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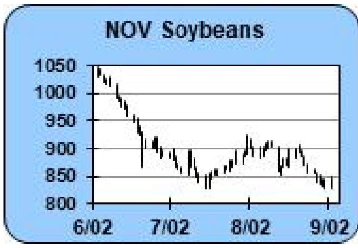
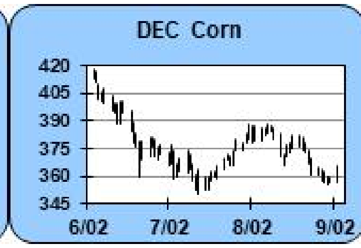
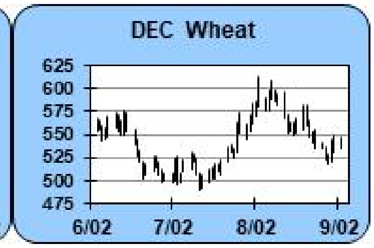




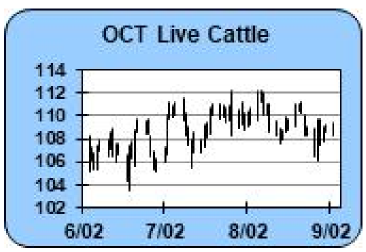


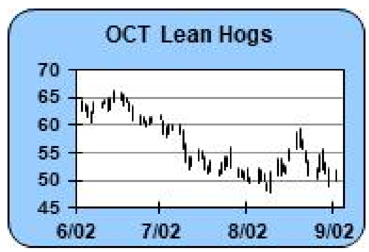
Grain Outlooks

BEANS: Hard to tell how cheap for record world and US stocks

CORN: Probing for low and Argentina tax means less plantings

WHEAT: Russian Ag Minister sees no need for export curbs





Livestock Outlooks

CATTLE: China demand may improve over time; cash tone sloppy

HOGS: 8 cases in China could spark concerns over production loss

Overnight Price Changes

CORN +0.0, **SOY BEANS** -0.0, **BEAN OIL** +0.0, **SOYMEAL** +0.1

Grain Markets Fundamental Overview

SOYBEANS: While news of increased export taxes from Argentina may be seen as a reason for tighter producer holding, the short-term impact is seen as minimal as the country stocks are already tight. Heavy rains over the weekend with 3-6 inches of rain in the 7-day forecast models this morning might suggest too much rain and rains could soon shift to a positive force. For now, the market is still attempting to absorb a potentially very bearish Supply/demand and production report from the USDA for September.

CORN: The Argentina tax news comes at a time when Argentina producers are making planting decisions which might suggest a drop in plantings from recent expectations. Brazil corn exports in August reached 2.89 million tonnes from 1.242 million in July and from 5.25 million tonnes last year. December corn settled up 8 1/2 cents on the session Friday which left the market up 2 1/4 cents on the week. For the month, the market is down 21 1/2 cents. The US and Canadian trade negotiations were set to conclude with a deal Friday, but seem to have stalled with details still needed to be worked out. For the US corn market, outside forces have been negative, and corn has seen enough commercial, producer and speculative selling to drive the December futures to a low of $3.55 1/4 this past week. Seasonal pressures continue to be a drag on prices. As the USDA report date approaches, yield and production estimates will start to come in from analysts. So far, traders seem to honing in on a yield of 177 to 178.5 bushels per acre. A major trade house has projected the 2018 corn yield to be 177.7 bushels per acre, down from their August estimate of 178.1 and approaching the Pro Farmer Tour's estimate of 177.3.

The USDA's current yield estimate is above last year's record, even though this year the crop was exposed to some extreme heat during the fill stage, something it avoided in 2017. There are also concerns over the extremely fast maturity pace. The most recent USDA Crop Progress report showed 61% of the US crop had reached the dent stage versus a five year average of 42%. We are skeptical that this year's yield will end up being higher than last year, and we cannot rule out the possibility the USDA will lower its estimates in upcoming reports. If the 2018/19 yield is lowered to 176.6 bushels per acre (the same as 2017/18), ending stocks could come in at 1.547 billion bushels, down from 2.027 billion in 2017/18 and 2.293 billion in 2016/17. If yield slides to 174.0, still the third highest on record, ending stocks could slip to 1.335 billion bushels.

The world corn ending stocks/usage is already showing the tightest world situation since the 1973/74 season. US exporters announced the sale of 273,800 tonnes of corn on Friday. China sold 3.8 million tonnes of corn out of 7.9 million offered at auction last week. Since April 12th, they have sold 71.0 million tonnes of corn. The Commitments of Traders reports as of August 28th showed Non-Commercial traders were net long 9,156 contracts, a decrease of 49,951 contracts in just one week. Non-Commercial and Nonreportable combined traders held a net short position of 24,045 contracts. These traders have gone from a net long to a net short position. Commodity Index traders held a net long position of 271,271 contracts, an increase of 5,310 contracts for the week.

WHEAT: Wheat markets extended lower this morning after the Russian Ag Minister said there was no need to limit wheat exports at a meeting with exporters yesterday. Russian officials will continue to monitor the market with shipments so far for the 2018-19 season seen at 8.2 million tonnes up 60% from last year. Russian wheat shipments in August reached a record 4.5 million tonnes for the month according to SovEcon. The ministry expects total grains output at 105 million tonnes allowing for 25 million tonnes in wheat shipments according to the exporters group. Russian wheat export prices gained 0.4% to $225 per tonne last week, rising for the first time in four weeks according to IKAR. Ukraine wheat prices lost 0.4% last week to $226 per tonne the second straight weekly drop.

Stats Canada estimates were released on Friday and were slightly lower than trade estimates with all wheat coming in at 28.98 million tonnes down 3.3% from last year's 29.9 million and below the pre-report estimate of 30.4 million tonnes. The European Commission cut their forecast for EU soft wheat exports to 20 million tonnes down 22% from their previous estimate of 25.5 million tonnes. Preliminary open interest in Chicago went up 4,652 contracts on Friday with Kansas City down 1,250 contracts.

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The Commitments of Traders reports as of August 28th showed Non-Commercial traders were net long 46,821 contracts, a decrease of 9,786 contracts in just one week and the long liquidation selling trend is seen as a short-term bearish force. Non-Commercial and Nonreportable combined traders held a net long position of 39,834 contracts, down 11,873 contracts for the week. Commodity Index traders held a net long position of 129,171 contracts, up a significant 4,314 contracts for the week. For Kansas City Wheat, Non-Commercial traders were net long 66,027 contracts, a decrease of 1,208 contracts for the week. Non-Commercial and Nonreportable combined traders held a net long position of 64,130 contracts, decrease of 2,478 contracts for the week. Commodity Index traders held a net long position of 62,851 contracts, a decrease of 3,071 contracts for the week.

LIVESTOCK FUNDAMENTAL OVERVIEW

CATTLE: A short-term corrective break led by the sluggish cash market might be a good buying opportunity. October cattle closed 30 lower on the session Friday but managed to see a gain of 207 for the week. Fears of sluggish cash trade near the $107-$108 range helped to pressure as traders were hoping for $109 early last week; steady on the week.

HOGS: China officials announce three new cases of African Swine Fever over the weekend to push the total cases to eight. This is a bullish longer-term force. Short-term, the market hopes to see NAFTA progress this week and eventually improving trade with China. October hogs closed 130 higher on the session Friday, but down 100 for the week. The market experienced solid gains led by the nearby October futures as the surge in pork values may have prompted some traders to exit bear spreads. USDA pork cutout values, released after the close Friday, came in at $65.90, up 21 cents from Thursday and up from $63.15 the previous week. Continued concerns over China disease issues and the eventual impact on US exports helped to support. The CME Lean Hog Index as of August 29th was 45.85, down 60 cents from the previous session and down from 49.50 the previous week. The USDA estimated hog slaughter came in at 456,000 head Friday and 147,000 head for Saturday. This brought the total for last week to 2.455 million head, down from 2.518 million the previous week but up 5.7% from a year ago. Pork production for the week was up 5.3% from last year.

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The Commitments of Traders reports as of August 28th showed Non-Commercial traders were net long 8,232 contracts, an increase of 7,150 contracts for the week. Non-Commercial and Nonreportable combined traders held a net short position of 10,917 contracts, down 6,144 contracts for the week. Commodity Index traders held a net long position of 94,394 contracts. This represents an increase of 1,621 contracts in the net long position held by these traders. With the market overbought, we cannot rule out the potential for a cash-led corrective break over the near-term. Ideally, a strong correction is a buying opportunity for the 2019 contracts as a "small" production issue in China could cause a massive surge in total exports from Europe, the US and Canada.

TODAY'S GRAIN MARKET OUTLOOKS

SOYBEANS: While the market is technically oversold, November Soybeans are still trading above the July 16th lows of $8.26 1/4. A move below support would leave $7.89 1/2 as next downside target. Selling resistance comes in at the $8.62 3/4 to $8.74 1/4 zone. Managed money traders increased their net short position to 53,642 contracts, up 13,593 contracts for the week. For soybean oil, managed money traders reduced their net short position from record highs back to 86,485 contracts, down 8,724 in just one week. This leaves plenty of fuel for more short-covering. Close-in support for December oil is at 28.72 and 28.56, and the market looks vulnerable to a recovery bounce to 29.90. December meal selling resistance is at 316.70.

CORN: The corn fundamentals seem to be supportive from the current low price level as the bear trend in soybeans continues to pressure. The world corn ending stocks/usage is at the lowest since 1973. Close-in support is seen at 362 3/4 and 361 1/2. Look for short-term uptrend with 371 3/4 and 375 3/4 as resistance.

WHEAT: Chicago December wheat remains above the 200 day moving average at 524 but the early week momentum looks like a test of this level is likely. A close below could open up for further long liquidation. The managed money traders reduced their net length by 9,632 contracts last week but remain long 51,180 contracts as of August 28th. These traders are net long over 115,000 contracts of Chicago, Kansas City and Minneapolis combined. Close-in resistance in Chicago wheat is at 542 3/4 followed by 551 1/2.