



# Marketing Class

DATE APRIL 10TH, 2020

I'M GOING  
TO NEED MORE  
TOILET PAPER.

B. Rich  
HEDGEYE



B. Rich  
HEDGEYE





HE'S SO SWEET  
AND LOVING...  
...EXCEPT WHEN  
HE'S NOT.



HEDGEYE

B. Rich

B. Rich <sup>D.H.</sup> HEDGEYE



# Topics for April 10<sup>th</sup> 2020

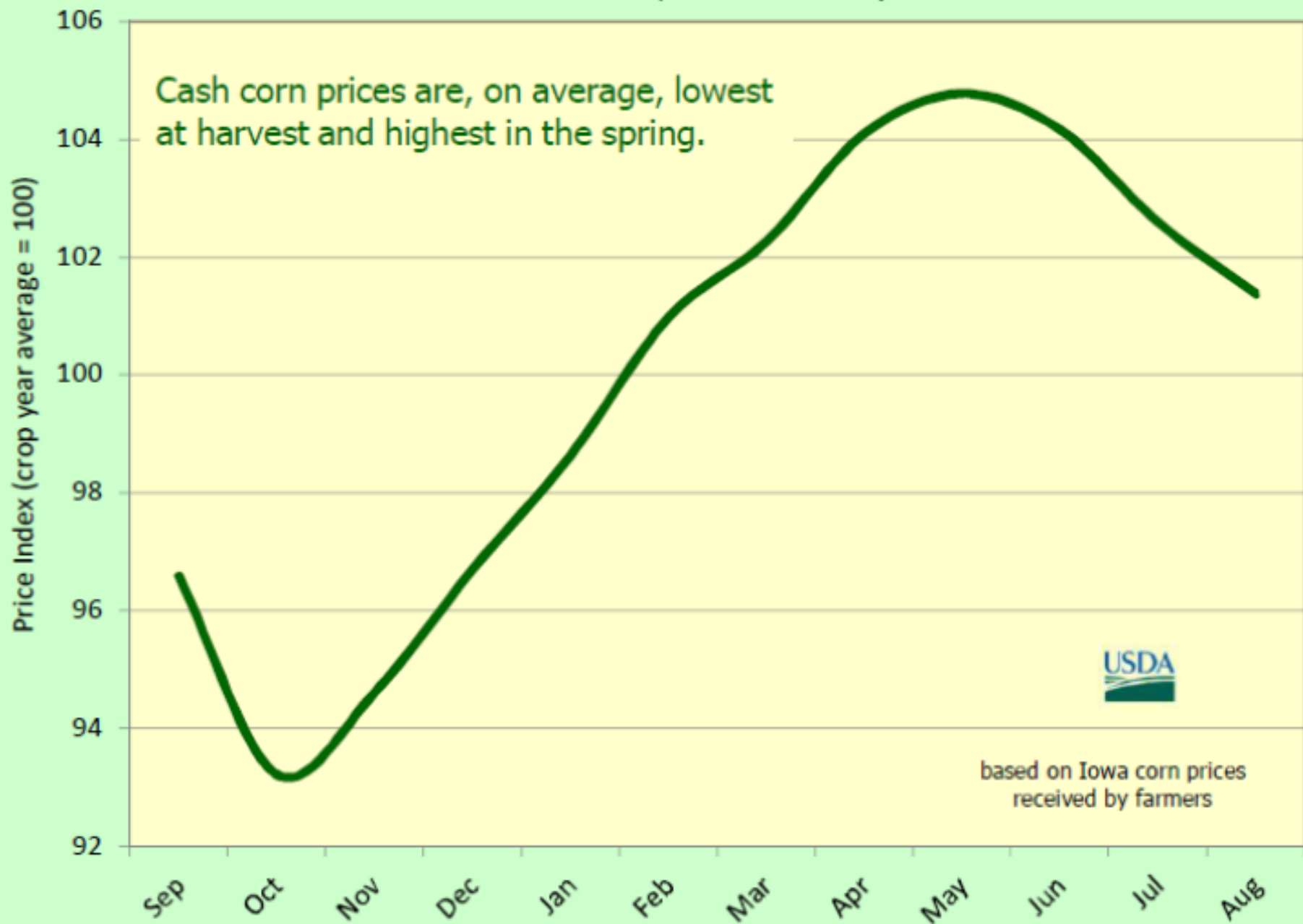
- Current Chart Comparison
- Paycheck Protection Program-Bell Information
- Cash Prices for Old Crop and New Crop
  - Market Recovery, Acre Changes, Ethanol usage/Oil Prices
  - Review yesterday's report
- Basis for Old Crop and New Crop
  - Basis for new crop or old crop.
- Interest Rates
  - CCC Loan extension, Restructure Loans



# Chicago December Corn Futures, 2000-2018 average



## Index of Iowa Corn Prices, 1990-2014 Crop Years

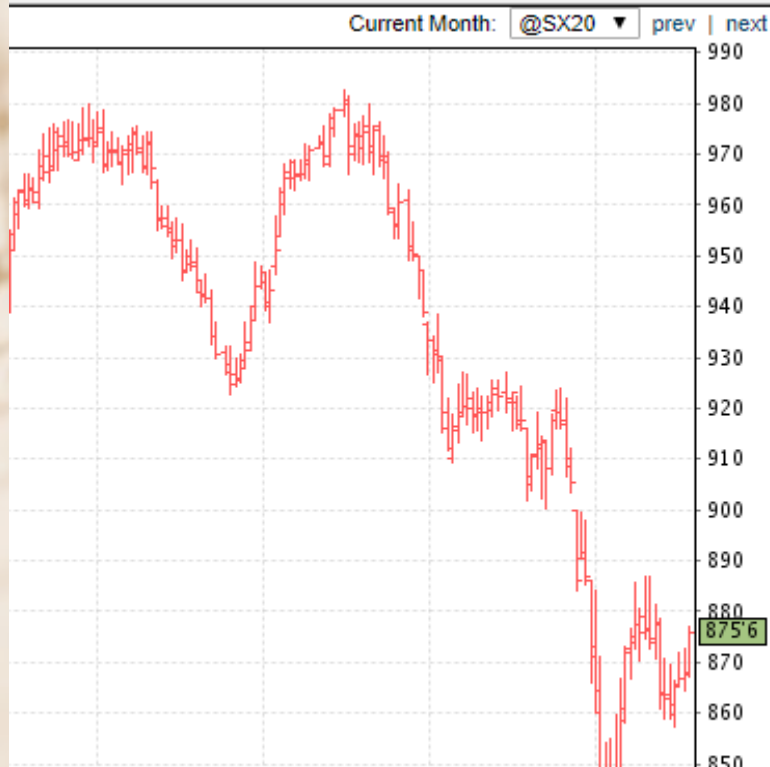




# Chicago November Soybean Futures, 2000-2018



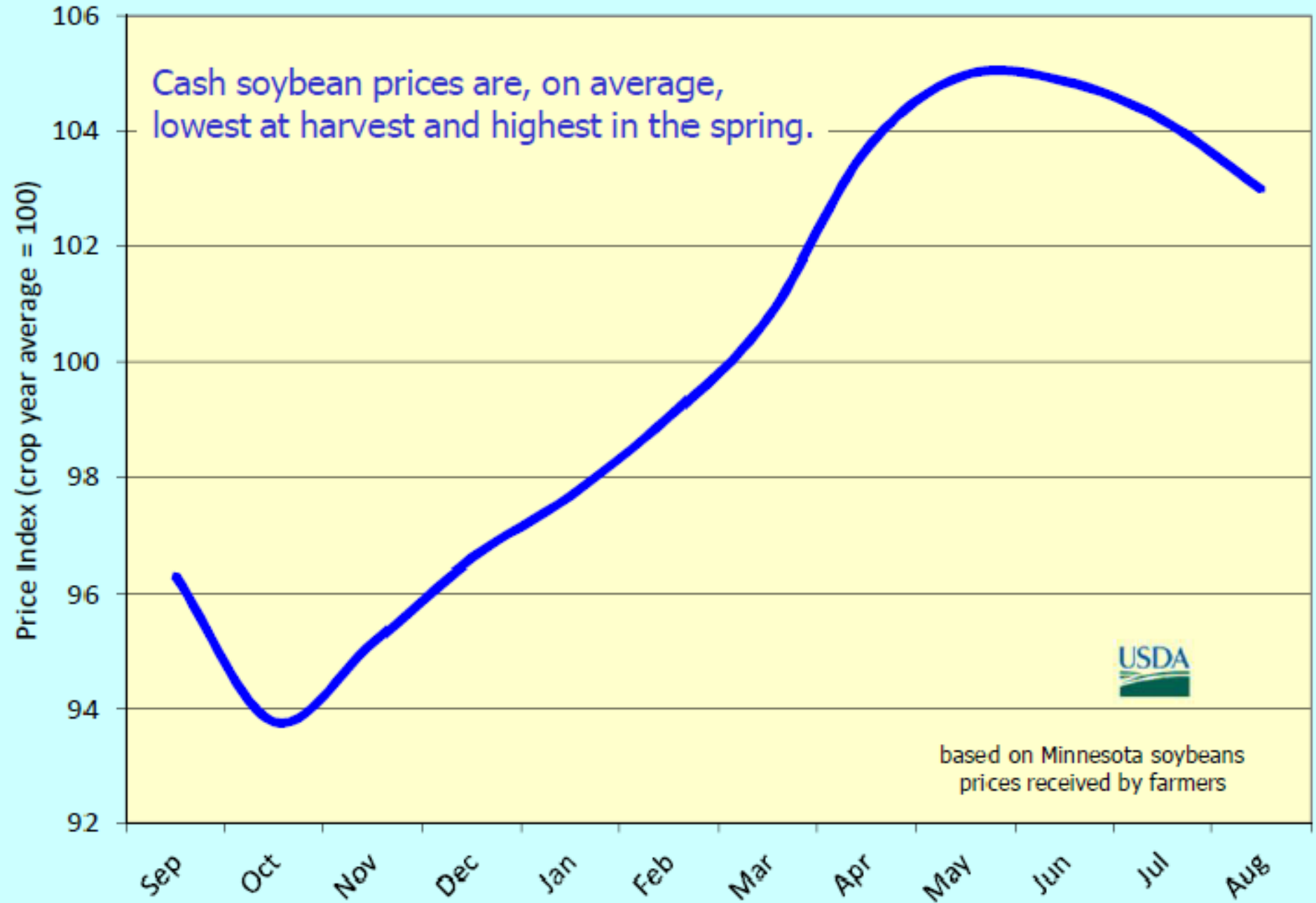
Historical Chart | Chart | Options | Futures Chain | Spread Matrix



dates



## Index of Minnesota Soybean Prices, 1990-2014 Crop Years



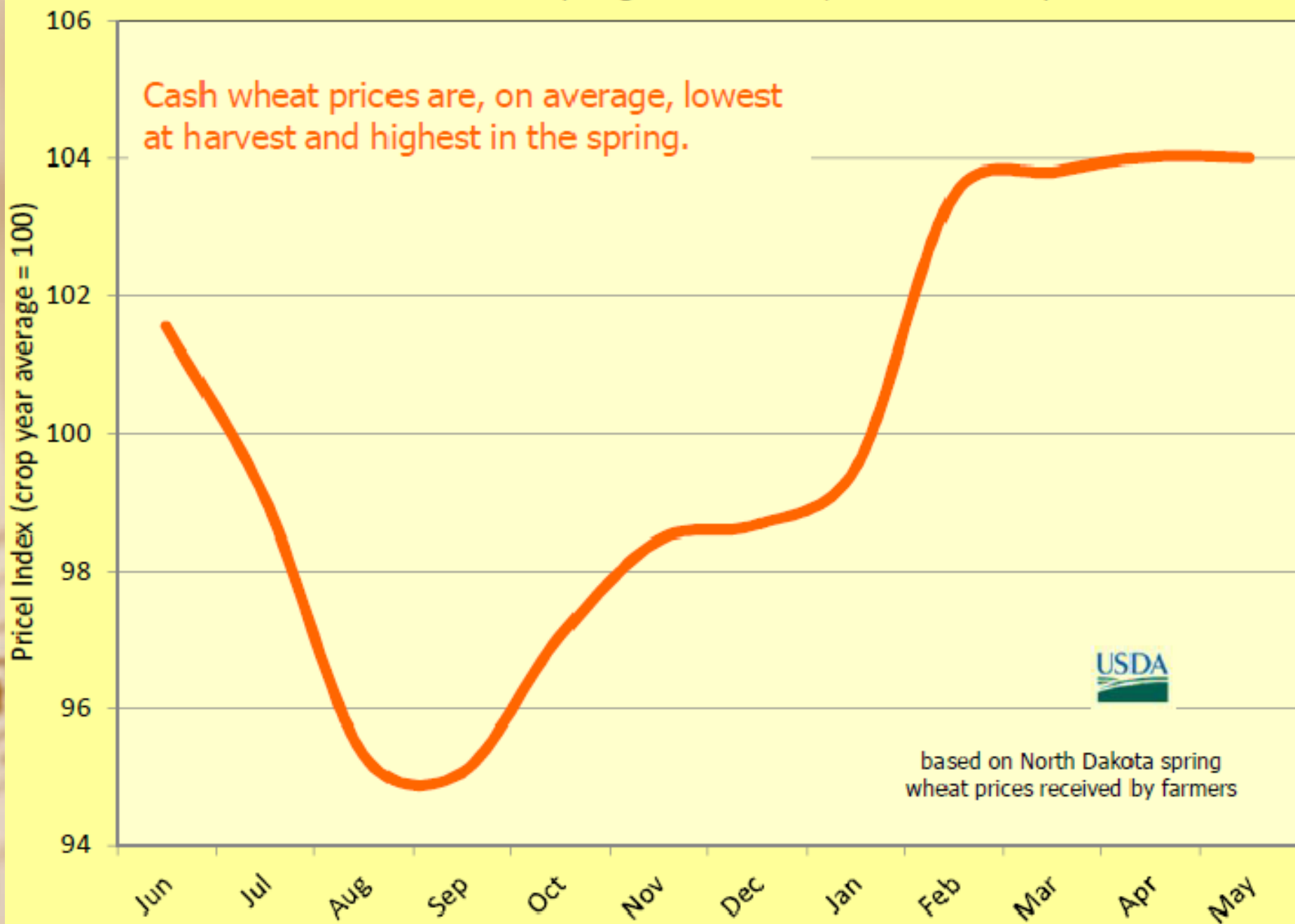
# September MGEX Spring Wheat Futures, 2000-2018





## Index of North Dakota Spring Wheat Prices, 1990-2014 Crop Years

Cash wheat prices are, on average, lowest at harvest and highest in the spring.



based on North Dakota spring wheat prices received by farmers

# Paycheck Protection Program

## What is the eligible amount?

Loan amount is 2.5 times the borrower's average monthly payroll costs from the last year, up to \$10 million

- **For employers**, payroll costs include wages/salaries or tips for employees who earn up to \$100,000 (non-U.S. employees excluded), paid leave, separation/dismissal payments, health care plan costs, retiree benefits and payroll taxes.
- **For sole proprietors**, independent contractors, and self-employed individuals, payroll costs include wages, commission, income, net earnings or similar compensation not more than \$100,000 in one year, as pro-rated for the covered period.

## Loan Information

- Interest rate capped at 1%
- 2-year term
- Principal and interest payments deferred for 6 months
- Loan must be closed by June 30, 2020
- Portion of loan used for covered purposes is subject to forgiveness
- Loan funds must be used for payroll costs (including benefits, commissions and tips), mortgage interest, rent and utility costs.

# Paycheck Protection Program

## **When can I apply for a loan?**

- Starting April 3, 2020, small businesses and sole proprietorships can apply.
- Starting April 10, 2020, independent contractors and self-employed individuals can apply.

## **Will the loan be forgiven?**

Borrowers are eligible to have their PPP loans forgiven in an amount equal to what they spend on the following items during the 8-week period after loan origination:

- Payroll costs
- Interest payments on mortgages in existence prior to February 15, 2020 (not principal)
- Rent on leasing agreements in existence prior to February 15, 2020
- Utilities for which service began prior to February 15, 2020
- Additional wages paid to employees who usually receive tips

Additional considerations to note:

- **Uses that may be forgiven are narrower than the permitted loan uses. Not all permitted uses will be eligible for forgiveness.**
- Loan forgiveness cannot exceed the principal on the loan.
- Not more than 25% of the forgiven amount may be for non-payroll costs.

**Where do I apply, must apply through a small business association approved lender, currently Ag Country is not eligible**

**Government seeking additional 250 million to program but congress is not able to move forward yet**



# Cash Prices for Old Crop and New Crop-Marketing Impact Factors

- Report Summary: Negative US numbers with higher 2019 ending stocks estimate. World numbers: negative wheat and corn, friendly soybeans. Re-survey 2019 production MN, MI, SD, WI results in May report, ND resurvey and included at later date
- OPEC+ held their meeting this morning and it apparently did not go well as crude sold off late in the session. A virtual meeting between the G20 energy ambassadors is expected to take place tomorrow. Russia and Saudia Arabia agreed to cut production, but need other countries to follow along.
- There will be no overnight session today and the markets will remain closed tomorrow in observance of Good Friday and Easter. Regular trading resumes Sunday night at 7 PM.
- Ethanol Demand is decreasing and lowering of prices is causing some plants to shut down.
- Port issues in South America causing China to change purchase

# WASDE APRIL 9

## USDA 2019-20 U. S. Grain Carryout (in billion bushels)

	USDA 2019-20	Average	Range	March 2019-20	USDA 2018-19
Wheat	<b>0.970</b>	0.940	0.890-0.973	0.940	1.080
Corn	<b>2.092</b>	2.004	1.792-2.150	1.892	2.221
Soybeans	<b>0.480</b>	0.430	0.385-0.475	0.425	0.909

## USDA 2019-20 World Carryover (in million tonnes)

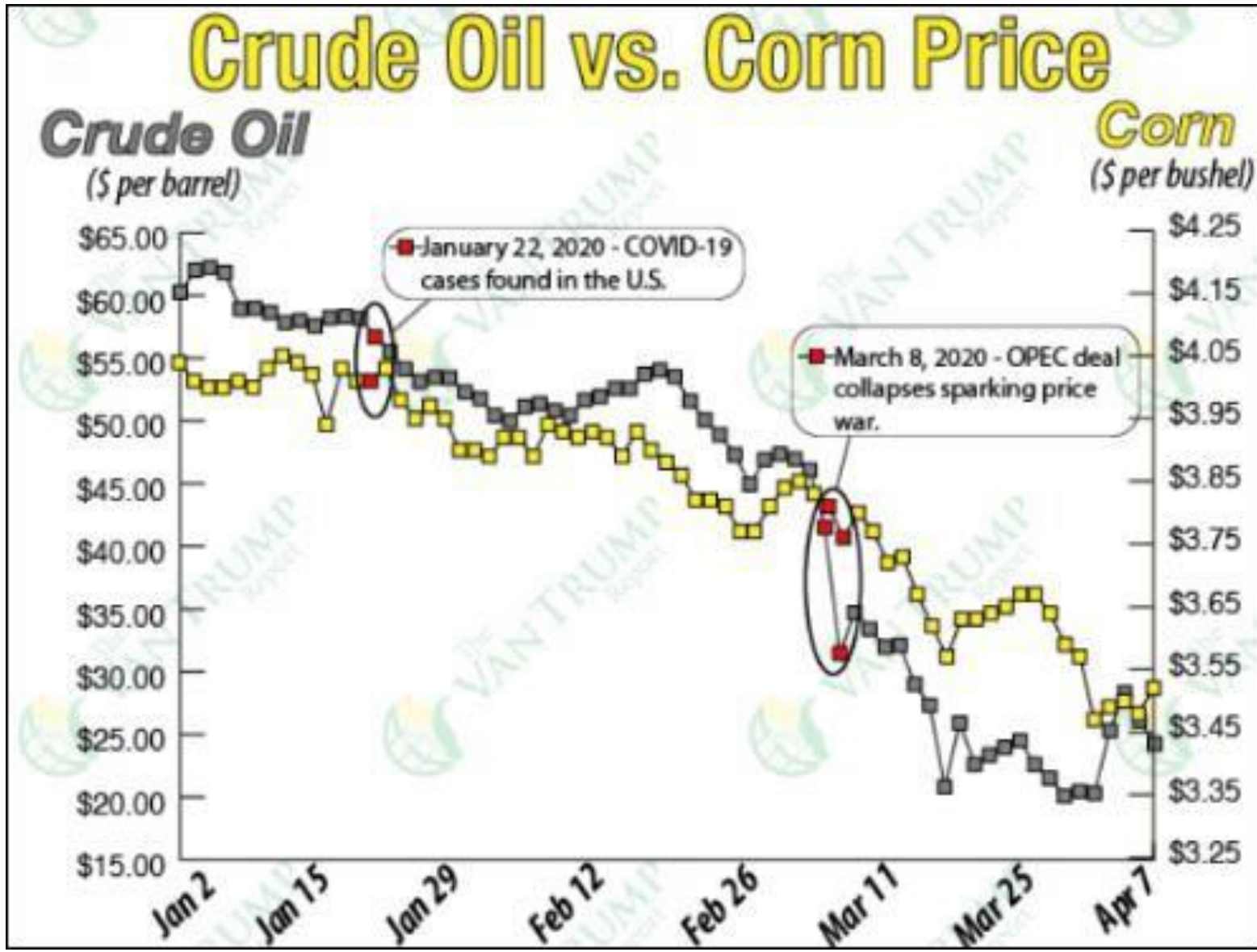
	USDA 2019-20	Average	Range	March 2019-20	2018-19
Wheat	<b>292.78</b>	287.37	285.00-291.00	287.14	278.10
Corn	<b>303.17</b>	298.50	293.00-301.00	297.34	320.94
Soybeans	<b>100.45</b>	101.10	97.00-104.85	102.44	110.81

## USDA 2019-20 World Grain Production (in million tonnes)

	USDA 2019-20	March 2019-20	March 2018-19
Argentina Wheat	19.50	19.50	19.50
Australia Wheat	15.20	15.20	17.30
Canada Wheat	32.35	32.35	32.20
EU-27 Wheat	154.00	154.00	136.86
Brazil Wheat	5.20	5.20	5.43
China Wheat	133.59	133.59	131.43
Mideast Wheat	22.68	22.68	18.37
North Africa Wheat	18.40	18.47	21.00
Bangladesh Wheat	1.20	1.20	1.10
India Wheat	103.60	103.60	99.87
Nigeria Wheat	0.06	0.06	0.06
Russia Wheat	73.61	73.61	71.69
Kazakhstan Wheat	11.45	11.45	13.95
Ukraine Wheat	29.17	29.00	25.06
Argentina Corn	<b>50.0</b>	50.00	51.00
Brazil Corn	<b>101.0</b>	101.00	101.00
South Africa Corn	16.00	16.00	11.82
Egypt Corn	6.40	6.40	6.80
EU-27 Corn	66.63	65.00	64.36
Mexico Corn	25.00	25.00	27.60
SE Asia Corn	29.72	30.56	29.94
Canada Corn	13.40	13.40	13.89
China Corn	260.77	260.77	257.33
Russia Corn	14.28	14.28	11.42
Ukraine Corn	35.89	35.80	35.81
China Soybeans	18.10	18.10	15.97
Argentina Soybeans	52.00	54.00	55.30
Brazil Soybeans	<b>124.50</b>	126.00	117.00
Paraguay Soybeans	9.90	9.90	8.85



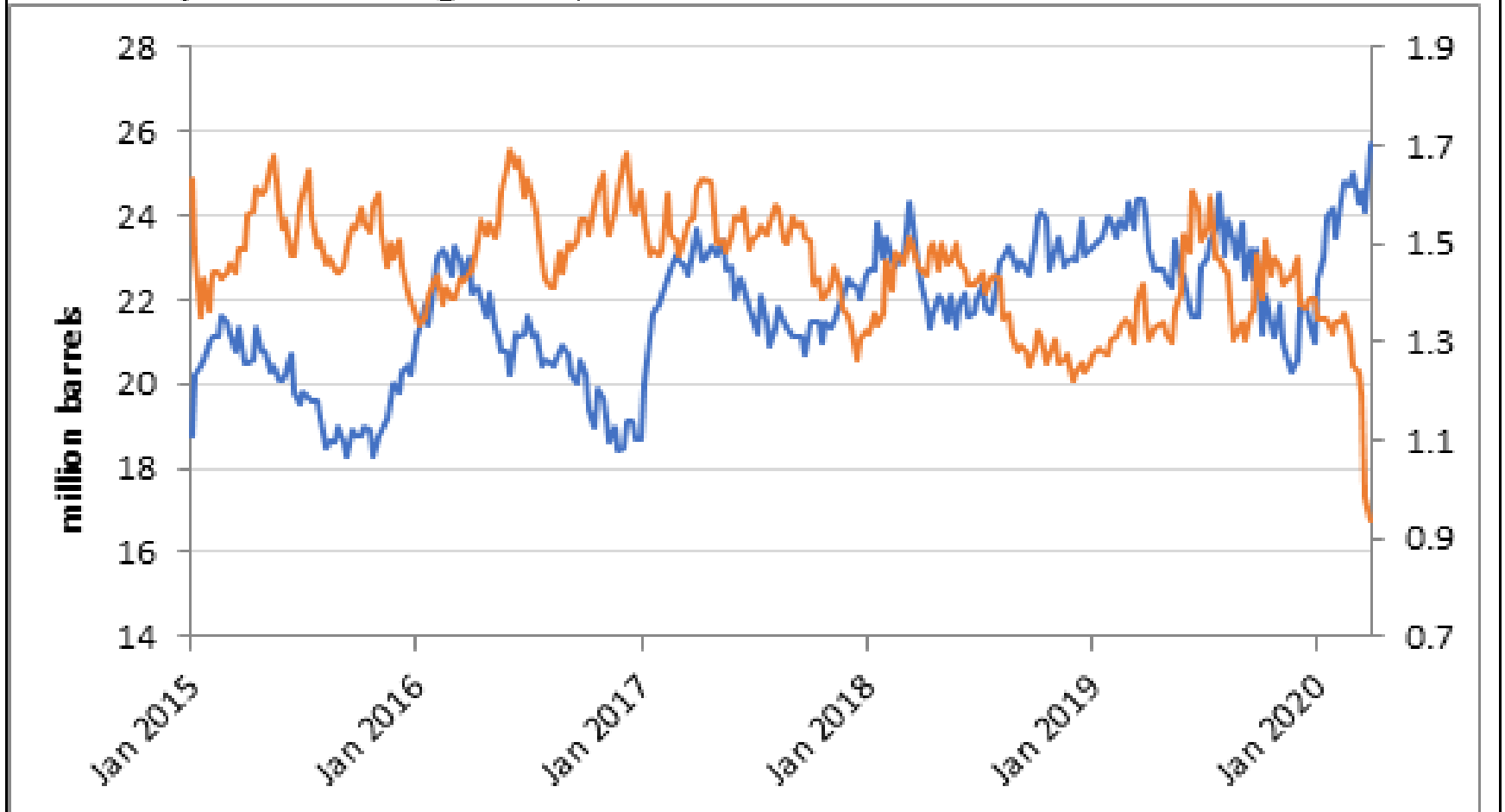
# Crude Oil VS Corn





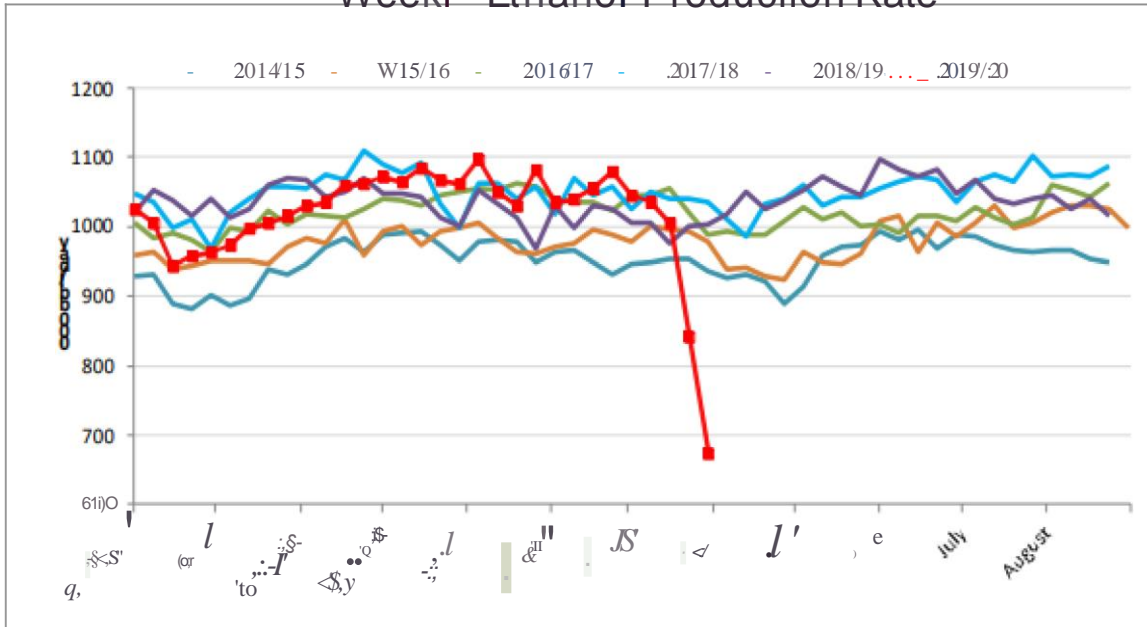
# Ethanol stock and price

Ethanol price is orange line, stocks are the blue

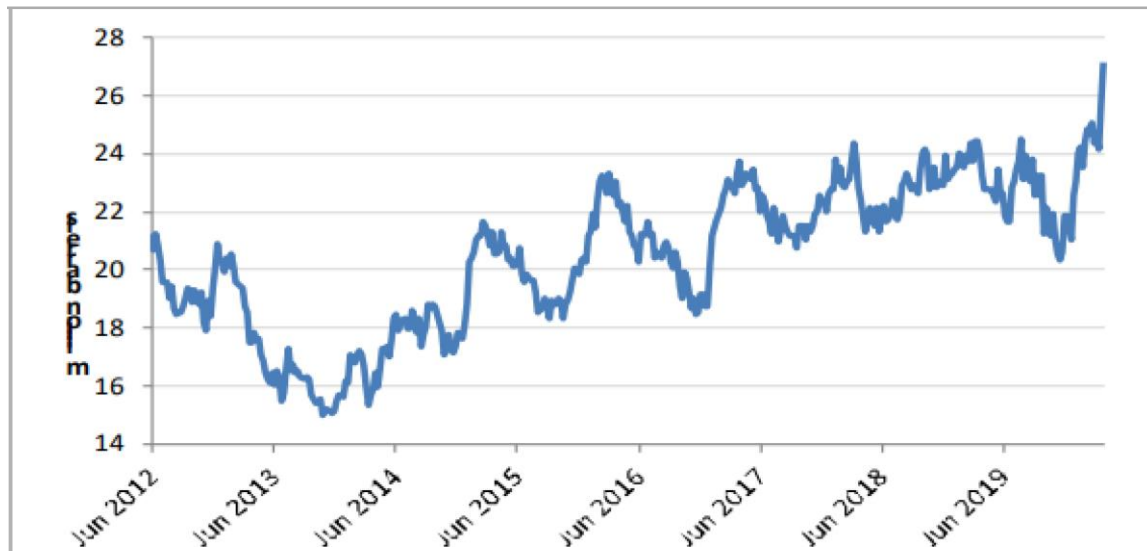


Production decreased by 168,000 bpd this week to 672,000 bpd. This is the biggest weekly drop ever and at the lowest levels since the infancy of the US ethanol program. Ethanol inventories increased by 1.4 million to 27.1 million barrels and are at the highest level ever.

### Weekly Ethanol Production Rate



### Ethanol Stocks



# Cash Prices for Old Crop and New Crop-Marketing Impact Factors

- **ARC, PLC, and ARC IC for 2019 should have payments in Oct 20**
- **2020 Corn Bean Ratio: 3.49/8.66 2.48 to 1**
- **Meat processing slow down, dumping milk in Wisconsin**
- **Essential worker illnesses.**
- **Export movements: Super Sale on most commodities.**
- **The ever-changing planting 2020 plans.**
- **May basis contract roll by 4-24-20**
- **Any weather premium may not show up till mid May.**



# National Marketing Year Price Update for PLC/ARC

- Corn at \$3.65 below PLC Reference of \$3.70
- Soybeans at \$8.65 above PLC Reference of \$8.40
- Wheat at 4.60 below PLC reference price of \$5.50.
- Based on those prices PLC would give a payment for Corn and Wheat.
- Wheat has till May 31 for marketing year to end and corn has till August 31 for that marketing year to end. More changes to come.

## LOCAL CASH GRAIN PRICES

Northland College-<http://www.northlandfbm-moorhead.com/>

Ron Dvergsten 218-686-5448 / Josh Tjonnaas 299-5863-Instructors

	4/9/2020 4:07 p.m.			4/6/2020 8:52 a.m.			3/30/2020 7:51 a.m.			3/23/2020 8:14 a.m.		
	2019 Crop	2019 Crop	2020 Crop	2019 Crop	2019 Crop	2020 Crop	2019 Crop	2019 Crop	2020 Crop	2019 Crop	2019 Crop	2020 Crop
<b>WHEAT:</b>	Max 20-Apr Del	Max 20-Mar Del	Sept 20-Apr Del	Max 20-Apr Del	Max 20-Mar Del	Sept 20-Apr Del	Max 20-Mar Del	Max 20-Apr Del	Sept 20-Apr Del	Max 20-Mar Del	Max 20-Apr Del	Sept 20-Apr Del
Georgetown	5.13						5.13			5.02		
Maple River	4.86	4.86	4.76	4.84	4.84	4.73	4.91	4.76	4.78	4.75	4.70	4.75
Protein	+.03*1/5	+.03*1/5		+.03*1/5	+.03*1/5		+.03*1/5	+.03*1/5		+.03*1/5	+.03*1/5	
GFE	-.06*1/5	-.06*1/5		-.06*1/5	-.06*1/5		-.06*1/5	-.06*1/5		-.06*1/5	-.06*1/5	
Basis: Gtwn	-0.20						-0.25			-0.30		
Breck	-0.45	-0.45	-0.65	-0.45	-0.45	-0.65	-0.45	-0.45	-0.65	-0.45	-0.45	-0.65
Felton	-0.17	-0.27-Jly	-0.47	-0.17	-0.27-Jly	-0.47	-0.17		-0.47	-0.17		-0.47
Maple River	-0.47	-0.47	-0.77	-0.47	-0.47	-0.77	-0.47	-0.62	-0.77	-0.57	-0.62	-0.77
<b>SOYBEANS:</b>	Max 20-Apr Del	Max 20-Mar Del	Nov 20-Oct Del	Max 20-Apr Del	Max 20-Mar Del	Nov 20-Oct Del	Max 20-Mar Del	Max 20-Apr Del	Nov 20-Oct Del	Max 20-Mar Del	Max 20-Apr Del	Nov 20-Oct Del
Georgetown	7.60						7.84			7.69		
Maple River	7.57	7.57	7.69	7.46	7.46	7.54	7.86	7.81	7.76	7.74	7.69	7.64
Basis: Gtwn	-1.04						-1.04			-1.07		
Breck	-0.85	-0.80	-0.90	-0.85	-0.85	-0.90	-0.85	-0.85	-0.95	-0.85	-0.85	-0.95
Felton	-1.07		-0.87	-1.07		-0.87	-1.07	-1.07	-0.87	-1.07	-1.07	-0.87
Maple River	-1.07	-1.07	-1.07	-1.07	-1.07	-1.07	-1.02	-1.07	-1.07	-1.02	-1.07	-1.07
<b>CORN:</b>	Max 20-Apr Del	Max 20-Mar Del	Dec 20-Dec Del	Max 20-Apr Del	Max 20-Mar Del	Dec 20-Dec Del	Max 20-Mar Del	Max 20-Apr Del	Dec 20-Dec Del	Max 20-Mar Del	Max 20-Apr Del	Dec 20-Dec Del
Georgetown	2.74						2.86			2.86		
Cargill	2.77	2.77	3.11	2.88	2.83	3.08	3.00	2.95	3.23	2.96	2.94	3.25
Basis-Gtwn	-0.58						-0.56			-0.58		
Cargill	-0.55	-0.55	-0.40	-0.40	-0.45	-0.40	-0.45	-0.50	-0.40	-0.48	-0.50	-0.40
Felton	-0.52	-0.62-Jly	-0.72	-0.57	-0.62-Jly	-0.72	-0.57	-0.57	-0.72	-0.62	-0.62	-0.77
Maple River	-0.57	-0.57	-0.62	-0.57	-0.57	-0.62	-0.57	-0.57	-0.62	-0.57	-0.57	-0.62

### Loan Rates

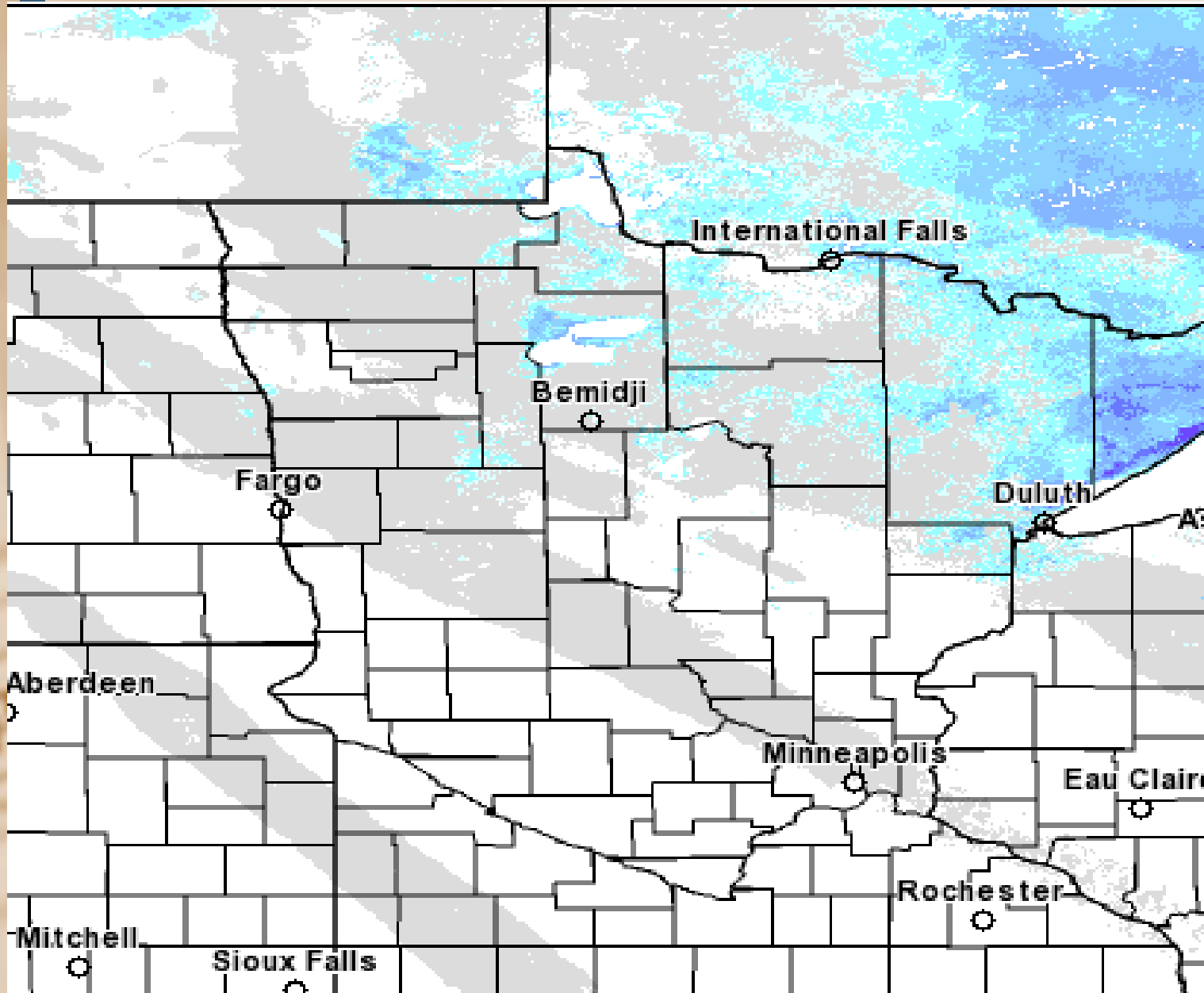
Commodity Int. Rate: 1.625% Apr 1, 2020 Farm Storage Loans

	2020	2020	2020
Crop	Clay	Norman	Wilkin
Wheat	3.96	3.95	3.97
Corn	2.05	2.02	2.03
Soybeans	5.96	5.92	5.98

Annual Interest Rate	Length of Loan Term	Annual Interest Rate	Length of Loan Term
0.750%	3 years	1.000%	10 years
0.750%	5 years	1.125%	12 years
1.000%	7 years		



# Snow Depth Map April 9 2020





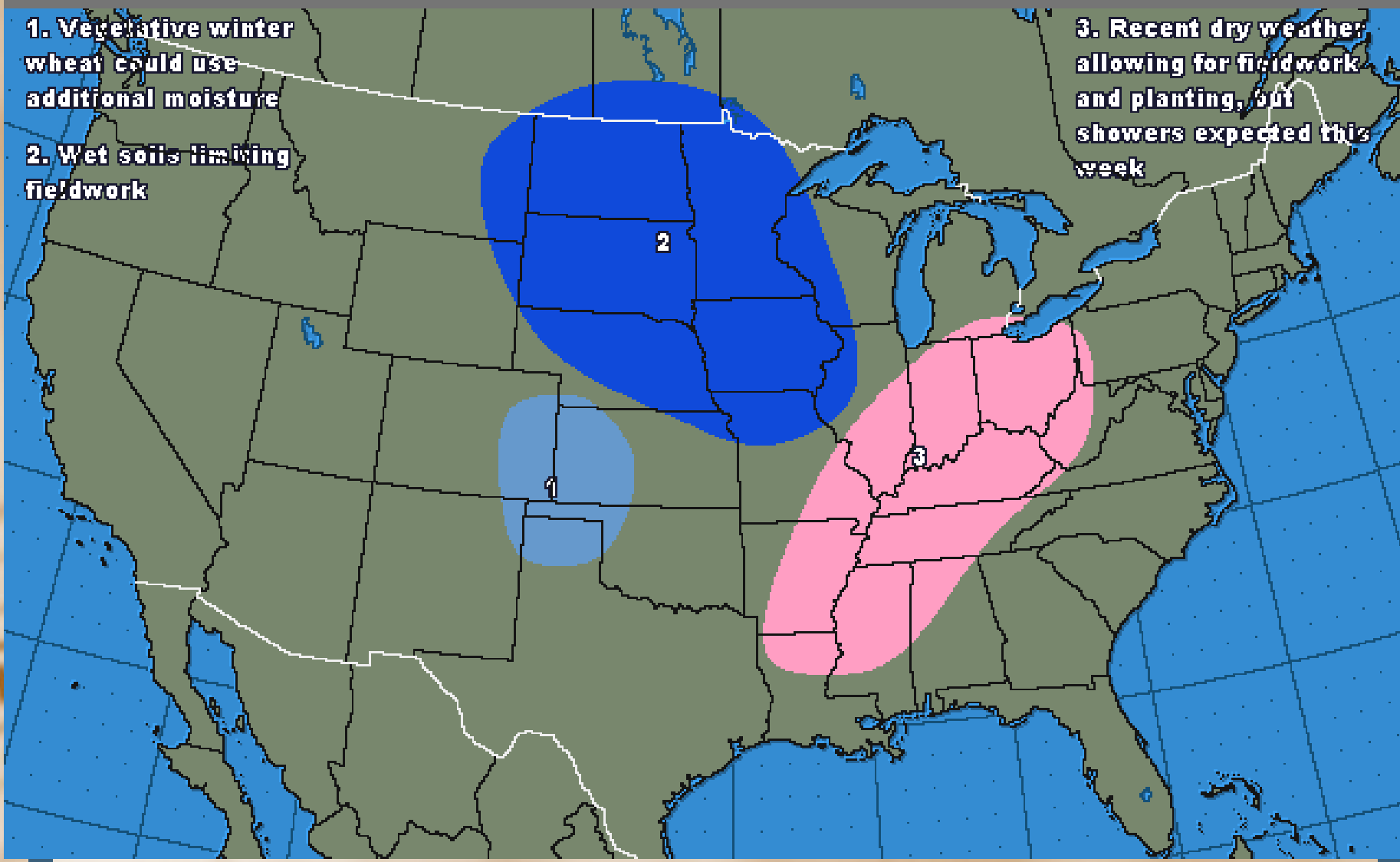
# Crop Critical Weather Events

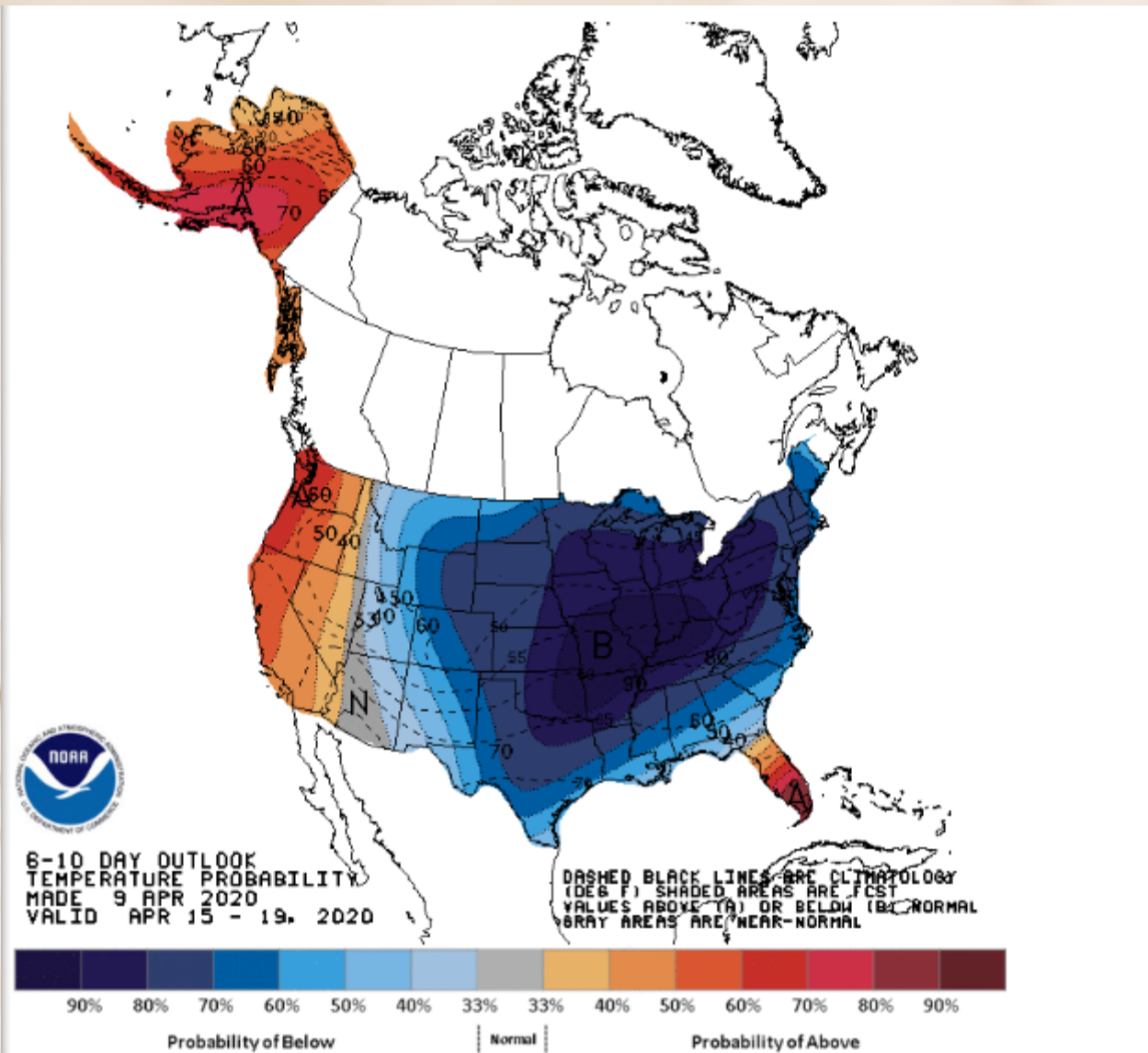
Thursday, Apr 09, 2020

1. Vegetative winter wheat could use additional moisture

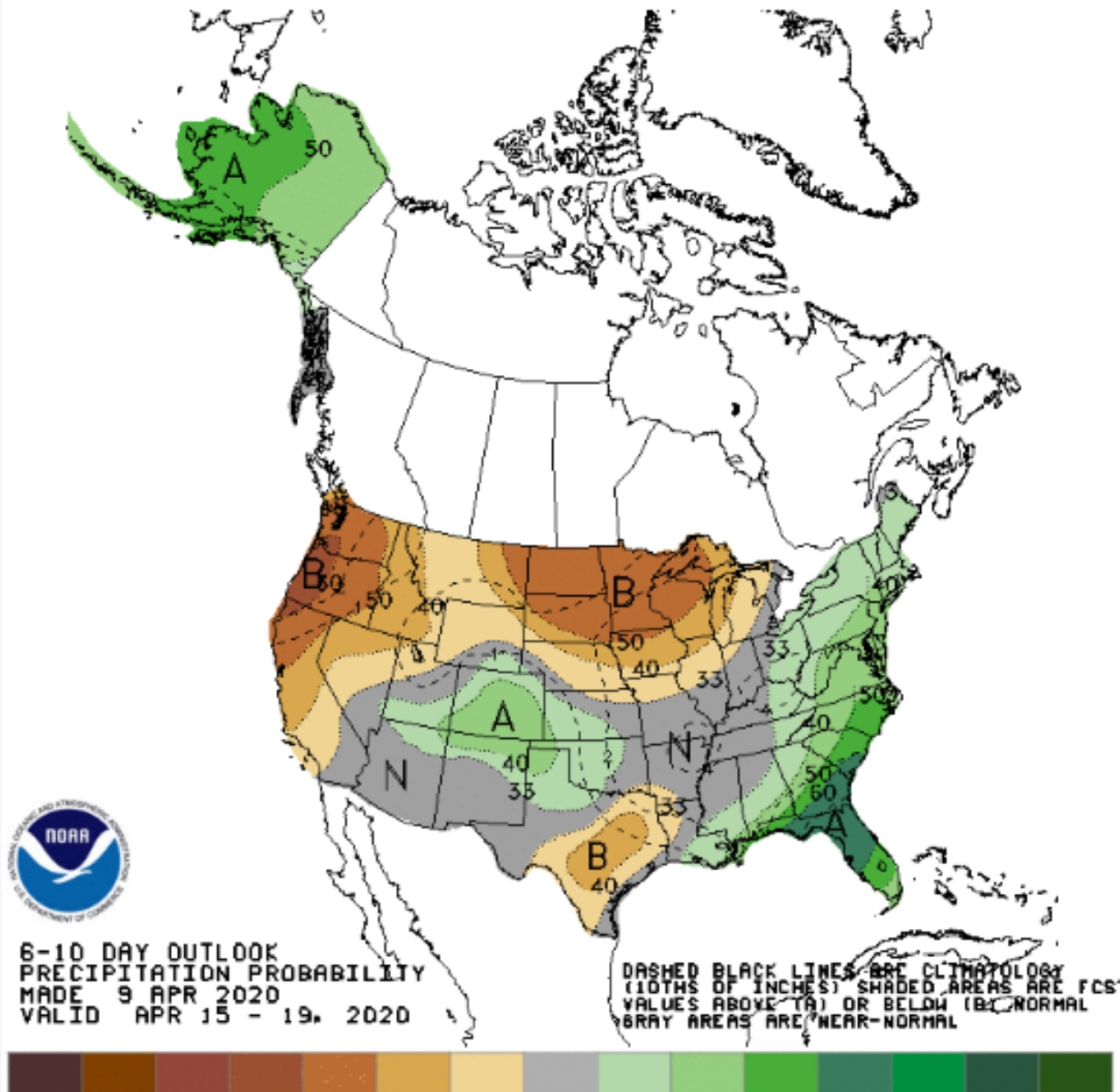
2. Wet soils limiting fieldwork

3. Recent dry weather allowing for fieldwork and planting, but showers expected this week





# Precipitation Probability





# Basis for Old Crop and New Crop

- Basis Changes-Old Crop Corn-Increasing due to ethanol demand.
- New Crop Basis for Corn and Soybeans are relatively good historically given the past several year.

# Market Plan 2020

- Revisions for your 2020 marketing plan may have to be made depending on how long the pandemic lasts. [Naomi Blohm Article](#)
- We will relook at pricing opportunities as the curve starts to slow.
- 5 year lows for Corn (3.14), Soybeans (8.15), and Wheat (4.66). Hopefully we don't get there but that would be key support.

# 2019 and 2020 Crop Targets

- 19 Corn-July Futures 2020-\$3.80-\$4.00
- 20 Corn Dec Futures 2020-\$4.00-4.10 Start-Cash \$3.50-Cash Flow plan
- 19 Soybeans Corn-July Futures 2020-\$9.40-9.50
- 20 Soybeans Dec Futures 2020-\$9.60 Start-Cash \$8.75 Cash Flow plan
- 19 Spring Wheat-July Futures 2020-\$5.50-\$5.70
- 20 Spring Wheat Sept Futures 2020-\$5.75-5.80-Cash \$5.25 Cash Flow Plan
- 20 Spring Wheat Dec Futures 2020-\$5.95-6.00



# Marketing Plan 2020

- Pricing objectives futures:
  - Corn: **Dec 2020 \$4.09-\$4.44 (4.20)** **April 1 (\$3.80 to \$4.00)**
    - Sell all corn above 3.70 cash.
  - Soybeans: **Nov 20: \$9.80-\$10.50 (10.20)** **(\$9.40 to \$9.80)**
  - Sell beans above \$9.00 cash
  - Wheat: **Sep 2020 \$5.80-\$6.30 (6.20)** **(\$5.75 to \$6.00)**
  - Sell wheat above \$5.80 cash

## DON'T MISS OPPORTUNITY.

**2020 Cash Flow: 3.50 Corn, 8.75 Soybeans, 5.25 Wheat.**

- The **CASH FLOW PRICES** are very important. If your lender approved you loan, the prices are significant. Try to at least get to these. Harvest price, Rolls, carry and storage.
- ARC, PLC, and ARC IC for 2019 should have payments in Oct 20
- WHIP+ potential payments.
- Will there be an MFP 3.0 or some other money in the new law for agriculture?

# Governmental Program/Interest Rates

- USDA Secretary Sonny Perdue wants the \$23.5 billion available for aid to farmers to be “balanced and fair.” The farmer aid pool includes \$9.5 billion via the Phase 3 rescue package, plus \$6 billion USDA has remaining in its Commodity Credit Corporation (CCC) account. Another \$14 billion in CCC replenishment funds will be available in July. Livestock, poultry and produce farmers are likely to see the first aid. Perdue wants to push back aid to growers of principal crops until summer so it does not influence plantings.
- Gov’t meat, dairy purchases likely Hefty purchases of beef, pork, poultry, produce and dairy products for food banks and other outlets are likely in the next farmer aid package. One of the challenges is limited refrigeration and freezer space at food donation centers.
- Fed fund rates range from zero to 0.25%-might be good to look at operating and long term rate locks or adjustments (only long term notes, 1% reduction is good trigger to refinance, also could look at similar payments and less years-30 versus 15)

# Inputs-Fuel, Fertilizer, Chemicals, Seed

- Fuel- Crude Oil at \$22.76/barrel May (5:37 p.m.), RBOB Gasoline at \$0.6773/gal May-Lock in spring and fall needs



# Have a Happy and Safe Easter





# 3 lessons for grain marketing in volatile times-Naomi Blohm

Defense. Offense. Don't stop running!

In the late 1990's while attending college at UW-Platteville, I was a starting mid-fielder for the women's soccer team. To play this position you had three jobs: defense, offense, and 'don't stop running!'

One particular late summer during "two-a-day" practice, I absolutely thought I was going to die. The morning training session consisted of a 6-mile run through the hilly community and campus that is Platteville. The afternoon session was an intense 2-hour practice filled with sprints, and ball handling drills.

Finally, at 5 p.m., in the late afternoon sun and 90-degree heat, our coach tweeted her whistle. "Thank goodness," I thought, "it's over."

Nope. Her voice then shrilled, "To the hill!"

The hill was a half mile from the practice field. There was no John Deere Gator to take us there. There was no walking to get there. We had to jog there.

Mind you this "hill" is the stuff of legends. The Chicago Bears used to have their summer training camps in Platteville. The famous Walter Payton himself even wrote about this "hill" in his book. This is the same hill that Bo Ryan, the former head basketball coach at UW-Madison, made his players run while he was the men's head basketball coach at UW-Platteville. This hill is steep. This hill is brutal. This is a vomit-inducing hill. That afternoon we ran it TWENTY times.

While I did think I was near death in that moment, I survived. I was horrifically sore the next day. I cursed a few times under my breath at practice the next morning. But I kept going. One foot in front of the other. That's all I could do. That was all I could control.

I think back on that two week pre-season and what I accomplished physically, mentally, and emotionally. It was that moment and that experience that instilled in me drive, desire, tenacity, toughness, and determination.

And while the hills of Platteville and a college soccer experience are quite frankly “nothing” when compared to what American agriculture is enduring today, there may be a few parallel lessons to draw when it comes to grain marketing.

## **1. Defensive grain marketing**

Over the past few weeks, grain prices have overall, been grinding lower. Absolutely this is due to the effects of COVID-19, uncertain demand potential here in the U.S. and around the world. As I wrote about a few weeks ago, seasonally, grain prices also have a tendency to grind lower during late March and April. In times of uncertainty, more often than not, the path of least resistance for prices is lower.

Many producers likely made cash sales or implemented various put option strategies to defensively provide lower price protection in recent weeks. Looking forward, unless the USDA throws us a surprise in the April WASDE report, it seems likely that grain futures prices may continue to grind lower in the days and weeks ahead.

While you have been successfully playing defense in your marketing strategies, it is time to start thinking about scenario planning for where and when a price low might occur.

## **2. Offensive grain marketing**

The question I'm hearing most recently is, "Will this grain price ever rally again?" The answer is yes. When, or how high is of course the question.

Remember the old saying, "low prices cure low prices." At some point grain prices will indeed rally. There will be a weather scare. There will be a demand rush. There will be a supply fear. What you need to be thinking about now is when might that rally occur, and what will you do to take advantage of that price rally? Is it in your best interest to start thinking about re-owning grain and placing open orders to buy corn or soybean call options in the coming weeks?

Seasonally, corn and soybean futures usually find a price low during the month of May. Should prices rally, are you ready to have orders in place to be making cash sales with your grain elevator? Do you have an idea of where your cash sale price targets might be?

The *May* USDA WASDE report will incorporate fresh survey data from northern Midwestern states regarding their late 2019 harvested crop. What if on this report it is revealed that harvested acres were indeed less than what the current USDA estimate states? What if on that report yield is smaller than what the current USDA estimate states? What if there is a weather issue in May and we again struggle to get the crop planted this spring? Those factors would likely fuel the need to make a seasonal price rally occur!

### **3. Don't stop running.**

I know you're exhausted. I hear it in your voices. I read it in your tweets. Just when you were getting over the emotional, mental, and physical exhaustion of 2019, 2020 just slapped you in the face.

Hear me now: this is your "Platteville hill climb."

This is when you are about to find out just how tough you are. You're gonna curse. You're going to be angry. You might feel that you can't go on, but believe me you will survive. Just put one foot in front of the other. Right now, that is all you can control.

Quite frankly, you need to remember that you are the best of the best in American Agriculture. And the best of the best don't quit. They dig deeper, they keep moving, and they look ahead to better days.

Don't give up. Keep looking for those opportunities. They will be there.

*Reach Naomi Blohm: 800-334-9779 and [naomi@totalfarmmarketing.com](mailto:naomi@totalfarmmarketing.com)*



## BORROWER'S GUIDE FOR PAYCHECK PROTECTION PROGRAM LOANS

The recently passed Coronavirus Aid, Relief, and Economic Security (CARES) Act includes a Paycheck Protection Program (PPP) that allocates \$349 billion to help small businesses keep workers employed amid the COVID-19 pandemic and economic downturn. **The PPP provides 100% federally guaranteed loans to small businesses that will be forgiven if borrowers use the funds to maintain their payrolls during the crisis or restore payrolls afterward. The loans will be delivered by lenders, like Bell Bank, that are certified by the Small Business Administration (SBA).**

Bell Bank has prepared this guide to help small businesses and self-employed individuals apply for a PPP loan. Please note, the following is a summary of the CARES Act and may change due to additional analysis or further guidance from the SBA.

### What are PPP loan terms?

- Loan amount is 2.5 times the borrower's average monthly payroll costs from the last year, up to \$10 million.
  - For employers, payroll costs include wages/salaries or tips for employees who earn up to \$100,000 (non-U.S. employees excluded), paid leave, separation/dismissal payments, health care plan costs, retiree benefits and payroll taxes.
  - For sole proprietors, independent contractors, and self-employed individuals, payroll costs include wages, commission, income, net earnings or similar compensation not more than \$100,000 in one year, as pro-rated for the covered period.
  - For businesses not operational in 2019, the loan is 2.5 times average monthly payroll costs for January and February, 2020.
  - For seasonal employers, the loan is 2.5 times average monthly payroll costs for the 12-week period, beginning February 15, 2019, or March 1, 2019, (decided by the loan recipient) and ending June 30, 2019.
- No personal guarantee or collateral
- No SBA guarantee fees
- No prepayment penalty
- Interest rate capped at 1%
- 2-year term
- Principal and interest payments deferred for 6 months
- Loan must be closed by June 30, 2020
- Portion of loan used for covered purposes is subject to forgiveness

### What types of businesses are eligible for a PPP loan?

- Small businesses or 501(c)(3) non-profits with 500 or fewer employees (full-time, part-time, or any other status) or that otherwise meet SBA size standards
- An individual who operates as a sole proprietor or independent contractor
- Some 501(c)(19) veterans organizations and tribal businesses that meet SBA size standards

- For the accommodation and food services sector (NAICS 72), the 500-employee rule is applied on a per-physical-location basis
- For a franchise or business that receives financial assistance from an approved Small Business Investment Company, the normal affiliation rules do not apply

### **What can I use the loan funds for?**

Loan funds must be used for payroll costs (including benefits, commissions and tips), mortgage interest, rent and utility costs.

If an applicant took out an Economic Injury Disaster Loan during the period beginning January 31, 2020, and ending April 3, 2020, these funds may be eligible for refinance.

### **When can I apply for a loan?**

- Starting April 3, 2020, small businesses and sole proprietorships can apply.
- Starting April 10, 2020, independent contractors and self-employed individuals can apply.

### **How do I apply for a loan?**

- Complete and submit the attached Paycheck Protection Program Application Form 2483, along with the additional documentation listed below, to your Bell banker via secure means.
- As part of the application, you will need to show that your business was operational and had a payroll as of February 15, 2020, and provide a good faith certification that:
  - Current economic uncertainty makes the loan necessary to support your ongoing operations
  - You will use the loan to retain workers and maintain payroll or make mortgage, lease, and utility payments
  - You do not have an application pending for a loan duplicative of the purpose and amount sought
  - From Feb. 15, 2020, to Dec. 31, 2020, you did not and will not receive a loan duplicative of the purpose and amount sought
- You will also need to provide to Bell Bank the following documents:
  - 2019 IRS Quarterly 940, 941 or 944 payroll tax reports
  - Last 12 months of payroll reports (beginning with your last payroll date and going back 12 months)
  - 2019 1099s for independent contractors who would otherwise be an employee of your business (do NOT include 1099s for services)
  - Documents showing total of all health insurance premiums paid by your business owner under a group health plan (include all employees and owners)
  - Document the sum of all retirement plan funding paid by your business owner (do not include funding that came from your employees out of their paycheck deferrals)
  - Loan calculation worksheet

**Note:** This list could be amended, based on additional SBA guidance.

## Will the loan be forgiven?

Borrowers are eligible to have their PPP loans forgiven in an amount equal to what they spend on the following items during the 8-week period after loan origination:

- Payroll costs
- Interest payments on mortgages in existence prior to February 15, 2020 (not principal)
- Rent on leasing agreements in existence prior to February 15, 2020
- Utilities for which service began prior to February 15, 2020
- Additional wages paid to employees who usually receive tips

Additional considerations to note:

- **Uses that may be forgiven are narrower than the permitted loan uses. Not all permitted uses will be eligible for forgiveness.**
- Loan forgiveness cannot exceed the principal on the loan.
- Not more than 25% of the forgiven amount may be for non-payroll costs.

## How do I apply for loan forgiveness?

- Borrowers will apply to their lender for loan forgiveness.
- The application for forgiveness must include documentation of the loan proceeds being used for the purposes included in the calculation of the amount eligible for forgiveness, including state and federal payroll tax reports, unemployment insurance filings, lease agreements, mortgage statements, utility statements, receipts, bank transcripts, cancelled checks or other evidence showing how funds were used.
- Lenders must make a determination on the application within 60 days of a borrower's application.

## How could the forgiveness amount be reduced?

- The full 8-week forgiveness will be granted to businesses that retain their employees and the compensation paid to those employees. Loan forgiveness amounts will be reduced if the employer has on average fewer employees during the 8-week period after loan origination than during the time periods of either February 15, 2019, to June 30, 2019, or January 1, 2020, to February 29, 2020, (as chosen by the employer), or if the employer reduces the pay of any employee by more than 25% compared to the last calendar quarter.
- To encourage employers to rehire workers laid off due to the COVID-19 crisis, the PPP provides that if a business rehires previously laid-off workers or eliminates any reductions in salaries prior to June 30, 2020, it will not be penalized for having a reduced payroll at the time of loan origination.

## What happens to loan amounts that are not forgiven?

- Any portion of the loan that is not forgiven by December 31, 2020, will remain outstanding with a 2-year term.

<b>ELEC. CORN (@C) [10]</b>					<b>ELEC. SOYBEANS (@S) [10]</b>					<b>ELEC. WHEAT (@W) [10]</b>				
Month	Last	Chg	High	Low	Month	Last	Chg	High	Low	Month	Last	Chg	High	Low
May-20	331'6s	1'6	333'4	328'0	May-20	863'4s	9'0	867'0	853'6	May-20	556'4s	8'2	558'6	546'6
Jul-20	336'6s	1'2	338'6	333'0	Jul-20	871'0s	9'2	873'6	861'2	Jul-20	557'4s	9'0	559'2	546'4
Sep-20	341'6s	1'2	343'0	337'6	Aug-20	873'4s	9'0	876'4	864'4	Sep-20	561'2s	8'4	562'6	551'2
Dec-20	350'6s	1'4	352'0	347'0	Sep-20	872'2s	8'0	873'6	864'4	Dec-20	567'6s	7'6	569'0	558'0
Mar-21	362'2s	2'0	363'2	359'0	Nov-20	875'6s	7'6	877'0	867'2	Mar-21	572'4s	6'2	573'0	564'2
May-21	369'0s	2'2	369'6	365'4	Jan-21	878'6s	7'4	880'0	870'2	May-21	572'6s	6'6	573'0	566'4
Jul-21	373'2s	2'0	374'0	369'6	Mar-21	867'2s	8'0	869'0	858'4	Jul-21	561'4s	8'0	562'2	552'4
Sep-21	369'6s	3'6	372'6	365'0	May-21	867'0s	8'4	867'6	858'4	Sep-21	562'6s	8'2	561'2	554'4
<b>ELECTRONIC OATS (@O) [10]</b>					<b>ELECTRONIC SOYBEAN MEAL (@SM) [10]</b>					<b>ELECTRONIC SOYBEAN OIL (@BO) [10]</b>				
Month	Last	Chg	High	Low	Month	Last	Chg	High	Low	Month	Last	Chg	High	Low
May-20	274'2s	-1'2	278'0	272'2	May-20	292.5s	-0.3	295.0	291.0	May-20	27.41s	0.23	27.75	27.15
Jul-20	267'6s	-1'4	271'4	266'6	Jul-20	297.8s	0.0	299.5	295.8	Jul-20	27.76s	0.23	28.10	27.51
Sep-20	257'6s	-2'0	---	---	Aug-20	298.1s	0.3	298.8	296.2	Aug-20	27.93s	0.24	28.24	27.72
Dec-20	253'4s	-0'6	255'2	255'2	Sep-20	298.8s	0.8	299.7	296.7	Sep-20	28.10s	0.24	28.40	27.89
Mar-21	257'4s	-0'6	---	---	Oct-20	299.5s	1.6	300.3	296.6	Oct-20	28.25s	0.21	28.55	28.10
May-21	257'4s	-0'6	---	---	Dec-20	302.5s	1.7	303.2	299.0	Dec-20	28.57s	0.20	28.90	28.32
Jul-21	257'6s	-0'6	---	---	Jan-21	302.7s	2.0	303.5	298.7	Jan-21	28.76s	0.17	28.98	28.60
Sep-21	265'0s	-0'6	---	---	Mar-21	299.0s	2.7	299.7	295.0	Mar-21	28.84s	0.13	29.18	28.64
<b>ELECTRONIC ROUGH RICE (@RR) [10]</b>					<b>ELEC. HRS WHEAT (@KW) [10]</b>					<b>ELEC. HRS WHEAT (@MW) [10]</b>				
Month	Last	Chg	High	Low	Month	Last	Chg	High	Low	Month	Last	Chg	High	Low
May-20	14.520s	0.205	14.545	14.185	May-20	492'0s	14'0	493'2	478'0	May-20	532'4s	2'4	535'6	527'0
Jul-20	14.295s	0.245	14.320	13.915	Jul-20	499'0s	13'6	500'0	484'4	Jul-20	544'0s	3'4	546'6	537'6
Sep-20	12.045s	0.100	12.075	11.920	Sep-20	505'6s	13'6	506'2	491'4	Sep-20	553'0s	4'2	555'0	546'2
Nov-20	12.030s	0.065	12.035	11.985	Dec-20	515'4s	13'4	516'0	502'0	Dec-20	564'2s	5'0	564'6	556'4
Jan-21	12.155s	0.065	---	---	Mar-21	524'2s	12'6	525'0	512'0	Mar-21	574'6s	4'4	575'0	572'0
Mar-21	12.255s	0.065	---	---	<b>ELECTRONIC CANOLA (@RS) [10]</b>					May-21	581'0s	4'0	580'0	580'0
May-21	12.255s	0.065	---	---	Month	Last	Chg	High	Low	<b>ELECTRONIC MILLING WHEAT (@WA) [0]</b>				
<b>ELECTRONIC BARLEY (@BW) [0]</b>					Month	Last	Chg	High	Low	Month	Last	Chg	High	Low
Month	Last	Chg	High	Low	May-20	463.6s	1.3	466.1	462.0					
					Jul-20	468.9s	0.8	470.8	467.1					
					Nov-20	475.7s	0.0	478.0	474.6					
					Jan-21	481.2s	0.0	483.4	480.6					
					Mar-21	487.3s	0.0	489.9	486.4					
					<b>ELECTRONIC DURUM WHEAT (@DW) [0]</b>									
					Month	Last	Chg	High	Low					

Quotes generated on: Thu, Apr 9, 2020 3:40 PM CDT \*Quotes are in market time



# LOCAL CASH GRAIN PRICES

Northland College-<http://www.northlandfbm-moorhead.com/>

Ron Dvergsten 218-686-5448 / Josh Tjosaas 299-5863-Instructors

	4/9/2020 4:07 p.m.			4/6/2020 8:52 a.m.			3/30/2020 7:51 a.m.			3/23/2020 8:14 a.m.		
	2019 Crop	2019 Crop	2020 Crop	2019 Crop	2019 Crop	2020 Crop	2019 Crop	2019 Crop	2020 Crop	2019 Crop	2019 Crop	2020 Crop
<b><u>WHEAT:</u></b>	<u>May 20-Apr Del</u>	<u>May 20-May Del</u>	<u>Sept 20-Aug Del</u>	<u>May 20-Apr Del</u>	<u>May 20-May Del</u>	<u>Sept 20-Aug Del</u>	<u>May 20-Mar Del</u>	<u>May 20-Apr Del</u>	<u>Sept 20-Aug Del</u>	<u>May 20-Mar Del</u>	<u>May 20-Apr Del</u>	<u>Sept 20-Aug Del</u>
Georgetown	5.13						5.13			5.02		
Maple River	4.86	4.86	4.76	4.84	4.84	4.73	4.91	4.76	4.78	4.75	4.70	4.75
Protein	+.03*1/5	+.03*1/5		+.03*1/5	+.03*1/5		+.03*1/5	+.03*1/5		+.03*1/5	+.03*1/5	
GFE	-.06*1/5	-.06*1/5		-.06*1/5	-.06*1/5		-.06*1/5	-.06*1/5		-.06*1/5	-.06*1/5	
Basis:Gtwn	-0.20						-0.25			-0.30		
Breck	-0.45	-0.45	-0.65	-0.45	-0.45	-0.65	-0.45	-0.45	-0.65	-0.45	-0.45	-0.65
Felton	-0.17	-0.27-Jly	-0.47	-0.17	-0.27-Jly	-0.47	-0.17		-0.47	-0.17		-0.47
Maple River	-0.47	-0.47	-0.77	-0.47	-0.47	-0.77	-0.47	-0.62	-0.77	-0.57	-0.62	-0.77
<b><u>SOYBEANS:</u></b>	<u>May 20-Apr Del</u>	<u>May 20-May Del</u>	<u>Nov 20-Oct Del</u>	<u>May 20-Apr Del</u>	<u>May 20-May Del</u>	<u>Nov 20-Oct Del</u>	<u>May 20-Mar Del</u>	<u>May 20-Apr Del</u>	<u>Nov 20-Oct Del</u>	<u>May 20-Mar Del</u>	<u>May 20-Apr Del</u>	<u>Nov 20-Oct Del</u>
Georgetown	7.60						7.84			7.69		
Maple River	7.57	7.57	7.69	7.46	7.46	7.54	7.86	7.81	7.76	7.74	7.69	7.64
Basis: Gtwn	-1.04						-1.04			-1.07		
Breck	-0.85	-0.80	-0.90	-0.85	-0.85	-0.90	-0.85	-0.85	-0.95	-0.85	-0.85	-0.95
Felton	-1.07		-0.87	-1.07		-0.87	-1.07	-1.07	-0.87	-1.07	-1.07	-0.87
Maple River	-1.07	-1.07	-1.07	-1.07	-1.07	-1.07	-1.02	-1.07	-1.07	-1.02	-1.07	-1.07
<b><u>CORN:</u></b>	<u>May 20-Apr Del</u>	<u>May 20-May Del</u>	<u>Dec 20-Dec Del</u>	<u>May 20-Apr Del</u>	<u>May 20-May Del</u>	<u>Dec 20-Dec Del</u>	<u>May 20-Mar Del</u>	<u>May 20-Apr Del</u>	<u>Dec 20-Dec Del</u>	<u>May 20-Mar Del</u>	<u>May 20-Apr Del</u>	<u>Dec 20-Dec Del</u>
Georgetown	2.74						2.86			2.86		
Cargill	2.77	2.77	3.11	2.88	2.83	3.08	3.00	2.95	3.23	2.96	2.94	3.25
Basis-Gtwn	-0.58						-0.56			-0.58		
Cargill	-0.55	-0.55	-0.40	-0.40	-0.45	-0.40	-0.45	-0.50	-0.40	-0.48	-0.50	-0.40
Felton	-0.52	-0.62-Jly	-0.72	-0.57	-0.62-Jly	-0.72	-0.57	-0.57	-0.72	-0.62	-0.62	-0.77
Maple River	-0.57	-0.57	-0.62	-0.57	-0.57	-0.62	-0.57	-0.57	-0.62	-0.57	-0.57	-0.62

**Loan Rates**

	2020	2020	2020
Crop	Clay	Norman	Wilkin
Wheat	3.96	3.95	3.97
Corn	2.05	2.02	2.03
Soybeans	5.96	5.92	5.98

Commodity Int. Rate: 1.625% Apr 1, 2020 Farm Storage Loans

<u>Annual Interest Rate</u>	<u>Length of Loan Term</u>	<u>Annual Interest Rate</u>	<u>Length of Loan Term</u>
0.750%	3 years	1.000%	10 years
0.750%	5 years	1.125%	12 years
1.000%	7 years		



Corn Quotes	2/6/2020	Spread		2/12/2020	Spread		2/18/2020	Spread		2/24/2020	Spread
Dec-20	3.896		Dec-20	3.926		Dec-20	3.914		Dec-20	3.83	
Mar-21	3.99	0.094	Mar-21	4.02	0.094	Mar-21	4.006	0.092	Mar-21	3.92	0.09
May-21	4.026	0.13	May-21	4.052	0.126	May-21	4.046	0.132	May-21	3.966	0.136
Jul-21	4.052	0.156	Jul-21	4.076	0.15	Jul-21	4.064	0.15	Jul-21	3.984	0.154
	2/26/2020			3/2/2020			3/6/2020			3/11/2020	
Dec-20	3.816	Spread	Dec-20	3.78	Spread	Dec-20	3.81	Spread	Dec-20	3.754	Spread
Mar-21	3.916	0.1	Mar-21	3.874	0.094	Mar-21	3.92	0.11	Mar-21	3.854	0.1
May-21	3.96	0.144	May-21	3.926	0.146	May-21	3.97	0.16	May-21	3.906	0.152
Jul-21	3.984	0.168	Jul-21	3.956	0.176	Jul-21	3.996	0.186	Jul-21	3.926	0.172
	3/13/2020	Spread		3/16/2020	Spread		3/18/2020	Spread		3/20/2020	Spread
Dec-20	3.764		Dec-20	3.682		Dec-20	3.59		Dec-20	3.632	
Mar-21	3.864	0.1	Mar-21	3.79	0.108	Mar-21	3.7142	0.1242	Mar-21	3.732	0.1
May-21	3.912	0.148	May-21	3.836	0.154	May-21	3.772	0.182	May-21	3.774	0.142
Jul-21	3.936	0.172	Jul-21	3.854	0.172	Jul-21	3.8	0.21	Jul-21	3.794	0.162
	3/23/2020	Spread		3/26/2020	Spread		4/1/2020	Spread		4/3/2020	Spread
Dec-20	3.646		Dec-20	3.672		Dec-20	3.492		Dec-20	3.5	
Mar-21	3.744	0.098	Mar-21	3.774	0.102	Mar-21	3.61	0.118	Mar-21	3.612	0.112
May-21	3.782	0.136	May-21	3.82	0.148	May-21	3.672	0.18	May-21	3.666	0.166
Jul-21	3.8	0.154	Jul-21	3.84	0.168	Jul-21	3.706	0.214	Jul-21	3.7	0.2
	4/6/2020	Spread		4/9/2020	Spread			Spread			Spread
Dec-20	3.48		Dec-20	3.506		Dec-20			Dec-20		
Mar-21	3.592	0.112	Mar-21	3.622	0.116	Mar-21		0	Mar-21		0
May-21	3.652	0.172	May-21	3.69	0.184	May-21		0	May-21		0
Jul-21	3.686	0.206	Jul-21	3.732	0.226	Jul-21		0	Jul-21		0
		Spread			Spread			Spread			Spread
Dec-20			Dec-20			Dec-20			Dec-20		
Mar-21		0	Mar-21		0	Mar-21		0	Mar-21		0
May-21		0	May-21		0	May-21		0	May-21		0
Jul-21		0	Jul-21		0	Jul-21		0	Jul-21		0
		Spread			Spread			Spread			Spread
Dec-20			Dec-20			Dec-20			Dec-20		
Mar-21		0	Mar-21		0	Mar-21		0	Mar-21		0
May-21		0	May-21		0	May-21		0	May-21		0
Jul-21		0	Jul-21		0	Jul-21		0	Jul-21		0
		Spread			Spread			Spread			Spread
Dec-20			Dec-20			Dec-20			Dec-20		
Mar-21		0	Mar-21		0	Mar-21		0	Mar-21		0
May-21		0	May-21		0	May-21		0	May-21		0
Jul-21		0	Jul-21		0	Jul-21		0	Jul-21		0





## 2019 Base Line Prices for Wheat, Soybeans and Corn

Local price (forward contract) quoted at Barnesville, MN (Wheat & Soybeans) and Cargill (Wahpeton Corn Plant) for 2019 grain on the second Monday of each month. County Loan is the Minimum Price.

Month	Wheat	Basis	Soybeans	Basis	Corn	Basis
Jan 2019	5.28	-.60	8.28	-1.24	3.57	-.45
Feb	5.22	-.58	8.35	-1.23	3.56	-.43
Mar	5.06	-.50	8.04	-1.25	3.47	-.43
Apr	4.87	-.54	8.13	-1.23	3.51	-.40
May	4.67	-.56	7.01	-1.18	3.26	-.40
June	5.18	-.57	7.54	-1.29	3.91	-.40
July	4.75	-.59	7.90	-1.30	4.07	-.40
Aug	4.64	-.55	7.61	-1.25	3.78	-.57
Sept	4.21	-.74	7.32	-1.27	3.17	-.25
Oct	4.86	-.62	8.31	-1.05	3.53	-.45
Nov	4.61	-.55	8.03	-1.07	3.20	-.55
Dec	4.67	-.49	7.91	-1.07	3.32	-.45
Jan 2020	5.18	-.38	8.34	-1.06	3.42	-.45
Feb	5.02	-.33	7.86	-.95	3.42	-.38
Mar	4.81	-.35	7.77	-.97	3.30	-.40
Apr						
May						
Jun						
Average	4.87	-0.53	7.89	-1.16	3.5	-0.43

## 2020 Base Line Prices for Wheat, Soybeans and Corn

Local price (forward contract) quoted at Barnesville, MN (Wheat & Soybeans) and Cargill (Wahpeton Corn Plant) for 2020 grain on the second Monday of each month. County Loan is the Minimum Price.

Month	Wheat	Basis	Soybeans	Basis	Corn	Basis
Jan 2020	5.37	-0.50	8.48	-1.06	3.68	-0.35
Feb	5.03	-0.60	8.12	-1.06	3.56	-0.35
Mar	4.78	-0.58	7.90	-0.98	3.35	-0.40
Apr						
May						
June						
July						
Aug						
Sept						
Oct						
Nov						
Dec						
Jan 2021						
Feb						
Mar						
Apr						
May						
Jun						
Average	5.06	-0.56	8.17	-1.04	3.53	-0.35

## MARKETING NEWSLETTER COMPARISONS

Northland College–Josh Tjosaas and Ron Dvergstén, Instructors

4-9-2020	WHEAT	SOYBEANS	CORN	OTHER
<b>Pro Farmer:</b>	19: 90% sold for cash sellers and for H's 90% sold. 20: 30% sold for cash sellers and 30% sold for HTA  Trend is even.	19: 50% sold for cash sellers and for H's 50% sold.  Trend is lower.	19: 50% sold for cash sellers and for H's 50% sold.  Trend is lower.	Cattle: No Sales  Trend is lower.
<b>Money Farm:</b>	19-60% HTA-\$5.48 20-10% Hedged @\$5.75	19-60% Sold-\$9.73 20-10% HTA	19: Price 60% HTA Dec 2019-\$4.09	<b>Luke Swenson writes this daily newsletter.</b>
<b>Martinson Ag:</b>	18-90% sold FF at \$6.065 Sept 19-30% sold FF at \$6.15 Sept 19	18-90% sold FF at \$9.87 19: 25% sold FF at \$9.04	18-95% sold at \$4.09 Dec 19-50% sold at \$4.21 Dec 19	<b>Randy Martinson writes this daily newsletter.</b>
<b>Roach Ag:</b>				
<b>Farm Futures:</b>	19: Price 60% of 2019 production at an average Minneapolis futures price of \$5.51.	19: Price 20% of 2019 production at \$9.70 basis July 2020 futures or HTAs.	19: Price 20% of expected 2019 at \$4.48175. Price 10% at \$4.3125 July Futures or HTA  20: Price 10% of expected 2020 at 4.21 Dec 20	<b>Bryce Knorr, <i>Farm Futures</i></b>
<b>Usset, U of MN:</b>	<u>Updated 1/20/2020</u> 19: 83.3% sold at \$5.15; 5,000 bu left to price	<u>Updated 3/13/2020</u> 20: 20% sold at 9.80 Futures	<u>Updated 3/13/2020</u> 19: 95% sold at \$4.23 Cash	<b>You can check out Ed Usset's website at <a href="http://www.cffm.umn.edu/GrainMarketing/MarketingPlans.aspx">http://www.cffm.umn.edu/GrainMarketing/MarketingPlans.aspx</a></b>
Terms:	CBT-Chicago Board of Trade	OC–Old Crop	P–Put Option	FC–Forward Contract
	MGE-Minneapolis Grain Exchange	NC–New Crop	C–Call Option	H-Hedge
	KC–Kansas City Board of Trade	OTM–Out-of-the-Money	ATM–At-the-Money	F/O-Futures/Options
<b>NEXT USDA CROP REPORT: WASDE May 12<sup>th</sup>, 2020      <b>Bold: indicates change from last week.</b></b>				

“The information provided by Northland Farm Business Management is for informational and comparison purposes only. It is not intended to be considered marketing or trading advice for your individual operation. The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. By accepting this communication, you agree that you are capable of making independent trading decisions, and agree that you are not, and will not, rely solely on this communication in making trading decisions.”

# 2018 and 2019 Wheat





# 2018 and 2019 Soybeans

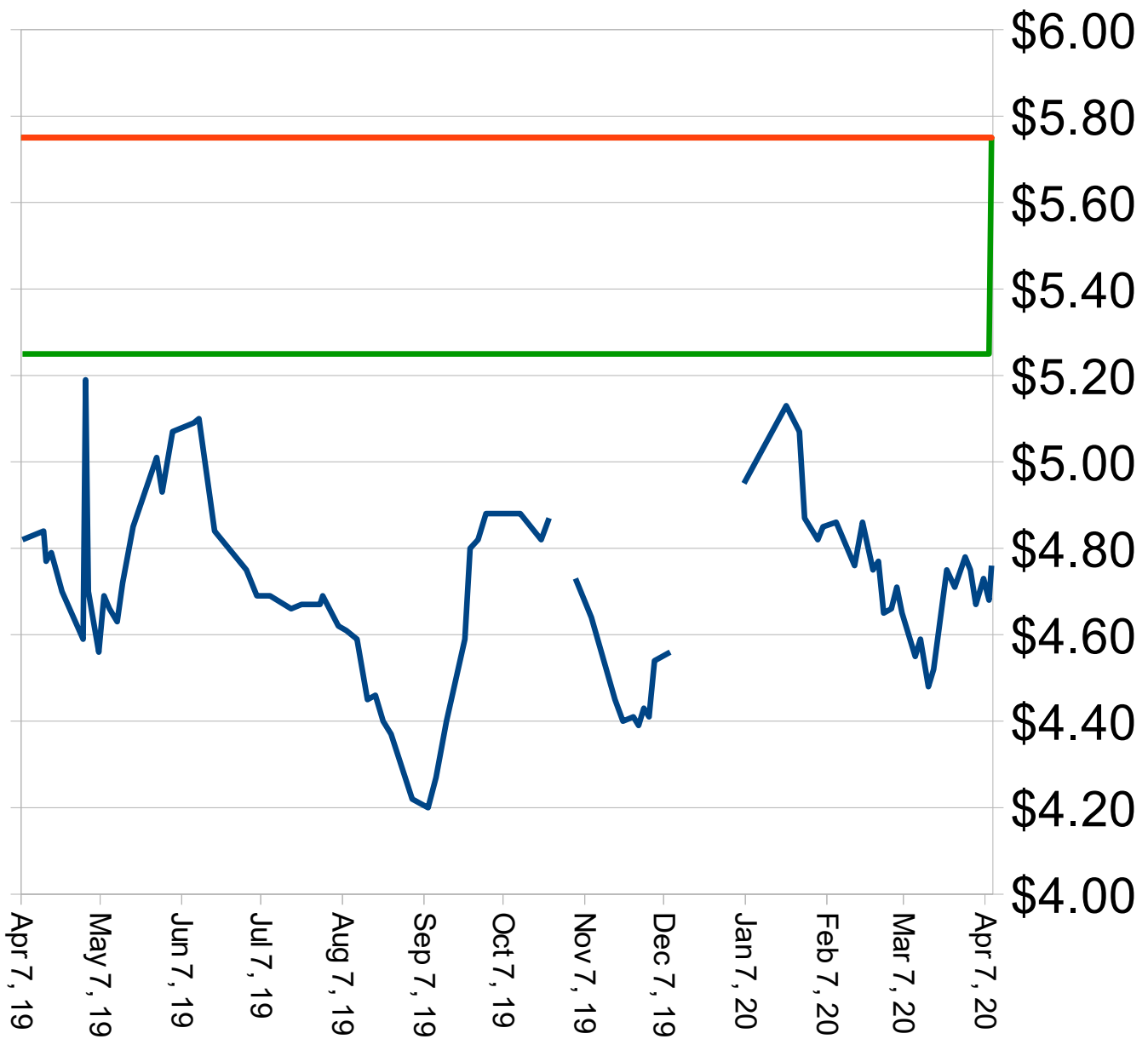


# 2018 and 2019 Corn



# 2019 & 2020 Wheat

2019 Red, 2020 Green



# 2019 & 2020 Soybeans

2019 Red, 2020 Green



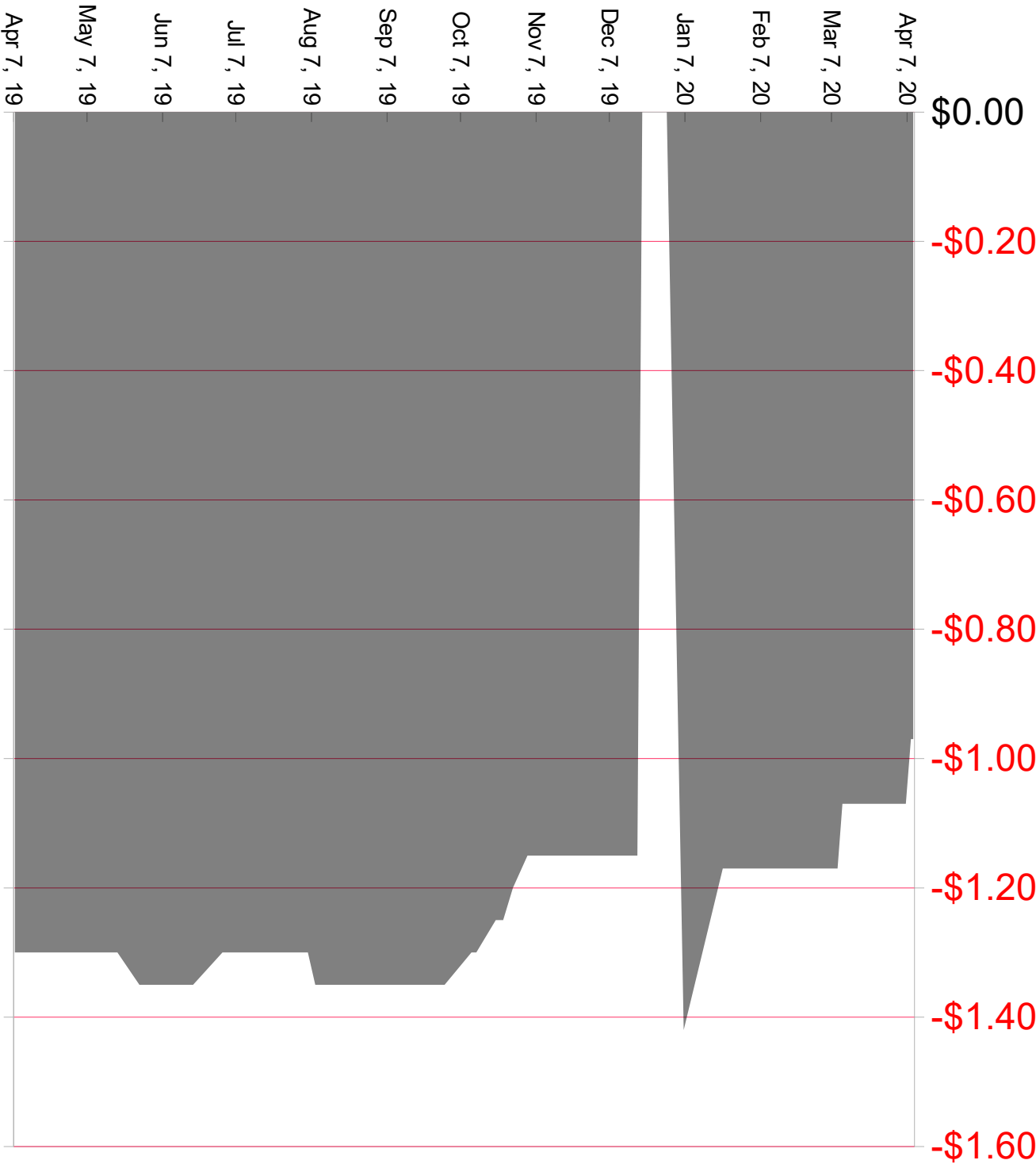
# 2019 and 2020 Corn

2019 Red, 2020 Green

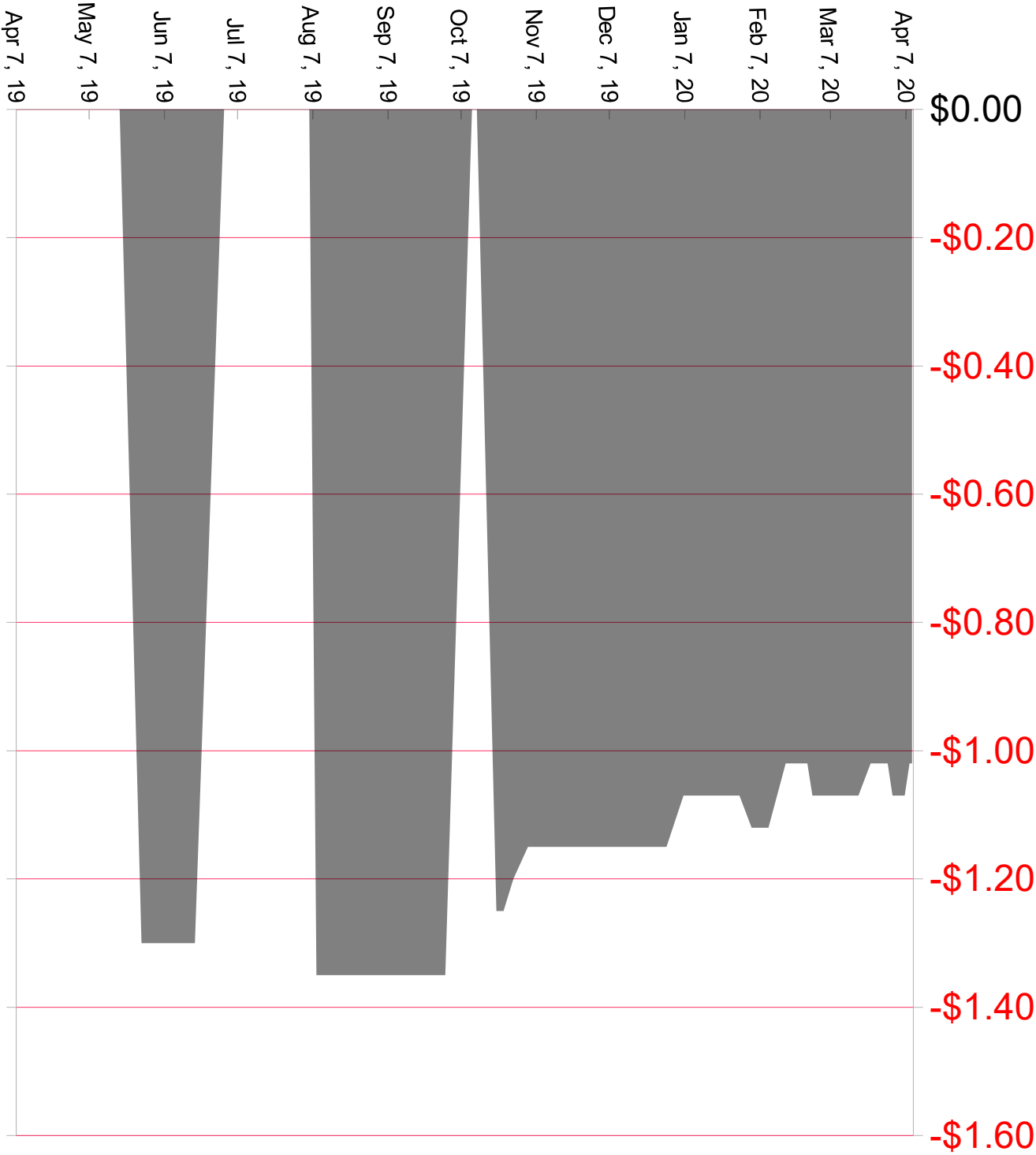




# New crop Soybean basis



# Old crop Soybean basis



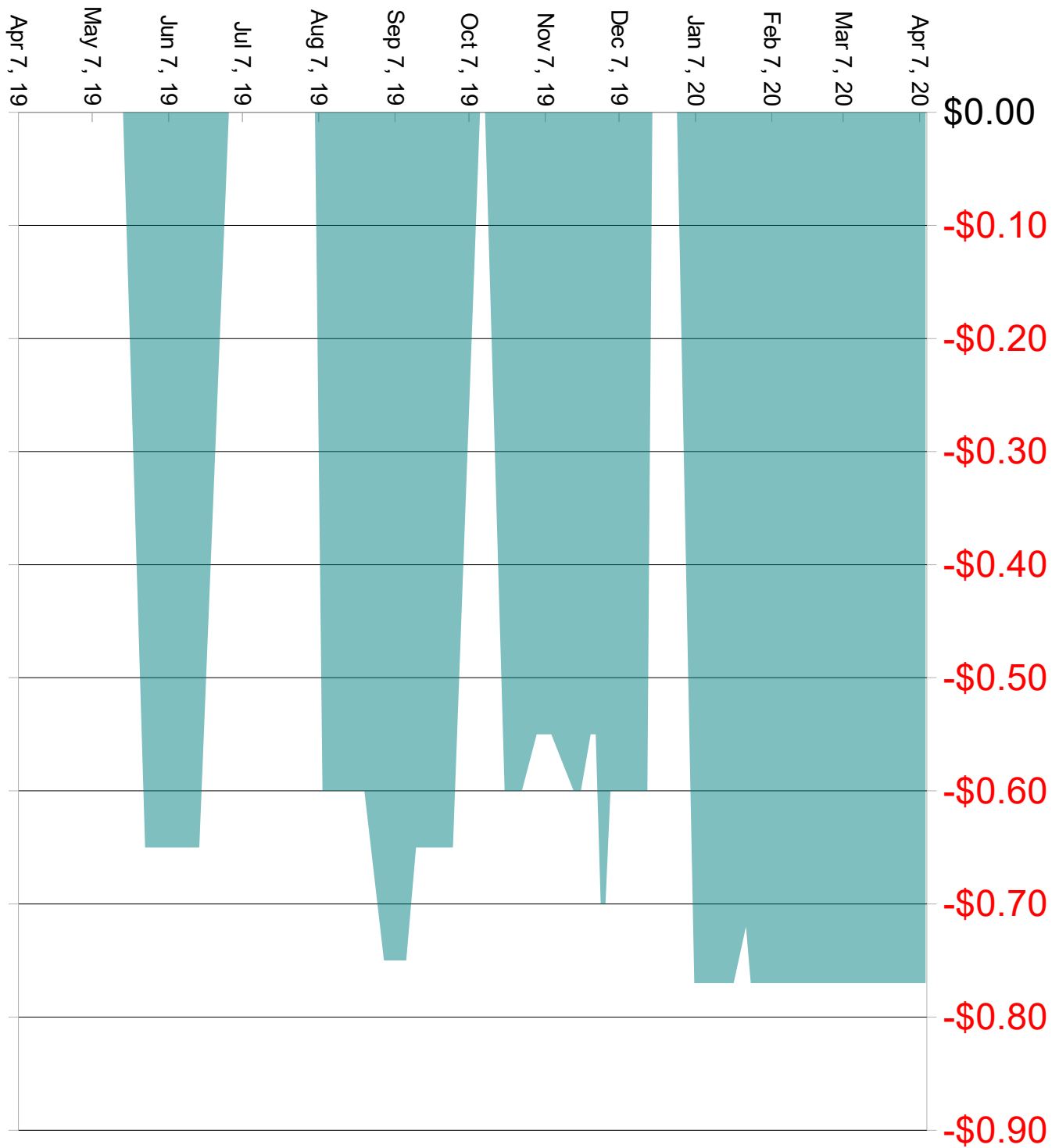
# new crop Corn basis



# old crop Corn basis



# new crop Wheat basis





# old crop Wheat basis

