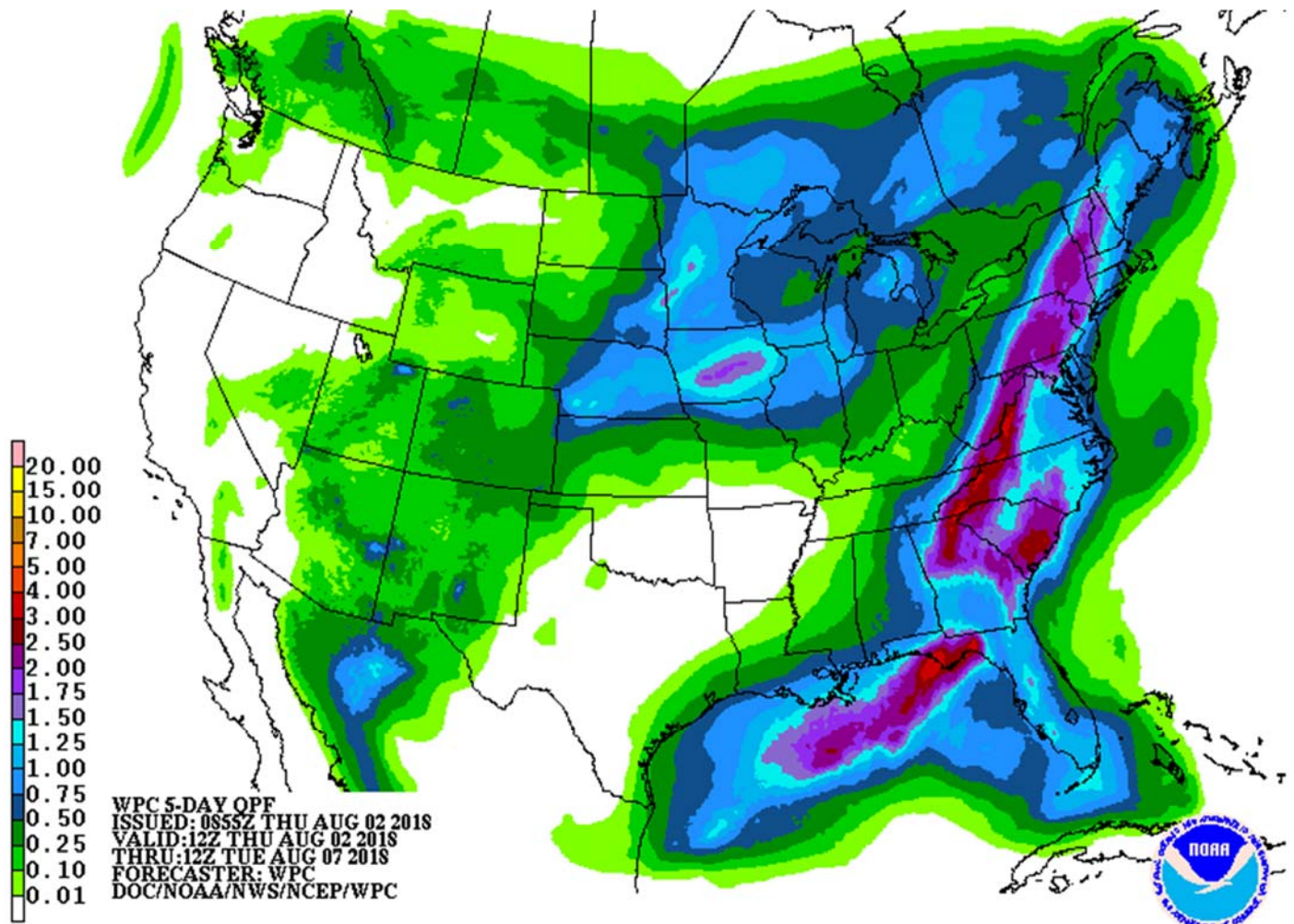




Weather and crop conditions

- The Drought Monitor showed mainland drought conditions at 34.1%, compared to 32.2% last week.
- The ridge of high pressure building up over the Great Plains and a part of western Corn Belt during the coming weekend and next week is still slated to happen, accelerating net drying and limiting rainfall across the Plains, Midwest and Delta from August 5th through August 14.
- Temperatures across the northern Midwest will be warm to hot through early next week.
- Rainfall between now and August 5 for the Midwest will be very important.
- Some of the Midwest northern growing areas will pick up on rain. The northwestern growing areas will see rain this weekend. The Delta will see rain in the southeastern areas on Saturday. All other areas of the Delta will see net drying through the weekend.
- Canada's southern Prairies will still see stress this week for the summer crops. Southeastern Canada is in good shape.



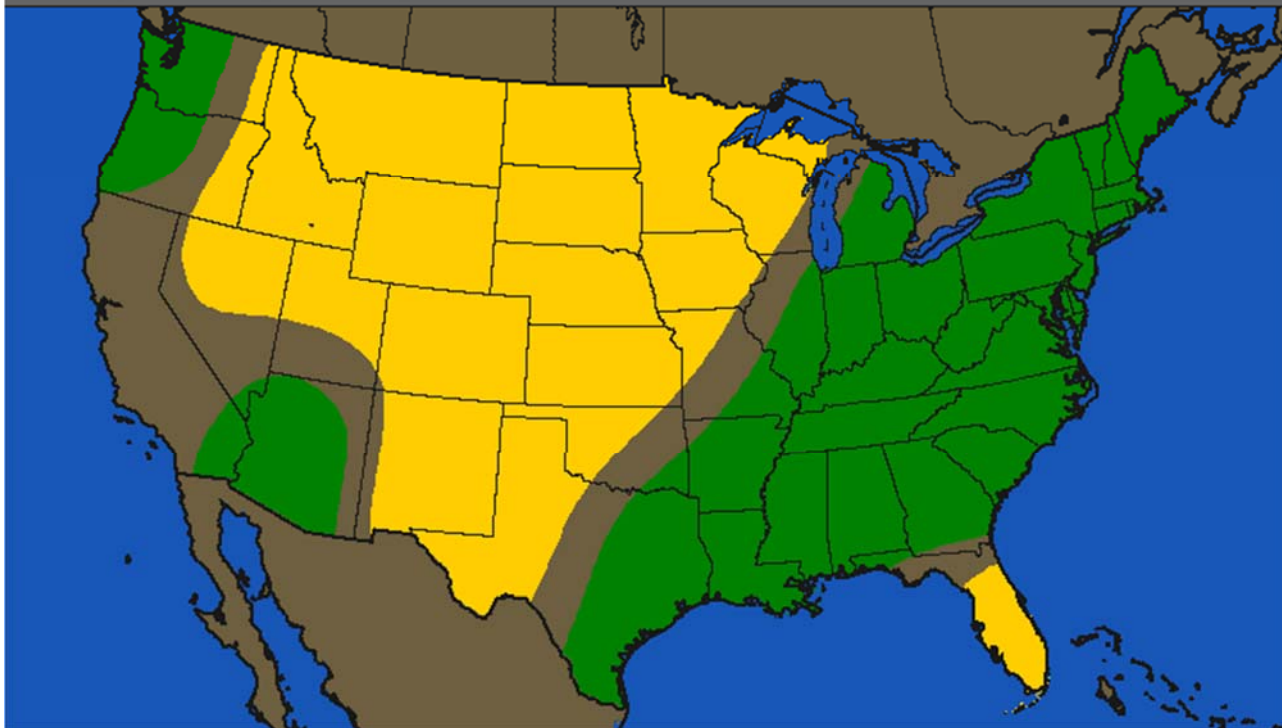
Precipitation Outlook

6 - 10 Day : Tue 07Aug - Sat 11Aug

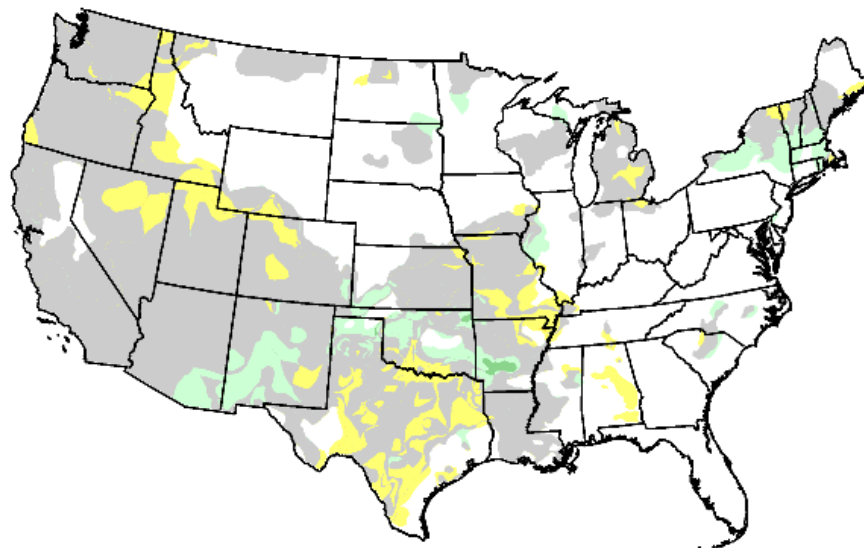
Below Normal Above

From NOAA Climate Prediction Center

Updated 3 PM ET Wed 01-Aug-18



U.S. Drought Monitor Class Change - CONUS 1 Week



- 5 Class Degradation
- 4 Class Degradation
- 3 Class Degradation
- 2 Class Degradation
- 1 Class Degradation
- No Change
- 1 Class Improvement
- 2 Class Improvement
- 3 Class Improvement
- 4 Class Improvement
- 5 Class Improvement

July 31, 2018
compared to
July 24, 2018

<http://droughtmonitor.unl.edu>

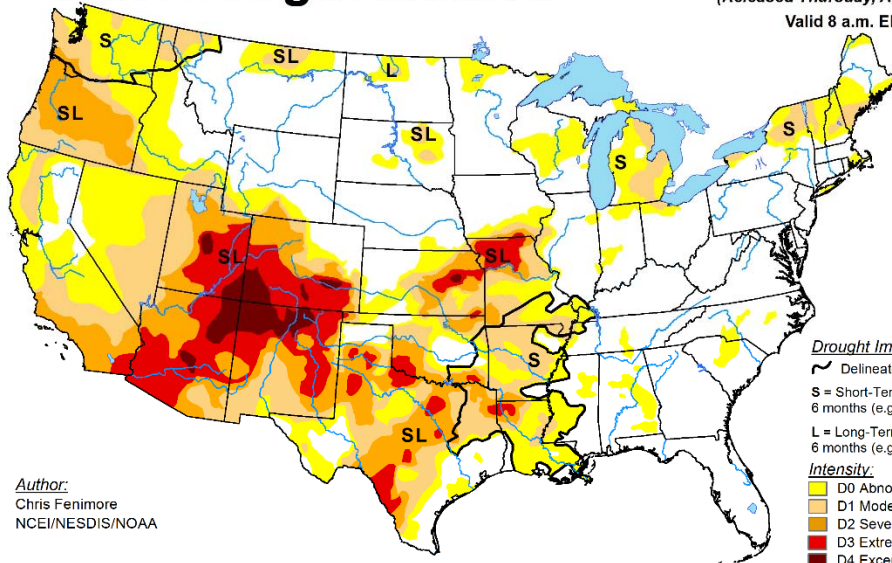
Terry Reilly Grain Research

Futures International | 190 S. LaSalle St., Suite 410 | Chicago, IL 60603

W: 312.604.1366 | treilly@futures-int.com

U.S. Drought Monitor

July 31, 2018
 (Released Thursday, Aug. 2, 2018)
 Valid 8 a.m. EDT



Author:
 Chris Fenimore
 NCEI/NESDIS/NOAA

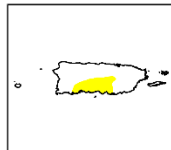
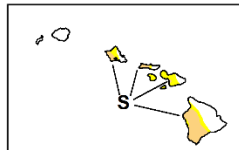
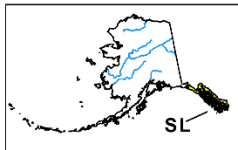
Drought Impact Types:

- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

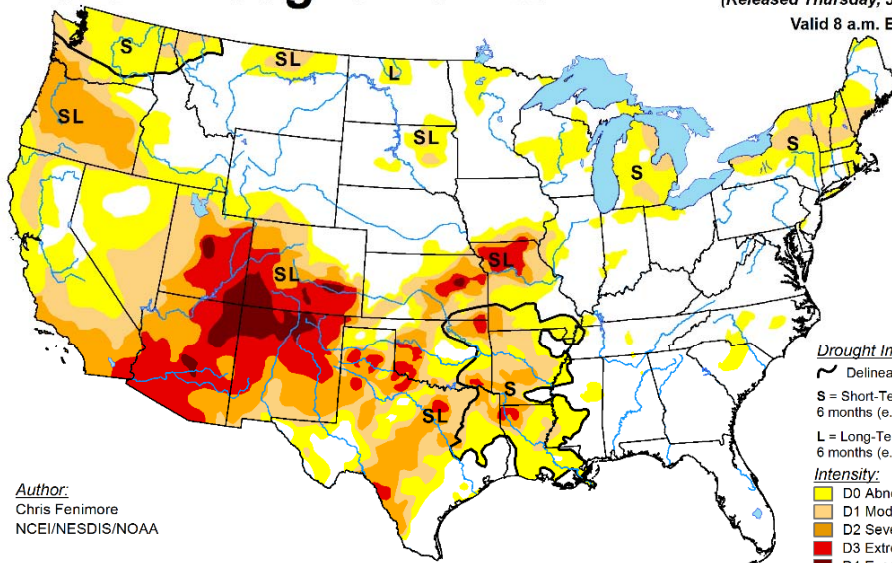
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



<http://droughtmonitor.unl.edu/>

U.S. Drought Monitor

July 24, 2018
 (Released Thursday, Jul. 26, 2018)
 Valid 8 a.m. EDT



Author:
 Chris Fenimore
 NCEI/NESDIS/NOAA

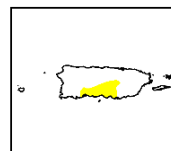
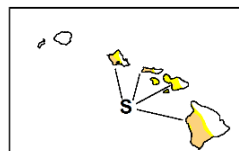
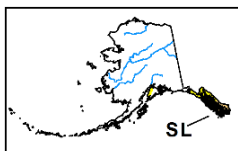
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SIGNIFICANT CORN AND SOYBEAN BELT PRECIPITATION EVENTS

	WEST CORN BELT	EAST CORN BELT
Tdy-Sun		15-35% daily cvg of up to 0.35" and locally more each day
Fri-Sat	45% cvg of up to 0.75" and local amts over 2.0"; S.D. to Mn. wettest; driest south	
Sun-Mon	65% cvg of up to 0.75" and local amts over 2.0"; Ia. wettest; far south and far NW driest	
Mon-Tue		80% cvg of up to 0.75" and local amts to 2.0"; west-central and SW Illinois driest
Tue-Wed	60% cvg of up to 0.50" and local amts to 1.10"; driest south	
Wed-Aug 10		70% cvg of up to 0.55" and local amts to 1.15"; wettest south
Aug 9-11	Up to 20% daily cvg of up to 0.25" and locally more each day; some days may be dry	
Aug 11-12		5-20% daily cvg of up to 0.30" and locally more each day
Aug 12-13	40% cvg of up to 0.50" and locally more; wettest north	
Aug 13-14		45% cvg of up to 0.40" and locally more; north and east wettest
Aug 14-16	5-20% daily cvg of up to 0.30" and locally more each day	
Aug 15-16		5-20% daily cvg of up to 0.30" and locally more each day

U.S. DELTA/SOUTHEAST SIGNIFICANT PRECIPITATION EVENTS

	DELTA	SOUTHEAST
Tdy-Fri	Up to 10% daily cvg of up to 0.20" and locally more each day; some	85% cvg of 0.40-1.50" and local amts to 2.50" in most areas from Fl.

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	days may be dry	to Va. and a few bands of 2.50-3.75" with up to 0.40" and locally more elsewhere; east Ms. driest
Sat-Mon	10-25% daily cvg of up to 0.30" and locally more each day	
Sat-Tue		15-35% daily cvg of up to 0.50" and locally more each day
Tue-Wed	65% cvg of up to 0.75" and local amts to 1.50"; driest south	
Wed-Aug 10		80% cvg of up to 0.75" and local amts to 2.0"; driest NE
Aug 9-10	75% cvg of up to 0.75" and local amts to 1.50"	
Aug 11-16	10-25% daily cvg of up to 0.30" and locally more each day	10-25% daily cvg of up to 0.30" and locally more each day

Source: World Weather Inc. and FI

Bloomberg weekly agenda

THURSDAY, AUG. 2:

- Costa Rica public holiday
- FAO food price index, 4am ET (9am London)
- USDA weekly net-export sales for corn, wheat, soy, cotton, 8:30am
- Port of Rouen data on French grain exports
- Buenos Aires Grain Exchange weekly crop report
- Bloomberg weekly survey of analysts' expectations on grain, sugar prices
- Colorado State University provides its final seasonal forecast adjustment before the usual peak of the Atlantic hurricane season in late August
- EARNINGS: Pilgrim's Pride Corp., Kellogg Co., Asahi Group Holdings

FRIDAY, AUG. 3:

- ICE Futures Europe commitments of traders weekly report on coffee, cocoa, sugar positions, ~1:30pm ET (~6:30pm London)
- CFTC commitments of traders weekly report on positions for various U.S. futures and options, 3:30pm
- FranceAgriMer weekly updates on French crop conditions
- EARNINGS: Kraft Heinz Co.

Source: Bloomberg and FI

Weekly Bloomberg Bull/Bear Survey

- Wheat survey results: Bullish: 9 Bearish: 2 Neutral: 3
- Corn: Bullish: 8 Bearish: 2 Neutral: 5
- Soybeans: Bullish: 6 Bearish: 5 Neutral: 4
- Raw sugar: Bullish: 5 Bearish: 3 Neutral: 1
- White sugar: Bullish: 5 Bearish: 1 Neutral: 3 White-sugar

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USDA US Export Sales Results in 000 Metric Tons

	Week ending:	Actual 7/26/2018	Trade* Estimates		Last Week 7/19/2018		Year Ago 7/27/2017
Beans	2017-18	93.7	150-500	2016-17	538.1		233.4
	2018-19	543.3	300-700	2017-18	963.8		367.5
Meal	2017-18	79.0	50-250	Sales	166.5	Sales	87.1
	2018-19	57.3	0-100	n/c	37.6		145.6
	Shipments	247.7	NA	Shipments	215.4	Shipments	188.9
Oil	2017-18	14.2	5-20	Sales	-4.4	Sales	10.7
	2018-19	1.3	0-15	n/c	0.0		0.0
	Shipments	18.4	NA	Shipments	29.4	Shipments	31.9
Corn	2017-18	292.0	300-600	2016-17	338.5		36.7
	2018-19	986.1	400-800	2017-18	747.5		438.3
Wheat	2018-19	382.5	200-450	2018-19	385.9		145.6

Source: FI & USDA *Reuters estimates

n/c= New Crop

US crop-year to date export sales

% sold from USDA's export projection

	Current	Last Year	YOY	YOY	2018-19	2017-18	2016-17	2015-16
2017-18 Soybeans mil bu	2136	2230	-94	-4.2%		102.4%	102.9%	97.6%
2017-18 SoyOil MT	1016	1053	-37	-3.5%		91.4%	90.8%	111.7%
2017-18 SoyMeal MT	11922	10142	1780	17.5%		97.3%	96.5%	95.3%
2017-18 Corn mil bu	2337	2219	118	5.3%		97.4%	96.7%	100.9%
2018-19 Wheat mil bu	264	370	-105	-28.5%	27.1%	41.0%	33.8%	36.3%

Source: Futures International and USDA

Macros.

- China PMI dropped to 50.8 from 51.0 in June.
- China Commerce Ministry said China has fully prepared for US threats on escalating trade war, and a pre-requisite for dialogue is equal treatment, keeping promises. China is fully confident to achieve high-quality economic growth target and that the U.S. tactics on China will have no effect. China said yesterday they are ready to retaliate after latest U.S. tariff threat.
- The US is considering a 25 percent tariff on \$200 billion in Chinese imports, higher than the 10 percent previously announced.
- US Initial Jobless Claims (Jul 27): 218K (est 220K, prev 217K)
-US Continuing Jobless Claims (Jul 20): 1.724M (est 1.750M, prevR 1.747M)
- Jobs report is due out Friday.

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Corn.

- Corn ended higher on US crop concerns and higher wheat.
- Funds bought an estimated net 11,000 corn contracts, even though prices appreciated only 1.75 cents in the nearby contracts.
- USDA export sales on a combined crop-year basis were ok.
- Yesterday INTL FC Stone estimated the 2018 US corn production at 14.562 billion bushels and yield at 178.1 bushels per acre. USDA is at 14.230 billion bushels and 174.0/bu for the yield.
- Note Informa is due out on Friday. In July we understand Informa used a 176.0 yield and 14.392 billion bushel crop.

Export Developments

- China sold 1.102 million tons of corn out of reserves at an average price of 1539 yuan per ton (\$225.78/ton), 28 percent of total offered.
- China plans to offer another 4 million tons of corn from state reserves on Friday.
- China sold about 58.8 million tons of corn out of reserves this season.

USDA Export Sales Highlights

- Corn: Net sales of 292,000 MT for 2017/2018 were down 14 percent from the previous week and 36 percent from the prior 4-week average. Increases were reported for Japan (126,400 MT, including 96,300 MT switched from unknown destinations and decreases of 31,300 MT), Taiwan (78,600 MT, including 66,000 MT switched from unknown destinations and decreases of 900 MT), South Korea (73,800 MT, including decreases of 3,100 MT), Mexico (53,700 MT, including 26,000 MT switched from unknown destinations and decreases of 34,300 MT), and Colombia (52,300 MT, including 50,000 MT switched from unknown destinations and decreases of 2,100 MT). Reductions were primarily for unknown destinations (144,300 MT). For 2018/2019, net sales of 986,100 MT were reported for unknown destinations (372,500 MT), Mexico (286,100 MT), Japan (106,000 MT), Saudi Arabia (70,000 MT), and South Korea (69,000 MT). Exports of 1,624,600 MT were up 27 percent from the previous week and 18 percent from the prior 4-week average. The destinations were primarily to Japan (405,600 MT), Mexico (349,000 MT), South Korea (281,800 MT), Taiwan (160,800 MT), and Colombia (111,100 MT). Optional Origin Sales: For 2017/2018, options were exercised to export 68,000 MT to South Korea from the United States. The current optional origin outstanding balance of 70,000 MT is for South Korea. For 2018/2019, the current outstanding balance of 463,000 MT is for South Korea (343,000 MT), Saudi Arabia (70,000 MT), and unknown destinations (50,000 MT).
- Barley: No net sales were reported for the week. Exports of 1,400 MT were to Japan.
- Sorghum: Net sales of 100 MT for 2017/2018 resulted as increases for Eritrea (30,000 MT, switched from unknown destinations) and Japan (11,000 MT, including 10,900 MT switched from unknown destinations), were partially offset by reductions for unknown destinations (40,900 MT). Exports of 41,400 MT were to Eritrea (30,000 MT), Japan (11,000 MT), and Mexico (400 MT).
- Beef: Net sales of 16,200 MT for 2018 were up noticeably from the previous week and up 36 percent from the prior 4-week average. Increases were primarily for Japan (6,500 MT, including decreases of 700 MT), Hong Kong (2,700 MT, including decreases of 100 MT), South Korea (2,000 MT, including decreases of 500 MT), Mexico (1,700 MT, including decreases of 100 MT), and Canada (1,200 MT, including decreases of 100 MT). For 2019, net sales of 1,400 MT were reported for Mexico. Exports of 18,800 MT were up 5 percent from the previous and from the prior 4-week average. The primary

destinations were Japan (7,200 MT), South Korea (4,900 MT), Mexico (1,800 MT), Taiwan (1,400 MT), and Hong Kong (1,200 MT).

- Pork: Net sales of 35,700 MT for 2018 were up 69 percent from the previous week and up noticeably from the prior 4-week average. Increases were reported for Mexico (16,300 MT), Hong Kong (6,600 MT), Australia (3,500 MT), Japan (3,000 MT), and Canada (2,100 MT). Reductions were reported for Chile (100 MT). For 2019, net sales of 500 MT were reported for South Korea. Exports of 21,200 MT were up 17 percent from the previous week and 12 percent from the prior 4-week average. The primary destinations were Mexico (8,200 MT), Japan (4,200 MT), South Korea (1,900 MT), Canada (1,900 MT), and Chile (1,000 MT).

Corn		Change	Oats	Change	Ethanol	Settle		
SEP8	366.75	1.75	SEP8	243.00	4.00	AUG8	1.43	Spot DDGS IL
DEC8	381.25	1.75	DEC8	250.75	2.50	SEP8	1.44	Cash & CBOT
MAR9	392.25	2.00	MAR9	254.25	2.00	OCT8	1.44	Corn + Ethanol
MAY9	398.00	2.00	MAY9	256.75	1.75	NOV8	1.43	Crush
JUL9	403.75	2.75	JUL9	260.00	1.75	DEC8	1.42	1.60
SEP9	405.00	3.50	SEP9	264.50	1.75	JAN9	1.41	
Soybean/Corn		Ratio	Spread	Change	Wheat/Corn	Ratio	Spread	Change
SEP8	SEP8	2.42	520.25	(6.25)	SEP8	1.53	193.75	0.50
NOV8	DEC8	2.35	516.25	(6.00)	DEC8	1.53	201.50	2.25
MAR9	MAR9	2.34	525.75	(5.75)	MAR9	1.53	207.75	4.00
MAY9	MAY9	2.33	529.50	(5.00)	MAY9	1.52	208.00	5.50
JUL9	JUL9	2.32	532.00	(5.25)	JUL9	1.48	193.75	(2.00)
SEP9	SEP9	2.30	526.75	(5.25)	SEP9	1.49	198.75	(3.00)
US Corn Basis & Barge Freight								
Gulf Corn			BRAZIL Corn Basis			Chicago		
AUG	+55 / 59 u up2/up3		AUG	+75 / +90 u		unch	Chicago	-1 u up1
SEPT	+55 / 59 u unch/up1		SEPT	+80 / +90 u		unch	Toledo	-3 u unch
OCT	+52 / 55 z up2/unch		OCT	+75 / +90 z		unch	Decatur	-12 u up3
NOV	+52 / 55 z up2/unch		NOV	+75 / +90 z		unch	Dayton	-2 u unch
DEC	+52 / 55 z up2/unch		DEC	+75 / +90 z		unch	Cedar Rapids	-13 u up3
							Burns Harbor	-25 u dn3
USD/ton:						Memphis-Cairo Barge Freight (offer)		
US Gulf 3YC Fob Gulf Seller (RTRS) 170.2 171.0 177.9 177.9 177.9 177.8						Jul	350	unchanged
China 2YC Maize Cif Dalian (DCE) 258.8 261.5 264.3 266.8 269.3 272.0						Aug	350	unchanged
Argentine Yellow Maize Fob UpRiver - 174.4 180.1 - - -						Sep	525	+25

Source: FI, DJ, Reuters & various trade sources

7/31/18. September corn may trade in a \$3.50-\$4.25 range. December corn is seen in a \$3.00-4.50 range. Our working 2018-19 corn crop-year average is \$3.55, subject to change.

Soybean complex.

- Soybeans posted a second day of risk off by ending 3.0-4.50 cents lower. High US yield estimates for the US were weighing on prices. Today's weather forecast was also wetter for IA than that of Wednesday, during the Sunday through Monday period. The outlook next week remains warm and dry.
- Soybeans meal and oil ended \$2.70-\$3.70 and 31-34 points lower.
- Funds were net sellers of 5,000 soybeans, sold 4,000 soybean meal, and sold 3,000 soybean oil contracts.
- Argentina soybean crushers are looking to gain access to China's soybean meal import market. Argentina's oilseed group CIARA plans to present China a list of companies wishing to export soybean

meal. We think it would be monumental if China decides to open their doors wide open to soybean meal imports, as local crushers have frown down on the idea for many years.

- USDA export sales for old crop fell short of expectations, but a pickup in sales to the EU could justify an offset by large reductions by unknown and China. The unknown sales cancellations could have been rolled into new-crop (+543,300 tons). Product sales showed meal backing off from the previous week and soybean oil improving.
- Yesterday INTL FC Stone estimated the 2018 US soybean production at 4.574 billion bushels and yield at 51.5 bushels per acre. USDA is at 4.310 billion bushels and 48.5/bu for the yield.
- We think the soybean yield is too high issued by FC Stone. Several field reports across IL and IA would beg to differ on the state yields they released of 60 and 59/bu, respectively. If they are correct on their national yield, prices could retest contract lows.
- Note Informa is due out on Friday. In July we understand Informa used a 49.1 yield and 4.425 billion bushel crop.
- JCI reported China's soybean crush margins held near the lowest in about a month. (Bloomberg)

Export Developments

- South Korea seeks 12,000 tons of non-GMO soybeans in Aug 7 for Nov/Dec arrival.
- USDA seeks 2,160 tons of refined vegetable oil under the PL480 program on August 7 for shipment in September for Zimbabwe.
- Results awaited: Iran seeks 30,000 tons of soybean oil on August 1.
- Iran seeks 30,000 tons of sunflower oil on September 24.
- China sold 1.054 million tons of soybeans out of reserves so far, this season.

USDA Export Sales Highlights

- Soybeans: Net sales of 93,700 MT for 2017/2018 were down 76 percent from the previous week and 71 percent from the prior 4-week average. Increases were reported for Germany (143,300 MT), Pakistan (68,500 MT, including 65,000 MT switched from unknown destinations), the Netherlands (66,600 MT, including 66,000 MT switched from unknown destinations), South Korea (60,000 MT, including 56,000 MT switched from unknown destinations), and Tunisia (33,000 MT, including 30,000 MT switched from unknown destinations). Reductions were for unknown destinations (316,200 MT) and China (120,000 MT). For 2018/2019, net sales of 543,300 MT were reported for unknown destinations (411,600 MT), Switzerland (60,000 MT), and Japan (30,000 MT). Exports of 856,400 MT were up 26 percent from the previous week and 18 percent from the prior 4-week average. The destinations included Germany (143,300 MT), Taiwan (86,400 MT), Japan (72,100 MT), Mexico (71,600 MT), and Pakistan (68,500 MT). Optional Origin Sales: For 2017/2018, the current optional origin outstanding balance of 66,000 MT is for unknown destinations. For 2018/2019, the current outstanding balance of 63,000 MT is for unknown destinations. Export for Own Account: The current exports for own account outstanding balance is 130,900 MT, all Canada. Export Adjustment: Accumulated exports of soybeans to the Netherlands were adjusted down 143,308 MT for week ending July 19th. The correct destination for this shipment is Germany and is included in this week's report.
- Soybean Cake and Meal: Net sales of 79,000 MT for 2017/2018 were down 53 percent from the previous week and 32 percent from the prior 4-week average. Increases were reported for Mexico (25,500 MT), Morocco (21,200 MT), the Dominican Republic (8,100 MT), Nicaragua (6,000 MT, including 3,500 MT switched from Honduras, 1,500 MT switched from Costa Rica, and 300 MT switched from El

Salvador), and Canada (5,500 MT, including decreases of 3,400 MT). Reductions were reported for Guatemala (6,500 MT), El Salvador (2,100 MT), and Costa Rica (1,800 MT). For 2018/2019, net sales of 57,300 MT were primarily for Mexico (50,900 MT), Honduras (5,000 MT), and Guatemala (1,000 MT). Exports of 247,700 MT were up 15 percent from the previous week and 3 percent from the prior 4-week average. The primary destinations were the Philippines (90,700 MT), Colombia (24,400 MT), Mexico (24,300 MT), the Dominican Republic (19,500 MT), and Panama (17,600 MT).

- Soybean Oil: Net sales of 14,200 MT for 2017/2018 were up noticeably from the previous week, but down 20 percent from the prior 4-week average. Increases were primarily for South Korea (12,300 MT, switched from unknown destinations), Peru (9,200 MT), and Mexico (3,700 MT). For 2018/2019, net sales of 1,300 MT were reported for Mexico. Exports of 18,400 MT were down 37 percent from the previous week and 18 percent from the prior 4-week average. The primary destinations were South Korea (14,000 MT), Colombia (2,200 MT), and Mexico (1,600 MT).

Soybeans			Soybean Meal			Soybean Oil		
		Change			Change			Change
AUG8	882.50	(4.25)	AUG8	332.80	(3.70)	AUG8	28.12	(0.33)
SEP8	887.00	(4.50)	SEP8	331.00	(3.50)	SEP8	28.29	(0.33)
NOV8	897.50	(4.25)	OCT8	331.30	(3.50)	OCT8	28.40	(0.32)
JAN9	908.75	(4.00)	DEC8	332.60	(3.40)	DEC8	28.61	(0.34)
MAR9	918.00	(3.75)	JAN9	332.00	(2.70)	JAN9	28.86	(0.34)
MAY9	927.50	(3.00)	MAR9	329.00	(1.30)	MAR9	29.18	(0.33)
JUL9	935.75	(2.50)	MAY9	327.70	(0.70)	MAY9	29.51	(0.30)

Soybeans	Spread	Change	SoyMeal	Spread	Change	SoyOil	Spread	Change
Sep/Nov	10.50	0.25	Sep/Dec	1.60	0.10	Sep/Dec	0.32	(0.01)

Electronic Beans Crush		Oil as %		Meal/Oil \$		Meal		Oil	
Month	Margin		of Oil&Meal	Con. Value	Value	Value			
AUG8	158.98	AUG8	29.70%	\$ 16,408	732.16	309.32			
SEP8	152.39	SEP8	29.94%	\$ 16,126	728.20	311.19	EUR/USD	1.1584	
NOV8/DEC8	148.93	OCT8	30.00%	\$ 16,090	728.86	312.40	Brazil Real	3.7499	
JAN9	139.11	DEC8	30.07%	\$ 16,094	731.72	314.71	Malaysia Bid	4.0740	
MAR9	126.78	JAN9	30.30%	\$ 15,884	730.40	317.46	China RMB	6.8380	
MAY9	118.05	MAR9	30.72%	\$ 15,392	723.80	320.98	AUD	0.7360	
JUL9	117.39	MAY9	31.05%	\$ 15,064	720.94	324.61	CME Bitcoin	7554	
AUG9	117.95	JUL9	31.17%	\$ 15,046	724.90	328.24	3M Libor	2.3405	
SEP9	124.80	AUG9	31.24%	\$ 15,008	725.78	329.67	Prime rate	5.0000	
NOV9/DEC9	126.86	SEP9	31.35%	\$ 14,904	725.34	331.21			

US Soybean Complex Basis

AUG	+29 / x dn3				DECATUR	-18 x unch
SEPT	+29 / 34 x dn1/unch	IL SBM	-14	7/24/2018	SIDNEY	-15 x unch
OCT	+32 / 38 x dn3/unch	CIF Meal	17	7/24/2018	CHICAGO	-25 q unch
NOV	+40 / 50 x unch	Oil FOB NOLA	250	7/31/2018	TOLEDO	-10 x unch
DEC	+43 / 50 x dn2/unch	Decatur Oil	0	7/31/2018	BRNS HRBR	-40 x unch
					C. RAPIDS	-40 x unch

Brazil Soybeans Paranagua fob		Brazil Meal Paranagua		Brazil Oil Paranagua	
AUG+207 / +210 q unch		SEP	+7 / +10 q dn2/dn2	AUG	+110 / +200 q up10/unch
SEPT+220 / +230 u unch		OCT	+9 / +12 v dn4/dn6	SEPT	+110 / +200 u dn30/dn20
OCT+235 / +255 x unch		NOV	+12 / +15 z dn1/dn3	OCT	+110 / +200 v unch/dn50
NOV+240 / +260 x unch		DEC	+12 / +15 z dn1/dn3	NOV	+110 / +200 z unch/dn50
DEC+240 / +260 x unch		JAN	+15 / +20 h dn3/unch	DEC	+110 / +200 z unch/dn50
Argentina meal	338 7.3	Argentina oil	Spot fob	29.6	1.33

Source: FI, DJ, Reuters & various trade sources

Updated 7/31/18

- September soybeans are seen in a \$8.80-\$9.60 range; November \$7.75-\$10.00 range.
- September soybean meal \$310-380 range; December \$280-\$420 range.
- September soybean oil 28.00-29.50 range; December 27.00-31.00 range.

Wheat.

- US wheat futures rallied early, backed off, then rallied again on a bullish headline before selling off when the headline was found to be false. For intraday highs, Chicago wheat on a nearby contract rolling basis surged to its highest level since June 2015. KC hit its highest level since January 2015, while MN remained at a about a 10-month high. Prices settled well off their respected highs with September

Terry Reilly Grain Research

Futures International | 190 S. LaSalle St., Suite 410 | Chicago, IL 60603

W: 312.604.1366 | treilly@futures-int.com

Chicago up 2.25 cents, September KC up 5.50 cents, and September MN up 2.50 cents. It was extraordinary day of trading, in our opinion. But unwanted.

- Funds today bought an estimated net 8,000 SRW wheat contracts.
- During the trade a Bloomberg headline read that the Ukraine AgMin will limit wheat exports in “mid-term”, via a Facebook statement (could not be verified), but shortly later the official AgMin said there were no talks about limiting wheat exports.
- In our opinion, Ukraine will not need to limit exports, even with using our current 25.1-million-ton production (updated revised this afternoon after getting feedback), down from 27.0 million tons in 2017. Ukraine is expected to harvest a record or near record corn crop, which should alleviate the need for wheat used for feed during the 2018-19 marketing year. In addition, the carryin stocks are projected by USDA at 1.4 million tons, and using estimates near USDA’s 3.2 and 6.2MMT feed and FSI consumption, exports could dip to 15.9 million tons, down from 17.5 million tons in 2017-18 but large enough to satisfy importers needs for at least three-fourths of the crop-year. At 15.9 million tons, exports could average 1.33 million tons a month. In 2017-18, they averaged about 1.46 million tons. In 2016-17 wheat exports averaged 1.5 million per month. See our balance sheet attached.
- Another headline said Russia has no plans to limit wheat exports this crop-year.
- Russia’s Economic Minister expects grain harvest to total 113-115 million tons in 2018, above 100 million tons by the AgMin. The Economic Minister noted that would be against the 135MMT record last year.
- EU wheat was screaming higher early this morning and ended 5.50 euros higher basis December to 213.75 euros.
- USDA all-wheat US export sales were within expectations and included the usual suspects.
- Egypt and Algeria bought wheat.
- Agritel estimated the EU will thresh 136.6 million tons of all-wheat, down 15 million tons compared with 2017. Northern Europe took a hit from drought. If realized the production would be second-lowest crop this decade after 2012.
- The USDA Attaché estimated 2018-19 EU’s wheat production at 143.5 million tons, 1.5 million below USDA official.
- The EU awarded 72,048 tons of wheat imports under quotas. No barley was granted.
- The FAO reported a decrease in the food price index for the month of July to 168.8 from 173.7, or 3.7 percent, largest monthly percentage decrease since December. Dairy was down 6.6% from last month.

Black Sea wheat Platts – August



Source: Reuters and FI

Export Developments.

- Egypt bought 240,000 tons of Russian and Roman wheat for September 11-20 shipment. Lowest paid was \$251.96/ton c&f.
- Algeria bought at least 360,000 tons of milling wheat at around \$263/ton c&f & \$272/ton c&f, for October shipment.
- Jordan bought 60,000 tons of hard milling wheat at \$237.15/ton c&f for shipment in the second half of September. They were in for 120k.
- Iraq's bought about 50,000 tons of Australian wheat at \$335 a ton CIF free out. Interesting since US wheat was previously the lowest offered.
- Japan bought 140,968 tons of food wheat.

Japan food wheat import details are via Reuters as follows (in tons):

COUNTRY	TYPE	QUANTITY
U.S.	Western White	12,547 **
U.S.	Hard Red Winter(Semi Hard)	10,890 **
U.S.	Dark Northern Spring(protein minimum 14.0%)	23,741 **
Canada	Western Red Spring(13.5%)	24,910 *
Canada	Western Red Spring(13.5%)	35,755 *
Australia	Standard White(West Australia)	33,125 **

Shipments: * Loading between Sept. 1 and Sept. 30, 2018

** Loading between Oct. 1 and Oct. 31

Source: Japan AgMin, Reuters and FI

- China sold 1,800 tons of 2013 imported wheat at auction from state reserves at 2370 yuan/ton (\$347.21/ton), 0.10 percent of wheat was offered.
- Jordan issued an import tender for 120,000 tons of feed barley on August 8.
- Japan in a SBS import tender seeks 120,000 tons of feed wheat and 200,000 tons of barley on August 8 for arrival by January 31.

Rice/Other

- Iraq seeks 30,000 tons of rice on August 12, open until Aug 16.

USDA Export Sales Highlights

- **Wheat:** Net sales of 382,500 MT for 2018/2019 were down 1 percent from the previous week, but up 21 percent from the prior 4-week average. Increases were reported for Taiwan (104,900 MT), the Philippines (104,500 MT, including 31,500 MT switched from unknown destinations and decreases of 16,700 MT), Indonesia (70,000 MT), Sri Lanka (60,000 MT), and Mexico (30,700 MT, including decreases of 2,800 MT). Reductions were reported for unknown destinations (32,900 MT) and Algeria (22,800 MT). Exports of 386,600 MT were down 6 percent from the previous week, but up 2 percent from the prior 4-week average. The destinations were primarily to the Philippines (121,300 MT), Thailand (56,400 MT), Nigeria (45,000 MT), Taiwan (44,900 MT), and Mexico (32,900 MT).
- **Rice:** Net sales of 7,300 MT for 2017/2018 were up 18 percent from the previous week, but down 69 percent from the prior 4-week average. Increases were reported for Canada (3,000 MT), Mexico (1,900 MT), Colombia (700 MT), Turkey (500 MT), and Honduras (300 MT, including decreases of 200 MT). For 2018/2019, net sales of 12,200 MT were reported for Honduras (10,200 MT), El Salvador (1,700 MT), and Liberia (300 MT). Exports of 32,000 MT were up 38 percent from the previous week, but down 4 percent from the prior 4-week average. The destinations were primarily to Mexico (22,400 MT), Honduras (2,800 MT), Canada (2,500 MT), Japan (1,700 MT), and Jordan (900 MT). Export for Own Account: The current exports for own account outstanding balance is 100 MT, all Canada.
- **Cotton:** Net sales of 19,600 running bales for 2017/2018 were up noticeably from the previous week, but down 49 percent from the prior 4-week average. Increases reported for China (6,500 RB), South Korea (5,000 RB), Taiwan (3,400 RB), Pakistan (2,300 RB, including decreases of 100 RB), and India (1,300 RB, including decreases of 600 RB). For 2018/2019, net sales of 261,200 RB reported for Vietnam (128,500 RB), Pakistan (25,300 RB), South Korea (23,800 RB), Colombia (22,700 RB), and Mexico (16,700 RB), were partially offset by reductions for India (1,600 RB) and China (1,300 RB). Exports of 259,100 RB were down 12 percent from the previous week and 13 percent from the prior 4-week average. The primary destinations were Vietnam (59,500 RB), Indonesia (42,200 RB), Turkey

(38,500 RB), China (28,100 RB), and Thailand (15,400 RB). Net sales of Pima totaling 2,600 RB for 2017/2018 were down 56 percent from the previous week, but up 9 percent the prior 4-week average. Increases were reported for Turkey (1,300 RB) and Pakistan (1,000 RB). Reductions were reported for South Korea (300 RB) and Honduras (200 RB). For 2018/2019, net sales of 900 RB were reported for Pakistan (400 RB), India (200 RB), and Italy (200 RB). Exports of 6,200 RB were down 66 percent from the previous week and 59 percent from the prior 4-week average. The primary destinations were India (2,100 RB), China (2,000 RB), Vietnam (1,300 RB). Optional Origin Sales: For 2017/2018, options were exercised to export 100 RB to Indonesia from the United States. The current optional origin outstanding balance is 4,400 RB, all Indonesia. Exports for Own Account: The current exports for own account total of 13,000 RB is for Vietnam (6,300 RB), China (6,200 RB), and Bangladesh (500 RB).

Chicago Wheat	Change	KC Wheat	Change	MN Wheat	Settle	Change		
SEP8	560.50	2.25	SEP8	569.25	5.50	SEP8	610.50	2.50
DEC8	582.75	4.00	DEC8	596.75	5.50	DEC8	627.75	1.75
MAR9	600.00	6.00	MAR9	614.00	5.25	MAR9	641.75	0.75
MAY9	606.00	7.50	MAY9	621.25	6.50	MAY9	648.25	(0.50)
JUL9	597.50	0.75	JUL9	614.25	2.00	JUL9	652.50	0.00
SEP9	603.75	0.50	SEP9	621.25	1.25	SEP9	647.25	1.50
DEC9	614.25	0.75	DEC9	635.75	2.00	DEC9	655.75	4.50

Chicago Rice	Change							
SEP8	11.63	(0.245)	NOV8	11.54	(0.415)	JAN9	11.70	(0.380)

US Wheat Basis					
Gulf SRW Wheat		Gulf HRW Wheat		Chicago mill	-5u unch
AUG	+60 / u unch	AUG	120 u unch	Toledo	+7 u unch
SEPT	+65 / u unch	SEP	130 u unch	PNW US Soft White 10.5% protein	
OCT	+65 z unch	OCT	145 z unch	PNW Aug	605 unchanged
NOV	+65 z unch	NOV	145 z unch	PNW Sep	615 +10.00
DEC	+65 z unch	0-Jan	0 0	PNW Oct	613 +4.00
0-Jan				PNW Nov	616 +4.00

Euronext EU Wheat	Change	OI	OI Change	World Prices \$/ton	Change		
SEP8	212.50	5.25	98,381	(4,537)	US SRW FOB	\$234.50	\$1.66
DEC8	213.75	5.50	230,559	(1,808)	US HRW FOB	\$260.40	\$2.70
MAR9	215.00	5.25	60,416	30	Black Sea FOB Mill 11%	\$210.00	\$12.00
MAY9	216.00	5.25	31,169	(70)	Russia FOB 12%	\$216.50	\$9.00
EUR	1.1584		\$240.75	CME Black 12.5%	Arg. Bread FOB 12%	\$225.00	\$0.00
Rouen FOB 11%	\$253.69	\$5.25			Ukraine FOB Mill 11%	\$210.00	\$12.00
AUS WHEAT DEC8	\$279.00	\$5.00	Platts/USD		Ukr. FOB feed (Odessa)	\$204.50	\$0.00

Source: FI, DJ, Reuters & various trade sources

7/31/18. Trading ranges:

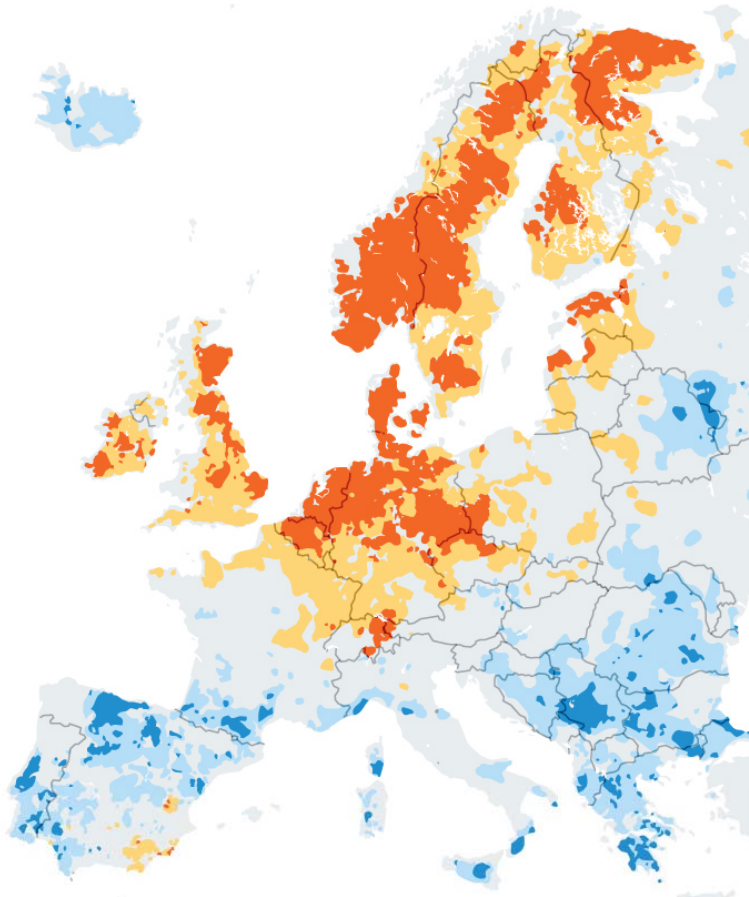
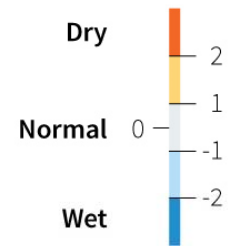
- September Chicago is seen in a \$5.30-\$5.80 trading range.
- September KC is seen in a \$5.35-\$5.85 range.
- September MN wheat is still seen in a \$5.50-\$6.50 range.

European drought

Droughts in Northern Europe are threatening crops in countries like Germany and the UK.

SOIL MOISTURE ANOMALY

Daily index of standard deviation; July 29 data.

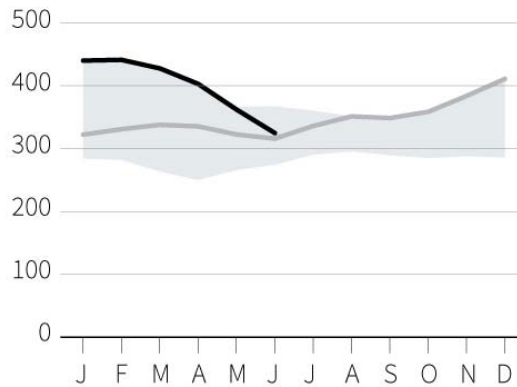


MONTHLY SOIL MOISTURE

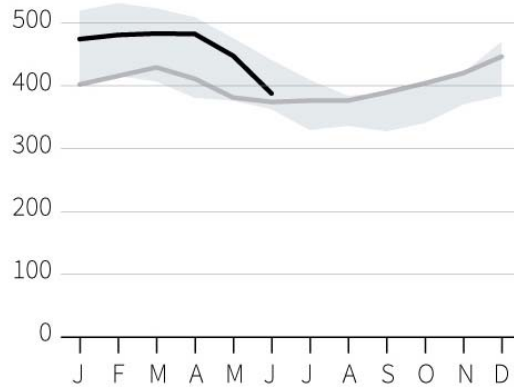
Millimetres of water in top 0-1.6 metres of soil

5-year minimum/maximum 2017 2018

GERMANY



UK



Sources: European Drought Observatory; Thomson Reuters Eikon.

G. Cabrera, 31/07/2018



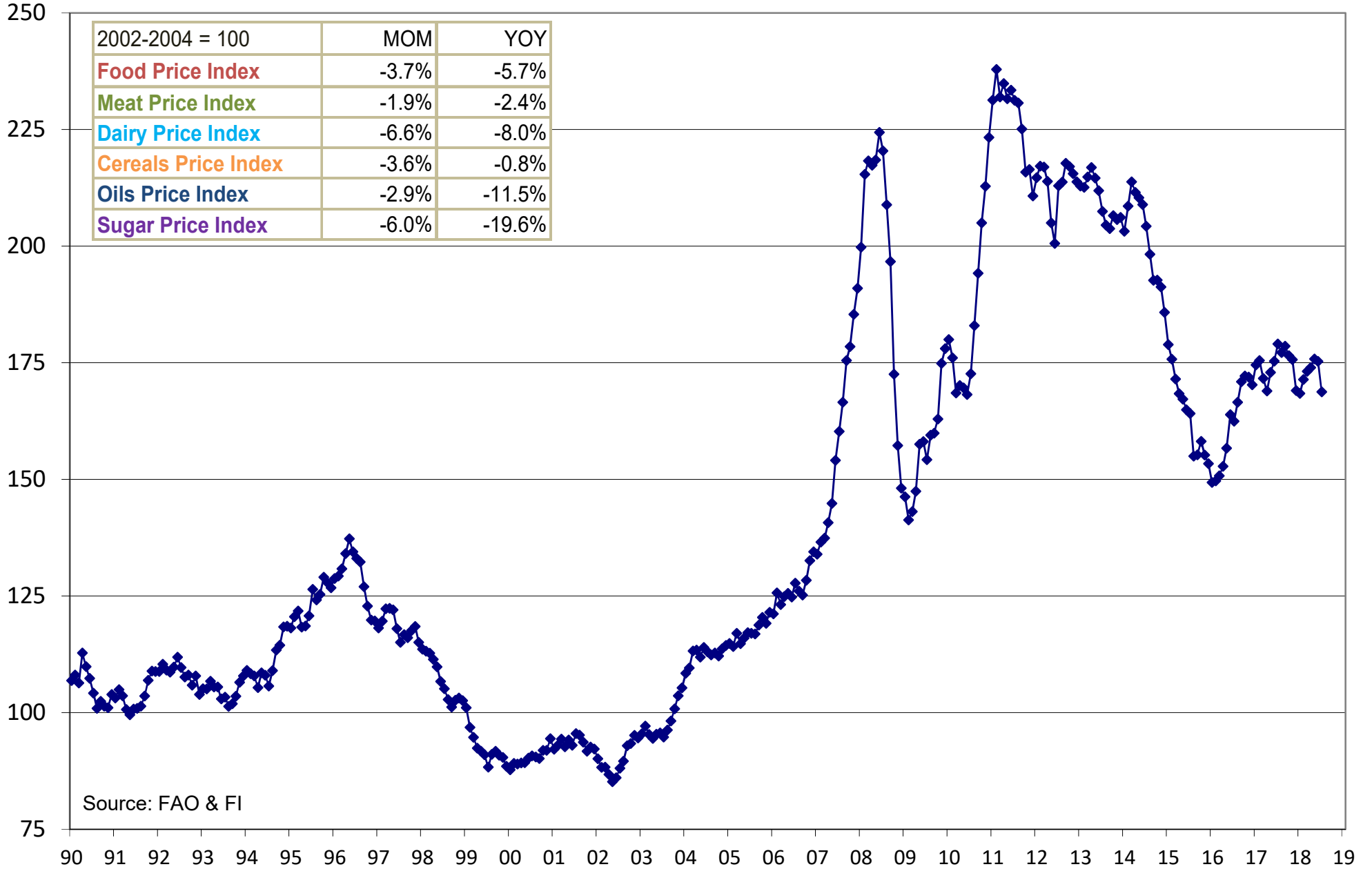
Ukraine Wheat Supply and Demand

(million tons)

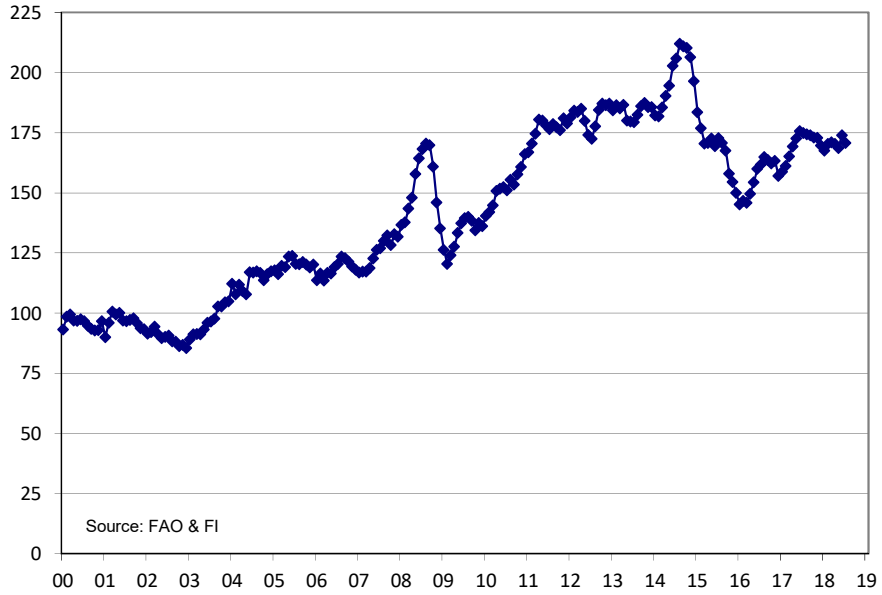
	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	USDA 18/19	FI 18/19	FI 19/20
Area Harvested	5.2	6.9	6.8	2.5	5.5	6.6	5.5	6.0	7.1	6.8	6.3	6.7	5.6	6.6	6.3	7.1	6.5	6.6	6.7	6.6	6.7
Yield	1.98	3.10	3.05	1.47	3.17	2.85	2.53	2.34	3.67	3.09	2.68	3.35	2.80	3.39	3.93	3.83	4.15	4.06	3.81	3.78	4.30
Production	10.2	21.3	20.6	3.6	17.5	18.7	13.9	13.9	25.9	20.9	16.8	22.3	15.8	22.3	24.8	27.3	26.8	27.0	25.5	25.1	28.8
Beginning Stocks	1.8	0.5	3.0	3.3	1.1	2.6	2.4	1.3	2.1	3.1	2.4	3.3	5.4	2.6	3.7	5.7	3.3	1.8	1.4	1.4	1.0
Imports	0.7	0.1	0.8	3.4	0.0	0.1	0.1	0.3	0.1	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Exports	0.1	5.5	6.6	0.1	4.4	6.5	3.4	1.2	13.0	9.3	4.3	5.4	7.2	9.8	11.3	17.4	18.1	17.5	16.5	15.9	18.0
US Exports	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Feed Consumption	1.7	3.0	4.0	0.4	2.1	2.9	2.1	3.0	2.9	3.3	2.8	6.1	3.1	3.4	4.0	5.1	3.6	3.4	3.2	3.3	3.4
FSI Consumption	10.5	10.5	10.5	8.6	9.6	9.6	9.6	9.3	9.0	9.0	8.8	8.9	8.3	8.1	7.5	7.1	6.7	6.5	6.2	6.3	6.7
Total Consumption	12.2	13.5	14.5	9.0	11.7	12.5	11.7	12.3	11.9	12.3	11.6	15.0	11.4	11.5	11.5	12.2	10.3	9.9	9.4	9.6	10.1
Ending Stocks	0.5	3.0	3.3	1.1	2.6	2.4	1.3	2.1	3.1	2.4	3.3	5.4	2.6	3.7	5.7	3.3	1.8	1.4	1.0	1.0	1.7
STU	3.7%	15.6%	15.4%	12.4%	16.0%	12.6%	8.9%	15.4%	12.4%	10.9%	21.0%	26.3%	13.9%	17.3%	24.9%	11.3%	6.2%	5.1%	4.0%	3.9%	6.2%

Source: USDA & FI, Bold FI est.

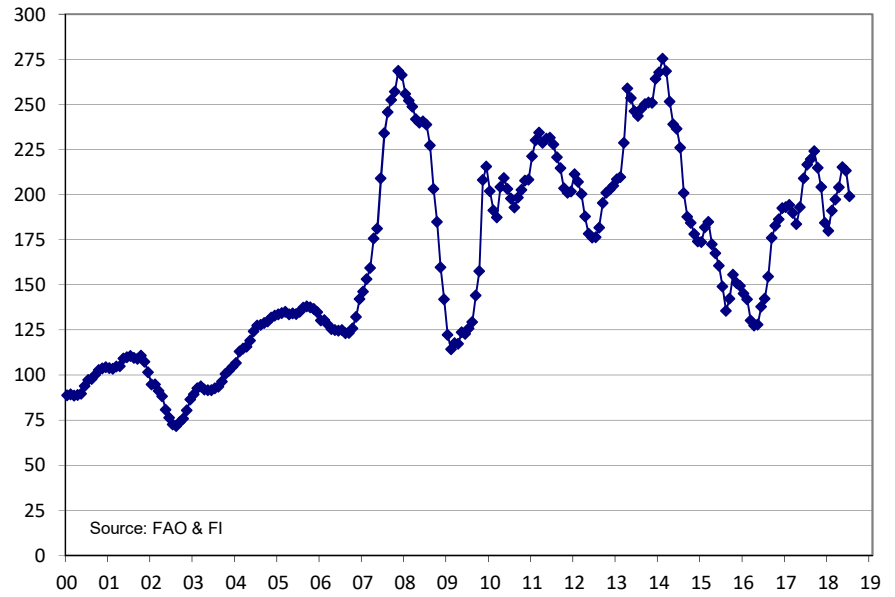
FAO Food Price Index



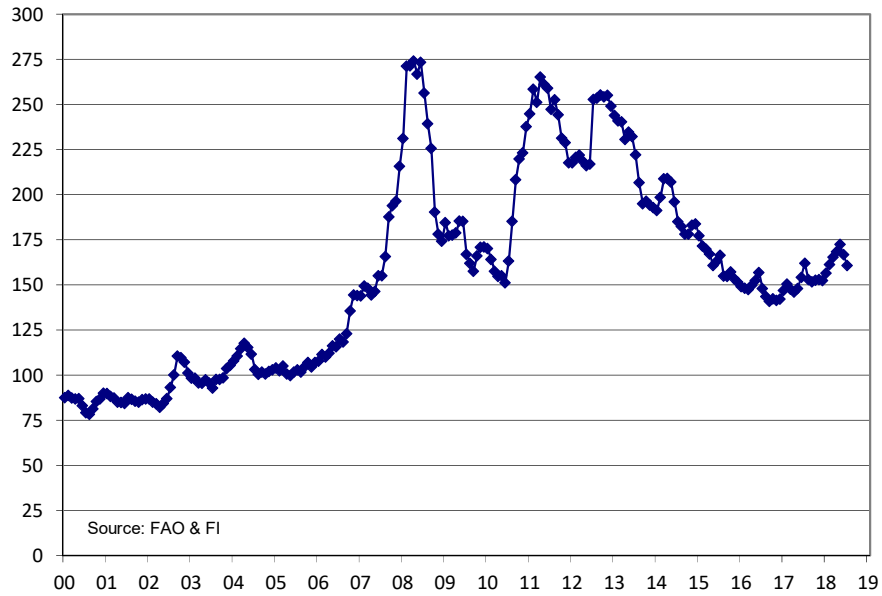
FAO Meat Price Index



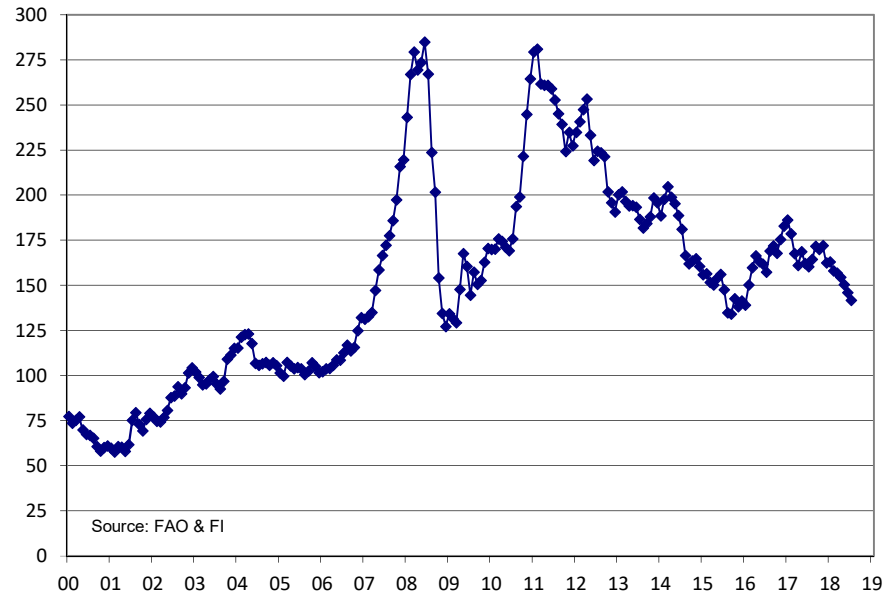
FAO Dairy Price Index



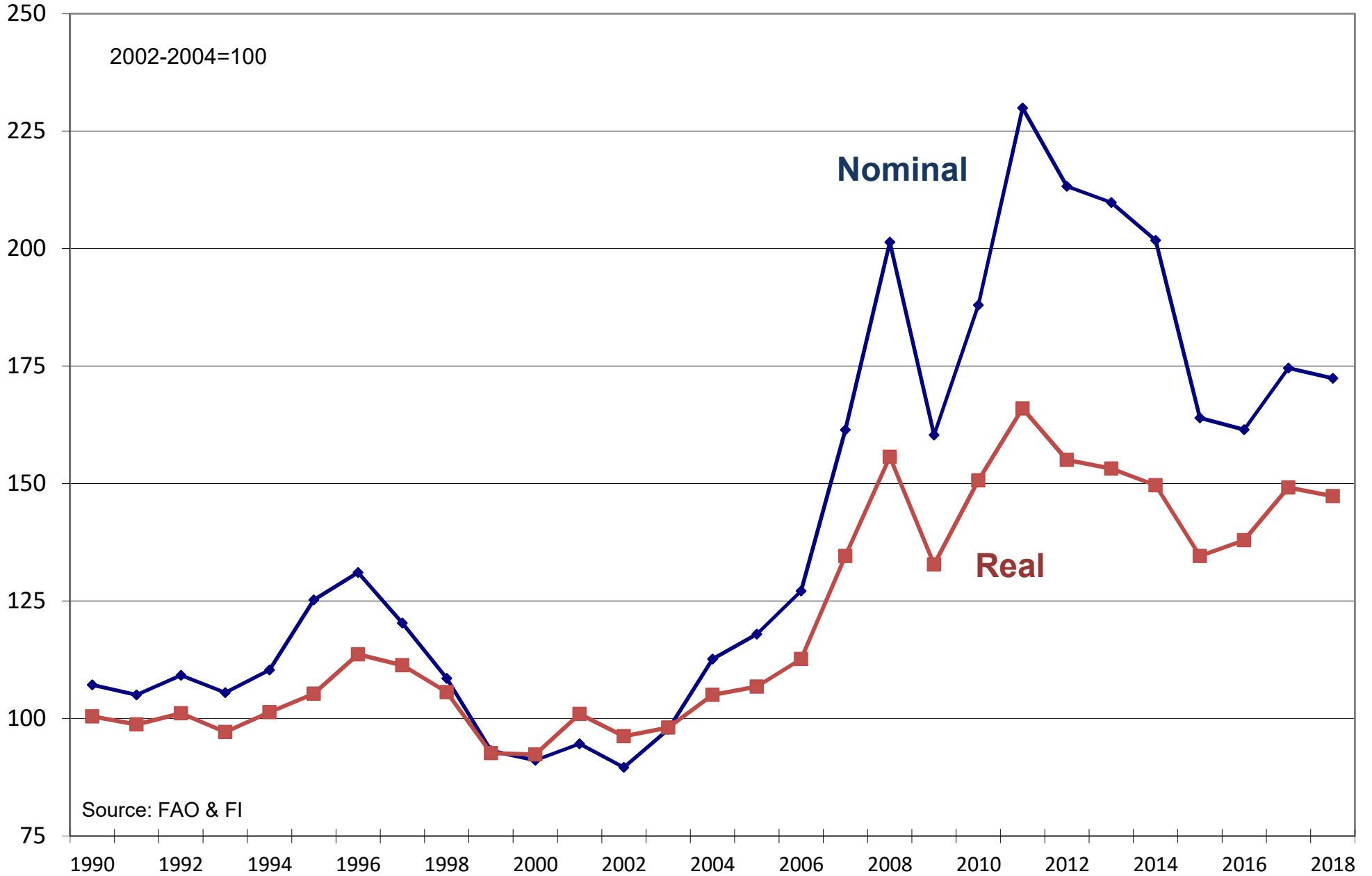
FAO Cereals Price Index



FAO Oils Price Index



FAO Food Price Index - Nominal vs. Real



U.S. Wheat Export Sales for the Week Ending 07/26/2018

(000 tons)										WKLY
	OUTSTANDING SALES			ACCUMULATED EXPORTS			Crop Year to Date Sales		USDA	TO
	NET	CURRENT	YEAR	WEEKLY	CURRENT	YEAR	CURRENT	YEAR		
	SALES	YEAR	AGO	EXPORTS	YEAR	AGO	YEAR	AGO		Proj.
HRW	72.4	984.0	1393.1	107.8	792.8	2121.2	1776.8	3514.3	9934.7	185.4
SRW	39.5	490.3	674.0	23.4	417.4	401.5	907.7	1075.5	3402.3	56.7
HRS	132.1	1390.3	1427.5	155.9	918.2	1213.7	2308.5	2641.2	7348.9	114.6
WHITE	159.7	1198.8	1628.3	80.4	841.0	1000.7	2039.8	2629.0	5171.5	71.2
DURUM	-21.3	136.3	126.9	19.2	27.7	76.3	164.0	203.2	680.5	11.7
TOTAL	382.5	4199.6	5249.8	386.6	2997.1	4813.4	7196.7	10063.2	26537.8	439.6

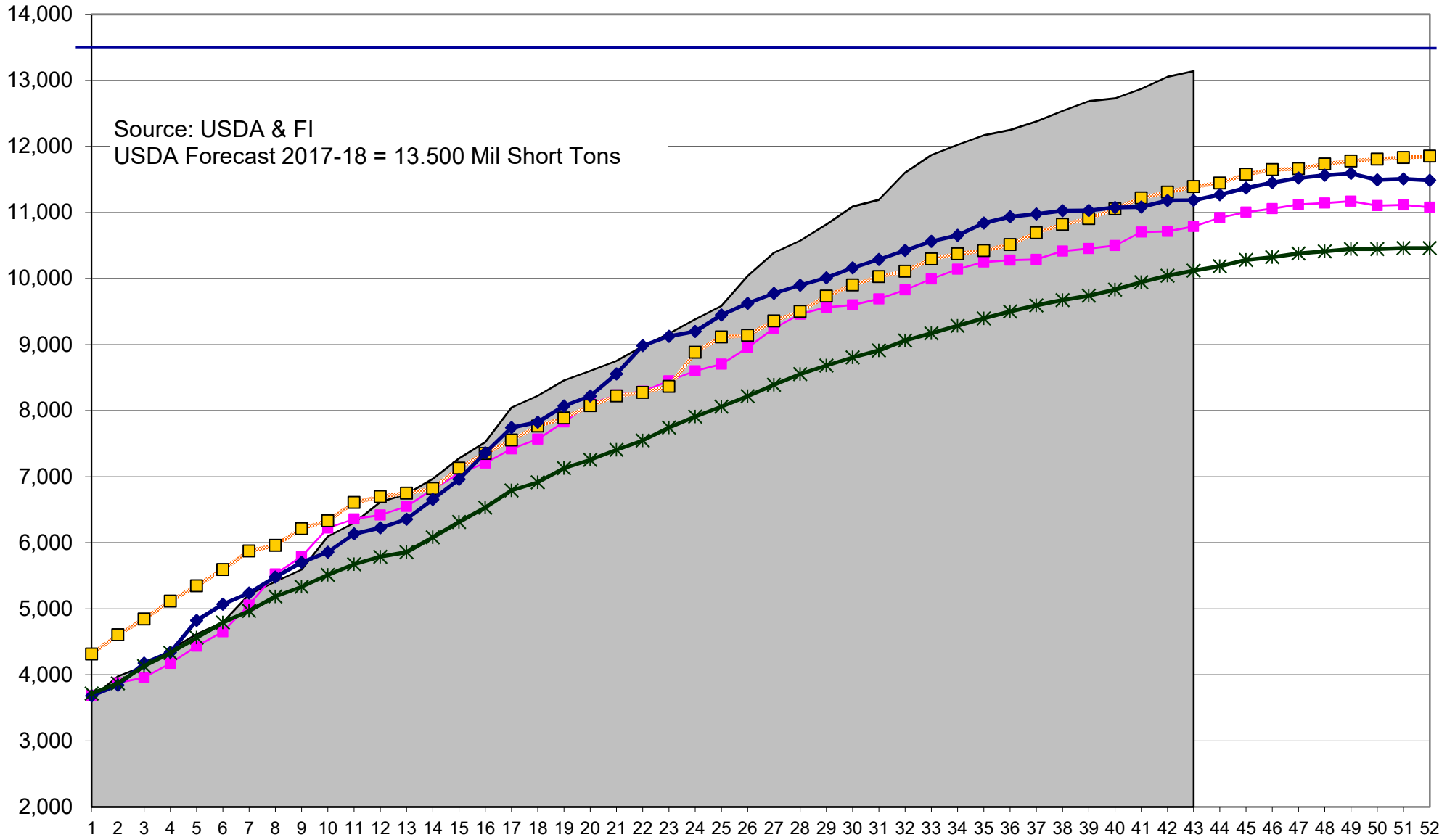
Source: Futures International and USDA

U.S. Wheat Export Sales for the Week Ending 07/26/2018

(bushels)										WKLY
	OUTSTANDING SALES			ACCUMULATED EXPORTS			Crop Year to Date Sales		USDA	TO
	NET	CURRENT	YEAR	WEEKLY	CURRENT	YEAR	CURRENT	YEAR		
	SALES	YEAR	AGO	EXPORTS	YEAR	AGO	YEAR	AGO		Proj.
HRW	2.7	36.2	51.2	4.0	29.1	77.9	65.3	129.1	365	6.8
SRW	1.5	18.0	24.8	0.9	15.3	14.8	33.4	39.5	125	2.1
HRS	4.9	51.1	52.5	5.7	33.7	44.6	84.8	97.0	270	4.2
WHITE	5.9	44.0	59.8	3.0	30.9	36.8	74.9	96.6	190	2.6
DURUM	-0.8	5.0	4.7	0.7	1.0	2.8	6.0	7.5	25	0.4
TOTAL	14.1	154.3	192.9	14.2	110.1	176.9	264.4	369.8	975	16.1

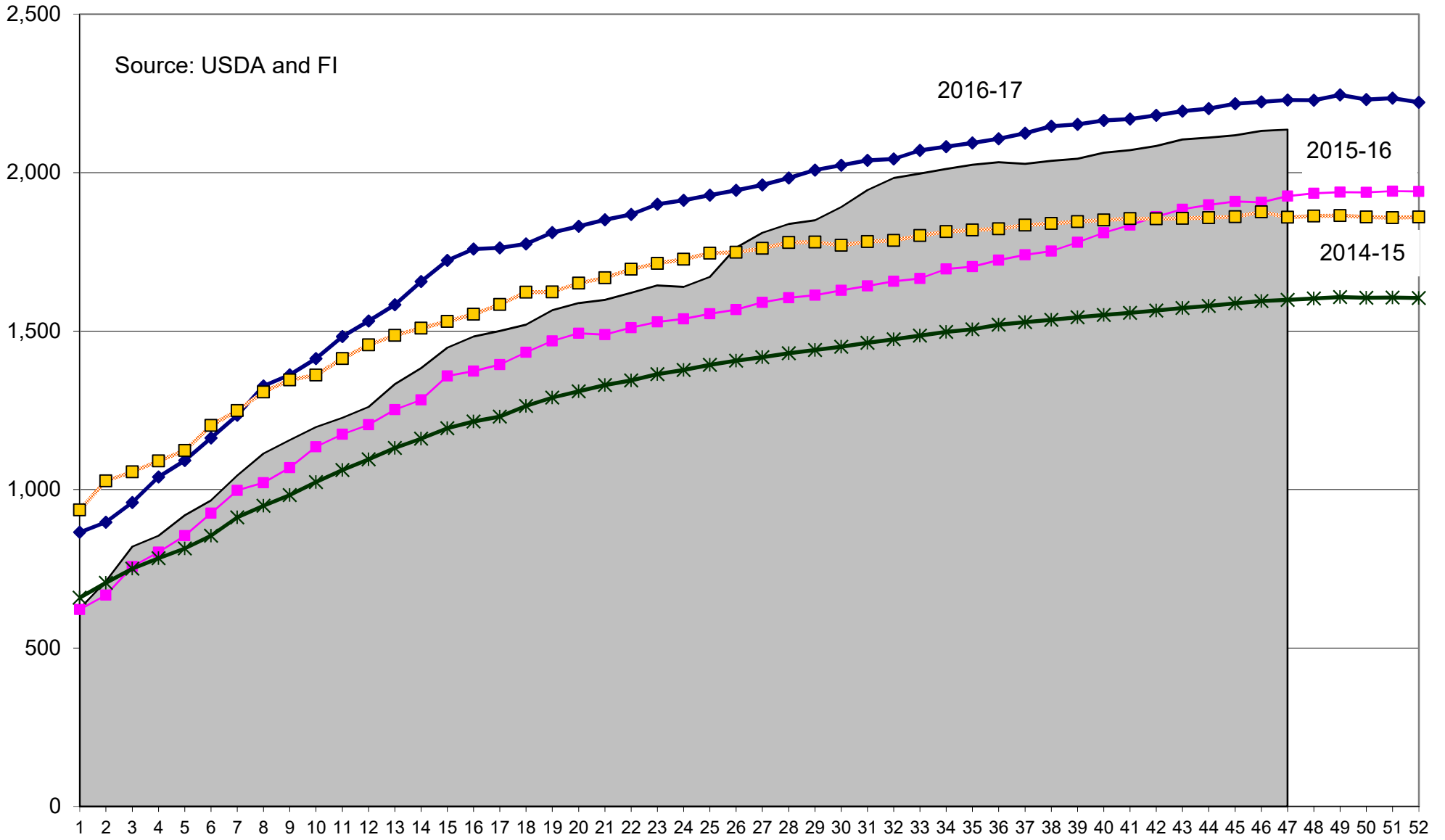
Source: Futures International and USDA

US Soymeal, Current Crop-Year Commitments, 000 short tons



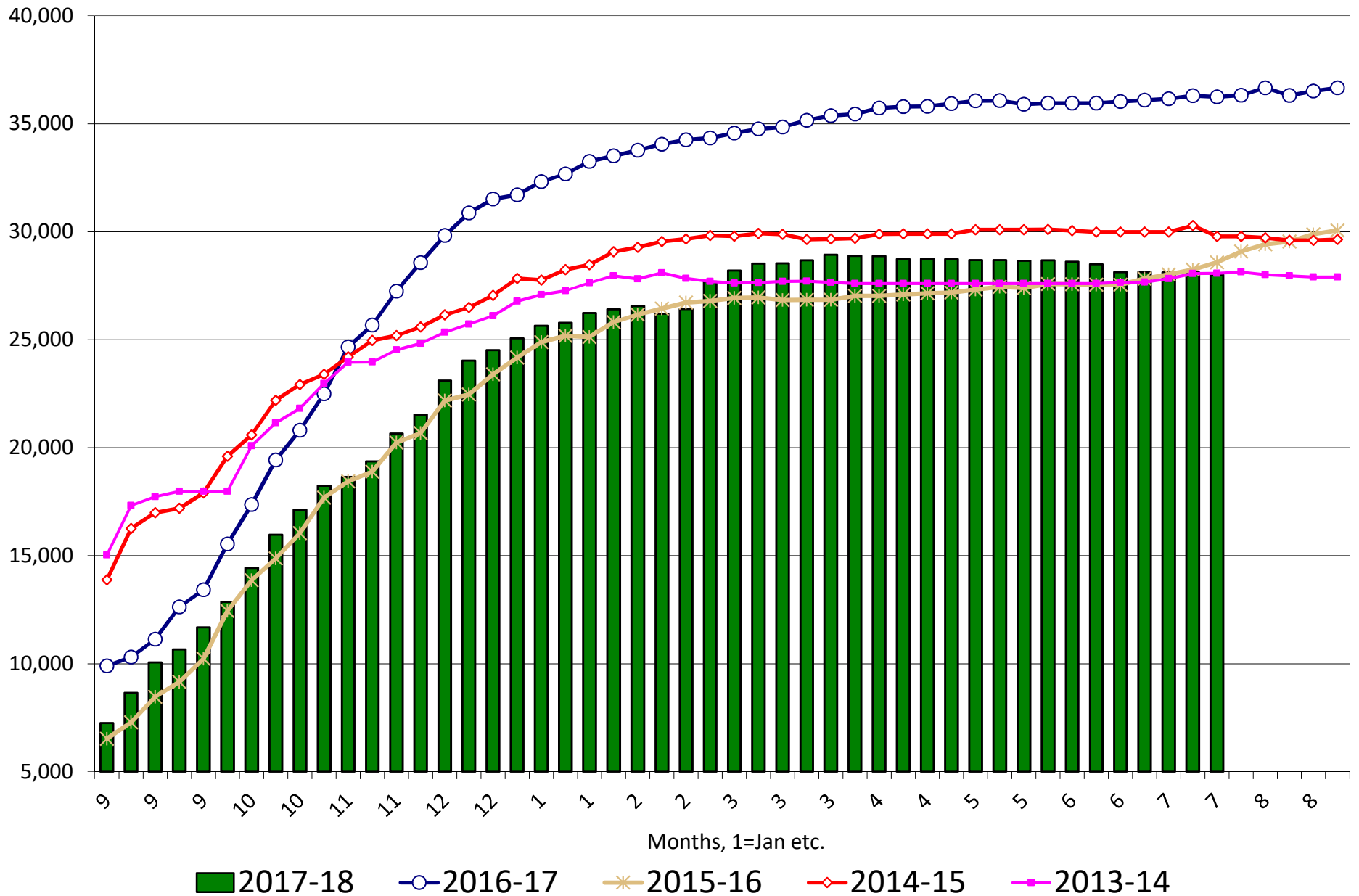
2017-18
 2014-15
 2015-16
 2016-17
 10-Year Average

Soybeans, Current Crop-Year Commitments, million bushels



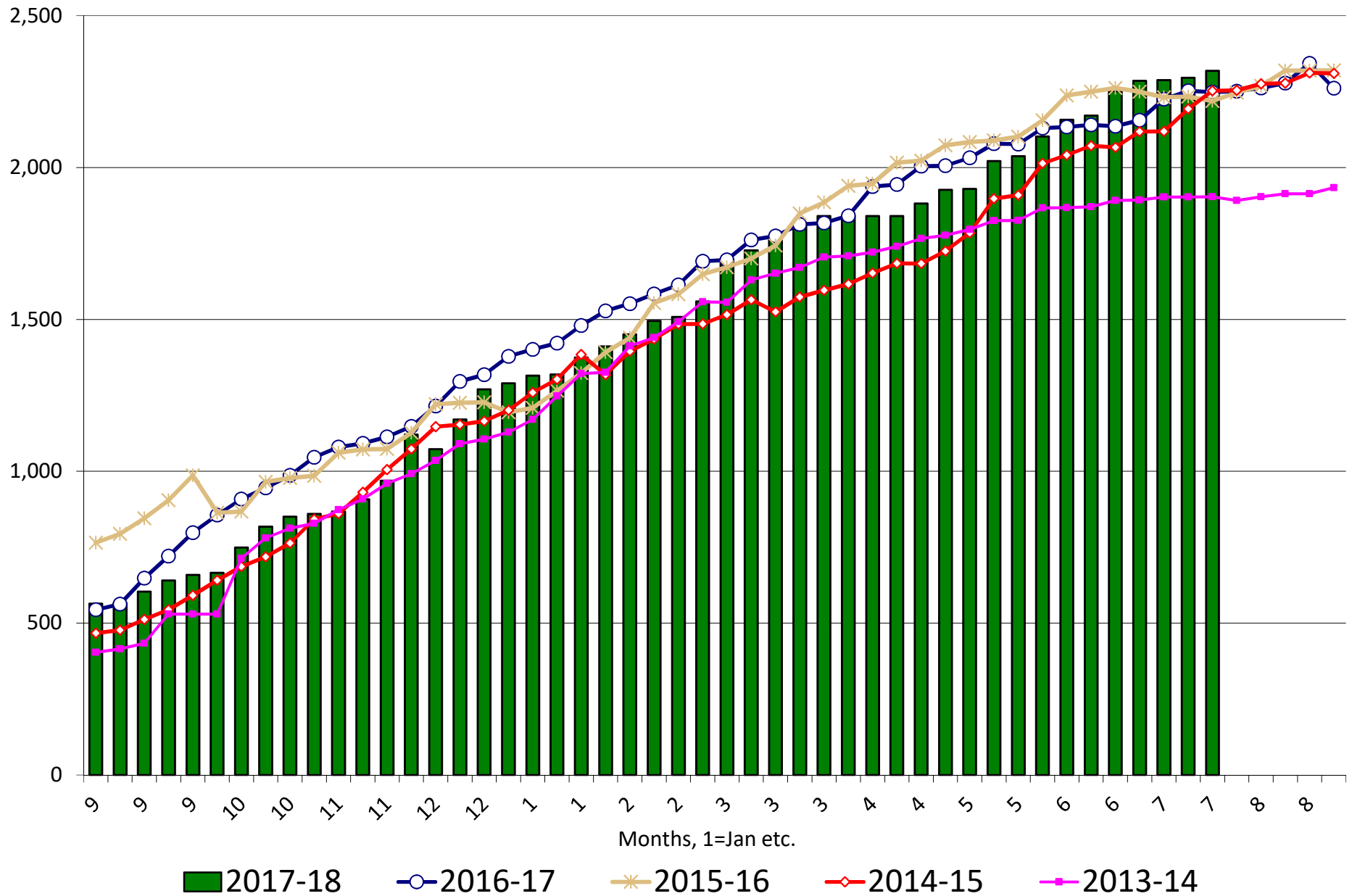
2017-18
 2016-17
 2015-16
 2014-15
 "10-Year Average"

US Soybean Current Crop-Year Commitments to China
 Thousand Tons, Sept-Aug Crop-Year



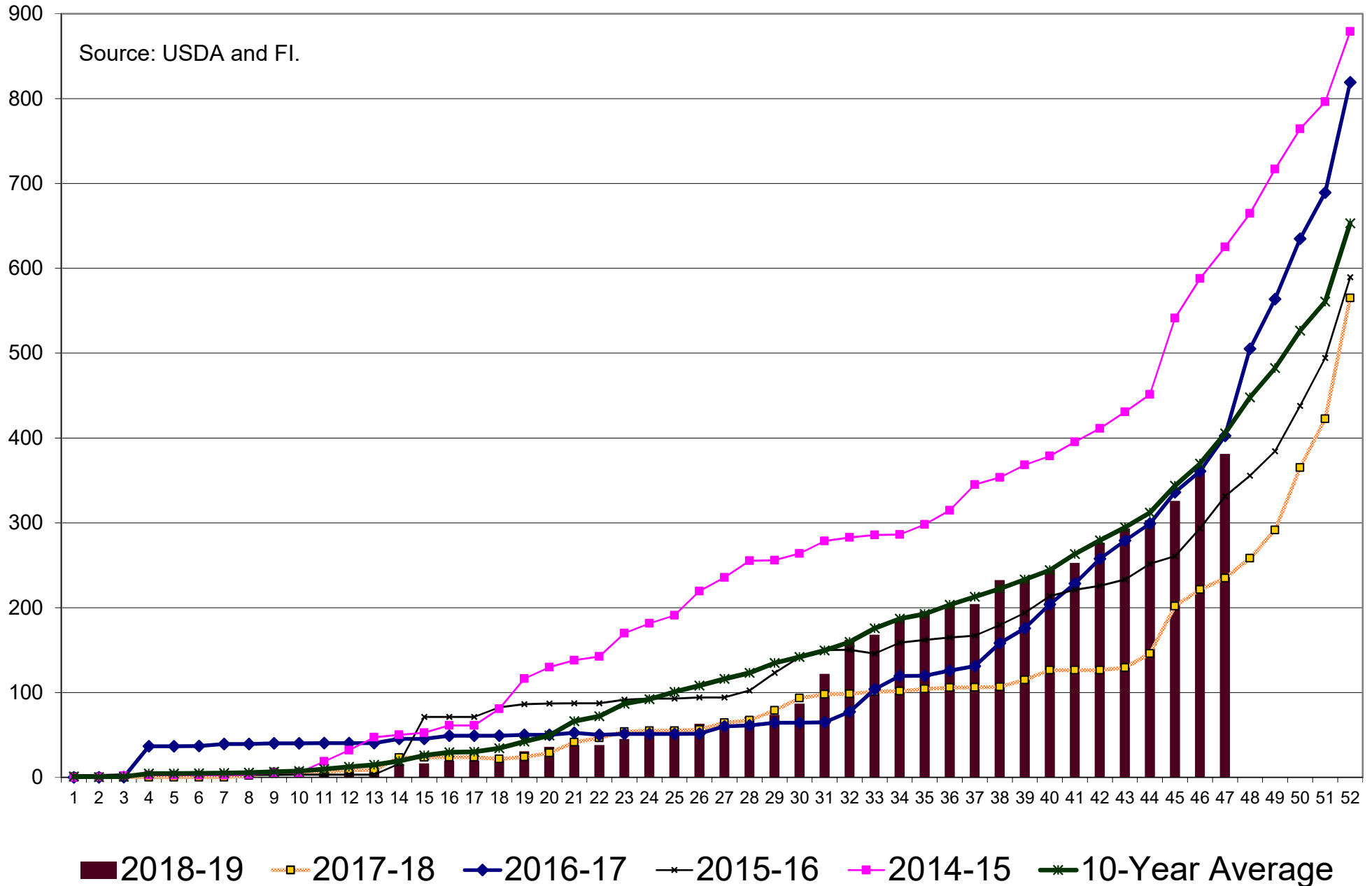
US Soybean Current Crop-Year Commitments to Japan

Thousand Tons, Sept-Aug Crop-Year

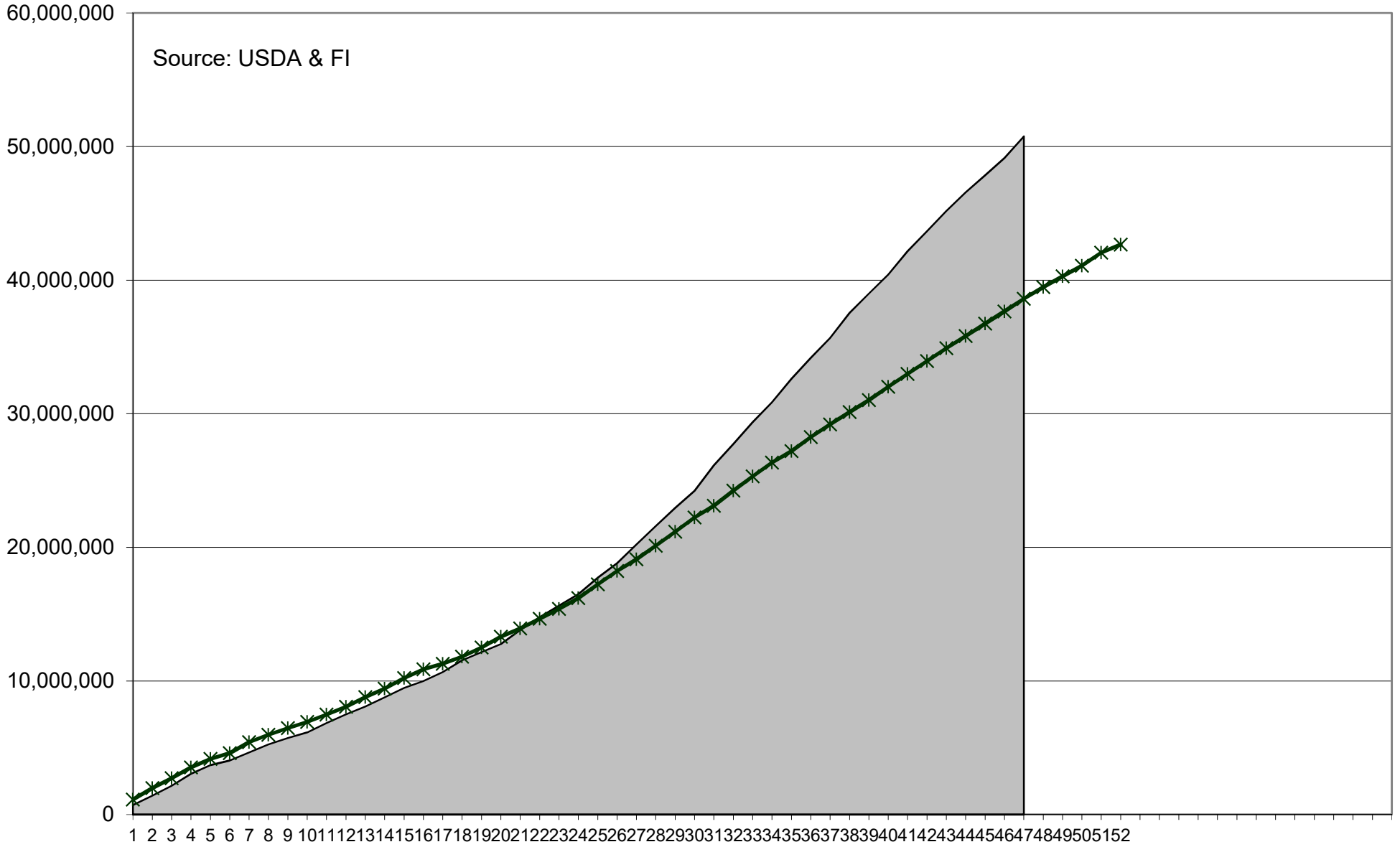


Soybeans, New Crop (Forward) Commitments, million bushels

Source: USDA and FI.



US Corn Current Crop-Year Accumulated Shipments versus 5-year

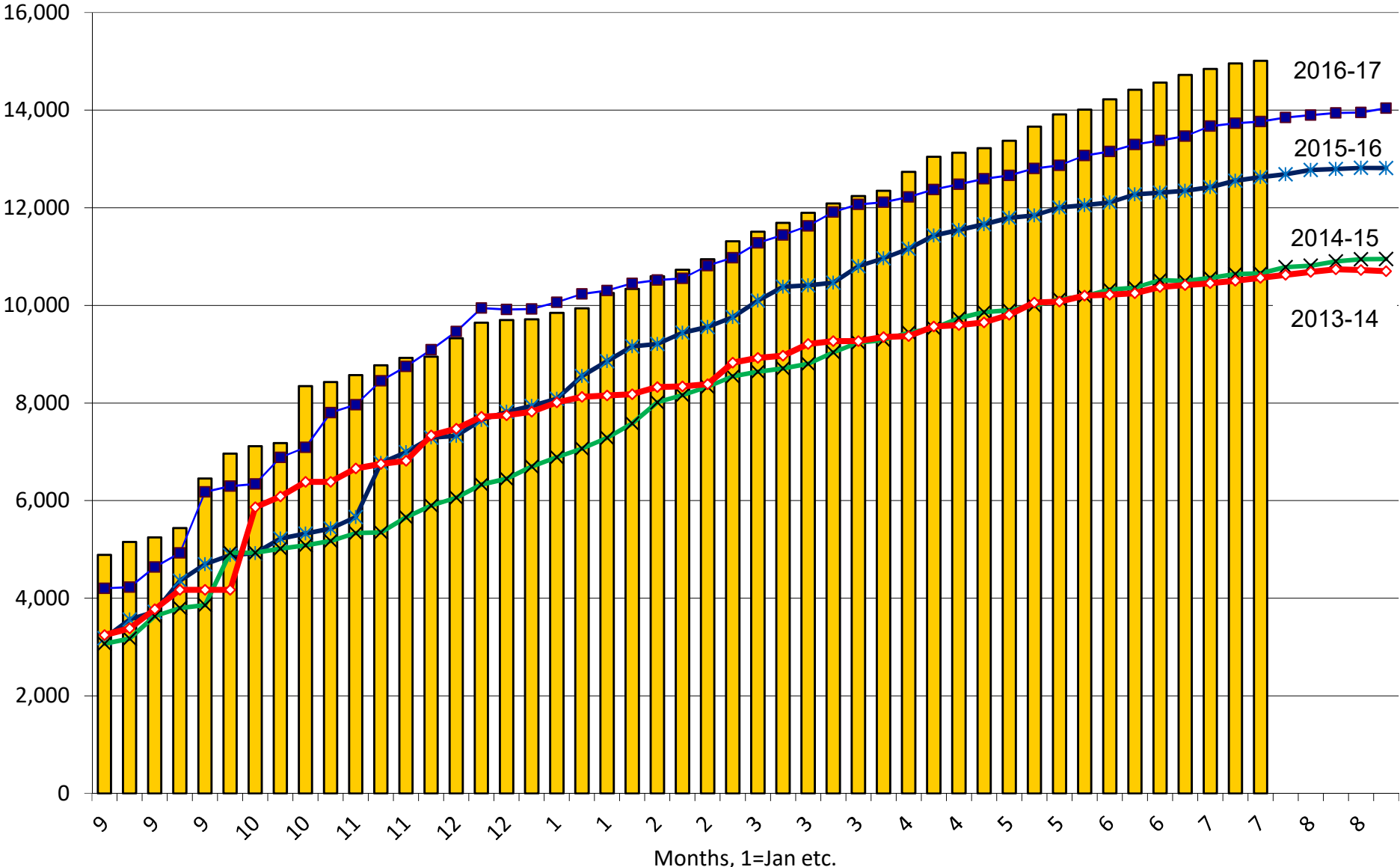


2017-18

5-Year Average

US Corn Current Crop-Year Commitments to Mexico

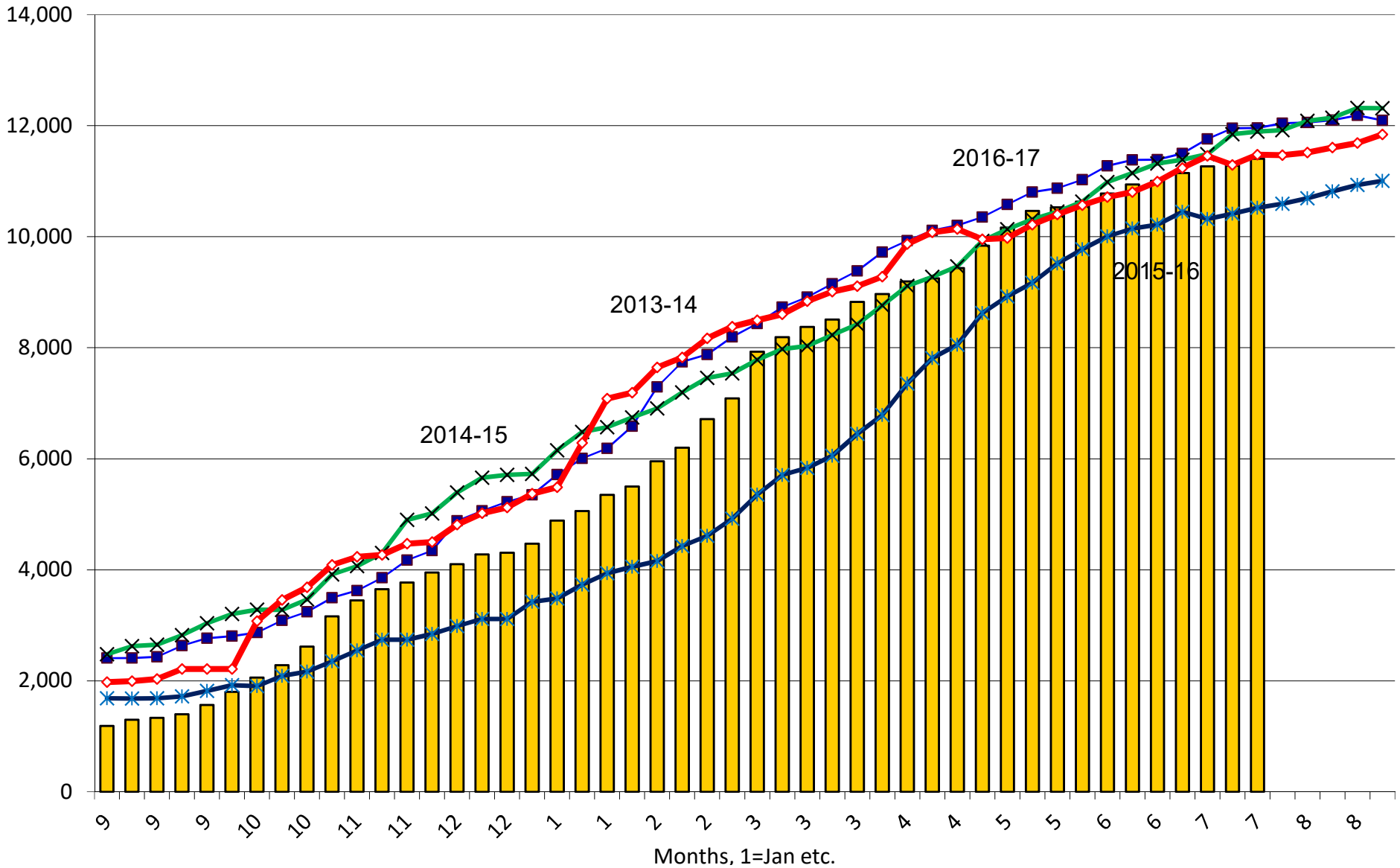
Thousand Tons, Sept-Aug



2017-18
 2016-17
 2015-16
 2014-15
 2013-14

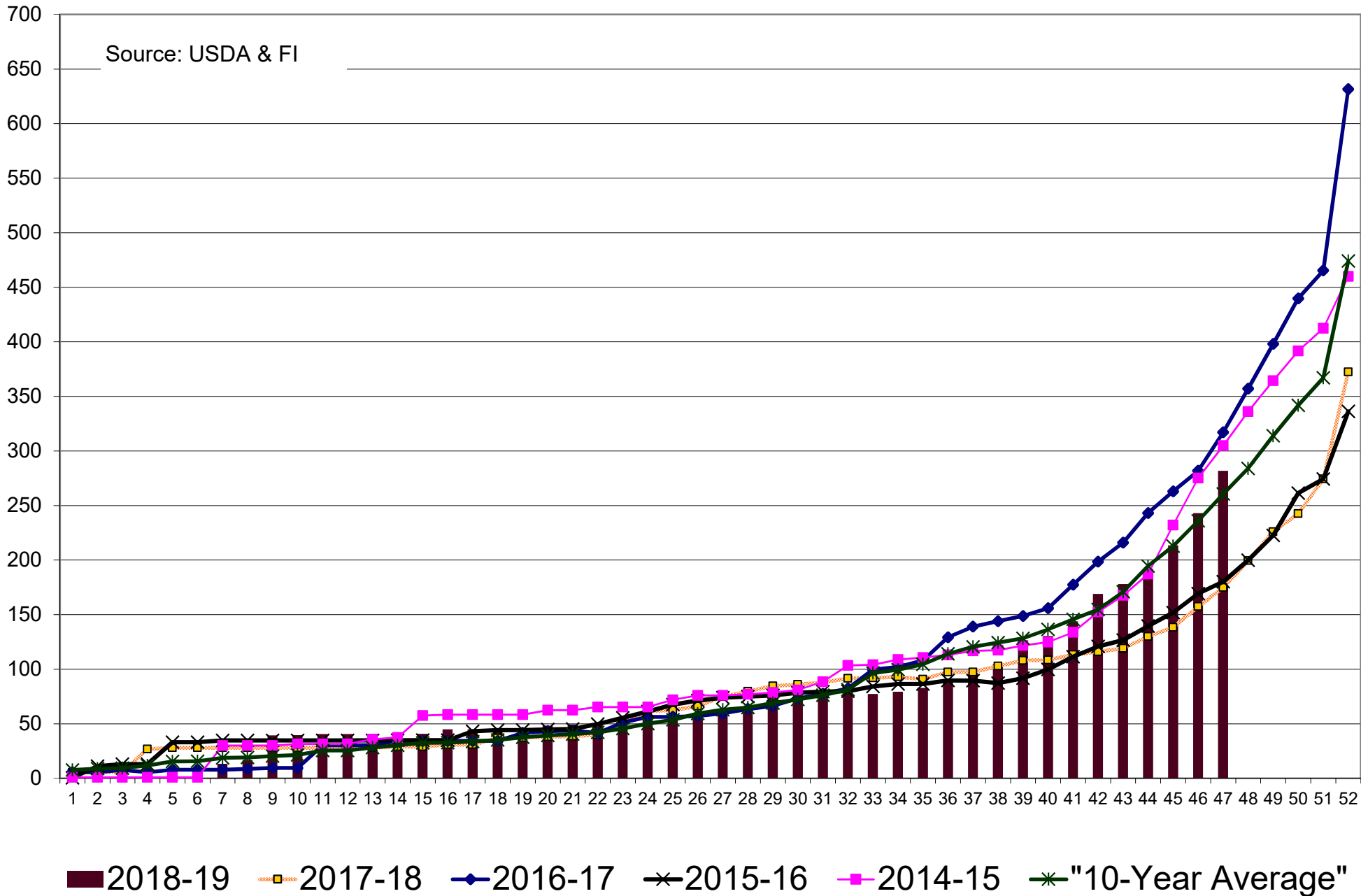
US Corn Current Crop-Year Commitments to Japan

Thousand Tons, Sept-Aug



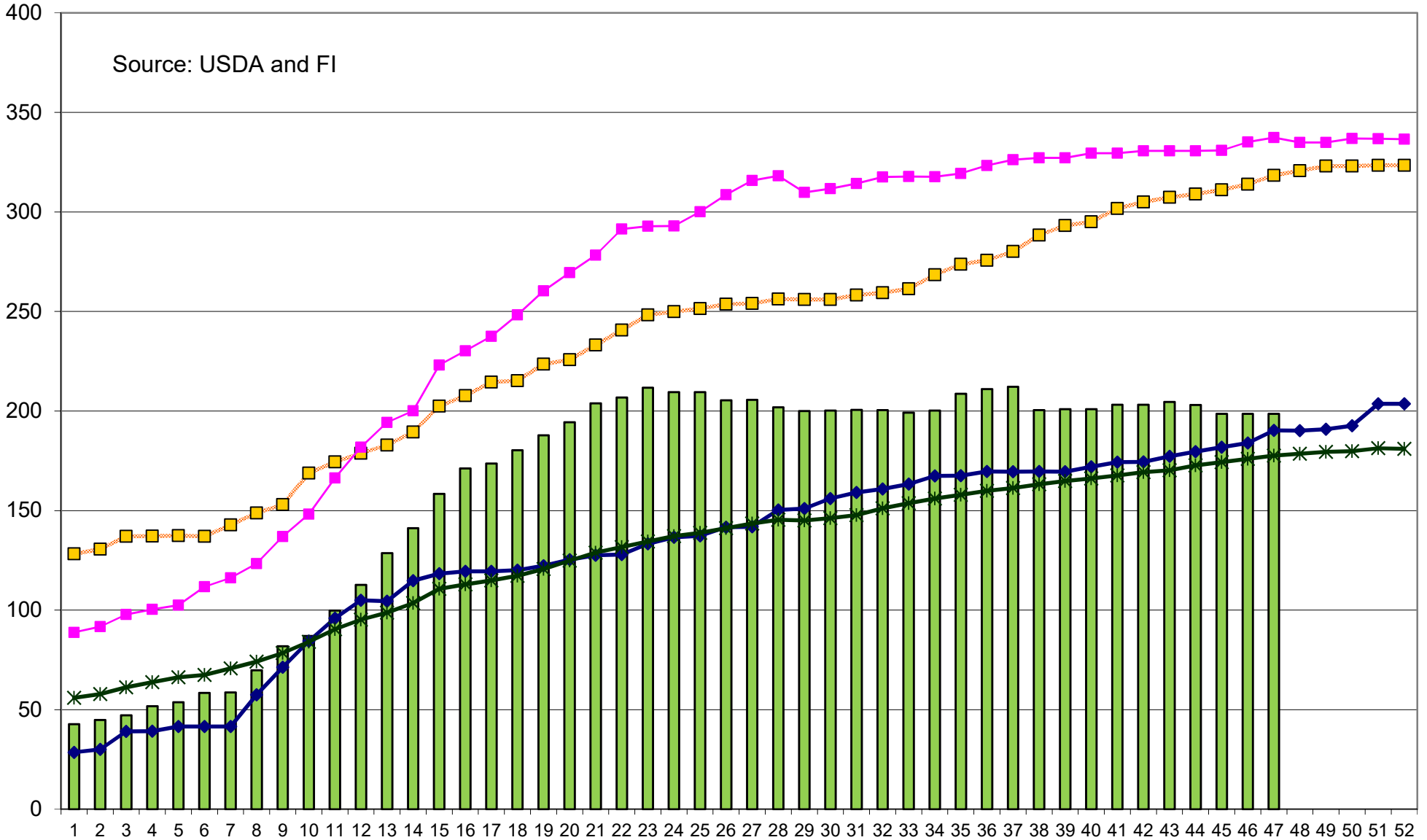
2017-18
 2016-17
 2015-16
 2014-15
 2013-14

Corn, New Crop (Forward) Commitments, million bushels



US Sorghum, Current Crop-Year Commitments, million bushels

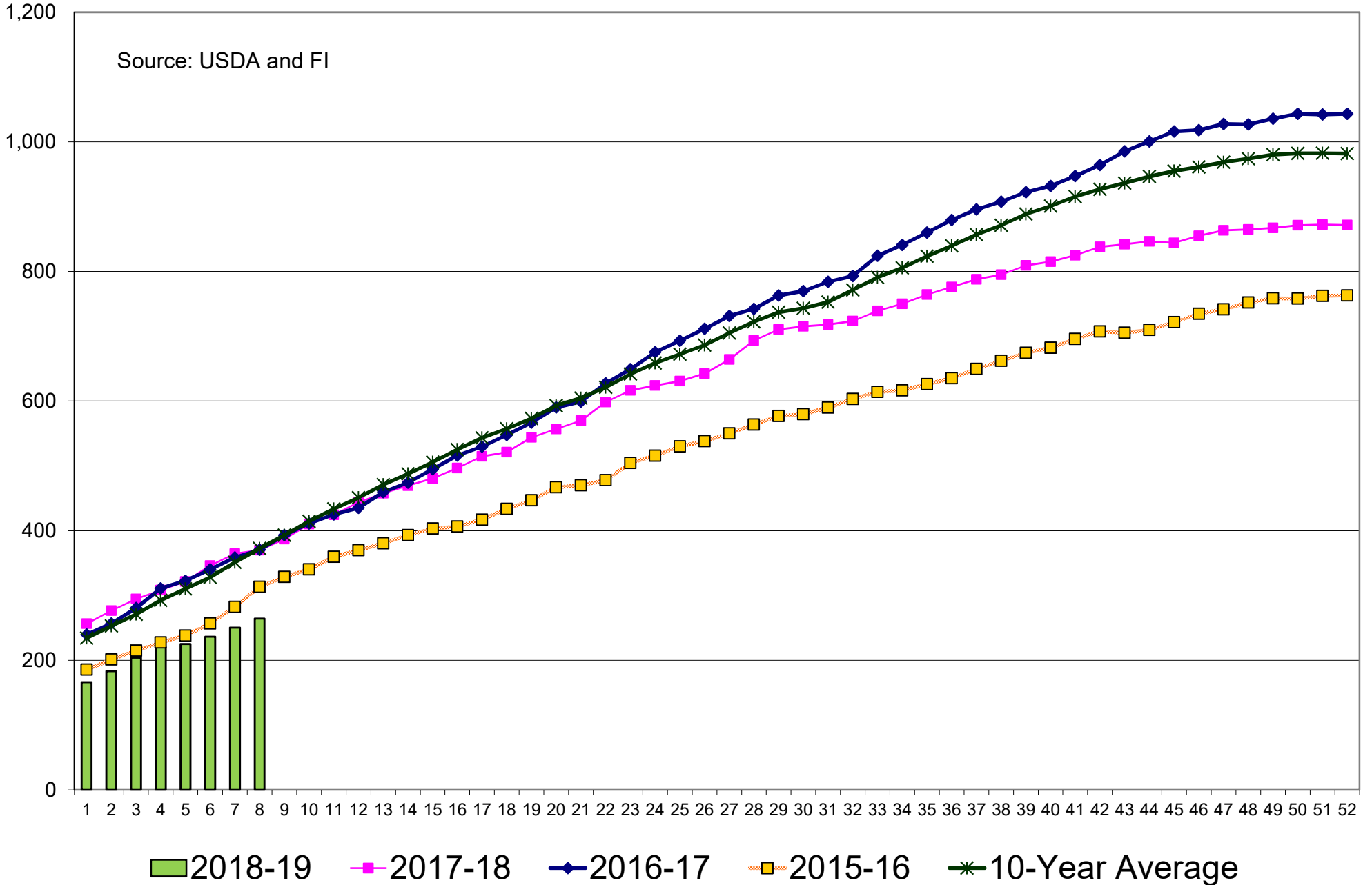
Source: USDA and FI



2017-18
 2016-17
 2015-16
 2014-15
 10-Year Average

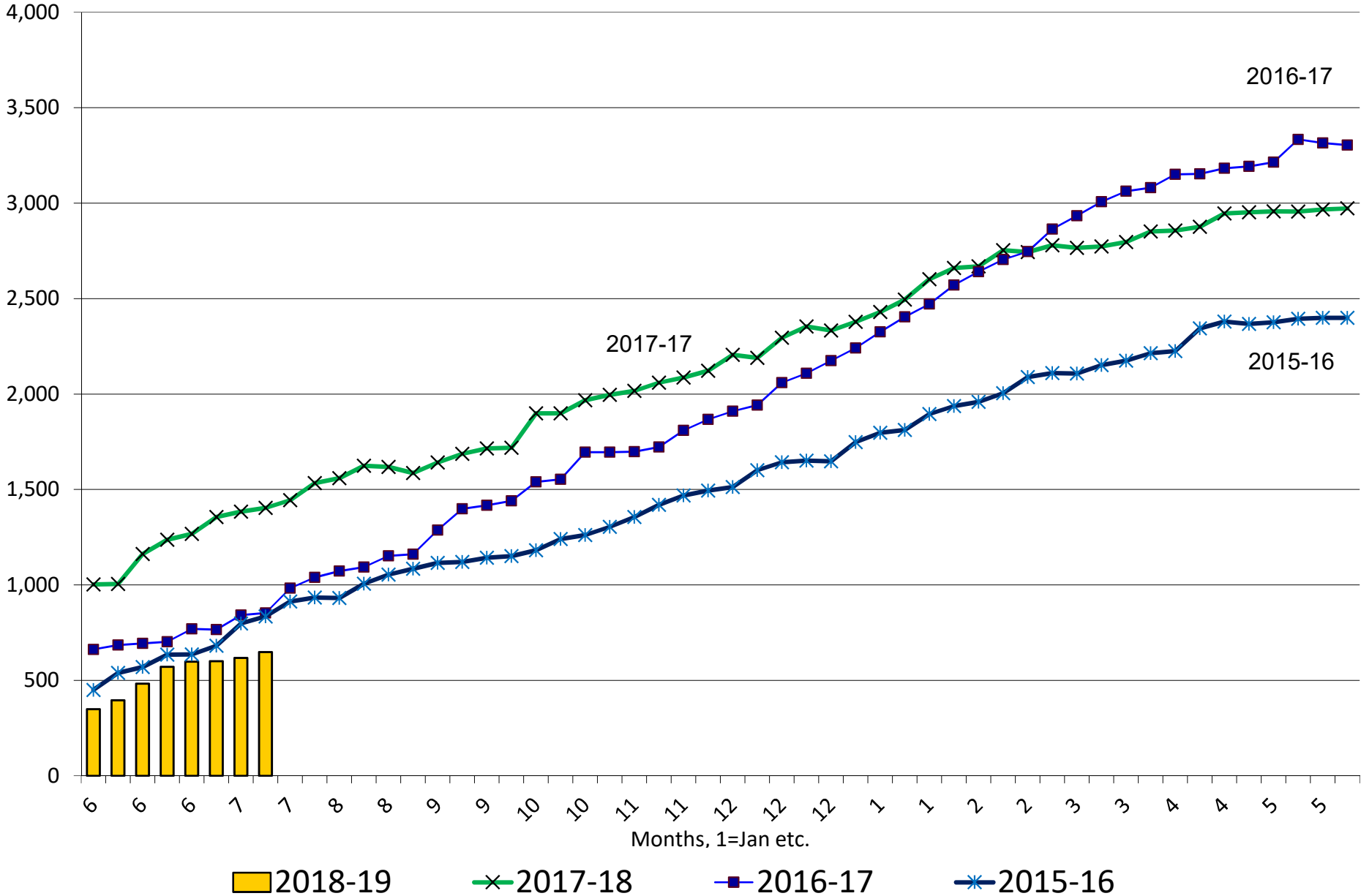
US Wheat, Current Crop-Year Commitments, million bushels

Source: USDA and FI



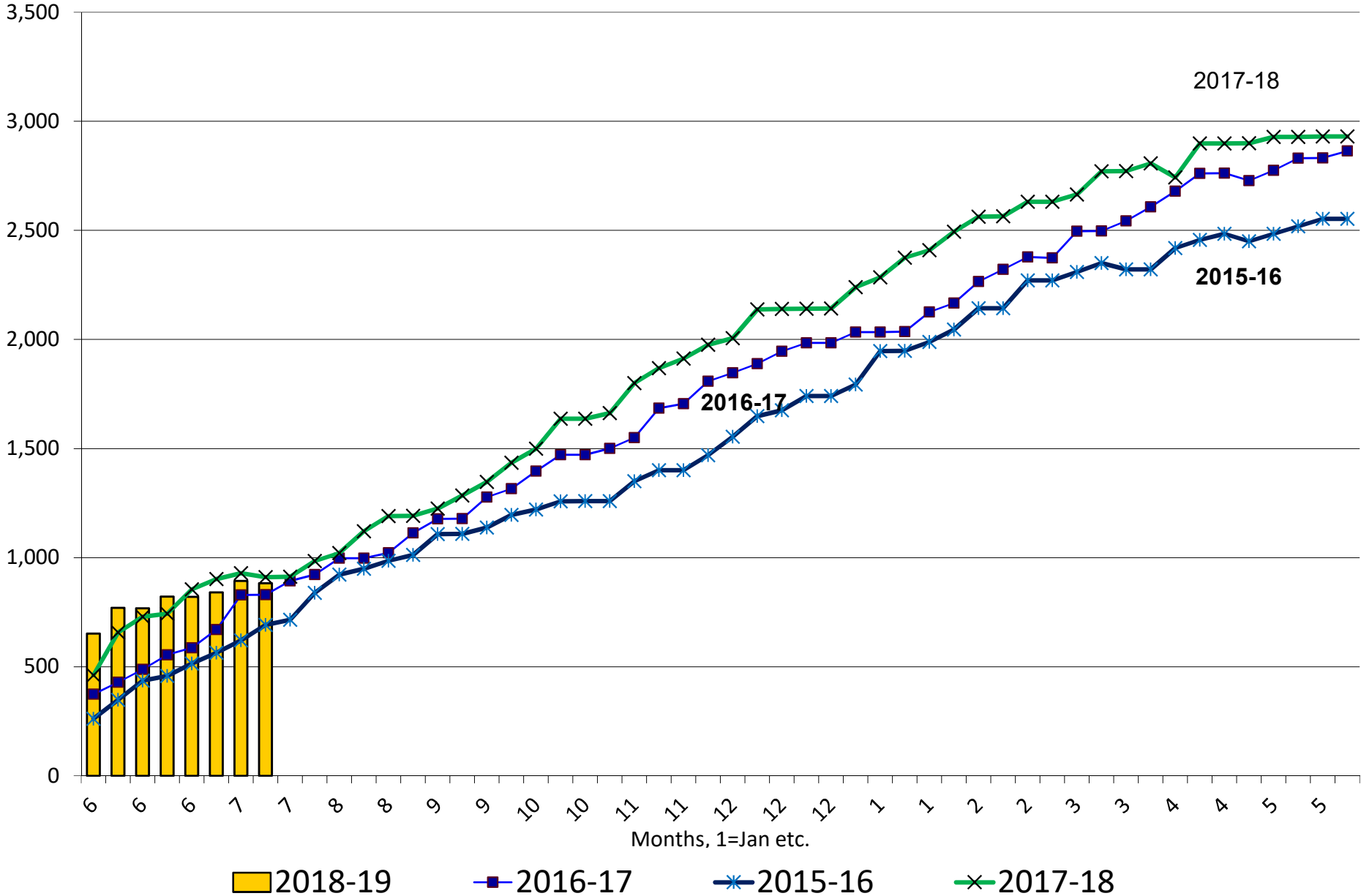
US All Wheat Current Crop-Year Commitments to Mexico

Thousand Tons, Sept-Aug



US All Wheat Current Crop-Year Commitments to Japan

Thousand Tons, Sept-Aug



Traditional Daily Estimate of Funds 8/2/18

(Neg)-"Short" Pos-"Long"

	Corn	Bean	Chi. Wheat	Meal	Oil
Est. 7/31/18	126.4	8.2	67.5	108.7	(48.8)
1-Aug	(15.0)	(11.0)	6.0	(4.0)	(3.0)
2-Aug	11.0	(5.0)	8.0	(4.0)	(3.0)
3-Aug					
6-Aug					
7-Aug					
FI Est. of Futures Only 8/2/18	122.4	(7.8)	81.5	100.7	(54.8)
FI Est. Futures & Options	(2.4)	(41.7)	52.9	89.7	(64.2)
Futures only record long	498.2	260.4	59.5	167.5	160.2
	2/1/2011	6/27/2017	8/21/2012	5/1/2018	11/1/2016
Futures only record short	(135.3)	(94.5)	(130.0)	(49.5)	(55.1)
	10/29/2013	6/27/2017	4/25/2017	3/1/2016	8/6/2013
Futures and options record net long	458.5	259.8	64.8	132.1	159.2
	9/28/2010	5/1/2012	8/7/2012	5/1/2018	1/1/2016
Futures and options record net short	(166.8)	(113.1)	(143.3)	(64.1)	(56.6)
	11/14/2017	6/27/2017	4/25/2017	3/1/2016	4/23/2013

Managed Money Daily Estimate of Funds 8/2/18

	Corn	Bean	Chi. Wheat	Meal	Oil
Latest CFTC Fut. Only	(164.9)	(73.4)	22.6	47.9	(90.1)
Latest CFTC F&O	(130.2)	(61.3)	23.9	49.9	(90.0)
FI Est. Managed Fut. Only	(170.9)	(97.4)	43.6	35.9	(99.1)
FI Est. Managed Money F&O	(136.2)	(85.3)	44.9	37.9	(99.0)

Index Funds Latest Positions (as of last Tuesday)

Index Futures & Options	268.1	131.1	131.2	NA	104.7
Change From Previous Week	0.0	0.0	0.0	NA	0.0

Source: Reuters, CFTC & FI (FI est. are noted with latest date)

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