



# 2020 VISION

5 Ways to Improve Your Outlook and Your Profits Using DTN Six Factors®

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**DTN**<sup>°</sup>

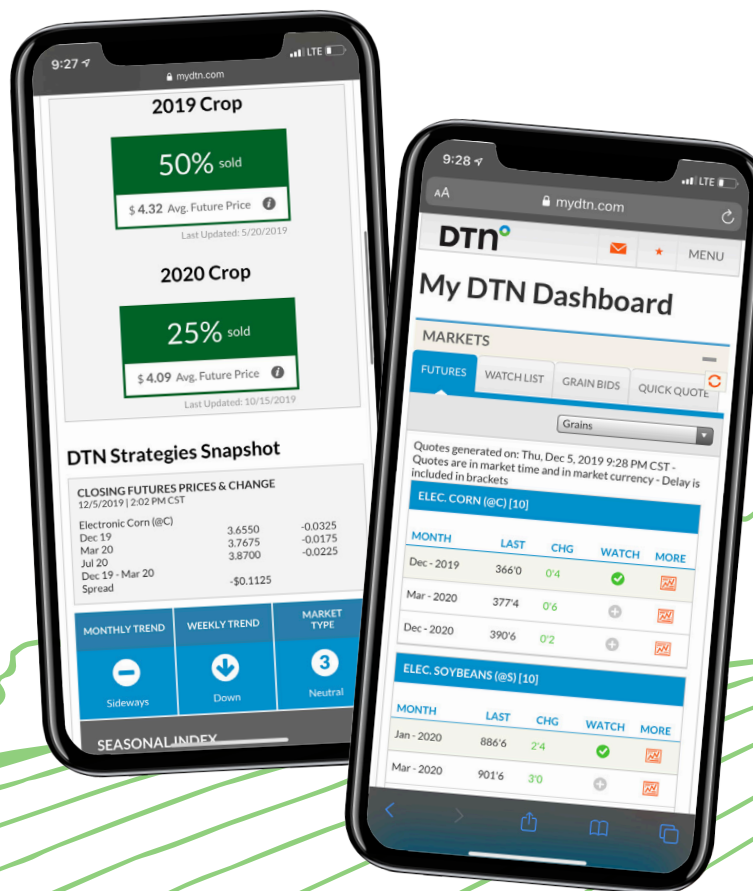
# Table of contents

1. Get Proactive Managing Risk.....	3
2. Know Your Numbers.....	4
3. Watch for Surprises.....	5
4. Make Education a Priority.....	6
5. Stop Listening to the Crowd .....	7
The DTN Six Factors.....	8
How Does DTN Gather Cash Grain Bids?.....	9

# 1. Get Proactive Managing Risk

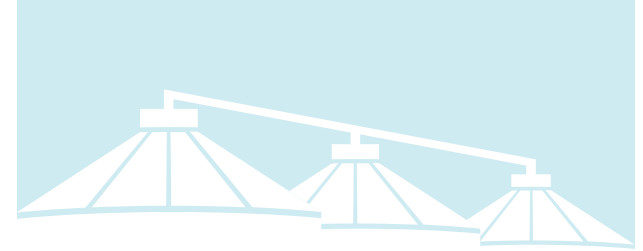
If **U.S. weather is close to normal in 2020**, we are going to see increased plantings and big crops – a recipe for lower crop prices ahead.

Look for opportunities to make **up to 50% cash forward sales for corn and soybeans early in 2020** and consider adding inexpensive new-crop put options to supplement crop insurance protection.



## A Look Ahead at Weather Conditions with DTN Senior Ag Meteorologist Bryce Anderson

During crop year 2020, indications from the DTN long-range weather forecast group are that **producers will have to deal with the lingering impact of the very wet year in 2019**. This includes the chance for a slower start to field work and at least some planting delay. At least some flooding occurrence is also possible due to wet ground going into the season along with climate and weather trends that point to heavy spring rains. As we go through the season, indications are that temperatures will be seasonal and that extensive dryness is not likely over most primary crop areas.



## 2. Know Your Numbers

One of the advantages farmers have in the market is they know what it takes to grow the grain and what the grain is worth. Make sure you **know your farm's numbers** so that you know the difference between a good price and a bad one. In times of surplus, good pricing opportunities don't last long.

Good price vs. Bad price

### DTN Poll

What is your average cost of production?

- A. \$3.00 or below
- B. \$3.00–\$3.50
- C. \$3.50–\$4.00
- D. \$4.00 or above

### Your Numbers at a Glance

Did you know you can run your farm's numbers through the Profit Calculator on MyDTN to easily get your breakeven? Try it today with a free 14-day trial. Visit the link below to set one up:

[www.dtn.com/feb-pf](http://www.dtn.com/feb-pf)

### Profit Calculator Sample

#### Crops

Farm/Enterprise Name	MM Farms
Field Name	NW80
Crop	Corn
Additional Label	
Actual vs. Scenario?	Actual
Total Acres	78.3
Irrigated or Dryland	Dryland
Average Yield Per Acre	197
Average Profit Per Acre Goal	\$27.85
Bushels Used for Feed	0
Guaranteed Bushels Applied Toward Rent (Bartered)	0

#### Average Expenses Per Acre

Seed	\$95.41
Fertilizer	\$102.75
Chemicals	\$33.10
Insurance	\$12.00
Other Line Item Expenses	\$0.00
Other Cost/Acre	\$0.00
Total Input Costs/Acre	\$247.26

Land Expense	\$157.67
Machinery Op. Expense	\$125.18
Interest Expense	\$3.83
Total Fixed Expenses/Acre	\$286.68

**Total Costs/Acre**

**\$533.94**

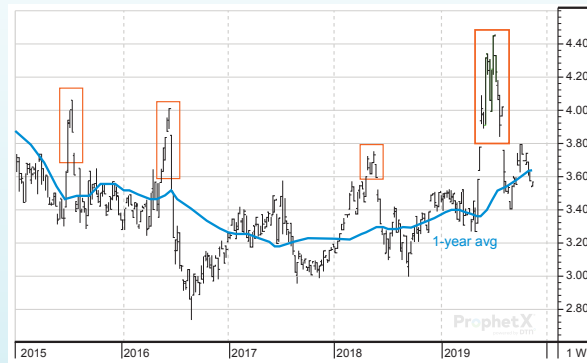
### 3. Watch for Surprises

Even in years of bearish surplus, **unexpected price rallies can occur for a variety of reasons**, often without warning. If the market wants to give you a gift, be ready to take it.



## Historical rallies in the past five years

DTN National Corn Index



DTN National Soybean Index



### Possible surprises to create rallies:

Adverse weather is the usual source of surprise and comes in many forms – domestic and foreign. The corn chart shows four surprising price rallies in five years when corn supplies were bearish. All four of these were weather-related surprises.

- A hot and dry spell in the U.S. in 2015 and 2016
- Drought in Argentina in 2018
- Our wet planting problems in 2019

Other examples:

- Disease outbreak – Swine Flu, Bird Flu, etc.
- International conflict
- A category of unpredictable events like Chernobyl



## 4. Make Education a Priority

For anyone who thinks farming isn't rocket science, we beg to differ. Take advantage of opportunities to learn more about soil health, the crops you grow and cost-effective ways to get higher yields.

**DTN Market Strategies is an excellent aid for learning how to get higher prices for the crops you grow.** Learn more on page 8.

### DTN Educational Opportunities



#### Daily MyDTN Content

The DTN award-winning editorial and analysis teams keep customers on top of market activities with in-depth articles, timely market analysis and commentary. It focuses on what you need to know each day to make the best decisions for your operation.

[www.mydtn.com](http://www.mydtn.com)



#### DTN Institute

DTN sets the standard in education and uses its specialized ag market expertise to bring exciting programs to you. Multiple courses are available including: Grain Basis Training, Trading Futures, and Technical Analysis for Agricultural Markets.

[www.dtn.com/agclasses](http://www.dtn.com/agclasses)



#### Webinars

Join us for our post-USDA report analysis with Todd Hultman, quarterly weather outlooks with Bryce Anderson, as well as webinars on a variety of seasonal topics important for your farm.

[www.dtn.com/events](http://www.dtn.com/events)



#### DTN Ag Summit

Each year farmers join us for DTN Ag Summit – ag's premiere farmer-focused business conference. Attendees interact, network and learn from the industry's best and brightest.

[www.dtn.com/agsummit](http://www.dtn.com/agsummit)

# 5. Stop Listening to the Crowd

**You will never buy low or sell high by listening to the crowd.** Once again, many did not take advantage of corn's higher prices in June 2019 to make sales because they were hypnotized by predictions of \$6.00 corn.

Review the four previous points, pay attention to DTN Market Strategies and become an informed contrarian. **This year, give yourself a chance to capture a higher price.**



## Historical DTN Market Strategies

### 2018

corn production was sold at an average of

**\$4.05/bushel**

(New-crop futures prices)

### 2018

soybean production was sold at an average of

**\$9.78/bushel**

(New-crop futures prices)

### 2019

corn production is 50% forward sold

**at an average of \$4.31**

(December futures)

### 2019

soybean production is 50% forward sold

**at an average of \$9.41**

(November futures)

## Who You Should Listen To...

"We used all of their advice and were just totally happy with what's taken place. It's real simple, just follow their advice. They'll tell you exactly what's going to happen."



Ron Shernikau, Nebraska

"With the DTN Market Strategies part of MyDTN, I was able to sell on a day where my local basis was extremely favorable."



Ethan Zoerb, Nebraska

# The DTN Six Factors

Market trading strategies often look great on paper until they're put to the test. That's when the market changes.

Frustrated with bad market information, DTN designed the Six Factors Market Strategies. Those six factors remain the same today.

**The strength of the six factors taken together is that they look at the market in a disciplined way from several different, yet important perspectives.** Those perspectives help keep in check the many biases that any analyst, or group of analysts, can subconsciously bring to their market view.



1

Price  
Probability

2

Commercials

3

Seasonals

4

Volatility

5

Trends

6

Noncommercials



**Get alerts!** You can set up customized alerts through MyDTN + be the first to know when there is a strategy change.

**Improve your marketing in 2020.**

Try a free trial of MyDTN and DTN Six Factors.

[www.dtn.com/feb-pf](http://www.dtn.com/feb-pf)

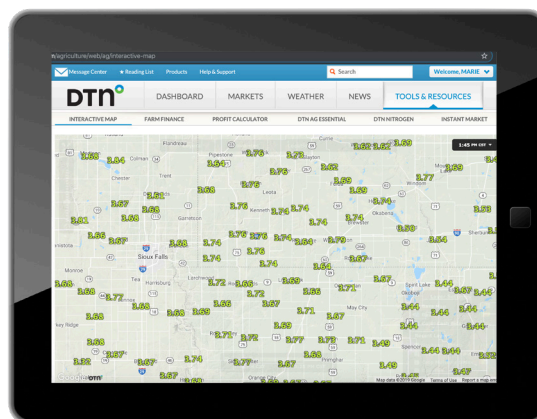


# How Does DTN Gather Cash Grain Bids?

It's important to track commodity futures prices. Everybody likes to check the "Board" to see where grain markets are heading.

But on the farm, cash is king — cash grain prices, that is. That's why one of the foundations of DTN proprietary markets analysis is our in-house cash grain bid gathering system.

Each market day, more than a dozen folks on the DTN grain bid team talk to elevators, ethanol plants, and scour the internet for real-world cash grain prices from around the U.S and Canada. Rather than relying on "scraping" bids from websites, DTN continues to gather bids the hard way, by talking directly to real people who set the prices at each location.



Because of the extra effort, we collect bids where others can't, giving DTN a wide view of North American markets. DTN analysts then use the data that is collected to create our proprietary DTN Six Factors look at the markets.

One of the side benefits to physically calling locations is we get an on-the-ground feel for how things are going across the country. When snows are shutting down the dump pit, or when train backlogs are choking the system, we hear about it. That information is relayed to analysts and reporters, who sit just a short distance from where the grain bid team is hard at work.

All this fresh information and insight is available to DTN subscribers each and every market day.



Visit our site for a free demo of DTN Six Factors, part of MyDTN. Get a \$50 Amazon gift card when you take a demo!

[www.dtn.com/feb-pf](http://www.dtn.com/feb-pf)

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