



FULL SERVICE PRESS

MAY 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.



BROKER HIGHLIGHT J.R. EDMONDSON



I grew up on my family's farm in Central Indiana, where we produce corn and soybeans. My interest in the markets started from a very young age. When I was a child my grandmother oversaw the grain marketing for the farm. I can remember visiting her and playing on the DTN machine while she taught me how the markets worked. Since then I have had a passion for the markets and knew that I would like to build my career around it. I just finished my junior year at Purdue University studying Agricultural Economics, with minors in crop science and communication.

Last summer I had the opportunity to become a commodity broker intern with Frontier and obtained my series three license. I really enjoy the commodity markets, and I am proud to be a member of the team at Frontier Futures. I look forward to continue my career as a broker and continue to build relationships with farmers all over the Midwest.

www.fullservicepress.com/our-team

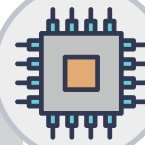
FUTURES

An agreement traded on an organized exchange to buy or sell assets at a fixed price but to be delivered and paid for at a later date.



CME GROUP

Where all the magic happens! Made up of what was previously known as the Chicago Board of Trade and the Chicago Mercantile Exchange, it is now the world's largest options and futures exchange. They provide settlement and clearing of commodity trades.



By using the futures market, you become the master of your destiny, take control of your marketing and can take advantage of all the opportunity the free market has to offer.



LET'S TALK ABOUT HEDGING WITH FUTURES

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.

Let's say you want to lock in a price for your corn that you have just planted, right now, in May. {Each futures contract is 5,000 bushels and a \$0.01 move is worth \$50.} **You can sell 1 contract of December (new crop) Corn on the board today for \$4.00.** You pay a deposit (margin requirement) to hold that position and would be subject to margin calls (don't be scared!) on your position. If the market goes up, you will get a margin call from us, but your cash position increases in value. If the market goes down, you gain money in your futures account, but your cash value goes down.

When it comes time to sell your cash corn, you have options with who you want to sell it to, or if you want to sell at all. Maybe it makes more sense to store it?

Our job is to make sure you understand how hedging works and to take a comprehensive look at your operation (cash, basis, market history, average yields, storage costs, etc.) to make sure you are making the best decisions for YOU!

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.

CORN

I began this newsletter for corn on Monday morning, after the activity over the course of the last couple days I had to hit the backspace button. The biggest question that is being asked is "did we put in the bottom on corn?" While I am not 100% confident we have put in the bottom for the whole year. I do believe that we have a big potential for a rally that we are already starting to see off of planting concerns.

Trade continues to be a huge part of the discussion when it comes to all grains. Ignoring Twitter action, we do know that we seem to be slightly further from a deal with China. Corn from a demand standpoint is not the prettiest picture. Something to keep track of long term is the increase in hogs and cattle. However, the markets seem to have shifted focus to supply concerns.

I don't need to remind you of the planting delays we have had, unless you have figured a way to attach a planter to a pontoon boat. The forecast continues to look bullish for corn. If the weather magically dried up quickly and the Midwest got out of the wet pattern, we could still grow a tremendous crop. That being said, there is still a lot of land that has yet to be planted, and it is quite possible that this could be one of the latest springs on record. The markets have finally seemed to catch on to this and is the reason for the rally that has happened this week. I would pay very close attention to the QPF over the course of the next few weeks. Planting delays have combined with the potential for already planted fields to have some flooding concerns in the western Corn Belt. The way that a farmer should make new crop decisions relies heavily on their own planting progress, along with the insurance program they have.

For the next month, some trading recommendations I have are to sell a bit of your old crop to capture some of this rally and buy some calls to give you a bit of comfort to sell. On new crop, I would like to capture some carry, December corn is right around that \$4 level and I believe that it would be a good idea to get some corn locked that starts with a 4. Look to some August short dated calls (420s or 430s) to capture this planting delay rally. Again, please feel free to call me, or anyone on the Frontier team to come up with a plan that best fits your situation. -JR

SOYBEANS

The bean market made new contract lows following the WASDE report after coming under pressure leading up to the report on news that the trade negotiations with China are not progressing well. News over the first weekend in May that China had attempted to make major changes to what US negotiators had thought was agreed to led President Trump to announce that tariffs would be increasing on May 10. This caused the soybean market to gap lower leading up to the WASDE report. The report numbers viewed by themselves were very bearish, with carryouts for both 2018-19 and 2019-20 coming in well above the analyst predictions. World carryouts were also much larger than anticipated. However, the markets seemed to be all sold out by this time. We did make a new contract low on Monday, but the rest of the week saw a steady rally as weather concerns returned to the forefront. The current rains are certainly supportive for the corn market, and that seems to be helping the beans, but we are still a long ways away from any worry about losing bean acres to planting delays, and in fact the opposite may be true if we see some switch from corn. Regardless, the supply and demand picture continues to be bleak for beans, and any rallies should be viewed as a selling opportunity unless some deal is done with China, a prospect that looks more and more unlikely each time someone involved in the negotiations speaks. -TJ

DECEMBER CORN

5/17/19: \$3.98 1/4

Last month: \$3.89

Lasy year: \$4.17

Contract High: \$4.24

Contract Low: \$3.63 3/4

NOVEMBER BEANS

5/17/19: \$8.47 1/4

Last month: \$9.27 3/4

Lasy year: \$10.09

Contract High: \$10.15

Contract Low: \$8.15 1/2

JULY (CHI) WHEAT

5/17/19: \$4.65

Last month: \$4.68 1/2

Lasy year: \$4.94 1/4

Contract High: \$6.19

Contract Low: \$4.18 1/2

WHEAT

In the last week we have seen key reversals in corn and Chicago wheat, the market was able to absorb the negativity of the report and China news and begin to focus on weather risk in row crops. Wheat has been along for a ride with the corn market, spring wheat losing nearly 20 cents to winter wheat in the last week and we expect to see spring wheat to continue to lose premium on rallies from here.

We continue to advise against chasing this rally on new spec trades, or trying to sell into it until we see at least half the fund shorts have been covered, or until we get to ridiculously high prices, think CZ up near 420 and WN up near 485. But be ready to pull the trigger on whatever bear strategy you have in mind when this thing starts to fall apart, because the downside from here could be pretty darn spectacular when everybody figures out a few million lost US corn acres, moved to beans, along with harvest of US winter wheat beginning, and the funds having covered, and the S American crops getting marketed, and the Russian wheat crop getting sold to the world, and the US/China trade war getting worse not better, well all of that combined just isn't bullish. The only way it stays higher than this all year is if the trade war ends AND we get nearly 10% of US row crop acres lost AND we have a winter wheat quality issue. Don't go broke fading the freight train, but be ready to profit from the break when it starts. -AK/SO (MN)

LIVESTOCK

LIVE CATTLE

The last month has shown a sharp downtrend in the live cattle futures market. With trade negotiations being at the center of the livestock market, the market seems even more volatile than normal. Some of the early trade talks with China not going well in the early part of May, live cattle have sunk over the last month in part from the trade war, but also from fund liquidation. Right before the last selloff began, live cattle futures had built up a record number of net long positions. This was the tipping point of the cattle market, as it then started the sharp downtrend through the month of May. -DM

LEAN HOGS

While there has been a slight downtrend in the hog market it looks like it could turn around. There is an immense impact on the hog market from the trade war with China, and with the recent trade talks not going well as stated above it has led to a slight selloff in the hog market. There could be a potential boost in the upcoming month with another meeting between President Trump, and the Chinese government about the trade war. If the negotiations go well it could lead to a big boost. One thing to watch for is the African Swine Fever that has been slowly starting to become a big deal in China. If that keeps spreading and developing this will have a big impact on the hog market even without a trade deal negotiated with China. Something to keep in mind, is to think about putting a floor in with some cheaper puts while hogs are still at a relatively profitable level just in case something happens then you will be protected. -DM

JUNE HOGS

5/17/19: \$92.37

Last month: \$98.50

Las year: \$75.90

Contract High: \$99.82

Contract Low: \$68.75

JUNE CATTLE

5/17/19: \$111.27

Last month: \$121.45

Las year: \$101.82

Contract High: \$124.90

Contract Low: \$105.05

JUNE CRUDE

5/17/19: \$62.75

Last month: \$64.02

Las year: \$71.49

Contract High: \$107.10

Contract Low: \$43.80

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 May 10th, 2019

Next WASDE Report: June 11th, 2019

	Analyst Predictions			USDA		Difference	
	Low	High	Avg	Last Month	Current	Analyst	Prev Mo
US Corn Ending Stocks	2.011	2.135	2.055	2.035	2.095	.040	.060
US Soybean Ending Stocks	0.880	1.010	0.920	0.895	0.995	0.075	0.100
US Wheat Ending Stocks	1.075	1.187	1.097	1.087	1.127	0.030	0.040
Brazil Soybeans	-	-	-	117	117	0	0
Argentina Soybeans	-	-	-	55	56	0	1
World Soybeans Ending Stocks	107	110.6	108.5	107.36	113.18	4.68	5.82
Brazil Corn	-	-	-	96	100	0	4
Argentina Corn	-	-	-	47	49	0	2
World Corn Ending Stocks	314	318.2	316	314.01	325.94	9.94	11.93

ANY STATEMENTS CONTAINED HEREIN ARE DERIVED FROM SOURCES BELIEVED TO BE RELIABLE, BUT ARE NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. NO RESPONSIBILITY IS ASSUMED WITH RESPECT TO ANY SUCH STATEMENT, NOR WITH RESPECT TO ANY EXPRESSION OF OPINION HEREIN CONTAINED. PLEASE NOTE THAT PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. MOREOVER, TRADING IN COMMODITY FUTURES OR OPTIONS INVOLVES SUBSTANTIAL RISK OF LOSS AND IS NOT SUITABLE FOR EVERYONE.

STAY ON TRACK!

I guess we found out what April showers (and snow) brings...PLANTING DELAYS.

Many across the midwest are dealing with less than favorable weather, and the real possibility that they won't get their crop planted in time. Decisions need to be made about [Prevent Planting \(click for article\)](#), switching crops and what that means for your bottom line. As always, check in with your full service broker to get the best advice for your specific operation.

☐ 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.

☐ MARKETING PLAN STRATEGIES

If you have a plan, you are on the right track. When the time comes to make sales (and remember, if you are making sales in grains, you need to be prepared for price points to be hit outside the "normal" July/Aug timeframe) are you prepared to pull the trigger? Maybe we should look at put option strategies that can give you a floor price? Check in so we can price some out for you.

☐ PLANTING PARTY

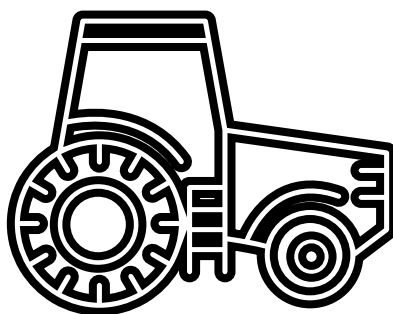
We are in the thick of planting season, and we sure hope that you are able to get a crop in the ground. Weather has added to an already uncertain market, which makes looking and planning ahead even more crucial. Please don't bear all the stress on your own! Your full service broker is here to help, so please take advantage of their expertise and advice when it comes to looking at switching crops, insurance and market outlooks.

GRAIN PROGRESS TRAIN

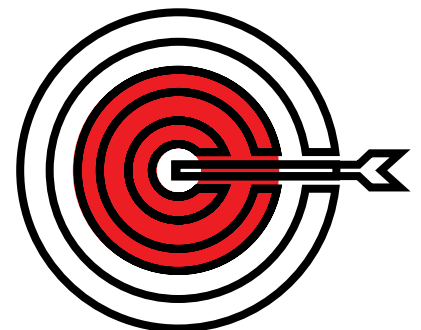
FOLLOW ALONG EACH MONTH AS WE UPDATE PLANTING, HARVEST AND HEDGING LEVELS.



30% - CORN
9% - BEANS



%0



%30-50

(CLICK PLANTER FOR SPECIFIC NUMBERS)

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