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# 2022 Outlook

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PROGRESSIVE AG

# Progressive Ag Marketing / Pro Ag Systems

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Full Service Brokerage & Market Advisory Service

Brokerage staff with farm, ranch & industry backgrounds

Crop Insurance staff with in house underwriters

Located in Fargo, ND

We rarely believe in selling under the spring price guarantee— the government establishes a floor or a put option with your crop insurance

Opportunities generally come on spring / summer rally but 2020 was exception to every rule

# Jan'20: 8 Reasons to get Bullish

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1. China Trade Deal: Get back 10 million acres business (\$5B), add another 10 million acres along with wheat, corn, and meat sales if honored
2. Other Trade Deals: Japan, USMCA (Mexico, Canada), UK Expected, EU???
3. Breakout of 6 year corn bottom opens upside
4. Soybean upside monthly reversal in May19; CBOT wheat uptrend
5. Dwindling Supplies: Poor 2019 US corn, soy crop (20 mln PP acres, -5% trend yield)
6. 10-20 million acres PP in 2020 with adverse spring???

# 2021: Things will continue to improve

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1. China Trade Deal: Get back 10 million acres business (\$5B), add another 10 million acres along with wheat, corn, and meat sales if honored
2. Other Trade Deals: Japan, USMCA (Mexico, Canada), UK Expected, EU???
3. Breakout of 6 year corn bottom opens upside
4. Soybean upside monthly reversal in May19; CBOT wheat uptrend
5. Dwindling supplies, Canola, Oats, Spring Wheat, Dry Beans most acute
- \*\*\*6. Confirmation of Long Term Uptrends Beginning in 2020

# 2022: Top of the Hill???

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Historic rally the past 2 years:

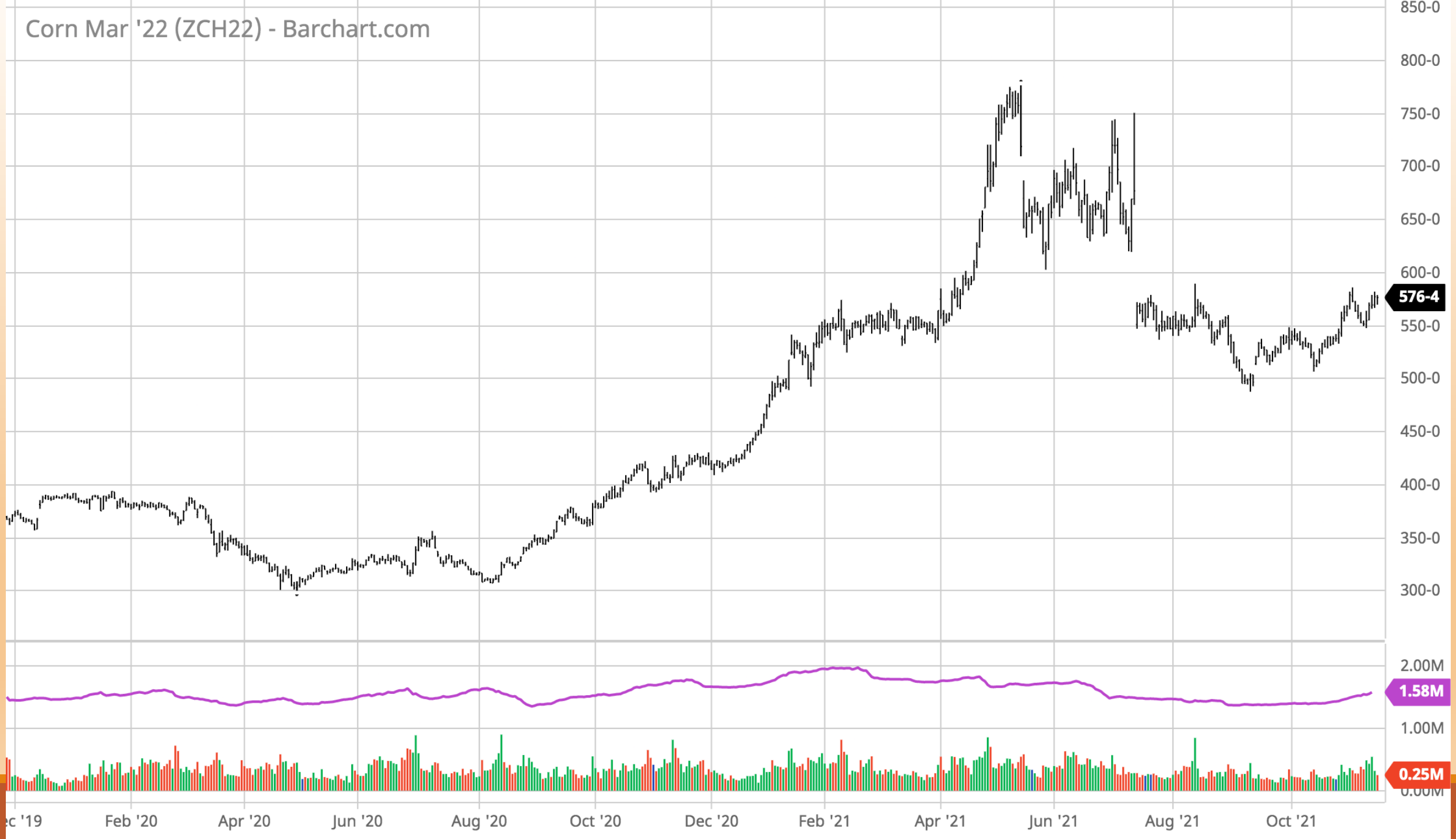
- 1) New 6000 year highs in oats, canola
- 2) 9 year highs in wheat, corn, soybeans (Sept12)
- 3) 10 yr highs in HRS wheat (June11; higher in 2008)
- 4) Corn and soybeans matched the 2008 highs (higher only in 2012)
- 5) Can LaNina Pattern continue?
- 6) What will EPA do RE: Biofuel Policy?

Are we near the end of the multi-year rally???

Contract Name	YTD %Chg
Oats (Mar '22)	+123.11%
Ether Futures (Dec '21)	+100.35%
Canola (Mar '22)	+81.13%
Coffee (Mar '22)	+80.37%
Spring Wheat (Mar '22)	+61.38%
Lumber (Jan '22)	+57.52%
Bitcoin Futures (Dec '21)	+53.19%
Ethanol Futures (Jan '22)	+49.44%
Soybean Oil (Jan '22)	+48.16%
Gasoline RBOB (Jan '22)	+47.99%
Crude Oil WTI (Jan '22)	+42.62%
Cotton #2 (Mar '22)	+41.70%
Crude Oil Brent (F) (Feb '22)	+41.57%
ULSD NY Harbor (Jan '22)	+39.10%
Sugar #16 (Mar '22)	+36.66%
Sugar #11 (Mar '22)	+33.08%
Corn (Mar '22)	+30.95%
Hard Red Wheat (Mar '22)	+30.32%
Natural Gas (Jan '22)	+24.18%
Wheat (Mar '22)	+23.19%
S&P 500 E-Mini (Dec '21)	+22.79%
High Grade Copper (Mar '22)	+22.13%
Nasdaq 100 E-Mini (Dec '21)	+21.88%
Nonfat Dry Milk (Dec '21)	+20.37%
S&P Midcap E-Mini (Dec '21)	+17.52%
Rough Rice (Jan '22)	+16.72%
Dow Futures Mini (Dec '21)	+15.97%
Lean Hogs (Feb '22)	+15.27%
Live Cattle (Feb '22)	+14.22%

<b>CORN</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020 -21</b>	<b>2021-22*</b>
Planted Acres	88.0	94.0	90.2	88.9	89.7	90.7	93.3
Harvested Acres	80.8	86.7	82.7	81.3	81.3	82.3	85.1
Yield	168.4	174.6	176.6	176.4	167.5	171.4	177.0
Beginning Stocks	1731	1737	2293	2140	2221	1919	1236
Production	13602	15148	14609	14340	13620	14111	15062
Imports	67	57	36	28	42	24	25
<b>Total Supply</b>	<b>15401</b>	<b>16942</b>	<b>16939</b>	<b>16509</b>	<b>15883</b>	<b>16055</b>	<b>16323</b>
Feed / Residual	5131	5463	5304	5429	5900	5601	5650
Food/Seed/Ind	6635	6891	7057	6793	6286	6465	6680
Ethanol	5206	5439	5605	5378	4857	5028	5250
Domestic Use	11766	12354	12361	12222	12186	12066	12330
Exports	1898	2293	2438	2066	1777	2753	2500
<b>Total Use</b>	<b>13664</b>	<b>14647</b>	<b>14798</b>	<b>14288</b>	<b>13963</b>	<b>14819</b>	<b>14830</b>
Ending Stocks	1737	2295	2140	2221	1919	1236	1493

# Corn Mar '22 (ZCH22) - Barchart.com

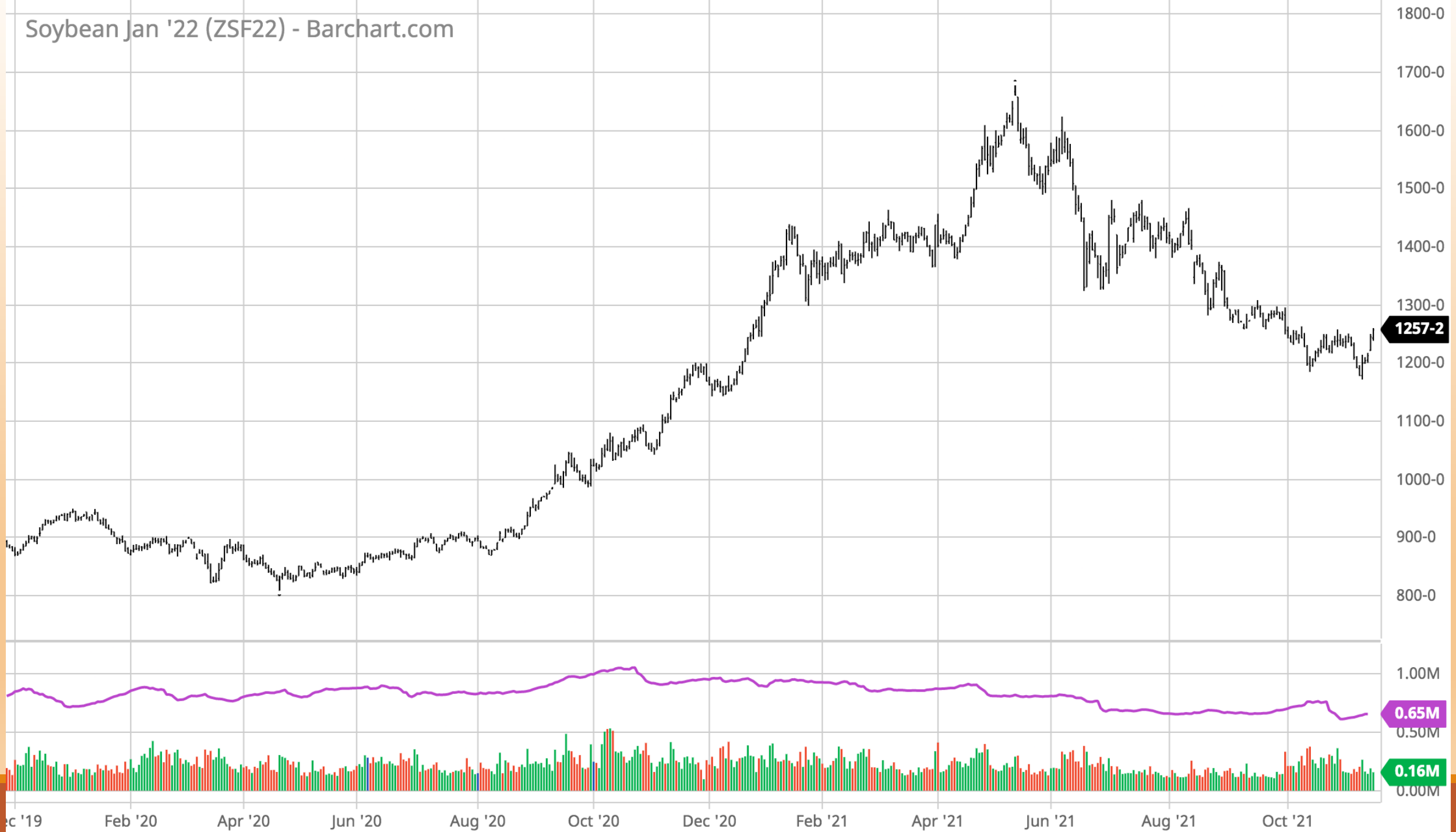




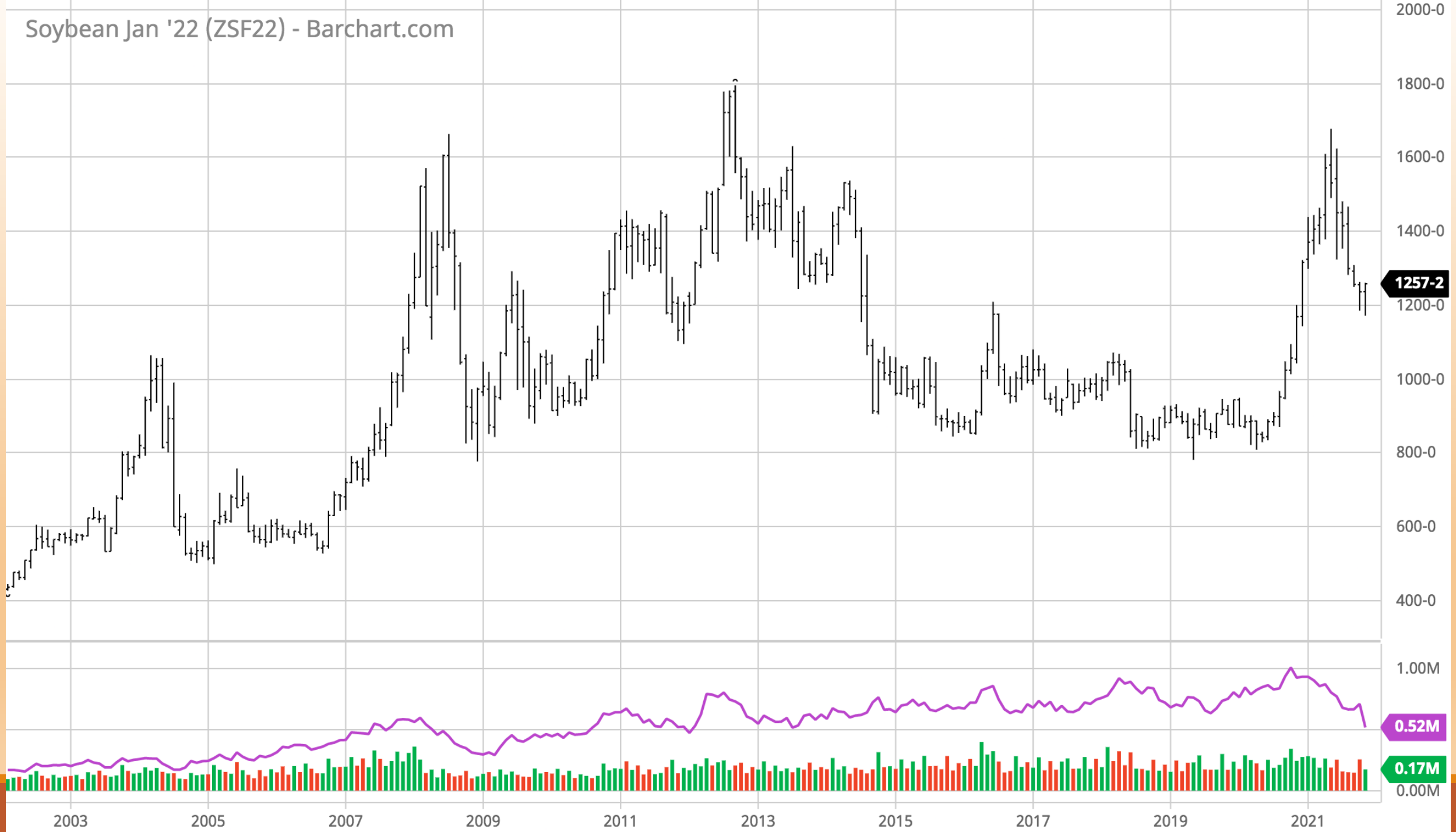


<b>SOYBEANS</b>	<b>2015-16</b>	<b>2016- 17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22*</b>
Planted Acres	82.7	83.4	90.2	89.2	76.1	83.4	87.2
Harvested Acres	81.7	82.7	89.5	87.6	74.9	82.6	86.4
Yield	48	52	49.3	50.6	47.4	51.0	51.2
Beginning Stocks	191	197	302	438	909	525	256
Production	3926	4296	4412	4428	3552	4216	4425
Imports	24	22	22	14	15	20	15
<b>Total Supply</b>	<b>4140</b>	<b>4515</b>	<b>4735</b>	<b>4880</b>	<b>4476</b>	<b>4761</b>	<b>4696</b>
Crush	1886	1899	2055	2092	2165	2141	2190
Exports	1936	2174	2134	1752	1679	2265	2050
Seed	97	105	104	88	97	101	102
Residual	25	36	5	39	11	-3	15
<b>Total Use</b>	<b>3944</b>	<b>4214</b>	<b>4297</b>	<b>3971</b>	<b>3952</b>	<b>4505</b>	<b>4356</b>
Ending Stocks	197	301	438	909	525	256	340

Soybean Jan '22 (ZSF22) - Barchart.com

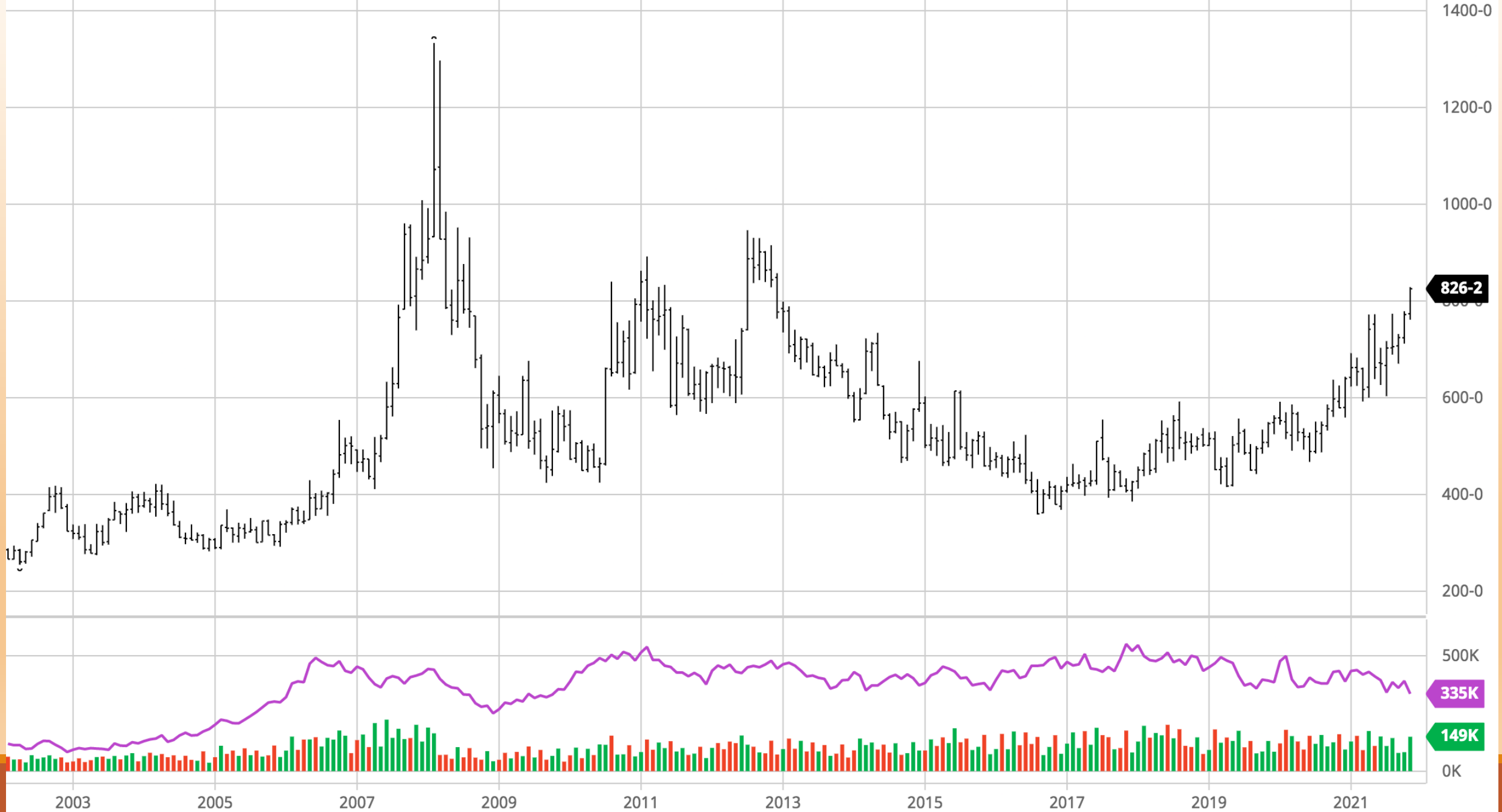


Soybean Jan '22 (ZSF22) - Barchart.com



WHEAT	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*
Planted Acres	55	50.1	46.1	47.8	45.5	44.5	46.7
Harvested Acres	47.3	43.9	37.6	39.6	37.4	36.8	37.2
Yield	43.6	52.6	46.4	47.6	51.7	49.7	44.3
Beginning Stocks	752	976	1181	1099	1080	1028	845
Production	2062	2309	1741	1885	1932	1828	1646
Imports	113	118	158	135	104	100	115
<b>Total Supply</b>	<b>2927</b>	<b>3402</b>	<b>3080</b>	<b>3119</b>	<b>3116</b>	<b>2957</b>	<b>2606</b>
Food	957	949	964	954	962	961	962
Seed	67	61	63	59	60	64	66
Feed/Residual	152	156	47	88	97	95	135
Domestic Use	1177	1167	1075	1102	1118	1120	1163
Exports	775	1055	906	937	969	992	860
<b>Total Use</b>	<b>1952</b>	<b>2222</b>	<b>1981</b>	<b>2039</b>	<b>2087</b>	<b>2111</b>	<b>2023</b>
Ending Stocks	976	1181	1099	1080	1028	845	583

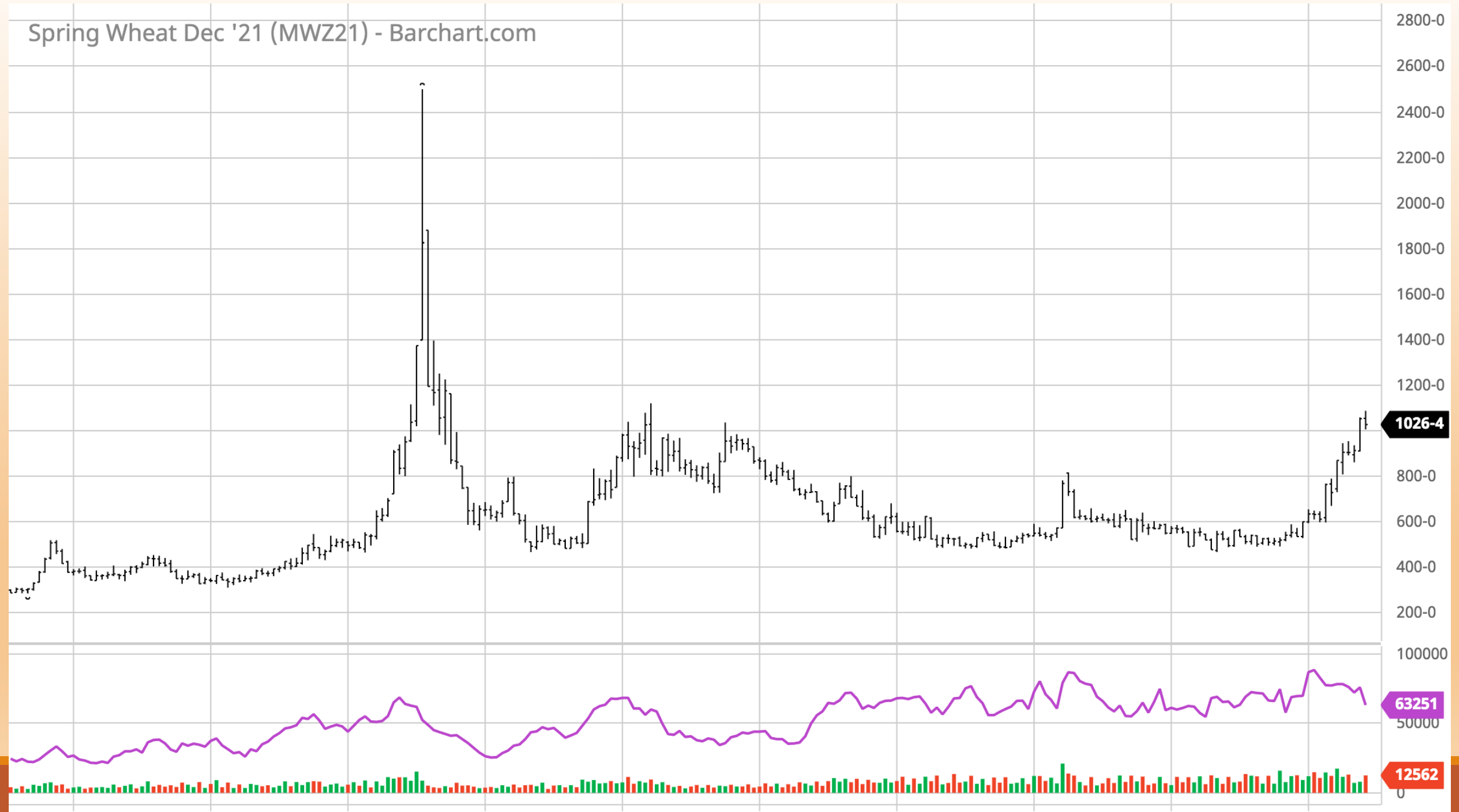
# Wheat Dec '21 (ZWZ21) - Barchart.com



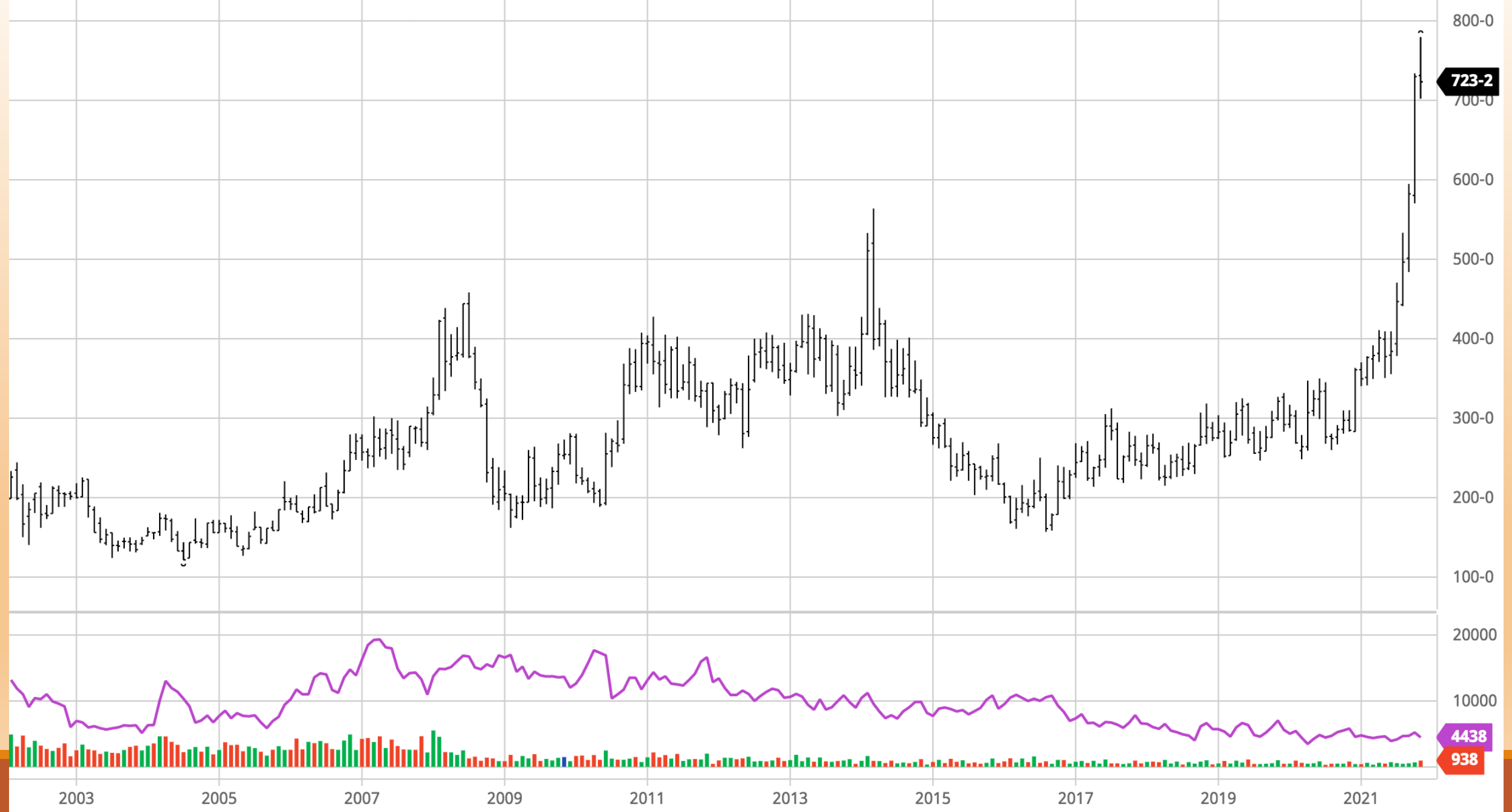
# Spring Wheat Dec '21 (MWZ21) - Barchart.com



# Spring Wheat Dec '21 (MWZ21) - Barchart.com







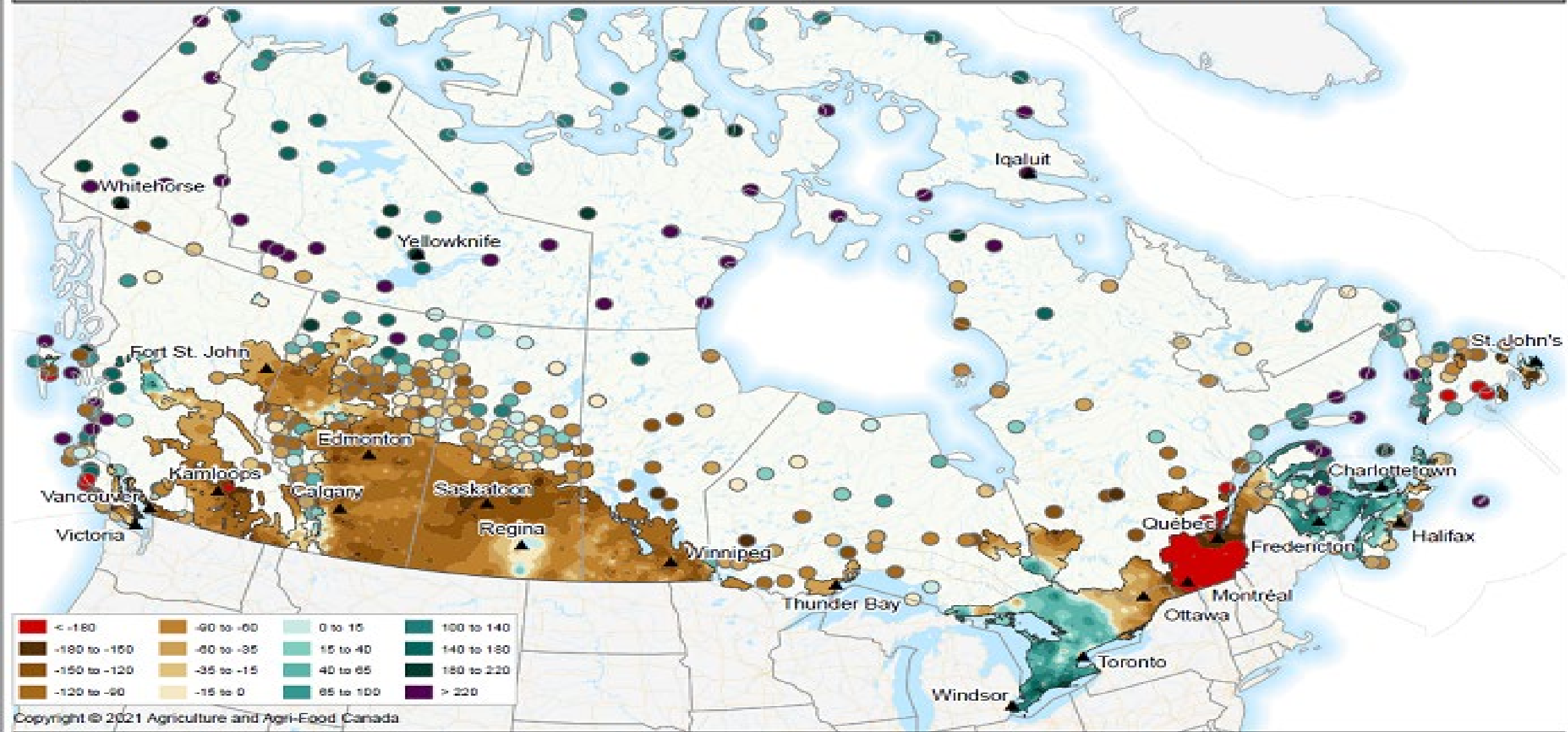
# Canola Nov '22 (RSX22) - Barchart.com





# Departure From Average Precipitation (mm)

April 1, 2021 to October 11, 2021



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Created: 2021-10-12  
[www.agr.gc.ca/drought](http://www.agr.gc.ca/drought)

# Canola “Behavior”

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All Time Record High Price \$1,065.80/MT CAD- \$38.97 delivery / \$36.23 Jan

March 2022 High \$1,019.00/MT - 11/29 - \$36.20 US conversion

Nov 2022 High \$840.50/MT - 11/17 - \$30.18 US conversion

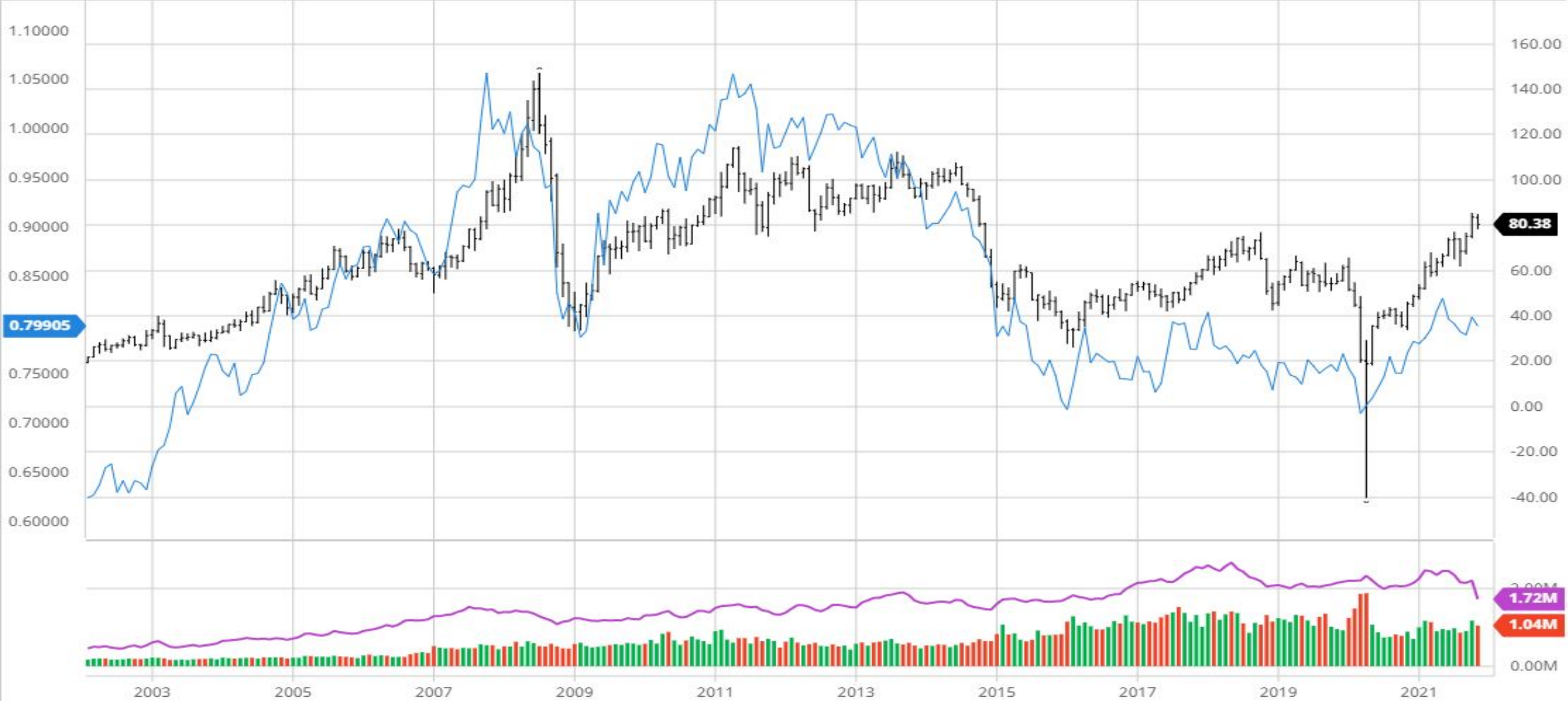
Terminals have rolled historically early to avoid the big margin call

- December of 2020 rolling to March

- November of 2021 rolling to March

Pay attention to Canadian Dollar Exchange values

# Crude Oil to Canadian Dollar



<b>Canola</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021*</b>
Harvested Acres	20,419,200	22,914,300	22,535,200	20,895,900	20,558,700	22,300,000
Yield	42.3	41.3	40.6	41.4	40.1	25.0
Beginning Stocks	2,090,800	1,341,700	2,635,700	4,434,800	3,434,600	1,757,000
Production	19,599,200	21,458,100	20,723,500	19,912,300	19,484,700	12,595,000
Imports	94,500	108,000	146,500	155,000	125,100	100,000
<b>Total Supply</b>	21,784,500	22,907,800	23,505,700	24,502,100	23,044,400	14,452,000
Exports	11,016,400	10,782,900	9,202,000	10,039,700	10,517,400	7 million
Domestic Crush	9,191,400	9,269,200	9,295,400	10,129,000	10,424,800	7 million
Feed/Seed/Waste	235,000	220,100	573,500	898,800	345,200	200,000
Ending Stocks	1,341,700	2,635,700	4,434,800	3,434,600	1,757,000	200,000
<b>Stocks/Use Ratio</b>	<b>6.0%</b>	12.0%	19.0%	14.0%	<b>8.0%</b>	<b>0.00%</b>
Avg Price/MT CAD	\$534.07	\$562.83	\$564.95	\$517.28	\$532.95	\$740.64

# Canola Hedging 2022/2023

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2022 November \$840.50/MT high on 11/17 \$740.00 support

2023 November \$811.50/MT high on 11/18 (limited volume)

1 contract = 20 MT or 881.84 bushels

881.84 x 50lbs. = 44,092lbs. per contract

Short Hedging 1 million pounds / 44,092 = 22.68 contracts required at \$1,000 margin per

Drop from \$840.00 to \$790.00 = \$50/MT / 22.04 = \$2.2686 x 44,092 = \$1,000.27 per contract

\$50/MT move = 22 contracts x 1,000.27 = \$22,005.94 Hedge Gain

# RSX22 - Canola - Daily OHLC Chart

Op: 768.00, Hi: 768.00, Lo: 757.40, Cl: 764.60



© Barchart.com

Vol: 101    Open Interest: 16,513





# RSX23 - Canola - Daily OHLC Chart

Op: 741.20, Hi: 741.20, Lo: 741.20, Cl: 741.20

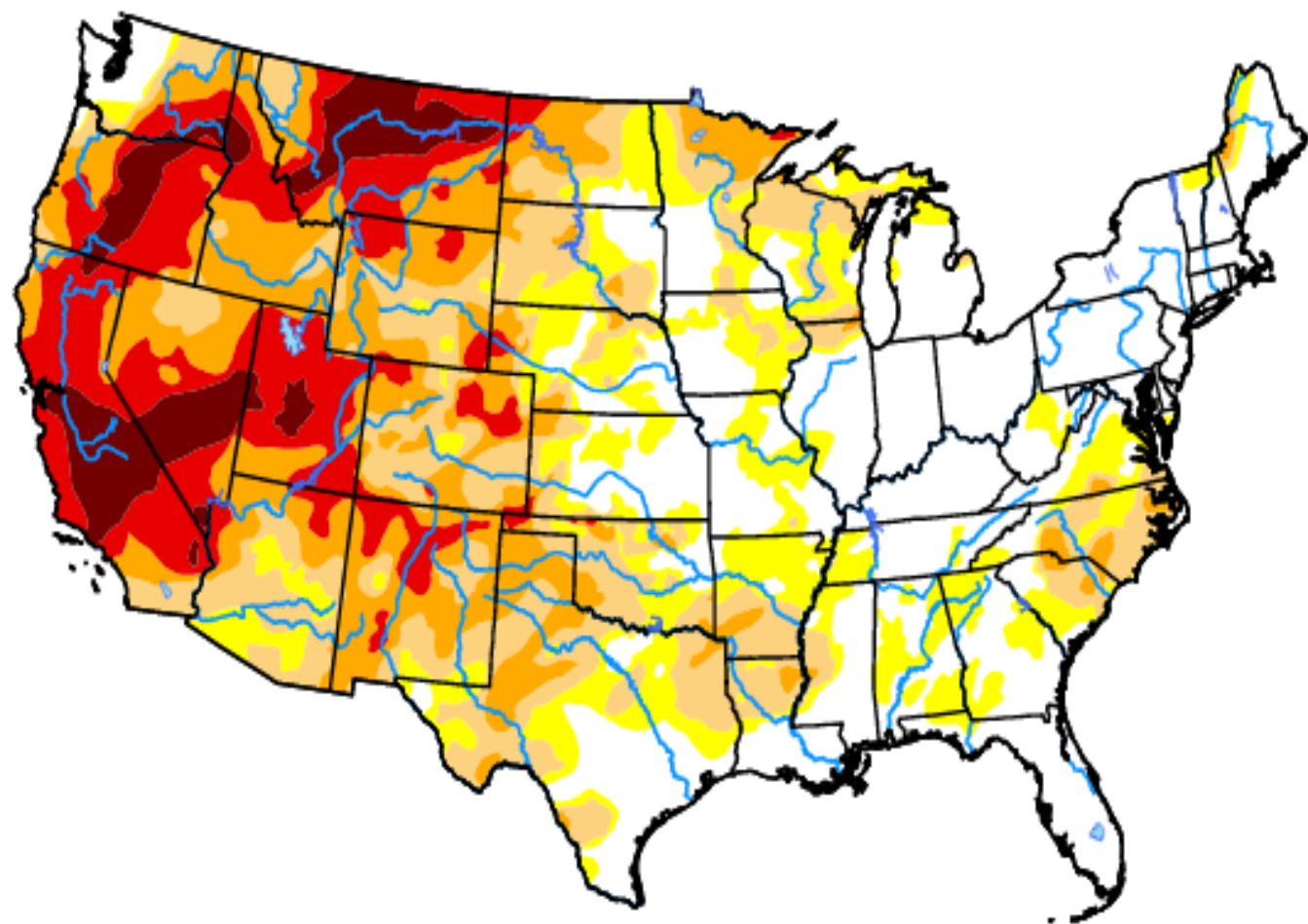


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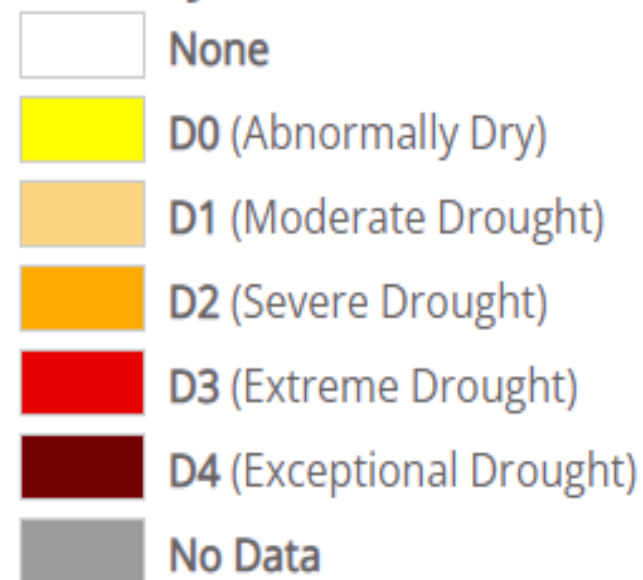
Vol: 0.0 Open Interest: 0

**Map released: Thurs. December 2,  
2021**

**Data valid: November 30, 2021 at 7 a.m. EST**



### Intensity



### Authors

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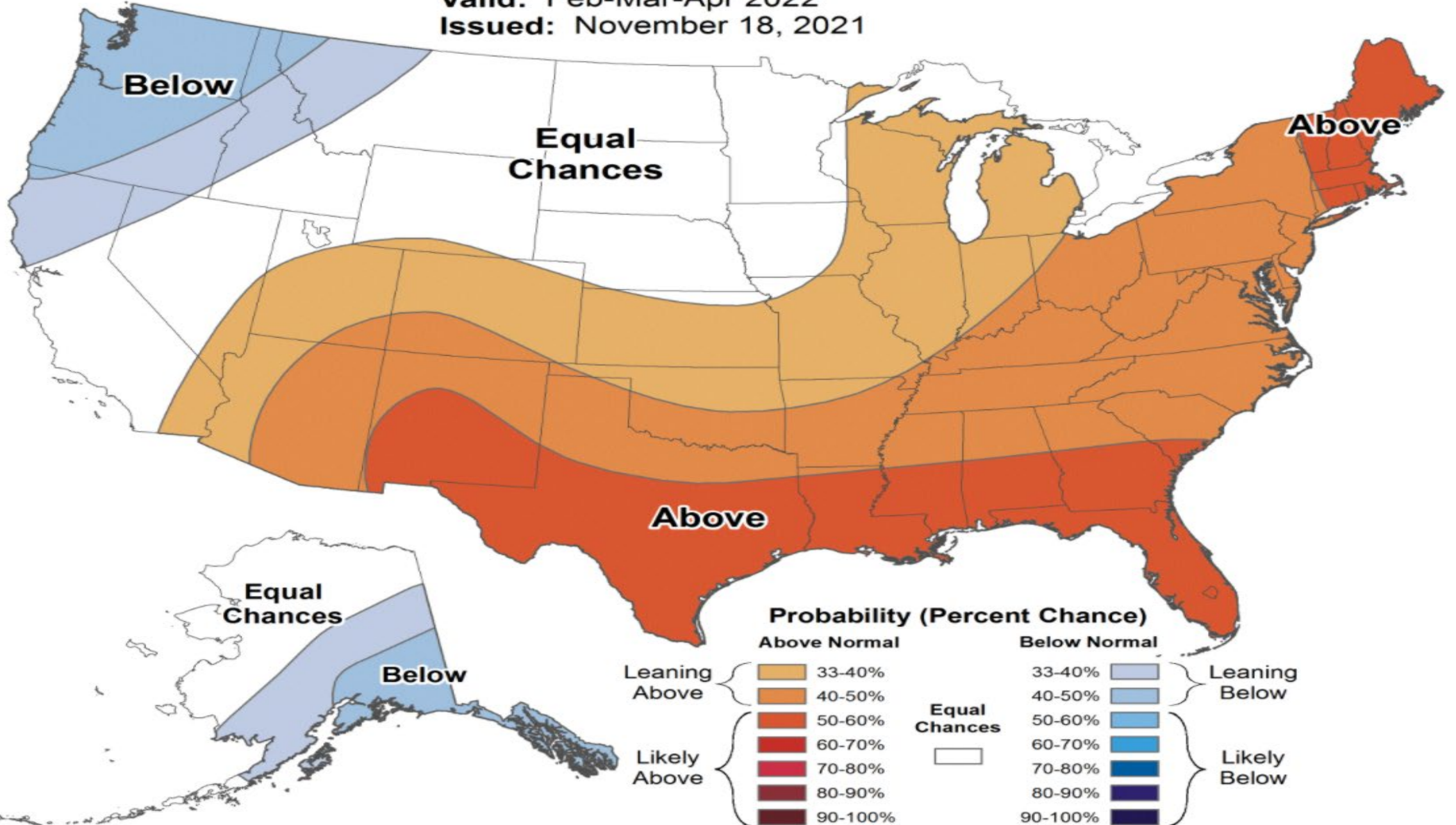


# Seasonal Temperature Outlook



Valid: Feb-Mar-Apr 2022

Issued: November 18, 2021



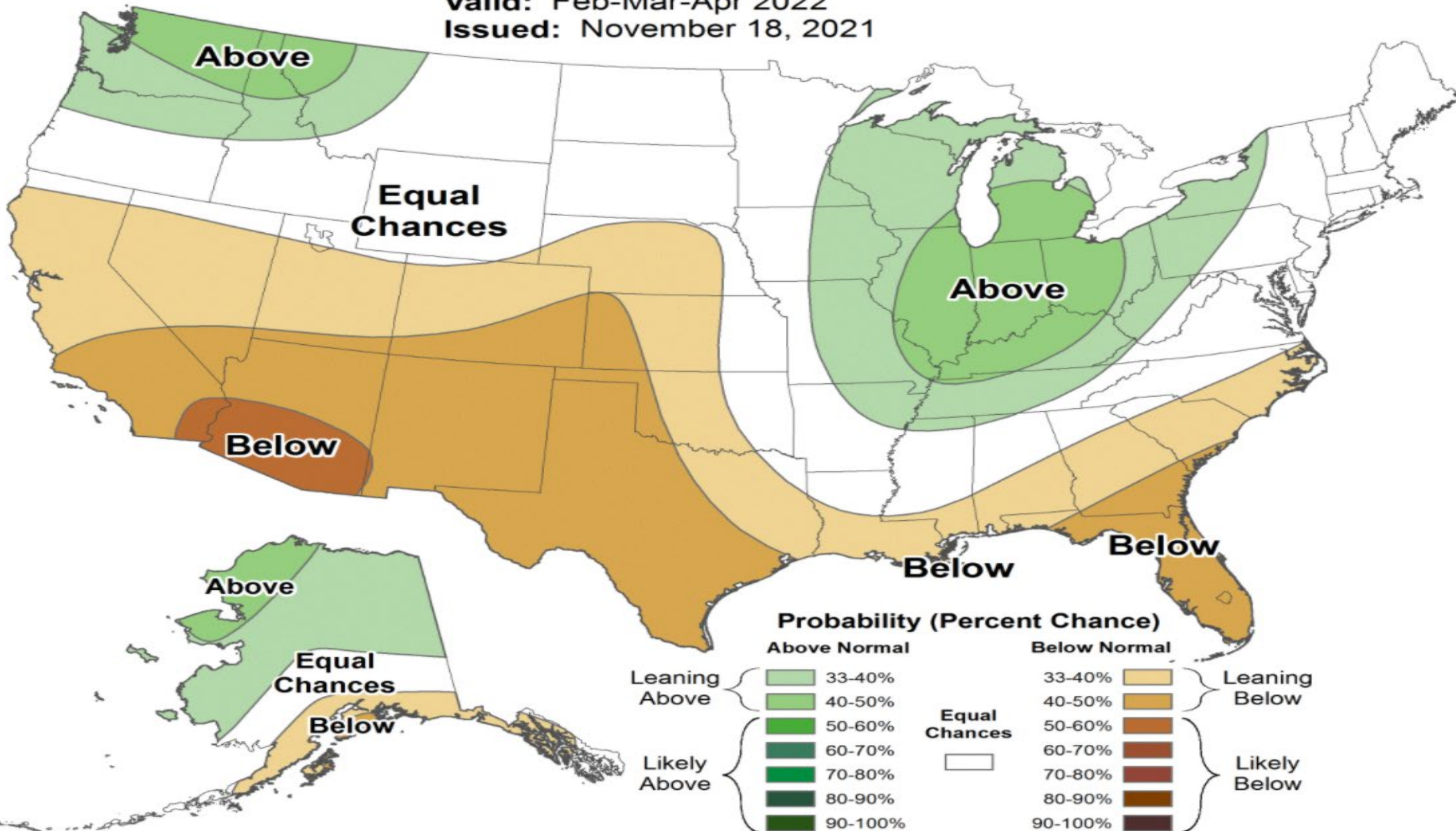


# Seasonal Precipitation Outlook



Valid: Feb-Mar-Apr 2022

Issued: November 18, 2021



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# Questions???

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