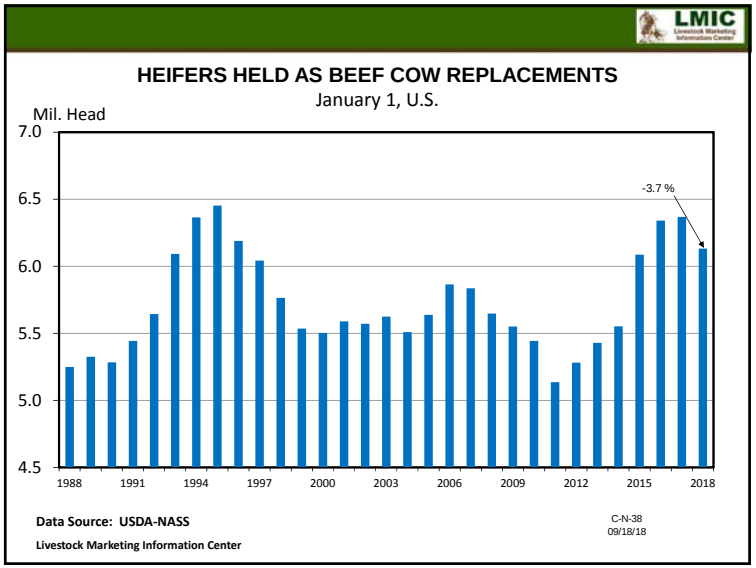
Cattle Outlook

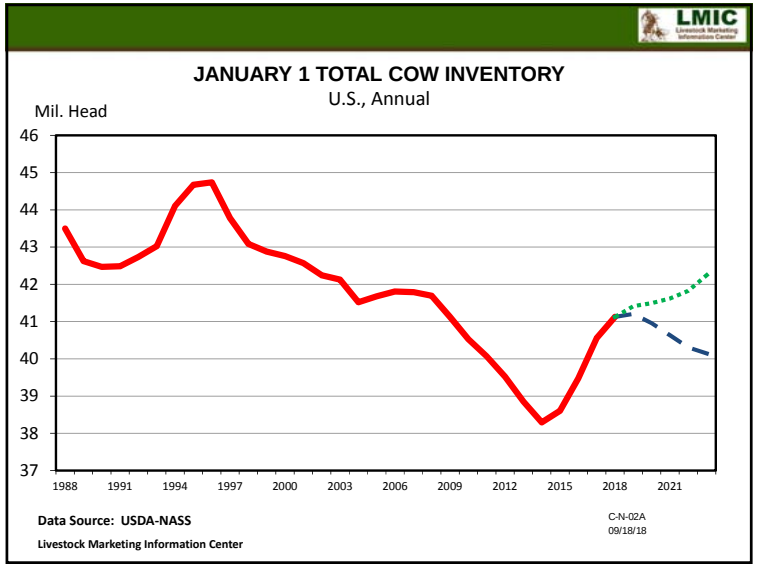
- Fed cattle market will trend down:
  - Increased production.
  - Strong competing meat volumes.
  - But excellent domestic & strong international demand.
- Feeder cattle & calf prices may weaken for the next several years:
  - Herd building but slowing.
  - Abundant feed supplies.
  - Liquidation? Worry about liquidation.

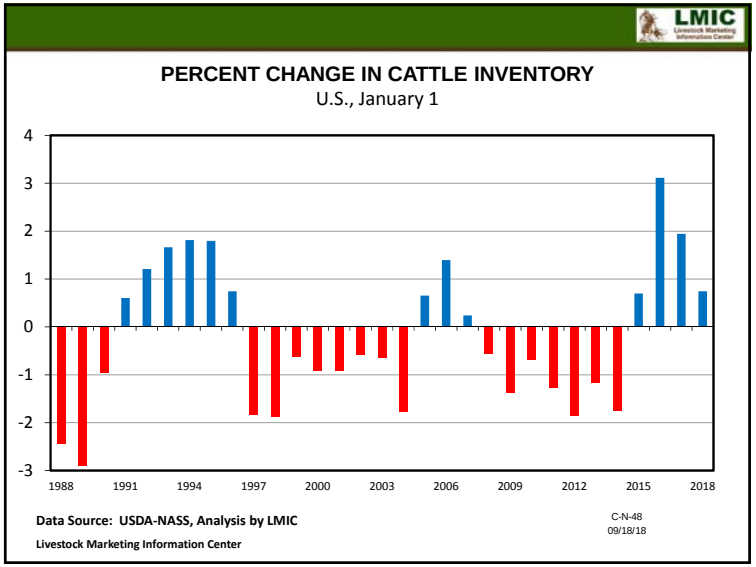
USDA Quarterly Cattle Price Forecasts

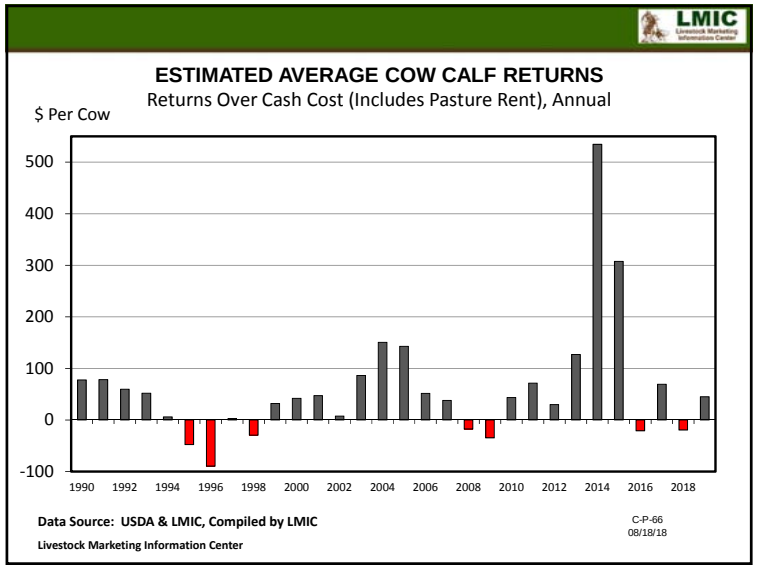
Date	Fed Cattle	7-800# Feeder	5-600# Calf
2018: VI	$115-117	$148-151	$162-166
2019: I	$119-122	$147-151	$168-173
2019: II	$116-120	$148-153	$172-178
2019: III	$108-120	$145-151	$169-174
2019: VI	$113-119	$145-154	$165-173
2020: I	$118-125	$145-155	$171-180
2020: II	$116-124	$147-158	$174-184
2020: III	$110-119	$147-159	$173-185
2020: VI	$114-124	$146-159	$169-181

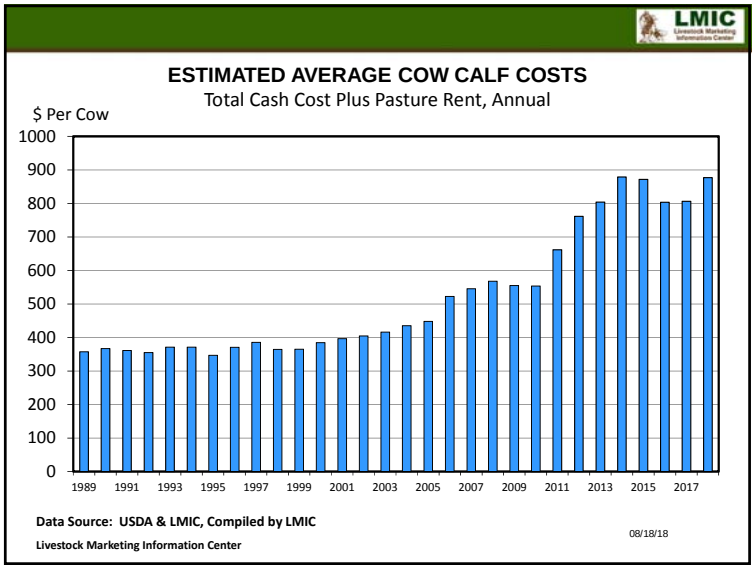

LMIC
JANUARY 1 TOTAL CATTLE INVENTORY
U.S., Annual
Mil. Head
140
130
120
110
100
90
80
2018 = 94.4 Million Head
+0.7 Percent
1958
1963
1968
1973
1978
1983
1988
1993
1998
2003
2008
2013
2018
Data Source: USDA-NASS
Livestock Marketing Information Center
C-N-01
09/18/18

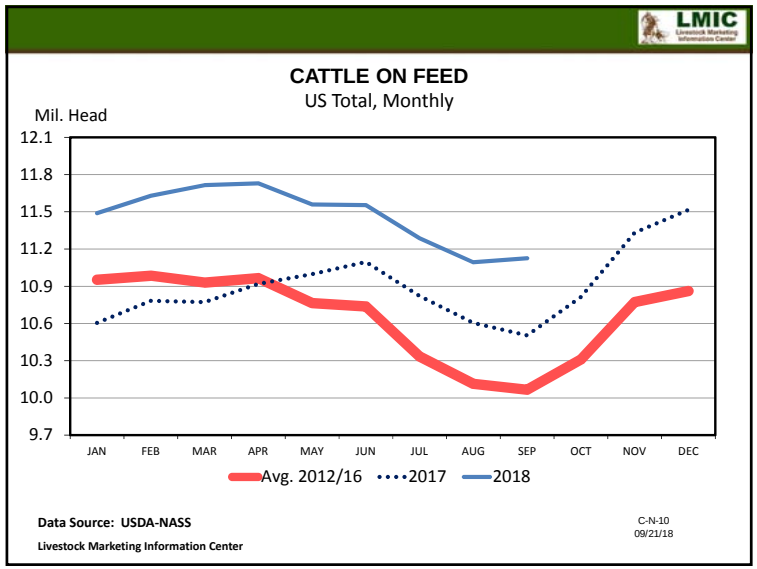

LMIC
HEIFERS HELD AS BEEF COW REPLACEMENTS
January 1, U.S.
Mil. Head
7.0
6.5
6.0
5.5
5.0
4.5
-3.7 %
1988
1991
1994
1997
2000
2003
2006
2009
2012
2015
2018
Data Source: USDA-NASS
Livestock Marketing Information Center
C-N-38
09/18/18

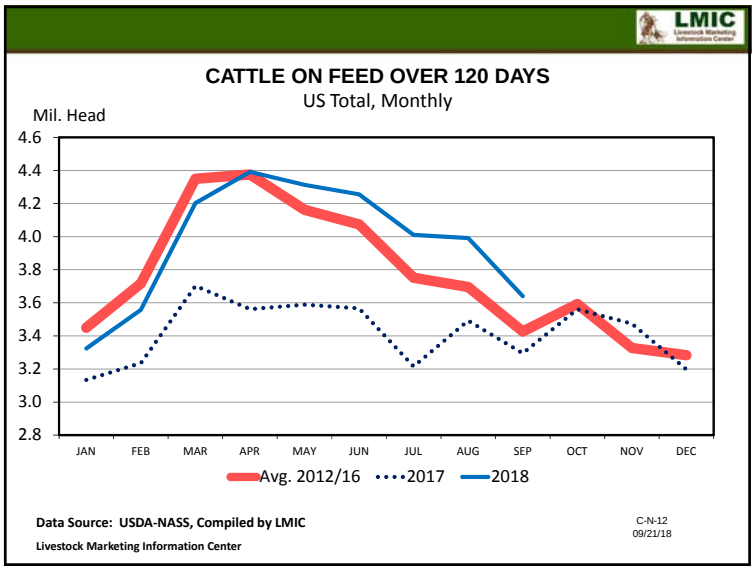

LMIC
JANUARY 1 TOTAL COW INVENTORY
U.S., Annual
Mil. Head
46
45
44
43
42
41
40
39
38
37
1988
1991
1994
1997
2000
2003
2006
2009
2012
2015
2018
2021
Data Source: USDA-NASS
Livestock Marketing Information Center
C-N-02A
09/18/18

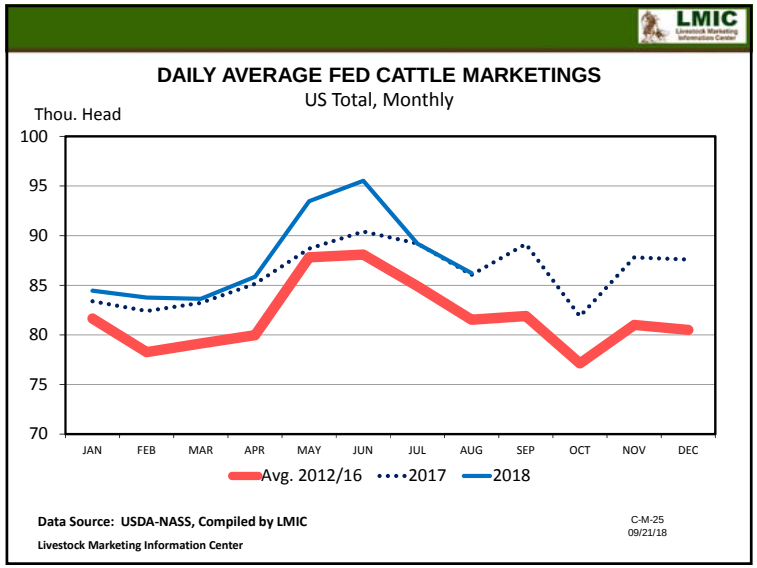

LMIC
PERCENT CHANGE IN CATTLE INVENTORY
U.S., January 1
4
3
2
1
0
-1
-2
-3
1988
1991
1994
1997
2000
2003
2006
2009
2012
2015
2018
Data Source: USDA-NASS, Analysis by LMIC
Livestock Marketing Information Center
C-N-48
09/18/18

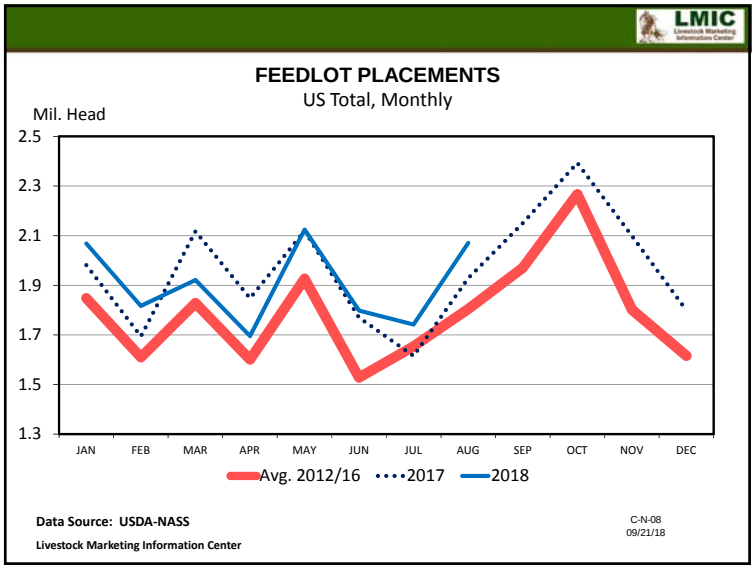

LMIC
ESTIMATED AVERAGE COW CALF RETURNS
Returns Over Cash Cost (Includes Pasture Rent), Annual
$ Per Cow
500
400
300
200
100
0
-100
1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010 2012 2014 2016 2018
Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center
C-P-66
08/18/18

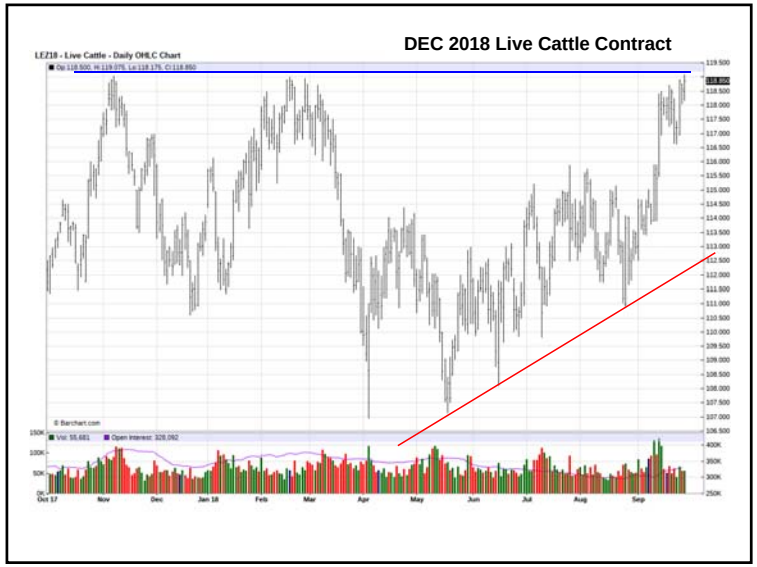

LMIC
ESTIMATED AVERAGE COW CALF COSTS
Total Cash Cost Plus Pasture Rent, Annual
$ Per Cow
1000
900
800
700
600
500
400
300
200
100
0
1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017
Data Source: USDA & LMIC, Compiled by LMIC
Livestock Marketing Information Center
08/18/18

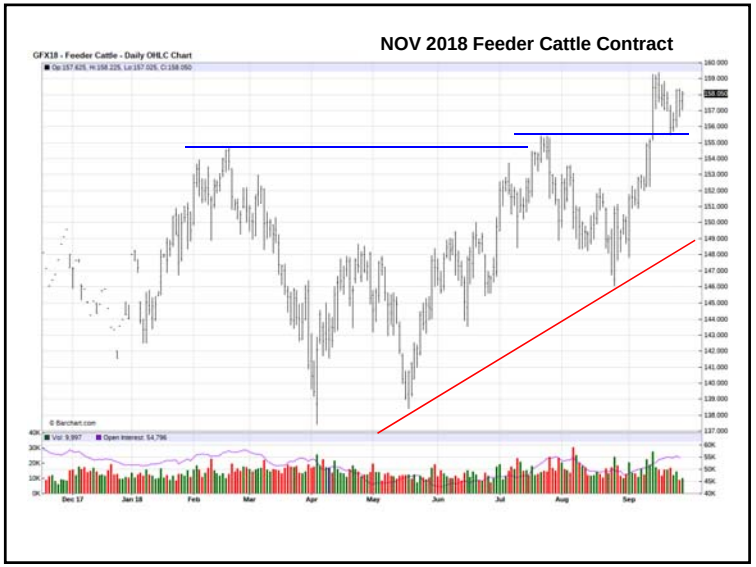

LMIC
CATTLE ON FEED
US Total, Monthly
Mil. Head
12.1
11.8
11.5
11.2
10.9
10.6
10.3
10.0
9.7
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
Avg. 2012/16
2017
2018
Data Source: USDA-NASS
Livestock Marketing Information Center
C-N-10
09/21/18

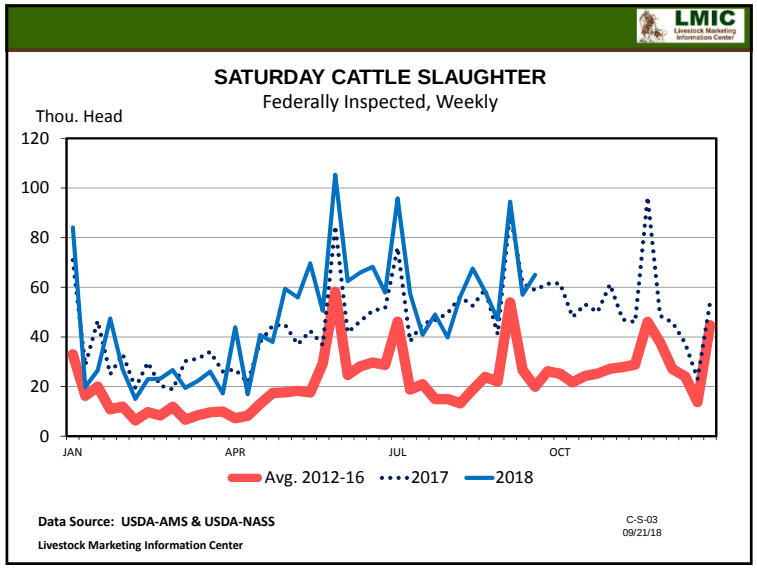

LMIC
CATTLE ON FEED OVER 120 DAYS
US Total, Monthly
Mil. Head
4.6
4.4
4.2
4.0
3.8
3.6
3.4
3.2
3.0
2.8
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
Avg. 2012/16
2017
2018
Data Source: USDA-NASS, Compiled by LMIC
Livestock Marketing Information Center
C-N-12
09/21/18

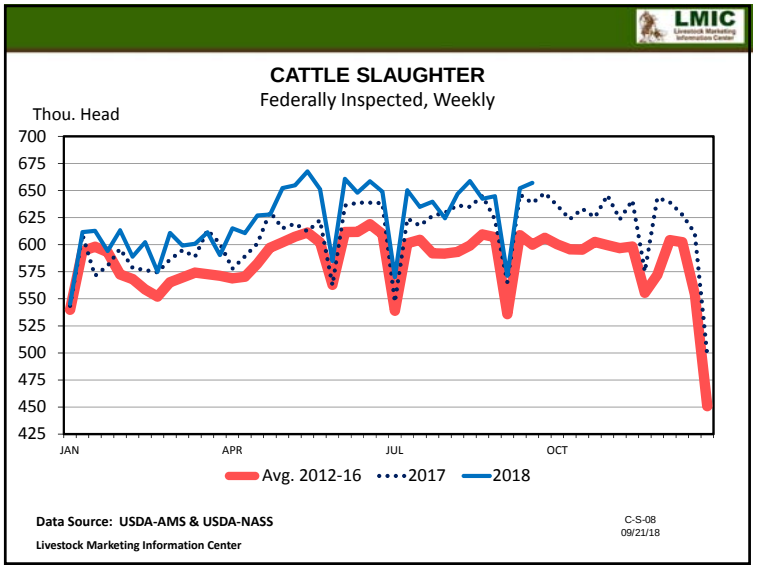

LMIC
DAILY AVERAGE FED CATTLE MARKETINGS
US Total, Monthly
Thou. Head
100
95
90
85
80
75
70
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
Avg. 2012/16
2017
2018
Data Source: USDA-NASS, Compiled by LMIC
Livestock Marketing Information Center
C-M-25
09/21/18

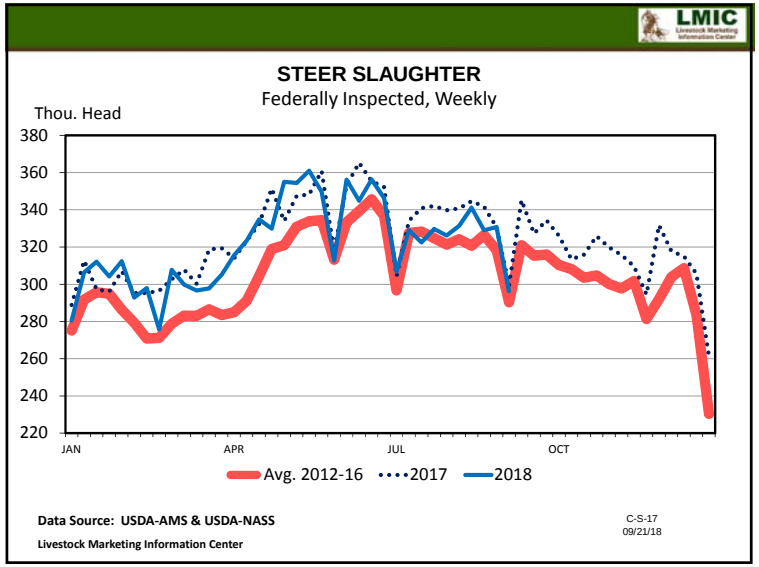

LMIC
FEEDLOT PLACEMENTS
US Total, Monthly
Mil. Head
2.5
2.3
2.1
1.9
1.7
1.5
1.3
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
Avg. 2012/16
2017
2018
Data Source: USDA-NASS
Livestock Marketing Information Center
C-N-08
09/21/18

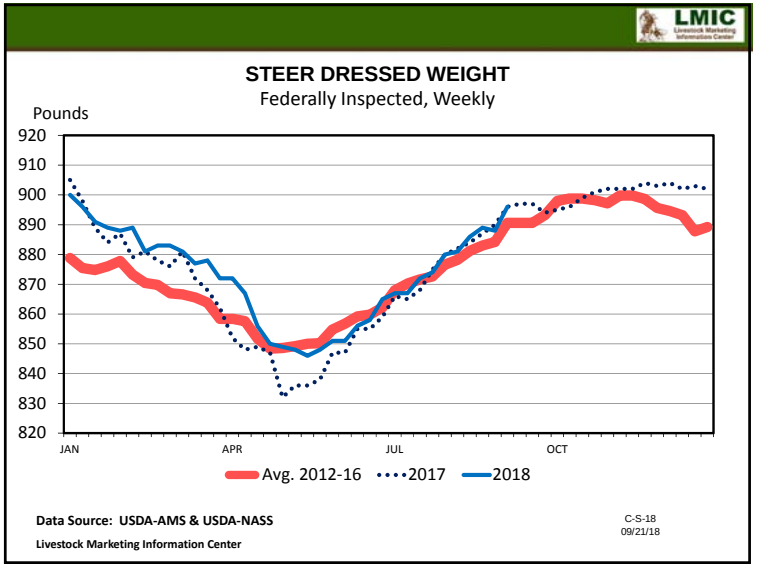

DEC 2018 Live Cattle Contract

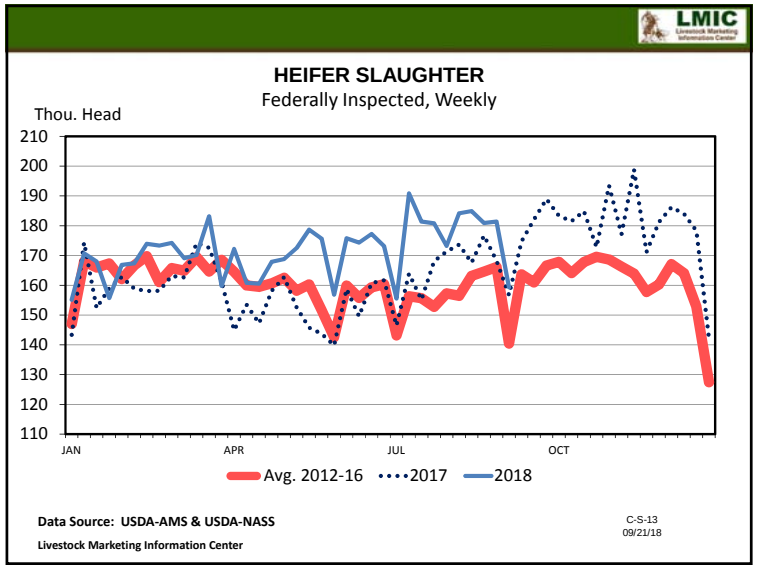

NOV 2018 Feeder Cattle Contract

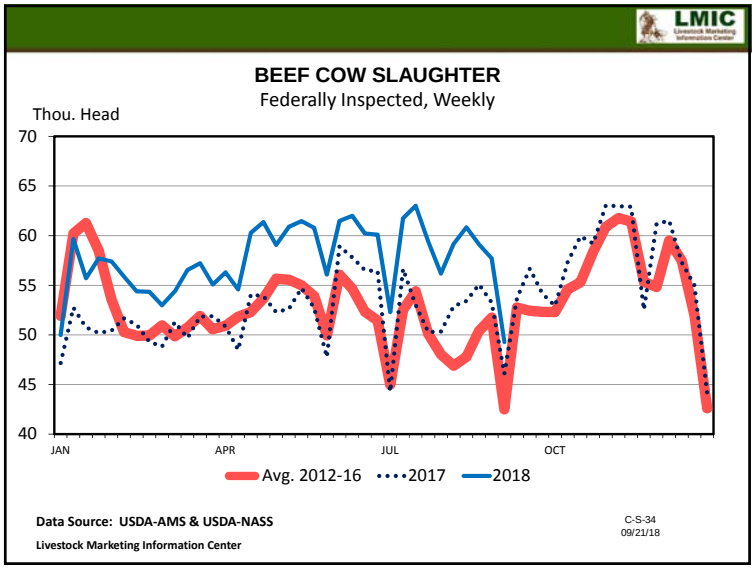

LMIC
SATURDAY CATTLE SLAUGHTER
Federally Inspected, Weekly
Thou. Head
120
100
80
60
40
20
0
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
C-S-03
09/21/18

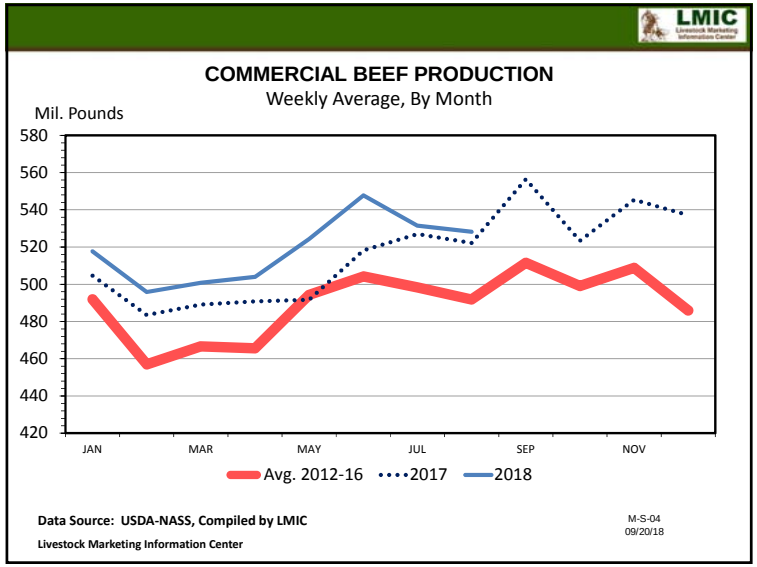

LMIC
CATTLE SLAUGHTER
Federally Inspected, Weekly
Thou. Head
700
675
650
625
600
575
550
525
500
475
450
425
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
C-S-08
09/21/18

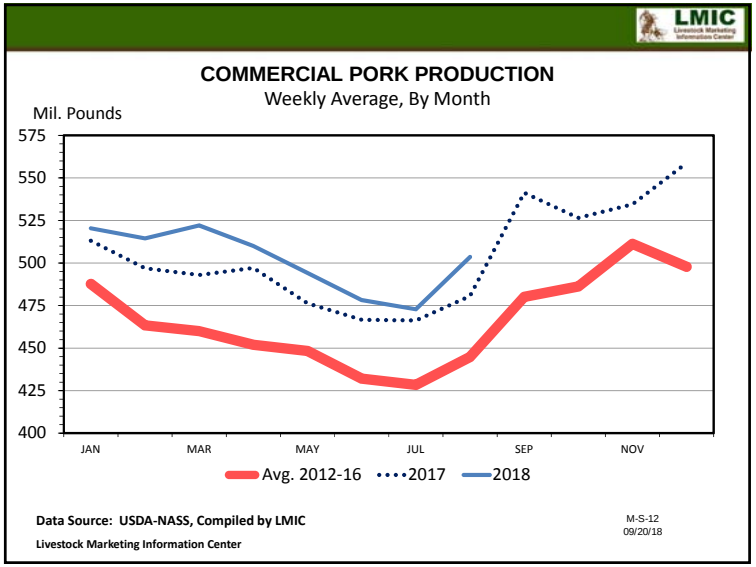

LMIC
STEER SLAUGHTER
Federally Inspected, Weekly
Thou. Head
380
360
340
320
300
280
260
240
220
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
C-S-17
09/21/18

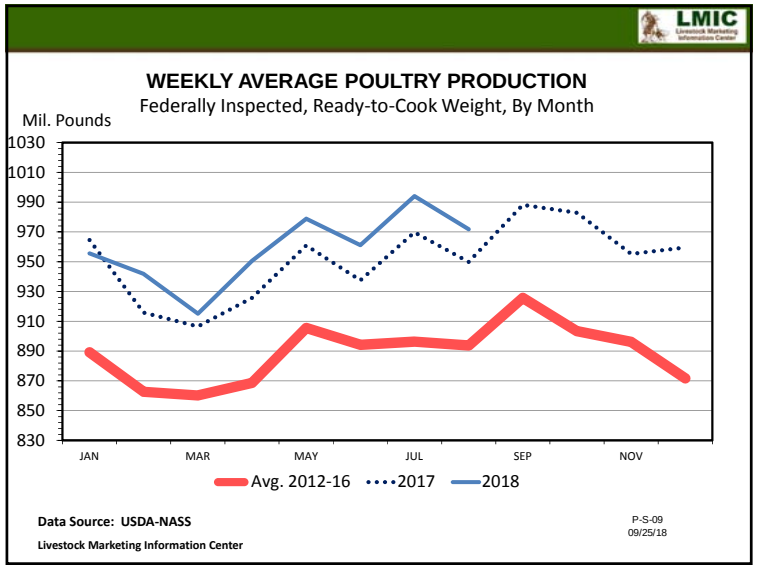

LMIC
STEER DRESSED WEIGHT
Federally Inspected, Weekly
Pounds
920
910
900
890
880
870
860
850
840
830
820
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
C-S-18
09/21/18

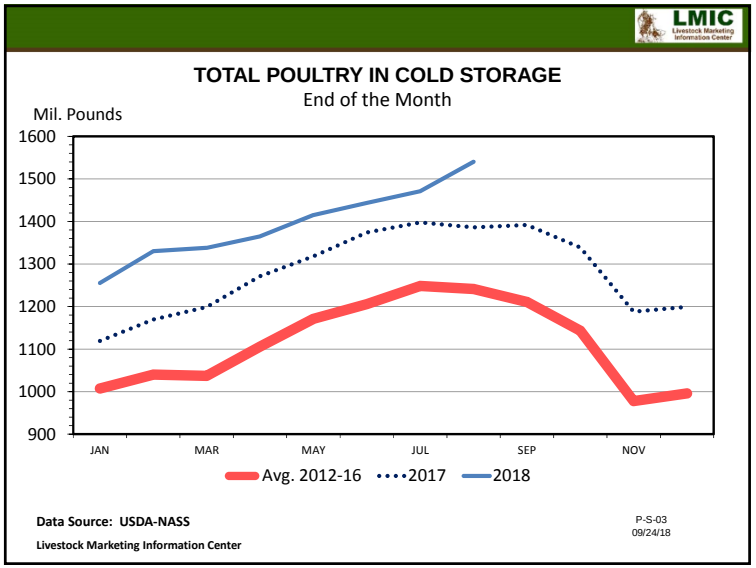

LMIC
HEIFER SLAUGHTER
Federally Inspected, Weekly
Thou. Head
210
200
190
180
170
160
150
140
130
120
110
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
C-S-13
09/21/18

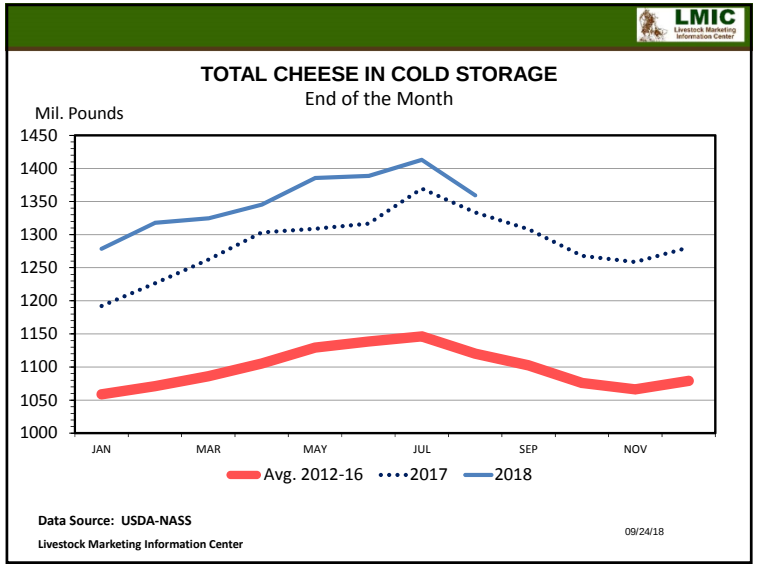

LMIC
BEEF COW SLAUGHTER
Federally Inspected, Weekly
Thou. Head
70
65
60
55
50
45
40
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS & USDA-NASS
Livestock Marketing Information Center
C-S-34
09/21/18

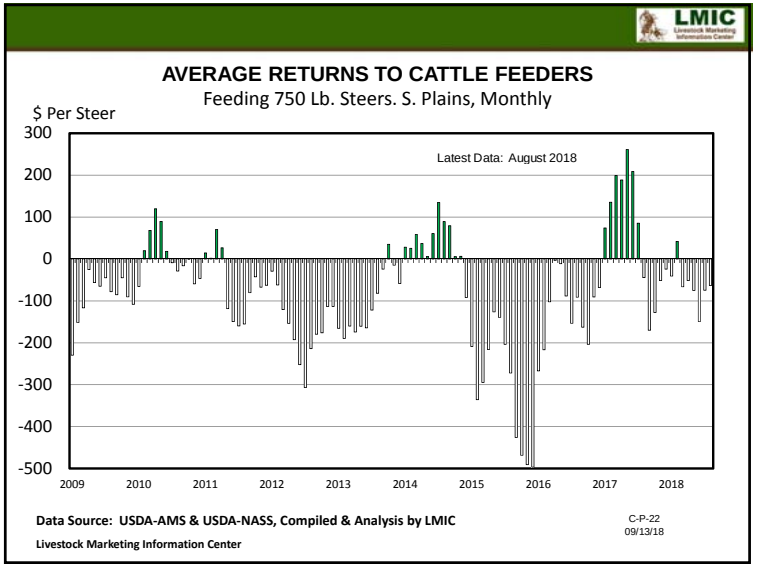

LMIC
COMMERCIAL BEEF PRODUCTION
Weekly Average, By Month
Mil. Pounds
580
560
540
520
500
480
460
440
420
JAN
MAR
MAY
JUL
SEP
NOV
Avg. 2012-16
2017
2018
Data Source: USDA-NASS, Compiled by LMIC
Livestock Marketing Information Center
M-S-04
09/20/18

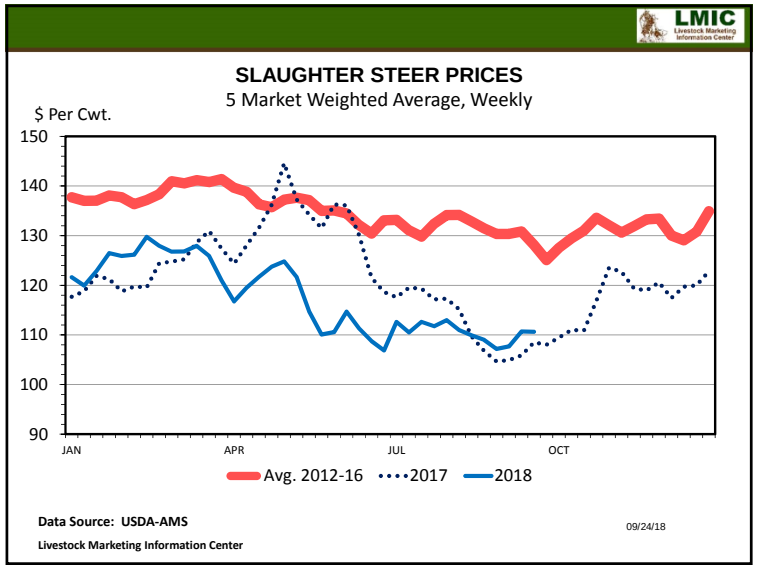

LMIC
COMMERCIAL PORK PRODUCTION
Weekly Average, By Month
Mil. Pounds
575
550
525
500
475
450
425
400
JAN
MAR
MAY
JUL
SEP
NOV
Avg. 2012-16
2017
2018
Data Source: USDA-NASS, Compiled by LMIC
Livestock Marketing Information Center
M-S-12
09/20/18

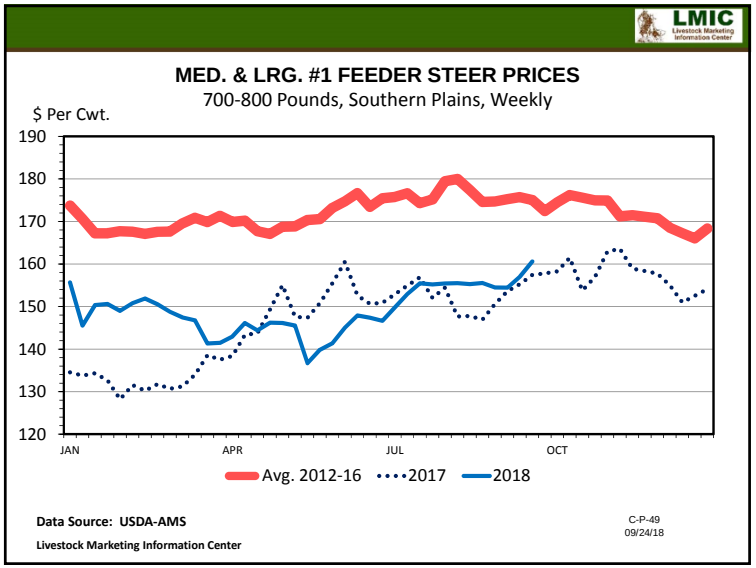

LMIC
WEEKLY AVERAGE POULTRY PRODUCTION
Federally Inspected, Ready-to-Cook Weight, By Month
Mil. Pounds
1030
1010
990
970
950
930
910
890
870
850
830
JAN
MAR
MAY
JUL
SEP
NOV
Avg. 2012-16
2017
2018
Data Source: USDA-NASS
Livestock Marketing Information Center
P-S-09
09/25/18

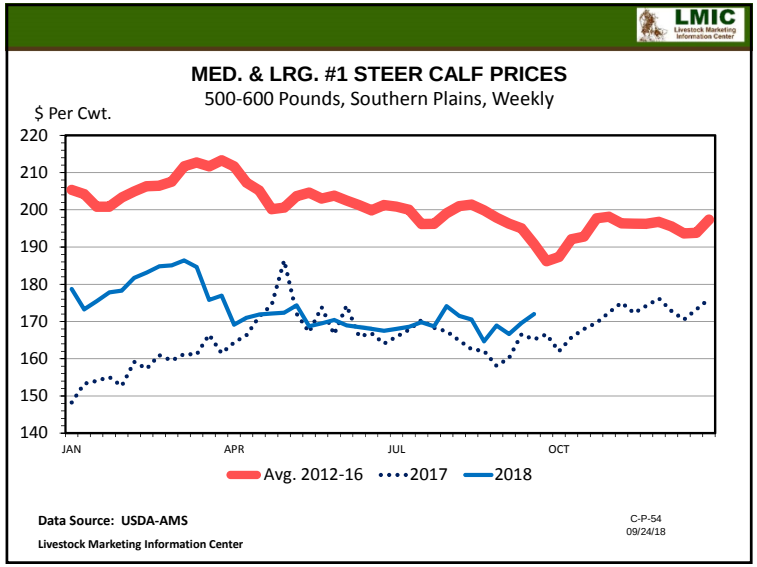

LMIC
TOTAL POULTRY IN COLD STORAGE
End of the Month
Mil. Pounds
1600
1500
1400
1300
1200
1100
1000
900
JAN
MAR
MAY
JUL
SEP
NOV
Avg. 2012-16
2017
2018
Data Source: USDA-NASS
Livestock Marketing Information Center
P-S-03
09/24/18

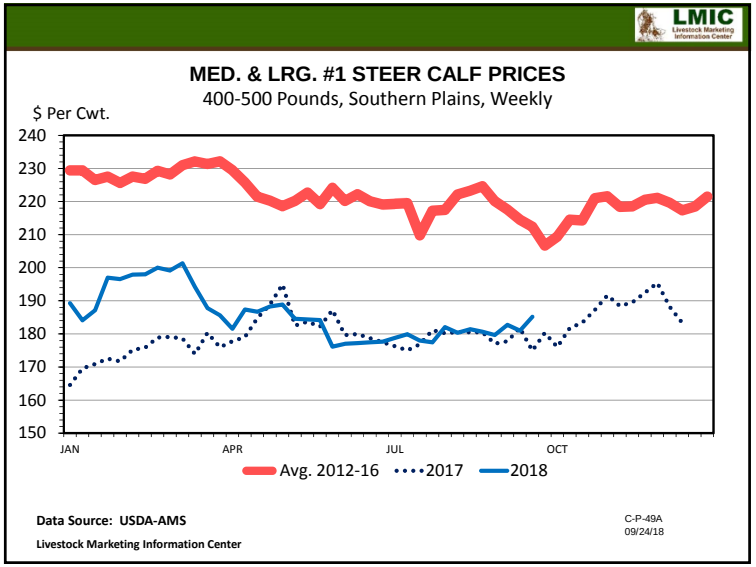

LMIC
TOTAL CHEESE IN COLD STORAGE
End of the Month
Mil. Pounds
1450
1400
1350
1300
1250
1200
1150
1100
1050
1000
JAN
MAR
MAY
JUL
SEP
NOV
Avg. 2012-16
2017
2018
Data Source: USDA-NASS
Livestock Marketing Information Center
09/24/18

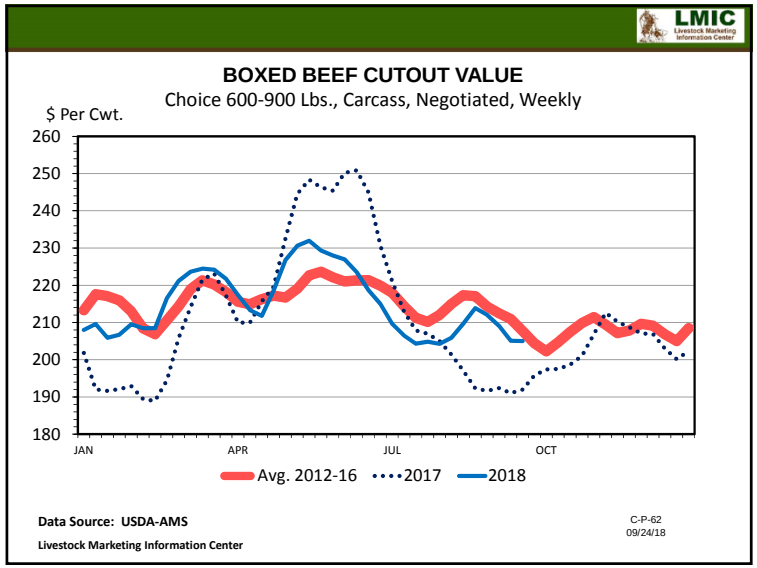

LMIC
AVERAGE RETURNS TO CATTLE FEEDERS
Feeding 750 Lb. Steers. S. Plains, Monthly
$ Per Steer
Latest Data: August 2018
300
200
100
0
-100
-200
-300
-400
-500
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Data Source: USDA-AMS & USDA-NASS, Compiled & Analysis by LMIC
Livestock Marketing Information Center
C-P-22
09/13/18

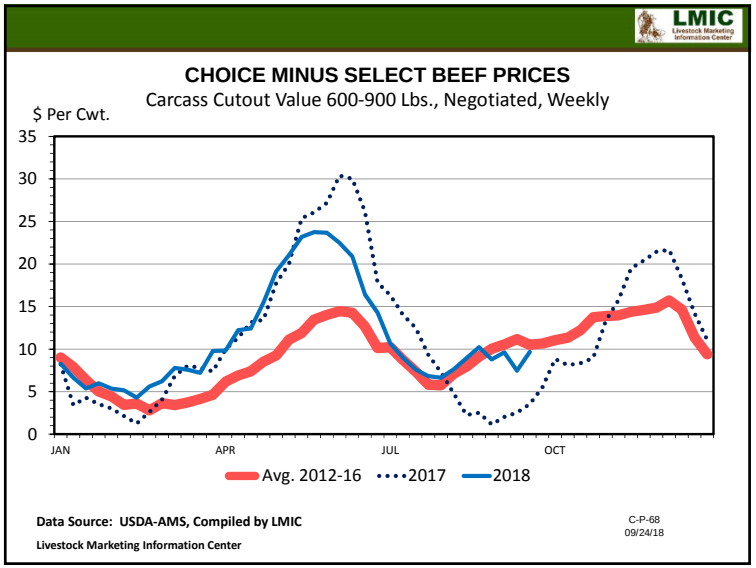

LMIC
SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly
$ Per Cwt.
150
140
130
120
110
100
90
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS
Livestock Marketing Information Center
09/24/18

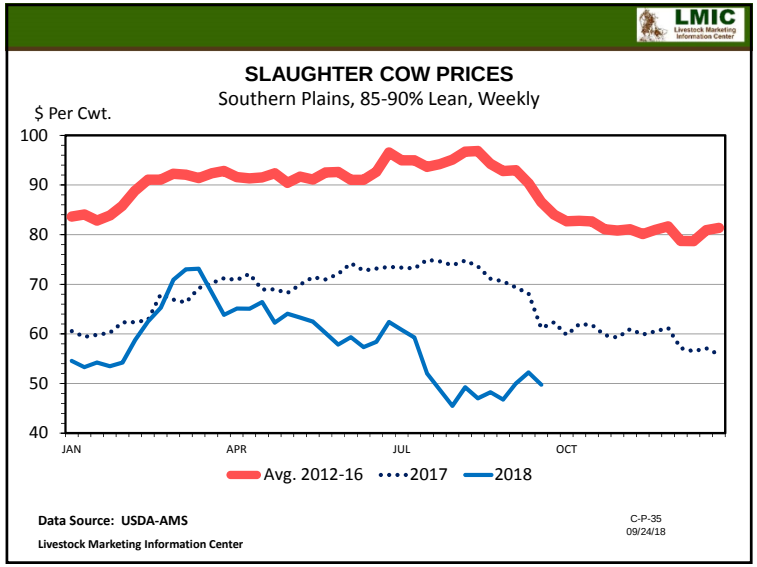

LMIC
MED. & LRG. #1 FEEDER STEER PRICES
700-800 Pounds, Southern Plains, Weekly
$ Per Cwt.
190
180
170
160
150
140
130
120
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS
Livestock Marketing Information Center
C-P-49
09/24/18

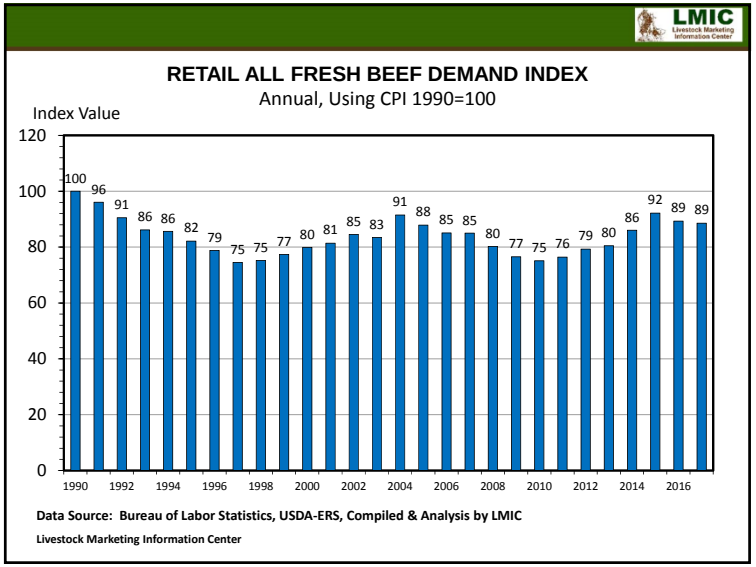

LMIC
MED. & LRG. #1 STEER CALF PRICES
500-600 Pounds, Southern Plains, Weekly
$ Per Cwt.
220
210
200
190
180
170
160
150
140
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS
Livestock Marketing Information Center
C-P-54
09/24/18

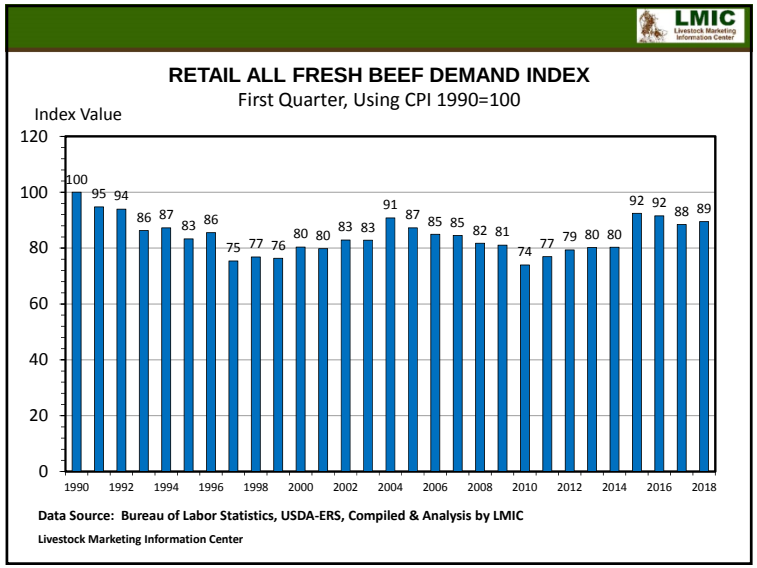

LMIC
MED. & LRG. #1 STEER CALF PRICES
400-500 Pounds, Southern Plains, Weekly
$ Per Cwt.
240
230
220
210
200
190
180
170
160
150
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS
Livestock Marketing Information Center
C-P-49A
09/24/18

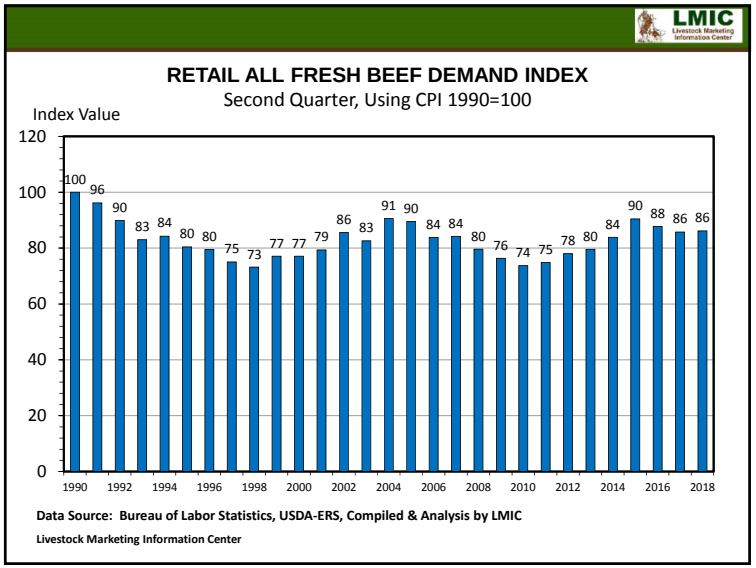

LMIC
BOXED BEEF CUTOUT VALUE
Choice 600-900 Lbs., Carcass, Negotiated, Weekly
$ Per Cwt.
260
250
240
230
220
210
200
190
180
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS
Livestock Marketing Information Center
C-P-62
09/24/18

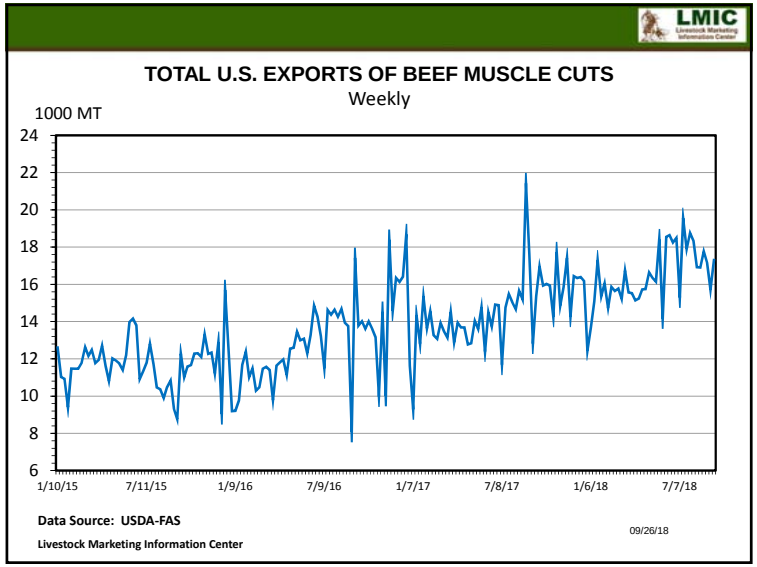

LMIC
CHOICE MINUS SELECT BEEF PRICES
Carcass Cutout Value 600-900 Lbs., Negotiated, Weekly
$ Per Cwt.
35
30
25
20
15
10
5
0
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center
C-P-68
09/24/18

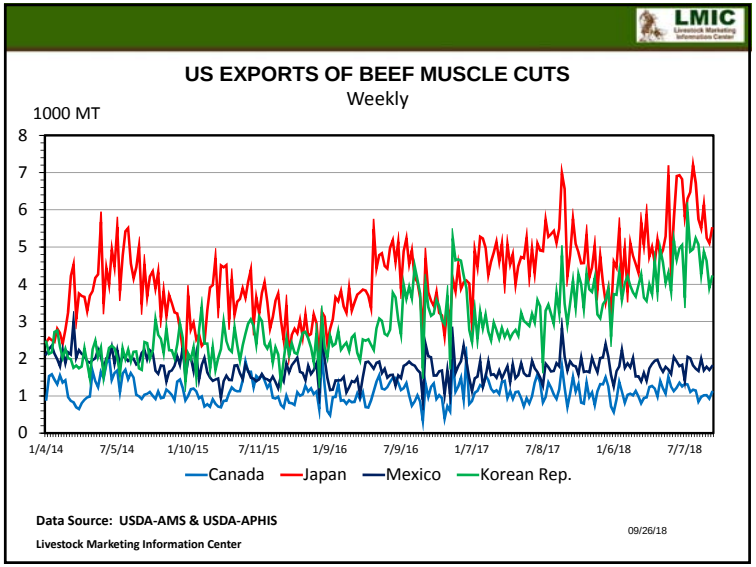

LMIC
SLAUGHTER COW PRICES
Southern Plains, 85-90% Lean, Weekly
$ Per Cwt.
100
90
80
70
60
50
40
JAN
APR
JUL
OCT
Avg. 2012-16
2017
2018
Data Source: USDA-AMS
Livestock Marketing Information Center
C-P-35
09/24/18

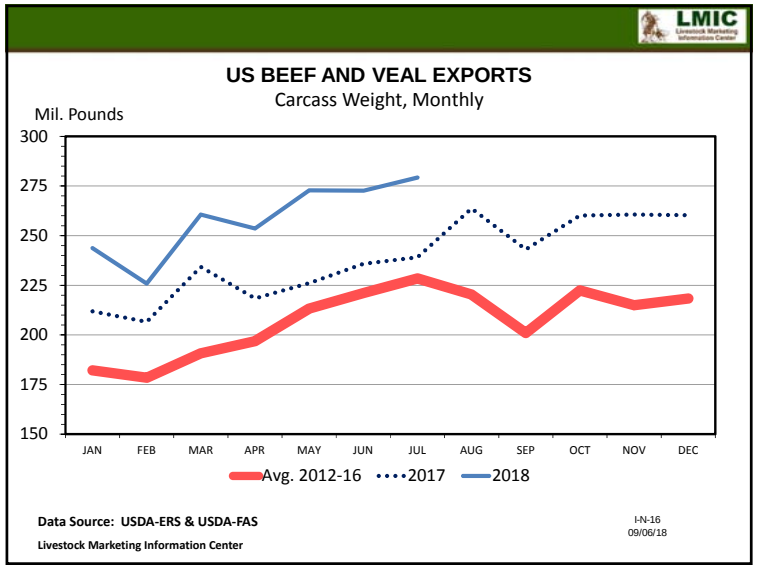

LMIC
RETAIL ALL FRESH BEEF DEMAND INDEX
Annual, Using CPI 1990=100
Index Value
120
100
80
60
40
20
0
100
96
91
86
86
82
79
75
75
77
80
81
85
83
91
88
85
85
80
77
75
76
79
80
86
92
89
89
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

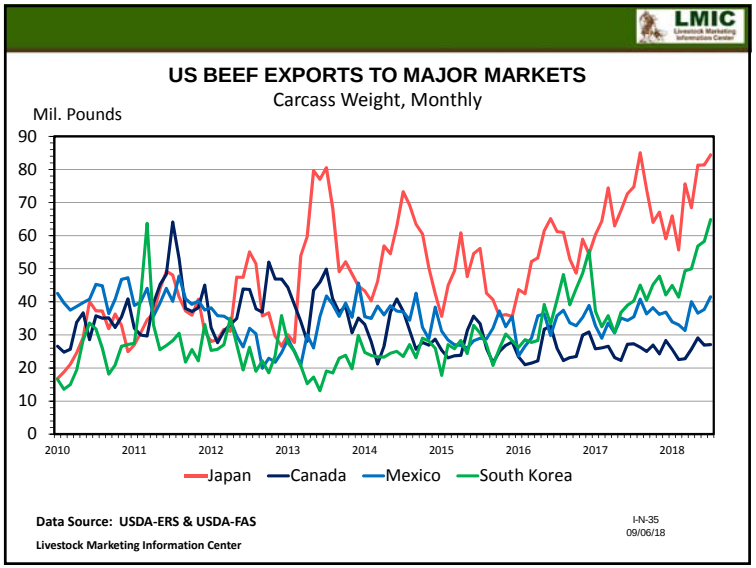

LMIC
RETAIL ALL FRESH BEEF DEMAND INDEX
First Quarter, Using CPI 1990=100
Index Value
120
100
80
60
40
20
0
100 95 94 86 87 83 86 75 77 76 80 80 83 83 91 87 85 85 82 81 74 77 79 80 80 92 92 88 89
1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010 2012 2014 2016 2018
Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

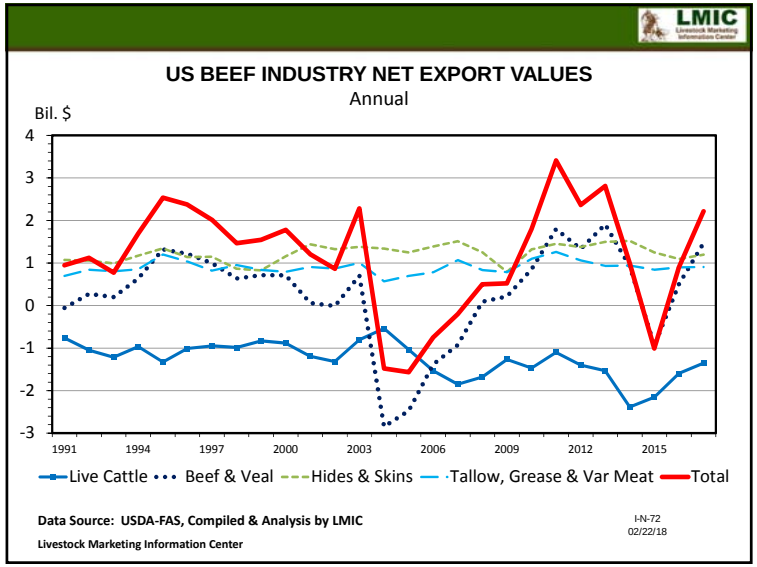

LMIC
RETAIL ALL FRESH BEEF DEMAND INDEX
Second Quarter, Using CPI 1990=100
Index Value
120
100
80
60
40
20
0
100 96 90 83 84 80 80 75 73 77 77 79 86 83 91 90 84 84 80 76 74 75 78 80 84 90 88 86 86
1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010 2012 2014 2016 2018
Data Source: Bureau of Labor Statistics, USDA-ERS, Compiled & Analysis by LMIC
Livestock Marketing Information Center


LMIC
TOTAL U.S. EXPORTS OF BEEF MUSCLE CUTS
Weekly
1000 MT
24
22
20
18
16
14
12
10
8
6
1/10/15 7/11/15 1/9/16 7/9/16 1/7/17 7/8/17 1/6/18 7/7/18
Data Source: USDA-FAS
09/26/18
Livestock Marketing Information Center


LMIC
US EXPORTS OF BEEF MUSCLE CUTS
Weekly
1000 MT
8
7
6
5
4
3
2
1
0
1/4/14 7/5/14 1/10/15 7/11/15 1/9/16 7/9/16 1/7/17 7/8/17 1/6/18 7/7/18
Canada
Japan
Mexico
Korean Rep.
Data Source: USDA-AMS & USDA-APHIS
09/26/18
Livestock Marketing Information Center

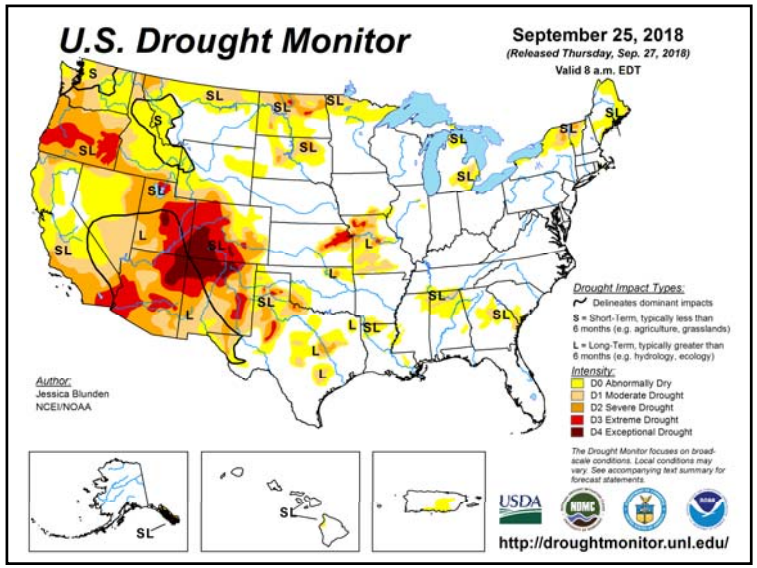


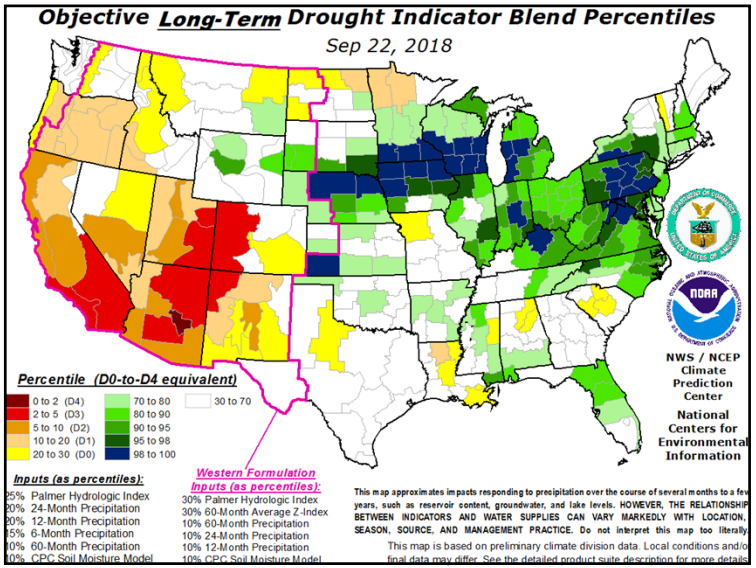


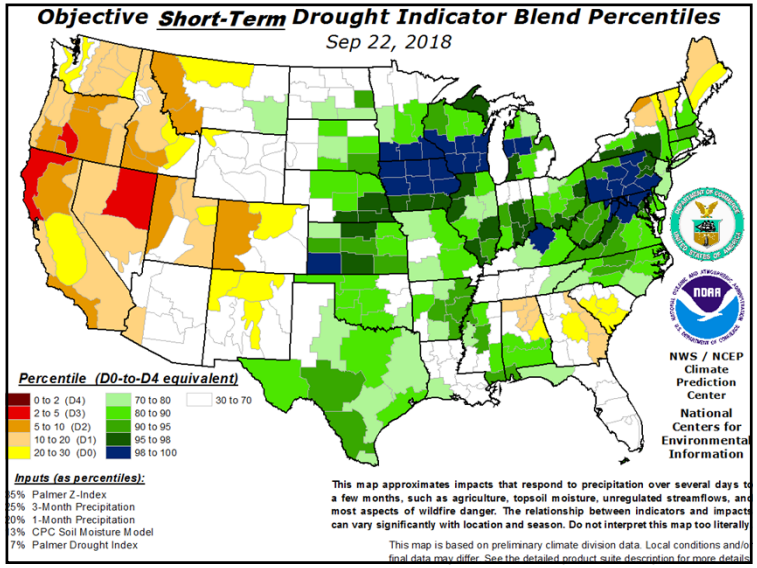


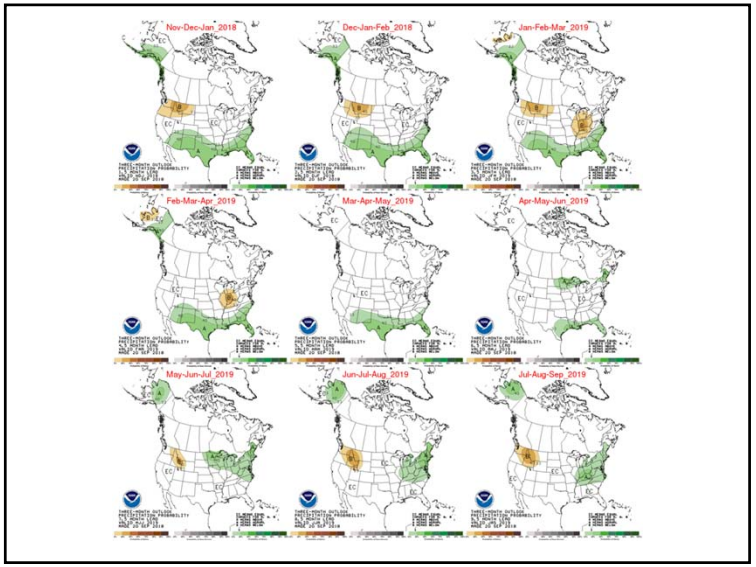
Cattle Outlook

- Expansion – slowing – and next?
- Reasonable feeding costs.
- The west & rest of country are different.
- Best case scenario – demand – domestic & international – this has played out – continue?
- Worst case scenario – softening demand & strong competing meat production.

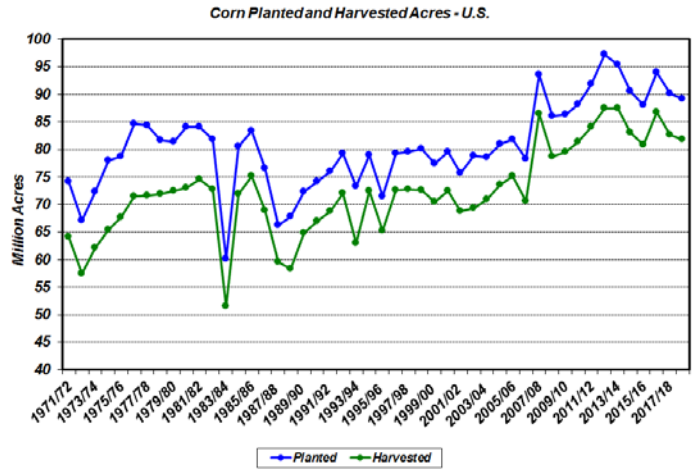

U.S. Drought Monitor
September 25, 2018
(Released Thursday, Sep. 27, 2018)
Valid 8 a.m. EDT
Drought Impact Types:
Delineates dominant impacts
S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)
Intensity:
D0 Abnormally Dry
D1 Moderate Drought
D2 Severe Drought
D3 Extreme Drought
D4 Exceptional Drought
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.
Author:
Jessica Blunden
NCEI/NOAA
http://droughtmonitor.unl.edu/

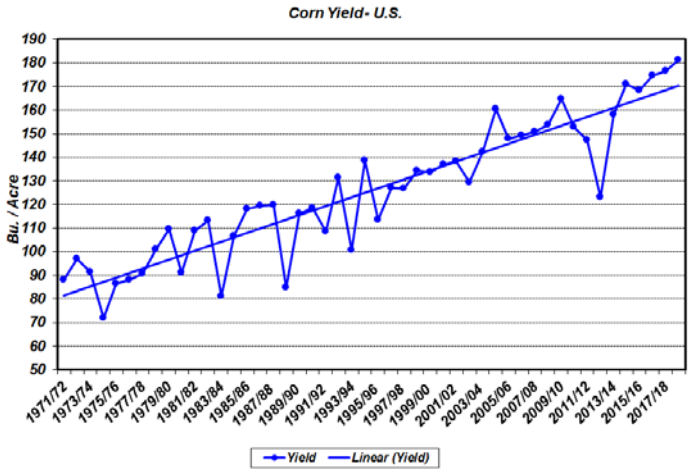

Objective Long-Term Drought Indicator Blend Percentiles
Sep 22, 2018
Percentile (D0-to-D4 equivalent)
0 to 2 (D4)
2 to 5 (D3)
5 to 10 (D2)
10 to 20 (D1)
20 to 30 (D0)
70 to 80
80 to 90
90 to 95
95 to 98
98 to 100
30 to 70
Inputs (as percentiles):
25% Palmer Hydrologic Index
20% 24-Month Precipitation
20% 12-Month Precipitation
15% 6-Month Precipitation
10% 60-Month Precipitation
10% CPC Soil Moisture Model
Western Formulation Inputs (as percentiles):
30% Palmer Hydrologic Index
30% 60-Month Average Z-Index
10% 60-Month Precipitation
10% 24-Month Precipitation
10% 12-Month Precipitation
10% CPC Soil Moisture Model
This map approximates impacts responding to precipitation over the course of several months to a few years, such as reservoir content, groundwater, and lake levels. HOWEVER, THE RELATIONSHIP BETWEEN INDICATORS AND WATER SUPPLIES CAN VARY MARKEDLY WITH LOCATION, SEASON, SOURCE, AND MANAGEMENT PRACTICE. Do not interpret this map too literally.
This map is based on preliminary climate division data. Local conditions and/or final data may differ. See the detailed product suite description for more details.
NWS / NCEP Climate Prediction Center
National Centers for Environmental Information

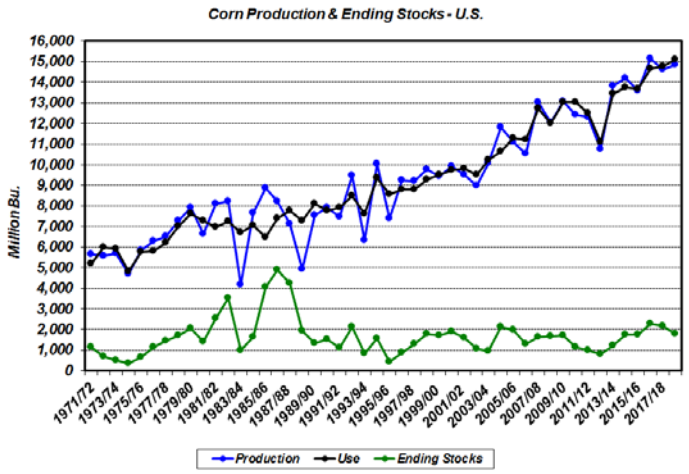

Objective Short-Term Drought Indicator Blend Percentiles
Sep 22, 2018
Percentile (D0-to-D4 equivalent)
0 to 2 (D4)
2 to 5 (D3)
5 to 10 (D2)
10 to 20 (D1)
20 to 30 (D0)
70 to 80
80 to 90
90 to 95
95 to 98
98 to 100
30 to 70
Inputs (as percentiles):
35% Palmer Z-Index
25% 3-Month Precipitation
20% 1-Month Precipitation
13% CPC Soil Moisture Model
7% Palmer Drought Index
This map approximates impacts that respond to precipitation over several days to a few months, such as agriculture, topsoil moisture, unregulated streamflows, and most aspects of wildfire danger. The relationship between indicators and impacts can vary significantly with location and season. Do not interpret this map too literally.
This map is based on preliminary climate division data. Local conditions and/or final data may differ. See the detailed product suite description for more details.
NWS / NCEP Climate Prediction Center
National Centers for Environmental Information

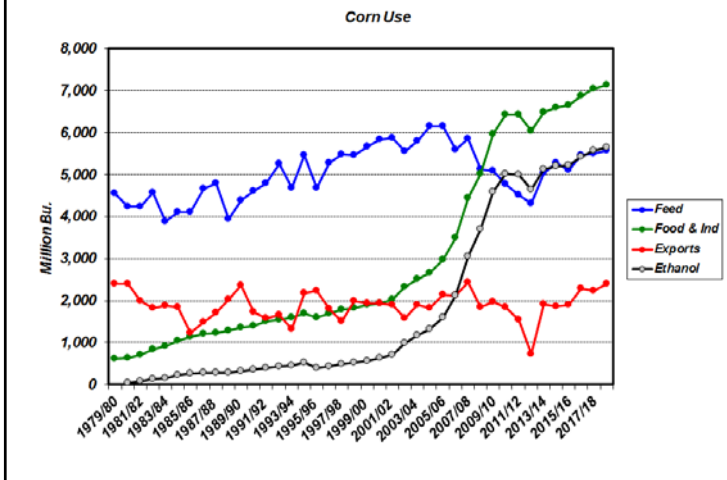

Nov-Dec-Jan 2018
Dec-Jan-Feb 2018
Jan-Feb-Mar 2019
Feb-Mar-Apr 2019
Mar-Apr-May 2019
Apr-May-Jun 2019
May-Jun-Jul 2019
Jun-Jul-Aug 2019
Jul-Aug-Sep 2019

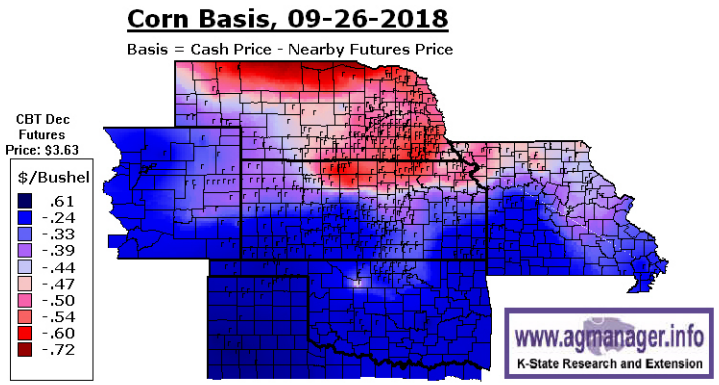
CORN - September 2018 (Crop Year: Sep 1 - Aug 31)	2016/17	2017/18 Est.	2018/19 Proj. Aug	2018/19 Proj. Sep	2018/19 Forecasts High P	2018/19 Forecasts Normal	2018/19 Forecasts Low P
Planted Acres (Million Acres)	94.0	90.2	89.1	89.1	89.1	89.1	89.1
Harvested Acres (Million Acres)	86.7	82.7	81.8	81.8	81.8	81.8	81.8
Yield (Bushels per Acre)	174.6	176.6	178.4	181.3	181.3	181.3	181.3
Beginning Stocks (Million Bu.)	1,737	2,293	2,027	2,002	2,002	2,002	2,002
Production	15,148	14,604	14,586	14,827	14,830	14,830	14,830
Imports	57	40	50	50	50	50	50
SUPPLY	16,942	14,604	16,664	16,879	16,882	16,882	16,882
Feed and Residual	5,470	5,450	5,525	5,575	5,600	5,575	5,575
Food, Seed, & Industrial	6,885	7,060	7,105	7,130	7,150	7,130	7,125
Ethanol & by-products	5,432	5,600	5,625	5,650	5,675	5,650	5,625
Export	2,294	2,425	2,350	2,400	2,500	2,400	2,375
USE	14,649	14,935	14,980	15,105	15,250	15,105	15,075
Ending Stocks	2,293	2,002	1,684	1,774	1,632	1,777	1,807
Average US Farm Price	3.36	3.40	3.10-4.10	3.00-4.00	4.00	3.75	3.65
Average DEC Futures							
Average Colorado Price					3.85	3.65	3.50
	0.157	0.134	0.112	0.117	0.107	0.118	0.120

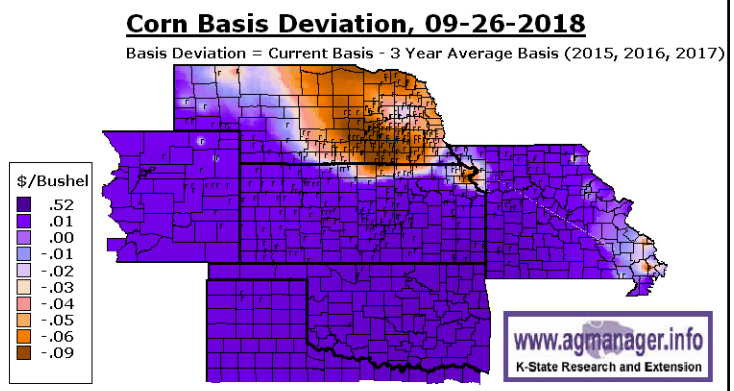





Corn Production & Ending Stocks - U.S.
Million Bu.
16,000
15,000
14,000
13,000
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
1971/72
1973/74
1975/76
1977/78
1979/80
1981/82
1983/84
1985/86
1987/88
1989/90
1991/92
1993/94
1995/96
1997/98
1999/00
2001/02
2003/04
2005/06
2007/08
2009/10
2011/12
2013/14
2015/16
2017/18
Production
Use
Ending Stocks


Corn Use
Million Bu.
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
1979/80
1981/82
1983/84
1985/86
1987/88
1989/90
1991/92
1993/94
1995/96
1997/98
1999/00
2001/02
2003/04
2005/06
2007/08
2009/10
2011/12
2013/14
2015/16
2017/18
Feed
Food & Ind
Exports
Ethanol


Corn Basis, 09-26-2018
Basis = Cash Price - Nearby Futures Price
CBT Dec Futures Price: $3.63
$/Bushel
.61
-.24
-.33
-.39
-.44
-.47
-.50
-.54
-.60
-.72
www.agmanager.info
K-State Research and Extension


Corn Basis Deviation, 09-26-2018
Basis Deviation = Current Basis - 3 Year Average Basis (2015, 2016, 2017)
$/Bushel
.52
.01
.00
-.01
-.02
-.03
-.04
-.05
-.06
-.09
www.agmanager.info
K-State Research and Extension

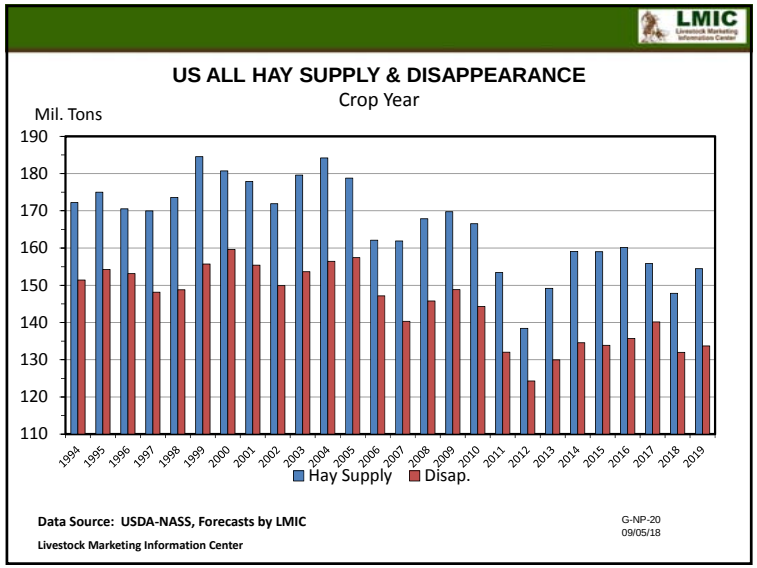
DEC 2018 Corn Contract

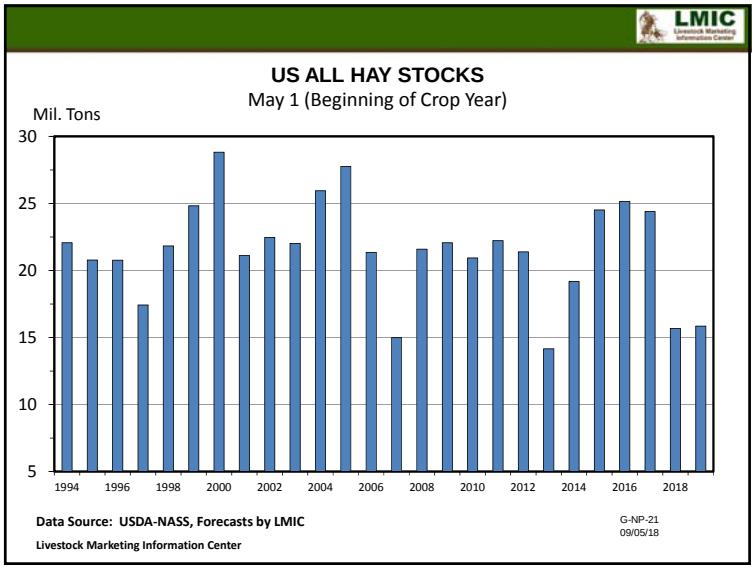
CORN - September 2018 (Crop Year: Sep 1 - Aug 31)	2016/17	2017/18 Est.	2018/19 Proj. Aug	2018/19 Proj. Sep	2018/19 Forecasts High P	2018/19 Forecasts Normal	2018/19 Forecasts Low P	2019/20 Forecasts High P	2019/20 Forecasts Normal	2019/20 Forecasts Low P
Planted Acres (Million Acres)	94.0	90.2	89.1	89.1	89.1	89.1	89.1	88.0	89.0	90.0
Harvested Acres (Million Acres)	86.7	82.7	81.8	81.8	81.8	81.8	81.8	80.0	81.0	82.0
Yield (Bushels per Acre)	174.6	176.6	178.4	181.3	181.3	181.3	181.3	170.0	176.0	180.0
Beginning Stocks (Million Bu.)	1,737	2,293	2,027	2,002	2,002	2,002	2,002	1,777	1,777	1,777
Production	15,148	14,604	14,586	14,827	14,830	14,830	14,830	13,600	14,256	14,760
Imports	57	40	50	50	50	50	50	50	50	50
SUPPLY	16,942	14,604	16,664	16,879	16,882	16,882	16,882	15,427	16,083	16,587
Feed and Residual	5,470	5,450	5,525	5,575	5,600	5,575	5,575	5,500	5,600	5,600
Food, Seed, & Industrial	6,885	7,060	7,105	7,130	7,150	7,130	7,125	7,100	7,150	7,150
Ethanol & by-products	5,432	5,600	5,625	5,650	5,675	5,650	5,625	5,625	5,675	5,675
Export	2,294	2,425	2,350	2,400	2,500	2,400	2,375	2,200	2,400	2,250
USE	14,649	14,935	14,980	15,105	15,250	15,105	15,075	14,800	15,150	15,000
Ending Stocks	2,293	2,002	1,684	1,774	1,632	1,777	1,807	627	933	1,587
Average US Farm Price	3.36	3.40	3.10-4.10	3.00-4.00	4.00	3.75	3.65	4.85	4.25	3.75
Average DEC Futures								4.75	4.15	3.65
Average Colorado Price					3.85	3.65	3.50	5.00	4.35	3.80
	0.157	0.134	0.112	0.117	0.107	0.118	0.120	0.042	0.062	0.106

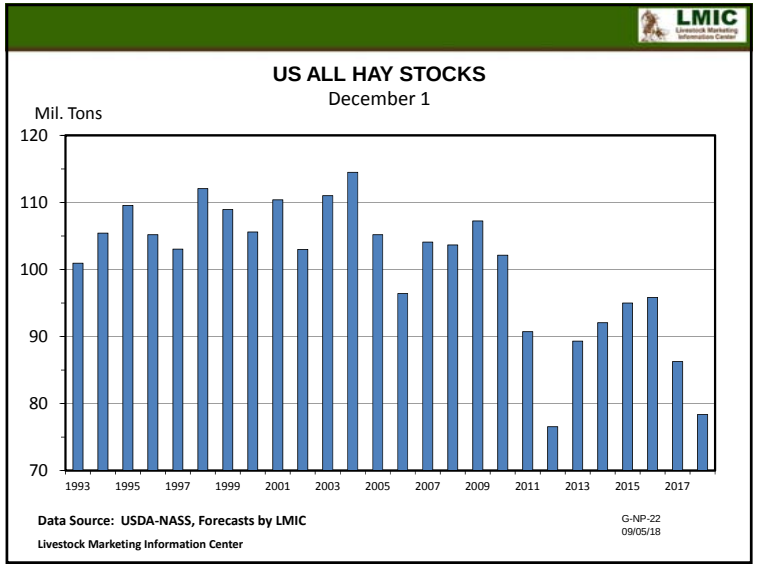
DEC 2019 Corn Contract

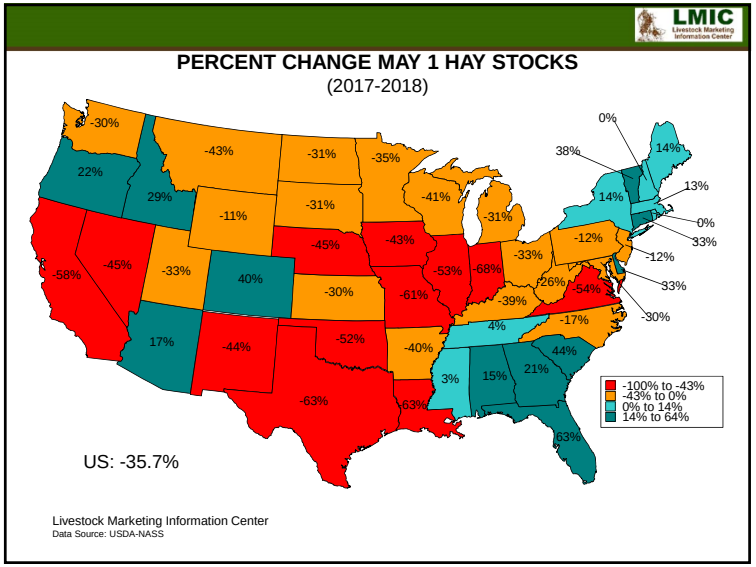
Corn Outlook

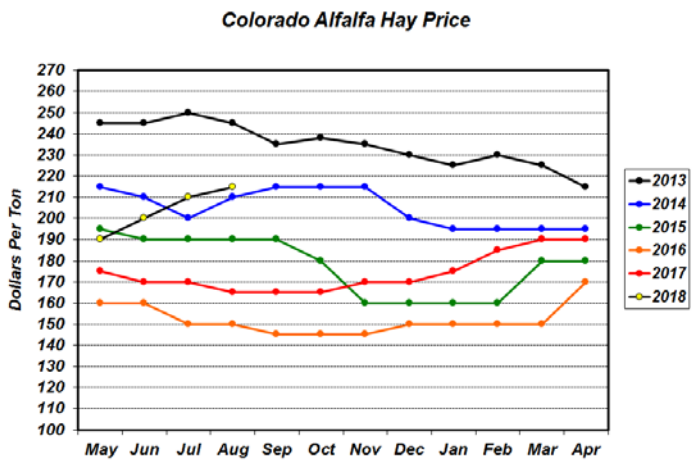
- Currently, market price is weak compared to where fundamentals say it should be.
- Acreage next year? Soybeans? Cash flow & debt?
- Demand? Trade? Storage?
- Price outlook – $3.50-$3.85/bu. And we've had the six big crops. 18/19 @ $3.75-4.00/bu. But…?

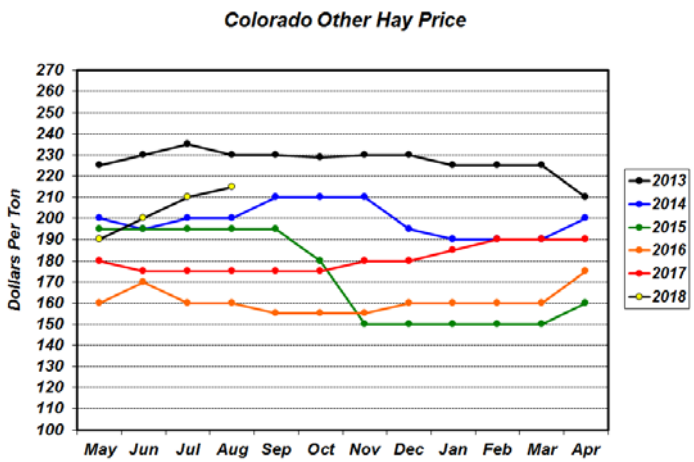

LMIC
US ALL HAY SUPPLY & DISAPPEARANCE
Crop Year
Mil. Tons
190
180
170
160
150
140
130
120
110
1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019
Hay Supply
Disap.
Data Source: USDA-NASS, Forecasts by LMIC
Livestock Marketing Information Center
G-NP-20
09/05/18

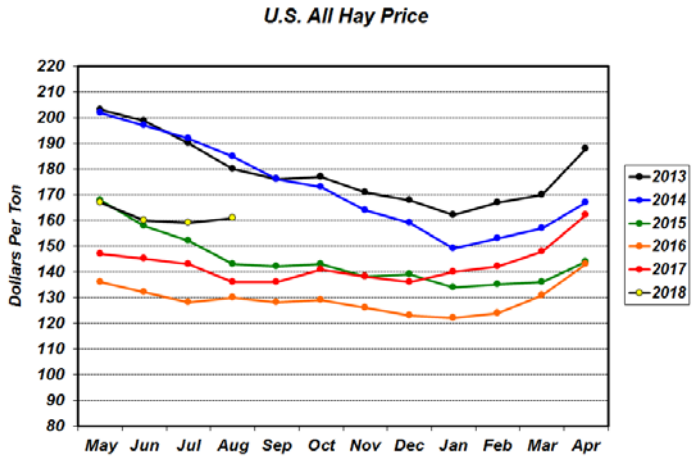

LMIC
US ALL HAY STOCKS
May 1 (Beginning of Crop Year)
Mil. Tons
30
25
20
15
10
5
1994 1996 1998 2000 2002 2004 2006 2008 2010 2012 2014 2016 2018
Data Source: USDA-NASS, Forecasts by LMIC
Livestock Marketing Information Center
G-NP-21
09/05/18


LMIC
US ALL HAY STOCKS
December 1
Mil. Tons
120
110
100
90
80
70
1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2013 2015 2017
Data Source: USDA-NASS, Forecasts by LMIC
Livestock Marketing Information Center
G-NP-22
09/05/18


LMIC
PERCENT CHANGE MAY 1 HAY STOCKS
(2017-2018)
-100% to -43%
-43% to 0%
0% to 14%
14% to 64%
US: -35.7%
Livestock Marketing Information Center
Data Source: USDA-NASS



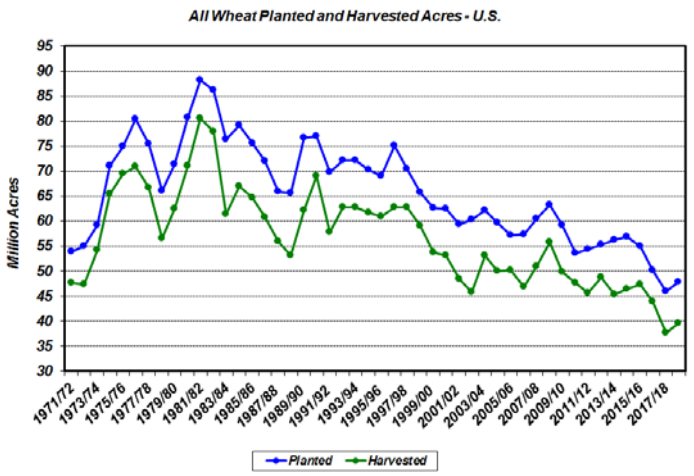


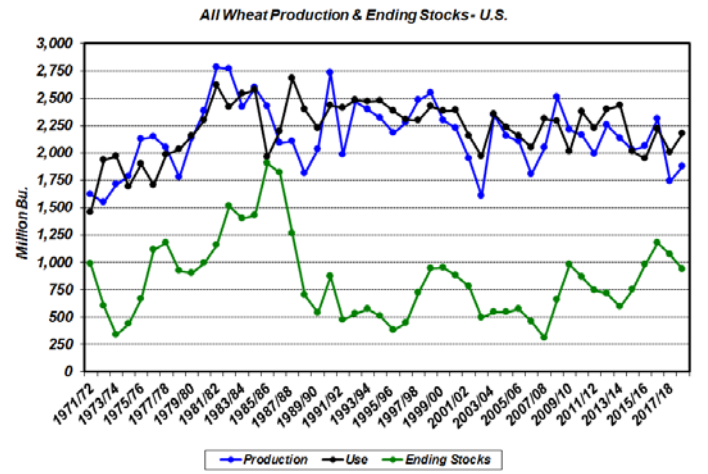


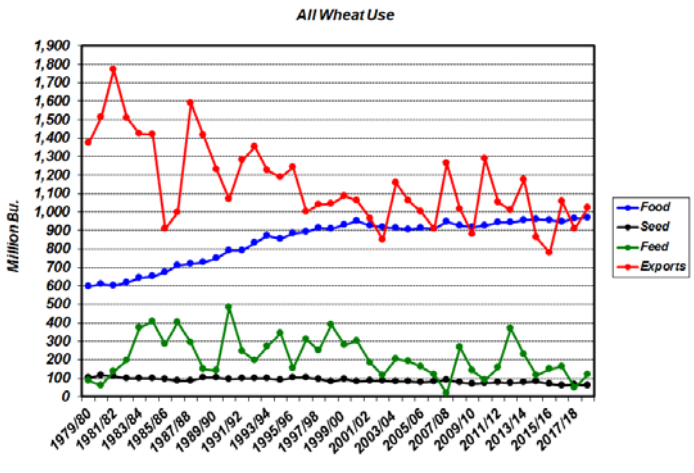
Forage Outlook

- Hay prices will hold steady here.
- Depleted forage stocks but developing weather.
- Excellent hay: $200-$300/T.
- Good hay: $150-$200/T.
- Low-quality hay: $75-$125/T.

Weekly KC Wheat Contract


All Wheat Planted and Harvested Acres - U.S.
Million Acres
Planted
Harvested

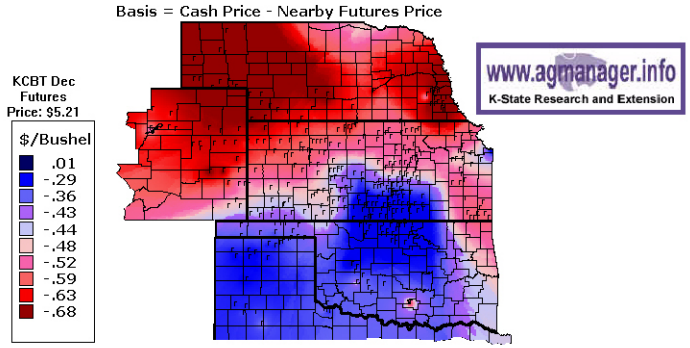

All Wheat Production & Ending Stocks - U.S.
Million Bu.
Production
Use
Ending Stocks


All Wheat Use
Million Bu.
Food
Seed
Feed
Exports

WHEAT - ALL - September 2018 (Crop Year: Jun 1 - May 31)	2016/17	2017/18 Est.	2018/19 Proj. Aug	2018/19 Proj. Sep	2019/20 Forecasts High P	2019/20 Forecasts Normal	2019/20 Forecasts Low P
Planted Acres (Million Acres)	50.1	46.0	47.8	47.8	47.0	47.5	48.0
Harvested Acres (Million Acres)	43.9	37.6	39.6	39.6	38.5	39.0	41.0
Yield (Bushels per Acre)	52.7	46.3	47.4	47.4	43.0	47.0	48.0
Beginning Stocks (Million Bu.)	976	1,181	1,100	1,100	1,100	1,100	1,100
Production	2,309	1,741	1,877	1,877	1,656	1,833	1,968
Imports	118	157	135	135	135	135	135
SUPPLY	3,402	3,079	3,112	3,112	2,891	3,068	3,203
Food	949	964	970	970	975	975	975
Seed	61	64	62	62	62	62	62
Feed and Residual	161	48	120	120	110	120	125
Export	1,051	1,077	1,025	1,025	1,050	1,050	1,050
USE	2,222	1,978	2,177	2,177	2,197	2,207	2,212
Ending Stocks	1,181	1,100	935	935	694	861	991
Average US Farm Price	3.89	4.72	4.60-5.60	4.70-5.50	5.75	5.25	4.75
Average JUL KC Futures					6.00	5.75	5.50
Average Colorado Price					5.25	5.00	4.25
	0.532	0.556	0.429	0.429	0.316	0.390	0.448

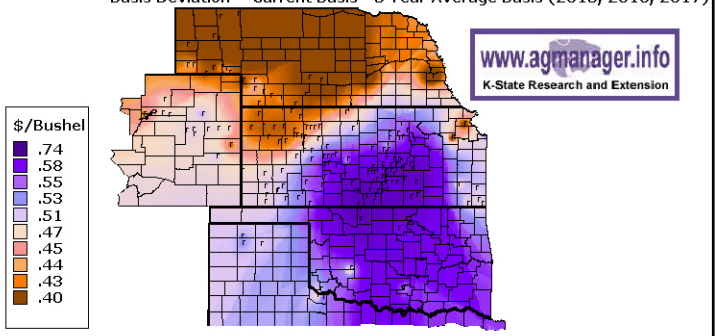
Wheat Basis, 09-26-2018

Basis = Cash Price - Nearby Futures Price

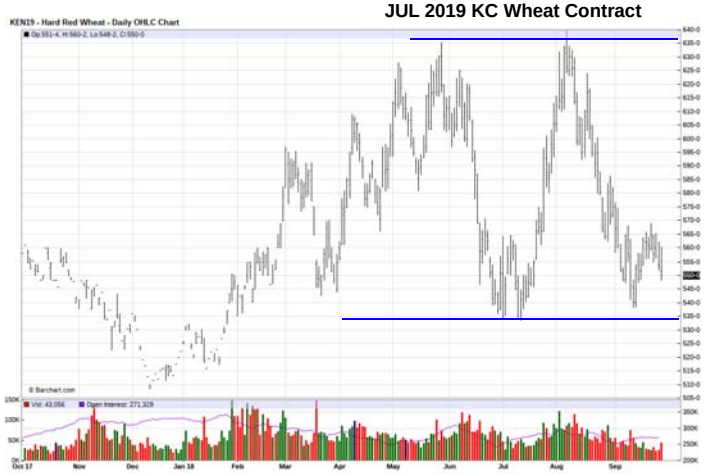


Wheat Basis Deviation, 09-26-2018

Basis Deviation = Current Basis - 3 Year Average Basis (2015, 2016, 2017)

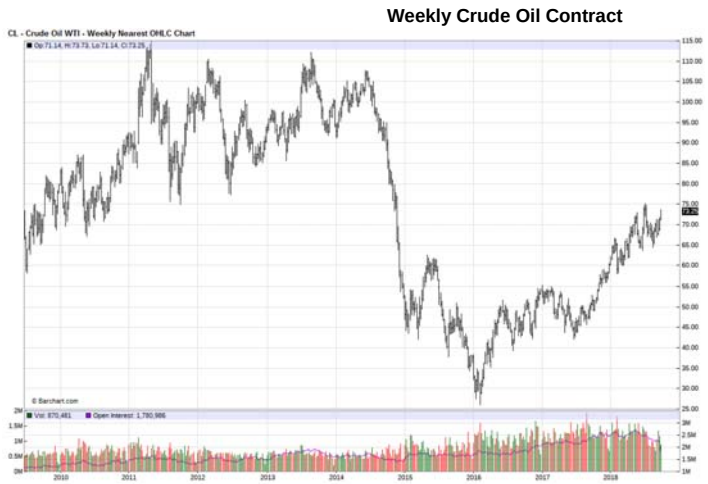


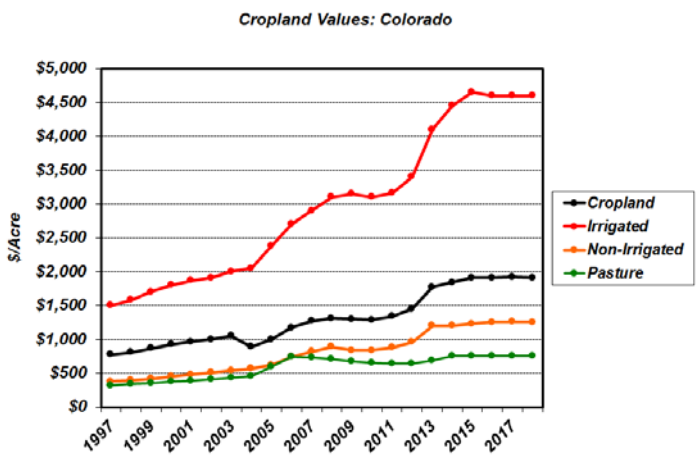
JUL 2019 KC Wheat Contract

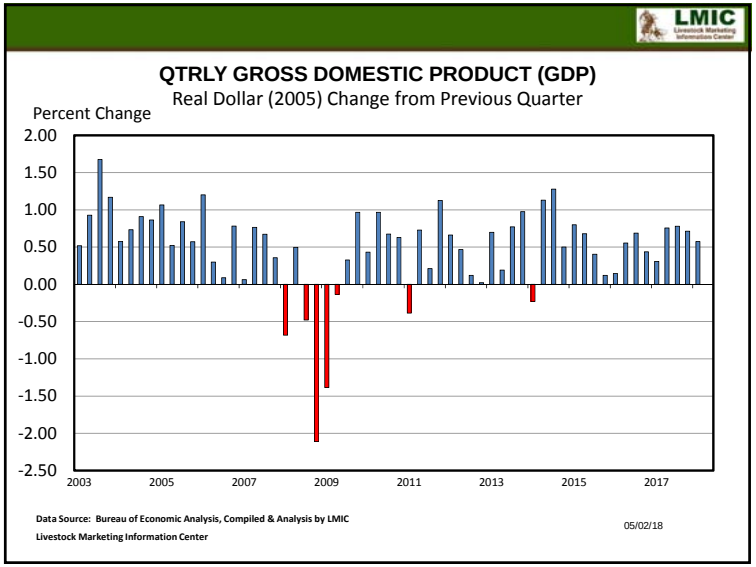


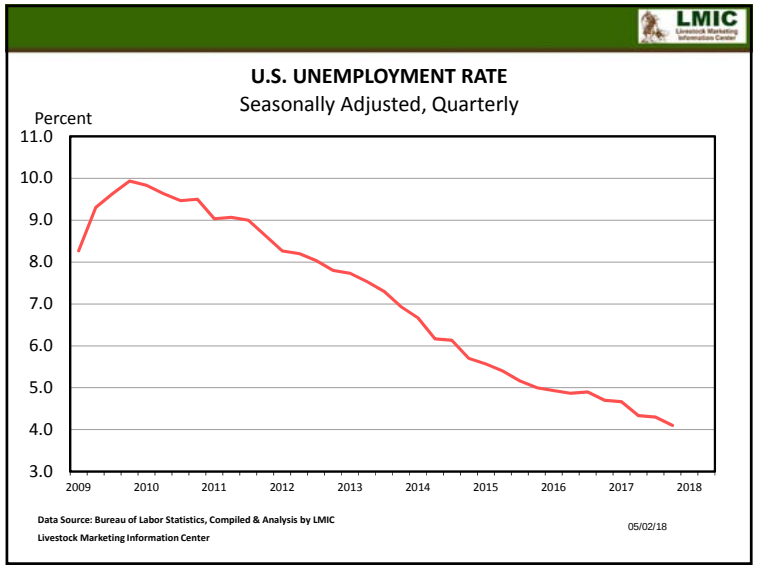
Wheat Outlook

- Strong world production & usage. Reduced modestly stocks.
- U.S.: reduced production & increased use. Reduced stocks.
- Uncertainty about U.S. & regional plantings?
- Improving prices & basis – upside potential?
- Forecasts
  - JUL 2019 @ $5.50 with range $5.00-5.85/bu.









Short-Term Outlook

- Fed cattle – lower. Competing meats & demand?
- Feeder cattle & calves – will follow fed cattle. Feed costs. Herd expansion?
- Feed – prices match fundamentals. Next year?
- Forage – tight but potential.
- Wheat – improving prices but also inline with fundamentals. Plantings?

Long-Term Outlook

- For cattle & calves, it depends on demand (domestic & trade) & supply (herd expansion).
- And competing meats and feed costs.
- Corn and oilseeds acres going forward.
- Domestic economy v. international economies.
- Low interest rates and inflation.
- Back to cost-control knitting.
- 2007-2013 is over. Look ahead.

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