

Soybean futures sold off for a 2nd straight day after SX8 nearly touched \$8.75 on Monday, the highest trade nearly 2 months. SX8 settled more than 10 cents lower at \$8.52 ¼. Oil finished down more than 30 points while meal was the best performer of the complex, down just \$2 per ton. The outside markets weighed on beans more than any fresh fundamental news (see comments below). The intermonth spreads changed little considering such a big futures move. This is reflective of the fact that so many spreads are already at very wide carries. The trade is looking for a bigger US yield and bigger US & world carryouts on tomorrow's USDA reports. Full estimate table below.

10/10/2018				
	Settle	Change	Low	High
CZ18	362.75	-1.75	362.00	365.25
CH19	374.75	-1.75	373.75	377.25
SX18	852.25	-10.75	847.25	864.75
SF19	866.00	-10.75	861.00	878.25
SMZ18	315.70	-2.10	314.00	319.00
BOZ18	28.93	-0.33	28.85	29.34
WZ18	510.50	-4.50	510.25	518.00
KWZ18	516.25	-3.25	515.25	522.25
MWZ18	591.75	-1.75	589.50	595.00

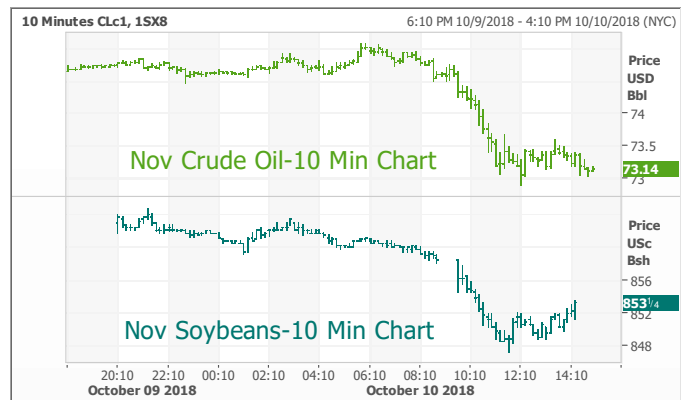
Considering the weakness in soybeans and the outside markets (including in cattle & gasoline), corn finished rather well, down just 1-2 cents. The trading range was very small, 3 ¼ cents for CZ8. Also, opposite the soybeans, the corn spreads were noticeably weaker even with the rather minute futures move. Dec-March was unchanged at 12 cents carry but Dec-July widened ½ cent on the day to 25 cents carry; its widest trade and settle in a week. The trade is looking for a bigger US corn yield and bigger US & world carryouts on tomorrow's USDA reports.

Wheat behaved more like corn than like soybeans, down just 1-4 cents on the day. However, SRW led the way lower which is usually an indication of fund or technical selling. It was down 2-4 cents with HRW and HRS down 1-3 cents. Headlines from Russia and France also weighed with both countries' governments talking about bigger than previously forecast exports. Technically, SRW & HRW are in the middle of their recent trading ranges while HRS futures are towards the top of theirs. The trade looks for slightly larger US & world carryouts on tomorrow's USDA S&D report.

Call for Tonight: Steady-weaker.

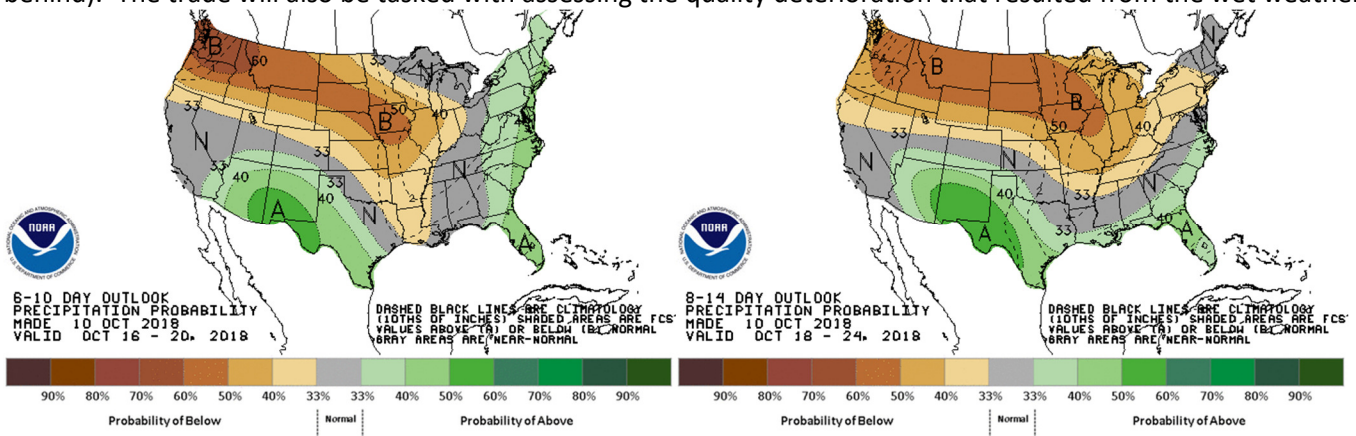
Highlights:

With fresh news lacking, soybeans appeared to take their cue from the outside markets during this morning's break. US stock markets sold off aggressively (break in tech stocks & rising bond yields) and crude followed along. The chart at the right shows how November soybeans mimicked the 6:00 – 11:00 AM (Chicago time) break in crude oil. When grains settled at 1:15, the Dow Jones was down more than 550 points and crude was down \$1.70. They are down more than that now. Our markets don't seem to have as many macro days as we used to but today had that feel.



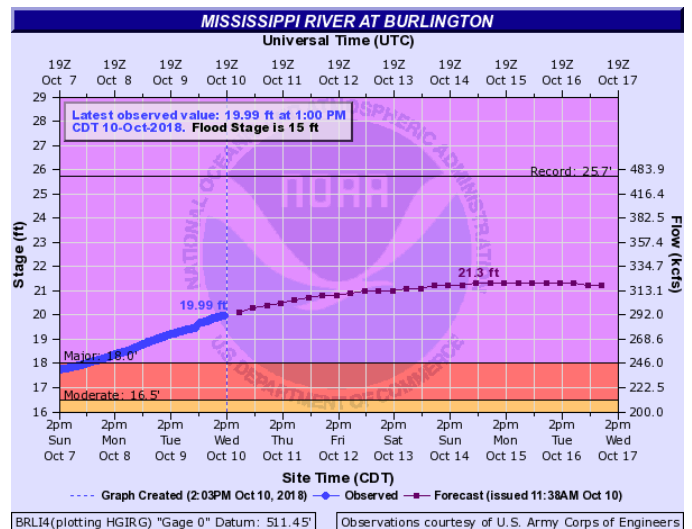
Along with the macro market break, soybeans also came under pressure from a forecast that offers the promise of better US harvest weather in the days & weeks ahead. The 6-10 and 8-14 day NOAA forecasts have been calling for drier than normal weather all week and that continues to be the case now. Though it will take a few days to dry

out, farmers will hurry to resume harvest (especially those in #2 producing state Iowa where harvest is furthest behind). The trade will also be tasked with assessing the quality deterioration that resulted from the wet weather.



Cash:

- Gulf corn was unchanged at +48 Z bid for October but it is up notably on the week so far. Midwest interior bids saw more improvements (2-6 cents) than declines (2-3 cents) with many of the improvements seen in the areas where rain has been the heaviest in recent days. Contacts expect farmers in the Western Corn Belt to start returning to fields as soon as tomorrow. This could pressure corn basis.
- Gulf beans for October are now bid +18 X, up a penny from yesterday. Several processors improved their posted bids 3-20 cents on Tuesday including the market leaders in several states. Pushes are being paid too. Damaged soybeans continue to be a problem. Just how big of a problem will be discovered when the US farmer is able to get back to soybean harvest early next week. Keep an eye on AL, GA, SC, NC soybeans as they were 25% or less harvested with Hurricane Matthew set to dump LOTS of rain in the coming days.
- HRW 14s FOB KC were a touch firmer on Tuesday (up 3 cents).
- Several locks on the Mississippi along southern Iowa and Northern Missouri have been closed due to high water. Water levels at the affected locks are not forecast to fall below flood stage until late next week. See NOAA forecast right.



Other Headlines & Notes:

- US President Trump announced the lifting of a ban on 15% ethanol sales during the summer months. This was a move the ethanol industry has been seeking for a long time but will not have any monumental sizeable effect on ethanol demand until next June at the earliest.
- US Ag Secretary Perdue said the \$12 billion aid package to farmers will likely end up being smaller if the US is able to reach an agreement to lift steel & aluminum tariffs on Canada and Mexico following the successful negotiation of USMCA (NAFTA 2.0).

- China sold 102K tons of soybeans in their weekly auction, 100% of what was offered. The average price (\$12.57 per bu) was the highest for any weekly auction since early June. They also sold 144K tons of wheat, 7% of that offered.
- France is sending a trade delegation to Algeria, presumably to sway the North African wheat importer from easing a limit on bug damage that would open the market to Russian wheat. Under the current environment France is the primary wheat supplier to Algeria.
- France raised its projection of non-EU wheat exports from 8.5 mmt to 8.75 mmt, bigger than 8.1 mmt a year ago.
- Ukraine has harvested 39% of their corn with an average yield of 100 bpa according to their ag ministry.
- Ukraine has exported 6.0 mmt of wheat & 1.73 mmt corn since the marketing year began on July 1. See chart right.
- The Russian ag ministry reportedly raised their grain and wheat production forecasts to 105-106 mmt and 68-69 mmt, respectively.
- Russia's deputy prime minister said he expects them to export 30-35 mmt of grain in 2018/19, up from an earlier statement calling for 30 mmt.
- Japan bought 65K tons of feed barley in a SBS tender for the 2nd straight week but passed on all the feed wheat offered in the same tender. That is a larger quantity of barley than they typically buy in these tenders.

Coming Up:

Thursday, October 11th

Weekly EIA Energy (Ethanol) Report-10 AM
USDA Crop Production & WASDE Reports-11 AM

Friday, October 12th

Weekly Export Sales-7:30 AM
Last Trading Day-October Futures-12 PM
CFTC Commitment of Traders-2:30 PM

Monday, October 15th

Weekly Export Inspections-10 AM
September NOPA Crush-11 AM
Weekly Crop Progress & Conditions-3 PM

Wednesday, October 17th

Weekly EIA Energy (Ethanol) Report-10 AM

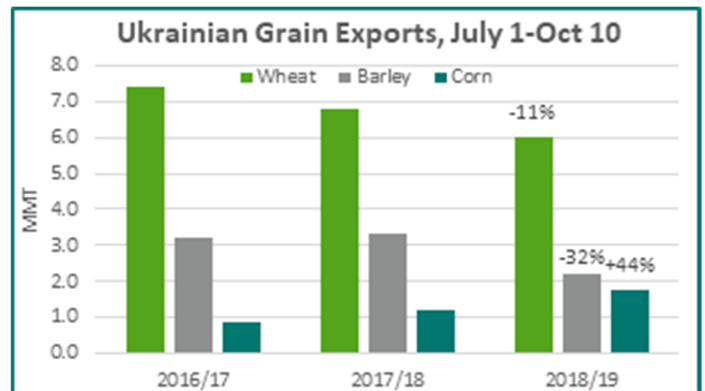
Thursday, October 18th

Weekly Export Sales-7:30 AM

Friday, October 19th

Cattle on Feed-2 PM
CFTC Commitment of Traders-2:30 PM

*-all times given in Chicago time.



The funds were estimated to have been light sellers of everything except SRW. The yellow row is where the wires estimated them on the next CFTC report's "as-of" date.

Estimated Managed Money Position										
10/2/2018	Corn		Soybeans		SRW		Soybean Meal		Soybean Oil	
CFTC	(57,764)		(44,403)		(12,099)		26,343		(51,331)	
Wk. Chng	55,015		14,211		(10,978)		5,139		34,452	
	Daily Est.	Total	Daily Est.	Total	Daily Est.	Total	Daily Est.	Total	Daily Est.	Total
10/3/2018	(9,000)	(66,764)	(4,000)	(48,403)	(3,500)	(15,599)	(3,000)	23,343	2,500	(48,831)
10/4/2018	9,000	(57,764)	(3,500)	(51,903)	2,000	(13,599)	1,000	24,343	(2,500)	(51,331)
10/5/2018	7,500	(50,264)	7,000	(44,903)	2,500	(11,099)	5,500	29,843	(2,000)	(53,331)
10/8/2018	(7,000)	(57,264)	3,000	(41,903)	(5,500)	(16,599)	(2,500)	27,343	5,000	(48,331)
10/9/2018	(7,000)	(64,264)	(8,000)	(49,903)	0	(16,599)	(3,000)	24,343	(3,000)	(51,331)
10/10/2018	(5,000)	(69,264)	(7,000)	(56,903)	(3,000)	(19,599)	(2,500)	21,843	(2,500)	(53,831)

October 11th Pre-Report Table

2018 US Production

	Oct S&D Estimates			Final Number Estimates		USDA Sep '18
	USDA October	Average Estimate	Estimate Range	Average Estimate	Estimate Range	
Corn		14.872	14.700 - 15.220	14.849	14.653 - 15.005	14.827
Yield		181.8	180.6 - 183.5	181.6	179.8 - 182.7	181.3
Hrv Acres		81.720	81.400 - 81.897	81.781	81.500 - 82.300	81.800
Soybeans		4.733	4.623 - 4.890	4.711	4.590 - 4.890	4.693
Yield		53.3	52.0 - 55.0	53.1	51.8 - 55.0	52.8
Hrv Acres		88.720	88.353 - 88.900	88.644	88.200 - 89.300	88.900

2018/19 US Ending Stocks

	Oct S&D Estimates			Final Number Estimates		USDA Sep '18
	USDA October	Average Estimate	Estimate Range	Average Estimate	Estimate Range	
Corn		1.919	1.766 - 2.352	1.914	1.687 - 2.352	1.774
Soybeans		0.898	0.778 - 0.985	0.895	0.802 - 0.975	0.845
Wheat		0.950	0.895 - 0.997	0.961	0.895 - 1.024	0.935

2018/19 World Ending Stocks

	Oct S&D Estimates			Final Number Estimates		USDA Sep '18
	USDA October	Average Estimate	Estimate Range	Average Estimate	Estimate Range	
Corn		159.300	156.00 - 165.90	159.360	155.90 - 165.90	157.030
Soybeans		109.530	105.50 - 113.00	110.260	105.5 - 113.10	108.260
Wheat		261.410	259.00 - 264.50	261.550	260.00 - 263.70	261.290

US numbers in billion bushels; World numbers in mmt. Sources: Reuters & USDA

PIVOT POINTS FOR 10/11/2018

Daily Pivot Points										
	CZ8	CH9	CN9	SX8	SF9	SH9	SMZ8	WZ8	KWZ8	MWZ8
High	365.25	377.25	389.75	864.75	878.25	890.75	319.00	518.00	522.25	595.00
Close	362.75	374.75	387.75	852.25	866.00	878.75	315.70	510.50	516.25	591.75
Low	362.00	373.75	386.75	847.25	861.00	874.25	314.00	510.25	515.25	589.50
R3	367.92	380.25	392.42	879.75	893.08	904.75	323.47	523.33	527.58	600.17
R2	366.58	378.75	391.08	872.25	885.67	897.75	321.23	520.67	524.92	597.58
R1	364.67	376.75	389.42	862.25	875.83	888.25	318.47	515.58	520.58	594.67
Pivot	363.33	375.25	388.08	854.75	868.42	881.25	316.23	512.92	517.92	592.08
S1	361.42	373.25	386.42	844.75	858.58	871.75	313.47	507.83	513.58	589.17
S2	360.08	371.75	385.08	837.25	851.17	864.75	311.23	505.17	510.92	586.58
S3	358.17	369.75	383.42	827.25	841.33	855.25	308.47	500.08	506.58	583.67

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