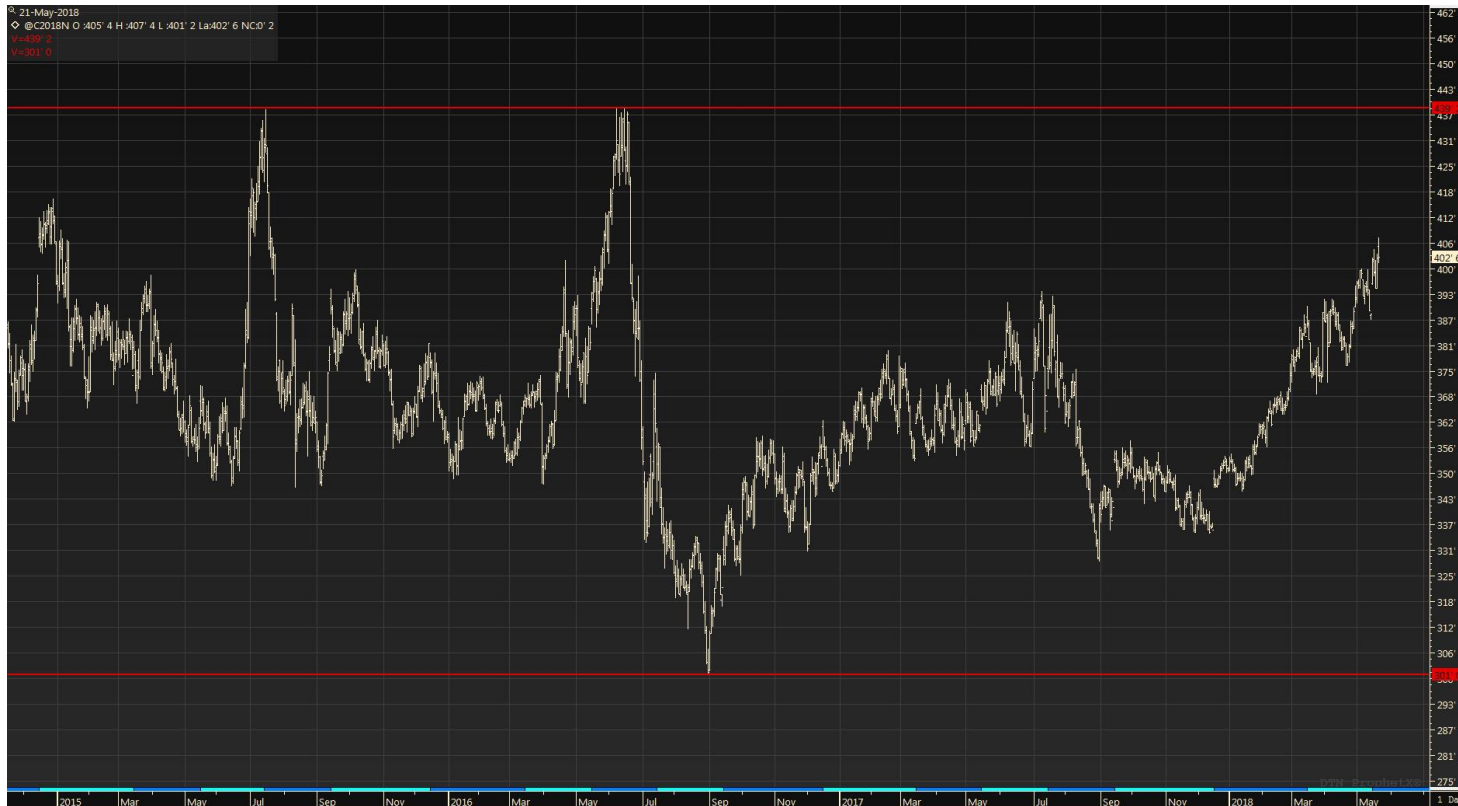


Corn Market Forecasting

TIA 2018 PALM DESERT CALIFORNIA

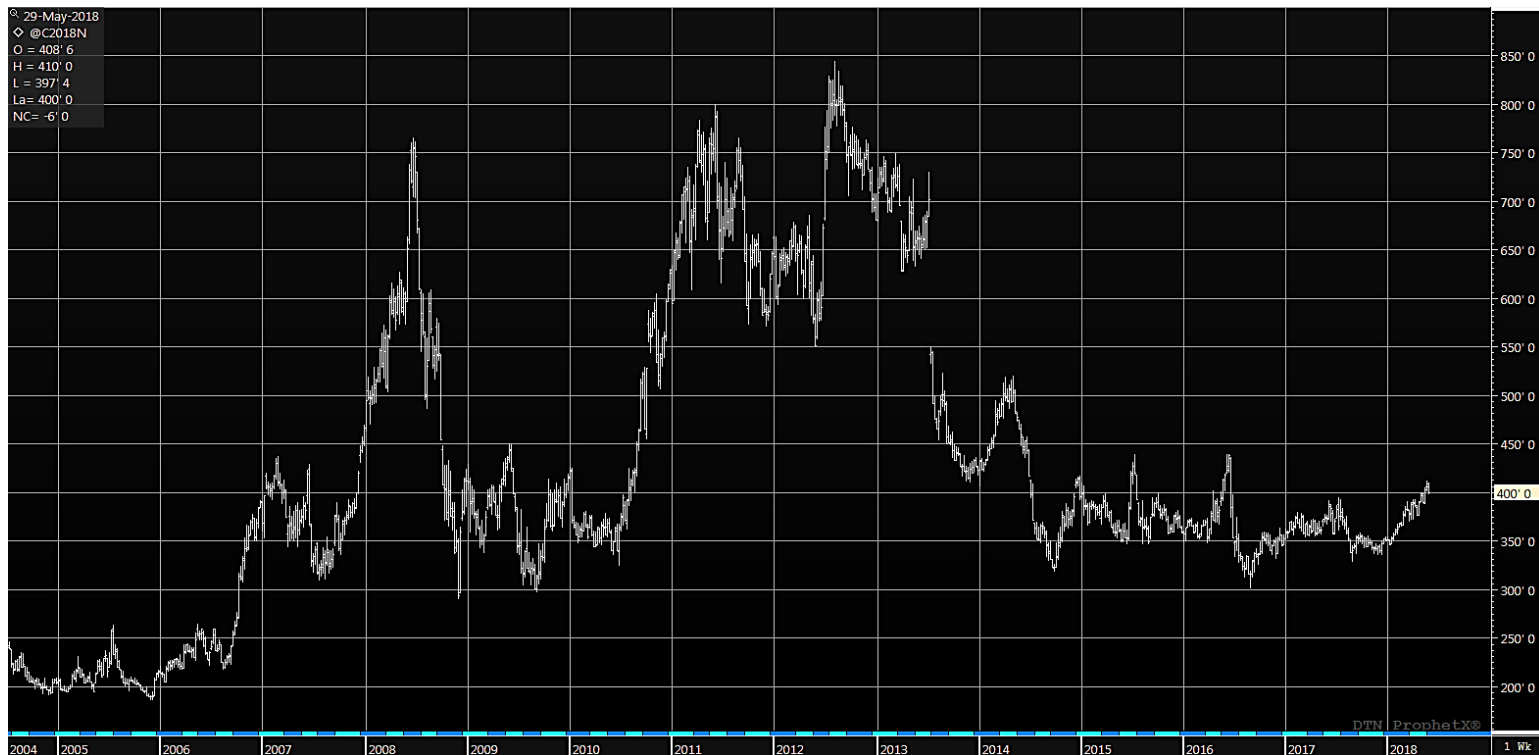


Corn prices have been range bound last 3+ years



Source: DTN

Prices now are relatively low....



Source DTN

Corn has entered a new price environment

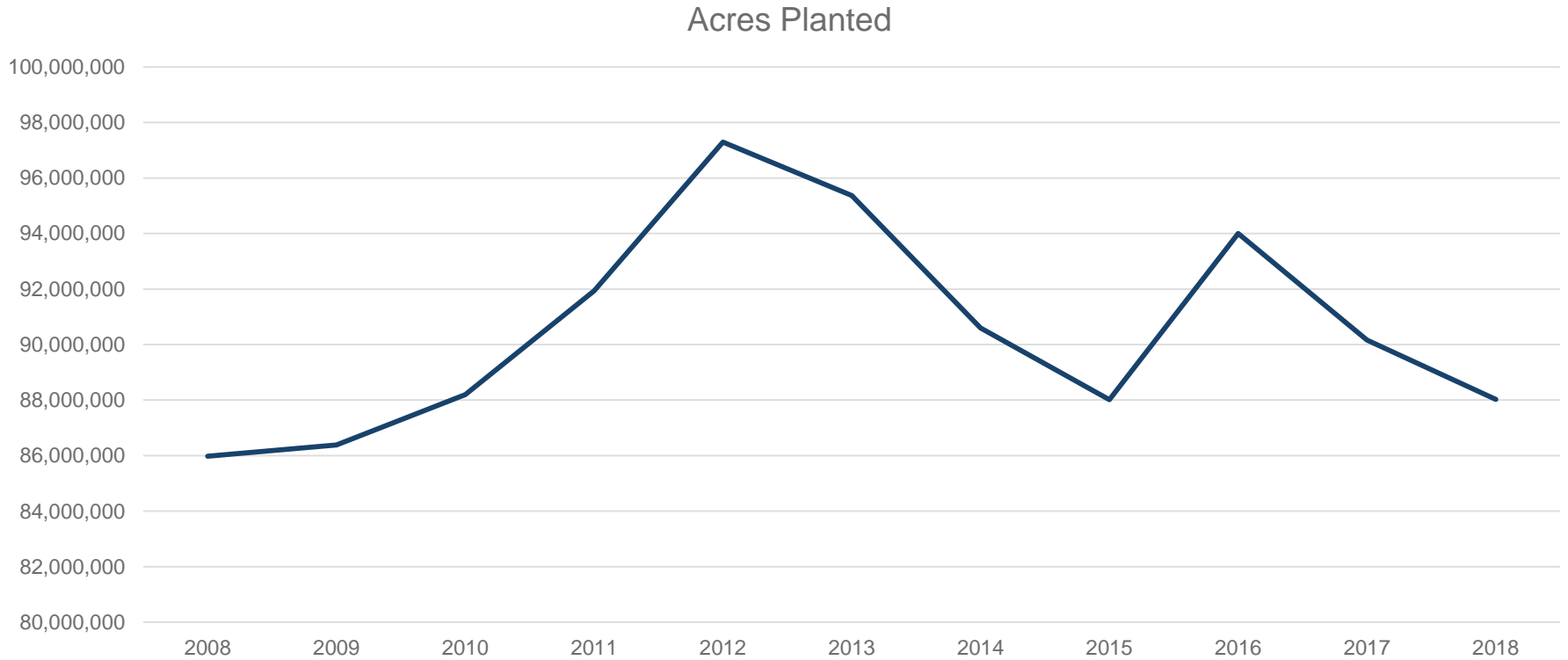
➤ Fundamentally

- Weather events in Argentina
- Acreage mix in the United States
- Lower forecasted carryout

➤ Macro Impacts

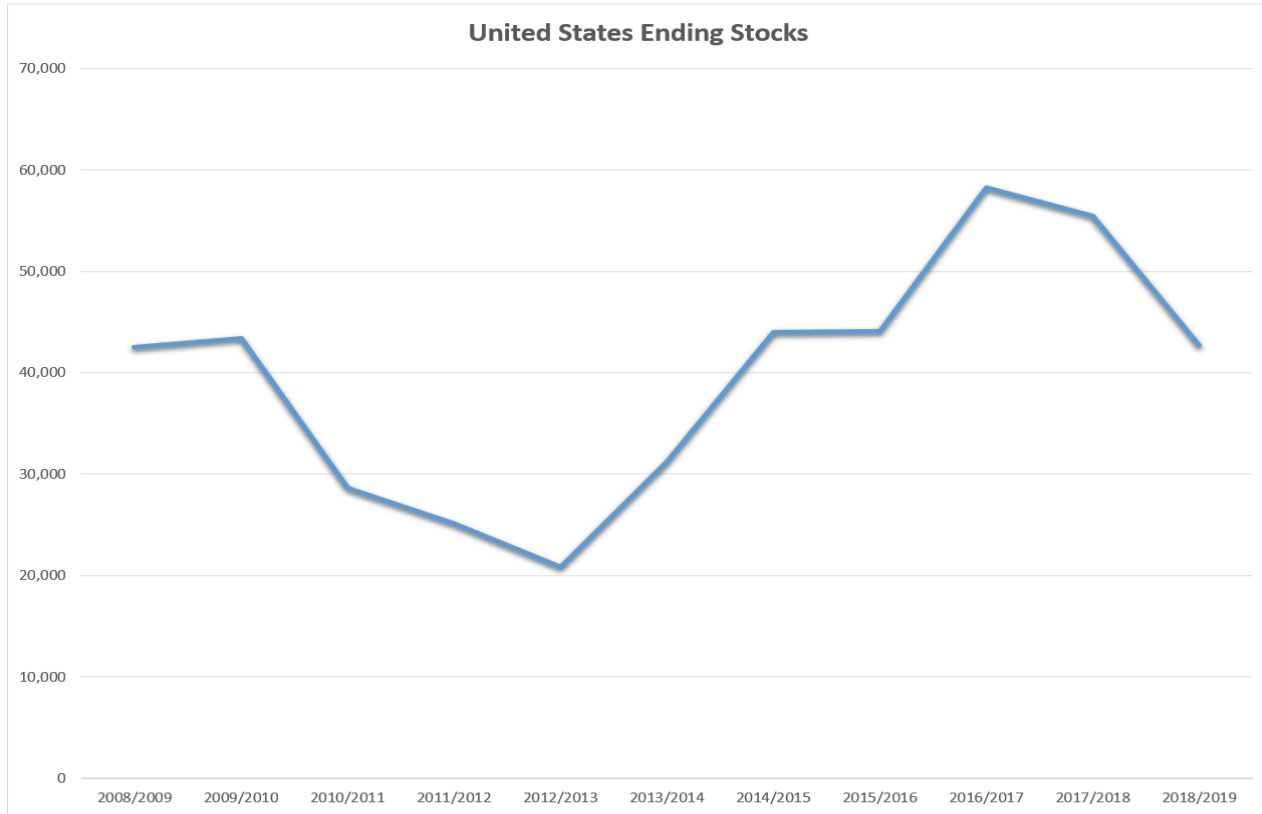
- Talk of inflation
 - Higher bond yields
 - Higher crude oil
- Weaker USD

US Corn Acreage



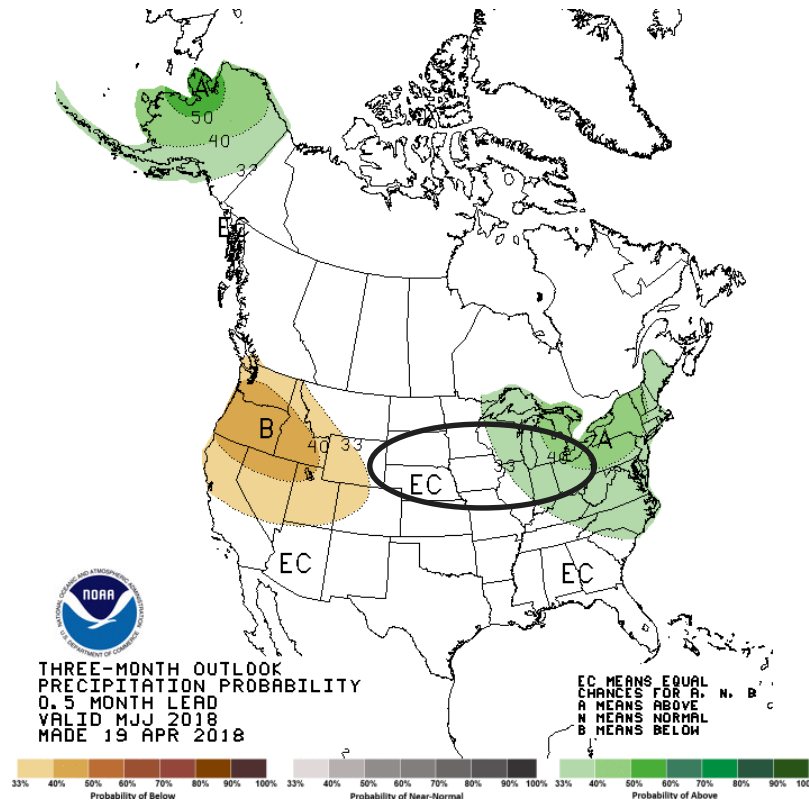
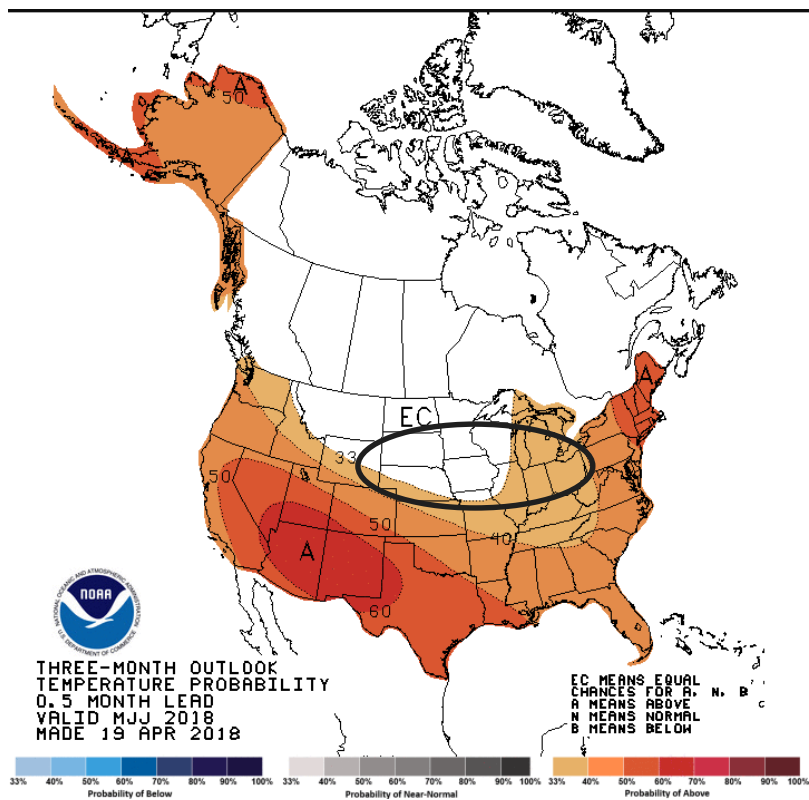
Source: NASS

US Corn Ending stocks



Source: USDA Foreign Agricultural Service

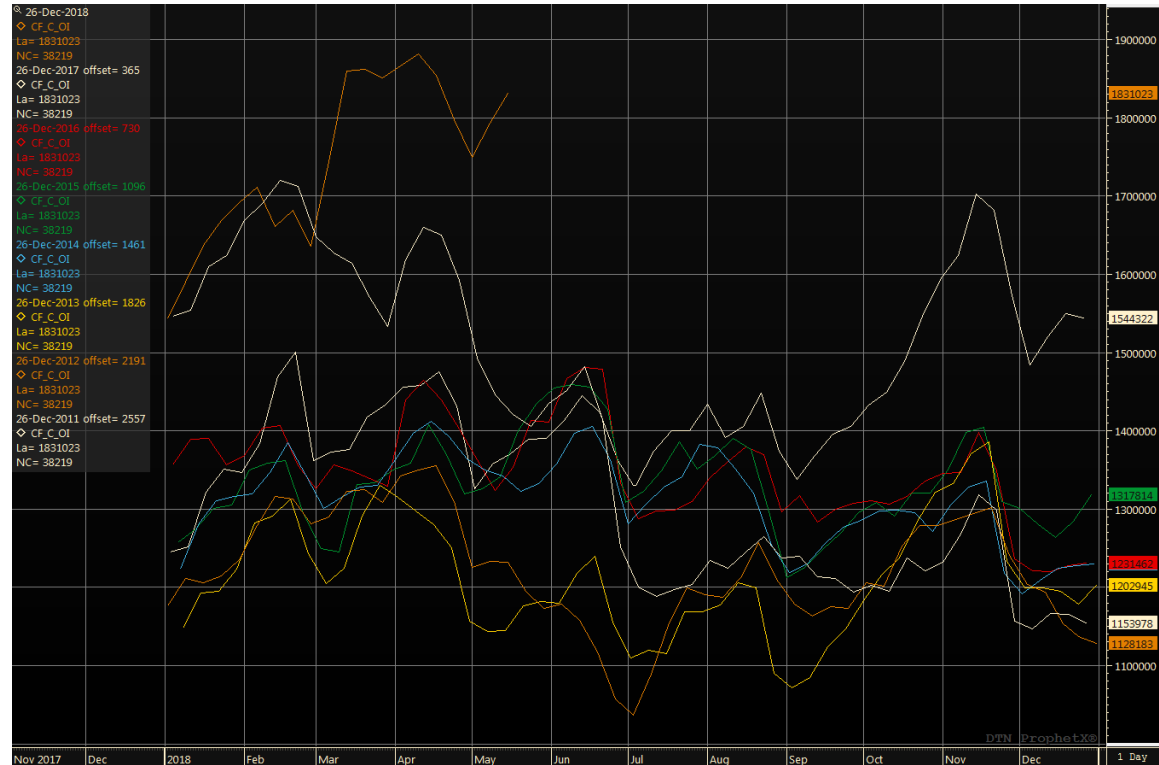
3 month temp and rain outlook



Source: NOAA

Corn market has never had more participants

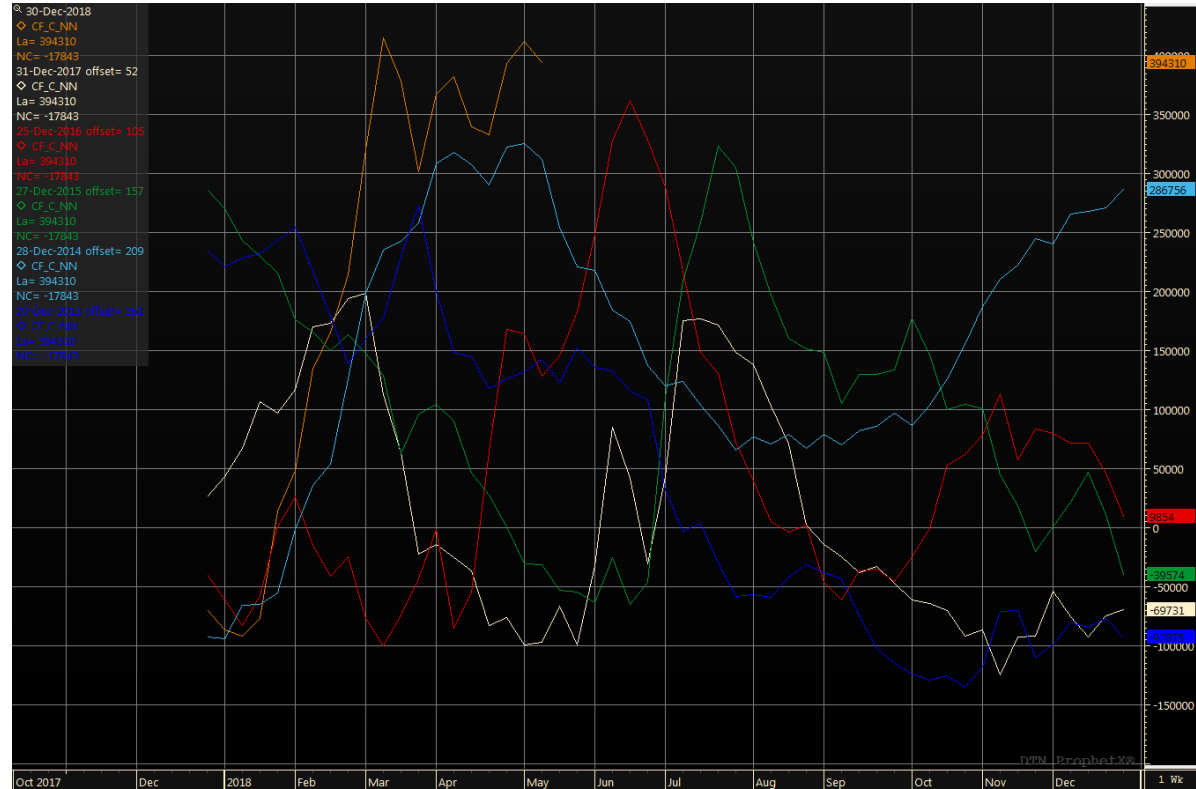
Corn open interest from 2011-Today



Source: DTN

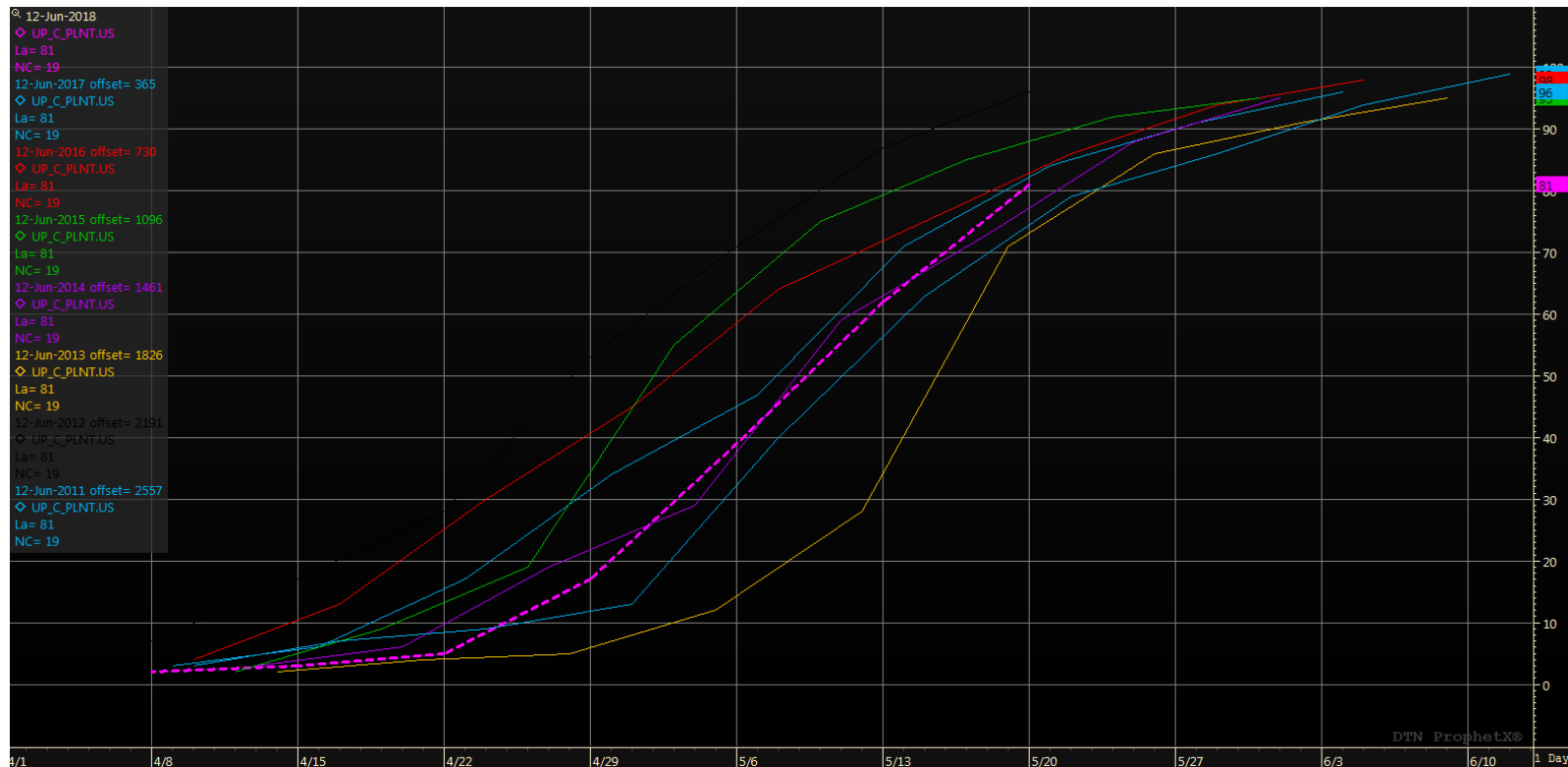
Non Commercial Positioning

- ▶ This includes speculators, index funds, swap dealers, anyone who isn't considered a "hedger"



Source: DTN

Planting



Source: DTN

Inflation and cost of raw materials



Green =
10 YR US
Note

Red =
Front
Month WTI

Yellow =
Front
Month
Corn

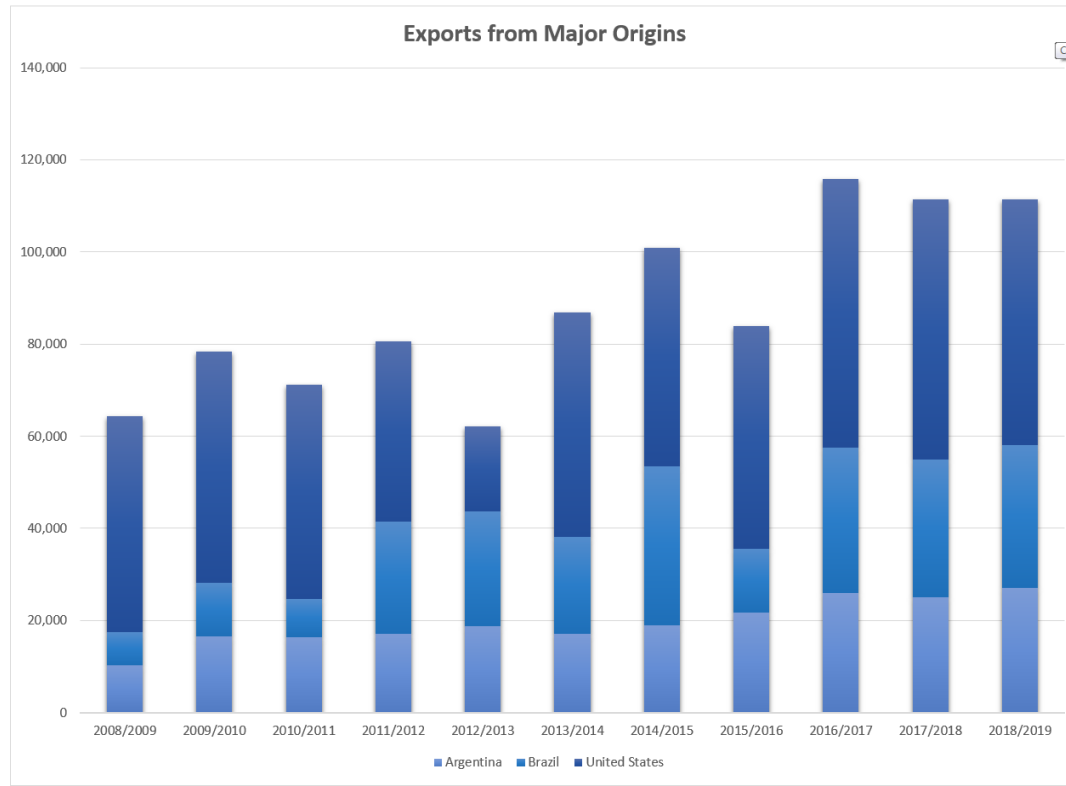
Source: DTN

Historical View of 10 year bonds and Corn



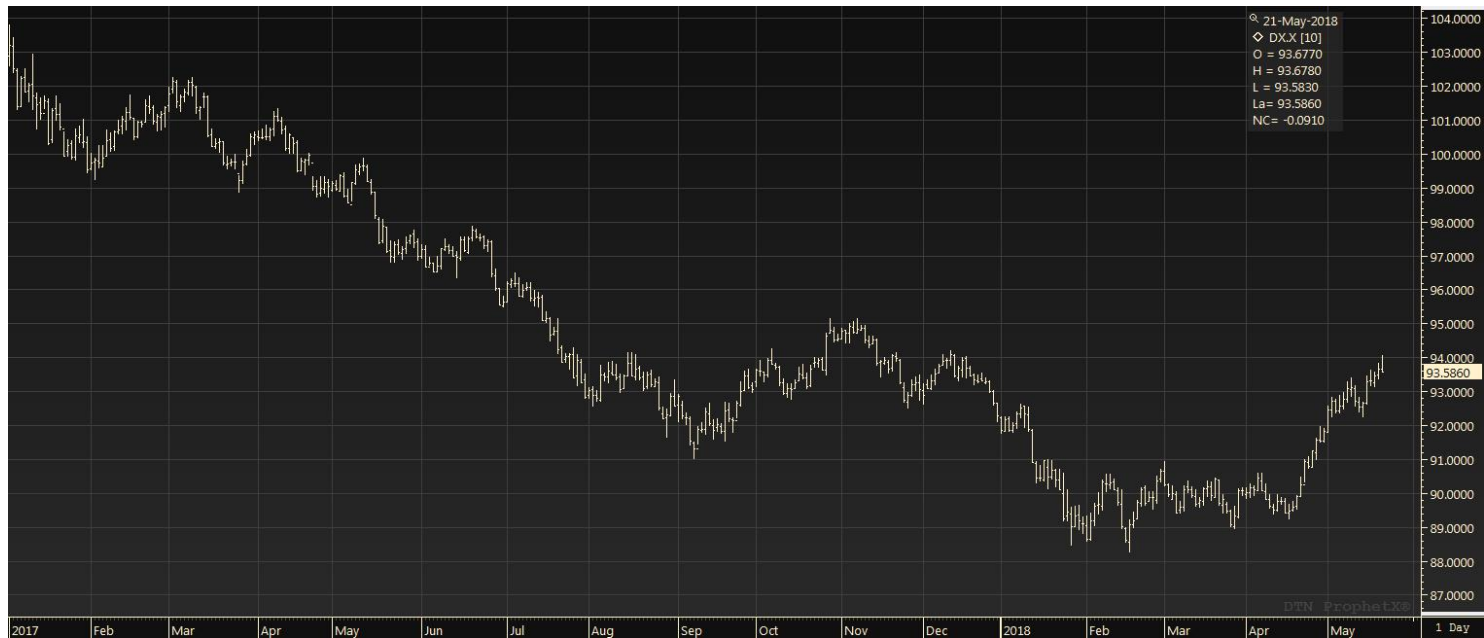
Source: DTN

Exports from Major Origins (Brazil, Argy + US)



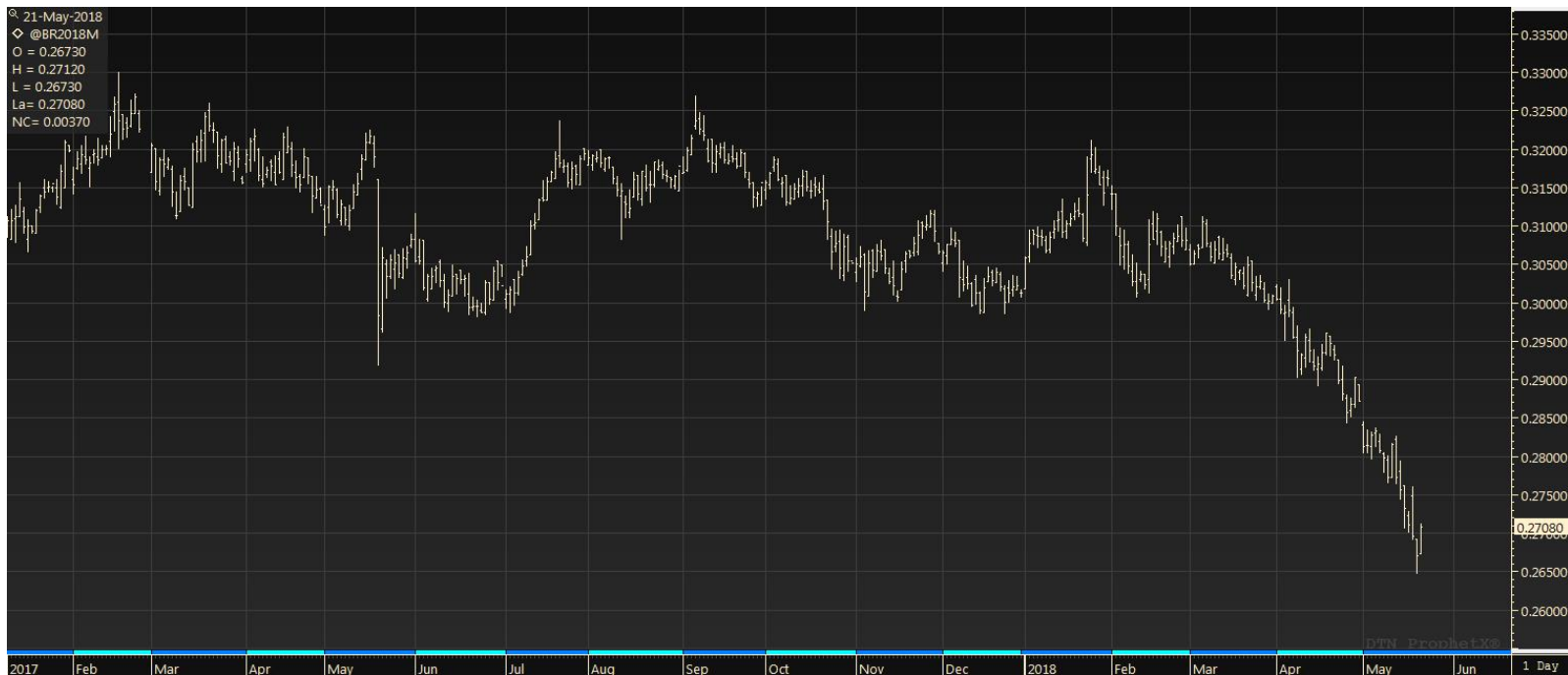
Source: USDA Foreign Agricultural Service

Weaker USD makes US Corn more competitive internationally



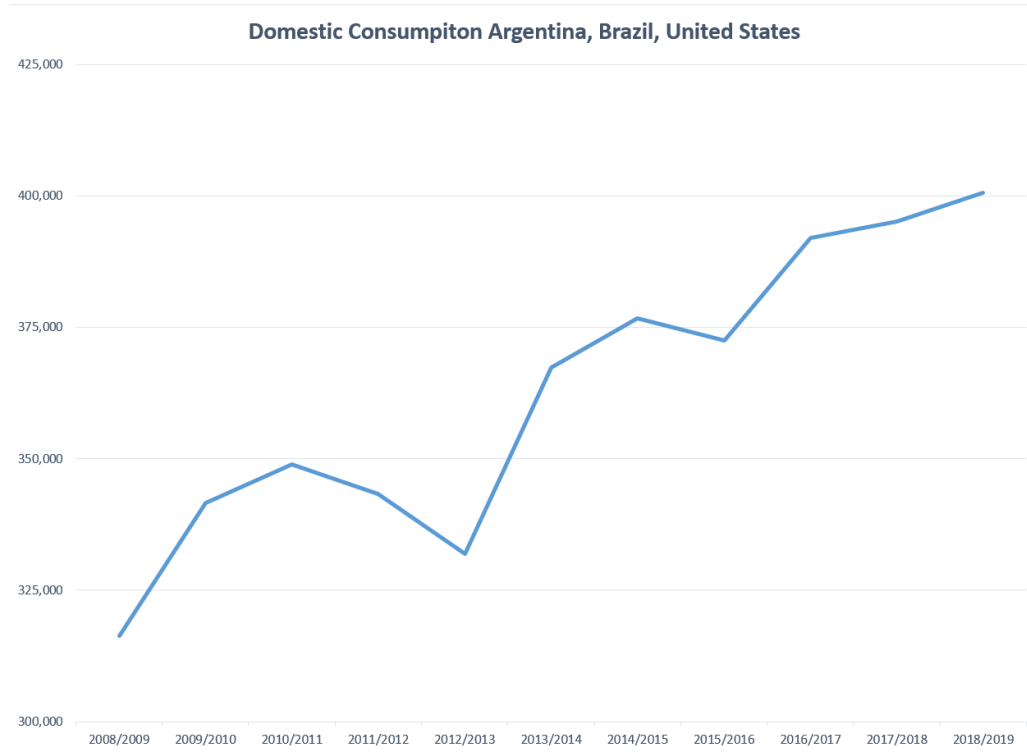
Source DTN

Brazilian Currency also very weak will drive farmer selling and export competitiveness



Source DTN

Domestic Consumption Major Origins

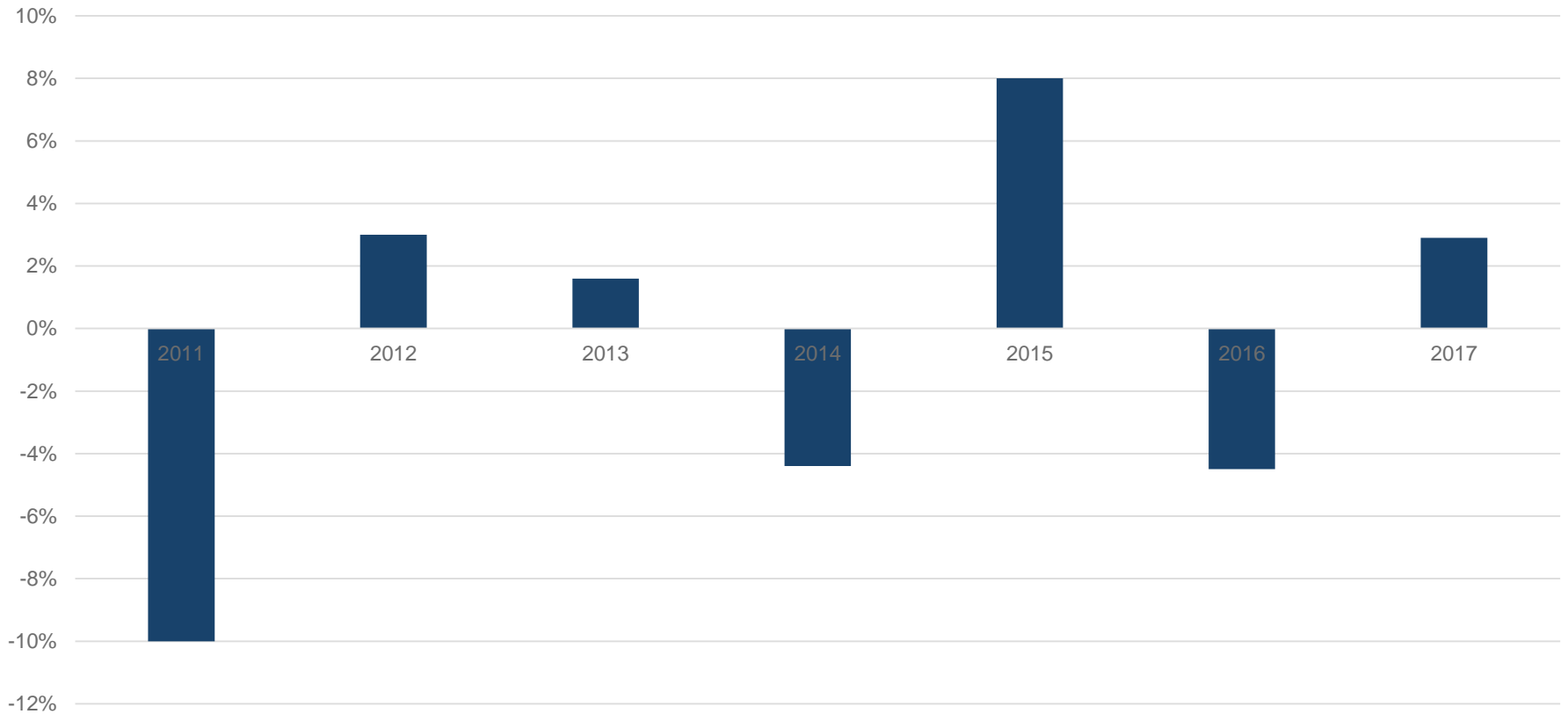


Source: USDA Foreign Agricultural Service

June Acreage/Stocks Report

- This report will dictate how market trades the corn market for remainder of year
- Will show number of acres planted and estimates for corn ending stocks
- Trade now has risk premium built into the market on heavy old crop stocks and potentially smaller new crop stocks

% Price change of Front Month Corn on June Stocks / Acres Report



Source DTN

Conclusion

- Corn market has entered a new price environment and has potential to have a much more competitive market
- Consumers have an enhanced risk to higher prices than last 3 years
- Work with your supplier to look at risk management solutions that can help manage exposure