



CHS PRO ADVANTAGE



Corn



As we mentioned at the beginning of August in our last written update, the bounce to \$3.80 needed to be respected as that was the first sell signal (based on Fibonacci Retracements) that we had since May. We defended the \$3.80 mark with a large amount of puts on open bushels.

The 2-year program (97% sold) will settle on September 14th, and the one-year program (94% sold) will settle on September 21st. Some of our coverage is still in options, so if there is a rally in that time frame, there still may be some appreciation in prices, but the current values should be close to final numbers.

Obviously, we are disappointed with the results; the early collapse in prices had us under hedged at the end of May and the market never recovered to any great extent under the decent growing weather and the trade disputes. This despite the tightest world stocks to use ratio seen since 1973-1974. We look for better results in the future programs.

All prices quoted are as of the end of business, Friday September 7th, 2018.

2018 2-year Corn ending 9/14/2018. Current Value: \$3.7944

58.6% sold in futures and 35.2% protected with put options. All positions will be in 100% futures by the end of business this Friday.

2018 1-year Corn ending 9/21/2018. Current Value: \$3.8064

68.6% sold in futures and 28.6% protected with put options. With more time involved in this contract, there is a better chance that the current price can still improve.

2019 2-year Corn ending 9/20/2019. Current Value: \$4.0842

0% sold in outright futures, with a very small straddle as well. We took profits on a 43% short position near the lows established last week. We have roughly a 10-cent lead on every bushel and we now have unlimited upside on this program.

Soybeans



As we wrote in the August report, we suspected that the bounce that we saw in July was all that the beans could manage. There is no fundamental backdrop that one can count on in the soybean market due to the trade wars. The demand-risk discount may not be complete, and it is impossible to tell if/when it will be. The market is basically untradeable; all that we were able to do was play defense as best we could on the last rally. We have a roughly 70-cent lead on the market, but that is a hollow victory. Prices should stay very much the same as listed below as we are virtually done marketing these programs. It was a tough year.

2018 2-year Soybeans ending 9/14/2018 Current Value: \$9.0506

66.1% sold in futures with 27.5% protection in put options and corresponding short calls. We rolled down \$9.00 puts to long \$8.20 puts with short \$8.60 calls.

2018 1-year Soybeans ending 9/21/2018 Current Value: \$9.0877

68.8% sold in futures with 28.7% protection in put options and corresponding short calls. We rolled down \$9.00 puts to long \$8.20 puts with short \$8.60 calls.

2019 2-year Soybeans ending 9/20/2019 Current Value: \$9.0386

We had cashed out of some small futures short and we have a small lead on the market with only a short put on the books at this time.

Wheat



Wheat has been on a rollercoaster ride for the entire calendar year. The market has ebbed and flowed with conflicting headlines highlighting some bearish fundamentals with bullish weather stories around the world. This looks like it has the propensity to continue. We were short on the first run down and exited our relatively small positions in the existing contracts, then we established shorts again on the summer rally and just this week exited those again. This volatility is a very welcome development in the wheat market which has been in a depressed price structure for many years.

The stories to watch are all about the global export market. Europe had a serious drought and Russia also had a smaller crop. They will supply the traditional markets until their supplies get tight, at which point US wheat will be the only game in town. We look for that US export window to open in December or January.

2019 2-year Spring Wheat ending August 23, 2019 Current Value: \$6.2724

No positions on as of Sept 7, 2018. We have 42 cents in profit on every bushel so far. We will look to re-establish short positions on a price recovery.

2019 2-year HRW Wheat ending May 2019. Current Value: \$5.4149

Earlier in the summer we had some sales go underwater and created some losses. We have since recovered those losses and have gone to a neutral position.

2019 1-year HRW Wheat ending May 2019. Current Value: \$5.6328

No positions on as of Sept 7, 2018. This is a new program, we had a 10% sale on from day one and took profits.

2020 2-year HRW Wheat ending May 2020. Current Value: \$5.3875

No positions yet.

2019 2-year SRW Wheat ending May 2019.

Current Value: \$5.5217

No positions. Like the 2-year HRW we had some losses early but have since recovered those and have a small lead on the market. We will look to re-establish hedges at higher levels.

2019 1-year SRW Wheat ending May 2019

Current Value: \$5.5817

This is a new offering, we had 25% sold earlier and took profits on that position.

2020 2-year SRW Wheat ending May 2020

Current Value: \$5.8560

This is a new offering, we had 25% sold earlier and took profits on that position.



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Weekly Market Valuations

As of September 7th, 2018

<u>Contract</u>	<u>Pricing Period</u>	<u>Futures Month</u>	<u>Current Market Valuation</u>
Pro Advantage-2018 Corn (2 yr)	12-23-2016 - 9-21-2018	Dec. 2018	\$3.7944
Pro Advantage-2018 Corn (1 yr)	12-18-2017 - 9-21-2018	Dec. 2018	\$3.8064
Pro Advantage- 2019 Corn (2 yr)	12-18-2017 - 9-20-2019	Dec. 2019	\$4.0842
Pro Advantage-2018 Soybeans (2 yr)	12-23-2016 - 9-21-2018	Nov 2018	\$9.0506
Pro Advantage- 2018 Soybeans (1 yr)	12-18-2017 - 9-21-2018	Nov 2018	\$9.0877
Pro Advantage- 2019 Soybeans (2 yr)	12-18-2017 - 9-20-2019	Nov 2019	\$9.0386
Pro Advantage-2018 Spring Wheat (2 yr)	12-23-2016 - 8-17-2018	Sep 2018	\$6.2724
Pro Advantage- 2018 Spring Wheat (1 yr)	12-18-2017 - 8-24-2018	Sep 2018	\$0.3197
Pro Advantage- 2019 Spring Wheat (2 yr)	12-18-2017 - 8-23-2019	Sep 2019	\$6.4950
Pro Advantage-2019 HRW Wheat (2 yr)	8-15 -2017 - 5-17-2019	July 2019	\$5.4149
Pro Advantage-2019 HRW Wheat (1 yr)	8-16 -2017 - 5-17-2019	July 2019	\$5.6358
Pro Advantage-2020 HRW Wheat (2 yr)	8-16 -2017 - 5-22-2020	July 2020	\$5.3875
Pro Advantage-2019 SRW Wheat (2 yr)	8-15 -2017 - 5-17-2019	July 2019	\$5.5217
Pro Advantage-2019 SRW Wheat (2 yr)	8-16 -2017 - 5-17-2019	July 2019	\$5.5817
Pro Advantage-2020 SRW Wheat (2 yr)	8-16 -2017 - 5-22-2020	July 2020	\$5.8560



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