

MID-CO COMMODITIES, INC.

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Morning Market Commentary
Thursday, January 17, 2019

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OVERNIGHT MARKETS (as of 7:15 AM)

| Contract | Last | Change | Support | Resistance | RSI | Contract | Last | Change | Contract | Last | Change |
|----------|---------|--------|---------|------------|-------|----------|--------|--------|-----------|--------|---------|
| CH19 | 375 1/4 | 1 1/4 | 376 | 385 | 45.09 | OH19 | 297 | 1 1/2 | Dollar I. | 96.053 | -0.023 |
| CK19 | 383 1/2 | 1 1/4 | 382 | 392 | 45.80 | CTH19 | 74.2 | 0.93 | Crude | 51.24 | -1.07 |
| SH19 | 898 3/4 | 4 1/4 | 892 | 915 | 45.87 | SMH19 | 310.4 | 0.3 | Gold | 1295.4 | -1.2 |
| SK19 | 912 1/4 | 4 1/4 | 905 | 928 | 41.43 | BOH19 | 28.33 | 0.1 | RBOB | 1.3873 | -0.0286 |
| WH19 | 512 3/4 | 1/4 | 503 | 544 | 47.45 | LCG19 | 127.83 | 0.875 | Ethanol | 1.273 | -0.008 |
| WK19 | 518 1/2 | 1/2 | 509 | 552 | 46.60 | LHG19 | 60.05 | -2.1 | Dow J. | 24,063 | -88.00 |

SPREADS

| CORN | Last | Full Carry | % Full Carry | BEANS | Last | Full Carry | % Full Carry | WHEAT | Last | Full Carry | % Full Carry |
|-----------|--------|------------|--------------|-----------|---------|------------|--------------|-----------|---------|------------|--------------|
| CH19:CK19 | -8 1/4 | -13.16 | 62.69% | SH19:SK19 | -13 1/2 | -17.19 | 78.54% | WH19:WK19 | -5 1/2 | -20.23 | 27.19% |
| CH19:CN19 | -16 | -26.10 | 61.29% | SH19:SN19 | -26 1/4 | -34.04 | 77.11% | WH19:WN19 | -10 3/4 | -40.13 | 26.79% |
| CN19:CZ19 | -8 3/4 | -32.88 | 26.61% | SK19:SN19 | -12 3/4 | -17.51 | 72.80% | WN19:WZ19 | -22 1/4 | -50.29 | 44.25% |

TODAY'S MARKET FACTORS

- The grains and oilseeds are finding mild follow-thru support as the markets attempt to rebound from sharp losses on Tuesday. Today's strength follows yet another group lowering Brazilian soybeans production. The outside markets are mixed with weakness noted in world vegetable oils. The US dollar index is mixed while equities and crude oil are under pressure.
- The weather outlook for Brazil now looks a touch drier than normal for most of the growing regions while the far northeast region will continue with well-below normal rainfall. The outlook for Argentina turns drier for the weekend and first half of next week before another front brings soaking rains to all areas later next week.
- The U.S. Department of Agriculture will temporarily reopen its Farm Service Agency (FSA) offices starting on Thursday to help process farm loans and tax documents.
- A bipartisan group of U.S. lawmakers introduced bills on Wednesday that would ban the sale of U.S. chips or other components to Huawei Technologies Co or other Chinese telecommunications companies that violate U.S. sanctions or export control laws. The action is the latest in a long list of actions taken to fight what some in the Trump administration call China's cheating through intellectual property theft and illegal corporate subsidies.
- A U.S. EPA rule to allow sales of higher-ethanol blends of gasoline year-round is being delayed by a partial government shutdown, the acting Administrator Andrew Wheeler said; the rule, a key campaign promise by President Donald Trump to farmers, an important constituency, was announced in October and would aim to expand the market for corn-based ethanol.
- A Robobank analyst says China's pig population is expected to drop between 10% to 20% by the end of 2019 because of the impact of African Swine Fever. China's Ministry of Agriculture said pig stocks has fallen 4.8% in the fourth quarter of the year due to the disease.
- EIA January Short Term Energy Outlook forecasts US retail gasoline prices to average \$2.47/gallon in 2019 versus \$2.73 in 2018. Brent crude oil is expected to average \$61/barrel in 2019 and \$65/barrel in 2020.

| Managed Money Activity | Previous Day's Est Activity | Estimated Net Position | Record Long | Record Short |
|------------------------|-----------------------------|------------------------|-------------|--------------|
| Corn | 9,000 | 97,000 | 429,189 | -230,556 |
| Beans | 0 | -23,000 | 253,889 | -118,683 |
| Chicago Wheat | 1,000 | -14,000 | 80,827 | -162,327 |

Opening Calls

Adverse South American weather pushing prices higher.

Fresh news remains limited as government shutdown and China trade issues continue.

China's Lunar New Year begins in two weeks.

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