MARTINSON AG

August 24, 2018

WHEAT

Wheat started the week by opening lower in the overnight session and then extending those losses. Early selling was tied to beneficial weather as the Southern Plains is picking up much needed rain while the Northern Plains is seeing warm dry conditions. Light selling also spilled over from a lower Paris milling wheat contract. In addition, selling was due to this morning's disappointing export shipments report, which was at the low end of estimates. Wheat has a favorable outlook and could see a buying surge especially if Russia limits exports in some form (which is likely now that there have been two different reports of Russia holding talks on limiting exports), but it likely will be later in month.

Wheat traded lower across the board in Tuesday's session. The winter wheat exchanges were under pressure from rain in the Southern Plains while warm dry conditions in the Northern Plains added pressure to spring wheat. But losses were limited due to concerns that the hot and dry conditions have hurt Canada's wheat crop potential. Light selling was tied to spill over pressure from another lower session in the Paris milling wheat exchange. Ukraine's wheat harvest has wrapped up with officials putting the crop production at 25 MMT vs USDA's estimate of 25.5 MMT. Australia continues to see hot dry conditions which is resulting in declining production potential, but rain is in the forecast.

In Wednesday's session wheat opened lower and extended session losses early, then managed to start a midsession recovery only to end with small losses. Early selling spilled over from the lower corn and soybean markets. Light pressure continues to come from good harvest progress in the Northern Plains as well from improving soil moisture conditions in the Southern Plains. Late in the session technical buying was uncovered once wheat traded to its 100-day moving average, which helped wheat bounce into positive territory.

On Thursday wheat opened mixed and tried to trade with strength in the overnight session but the pressure from the lower corn and soybean markets proved to be too much for wheat bulls to overcome. Early selling was tied to this morning's disappointing export sales estimate, which put last week's export pace at the second lowest level for the marketing year. Technical buying did try to give wheat some underlining support as once wheat traded to the 100-day moving average the selling frenzy slowed. But today's poor export sales report and weakness in corn and soybeans proved to be too much. Technically today's close could open wheat up to test the July lows before seeing a recovery. In export news, Japan was in and bought 167,787 MT of wheat with 77,261 MT coming from the US. Support for Sept MW is at $5.23 while resistance is at $6.35.

As of August 19, winter wheat harvest was estimated at 97% complete vs 94% last week and 98% average. Spring wheat harvest is estimated at 60% complete vs 35% last week and 44% average. Spring wheat's crop condition rating decreased 1% to 74% g/e, 21% fair, and 5% p/vp. Biggest changes: ID: -7%, MN: -4%, and MT: -4%. ND's durum crop is 87% mature vs 62% last week and 69% last year. Harvest progress is estimated at 35% complete vs 9% last week. Durum's crop condition rating declined 4% to 77% g/e, 22% fair, and 1% poor.

Last week's wheat export shipments pace was estimated at 12.7 MB and sales were at 8.8 MB. After 11 weeks, wheat shipments were at 15% of USDA's expectations while sales were at 31% of expectations. With 41 weeks left in wheat's export marketing year, shipments need to average 21.2 MB and sales need to average 17.3 MB to make USDA's projection of 1.025 BB.

For the week, Sept MW was at $5.7275 down 35.75 cents, Sept Chicago was at $5.1475 down 45.75 cents, and Sept KC was at $5.1925 down 45.75 cents.

CORN

Corn opened lower and traded mixed early in the session to start the week, only to give way to late session selling pressure. Early selling was tied to improving weather conditions that came with this weekend's rains and forecasts for cool wet conditions. A disappointing export shipments estimate added to the pressure as last week's shipments were below expectations. Corn demand remains strong (even with last week's disappointing shipments) which helped to limit session losses today. The Pro Farmer tour started today and should be seeing some of the most questionable production regions right from the start.

Corn traded lower throughout the session Tuesday. Selling was tied to Monday afternoon's bearish Crop Production estimate as well as from reports from the Pro Farmer Crop Tour. First day results have SD corn yield at 178.1 bu vs 147.97 bu last year and 154.6 bu for the 3-year average. For OH the yield came in at 179.6 bu vs 164.6 bu last year and 153.98 bu for the 3-year average. The tour continued to show variable yields in NE but solid potential in IN. Weather forecasts continue to have rain in the forecasts, which remains negative to price.

Corn traded lower throughout the session on Wednesday. Early selling was tied to Tuesday's tour results which continued to show variable crop potential in the western Corn Belt but good potential in the eastern Corn Belt. Second day results have IN corn yield at 182.3 bu vs 171.2 bu last year and 162.5 bu for the 3-year average. USDA's Aug estimate was 186.0 bu and last year's 180 bu. For NE the yield came in at 179.2 bu vs 165.4 bu last year, 163.1 bu for the 3-year average, USDA's Aug estimate of 196.0 and 181.0 last year. Weather forecasts continue to be favorable and at this point are not showing any signs of damaging weather on the horizon. Last week's ethanol production showed a slight increase putting it at 1.073 million barrels up .09% from the previous week and 1% higher than last year. Stocks were at 23.26 million up 1% from the previous week and 8% higher than last year. Technically corn is at its first level of support, further pressure could open the market up to test July lows.

On Thursday corn traded mixed to lower in the overnight session but slipped into red for good during the day session. Early selling was tied to yesterday afternoon's Pro Farmer Tour results in IL. IL's corn crop is estimated at 192.6 bu vs 180.7 bu last year, 182.0 bu for the three-year average and compared to USDA's August estimate of 207 and 201 last year. Last week's export sales estimate was decent with old crop sales light (only 2 weeks remain in marketing year) but strong for new crop. The lack of any crop threatening weather added to the selling pressure. Corn demand remains strong, but with the potential size of the crop also growing, it is likely stocks will see an increase in the next USDA report. Technically corn pushed through its first level of support today opening the market up for a test of the July lows.

Support for Dec corn is at $3.50 while resistance is at $3.90.

As of August 19, corn in the dough stage was estimated at 85% vs 73% last week and 72% average. Corn in dent is estimated at 44% vs 26% last week and 26% average. Corn's crop condition rating dropped 2% to 68% g/e, 20% fair, and 12% p/vp (1% more than expected). Biggest changes: IA: -2%, MN: -3%, ND: -9%, SD: -4%, and WI: -3%.

Last week's corn export shipments pace was estimated at 43.2 MB, old crop sales were at 6.8 MB and new crop sales were 41.5 MB. After 50 weeks, corn shipments were at 90% of USDA's expectations while sales were at 99% of expectations. With 2 weeks left in corn's export marketing year, shipments need to average 114.7 MB and sales need to average 10.4 MB to make USDA's projections of 2.4 BB.

For the week, Sept corn was at $3.485 down 15.75 cents. Dec corn was at $3.6275 down 16 cents.

SOYBEAN

Soybeans traded with solid gains early in the session on Monday with early support spilling over from optimism toward the start of talks between China and the US. Part of the reason China might want to get talks going again is due to the recent ASF outbreak that is hitting China. This is resulting in the killing of hogs to prevent the spread of the disease, which in turn is taking away a high source of protein. But soybeans started to see selling pressure once USDA released their export shipments pace for last week, which turned out to be at the low end of expectations. Currently China is trying to come up with ways to decrease their soybean meal needs and as an alternative is shopping around for supplement products (sunflower meal, canola meal). Even if the trade war is resolved soon, soybeans are facing an uphill battle with very large ending stocks, and if the forecasted rain for this week becomes reality, stocks are likely to grow.

On Tuesday soybeans closed lower on day two of the crop tour that is finding above average yield potential in most areas. Recent rains have helped the crop and forecasts show above normal precip for the next 6 to 10 days for most of the Corn Belt. US/China trade talks start Wednesday, but optimism was lessened when President Trump said there's "no time frame" for ending the trade war. Bean pod counts in SD were above both last year and 3-year average, coming in at 1025 this year 899.6 last year and 975.1 average. Pod counts in OH were also higher than expected at 1248.2 pods vs 1107.0 last year and 1095.8 average.

Soybeans closed sharply lower Wednesday as day three of the crop tour continues to find above average pod counts. For Indiana, the average pod count was 1,312, which is 12.2% higher than last year and 14.4% higher than the tour's three-year average. For Nebraska, the average pod count was 1,299, up 14.8% from last year and 9% higher than the three-year average. US/China trade talks started this afternoon, but no breakthroughs are expected. There are rumors that China is prepared to go two years without buying any US soybeans. Soybeans traded down to their first level of support, further pressure could open this market up to test July's lows

On Thursday soybeans repeated Wednesday's performance, falling another 16 cents lower on a lack of positive news. Day 3 of the crop tour found more above average pod counts. In Illinois the average was 1,329, up 8% from last year and 6.7% higher than the three-year average. USDA's IL yield estimate is 64 bu/acre, which is feasible with the recent rains IL has received. As for Iowa, the west-central district's average pod count was 1,258, up 8.7% from last year, and the northwest district had an average of 1,081, up 9.6% from last year. US/China trade talks continued today after both countries put additional tariffs on each other last night. It appears no progress was made in the talks. One bright spot today was that new crop export sales at 42.2 MB were about twice as high as the trade expected. Support for Nov soybeans is at $8.26 while resistance is at $9.27.

As of August 19, soybean setting pods is at 91% vs. 84% last year and 83% average. Soybean's crop condition rating dropped 1% (as expected) to 66% g/e, 24% fair, and 11% p/vp. Changes by state: IN: +2%, IA: -2%, MN: -6%, ND: -8%, and SD: -6%.

Last week's soybean export shipments pace was estimated at 23.5 MB, old crop sales were at 5.6 MB, and new crop sales were at 42.2 MB. After 50 weeks, soybean shipments were at 95% of USDA's expectations while sales were at 102% of expectations. With 2 weeks left in soybean's export marketing year, shipments need to average 52.1 MB to make USDA's projection of 2.11 BB and sales are 52.0 MB above USDA's projection.

For the week, Sept soybeans were at $8.42 down 40.25 cents. Nov soybeans were at $8.5525 down 37.5 cents. Sept soybean meal was at $312.70 down $17.40.

CATTLE

Cattle traded steady to lower the entire week. The path of least resistance was lower, and cattle seemed to be comfortable fading lower.

Cattle started the week off on the defense with selling tied to a disappointing late Friday cash trade. Cash did not trade until late on Friday and it looked as if packers had the upper hand as feedlots were unloading cattle between $109 and $110. Losses were kept in check by a stronger boxed beef market.

The market was able to shake off the pressure from Monday and trade with small gains Tuesday. Gains were due to strong product demand and decent packer margins. Late in the session selling, which trimmed session gains, came from a mixed boxed beef market. The lack of a cash trade added to the late session pressure.

The lack of a cash trade continued to cause issue for the rest of the week. Reports had only a few head of cattle trade on the FCE Online Auction at $109.50 this week, which has in turn set the tone for the week's cash business. Strong demand and a higher boxed beef market tried to limit session losses but a larger than expected Cold Storage report (stocks at 485 million pounds up 12% from last year and 8% higher than end of June) kept selling pressure alive. Position squaring ahead of Friday's COF report was also evident.

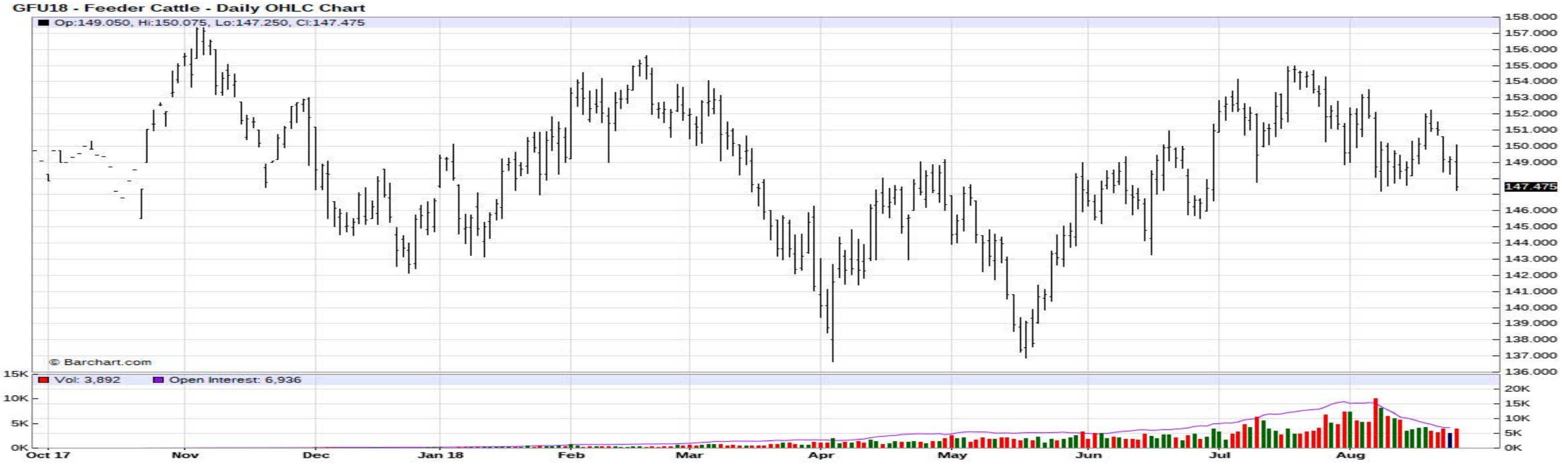
Feeder cattle followed the live cattle, trading lower in the first three session of the week. The weaker live cattle market and increased number of cattle imports from Canada and Mexico (due to drought concerns there) kept

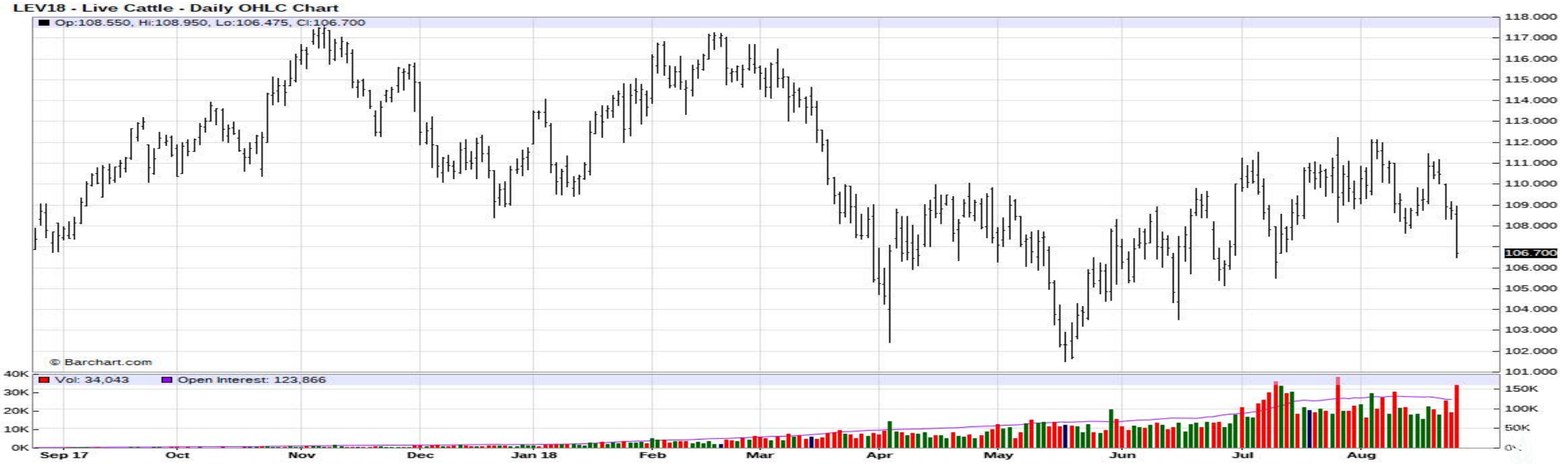
pressure on the feeder cattle market this week. Additional selling was tied to an increase in heifer feedlot placements in the US as heifers that were kept for breeding are now being moved into the feedlot due to drought conditions. Position squaring ahead of Friday's COF report was also evident.

The Cattle on Feed report was bearish cattle. The number were: On Feed: 105% (1% above expectations), Placed: 108% (2% above expectations), and Marketed: 105% (as expected).

As of August 19, pasture and range conditions were estimated at 40% g/e, 31% fair, and 29% p/vp, unchanged from last week.

For the week, October live cattle was at $106.70 down $4.1755 while Sept feeders were at $147.475 down $4.35.





CANOLA/SUNFLOWER

Canola started the week off higher but posted losses for the rest of the session during the week. The veg oil market were able to post small gains to start the week, which helped to give canola strength. Continued weather concerns in southern regions of Canada added to the support. Gains were trimmed late in the session from forecasts calling for cooler temps for that region.

The rest of the week had canola trading on its heels. Selling spilled over from the lower US soybean complex. Light pressure came from a stronger Canadian dollar. Improving weather conditions added to the selling as temps have moderated but rain remains elusive. Late in the week technical selling was a feature as once the Nov contract dropping below the $500 mark, sell stops were triggered. Harvest pressure pushed canola lower as there continues to be uncertainty about the size of the crop.

Canola demand is expected to increase as China starts to look for alternative protein products as they distance themselves from the US soybean. It is not likely canola demand will increase dramatically and in short term but expect to see canola demand slowly improve as China makes the switch.

Wednesday's cash canola bids in Velva were at $15.75 and cash sunflower bids in Fargo were at $17.30.

As of August 19, ND's canola changing color was estimated at 96% vs 91% last week and 88% average. Harvest progress was estimated at 27% vs 8% last week and 14% average. Canola's crop condition rating dropped 3% to 73% g/e, 22% fair, and 5% p/vp.

As of August 19, ND's sunflower crop was 98% in bloom vs 93% last week and 94% last year. Ray flowers dried was at 37% vs 7% last week and 9% last year. Bracts turning yellow was at 7% vs 0% last week and 0% last year. ND's sunflower crop condition rating dropped 3% to 68% g/e, 27% fair and 5% p/vp.

For the week, Nov canola was at $498.10 down $12.80.

RECOMMENDATIONS

2017 Corn			**2017 Soybeans**			**2017 Wheat**		
15%	$3.95	4/13/17	10%	$10.15	11/22/16	15%	$5.65	5/1/17
10%	$4.05	6/7/17	25%	$9.93	10/12/17	10%	$6.05	6/7/17
25%	$3.64	2/7/18	40%	$10.20	12/6/17	10%	$6.35	6/14/17
15%	$4.05	5/1/18	15%	$10.35	2/21/18	15%	$6.48	5/29/18
20%	$4.23	5/29/19				25%	$6.30	8/9/18
85%			**90%**			**75%**		

2018 Corn			**2018 Soybeans**			**2018 Wheat**		
15%	$3.94	2/7/18	15%	$10.19	12/6/17	25%	$6.48	5/29/18
15%	$4.06	3/6/18	15%	$10.30	2/21/18	25%	$6.45	8/9/18
10%	$4.19	5/1/18	15%	$10.44	3/6/18			
10%	$4.23	5/29/18	15%	$10.47	5/29/18			
15%	$4.01	8/9/18						
65%			**60%**			**50 %**		

2019 Corn			**2019 Soybeans**			**2019 Wheat**		
15%	$4.10	8/9/18				15%	$6.55	8/9/18
15%						**15%**		

CROP INSURANCE

Revenue Protection Harvest Price Tracking:

August is the discovery month for wheat and barley revenue harvest prices. As of August 23, the estimated harvest prices are:

Crop	Base Price	Estimated Harvest Price
Barley	$3.28	$3.07 (6.4% price drop)
Wheat, Durum	$7.11	$6.82 (4.1% price drop)
Wheat, Spring	$6.31	$6.05 (4.1% price drop)

If you have RP coverage and the harvest price is lower than the base price, you could be over your bushel guarantee and still qualify for a claim.

We will send our revenue loss estimators to our crop insurance customers in September after official prices are released.

Canola's harvest price discovery month is September. Corn, soybeans and sunflower harvest prices will be determined through the month of October.

Silage Appraisals:

If you are planning on chopping corn for siliage, please let us know so we can open a claim for an APH appraisal. An adjuster must appraise the crop before it is chopped.

Ergot in Wheat:

We have heard some reports of wheat being rejected by elevators for ergot. If you think you may have ergot in your wheat, a claim needs to be opened right away so an adjuster can pull a sample and have it independently tested.

@MartinsonAg

@Martinson_Ag

NEW - Dairy Revenue Protection:

- Dairy Revenue Protection will be available stating October 9, 2018 for all counties in all states.
- The program is an area-based federal crop insurance product that protects against unexpected declines in the quarterly revenue from milk sales relative to your guarantee.
- Coverage levels are from 70% to 95% and the subsidy rate is from 59% to 44%.
- Similar to Livestock Risk Protection, quotes will change daily and coveragae can be booked from 4:00 pm Central to 9:00 am Central the next morning.
- Agents must attend Dairy-RP training in order to sell this product. Our office will attend training next week and we will share more details as they become available.
- RMA's Dairy-RP fact sheet
- RMA's Dairy-RP FAQ

New for the 2019 Crop Year:

- Rye coverage has been added for Emmons and Logan counties in ND.
- For spring crops, a multi-county enterprise unit will be available. If one county qualifies for EU and a second contiguous county does not qualify for EU, the two counties can be added together for a multi-county enterprise unit (MCEU).

Fall Sales Closing Dates for the 2019 Crop Year:

September 30th:

- Grass seed
- Rye
- Winter wheat (in counties where winter is an insurable type)
- Margin Protection for corn, soybeans, and wheat

November 15th:

- Pasture, Rangeland, Forage