



CASH WHEAT REPORT

Cash Wheat Market

The cash markets were much firmer today. There is a need to move wheat, but it is difficult to buy it out of the carries. The HRW domestic market saw a good number of cars ranging from 11% to 12% protein and all traded on the high side. There was a late trade yesterday at the Gulf for ordinary HRW trains at +95 KWH for January. The SRW market saw a flurry of activity today, with CIF barges trading at +60 WH for Jan/Feb/Mar and +53 WK for Apr/May. The spring wheat market saw 15 singles and one train on the spot, with premiums closing unchanged. The PNW sold Japan last night at reportedly aggressive values and WW barges traded today at +100 WH for January.

| Weekly Export Sales for Week Ending December 7, 2017 | | | | | | |
|--|-------------------|-----------|-------------------|-----------|-------------------|-----------|
| Sales Summary (kmt) | Week's net chg in | | | | | |
| | commitments | | Total Commitments | | Undelivered Sales | |
| | This Year | Next Year | This Year | Last Year | This Year | Next Year |
| Wheat | 588.8 | 9.5 | 18,075.1 | 19,900.1 | 5,738.3 | 104.8 |
| HRW | 256.4 | 2.0 | 7,170.1 | 7,967.5 | 2,146.1 | 11.0 |
| SRW | 27.8 | 7.5 | 1,671.0 | 1,745.3 | 559.5 | 77.0 |
| HRS | 208.2 | - | 4,932.6 | 6,419.8 | 1,706.0 | 15.3 |
| White | 85.7 | - | 4,030.9 | 3,398.7 | 1,267.4 | - |
| Durum | 10.8 | - | 270.5 | 368.8 | 59.3 | 1.5 |
| Corn | 866.9 | - | 23,766.1 | 33,093.8 | 14,988.7 | 1,029.5 |
| Soybeans | 1,452.6 | 113.2 | 37,794.2 | 45,098.3 | 13,492.8 | 427.7 |
| Soymeal | 455.4 | - | 5,530.0 | 5,173.3 | 3,657.5 | 148.9 |
| Soyoil | 14.5 | - | 237.8 | 487.2 | 106.8 | 1.4 |

Wheat: Net sales of 588,800 metric tons for delivery in marketing year 2017/2018 were up 83 percent from the previous week and 97 percent from the prior 4-week average. Increases were for Thailand (96,000 MT), Morocco (90,000 MT), Mexico (83,300 MT, including decreases of 1,200 MT), unknown destinations (64,800 MT), and Taiwan (63,000 MT). Reductions were reported for The United Arab Emirates (30,000 MT), Nigeria (3,100 MT), Costa Rica (1,500 MT), and the Leeward and Windward Islands (1,100 MT). For 2018/2019, net sales of 9,500 MT were reported for Mexico. Exports of 300,800 MT were down 24 percent from the previous week and 2 percent from the prior 4-week average.

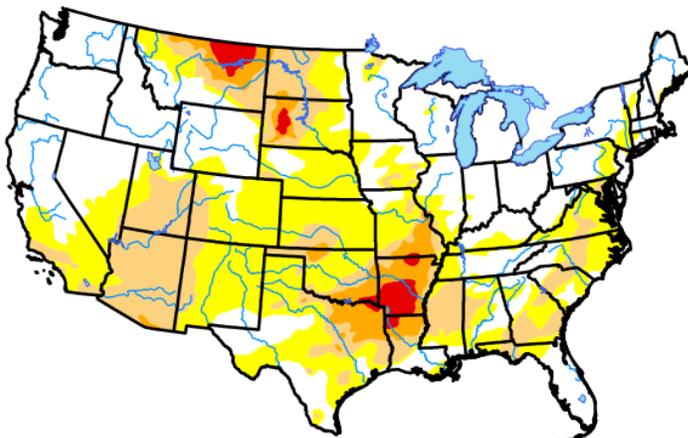


| Weekly Export Sales for Week Ending December 7, 2017 | | | | | | | % Sold | | % Shipped | |
|--|--------------|---------------|-------------------|-----------------|----------------------|---------------------|--------|-----|-----------|-----|
| Sales Summary | Weekly Sales | YTD Shipments | Outstanding Sales | YTD Commitments | USDA Demand Forecast | CCC Demand Forecast | USDA | CCC | USDA | CCC |
| Wheat | 588.8 | 13,076.8 | 4,998.3 | 18,075.1 | 26,535.2 | 26,653.8 | 68% | 68% | 49% | 49% |
| HRW | 256.4 | 5,363.0 | 1,807.1 | 7,170.1 | 11,022.3 | 11,044.8 | 65% | 65% | 49% | 22% |
| SRW | 27.8 | 1,108.0 | 563.0 | 1,671.0 | 2,313.3 | 2,539.8 | 72% | 66% | 48% | 18% |
| HRS | 208.2 | 3,353.0 | 1,579.6 | 4,932.6 | 6,940.0 | 6,852.0 | 71% | 72% | 48% | 20% |
| White | 85.7 | 2,923.9 | 1,107.0 | 4,030.9 | 5,715.3 | 5,640.2 | 71% | 71% | 51% | 21% |
| Durum | 10.8 | 208.8 | 61.7 | 270.5 | 544.3 | 576.9 | 50% | 47% | 38% | 13% |

YTD Shipments are based on inspections data

U.S. Drought Monitor Total U.S.

December 12, 2017
(Released Thursday, Dec. 14, 2017)
Valid 7 a.m. EST



Drought Conditions (Percent Area)

| | None | D0-D4 | D1-D4 | D2-D4 | D3-D4 | D4 |
|--|-------|-------|-------|-------|-------|------|
| Current | 54.05 | 45.95 | 19.96 | 5.42 | 1.49 | 0.00 |
| Last Week <i>12-05-2017</i> | 60.14 | 39.86 | 20.34 | 5.01 | 1.03 | 0.00 |
| 3 Months Ago <i>09-12-2017</i> | 71.59 | 28.41 | 13.55 | 5.24 | 2.62 | 1.07 |
| Start of Calendar Year <i>01-03-2017</i> | 59.70 | 40.30 | 18.83 | 7.21 | 2.63 | 0.80 |
| Start of Water Year <i>09-26-2017</i> | 68.98 | 31.02 | 11.65 | 4.19 | 1.97 | 0.72 |
| One Year Ago <i>12-13-2016</i> | 53.21 | 46.79 | 24.93 | 10.78 | 4.20 | 1.66 |

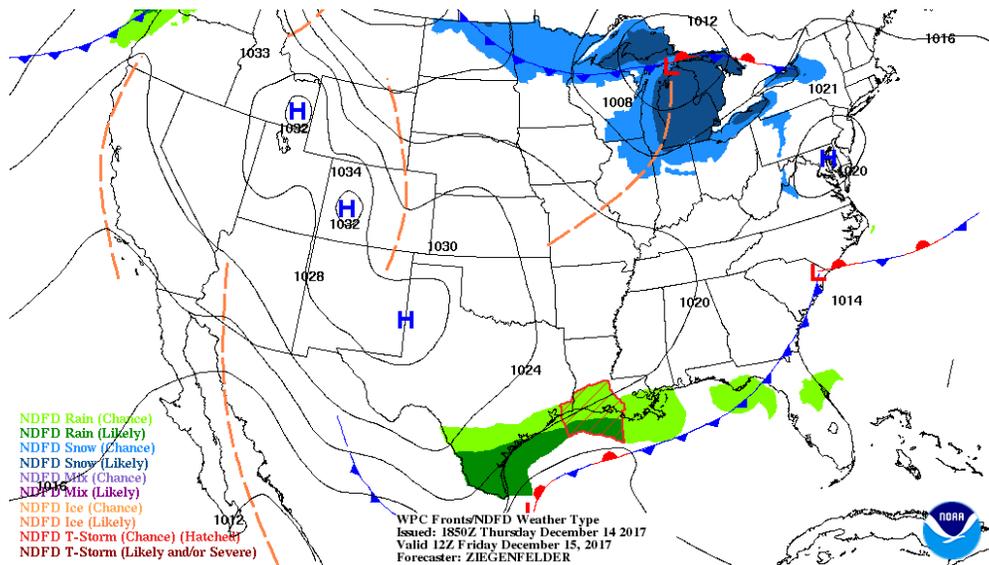
Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

Southern drought condition expanded with the expansion of abnormally dry conditions across the Texas Panhandle and moderate drought also spread westward across the Oklahoma Panhandle. Extreme drought nearly doubled across Arkansas with 86.7% of the state in severe/extreme drought compared to 4% a year ago. The High Plains drought conditions increased 20.5% from the previous week as dry conditions expanded with Kansas abnormally dry conditions increasing nearly 36% at 78.5% compared to a year ago when 47.35% of the state reported normal conditions.

The daily weather forecast indicates the Plains will have cooler temperatures accompanied by windy conditions further reducing top soil moisture. The South saw dry and mild conditions while northern US will see snow showers over the next couple of days.



Hard Red Winter

The HRW market remains firm, with wheat needing to move, but hard to buy. There were a decent number of cars on the spot and all trade on the high side. The domestic market is called +190/210 KWH for J/F/M, +180/200 KWK for A/M, and +145/160 KWN for J/J. The gulf reported a trade late yesterday for January ORD HRW at +95 which is up 10 ct/bu from the early morning Wednesday offer. The J/F/M 11% protein offer is up 5 ct/bu at +115 KWH.

Export sales showed 90 kmt of sales to Morocco today which we believe is not in addition to the January 8th tender seeking 363 kmt of soft wheat.

KC spot market close down 10 ct/bu for 11% protein wheat.

| Premium | Change | Premium | Change |
|-----------|------------|-----------|----------|
| ord 35 | to 50 0 | 12.60 225 | to 240 0 |
| 11.00 115 | to 130 -10 | 12.80 225 | to 240 0 |
| 11.20 140 | to 155 0 | 13.00 235 | to 250 0 |
| 11.40 155 | to 170 0 | 13.20 235 | to 250 0 |
| 11.60 165 | to 180 0 | 13.40 235 | to 250 0 |
| 11.80 179 | to 194 0 | 13.60 235 | to 250 0 |
| 12.00 190 | to 205 0 | 13.80 235 | to 250 0 |
| 12.20 190 | to 205 0 | 14.00 252 | to 267 0 |
| 12.40 190 | to 205 0 | SRW UNQ | to UNQ |

Gulf Track HRW 12% protein: Dec +225/235 KWH, J/F/M +225/235 KWH, A/M +200/225 KWK, and J/J +180/205 KWN. 11% protein: Dec +100/110 KWH, J/F/M +105/115 KWH, A/M +90/105 KWK, J/J +90/100 KWN, A/S +90/100 KWU. 10.5% protein J/F/M +85/100 KWH. Ordinary protein Dec +70/NO KWH & J/F/M +85/92 KWH8.



Daily received/load-out from Kansas City (reported by CME, close of business 12/13):
Hutchinson: 19.113/14.004 kbu, KC: 4.557/0 kbu, Salina: 59.135/0 kbu, Wichita: 31.071/0 kbu.

Soft Red Winter

The SRW cash markets have maintained their firm tone. The St. Louis market is seeing the terminal bidding equivalent to the mill, at +25 WH. There were reports of SRW trading to Vietnam last night for feed. The CIF market traded J/F/M barges at +60 WH and A/M at +53 WK today. SRW remains very difficult to buy and there are more buyers than sellers.

There were 200 cancellations of SRW receipts in Maumee tonight, which were the 200 receipts stopped back by The Andersons yesterday.

CIF barge bid/offer: J/F/M +50/60 WH, A/M +50/58 WK, J/J +42/50 WN, A/S +38/NO WU, O/N/D +45/NO WZ8.

Elevator/Mill Bids: NW Ohio mills: Dec +10 WH, J/F/M +5 WH; Chicago elevator: Dec -20 WH, J/F/M -15/-10/-5 WH; Toledo elevator: Dec +0 WZ, Jan -10 WH, Feb -5 WH, Mar +0 WH, Jul/Aug -15 WN; Eastern Indiana mill: Dec +30 WH, Jan/Feb/Mar +35/40/42 WH.

Daily received/load-outs from Chicago (reported by CME, close of business 12/13): Chicago: 1.643/213.844 kbu, MS River: 20.802/0 kbu, NW Ohio: 0.057/23.648 kbu, OH River: 19.590/252.675 kbu, St. Louis: 104.233/20.462 kbu, Toledo: 0/29.254 kbu.

Hard Red Spring

Premiums were mostly unchanged with light volume trading today. Mid-protein 13s traded +90 MWH and flat 14.0% protein cars traded down 5 ct/bu at +115 MWH. Good spreader 14.2% protein cars traded up at +140 MWH keeping the high side unchanged. A couple of 15.5% protein spreader cars traded +160 MWH.

Daily received/load-out from Minneapolis & Duluth (reported by MGEX, close of business 12/13): Minneapolis: 21/11 kbu, Duluth: 21/0 kbu.

PNW

The PNW was largely quiet following last night's trade to Japan, which was reported to be at aggressive prices. WW barges traded at +100 WH for January today.

PNW Track/barge bids:

| | | | |
|------------------------|----------------|------------------|-----------------|
| Shipment Period | DNS 14% | HRW 11.5% | WW 10.5% |
|------------------------|----------------|------------------|-----------------|



| | | | |
|-------------|------------------|------------------|-------------------------|
| Dec | +120 MWH | +160 KWH | \$5.15/bu |
| Jan/Feb/Mar | +125/130/130 MWH | +155/155/160 KWH | \$5.18/\$5.21/\$5.25/bu |

World Wheat News

World Wheat FOB Comparisons:

| World Wheat FOB Comparisons | | | | | | | | | | |
|-----------------------------|---------|--------|--------|-----------|--------|--------|--------|--------|--------|--------|
| Origin | Russian | German | Baltic | Argentina | HRW | HRW | HRW | French | UK | SRW |
| Protein (dmb) | 12.50% | 12.50% | 12.50% | 11.50% | 12.50% | 11.00% | 10.20% | 11.00% | 11.00% | 10.20% |
| Protein (12% mb) | 11.00% | 11.00% | 11.00% | 10.12% | 11.00% | 9.68% | 9.00% | 9.68% | 9.68% | 9.00% |
| Jan | \$191 | \$198 | \$197 | \$174 | \$196 | \$183 | \$176 | \$191 | \$203 | \$179 |
| Feb | \$192 | \$201 | \$200 | \$178 | \$196 | \$183 | \$176 | \$192 | \$204 | \$178 |
| Mar | \$193 | \$203 | \$202 | \$181 | \$196 | \$183 | \$176 | \$194 | \$205 | \$178 |
| Apr | \$194 | \$205 | \$204 | \$184 | \$199 | \$186 | \$179 | \$196 | \$206 | \$178 |

| World Wheat FOB Comparisons | | | | | | | | | | |
|-----------------------------|--------|--------|--------|---------|---------|--------|--------|--------|--------|--------|
| Origin | APW | AH2 | ASW | HRW PNW | HRW PNW | SWW | NS | NS | CWRS | CWRS |
| Protein (dmb) | 11.80% | 12.90% | 10.10% | 12.00% | 13.10% | 12.00% | 15.30% | 15.90% | 15.50% | 15.90% |
| Protein (local) | 10.50% | 11.50% | 9.00% | 10.50% | 11.50% | 10.50% | 13.50% | 14.00% | 13.50% | 13.80% |
| Jan | \$230 | \$245 | \$223 | \$190 | \$212 | \$194 | \$269 | \$276 | \$258 | \$267 |
| Feb | \$231 | \$246 | \$224 | \$190 | \$212 | \$194 | \$269 | \$276 | \$258 | \$267 |
| Mar | \$232 | \$247 | \$225 | \$192 | \$214 | \$194 | \$269 | \$276 | \$260 | \$269 |
| Apr | \$230 | \$245 | \$223 | \$193 | \$215 | \$193 | \$272 | \$279 | \$261 | \$270 |

- Tunisia announces a tender seeking 100 kmt durum wheat, 92 kmt soft wheat and 75 kmt feed barley. Durum is sought in four 25 kmt consignments, soft wheat three 25 kmt and one 17 kmt consignment, and barley in three 25 kmt consignments. All grain is sought for February 15-March 25 shipment depending on origin. Tender deadline is Friday, December 15th.
- Jordan tenders again for 100 kmt hard milling wheat with offers due by December 20th.

South America

BAGE reported as of December 13th, Argentine wheat harvest has progressed to 58.3% complete or 8.62 million MT harvested compared to 56.7% or 7.22 million MT last year. The average yield is reportedly 2.79 t/ha compared to 3.09 t/ha at the same time last year. Central North Santa Fe average yields are lower than the 5-year average at 2.56 t/ha compared to 3.2 t/ha. North-Central Cordoba 94% of the harvest is complete and yields range from 1.5-4.0 t/ha. La Pampa harvesting is just underway with only 20% complete however average yields are high and could make up for acres lost to frost/heavy rain. Southern Buenos Aires wheat is still developing.



Indicative offers for APW are around \$227-230/mt for Dec/Jan FOB WA, with around a \$5/mt discount for ASW and around a \$15/mt premium for AH2.

Black Sea & Europe

The Matif was closed down 0.50€ at 160.50€ for the March contract. FOB quotes Jan/Feb/Mar for Russian 12.5% pro: \$191/192/193/mt (11.5% pro \$9/mt discount), French 11.5% pro: \$191/192/193/mt, German 12.5% pro: \$198/200/202/mt, Baltic 12.5% pro: \$197/199/201/mt, Ukraine 11.5% pro: \$182/183/184/mt.

Strategie Grains released its December, *Grain Report* today highlighting 2017/18 balance sheets. Soft wheat supply was lowered 200 kmt to 157.6 million MT, domestic use was increased 600 kmt to 122.3 million, and exports were lowered 600 kmt to 22.3 million. Ending stocks are now pegged at 13.0 million MT, up 1.2 million from last year. Strategie Grains is expecting EU exports lower this month due to the fierce Russia competition despite EU's lower spot prices. SG indicated that decreased export forecast steamed from higher interior prices in Bulgaria, Germany, and Poland not attracting buyers. Our balance sheet shows almost a million tonnes higher demand for EU wheat and we are using a 35 million MT Russian export forecast.

Adjustments were also made to Barley with exports revised down 900 kmt to 7.1 million MT, Domestic use revised up 500 kmt to 52.6 million (55 mmt in 2016/17) and exports increasing to 6.5 million MT (+600 kmt from November), down 700 kmt from a year ago.

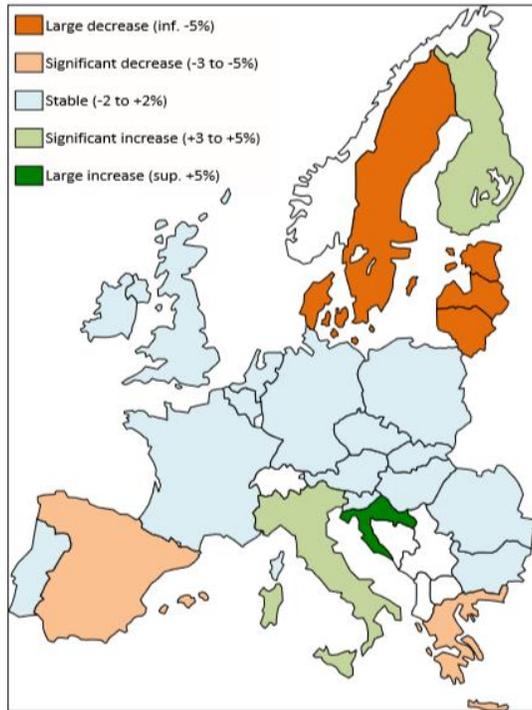
| Strategie Grains Soft Wheat (mmt) | | | | |
|-----------------------------------|----------|----------|----------|----------|
| Market Year | 2017-18 | | 2016-17 | |
| Soft Wheat | December | November | December | November |
| Carryin | 11.8 | 11.9 | 16.7 | 16.9 |
| Production | 142.4 | 142.5 | 135.7 | 135.7 |
| Imports | 3.4 | 3.4 | 4.0 | 4.0 |
| Total Supply | 157.6 | 157.8 | 156.4 | 156.6 |
| Domestic Use | 122.3 | 121.9 | 120.5 | 120.6 |
| Exports | 22.3 | 22.9 | 24.1 | 24.1 |
| Carryout | 13.0 | 13.0 | 11.8 | 11.9 |

New crop soft wheat:

Area in the EU is this month revised down by 0.2 m/ha to 23.3 m/ha (23.6 m/ha in 2017/18). Declining area is isolated to the Baltic States. Production is estimated to be 142.3 million MT with increases forecasted for Germany, Spain, France, Italy, Austria, Czech Republic and Slovakia, but to decrease in Lithuania, Latvia, Estonia, Romania, Bulgaria, Poland, Sweden and Denmark (see the map below for YoY area changes). Strategie Grains is currently forecasting at 26 million MT export program in 2018/19, which is currently 1.5 million MT higher than our new crop estimate.

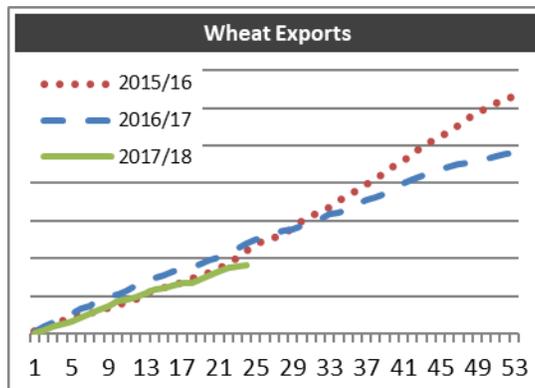


GRAPHIC 1.1: SOFT WHEAT AREA – YEAR-ON-YEAR CHANGE
BETWEEN 2017 AND 2018



Source: *Stratégie grains*

The EU Commission reported EU exports through December 12th reached 9.01 million MT, down 25% from a year ago.



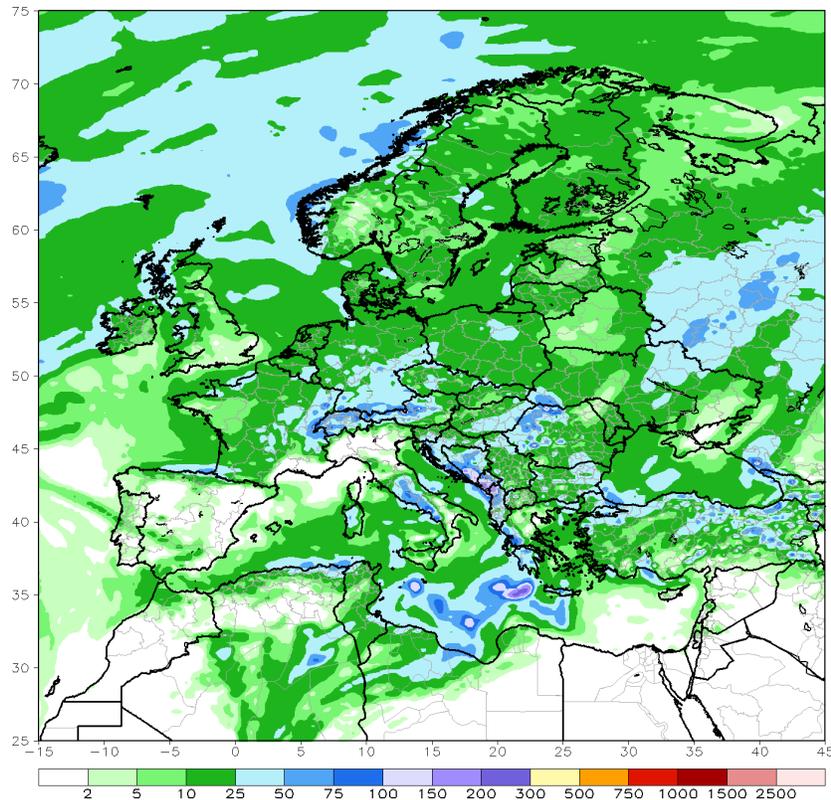
Russian wheat lineup for December looks promising with 3.2 million MT expected to clear, up 25% from last year. Venezuela reportedly had to wheat vessels arrive at port from Russia. This is the second shipment of wheat received since September.

The next two weeks are expected to be wet with scattered snow flurries and temperatures are not indicating navigation issues at ports. Winter wheat is dormant with 95% of the fields in good conditions compared to 97% a year ago and the 5-year average of 92%.



Ukraine's Agricultural Ministry increased its wheat production estimate for 2017/18 to 27.0 million MT. New crop winter wheat has entered dormancy and the crop is in good condition with 98% of the fields germinated. Wheat vessel lineups for December show 1.2 million MT compared to 1.38 million cleared last year.

GFS week1 Total Rainfall (mm)
Ending: 12z21Dec2017



UkrAgroConsult reported that Russian Railways tariffs will increase an additional 1.5% to compensate for losses from tax decisions. A total increase of 5.4% compared to 2017. The Head of the Government also encouraged Russian Railways to provide "long-term discounts up to 50% from tariff component" to support developing enterprises and work out the issue of rolling stock availability increase. In particular, it was suggested to introduce a 5% penalty for an "empty run" of rail cars.

Pending Tenders

- Dec 15: Tunisia tenders for 100 kmt of durum and 92 kmt soft wheat.
- Dec 19: Iraq seeks 50 kmt of US, Canadian, or Australian wheat.
- Dec 20: Jordan tenders for 100 kmt hard milling wheat.



- Jan 8: Morocco seeks 363.6 kmt of soft wheat and 336.36 kmt of durum wheat from the US under its preferential-tariff quota.
- Jan 9: Morocco seeks 363.6 kmt of soft wheat and 45.46 kmt of durum wheat from the EU under its preferential-tariff quota.

Futures Comments



U.S. wheat futures saw follow-through buying after yesterday's bounce, on account of better export sales and more HRW/SRW business in the works. Chicago finished the day 1.50 cents higher, Kansas City ended up 2.00, and Minneapolis closed 4.50 cents higher. March-May spreads closed unchanged in both KC & Chicago, while Minneapolis H/K narrowed a penny. The KC-Chicago spread closed at even

money on the March. This week's WASDE report weighed on the market, but the last two days have shown bargain buying. There is certainly nothing bullish to drive the market higher, but could we see some short covering as the end of the year draws near?

Best regards,

Al, Emily & Jason Conway

Comments, questions & criticism welcomed!