



FULL SERVICE PRESS

JULY 2019

FRONTIER
FUTURES

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ABOUT FRONTIER FUTURES

Our doors opened in 1984, and man how things have changed! Technology, production advancements and the market climate are ever evolving, and it's our job to keep up with the times. We offer online trading and account access, market text updates, free one-on-one broker consultations, personalized marketing plans, and a full time experienced order desk at your service. The world can keep changing around us, but our commitment to educating traders and providing exceptional customer service will never change.

Our Full Service Broker Division was founded in 2016, and since then we have built a network of brokers all over the midwest. We value experience, ideas and character and only hire brokers with a passion for what they do.

We train our brokers to be teachers.

When it comes to marketing plan development and execution, you are more likely to follow through if you understand the plan. Our plans tread a fine line between discipline and flexibility, knowing both are crucial for our clients success. Most importantly, our plans are personalized to fit your needs and goals. Give your operation the financial attention it deserves and sit down with one of our brokers to see how we can help.



MEET THE BROKER INTERNS

This month, we are giving a collective shout out to our 2019 interns! We just completed our fourth internship session and are so thrilled to see what the future holds for these newly minted full service brokers. If you recognize a face or name, please click on their name to reach out and ask them about their experience!



[MIKHAIL
SCHWARTZEL](#)



[BRETT
PODHAJSKY](#)



[ANDI
WALLER](#)



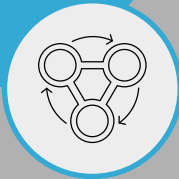
[PEYTON
HITCHINGS](#)



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OPTIONS

The buyer of an option has the right (but not the obligation) to assume a particular futures position at a specified price (the strike price) any time before the options expire.



"PUT DOWN"

When you BUY a PUT, you pay your premium and you make money if the market goes DOWN.

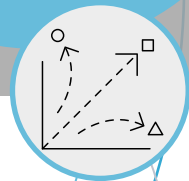
When you SELL a PUT, you collect premium and get to keep that premium if the market goes UP.



"CALL UP"

When you BUY a CALL, you pay your premium and you make money if the market goes UP.

When you SELL a CALL, you collect premium and get to keep that premium if the market goes DOWN.



LET'S TALK ABOUT HEDGING WITH OPTIONS

We believe that knowledge is power, and we come across too many people who don't utilize the futures markets because they simply do not understand them. The futures and options markets are excellent tools for producers to use to limit risk and protect profitable price levels for their commodities, which can be used in place of, or in addition to forward contracting.

Options are a great tool, but can be confusing for some. Think of buying options in the same way you would look at buying car insurance. As the buyer of an option, you know your premium costs up front, pay it, and then have no future risk of having to pay more money (read: NO margin calls). You pay your premium, and if there is no "accident", your option/policy will expire worthless. So, let's say you buy a 400 PUT to put a floor price in for your corn. When that option expires, if corn is not below \$4, your option is worthless. If it is below that, you will collect money in your trading account, but you will sell your cash for a lower price.

Conversely, if you sell options, think of yourself as the insurance company. You are collecting premiums, but you are also on the hook if there is an "accident". If you are the seller of that 400 PUT we mentioned above, you would be the one responsible to pay if the market is below \$4 at expiration. When you sell options, you do have margin risks/margin calls.

MARKET RECAP

The amount of news out there can get overwhelming. Stay informed, but don't let reports, weather and tweets be the sole driver of your marketing decisions.

DECEMBER CORN

7/24/19: \$4.30 3/4

Last month: \$4.61

Easy year: \$3.61

Contract High: \$4.73

Contract Low: \$3.63 3/4

NOVEMBER BEANS

7/24/19: \$9.08 1/4

Last month: \$9.41

Easy year: \$8.57 3/4

Contract High: \$10.15

Contract Low: \$8.15 1/2

SEP (CHI) WHEAT

7/24/19: \$4.97 3/4

Last month: \$5.31 3/4

Easy year: \$5.10 3/4

Contract High: \$6.24 1/4

Contract Low: \$4.27 1/4

CORN

Here we are a month later and weather seems to be the only thing that's changed in grain markets. Trade talks with China have achieved little to no progress, high volatility likely to increase, and like the USDA, no one knows how much corn we have- and if they do, they're bluffing. June 28th's acreage report had planted corn acres at 91.7 mil ac, up from 89.8 mil ac in June 11th's WASDE estimates, which seemed to prove that the USDA has no idea how much corn we're growing in 2019. As I write this report, short-term support seems to be found in potentially increasing PP acres. This month's choppy price action reflected mixed forecasts and steady condition reports as participants prepare for the August 12th WASDE- which could be a market mover. The USDA must enjoy seeing market uncertainty, right?

A glance at the charts shows prices have trended sideways from 20-June's close at 461^0, but from a longer-term perspective the uptrend from 13-May 364 low to 17-Jun 473 high remains intact and the outlook could be increasingly bullish as supply numbers become more evident. For the short-term, however, prices seem to be consolidating sideways, yet still holding key support levels. The market seems to be setting itself for a big future move. While there is more long-term upside, further downside also remains a threat.

Looking back on the weekly continuation charts, for 4 years corn has failed to break above resistance at the 450 area (454 high in July 2015). September and December corn have seemed to hang around this area recently, which could be the market pausing on heightened uncertainty while we wait for more supply numbers. This presents the big question for growers and users alike: has Dec corn hit its usual yearly high, just at a strong level? Or will prices continue to climb?

SOYBEANS

Soybean prices continue to push lower, as forecasts are expected to be more favorable after the heat wave recedes towards the end of July. The WASDE report was released on July 11th. The soybean yield was forecasted at 48.5 bushels per acre, down 1 bushel based on delayed planting progress throughout the major producing states. Soybean exports were reduced 75 million bushels to 1.875 billion reflecting reduced supplies and increased competition from South American exporters. USDA showed that South America will have plenty of Soybeans to offer. Last week's soybean export inspection total was ahead of trade estimates that ranged between 18 million and 29 million bushels. 54 percent of soybeans were rated good to excellent quality on the July 15 crop progress report. The market will be focused on weather the next few weeks before turning its attention to acres as the August WASDE report approaches. The lateness of the crop will continue to draw attention as well, with late pod filling likely to move the weather market interest into September.

WHEAT

The Spring wheat crop tour is underway. Likely late plantings have contributed to a slightly lower yield than 5-yr averages. But don't confuse a slightly smaller yield with being all that bullish, but hopefully it will make the funds nervous enough to at least start buying some of their short position back and create some volatility.

With funds record short 13,000 MGE wheat, we think all the potential bearishness of the crop tour is already priced in at 520 in MWU. Feels like the farmer has no interest in selling any new crop spring wheat, especially now that there is potential for US/China trade to resume. The US spring wheat farmer continues to be the only group that really can and does hold out on the US commercial, as they have ample free on-farm storage from a 70's program and they also have oil income. We think this is no place to be short despite what should be really good news regarding the crop out of the tour. Buy the fact, and beware the roll that is coming up very soon

LIVESTOCK

LIVE CATTLE

Over this past month cattle stayed within a consolidation period before breaking out on a bull run over the past two weeks. Short-term trend has turned up with the 9-day average crossing over the 14-day. Cattle prices on any particular week, can be forced higher by feeders holding onto asking prices until packers are forced to bid up. If this short-term trend is going to be sustained, then supplies must tighten and the demand overall for beef must stay strong. Demand staying strong includes receiving help from the export market as US exports of beef have fallen 5% short of where they were last year. Most notably China and Japan are under importing compared to last year as the agriculture industry continues to suffer through these "trade talks." Cattle feeders continue keeping a close eye on developments in the corn market as the discussion to feed wheat is beginning to really heat up. Going away from corn this year could become a reality in many operations as corn continues to lead the way. Going forward this slight improvement in prices is going to be put to the test to determine if a sustained improvement is in our future.

LEAN HOGS

Since we last talked hogs have continued a downward trend but have finally turned to a positive short-term. This coming only after testing out some new lows. Since then, the 9-day moving average has crossed the 14-day and there seems to be a lot of reasons to be looking up in the hog market. For one thing US pork is cheap enough to attract lots of US pork customers to start paying close attention. The obvious one being china as African Swine Flu continues to devastate the largest global swine herd. The struggle to this point has been the 50% tariff however, the political steps have been taken to remove the tariff when China feels they need to. Not only has low prices attracted some large import interest, pork seems to be stealing some market share from beef. Exciting times in the hog market as it appears this market could be bottoming out and leaving vast upside potential.

AUGUST HOGS

7/24/19: \$86.55

Last month: \$80.90

Lasz year: \$67.20

Contract High: \$102.97

Contract Low: \$70.05

AUGUST CATTLE

7/24/19: \$108.90

Last month: \$103.95

Lasz year: \$108.95

Contract High: \$121.15

Contract Low: \$101.97

SEPTEMBER CRUDE

7/24/19: \$55.88

Last month: \$57.07

Lasz year: \$67.65

Contract High: \$89.01

Contract Low: \$42.56

BULL MARKET VS BEAR MARKET

We can find opportunity in either! The reality is, since we are hedging (NOT speculating!) we can use market volatility and movement to our advantage. The futures markets can provide price spikes or dips that the cash market may not reflect, so we welcome the chance to take advantage of that when we can. Be it through horns or claws VOLATILITY = OPPORTUNITY.



USDA REPORT NUMBERS

Released July 11th, 2019

Next WASDE Report: August 12th, 2019

| | Analyst Predictions | | | USDA | | Difference | |
|------------------------------|---------------------|-------|--------|------------|---------|------------|---------|
| | Low | High | Avg | Last Month | Current | Analyst | Prev Mo |
| US Corn Ending Stocks | 1.450 | 1.975 | 1.692 | 1.675 | 2.010 | 0.318 | 0.335 |
| US Soybean Ending Stocks | 0.558 | 1.040 | 0.812 | 1.045 | 0.795 | 0.017- | -0.25 |
| US Wheat Ending Stocks | 0.990 | 1.092 | 1.043 | 1.072 | 1.000 | 0.043- | 0.072- |
| Brazil Soybeans | - | - | - | 123 | 123 | 123 | 0 |
| Argentina Soybeans | - | - | - | 53 | 53 | 53 | 0 |
| World Soybeans Ending Stocks | 103 | 124.1 | 110.25 | 112.66 | 104.53 | 5.72- | 8.13- |
| Brazil Corn | - | - | - | 101 | 101 | 101 | 0 |
| Argentina Corn | - | - | - | 50 | 50 | 50 | 0 |
| World Corn Ending Stocks | 282.4 | 300 | 290.12 | 290.52 | 298.92 | 8.8 | 8.4 |

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STAY ON TRACK!

The seeds are in the ground, and now we sit back and watch them grow, baby, grow! There are still obvious set backs in the growing season, and with this hot weather the outcome is TBD. It would be out of character for us to not look ahead at future problems (why worry about just one season at a time!?), so as we enter this uncharted territory, we continue to preach to have a plan and do your best to keep emotional marketing decisions in check.

☐ TALK TO YOUR BROKER

Our full service commission rates start at \$70/round turn. If you are trading/hedging grains, that works out to be a penny and a half per bushel. We offer personalized consultations for no cost or commitment. Make the time, drop us a line or give us a call.

☐ GET THOSE EMOTIONS IN CHECK

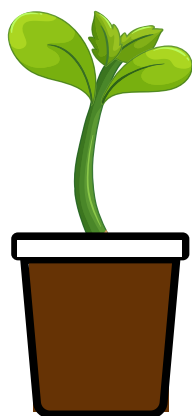
We are starting to see the up's and down's in the markets we talk about so frequently when developing a plan. If you were waiting to make sales at higher prices and after the market dropped you promised yourself you'd make the sales this time...we're talking to you! We have great strategies that can help you take advantage of rising (or falling) prices, so make sure to check in with your broker about your fears for this growing season.

☐ BE PREPARED FOR REPORT DAYS

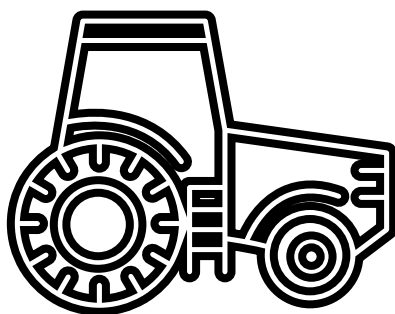
Love them or hate them, the USDA Report days can bring opportunity for big gains or losses. Make sure you have targets discussed, and that you have short term protection in place if you believe that a large market swing could affect your ability to maintain your current positions. We expect the August report to bring adjusted numbers from the USDA, so that could reflect in a wild market. Ask us about short term Call or Put options.

GRAIN PROGRESS TRAIN

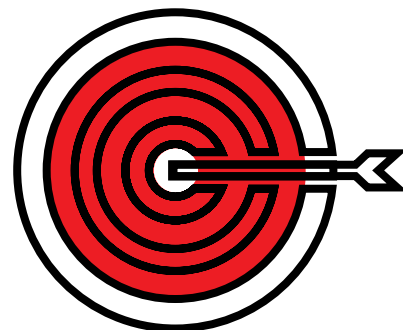
FOLLOW ALONG EACH MONTH AS WE UPDATE PLANTING, HARVEST AND HEDGING LEVELS.



96% - CORN
96% - BEANS



%0



%80

[CLICK HERE FOR MORE DETAILS](#)

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