

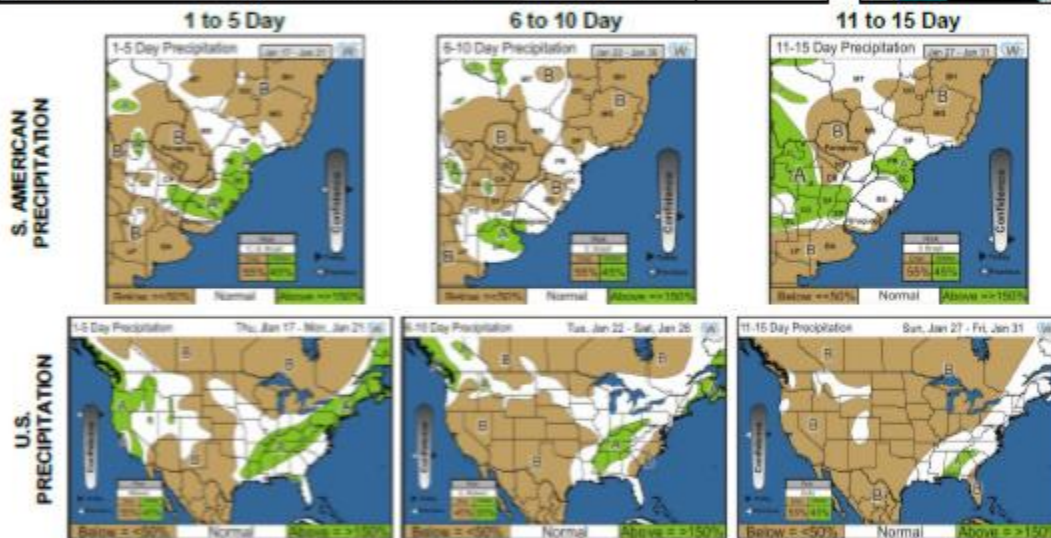
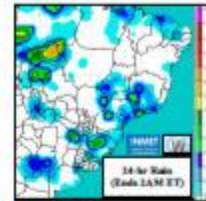
**800-533-8045**

**CALL TO ACTION: Weather issues in Brazil have advisory firms cutting production estimates.**

**WEATHER**

**NE Brazil Outlook Even a Bit Drier, Particularly for Coffee  
Return of 6-15 Day Rain Adds to Wetness in Argentina**

Region	Past 24-Hr Amounts (Coverage)	5-Day Forecast Amounts (Coverage)
Brazil First Crop Corn/Soy	.50 to 2" (20%)	.50 to 1.5", locally 3" (70%)
Brazil Sugarcane/Coffee	.25 to .75", locally 1.5" (30%/25%)	.25 to 1.25", locally 2.5" (70%/40%)
Argentina Corn/Soy	.25 to .75, locally 1.25" (20%)	.25 to 1.5", locally 3" (35%)
Argentina Wheat	.25 to .75", locally 1.25" (25%)	.25 to 1.5", locally 3" (20%)

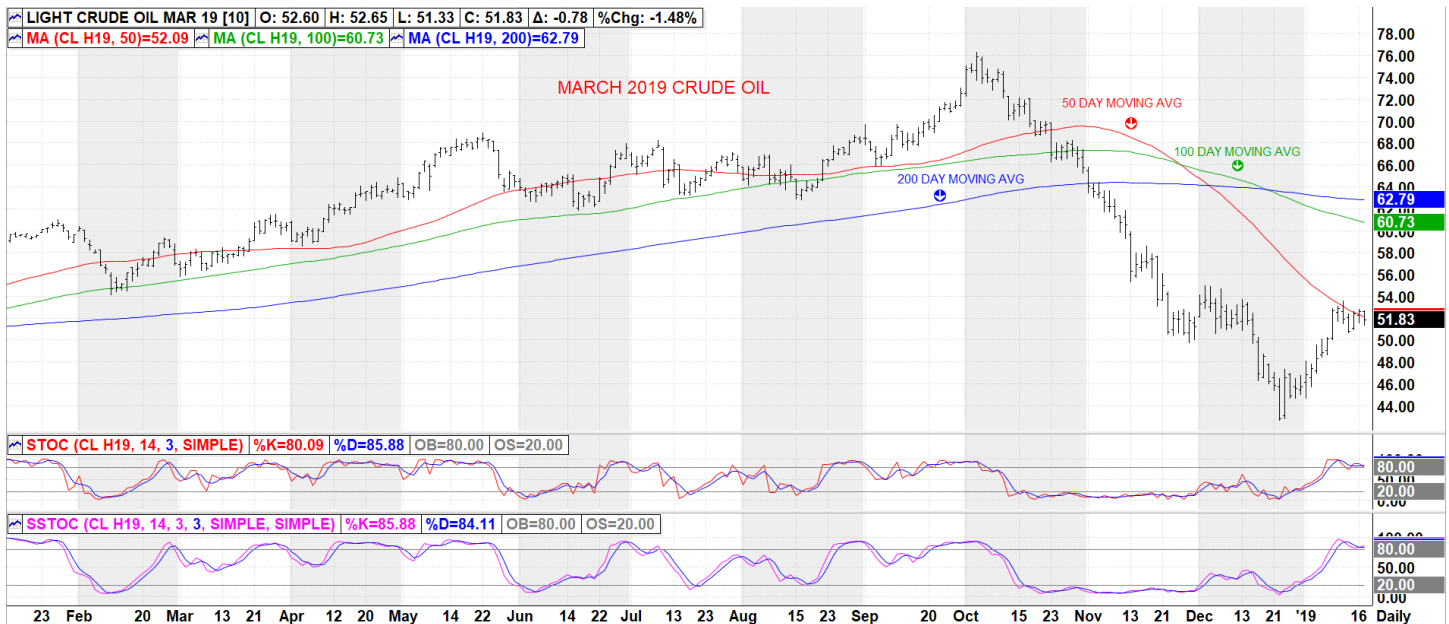


- Scattered rain in Center-South Brazil in past day but favored NW Rio Grande do Sul; south favored until weekend
- Modest rains occur this weekend & late 6-10 day in C & NW Brazil to limit expansion of corn/soy threat
- Areas to north/east in Brazil similar to even drier though; mid/upper 90s F frequent next 2 weeks, particularly NE
- Most serious Brazil yield risks to focus on 20% soy/30% first-crop corn/50% cotton & could expand to >3/4 coffee
- Argentina showers limited in past day & mainly far NE corn/soy today; however, broader rains return in 6-15 day
- Surplus moisture currently in nearly 1/2 Arg. corn/soy; 6-15 day rains lead to additional pockets of excess rain/replant
- Limited snow in N. Midwest this weekend could leave 15-20% of soft red wheat at risk of winterkill early next week
- Stronger cold in 11-15 day raises winterkill threat for Delta wheat, but most of Midwest protected by snow cover

**PROVIDED BY CWG**

**CRUDE OIL**

Oil prices fell this morning as U.S. crude production neared an unprecedented 12 million barrels per day just as worries about weakening demand emerge.



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 PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS**

American crude oil production reached a record 11.9 million bpd in the week ending January 11, the Energy Information Administration (EIA) said yesterday, up from 11.7 million bpd last week, which was already the highest national output in the world.

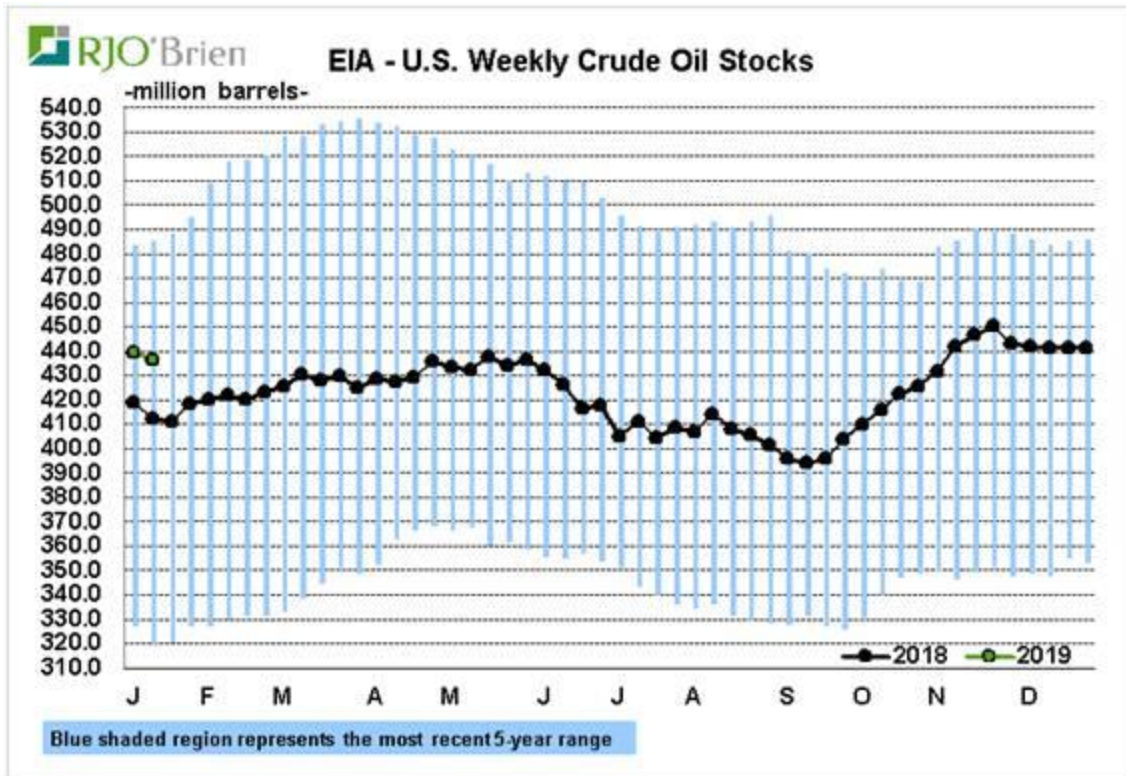
U.S. output has soared by 2.4 million bpd since January 2018, stoking fears of a supply glut.

The EIA also said gasoline stockpiles climbed 7.5 million barrels last week, far exceeding analyst expectations in a Reuters poll for a 2.8 million-barrel gain. At 255.6 million barrels, gasoline stocks were at their highest weekly level since February 2017.

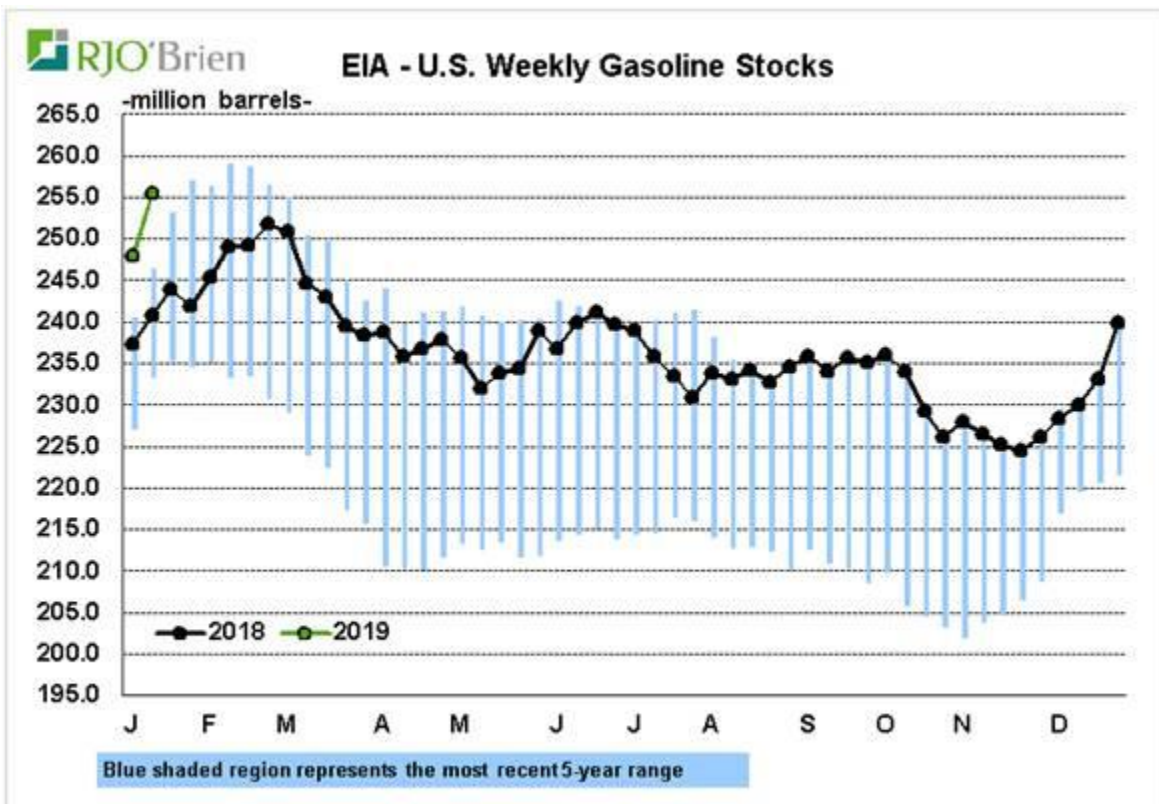
		<b>EIA Weekly Stocks Report (mil barrels)</b>				
	1/11/2019	1/4/2019	Weekly Change	Average Estimate	Last Year	3-year Average
<b>Crude</b>	437.06	439.74	-2.68	-1.30	412.65	449.77
<b>Gasoline</b>	255.57	248.06	+7.50	+2.80	240.94	242.60
<b>Distillate</b>	143.01	140.04	+2.97	+1.60	139.20	157.94

-weekly change in green indicates higher than expected, red lower than expected

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**GRAINS**

Soybeans and corn were higher in overnight trading as hot, dry weather takes its toll on Brazil's crops.

Consultancy Celeres on Wednesday lowered its soybean output forecast due to the ongoing drought in some areas to 117.2 million metric tons. The U.S. Department of Agriculture last month pegged output in the country at 122 million tons.

Temperatures in central and northwestern Brazil have been in the mid-90s this week and are intensifying. A shift to even hotter weather in the center of the country are expected for the remainder of the week, and temperatures will stay hot in northeastern regions.

As usual, investors are keeping one eye on trade talks between the U.S. and China. After last week's negotiations, China will send one of its top officials to Washington.

## **OTHER GRAIN HIGHLIGHTS**

- Expected large EU wheat crop puts negative view on new crop market outlook. Stratigie grains put the European Union's new crop (2019) soft red wheat estimate at 146.4 mmt vs. 127mmt last year.
- South Korean corn buying continues with another 129 tmt of optional origin
- Another Brazilian crop estimate moves lower. Celeres cuts their Brazilian soybean crop estimate by nearly 5 mmt down to 117.2mmt. Most estimates are coming in the 115-118 mmt range as of late.
- Good Brazilian rains expected this week - actual amounts will be important
- Malaysian/Indonesian palm oil production expected to rise further

## **ETHANOL PRODUCTION**

Ethanol production jumped to the highest level in six weeks and stockpiles rose in the seven days that ended on January 11.

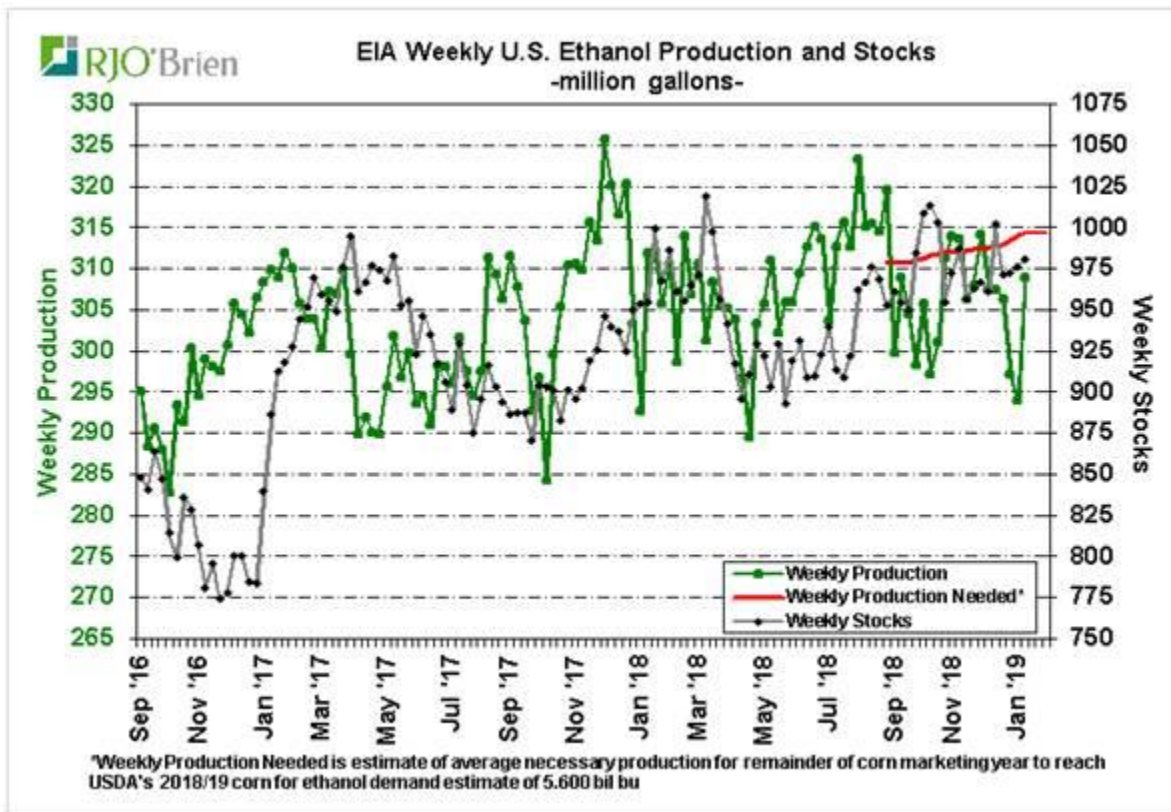
Output of the biofuel rose to an average of 1.051 million barrels a day last week, up from 1 million barrels a day, on average, seven days earlier and the highest amount since the week that ended on November 30.

Stockpiles, meanwhile, jumped to 23.351 million barrels, up from 23.254 million seven days earlier and the highest since the week that ended on December 14.

### EIA Weekly Ethanol Update

	1/11/2019	1/4/2019	Change from Last week
Production (thousand barrels/day)	1,051	1,000	+51
Weekly Production (mil gallons)	309	294	+15
Stocks (thousand barrels)	23,351	23,254	+97
Weekly Stocks (mil gallons)	981	977	+4

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**THOUGHT FOR THE DAY: "The greatest enemy of a good plan is the dream of a perfect plan. Stick to the good plan. Traditional."**

**-John C. Bogle-**

*Jim*

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