



November 2, 2017

Agriculture Market Highlights:

I mentioned in last month's commentary that "it simply isn't the right time of year to be holding to a strong bias in the grain & oilseed markets". This passive approach to trading over the last month has actually served us well. Grain and oilseed markets have been choppy, range-bound, and at times unpredictable in the past month. This is the type of market environment that baits you into making mistakes. We were fortunate last month to have not taken that bait and finished with a modestly positive return in October.

My underlying suspicion towards the trading environment today is basically unchanged. I still hold to the idea that this is not a good time to have an entrenched bias on where prices are headed. Additional choppy price action is likely ahead. In the case of corn, US production estimates continue to creep higher and export demand is lacking but the farmer can store his crop and essentially "force" the market to come to him at times. In the case of soybeans, production estimates have likely peaked and world demand will buy dips in prices but competing supplies from last year's large South American crops continue to cut into US demand.

The next key long-term driver of market action will be developments in South American weather and crop production. Planting efforts are underway, but we're not to the point yet that we can hold a strong view on production prospects. Until we reach that level, it is simply best to allow others to fight the chop tendencies we're likely to see in the coming weeks.

This makes it a good time, in my opinion, to step out of the office briefly this month. I will be heading to China for a few weeks during November to see with my own eyes the scale of commodity demand there. For too long the various crush plants and other demand centers have been nothing more than line-items of a spreadsheet to me, and I am very excited to see things first hand. While our itinerary isn't completely set yet, I do know we'll be touring soybean crushing facilities along with some aquaculture.

For reasons that should be obvious, expect limited trading and positions while I am out of the country. I know I'll return refreshed and ready to close out 2017 and get started on what I know will be a fantastic New Year.

Thank you,

A handwritten signature in black ink, appearing to read "David Zelinski", is positioned below the "Thank you," text.

David Zelinski

Opus Futures, LLC

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