

**RPowerD™ - 2019 Corn prices into breakeven levels for many**

October 18, 2018

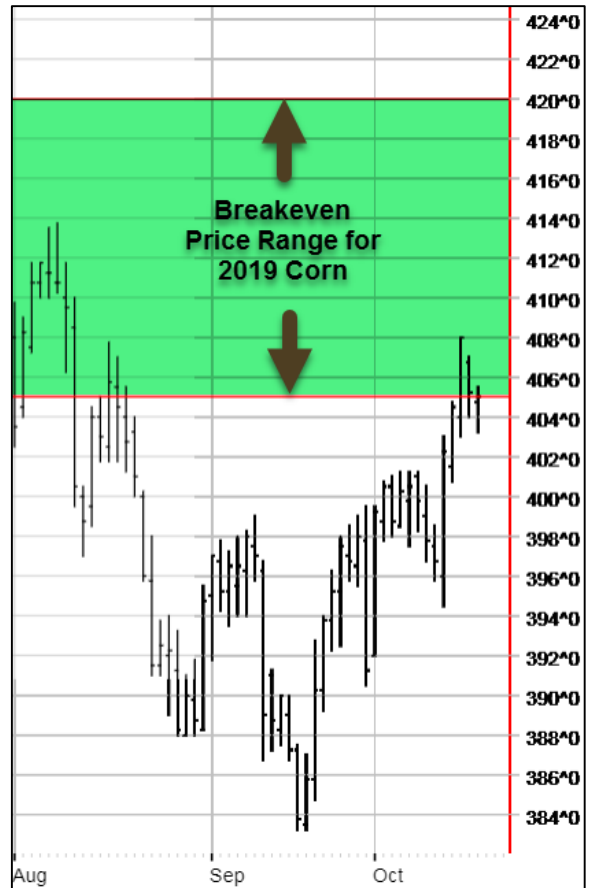
We have talked about the expected increase in corn planting in 2019 in previous issues. This week, we are starting to hear initial estimates of 2019 costs of production from our contacts from land grant universities. Essentially, they are saying the Corn price needed to cover costs range from \$4.05 - \$4.20.

Like we have seen in so many year's before, the markets are setting up an opportunity for producers to establish minimum price floors at levels that cover their costs. This is happening right now for 2019 Corn. We are still 4 ½ months away from knowing the February average, which will become the crop insurance Projected Price. The good news is that agents can show their customers how to use RPowerD to establish a minimum revenue trigger on the corn acres they may plant in 2019 right now with RPowerD at prices and corresponding minimum revenue levels that create a floor that covers their costs on insured acres.

Downside price risks between now, February, and beyond are tremendous. Taking advantage of the current high prices resulting from the wide carrying charge structure of the market and funds lightening up their short positions is worth exploring.

Running some sample quotes shows the cost to establish a minimum price and revenue floor is between \$0.08-0.10 per approved yield bushel, or \$14/acre at the 85% coverage level. Soybeans have also rallied \$0.80 off their recent lows back to toward the \$9.50 level which is getting close to being at levels that cover costs for many mid-west producers.

| (mln acres)    | 2019 est     | 2018 | % Change |
|----------------|--------------|------|----------|
| <b>Corn</b>    | <b>93.04</b> | 89.1 | 4.4%     |
| <b>Soybean</b> | <b>82.27</b> | 89.6 | -8.2%    |
| <b>Wheat</b>   | <b>50</b>    | 47.5 | 5.3%     |



This [link](#) will take you to the RPG that covered the Quick Start Post Card resource to help you have a conversation with your customers about these opportunities right now.

| September-August year                           | 16/17 | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Prices, program provisions (Dollars per bushel) |       |       |       |       |       |       |       |       |
| Farm price                                      | 3.36  | 3.40  | 3.62  | 3.83  | 3.85  | 3.87  | 3.85  | 3.79  |
| Loan rate                                       | 1.95  | 1.95  | 1.95  | 1.95  | 1.95  | 1.95  | 1.95  | 1.95  |
| Reference price                                 | 3.70  | 3.70  | 3.70  | 3.70  | 3.70  | 3.70  | 3.70  | 3.70  |

Remember, agents can use RPowerD to establish the previous trading session's closing price as the "RPowerD" price through midnight the next business day by "opting-in" to "Market Price".

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