



2019 WI Agribusiness Classic

Grain Markets, Trade and Tariffs – Where to From Here

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Items To Discuss

Current U.S. and World Balance Sheets.

Global Demand and Growth Longer Term.

Global Supplies and Changes Longer Term.

Is The Role Of The U.S. Commercial Elevator Changing?

Approved Premium Changes For The Corn And Bean CME Contract Fall '19.

What Is The Value of Space & Are You Getting Paid Enough For Your Services?

U.S. Government



SRW Balance Sheet: Getting Tighter

1/4/2019						2018/19	2018/19	2018/19	2018/19	2018/19	2019/20
SRW WHEAT	2013/14	2014/15	2015/16	2016/17	2017/18	USDA	Low	Forecast	High	Change	Trend
Planted Acres (myn a)	10.0	8.5	7.1	6.0	5.7	6.1	6.1	6.1	6.1		5.9
Harvested Acres	8.9	7.2	5.9	5.0	4.3	4.5	4.5	4.5	4.5		4.7
Abandonment	-11.2%	-15.6%	-16.9%	-17.3%	-24.6%	-25.5%	-25.5%	-25.5%	-25.5%		-20.0%
Yield	63.7	63.5	60.9	69.4	67.7	64.5	63.0	63.0	63.0	0.0	66.0
Beginning Stocks	124	113	154	157	215	205	205	205	205	0	155
Production	568	455	359	345	292	286	286	286	286	0	313
Imports	21	13	18	33	17	6	6	6	6	0	15
Total Supply	713	581	531	535	524	497	497	497	497	0	483
Food	155	160	155	150	154	153	155	155	155	0	155
Seed	16	13	13	11	12	12	13	12	11	0	12
Feed/Residual	146	121	87	67	64	45	65	55	45	0	65
Domestic Use, Total	318	294	255	228	229	210	233	222	211	0	232
Exports	283	133	120	92	90	130	130	120	110	0	115
Total Use	600	427	375	320	319	340	363	342	321	0	347
Ending Stocks	113	154	157	215	205	157	134	155	176	0	136
U.S. Stocks/Use Ratio	18.8%	36.1%	41.8%	67.2%	64.2%	46.0%	36.8%	45.2%	54.7%		39.2%
St Louis Avg SRW Price	\$6.71	\$5.32	\$4.60	\$4.14	\$4.58	NA	\$5.55-6.55	\$4.90-5.90	\$4.15-5.15		\$5.15-6.15
² USDA December											

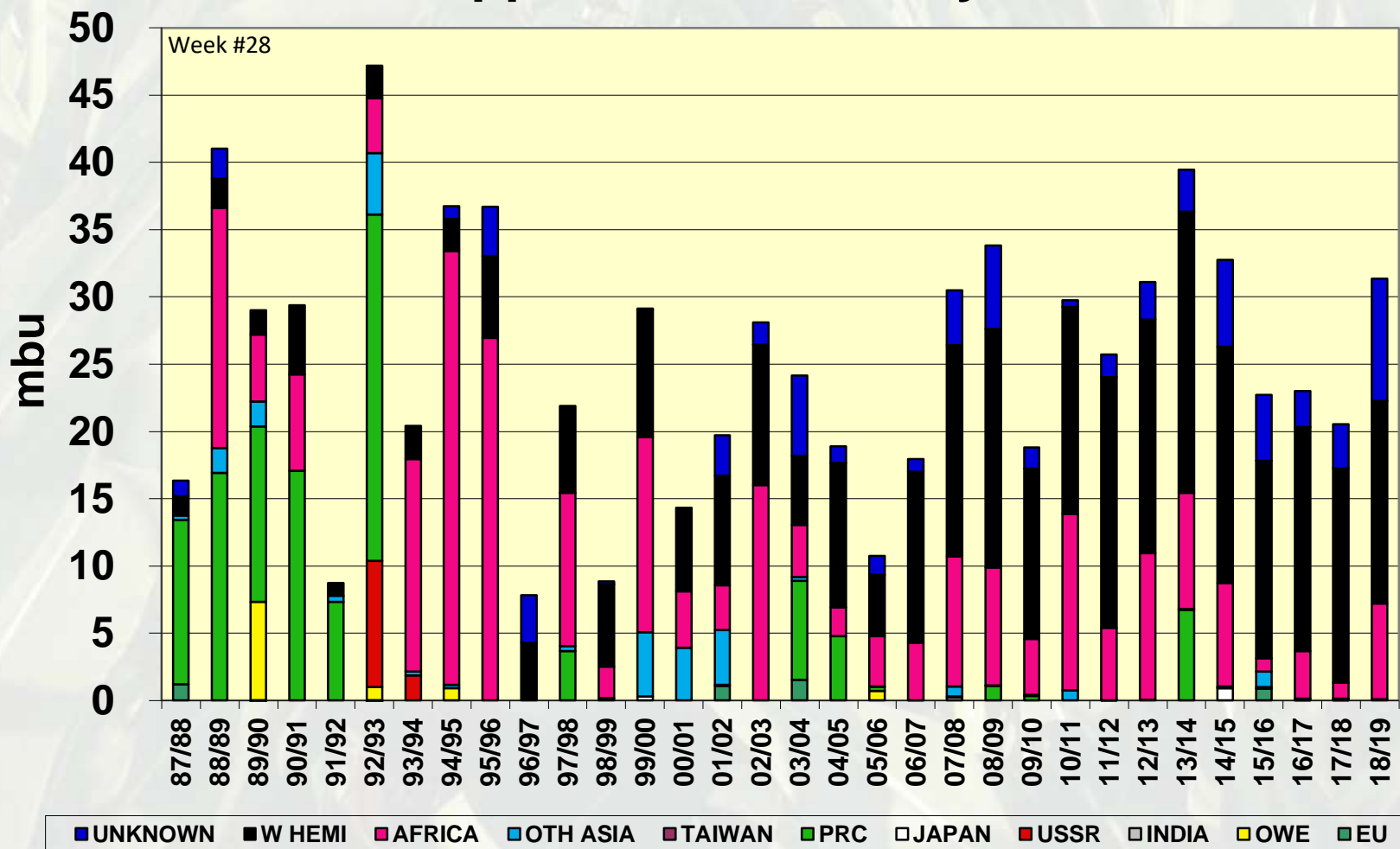
Year-To-Date U.S. SRW Wheat Exports by Destination

Year-To-Date SRW Exports by Destination

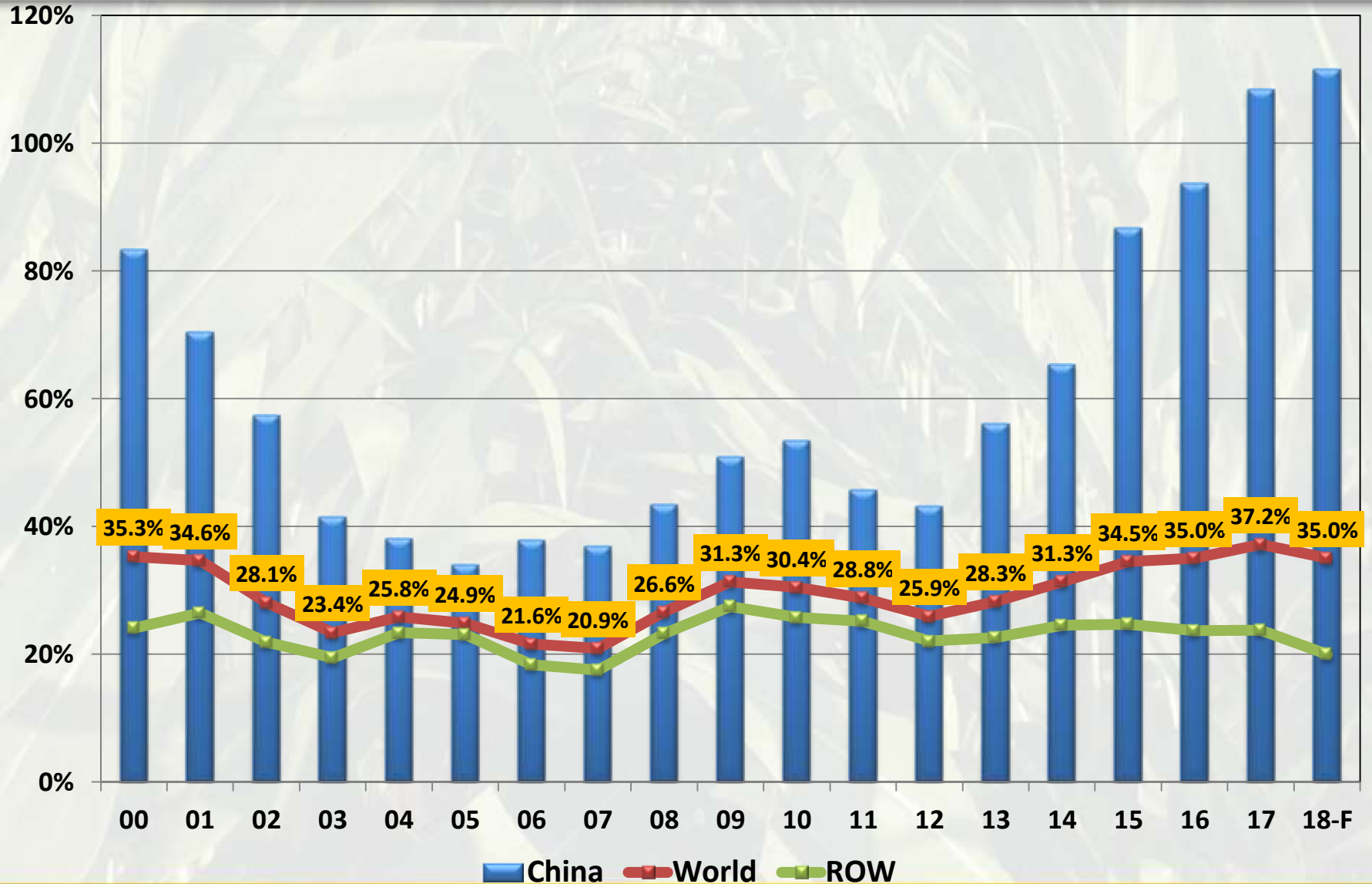


Year-To-Date U.S. SRW Wheat Unshipped Sales by Destination

Unshipped SRW Sales by Destination



Wheat Stocks-to-Use Ratios



US Corn Balance Sheet

Corn

(In Millions)

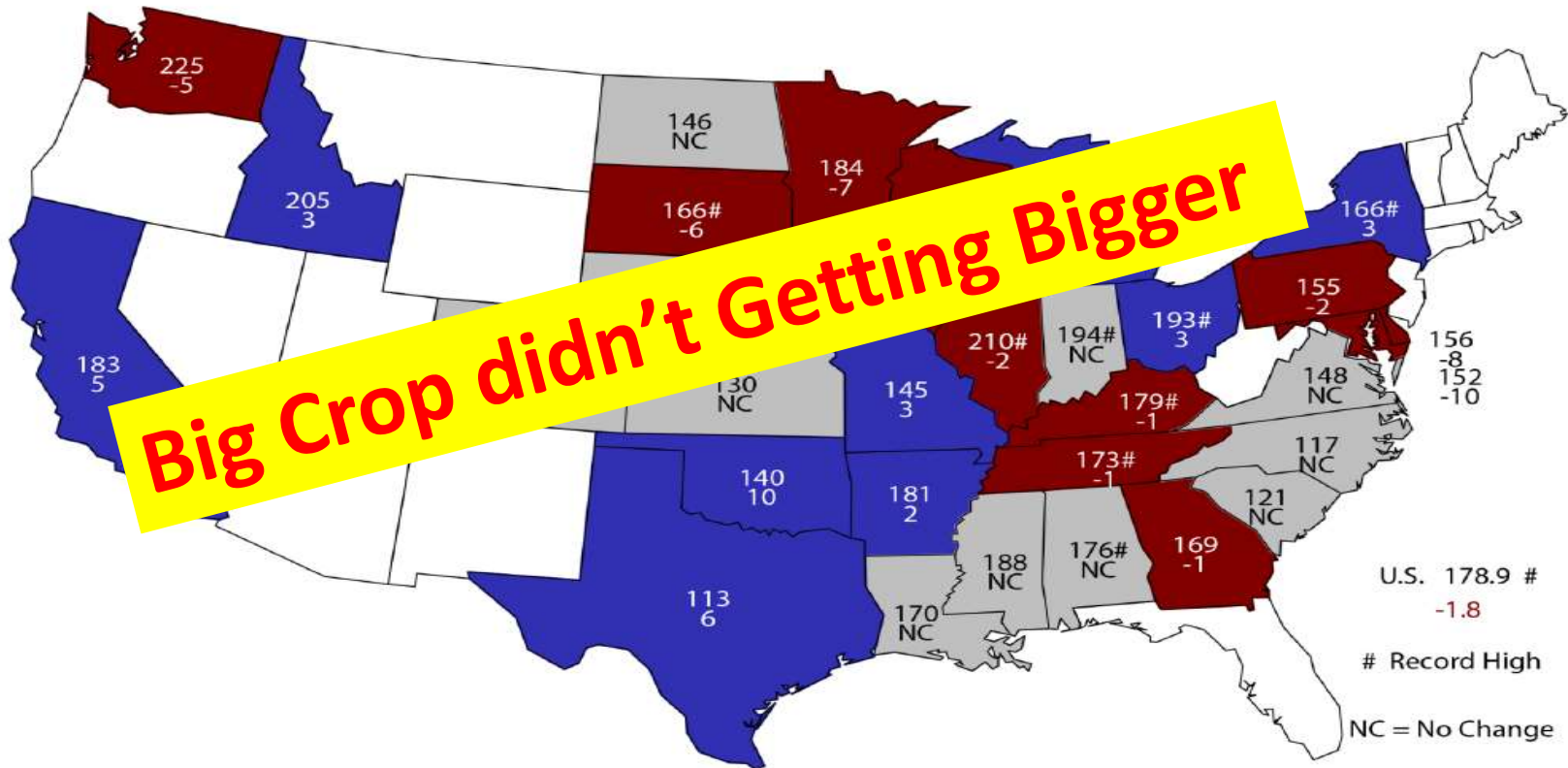


	15/16	16/17	USDA Nov 17/18	USDA Dec 17/18	Nov/Dec Change 17/18	USDA Nov 18/19	USDA Dec 18/19	Nov/Dec Change 18/19
Planted Acres	88.0	94.0	90.2	90.2	0.0	89.1	89.1	0.0
% Harvested	91.8%	92.2%	91.7%	91.7%		91.8%	91.8%	
Harvested Acres	80.8	86.7	82.7	82.7	0.0	81.8	81.8	0.0
Yield (BU/AC)	168.4	174.6	176.6	176.6	0.0	178.9	178.9	0.0
Begin Stocks	1,731	1,737	2,293	2,293	0	2,140	2,140	0
Production	13,602	15,148	14,604	14,604	0	14,626	14,626	0
Imports	68	57	36	36	0	50	45	(5)
TOTAL SUPPLY	15,401	16,942	16,934	16,934	0	16,816	16,811	(5)
Exports	1,901	2,294	2,438	2,438	0	2,450	2,450	0
Feed Use	5,114	5,470	5,298	5,298	0	5,500	5,500	0
Food/Ind./Seed	6,648	6,885	7,058	7,058	0	7,130	7,080	(50)
Ethanol for Fuel	5,224	5,432	5,605	5,605	0	5,650	5,600	(50)
TOTAL USAGE	13,664	14,649	14,793	14,793	0	15,080	15,030	(50)
END STOCKS	1,737	2,293	2,140	2,140	0	1,736	1,781	45
Stocks to Use	12.7%	15.7%	14.5%	14.5%		11.5%	11.8%	
U.S. Farm Price	\$3.61	\$3.36	\$3.36	\$3.36		\$3.20 - \$4.00	\$3.25 - \$3.95	

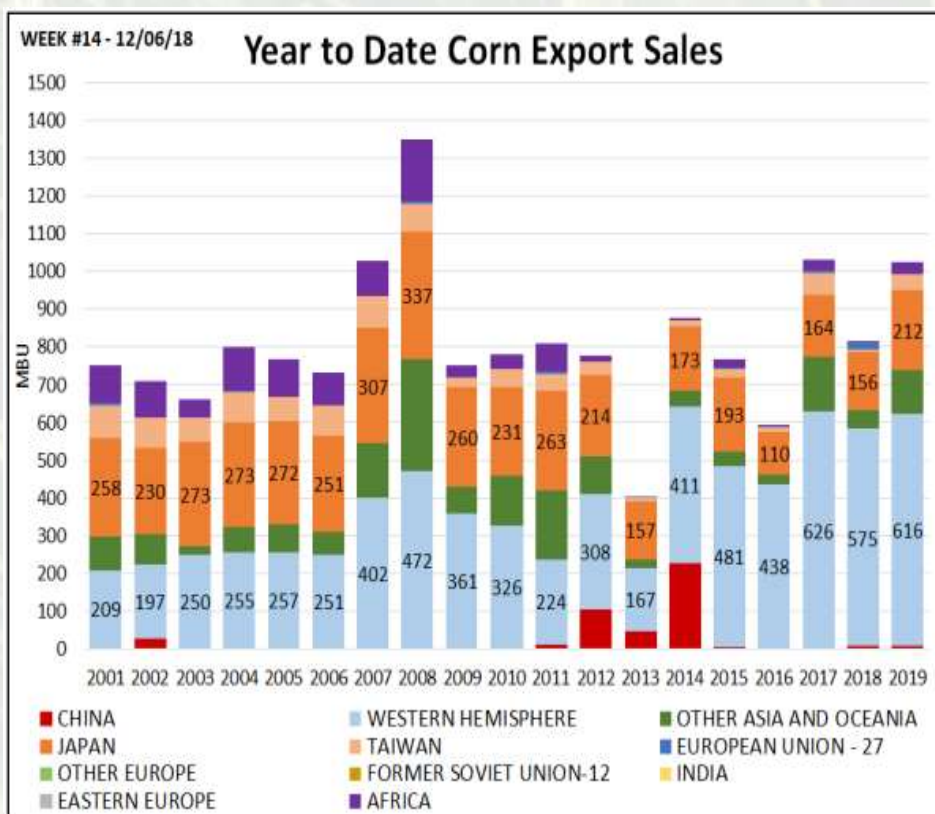
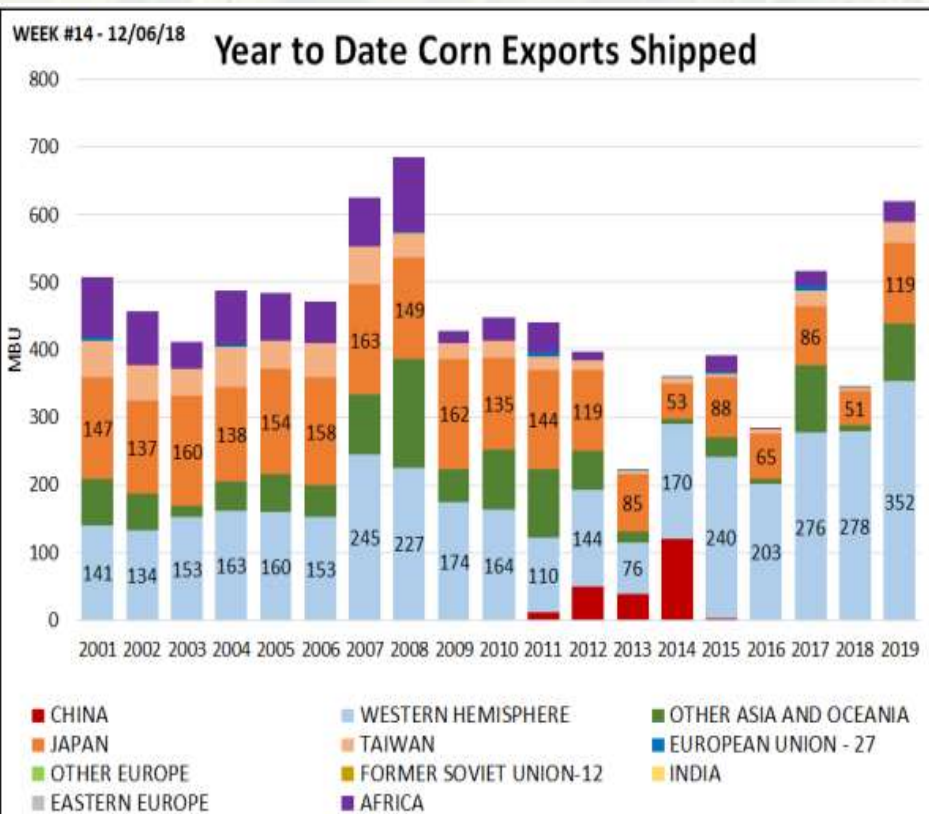
November's USDA Report

November 1, 2018 Corn Yield

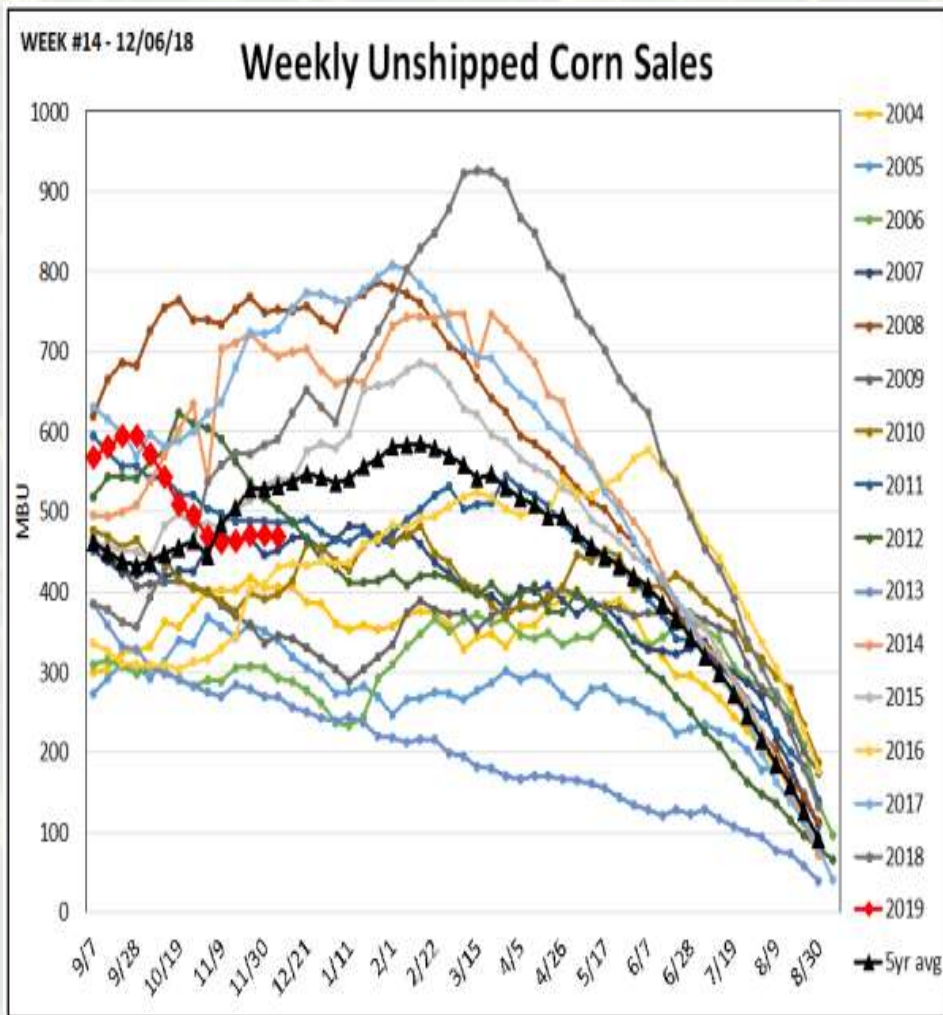
Bushels and Change From Previous Forecast



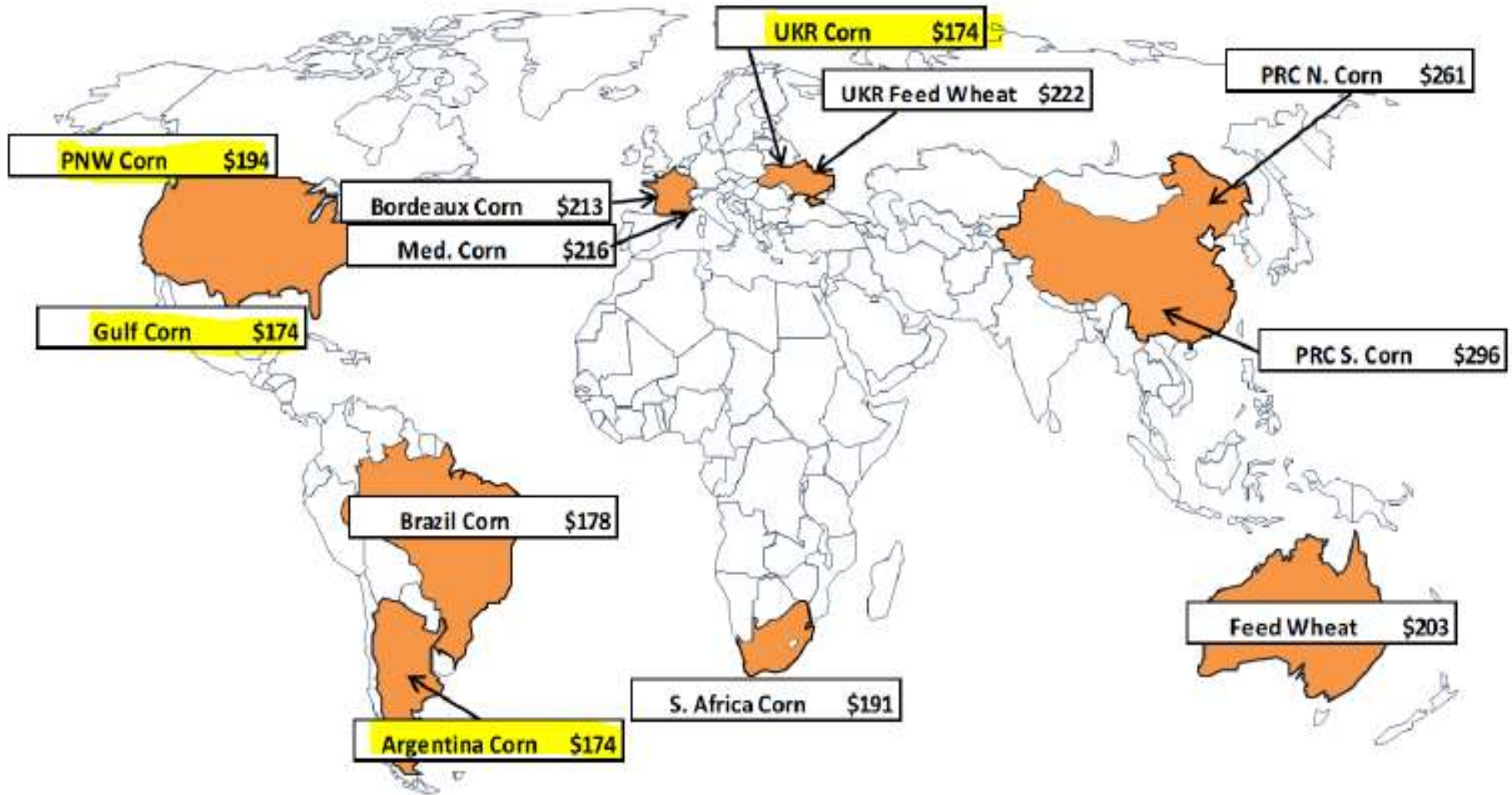
US Corn Exports: Solid so far



Corn Export Shipments						USDA Estimates		BOY/wk	BOY/wk	YTD
This Week	Last Week	Last Year	Current YTD	Last Year YTD	YOY % Change	18/19	17/18	TY	LY	% Shipped of Forecast
▼ 19.7	37.5	33.5	727	450	▲ 61%	2450	2438	50.7	60.2	30%

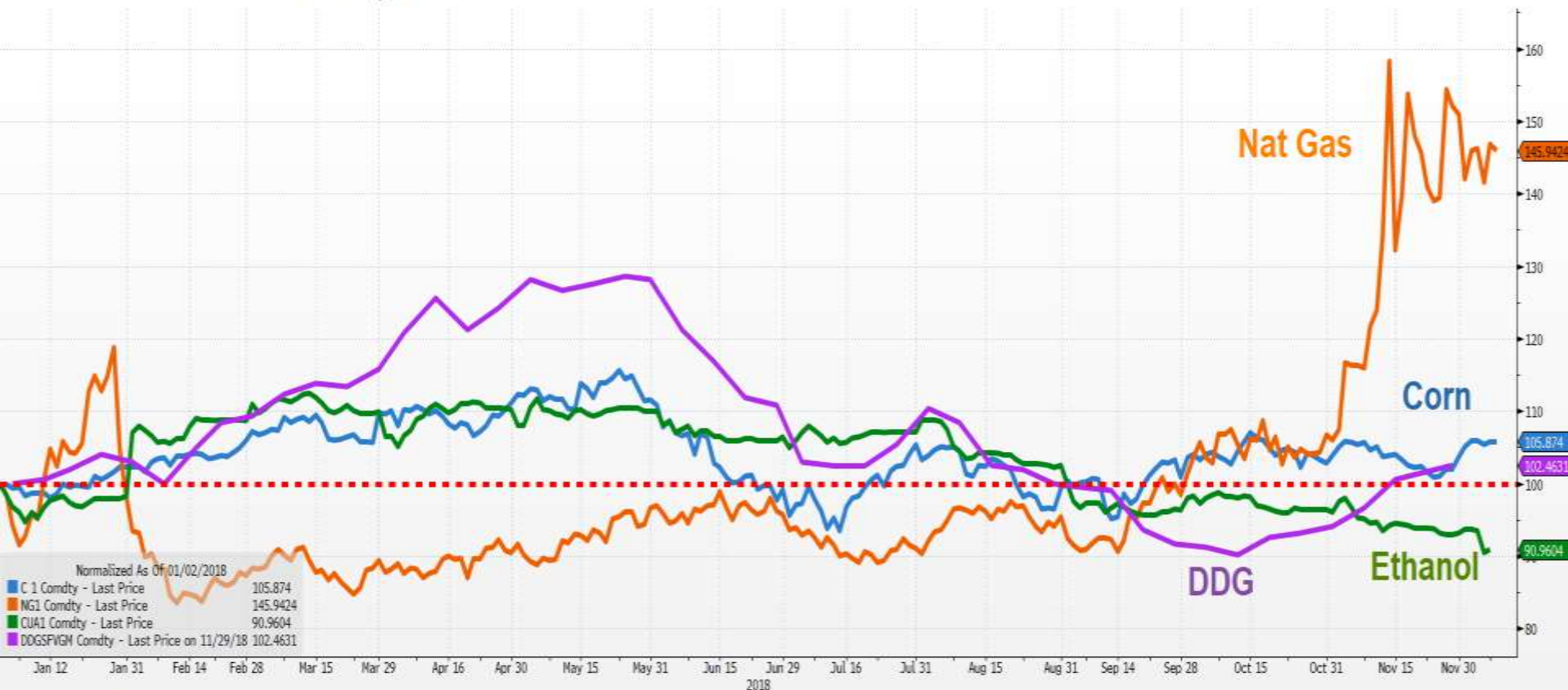


FOB Corn Prices



Ethanol Margins: Not Good!

Ethanol Margin Input/Output Percent Normalized Since Jan 1, 2018



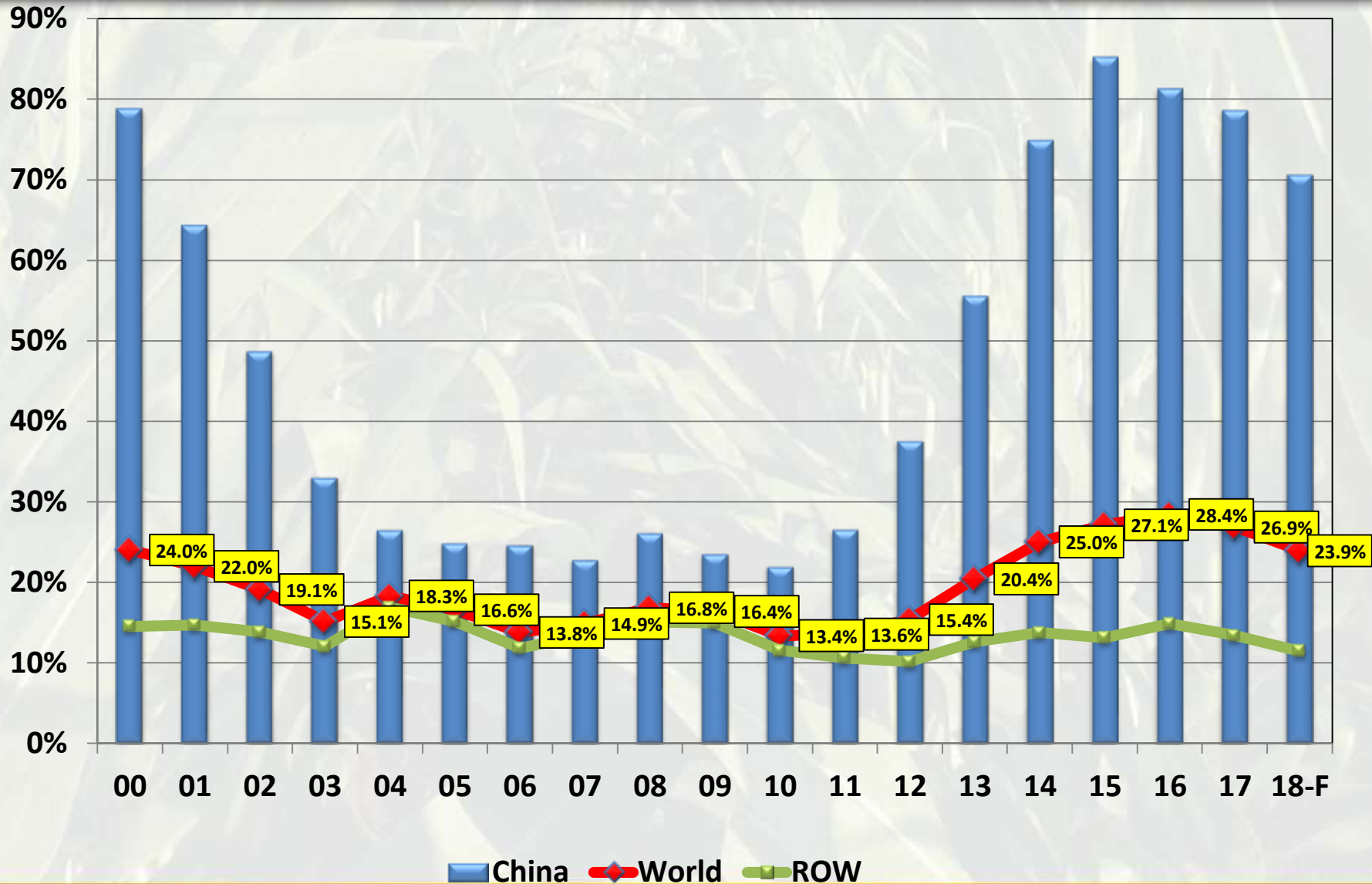
Source: Advance Trading, Inc

C 1 Comdty (Generic 1st "C" Future) Ethanol Margin Daily 02JAN2018-10DEC2018

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Coarse Grains Stocks Down 4.5% From Highs



US Soybean Balance Sheet:

Soybeans

(In Millions)

	15/16	16/17	USDA Nov 17/18	USDA Dec 17/18	Nov/Dec Change 17/18	USDA Nov 18/19	USDA Dec 18/19	Nov/Dec Change 18/19
Planted Acres	82.7	83.4	90.1	90.1	0.0	89.1	89.1	0.0
% Harvested	98.8%	99.2%	99.3%	99.3%		99.1%	99.1%	
Harvested Acres	81.7	82.7	89.5	89.5	0.0	88.3	88.3	0.0
Yield (BU/AC)	48.0	52.0	49.3	49.3	0.0	52.1	52.1	0.0
Begin Stocks	191	197	302	302	0	438	438	0
Production	3,926	4,296	4,411	4,411	0	4,600	4,600	0
Imports	24	22	22	22	0	25	25	0
TOTAL SUPPLY	4,140	4,515	4,734	4,734	0	5,063	5,063	0
Crush	1,886	1,901	2,055	2,055	0	2,080	2,080	0
Exports	1,942	2,166	2,129	2,129	0	1,900	1,900	0
Seed	97	105	104	104	0	96	96	0
Residual	18	41	8	8	0	32	32	0
TOTAL USAGE	3,944	4,214	4,296	4,296	0	4,107	4,107	0
END STOCKS	197	302	438	438	0	955	955	0
Stocks to Use	5.0%	7.2%	10.2%	10.2%		23.3%	23.3%	
U.S. Farm Price	\$8.95	\$9.47	\$9.33	\$9.33		\$7.60 - \$ 9.60	\$7.85 - \$ 9.35	

S.A. Bean Crop Getting Smaller But Still Larger Than Last Year

2018/19 South American Soybean Production

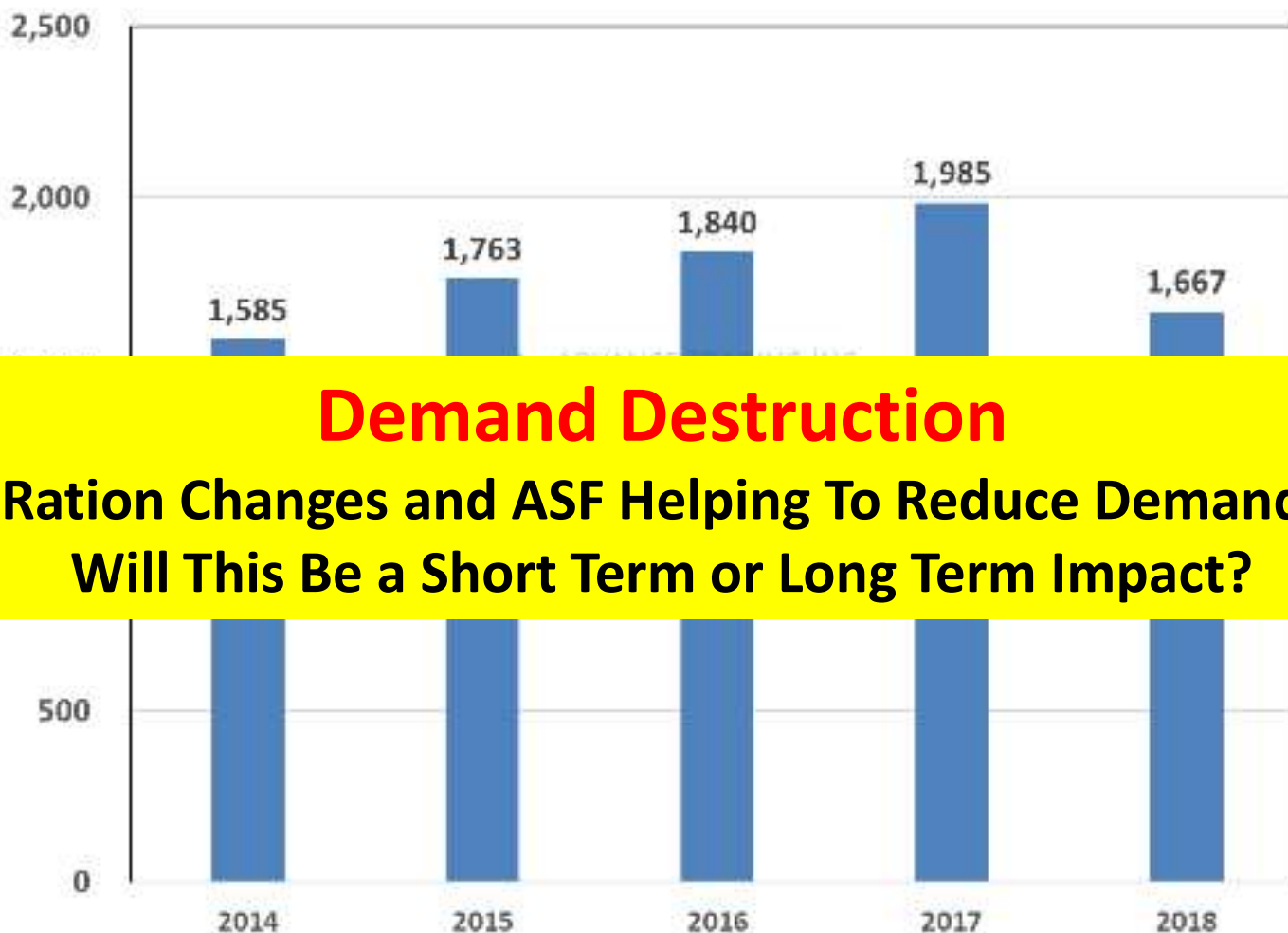
<u>Country</u>	<u>Current Estimate</u>	<u>Maximum</u>	<u>Minimum</u>	<u>2017/18 Production</u>
	Million metric tons			
Brazil	116.0	118.0	110.0	119.5
Argentina	56.0	58.0	54.0	37.8
Paraguay	9.5	10.0	8.5	10.0
Bolivia	2.8	3.3	2.3	2.6
Uruguay	2.3	2.7	2.0	1.3
Total	186.6	192.0	176.8	171.2

Trade and Tariffs



Chinese YTD Crush Demand Declining

Recent China Crush



Demand Destruction

**Ration Changes and ASF Helping To Reduce Demand.
Will This Be a Short Term or Long Term Impact?**

African Swine Fever Cases in China

Updated through January 14, 2019

57. Harbin, Heilongjiang 11/19
58. Huaihua, Hunan 11/21
59. Fangshan, Beijing 11/23
60. Baotou, Inner Mongolia 11/23
61. Yangxin, Hubei 11/28
62. Ninghe, Tianjin 11/29
63. Jiujiang, Jiangxi 11/30
64. Xi'an, Shaanxi, 12/3
65. Tongzhou, Beijing 12/3
66. Bei'an, Heilongjiang 12/3
67. Hejiang, Sichuan 12/5
68. Xi'an, Shaanxi 12/5
69. Shunyi, Beijing 12/5
70. Linfen, Shanxi 12/6
71. Shenmu, Shanxi 12/9
72. Guiyang, Guizhou 12/9
73. Bazhong, Sichuan 12/12
74. Datong, Qinghai 12/12
75. Jixi, Heilongjiang 12/16
76. Yanting, Sichuan 12/16
77. Bishan, Chongqing 12/18
78. Zhuhai, Guangdong 12/19
79. Youxi, Fujian 12/20
80. Longli, Guizhou 12/21
81. Guangzhou, Guangdong 12/22
82. Nanping, Fujian 12/24
83. Boluo, Guangdong 12/25
84. Zezhou, Shanxi 12/30
85. Suihua, Heilongjiang 01/01
86. Siyang, Jiangsu 01/12
87. Qingyang, Gansu 01/13



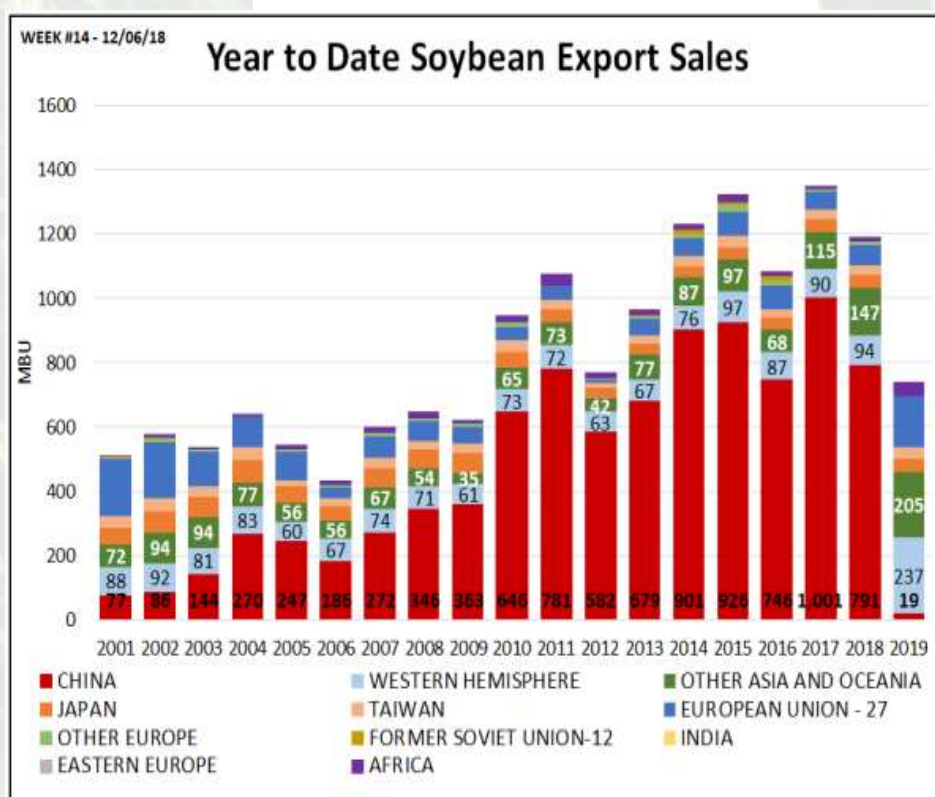
87 Cases of ASF Since Last August

1. Shenyang, Liaoning 8/3
2. Jiamusi, Heilongjiang 8/3
3. Zhengzhou, Henan 8/16
4. Lianyungang, Jiangsu 8/15
5. Wenzhou, Zhejiang 8/23
6. Wuhu, Anhui 8/30
7. Guquan town Xuancheng City 9/2
8. Wuxing Town, Xuancheng City 9/2
9. Wuxi, Jiangsu 9/3
10. Jiamusi, Heilongjiang 9/6
11. Wuhu, Anhui 9/6
12. Xuancheng, Anhui 9/6
13. Chuzhou, Anhui 9/6
14. Tongling, Anhui 9/10
15. ABAG, Inner Mongolia 9/14
16. Xinxiang, Henan 9/14
17. Xilin Gol, Inner Mongolia 9/24
18. Horqin, Inner Mongolia 9/24
19. Gongzhuling, Jilin 9/24
20. Hohhot, Inner Mongolia 9/24
21. Yingkou, Liaoning, 10/8
22. Anshan, Liaoning, 10/9
23. Dalian, Liaoning, 10/11
24. Anshan, Liaoning 10/12
25. Tianjin, 10/12
26. Anshan, Liaoning 10/15
27. Jinzhou, Liaoning 10/15
28. Panjin, Liaoning 10/15
29. Tieling, Liaoning 10/16
30. Panjin, Liaoning 10/16
31. Datong, Shanxi 10/17
32. Zhaotong, Yunan 10/20
33. Taizhou, Zhejiang 10/21
34. Yiyang, Hunan 10/22
35. Changde, Hunan 10/22
36. Bijie, Guizhou 10/25
37. Bijie, Guizhou 10/26
38. Changde, Hunan 10/27
39. Taiyuan, Shanxi 11/3
40. Fengdu, Chongqing 11/4
41. Xiangxi, Hunan 11/5
42. Luotian, Hubei 11/7
43. Loudi, Hunan 11/8
44. Yanbian, Jilin 11/8
45. Shangrao, Jiangxi 11/8
46. Putian, Fujian 11/8
47. Qingyang, Anhui 11/10
48. Wuxue, Hubei 11/13
49. Xishui, Hubei 11/16
50. Gaoxian, Sichuan 11/16
51. Baishan, Jilin 11/16
52. Weixin, Yunan 11/16
53. Poyang, Jiangxi 11/17
54. Kunming, Yunan 11/17
55. Xinjin, Sichuan 11/17
56. Jinshan, Shanghai 11/17

Distribution of Hogs In China. Source:: Roberts et. al.

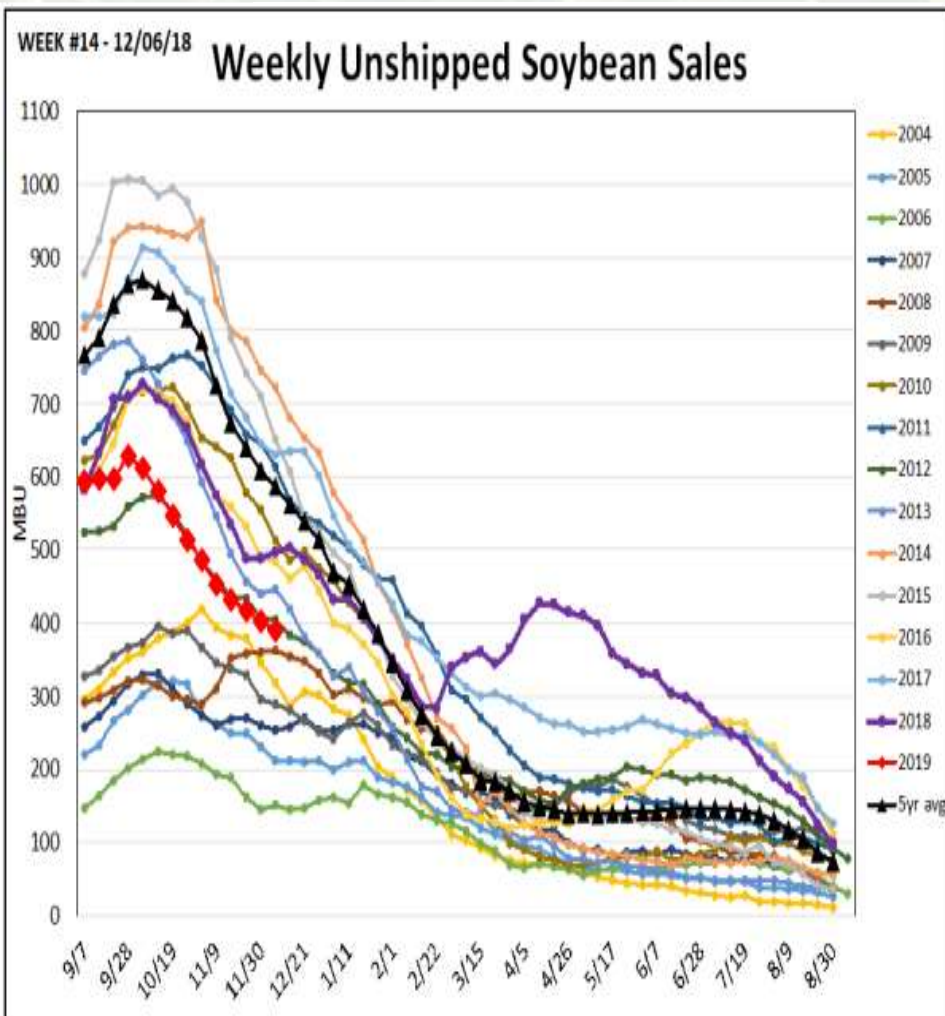
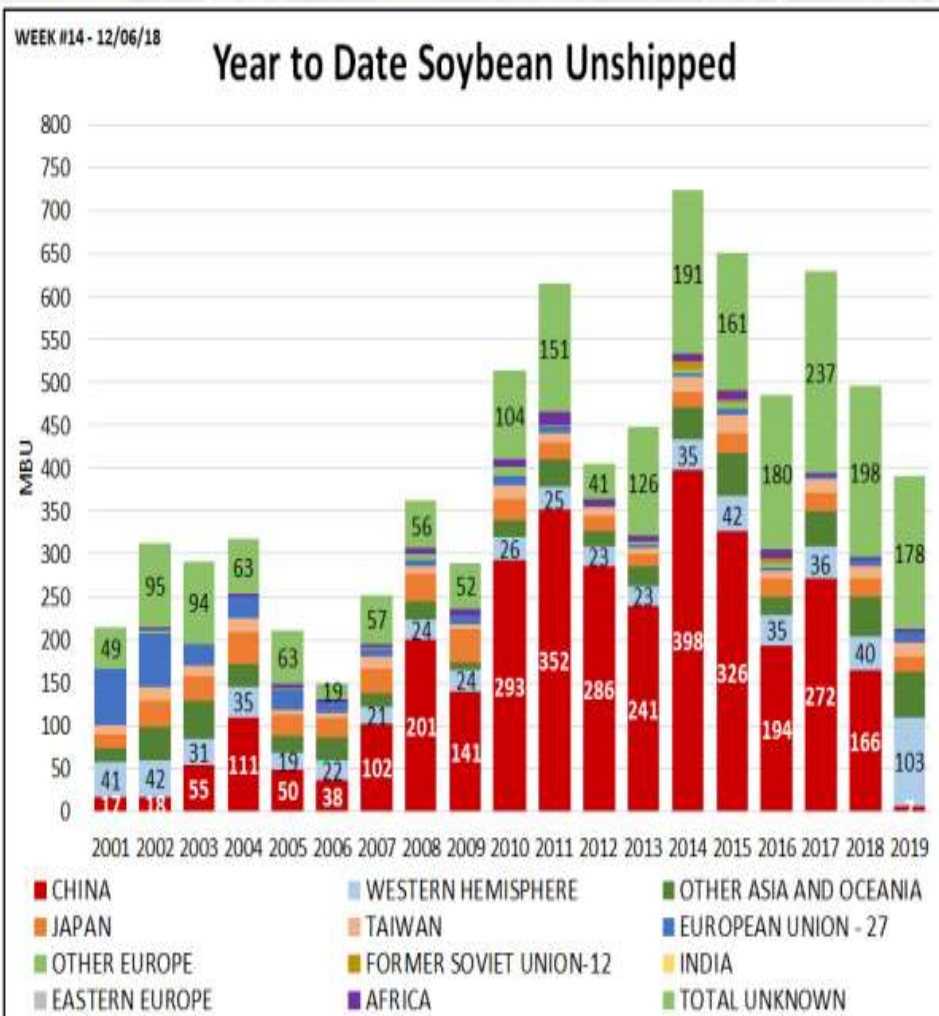


US Soybean: Exports/Shipments

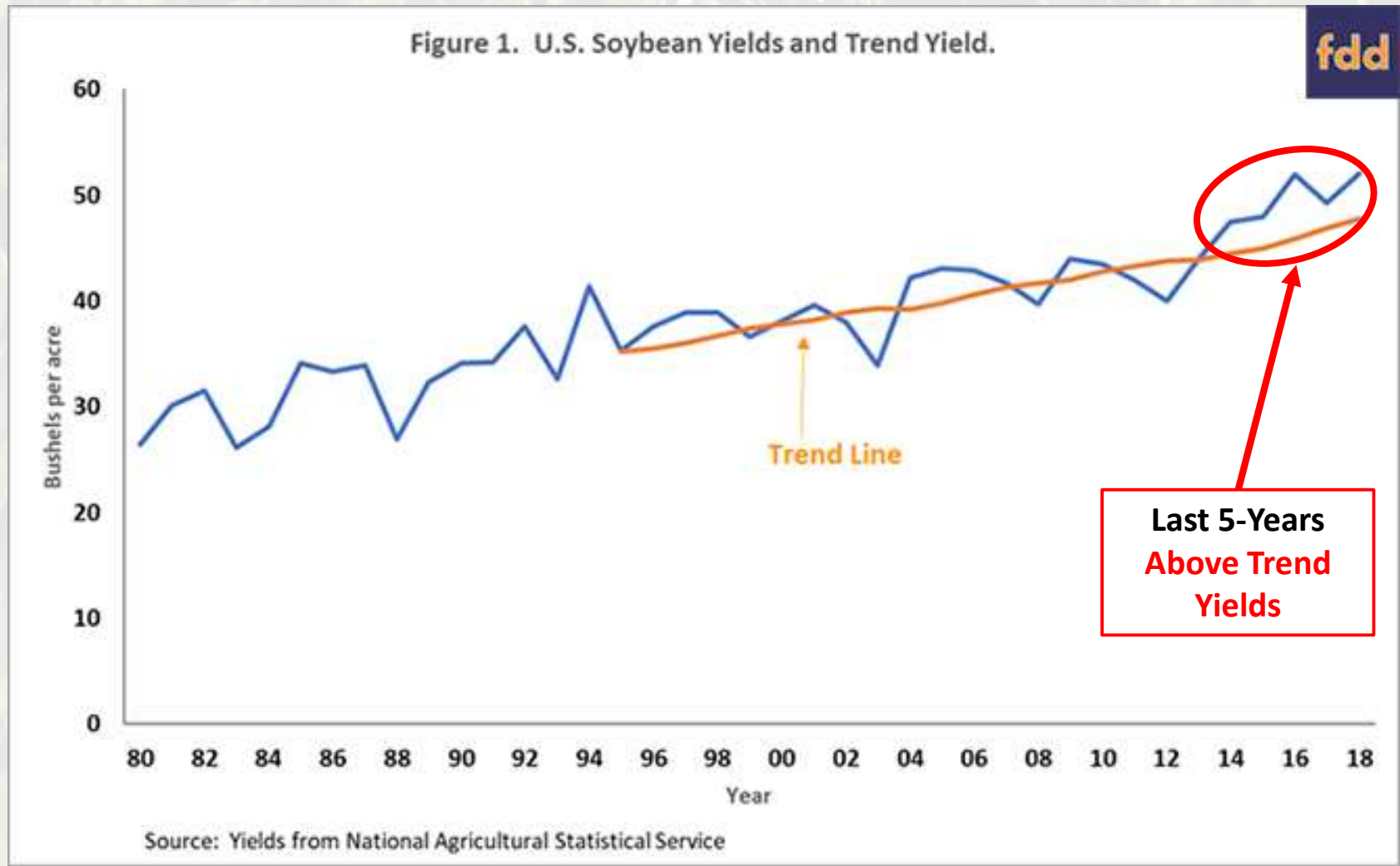


Soybean Export Shipments Week # 18						USDA Estimates		BOY/wk	BOY/wk	YTD
This Week	Last Week	Last Year	Current YTD	Last Year YTD	YOY % Change	18/19	17/18	TY	LY	% Shipped of Forecast
▼ 24.7	27.8	44.6	636	1088	▼ -42%	1900	2129	37.2	29.7	33%

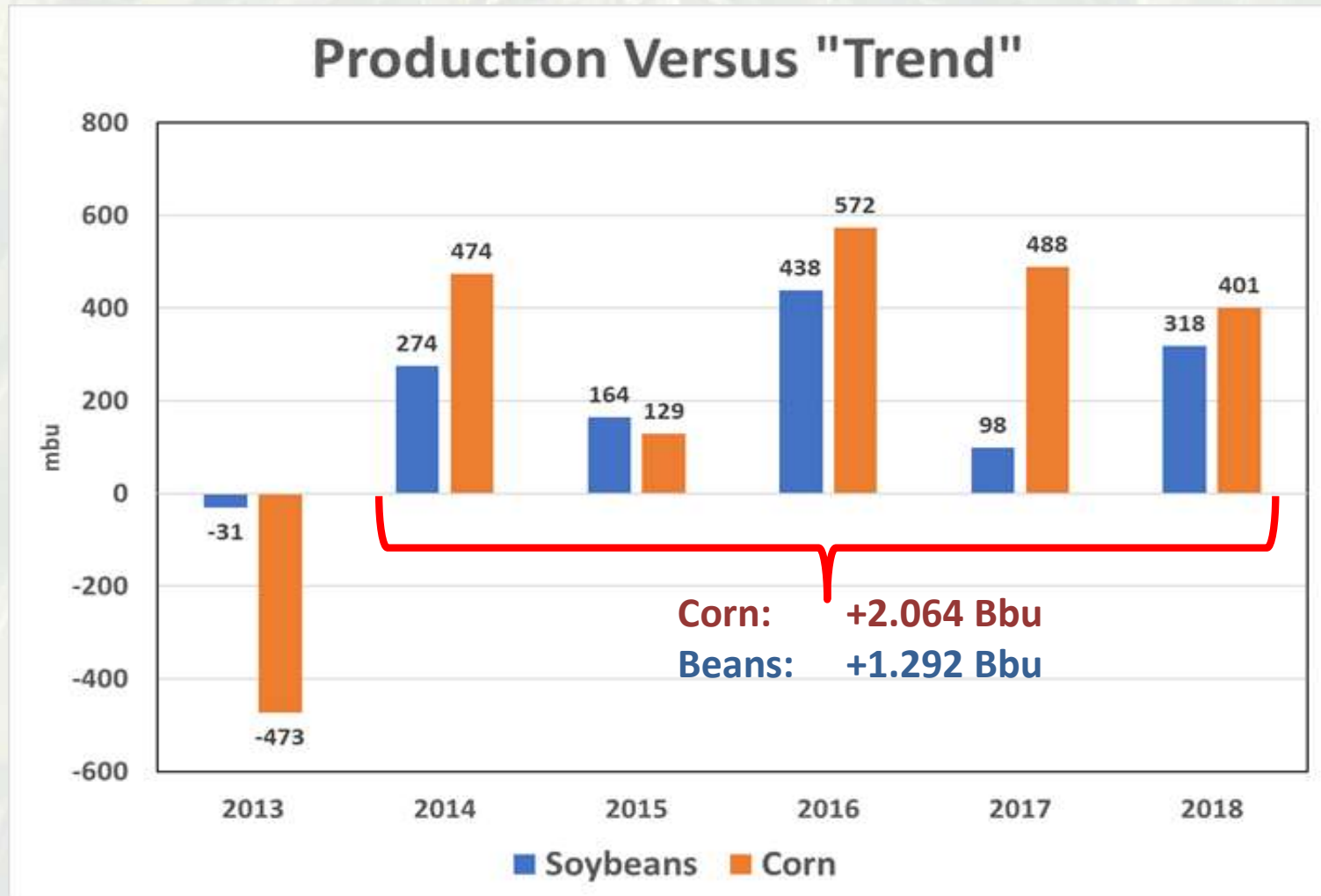
US Soybean: Exports/Unshipped



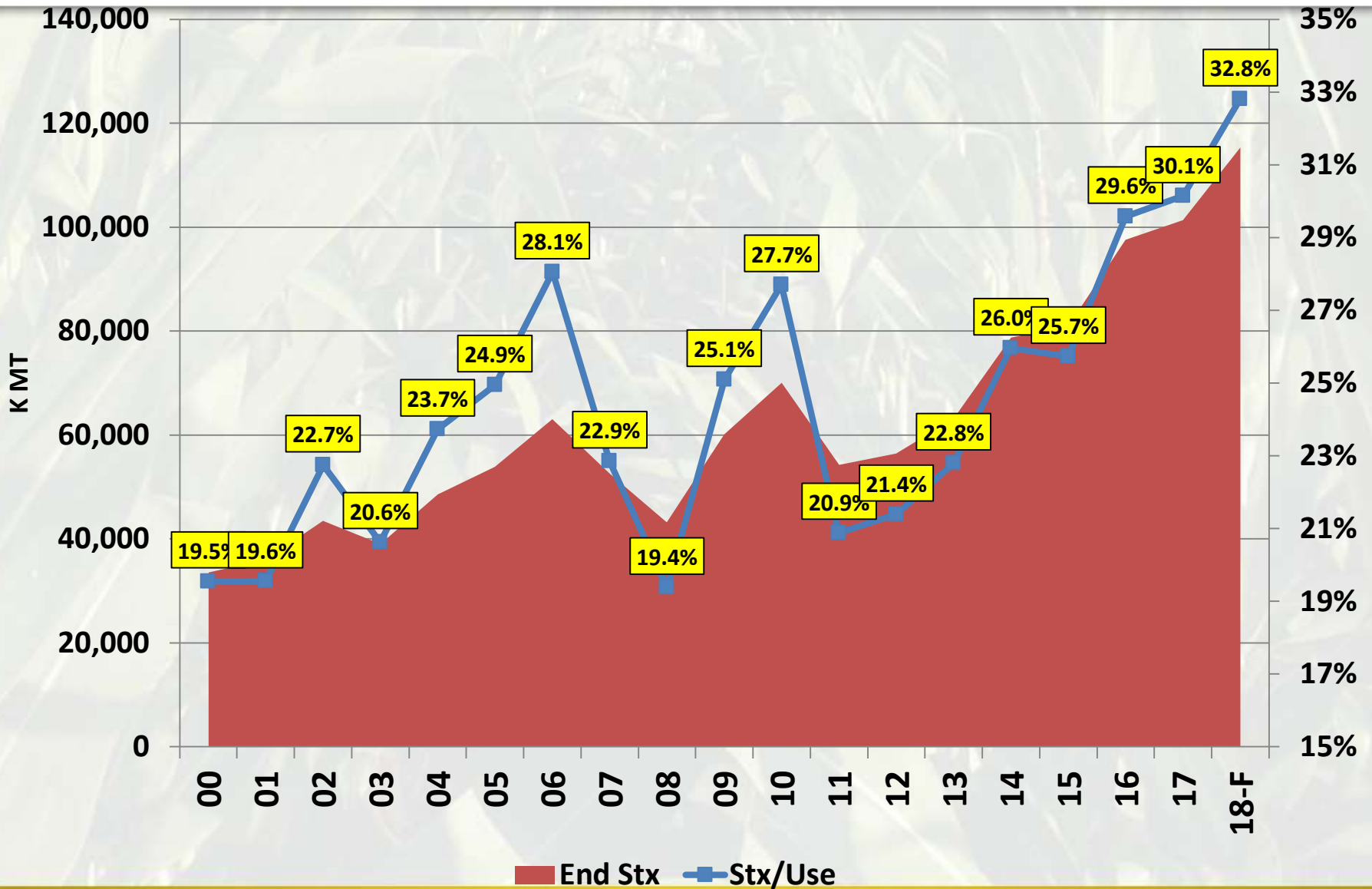
It's Not Just Tariffs: Great US Crops



Bean Supply Has Increased > Demand



Global Soybean Stocks Record High



US Soybean Balance Sheet: Exports

Soybeans

(In Millions)

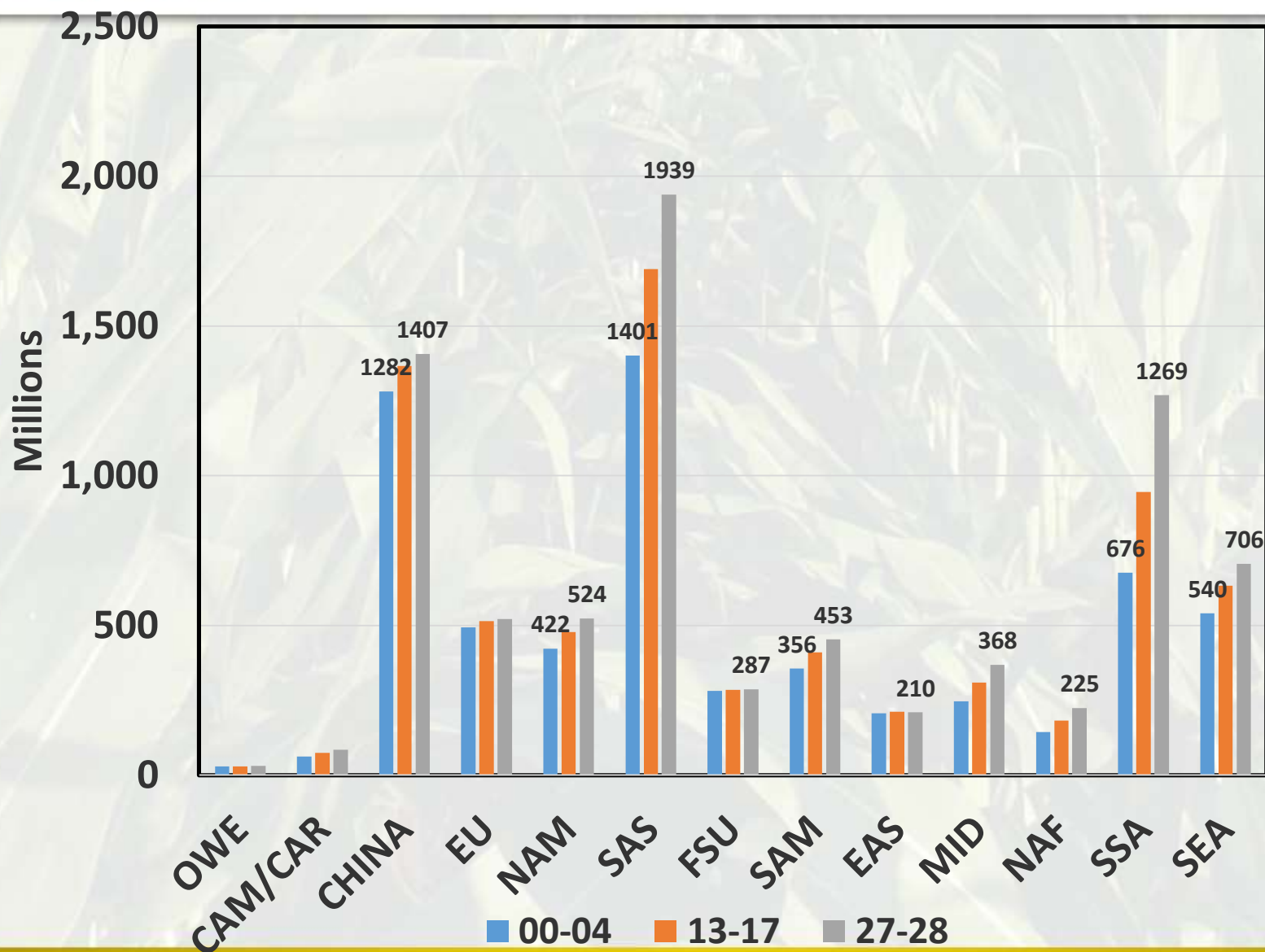
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Planted Acres	82.7	83.4	90.1	90.1	0.0	89.1	89.1	0.0
% Harvested	98.8%	99.2%	99.3%	99.3%		99.1%	99.1%	
Harvested Acres	81.7	82.7	89.5	89.5	0.0	88.3	88.3	0.0
Yield (BU/AC)	48.0	52.0	49.3	49.3	0.0	52.1	52.1	0.0
Begin Stocks	191	197	302	302	0	438	438	0
Production	3,926	4,296	4,411	4,411	0	4,600	4,600	0
Imports	24	22	22	22	0	25	25	0
TOTAL SUPPLY	4,140	4,515	4,734	4,734	0	5,063	5,063	0
Crush	1,886	1,901	2,055	2,055	0	2,080	2,080	0
Exports	1,942	2,166	2,129	2,129	0	1,900	1,900	0
Seed	97	105	104	104	0	96	96	0
Residual	18	41	8	8	0	32	32	0
TOTAL USAGE	3,944	4,214	4,296	4,296	0	4,107	4,107	0
END STOCKS	197	302	438	438	0	955	955	0
Stocks to Use	5.0%	7.2%	10.2%	10.2%		23.3%	23.3%	
U.S. Farm Price	\$8.95	\$9.47	\$9.33	\$9.33		\$7.60 - \$9.60	\$7.85 - \$9.35	

World Map

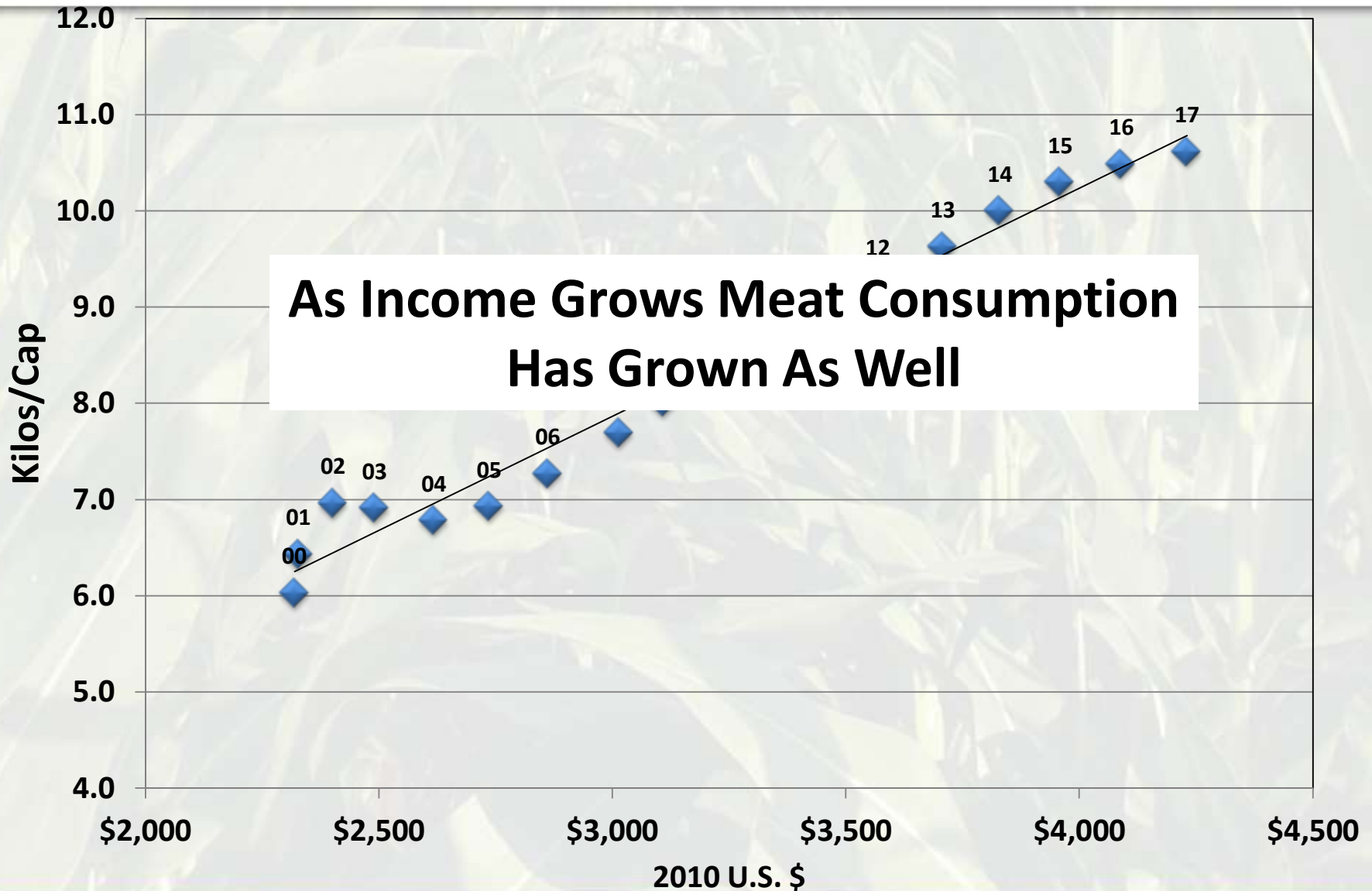
**Where Will Global
Supply and Demand
Come From In The Future?**



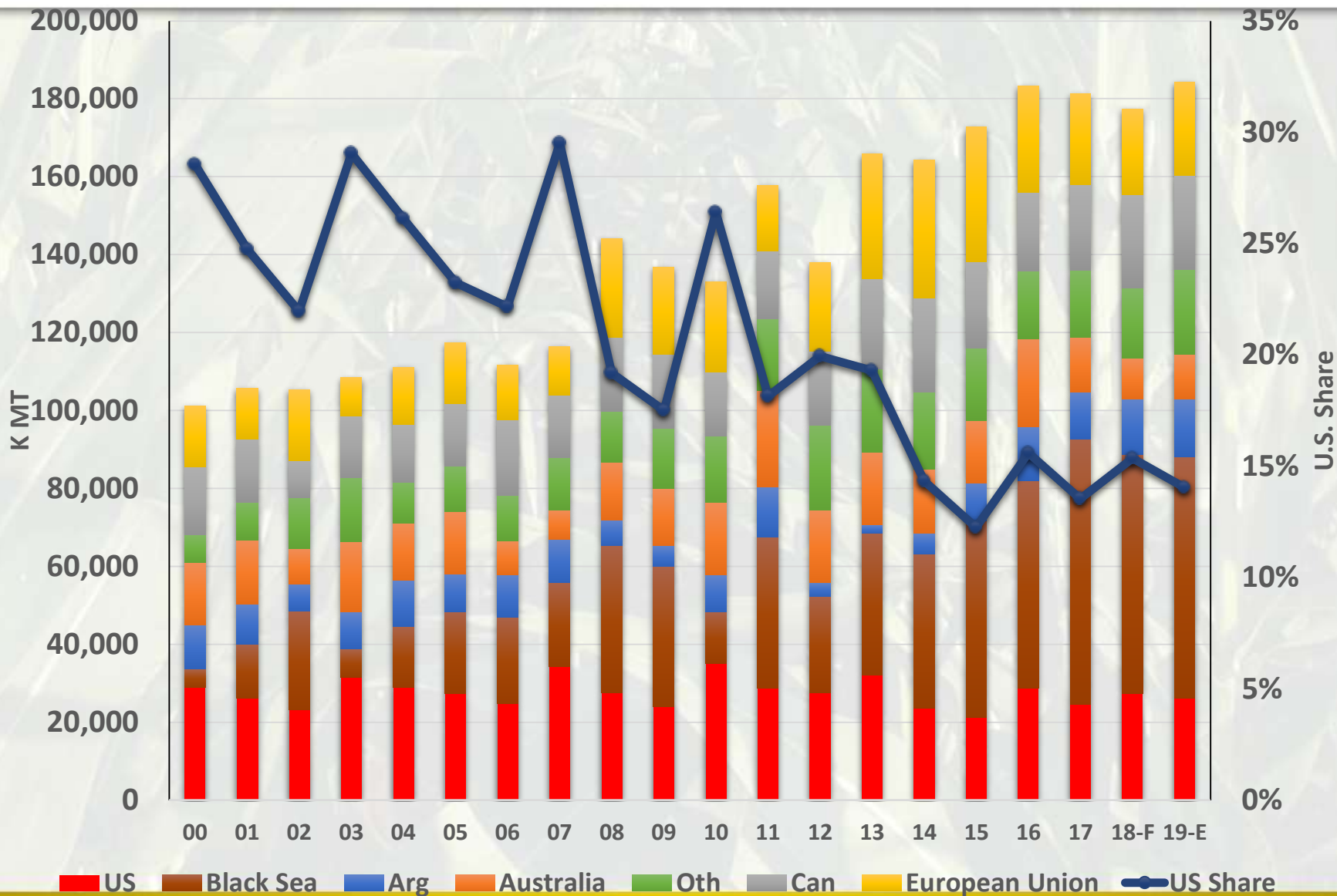
Regional Population: Growing Away From U.S.



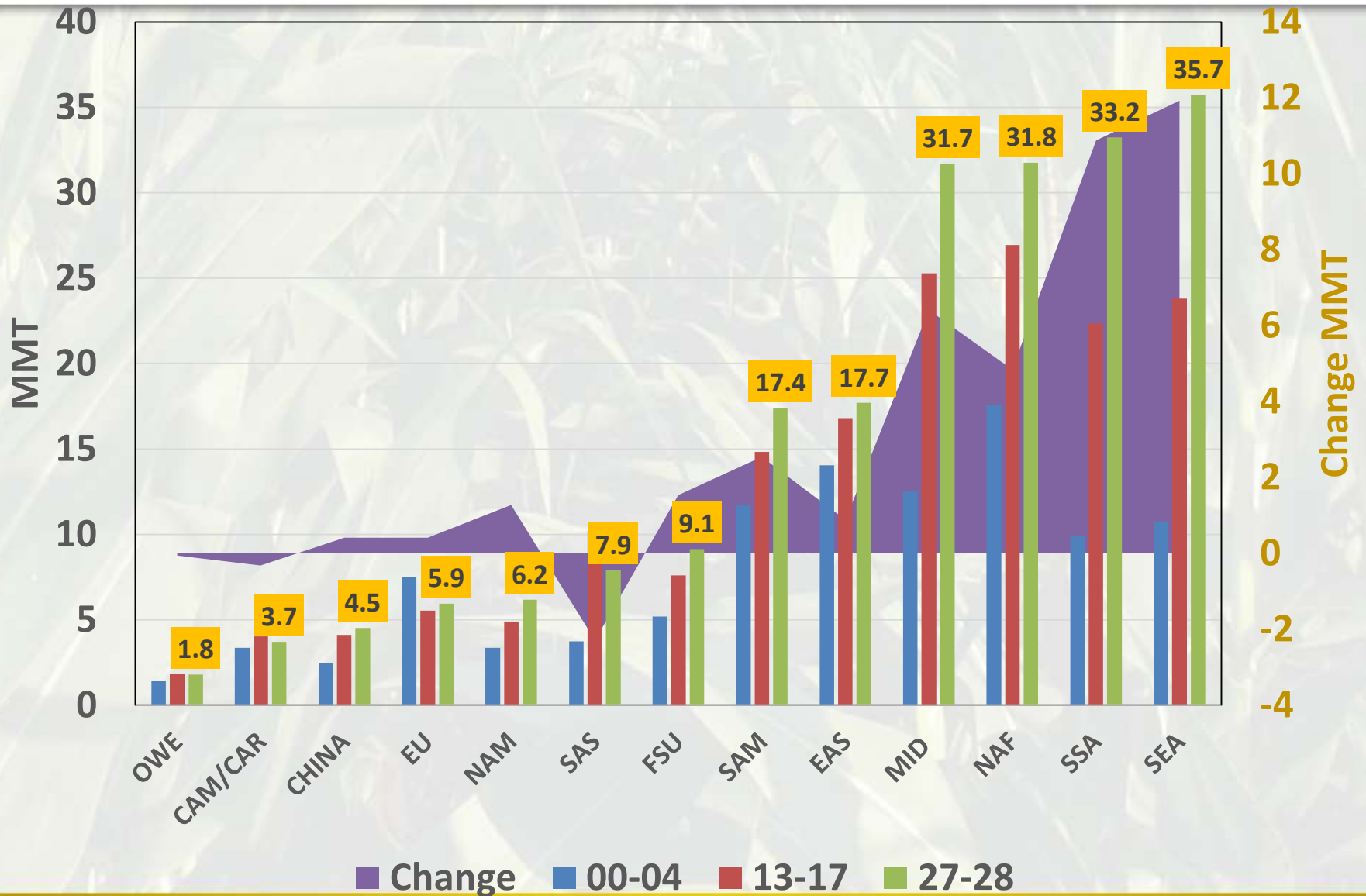
SE Asia Per Capita Broiler Consumption



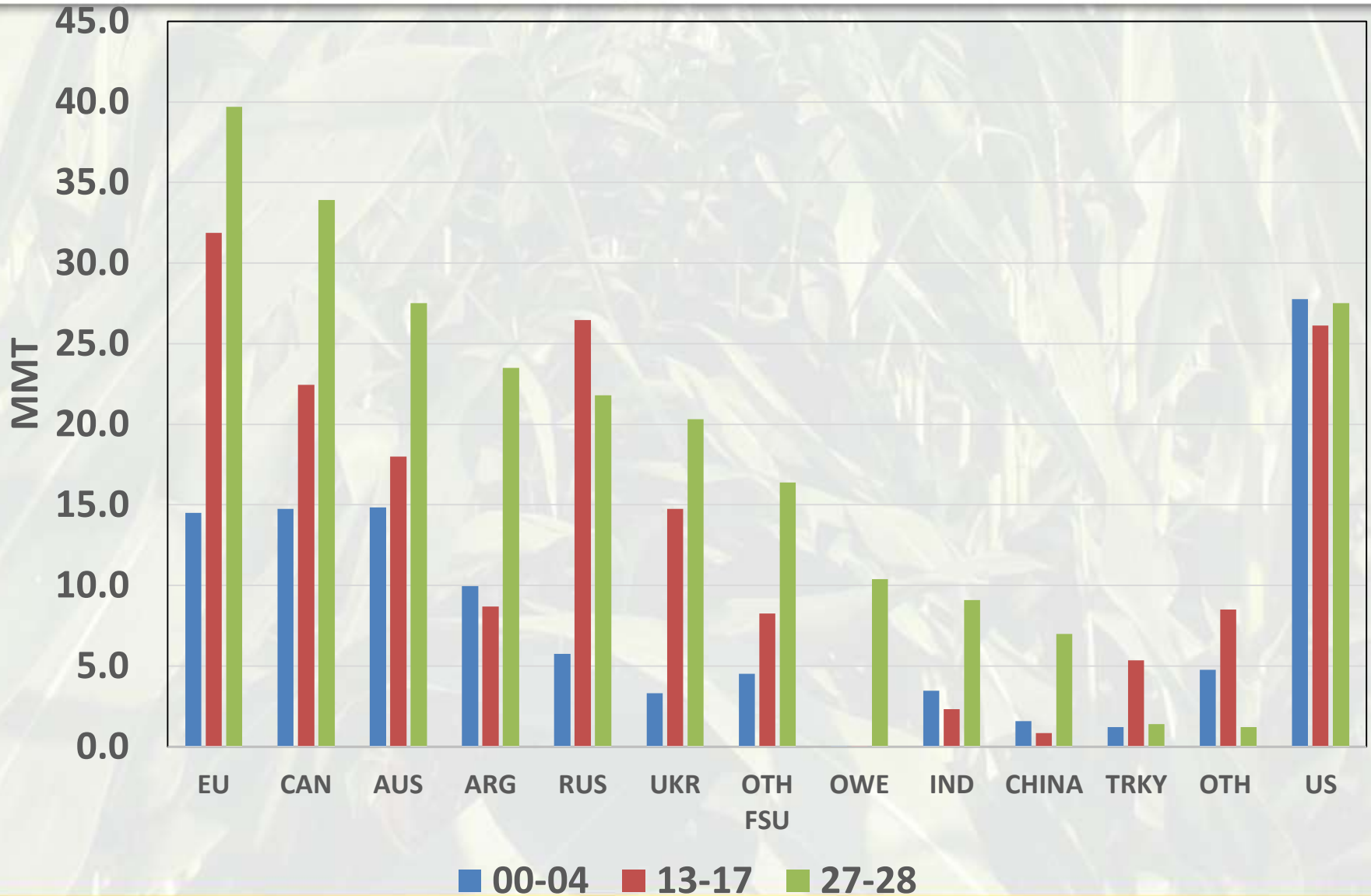
World Wheat Exports: U.S. Share



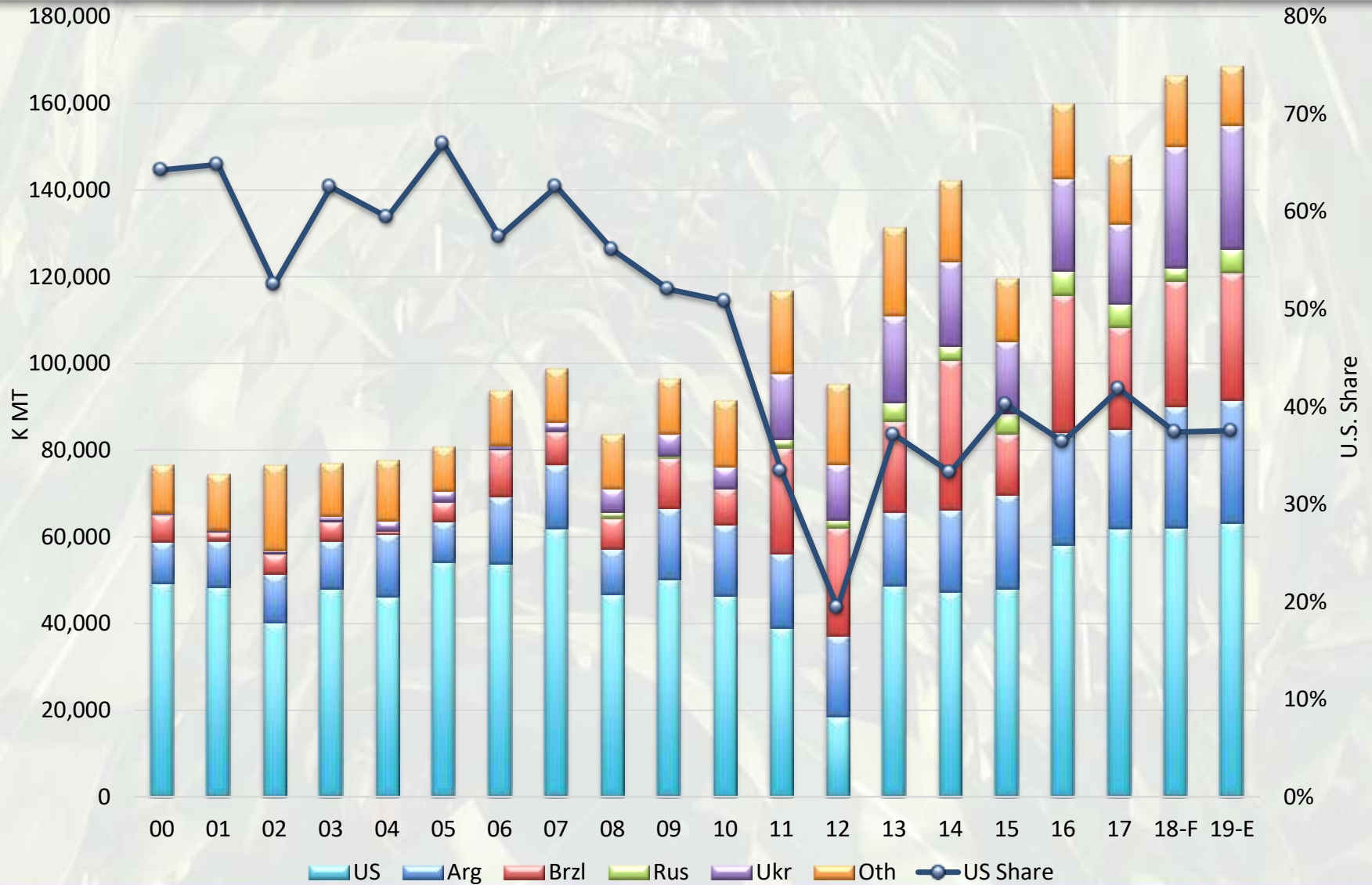
World Wheat Imports: Growth Potential



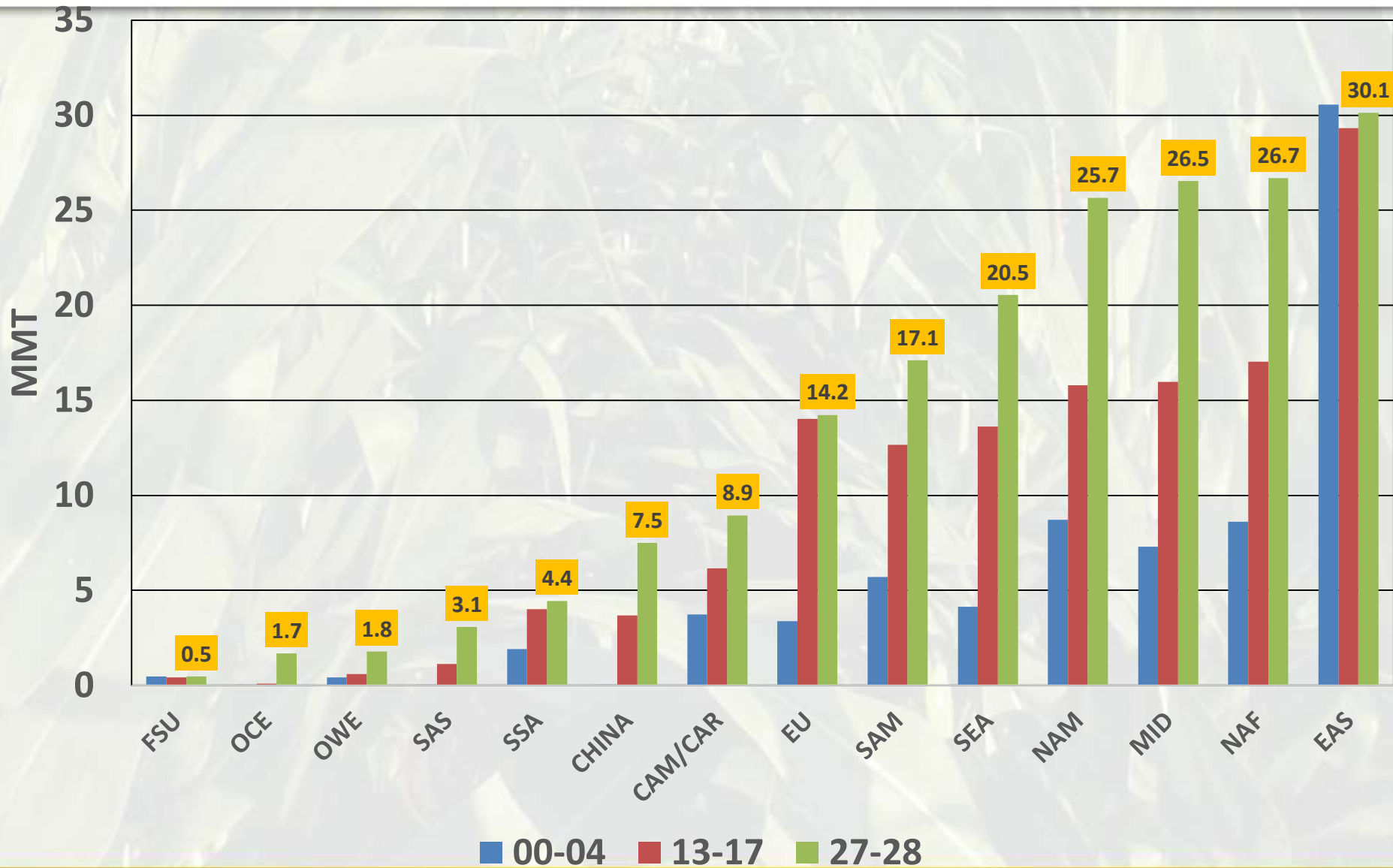
World Wheat Exports: Growth Potential



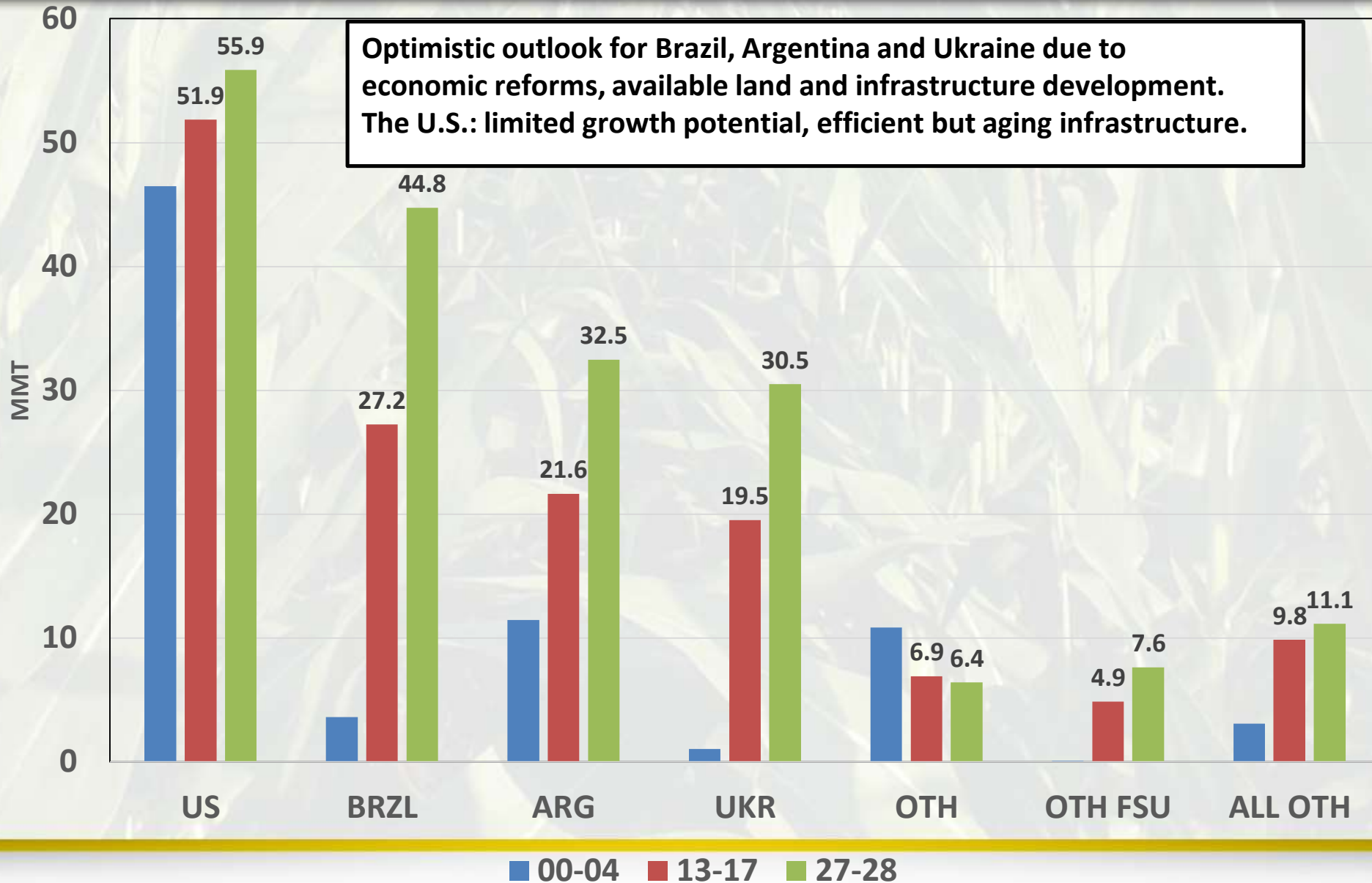
World Corn Exports: U.S. Share



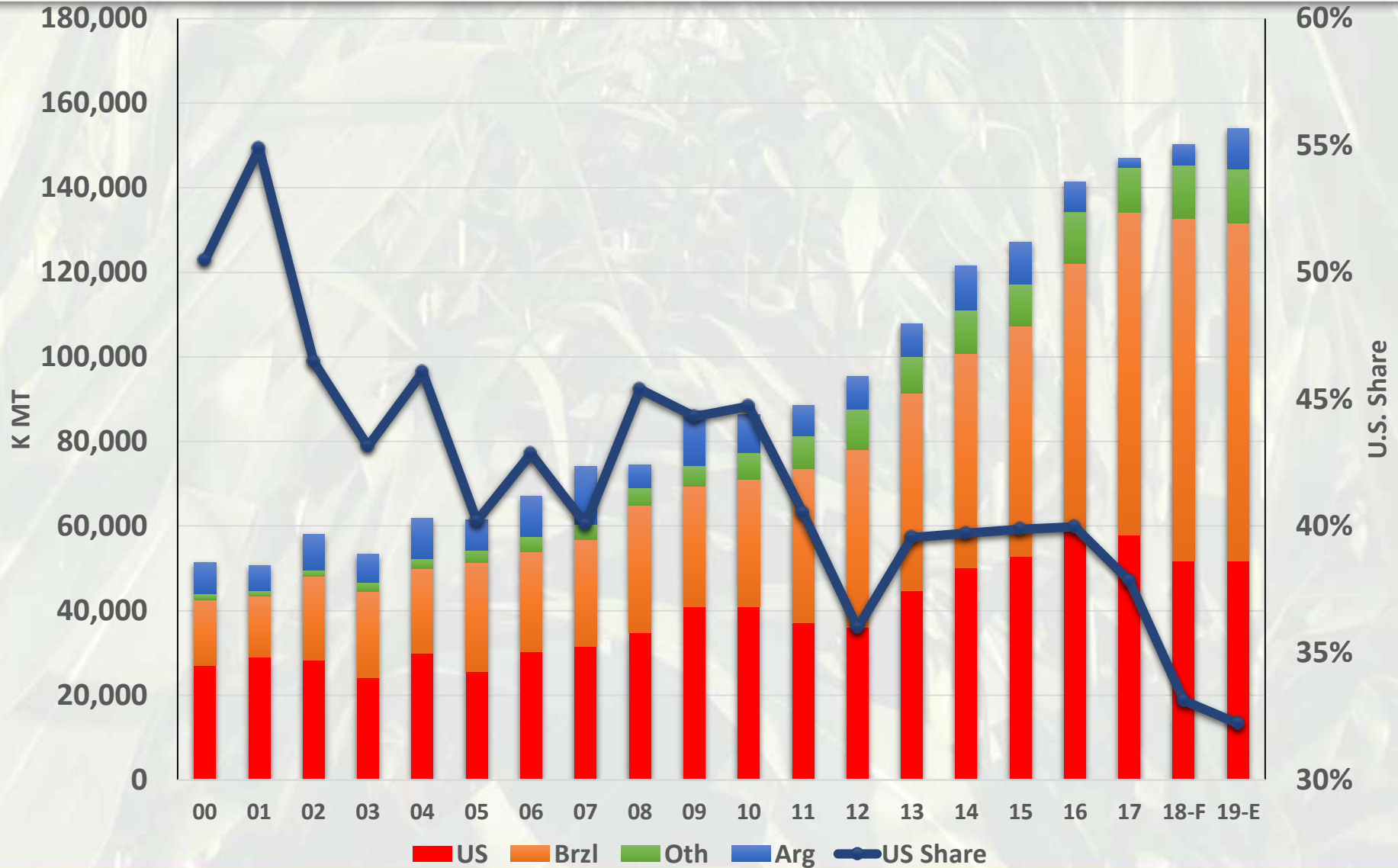
World Corn Imports: Market Size



World Corn Exports: Growth Potential



World Soybean Exports: U.S. Share



The U.S. Is Becoming The Residual Supplier of World Grains

An aerial photograph of a large-scale grain storage facility. On the left is a tall, cylindrical metal grain elevator with a spiral staircase on its exterior. To its right is a massive, conical pile of yellow grain, likely corn, that appears to be spilling out of a structure. In the foreground, a yellow tractor is parked on a dirt lot. The background shows a rural landscape with fields and distant hills under a cloudy sky.

**Is That Good or Bad For The
Commercial Elevator Industry?**



Carry Changes To Start This Fall For Corn and Beans

CME increases PREMIUM CHARGE

Specifically, the premium charges for the Contracts will increase from 16.5/100s of one cent per bushel per day to 26.5/100s of one cent per bushel per day. This is a change from approximately 5 cents per bushel per month to approximately 8 cents per bushel per month. This premium charge increase will

**This Means That Fully Carry for Corn and Beans
Can Increase By 36 Cents per Year.**

Corn:	Present – 12/18/19	Commencing 12/19/19
	16.5/100 of one cent per bushel per day	26.5/100 of one cent per bushel per day

**This Should Allow Better Basis Performance And More
Confidence That Cash And Futures Will Converge.
Like We've Seen In SRW Since The VSR Started.**

If you require any additional information, please contact Fred Seamon at (312) 634-1587 or Fred.Seamon@cmegroup.com or Alison Coughlin at (312) 338-7171 or Alison.Coughlin@cmegroup.com.

Is Your Location(s) Space Needs Adequate How Do You Charge For Your Space?

An aerial photograph of a large grain elevator and a pile of grain. The grain elevator is a tall, cylindrical structure with a corrugated metal roof. A conveyor system extends from the elevator across a field. In the foreground, there is a large pile of yellow grain. A small yellow vehicle is visible on the dirt ground in the lower left. The background shows a rural landscape with trees and a small building.

**Do You Need Good Long Term Space Or
Temp Space For Big Crop/Cheap Basis Years?
Have You Calculated The Cost To Do Either?**

Cost Of Space Breakdown

Cost	\$2.50	5.00%			\$3.00	5.00%			\$3.50	5.00%	
Year	Dep	Interest	Dep + Int		Dep	Interest	Dep + Int		Dep	Interest	Dep + Int
1	\$0.17	\$0.13	\$0.29		\$0.20	\$0.15	\$0.35		\$0.23	\$0.18	\$0.41
2	\$0.17	\$0.12	\$0.28		\$0.20	\$0.14	\$0.34		\$0.23	\$0.16	\$0.40
3	\$0.17	\$0.11	\$0.28		\$0.20	\$0.13	\$0.33		\$0.23	\$0.15	\$0.39
4	\$0.17	\$0.10	\$0.27		\$0.20	\$0.12	\$0.32		\$0.23	\$0.14	\$0.37
5	\$0.17	\$0.09	\$0.26		\$0.20	\$0.11	\$0.31		\$0.23	\$0.13	\$0.36
6	\$0.17	\$0.08	\$0.25		\$0.20	\$0.10	\$0.30		\$0.23	\$0.12	\$0.35
7	\$0.17	\$0.08	\$0.24		\$0.20	\$0.09	\$0.29		\$0.23	\$0.11	\$0.34
8	\$0.17	\$0.07	\$0.23		\$0.20	\$0.08	\$0.28		\$0.23	\$0.09	\$0.33
9	\$0.17	\$0.06	\$0.23		\$0.20	\$0.07	\$0.27		\$0.23	\$0.08	\$0.32
10	\$0.17	\$0.05	\$0.22		\$0.20	\$0.06	\$0.26		\$0.23	\$0.07	\$0.30
11	\$0.17	\$0.04	\$0.21		\$0.20	\$0.05	\$0.25		\$0.23	\$0.06	\$0.29
12	\$0.17	\$0.03	\$0.20		\$0.20	\$0.04	\$0.24		\$0.23	\$0.05	\$0.28
13	\$0.17	\$0.03	\$0.19		\$0.20	\$0.03	\$0.23		\$0.23	\$0.04	\$0.27
14	\$0.17	\$0.02	\$0.18		\$0.20	\$0.02	\$0.22		\$0.23	\$0.02	\$0.26
15	\$0.17	\$0.01	\$0.18		\$0.20	\$0.01	\$0.21		\$0.23	\$0.01	\$0.25
Average	\$0.17	\$0.07	\$0.23		\$0.20	\$0.08	\$0.28		\$0.23	\$0.09	\$0.33

The U.S. Warehouse Industry



**Current changes and conditions should allow
A bright future for commercial elevators!**

**This takes
Time, Space and Money**

Thank You

Disclaimer

This data is provided for information purposes only and is not intended to be used for specific trading strategies without consulting Advance Trading, Inc.

Because trading futures and options normally involves risk, determining the appropriateness of hedging with futures and options can only be made on a case-by-case basis.

All information is based upon data that is believed to be reliable. However, we cannot guarantee the accuracy or completeness of the data.

Wheat: Low Cost Suppliers

	Bread					Standard
	Wheat	#2 HRW	12.50%	12.50%	EU Standard	White (East)
	Argentina	U.S.	Ukraine	Russia	France	Australia
Farm Cost	\$96	\$212	\$226	\$164	\$191	\$228
Interior Freight	\$123	\$59	\$52	\$52	\$22	\$16
FOB Price	\$220	\$271	\$278	\$216	\$212	\$244
Ocean Freight SSA	\$28	\$38	\$38	\$38	\$29	\$13
Ocean Freight EAS	\$43	\$46	\$34	\$34	\$34	\$11
C&F SSA	\$247	\$308	\$315	\$254	\$241	\$257
C&F EAS	\$262	\$316	\$311	\$250	\$246	\$255
Source:	USDA, International Grains Council, ABARE, Agritel, Industry Sources					

Estimated Delivered Corn Costs

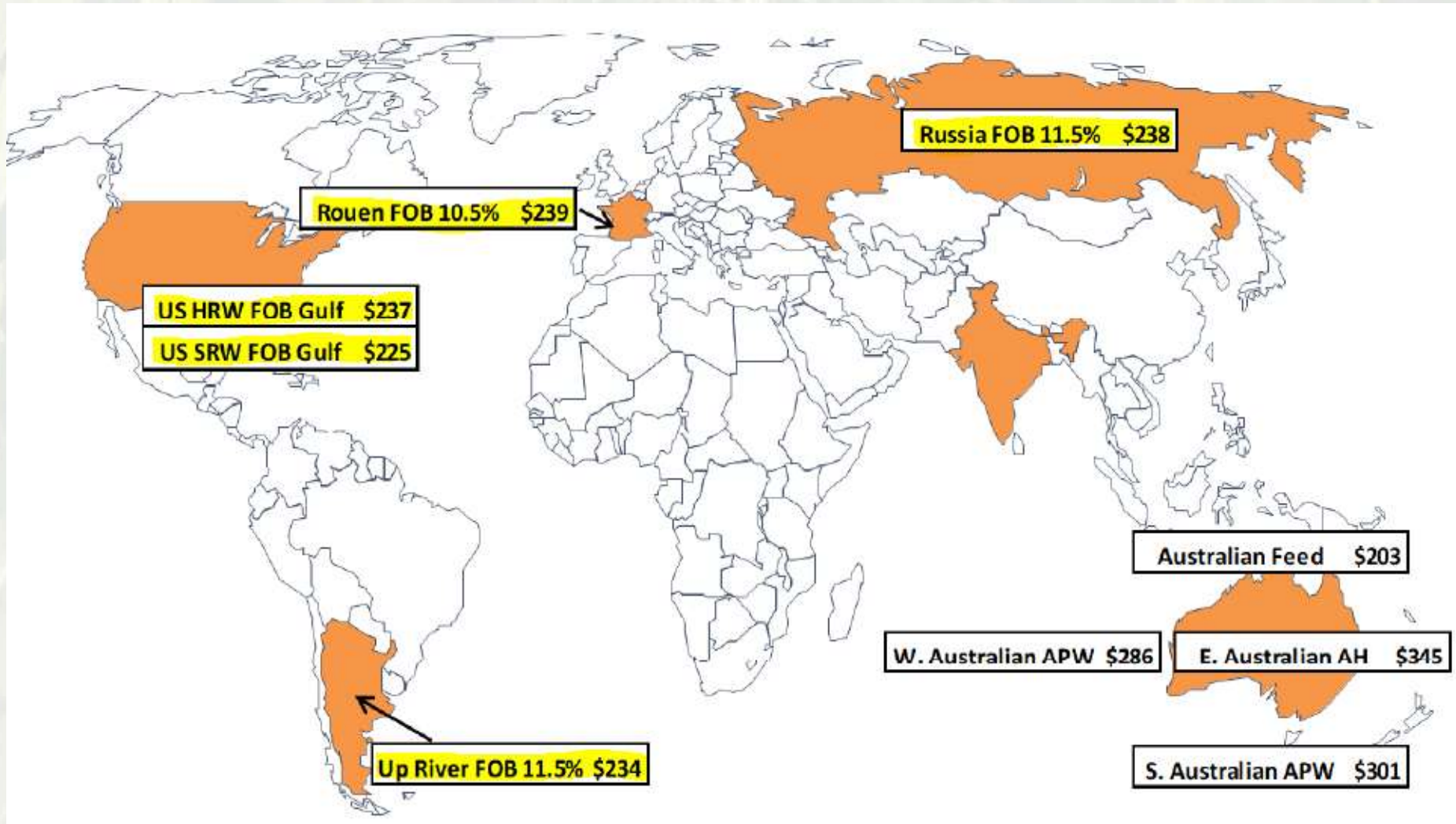
	Corn to Egypt					Corn to Japan				
	U.S.	Argentina	Brazil	Brazil		U.S.	Argentina	Brazil	Brazil	
2008-2012	Heartland	N Heartland	MG/Goias	Parana	Ukraine	Heartland	N Heartland	Mato Grosso	Parana	Ukraine
Cost of Production	\$147	\$130	\$150	\$148	\$152	\$147	\$130	\$150	\$148	\$152
Inland Transport	\$39	\$43	\$102	\$33	\$76	\$39	\$43	\$102	\$33	\$76
FOB Port	\$186	\$173	\$252	\$181	\$228	\$186	\$173	\$252	\$181	\$228
Ocean Freight	\$34	\$37	\$37	\$37	\$18	\$53	\$61	\$57	\$57	\$50
Landed Cost	\$220	\$210	\$289	\$218	\$246	\$239	\$234	\$309	\$238	\$278

Source: USDA; BA Grain Exchange; CONAB

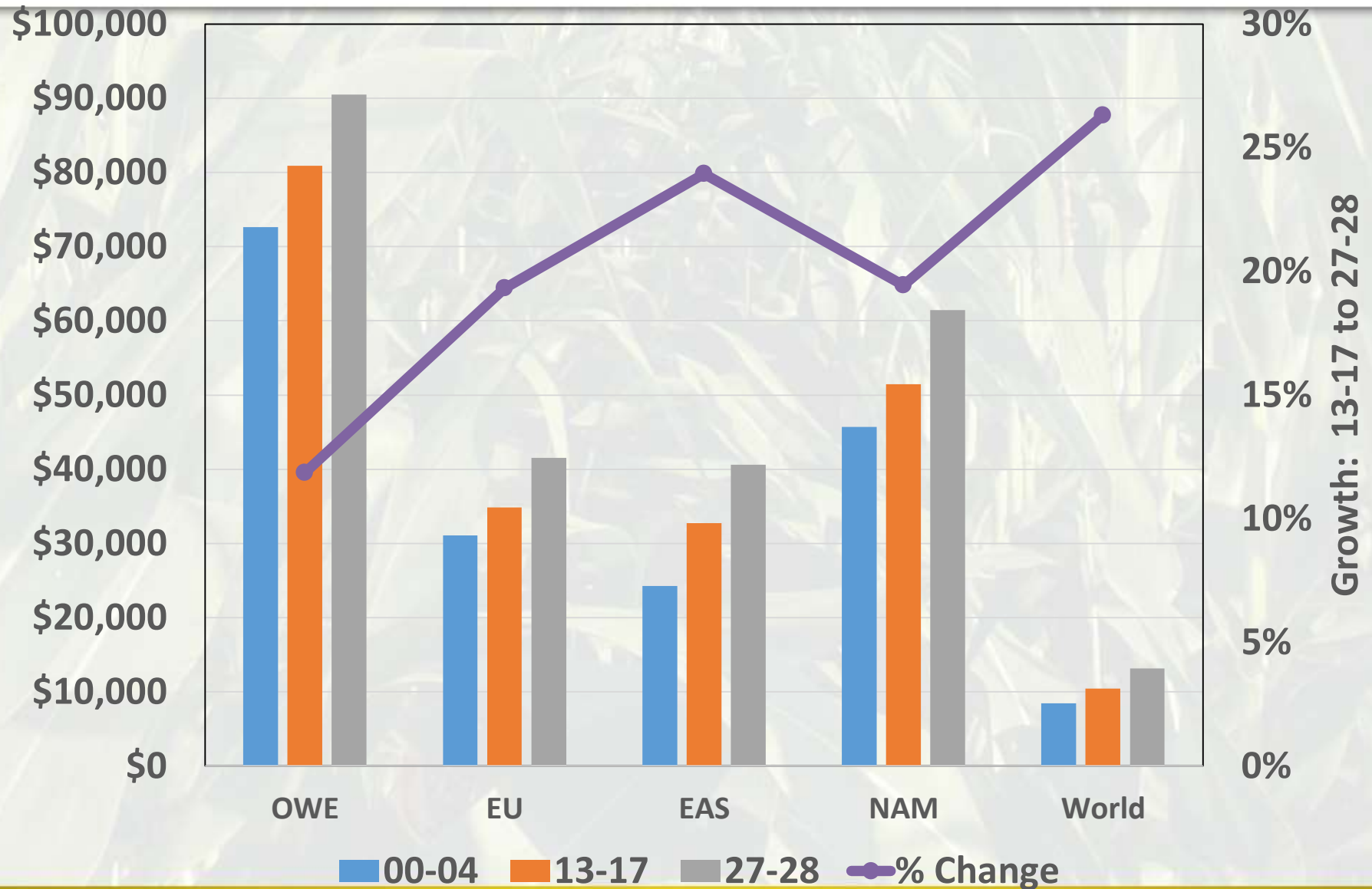
	Corn to Egypt					Corn to Japan				
	U.S.	Argentina	Brazil	Brazil		U.S.	Argentina	Brazil	Brazil	
2016 E	Heartland	N Heartland	MT/Goias	Santarem/Sao Luis	Ukraine	Heartland	N Heartland	MT/Goias	Santarem/Sao Luis	Ukraine
Cost of Production	\$143	\$56	\$91	\$138	\$100	\$143	\$56	\$91	\$138	\$100
Inland Transport	\$36	\$34	\$55	\$40	\$68	\$36	\$34	\$55	\$40	\$68
FOB Port	\$179	\$90	\$146	\$178	\$168	\$179	\$90	\$146	\$178	\$168
Ocean Freight	\$29	\$29	\$21	\$27	\$15	\$44	\$43	\$34	\$37	\$41
Landed Cost	\$208	\$119	\$167	\$205	\$183	\$223	\$133	\$179	\$215	\$209

Source: USDA; ATI, Various Trade Sources

FOB Wheat Prices



Per Capita GDP (\$U.S. 2010)



World Coarse Grain Imports: Historical

