MARTINSON AG
RISK MANAGEMENT

AG INSIGHT

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Soybeans

Soybeans finished near unchanged but were the best performers Monday with most of the support coming from weather reports calling for heavy rains for Brazil. It is unlikely the rain will result in any issues since harvest is estimated to be 65% completed, which is ahead of average. Export inspection numbers came in 9% higher than the previous week and 28% higher than the same time last year.

On Tuesday soybeans finished slightly higher, helped by a lower US dollar and commercial buying in the soy oil market. Yield estimates for Brazil's soybean crop remain strong, with some private estimates now coming in at 111 MMT.

Soybeans closed slightly lower on Wednesday in a quiet day without any major fresh news. The downside risk for soybeans should be limited by the continued strength in the Brazilian real and the falling US dollar. Wednesday did bring a report of a sale of 120,000 MT of soybeans to China. Private estimates of US acres are starting to come in ahead of next week's USDA report, with one estimate at 87.3 million acres, slightly lower than USDA's last estimate of 88 million.

On Thursday soybeans finished with modest losses after a sloppy trading day. Early support came from a better than expected export sales estimate. Officials in Argentina raised their soybean production estimate 1.8 MMT up to 56.6 MMT. Technically soybeans are sitting at major support levels with lows not seen since October.

Technically soybeans are sitting at lows not seen since Oct of 2016. It appears that the trad is selling the rumor of the upcoming Prospective Plantings report next week. But does that mean soybeans will buy the fact? At the current level, if acres do not come in above a 5-million-acre increase, it might be tough for soybeans to remain at these low levels. Spring is a time of uncertainty, that should help keep some premium.

Target $10.65 May to advance old crop sales (can sell carry) and $10.45 Nov for new crop.

Last week's soybean export shipments pace was estimated at 27.1 MB and sales were at 27.1 MB. After 28 weeks' soybean shipments are at 83% of USDA expectations while sales were at 99% of expectations. With 24 weeks left in the marketing year, soybean shipments need to average 14.3 MB and sales need to average 1.0 MB to make projections.

For the week, May soybeans were at $9.7575 down 24.25 cents while Nov was at $9.77 down 16.5 cents.

Corn

Corn lost ground in every session this week. Trading was thin in the corn exchange as most sessions only traded in a three-cent range.

Corn appears to be a market looking for something. Demand has been decent, but production estimates for Argentina and Brazil keep increasing. That is putting pressure on the US market, and asks the question as to if our exports can remain as aggressive as they have been due to SA having almost an extra 1 BB production.

Export demand has been strong for US corn since the start of the 2017 year. For whatever reason, whether its to secure product before export taxes are implemented or a trade war develops, countries have become a lot more interested in US corn. Mexico has been the most aggressive buyer but other countries have also stepped up to buy US corn. This week South Korea was in and bought 132 MMT of corn. Mexico is reportedly negotiating with Argentina for corn purchases, which is seen as a purely political move on Mexico's part.

Some of the pressure coming to the corn market this week, besides technical pressure, has been due SA and some of the reports coming from Brazil. Production estimates continue to climb as close to ideal growing conditions has helped both Brazil and Argentine product a large crop. Latest corn production estimates are 88 MMT for Brazil and 37 MMT for Argentina as weather continues to be favorable. But light pressure is coming from reports Brazil is proposing a 20% import tax on ethanol. Brazil is the leading importer for US ethanol.

Last week's ethanol production showed a slight decrease of 1,000 barrels per day, but is still over a million at 1,044,000 barrels per day (for the 20th week in a row). Ethanol stocks also saw a slight decrease for the second week in a row.

Probably the biggest attention grabber for corn, next week's USDA Quarterly Grain Stocks estimate and Prospective Planted Acreage estimate. Early estimates have corn acres decreasing from last year, but late in the week rumors started to filter in about the potential for a smaller decrease in acreage due to the fact farmers like to grow corn.

Target $3.75 May (can sell carry) to advance old crop sales and $3.95 Dec for new crop.

Last week's corn export shipments pace was estimated at 52.5 MB and sales were at 53.0 MB. After 28 weeks' corn shipments are at 54% of USDA expectations while sales were at 83% of expectations. With 24 weeks left in the marketing year, corn shipments need to average 43.0 MB and sales need to average 16.0 MB to make projections.

For the week, May corn was at $3.5625 down 11.25 cents while Dec was at $3.7950 down 10.25 cents.

Wheat

Wheat traded mixed this week, with MW the best performer while the winter wheat exchanges lost ground in every session.

The MW exchange closed the week with losses but really only had one lower session this week, which was Tuesday. The rest of the sessions MW traded steady to slightly higher. The world is back looking for quality wheat and the only game in town is the US. Additional support came from reports that Canada was looking at reducing 2017 wheat acres.

The winter wheat exchanges lost ground every session this week. Early pressure was tied to weather forecasts calling for heavy rains to move into the major wheat growing regions of the Southern Plains. The winter wheat region has been extremely dry with no measurable precip being reported since Dec. This warmer than average winter has allowed for the crop to emerge from dormancy much early than expected. Trouble with the rain forecast, it is calling for rain another 7 to 10 days out, nothing sooner.

Due to the dry conditions and warmer temps winter wheat's crop condition rating continues to decline. As of right now only a few states are reporting condition ratings, but it is the most important states of KS, OK, and TX. All three have shown a slight decline in conditions the past two weeks with last week's conditions rating at: KS: 38% g/e (-2% from last week), OKL 40% g/e (-2% last week), and TX: 34% g/e (-1% last week). This past week's weather remains hot and dry so it is likely conditions will see another decline in Monday afternoon's report.

MW could be getting a little support from next week's reports. USDA is set to release their Quarterly Grains Stocks estimate and Prospective Plantings report. We already know winter wheat acreage is off 10% from last year, but we don't know is where spring wheat acreage will fall. Most are expecting to see a slight decline in spring wheat acres. On the flip side, spring wheat stocks could be tight as spring wheat demand has been strong due to the need for quality wheat around the world.

Wheat demand has improved slightly, with this past week seeing a few export sales. Japan was in and bought 57,100 MT of US wheat while Saudi Arabia was in and bought 120 TMT of US wheat.

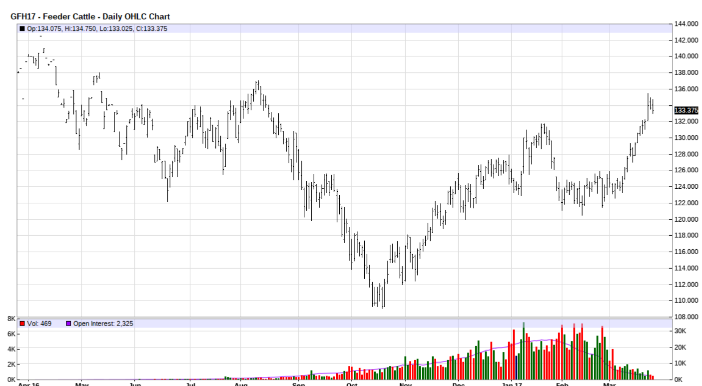
Target $5.70 May to advance old crop sales and $5.65 Sept to sell new crop

Last week's wheat export inspections pace was estimated at 22.9 MB and sales were at 15.4 MB. After 41 weeks, wheat shipments are at 74% of USDA's expectations while sales are at 93% of expectations. With 11 weeks left in wheat's export marketing year, shipments need to average 24.1 MB and sales need to average 6.8 MB to make expectations.

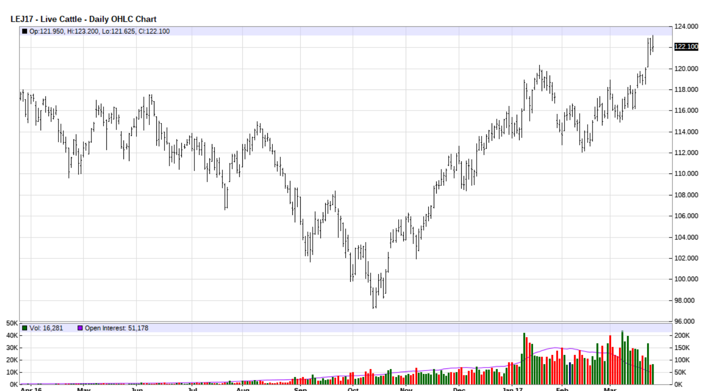
For the week, May MW was at $5.3575 down 13.25 cents, Sept MW was at $5.4875 down 11.5 cents, May Chicago was at $4.2475 down 11.5 cents, and May KC was at $4.28 down 25.5 cents.

Cattle

Cattle traded with solid gains again this week with most of the buying centered on another week of strong cash bids. Futures' steep discount to cash added support as traders try and bring cash and futures more in line with each other. Packer margins have dramatically improved over the past month and that has packers aggressively buying product. To top that off, the steep discount from the April futures to the June futures has feedlots willing to push cattle to move marketing ahead. This has been a win-win for the cattle market. Short term supplies remain tight and will at least through May. Light support was due to more countries banning Brazilian beef due to the recent inspection scandal, which traders hope brings more demand to the US.



The feeder cattle market followed the fat cattle market higher. Additional support came from lower feed costs as corn and soybeans have dropped to lows not seen since Jan (Oct for soybeans). Position squaring ahead of Friday's COF report was also evident as most expect placements to be off last year's pace. Feeders, like the fat cattle, are overbought and in need of a technical correction, but as long as the cash market remains strong. It seems a little odd that feeders are holding their strength when cash is at a discount to futures. And with a week left in the March contract, cash and futures need to merge. Thursday's cash feeder cattle index is at $131.58, $2.12 under March futures



The Cattle On Feed report was released Friday afternoon and came in at estimates: On Feed: 100%, Placed: 99%, and Marketed: 104%, which is a neutral report.

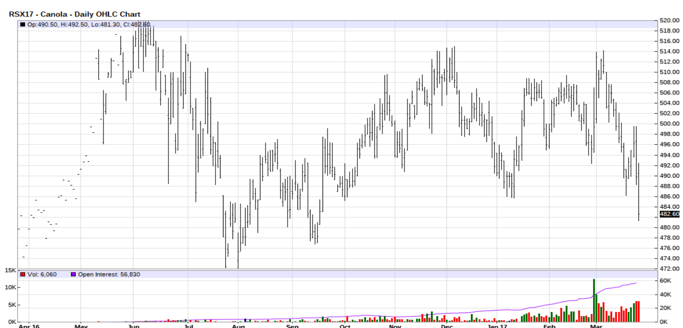
For the week, April live cattle were at $122.10 up $2.775 while Mar feeders were at $133.375 up $2.05.

Canola

Canola started the week off with small gains, but then it appears that the wheels fell off the bus. Canola had been on a losing streak of a 7 day down run but was able to end Monday's session with small gains due to help from an overall strong world veg oil market. But the rest of the week was spent on the defense. Late week pressure was due to spill over pressure from a lower US soybean complex as well as from a stronger Canadian dollar. But in the end technical selling took hold, pushing canola below its physiological $500 support line, which in turn pushed the market into sell stops accelerating the losses.

Thursday's cash canola bids in Velva were at $16.07 and sunflower bids in Fargo were at $15.00

For the week, May canola was at $482.50 down $21.20.



Recommendations

2016 Corn:

- 10% sold by futures fixed at elevator at $4.08 Dec (05/25/16)
- 20% sold by futures fixed at elevator at $4.38 Dec (06/15/16)
- 20% sold by futures fixed at elevator at $3.65 Mar (01/17/17)

2016 Soybeans:

- 15% sold by futures fixed at elevator at $9.285 Nov (03/29/16)
- 15% sold by futures fixed at elevator at $9.95 Nov (04/20/16)
- 20% sold by futures fixed at elevator at $11.38 Nov (06/15/16)
- 25% sold by futures fixed at elevator at $10.70 Mar (01/17/17)

2017 Soybeans:

- 10% sold by futures fixed at elevator at $10.15 Nov (11/22/16)

2016 Wheat:

- Took LDP on winter wheat. ND was at 24 cents. SD was at 27 cents (09/01/16).
- 10% sold by futures fixed at elevator at $5.05 Dec MW or $4.40 Mar KC (09/23/16)
- 20% sold by futures/futures fixed at elevator at $5.89 Mar MW (01/17/17). Bought back at $5.23 for a profit of 65.5 cents.

2016 Cattle:

- 25% sold by options or LRP at $138.975 Jan 17 (8/10/16)

Crop Insurance

Production hail is designed to be coupled with your MPCI policy to cover the portion of the crop left unprotected by your MPCI policy.

Sales closing and available crops vary by company, but in general you can choose a coverage factor of 100% to 120% of your APH yield. You can also choose a lower price percentage to lower the premium.

You must have a hail loss to collect. Payment will be the lesser of the appraised hail loss or the actual harvested production. If the crop does rebound after the appraisal, you loss can be reduced. Losses cannot be paid until after harvest.

Production Hail Example:

Ransom county corn with a 165 APH at 75% RP

165 APH x 75% = 124 bu RP guarantee

165 APH x 120% production hail factor = 198 bu loss trigger

Production hail will cover the top 74 bushels only (198 - 124).

If you have an appraised hail loss and harvest less than 198 bu/acre, you will receive a production hail payment.

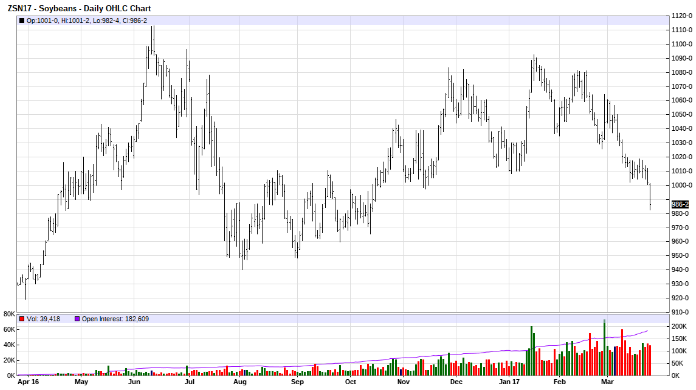
Production hail coverage = 74 bu x $3.96 RP price election = $293.00 coverage per acre.

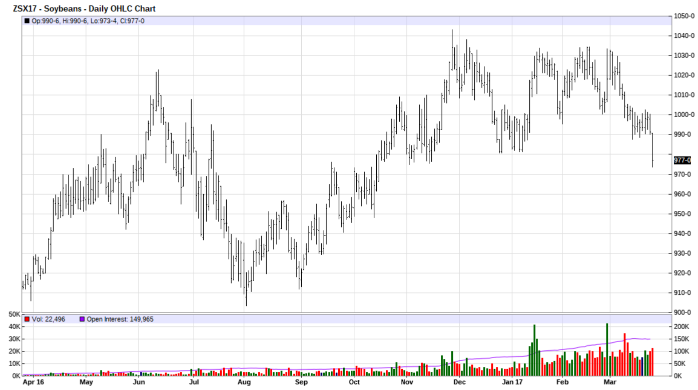
Remember you can choose a percentage of the $3.96 price election to lower your premium. You will still have a loss trigger at 198 bushels.

Production hail coverage in this scenario with $293.00 of liability would cost $20.22/acre. Basic coverage at $293.00 of liability would cost $12.89/acre. However, production hail pays out much faster—see the chart at the right.

% Loss	Basic Payout	Prod Hail 120% Payout
5	$14.70	$39.11
10	$29.30	$78.21
20	$58.60	$156.42
30	$87.90	$234.63
40	$117.20	$293.00

Soybeans





Corn

Wheat