Lou Baughman— Region 1 Grain Merchant

(Washington, D.C., January 4, 2019) – Due to a lapse in federal funding, work on National Agricultural Statistics Service (NASS) and Office of the Chief Economist – World Agricultural Outlook Board (OCE-WAOB) reports have been suspended since December 22, 2018 and remain suspended. Given the lead time required for the analysis and compilation of *Crop Production*, *Crop Production-Annual*, *World Agricultural Supply and Demand Estimates* (WASDE), *Grain Stocks*, *Rice Stocks, Winter Wheat and Canola Seedings, and Cotton Ginnings* reports, those reports will not be released on January 11, 2019 as originally scheduled even if funding is restored before that date. The date of all NASS and OCE-WAOB releases will be determined and made public once funding has been restored.

Eric Godfrey— Region 2 Grain Merchant

Nice to see the gains in markets this week, I was expecting a lean weak. Optimism seems to be on good news coming from the China talks and hopefully next week is positive as well. Dry weather in Brazil seemed to add to the gains on beans. It appears the market doesn't want more wheat for the time being with new crop falling under old crop prices but I have seen some news of added tenders in Europe and northern Africa. Still receiving reports of beans in the field and weather is not helping that situation. Lets hope for a good start to the new year!

Steve Bricher—Region 3 Grain Merchant

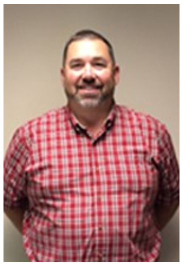
The holiday season is now behind us and we look forward to 2019. The weatherman has forgot to tell Mother Nature that it is January not April. We have seen lots of rain over the last few week and the moderate temperatures are making it very hard for the farmers who have a little of 2018 harvest to complete. I talked to one customer who told me that he had been able to be on the fields 10 out of the last 60 days, no wonder we still have some harvest to complete.

The grain markets are in the same range they have been for the last several months. It is hard to see today when and why we see a significant rally in the markets. The tariff battle still drags on, China has a large and getting larger African swine flu problem, we see negative margins for the ethanol producer and the weather in South America is not causing major concerns today. I am concerned today that the producer is setting his price targets to high. Looking back over the last 5 years we see an average move in new crop corn of around 55 cents from January 1 new crop pricing to the high for the year that would put fall corn high somewhere between 3.90 and 4.05. If we see those values and no major weather problems in sight, I believe you need to be a heavy seller of new crop corn. Beans have a similar range that would put them in the area of 9.25 to 9.50 top. If you asked me to make a wager today barring any major weather problem we will see soybeans next fall in the low to mid-7.00 range. I do not want to be scrooge post the holiday season but I want my customers to be realistic as I share where I think prices could go with what we know today.

Wes Bahan - Region 4 Grain Merchant

Wes is not available for comments today.

Ralph Wince - Region 5 Grain Merchandiser



Good Afternoon, I hope all of you had a great Christmas and a Happy New Year. The New Year in the grain markets this week have gotten off to a positive start. March CBOT soybeans settled out at $8.95 on Dec 31st and currently are trading at $9.21 as I write this. Again it seems like to me that the bean market is overpriced knowing what the carryout number looks like it's going to be but until the traders decide to stop buying we continue to see support under the current prices. The March CBOT corn price closed out the year at $3.75 and currently is at $3.82. The corn market feels like there could be a chance to get a little stronger going forward to try to buy some more acres this spring. If that happens don't just sit on your hands and not reward the market. I am not sure how long it will last if we don't have a weather scare during the growing season. As far as the USDA Jan 11th final production numbers for 2018 and updated carryout numbers, that report is in jeopardy of not coming out on the 11th with the current Government shut down. So it might be a little while till we get that ever important report. We will see going forward how that works out. As far as basis goes we have seen some improvement since the calendar has rolled to Jan. There is still plenty of carry in the markets so be aware and ask us for deferred bids if you are holding grain at home in your bins. Lastly it still sounds like President Trump and China are leaning toward meeting again and we all hope that happens. Happy New Year to all of you and we all here at heritage Co-op look forward to working with each of you in 2019.

Melinda Ledley - Director Origination, Logistics and Risk Compliance

The start of 2019 has the grain markets mustering a bit of a rally. Some dryness in some of Brazil's growing regions as the growing season comes to an end has provided support, though its way too early to suggest that substantial crop losses have occurred and they're still going to have a LOT of beans. If the dryness continues, I'd be more focused in the impact on the second crop safrinha corn. The US government shut down and absence of normal reporting has traders operating in the dark and guessing whether rumored Chinese sales have started to ship. Comments supportive of progress in talks with between the US and China have also provided a positive slant to price support. The rally is moving us back towards most recent highs and producers should be looking forward to fall of 2019 marketing needs. We are getting very close to being able to lock up $9 fall delivered beans and $3.80 fall corn

Ed Nienaber - Vice President, Grain Division

The partial government shutdown may cause a delay or possible cancellation of one of the most important crop reports of the year. We will find out later today if the stocks and updated supply/demand numbers will be released next Friday. The markets have been supported this week by weather issues in the SA, Brazil too dry and Argentina too wet.

Some private forecasters are stating that Brazil number may fall to 116.0MMT down from USDA last reported figure of 122.0MMT. This and the continued talk of trade resolution with China has been supportive to the futures markets. The local basis continues to be pressured by too much of a good thing. Cash prices continue to see bushels moving into the market, January contract movement, lower ethanol margins and crush margins, are keeping pressure on basis. Warmer than normal temperatures are forcing additional bushels to the market place that historically don't move until early spring. Short-term the demand market is getting it's fill and this will keep basis in check.