



**Virgil Robinson**

Marketing Analyst  
Pioneer Hi-Bred

## Selling Your Yields: *Corn*

---

The spot basis declined in the last 2 weeks. Carrying charges increased. The recent USDA Crop Production & WASDE reports proved bearish. Supply is currently not a major concern. The U.S. new crop is currently doing well and many analysts are of the opinion record yield and production is possible despite weather-instilled problems in select parts of the NW Corn Belt. See [www.usda.gov/oce/commodity/wasde/](http://www.usda.gov/oce/commodity/wasde/) for current as well as upcoming U.S. and world balance sheets (S&D).

An assortment of factors that include: select global weather concerns, yet persistent drought covering parts of the west/southwest U.S., ([www.droughtmonitor.unl.edu/](http://www.droughtmonitor.unl.edu/)), the forecast of large South American winter crops, Japan and Europe's improved economies, geopolitical risks, Chinese import/export intents, livestock and ethanol economics, exchange rates and their influence on export sales (which have been solid to date), fiscal discord in Washington, D.C., uncertain macroeconomic backdrop and bearish USDA 2014/15 balance sheet shape price discovery. An anxiously awaited, but often delayed, 2014 EPA RFS ruling adds perplexity. EPA is scheduled to release their decision this year. There are numerous underlying factors that are complex and creating choppy and risky price environment. Collective speculative mentality, risk on risk off, changes abruptly. Speculators are key participants in price discovery. They have liquidated long positions and amassed short positions. Recognize this turbulent environment, while acknowledging ample in-hand world supply, and manage accordingly.

The charge remains managing the risks and opportunities associated with this complex set of market factors and inherent volatility. Over the course of the next couple weeks the September '14 CME Group (CBOT) futures contract (old crop) is positioned to trade in a range of \$3.45 - \$4.15. Consumers are metering their needs as plentiful supply is forecast. The CZ '14 futures contract (new crop) is positioned to trade in a range from \$3.47 - \$4.24. The CZ '15 futures contract is positioned to trade in a range from \$3.95 - \$4.51. It's currently not timely to initiate incremental sale/short hedge/buy put option at or below the bottom of aforementioned futures price ranges but rather at/near the upper end of above ranges, respectively. Consumers will find value at lower end of price ranges. Option strategies may assist in managing the risks and or opportunities associated with both short hedging (producer's perspective) and long hedging (consumer's perspective). Research options @ [www.cmegroup.com/education/options.html](http://www.cmegroup.com/education/options.html)

This presentation contains forward-looking statements based on expectations, estimates and projections that are not guarantees of future performance and involve a number of uncertainties and assumptions.

The content is provided "AS IS," "AS AVAILABLE." Pioneer Hi-Bred International, Inc. does not warrant the accuracy or completeness of the information, text, graphics, links, or other items contained in this communication, and Pioneer Hi-Bred International, Inc. expressly disclaims liability for errors or omissions in these materials. We reserve the right to make changes and corrections at any time, without notice.

Pioneer Hi-Bred International, Inc. expressly disclaims all liability for the use or interpretation by others of information contained in this Pioneer Hi-Bred International, Inc. communication. Decisions based on information contained in the Pioneer Hi-Bred International, Inc. communication are the sole responsibility of the reader, and in exchange for using the Pioneer Hi-Bred International, Inc. communication the reader agrees to hold Pioneer Hi-Bred International, Inc. harmless against any claims for damages arising from any decisions that the reader makes based on such information. Nothing contained in this Pioneer Hi-Bred International, Inc. communication constitutes investment advice.