



### CURRENT TREND:

Mixed

**REASON:** Consolidation ahead of tomorrow's USDA crop report

**Export Sales @ 7:30AM, Jobless Claims @7:30 AM, EIA Gas Storage @ 9:30 AM**

**MORNING TRIVIA:** How many tones of soybeans does Brazil have left to export?

### MARKET HEADLINES

- **Crude Oil:** Cushing and total crude stocks continue to run far below their 3-year lows. Crude demand usually peaks around week 30, however with the dip in price that occurred in May and the rally that followed, demand peaked in week 25 and later fell to the top of the three-year historical range. Exports will be a large focus going forward as the first round of sanctions on Iran begin to effect world supplies. Production and exports are already soaring above the 3-year highs with little capacity available for growth.
- **Gasoline:** After falling for 4-weeks in a row, stocks build 2.90 million barrels in the latest week. A 460 thousand barrel a day decrease in demand is a huge part of the build in stocks. This reduction in demand and the 183 thousand barrel a day increase in imports allow production to fall below 10 million barrels a day for the first time since week 25.
- **Heating Oil:** Demand remains inside of the 3-year historical range which seasonally drops over the next 4 weeks. Distillate Stocks remain far below their 3-year historical range. Even though these stocks have been seasonally building over the summer, this seasonal trend will end and stocks will be drawn down as soon as cold weather returns. Demand for U.S. crude oil may increase as the sanctions placed on Iran shift global demand. The question is, how low do stocks have to move before we have to begin rationing supplies.
- **Ethanol:** Stocks and production are soaring above there 5-year highs. We used 113.08 million bushels of corn for ethanol production in the latest week. It is likely that production will remain above historical highs with a large corn crop expected for this year and ethanol demand stable and strong. Another variable to watch is an increase in crude and gas prices that could incentivize ethanol blending. The Trump Administration has also shown support for raising the blend cap to 15%, which could also provide increased opportunities for farmers.
- Brazil has sold 38% of its 2018-19 Coffee crop.
- WTI is poised for a test of support near \$60 a barrel
- EU set its lowest wheat export target since 2012 after a poor harvest
- Chinese corn state reserve sales reach 60 million metric tons
- Japan purchases 150,640 tons of milling wheat
- Brazil judge suspends glyphosate use, but ruling is expected to be overturned
- Russia wheat output is seen dropping 20%
- Germany is buying Black Sea wheat to try to fill for their poor supplies.

NIGHT SESSION (to 7:00AM):					
Symbol	High	Low	Last	Chg	Vol
CU8	372.25	370.25	371.75	+0.5	6338
CZ8	386	384	385.5	+0.5	9766
CH9	397	395	396.5	+0.5	2435
WU8	573.75	561.75	564	-6	9468
KWU8	587.5	574.25	576.75	-7.5	2000
SQ8	0	0	893.75	0	51
SU8	903.5	894.25	895.75	-4	3433
SX8	914.5	905.25	906.75	-3.75	13995
SMZ8	338.3	335.4	335.9	-1.2	3512
BOZ8	29.07	28.82	28.9	-0.01	5396
CLU8	67.19	66.49	66.81	-0.13	138704
DXY	95.19	94.87	95.07	+0.18	6883

### FUNDAMENTAL UPDATE

The August crop report is one of the biggest of the year because this is the first yield estimate that is USDA staff surveying fields, rather than solely relying on data and analytics.

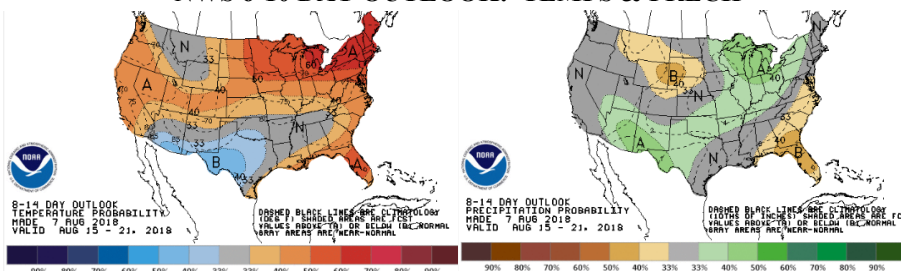
The markets have already priced in the May yield estimates based on USDA trends determinations and analysis. If the USDA observes a noticeable difference in the fields, those observations can pull the yield farther from the trend.

The Corn price moves an average of 10 cents in one direction or the other on the day of the report release. While soybeans move an average of 20c in either direction.

### WEATHER UPDATE

- The weather remains hot through most of the northern Corn Belt with some much needed rains hitting the eastern Midwest

#### NWS 6-10 DAY OUTLOOK: TEMPS & PRECIP

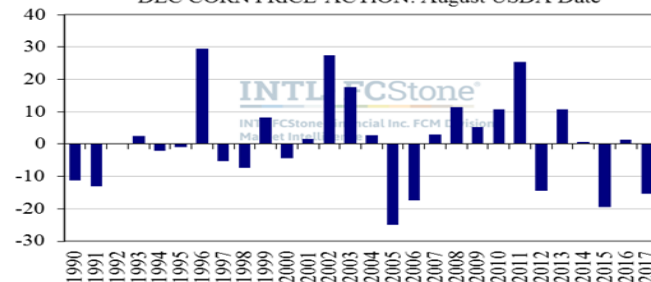


### CFTC MANAGED MONEY & RECORD (Since June 2006) POSITIONS:

	Corn	Beans	Meal	Oil	Chi Wheat	KC Wheat
<b>Daily</b>	3,000	3,000	4,000	-3,000	5,000	0
<b>Est Net</b>	-98,613	-70,559	42,989	-95,399	66,277	37,981
<b>Rec +</b>	409,444	260,433	132,126	125,722	73,662	72,845
<b>Rec -</b>	-242,884	-101,752	-54,855	-63,489	-171,269	-30,005

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DEC CORN PRICE ACTION: August USDA Date



NOV SOY PRICE ACTION: August USDA Date

