

Soybeans

Soybeans were down this week, erasing most of last week's gains. Monday and Tuesday's sessions were lower, as the prior weekend rains in South America were not as damaging as forecasted.

Soybean export numbers were solid, but at the lower end of trade estimates. At the beginning of the week, Brazil's soybean harvest was 19% complete, up from the five-year average of 12%. Private analysts continue to increase the size of the Brazilian soybean crop, with most estimates coming in over 105 MMT. On Tuesday Mexico bought 142.5 TMT of soybeans.

Wednesday's session brought a surprising turn around due to forecasts of up to 8 inches of rain in the next 10 days for parts of Argentina. However, forecasts for Brazil continue to be favorable for their soybean crop. Right now traders are responsive to any news, and most of the news lately has been related to South American weather. Soybean crush numbers came in 160.21 MB, which was higher than trade estimates. That increased demand also helped soybeans.

Corn

Corn, like wheat, traded in a back and forth fashion starting the first half of the week with small changes in price, but ending with week with a little more activity.

Corn started the week with little activity as Monday's session saw only minor gains and Tuesday's session saw steady to minor losses. The market was searching for news of its own and was depending on the other grains to give it direction. A friendly export shipments report on Monday supported the corn. Last week's shipments were above trade estimates and the highest report in 19 weeks. Corn seems to be stuck in a tug of war between the higher wheat and lower soybean market.

Tuesday's session did experiencing light technical selling as corn is sitting at 7 month highs. But losses were limited by news Japan was in and bought 229 TMT of 2017 corn. Gains were kept in check by reports of a Mexican Senator who is planning on introducing a bill in the Mexican Senate to switch Mexico's corn needs from US origin to South American origin. Short term this could disrupt US exports as Mexico is the largest importer of US corn (in 2016 Mexico has bought 25% of US corn exports, or about 500 MB).

Just as technical selling hit the market on Tuesday, technical buying was seen on Wednesday. Strong demand has helped to push corn higher since the start of 2017. Technical once March corn traded above \$3.70 gains seemed to come easier.

Thursday's session went the other direction and wiped out the gains of the previous day. Soybeans held steady early in the session, with help from a strong export sales estimate. But by mid-session technical selling took the lead and pushed soybeans into sell stops, which accelerated the downward pressure. With a long weekend ahead due to the President's Day holiday, the market will continue to focus on the possibility of heavy rains forecasted for Argentina.

Target \$10.80 Mar to advance old crop sales (can sell carry) and \$10.45 Nov for new crop.

Last week's soybean export shipments pace was estimated at 42.1 MB and sales were estimated at 32.7 MB. After 23 weeks, soybean shipments are at 75% of USDA expectations, while sales are at 90% of expectations.

For the week, March soybeans were at \$10.325 down 26.5 cents while Nov was at \$10.1825 down 11.75 cents.

For Dec corn the \$4.00 level has been hard to cross. Wednesday Dec corn closed over the \$4.00 mark for the first time since June 2016. Another record breaking week of ethanol production helped to support corn. Last week's ethanol production was at 1.04 million barrels per day, the 16th week in a row with daily production average more than 1 million barrels. Stocks increased 2% to the highest level since Mar 2016

Thursday's session had all the grains collapsing, and corn was no exception. Losses were not as heavy in corn, but the market still struggled. Corn started the session steady to slightly higher with early support spilling over from a decent export sales pace, but by midsession, buyers had turned to sellers and corn slipped into the red. Technical selling which pushed corn into sell stops added late session pressure.

Target \$3.85 Mar (can sell carry) to advance old crop sales and \$4.15 Dec for new crop.

Last week's corn export shipments pace was estimated at 49.4 MB and sales were at 30.8 MB. After 23 weeks, corn shipments are at 41% of USDA expectations while sales are at 68% of projections.

For the week, March corn was at \$3.6825 down 6.25 cent while Dec was at \$3.9425 down 5 cents.

Wheat

Wheat traded all over the board this week, starting with small gains but then flip flopping direction for the rest of the week. Mar MW was the weakest link this week as that contract lost ground every session. Traders are finally starting to take profits out of long standing positions and work on tightening up the wide spread between the classes of wheat.

All three of the wheat exchanges started the week off lower with pressure coming from USDA's disappointing export inspections estimate. But once the other grains were able to firm, wheat followed. At least the deferred MW contracts and all the winter wheat contracts. March MW was under pressure as traders started to remove MW's inversion.

All the wheat exchanges struggled Tuesday, but losses were limited. Selling spilled over from the other grains but additional selling was tied to a stronger dollar. Late in the session losses were trimmed due to news Japan was in tendering for 89,008 MT of US milling wheat.

Buying returned to the winter wheat exchanges on Wednesday with weather concerns and improving export demand the main supporting factors. Mar MW continues to see pressure as traders continue to work on unwinding long MW/short winter wheat spreads. Time is running out on the March contract as first notice day for March is at the end Feb, so this is helping to push trader to start liquidating MW contracts while volume is high. Light support came from weather concerns in the Southern

Plains. Temps are forecasted to be much above normal (15 to 20 degrees) and that has traders worried winter wheat will break dormancy and be vulnerable to freezing temps, which can occur through the beginning of May. Light support came from a long list of wheat tenders as Japan is tendering for 113 MMT of milling wheat and Taiwan is tendering for 102.85 MMT of milling wheat

Thursday's session started off without much fanfare, but by midsession someone had pulled the drain out of the tub and all the grains dropped hard into the close. A decent export sales report helped to stabilize wheat early but once the other grains started to sell off, wheat had no choice but to join. Sell stops were triggered to help accelerate the pressure. On a positive note, Japan bought 87,383 MT of US wheat overnight.

Target \$5.82 May to advance old crop sales and \$5.85 Sept to sell new crop.

Last week's wheat export shipments pace was estimated at 11.3 MB and sales were at 20.9 MB. After 36 weeks, wheat shipments are at 64% of USDA projections while sales are at 79% of expectations.

For the week, March MW was at \$5.54625 down 26.25 cents, Sept MW was at \$5.645 down 6.75 cents, March Chicago was at \$4.41 down 8 cents, and March KC was at \$4.5625 down 4.25 cents.

Cattle

Cattle traded in a back and forth fashion with week but by the end of the week had really gone nowhere. Monday's session had cattle trading all over the board but ending with modest losses. Technical pressure was also seen as traders start to take profits on earlier positions. Losses were limited by a higher boxed beef market. Tuesday's session had cattle trading with solid gains as traders correct an oversold market condition. Expectations that this week's cash trade will be at steady to better money helped support the cattle. A decent cash trade did develop on Thursday at steady to slightly better money. This helped to support cattle early in the session, but technical selling stepped in to pull cattle back into negative territory. Short term supplies of live cattle remain tight while long term supplies look to be more comfortable.

Feeder cattle followed the live cattle market for the most part, but did end up posting better gains for the week. Feeders lost ground on Monday and Thursday but traded with solid gains Tuesday and Wednesday. Pressure came from a strong grain complex as well as from expectations of another higher placement in next Friday's COF report. Light support came from technical buying as cattle have seen hard losses last few session and was in need of correction. Strong feedlot demand continues to support the feeder cattle market.

For the week, April live cattle were at \$114.925 up \$1.775 while Mar feeders were at \$124.075 up \$2.00.



Canola

Canola lost ground in 3 out of 4 sessions this week. The first two sessions of the week had canola on the defense with selling spilling over from a weaker US soybean complex. Profit taking was also noted as traders lifted positions after canola traded to 2 month highs. A pick up in farmer selling and slowdown in crusher demand added selling pressure. Losses were limited by a weaker Canadian dollar expectations for tighter supplies down the road. Late in the week canola was able to regain some losses with support coming from a better than expected US NOPA crush estimate. Demand for vegoil products continues to be strong and helped to add support. Selling moved back into the market late in the week with most of the pressure coming from spill over pressure from a sharply lower US soybean complex. Thursday cash canola bids in Velva were at \$17.56 down 6 cents.

For the week, Mar canola was \$517.70 down \$10.10 CD.



Recommendations

2016 Corn:

- 10% sold by futures fixed at elevator at \$4.08 Dec (05/25/16)
- 20% sold by futures fixed at elevator at \$4.38 Dec (06/15/16)
- 20% sold by futures fixed at elevator at \$3.65 Mar (01/17/17)

2016 Soybeans:

- 15% sold by futures fixed at elevator at \$9.285 Nov (03/29/16)
- 15% sold by futures fixed at elevator at \$9.95 Nov (04/20/16)
- 20% sold by futures fixed at elevator at \$11.38 Nov (06/15/16)
- 25% sold by futures fixed at elevator at \$10.70 Mar (01/17/17)

2017 Soybeans:

- 10% sold by futures fixed at elevator at \$10.15 Nov (11/22/16)

2016 Wheat:

- Took LDP on winter wheat. ND was at 24 cents. SD was at 27 cents (09/01/16).
- 10% sold by futures fixed at elevator at \$5.05 Dec MW or \$4.40 Mar KC (09/23/16)
- 20% sold by futures fixed at elevator at \$5.89 Mar MW (01/17/17)

2016 Cattle:

- 25% sold by options or LRP at \$138.975 Jan 17 (8/10/16)

Crop Insurance

The month of February is the discovery period for revenue base prices. Official prices will be released at the beginning of March. For updated price information, please see the front page of our website at www.martinsonag.com.

| Crop | 2017 Est Price | 2016 Price |
|--------------------|----------------|------------|
| Barley | \$3.41 | \$3.31 |
| Canola | \$0.175 | \$0.158 |
| Corn | \$3.97 | \$3.86 |
| Soybeans | \$10.22 | \$8.85 |
| Sunflowers, Conft. | \$0.2740 | \$0.2670 |
| Sunflowers, Oil | \$0.1840 | \$0.1690 |
| Wheat, Durum | \$6.40 | \$5.72 |
| Wheat, Spring | \$5.67 | \$5.13 |



Our office will be closed Monday, February 20th, for the President's Day holiday.

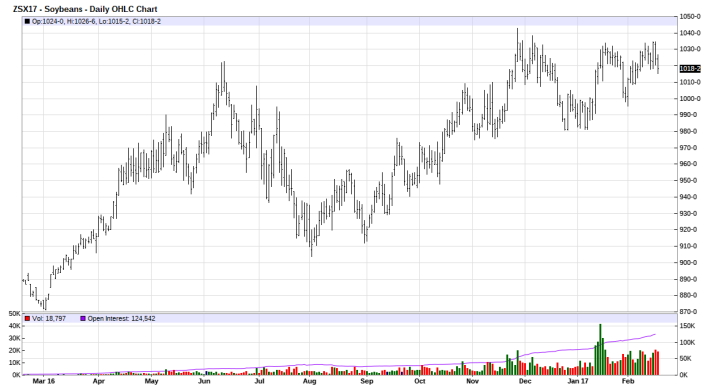
The grain markets will be closed Sunday evening and Monday. Trading will resume at 7 pm Monday evening.

Martinson Ag would be happy to review your current crop insurance coverage to evaluate how it can work in conjunction with your farm marketing efforts. We can also review how many bushels are unprotected with your crop insurance coverage and discuss other ways to protect those bushels. Please feel free to call us if you would like us to review your current crop insurance.

This material has been prepared by a sales or trading employee or agent of Martinson Ag Risk Management LLC. and is, or is in the nature of, a solicitation. This material is not a research report prepared by Martinson Ag Risk Management's Research Department. By accepting this communication, you agree that you are an experienced user of the futures markets, capable of making independent trading decisions, and agree that you are not, and will not, rely solely on this communication in making trading decisions. DISTRIBUTION IN SOME JURISDICTIONS MAY BE PROHIBITED OR RESTRICTED BY LAW. PERSONS IN POSSESSION OF THIS COMMUNICATION INDIRECTLY SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH PROHIBITION OR RESTRICTIONS. TO THE EXTENT THAT YOU HAVE RECEIVED THIS COMMUNICATION INDIRECTLY AND SOLICITATIONS ARE PROHIBITED IN YOUR JURISDICTION WITHOUT REGISTRATION, THE MARKET COMMENTARY IN THIS COMMUNICATION SHOULD NOT BE CONSIDERED A SOLICITATION.

The risk of loss in trading futures and/or options is substantial and each investor and/or trader must consider whether this is a suitable investment. Past performance, whether actual or indicated by simulated historical tests of strategies, is not indicative of future results. Trading advice is based on information taken from trades and statistical services and other sources that Martinson Ag Risk Management believes are reliable. We do not guarantee that such information is accurate or complete and it should not be relied upon as such. Trading advice reflects our good faith judgment at a specific time and is subject to change without notice. There is no guarantee that the advice we give will result in profitable trades.

Soybeans



Corn



Wheat

