

2018 Ag Markets & the Potential Impact to Your Portfolio

Doug Johnson, Director, Sales

Feb 22, 2018

2018 Ag Markets and the Potential Impact to your Portfolio

“Markets” vs. “Marketing” can be the difference between bottom-line profit or loss. What can Ag lenders do to prepare for this renewal season and provide borrowers with more “value-added” insights?

Mike Pearson, host of Ag News Daily, and Doug Johnson, Director, Moody’s Analytics, will discuss their outlook for the 2018 Ag markets, and expected impacts on your Ag portfolio.

During the webinar, Mike and Doug will offer their perspectives on:

- Ag Markets and your producers' profitability
- Commodity drivers at risk
- How small things can pose significant risks
- Communicating risk “with” – not “to” your producer

Who is Moody's Analytics



Loan Lifecycle Management in One Solution

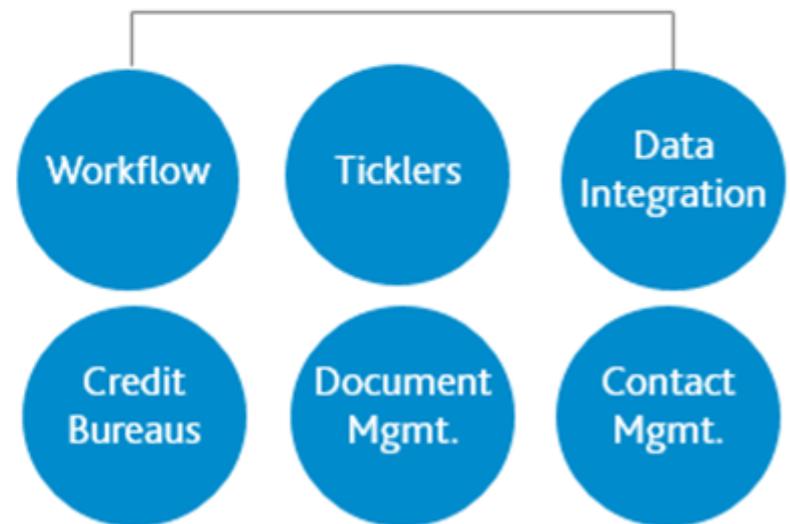


Moody's Analytics SaaS Platform

Product Solutions



Integrated Tools



Presenters



Mike Pearson

Host of “Ag News Daily”

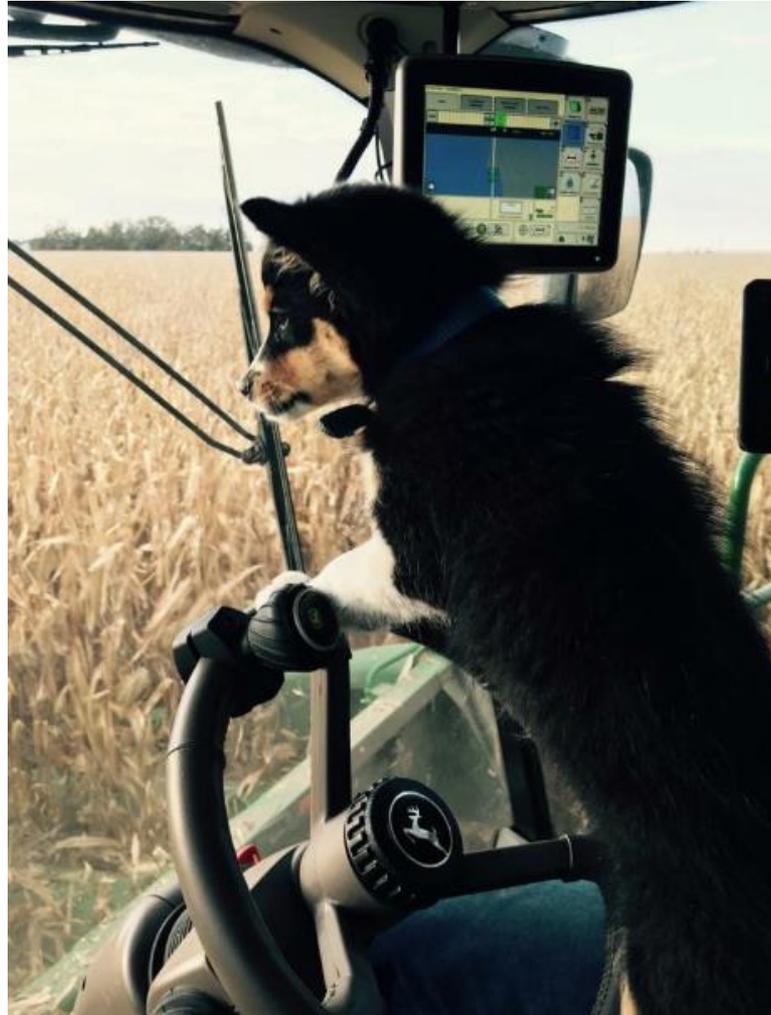


Doug Johnson

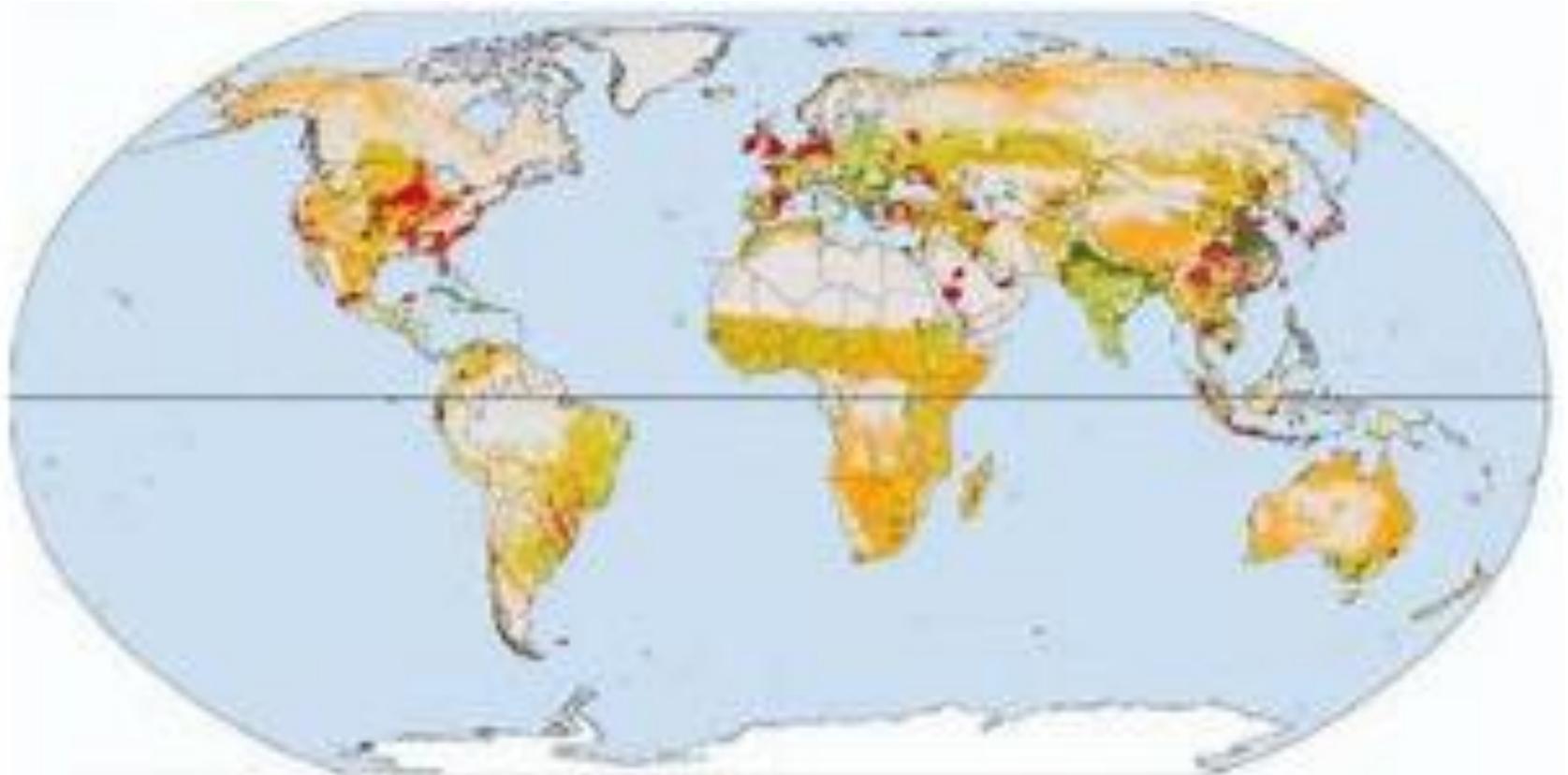
Director – Sales Management

Moody’s Analytics Lending Cloud

Driverless Tractors 'ish



Global Production / Yields



Global Production Continues to Increase

Figure 3: Brazil and Argentina Corn Production (Million MT)
2000/2001-2016/2017

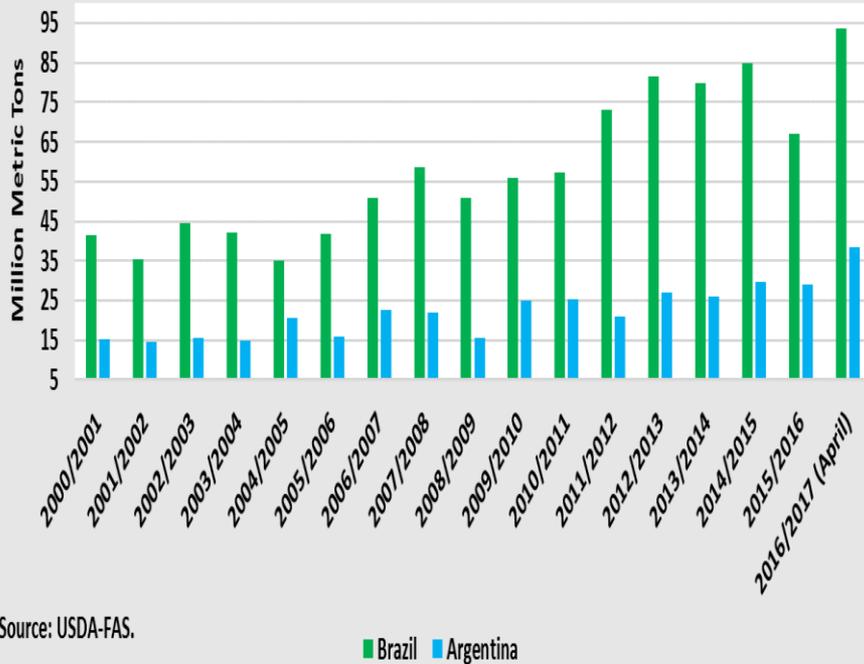
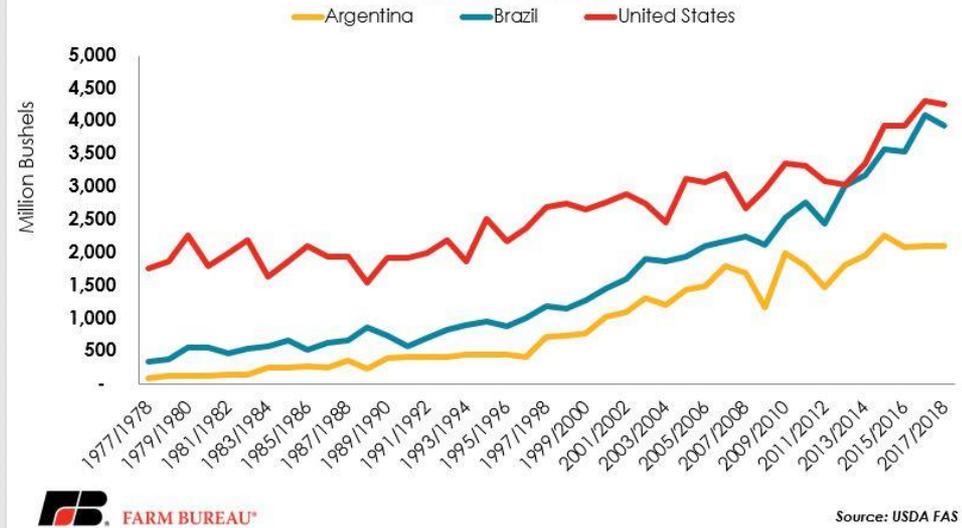
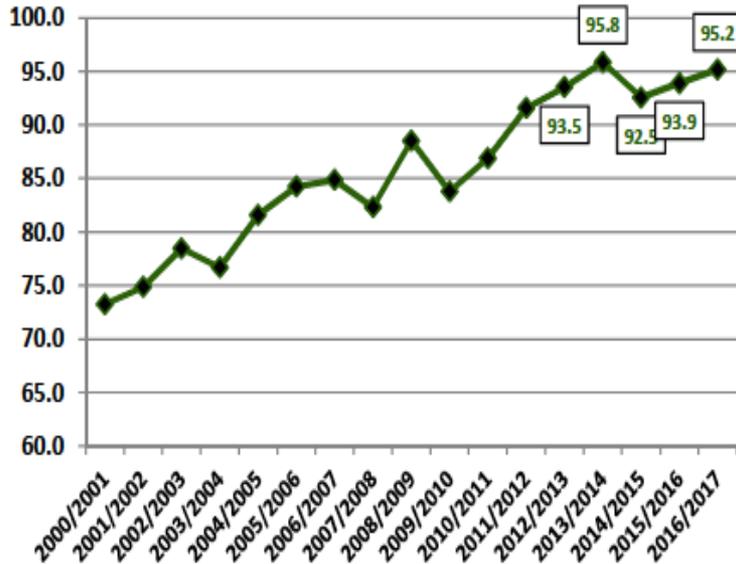


Figure 2: U.S. and South American Soybean Production
1977/78 to 2017/18

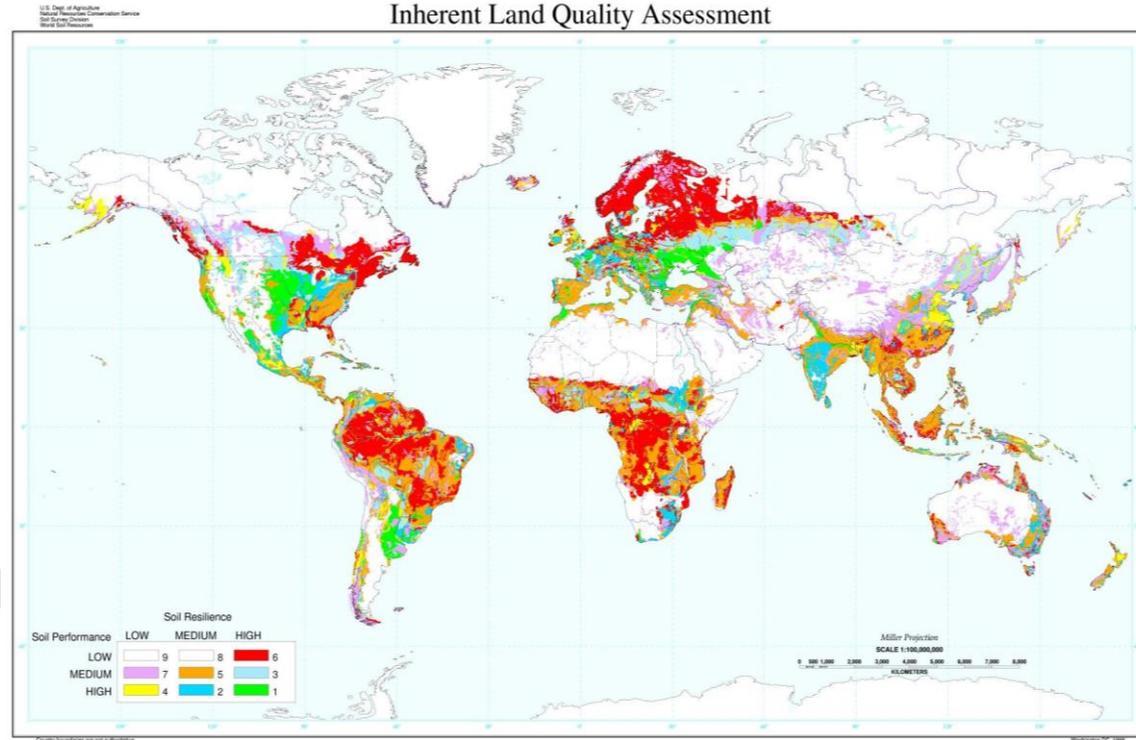


Chinese Production

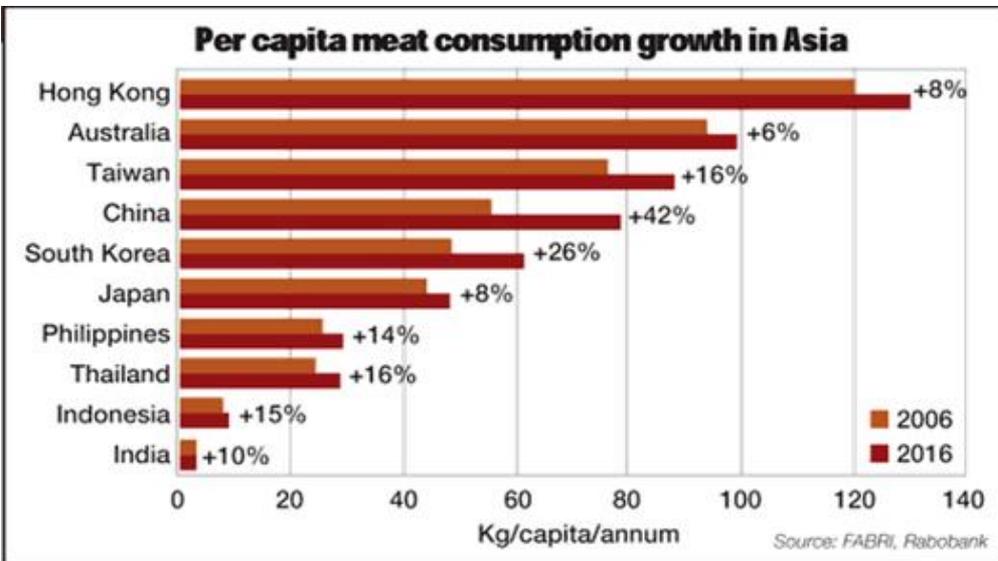
CHINA CORN YIELD
2000/01 - 2016/17



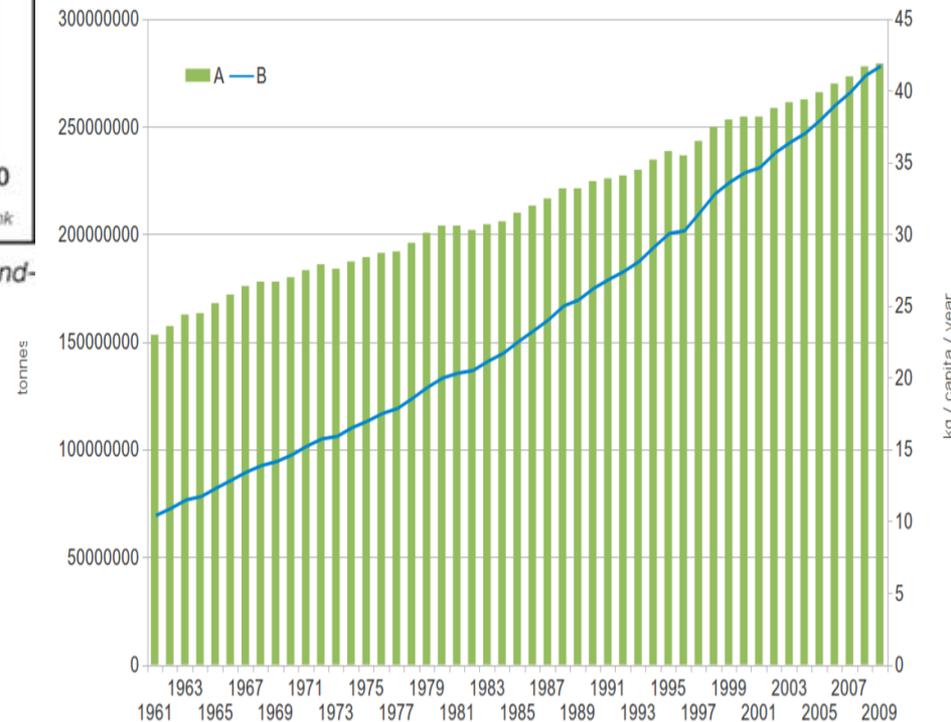
Inherent Land Quality Assessment



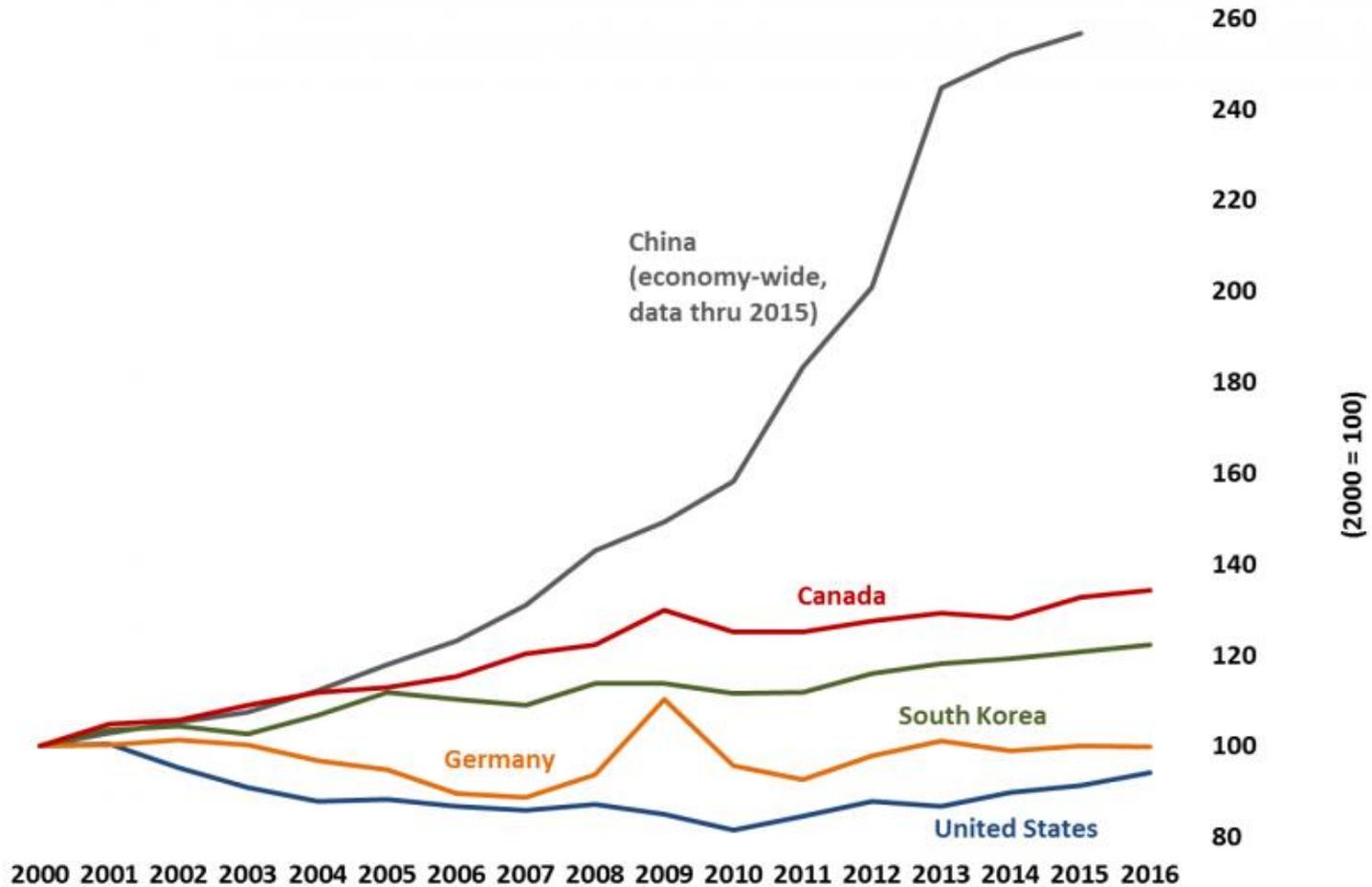
Protein Consumption



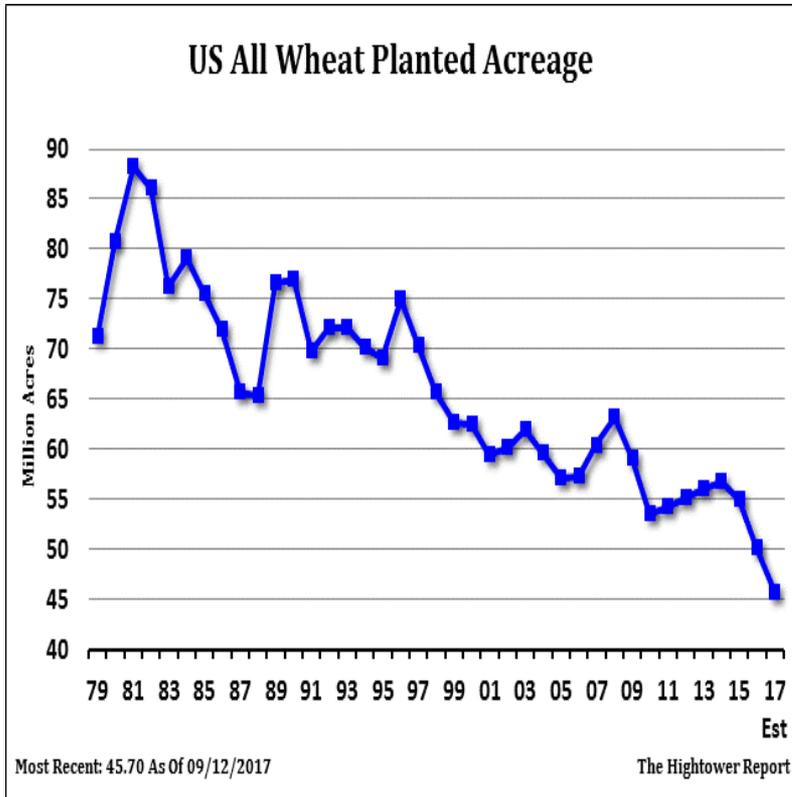
Growth in per capita meat consumption throughout Asia ranges from 8% to 42%. Branded meat products will begin to attract increasing interest in Asia's emerging markets.



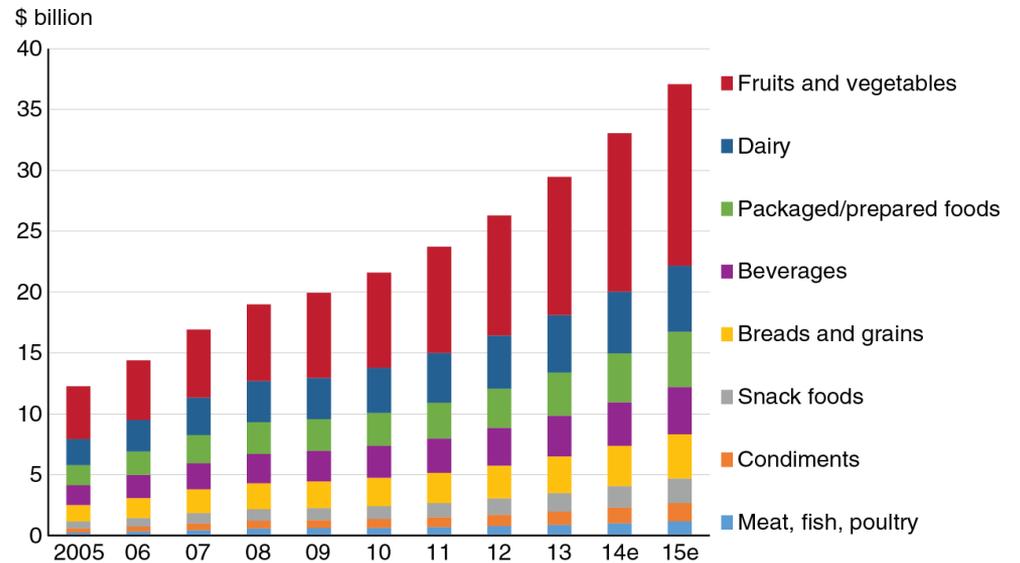
Changing Asian Labor Market



US Demand & Trends



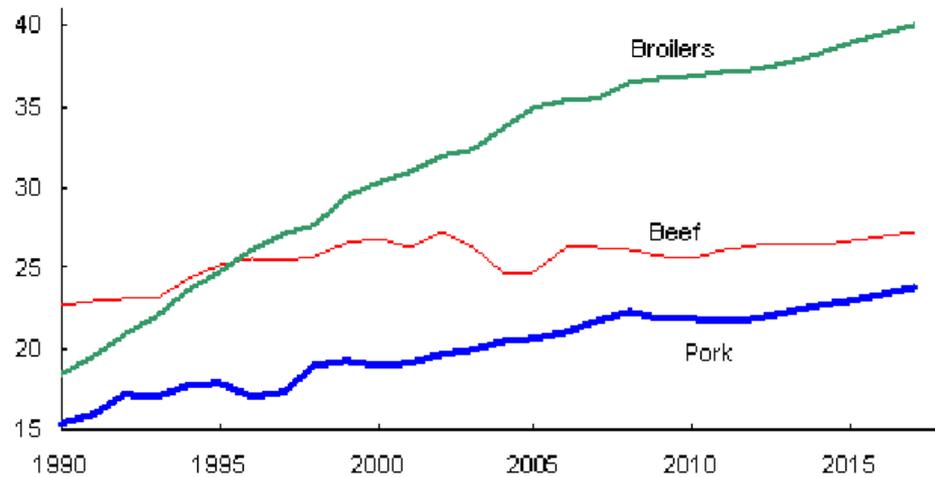
U.S. organic food retail sales, 2005-2015e—Fruits and vegetables are still the top category



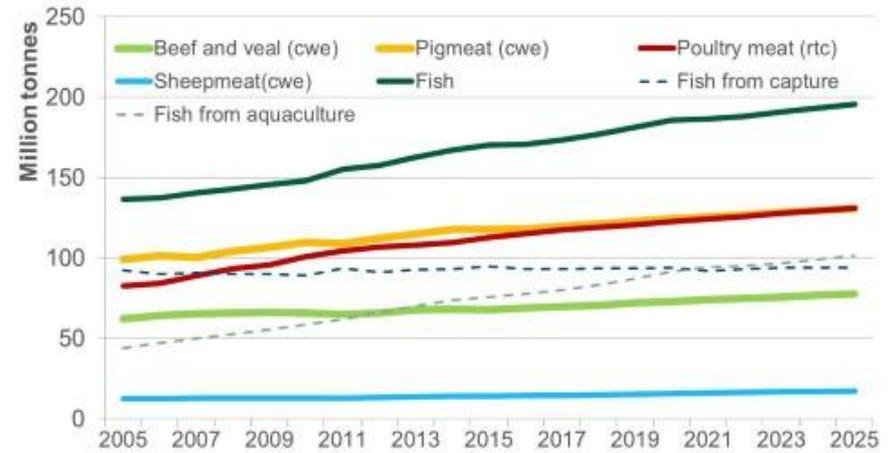
Note: e = estimated. NBJ estimates of U.S. organic food sales are typically somewhat lower than Organic Trade Association estimates.
 Source: USDA, Economic Research Service using data from Nutrition Business Journal (NBJ), 2015.

Meat Production Continues to Increase

Billion pounds



Global Production



Source: OECD-FAO

Corn Markets

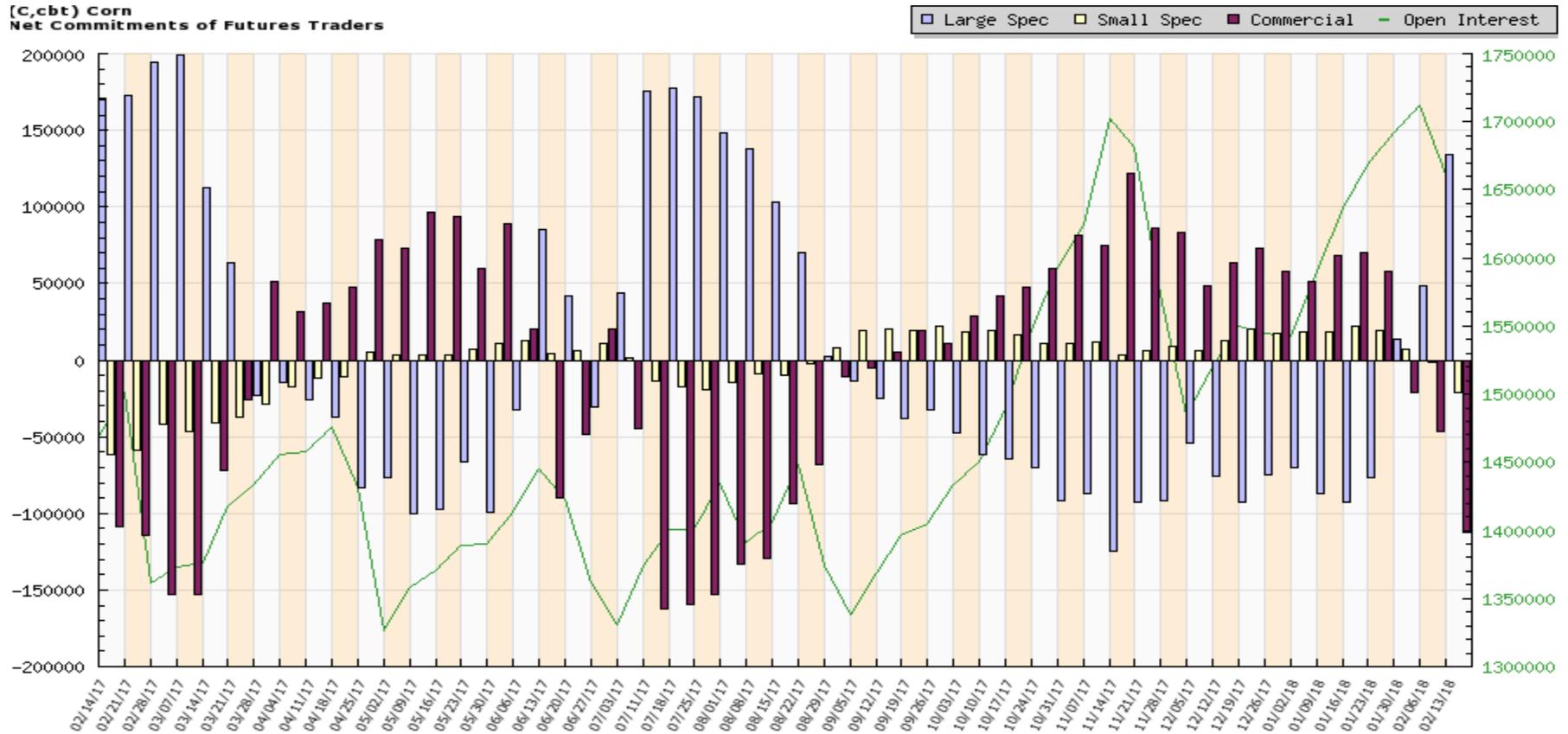


CBOT May, December Corn Contract



Corn Commitment for Traders Report

(C,cbt) Corn
Net Commitments of Futures Traders



Charts compiled by Software North <http://cotpricecharts.com/commitmentscurrent/>

--- Large Speculators ---				----- Commercial -----				-- Small Speculators --			Open	
#	Long	Short	Bullish	#	Long	Short	Bullish	Long	Short	Bullish	Intrest	
01/16/18	537	421,121	513,368	45%	630	738,188	667,781	53%	194707	172,867	53%	1,637,164
01/23/18	528	424,433	501,458	46%	643	761,842	703,674	52%	193536	174,679	53%	1,668,554
01/30/18	544	453,496	439,742	51%	639	744,186	765,198	49%	190624	183,366	51%	1,692,248
02/06/18	530	453,219	405,149	53%	653	762,426	809,131	49%	190449	191,814	50%	1,711,904
02/13/18	515	477,510	343,538	58%	642	725,429	838,202	46%	178490	199,689	47%	1,661,360

Soybean Markets

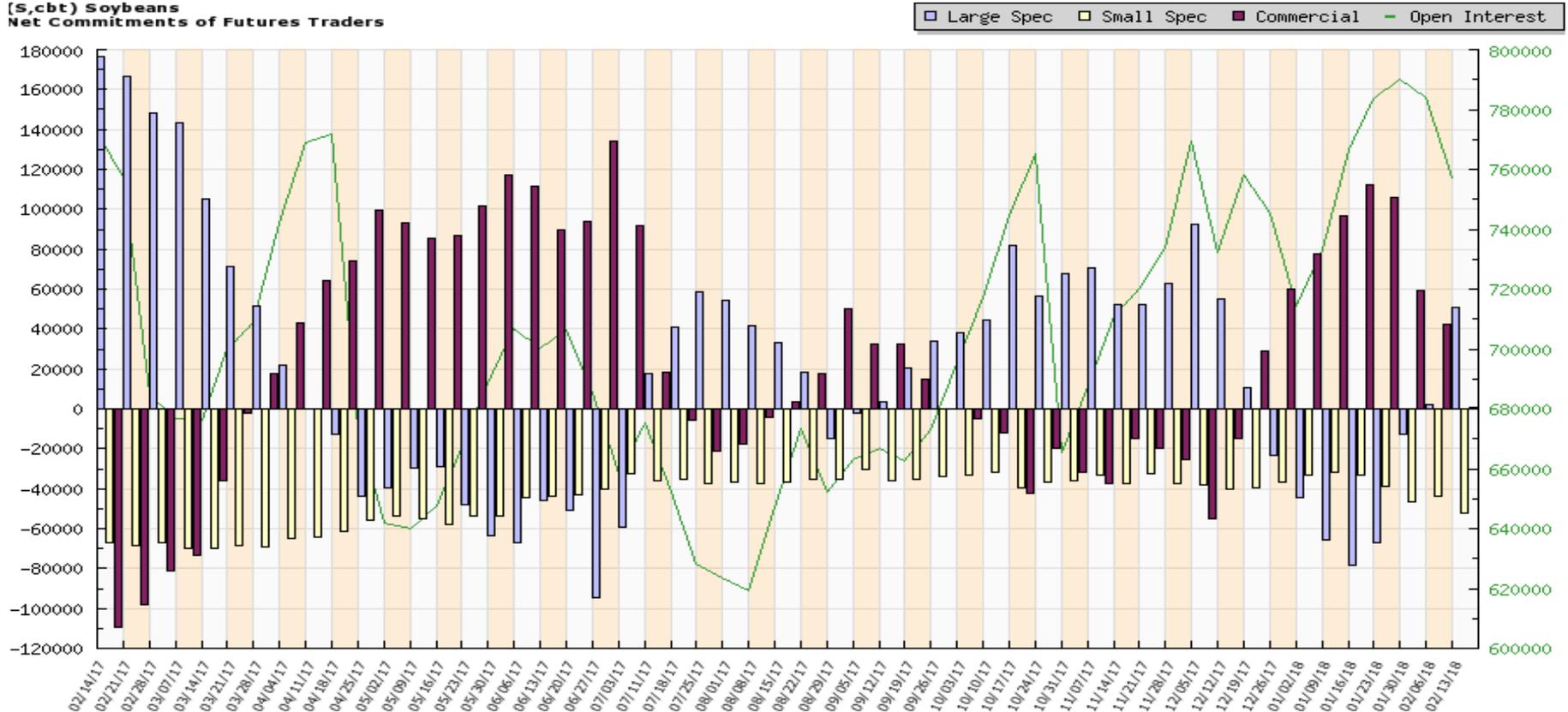


May, November Soybean Contract



Soybean Commitment of Traders Report

(S,cvt) Soybeans
Net Commitments of Futures Traders



Charts compiled by Software North <http://cotpricecharts.com/commitmentscurrent/>

--- Large Speculators ---				----- Commercial -----				-- Small Speculators --			Open	
#	Long	Short	Bullish	#	Long	Short	Bullish	Long	Short	Bullish	Intrest	
01/16/18	466	151,657	230,305	40%	373	442,961	330,985	57%	51419	84,747	38%	766,686
01/23/18	493	146,676	213,766	41%	363	453,767	348,121	57%	50454	89,010	36%	783,339
01/30/18	472	154,286	167,085	48%	387	446,958	387,770	54%	49540	95,929	34%	790,223
02/06/18	464	150,800	148,907	50%	387	440,779	398,743	53%	52329	96,258	35%	784,222
02/13/18	465	167,012	115,849	59%	396	420,706	419,680	50%	47562	99,751	32%	757,288

Wheat Markets



May 2018 Chicago Wheat



Livestock Markets



April 2018 Live Cattle



March 2018 Feeder Cattle



Dairy Markets



March 2018 Class III Milk

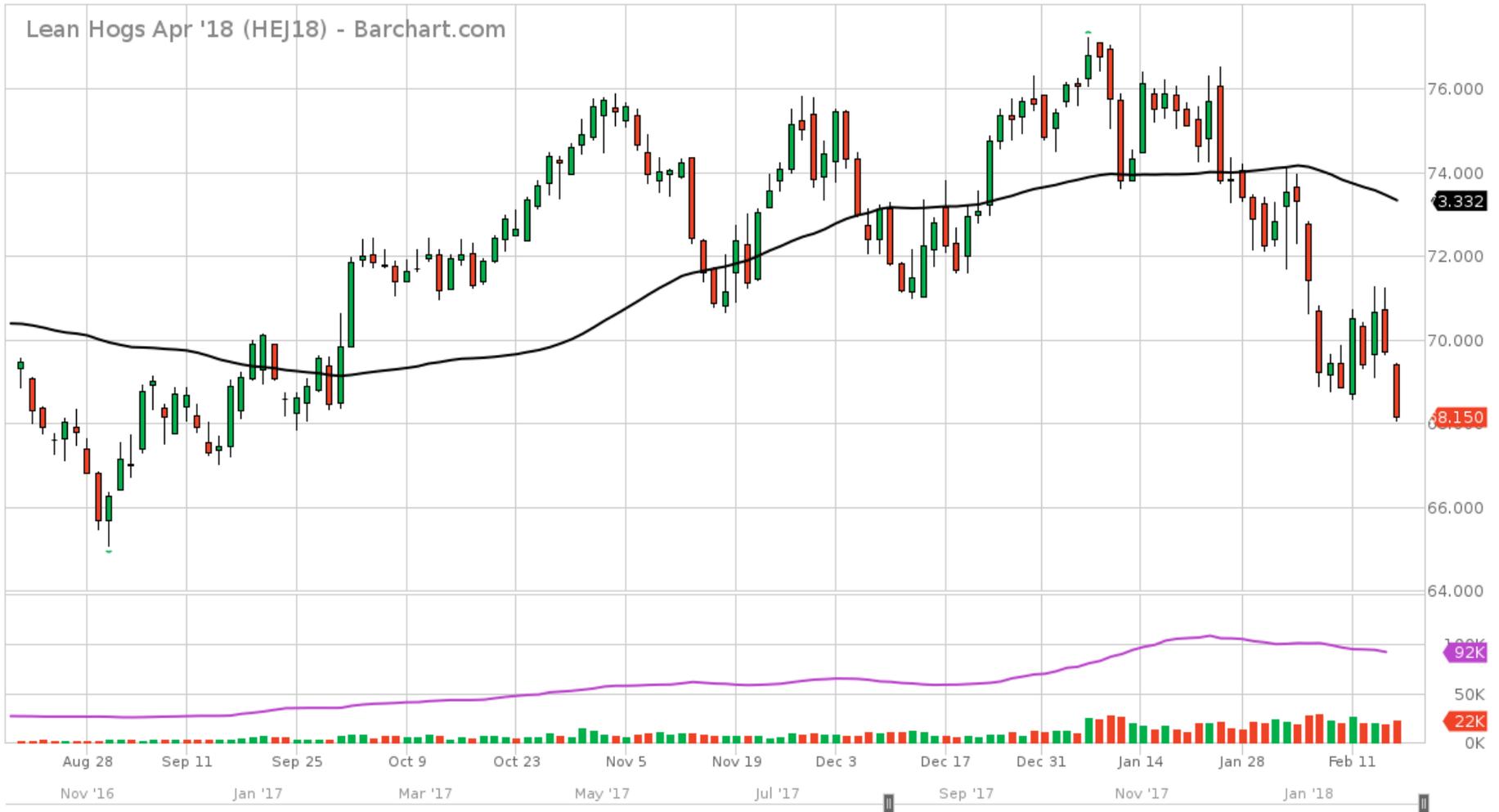
Class III Milk Mar '18 (DLH18) - Barchart.com



Pork Markets



April 2018 Lean Hogs

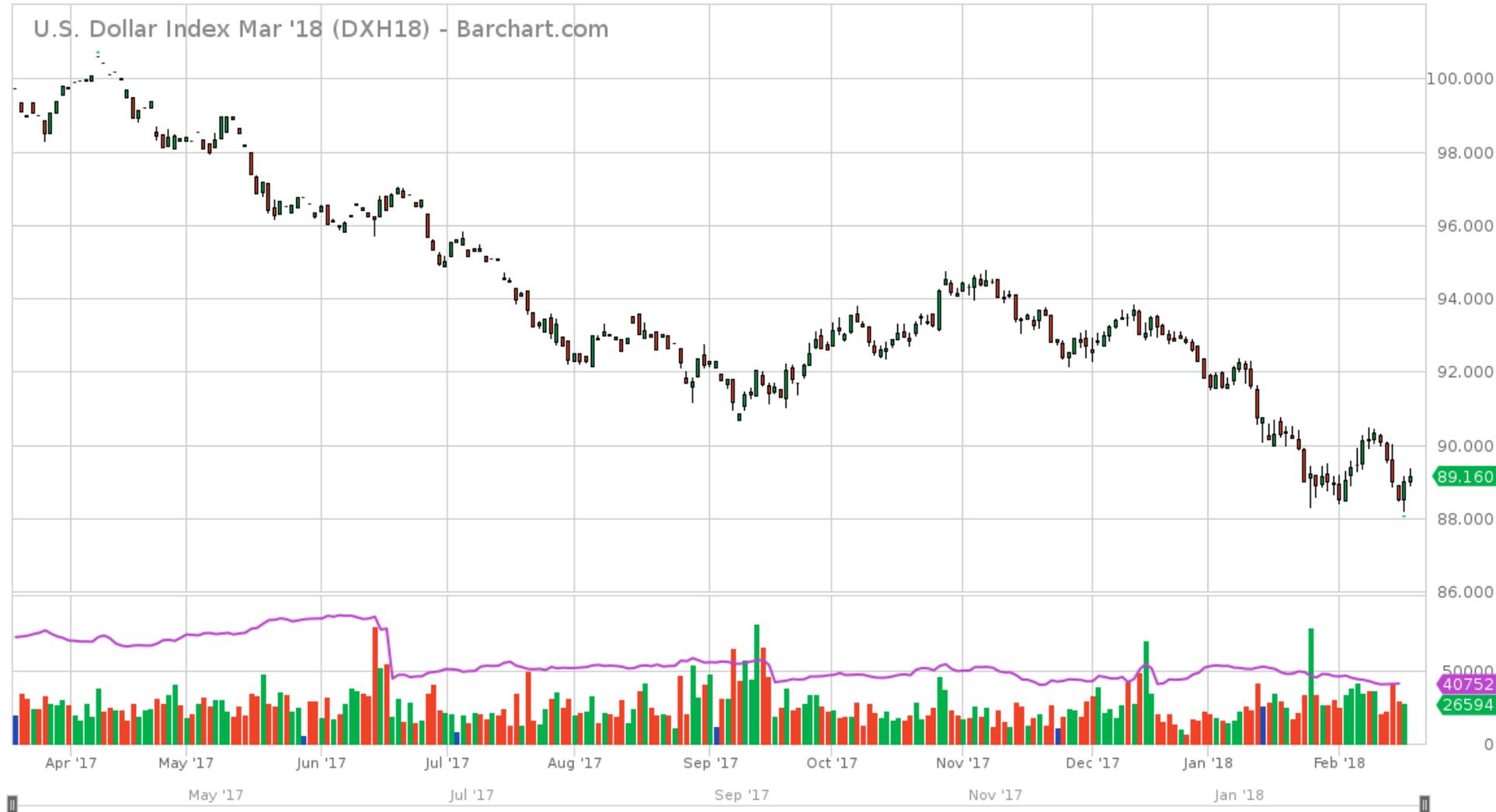


Farm Bill



US Dollar Strength Fades

U.S. Dollar Index Mar '18 (DXH18) - Barchart.com

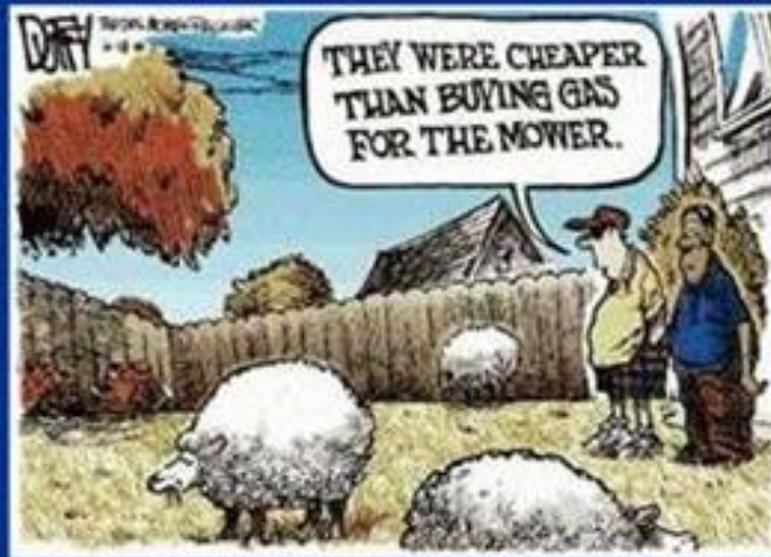


Trade Policy



Small Things: Significant Risks

Alternative agricultural systems



What's on the Horizon?

Future of Ag: I believe...



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2018 Commercial & Ag Lending Conference (CALC)

September 24 - 26, 2018 | Omaha, Nebraska

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