

Commodities Plus

- *Introduction to who we are.
- *How we function with Dairies Management teams.
- *Brief feed overview.
- *The importance of understanding one's cost structure.



Commodities Plus

*Currently procuring feed for over 300 dairies domestically while procuring over 4 million tons of feed annually.

*Averaging 12% growth year over year for the past 15 years. Growth has come from word of mouth.

*Head office in Spokane WA with a satellite office near Boise ID.

*15 employees which are comprised primarily of traders and logistics specialists.

*Charge .50 cents/milking cow/month – less than 2 cents/hd/day.



Commodities Plus's Focus

We utilize all information possible including fundamental, technical, seasonal, money flow, regional, global, basis fluctuations, and railroad transportation costs to help guide the best decisions possible in an effort to reduce risk and emotion on behalf of our clients.



Logistics

Buying feed at the right price doesn't matter if you can't get it!

We work with the dairy's management team to coordinate deliveries. We manage contract balances and release numbers in an attempt to create less confusion and uncertainty for each dairy.



Corn

- *Supply is increasing faster than demand!
- *Large South American plantings as tariff structure is conducive to corn planting over soybeans. Production estimates for Russia and Ukraine increasing as well.
- *Dec corn futures are sitting at a 50 percent correction of the whole move at the moment @ \$3.37.
- *Basis values at 4 year lows.
- *Technically we have had a very range bound trade from \$3.20 - \$3.60.
- *Seasonally between now and Dec 5th should be our opportunity to own it.
- *Rail freight has weakened by over \$1000/car since Oct.

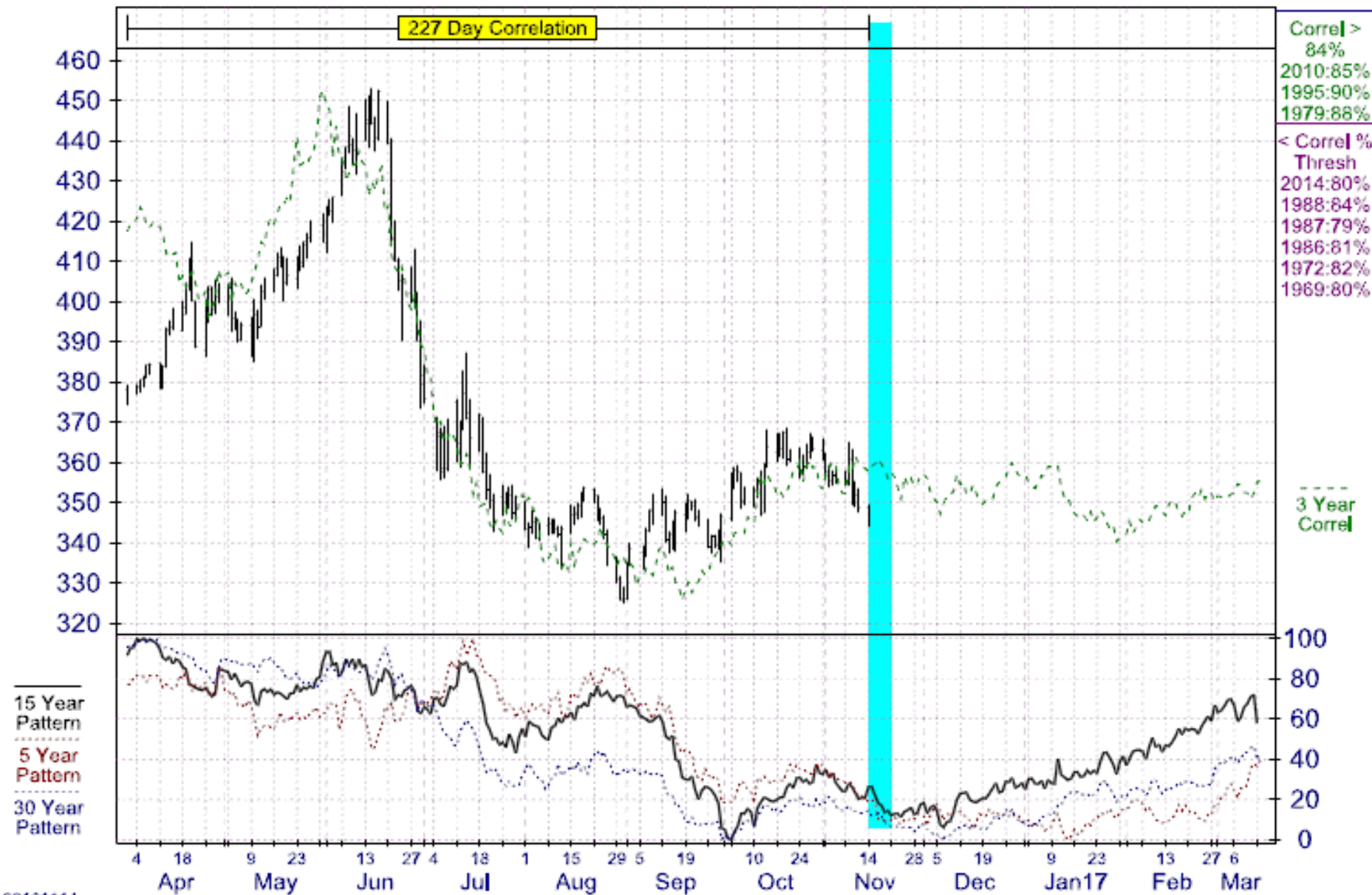


December Corn(CBOT) Historical Patterns(1959-2011)



Mar17 Corn(CBOT)

With 3 Year 227 day Correlated Seasonal(1960-2016)



Proteins

*Huge domestic bean production and carryout (stocks to use ratio could eventually exceed 25%).

*Beans technically have a \$9.50 - \$10/bu trading range.

*Keep your eye on Chinese headlines.

*Chinese soymeal demand at 4 year lows as they import record soybean volumes in an effort to capture crush margins on their own.

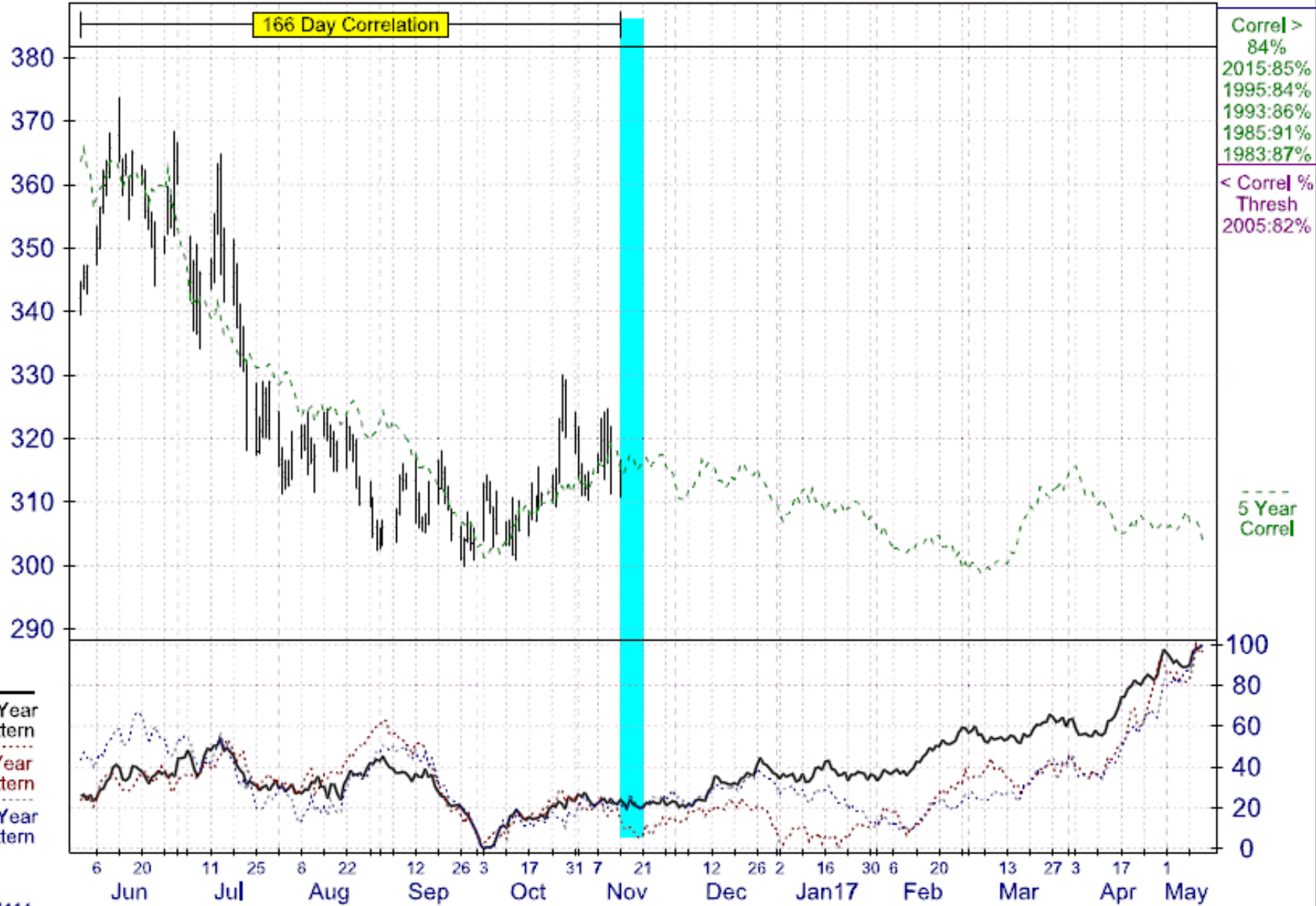
*Canola industry touting big premiums to China with North American canola meal. Is the devil in the detail?

*Too much DDG with lack of Asian demand – high vomitoxin in the East.

*Good board crush margins on soybeans



May17 Soybean Meal(CBOT) With 5 Year 166 day Correlated Seasonal(1960-2016)



Cottonseed

- *1.1 million more tons of supply than a year ago
- *We will crush 200k more tons
- *We will export 100k more tons
- *800k more tons for the dairy industry to feed
- *2.9 lbs/hd/day is what is needed or 40% more than a year ago to feed this crop.
- *Going to plant more cotton in 17'

PRICES HAVEN'T BEEN COMPETITIVE ENOUGH
TO PROMOTE ADDITIONAL USAGE!



Almond Hulls

- *How much can we feed?
- *Last couple years we have witnessed price setbacks post pollination.
- *Railroad and resellers are attempting to ship out of state.



*Knowing what is trading in WA, ID, TX, etc. and understanding what the spreads are to these markets enables one to cut through the “red tape” of the sales pitch. . .

*Not every day is a good day to buy!

*One’s loyalty is to he who cuts his paycheck.

*“First rule of HOLES: when you are in one stop digging”

*Networking and discussion with industry leaders about unfiltered truths and information is what is needed more now than ever!





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