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# Cargill Crop Insurance Agency UPDATE

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## Are You Ready for Harvest?

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Another eventful planting season is behind us, high temperatures are upon us, and harvest time is on the horizon. What issues are you going to face this harvest? Will quality issues play a big role? Rest assured your Cargill Crop Insurance Agent is armed with up-to-date information and tools to assist you in the event of a harvest loss claim.

In the Mid South region, we have started receiving corn at the elevators. These early loads have brought with them quality concerns and harvest claim questions. Producers are looking to us as one of the top crop insurance resources in the area. They know and take comfort in the knowledge Cargill Crop Insurance Agents bring to the table. One of our major concerns as your agent is to ensure the right policy is in place to fit your risk management strategy. We continue this journey throughout the crop year so not only is the right policy in place, but you know how it works in your time of need.

In the event of a harvest loss here are a few reminders:

- Notify your agent immediately in the event of loss
- Be aware that many quality issues will need to be sampled in the field
- Utilize NAU map books to record harvest bushels
- Revisit your insured bushels with your agent and farm marketer to optimize marketing opportunities
- Be aware there are changes in the 2011 crop year; talk to your agent for details
- 2011 changes will affect Winter Wheat policies; check with agent for sales closing date

In today's volatile market, Cargill is proud to offer many tools that are vital for a sound risk management strategy. The working relationship between Cargill Crop Insurance Agents, Farm Marketers, and CAMS Personal Marketing Managers allows knowledge from across the country to be brought back to you. As your Cargill Crop Insurance agent, I am excited to assist in helping you achieve the financial objectives set for your operation. From the entire Cargill team, we look forward to a safe, successful harvest, and strive to be your partner of choice.



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"With the 2010 crop season off to a fast start, you have the peace of mind knowing that your crop insurance policy is working for you. It is my goal to provide you with the best information possible to help you make the most informed decision regarding your operation."



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## WHEAT

Today's wheat market is a double-sided coin with a large domestic U.S. stock pile on one side and a world supply situation in a state of shock on the other. Weather in the Black Sea region has produced drought conditions not seen for 130 years and dry weather will affect wheat production significantly in Russia, Kazakhstan and the Ukraine. Russia has temporarily banned grain exports from August 15th through December 31st following an announcement from Prime Minister Putin's office. This will result in a possible 12 to 14 million tons of wheat exports up for grabs and with recent U.S. dollar weakness, U.S. wheat is in a strong position to take advantage of this opportunity. However, it is unknown how this will affect U.S. wheat in the future as a carryover of 1.039 billion bushels is very large. If the price remains high through mid September and we see decent projected harvest prices for revenue insurance we could see more wheat plantings at a time when we don't really need them. It will be an interesting acres battle this year and wheat will be at the forefront of the battle.

## CORN

Just about when much of the trade "gave up" on the corn market, the USDA applied some life support via bullish Acreage and Stocks reports on June 30th. After a nearly limit up close that day, prices have been range bound in the interim with an upward bias. We expect similar action to continue as the final yield is discovered and we work into the new calendar year. The market is slowly transitioning from a supply focused trade to one more concerned with demand levels. At the time of this writing, it seems future prices will be mostly influenced by Chinese demand (which looks promising right now) and general economic trends. Today's American farmer is currently blessed with a very attractive outlook, and subject to macro-economic variables, we expect this to continue.

## SOYBEAN

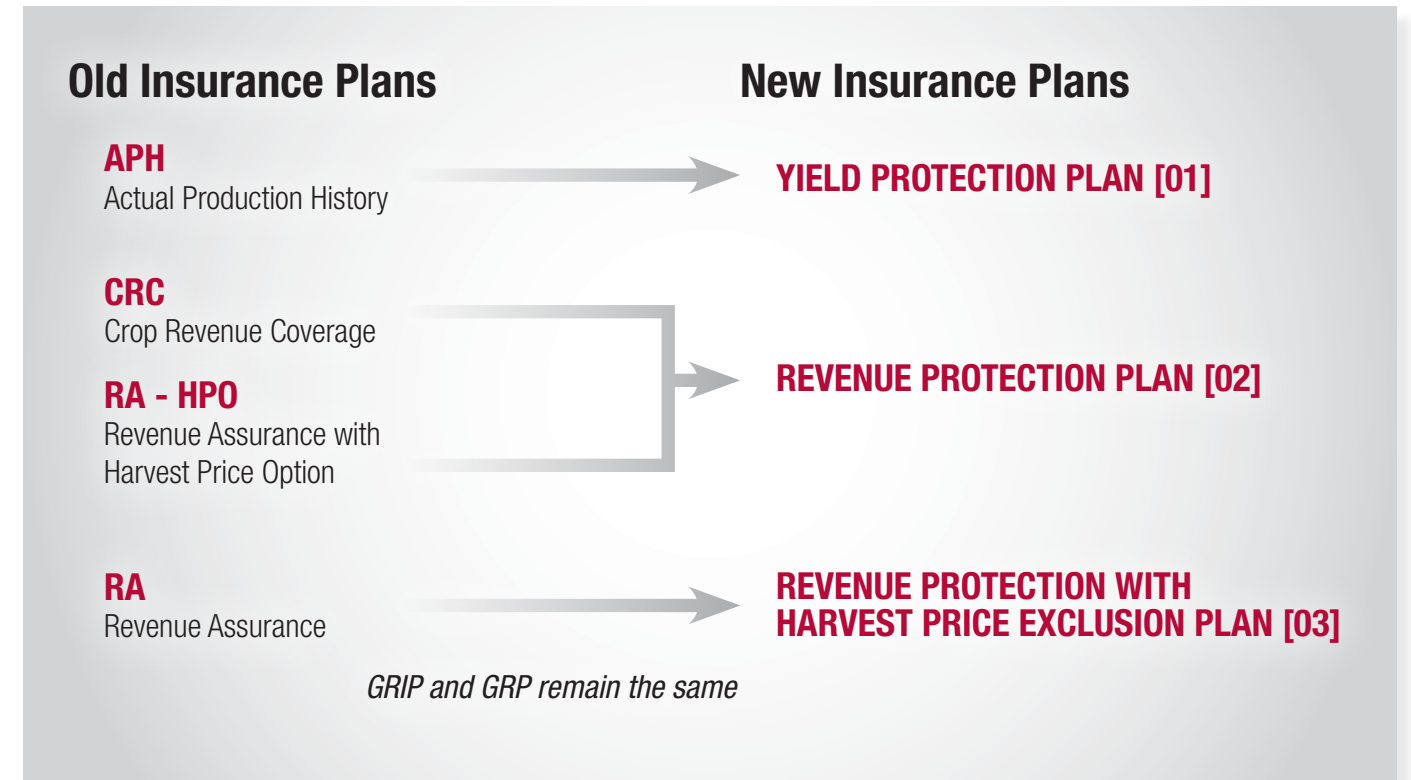
The soybean market will start the new crop year out with a low carry in position. Chinese buying has over performed in old crop and continues to over perform in new crop. The USDA's carry out of 360 million bushels on paper looks comfortable but if Chinese buying follows trend line growth, the carry out will be significantly smaller and that means South America needs to grow another crop.

The 2010 race for acres this past spring created planting decisions based on what crops might provide the least financial risk as compared to the most profit. However, the 2011 crop will be much different and the fight for acres will be talked about a great deal. Farmers will have many profitable choices and the bean to corn ratio will be analyzed thoroughly. Wheat, cotton and canola will play minor roles in the acres process but they cannot be overlooked. The world economy looks to be reviving itself slowly. Slow growth is better than no growth and this is positive for consumption. Soybeans are in the unique position to take advantage of this opportunity.

These market outlooks and opinions were brought to you by Cargill AgHorizon Marketing Service (CAMS). For more information about CAMS please ask your Crop Insurance Agent to introduce you to your Personal Marketing Manager. In this report, CAMS has relied on information received from third party sources it believes are reliable but cannot guarantee such reliability. The opinions stated herein are subject to change without notice. Cargill Commodity Services CONFIDENTIAL and PROPRIETARY. Do not reproduce or distribute. Copyright © Cargill Commodity Services 2010. All rights reserved.

## Crop Insurance Changes for the 2011 Crop Year

*The following changes have been made to the federal crop insurance program by the FCIC:*



### YIELD PROTECTION PLAN [01]

Works similar to the old APH plan but will use a projected harvest price for the harvest price guarantee instead of a price established by RMA.

For counties and crops where revenue protection is available, the yield protection plan will use the same Board of Trade daily average when determining the projected harvest price.

### REVENUE PROTECTION PLAN [02]

Combination of CRC and RA. Revenue Protection Plan will have similar price discovery as the old CRC plan but use a volatility factor to determine the premium as used in the old RA plan.

### REVENUE PROTECTION WITH HARVEST PRICE EXCLUSION PLAN [03]

Insures farmers in the same manner as Revenue Protection policies, except the amount of insurance protection is based on the projected price only (the amount of insurance protection is not increased if the harvest price is greater than the projected price).

