

RPowerD™ - 2019 Acreage shifts foretell huge corn crop

October 25, 2018

Informa Economics released survey results from their October 2019 intended acre survey. The huge decrease in bean acres and corresponding increases in the three other major crops foretell an abundance of corn on hand this time next year.

2019 Informa Planted Acres Estimates

(mln acres)	2019 est.	2018	Change	% Change
Corn	92.7	89.1	+3.6	3.9%
Soybeans	83.0	89.6	-6.6	-8.0%
Wheat	49.8	47.8	+2.0	4.0%
Cotton	14.5	14.04	+0.46	3.2%

One would look at the 6.6 million acre decrease in soybean plantings and assume we would have a steep down draw to 2019 soybean ending stocks, but economists are predicting reduced exports on soybeans will actually have us maintaining 2019 soybean ending stocks at close to 2018 levels of 885 million bushels or more depending on 2018 demand. South American farmers are expected to seriously increase soybean plantings, and are ahead of schedule to that end already, so world supplies are expected to grow overall.

Obviously with decreased bean acres weather can have a bigger impact on overall U.S. production which creates opportunity for rallies during the growing season and we might even see some effort to “buy acres” in the spring of 2019. For beans RPowerD opportunities include locking out the bottom side price risk by “opting-in” to Market Price with November 2019 beans over \$9.00 along with using the June, July, and August Alternative Price Discovery intervals using a \$1.50 price movement limit.

FAPRI Marketing Year Average Soybean Price Estimates (published before tariffs where imposed)								
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	9.47	9.35	8.73	8.95	9.29	9.39	9.23	9.14
Illinois processor price	9.77	9.55	8.96	9.18	9.52	9.61	9.45	9.37
Loan rate	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Reference price	8.40	8.40	8.40	8.40	8.40	8.40	8.40	8.40

We have December 2019 corn futures over \$4.00 and have seen recent run ups to \$4.08. These prices, as discussed in the last [RPG](#), are at or close to levels that cover costs on insured acres. For corn, RPowerD opportunities include locking out the bottom side price risk and covering costs by “opting-in” to Market Price with December 2019 corn over \$4.05 along with using the May, June, and July Alternative Price Discovery intervals using a \$0.70 price movement limit.

Cotton crops were devastated in parts of the growing region by the recent hurricane, but price action has failed to elevate 2019 futures back to the \$0.81+ levels seen last summer on 2019 cotton. For cotton, December 2019 futures are at \$0.7742. RPowerD opportunities include locking out the bottom side price risk by “opting-in” to Market Price with December 2019 cotton over \$0.78 along with using the May, June, and July Alternative Price Discovery intervals using a \$0.10 price movement limit.

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

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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