



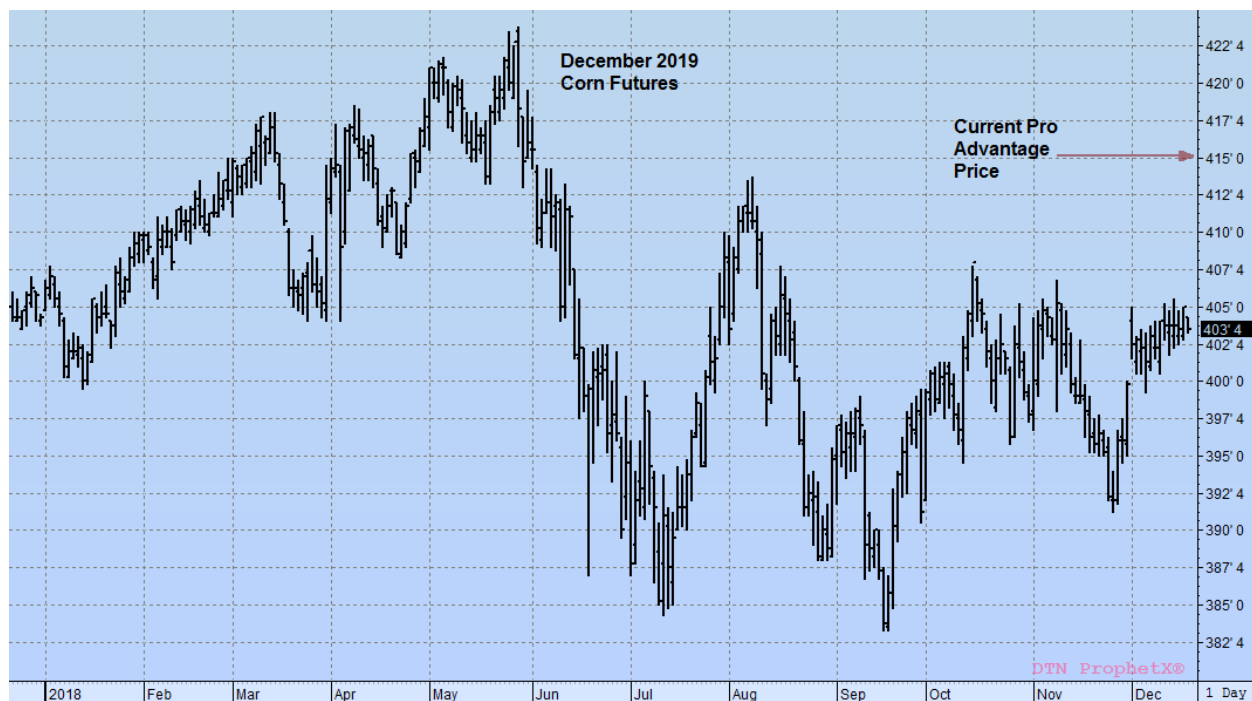
CHS PRO ADVANTAGE



CHS Pro Advantage Enrollment is today! If you haven't signed up bushels for 2019 and 2020 programs, please call your grain merchandiser to enroll.

December 19, 2018

Corn



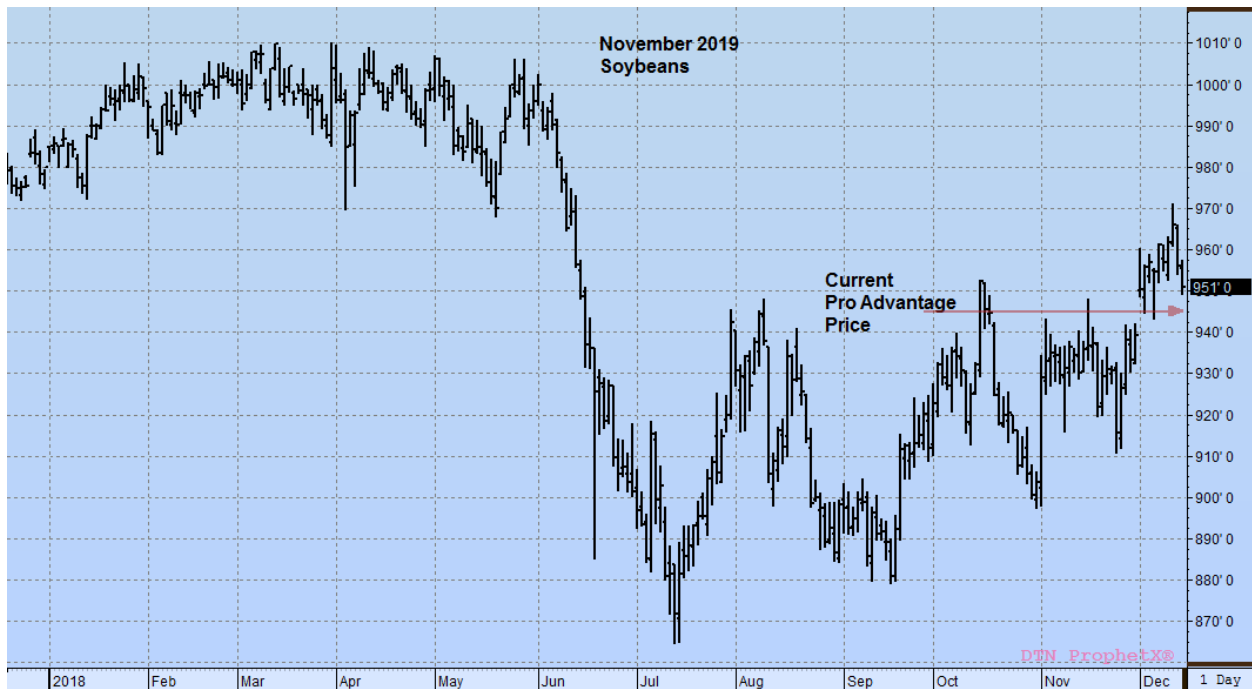
The only Corn program currently open is the 2-year 2019 expiration contract. The daily chart covers the timeframe that the 2-year contract has been open. The corn market has been gyrating around the \$4.00 level since June and we anticipate that to continue for the next 2 months. There is little on the news horizon that looks like it will shake the market up in the near term. South American acres look to be in good shape and not under a weather threat. The possibility of Chinese export business is interesting but

only rumored at this juncture. These are the winter doldrums. A positive has been US export business which remains robust. The negative right now is US ethanol margins which are quite poor. The next big crop report will be in January. We have a neutral bias at this time.

2019 2-year Corn ending 9/20/2019. \$4.1538 (December 14th, 2018 marked to market)

We are 59.7% sold in futures. We have long put positions and short call positions that have a short “delta” of 25.8%. This we monitor daily. We have realized gains of \$.1169 per bushel on all the bushels under management that are the result of covering some futures contracts during previous periods of weakness.

Soybeans

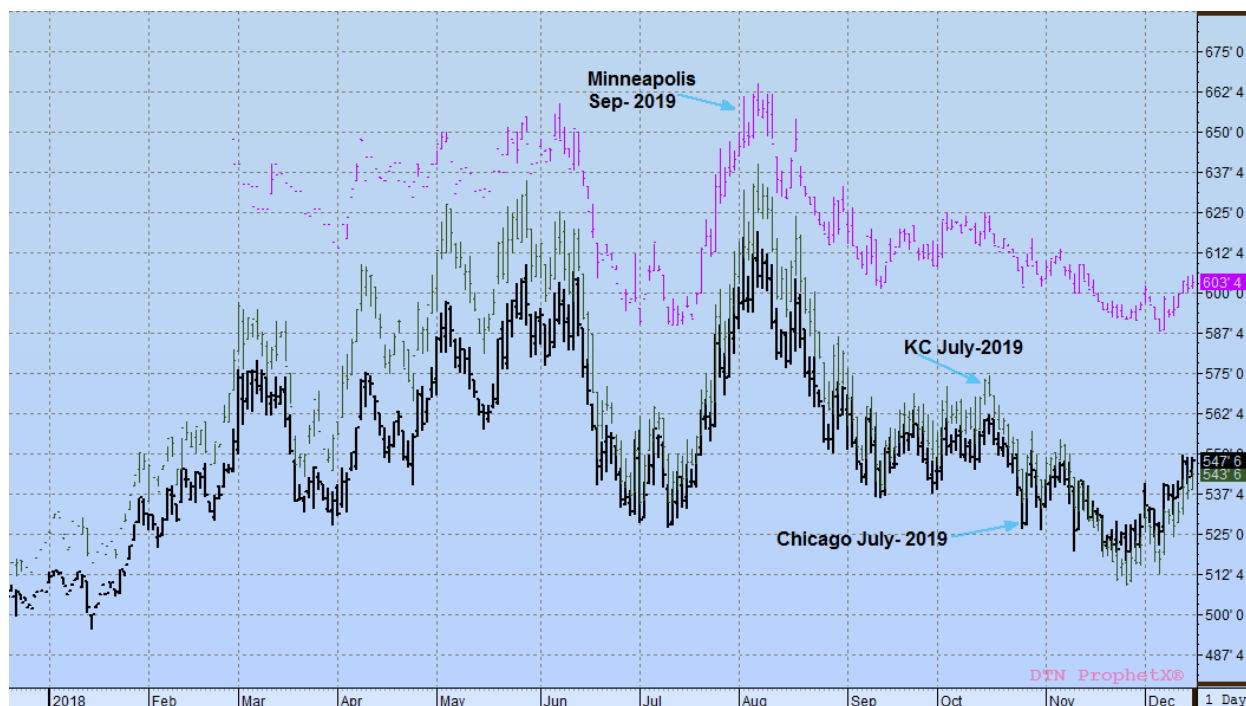


We had a sideways coiling trade in soybeans until the G20 meetings where the Presidents of the US and China met and made some agreements on putting a “truce” on the tariff escalation while negotiating for more significant agreements by March 1st. The price response to the meeting was a gap higher that has been maintained as of this writing. However, there hasn’t been much follow-through to the highest prices traded in the day after the meeting. In the past week, the Chinese have bought some US soybeans but at this juncture, it is not a significant enough quantity to make a difference on the large US ending stocks currently forecast for September 1st, 2019. The size of our carryout, and the large decline in year over year Chinese exports even with some of the most optimistic estimates that could come from a negotiated settlement (maybe 10 million tons), leaves prices on the deferred part of the curve (including Nov 2019 beans) looking expensive.

2019 2-year Soybeans ending 9/20/2019: \$9.4479 (December 14th, 2018 marked to market)

We are 74% sold in futures, and we have short call option positions with a current short delta of 22.4%. We have realized gains of \$.1297 per bushel on all the bushels under management that are the result of covering some futures contracts and previous short options positions.

Wheat



Wheat markets have worked their way off of the lows made in November after due to a number of reasons. First, we continue to hear rumors that the Russian Government may move to restrict exports out of that country due to rapidly tightening domestic supplies. Second, production this past year in a number of export countries was sub-par. Australia has been struggling with drought for over 2 years. Finally, HRW acres here in the US are not going to be as large as initially anticipated due to poor planting conditions in the southern plains this fall. The world still has enough wheat but we expect that over the next few months, the US is going to get a bigger share of the world export market. This could be helpful in giving us marketing opportunities.

2019 2-year Spring Wheat ending August 23, 2019: \$6.4558 (December 14th, 2018 marked to market)

We are 67% sold with futures and we have no other positions. We have realized gains of 45 ³/₄ cents on every bushel so far. We added to our sales position on this month's rally.

2019 2-year HRW Wheat ending May 2019: \$5.3500 (December 14th, 2018 marked to market)

We are 61% sold in futures. Against that position, we have purchased 30.5 % out of the money call options and sold 30.5% out-of-the-money puts. There is a 5.27 cent realized loss on the books.

2019 1-year HRW Wheat ending May 2019: \$5.5360 (December 14th, 2018 marked to market)

We are 52.9% sold in futures. We have sold 26.5 % out-of-the-money puts and bought 26.5% out-of-the-money calls. We have 18.66 cents of realized gains on the books.

2020 2-year HRW Wheat ending May 2020: \$5.8806 (December 14th, 2018 marked to market)

This contract expires in May of 2020, a long time out. We reduced our position and are now 5.4% sold in futures. We have realized gains of 8.4 cents against all the bushels under management.

2019 2-year SRW Wheat ending May 2019: \$5.5411 (December 14th, 2018 marked to market)

We are 30.3% sold with futures after making a sale this month. There currently are no options positions. We have a 12.8 cent realized gain on the books against all bushels under management.

2019 1-year SRW Wheat ending May 2019: \$5.5446 (December 14th, 2018 marked to market)

We are 53% sold with futures after making a sale this month. There currently are no options positions. We have 14.2 cents of realized gains on the books.

2020 2-year SRW Wheat ending May 2020: \$5.8016 (December 14th, 2018 marked to market)

We are 25% sold with futures after making a sale this month. There are no options positions. We have an 8.9 cent realized gain on the books.



CHS PRO ADVANTAGE



Weekly Market Valuations

As of December 14, 2018

<u>Contract</u>	<u>Pricing Period</u>	<u>Futures Month</u>	<u>Current Market Valuation</u>
Pro Advantage- 2019 Corn (2 yr)	12-18-2017 - 9-20-2019	Dec. 2019	\$4.1538
Pro Advantage- 2019 Soybeans (2 yr)	12-18-2017 - 9-20-2019	Nov 2019	\$9.4479
Pro Advantage- 2019 Spring Wheat (2 yr)	12-18-2017 - 8-23-2019	Sep 2019	\$6.4558
Pro Advantage-2019 HRW Wheat (2 yr)	8-15 -2017 - 5-17-2019	July 2019	\$5.3500
Pro Advantage-2019 HRW Wheat (1 yr)	8-16 -2017 - 5-17-2019	July 2019	\$5.5360
Pro Advantage-2020 HRW Wheat (2 yr)	8-16 -2017 - 5-22-2020	July 2020	\$5.8806
Pro Advantage-2019 SRW Wheat (2 yr)	8-15 -2017 - 5-17-2019	July 2019	\$5.5411
Pro Advantage-2019 SRW Wheat (2 yr)	8-16 -2017 - 5-17-2019	July 2019	\$5.5446
Pro Advantage-2020 SRW Wheat (2 yr)	8-16 -2017 - 5-22-2020	July 2020	\$5.8016



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