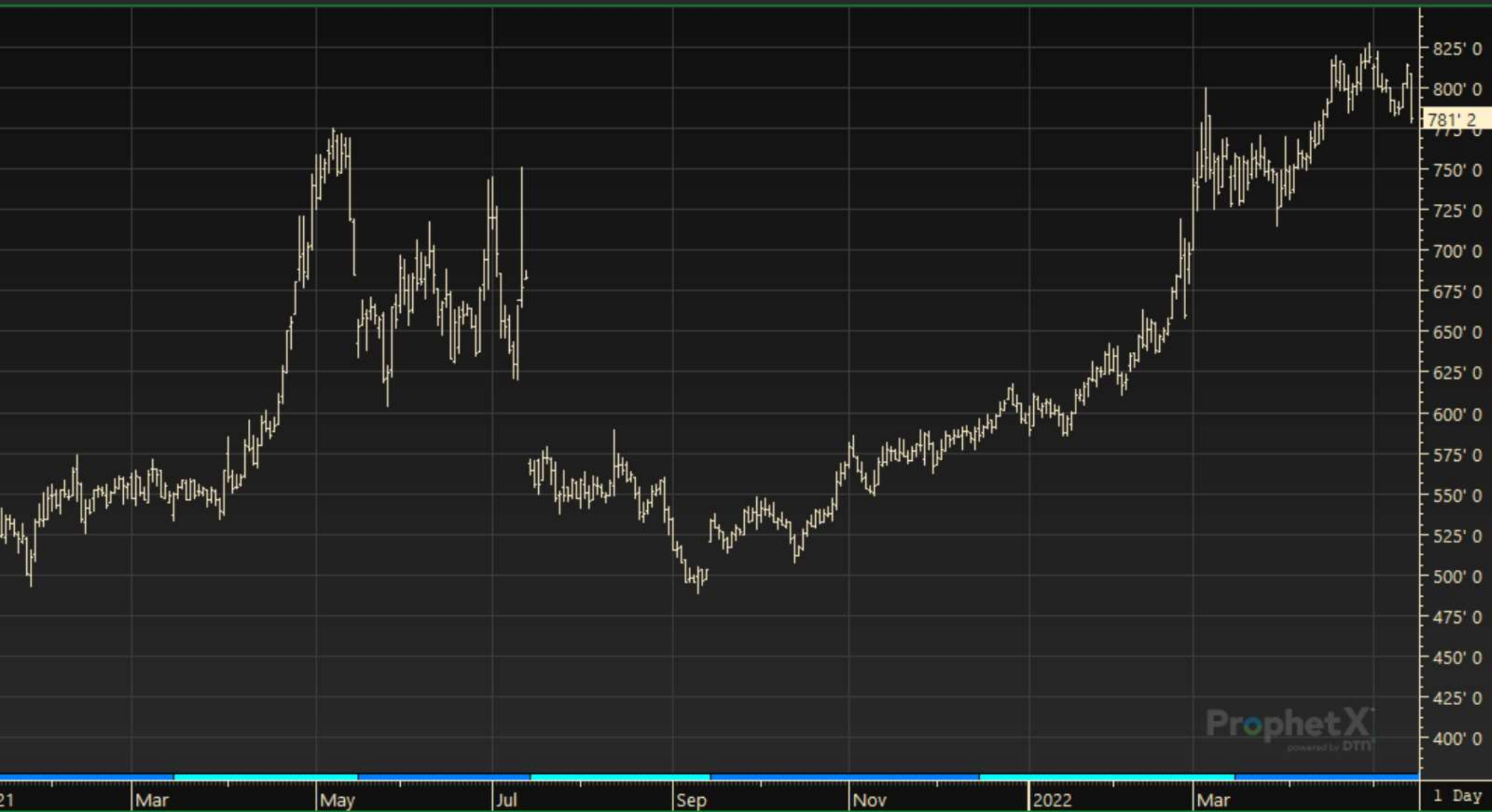
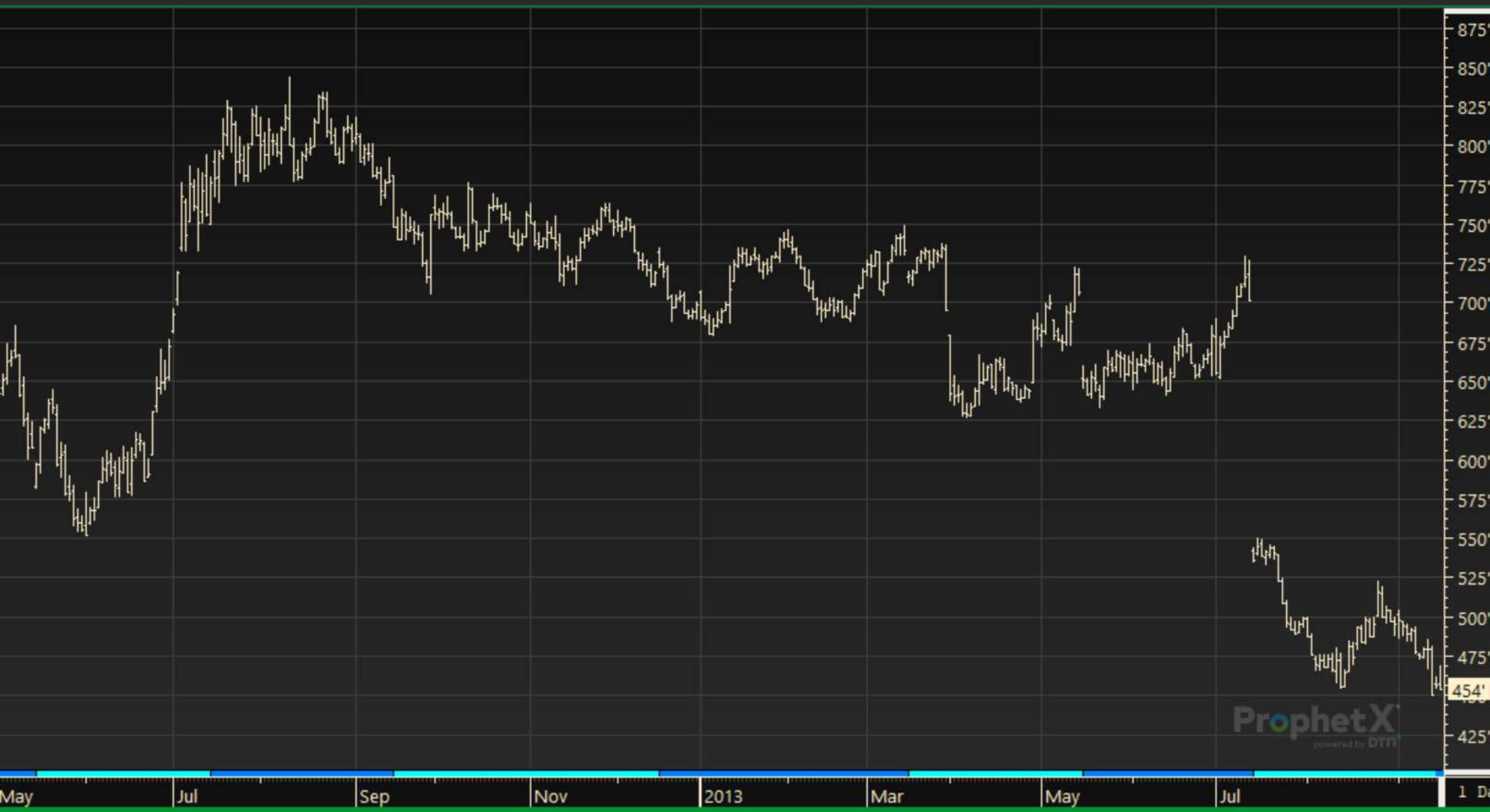


Navigating through Commodity Market Volatility

Gabe Conaghan – Bunge Milling





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Topics to cover

- A quick look back – how did we get here?
- Current market set up – what is happening now and the next few months?
- Managing all the noise – as price risk managers, what different market factors should we track? What works best for you?

How did we
get here?
From
beginning of
COVID to
now

- Commodity prices near 10 year lows in Q2 of 2020!
Economy and restaurants shut down
Corn demand slashed
Feeder margins dismal
Crude traded negative
Using coffee filters for TP

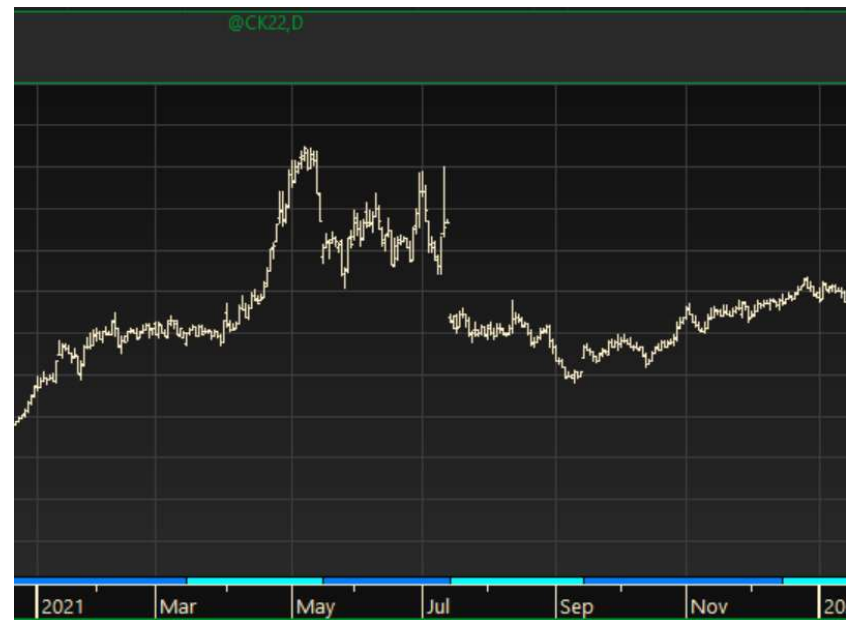
As Q3 rolled around a sleepy giant awoke.....

China corn
buying like
never
before!

- Beginning in Q3 of 2020 China began buying U.S new crop in style
- Domestic users of corn in the U.S all reacted differently, and each style had pros and cons
 - Hand to mouth crowd mindset:
 - Still in a pandemic so prices have to calm down
 - US crops are still robust
 - Forward coverage crowd mindset:
 - This is how I always buy and how I've planned
 - I don't normally buy like this but I'm in panic mode because China is buying it all and concerned about further upside

Balance of 2021 volatility

- The market watched as the Brazil Safrinha crop deteriorated, diverting more summer demand to the U.S.
- Prices rocketed up to 8-year highs
- U.S. had a very nice crop which moderated prices down into the low \$5's for a short period of time
- By the end of 2021 back above \$6



Current market factors

- War in Ukraine
- China demand
- US corn acreage much lower than most thought
- Planting pace is behind the 5 year average
- SA crops look promising
- Outside fund money invested in commodity space
- Inflation affecting consumer food buying decisions
- Gas prices / ethanol demand / renewable fuel pull for oilseeds / energy prices
- Mid-term elections - What short term decisions will be made that may affect prices?

May WASDE – What to consider

CORN				
		<i>Million Acres</i>		
Area Planted	90.7	93.4	NA	89.5 *
Area Harvested	82.3	85.4	NA	81.7 *
		<i>Bushels</i>		
Yield per Harvested Acre	171.4	177.0	NA	177.0 *
		<i>Million Bushels</i>		
Beginning Stocks	1,919	1,235	NA	1,440
Production	14,111	15,115	NA	14,460
Imports	24	25	NA	25
Supply, Total	16,055	16,375	NA	15,925
Feed and Residual	5,598	5,625	NA	5,350
Food, Seed & Industrial 2/	6,470	6,810	NA	6,815
Ethanol & by-products 3/	5,033	5,375	NA	5,375
Domestic, Total	12,068	12,435	NA	12,165
Exports	2,753	2,500	NA	2,400
Use, Total	14,821	14,935	NA	14,565
Ending Stocks	1,235	1,440	NA	1,360
Avg. Farm Price (\$/bu) 4/	4.53	5.90	NA	6.75

Some market components to consider when forming market opinion

- There are too many factors in the market to consider all the time, but focusing on a few important ones all the time helps keep it manageable
 - US specific supply and demand
 - World supply and demand
 - China news of all kinds
 - Weather in key growing origins (US, SA, China, Russia, Ukraine)
 - Other geopolitical news
 - Outside money investment flow (volume and timing)
 - Understanding crop cycles around the globe
 - Technical indicators to track – again too many to always track but choose a couple you like and test them out over time
 - What happened last year? Last 3 years? What happened last time market components were similar to now?

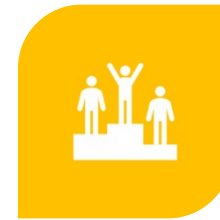
Forming your strategy



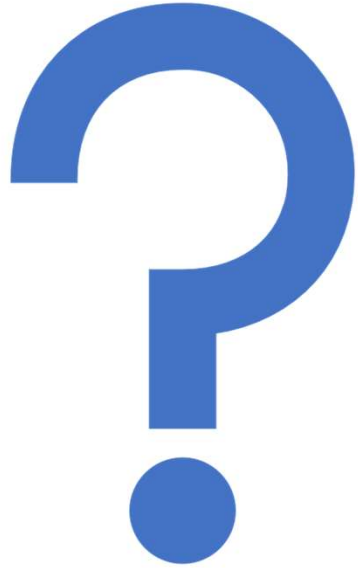
WHAT IS YOUR
GOAL?



DEVELOPING YOUR
PRICE RISK PLAN



WHAT IS SUCCESS?



QUESTIONS?