

Final Look at Crop Insurance and Commodity Title Choices given Conflict

farmdoc



I
ILLINOIS
Agricultural &
Consumer Economics
COLLEGE OF AGRICULTURAL, CONSUMER
& ENVIRONMENTAL SCIENCES



Gary Schnitkey

Bruce Sherrick

Nick Paulson

Topics

- Ukraine – Russia Conflict
- Budgets and Commodity Choices
- Crop Insurance

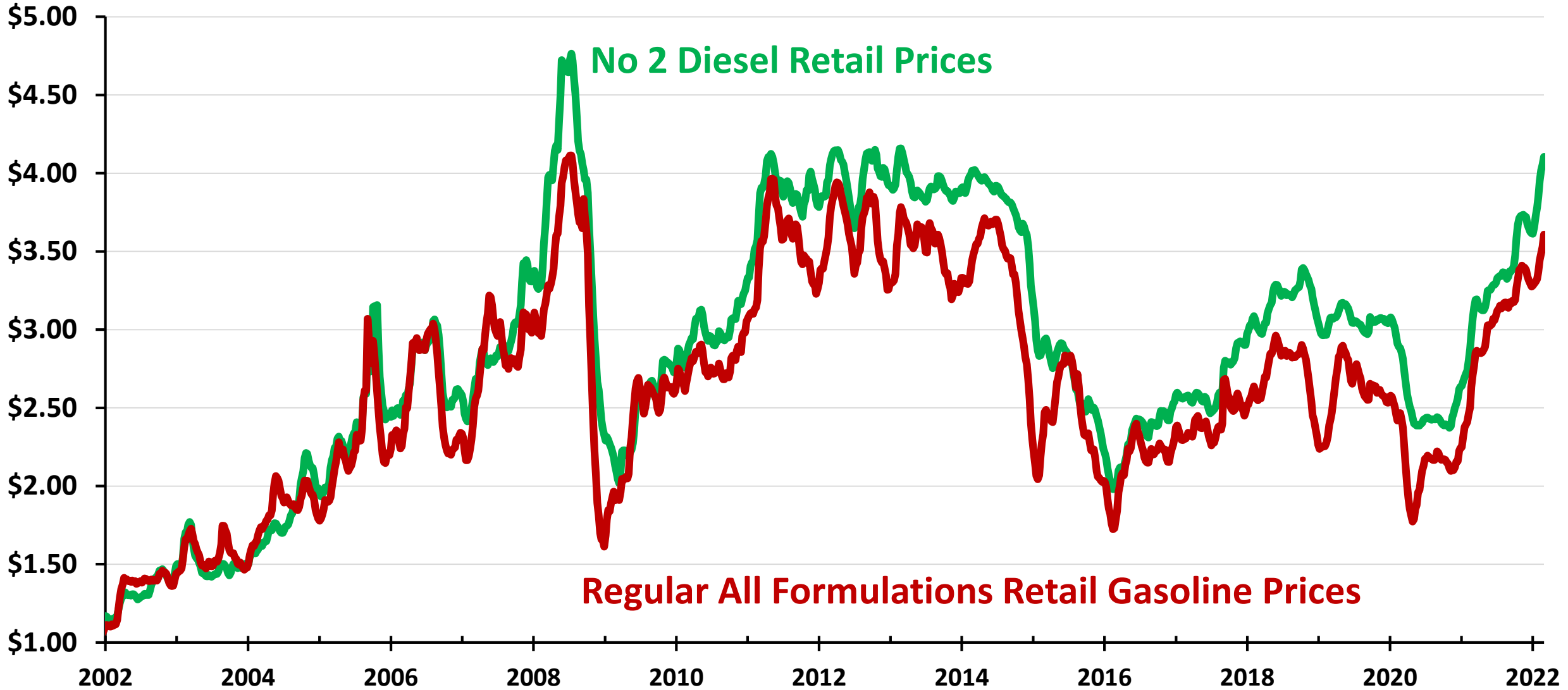


What do you think a gallon of diesel fuel will cost by harvest?

- Less than \$3.50 per gallon
- \$3.50 to \$4.00 per gallon
- \$4.00 to \$4.50 per gallon
- \$4.50 to \$5.00 per gallon
- Over \$5.00 per gallon



Weekly U.S. Retail Fuel Prices (\$ per Gallon)



Regular All Formulations Retail Gasoline Prices

No 2 Diesel Retail Prices

Ukraine – Russia Conflict





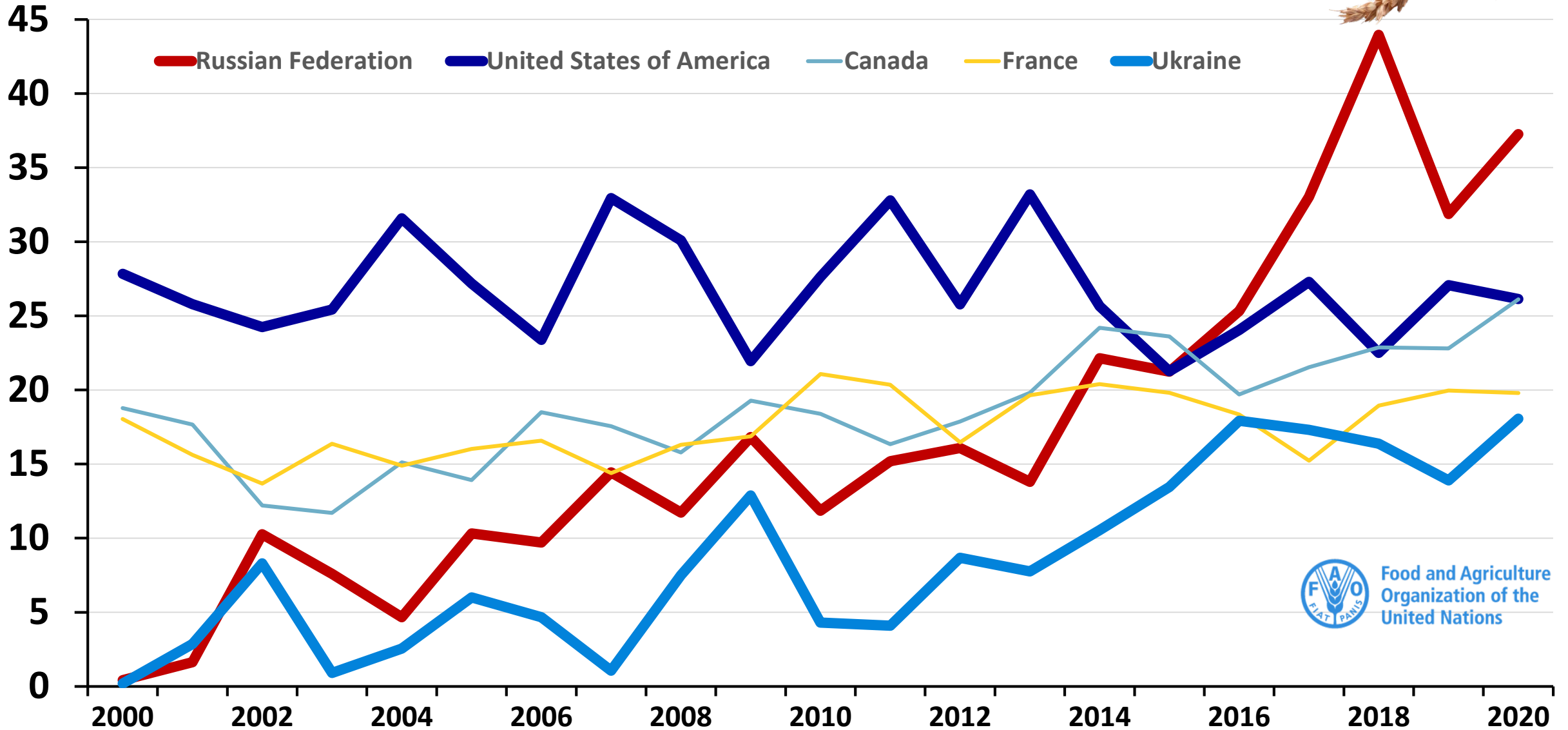
Source: Institute for the Study of War (21:00 GMT, 5 March)



Ukraine: Wheat Production

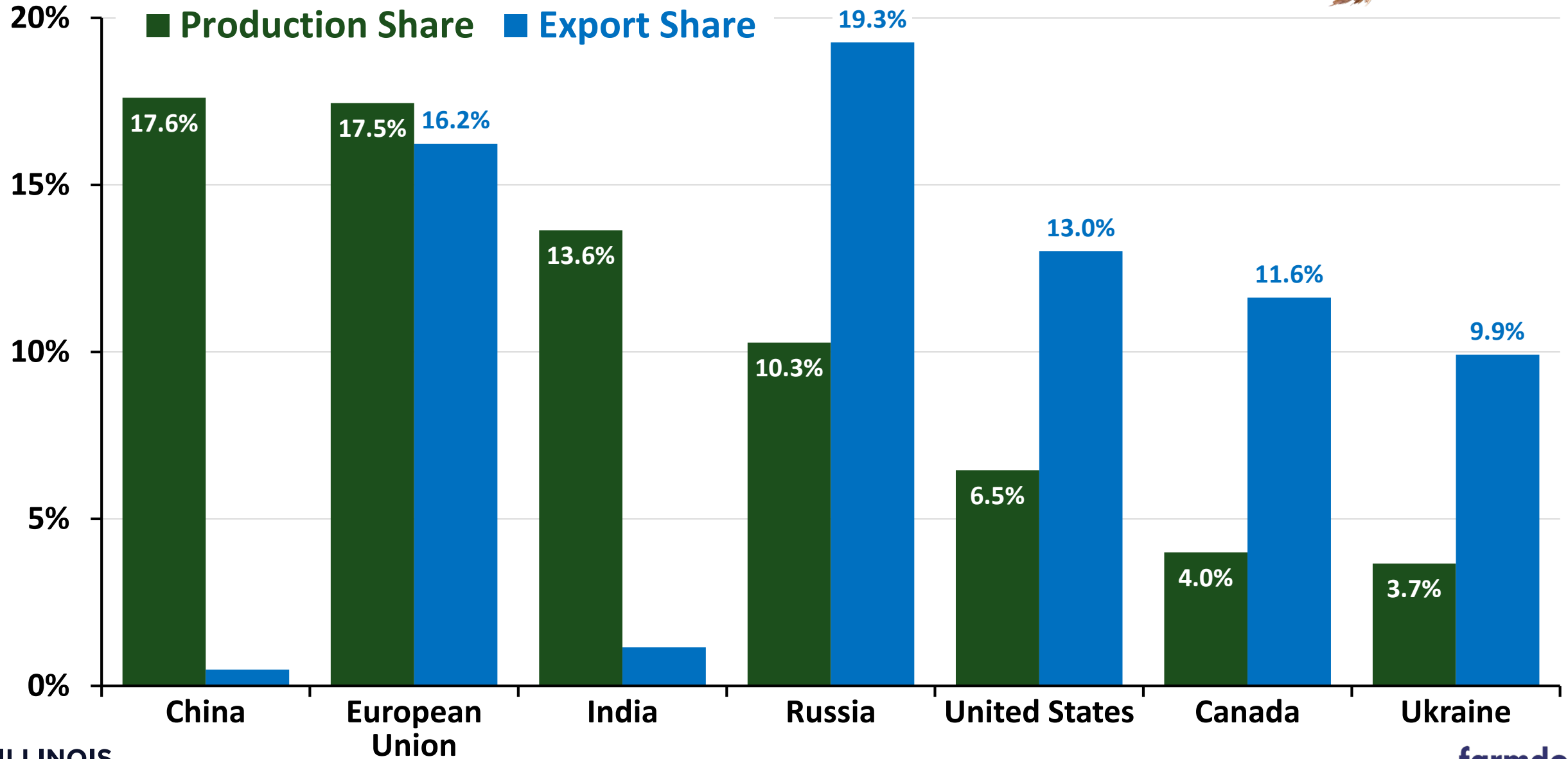


World Wheat Exports in million tons

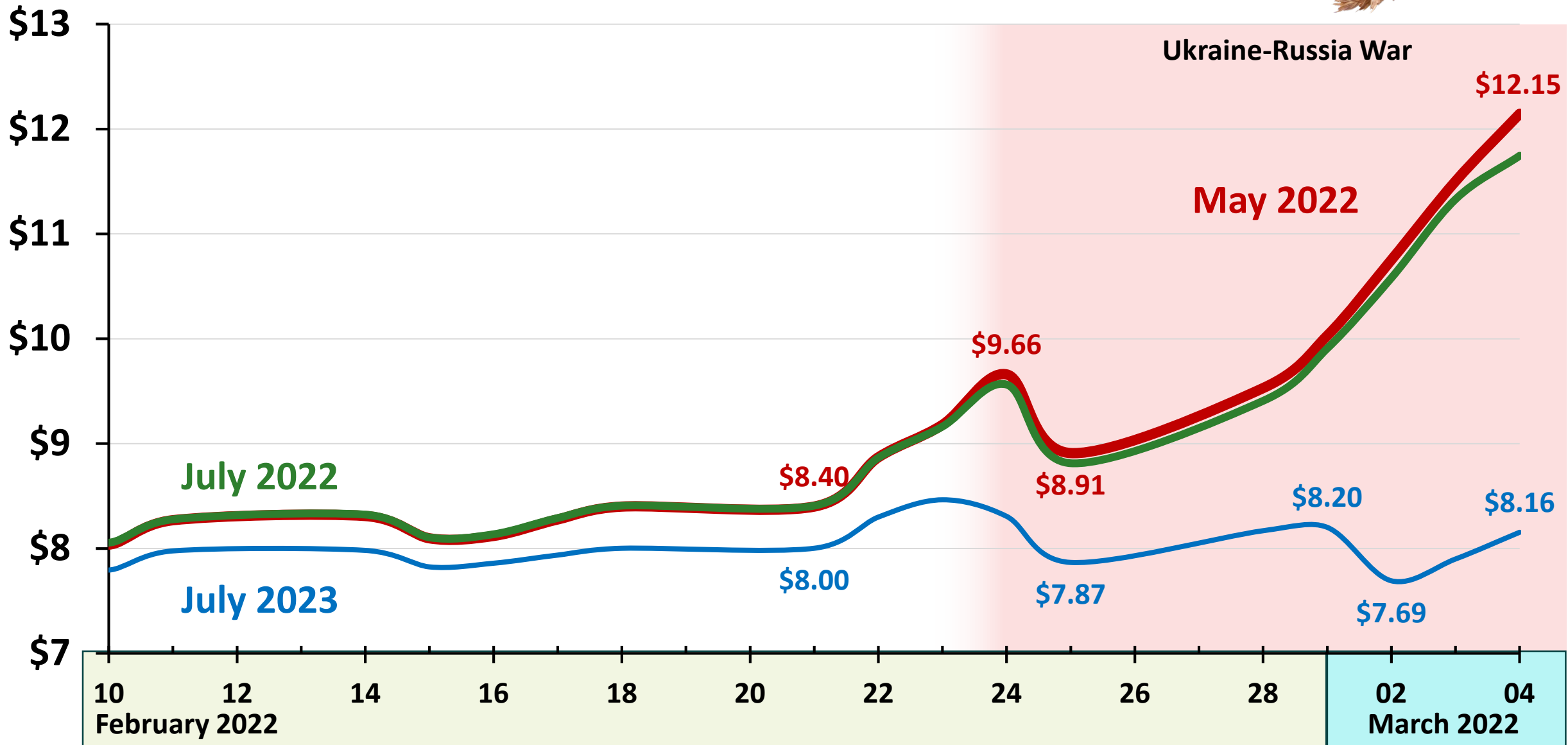


World Wheat Production and Export Shares

2017-2021 Average



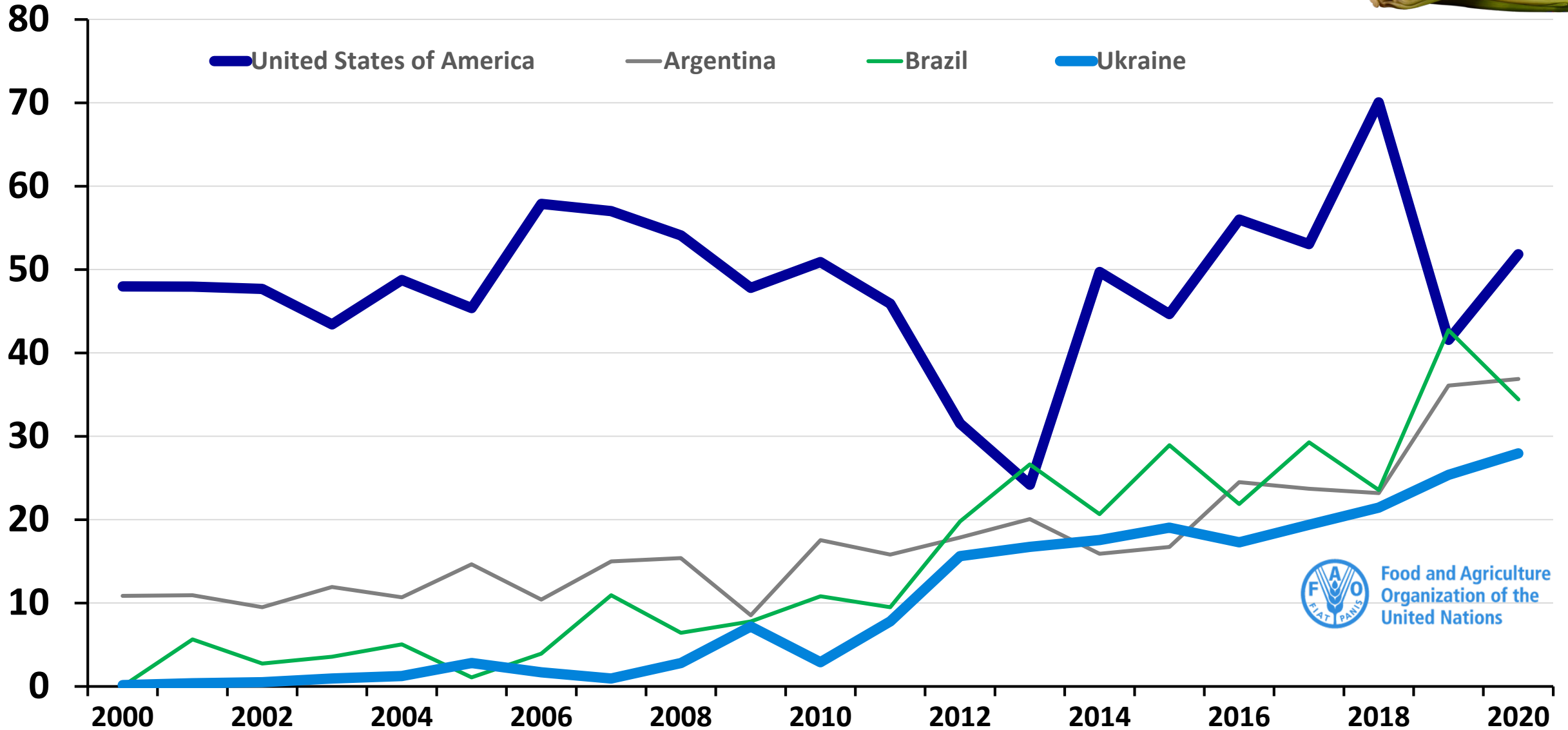
Hard Red Winter (HRW) Wheat Futures



Ukraine: Corn Production

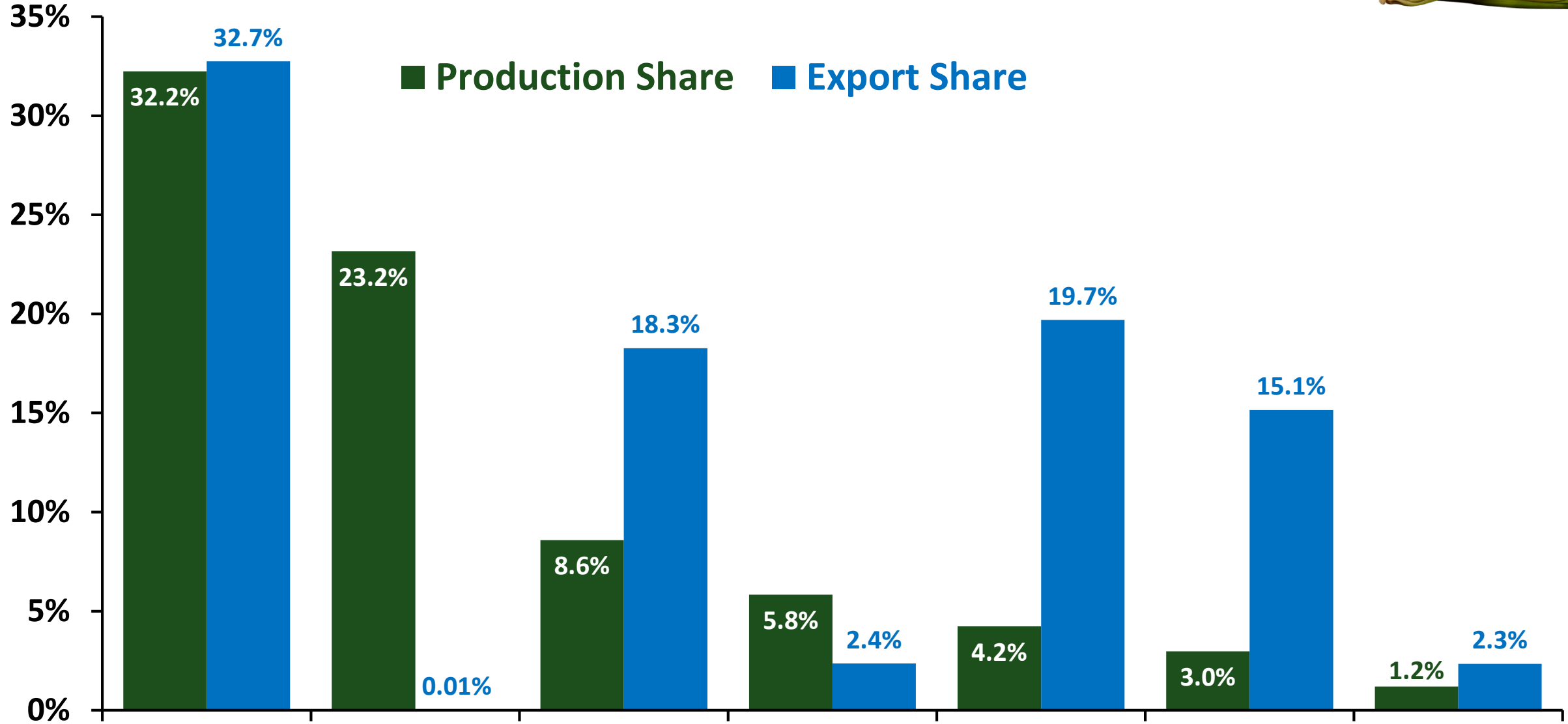


Corn Exports in million tons



World Corn Production and Export Shares

2017-2021 Average



■ Production Share ■ Export Share

United States

China

Brazil

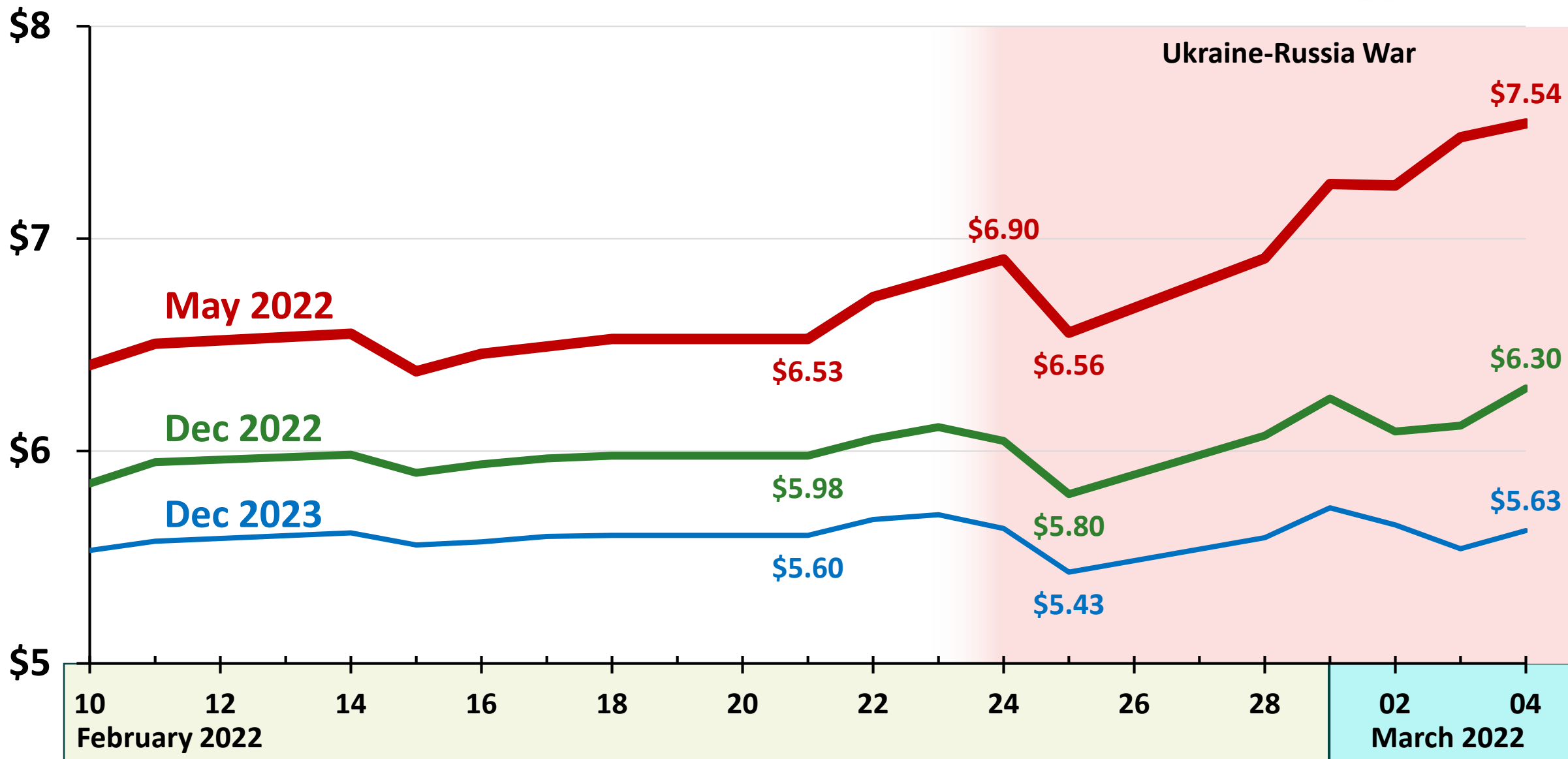
European Union

Argentina

Ukraine

Russia

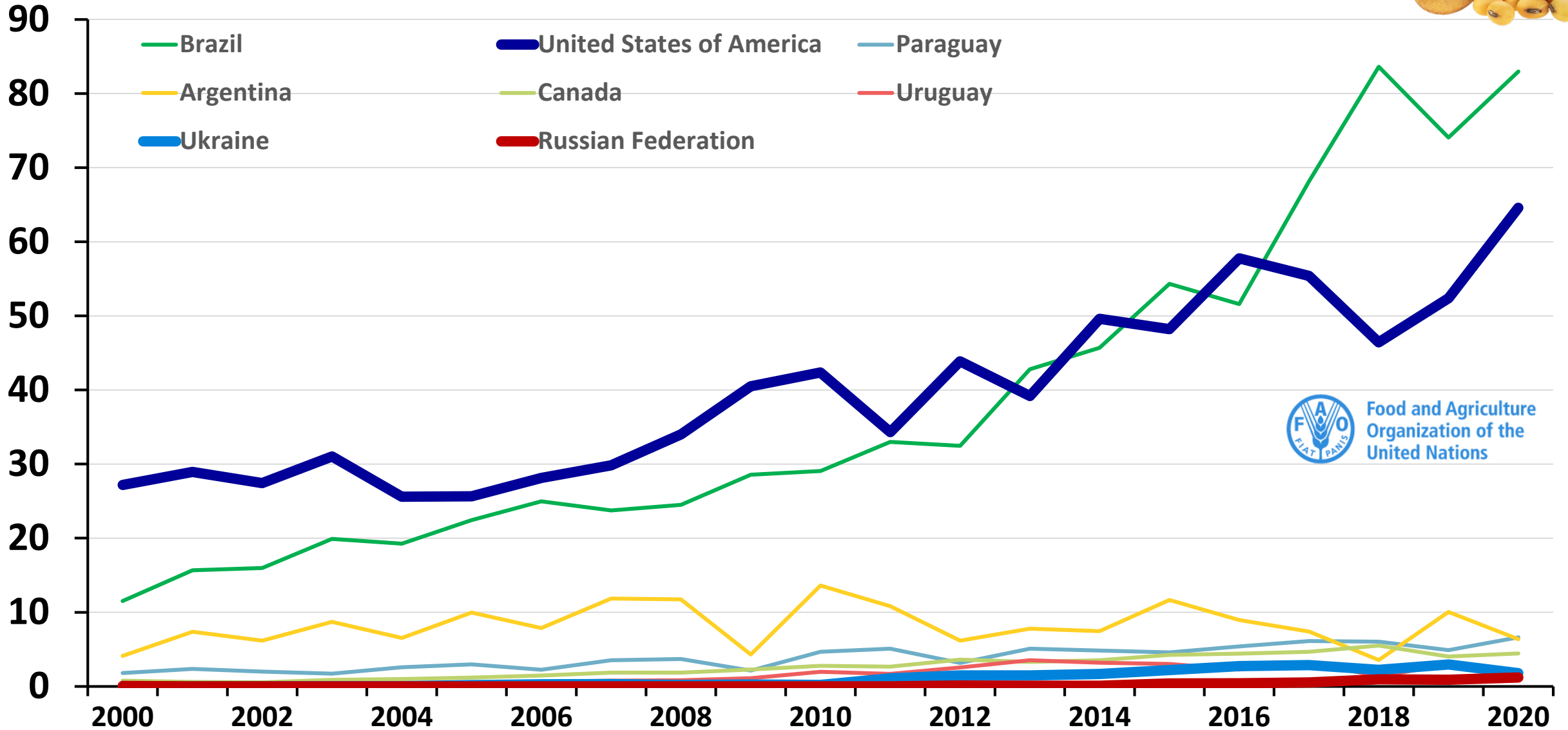
Corn Futures



Ukraine: Soybean Production

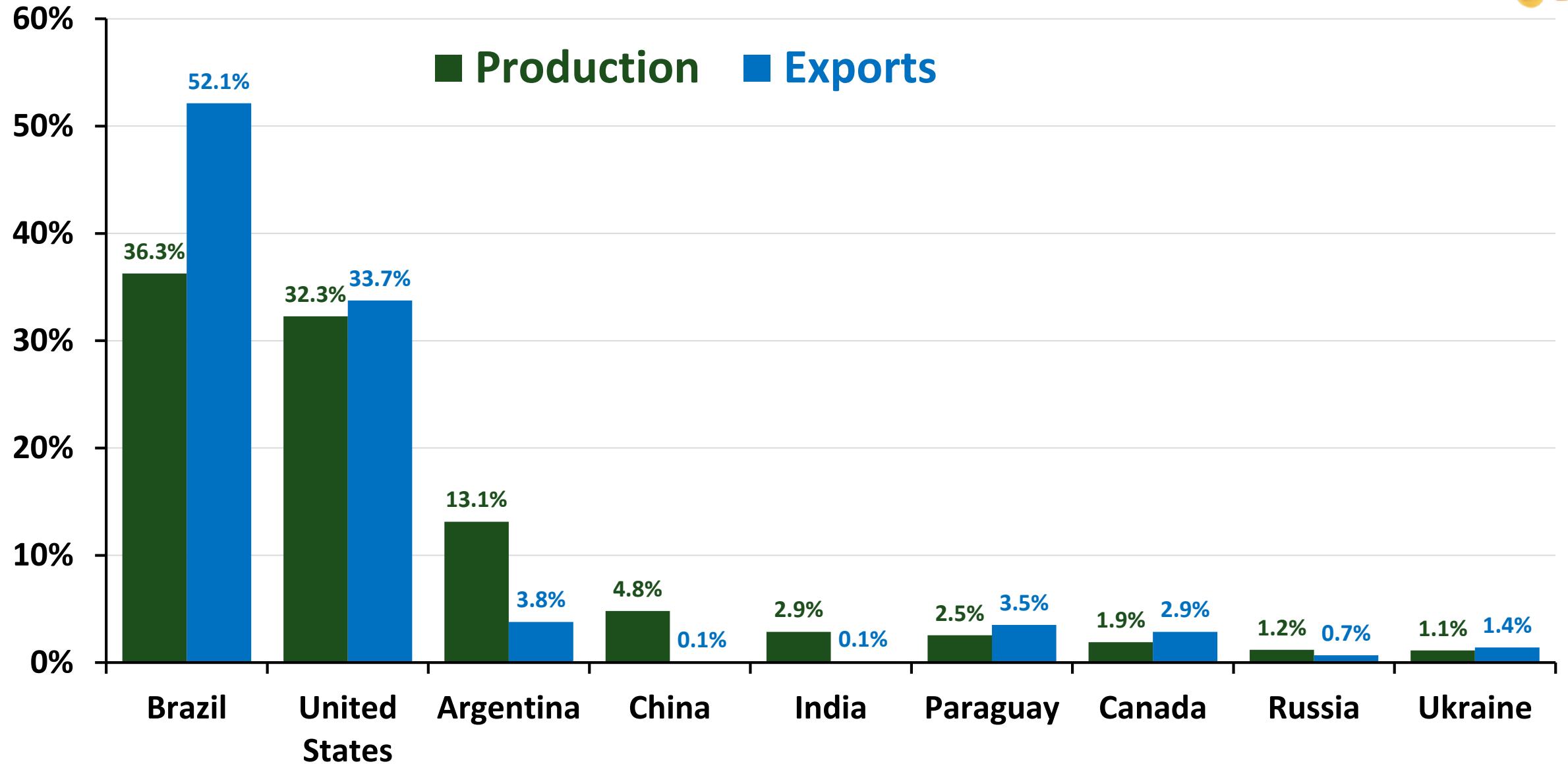


Soybeans Exports in million tons

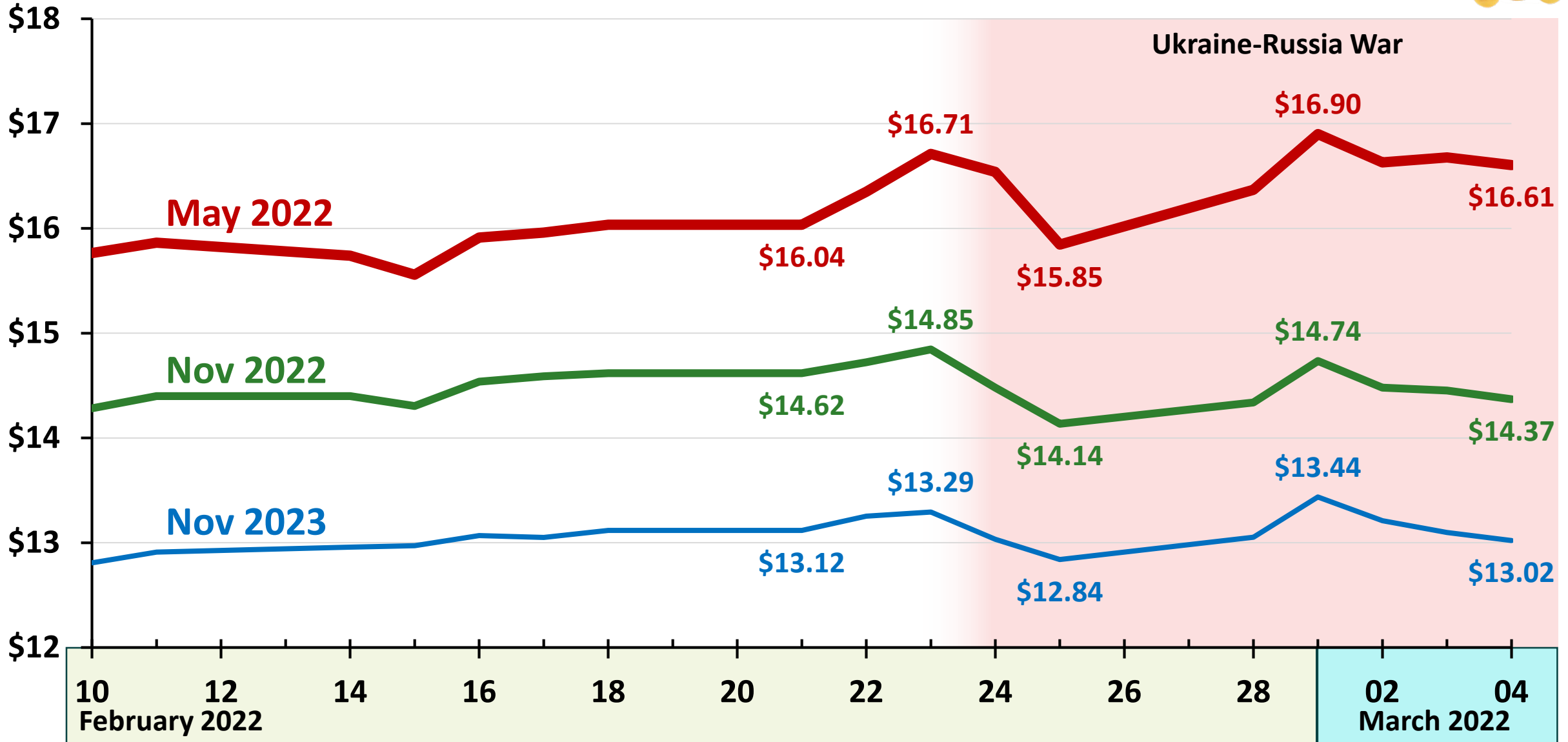


World Soybean Production and Export Shares

2017-2021 Average



Soybean Futures



Dependence on Imported Fertilizers

	Nitrogen (N)		Phosphate (P)		Potash (K)	
	USA	Brazil*	USA	Brazil*	USA	Brazil*
Imports of consumption	12.5%	95%	9%	75%	93%	91%
Main Origins	65% Trinidad & Tobago 30% Canada 3% Venezuela 2% Other	21% Russia 20% China 17% Qatar 15% Algeria 5% Iran 22% Other	85% Peru 15% Morocco	38% Morocco 15% Russia 11% Saudi Arabia 8% United States 7% China 21% Other	83% Canada 6% Russia 6% Belarus 5% Other	32% Canada 26% Russia 18% Belarus 11% Israel 13% Other

USA Sources: U.S. Geological Survey, 2021, Mineral commodity summaries 2021: U.S. Geological Survey, 204 p.
 Brazil Sources: General Exports and Imports (Comex Stat), National Association for the Diffusion of Fertilizers (ANDA) and National Association of Agricultural and Veterinary Input Distributors (ANDAV).

*Average on 2017-2021

Budgets and Commodity Choices



Do you expect Midwest farmers to adjust acreage as a response to the Ukraine-Russian conflict

- Much more corn
- Slightly more corn
- No change
- Slightly more soybeans
- Much more soybeans



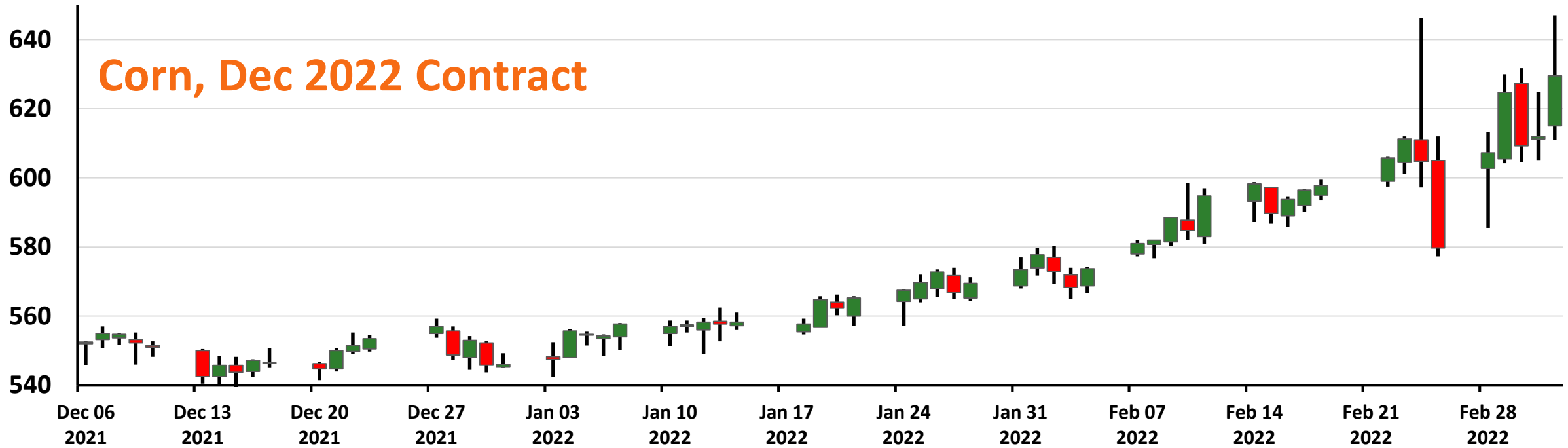
Observations

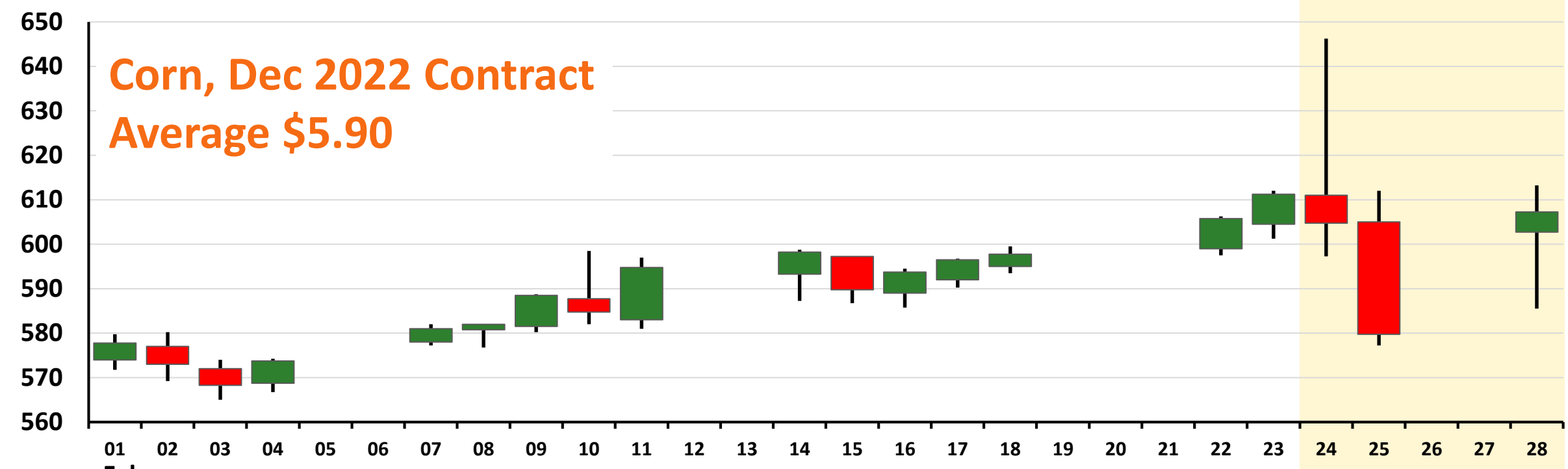
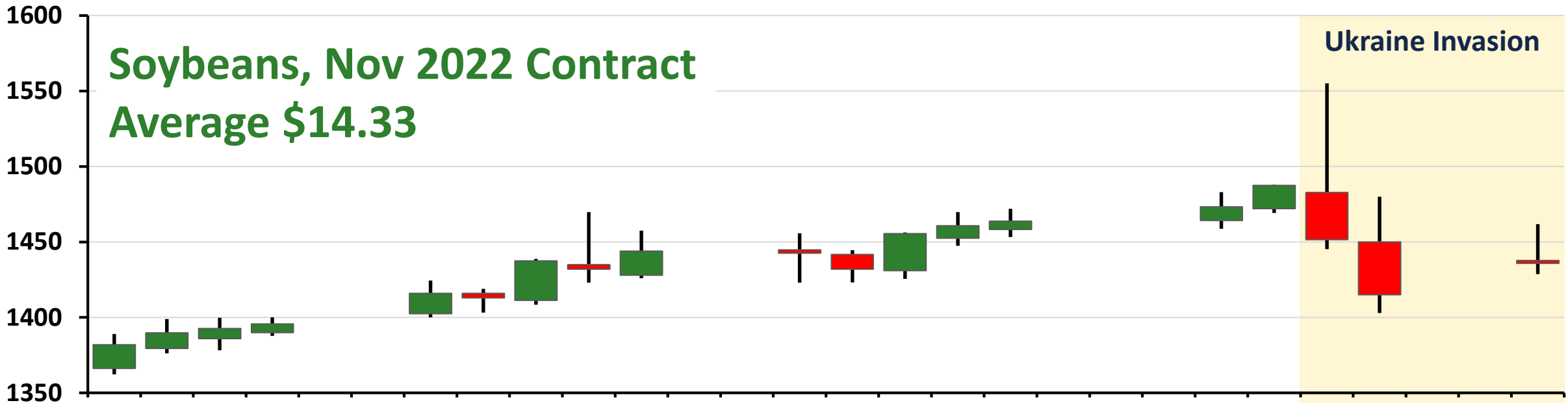
- **First impact:** Cut exports and hinder 2022 production from Ukraine. Likely bullish for crop prices:
 - Largest impact: Wheat
 - Next impact on: Corn
 - Followed by (remember sunflower seed): Soybeans
- **Second impact:** May not be bullish, don't get overconfident
- A widespread drought (or other production shortfall) could lead to explosive prices

Soybeans, Nov 2022 Contract



Corn, Dec 2022 Contract



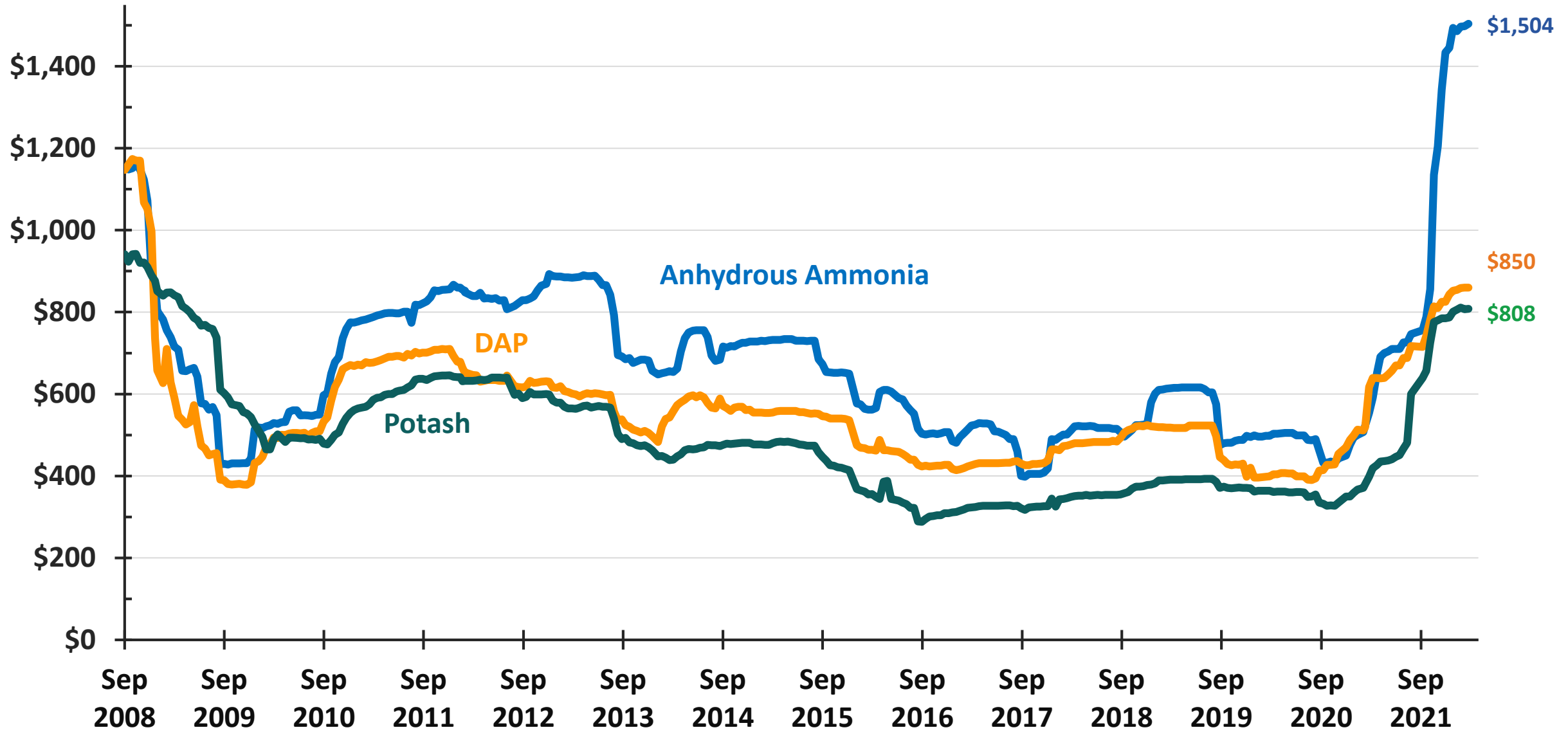


Ukraine Invasion

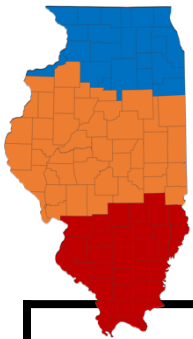
Observations on Production Costs

- Another hit on the supply chain, particularly movement of grains
- Russian sanctions likely to have negative supply impacts on:
 - Natural gas
 - Fertilizers
- Decreases chance of fertilizer price declines for 2022 crop, Expect high fertilizer prices for 2023 crops

Fertilizer Prices per Ton in Illinois From 2008 to 2021



Source: US Department of Agriculture, Agricultural Marketing Service



2022 Corn and Soybean Budget for Central Illinois

	Northern		Central-High		Central-Low		Southern	
	Corn	Soybeans	Corn	Soybeans	Corn	Soybeans	Corn	Soybeans
Yield per acre	215	64	225	71	215	65	186	57
Price per bushel	\$6.00	\$14.00	\$6.00	\$14.00	\$6.00	\$14.00	\$6.00	\$14.00
Crop revenue	\$1,290	\$896	\$1,350	\$994	\$1,290	\$910	\$1,116	\$798
Fertilizers	\$220	\$95	\$230	\$102	\$225	\$99	\$220	\$98
Pesticides	\$80	\$49	\$95	\$65	\$85	\$64	\$85	\$66
Seed	\$121	\$72	\$124	\$80	\$129	\$69	\$116	\$72
Drying	\$25	\$2	\$24	\$2	\$20	\$3	\$13	\$3
Storage	\$9	\$4	\$15	\$5	\$11	\$3	\$4	\$3
Crop insurance	\$37	\$28	\$34	\$26	\$34	\$26	\$32	\$26
Total direct costs	\$492	\$250	\$522	\$280	\$504	\$264	\$470	\$268
Total power costs	\$170	\$138	\$162	\$131	\$157	\$128	\$173	\$154
Total overhead costs	\$170	\$138	\$162	\$131	\$157	\$128	\$173	\$154
Total non-land costs	\$832	\$526	\$846	\$542	\$818	\$520	\$816	\$576
Operator and land return	\$458	\$370	\$504	\$452	\$472	\$390	\$300	\$222
Land costs (cash rent)	\$286	\$286	\$309	\$309	\$263	\$263	\$188	\$188
Farmer return	\$172	\$84	\$195	\$143	\$209	\$127	\$112	\$34
Corn-Minus-Soybean	\$88		\$52		\$82		\$78	

Points

- Current values favor corn by large margin
- Given high coverage levels, revenue risk levels are about the same for corn and soybeans
(that is: an 80% and 85% coverage level will have the same loss before crop insurance begins)
- Still not argue for large acreage shifts on most Illinois farms

Which of the following concerns you?

- New Cold War between Russia and the west
- Inflationary pressures in the US
- Supply chain issues
- Larger armed conflict outside Ukraine
- Recession in the US



Commodity Title Choice

- Payments not likely on corn, soybean, or wheat base from PLC or ARC-CO given current prices.
Don't sweat this detail.
- Lean to PLC for corn and wheat, ? for soybeans
- Considerations:
 - What type of risk concerns you most?
 - Crop insurance choices/options (use of SCO requires PLC)

Other Risk Management Considerations

- Favorable prices, but high production costs
 - Higher expected revenues and insurance guarantees
 - Higher insurance premium costs
 - Increased downside risk
- Strategies for increased insurance protection
 - Supplemental area coverage plans: SCO and ECO

Crop Insurance Decisions 2022

Crop Insurance

Crop Insurance Tools

Premium Calculator

Crop Insurance Premium Calculator

Last Updated: February 3, 2022

The 2022 *iFarm* Crop insurance Premium Calculator allows users to develop highly customized estimates of their crop insurance premiums, and compare revenue and yield guarantees across all available crop insurance products and elections for their actual farm case.



Decision Tool

Crop Insurance Decision Tool

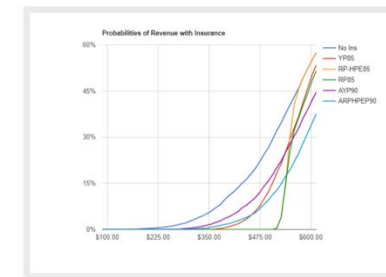
Last Updated: March 3, 2022

Payment Evaluator

Crop Insurance Payment Evaluator

Last Updated: March 6, 2022

The 2022 *iFarm* Crop Insurance Payment Evaluator provides helpful information to producers comparing costs and risk reductions across their available crop insurance alternatives.



PACE Tool

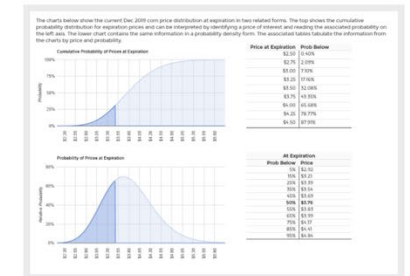
Post Application Coverage Endorsement Tool

Price Distribution

Price Distribution Tool

Last Updated: Always Live

The *iFARM* Price Distribution Tool uses current option market prices to derive estimates of the probability distribution of prices at the expiration of an underlying corn and soybean futures contracts.



ECO/SCO Payment Estimator

ECO/SCO Payment Estimator

Last Updated: February 25, 2021

What do you expect harvest price for corn to be?

- Below \$4.50
- Between \$4.50 and \$6.00
- Between \$6.00 and \$7.50
- Between \$7.50 and \$9.00
- Over \$9.00



Crop Insurance Decisions – 2022

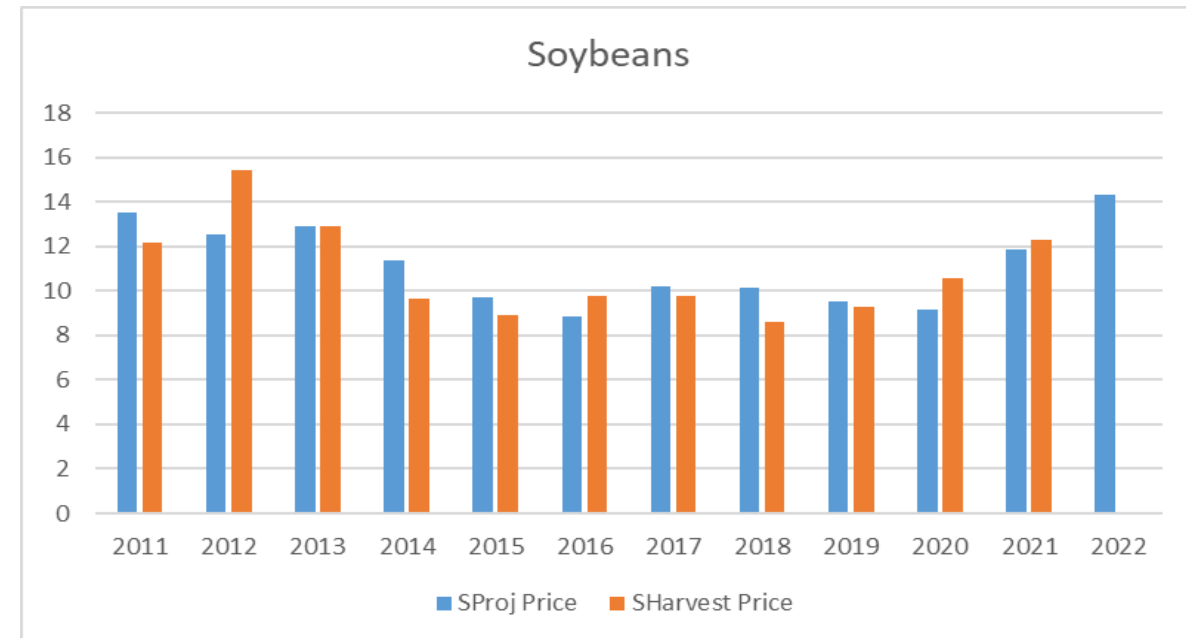
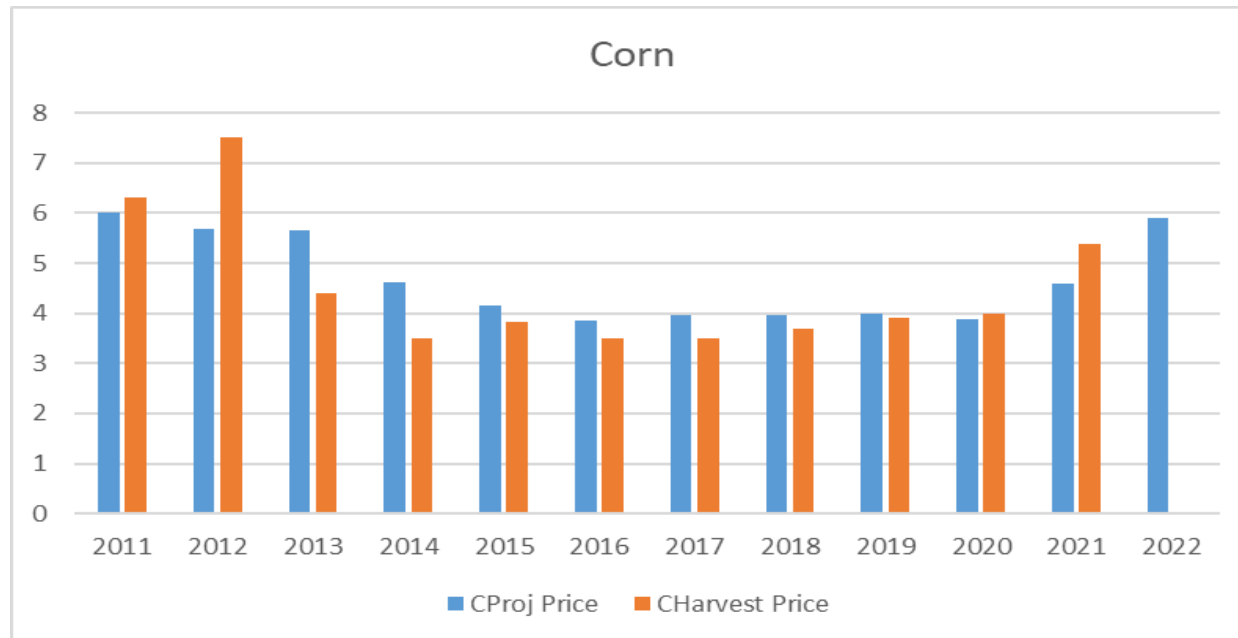
- Crop Insurance Overview
- Premium Calculator
- Crop Insurance Payment Evaluator
- Price distribution/evaluation tools
- ECO/SCO decisions

2022 Crop Insurance Prices and Volatilities

Table 1. Projected Prices, Harvest Prices, and Volatilities, Corn and Soybeans, SCD 3/15 (RMA)

Corn	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Proj Price	6.01	5.68	5.65	4.62	4.15	3.86	3.96	3.96	4.00	3.88	4.58	5.90
Harvest Price	6.32	7.50	4.39	3.49	3.83	3.49	3.49	3.68	3.90	3.99	5.37	
Volatility	0.29	0.22	0.20	0.19	0.21	0.17	0.19	0.15	0.15	0.15	0.23	0.23
Soybeans												
Proj Price	13.49	12.55	12.87	11.36	9.73	8.85	10.19	10.16	9.54	9.17	11.87	14.33
Harvest Price	12.14	15.39	12.87	9.65	8.91	9.75	9.75	8.60	9.25	10.55	12.30	
Volatility	0.23	0.18	0.17	0.13	0.16	0.12	0.16	0.14	0.12	0.12	0.19	0.19

- **Higher Projected Prices (PP) and Volatility Factors**
- **High Futures Prices – impact on HP prospects**
- **Out-year futures prices**



Crop Insurance Decisions - 2022

<https://farmdoc.illinois.edu/crop-insurance>

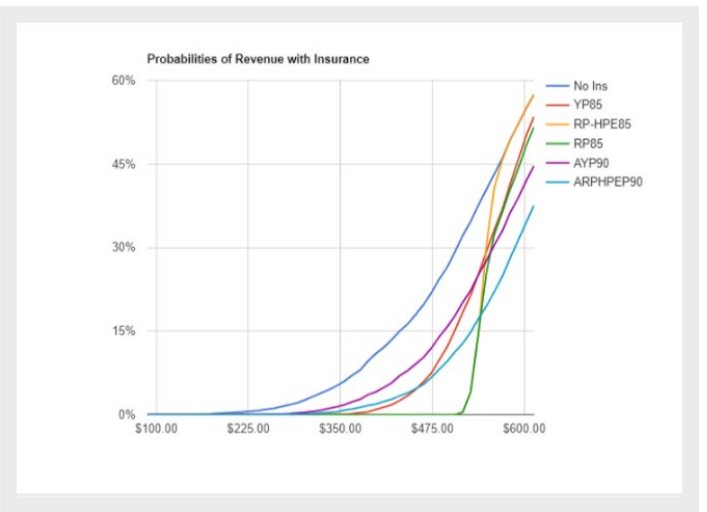
Premium Calculator

the US/EU Adjustment: Yes No
 Yes: 165 No: 155
 Crop: Corn
 Price: Non-Irrigated Risk Class: None
 Acres: 100 Projected Price: \$ 3.86 Yield Factor: 0.15
 CALCULATE PREMIUMS

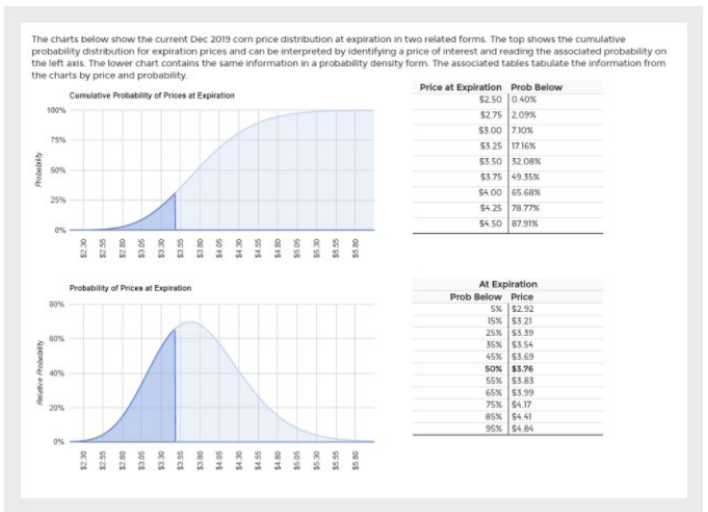
Premiums Per Acre - Individual Farm Level Policies

Coverage Level	Revenue Protection				Revenue Protection With Harvest Price Evaluation				Yield Protection			
	Subsidized	Basic	Optional	Min. Revenue Guarantee	Subsidized	Basic	Optional	Revenue Guarantee	Subsidized	Basic	Optional	Yield Guarantee (bu/acre)
50%	1.32	2.17	3.41	320	0.95	1.57	2.53	320	1.12	1.85	2.93	82
55%	1.77	3.18	4.83	352	1.22	2.19	3.52	352	1.47	2.65	4.10	91
60%	2.30	4.14	6.12	384	1.54	2.76	4.32	384	1.86	3.39	5.14	99
65%	2.97	5.09	8.92	416	1.91	3.92	6.14	416	2.40	4.92	7.32	107
70%	4.10	6.41	11.80	448	2.57	5.27	8.07	448	3.13	6.41	9.34	116
75%	6.21	12.25	16.66	480	3.89	7.73	11.49	480	4.57	9.05	12.95	124
80%	11.30	18.91	25.06	512	7.20	12.25	17.79	512	8.17	13.84	19.46	132
85%	21.20	38.17	36.29	544	13.90	18.54	26.10	544	14.63	20.11	27.81	140

Payment Evaluator



Price Distribution



Suite of free tools at **farmdoc** and **farmdocDAILY** to allow users to calculate crop insurance premiums, probabilities of payment, degree of risk reduction, future price information, and policy decisions related to ECO/SCO, cover crops, PACE, and other crop-risk management information.

Premium Calculator - 2022

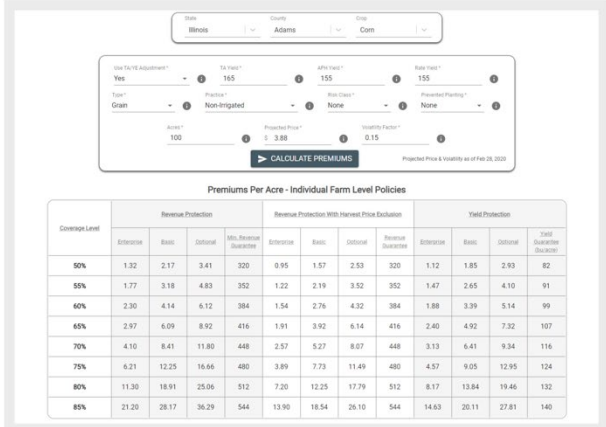
- Higher PPs lead to higher premiums, even with constant premium rates.
- **Higher Revenue Guarantees** in some cases over \$400 increase compared to 2020, and almost \$200/acre increase from 2021 in very high APH corn cases. Soybean coverage substantially increased as well.
- Important to assess marketing price information, available hedge levels.
- Available at <https://farmdoc.illinois.edu/crop-insurance>

Premium Calculator

Crop Insurance Premium Calculator

Last Updated: February 3, 2022

The 2022 *iFarm* Crop insurance Premium Calculator allows users to develop highly customized estimates of their crop insurance premiums, and compare revenue and yield guarantees across all available crop insurance products and elections for their actual farm case.



The screenshot shows the calculator interface with the following inputs: County: Adams, Crop: Corn, Use 10/10 Adjustment: Yes, 1st Year: 155, 2nd Year: 155, 3rd Year: 155, Type: Grain, Practice: Non-irrigated, Row Class: None, Row Spacing: None, Acres: 100, Projected Price: 3.88, Yield Factor: 0.15. The results table below shows Premiums Per Acre for various coverage levels and protection types.

Coverage Level	Revenue Protection				Revenue Protection With Harvest Price Exclusion				Yield Protection			
	Entire Crop	Basic	Optional	Min. Revenue Guarantee	Entire Crop	Basic	Optional	Revenue Assurances	Entire Crop	Basic	Optional	Yield Assurances (Buckeye)
50%	1.32	2.17	3.41	320	0.95	1.57	2.53	320	1.12	1.85	2.93	82
55%	1.77	3.18	4.83	352	1.22	2.19	3.52	352	1.47	2.65	4.10	91
60%	2.30	4.14	6.12	384	1.54	2.76	4.32	384	1.88	3.39	5.14	99
65%	2.97	5.09	8.92	416	1.91	3.92	6.14	416	2.40	4.92	7.32	107
70%	4.10	6.41	11.80	448	2.57	5.27	8.67	448	3.13	6.41	9.34	116
75%	6.21	12.25	16.66	480	3.89	7.73	11.49	480	4.57	9.05	12.95	124
80%	11.30	18.91	25.06	512	7.20	12.25	17.79	512	8.17	13.84	19.46	132
85%	21.20	28.17	36.29	544	13.90	18.54	26.10	544	14.63	20.11	27.81	140

Example: Champaign County Illinois



Insurance Premiums

Documentation

About

LOGIN

REGISTER

NEED HELP?

Enter your farm information to generate crop insurance quotes for 2022

State: County: Crop:

Use TA/YE Adjustment *



TA Yield *



APH Yield *



Rate Yield *



Type *



Practice *



Risk Class *



Prevented Planting *



Acres *



Projected Price *



Volatility Factor *



➤ CALCULATE PREMIUMS

RMA 2022 Projected Price is \$5.90 with Volatility Factor of 0.23. Last Updated on Mar 01, 2022.

Example: Champaign County Illinois

Premiums Per Acre - Individual Farm Level Policies

Coverage Level	Revenue Protection				Revenue Protection With Harvest Price Exclusion				Yield Protection			
	Enterprise	Basic	Optional	Min. Revenue Guarantee	Enterprise	Basic	Optional	Revenue Guarantee	Enterprise	Basic	Optional	Yield Guarantee (bu/acre)
50%	0.94	1.56	2.36	581	0.76	1.27	1.78	581	0.71	1.18	1.83	98
55%	1.43	2.63	3.87	639	0.99	1.84	2.49	639	0.99	1.78	2.71	108
60%	2.03	3.88	5.40	697	1.19	2.37	3.17	697	1.34	2.41	3.60	118
65%	2.89	6.40	8.66	755	1.53	3.61	5.02	755	1.81	3.71	5.44	128
70%	4.37	9.62	12.39	814	2.33	5.44	7.15	814	2.42	4.97	7.16	138
75%	7.95	16.61	20.45	872	4.20	9.27	11.58	872	3.87	7.64	10.80	148
80%	15.84	27.77	33.08	930	8.38	15.66	19.23	930	7.19	12.12	16.84	158
85%	31.75	44.84	51.96	988	16.96	25.32	30.57	988	13.45	18.48	25.27	167

Example: Champaign County Illinois

Premiums Per Acre - County Level Products

Coverage Level	Area Revenue Protection				Area Revenue Protection With Harvest Price Exclusion				Area Yield Protection			
	Price Protection			Min. Revenue Guarantee	Price Protection			Revenue Guarantee	Price Protection			Yield Guarantee (bu/acre)
	120%	Custom (95%)	80%		120%	Custom (95%)	80%		120%	Custom (95%)	80%	
70%	7.00	5.54	4.67	890	6.31	5.00	4.21	890	4.25	3.36	2.83	151
75%	14.21	11.25	9.47	953	11.87	9.40	7.91	953	6.00	4.75	4.00	162
80%	26.22	20.76	17.48	1017	21.07	16.68	14.05	1017	11.12	8.80	7.41	172
85%	46.74	37.00	31.16	1080	35.62	28.20	23.75	1080	15.79	12.50	10.53	183
90%	74.73	59.16	49.82	1144	53.46	42.32	35.64	1144	23.24	18.40	15.49	194

2022 Crop Insurance Payment Evaluator

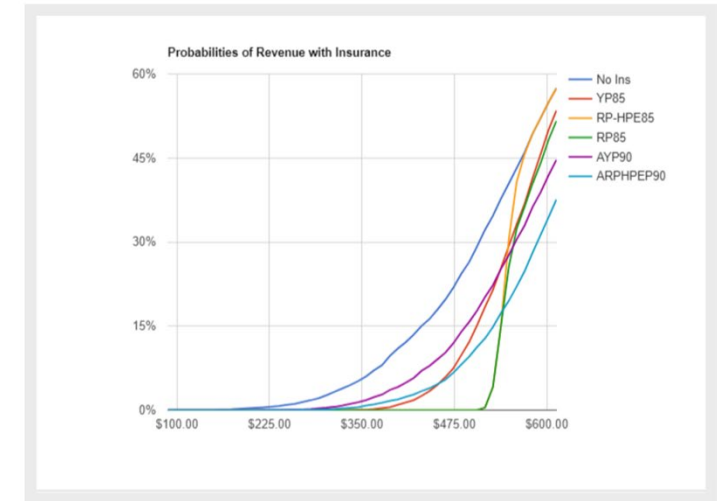
- Evaluates expected payments, frequency of payments, net cost of insurance, risk reduction, and likelihood of revenue for corn and soybean producers under actual current conditions
- 11 States, all counties, representative case farm by county
- Example county used to demonstrate - note that insurance offering rates can vary widely within a small geographic region – important to consult qualified insurance agent

\$ Payment Evaluator

Crop Insurance Payment Evaluator

Last Updated: March 6, 2022

The 2022 *iFarm* Crop Insurance Payment Evaluator provides helpful information to producers comparing costs and risk reductions across their available crop insurance alternatives.



Evaluator - Enter your farm information to evaluate crop insurance options for 2022

State: | County: | Crop: | Acres*:

▶ RUN INSURANCE EVALUATOR

This tool develops a case farm for most counties in the major corn and soybean production regions, and provides estimates of premiums for all available crop insurance products, along with the expected frequency of payments, average payment per acre, net cost per acre, and risk reductions associated with alternative crop insurance products.

Case Farm Info Insurance Evaluator Revenue Risk Info

Farm TA Yield (bu/acre): **197.00**
 Dec. 22 Futures Price: **\$6.28**
 RMA 2022 Projected Price: **\$5.90**

Farm Average Yield		Farm Yield (bu/acre)		County Yield (bu/acre)
Farm Average Yield	197.00 bu/acre	30% of years yields below	178.82	183.17
Farm Std Dev of Yield	38.20 bu/acre	20% of years yields below	165.36	172.25
County Average Yield	197.00 bu/acre	10% of years yields below	145.91	156.11
County Std Dev of Yield	30.56 bu/acre	5% of years yields below	129.41	142.06
Current Futures Price	\$6.28 /bu			
Std Dev of Price	1.97 /bu	Farm Trend-Adjusted APH	197.00 bu/acre	
Average Harvest Cash Basis	0.35 /bu	County TA Rate	1.85 bu/acre/year	
Average Gross Crop Rev	\$1141 /acre	Farm APH (ref)	187.75 bu/acre	

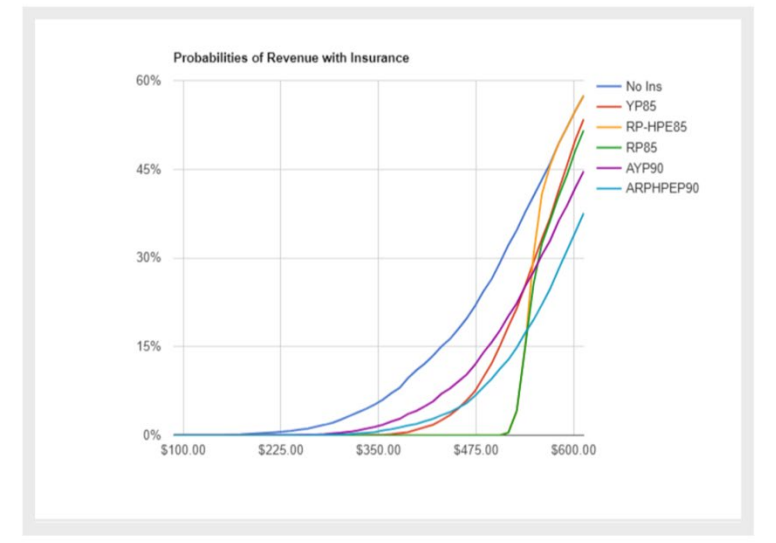
RMA 2022 Projected Price is \$5.90 with Volatility Factor of 0.23. Last Updated on Mar 01, 2022.

\$ Payment Evaluator

Crop Insurance Payment Evaluator

Last Updated: March 6, 2022

The 2022 *iFarm* Crop Insurance Payment Evaluator provides helpful information to producers comparing costs and risk reductions across their available crop insurance alternatives.



fd-tools.ncsa.illinois.edu/evaluator

Individual Farm Level Policies

Farm TA Yield (bu/acre): **197.00**
 Dec. 22 Futures Price: **\$6.28**
 RMA 2022 Projected Price: **\$5.90**

State: Illinois | County: Champaign | Crop: Corn | Acres*: 100 | Unit: Basic

Coverage Level	Revenue Protection (RP)					Revenue Protection With Harvest Price Exclusion (RP-HPE)					Yield Protection (YP)				
	Est. Premium (\$/acre)	Avg. Payment (\$/acre)	Payment Frequency (%)	Net Cost (\$/acre)	Avg. Gross Rev (\$/acre)	Est. Premium (\$/acre)	Avg. Payment (\$/acre)	Payment Frequency (%)	Net Cost (\$/acre)	Avg. Gross Rev (\$/acre)	Est. Premium (\$/acre)	Avg. Payment (\$/acre)	Payment Frequency (%)	Net Cost (\$/acre)	Avg. Gross Rev (\$/acre)
50%	1.56	1.51	1.8%	0.05	1141	1.27	0.80	1.3%	0.47	1141	1.18	0.68	0.8%	0.50	1141
55%	2.63	3.34	3.8%	-0.71	1142	1.84	1.98	2.9%	-0.14	1142	1.78	1.34	1.6%	0.44	1141
60%	3.88	6.75	6.8%	-2.87	1144	2.37	4.22	5.1%	-1.85	1143	2.41	2.55	2.6%	-0.14	1142
65%	6.40	12.49	10.8%	-6.09	1148	3.61	8.11	8.2%	-4.50	1146	3.71	4.53	4.4%	-0.82	1142
70%	9.62	21.20	16.2%	-11.58	1153	5.44	13.94	12.1%	-8.50	1150	4.97	7.78	7.1%	-2.81	1144
75%	16.61	33.98	23.3%	-17.37	1159	9.27	22.48	17.4%	-13.21	1155	7.64	12.85	10.6%	-5.21	1147
80%	27.77	51.64	30.7%	-23.87	1165	15.66	34.09	22.7%	-18.43	1160	12.12	20.37	15.5%	-8.25	1150
85%	44.84	74.87	39.9%	-30.03	1171	25.32	49.06	29.0%	-23.74	1165	18.48	31.02	21.6%	-12.54	1154

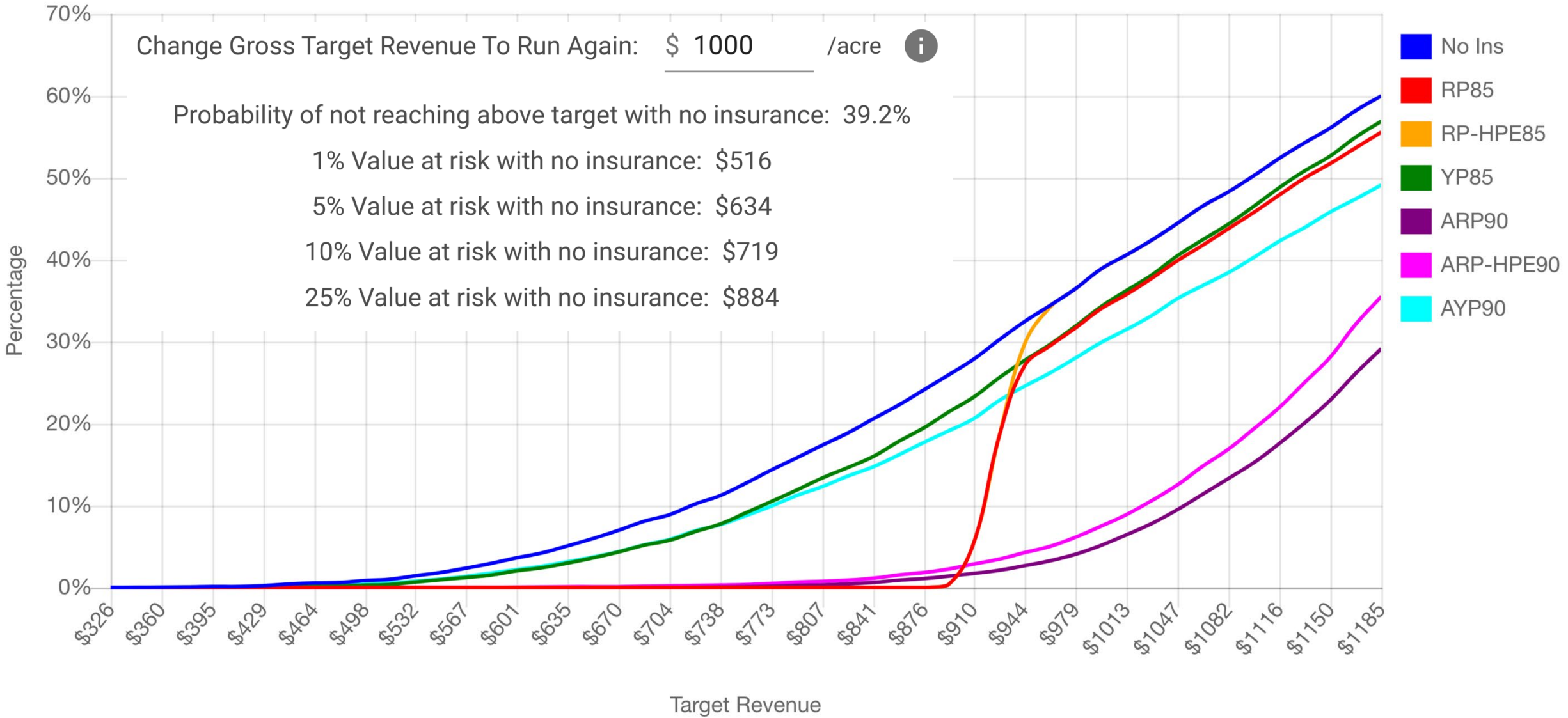
County Level Products

Farm TA Yield (bu/acre): **197.00**
 Dec. 22 Futures Price: **\$6.28**
 RMA 2022 Projected Price: **\$5.90**

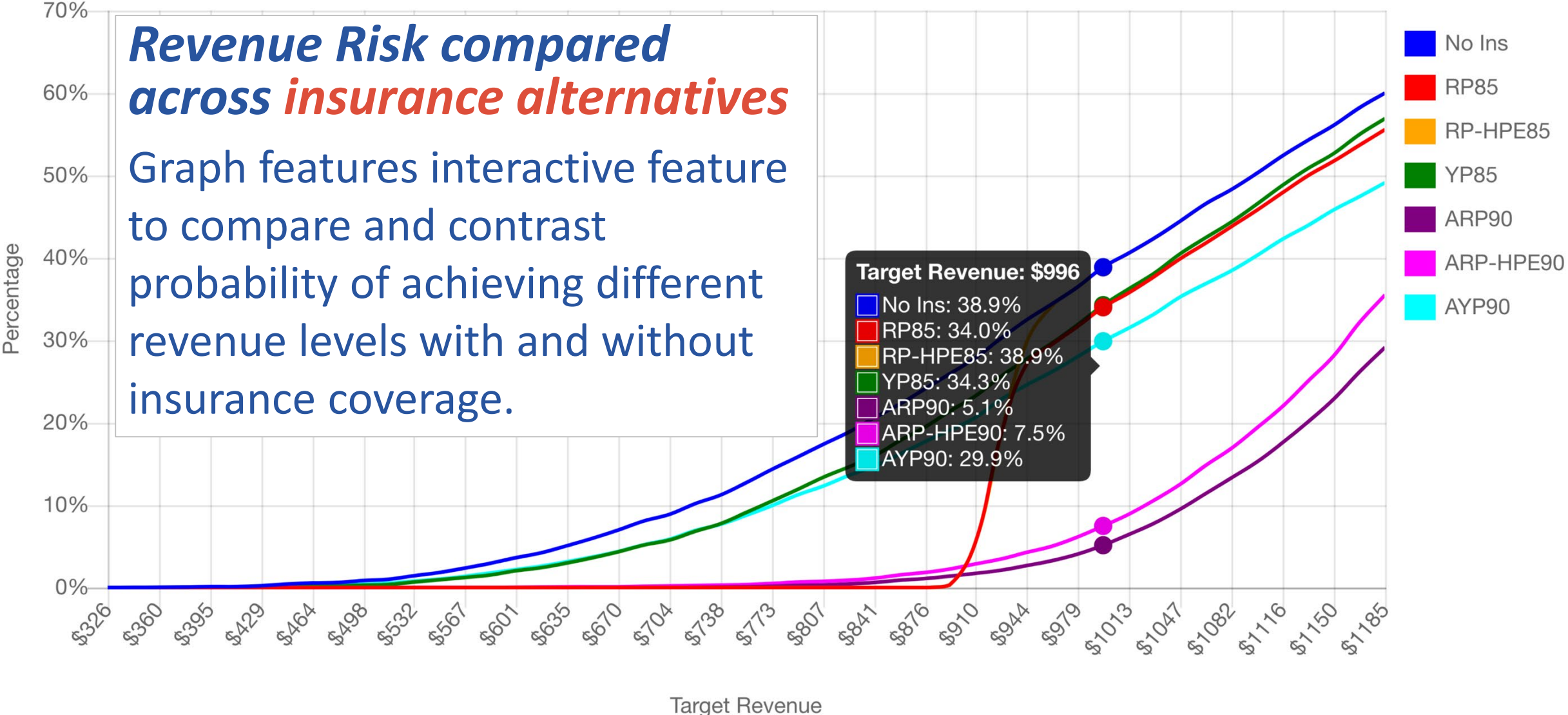
State: Illinois | County: Champaign | Crop: Corn | Acres*: 100

Coverage Level	Area Revenue Protection (ARP)					Area Revenue Protection With Harvest Price Exclusion (ARP-HPE)					Area Yield Protection (AYP)				
	Est. Premium (\$/acre)	Avg. Payment (\$/acre)	Payment Frequency (%)	Net Cost (\$/acre)	Avg. Gross Rev (\$/acre)	Est. Premium (\$/acre)	Avg. Payment (\$/acre)	Payment Frequency (%)	Net Cost (\$/acre)	Avg. Gross Rev (\$/acre)	Est. Premium (\$/acre)	Avg. Payment (\$/acre)	Payment Frequency (%)	Net Cost (\$/acre)	Avg. Gross Rev (\$/acre)
70%	7.00	63.85	15.6%	-56.85	1174	6.31	39.74	21.1%	-33.43	1199	4.25	18.82	7.8%	-14.57	1156
75%	14.21	98.53	22.8%	-84.32	1189	11.87	61.81	31.5%	-49.94	1228	6.00	30.69	12.8%	-24.69	1166
80%	26.22	143.80	30.6%	-117.58	1205	21.07	89.55	43.6%	-68.48	1264	11.12	48.16	20.1%	-37.04	1178
85%	46.74	198.96	38.9%	-152.22	1217	35.62	122.39	56.2%	-86.77	1305	15.79	72.74	29.9%	-56.95	1198
90%	74.73	262.39	47.4%	-187.66	1226	53.46	159.54	69.4%	-106.08	1350	23.24	105.72	42.3%	-82.48	1224

Probabilities of Corn Revenue (per acre) with Insurance - Champaign, Illinois



Probabilities of Corn Revenue (per acre) with Insurance - Champaign, Illinois



Price Distribution Tool

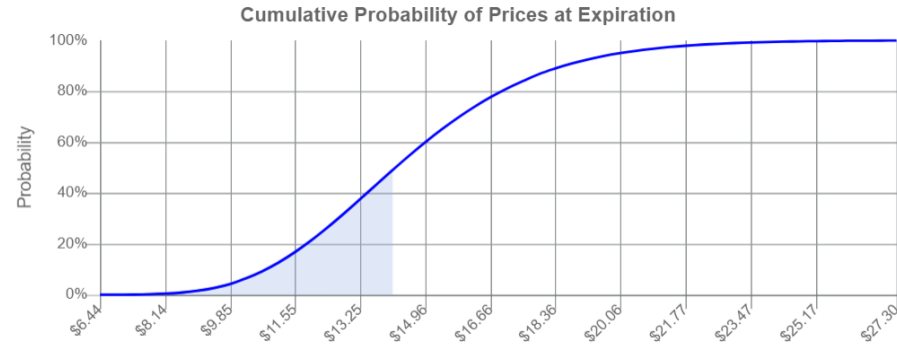
What do the markets say prices are likely to be?

Near real time tool that uses market data to assess the **probabilities** of price movements from current date to expiration of the underlying contract. Corn and Soybeans, major traded contract months with volume

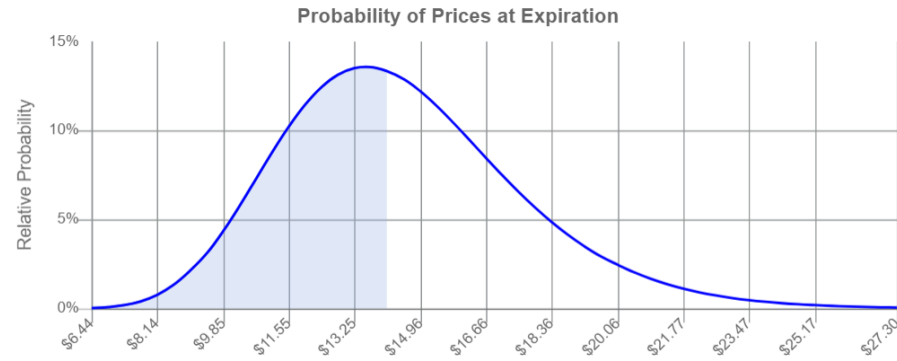
Select crop and month of futures date

Crop: Soybeans | Contract Month: Nov 2022

The charts below show the corn price distribution at expiration in two related forms. The top shows the cumulative probability distribution for expiration prices and can be interpreted by identifying a price of interest and reading the associated probability on the left axis. The lower chart contains the same information in a probability density form. The associated tables tabulate the information from the charts by price and probability.



Price at Expiration	Probability Below
\$13.50	40.90%
\$13.75	44.29%
\$14.00	47.66%
\$14.25	50.99%
\$14.50	54.25%
\$14.75	57.43%
\$15.00	60.51%
\$15.25	63.48%
\$15.50	66.32%



Probability Below	Price at Expiration
5%	\$10.00
15%	\$11.38
25%	\$12.29
35%	\$13.06
45%	\$13.80
50%	\$14.18
55%	\$14.56
65%	\$15.38
75%	\$16.36
85%	\$17.66
95%	\$20.09

Enter Price to Evaluate: \$ 14.33

The implied distribution indicates that there is a 52.04% probability that the price will be below \$14.33 at expiration.

Select Crop and Contract Month – Returns Market’s Current Implied Price Probabilities

Select crop and month of futures date

Crop: Contract Month:



The implied distribution indicates that there is a 47.93% probability that the price will be below \$5.90 at expiration.

Probability Below	Price at Expiration
5%	\$3.62
15%	\$4.36
25%	\$4.88
35%	\$5.33
45%	\$5.77
50%	\$5.99
55%	\$6.23
65%	\$6.75
75%	\$7.37
85%	\$8.23
95%	\$9.92

Accessed on March 4, 2022, 09:52 PM.

Copyright © 2020. Futures: at least 10 minutes delayed. Information is provided 'as is' and solely for informational purposes, not for trading purposes or advice. To see all exchange delays and terms

<https://fd-tools.ncsa.illinois.edu/pricedistribution>

Select Crop and Contract Month – Returns Market’s Current Implied Price Probabilities

Select crop and month of futures date

Crop: Soybeans | Contract Month: Nov 2022



Probability Below	Price at Expiration
5%	\$10.00
15%	\$11.38
25%	\$12.29
35%	\$13.06
45%	\$13.80
50%	\$14.18
55%	\$14.56
65%	\$15.38
75%	\$16.36
85%	\$17.66
95%	\$20.09

The implied distribution indicates that there is a 52.04% probability that the price will be below \$14.33 at expiration.

Accessed on March 4, 2022, 09:56 PM.

Copyright © 2020. Futures: at least 10 minutes delayed. Information is provided 'as is' and solely for informational purposes, not for trading purposes or advice. To see all exchange delays and terms

<https://fd-tools.ncsa.illinois.edu/pricedistribution>

Crop Insurance Dates and Guarantee

Final planting date:

- Date after which you can claim prevented planting

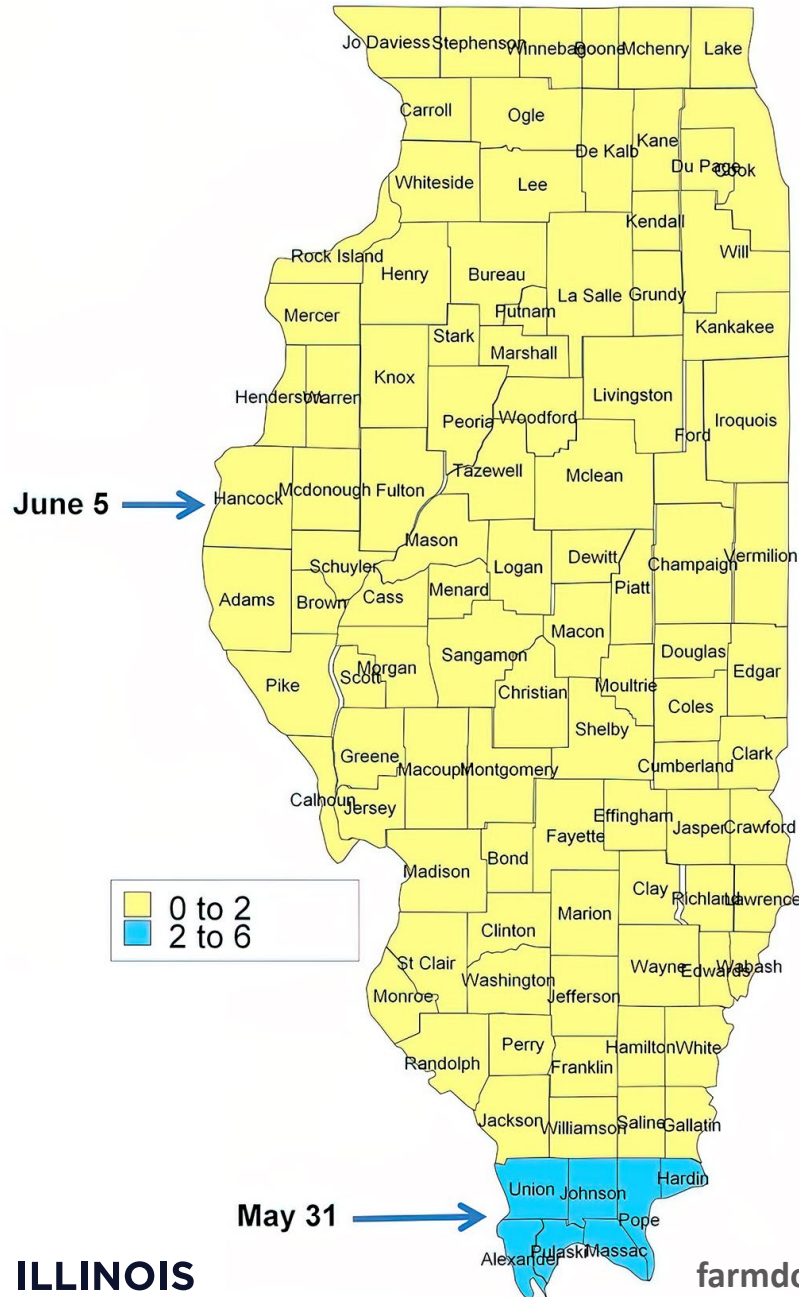
Late planting period:

- 20 day after final planting period for corn, 25 days for soybeans
- Can plant, but crop insurance guarantee goes down 1% per day

After late planting period:

- Insurance guarantee is 60% of original
- Can plant another crop for harvest,
but prevented planting payment is 35% of original amount

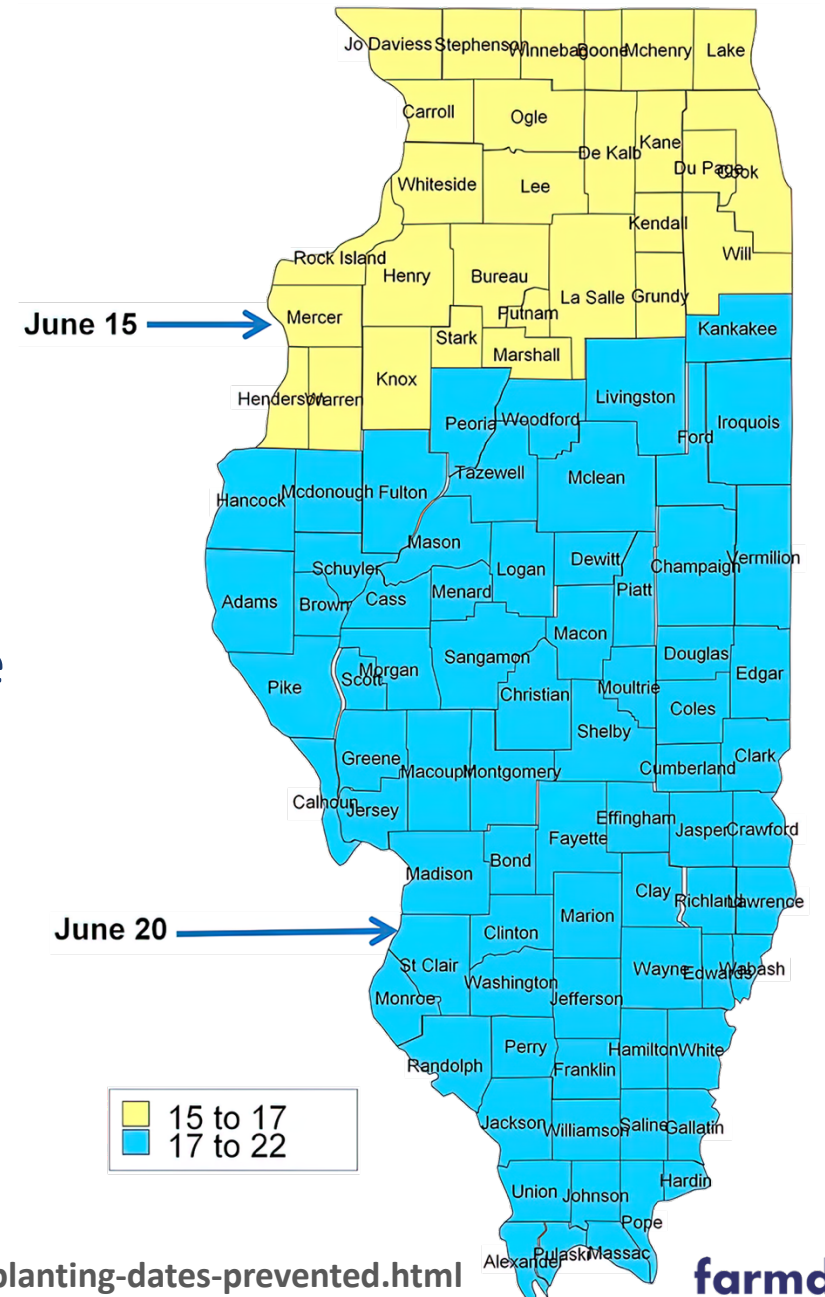
Corn Final Planting Date



Prevented Planting Details

Final Planting Dates

- Date you can take a prevented planting payment for crop
- Can plant after, but guarantee is reduced
 - 1% per day during late planting period
 - 60% of initial guarantee after late planting period



Eligibility and Prevented Planting Payment

Prevented planting payments on COMBO product:

- PP paid on Revenue Protection (RP), Yield Protection (YP), RP with harvest price exclusion
- Not on SCO
- Not on ARPI (ARP, AYP, ARP with harvest price exclusion)

Payment equals:

PP payment factor x coverage level x TA-APH yield x projected price

PP factor is:

- 55% for corn (can buy up to 60%)
- 60% for soybean (can buy up to 65%)

Note: Some farmers have private add-ons that increase prevented planting coverage to 90% or 95%

Example of Payment

(high yield/ high coverage level)

- 55% payment factor
- 85% coverage level
- 200 TA-APH
- \$5.90 projected price

$\$552/\text{acre} = .55 \times .85 \times 200 \times 5.90$

Example of Payment

(lower yield/lower coverage level)

- 55% payment factor
- 75% coverage level
- 160 TA-APH
- \$5.90 projected price

$\$441/\text{acre} = .55 \times .75 \times 160 \times 5.90$

farmdoc Educational Partners



ILLINOIS

Agricultural &

Consumer Economics

**COLLEGE OF AGRICULTURAL, CONSUMER
& ENVIRONMENTAL SCIENCES**



ILLINOIS

Extension

**COLLEGE OF AGRICULTURAL, CONSUMER
& ENVIRONMENTAL SCIENCES**



TIAA

Center for
Farmland Research



COMPEER
FINANCIAL™



CORTEVA™
agriscience



FARM CREDIT
ILLINOIS
Helping Farm Families Succeed



IL CORN
WWW.ILCORN.ORG



GROWMARK



ILLINOIS
SOYBEAN
ASSOCIATION

EDUCATIONAL PARTNERS: Dept of ACE FBFM EXTENSION

Subscribe for Daily Email Updates

Connect on Social Media



Latest Article

International Benchmarks for Corn Production

March 4, 2022
Michael Langemeier and Leying Zhou
Examining the competitiveness of corn production in different regions of the world is often difficult due to lack of comparable data and agreement regarding what needs to be measured. To be useful, international data needs to be expressed in common...

Read the Article

Corporate Sponsor Platinum Sponsor



Platinum Sponsor



Platinum Sponsor



Platinum Sponsor



Platinum Sponsor



See all sponsors

See the Latest News on Social Media

Recent Articles

Crop Insurance Decisions for 2022

March 1, 2022
Bruce Sherrick and Gary Schnitkey
The 2022 price discovery period used to determine projected prices and volatility factors for Federally sponsored corn and soybean crop insurance products is completed for areas with a 3/15 sales

Revisiting Ukraine, Russia, and Agricultural Commodity Markets

February 28, 2022
Nick Paulson, Joe Janzen, Carl Zulauf, Krista Swanson, and Gary Schnitkey
Ukraine and Russia have become an important source for global supplies of major agricultural commodities in the

Soybean Prices Rise as Drought in South America Reduces Harvest

February 25, 2022
Joana Colussi, Gary Schnitkey, and Carl Zulauf
Brazil, Argentina, and Paraguay, which account for more than 50% of the world's soybean supply, are expecting smaller

Thank You for joining us! Please submit your questions

Visit us at

farmdocDAILY .Illinois.edu

Subscribe for Latest News Updates

ILLINOIS

Agricultural & Consumer Economics

COLLEGE OF AGRICULTURAL, CONSUMER & ENVIRONMENTAL SCIENCES



For the webinar archives and 5-minute farmdoc Subscribe to our channel YouTube.com/farmdocVideo

