

CORN: MIXED-HIGHER

Dec corn rallied and closed above resistance at the 50-day but failed to close over a tough resistance level at \$3.70. Trend is still higher and looks to test \$3.70 throughout the day, and a close above that level suggests further rallies to \$3.73 ½ then \$3.80. Yesterday's WASDE surprised trade with a reduction in yield and production to 180.7 bpa and 14.778b bu respectively. 18/19 carryout was increased as some 17/18 feed usage numbers were switched around and the resulting carry-in outweighed the increased 18/19 usage. World carryout was also increased to 159.35m mt from 157.03m mt. Export sales were decent at 1.007m mt with Mexico (355k mt), Japan (282k mt), S. Korea (196k mt), Taiwan (167k mt), and Columbia (109k mt) were the main buyers. Sorghum managed to get 71.5k mt of sales to Spain as well. Conab estimated 18/19 Brazilian corn production at 89.7-91.1m mt. The Buenos Aires exchange estimated Argentine corn plantings at 27%. Strategy Grains raised the EU's corn import expectations to 21.1m mt. Expect mixed trade throughout the day as Dec corn tests resistance at \$3.70.

As of the break, CZ18 is unchanged.

SOYBEANS: MIXED-HIGHER

Well the report came and went with a cymbal crash. A simple pop and then nothing. Export sales this morning are no big deal as the switch to EU and southern Asian and Pacific destinations has taken hold. So far this year in known destinations, Chinese sales are still #3 in total, with Mexico leading their bookings by a 3 to 1 ratio. #2 is surprisingly Argentina. It will be interesting to watch how this sorts out as Unknown has the actual lead with over 12 MMT vs. the 3+ for Mexico. Weather issues will continue to hinder the short-term harvest and trim the continuing increase in the bean crop. That said, the carry out is still likely to continue to grow as the tariff tiff could become a full-fledged war. Looking at export sales and the low number does not give one a cuddly, bullish sentiment. We did see nice volume and decent gains across the complex in OI as some felt it was time to take on some more risk. Look for the better open to waver and likely close lower as we head into the weekend and then a week of relatively clear weather that could extend for 10 days or so for most of the growing regions.

Beans: V-295,506/OI-859,479(+3,003) Meal: V-132,615/OI-531,009(+10,214) Oil: V-129,707/OI-545,974(+2,448)

As of the break, SX18 is 4 ¾ higher.

WHEAT: HIGHER

Report numbers were met with mixed emotions on Thursday, closing 2-3 cents lower, but saw some strength following the release with strength in corn and soybeans. USDA raised U.S. carryout to 956 MB, up from 935 MB, with HRW and HRW making up that difference. U.S. demand dropped 10 MB, coming out of feed/residual, which has been a contested number of being too optimistic of feeding. Global carryout fell by 1 MMT from the previous estimate to 260.2 MMT, as the USDA lowered global production to 730.9 MMT, down 2 MMT. Weekly export sales showed 339k MT, near the low end of a wide estimate range, with a relatively even distribution of classes. The Argentina crop could see a reduction from the current record estimate of 19.7 MMT, due to dryness and frost effects. Look for wheat to attempt to recover losses from Thursday, contending with higher USD but also a recovery in stock markets.

As of the break, KWZ18 is 2 higher.

CATTLE: STEADY-LOWER

Make that five weeks in a row of a steady-money \$111 cash cattle trade after widespread volume developed there at midday yesterday. Two weeks of steady trade is rare, five weeks is almost unheard of. I sense seasonal bulls are growing frustrated in a lack of strength, though I'd note that it was the last week of October before the cash markets turned solidly higher last year, trading from \$111 to \$125 over the course of just two weeks then. Cattle futures barely reacted on the news yesterday and traded to a mixed finish, firmer in the nearbys and weaker deferreds. Nearby Oct futures have been supported by "demands" of recent deliveries, where there was just 1 new tender last night. USDA monthly beef supply/demand data out yesterday had mixed changes, they reduced their 2018 beef production estimate by 150 mil lbs, citing smaller Q4 slaughter, while increasing 2019 by an even larger 190 mil lbs. 2019 beef production is now expected up 3.6% vs this year. There were no changes to their export forecasts which we'd still view as too light vs reality.

Fund Position	Accumulative	Yesterday
Corn	-62,387	18,000
Soybeans	-47,878	8,000
Soybean Meal	22,808	2,000
Soybean Oil	-49,409	4,000
Chicago Wheat	-23,706	-5,000
KC Wheat	22,851	0



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