

January 26th, 2020

By Jack Scoville

Wheat: Wheat markets were mixed for the week with Chicago SRW higher and Chicago HRW and Minneapolis Spring markets lower. Chicago SRW got within a half cent of the 2018 high of 593 before turning down in the second half of the week. Chicago HRW met the previous weeks high before turning down. Minneapolis Spring Wheat closed at the low end of the recent trading range. Wheat markets in general and especially Chicago SRW are in need of a correction down. The markets have run a long way on news of world production problems and firm world prices. Russia has less Wheat this year and prices in the Black Sea region have strengthened. The Ruble has also been firmer against the US Dollar and this has also caused Russian prices to form in the world market. World prices will still be dictated by what happens in Europe and the Black Sea area and US prices will most likely remain a follower as the US tries to compete. The lack of production in Russia and in the southern parts of the world means higher prices for now. US farmers planted less Wheat than any time in the last 100 years so no real change in the world scenario of less supply is indicated.

Weekly Chicago Soft Red Winter Wheat Futures



Weekly Chicago Hard Red Winter Wheat Futures

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Weekly Minneapolis Hard Red Spring Wheat Futures



Corn: Corn and Oats moved lower last week. Corn made a new move above previous resistance at 3.92 March before selling off on Friday to close lower. Oats were lower for most of the week and closed near the weekly lows. The main driver remains demand or rather the lack of identified demand over the short term. Export demand has been disappointing and ethanol and other industrial demand has started to improve but faces an uncertain road ahead. Export demand was strong in the

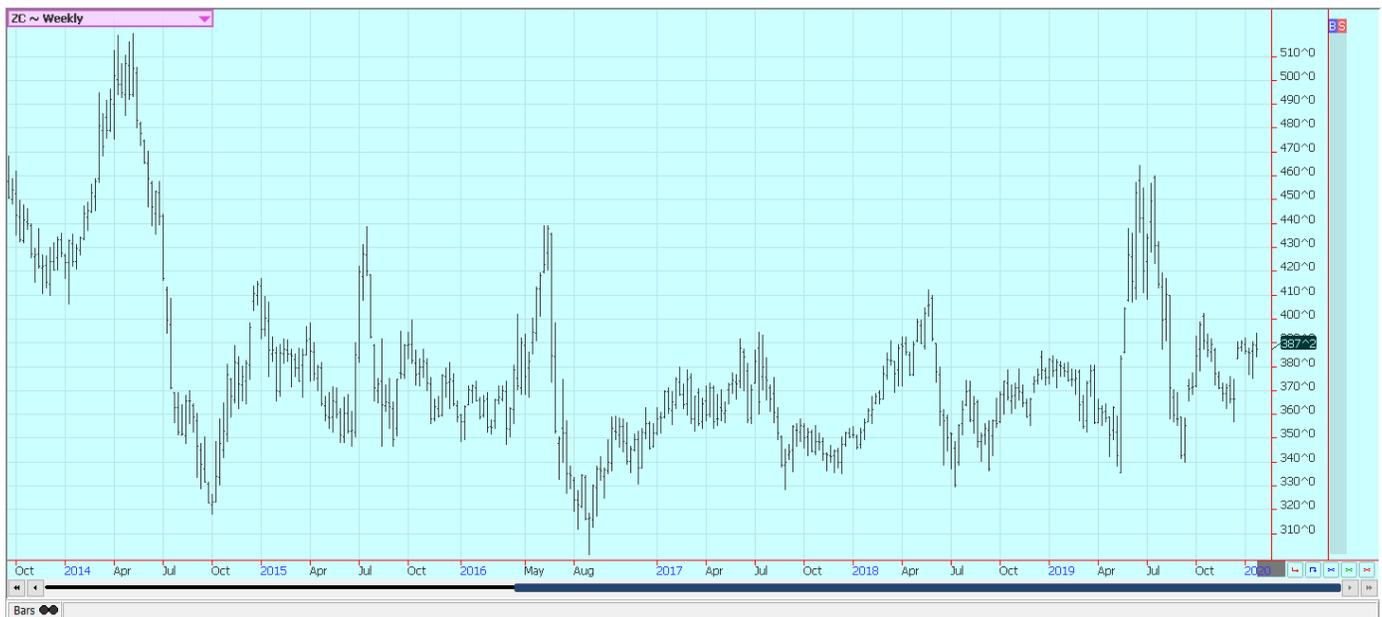
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USDA reports released on Friday, but the trading world wants to see much more of these kinds of weekly sales before getting too excited. Much of the improved ethanol demand will be seen if and when China starts to buy. Feed demand was improved as seen in the latest quarterly stocks report. That report showed less supplies on hand than expected. There is little Corn available to the domestic cash market. The market has been short Corn as farmers have been holding. Corn could still trade to 405 and then 420 based off the weekly charts and basis the nearby futures contract, but the rally potential is now in doubt after the selling on Friday.

Weekly Corn Futures:



Weekly Oats Futures

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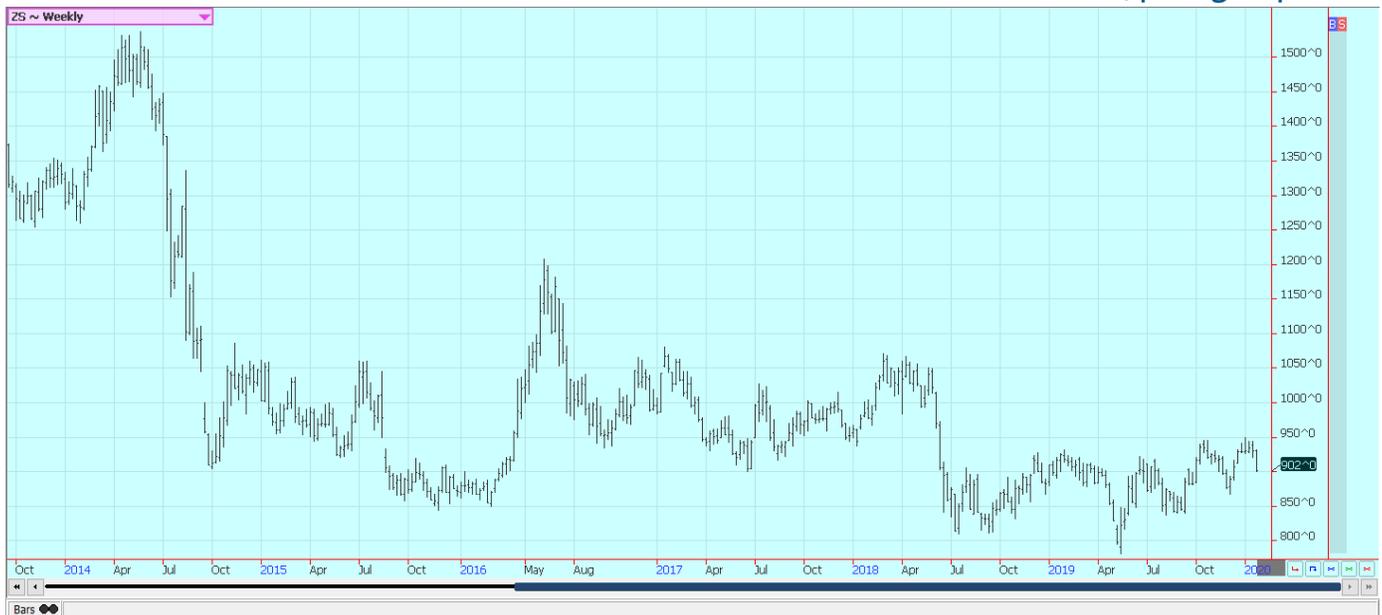
Soybeans and Soybean Meal: Soybeans and the products were lower. Soybeans have left a well defined top with second swing objectives of 883 basis the March futures contract. The first target was 905 seen on Friday. The news that the US and China had reached agreement on a Phase One deal that covered agricultural goods was bullish but already part of the market. New buying from China is expected. A lot will depend on the price of US Soybeans and those from Brazil and Argentina. Lower prices there will hurt overall demand here, and lower prices are very possible in Brazil. Brazil is harvesting now and yield reports from the field indicate that a bumper crop is coming. Argentina has been dry and more dryness is expected, so conditions and production potential are down there. China will return in the end to buy at least as many Soybeans as it did before the trade war, but when is the main problem and is compounded by good growing conditions and ideas of big crops in South America. Many US producers have put their Soybeans into storage and not selling. This has caused basis levels to firm in the country and at the Gulf of Mexico.

Weekly Chicago Soybeans Futures:

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Weekly Chicago Soybean Meal Futures



Rice: Rice was sharply higher for the week and made new highs for the move. The tone remains firm but some speculators and producers have been selling. The weekly charts still display a bullish market as futures have traded to levels not seen since 2014 on the weekly continuation charts. Prices are profitable for producers at this time. Some are also selling the next crop and the trade and open interest in the September contract is relatively large for the time of year. More selling

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from producers of the next crop is expected on any further rally attempts. Demand for US Rice remains generally positive and the export sales pace in general has been very good. The US domestic market is now quiet with the harvest mostly done and no one real interested in selling. Mills and exporters are thought to be covered for now but will need to step into the market to buy again soon.

Weekly Chicago Rice Futures



Palm Oil and Vegetable Oils: World vegetable oils markets were mixed, with Palm Oil closing slightly higher and Soybean Oil and Canola lower. The downside leader was Soybean Oil. Soybean Oil closed lower after finding some selling interest on competition from Argentina and the weakness in Palm Oil. Palm Oil was hurt by the political spat between India and Malaysia. Indian government officials objected when the Malaysian Prime Minister made comments about the new immigration policy of the Indian government that could discriminate against Moslems. The Indian government has asked importers to refrain from buying Malaysian Palm Oil instead of Indonesian or other competitors. Demand for Palm Oil from China could take a hit with the new trade agreement between the US and China, but Malaysian authorities expect to send good volumes of Palm Oil there. The trends in Palm Oil remain down on the weekly charts. Soybean Oil trends are also down, and Canola trends are starting to turn down.

Weekly Malaysian Palm Oil Futures:

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Weekly Chicago Soybean Oil Futures

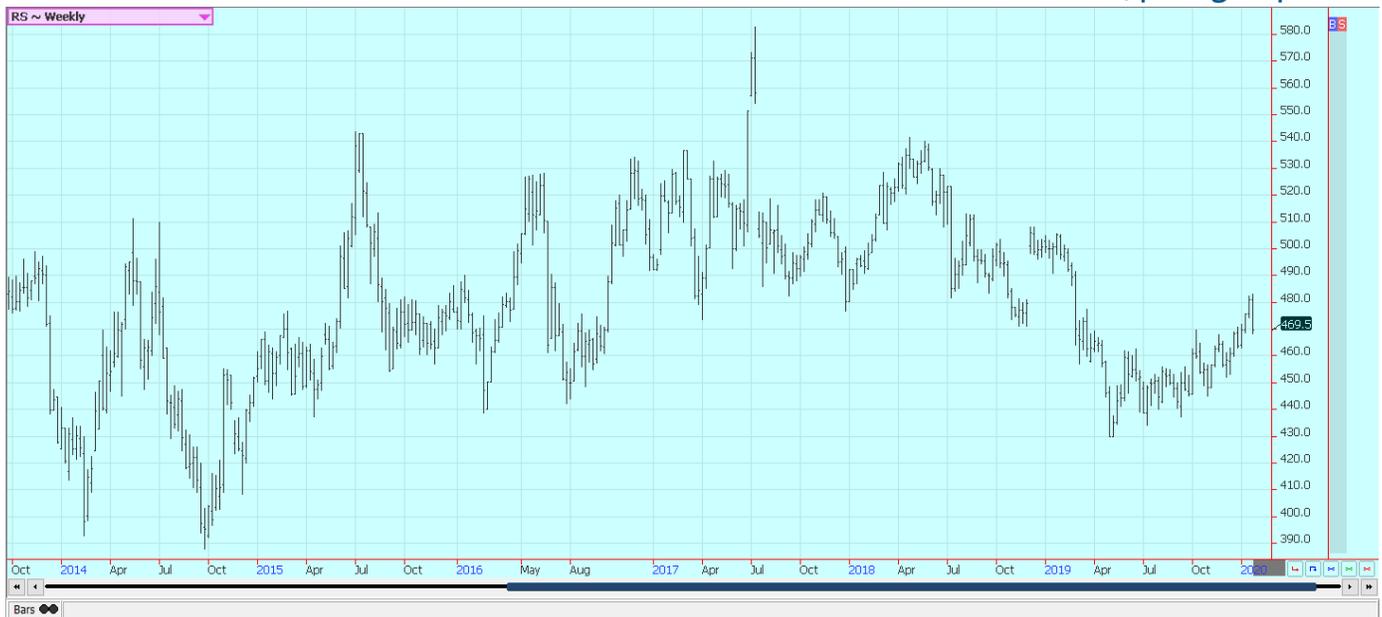


Weekly Canola Futures:

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Cotton: Cotton was lower last week and trends could be turning down in the market. A catalyst for the rally has been the trade deal between the US and China. China has been buying Cotton from the US and Brazil as it needs higher quality Cotton to blend with its domestic production. It has not bought from the US in the last few weeks but will probably resume buying now that the trade deal is signed. Big buying from China could rally the market, but futures have already moved significantly higher in anticipation of any Chinese buying and the actual buying could become anti climatic. The market has not been able to move a lot in terms of price on the daily charts for the last month as the harvest has been wrapping up amid some stressful conditions. The harvest is now about over and certified stocks are now down.

Weekly US Cotton Futures

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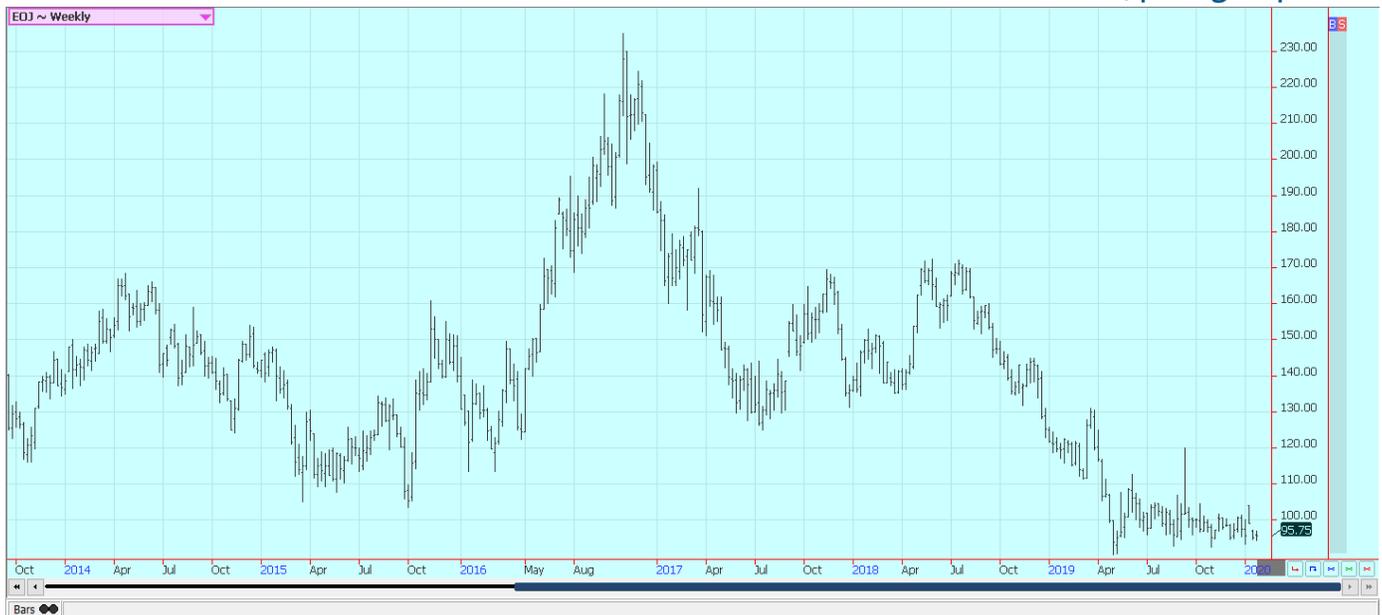
Frozen Concentrated Orange Juice and Citrus: FCOJ was a little higher for the week and the situation remains bearish. Futures are back to trading at the lower levels of the trading range on the weekly charts. The range has held together for about a year now. There is a big crop of Oranges out there with not many outlets for consumption. Good growing conditions and increased oranges production estimates by USDA this season have been bearish. The weather has been great for the trees as there have been frequent periods of showers and no severe storms so far this year. Many areas have been dry lately and irrigation is being used. Crop yields and quality should be high for Florida this year. Inventories of FCOJ in the state are high and are more than 34% above last year.

Weekly FCOJ Futures

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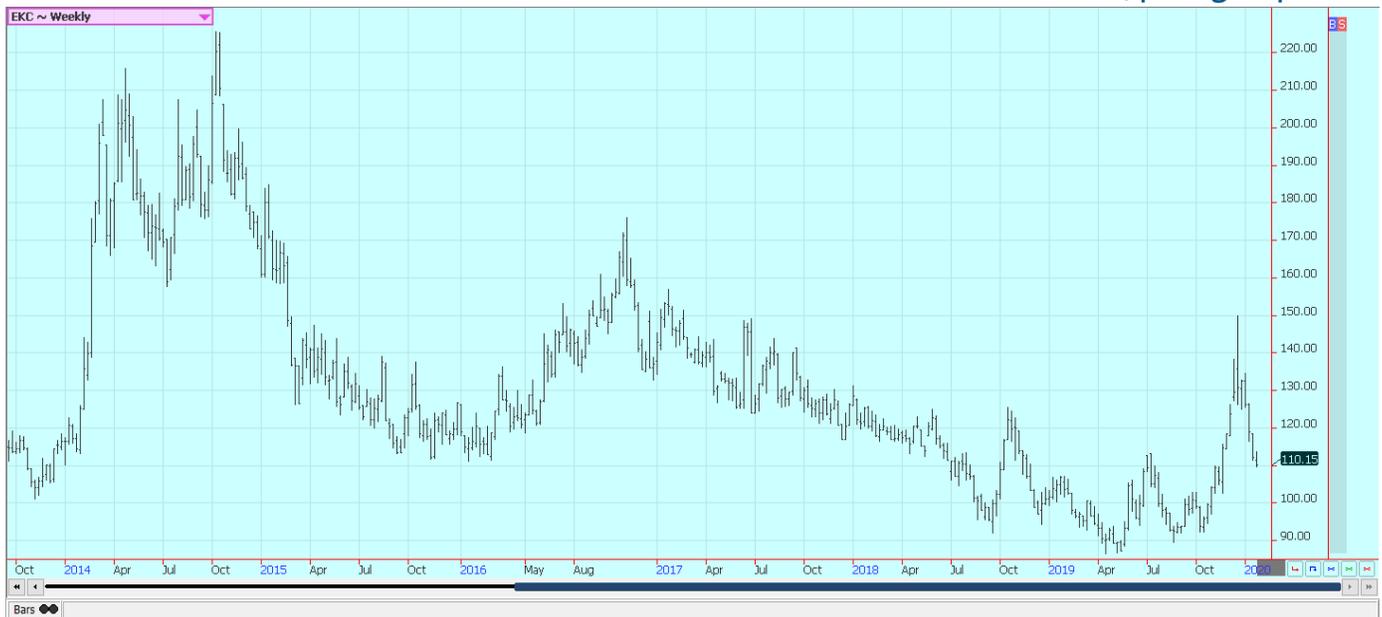
Coffee: Futures were lower for the week in New York and higher in London. The weekly charts in New York suggest that further price weakness is possible, but London could find a bottom at current prices. Rains were reported in Brazil Coffee areas. The Brazilian crop is developing well. Offers were said to increase from the country due to the weakness in the Real and the good development of the new crop. It is dry in other parts of Latin America. Central America has had less than normal rains, especially in Honduras. The Asian harvest is underway but producers do not seem to be selling on ideas that prices are too low. Vietnam exports remain behind a year ago, but the market anticipates bigger offers. Vietnamese crops are expected to be big despite uneven growing conditions earlier in the year.

Weekly New York Arabica Coffee Futures

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Weekly London Robusta Coffee Futures



Sugar: New York closed a little lower while London closed higher. The US Dollar has turned firmer and this was a signal for Brazil to step up its export pricing program. Reports indicate that little is on offer from India. Thailand might also have less this year due to reduced planted area and erratic rains during the monsoon season. Losses in both countries would affect the White Sugar market more than New York. There is still more than enough Sugar for any demand and that India will have to sell sooner or later. Reports from India indicate that the country is seeing relatively good growing conditions and still holds large inventories from last year. However, these supplies are apparently

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not moving despite relatively strong world prices. Reports of improving weather in Brazil imply good crops there.

Weekly New York World Raw Sugar Futures



Weekly London White Sugar Futures



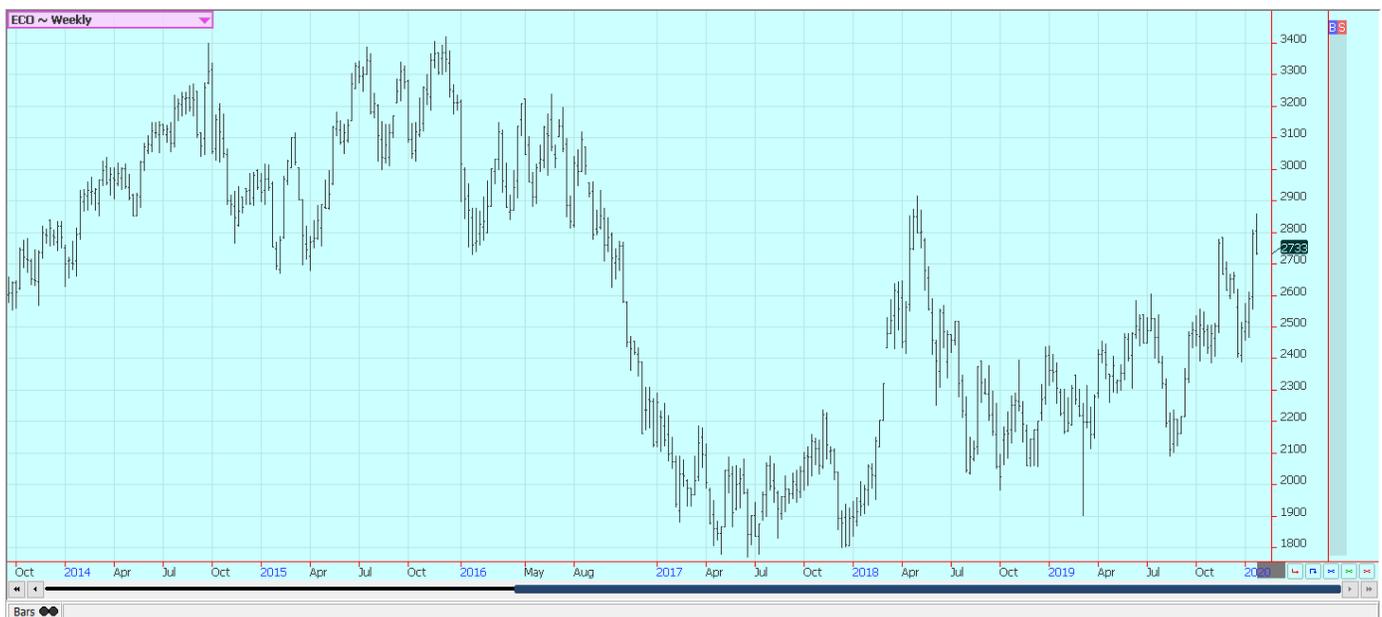
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Cocoa: Both markets closed lower after making new highs for the move. Maybe the market is about done with the current rally. Funds and other speculators were more two sided in trading. Producers were sellers in both markets. Harvest is now active in West Africa and the results so far are very good. Ideas are that demand is currently very strong due to the current price action. The reports from West Africa imply that a big harvest is possible in the region. Ivory Coast arrivals are strong and are above year ago levels. The weather in Ivory Coast is good. The weather is too dry in Nigeria and there are fears that the mid crop is not developing well at this time.

Weekly New York Cocoa Futures



Weekly London Cocoa Futures

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