FIRST FARMERS BANK & TRUST AG SUMMIT

MARKET OUTLOOK & ARC PLC CONSIDERATIONS

Danny Pfoff

Cody Dust

SFM Strategic Farm Marketing & Crop Insurance

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Strategic Farm Futures

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SFM

UPDATED US SOYBEAN BALANCE SHEET

Strategic Farm Marketing & Crop Insurance

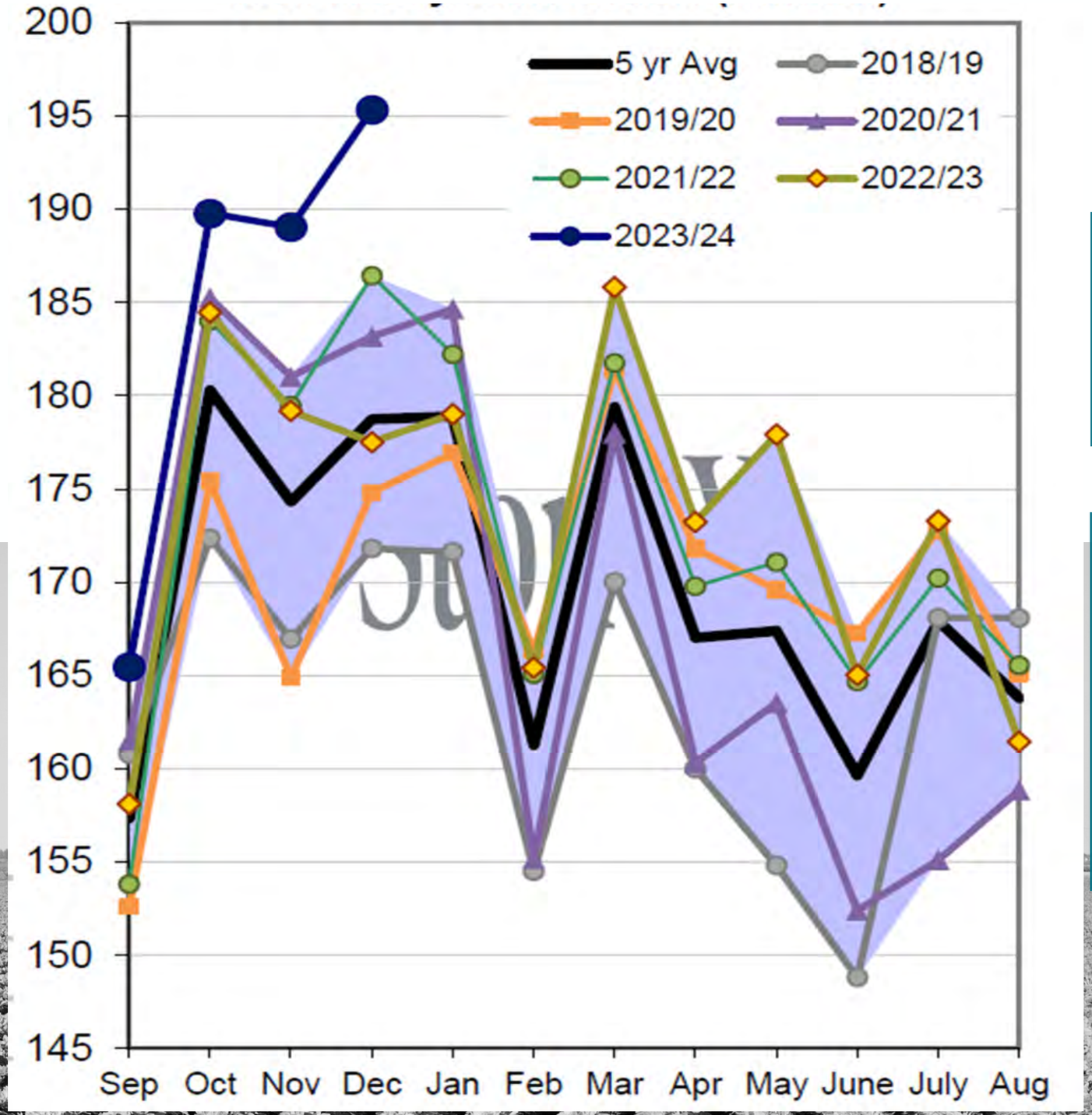
	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	USDA 01/12 23/24
Acres Planted	75,718	77,451	77,404	75,046	77,198	76,820	83,296	82,660	83,453	90,162	89,167	76,100	83,354	87,195	87,450	86,174
% Harvested	0.986	0.986	0.990	0.983	0.986	0.992	0.992	0.989	0.991	0.993	0.982	0.985	0.991	0.990	0.985	0.956
Acres Harvested	74,681	76,372	76,610	73,776	76,144	76,233	82,611	81,742	82,706	89,542	87,594	74,939	82,603	86,292	86,174	82,356
Average Yield	39.7	44.0	43.5	42.0	40.0	44.0	47.5	48.0	51.9	49.3	50.6	47.4	51.0	51.7	49.6	50.6
Carryin	205	138	151	215	169	141	92	191	197	302	438	909	525	257	274	264
Production	2,967	3,361	3,331	3,097	3,042	3,357	3,928	3,927	4,297	4,412	4,428	3,552	4,216	4,465	4,270	4,165
Imports	13	15	14	16	41	72	33	24	22	22	14	15	20	16	25	30
Total Supply	3,185	3,514	3,497	3,328	3,252	3,569	4,053	4,141	4,515	4,735	4,880	4,476	4,761	4,737	4,569	4,459
Crush	1,662	1,752	1,648	1,703	1,689	1,734	1,874	1,886	1,901	2,055	2,092	2,165	2,141	2,204	2,212	2,300
Exports	1,279	1,499	1,505	1,366	1,328	1,639	1,842	1,943	2,166	2,134	1,753	1,683	2,266	2,152	1,992	1,755
Seed/Feed	90	92	87	90	89	97	96	97	105	104	88	96	101	102	97	101
Residual	16	20	42	0	6	8	50	18	41	4	37	8	-4	6	4	23
Total Usage	3,047	3,363	3,282	3,159	3,111	3,477	3,863	3,944	4,214	4,297	3,971	3,952	4,504	4,463	4,305	4,179
Carryout	138	151	215	169	141	92	191	197	302	438	909	525	257	274	264	280
Stocks/Usage	4.5%	4.5%	6.6%	5.4%	4.5%	2.6%	4.9%	5.0%	7.2%	10.2%	22.9%	13.3%	5.7%	6.1%	6.1%	6.7%

Soybeans not getting the acres they need

Record crush led by RD

Soybeans Stock/use ratio not gaining nearly as fast as corn

NOPA SOYBEAN CRUSH (MLN/BU)

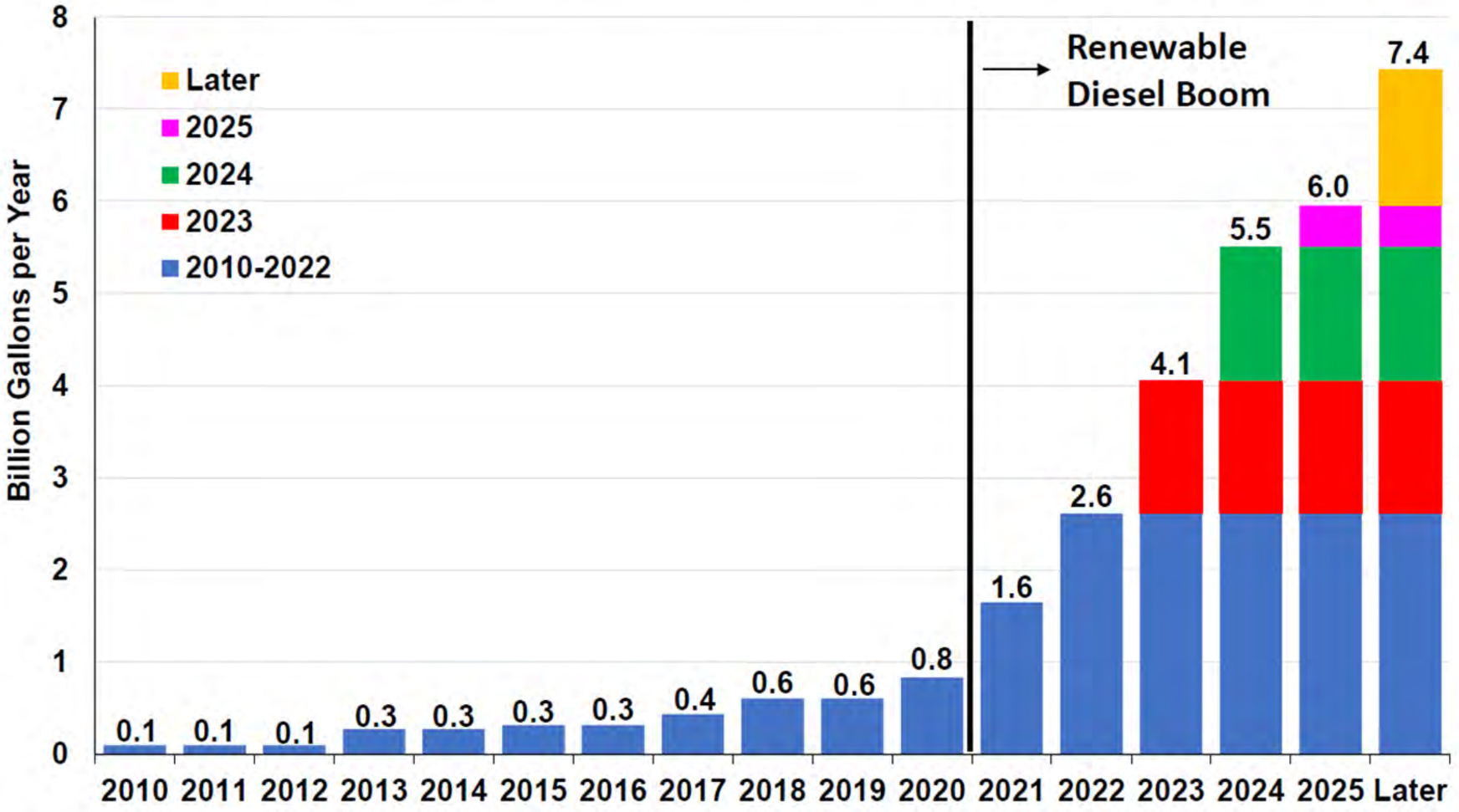


Strategic Farm Marketing & Crop Insurance

Dec US soybean crush a record @ 195.3 mln bu

Crush margins have eased and some projects have been delayed but strong domestic demand lies ahead

ANNUAL U.S. RENEWABLE DIESEL NAMEPLATE PRODCTION CAPACITY, ACTUAL FOR 2010-2022 AND PROJECTED FOR 2023-2025 AND LATER



Sources: EIA, *Render* and *Biodiesel* Magazines, and Other Industry Sources

ALTERNATE SHIPPING ROUTES TO CHINA EX-PANAMA CANAL

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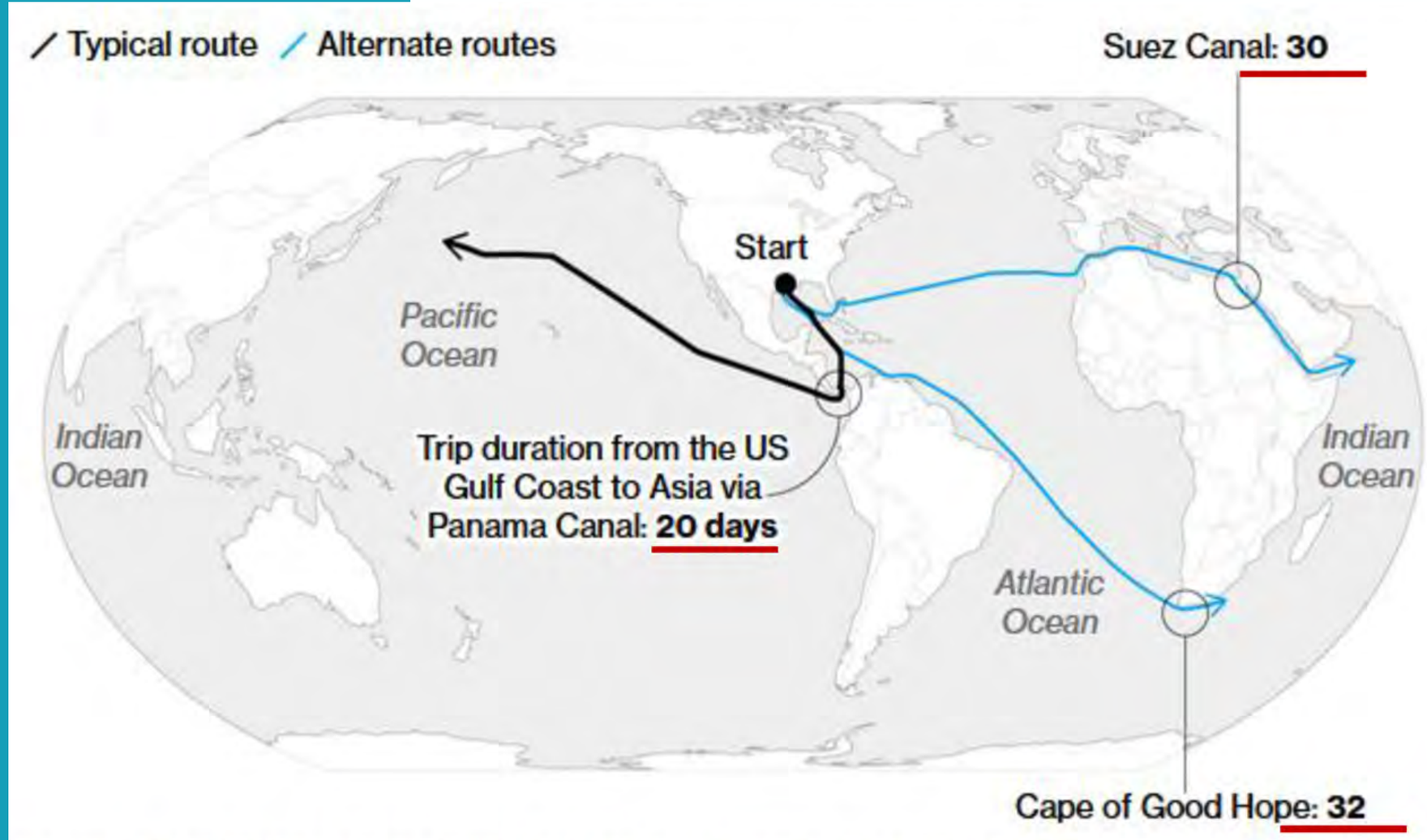

Sources: Shiptracking data compiled by Bloomberg, Panama Canal Authority
Note: Trip length assumes speed of 20 knots

LOGISTICAL PROBLEMS

- Mississippi River
- Red Sea
- Panama Canal
- US/Mexico Border

BRAZIL SOIL MOISTURE PROFILE, DEC 18TH, 2023

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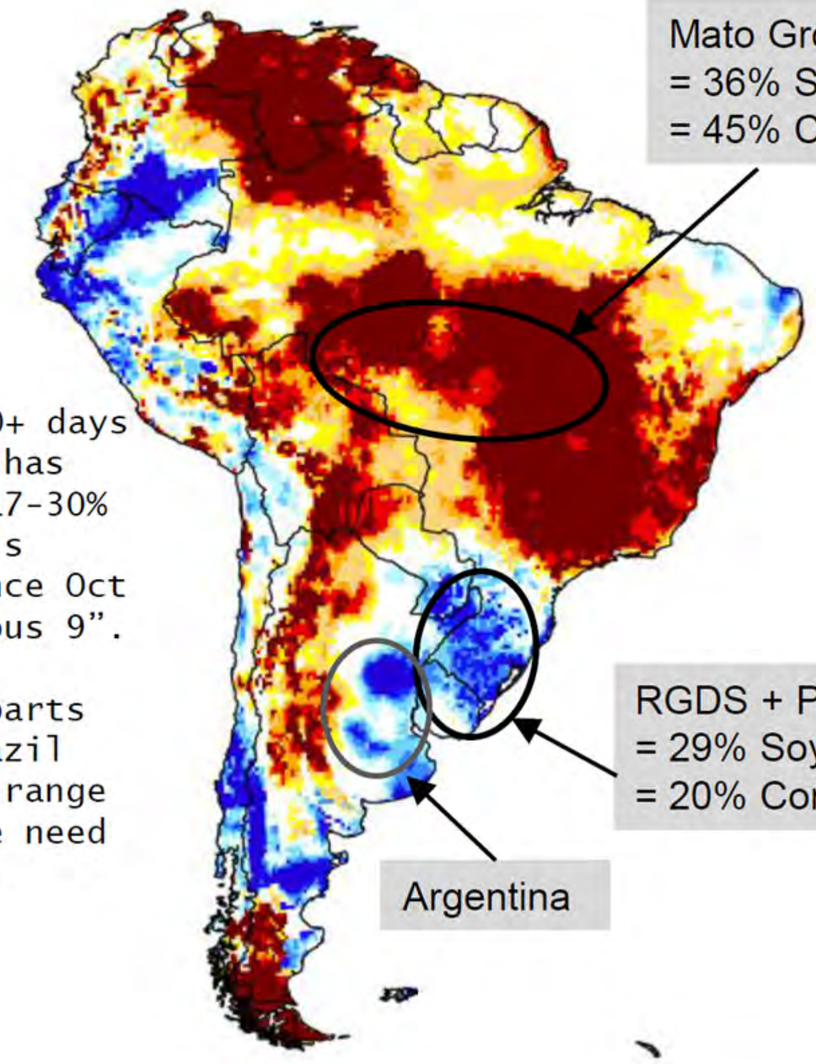
Root Zone Soil Moisture Percentile



Rainfall in the last 60+ days in Mato Grosso & Bahia has been recorded at just 17-30% of normal. Mato Grosso's deficit from normal since Oct 1 now sits at an enormous 9".

Rainfall since Oct in parts of RGDS in southern Brazil has been recorded in a range of 34-45". Plants there need sun for photosynthesis.

BRAZIL SOIL MOISTURE PROFILE, JAN 15TH, 2024

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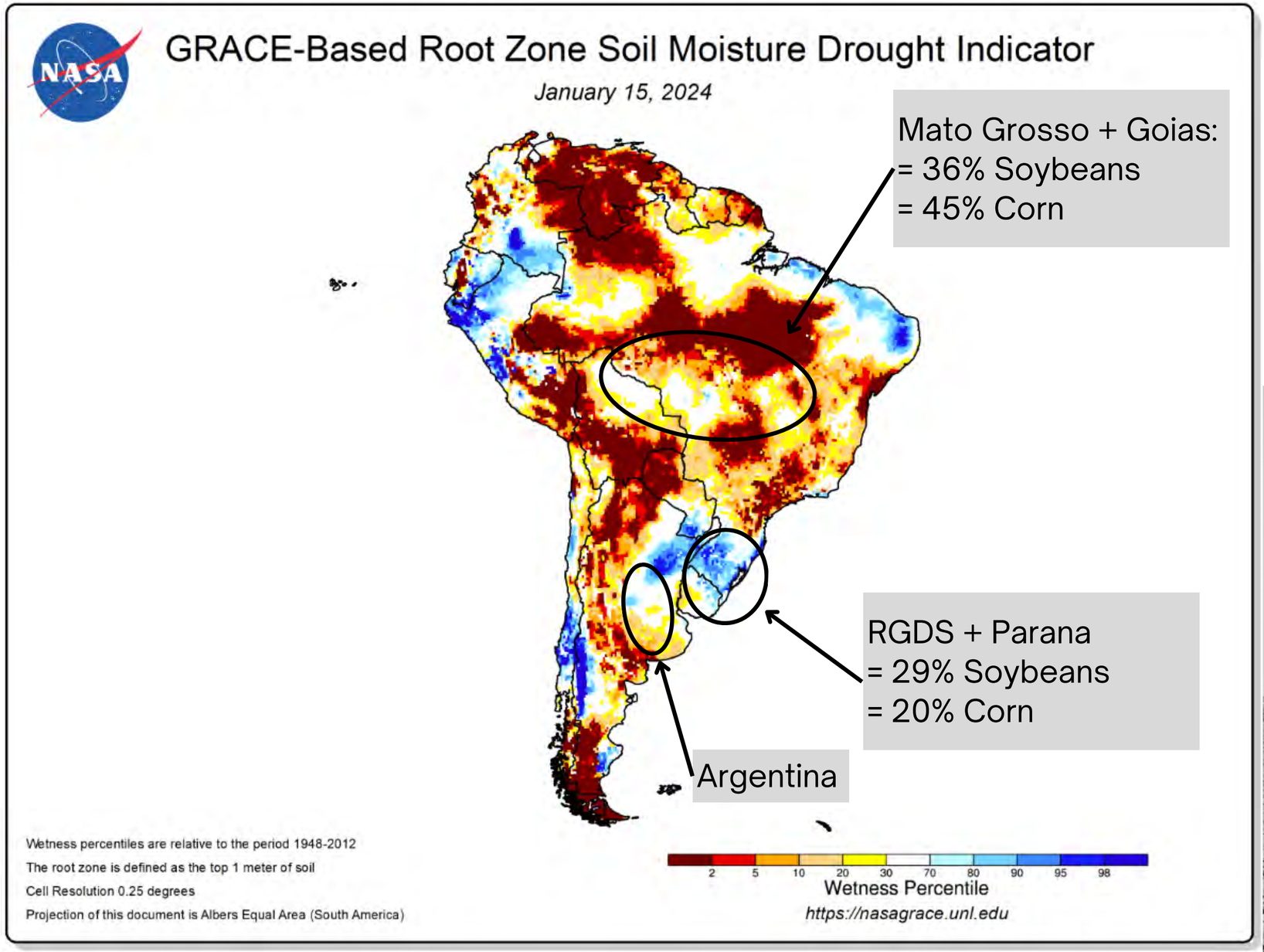

SOUTH AMERICAN PRODUCTION OUTLOOK…RECORD HIGHS?

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2023/24 South American Production Outlook

	Soybeans			Corn		
	Brazil	Argentina	Total	Brazil	Argentina	Total
13/14	86.2	53.4	139.6	80.0	26.0	106.0
14/15	97.1	61.5	158.6	85.0	29.8	114.8
15/16	95.7	58.8 R	154.5	67.0	29.5	96.5
16/17	114.9	55.0	169.9	98.5	41.0	139.5
17/18	123.4	37.8	161.2	82.0	32.0	114.0
18/19	120.5	55.3	175.8	101.0	51.0	152.0
19/20	128.5	48.8	177.3	102.0	51.0	153.0
20/21	139.5	46.2	185.7	87.0	52.0	139.0
21/22	130.5	43.9	174.4	116.0	49.5	165.5
22/23	160.0 R	25.0	**185.0**	137.0 R	34.0	**171.0**
USDA Jan 23/24	157.0	50.0	**207.0** R	127.0	55.0 R	**182.0** R
SFM Jan 23/24	150.0	52.0	**202.0** R	122.0	58.0	**180.0** R

Note: Brazilian soy acreage has increased for 15 straight years, doubled since 06/07…

CHINESE SOYBEAN IMPORT DEMAND GROWTH IS SLOWING…

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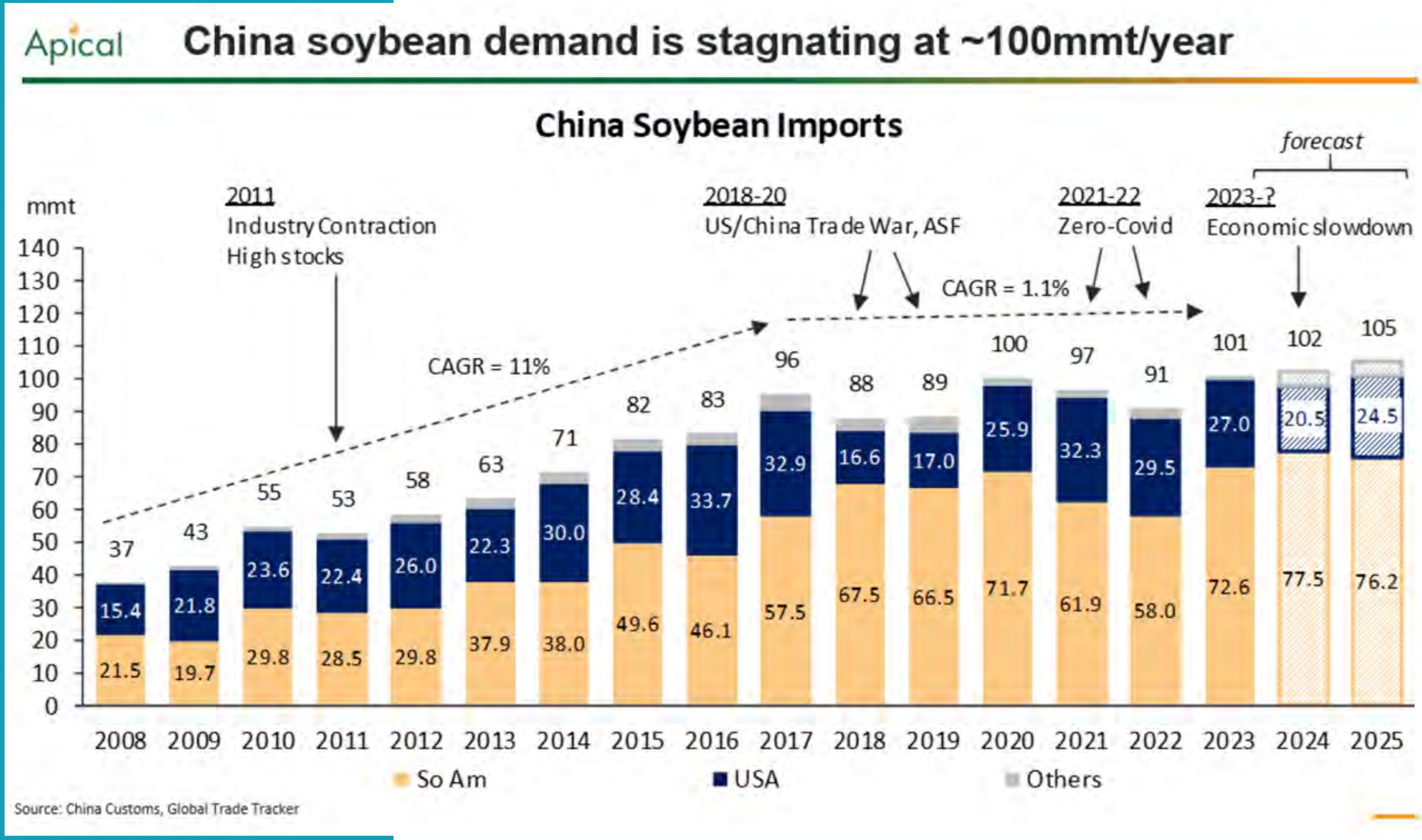

CHINESE PROBLEMS

- Negative crush margins
- Deflation – Real estate woes
- Population decline
- US/Mexico Border
- ASF
- GMO adoption
- Zero Covid hangover

CBT SOYBEAN FUTURES, WEEKLY CONTINUATION, 2010-PRESENT

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2024/2025 BALANCE SHEET PROJECTIONS - BEANS

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	(Mil. Bu)	2022/2023	2023/2024 USDA WASDE	2024/2025 *farmdoc* Forecast	% Change Y-o-Y
Supply	Area Planted (Mil. Acres)	87.5	83.6	88	5%
	Area Harvested (Mil. Acres)	86.2	82.8	87.1	5%
	Yield (Bu/acre)	49.6	49.9	52	4%
	Beginning Stocks	274	268	176	-52%
	Production	4,270	4,129	4,527	9%
	Imports	25	30	15	
	Total Supply	4,569	4,428	4,718	6%
Use	Feed and Residual	2,212	2,300	2,375	3%
	F/S/I	1,992	1,755	1,900	
	Ethanol	97	101	123	
	Exports	0	26	0	
	Total Use	4,301	4,182	4,398	
	Ending Stocks	268	245	320	23%
	Stocks - Use (%)	**6.2**	**5.9**	**7.3**	
	Season Avg Price ($/bu.)	$14.20	$12.90	$12.00	

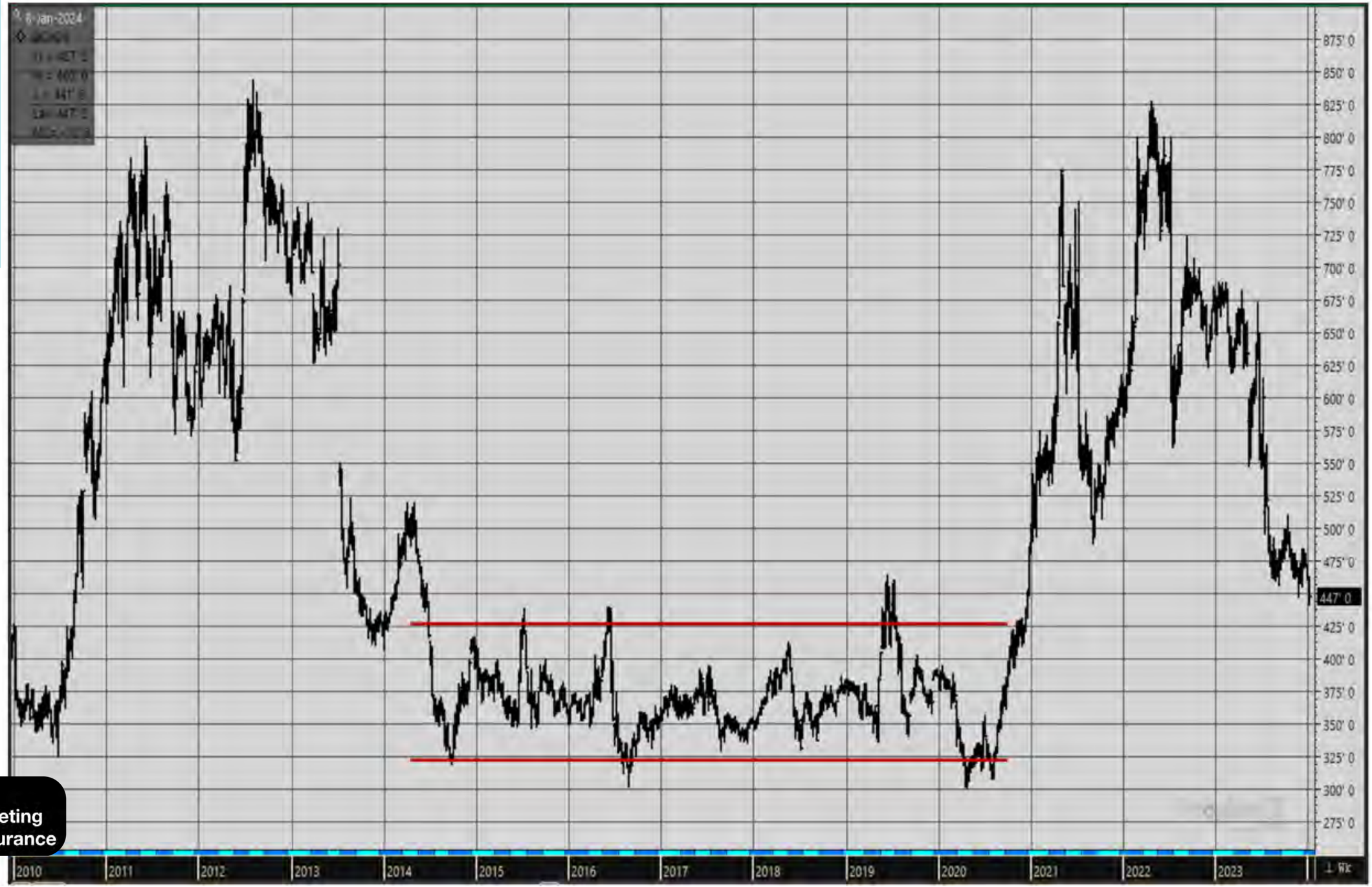
US CORN BALANCE SHEET

Strategic Farm Marketing & Crop Insurance

	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
Acres Planted	97,291,000	95,365,000	90,597,000	88,019,000	94,004,000	90,167,000	88,871,000	89,745,000	90,652,000	92,901,000	88,162,000	94,641,000.00
% Harvested	89.80%	91.71%	91.78%	91.74%	92.28%	91.76%	91.45%	90.63%	90.80%	91.48%	89.27%	91.39%
Acres Harvested	87,365,000	87,461,000	83,146,000	80,753,000	86,748,000	82,733,000	81,276,000	81,337,000	82,313,000	84,988,000	78,705,000	86,513,000.00
Average Yield	123.1	158.1	171	168.4	174.6	176.6	176.4	167.5	171.4	176.7	173.4	**177.3**
Carry - In	991,096,800	822,728,300	1,229,312,400	1,730,278,400	1,732,083,600	2,287,284,400	2,134,932,200	2,213,018,600	1,914,966,100	1,225,414,300	1,377,000,000	1,360,000,000
Production	10,754,631,500	13,827,584,100	14,217,966,000	13,598,805,200	15,146,200,800	14,610,647,800	14,337,086,400	13,623,947,500	14,108,448,200	15,017,379,600	13,651,000,000	**15,342,000,000**
Imports	160,000,000	36,000,000	32,000,000	66,000,000	57,000,000	36,000,000	27,000,000	40,000,000	24,000,000	24,000,000	39,000,000	25,000,000
Total Supply	11,905,728,300	14,686,312,400	15,479,278,400	15,395,083,600	16,935,284,400	16,933,932,200	16,499,018,600	15,876,966,100	16,047,414,300	16,266,793,900	15,066,000,000	16,727,000,000
Food/Ind.	1,372,000,000	1,379,000,000	1,372,000,000	1,399,000,000	1,423,000,000	1,422,000,000	1,386,000,000	1,400,000,000	1,408,000,000	1,412,000,000	1,351,000,000	1,385,000,000
Ethanol	4,641,000,000	5,124,000,000	5,200,000,000	5,224,000,000	5,432,000,000	5,605,000,000	5,378,000,000	4,857,000,000	5,033,000,000	5,326,000,000	5,176,000,000	**5,375,000,000**
F/S/I	6,038,000,000	6,533,000,000	6,601,000,000	6,654,000,000	6,884,000,000	7,057,000,000	6,793,000,000	6,287,000,000	6,472,000,000	6,768,000,000	6,558,000,000	6,790,000,000
Feed	4,315,000,000	5,003,000,000	5,281,000,000	5,110,000,000	5,470,000,000	5,304,000,000	5,428,000,000	5,899,000,000	5,603,000,000	5,717,000,000	5,486,000,000	5,675,000,000
Exports	730,000,000	1,921,000,000	1,867,000,000	1,899,000,000	2,294,000,000	2,438,000,000	2,065,000,000	1,776,000,000	2,747,000,000	2,471,000,000	1,661,000,000	2,100,000,000
Total usage	11,083,000,000	13,457,000,000	13,749,000,000	13,663,000,000	14,648,000,000	14,799,000,000	14,286,000,000	13,962,000,000	14,822,000,000	14,956,000,000	13,706,000,000	14,565,000,000
Carry - Out	822,728,300	1,229,312,400	1,730,278,400	1,732,083,600	2,287,284,400	2,134,932,200	2,213,018,600	1,914,966,100	1,225,414,300	1,310,793,900	1,360,000,000	2,162,000,000
Stocks-Use	**7.4%**	**9.1%**	**12.6%**	**12.7%**	**15.6%**	**14.4%**	**15.5%**	**13.7%**	**8.3%**	**8.8%**	**9.9%**	**14.8%**

Burdensome Stocks

CBT CORN FUTURES WEEKLY CONTINUATION



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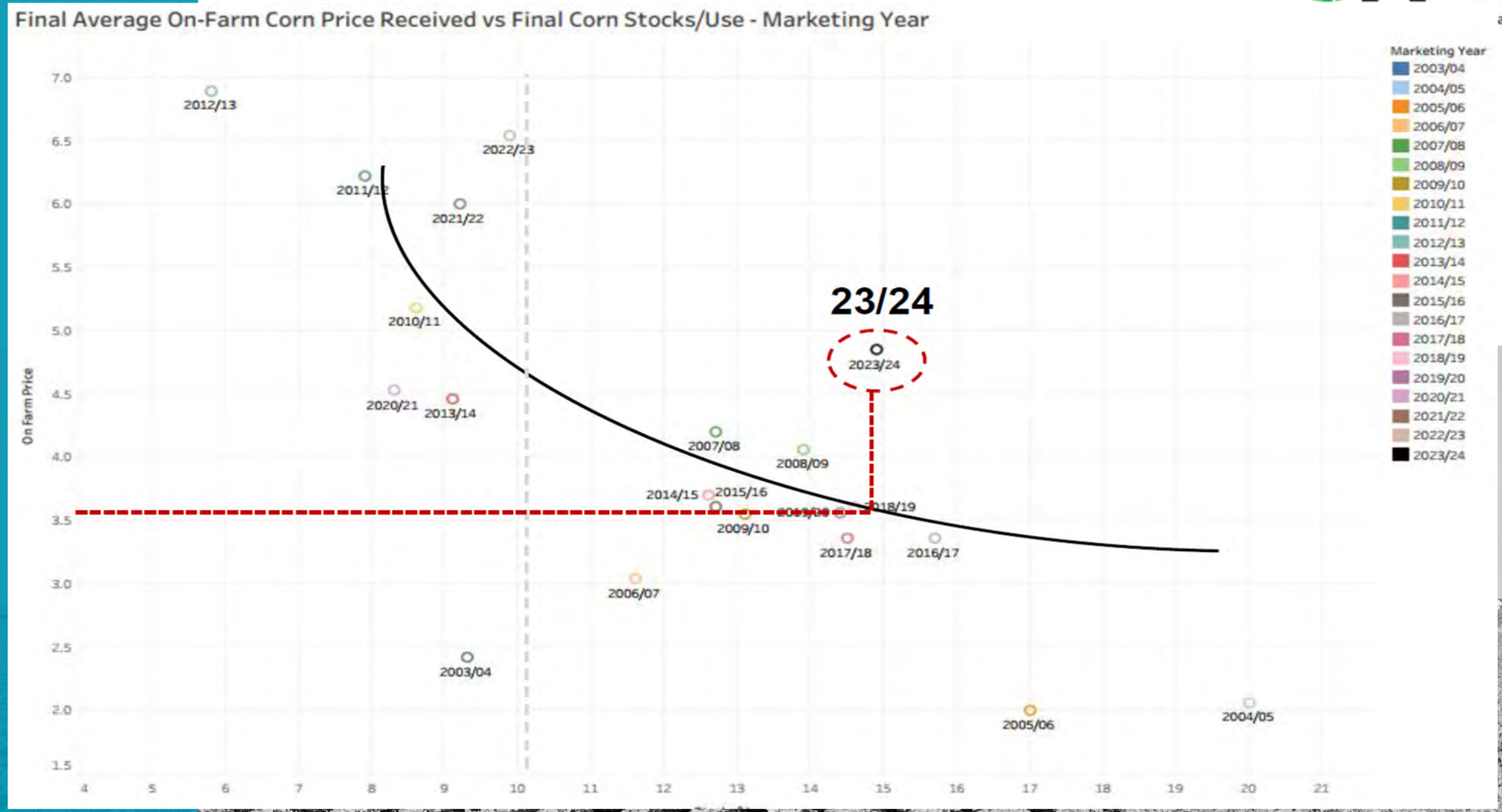
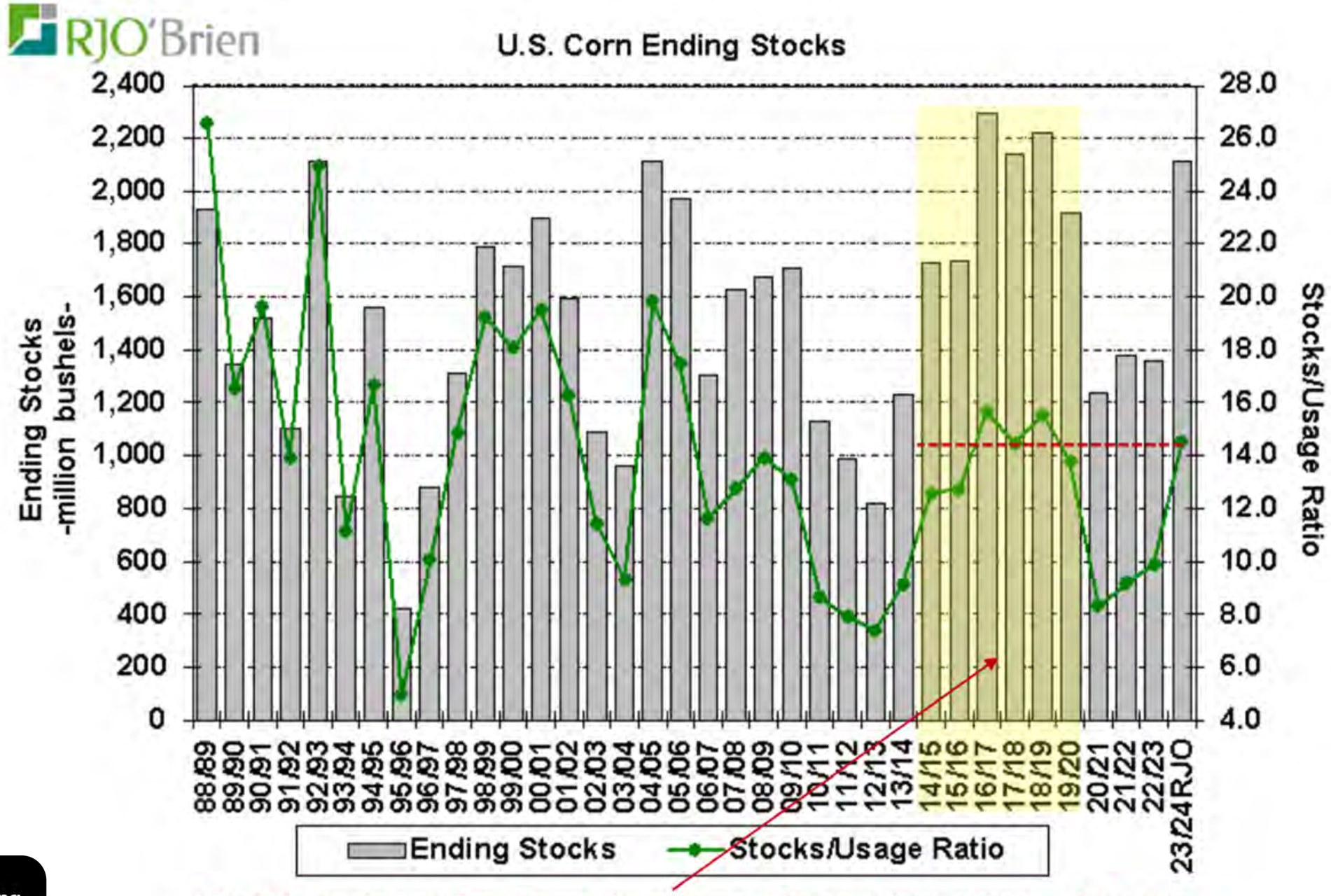
STOCKS TO USE RATIO VS PRICE

Strategic Farm Futures
arketing



ENDING STOCKS AND STOCKS TO USE RATIO



USDA National On-Farm Avg. Corn Price 2014-2019...$3.54/bu
(USDA' current 23/24 projection = $4.80)

Strategic Farm Marketing & Crop Insurance

2024/2025 PROJECTIONS - CORN

Strategic Farm Marketing & Crop Insurance

	(Mil. Bu)	2022/2023	2023/2024 USDA WASDE	2024/2025 *farmdoc* Forecast	% Change Y-o-Y
Supply	Area Planted (Mil. Acres)	88.6	94.9	90.5	-5%
	Area Harvested (Mil. Acres)	79.1	87.1	82.6	-5%
	Yield (Bu/acre)	173.4	174.9	181	3%
	Beginning Stocks	1,377	1,361	2,181	38%
	Production	13,715	15,234	14,953	-2%
	Imports	39	25	25	
	Total Supply	15,130	16,621	17,159	3%
Use	Feed and Residual	5,549	5,650	5,800	3%
	F/S/I	6,558	6,740	6,710	
	Ethanol	5,176	5,325	5,300	
	Exports	1,661	2,100	2,000	-5%
	Total Use	13,769	14,490	14,510	
	Ending Stocks	1,361	2,131	2,649	20%
	Stocks - Use (%)	**9.9**	**14.7**	**18.3**	
	Season Avg Price ($/bu.)	$7.00	$4.85	$4.70	

WHERE COULD WE GO?

More Burdensome stocks for 2024/2025 Marketing Year

Declining Export Demand

STOCKS – USE VS PRICE

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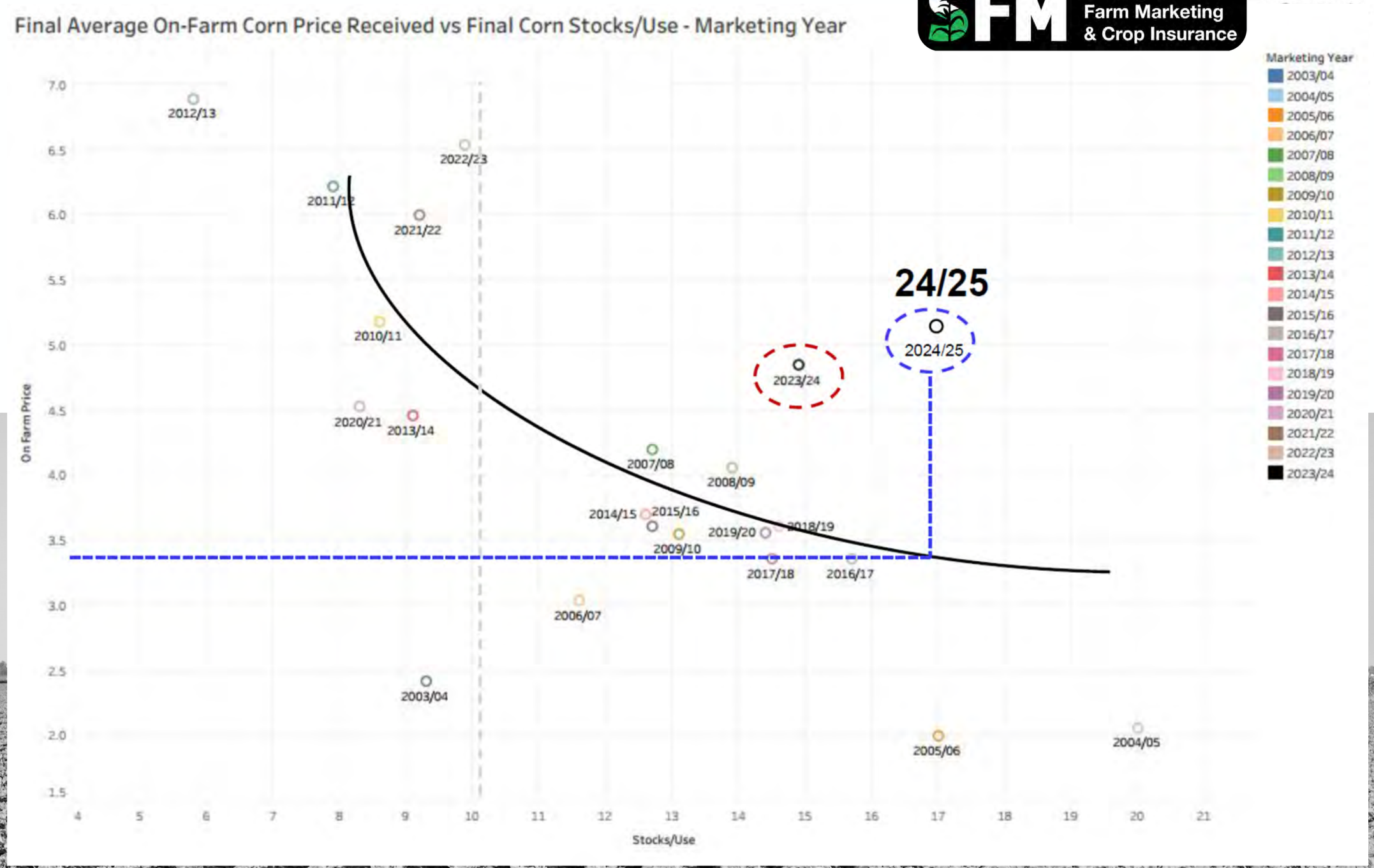
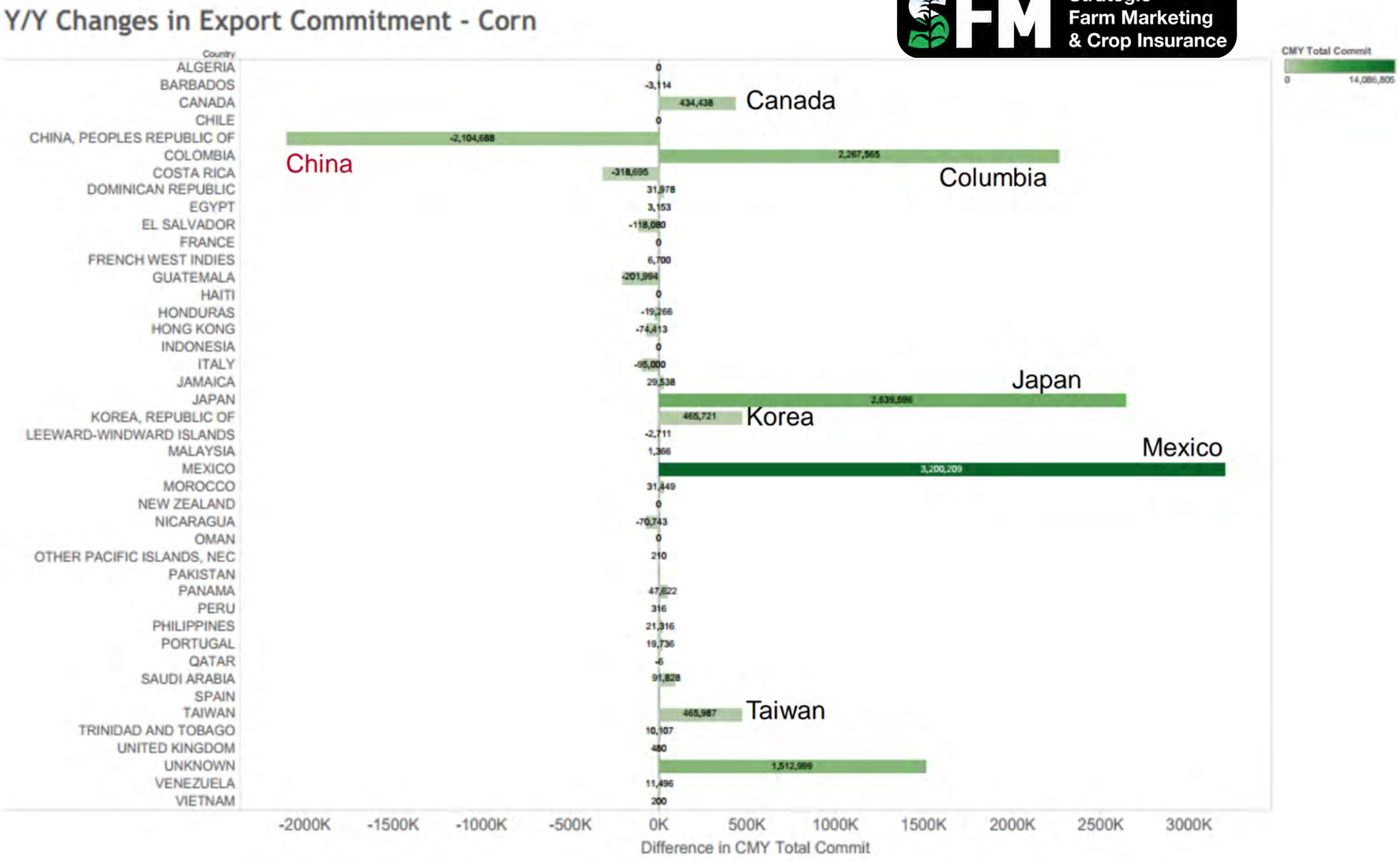
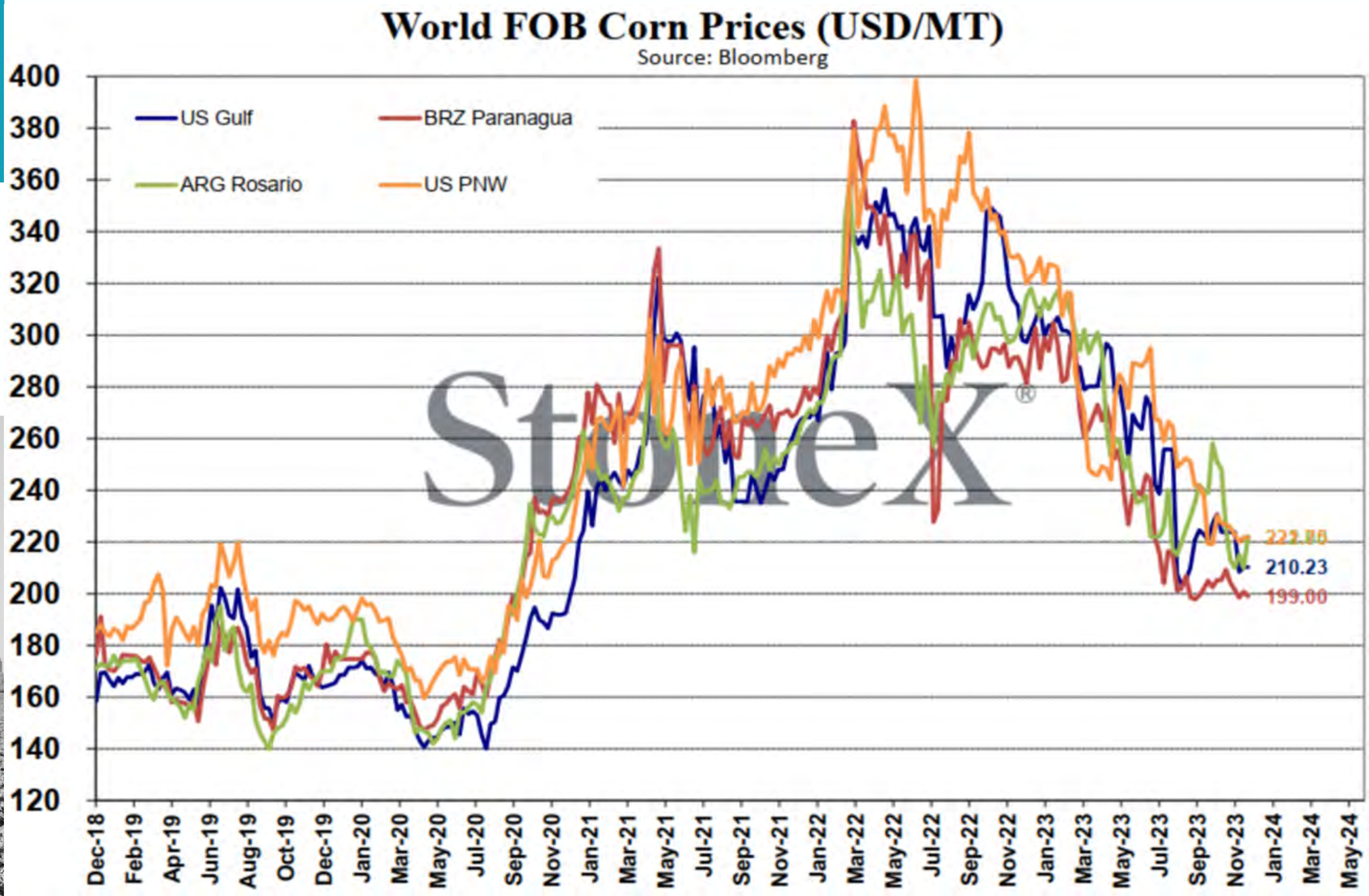


WHO IS NOT BUYING U.S. CORN?

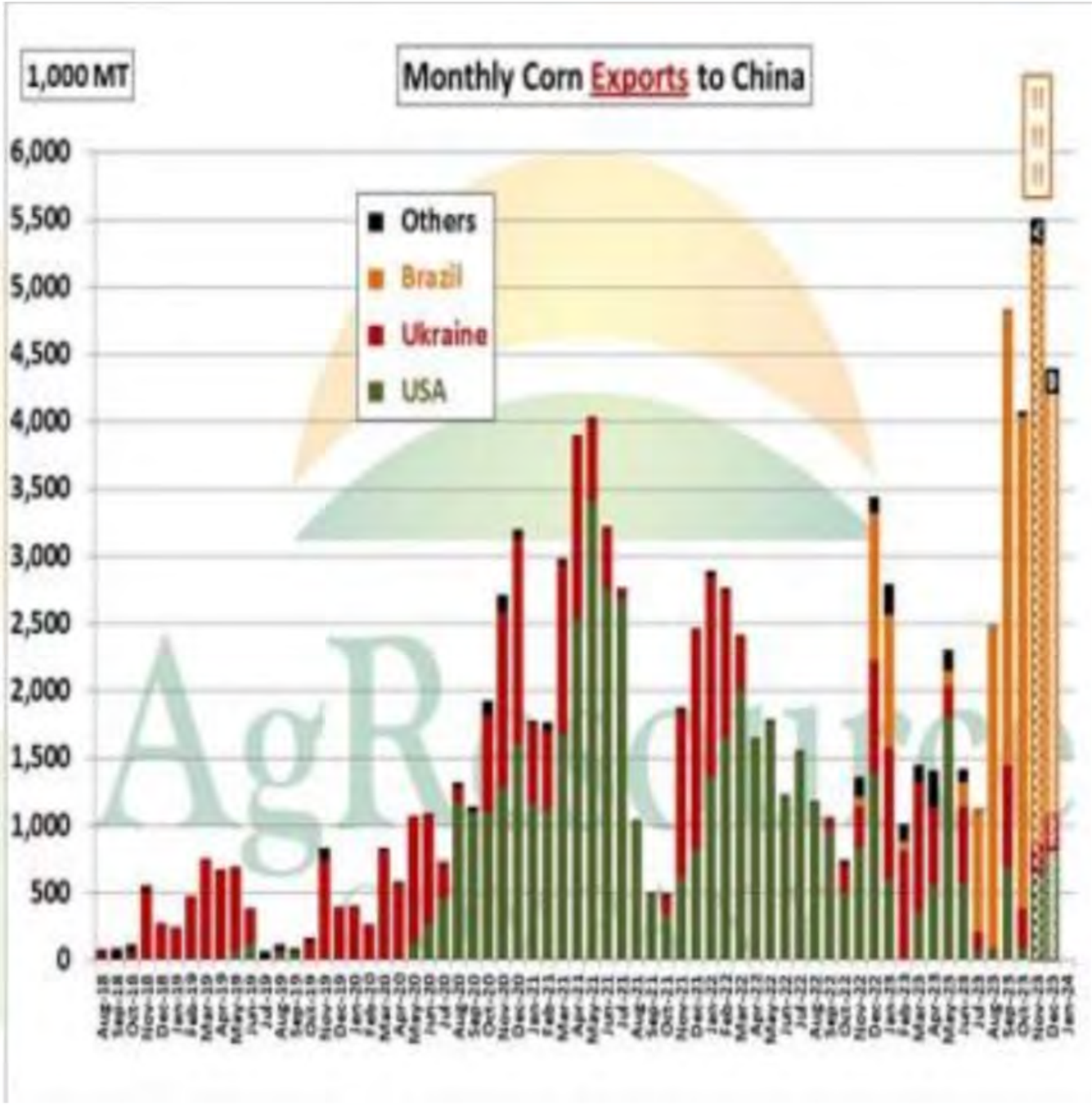
Chinese Corn Commitments:



FOB EXPORT OFFERS, CORN (US/BRAZIL/ARG)



CHINA LIKELY ALREADY HAS THEIR FILL



China's feed grain demand has been record large since July with imports from Brazil being massive. China has now imported 18.6 MMT of corn including an estimated December total that is just under 4.0 MMT based on vessel counts.

Worth noting, China used to be a net corn exporter but in 20/21 imported 28MMTs which along with spec money flow due to inflation, sent CBT corn futures to new highs. The recent expansion of Brazilian corn production (LY record crop) has likely allows most of 2024 Chinese demand to be filled

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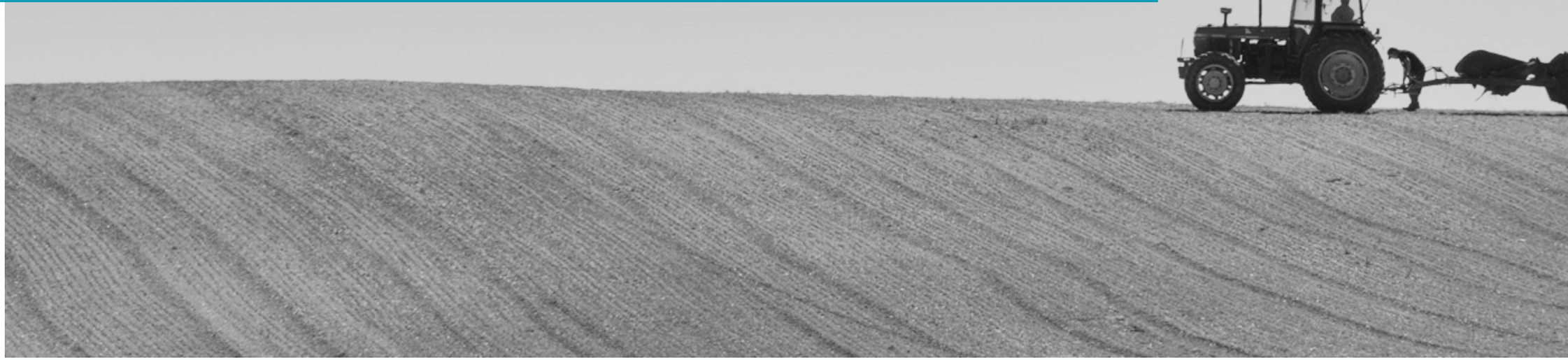
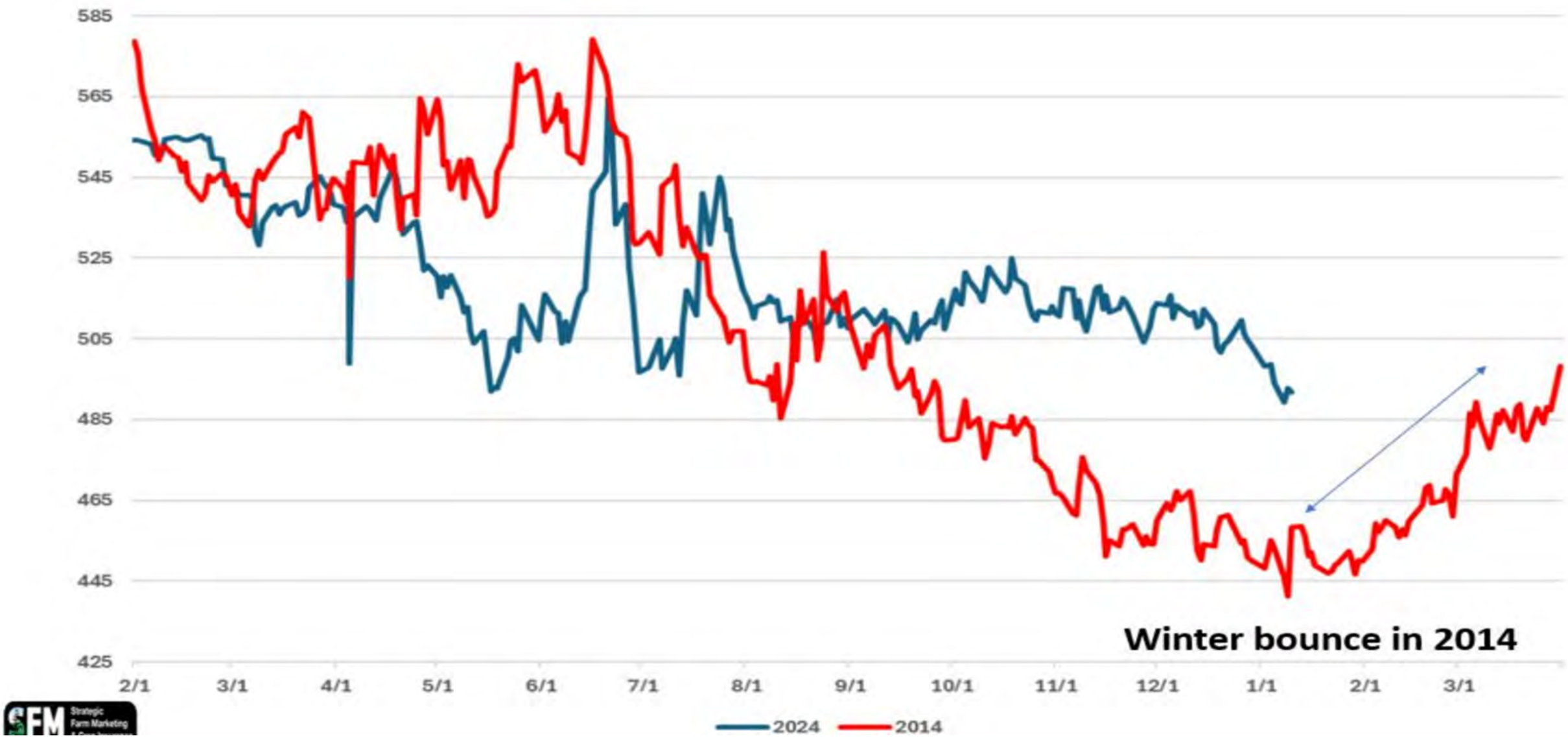
WHAT CHANGES ALL OF THIS?



CBOT CORN FUTURES, 2023 VS 2014



Map released: January 25, 2024

Data valid: January 23, 2024

View grayscale version of the map

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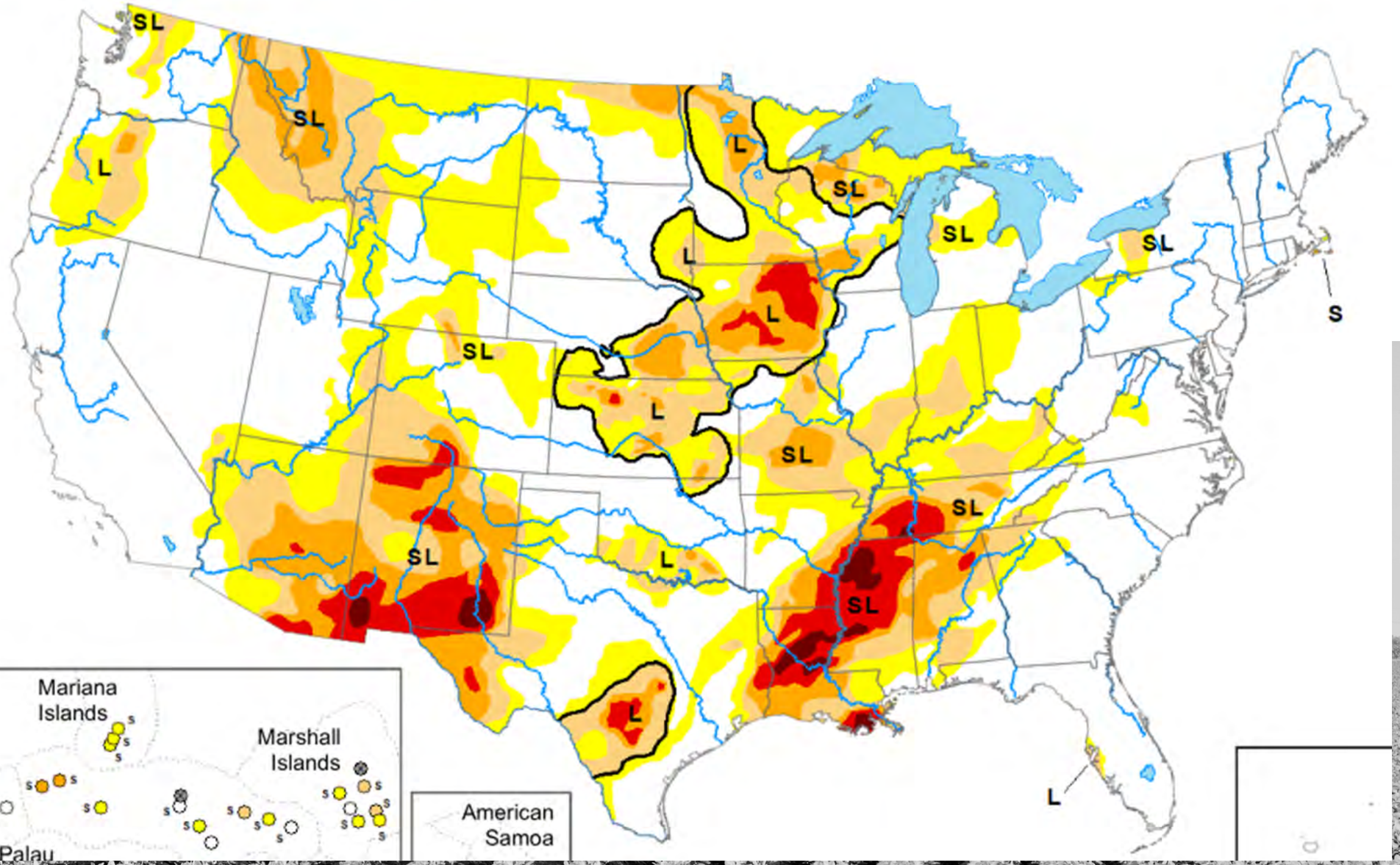
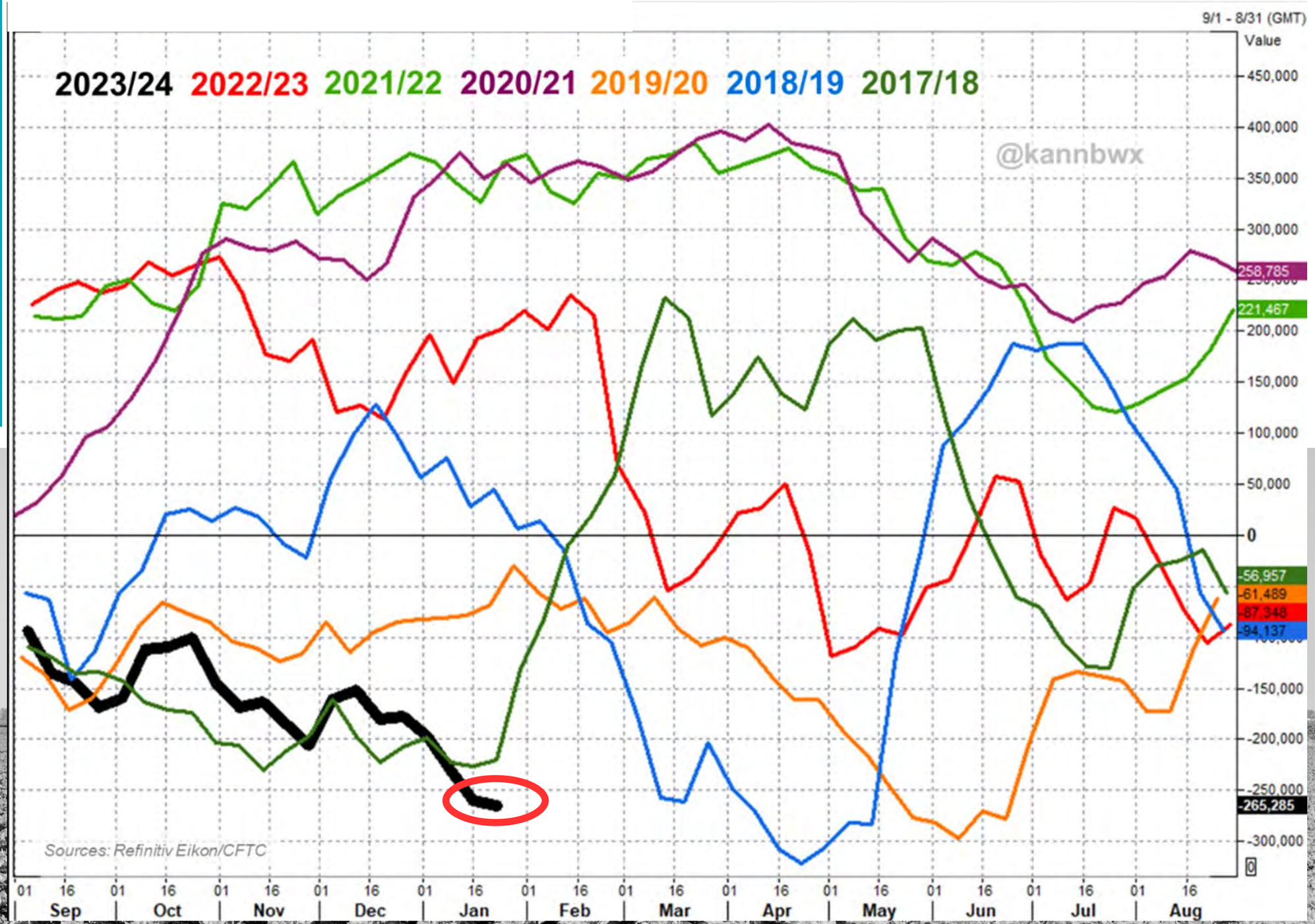


MANAGED MONEY NET POSITION - CBOT CORN FUTURES + OPTIONS



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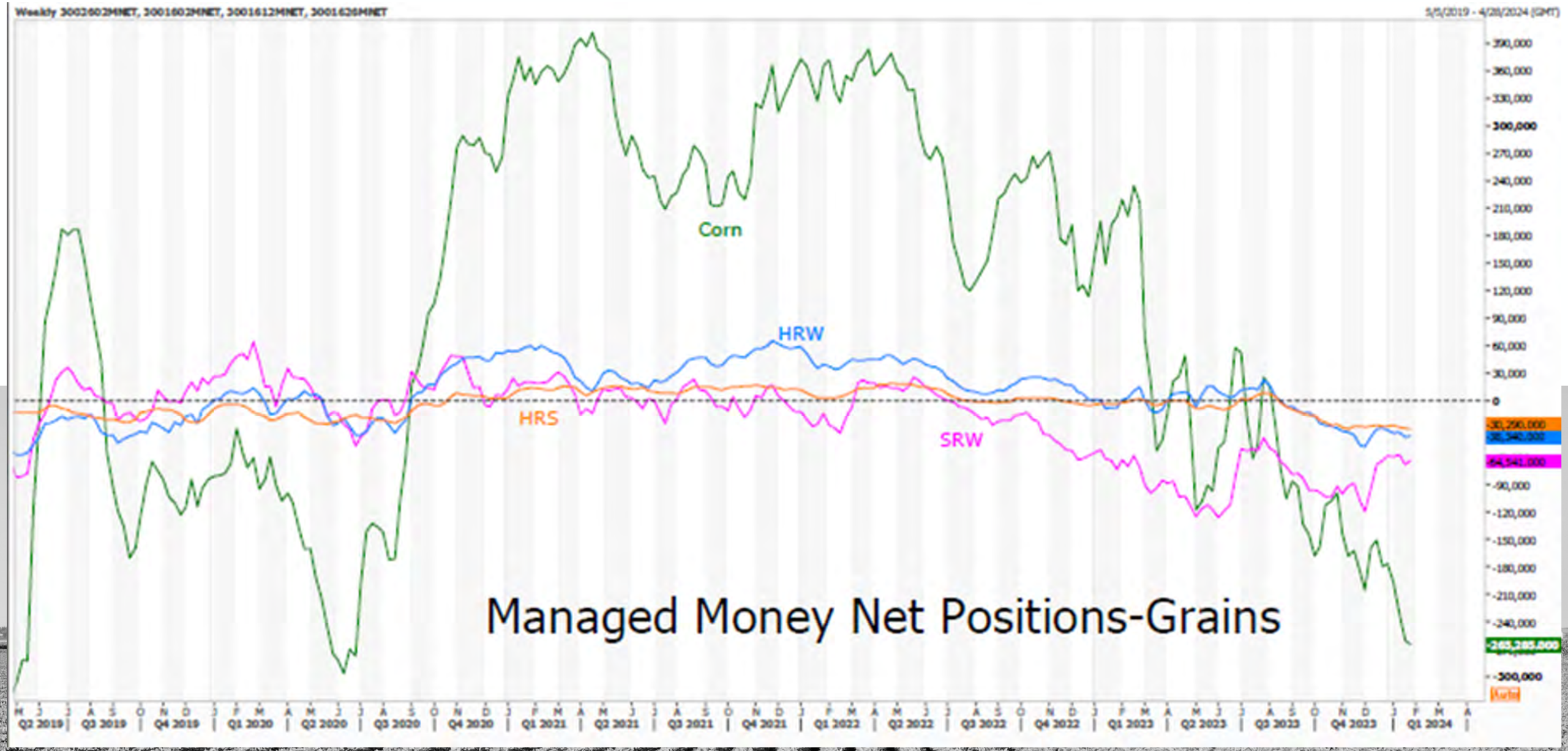
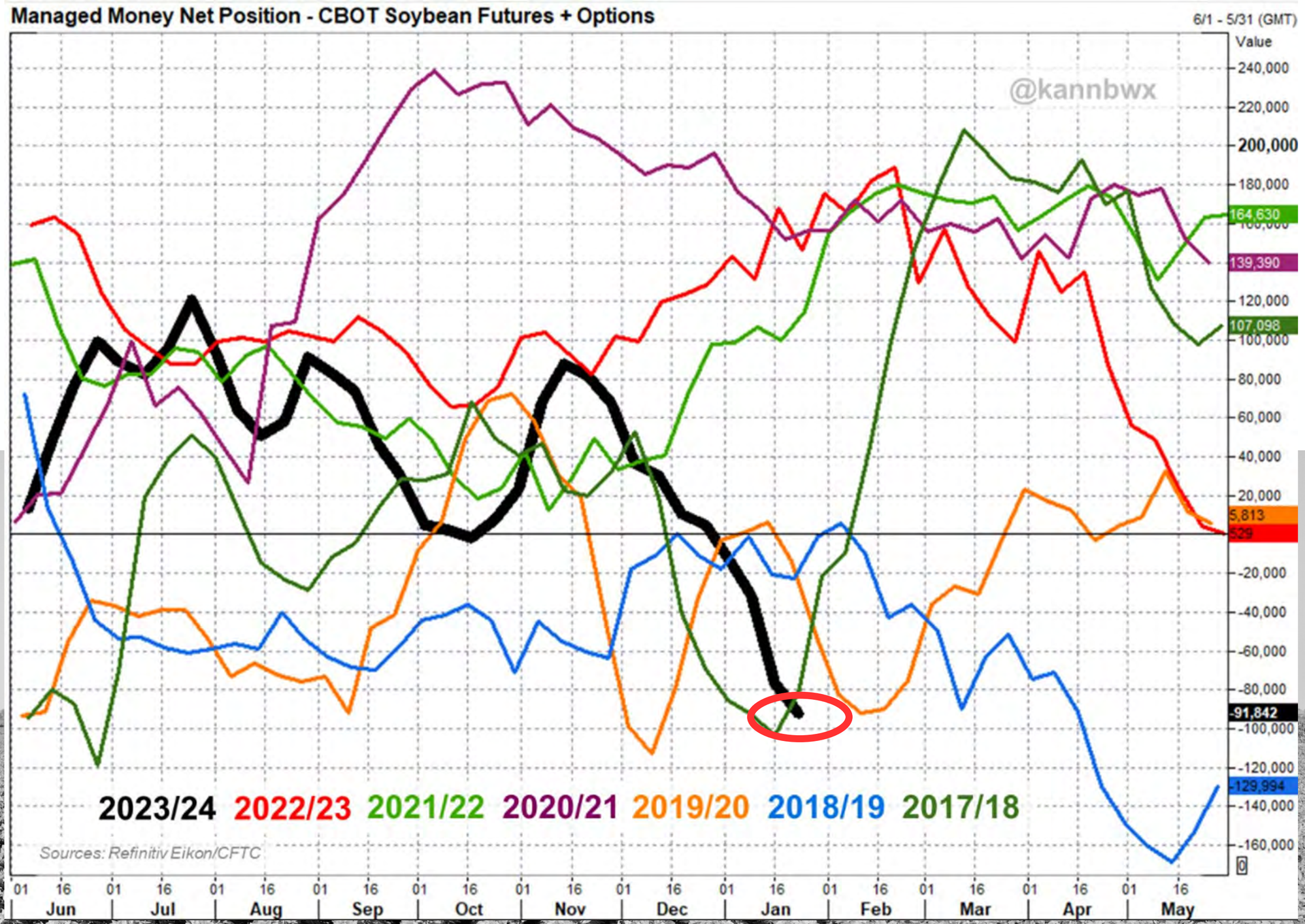

Weekly 3002602MNET, 3001602MNET, 3001612MNET, 3001626MNET
5/5/2019 - 4/28/2024 (GMT)
Corn
HRW
HRS
SRW
Managed Money Net Positions-Grains
390,000
360,000
330,000
300,000
270,000
240,000
210,000
180,000
150,000
120,000
90,000
60,000
30,000
0
-30,250,000
-30,340,000
-64,541,000
-90,000
-120,000
-150,000
-180,000
-210,000
-240,000
-263,288,000
-300,000
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023
Q1 2024

MANAGED MONEY NET POSITION - CBOT SOYBEANS FUTURES + OPTIONS



SFF Strategic Farm Futures
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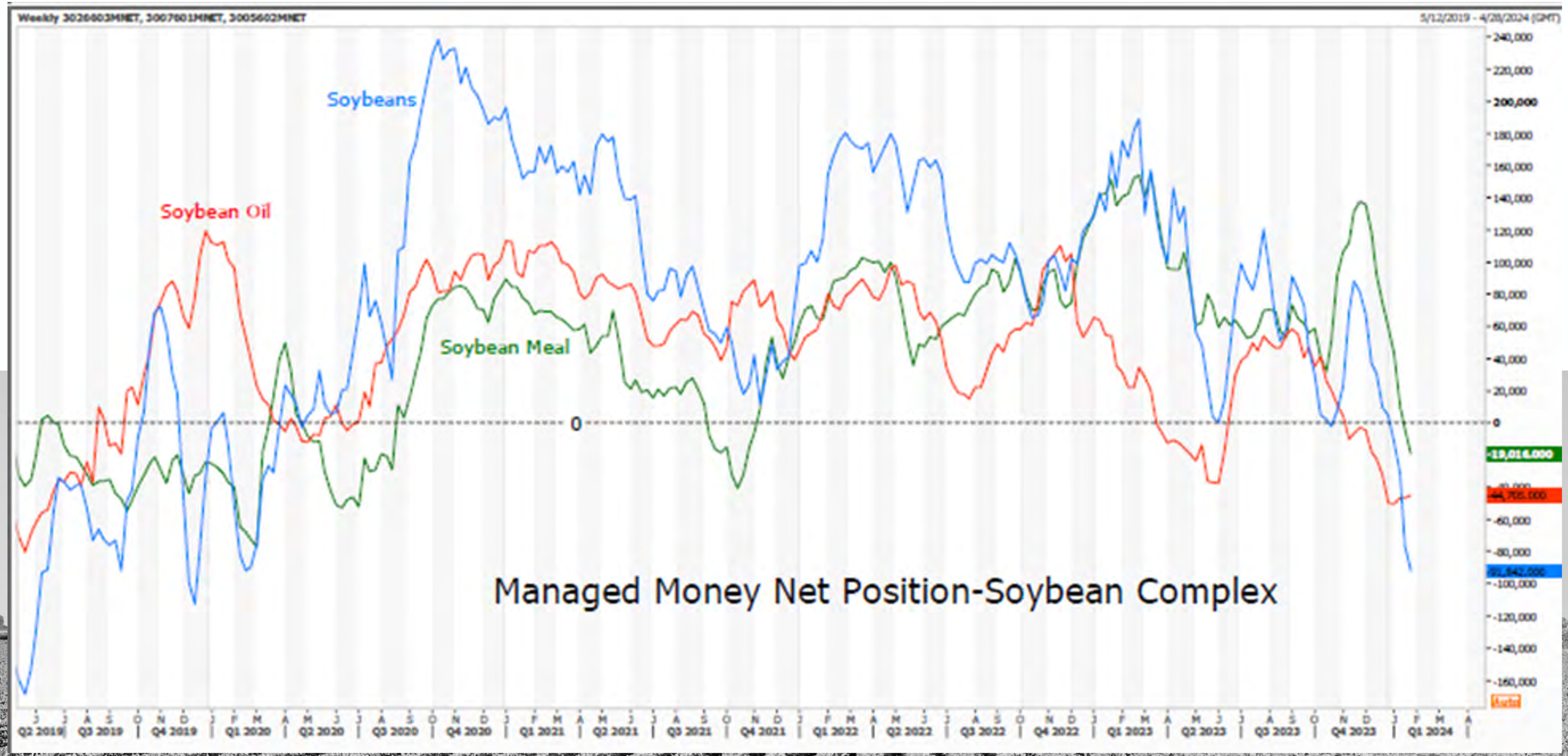

Weekly 3026603MNET, 3007601MNET, 3005602MNET
5/12/2019 - 4/26/2024 (GMT)
Soybeans
Soybean Oil
Soybean Meal
0
Managed Money Net Position-Soybean Complex
240,000
220,000
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
-60,000
-80,000
-100,000
-120,000
-140,000
-160,000
Q2 2019
Q3 2019
Q4 2019
Q1 2020
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Q4 2021
Q1 2022
Q2 2022
Q3 2022
Q4 2022
Q1 2023
Q2 2023
Q3 2023
Q4 2023
Q1 2024

GEOPOLITICS

The Washington Post
Democracy Dies in Darkness

Donald Trump is preparing for a massive new trade war with China

The former president has talked to advisers about imposing a 60 percent tariff sure to enrage Beijing

By Jeff Stein

January 27, 2024 at 6:00 a.m. EST

GEOPOLITICS

EXCLUSIVE

CHINA

Xi warned Biden during summit that Beijing will reunify Taiwan with China

The Chinese leader's message in San Francisco got the attention of U.S. officials because it was delivered at a meeting that was intended to reduce tensions.

Dec. 20, 2023, 4:00 AM CST / Updated Dec. 25, 2023, 11:40 AM CST

By Kristen Welker, Courtney Kube, Carol E. Lee and Andrea Mitchell

WASHINGTON – Chinese President Xi Jinping bluntly told President Joe Biden during their recent summit in San Francisco that Beijing will reunify Taiwan with mainland China but that the timing has not yet been decided, according to three current and former U.S. officials.

Xi told Biden in a group meeting attended by a dozen American and Chinese officials that China's preference is to take Taiwan peacefully, not by force, the officials said.

REUTERS World Business Markets Sustainability Legal Breakingviews Technology Investigations

World

Biden says U.S. forces would defend Taiwan in the event of a Chinese invasion

By David Brunnstrom and Trevor Hunnicutt

September 19, 2022 9:09 AM CDT · Updated a year ago

DECEMBER 21, 2023 ⌙ ARGENTINA

Argentina's New Pre and the China Threa Narrative

Fundación Andrés Bello

Massa, had been vocal on China on the campaign trail and pledged to freeze relations with one of Argentina's most important trading partners.

The president-elect said Argentina would no longer work with "communist" regimes, reportedly likened Beijing's government to an "assassin" and said th people of China were "not free." Milei's four-year term will begin from Dec. 10.

More recently, Diana Mondino, an economist tipped to become foreign minister in Milei's administration, was quoted as saying Argentina would stop interacting with the governments of Brazil and China, according to Russia's state-run RIA Novosti news agency.

SAF & RENEWABLE DIESEL FUEL

Strategic Farm Marketing & Crop Insurance

First transatlantic flight using 100% sustainable jet fuel takes off

Virgin Atlantic flight, partly funded by UK government, hailed by ministers but criticised by campaigners

- **Can UK's 'jet zero' hopes take off with a plane fuelled by used cooking oil?**

REUTERS

World | Business | Markets | Sustainability

Energy | Environment | Fuel | Renewable Fuels | Refining

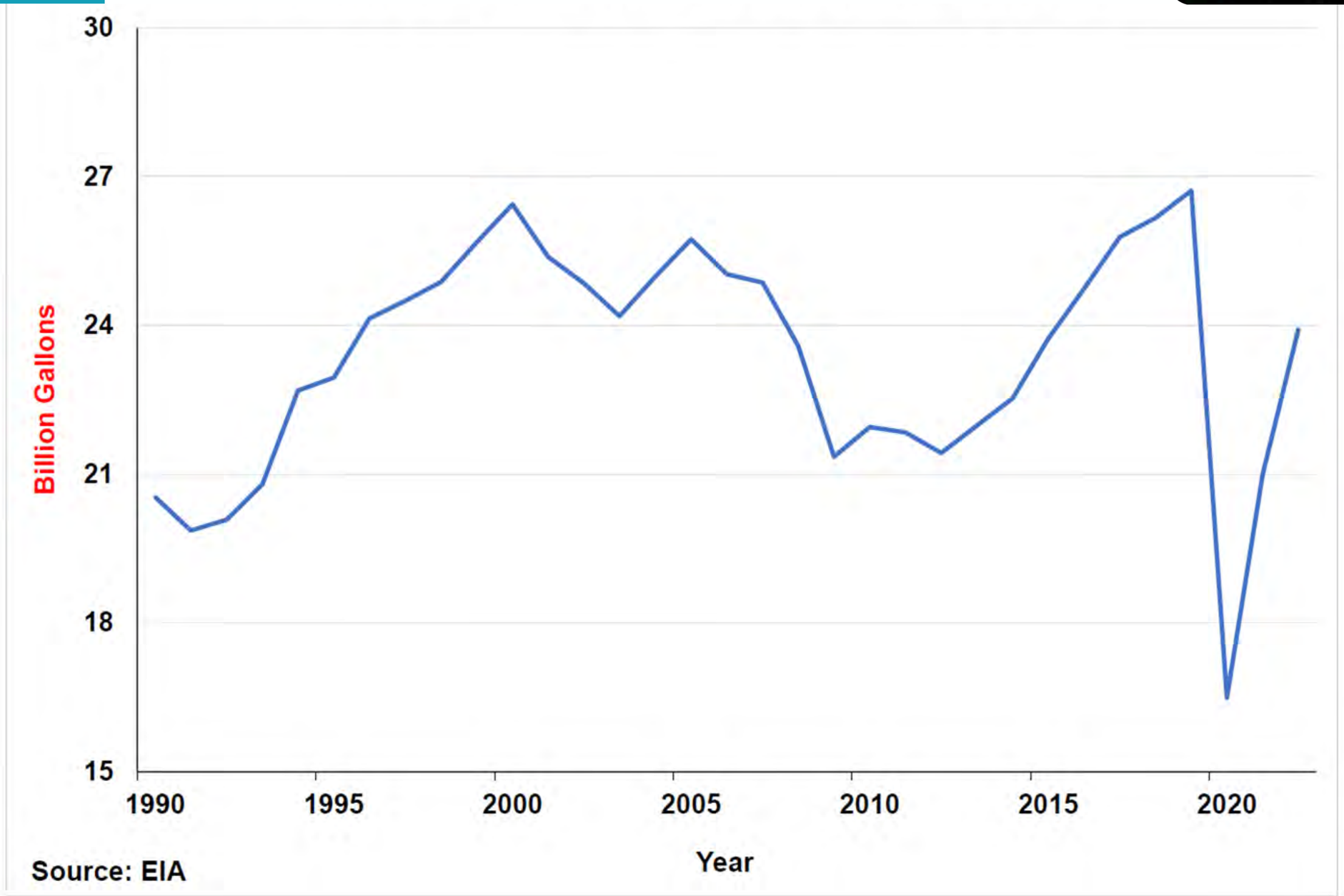
Biden backs ethanol industry on low-emission aviation fuel tax credits

By **Stephanie Kelly** and **Leah Douglas**

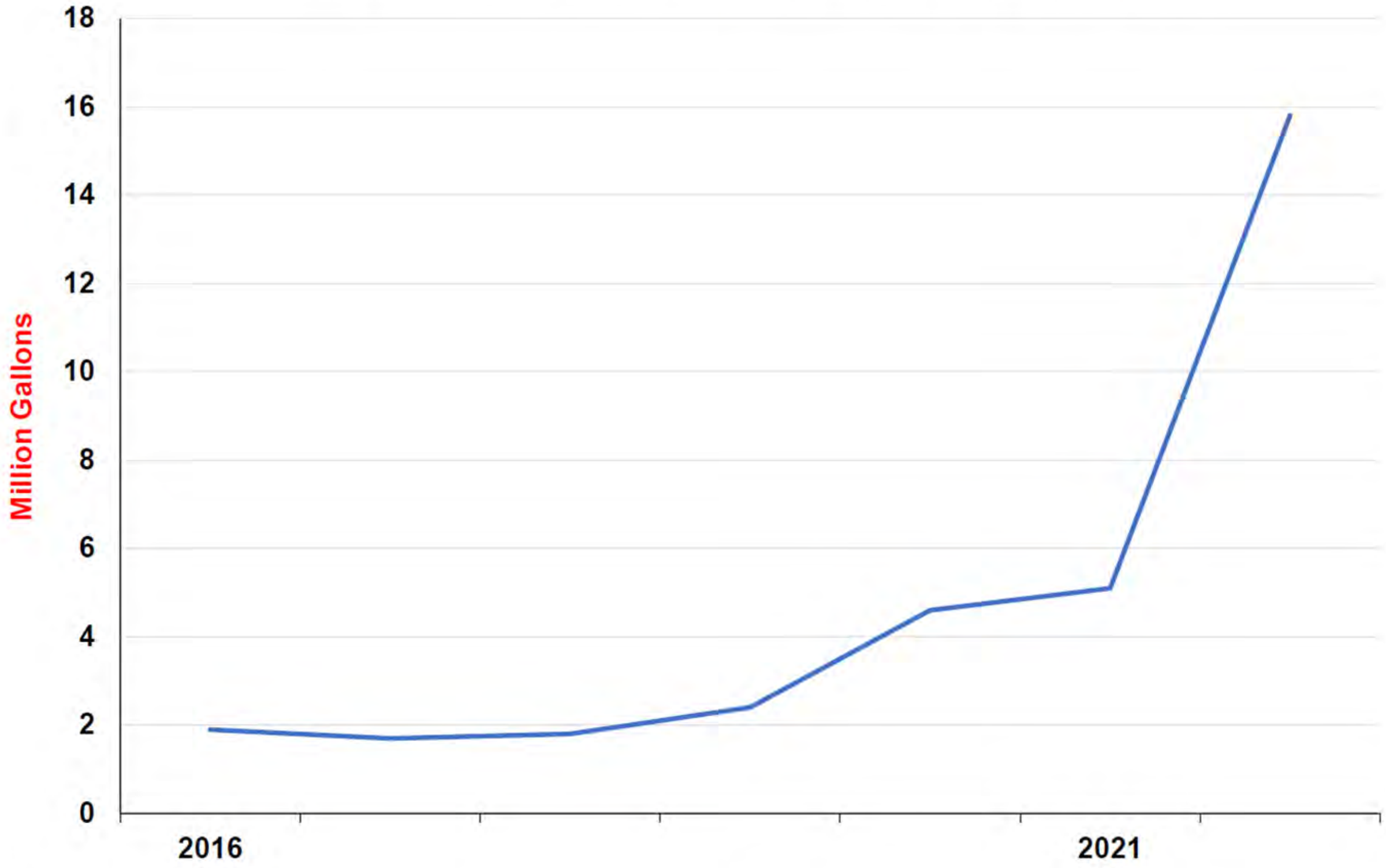
December 18, 2023 4:25 AM CST · Updated a month ago

Tax Credits for ethanol Producers Via Inflation Reduction Act

ANNUAL U.S. KEROSENE-TYPE JET FUEL SUPPLIED, 1990-2022



ANNUAL U.S. SAF CONSUMPTION, 2016-2022



Source: afdc.energy.gov/data

PRICE OUTLOOK SUMMARY

Headwinds very concerning (especially corn)– focus mainly on demand, SA weather market mostly over with for beans.

Be mindful of cost of money- can you afford to “slam the bin door shut” ??

Geo-politics still messy – could be the reason for a black swan?

Can basis contracts work for you? Move the grain…get some $$...Roll further out (may or July, less the carry) to a later month for a ***hopefully*** better environment for pricing opportunities?

Our summertime rally that typically presents itself late may-mid June…can you afford to “get bullish” ????

- Basis
- Spot
- Futures only
- Hedge To Arrive
- Price Daily
- 1x2
- Price Max
- Min-Max
- Collar
- Expert
- Deferred Pricing
- Average Seasonal Price
- Price point up
- Price point Down

- Non-guaranteed Accumulator
- Guaranteed accumulator
- Accumulator with daily double up
- Accumulator with weekly double up
- Accumulator with end double up
- Pro Pricing
- Portfolio builder
- Pacer
- Premium offer
- Freedom Tech
- Freedom premium plus
- Freedom min max
- Freedom min price
- Freedom balance pro
- Freedom trader
- Freedom bin
- Freedom x-tra
- Freedom mid-year
- Turbos

- Alliance advantage
- Focal point
- GO EDGE Plus
- Market Up
- Security Plus
- Compass contracts
- Crossover solutions
- Crossover solutions insight
- KO accumulator with parachute
- NO KO accumulator with floor
- NO KO accumulator with non pricing level
- KO accumulator with reset
- NO KO accumulator with reset
- Accumulating average
- Price daily with floor
- Price daily with ceiling
- Market Pros
- Velocity Pro

WHEN DOES THE CORN MARKET TYPICALLY PEAK?

Strategic Farm Marketing & Crop Insurance

LEVERAGING YOUR CROP INSURANCE FOR MARKETING

Strategic Farm Marketing & Crop Insurance

Example:

Farmer Joe has 500 acres of corn this year. He has an APH of 220 & takes 80% RP coverage

How many bushels will he have guaranteed?

220 APH * .80 = 176 Bpa guaranteed * 500 acres = **88,000 bushels guaranteed**

LEVERAGING YOUR CROP INSURANCE FOR MARKETING

Strategic Farm Marketing & Crop Insurance

It's June 20… the market has rallied to 6.50

Farmer Joe would love to sell but he thinks he will only grow 150 bpa. He decides to get aggressively sold and sells 80k corn @ 6.50 to a local elevator

Remember: he only has 88k guaranteed

LEVERAGING YOUR CROP INSURANCE FOR MARKETING

Strategic Farm Marketing & Crop Insurance

SCENARIO 1

Fast forward to harvest...

Farmer Joe raises 190bpa and the market has pulled back from the summer highs to $5.50

500 acres * 190 = 95,000 bushels produced

Farmer Joe has no crop insurance claim, but has 92% priced $1.00 above the current market. He's also not oversold to the local elevator

LEVERAGING YOUR CROP INSURANCE FOR MARKETING

Strategic Farm Marketing & Crop Insurance

SCENARIO 2

Claim math and "buy back" math explained

Due to lack of rains and intense heat, farmer Joe only raises 75,000 bushels

Had a bushel guarantee of 88k

Due to wide-spread drought in Indiana and Illinois, the price of corn has now rallied to $7

Since you have harvest price option on your policy, you get the higher of the 2 (feb avg or oct avg)

Farmer joe is now getting reimbursed at the higher market of $7.00

Claim Math Simplified:

88,000(gtee) – 75,000 (actual) = 13,000 bushels short

13,000 short * $7.00 = $91,000 check from the insurance company

"What if I have to buy back bushels because I was too aggressive?"

Sold 80k @ $6.50

Current Market = $7.00

Only raised 75k production

Owe the elevator 5,000 bushels * market difference in contract price

5,000 bushels * .50c = $2,500 back to the buyer

* YOUR ARC OR PLC ELECTION MUST BE MADE AT YOUR LOCAL FSA OFFICE BY 3/15*

Strategic Farm Marketing & Crop Insurance

Farm bill has been extended 1 year – talks of a new 5 year bill getting pushed here by March, but a lame duck session bill is more likely.

What is ARC-county?

Ag risk coverage protects against county **REVENUE**. Combination of a trailing Olympic average on price * Olympic average on county yields * 86% = ARC-CO revenue guarantee

What is PLC?

Price loss coverage. **A price only** risk management tool, no yield dynamic whatsoever. The price floor is called the reference price. This year, it's **$4.01** on corn & **$9.26** on the soybeans.

INPUTS		Feb Price	$4.76	Crop	Corn	PLC Yield Est
State	Indiana	APH	215	Insurance Product	RP	
County	Tippecanoe	RMA County Yield	210.7	Coverage Level	80%	193.5
Olympic Average Yield	211.9	PLC Floor Price	$4.01	Olympic Avg Price	$4.85	
ARC Revenue Guarantee		$883.83	SCO Revenue Guarantee		$862.52	

ARC - County Estimate

ARC gives you 86% coverage on the county yield multiplied by a $4.85 price

← Marketing Year Avg Price	Yield → 121	136	151	166	181	196	211	226	241	256
$ 3.50	$ 87	$ 87	$ 87	$ 87	$ 87	$ 87	$ 87	$ 67	$ 29	$ -
$ 3.79	$ 87	$ 87	$ 87	$ 87	$ 87	$ 87	$ 61	$ 20	$ -	$ -
$ 4.08	$ 87	$ 87	$ 87	$ 87	$ 87	$ 61	$ 17	$ -	$ -	$ -
$ 4.37	$ 87	$ 87	$ 87	$ 87	$ 67	$ 20	$ -	$ -	$ -	$ -
$ 4.66	$ 87	$ 87	$ 87	$ 80	$ 29	$ -	$ -	$ -	$ -	$ -
$ 4.95	$ 87	$ 87	$ 87	$ 45	$ -	$ -	$ -	$ -	$ -	$ -
$ 5.24	$ 87	$ 87	$ 67	$ 10	$ -	$ -	$ -	$ -	$ -	$ -
$ 5.50	$ 87	$ 87	$ 39	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 6.50	$ 70	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

PLC Estimate

PLC gives you a price floor of $4.01 and the right to purchase SCO

← Harvest Futures Price	Yield → 121	136	151	166	181	196	211	226	241	256
$ 3.50	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100
$ 3.79	$ 53	$ 53	$ 53	$ 53	$ 53	$ 53	$ 53	$ 53	$ 53	$ 53
$ 4.08	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
$ 4.37	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 4.66	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 4.95	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 5.24	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 5.50	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 6.50	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SUPPLEMENTAL COVERAGE OPTION (SCO)

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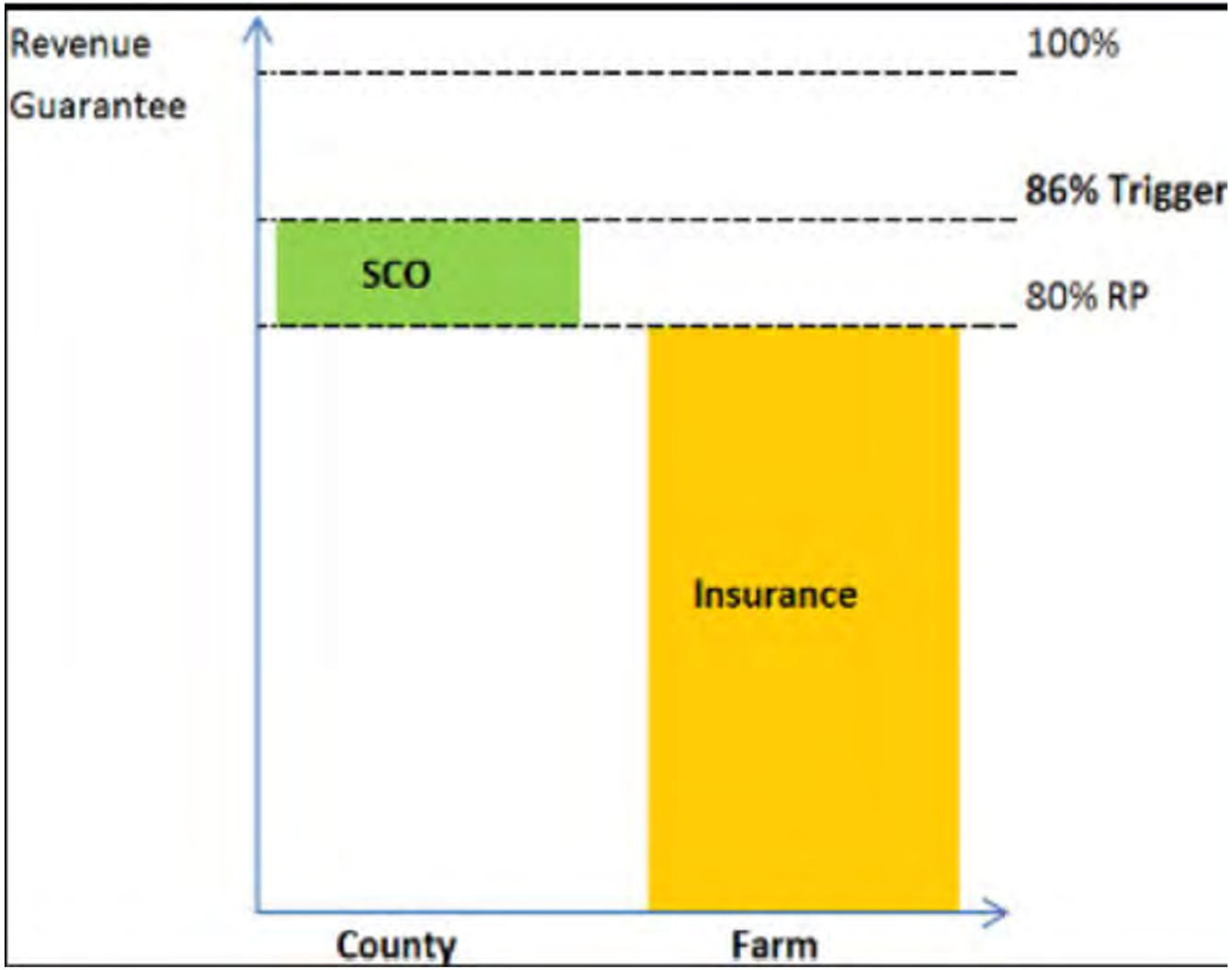
SCO IS COUNTY-BASED COVERAGE THAT COVERS ANY GAP FROM YOUR RP EU COVERAGE TO 86%



SCO ATTRIBUTES:

- SCO is 65% Federally Subsidized
- SCO is County-Based and uses RMA County Yields (released June 15th – indemnity paid after yields are released)
- SCO cannot have ARC, must be PLC
- SCO is elected by county and by crop
- If you lower your RP, you are also lowering your individual farm's guarantee and prevent plant coverage
- Liability can be adjusted from 100%-50% to reduce premium.

* YOUR ARC OR PLC ELECTION MUST BE MADE AT YOUR LOCAL FSA OFFICE BY 3/15*

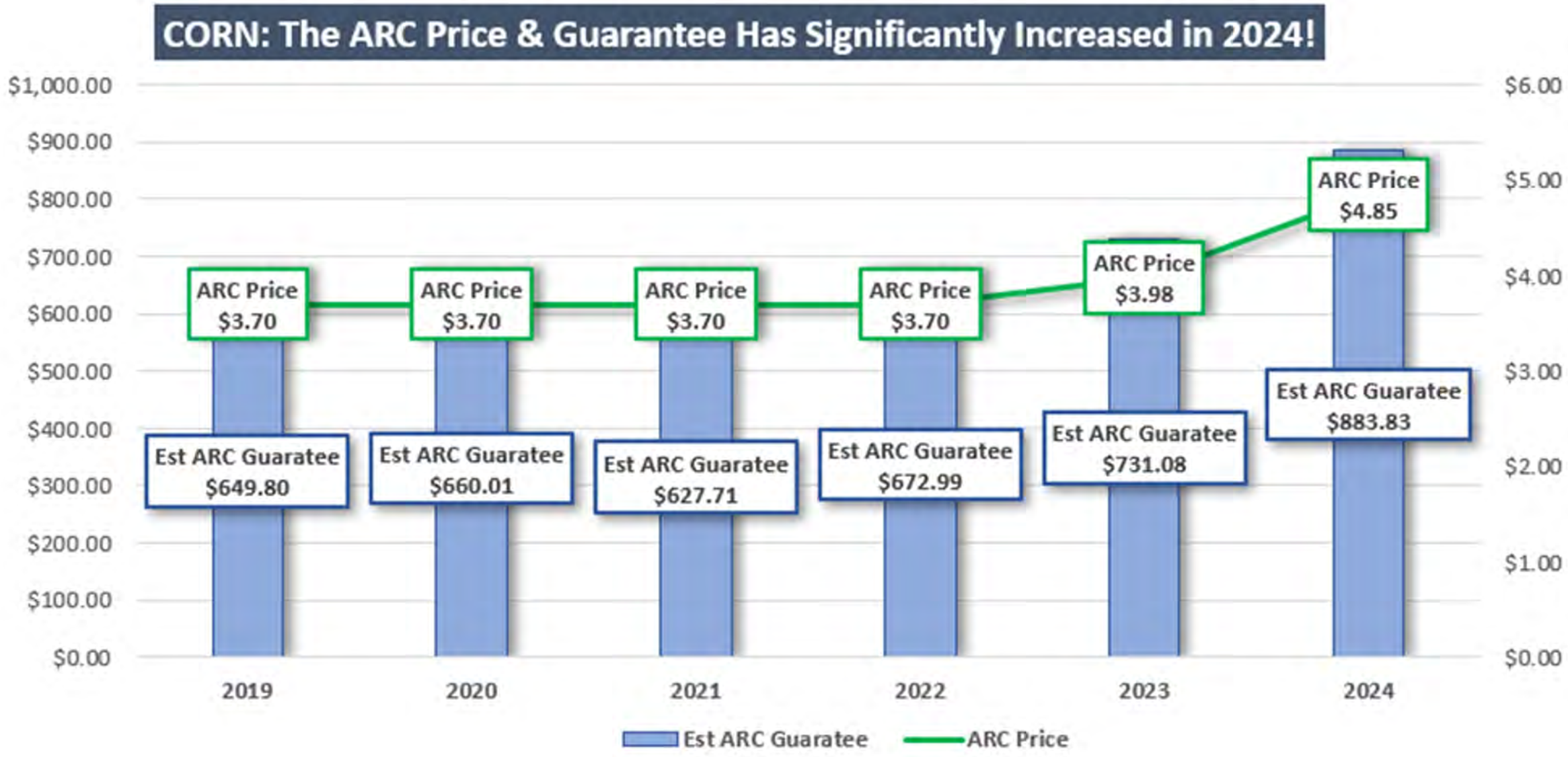
ARC-CO 86% (FSA) VS SCO 86% (INSURANCE)

Strategic Farm Marketing & Crop Insurance

	ARC	SCO
Acres Insured	85% Base Acres	Planted Acres
Price Used in Insurance Guarantee	5-Year Olympic Average of Market Year Average Price	Traditional Base Price (Corn - December Futures) (Beans – November Futures)
Yield Used in Insurance Guarantee	5-Year Olympic Average Yield	RMA's Expected County Yield
Payment Timing	Pays in October of the following crop year	Pays in June of the following crop year
Harvest Price Option Benefit	Does NOT recalculate liability if Harvest Price is higher than Spring Price	DOES recalculate liability if Harvest Price is higher than Spring Price

TIPPECANOE ARC-CO REVENUE GUARANTEE HAS INCREASED $152 VS LY

Strategic Farm Marketing & Crop Insurance



Strategic Farm Marketing & Crop Insurance

ARC / PLC Comparative Tool

State	County	Commodity	FSA Yield Type	Crop Year	FSA Base Acres
Indiana	Tippecanoe	Corn	Non-Irrigated	2024	100

ARC Scenario Data

Year:	2018	2019	2020	2021	2022	2024
ARC Yield:	223.27	188.98	227.27	214.59	197.92	205.00
Marketing Year Price:	$3.61	$3.56	$4.53	$6.00	$6.54	$4.20

80% of FSA T Yield: 145.60

ARC Yield Source: FSA Program Year 2024

2024 Forecast

205 actual yield * $4.20 = $861 actual revenue

PLC Scenario Data

PLC Payment Yield: 210.4

Explore SCO: No

Calculate

ARC Scenario Results

ARC — Agricultural Risk Coverage

$22.96 Per Payment Acre

Total Payment	$1,951.60
5yr Olympic Avg Yield:	211.93
5yr Olympic Avg Price:	$4.85
86% Revenue Guarantee:	$883.96
Actual County Revenue:	$861.00

Protects Price and County Yield

86% Trigger

PLC Scenario Results

PLC — Price Loss Coverage

$0.00 Per Payment Acre

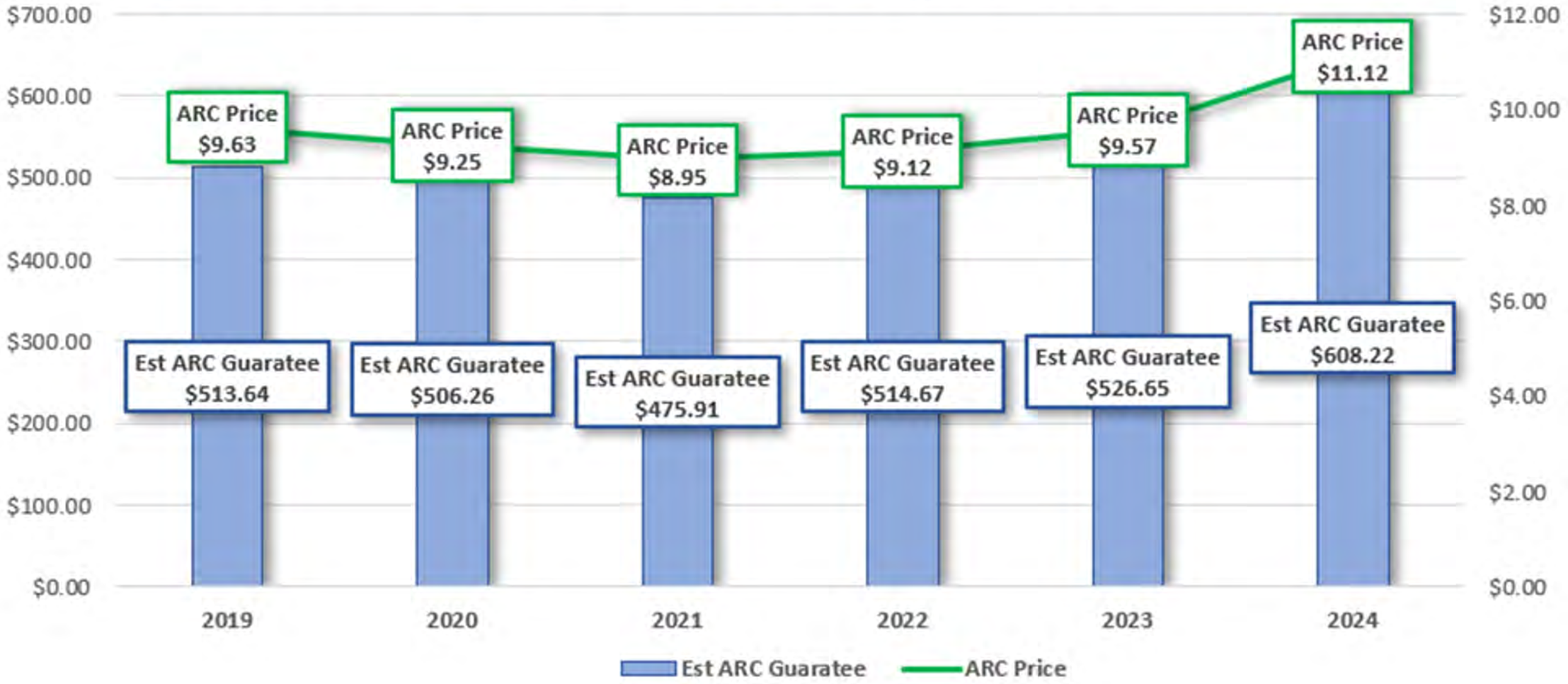
Total Payment	$0.00
Effective Reference Price:	$4.01
Effective Price:	$4.20
Price Loss:	$0.00
Payment Yield:	210.4

Protects Against Price Drops

Based On Marketing Year Average (MYA) Price

Strategic Farm Marketing & Crop Insurance

SOYBEANS: The ARC Price & Guarantee Has Significantly Increased in 2024!



ARC / PLC Comparative Tool

Strategic Farm Marketing & Crop Insurance

State	County	Commodity	FSA Yield Type	Crop Year	FSA Base Acres
Indiana	Tippecanoe	Soybeans	Non-Irrigated	2024	100

ARC Scenario Data

Year:	2018	2019	2020	2021	2022	2024
ARC Yield:	70.22	59.5	68.38	61.45	60.87	62.00
Marketing Year Price:	$8.48	$8.57	$10.80	$13.30	$14.20	$10.50

80% of FSA T Yield: 45.60

ARC Yield Source: FSA Program Year 2024

2024 Forecast

62 actual yield * $10.50 = $651 actual revenue

PLC Scenario Data

PLC Payment Yield: 64.1

Explore SCO: No

Calculate

ARC Scenario Results

ARC — Agricultural Risk Coverage

$0.00 Per Payment Acre

Total Payment	$0.00
5yr Olympic Avg Yield:	63.57
5yr Olympic Avg Price:	$11.12
86% Revenue Guarantee:	$607.93
Actual County Revenue:	$651.00

Protects Price and County Yield

86% Trigger

PLC Scenario Results

PLC — Price Loss Coverage

$0.00 Per Payment Acre

Total Payment	$0.00
Effective Reference Price:	$9.26
Effective Price:	$10.50
Price Loss:	$0.00
Payment Yield:	64.1

Protects Against Price Drops

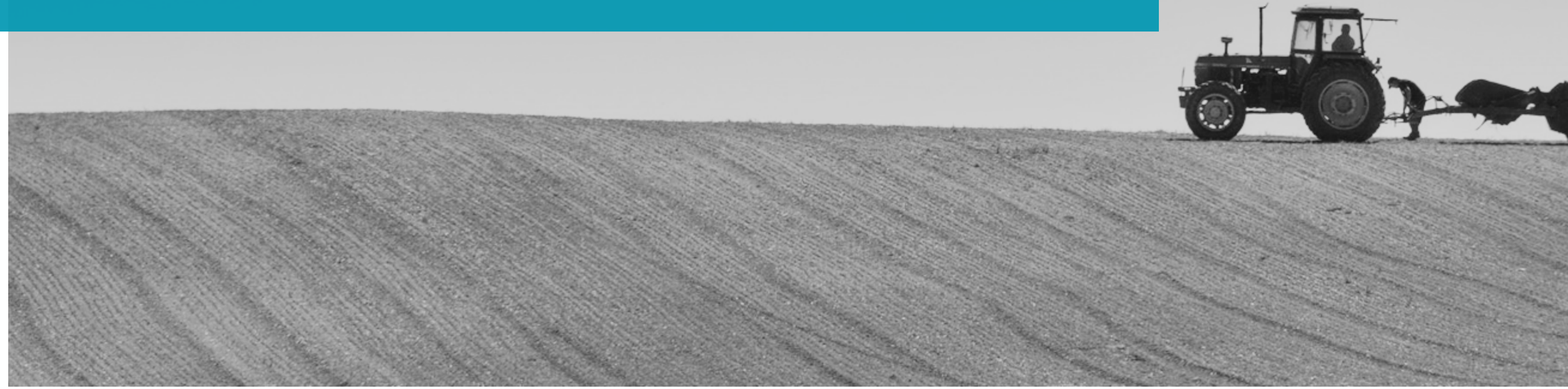
Based On Marketing Year Average (MYA) Price

ARC/PLC SUMMARY

NOT a one size fits all recommendation!

For many of you, given what we know right now ARC-CO is the better election for corn base acres due to the impressive ARC-CO revenue guarantee improvement & it's free @ FSA. If you pick ARC-CO you cannot take SCO in 2024. 54% of our Indiana corn policies had SCO in some fashion in 2023!

For soybeans, the ARC-CO revenue guarantee has improved but not as sharply as corn. We would suggest taking PLC as of today if you are considering SCO (only 3% of all Tippecanoe soybean policies had SCO in 2023). If you take RP 85%, or ECO products, Take ARC-CO.

If you feel pressured by FSA to make an election before the deadline. Reserve the right to change this by 3/15!!!. A sharp, unforeseen market rally affecting the Feb average could make SCO more advantageous.

THANK YOU!