



Seed Cotton Program Workshop
USDA FSA, LFBF, LSU AgCenter, Mississippi State University Extension Service
Thursday, August 16, 2018
Oak Grove, LA

Seed Cotton Program Workshop

Program Overview and Farm Management Decision Tools

*Generic Base Allocation, Program Yield Update, PLC Payment Matrix, and
Projecting 2018 Farm Program Payments*



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Seed Cotton Program Workshop

- I. Policy overview
- II. Program sign-up period
- III. Seed cotton program mechanics
 - PLC and ARC-CO farm programs
- IV. Updating seed cotton program yields
- V. Generic base acre conversion/reallocation
- VI. Estimating farm program payments for 2018 to base acres
 - ARC-CO and PLC farm programs

Supplemental Materials Presented in Workshop

Available via the LSU AgCenter's AGECEC webpage (as of August 10, 2018)

Decision Support Tool (Topic)	Report	Excel File
Seed Cotton ARC-CO Overview	✓	
Seed Cotton Program Yield Update	✓	✓
Seed Cotton PLC Payment Estimator	✓	✓
Generic Base Acre Reallocation	✓	✓
2017 & 2018 ARC-CO Payment Tracker ^{1/}	✓	✓
PLC Payment Estimator ^{1/}	✓	✓
2014-2016 ARC-CO Payment History	✓	
Seed Cotton Workshop Presentations	✓	

^{1/} ARC-CO and PLC payment tracker available upon request for 2017 and 2018 CY.

http://www.lsuagcenter.com/portals/our_offices/departments/ag-economics-agribusiness/extension_outreach

Farm program payment information is presented for educational purposes.

Policy Background on the Seed Cotton Program

- Seed cotton designated as a covered commodity for the 2018 CY
- Eligible for participation in Title I PLC or ARC programs
- ‘Seed cotton’ refers to unginne upland cotton that includes both lint and cottonseed
- **Payment for seed cotton are decoupled from planting decisions**
- Generic base must be converted to seed cotton base or other covered commodity bases for 2018 CY
- Generic base has had the provision that acres planted to covered commodities on that farm can earn temporary base for that commodity and are eligible for ARC/PLC up to the amount of generic base (did nothing for cotton specifically)

Seed Cotton Program Options/Design

Bipartisan Budget Act (BBA) of 2018

- The BBA provision includes seed cotton as a covered commodity beginning with 2018 CY
- Participating producers must make three decisions:
 - 1. How to allocate generic base acres...
 - 2. Whether to update cotton program yields...
 - 3. Whether to participate in ARC or PLC...

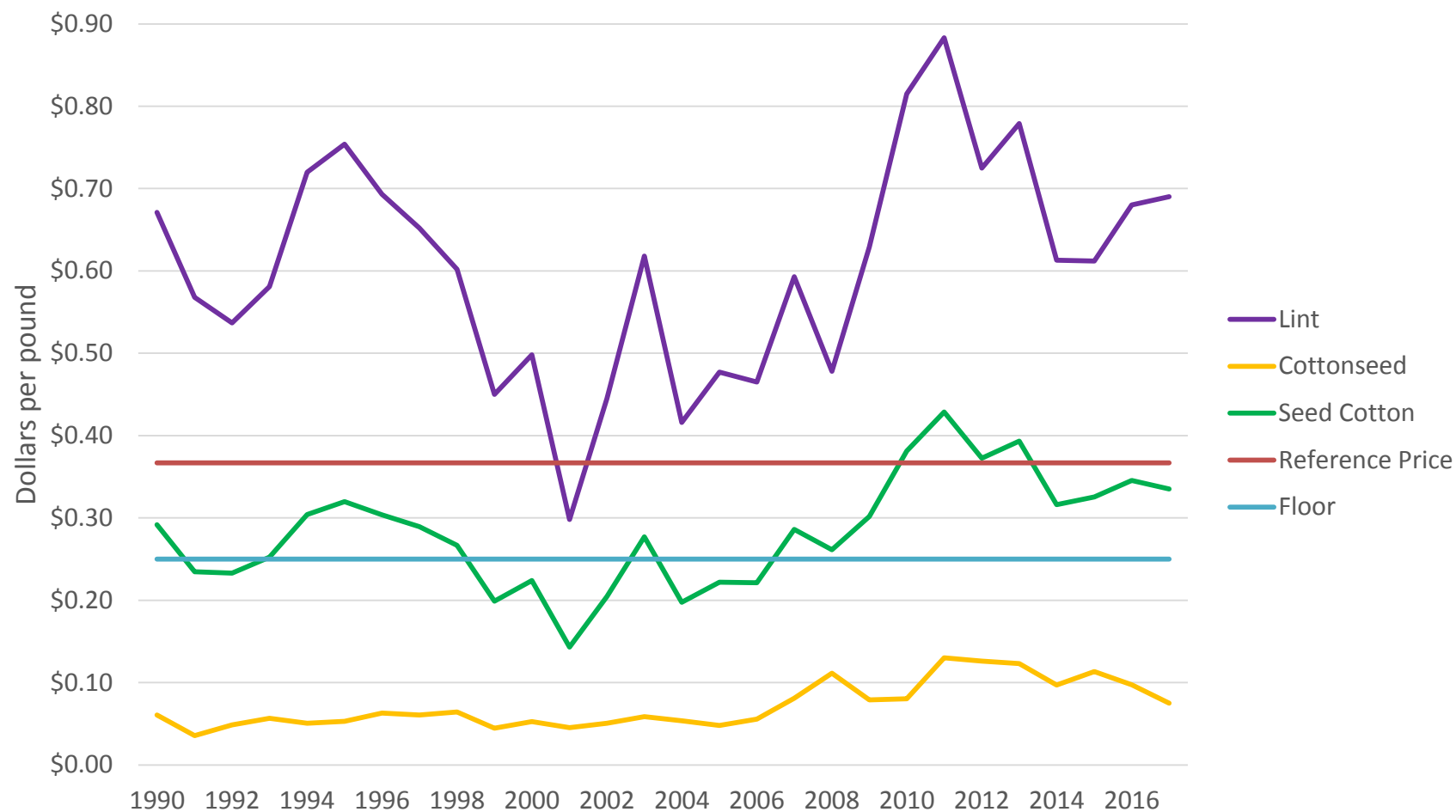
Seed Cotton Election and Signup Deadlines

USDA FSA

- June 29: Producers were mailed letters notifying them of current generic base acres and yields and 2008 to 2012 planting history.
- July: An online decision tool for ARC and PLC becomes available. Producers have opportunity to update yields and allocate generic base acres for ARC and PLC.
- 'Late' July to December 7, 2018: ARC and PLC one-time elections occur for seed cotton. ARC and PLC sign-up for 2018 starts for farms with seed cotton base acres.
- **Deadline is December 7, 2018**

Lint, Cottonseed, and Seed Cotton Price Levels

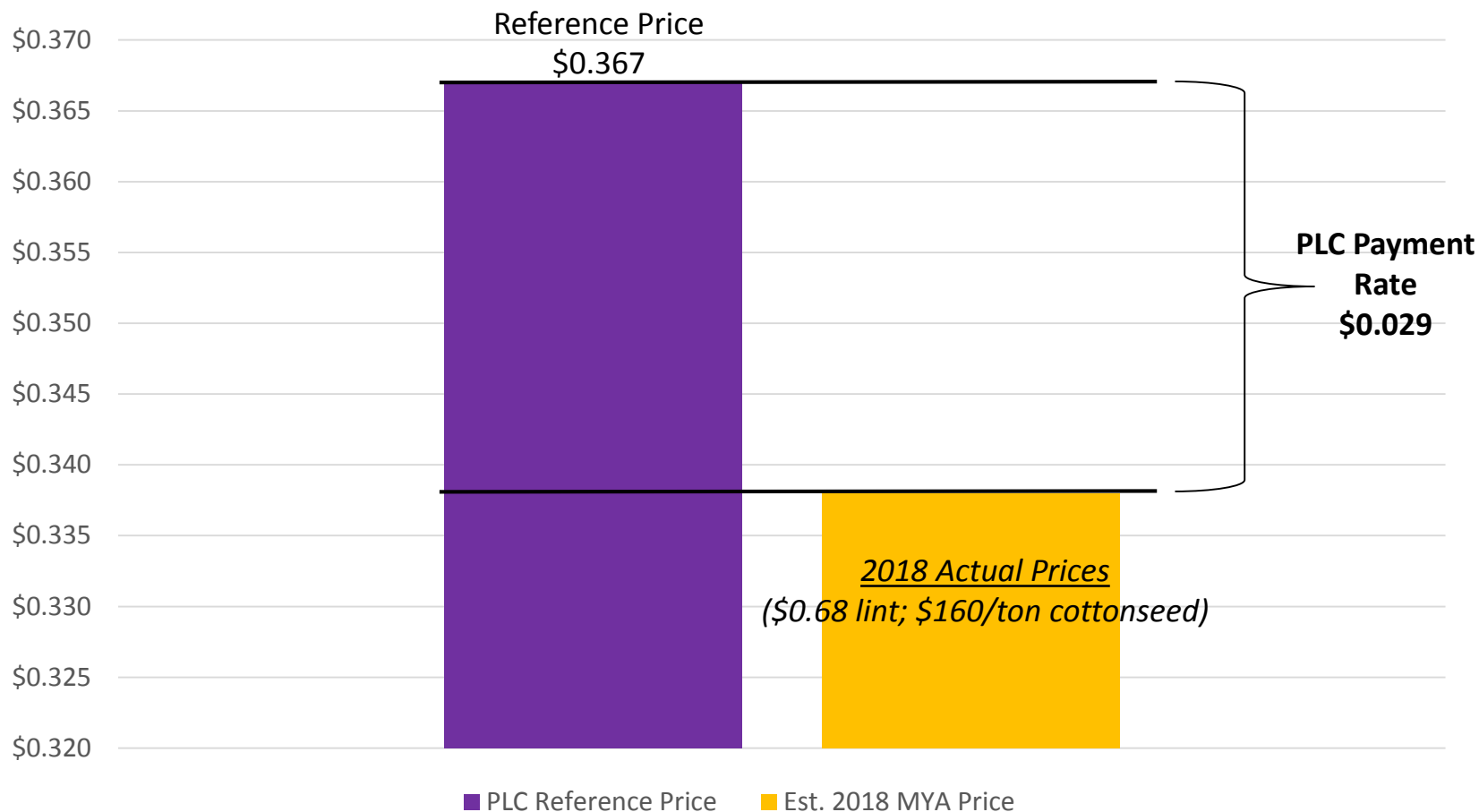
Historical comparison (1990-2017)



Source: Graph adapted from the National Cotton Council.

Seed Cotton PLC Payment Formula

Illustration of program mechanics and price series calculation



PLC Farm Payment = (Reference Price- 2018 CY Price) * seed cotton base * 85%

PLC Payment Formula and Weighted Average

- Payment formula for the PLC program is :

$\$0.367 - \text{MAX} (\text{MYA Seed Cotton price or } \$0.250) * \text{Seed Cotton Payment Yield} * 85\%$

- The reference price is a *weighted average* of the lint and the seed as per the USDA.

<u>Parameter</u>	<u>Value</u>
Total U.S. Lint Production (est.)	9,800,000,000 pounds
Total U.S. Seed Production (est.)	13,000,000,000 pounds
Total Cotton Production (est.)	22,800,000,000 pounds
Expected Final MYA Lint Price (est.)	\$0.68 per pound (low end July 2018 WASDE)
Expected Final MYA Seed Price (est.)	\$0.08 per pound (based on \$160 per ton)
Weighted Share of Lint Factor (est.)	0.4298
Weighted Share of Seed Factor (est.)	0.5701

Calculating the PLC Payment Amount

2018 CY Example #1

<u>Parameter</u>	<u>Value</u>
Reference Price	\$0.367 per pound
Seed Cotton MYA Price	\$0.338 per pound
PLC Payment Rate	\$0.029 per pound
PLC Program Yield	2,400 pounds
PLC Payment Amount (on 85% base)	\$59.16

$\$0.367 - \text{MAX} (\$0.338 \text{ or } \$0.250) * \text{Seed Cotton Payment Yield} * 85\%$

$(\$0.367 - \$0.338) * 2,400 \text{ pounds} * 85\%$

$\$0.029 * 2,400 \text{ pounds} * 85\% = \59.16

Seed cotton program payments are decoupled from planting decisions, consistent with farm programs from other crops in the 2014 farm bill.

Calculating the PLC Payment Amount

2018 CY Example # 2 with July WASDE lint and 'higher' seed prices from NCC

<u>Parameter</u>	<u>Value</u>
Reference Price	\$0.367 per pound
Cotton MYA Price	\$0.72 per pound (low July WASDE)
Cottonseed MYA Price (\$180/ton)	\$0.09 per pound
Seed Cotton MYA Price	\$0.338 per pound
PLC Payment Rate	\$0.006 per pound
PLC Program Yield	2,400 pounds
PLC Payment Amount (on 85% base)	\$12.24

$\$0.367 - \text{MAX} (\$0.339 \text{ or } \$0.250) * \text{Seed Cotton Payment Yield} * 85\%$

$(\$0.367 - \$0.361) * 2,400 \text{ pounds} * 85\%$

$\$0.006 * 2,400 \text{ pounds} * 85\% = \12.24

Seed cotton program payments are decoupled from planting decisions, consistent with farm programs from other crops in the 2014 farm bill.

Calculating the PLC Payment Amount

2018 CY Example # 3 with 'higher' lint and 'lowered' seed prices (NCC)

<u>Parameter</u>	<u>Value</u>
Reference Price	\$0.367 per pound
Cotton MYA Price	\$0.75 per pound (August WASDE)
Cottonseed MYA Price (\$170/ton)	\$0.085 per pound (NCC)
Seed Cotton MYA Price	\$0.3643 per pound
PLC Payment Rate	\$0.0027 per pound
PLC Program Yield	2,400 pounds
PLC Payment Amount (on 85% base)	\$5.51

$\$0.367 - \text{MAX} (\$0.339 \text{ or } \$0.250) * \text{Seed Cotton Payment Yield} * 85\%$

$(\$0.367 - \$0.3643) * 2,400 \text{ pounds} * 85\%$

$\$0.0027 * 2,400 \text{ pounds} * 85\% = \5.51

Seed cotton program payments are decoupled from planting decisions, consistent with farm programs from other crops in the 2014 farm bill.

Calculating the PLC Payment Amount

2018 CY Example # 4 with August WASDE lint and NCC seed price midpoints

<u>Parameter</u>	<u>Value</u>
Reference Price	\$0.367 per pound
Cotton MYA Price	\$0.75 per pound (August WASDE)
Cottonseed MYA Price (\$155/ton)	\$0.0775 per pound (NCC-Aug 9 th)
Seed Cotton MYA Price	\$0.3599 per pound
PLC Payment Rate	\$0.0070 per pound
PLC Program Yield	2,400 pounds
PLC Payment Amount (on 85% base)	\$17.34

$\$0.367 - \text{MAX} (\$0.339 \text{ or } \$0.250) * \text{Seed Cotton Payment Yield} * 85\%$

$(\$0.367 - \$0.3599) * 2,400 \text{ pounds} * 85\%$

$\$0.0070 * 2,400 \text{ pounds} * 85\% = \14.28

Seed cotton program payments are decoupled from planting decisions, consistent with farm programs from other crops in the 2014 farm bill.

Cotton Lint and Cottonseed Weighted Shares

2008 to 2017 production comparison

<u>Year</u>	<u># Bales</u>	<u>Lbs. Lint</u>	<u>Cotton Seed Tons</u>	<u>Lbs. Cotton Seed</u>	<u>Total Lbs.</u>	<u>% Lint Share</u>	<u>% Seed Share</u>
2008	12,394,500	5,949,360,000	4,300,300	8,600,600,000	14,549,960,000	0.40889	0.59111
2009	11,782,600	5,655,648,000	4,148,800	8,297,600,000	13,953,248,000	0.40533	0.59467
2010	17,598,000	8,447,040,000	6,096,100	12,192,200,000	20,639,240,000	0.40927	0.59073
2011	14,722,000	7,066,560,000	5,370,000	10,740,000,000	17,806,560,000	0.39685	0.60315
2012	16,534,000	7,936,320,000	5,666,000	11,332,000,000	19,268,320,000	0.41188	0.58812
2013	12,275,000	5,892,000,000	4,203,000	8,406,000,000	14,298,000,000	0.41209	0.58791
2014	15,753,000	7,561,440,000	5,125,000	10,250,000,000	17,811,440,000	0.42453	0.57547
2015	12,455,000	5,978,400,000	4,043,000	8,086,000,000	14,064,400,000	0.42507	0.57493
2016	16,601,000	7,968,480,000	5,369,000	10,738,000,000	18,706,480,000	0.42597	0.57403
2017	20,223,000	9,707,040,000	6,422,000	12,844,000,000	22,551,040,000	0.43045	0.56955

*On average,
The weighted share for lint production is 42% and 58% for seed.*

Calculating the Seed Cotton MYA Price

Using historical weighted shares for lint and cottonseed equation

Lint Price (\$/lb)	Cottonseed Price (\$/ton)																		
	\$120	\$130	\$140	\$150	\$160	\$170	\$180	\$190	\$200	\$210	\$220	\$230	\$240	\$250	\$260	\$270	\$280	\$290	\$300
\$0.52	0.253	0.256	0.259	0.262	0.265	0.268	0.271	0.274	0.276	0.279	0.282	0.285	0.288	0.291	0.294	0.297	0.300	0.303	0.305
\$0.53	0.257	0.260	0.263	0.266	0.269	0.272	0.275	0.278	0.281	0.284	0.286	0.289	0.292	0.295	0.298	0.301	0.304	0.307	0.310
\$0.54	0.262	0.265	0.267	0.270	0.273	0.276	0.279	0.282	0.285	0.288	0.291	0.294	0.296	0.299	0.302	0.305	0.308	0.311	0.314
\$0.55	0.266	0.269	0.272	0.275	0.277	0.280	0.283	0.286	0.289	0.292	0.295	0.298	0.301	0.304	0.306	0.309	0.312	0.315	0.318
\$0.56	0.270	0.273	0.276	0.279	0.282	0.285	0.287	0.290	0.293	0.296	0.299	0.302	0.305	0.308	0.311	0.314	0.316	0.319	0.322
\$0.57	0.274	0.277	0.280	0.283	0.286	0.289	0.292	0.295	0.297	0.300	0.303	0.306	0.309	0.312	0.315	0.318	0.321	0.324	0.326
\$0.58	0.278	0.281	0.284	0.287	0.290	0.293	0.296	0.299	0.302	0.305	0.307	0.310	0.313	0.316	0.319	0.322	0.325	0.328	0.331
\$0.59	0.283	0.286	0.288	0.291	0.294	0.297	0.300	0.303	0.306	0.309	0.312	0.315	0.317	0.320	0.323	0.326	0.329	0.332	0.335
\$0.60	0.287	0.290	0.293	0.296	0.298	0.301	0.304	0.307	0.310	0.313	0.316	0.319	0.322	0.325	0.327	0.330	0.333	0.336	0.339
\$0.61	0.291	0.294	0.297	0.300	0.303	0.306	0.308	0.311	0.314	0.317	0.320	0.323	0.326	0.329	0.332	0.335	0.337	0.340	0.343
\$0.62	0.295	0.298	0.301	0.304	0.307	0.310	0.313	0.316	0.318	0.321	0.324	0.327	0.330	0.333	0.336	0.339	0.342	0.345	0.347
\$0.63	0.299	0.302	0.305	0.308	0.311	0.314	0.317	0.320	0.323	0.326	0.328	0.331	0.334	0.337	0.340	0.343	0.346	0.349	0.352
\$0.64	0.304	0.307	0.309	0.312	0.315	0.318	0.321	0.324	0.327	0.330	0.333	0.336	0.338	0.341	0.344	0.347	0.350	0.353	0.356
\$0.65	0.308	0.311	0.314	0.317	0.319	0.322	0.325	0.328	0.331	0.334	0.337	0.340	0.343	0.346	0.348	0.351	0.354	0.357	0.360
\$0.66	0.312	0.315	0.318	0.321	0.324	0.327	0.329	0.332	0.335	0.338	0.341	0.344	0.347	0.350	0.353	0.356	0.358	0.361	0.364
\$0.67	0.316	0.319	0.322	0.325	0.328	0.331	0.334	0.337	0.339	0.342	0.345	0.348	0.351	0.354	0.357	0.360	0.363	0.366	0.368
\$0.68	0.320	0.323	0.326	0.329	0.332	0.335	0.338	0.341	0.344	0.347	0.349	0.352	0.355	0.358	0.361	0.364	0.367	0.370	0.373
\$0.69	0.325	0.328	0.330	0.333	0.336	0.339	0.342	0.345	0.348	0.351	0.354	0.357	0.359	0.362	0.365	0.368	0.371	0.374	0.377
\$0.70	0.329	0.332	0.335	0.338	0.340	0.343	0.346	0.349	0.352	0.355	0.358	0.361	0.364	0.367	0.369	0.372	0.375	0.378	0.381
\$0.71	0.333	0.336	0.339	0.342	0.345	0.348	0.350	0.353	0.356	0.359	0.362	0.365	0.368	0.371	0.374	0.377	0.379	0.382	0.385
\$0.72	0.337	0.340	0.343	0.346	0.349	0.352	0.355	0.358	0.360	0.363	0.366	0.369	0.372	0.375	0.378	0.381	0.384	0.387	0.389
\$0.73	0.341	0.344	0.347	0.350	0.353	0.356	0.359	0.362	0.365	0.368	0.370	0.373	0.376	0.379	0.382	0.385	0.388	0.391	0.394
\$0.74	0.346	0.349	0.351	0.354	0.357	0.360	0.363	0.366	0.369	0.372	0.375	0.378	0.380	0.383	0.386	0.389	0.392	0.395	0.398
\$0.75	0.350	0.353	0.356	0.359	0.361	0.364	0.367	0.370	0.373	0.376	0.379	0.382	0.385	0.388	0.390	0.393	0.396	0.399	0.402
\$0.76	0.354	0.357	0.360	0.363	0.366	0.369	0.371	0.374	0.377	0.380	0.383	0.386	0.389	0.392	0.395	0.398	0.400	0.403	0.406
\$0.77	0.358	0.361	0.364	0.367	0.370	0.373	0.376	0.379	0.381	0.384	0.387	0.390	0.393	0.396	0.399	0.402	0.405	0.408	0.410
\$0.78	0.362	0.365	0.368	0.371	0.374	0.377	0.380	0.383	0.386	0.389	0.391	0.394	0.397	0.400	0.403	0.406	0.409	0.412	0.415
\$0.79	0.367	0.370	0.372	0.375	0.378	0.381	0.384	0.387	0.390	0.393	0.396	0.399	0.401	0.404	0.407	0.410	0.413	0.416	0.419

Weighted lint share of production set at 42% and the weighted share of seed set at 58%.

Calculating the Seed Cotton PLC Payment Rate

Using historical weighted shares for lint and cottonseed equation

Lint Price (\$/lb)	Cottonseed Price (\$/ton)																		
	\$120	\$130	\$140	\$150	\$160	\$170	\$180	\$190	\$200	\$210	\$220	\$230	\$240	\$250	\$260	\$270	\$280	\$290	\$300
\$0.52	0.114	0.111	0.108	0.105	0.102	0.099	0.096	0.094	0.091	0.088	0.085	0.082	0.079	0.076	0.073	0.070	0.067	0.065	0.062
\$0.53	0.110	0.107	0.104	0.101	0.098	0.095	0.092	0.089	0.086	0.084	0.081	0.078	0.075	0.072	0.069	0.066	0.063	0.060	0.057
\$0.54	0.105	0.103	0.100	0.097	0.094	0.091	0.088	0.085	0.082	0.079	0.076	0.074	0.071	0.068	0.065	0.062	0.059	0.056	0.053
\$0.55	0.101	0.098	0.095	0.093	0.090	0.087	0.084	0.081	0.078	0.075	0.072	0.069	0.066	0.064	0.061	0.058	0.055	0.052	0.049
\$0.56	0.097	0.094	0.091	0.088	0.085	0.083	0.080	0.077	0.074	0.071	0.068	0.065	0.062	0.059	0.056	0.054	0.051	0.048	0.045
\$0.57	0.093	0.090	0.087	0.084	0.081	0.078	0.075	0.073	0.070	0.067	0.064	0.061	0.058	0.055	0.052	0.049	0.046	0.044	0.041
\$0.58	0.089	0.086	0.083	0.080	0.077	0.074	0.071	0.068	0.065	0.063	0.060	0.057	0.054	0.051	0.048	0.045	0.042	0.039	0.036
\$0.59	0.084	0.082	0.079	0.076	0.073	0.070	0.067	0.064	0.061	0.058	0.055	0.053	0.050	0.047	0.044	0.041	0.038	0.035	0.032
\$0.60	0.080	0.077	0.074	0.072	0.069	0.066	0.063	0.060	0.057	0.054	0.051	0.048	0.045	0.043	0.040	0.037	0.034	0.031	0.028
\$0.61	0.076	0.073	0.070	0.067	0.064	0.061	0.059	0.056	0.053	0.050	0.047	0.044	0.041	0.038	0.035	0.033	0.030	0.027	0.024
\$0.62	0.072	0.069	0.066	0.063	0.060	0.057	0.054	0.052	0.049	0.046	0.043	0.040	0.037	0.034	0.031	0.028	0.025	0.023	0.020
\$0.63	0.068	0.065	0.062	0.059	0.056	0.053	0.050	0.047	0.044	0.041	0.039	0.036	0.033	0.030	0.027	0.024	0.021	0.018	0.015
\$0.64	0.063	0.060	0.058	0.055	0.052	0.049	0.046	0.043	0.040	0.037	0.034	0.032	0.029	0.026	0.023	0.020	0.017	0.014	0.011
\$0.65	0.059	0.056	0.053	0.051	0.048	0.045	0.042	0.039	0.036	0.033	0.030	0.027	0.024	0.022	0.019	0.016	0.013	0.010	0.007
\$0.66	0.055	0.052	0.049	0.046	0.043	0.040	0.038	0.035	0.032	0.029	0.026	0.023	0.020	0.017	0.014	0.012	0.009	0.006	0.003
\$0.67	0.051	0.048	0.045	0.042	0.039	0.036	0.033	0.031	0.028	0.025	0.022	0.019	0.016	0.013	0.010	0.007	0.004	0.001	0.000
\$0.68	0.047	0.044	0.041	0.038	0.035	0.032	0.029	0.026	0.023	0.020	0.018	0.015	0.012	0.009	0.006	0.003	0.000	0.000	0.000
\$0.69	0.042	0.039	0.037	0.034	0.031	0.028	0.025	0.022	0.019	0.016	0.013	0.011	0.008	0.005	0.002	0.000	0.000	0.000	0.000
\$0.70	0.038	0.035	0.032	0.030	0.027	0.024	0.021	0.018	0.015	0.012	0.009	0.006	0.003	0.000	0.000	0.000	0.000	0.000	0.000
\$0.71	0.034	0.031	0.028	0.025	0.022	0.019	0.017	0.014	0.011	0.008	0.005	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000
\$0.72	0.030	0.027	0.024	0.021	0.018	0.015	0.012	0.009	0.007	0.004	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
\$0.73	0.026	0.023	0.020	0.017	0.014	0.011	0.008	0.005	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
\$0.74	0.021	0.018	0.016	0.013	0.010	0.007	0.004	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
\$0.75	0.017	0.014	0.011	0.008	0.006	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
\$0.76	0.013	0.010	0.007	0.004	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
\$0.77	0.009	0.006	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
\$0.78	0.005	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
\$0.79	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Weighted lint share of production set at 42% and the weighted share of seed set at 58%.

Seed Cotton PLC Payment Estimator Guide

2018 crop year decision aid from the LSU AgCenter

Reference Price (\$/lb)	\$0.367
Lint Program Yield (lbs)	1000.0
Seed Cotton Program Yield (lbs)	2400
Seed Cotton Price Floor (\$/lb)	\$0.250

Producer's Specified Estimates of Marketing Year Production of Lint and Cottonseed			
Total U.S. Lint Production (lbs)	9800000000	Weighted Lint Coeff.	0.429825 "Effective Price for Seed Cotton Calculation"
Total U.S. Seed Production (lbs)	13000000000	Weighted Seed Coeff.	0.570175 "Effective Price for Seed Cotton Calculation"

Example PLC Payment for Seed Cotton per base acre (subject to lint and seed production levels)

Lint Price (\$/lb)	Cottonseed Price (\$/ton)																		
	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300
\$0.52	\$222.93	\$217.12	\$211.30	\$205.49	\$199.67	\$193.85	\$188.04	\$182.22	\$176.41	\$170.59	\$164.77	\$158.96	\$153.14	\$147.33	\$141.51	\$135.70	\$129.88	\$124.06	\$118.25
\$0.53	\$214.16	\$208.35	\$202.53	\$196.72	\$190.90	\$185.09	\$179.27	\$173.45	\$167.64	\$161.82	\$156.01	\$150.19	\$144.37	\$138.56	\$132.74	\$126.93	\$121.11	\$115.30	\$109.48
\$0.54	\$205.40	\$199.58	\$193.76	\$187.95	\$182.13	\$176.32	\$170.50	\$164.69	\$158.87	\$153.05	\$147.24	\$141.42	\$135.61	\$129.79	\$123.97	\$118.16	\$112.34	\$106.53	\$100.71
\$0.55	\$196.63	\$190.81	\$185.00	\$179.18	\$173.36	\$167.55	\$161.73	\$155.92	\$150.10	\$144.29	\$138.47	\$132.65	\$126.84	\$121.02	\$115.21	\$109.39	\$103.57	\$97.76	\$91.94
\$0.56	\$187.86	\$182.04	\$176.23	\$170.41	\$164.60	\$158.78	\$152.96	\$147.15	\$141.33	\$135.52	\$129.70	\$123.89	\$118.07	\$112.25	\$106.44	\$100.62	\$94.81	\$88.99	\$83.17
\$0.57	\$179.09	\$173.27	\$167.46	\$161.64	\$155.83	\$150.01	\$144.20	\$138.38	\$132.56	\$126.75	\$120.93	\$115.12	\$109.30	\$103.49	\$97.67	\$91.85	\$86.04	\$80.22	\$74.41
\$0.58	\$170.32	\$164.51	\$158.69	\$152.87	\$147.06	\$141.24	\$135.43	\$129.61	\$123.80	\$117.98	\$112.16	\$106.35	\$100.53	\$94.72	\$88.90	\$83.09	\$77.27	\$71.45	\$65.64
\$0.59	\$161.55	\$155.74	\$149.92	\$144.11	\$138.29	\$132.47	\$126.66	\$120.84	\$115.03	\$109.21	\$103.40	\$97.58	\$91.76	\$85.95	\$80.13	\$74.32	\$68.50	\$62.69	\$56.87
\$0.60	\$152.79	\$146.97	\$141.15	\$135.34	\$129.52	\$123.71	\$117.89	\$112.07	\$106.26	\$100.44	\$94.63	\$88.81	\$83.00	\$77.18	\$71.36	\$65.55	\$59.73	\$53.92	\$48.10
\$0.61	\$144.02	\$138.20	\$132.39	\$126.57	\$120.75	\$114.94	\$109.12	\$103.31	\$97.49	\$91.67	\$85.86	\$80.04	\$74.23	\$68.41	\$62.60	\$56.78	\$50.96	\$45.15	\$39.33
\$0.62	\$135.25	\$129.43	\$123.62	\$117.80	\$111.99	\$106.17	\$100.35	\$94.54	\$88.72	\$82.91	\$77.09	\$71.27	\$65.46	\$59.64	\$53.83	\$48.01	\$42.20	\$36.38	\$30.56
\$0.63	\$126.48	\$120.66	\$114.85	\$109.03	\$103.22	\$97.40	\$91.59	\$85.77	\$79.95	\$74.14	\$68.32	\$62.51	\$56.69	\$50.87	\$45.06	\$39.24	\$33.43	\$27.61	\$21.80
\$0.64	\$117.71	\$111.90	\$106.08	\$100.26	\$94.45	\$88.63	\$82.82	\$77.00	\$71.19	\$65.37	\$59.55	\$53.74	\$47.92	\$42.11	\$36.29	\$30.47	\$24.66	\$18.84	\$13.03
\$0.65	\$108.94	\$103.13	\$97.31	\$91.50	\$85.68	\$79.86	\$74.05	\$68.23	\$62.42	\$56.60	\$50.79	\$44.97	\$39.15	\$33.34	\$27.52	\$21.71	\$15.89	\$10.07	\$4.26
\$0.66	\$100.17	\$94.36	\$88.54	\$82.73	\$76.91	\$71.10	\$65.28	\$59.46	\$53.65	\$47.83	\$42.02	\$36.20	\$30.39	\$24.57	\$18.75	\$12.94	\$7.12	\$1.31	\$0.00
\$0.67	\$91.41	\$85.59	\$79.77	\$73.96	\$68.14	\$62.33	\$56.51	\$50.70	\$44.88	\$39.06	\$33.25	\$27.43	\$21.62	\$15.80	\$9.99	\$4.17	\$0.00	\$0.00	\$0.00
\$0.68	\$82.64	\$76.82	\$71.01	\$65.19	\$59.37	\$53.56	\$47.74	\$41.93	\$36.11	\$30.30	\$24.48	\$18.66	\$12.85	\$7.03	\$1.22	\$0.00	\$0.00	\$0.00	\$0.00
\$0.69	\$73.87	\$68.05	\$62.24	\$56.42	\$50.61	\$44.79	\$38.97	\$33.16	\$27.34	\$21.53	\$15.71	\$9.90	\$4.08	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.70	\$65.10	\$59.29	\$53.47	\$47.65	\$41.84	\$36.02	\$30.21	\$24.39	\$18.57	\$12.76	\$6.94	\$1.13	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.71	\$56.33	\$50.52	\$44.70	\$38.89	\$33.07	\$27.25	\$21.44	\$15.62	\$9.81	\$3.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.72	\$47.56	\$41.75	\$35.93	\$30.12	\$24.30	\$18.49	\$12.67	\$6.85	\$1.04	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.73	\$38.80	\$32.98	\$27.16	\$21.35	\$15.53	\$9.72	\$3.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.74	\$30.03	\$24.21	\$18.40	\$12.58	\$6.76	\$0.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.75	\$21.26	\$15.44	\$9.63	\$3.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.76	\$12.49	\$6.67	\$0.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.77	\$3.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Projected Seed Cotton Production and Prices

International Center for Agricultural Competitiveness - March, 2018

	2017	2018	2019	2020	2021	2022
Upland Production (1000 bales)	20570.13	18512.25	17081.74	17504.13	17475.63	17729.51
Upland Pounds	987366143.23	888588235.25	819923750.11	840198393.74	838830324.53	851016712.61
Cottonseed Production (lbs)	1342817954.80	1208479999.94	1115096300.15	1142669815.49	1140809241.36	1157382729.15
Total Production (lbs)	2330184098.03	2097068235.19	1935020050.26	1982868209.24	1979639565.89	2008399441.75
Upland cotton price (cents/lb)	69.06	64.64	66.43	67.51	69.37	70.83
Upland Price (\$/lb)	0.69	0.65	0.66	0.68	0.69	0.71
Seedcotton Price (cents/lb)	0.335	0.322	0.332	0.336	0.344	0.350
Cottonseed Price (\$/ton)	147.77	166.07	174.45	172.40	173.41	172.10
Cottonseed (\$/lb)	0.07	0.08	0.09	0.09	0.09	0.09

Seedcotton PLC Price (cents/lb)	0.367	0.367	0.367	0.367	0.367	0.367
Producer Payment	0.032	0.045	0.035	0.031	0.023	0.017

Budgetary Analysis

Generic Base	599,467,057.98	852,678,165.74	664,291,999.93	589,325,325.36	435,473,607.44	325,706,745.19
Anticipated Base	556,336,218.41	791,329,131.32	616,497,093.94	546,924,169.65	404,141,873.61	302,272,587.82

	2023	2024	2025	2026	2027
Upland Production (1000 bales)	17948.65	18224.78	18364.09	18644.57	18859.48
Upland Pounds	861535131.50	874789609.92	881476201.01	894939265.63	905254915.58
Cottonseed Production (lbs)	1171687778.85	1189713869.49	1198807633.37	1217117401.26	1231146685.19
Total Production (lbs)	2033222910.35	2064503479.41	2080283834.38	2112056666.89	2136401600.78
Upland cotton price (cents/lb)	72.66	72.31	73.23	74.81	77.45
Upland Price (\$/lb)	0.73	0.72	0.73	0.75	0.77
Seedcotton Price (cents/lb)	0.357	0.355	0.358	0.365	0.376
Cottonseed Price (\$/ton)	169.01	167.21	166.83	165.77	166.28
Cottonseed (\$/lb)	0.08	0.08	0.08	0.08	0.08
Seedcotton PLC Price (cents/lb)	0.367	0.367	0.367	0.367	0.367
Producer Payment	0.010	0.012	0.009	0.002	0.000
Budgetary Analysis					
Generic Base	196,264,685.52	234,400,311.55	162,691,691.43	42,513,582.71	-
Anticipated Base	182,143,708.31	217,535,527.90	150,986,245.49	39,454,788.25	-

Source: TTU, 2018.

2014-2016 Seed Cotton Program Performance?

If the seed cotton would have been eligible for Title I (PLC) support...

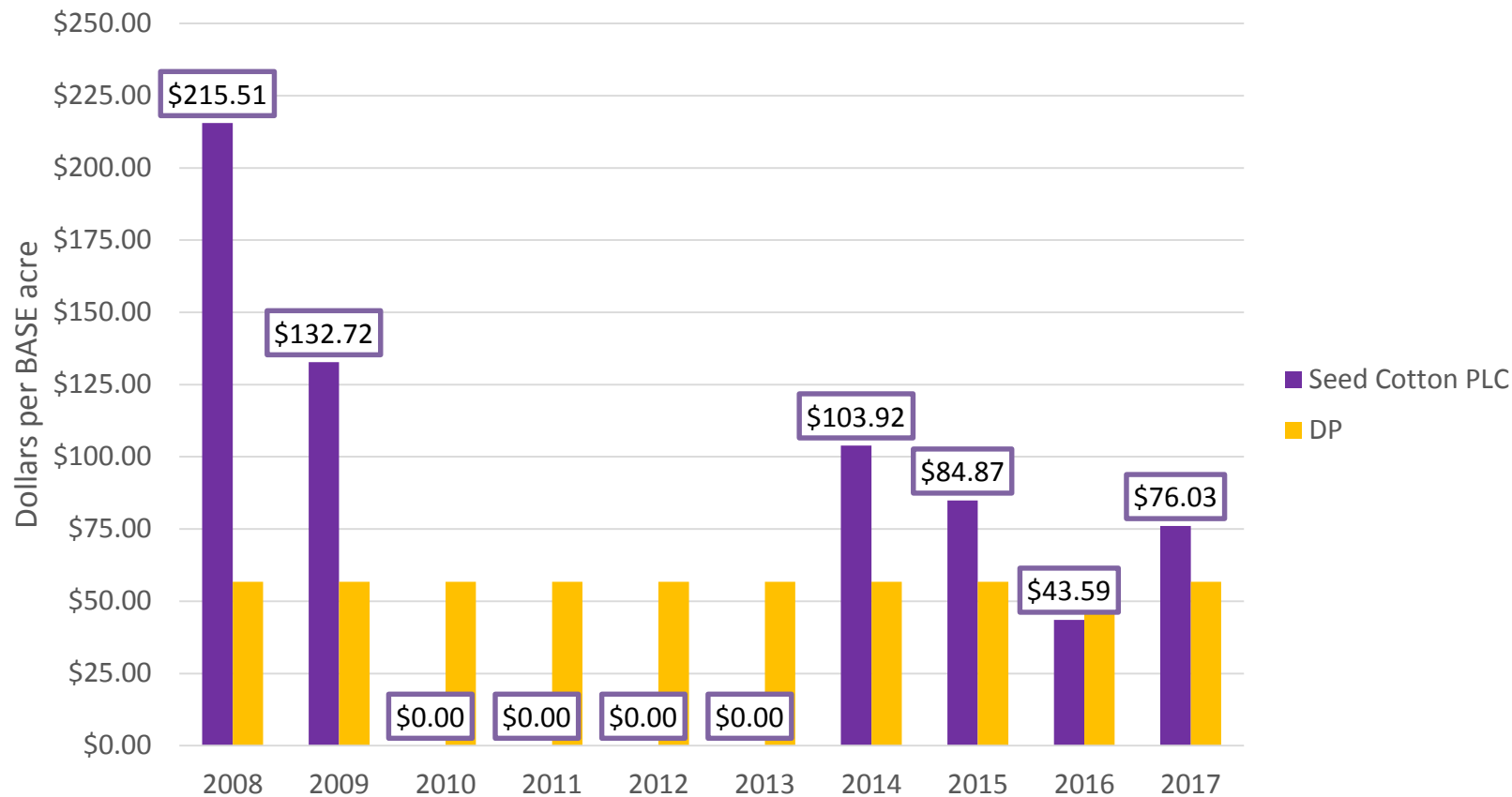
<u>Year</u>	<u>480 Bales</u>	<u>Tons of Seed</u>	<u>Total</u>	<u>Lint Price</u>	<u>CT Seed Price</u>
2014	7.56	10.25	17.81	\$0.613	\$194
2015	5.97	8.08	14.05	\$0.612	\$227
2016	7.96	10.73	18.69	\$0.680	\$195
2017	9.70	12.84	22.55	\$0.674	\$139

<u>Year</u>	<u>Lint Wt.</u>	<u>CT Seed Wt.</u>	<u>Seed MYA</u>	<u>Reference</u>	<u>Trigger?</u>
2014	0.4244	0.5755	\$0.3158	\$0.367	Yes
2015	0.4249	0.5750	\$0.3252	\$0.367	Yes
2016	0.4258	0.5741	\$0.3454	\$0.367	Yes
2017	0.4304	0.5695	\$0.3300	\$0.367	Yes

<u>Year</u>	<u>PLC Pymt. Rate</u>	<u>Program Yield</u>	<u>Pymt./ac</u>	<u>Pymt./Base ac</u>
2014	\$0.0512	2,400	\$122.88	\$104.45
2015	\$0.0418	2,400	\$100.32	\$85.27
2016	\$0.0216	2,400	\$51.84	\$44.07
2017	\$0.0370	2,400	\$89.68	\$76.03

2008-2017 Seed Cotton Program (PLC) Performance

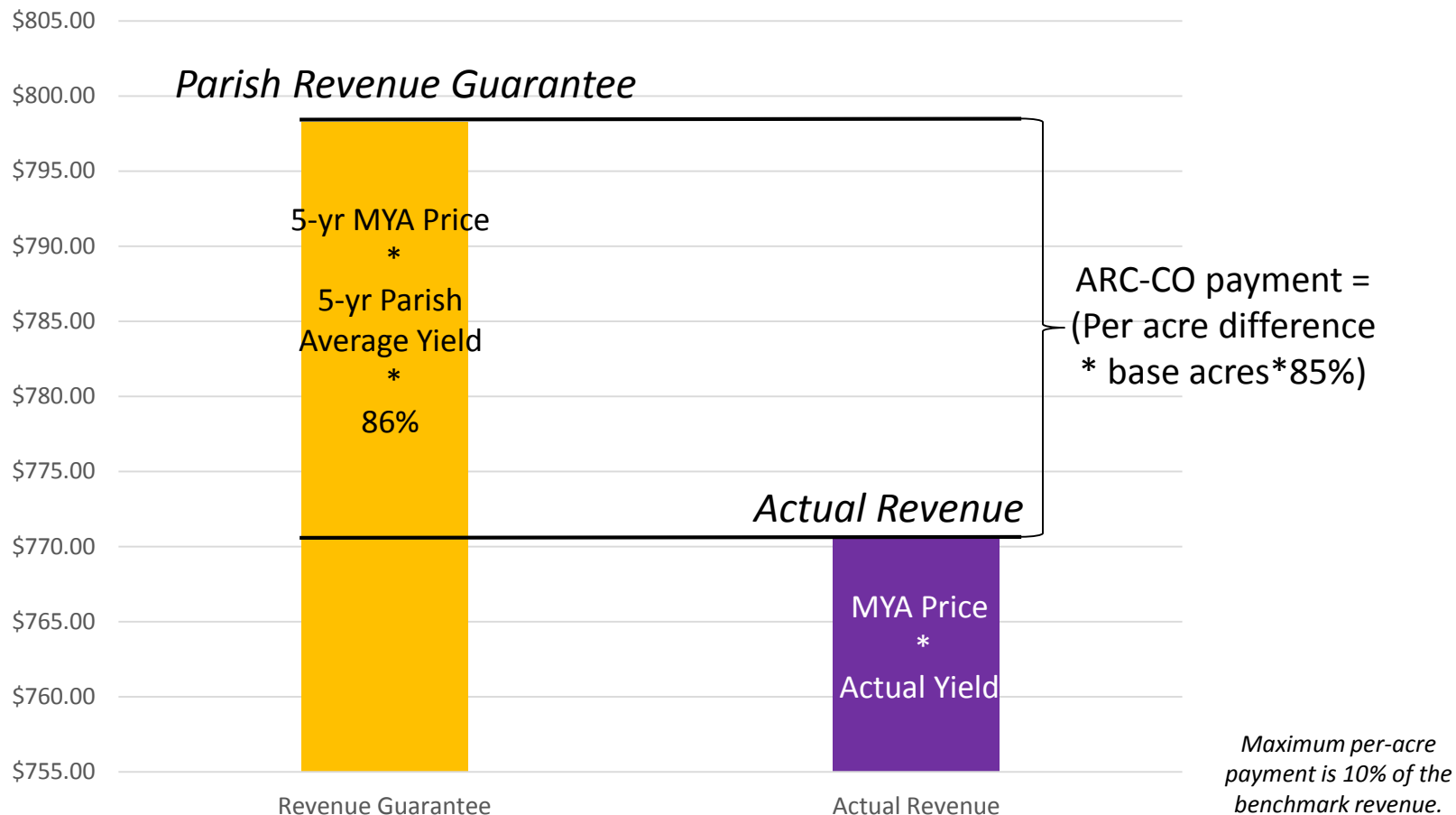
Historical comparison to the direct payment program



*Direct program yield of 1,000 lbs. Direct program payment set at \$56.70 per base acre.
Applied to the farm's seed cotton program yield (no update) set at 2,400 lbs.*

Seed Cotton ARC-CO Payment Formula

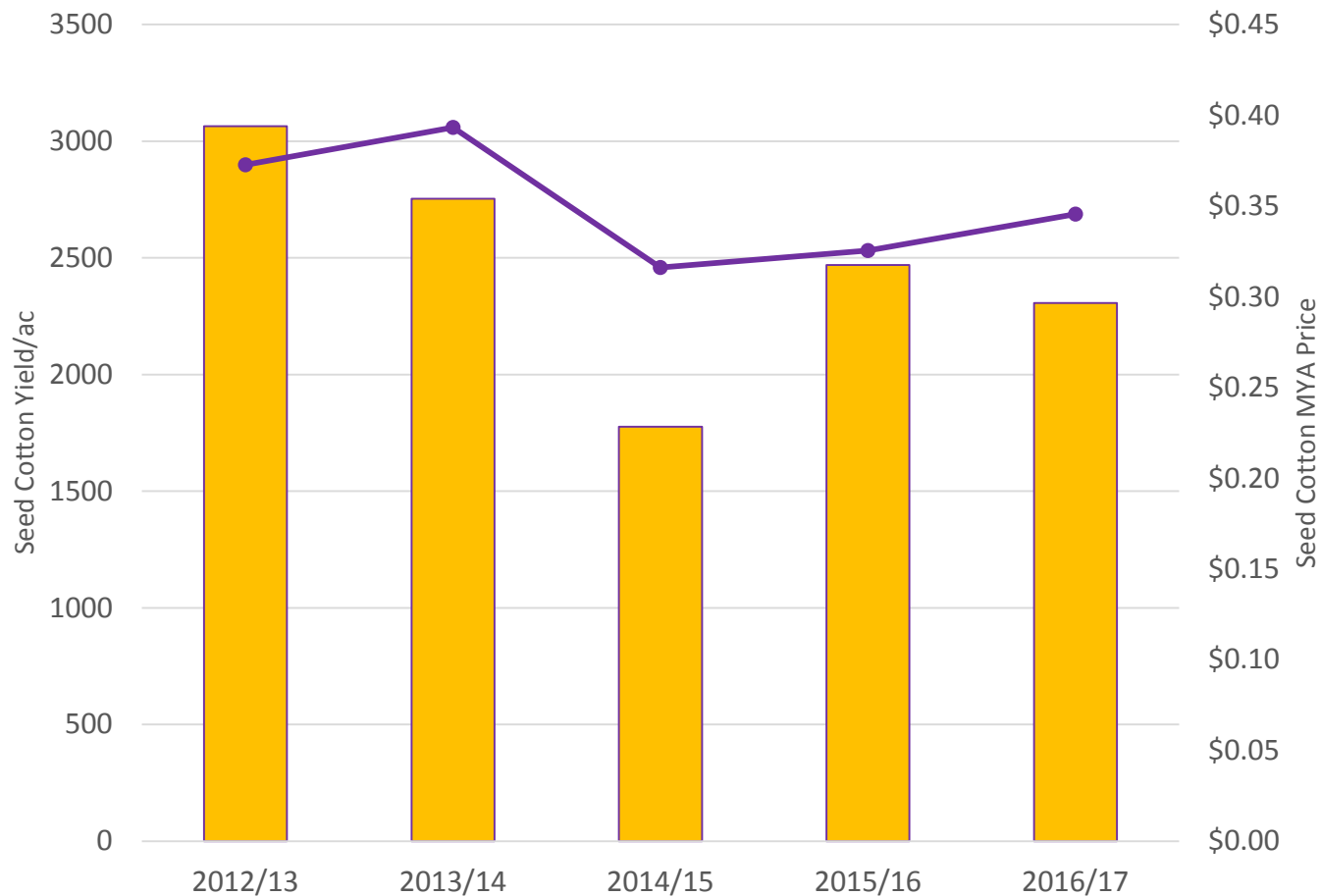
Illustration of program mechanics and parish revenue series calculation



Tensas Parish example for ARC-CO. Seed cotton price for 2018 estimated at \$0.338 and actual yield set at 2,280.

Seed Cotton ARC-CO Program

Parish example of ARC-CO program mechanics

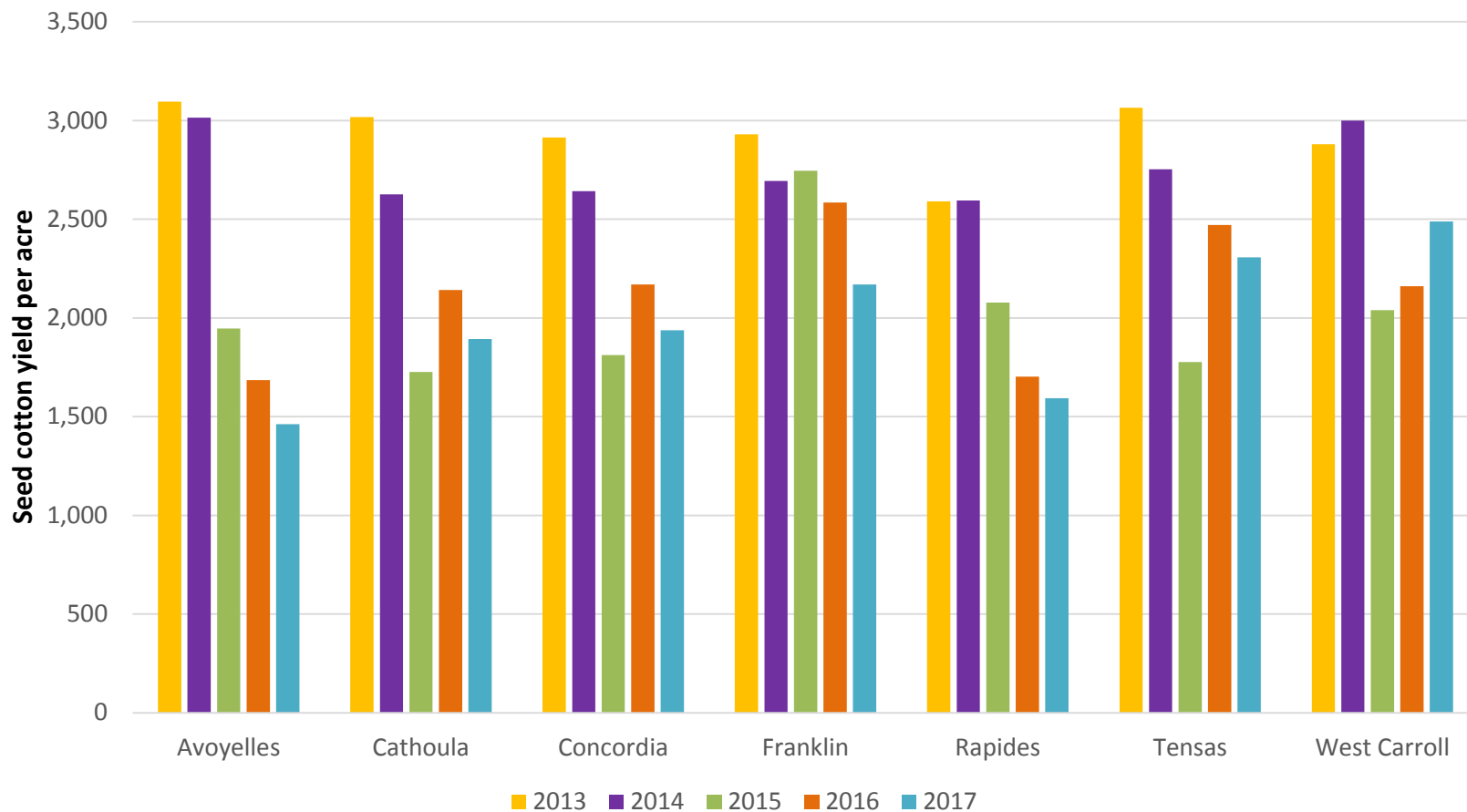


Tensas Parish yield data.

Source: USDA NASS.

Trends in Seed Cotton Program Yields

Yields used to calculate the 2018 ARC-CO revenue guarantee



USDA FSA seed cotton program yield data.

Seed Cotton ARC-CO Program 2018 CY and Beyond

Long-term projections of this area-wide revenue support program

East Carroll Parish (\$/base acre)						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
ARC-CO	\$30	\$0	\$0	\$0	\$0	\$0
PLC	\$60	\$41	\$46	\$42	\$37	\$38

****2018 Actual MYA Price Projection of \$0.68/lb. lint and \$160/ton seed.****

2019-2023 assume FAPRI's long-term price projections coupled with a rolling three-year average of parish's cotton yield.

West Carroll Parish (\$/base acre)						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
ARC-CO	\$34	\$0	\$0	\$0	\$0	\$0
PLC	\$60	\$41	\$46	\$42	\$37	\$38

Seed Cotton ARC-CO Program – *Preliminary Look*

2018 crop year multi-parish example

- What about geographical variability?

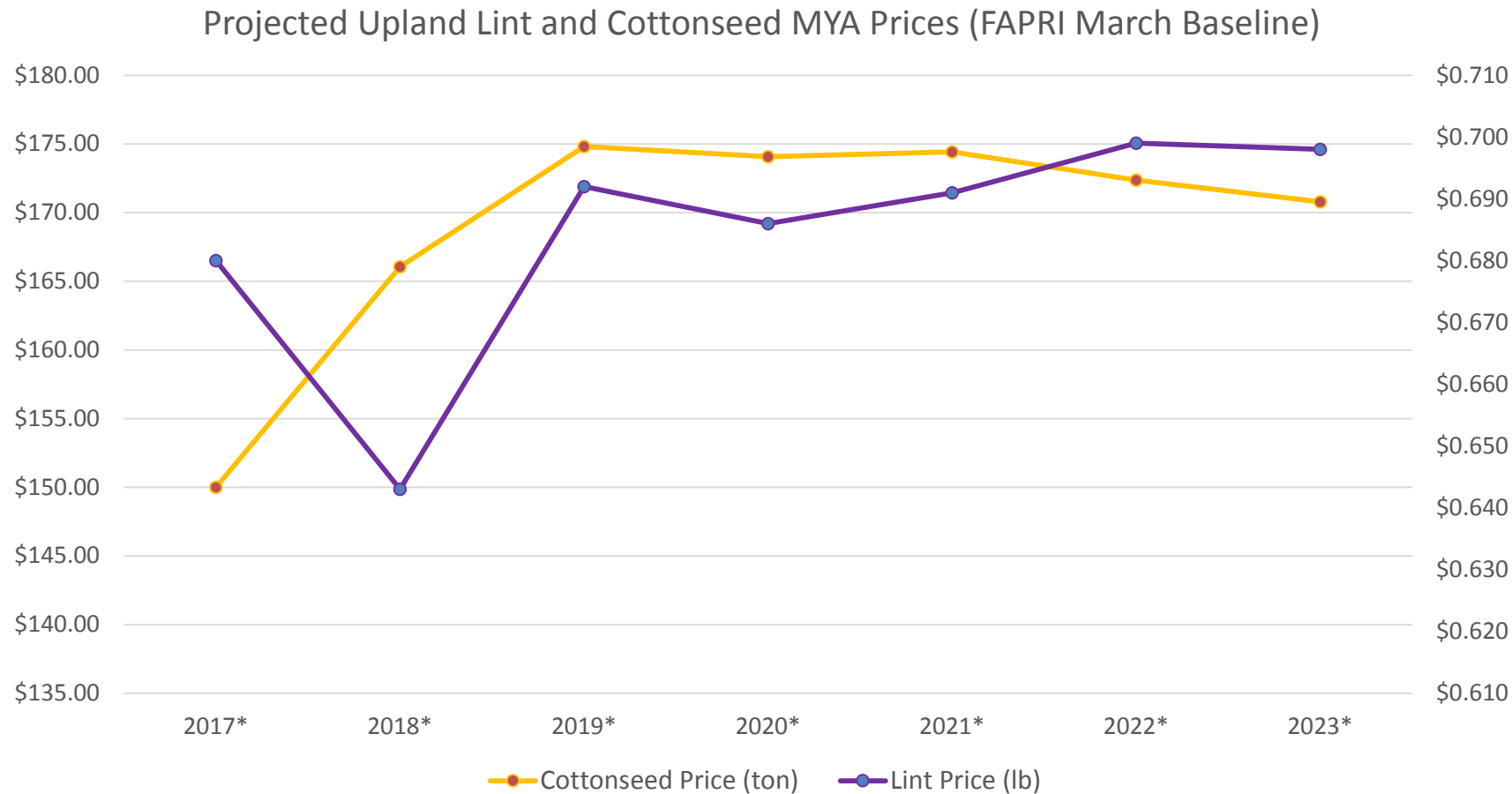


Parish	2018 Seed Cotton ARC-CO Payment (\$/base ac)*
Avoyelles	\$81
Catahoula	\$81
Concordia	\$82
Pointe Coupee	\$52
Franklin	\$49 (I) and \$59 (NI)
Rapides	\$77
East Carroll	\$85 (I) and \$69 (NI)
Madison	\$10 (I) and \$62 (NI)
Tensas	\$92
West Carroll	\$82

*2018 Actual MYA Price Projection of \$0.318 (lint price of \$0.65 and \$166 ton cottonseed from FAPRI's baseline) and Seed Cotton Yield equal to previous 3-yr average

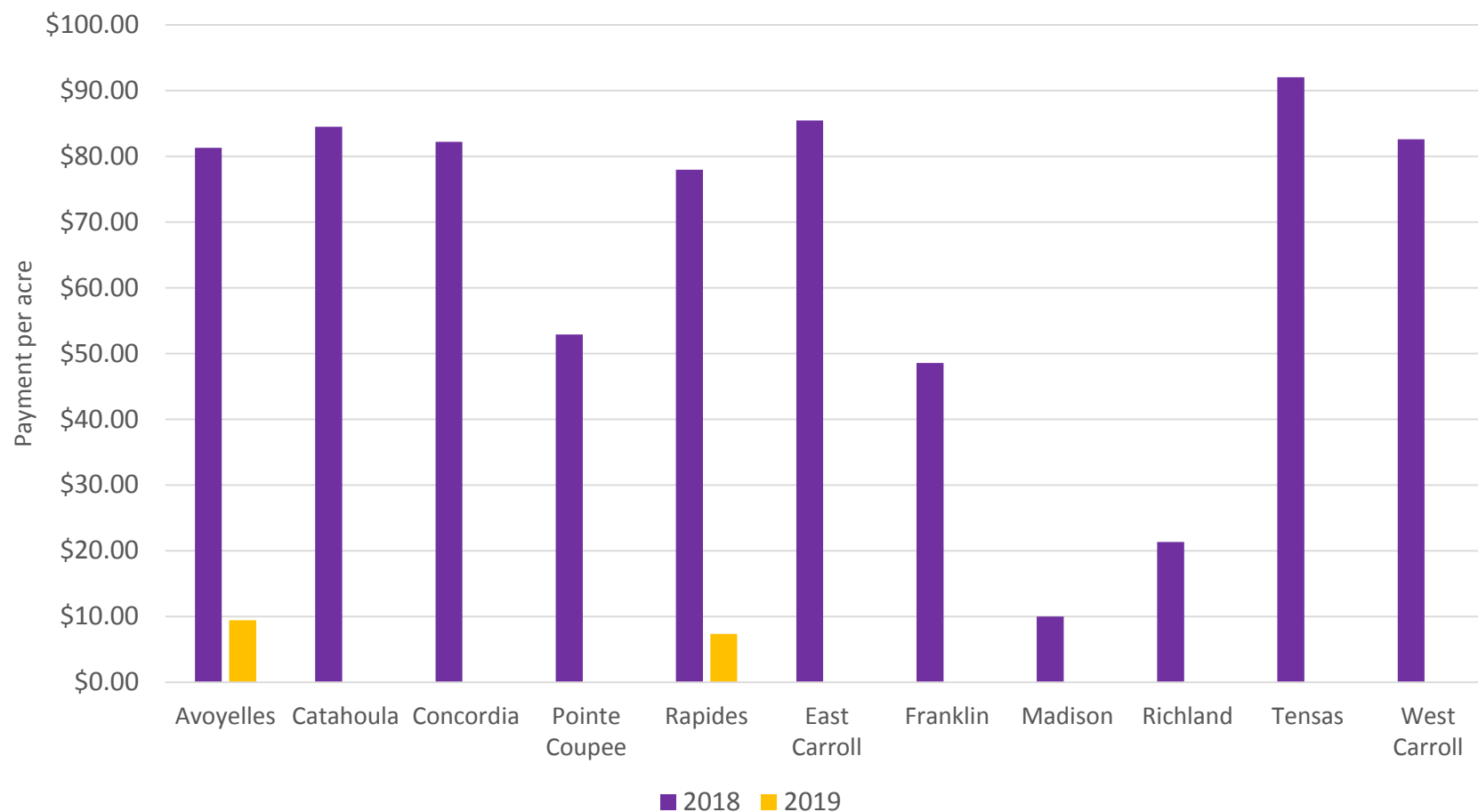
Seed Cotton ARC-CO Program 2018 CY and Beyond

Long-term projections of this area-wide revenue support program



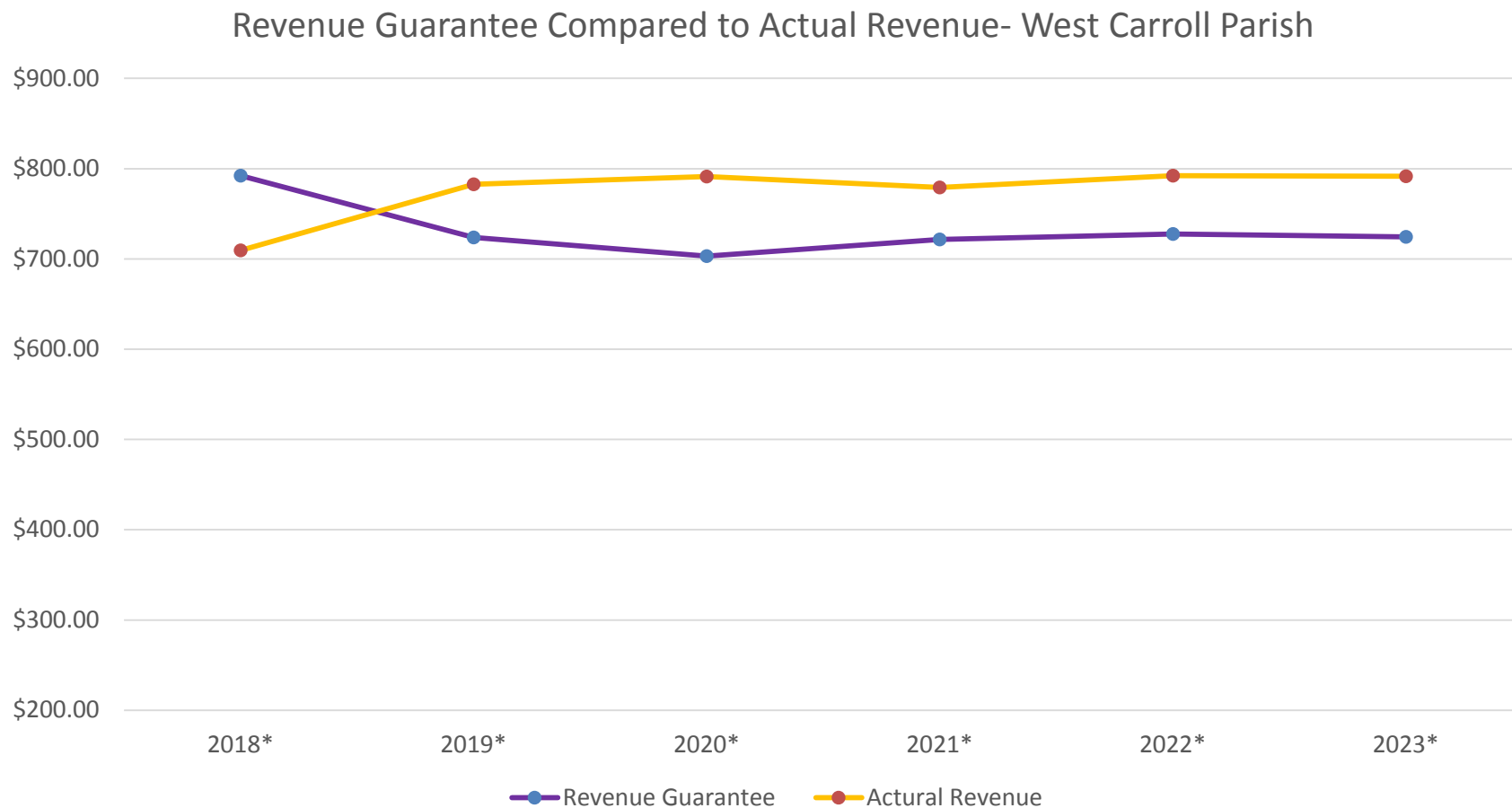
Seed Cotton ARC-CO Program 2018 CY and Beyond

Long-term projections using FAPRI baseline prices



Seed Cotton ARC-CO Program 2018 CY and Beyond

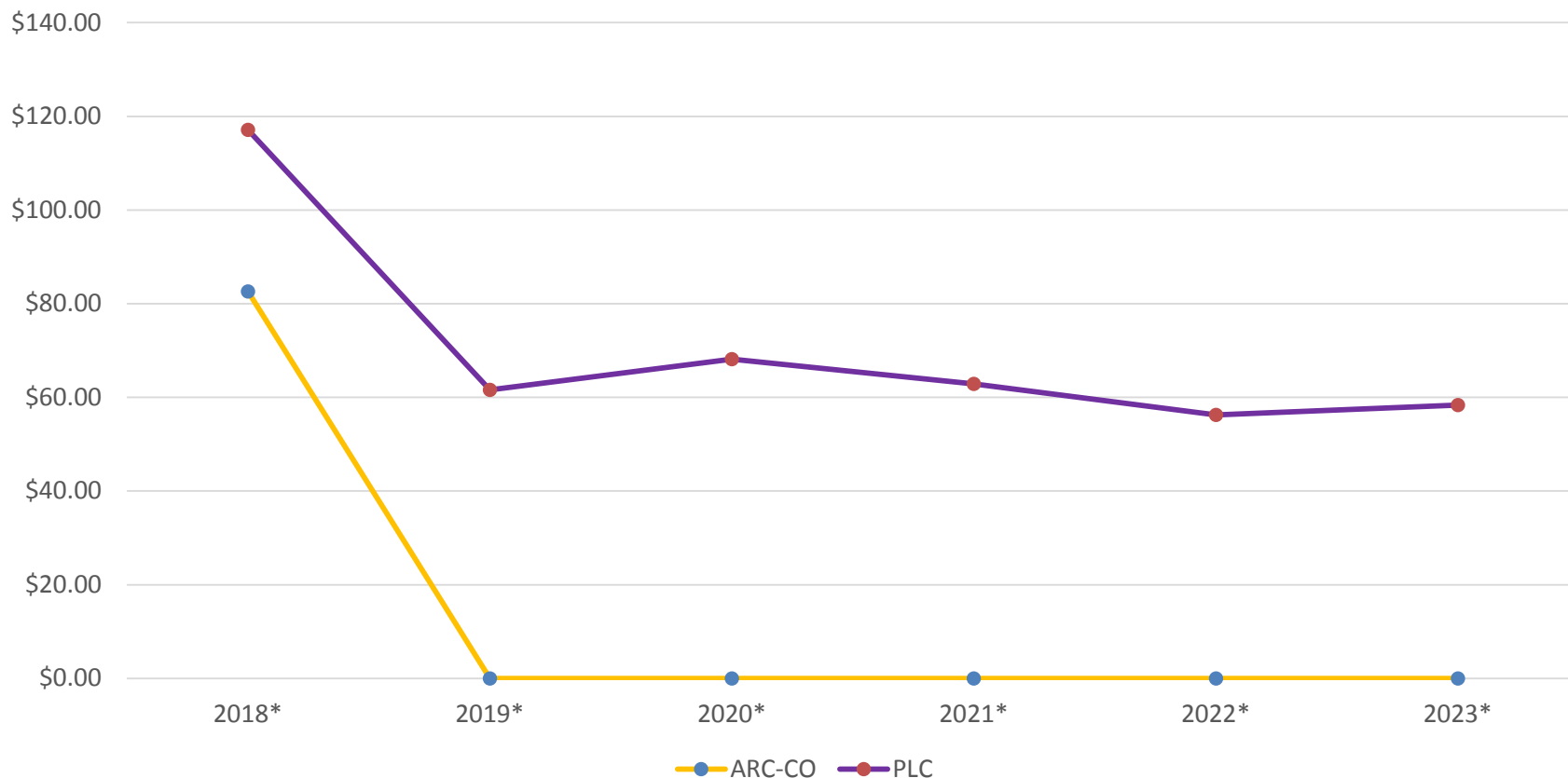
Long-term projections of this area-wide revenue support program



Seed Cotton ARC-CO Program 2018 CY and Beyond

Long-term projections of this area-wide revenue support program

Seed Cotton PLC Program Compared to ARC-CO Program – West Carroll Parish



Seed Cotton ARC-CO Program 2018 CY and Beyond

Long-term projections of this area-wide revenue support program

- *What about ARC-CO payment variability for CY 2018 and subsequent crop years?*
- ARC-CO is a function of MYA seed cotton price and parish-level yield (by practice)
- MYA seed cotton price **and** yield estimates will factor heavily into the ARC-CO program payment formulation
- Examination of variability in both price and yield components are key in evaluating program performance

Seed Cotton Payment Yield

CC yield of 900 pounds (with parish substitute yield of 880 pounds)

	2008	2009	2010	2011	2012
Farm Yield	875	1,200	1,250	1,000	925
	880				

Two yield update options are presented:

The first being the retention of the farm's CC yield as of 2013 multiplied by a factor of 2.4.

The second option allows for the yield to be updated to 90% of simple average of the 2008-12 yield multiplied by 2.4.

Option Number	PLC Seed Cotton Yield
Option 1	2,160
Option 2	2,270

Seed Cotton Payment Yield

CC yield of 1,000 pounds

	2008	2009	2010	2011	2012
Farm Yield	No Planting	No Planting	No Planting	1,350	No Planting

Two yield update options are presented:

The first being to retain the farm's CC yield as of 2013 multiplied by a factor of 2.4.

The second option allows for the yield to be updated to 90% of simple average of the 2008-12 yield multiplied by 2.4.

Option Number	PLC Seed Cotton Yield
Option 1	2,400
Option 2	2,916

Seed Cotton Payment Yield Decision Tool

Producer decision tool from the LSU AgCenter

Seed Cotton Program Payment Yield Update for CY 2018

Step 1. Enter Farm's Existing CC Lint Yield (lbs./acre)

Step 2. Enter the lint yield per acre per year
Lint Yield Used for Payment Update
For Any Year Cotton Not Planted, Enter "0"

2008	2009	2010	2011	2012
0	0	0	1,350	0

Step 3. Enter the substitute cotton lint yield for your parish
 607

Seed Cotton Program Yield Options

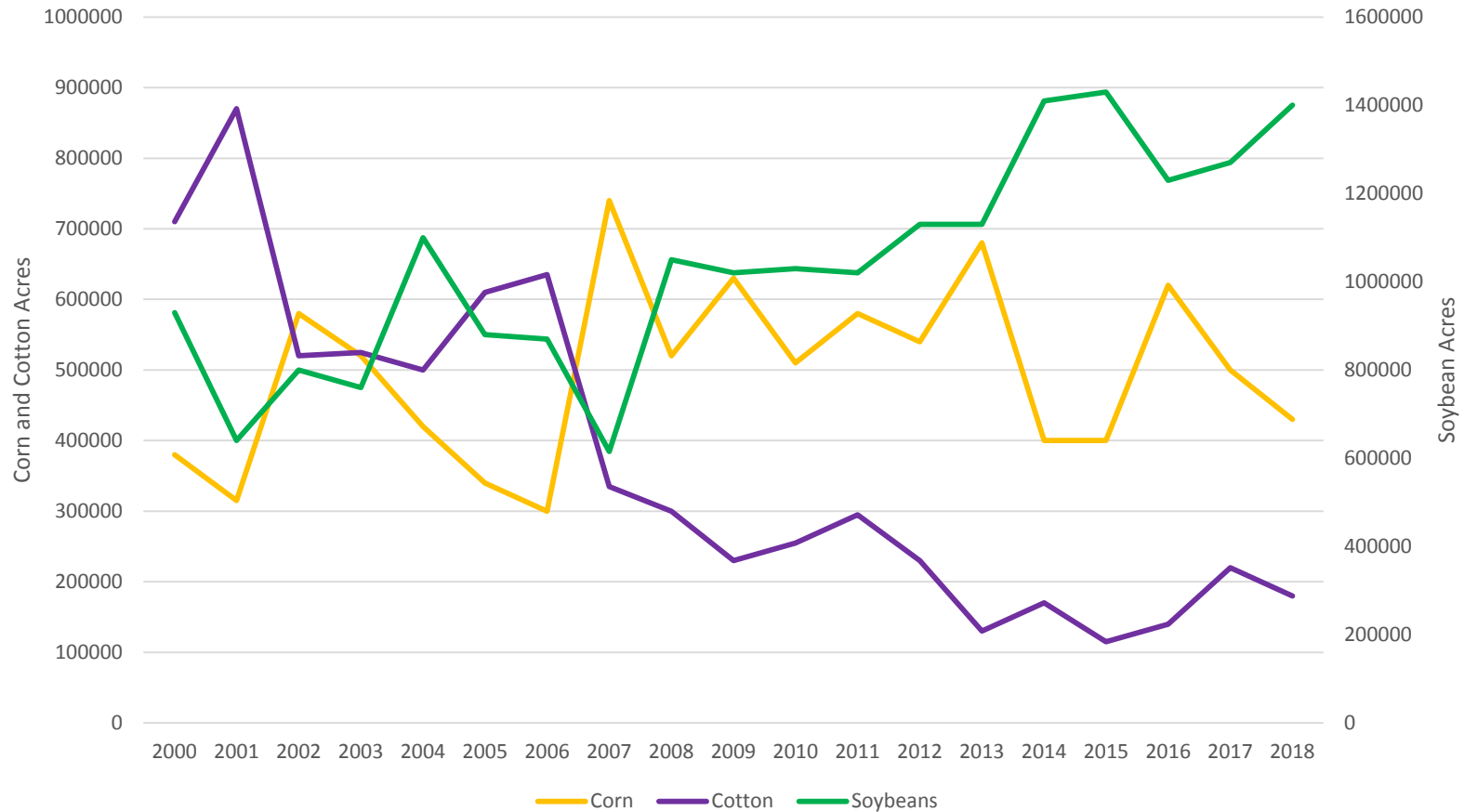
Option 1-Retain CC Yield

Option 2-Update Yield from Planting History

User-specified data

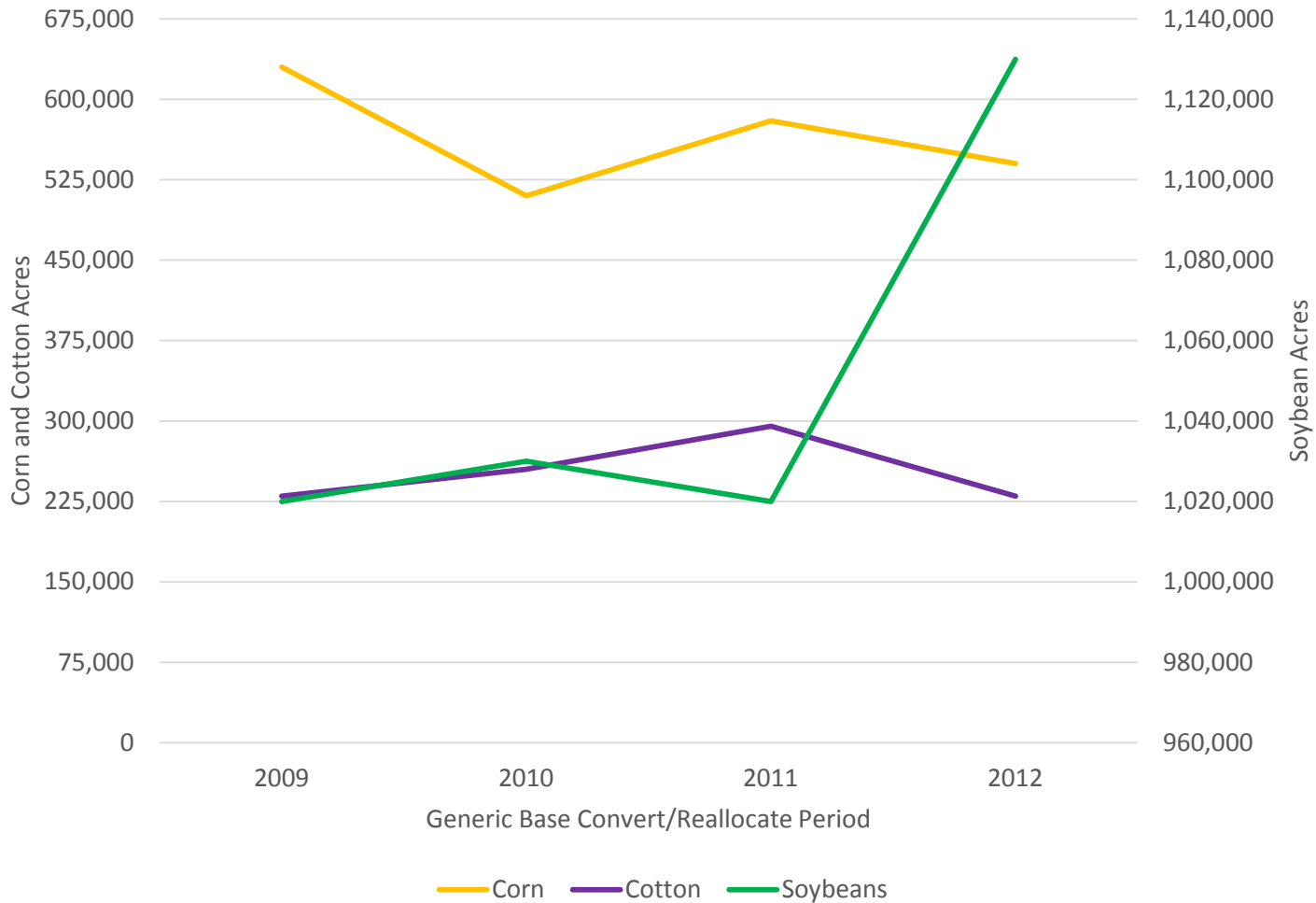
Option Number	PLC Seed Cotton Yield
Option 1	2,400
Option 2	2,916

Historical Crop Acreage in Louisiana



Source: USDA NASS.

2009-2012 Crop Acreage in Louisiana



Source: USDA NASS.

Generic Base Conversion/Reallocation

Producer/Landowner decisions

- Have a one-time option to:
 - 1. Convert 80% of generic base acres to seed cotton base (with 20% of base unassigned)
 - 2. Allocate generic acres to covered commodities (including seed cotton) to the proportional share of the 2009-12 planting history
- A farm ***cannot increase*** the total amount of base acres through this process
- Base acres applicable for the 2018 CY and for the new farm bill (2019-2022)

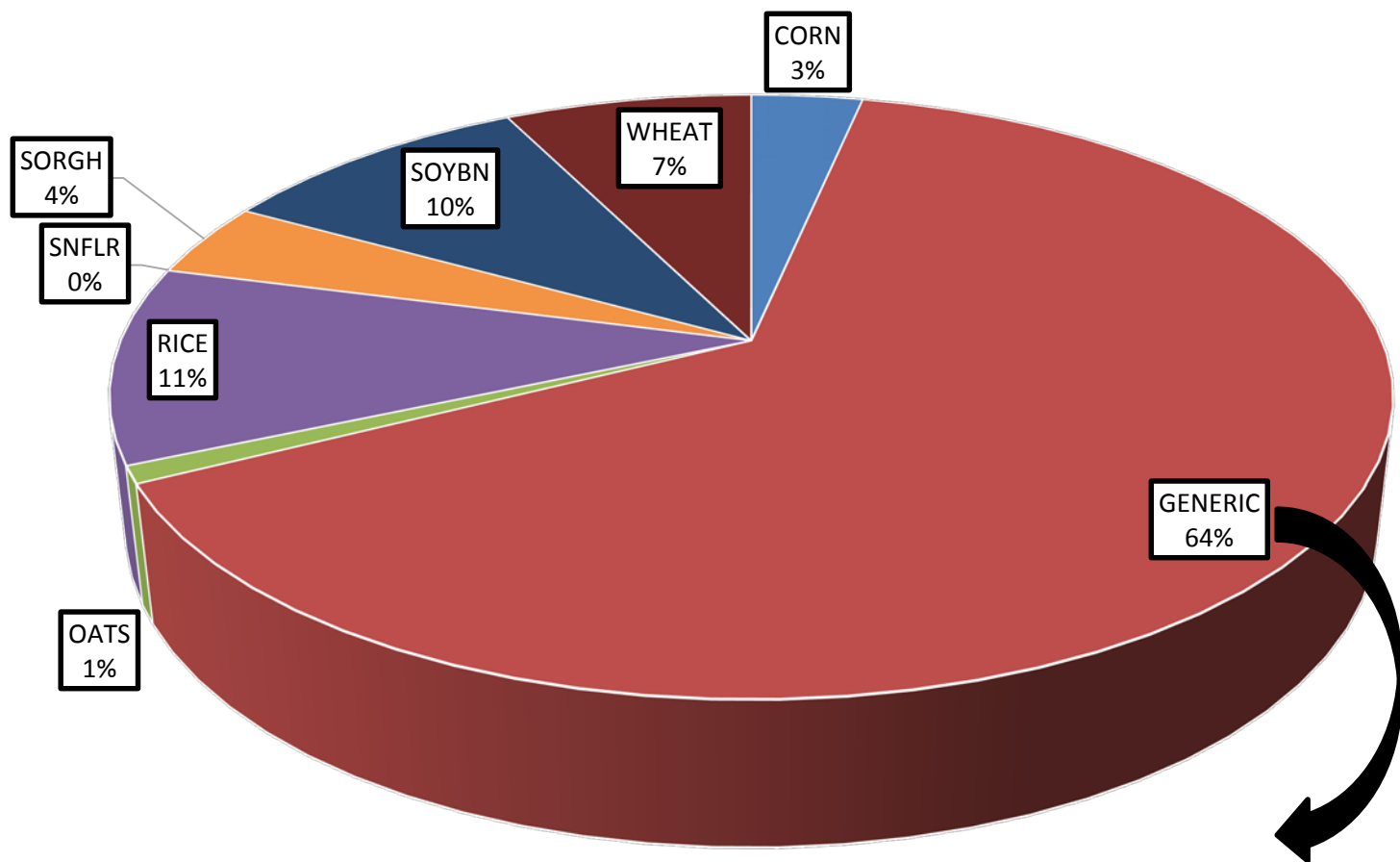
Generic Base Acre Conversion/Reallocation

Summary points

- If a farm has *over* planted their generic base acres in cotton, **all** planted cotton acres will be eligible for the program
- If a farm has *under* planted their generic base in cotton, that farm will **lose** a portion of their generic base acres upon enrollment in the program
- One acre of one ***covered*** commodity must have been planted during 2009-2016 on that farm's generic base to avoid forfeiture of all generic base for that farm

Base Acres in West Carroll Parish

Beginning with the 2018 CY, generic base acres will no longer exist



For the 2018 CY (64,665 acres) or 64% of the parish's base will have to either be converted or reallocated.

Source: USDA FSA.

Generic Base Acres

Example 1

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
<u>2009-2012 Average Plantings</u>	--
Cotton	400
Corn	250
Soybeans	250
Grain Sorghum	100

1

MAX of (80% * 700 generic acres) or (2009 – 2012 average cotton plantings of 400 acres)

80% * 700 = 560 acres of seed cotton base (with 140 acres unassigned)

<u>Parameter</u>	<u>Value</u>
Seed Cotton	$700 * (400/1,000) = 280$ base acres
Corn	$700 * (250/1,000) = 175$ base acres
Soybeans	$700 * (250/1,000) = 175$ base acres
Grain Sorghum	$700 * (100/1,000) = 70$ base acres

2

Converting/Reallocating Base Acres

2018 CY decision tool from the LSU AgCenter

Seed Cotton Program Option: Convert Generic Base Acres to Seed Cotton Base Acres <u>OR</u> Reallocate Generic Base Acres							
Total Generic Base on Farm	700.00						
Planted Acreage	2009	2010	2011	2012	Average		
Corn	250.00	250.00	250.00	250.00	250.00		
Cotton	400.00	400.00	400.00	400.00	400.00		
Rice (Long Grain)	0.00	0.00	0.00	0.00	0.00		
Rice (Medium Grain)	0.00	0.00	0.00	0.00	0.00		
Peanuts	0.00	0.00	0.00	0.00	0.00		
Sorghum	100.00	100.00	100.00	100.00	100.00		
Soybeans	250.00	250.00	250.00	250.00	250.00		
Wheat	0.00	0.00	0.00	0.00	0.00		
Total Plantings	1000.00						
Generic Base Acre Conversion (Option #1)							
Seed Cotton Base	560.00						
Unassigned Base	140.00						
Generic Base Acre Reallocation (Option #2)							
Planted Acreage	2009	2010	2011	2012	Average	All. Percent	Reall. Base Acres
Corn	250.00	250.00	250.00	250.00	250.00	0.250	175.00
Seed Cotton	400.00	400.00	400.00	400.00	400.00	0.400	280.00
Rice (Long Grain)	0.00	0.00	0.00	0.00	0.00	0.000	0.00
Rice (Medium Grain)	0.00	0.00	0.00	0.00	0.00	0.000	0.00
Peanuts	0.00	0.00	0.00	0.00	0.00	0.000	0.00
Sorghum	100.00	100.00	100.00	100.00	100.00	0.100	70.00
Soybeans	250.00	250.00	250.00	250.00	250.00	0.250	175.00
Wheat	0.00	0.00	0.00	0.00	0.00	0.000	0.00
Total Plantings	1000.00					1.000	700.00

User-specified data

Generic Base Acres (w/Rice Plantings)

Example 2

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
<u>2009-2012 Average Plantings</u>	--
Cotton	250
Corn	250
Soybeans	250
Rice	250

1

MAX of (80% * 700 generic acres) or (2009 – 2012 average cotton plantings of 400 acres)

80% * 700 = 560 acres of seed cotton base (with 140 acres unassigned)

<u>Parameter</u>	<u>Value</u>
Seed Cotton	$700 * (250/1,000) = 175$ base acres
Corn	$700 * (250/1,000) = 175$ base acres
Soybeans	$700 * (250/1,000) = 175$ base acres
Rice	$700 * (250/1,000) = 175$ base acres

2

Converting/Reallocating Base Acres

2018 CY decision tool from the LSU AgCenter

Seed Cotton Program Option: Convert Generic Base Acres to Seed Cotton Base Acres <u>OR</u> Reallocate Generic Base Acres								
Total Generic Base on Farm	700.00							
Planted Acreage								
	2009	2010	2011	2012	Average			
Corn	250.00	250.00	250.00	250.00	250.00	250.00		
Cotton	250.00	250.00	250.00	250.00	250.00	250.00		
Rice (Long Grain)	250.00	250.00	250.00	250.00	250.00	250.00		
Rice (Medium Grain)	0.00	0.00	0.00	0.00	0.00	0.00		
Peanuts	0.00	0.00	0.00	0.00	0.00	0.00		
Sorghum	0.00	0.00	0.00	0.00	0.00	0.00		
Soybeans	250.00	250.00	250.00	250.00	250.00	250.00		
Wheat	0.00	0.00	0.00	0.00	0.00	0.00		
Total Plantings						1000.00		
Generic Base Acre Conversion (Option #1)								
Seed Cotton Base	560.00							
Unassigned Base	140.00							
Generic Base Acre Reallocation (Option #2)								
Planted Acreage	2009	2010	2011	2012	Average	All. Percent	Reall. Base Acres	
Corn	250.00	250.00	250.00	250.00	250.00	0.250	175.00	
Seed Cotton	250.00	250.00	250.00	250.00	250.00	0.250	175.00	
Rice (Long Grain)	250.00	250.00	250.00	250.00	250.00	0.250	175.00	
Rice (Medium Grain)	0.00	0.00	0.00	0.00	0.00	0.000	0.00	
Peanuts	0.00	0.00	0.00	0.00	0.00	0.000	0.00	
Sorghum	0.00	0.00	0.00	0.00	0.00	0.000	0.00	
Soybeans	250.00	250.00	250.00	250.00	250.00	0.250	175.00	
Wheat	0.00	0.00	0.00	0.00	0.00	0.000	0.00	
Total Plantings						1000.00	1.000	700.00

Generic Base Acres (w/High Cotton Plantings)

Example 3

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	800 acres
Total Generic Acres on the Farm	500 acres
<u>2009-2012 Average Plantings</u>	--
Cotton	600
Corn	200

1

MAX of (80% * 500 generic acres) or (2009 – 2012 average cotton plantings of 600 acres)
 = 500 acres of seed cotton base (cannot exceed generic base)

W/ THIS OPTION THE RESULT IS NO UNASSIGNED BASE !

<u>Parameter</u>	<u>Value</u>
Seed Cotton	$500 * (600/800) = 375$ base acres
Corn	$500 * (200/800) = 125$ base acres

2

Converting/Reallocating Base Acres

2018 CY decision tool from the LSU AgCenter

Seed Cotton Program Option: Convert Generic Base Acres to Seed Cotton Base Acres OR Reallocate Generic Base Acres							
Total Generic Base on Farm	→ 500.00						
Planted Acreage	2009	2010	2011	2012	Average		
Corn	200.00	200.00	200.00	200.00	200.00		
Cotton	600.00	600.00	600.00	600.00	600.00		
Rice (Long Grain)	0.00	0.00	0.00	0.00	0.00		
Rice (Medium Grain)	0.00	0.00	0.00	0.00	0.00		
Peanuts	0.00	0.00	0.00	0.00	0.00		
Sorghum	0.00	0.00	0.00	0.00	0.00		
Soybeans	0.00	0.00	0.00	0.00	0.00		
Wheat	0.00	0.00	0.00	0.00	0.00		
Total Plantings	800.00						
Generic Base Acre Conversion (Option #1)							
Seed Cotton Base	500.00						
Unassigned Base	0.00						
Generic Base Acre Reallocation (Option #2)							
Planted Acreage	2009	2010	2011	2012	Average	All. Percent	Reall. Base Acres
Corn	200.00	200.00	200.00	200.00	200.00	0.250	125.00
Seed Cotton	600.00	600.00	600.00	600.00	600.00	0.750	375.00
Rice (Long Grain)	0.00	0.00	0.00	0.00	0.00	0.000	0.00
Rice (Medium Grain)	0.00	0.00	0.00	0.00	0.00	0.000	0.00
Peanuts	0.00	0.00	0.00	0.00	0.00	0.000	0.00
Sorghum	0.00	0.00	0.00	0.00	0.00	0.000	0.00
Soybeans	0.00	0.00	0.00	0.00	0.00	0.000	0.00
Wheat	0.00	0.00	0.00	0.00	0.00	0.000	0.00
Total Plantings	800.00					1.000	500.00

Seed Cotton Program Default Elections

If unanimous decision is NOT made, then...

- Default seed cotton program election:
 - **PLC**
- Default seed cotton program yield:
 - **CC lint yield** (multiplied by a factor of 2.4)
- Default generic allocation:
 - **The higher of either the 2009-12 average cotton plantings or 80% of generic base acres (option #1)**

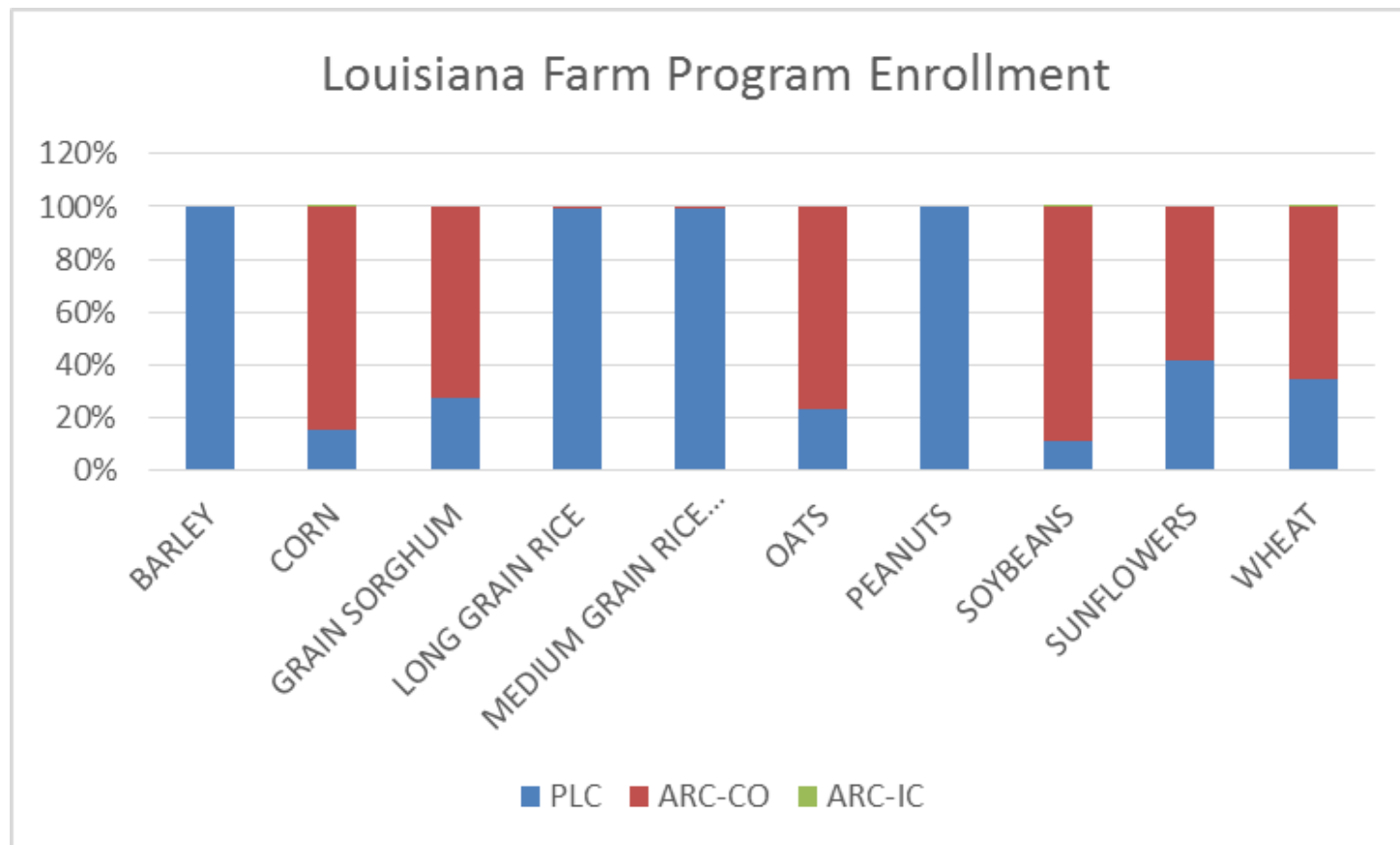
Estimating the Value of Base Acres

Economic considerations in projecting program payments



Title I Program Participation

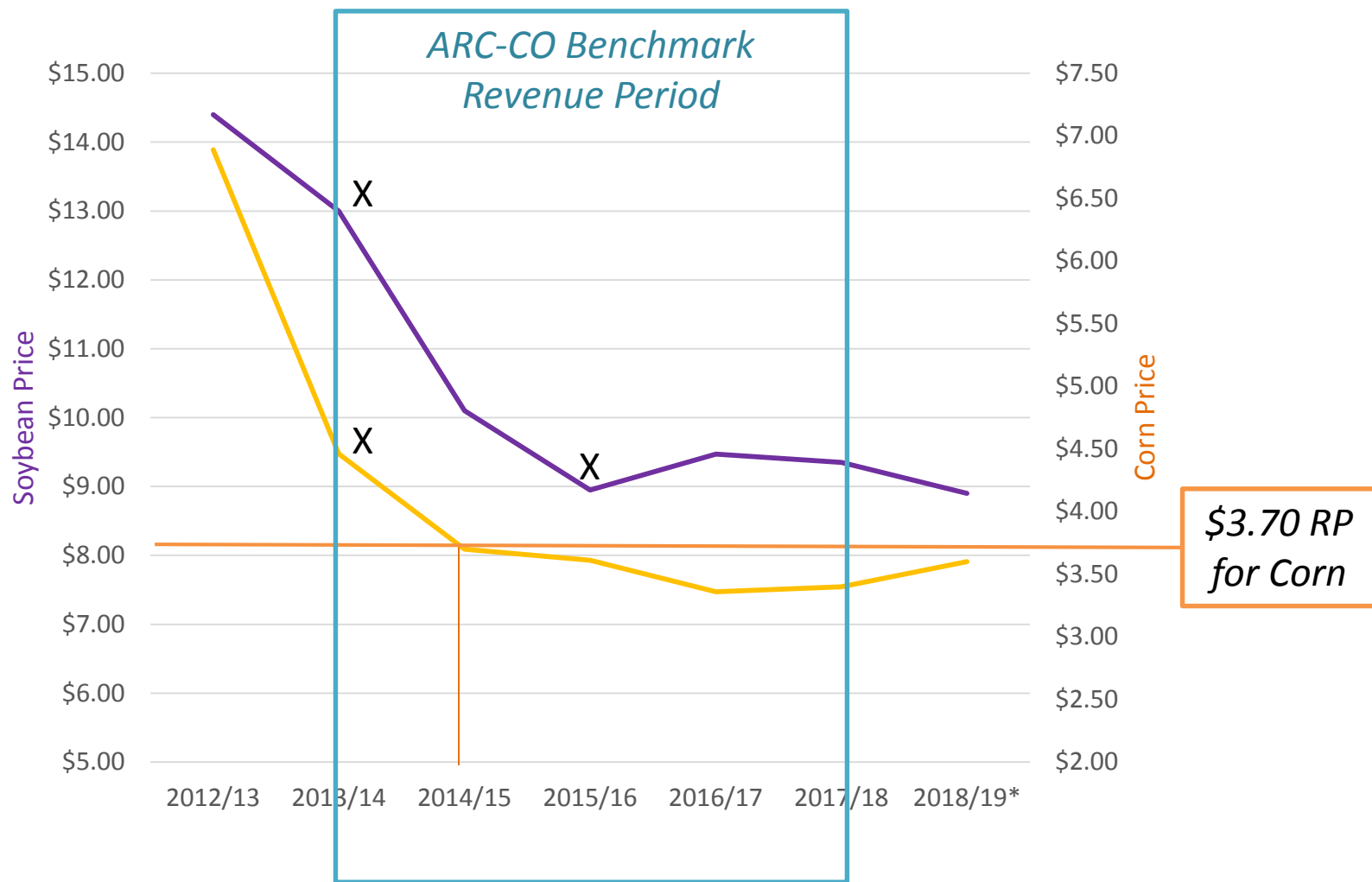
Louisiana Farm Data



Source: USDA-FSA.

Corn and Soybean MYA Prices

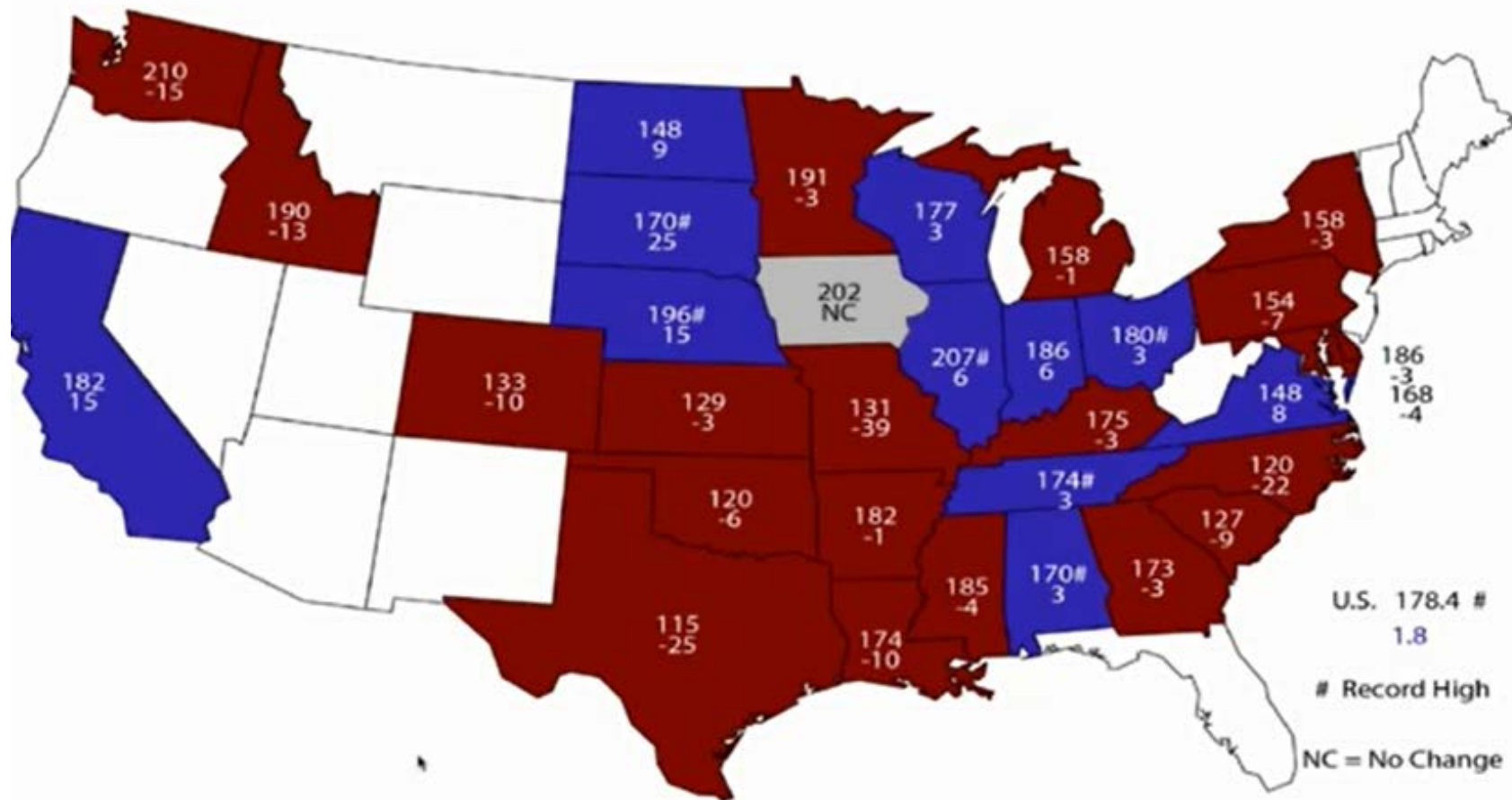
Used for ARC-CO (and PLC) revenue guarantee calculations for 2018 CY



Source: USDA-FSA.

Corn Yields and Change from Previous Year

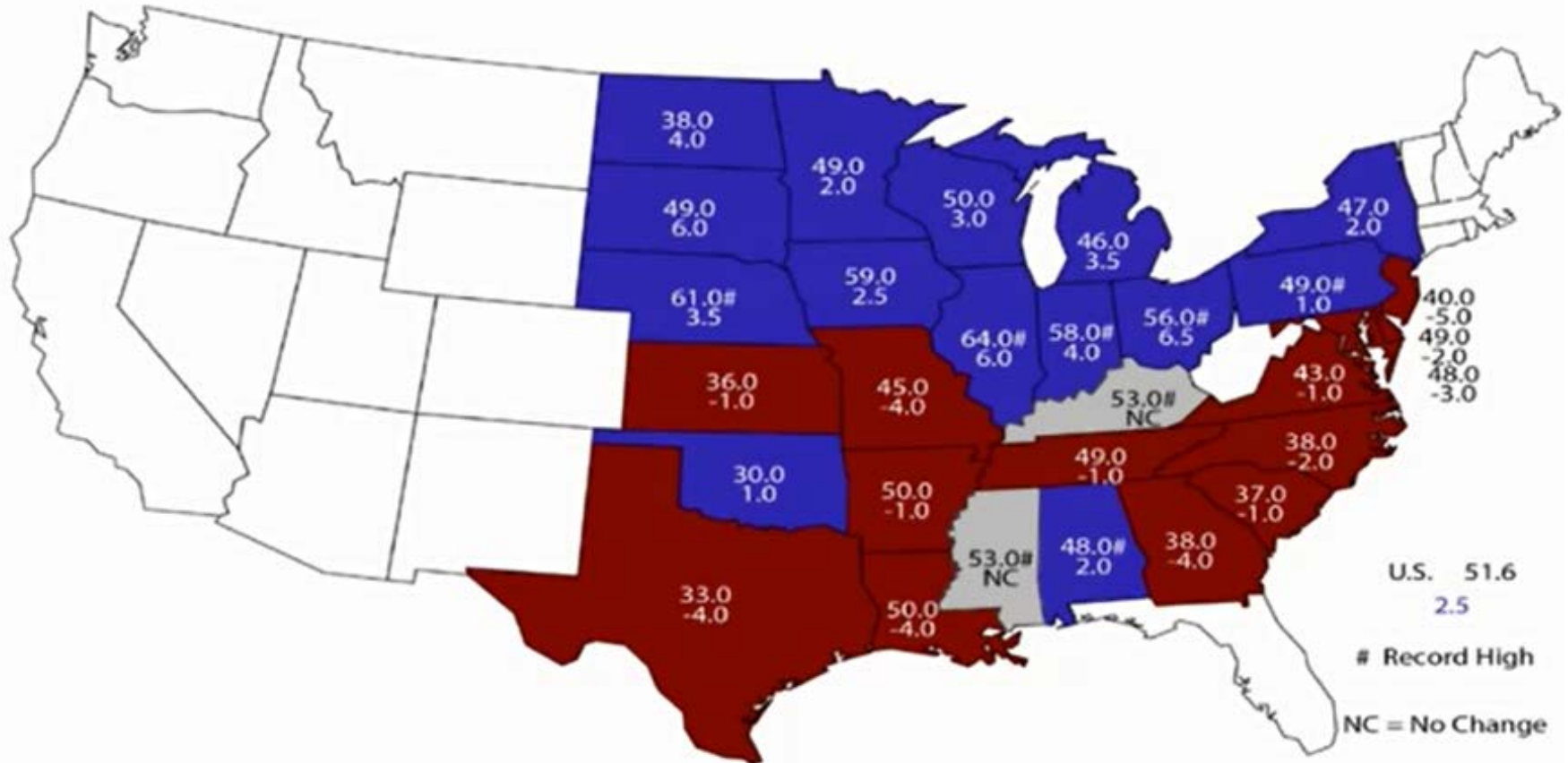
USDA NASS crop report (August 1, 2018)



Source: U of Illinois.

Soybean Yields and Change from Previous Year

USDA NASS crop report (August 1, 2018)



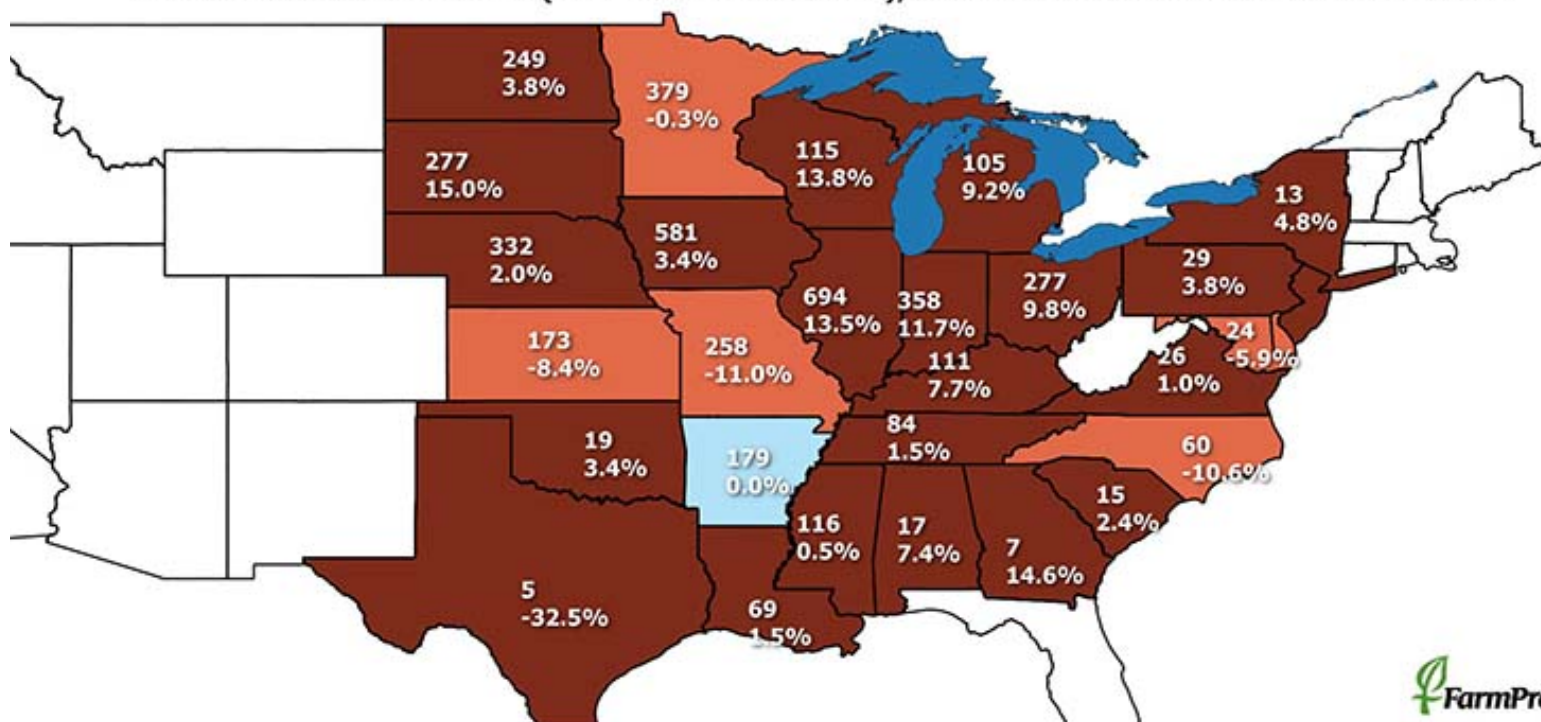
Source: U of Illinois.

Soybean Production Increased on Higher Yields

August WASDE report (August 10, 2018)

2018 USDA SOYBEAN PRODUCTION

TOP NUMBER IS THIS YEAR (MILLIONS OF BUSHEL), BOTTOM NUMBER IS CHANGE FROM 2017



FarmProgress

Source: Farm Futures.

Soybean Balance Sheet Projections

With and without trade issues (uncertainty)

	2018/19 August WASDE	2018/19 No Trade Issues	2018/19 Trade Issues
Supply:			
Planted Acreage (mil.)	89.6	89.6	89.6
Harvested Acreage (mil.)	88.9	88.9	88.9
Yield (bu./ac.)	51.6	50.3	50.3
Production (mil. bu.)	4,586	4,472	4,472
Beginning stocks (mil. bu.)	430	430	430
Imports (mil. bu.)	25	25	25
Total Supply (mil. bu.)	5,040	4,927	4,927
Consumption:			
Crush (mil. bu.)	2,060	1,990	2,045
Export (mil. bu.)	2,060	2,250	2,000
Seed and feed (mil. bu.)	136	136	136
Total Consumption(mil. bu.)	4,256	4,376	4,181
Ending stocks (mil. bu.)	785	551	746
Stocks-to-use	18.4%	12.6%	17.8%
Average farm price (\$/bu.)	\$8.90	\$9.50	\$8.90

Source: U of Illinois.

Estimating the Value of Base Acres

Economic considerations

- What was my 2009-2012 planting history?
- Should I build (reallocate) commodity base?
- Determining the “value” of base?
- Making a program projection: **What do I need to know?**

Program elections for covered commodities planted to generic acres are a result of prior decisions made with 2014 Farm Bill sign-up

ARC-CO Payment per Base Acre – Decision Tool

2017 CY example for corn in West Carroll Parish

ARC-CO Farm Program Payment Estimate for the 2017 Crop Year (Payment occurring in October of 2018)

Corn (all)

West Carroll Parish

Historic Farm Program Parameters:

Benchmark Revenue^{1/} \$673.38

ARC-CO Payment Maximum Rate^{2/} \$67.34

Revenue Guarantee^{3/} \$579.11

Grower-specified Parameters:

Estimated Parish Yield for 2017 189

Estimated MYA Price for 2017 \$3.36

Estimated ARC-CO Payments for Corn in West Carroll Parish for the 2017 CY

Yield	Final Reported National MYA Price for 2017									
	\$3.16	\$3.21	\$3.26	\$3.31	\$3.36	\$3.41	\$3.46	\$3.51	\$3.56	\$3.61
179	\$13.47	\$4.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
181	\$7.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
183	\$0.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
185	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
187	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
189	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
191	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
193	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
195	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
197	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
199	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

User-specified data

Est. ARC-CO payments are presented over a range of prices and yields.

The 2017 USDA NASS parish reported yield of 189 bu/ac used as proxy with the 2017/18 projected MYA price of \$3.36/bu.

ARC-CO Payment per Base Acre – Decision Tool

2018 CY example for corn in West Carroll Parish

ARC-CO Farm Program Payment Estimate for the 2018 Crop Year (Payment occurring in October of 2019) SUBJECT TO GROWER SPECIFICATIONS FOR 2017CY

Corn (all)

West Carroll Parish

Historic Farm Program Parameters:

Benchmark Revenue^{1/} \$648.73

ARC-CO Payment Maximum Rate^{2/} \$64.87

Revenue Guarantee^{3/} \$557.91

Grower-specified Parameters:

Estimated Parish Yield for 2017 189

Estimated MYA Price for 2017 \$3.60

Estimated ARC-CO Payments for Corn in West Carroll Parish for the 2018 CY

	<u>Final Reported National MYA Price for 2018</u>									
<u>Yield</u>	\$3.40	\$3.45	\$3.50	\$3.55	\$3.60	\$3.65	\$3.70	\$3.75	\$3.80	\$3.85
179	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
181	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
183	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
185	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
187	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
189	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
191	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
193	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
195	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
197	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
199	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

User-specified data

The 2017 USDA NASS reported yield used as proxy coupled with August 2018 WASDE corn price.

How sensitive is the revenue guarantee in 2018 to changes in actual yields and MYA prices?

ARC-CO Payment per Base Acre – Decision Tool

2018 CY example for corn in West Carroll Parish w/ lower price and yield

ARC-CO Farm Program Payment Estimate for the 2018 Crop Year (Payment occurring in October of 2019) SUBJECT TO GROWER SPECIFICATIONS FOR 2017CY

Corn (all)

West Carroll Parish

Historic Farm Program Parameters:

Benchmark Revenue^{1/} \$648.73

ARC-CO Payment Maximum Rate^{2/} \$64.87

Revenue Guarantee^{3/} \$557.91

Grower-specified Parameters:

Estimated Parish Yield for 2017 **174**

Estimated MYA Price for 2017 **\$3.45**

<i>Estimated ARC-CO Payments for Corn in West Carroll Parish for the 2018 CY</i>										
	<i>Final Reported National MYA Price for 2018</i>									
<i>Yield</i>	\$3.25	\$3.30	\$3.35	\$3.40	\$3.45	\$3.50	\$3.55	\$3.60	\$3.65	\$3.70
164	\$24.91	\$16.71	\$8.51	\$0.31	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
166	\$18.41	\$10.11	\$1.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
168	\$11.91	\$3.51	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
170	\$5.41	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
172	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
174	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
176	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
178	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
180	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
182	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
184	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

The 2018 actual yield was reduced by 15 bushels, and the actual MYA price was decreased to \$3.45 per bushel. The result is that an ARC-CO corn payment for West Carroll Parish will NOT trigger in 2018.

Again, how sensitive is the revenue guarantee in 2018 (a function of the 2013-17 yields and MYA prices) to changes in yields and prices?

ARC-CO Payment per Base Acre – Decision Tool

2017 CY example for irrigated soybeans in West Carroll Parish

ARC-CO Farm Program Payment Estimate for the 2017 Crop Year (Payment occurring in October of 2018)

Soybeans (irrigated)

West Carroll Parish

Historic Farm Program Parameters:

Benchmark Revenue^{1/} \$586.26

ARC-CO Payment Maximum Rate^{2/} \$58.63

Revenue Guarantee^{3/} \$504.18

Grower-specified Parameters:

Estimated Parish Yield for 2017 60

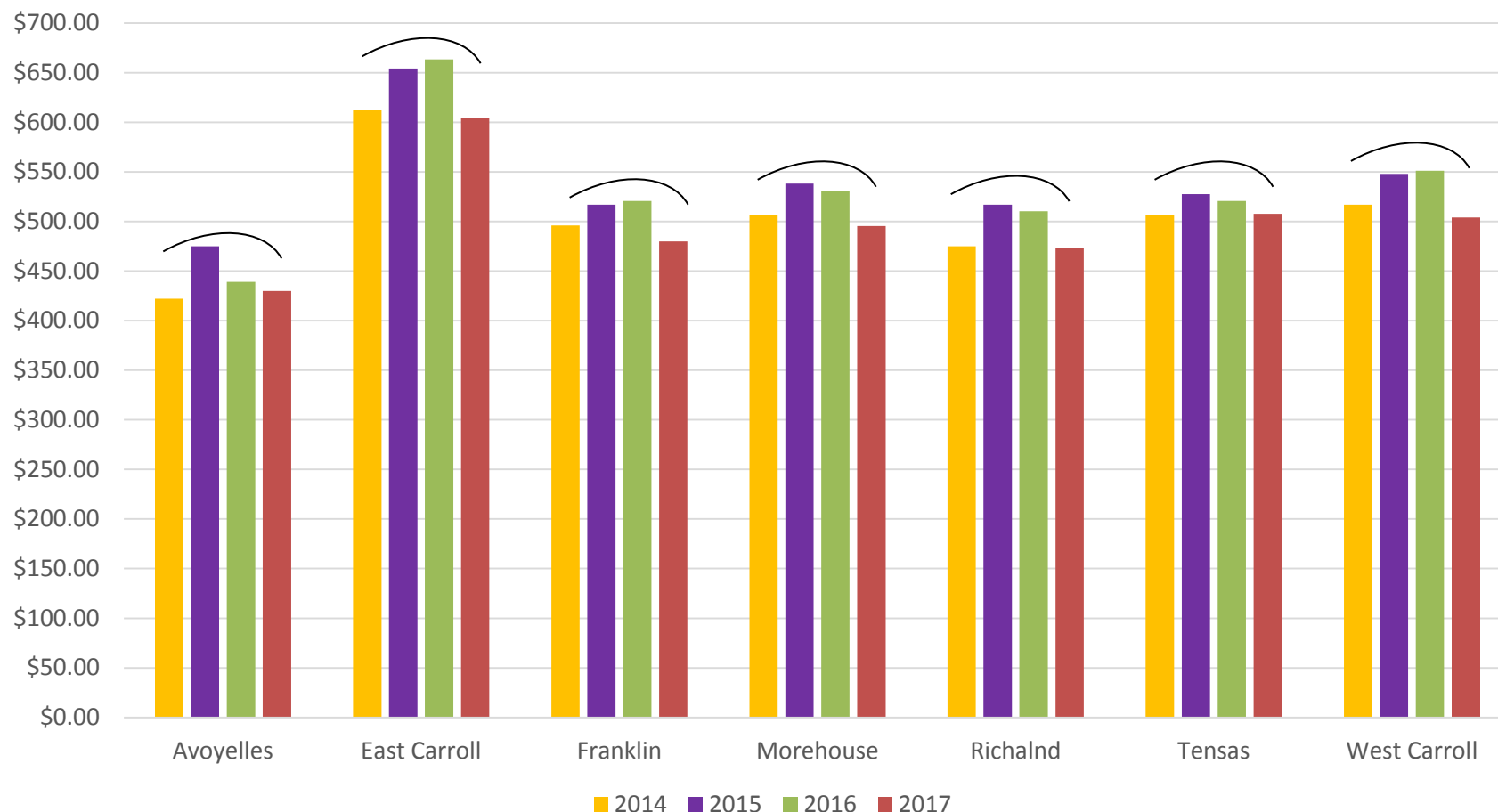
Estimated MYA Price for 2017 \$9.35

Estimated ARC-CO Payments for Soybeans in West Carroll Parish for the 2017 CY										
	Final Reported National MYA Price for 2017									
Yield	\$9.15	\$9.20	\$9.25	\$9.30	\$9.35	\$9.40	\$9.45	\$9.50	\$9.55	\$9.60
50	\$46.68	\$44.18	\$41.68	\$39.18	\$36.68	\$34.18	\$31.68	\$29.18	\$26.68	\$24.18
52	\$28.38	\$25.78	\$23.18	\$20.58	\$17.98	\$15.38	\$12.78	\$10.18	\$7.58	\$4.98
54	\$10.08	\$7.38	\$4.68	\$1.98	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
56	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
58	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
62	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
68	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

The 2017 USDA NASS reported yield of 60 bu/ac used as proxy along with a 2017/18 projected MYA price of \$9.35/bu.

ARC-CO Revenue Guarantee Levels

Selected soybean-producing parishes – an illustration of program mechanics



Avoyelles and Morehouse represent all production, while the irrigation practice is considered for all other parishes.

ARC-CO Payment per Base Acre – Decision Tool

2018 CY example for irrigated soybeans in West Carroll Parish

ARC-CO Farm Program Payment Estimate for the 2018 Crop Year (Payment occurring in October of 2019)

Soybeans (irrigated)

West Carroll Parish

Historic Farm Program Parameters:

Benchmark Revenue ^{1/}	\$532.40
ARC-CO Payment Maximum Rate ^{2/}	\$53.24
Revenue Guarantee ^{3/}	\$457.86

Grower-specified Parameters:

Estimated Parish Yield for 2017	55
Estimated MYA Price for 2017	\$8.90

Estimated ARC-CO Payments for Soybeans in West Carroll Parish for the 2018 CY

Yield	Final Reported National MYA Price for 2018									
	\$8.70	\$8.75	\$8.80	\$8.85	\$8.90	\$8.95	\$9.00	\$9.05	\$9.10	\$9.15
45	\$53.24	\$53.24	\$53.24	\$53.24	\$53.24	\$53.24	\$52.86	\$50.61	\$48.36	\$46.11
47	\$48.96	\$46.61	\$44.26	\$41.91	\$39.56	\$37.21	\$34.86	\$32.51	\$30.16	\$27.81
49	\$31.56	\$29.11	\$26.66	\$24.21	\$21.76	\$19.31	\$16.86	\$14.41	\$11.96	\$9.51
51	\$14.16	\$11.61	\$9.06	\$6.51	\$3.96	\$1.41	\$0.00	\$0.00	\$0.00	\$0.00
53	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
55	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
57	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
61	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
63	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
65	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

The 2018 reported yield of 55 bu/ac used as a proxy (-5 bu/ac yield from previous year) along with the August WASDE 2018/19 projected MYA price of \$8.90/bu.

ARC-CO Payment per Base Acre – Decision Tool

2018 CY example for soybeans in West Carroll Parish w/ lower price and yield

ARC-CO Farm Program Payment Estimate for the 2018 Crop Year (Payment occurring in October of 2019)

Soybeans (irrigated)

West Carroll Parish

Historic Farm Program Parameters:

Benchmark Revenue^{1/} \$522.72

ARC-CO Payment Maximum Rate^{2/} \$52.27

Revenue Guarantee^{3/} \$449.54

Grower-specified Parameters:

Estimated Parish Yield for 2017 **50**

Estimated MYA Price for 2017 **\$8.50**

Estimated ARC-CO Payments for Soybeans in West Carroll Parish for the 2018 CY

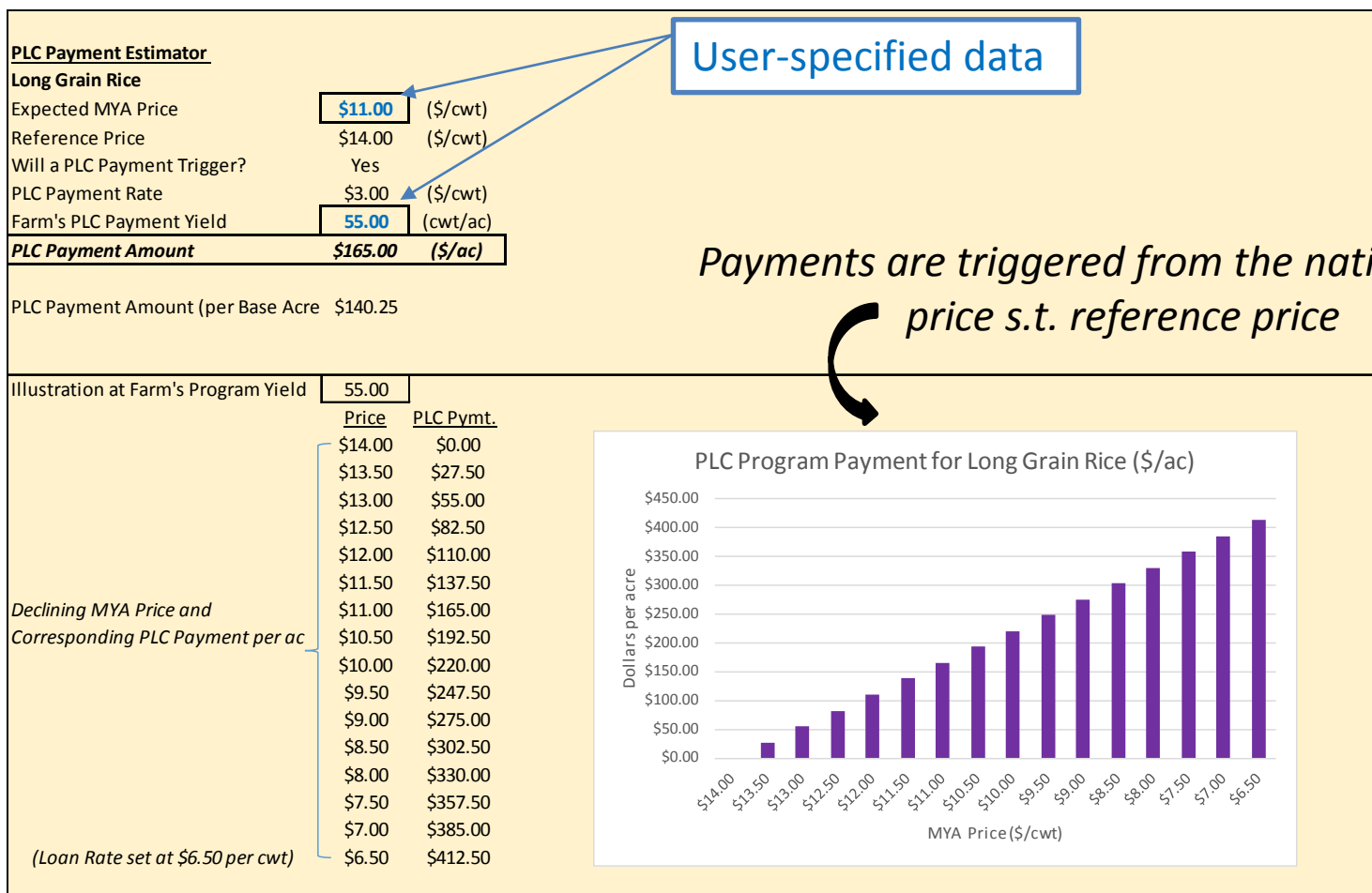
Yield	Final Reported National MYA Price for 2018									
	\$8.30	\$8.35	\$8.40	\$8.45	\$8.50	\$8.55	\$8.60	\$8.65	\$8.70	\$8.75
40	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27
42	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27
44	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27
46	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$52.27	\$51.64	\$49.34	\$47.04
48	\$51.14	\$48.74	\$46.34	\$43.94	\$41.54	\$39.14	\$36.74	\$34.34	\$31.94	\$29.54
50	\$34.54	\$32.04	\$29.54	\$27.04	\$24.54	\$22.04	\$19.54	\$17.04	\$14.54	\$12.04
52	\$17.94	\$15.34	\$12.74	\$10.14	\$7.54	\$4.94	\$2.34	\$0.00	\$0.00	\$0.00
54	\$1.34	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
56	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
58	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

The 2018 actual yield was reduced by 10 bushels, and the actual MYA price was decreased to \$8.50 per bushel. The result is that an ARC-CO soybean payment for West Carroll Parish will trigger (\$24.54/ac) in 2018.

Again, how sensitive is the revenue guarantee in 2018 (a function of the 2013-17 yields and MYA prices) to changes in yields and prices?

PLC Payment per Base Acre– Decision Tool

2018 CY example for long grain rice with August WASDE price (\$11.00)



Program Payment per Base Acre*

Retroactive look back at West Carroll Parish, LA

- Evaluating payments (\$/acre) from 2014-18

<u>Covered Commodity</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>	<u>2018*</u>
Corn - ARC-CO	\$5	\$84	\$81	\$0	\$0
Soybeans - ARC-CO	\$0	\$56	\$59	\$0	\$0
<u>Seed Cotton - PLC</u>	\$122	\$100	\$51	\$89	\$59
Grain Sorghum - ARC-CO	\$0	\$34	\$28	\$4	\$0
Rice - PLC	\$0	\$159	\$239	\$132	\$165
Wheat - ARC-CO	\$8	\$34	\$34	\$26	\$24

USDA NASS Projected MYA prices \$3.36 and \$3.60 for corn; \$9.40 and \$8.90 for soybeans; \$11.60 and \$11.00 for long grain rice; \$3.20 and \$3.60 for grain sorghum; \$4.75 and \$5.00 for wheat; and \$0.674 and \$0.70 for cotton lint in **2017 and 2018. (Parish yields for 2017 and 2018 are consistent with previous NASS estimates.) Prices applied where applicable to commodity base acres on the farm. PLC program yields for long grain rice and seed cotton are 5,500 pounds and 2,400 pounds, respectively.*

MYA prices reflect lower range estimates contained in August WASDE report.

Generic Base Acres – West Carroll Parish

Example 1 revisited

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
<u>2009-2012 Average Plantings</u>	--
Cotton	400
Corn	250
Soybeans	250
Grain Sorghum	100

1

*MAX of (80% * 700 generic acres) or (2009 – 2012 average cotton plantings of 400 acres)*

*80% * 700 = 560 acres of seed cotton base (with 140 acres unassigned)*

<u>Parameter</u>	<u>Value</u>
Seed Cotton	$700 * (400/1,000) = 280$ base acres
Corn	$700 * (250/1,000) = 175$ base acres
Soybeans	$700 * (250/1,000) = 175$ base acres
Grain Sorghum	$700 * (100/1,000) = 70$ base acres

2

Generic Base Acres 2018 CY – West Carroll Parish

Example 1 revisited with option 1

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
Generic Base Conversion	--
Seed Cotton	560
Unassigned	140

1

<u>Parameter</u>	<u>Value</u>
Seed Cotton	560*\$54= \$30,240
Unassigned \$0 per base ac	\$0
TOTAL	\$30,240

Generic Base Acres 2018 CY – West Carroll Parish

Example 1 revisited with option 2

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
Generic Base Reallocation	--
Seed Cotton	280
Corn	175
Soybeans	175
Grain Sorghum	70

2

<u>Parameter</u>	<u>Value</u>
Seed Cotton	$280 * \$54 = \$15,120$
Corn	$175 * \$0 = 0$
Soybean	$175 * \$0 = \0
Grain Sorghum	$70 * \$0 = \0
TOTAL	\$15,120

Generic Base Acres (w/Rice Plantings) – West Carroll Parish *Example 2 revisited*

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
<u>2009-2012 Average Plantings</u>	--
Cotton	250
Corn	250
Soybeans	250
Rice	250

MAX of (80% * 700 generic acres) or (2009 – 2012 average cotton plantings of 400 acres)

80% * 700 = 560 acres of seed cotton base (with 140 acres unassigned)

<u>Parameter</u>	<u>Value</u>
Seed Cotton	$700 * (250/1,000) = 175$ base acres
Corn	$700 * (250/1,000) = 175$ base acres
Soybeans	$700 * (250/1,000) = 175$ base acres
Rice	$700 * (250/1,000) = 175$ base acres

Generic Base Acres 2018 CY – West Carroll Parish

Example 2 revisited with option 1

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
Generic Base Conversion	--
Seed Cotton	560
Unassigned	140

1

<u>Parameter</u>	<u>Value</u>
Seed Cotton	560*\$54= \$30,240
Unassigned \$0 per base ac	\$0
TOTAL	\$30,240

Generic Base Acres 2018 CY – West Carroll Parish

Example 2 revisited with option 2

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
Generic Base Reallocation	--
Seed Cotton	175
Corn	175
Soybeans	175
Rice	175

2

<u>Parameter</u>	<u>Value</u>
Seed Cotton	$175 * \$54 = \$9,450$
Corn	$175 * \$0 = \0
Soybeans	$175 * \$0 = \0
Rice	$175 * \$140 = \$24,500$
TOTAL	\$33,950

Generic Base Acres (w/High Cotton Plantings) – West Carroll Parish *Example 3 revisited*

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	800 acres
Total Generic Acres on the Farm	500 acres
2009-2012 Average Plantings	--
Cotton	600
Corn	200

*MAX of (80% * 500 generic acres) or (2009 – 2012 average cotton plantings of 600 acres)*
= 500 acres of seed cotton base (cannot exceed generic base)

W/ THIS OPTION THE RESULT IS NO UNASSIGNED BASE !

<u>Parameter</u>	<u>Value</u>
Seed Cotton	$500 * (600/800) = 375$ base acres
Corn	$500 * (200/800) = 125$ base acres

Generic Base Acres 2018 CY – West Carroll Parish

Example 3 revisited with option 1

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
Generic Base Conversion	--
Seed Cotton	500
Unassigned	0

1

W/ THIS OPTION THE RESULT IS NO UNASSIGNED BASE !

<u>Parameter</u>	<u>Value</u>
Seed Cotton	500*\$54= \$27,000
Unassigned \$0 per base ac	\$0
TOTAL	\$27,000

Generic Base Acres 2018 CY – West Carroll Parish

Example 3 revisited with option 2

<u>Parameter</u>	<u>Value</u>
Total Base Acres on the Farm	1,000 acres
Total Generic Acres on the Farm	700 acres
Generic Base Reallocation	--
Seed Cotton	375
Corn	125

2

<u>Parameter</u>	<u>Value</u>
Seed Cotton	$375 * \$54 = \$20,250$
Corn	$125 * \$0 = \0
TOTAL	\$20,250

ARC-CO Program Thresholds for Corn

Parish Yield Needed to Trigger Program Payment

2018 MYA Price @ \$3.30 Bushel	
Avoyelles	157
Catahoula	170
Concordia	169
Franklin	180
Pointe Coupee	180
Rapides	154
Tensas	169
West Carroll	166

*What if there is
a decline in the
2018 CY MYA
price?*

2018 MYA Price @ \$3.80 Bushel	
Avoyelles	136
Catahoula	148
Concordia	147
Franklin	156
Pointe Coupee	156
Rapides	134
Tensas	147
West Carroll	144

Determining the yield threshold needed at the parish-level needed to trigger and ARC-CO farm program payment (by varying the estimated 2018 MYA prices for the commodity).

ARC-CO Program Thresholds for Soybeans

Parish Yield Needed to Trigger Program Payment

2018 MYA Price @ \$8.00 Bushel	
Avoyelles	49
Catahoula	57
Concordia	59
Franklin	60
Pointe Coupee	54
Rapides	53
Tensas	63
West Carroll	61

*What if there is
a decline in the
2018 CY MYA
price?*

2018 MYA Price @ \$9.25 Bushel	
Avoyelles	42
Catahoula	49
Concordia	51
Franklin	52
Pointe Coupee	47
Rapides	45
Tensas	55
West Carroll	53

Determining the yield threshold needed at the parish-level needed to trigger and ARC-CO farm program payment (by varying the estimated 2018 MYA prices for the commodity).

ARC-CO Program Thresholds for Grain Sorghum

Parish Yield Needed to Trigger Program Payment

2018 MYA Price @ \$3.10 Bushel	
Avoyelles	107
Catahoula	97
Concordia	108
Franklin	75
Pointe Coupee	110
Rapides	106
Tensas	109
West Carroll	113

*What if there is
a decline in the
2018 CY MYA
price?*

2018 MYA Price @ \$3.60 Bushel	
Avoyelles	92
Catahoula	83
Concordia	93
Franklin	65
Pointe Coupee	95
Rapides	92
Tensas	94
West Carroll	78

Determining the yield threshold needed at the parish-level needed to trigger and ARC-CO farm program payment (by varying the estimated 2018 MYA prices for the commodity).

ARC-CO Program Thresholds for Wheat

Parish Yield Needed to Trigger Program Payment

2018 MYA Price @ \$4.50 Bushel	
Avoyelles	33
Catahoula	48
Concordia	48
Franklin	48
Pointe Coupee	42
Rapides	48
Tensas	47
West Carroll	48

*What if there is
a decline in the
2018 CY MYA
price?*

2018 MYA Price @ \$5.00 Bushel	
Avoyelles	29
Catahoula	43
Concordia	43
Franklin	43
Pointe Coupee	38
Rapides	44
Tensas	42
West Carroll	36

Determining the yield threshold needed at the parish-level needed to trigger and ARC-CO farm program payment (by varying the estimated 2018 MYA prices for the commodity).

Wheat ARC-CO Payments

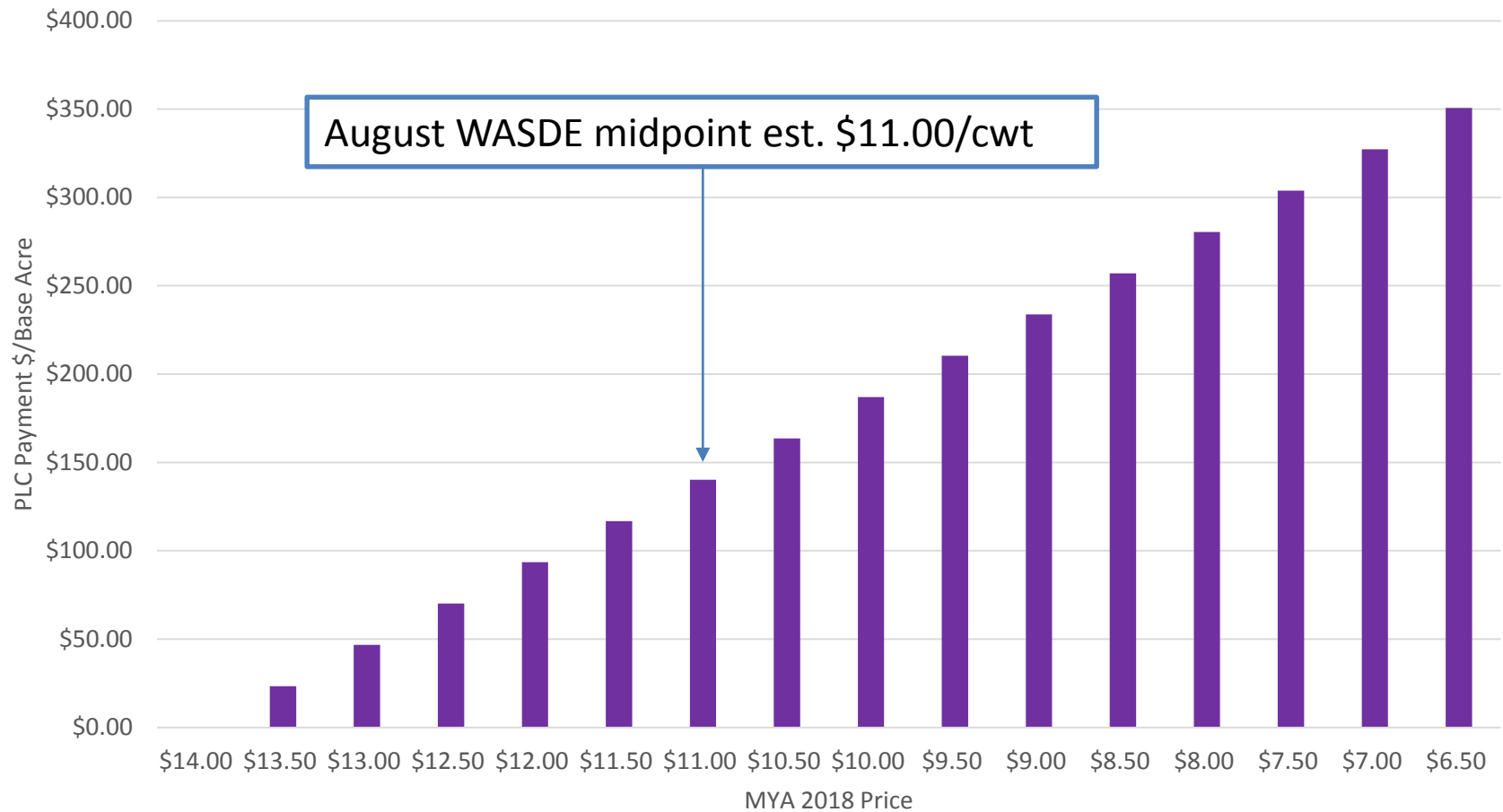
Parameters For Estimating 2017 and 2018 Program Payments

Parish	2018 ARC-CO Payment
Avoyelles	\$26
Catahoula	\$0
Concordia	\$17
Franklin	\$4
Pointe Coupee	\$13
Rapides	\$6
Richland	\$17
Tensas	\$14
West Carroll	\$25

2018 Actual Price Set at \$5.00/bushel and Yield Set At Previous 3 Year Average

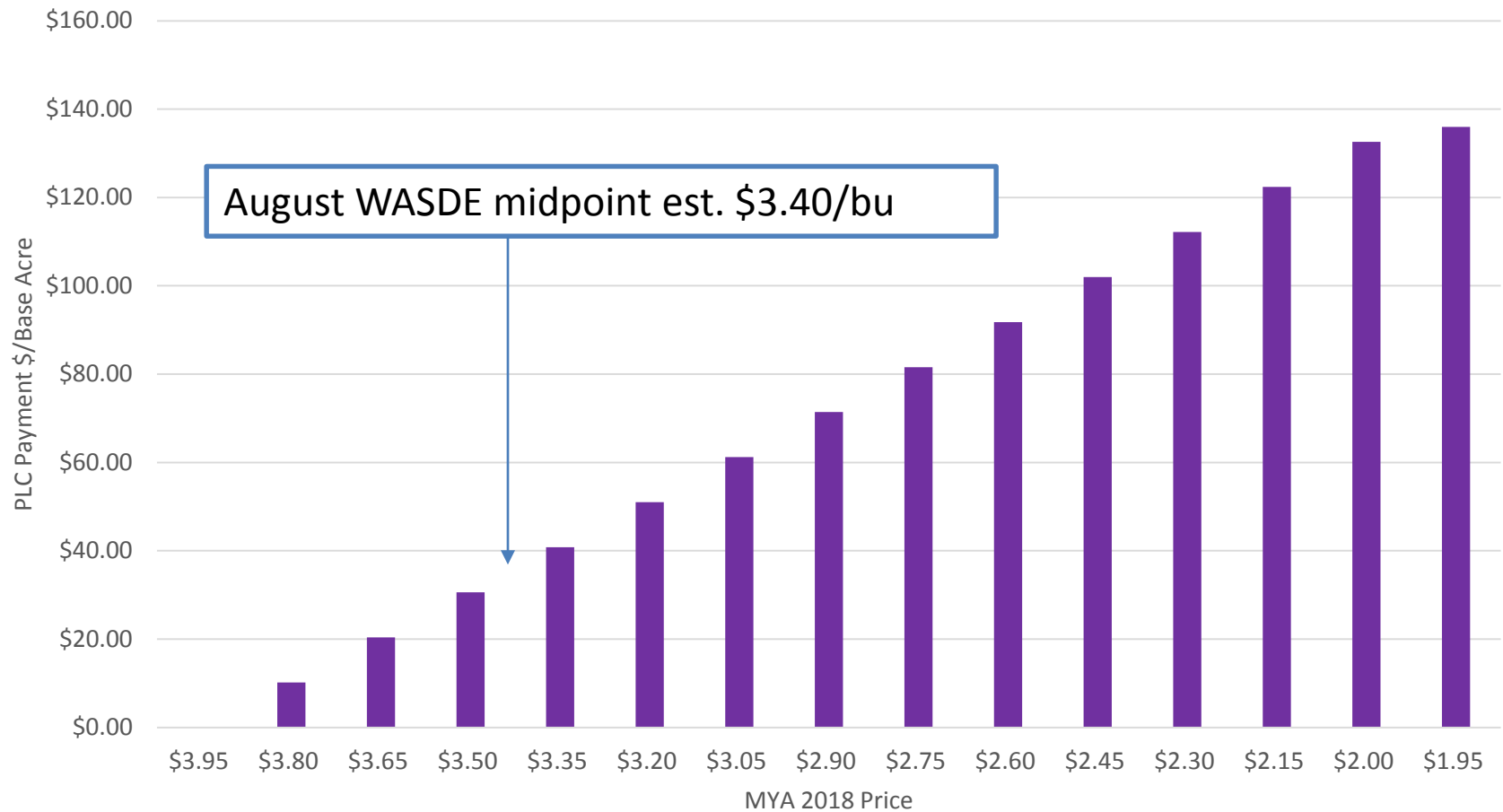
Projecting PLC Program for Rice

Estimated Program Payments for 2018 CY (55.0 CWT Yield)



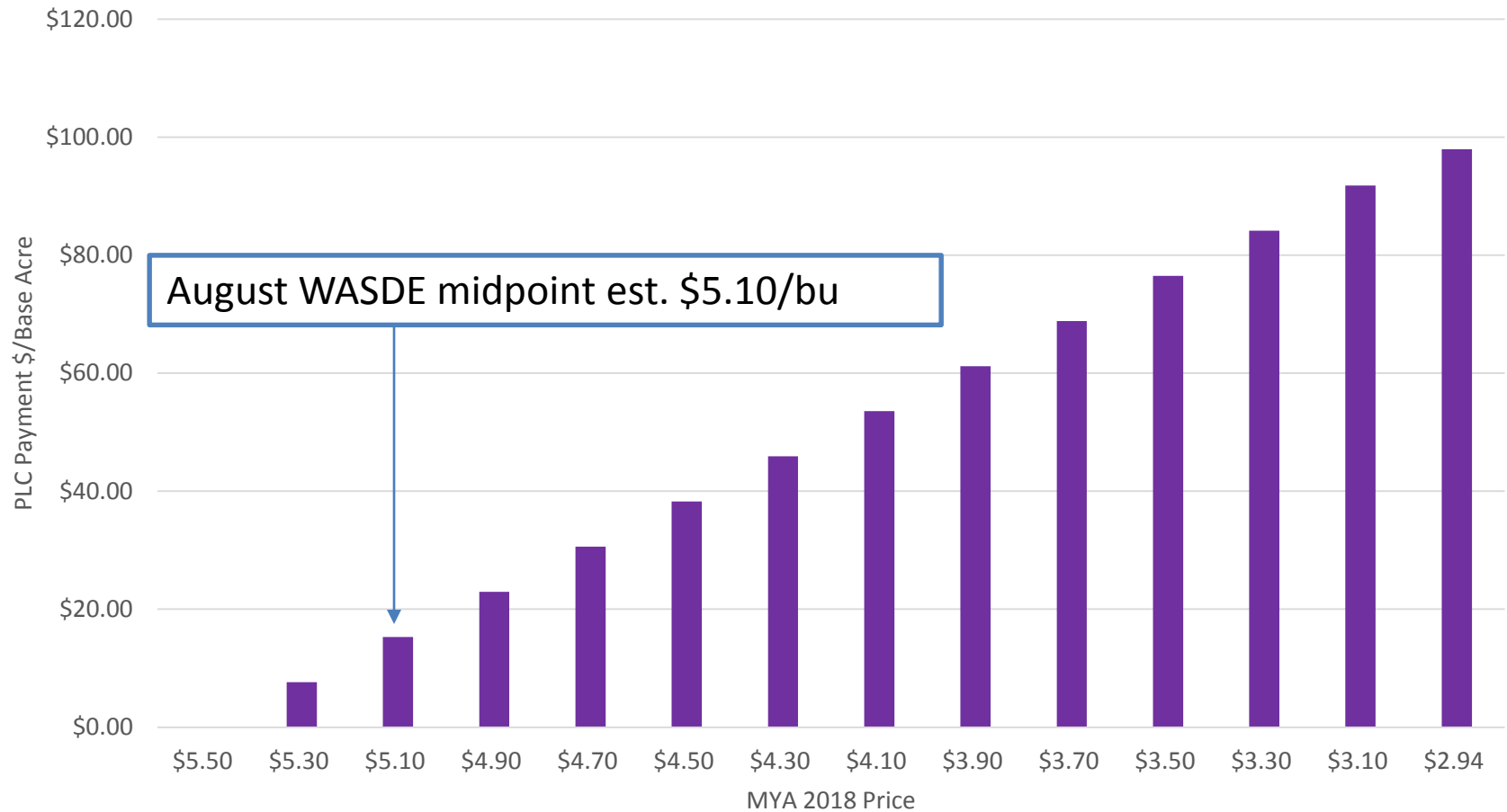
Projecting PLC Program for Sorghum

Estimated Program Payments for 2018 CY (80 Bushel Yield)



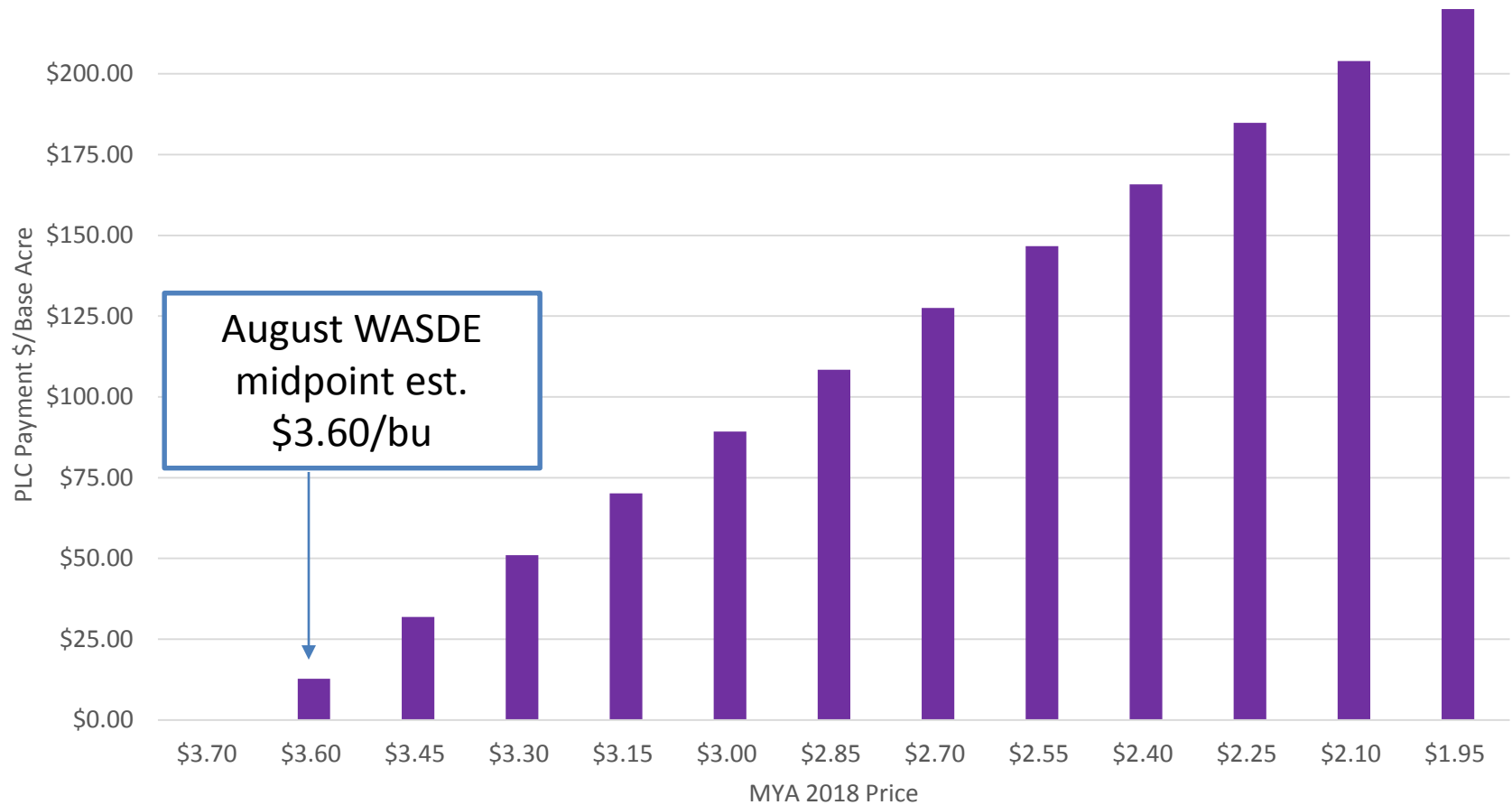
Projecting PLC Program for Wheat

Estimated Program Payments for 2018 CY (45 Bushel Yield)



Projecting PLC Program for Corn

Estimated Program Payments for 2018 CY (150 Bushel Yield)





Appreciation is extended to the Louisiana Farm Bureau Federation, Cotton Incorporated, the Louisiana Cotton and Grain Association, the Louisiana Soybean and Grain Research and Promotion Board, and the USDA Louisiana Farm Service Agency for their support of the seed cotton program workshop.

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