

Wheat futures finished 3-10 cents higher supported by international headlines and firming cash values. It spent most of the day rallying but there was a bit of a sell-off in the last 30 minutes of trade. SRW led the way higher, usually a sign of fund short-covering. Most of the wheat spreads firmed a bit with March up more than the later months.

Soybeans were mildly lower in the overnight session but ran into “buy-the-rumor, sell-the-fact” selling after the USDA announced a sizable (but not “tremendous”) soybean sale to China at 8 AM through the daily reporting system. They finished 10-13 cents lower, near the lows of the day. Meal was down \$3-\$4 while oil was down 15-20 points.

The nearby soybean spreads did not change much on the day while the old/new crop spreads did break with July-Nov going home at 11 cents carry, more than 2 cents wider on the day.

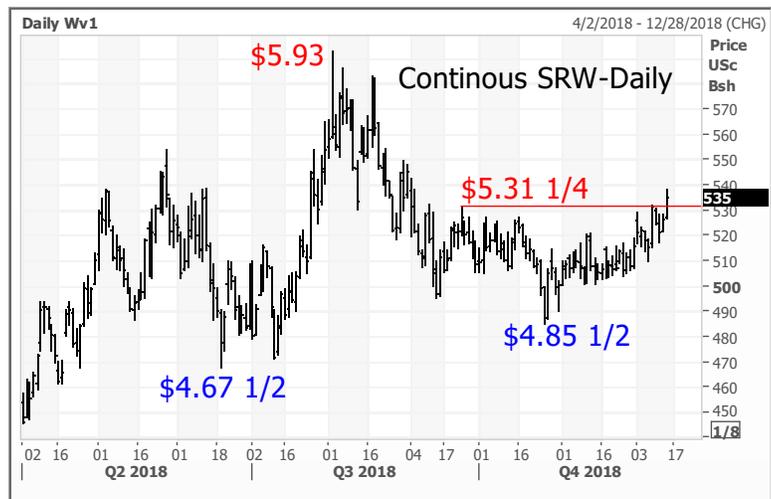
Corn traded both sides. It was stuck between the higher wheat and lower soybean market. \$3.90 continues to loom as resistance for the CH9 contract. Disappointing weekly export sales and softening US basis premiums also weighed on values.

Calls for Tonight: Steady-Lower for corn/wheat, steady in soy.

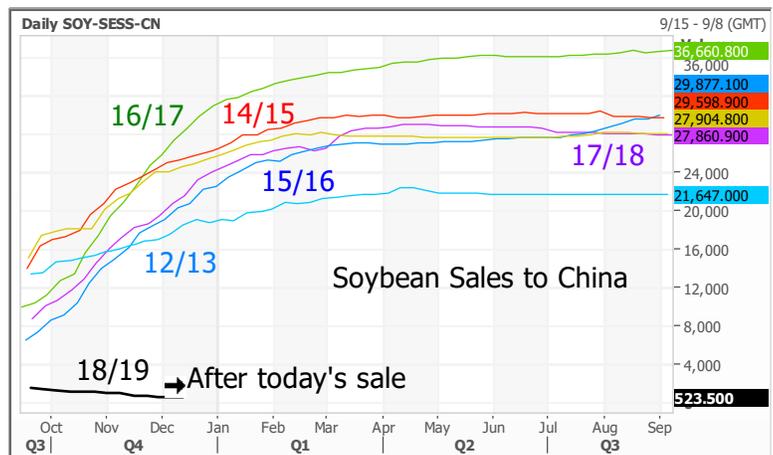
Highlights:

SRW wheat futures traded at their highest level since early September on a continuous chart (see right). The wheat charts (and SRW in particular) have started to look better which could be bringing in additional buying. A couple of fundamental stories also lent support. Russia’s ag ministry will again meet with grain exporters on Dec 21 according to reports to discuss grain exports and the market outlook. Traders fear the Russian government will take steps to limit wheat exports going forward. One astute RJO trader noted that the CME’s Russian wheat swaps were up more than \$6 per ton at one point today. The Buenos Aires Grains Exchange cut their Argentine wheat estimate to 19.0 mmt from a previous estimate of 19.2 mmt due to frost and hail; 57% of their wheat has been harvested.

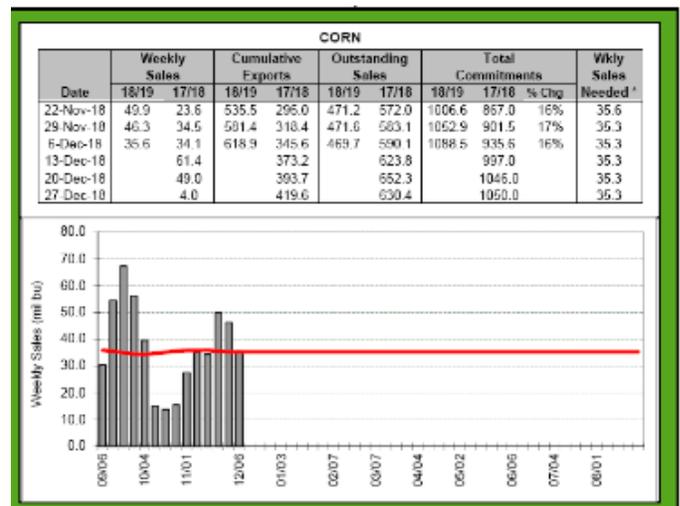
12/13/2018				
	Settle	Change	Low	High
CH19	384.25	-1.00	382.75	386.25
CN19	398.25	-0.50	396.50	400.00
SF19	907.00	-13.00	905.25	920.00
SH19	920.50	-12.75	918.25	933.00
SMF19	308.50	-4.10	307.60	314.00
BOZ19	28.83	-0.21	28.70	29.09
WH19	536.00	9.50	527.25	538.50
KWH19	520.00	8.75	510.25	522.50
MWH19	588.25	5.25	582.25	589.00



At 8 AM, the USDA announced the sales of 1.13 mmt of soybeans to China. The announcement was smaller than the amount rumored by the trade earlier in the week and as a result, soybean futures set back on the news. Apparently the market did not think this lived up to President Trump's description of "tremendous" purchases. Further announcements could be coming Friday and into next week. The chart at the right shows that even if you add today's sale to the prior net sales to China (0.524 mmt), they are still woefully below previous years' levels. Today's buying was reported to have been done by one of their state grain companies (who will have the 25% tariff reimbursed). Private buyers are still subject to the 25% tariff and will not be active until that tariff is removed, raising the importance of the US-China trade negotiations between now and March 1. On that front, Commerce Secretary Ross said that China needs to make more concessions "beyond restarting purchases of soybeans" in order for the current negotiations to be successful.



Weekly export sales were in the estimate range or below with corn particularly disappointing. Corn sales totaled 42 mln bu (35.6 mln bu old crop, 6.4 mln new) with soybeans in the middle of the estimate range at 29.1 and wheat towards the upper end at 27.7 mln bu.



Japan bought 138K tons of food grade wheat in a regular tender, including 60K from the US.

Cash:

- Gulf corn and soybeans had a defensive tone on the day, down 2-3 cents. Gulf wheat bids were unchanged this morning. Spot bids at +44 H for corn, +20 F for soybeans, +65 H for SRW and +155 H for HRW. Barge freight has firmed 5-75% of tariff in recent days.
- Midwest corn basis has been on the defensive the last two days with lots of 1-9 cent declines in posted bids. Eastern IA, western IL were hit particularly hard with Mid Miss closing and IL barge freight racing higher.
- Soybean processor bids were also on the defensive with some 2-5 cent drops. Plants also are trying to raise their meal offers in IA/MO by \$1-\$3 per ton
- The president of Abiove, a Brazilian soybean processor group, says the institution of minimum truck freight prices in Brazil is restricting buyer's ability to buy ahead as they do not yet know if the law will be upheld. It is being challenged in courts. He also said if it is enacted as now written it could cost the soy industry 5 billion real (\$1.28 bln).
- FOB Brazil bids have fallen 5+ cents in the spot market so far this week after falling much harder last week.

Other Headlines & Notes:

- The US Climate Prediction Center currently sees a 90% chance that El Nino will form this winter.
- Strategie Grains issued their first 2019 EU wheat crop projection at 147 mmt, 16% higher than last year's drought impacted crop. Planted area is seen up 6%. It would be the biggest crop since 2015. They also pegged the 2019 corn crop at 63 mmt (+4%) and barley at 61.5 mmt (+10%).
- Iraq signed an agreement to import US wheat and rice that covers the first half of 2019. The agreement signals "wider cooperation with American companies" according to the Iraqi trade minister.
- The Indonesian Feedmills Association said they will consume 7 t o 9.5 mmt of corn in 2019, up from 6 mmt this year.
- Malaysia is keeping its export tax on crude palmoil at 0% for January. It has been at 0% since September.

Coming Up:

Friday, December 14th

Last Trading Day December Contracts-Noon
CFTC Commitment of Traders-2:30 PM

Monday, December 17th

Weekly Export Inspections-10 AM
NOPA November Crush-11 AM

Wednesday, December 19th

Weekly EIA Energy (Ethanol) Report-9:30 AM

Thursday, December 20th

Quarterly Hogs & Pigs-2 PM
December Cattle on Feed-2 PM
Weekly Export Sales-7:30 AM

Friday, December 21st

January Option Expiration-1:15 PM
CFTC Commitment of Traders-2:30 PM

*-all times given in Chicago time.

The funds were sellers of corn/soybeans on the day but net buyers on the wheat. See table below. The yellow line is where Reuters estimates the funds are for the "as-of" date for tomorrow's CFTC report.

Estimated Managed Money Position										
12/4/2018	Corn		Soybeans		SRW		Soybean Meal		Soybean Oil	
CFTC	53,745		(17,593)		(28,407)		(2,962)		(59,951)	
Wk. Chng	75,893		46,269		10,207		4,841		20,423	
	Daily Est.	Total	Daily Est.	Total	Daily Est.	Total	Daily Est.	Total	Daily Est.	Total
12/5/2018	(4,000)	49,745	2,000	(15,593)	(3,000)	(31,407)	(1,500)	(4,462)	(1,500)	(61,451)
12/6/2018	(4,000)	45,745	(4,500)	(20,093)	(2,500)	(33,907)	(2,000)	(6,462)	(1,500)	(62,951)
12/7/2018	9,000	54,745	5,000	(15,093)	10,000	(23,907)	(2,000)	(8,462)	500	(62,451)
12/10/2018	(7,000)	47,745	(5,000)	(20,093)	(3,500)	(27,407)	(1,000)	(9,462)	2,000	(60,451)
12/11/2018	5,000	52,745	6,000	(14,093)	(3,000)	(30,407)	3,000	(6,462)	4,000	(56,451)
12/12/2018	500	53,245	4,000	(10,093)	4,000	(26,407)	2,500	(3,962)	500	(55,951)
12/13/2018	(3,500)	49,745	(9,000)	(19,093)	6,000	(20,407)	(4,500)	(8,462)	(2,500)	(58,451)

PIVOT POINTS FOR 12/14/2018

Daily Pivot Points										
	CH9	CK9	CN9	SF9	SH9	SK9	SMH9	WH9	KWH9	MWH9
High	386.25	394.00	400.00	920.00	933.00	945.50	317.90	538.50	522.50	589.00
Close	384.25	391.75	398.25	907.00	920.50	933.25	312.90	536.00	520.00	588.25
Low	382.75	390.50	396.50	905.25	918.25	931.00	311.70	527.25	510.25	582.25
R3	389.58	397.17	403.50	931.00	944.33	956.67	322.83	551.83	537.17	597.50
R2	387.92	395.58	401.75	925.50	938.67	951.08	320.37	545.17	529.83	593.25
R1	386.08	393.67	400.00	916.25	929.58	942.17	316.63	540.58	524.92	590.75
Pivot	384.42	392.08	398.25	910.75	923.92	936.58	314.17	533.92	517.58	586.50
S1	382.58	390.17	396.50	901.50	914.83	927.67	310.43	529.33	512.67	584.00
S2	380.92	388.58	394.75	896.00	909.17	922.08	307.97	522.67	505.33	579.75
S3	379.08	386.67	393.00	886.75	900.08	913.17	304.23	518.08	500.42	577.25

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