

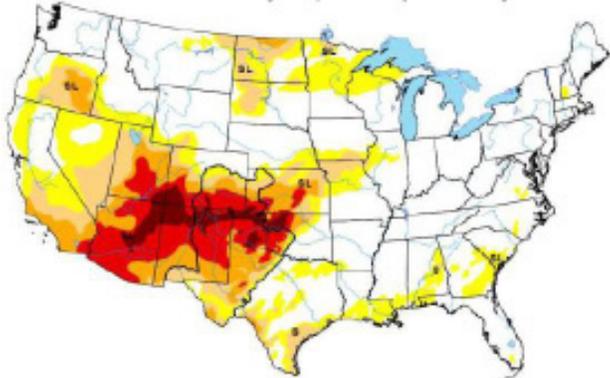


Weekly Commodity Outlook

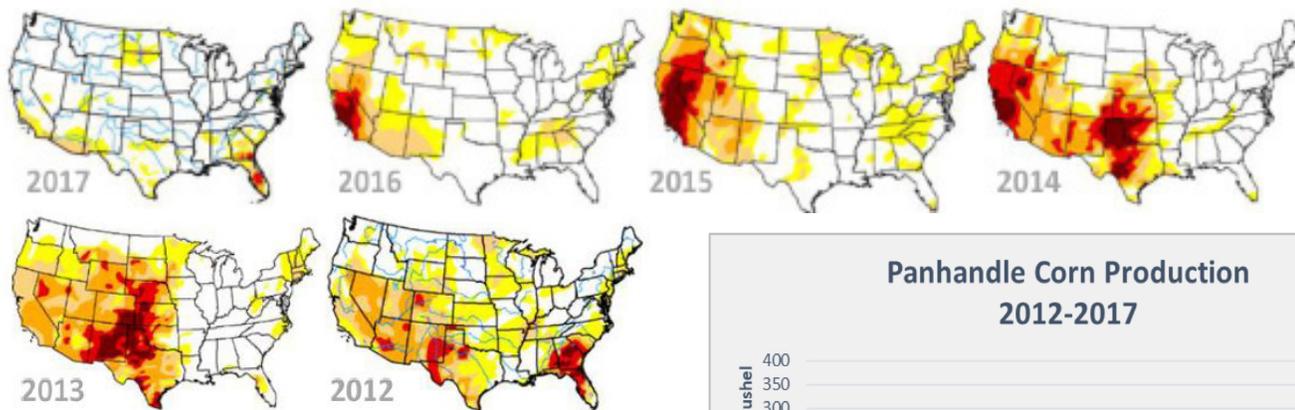
Panhandle Drought

As you are all beginning the growing season, the Tredas team is busy putting together marketing plans for the 2018-2019 marketing year. We want you thinking about potential changes in your local cash markets going forward. Most of our clients reside in the Western Corn Belt. This area produces a corn surplus that needs to be exported to other destination markets. A major recurring customer is Southwest Kansas and the Oklahoma/Texas Panhandle. This area has large feed and ethanol demand.

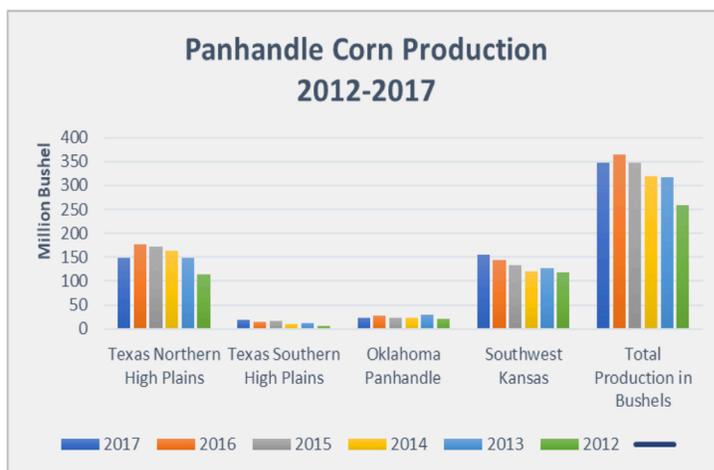
May 25, 2018 (current)



Below are snapshots of USDA's Drought Monitor from similar time periods as this year's current map. There is also total corn production from the years 2012-2017. This is to give you an idea of how much more grain has been locally available in Southwest Kansas and the Oklahoma Texas Panhandles recently compared to years past. The production numbers come from quickstats.nass.usda.gov and the images from droughtmonitor.unl.edu. While there is obviously unknown summer weather ahead, it is worth noting the higher production years of 2015-2017 all began the growing season with adequate soil moisture.



The futures price of corn on the Chicago Board of Trade reflects the world supply and demand. Basis levels reflect the local supply and demand. Average production from 2015-2017 in Southwest Kansas and OK/TX Panhandles has been about 55 million bushels greater than the average production from 2012-2014. To put that into context, this is about 120 shuttle trains or 58,000 semi loads of corn each year this area has been able to supply itself. Imagine what the impact may be if the U.S. has an overall productive growing season (indicative of lower futures) but this area has a setback. It may be a productive exercise over the next few weeks to think if some of these additional trains or trucks originated from your local cash market and how that could potentially impact your local basis levels this harvest and beyond.



One for the road: This week, December 2018 corn futures matched its previous contract high of \$ 4.2950 that was made on July 11, 2017.

One for the ditch: December 2018 corn futures were trading below \$3.90 by the end of August 2017.

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