



Demand Destruction

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As we have all been taught, the key to leading prices in any direction has to do with supply and demand. I have merchandised hundreds of millions of bushels over the years, and it has been the supply that has changed price direction instantly and the demand part of the equation has stayed somewhat predictable. The exceptions to that would be the Jimmy Carter wheat embargo to the Soviet Union, which took the market straight down on the decrease of exports. Most of you were not alive then or if you were, you were still wearing diapers. It took a very robust agricultural market and turned it sharply lower for many days. When the smoke had cleared, it took years to get back to where we had started. It would be my opinion that the corona virus has led us down this same path. This is not going to be a month or two problem, but one that will haunt us for years. We can not take the two biggest industries in agriculture (feed and ethanol) and completely disassemble them in 60 days and expect the demand to come back over night. In December and January, I would have told you we would be severely short of corn before the June 30th stocks report. Now with the demand destruction that has taken place, we will have one of the largest carryout of free stocks this year and the largest carryout of free stocks of corn ever next year. You cannot destroy an industry like ethanol

and expect anyone to come marching in and buy up the old plants, knowing full well what happened this year could happen in the future and burn up the net worth of the plants overnight. As for the feed guys, my hat is off to you. Putting the time and sweat in day after day and year after year only to have the packing plants turn you away, backing up your inventories overnight and watching your years of hard work go down the tubes in 6 weeks, is inconceivable.

As we struggle in ag production in the next couple of years, waiting for Mother Nature to give someone around the world a blow so the rest can capitalize, we must always keep this year in mind. As I have always preached, it is better to be proactive than reactive and to say I or anyone else could have seen this coming is an understatement! But what years of marketing history shows us, is that selling a crop before it is planted will usually produce a better price. We now not only have last year's crop to worry about but also next year's crop. We can never go back and change things, but we do have control of our future. Maybe it's just a small change, but let's learn from this

year and make the small changes that may someday lead us to become better marketers. I know I have learned a lot in the last 365 days!



Speaking of learning a lot, I have learned that working from home without the tools by my side that I have in the office, is very difficult. Working with only half or less of the staff members in the office took a lot of adjustments, but we have learned we can do it. I'm very proud of our employees and you the patrons for working through these very difficult times without any major disruptions. The bees are still flying, the chickens are still laying, the river is still running, and the bird dogs are still thinking that their going hunting every day, so the corona virus hasn't changed everything! Hope you all stay safe and I'm looking forward to seeing you all very shortly!