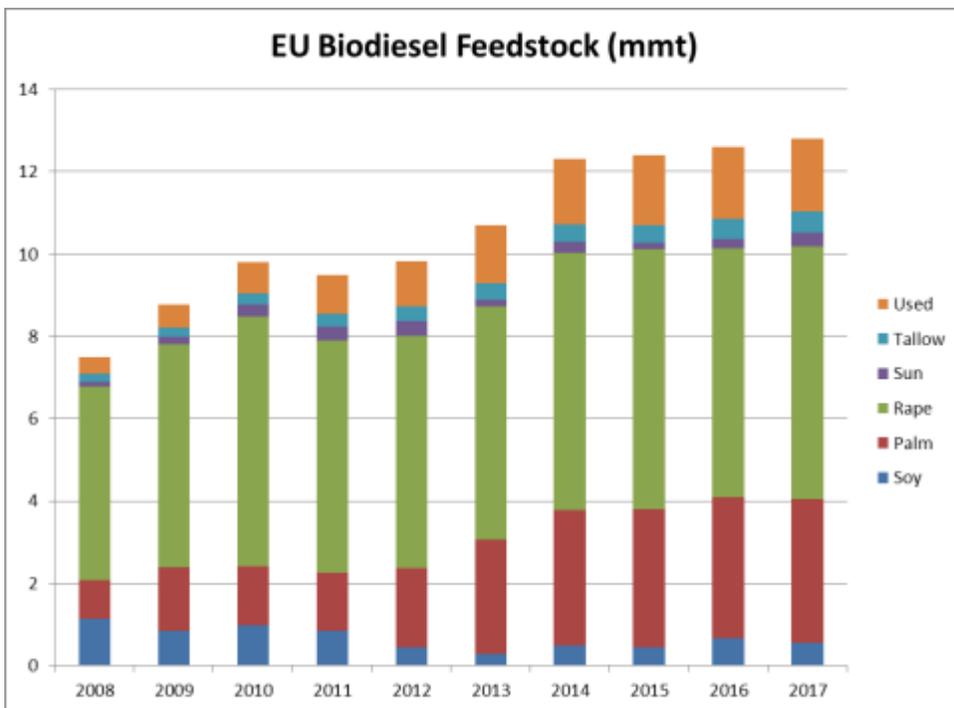
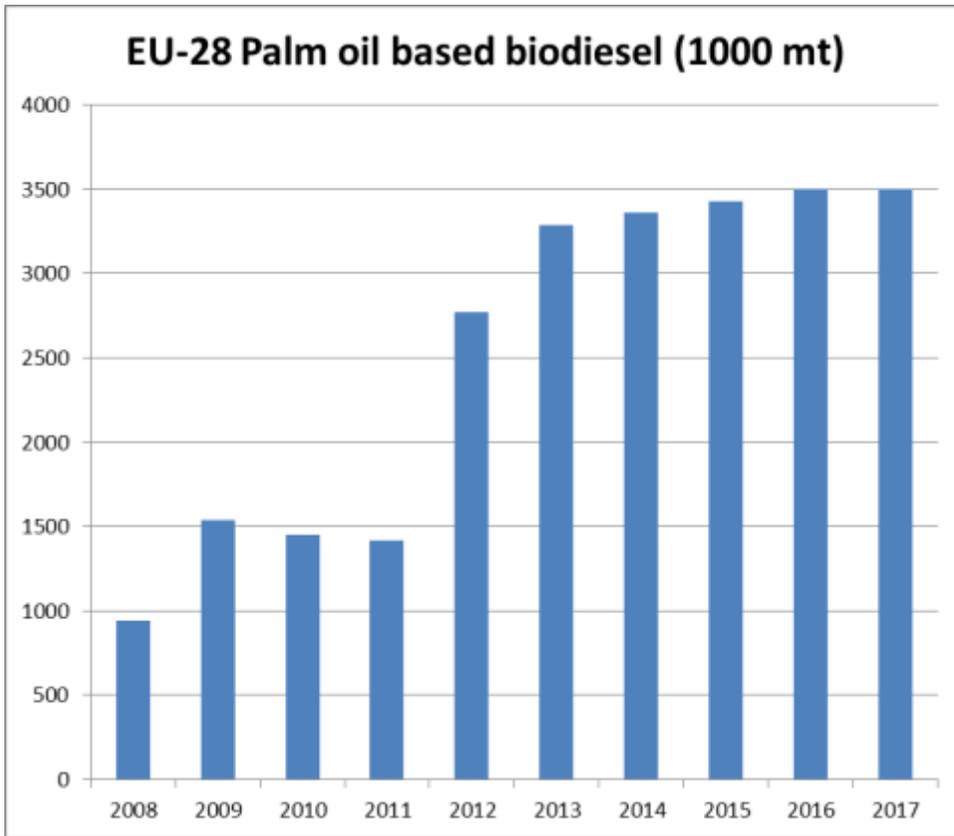


CORN:

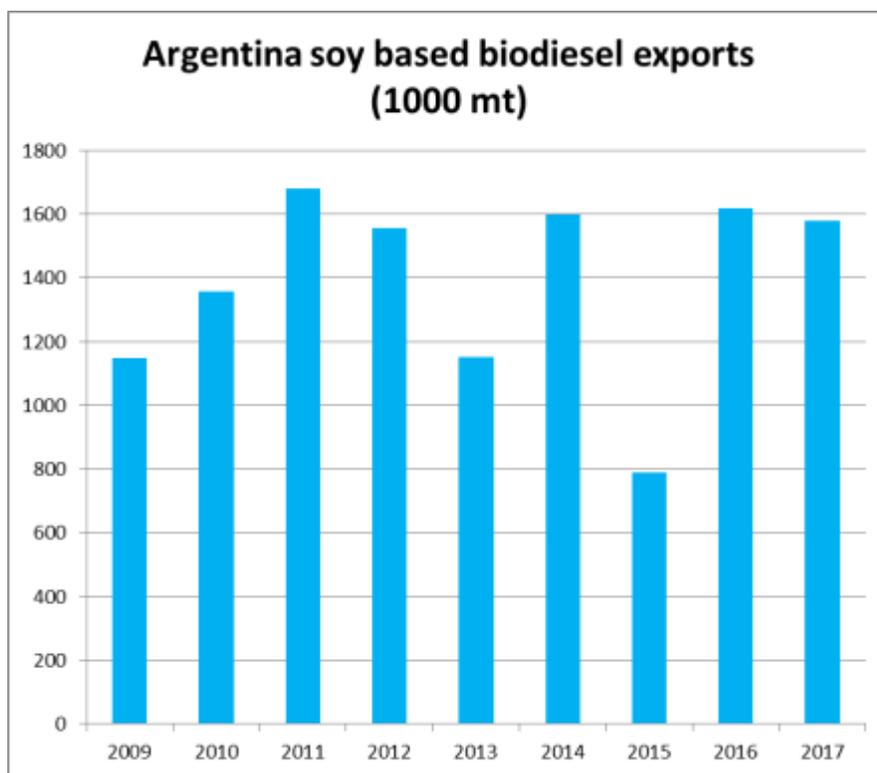
Rinse and repeat as corn was contained by a 2 cent range and closed unchanged for the session. Export sales couldn't jar the futures into a direction today. Sales for the week were in the middle of expectations with 437.8 tmt vs 603.3 tmt a year ago. Commitments to date are running 9.2 mmt behind a year ago. Seasonally this implies the US is on track to miss the USDA's forecast by 1.2 mmt. The market seems comfortable with the US S/Ds ahead of the Annual report tomorrow. Values on the CH18 are 1 cent higher than they were on the release of the last WASDE in December. US river logistics continue to be a mess with low water levels and cold weather. Significant rains in the central Midwest will be needed to amend the low water conditions on the IL River. On the international front, CONAB is forecasting Brazil corn production at 92.3 mmt vs the USDA's 95 mmt in December, up slightly from a month ago. Rain forecast for the corn areas of Brazil look beneficial for the next 15 days.

SOYBEANS:

The soybean complex drifted lower today with soybeans putting in their 4th consecutive lower close. Midday GFS updates show a wetter shift for Argentina the next 10 days and broader coverage that extends to the driest SE areas. Brazil also trending wetter for the RGDS area in the 10 day. The 11-15 models trending wetter for the northeastern soy belt of Brazil. Several companies and government agencies produced updated SA soy production estimates today. AgRural raised its Brazil soy production estimate 1.1 mmt to 114 mmt, just .1 mmt under a year ago. CONAB raised its Brazil number 1.2 mmt to 110.4 mmt. The Rosario Exchange lowered its soy estimate for Argentina citing less planted acreage and weather issues. Rosario's number is 2.5 mmt lower and now sits at 52 mmt. The USDA estimated Argentina's crop at 57 mmt in December. The BA exchange showed soybean planting progressing at a normal rate with 94% of the crop in the ground as of today. This is about 3% behind the average. Argentina has been steadily closing the gap between Average and this year as rains have allowed. US export sales in the middle of trade expectations for the week with 607.4 tmt. Sales nearly double a year ago but remain at a significant deficit to a year ago. Soybean commitments running 6.9 mmt below a year ago and the seasonal pattern indicates the US is set to miss the USDA's forecast by 9 mmt. Does this press the USDA to make a change tomorrow??? Meal sales were better than a year ago with 209.3 tmt. Commitments ahead of last year by .55 mmt and set to make the USDA's forecast. Soybean oil saw net cancellations of 1.6 tmt vs a net sale of 7.3 tmt a year ago. Commitments lag a year ago by .25 mmt and are slightly behind pace to make the USDA's forecast. The EU may vote on a new proposal that will upend some of the trade flows in veg oils. Several proposals are before the EU that phases out the usage of palm oil for biodiesel in the Union by 2021. As you can see, the EU significantly expanded Palm oil used for biodiesel over the last 7 years. Though the not the primary feedstock, palm oil makes up 27% of the total biodiesel produced in the EU in 2017. If the government were to move toward its removal the market biodiesel market would be confronted with a dilemma.



The once shunned Argentina market could be tapped for replacing part of the deficit of the 3.5 mmt removed from the EU market. Argentina's soy based biodiesel exports seem capped at 1.6 mmt the last 7 years.



The EU could bid up and press Argentina for more biodiesel or bean oil depending on the price differentials. Argentina's total biodiesel production maxed out at 2.74 mmt this year. The EU could turn to other bean oil exporting nations including the US but the US remains in a net importer status meaning it would have to import other oils to backfill the extra exports. Wherever the EU would source its bean oil it would probably reroute trade flows. One possible outcome is the cheaper 3.5 mmt palm oil shunned by the EU could flow to India and India would pass on the 3.5 mmt of soybean oil it imports annually. 3.5 mmt is no small amount to deal with and the third consideration is in play. The cost of sourcing other feedstocks could raise the price of blending biodiesel. Just like the stroke of a pen can bar a feedstock, the same pen can destroy biodiesel demand.

Deliveries:

Soybeans – 276
Soybean meal – 27
Soybean oil - 28

WHEAT:

A concerted effort to press the market lower and spreads wider did not last today as speculation of smaller acreage and smaller stocks in the US supported the front end of the forward curve. Export sales were weak with 71.5 tmt booked for the week vs 391 tmt a year ago. Commitments to date are running 1.8 mmt behind a year ago and widening. Seasonals now indicate the US is set to miss the USDA's forecast by .75 mmt. Of the 71.5 tmt sold, HRW made up 1.7 tmt, SRW 18.5, HRS 37, White 14.2 and durum .1 tmt. US FOB-Russian FOB spreads widening again with this morning's value at \$16/mt.

FOB NOLA – US SPOT PRICES

CORN + 52H

SOYBEANS + 49H

SRW + 60H

FOB TEXAS GULF – US SPOT PRICES

HRW + 65N

ECBOT	HIGH	LOW	CLOSE	CHANGE
Mar Corn	3.505	3.48	3.4875	- 1/4
May Corn	3.585	3.5625	3.57	--
Jan Beans	9.4825	9.40	9.405	- 6 1/2
Mar Beans	9.575	9.49	9.50	- 5
Mar Wheat	4.345	4.285	4.3325	- 1

Regards

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