

# February 3rd, 2020

By Jack Scoville

**Wheat:** Wheat markets were lower for the week with Chicago SRW and Chicago HRW taking the brunt of the down move and Minneapolis Spring markets also lower. Trends might have turned down on the weekly charts in all three markets. Price charts look most negative in Minneapolis right now. Prices were weaker in the face of lower prices in Europe and Russia. Russia in particular offered lower prices that got traded in the world market. Egypt bought at prices lower than those seen in recent weeks. The situation there is changing as Spring comes closer. Spring means that the next Winter crop will break dormancy and start to grow. It is expected to be a good crop after good growing conditions were seen over the Winter. That means the producers will be much more interested in selling.

## Weekly Chicago Soft Red Winter Wheat Futures

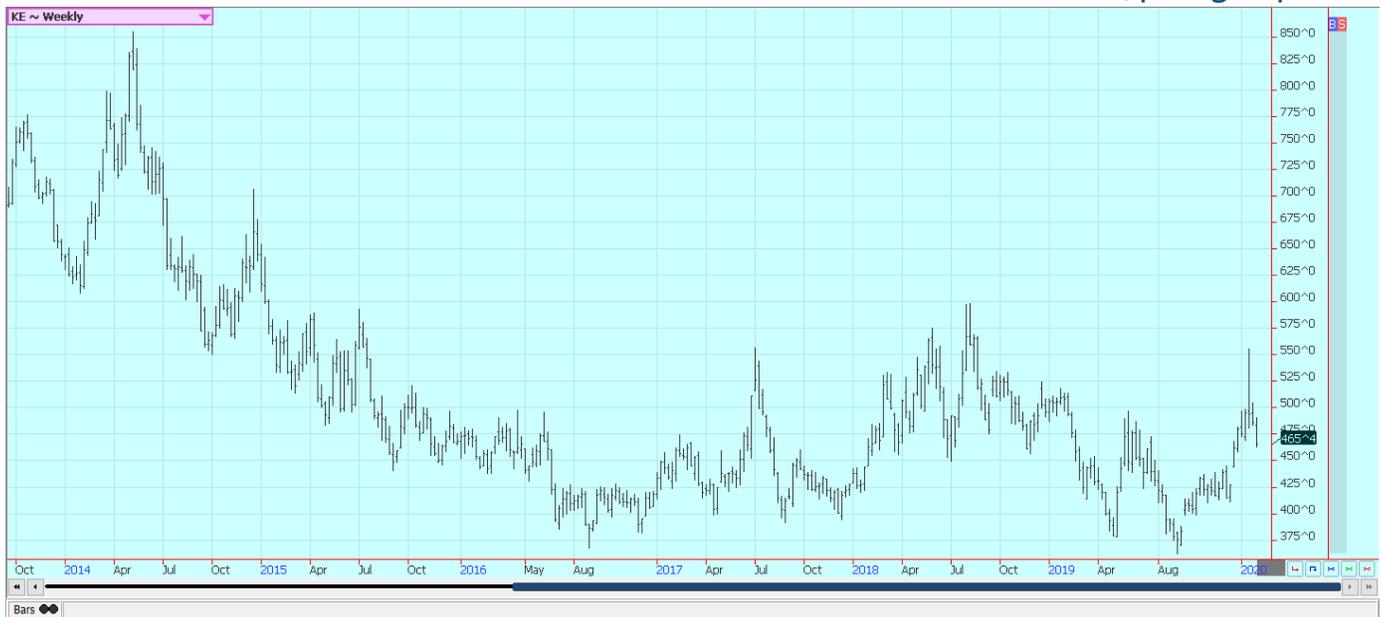


## Weekly Chicago Hard Red Winter Wheat Futures

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### Weekly Minneapolis Hard Red Spring Wheat Futures



**Corn:** Corn moved a little lower last week while Oats managed to closed fractionally higher. Corn made a new move above previous resistance at 3.92 March the previous week before selling off last week. Oats were lower for most of the week and closed near the weekly lows. The main driver was the Coronavirus that has threatened world trade in all agricultural goods. Export demand has been disappointing, but it was great last week, and ethanol and other industrial demand has started to

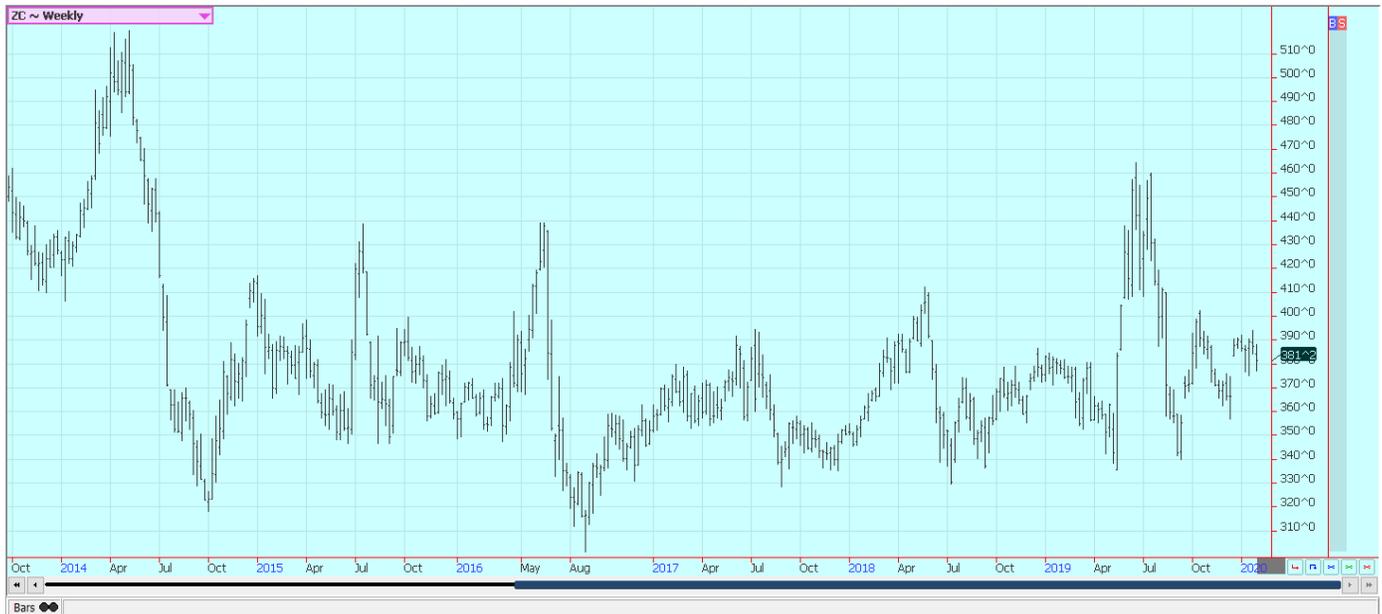
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improve but faces an uncertain road ahead. Export demand remains an open question despite the big sales last week and the trade deals consummated in the last couple of weeks with Canada, Mexico, and China. Much of the improved ethanol demand will be seen if and when China starts to buy. Feed demand was improved as seen in the latest quarterly stocks report that 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.

## Weekly Corn Futures:

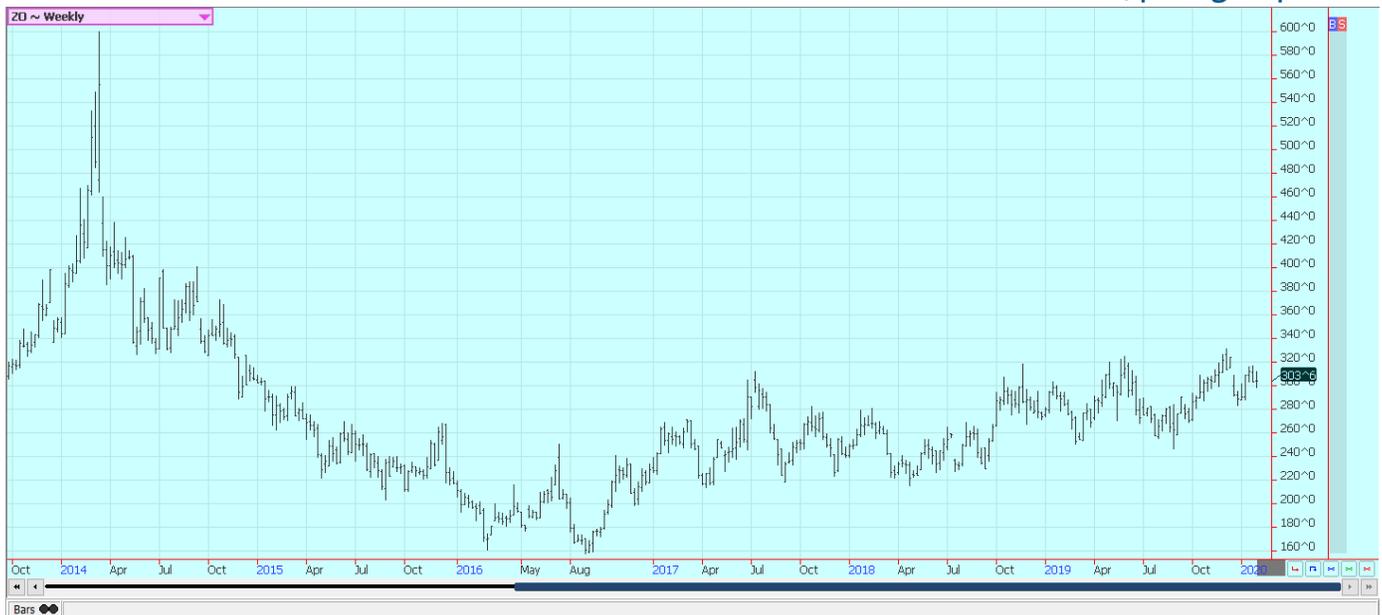


## Weekly Oats Futures

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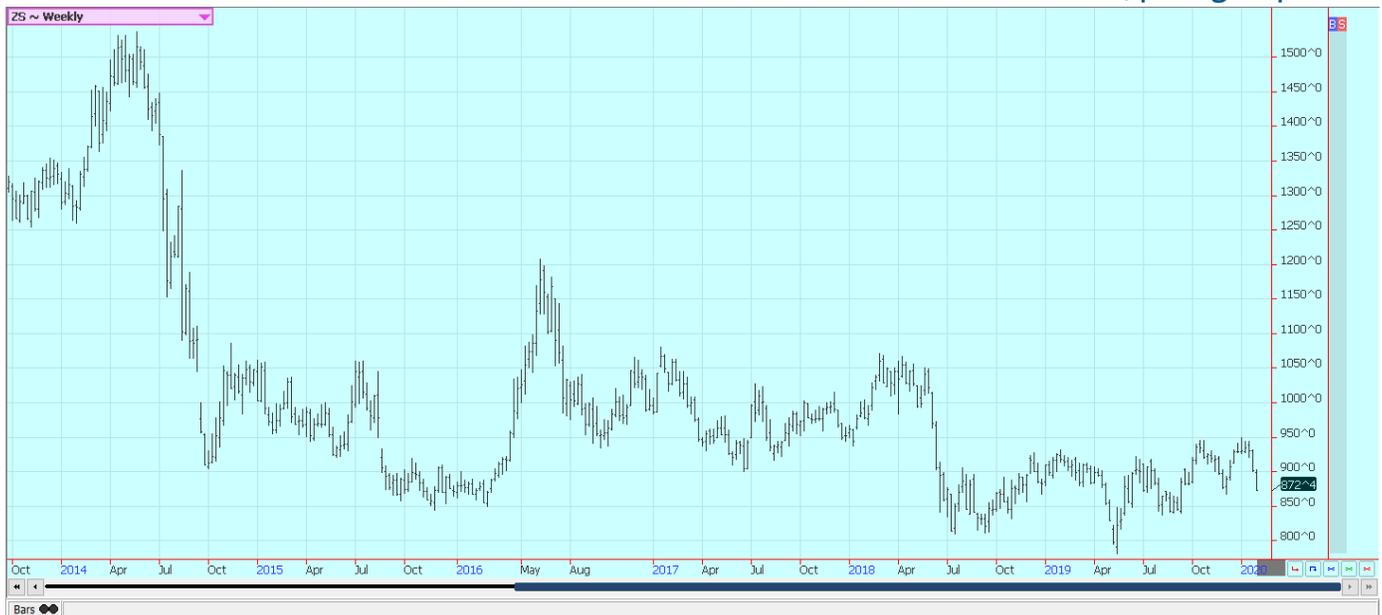
**Soybeans and Soybean Meal:** Soybeans and the products were lower. The price action was especially weak in Soybeans and Soybean Oil and trends are down but the markets are over extended at this time. Soybean Meal trends turned down with additional room to drop further. The news that the US and China 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. However, news that the Coronavirus had broken out in China and rapidly spread around the globe hurt demand ideas immediately as China might not buy or will buy a lot less than forecast. 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. 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.

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### Weekly Chicago Soybean Meal Futures



**Rice:** Rice was a little higher for the week and held the previous week's lows while making 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

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the time of year. More selling 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 lower. The downside leader was Palm Oil that gapped lower after being closed for the first couple of days of the week. 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 as well as the potential for lost sales to China. 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. Those ideas got hurt by the outbreak of the Coronavirus that is threatening trade across a very wide range of agricultural and other kinds of goods between China and the rest of the world. The trends in Palm Oil remain down on the weekly charts. Soybean Oil trends are also down, and Canola trends are down.

**Weekly Malaysian Palm Oil Futures:**

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### Weekly Chicago Soybean Oil Futures

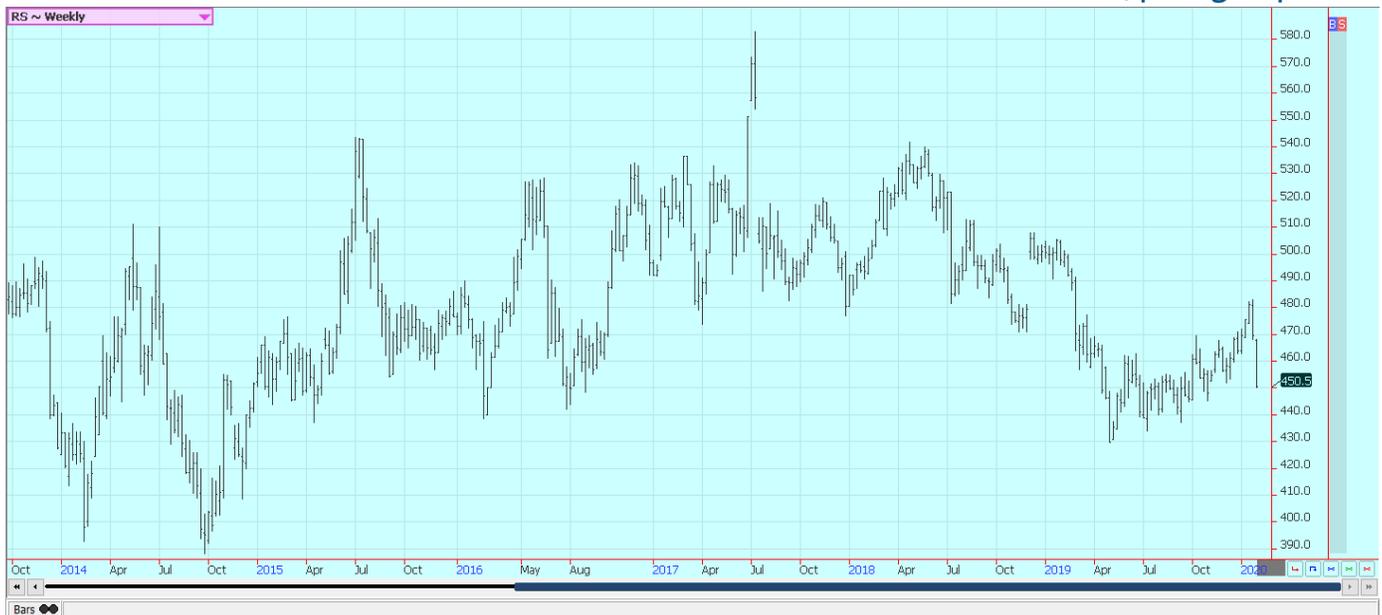


### Weekly Canola Futures:

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**Cotton:** Cotton was lower last week and trends are 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 Coronavirus has the chance to hurt trade in Cotton between the two countries. Chinese buyers might need less Cotton now as no one inside the country is shopping for anything new. People in many big cities in China are afraid to go outside due to fears of contracting the virus.

#### Weekly US Cotton Futures

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Frozen Concentrated Orange Juice and Citrus: FCOJ was a little higher for the week in narrow range trading. Futures act as if it could work higher despite bearish fundamentals. 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 the current price weakness is about to run out of steam, and 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 and London closed higher after testing support areas. It was a positive week and London posted an outside week up which has bullish connotations. 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 not moving despite relatively strong world prices. Reports of improving weather in Brazil imply good

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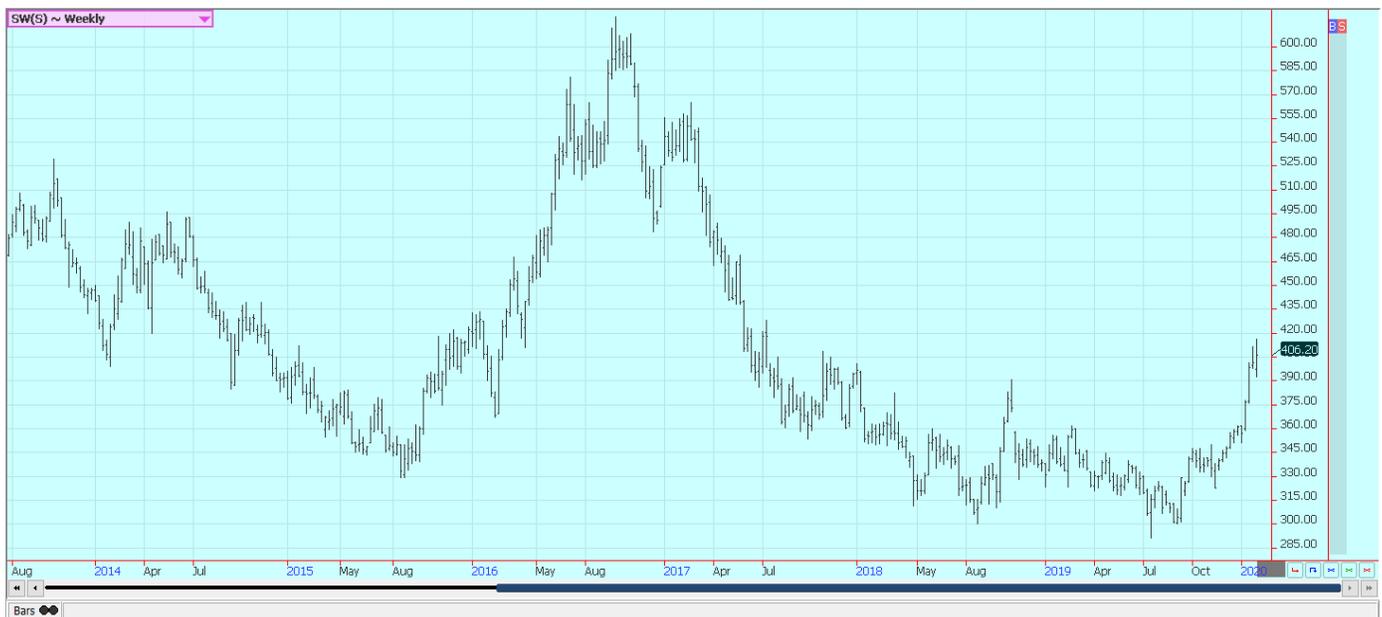
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crops there. Farmers have been selling to mills but the harvest is now almost over so the supplies will start to tail off. Brazil mills continue to favor ethanol in the production mix, but current higher prices for Sugar make it economic to open more processing to Sugar instead of ethanol at this time.

## Weekly New York World Raw Sugar Futures



## Weekly London White Sugar Futures



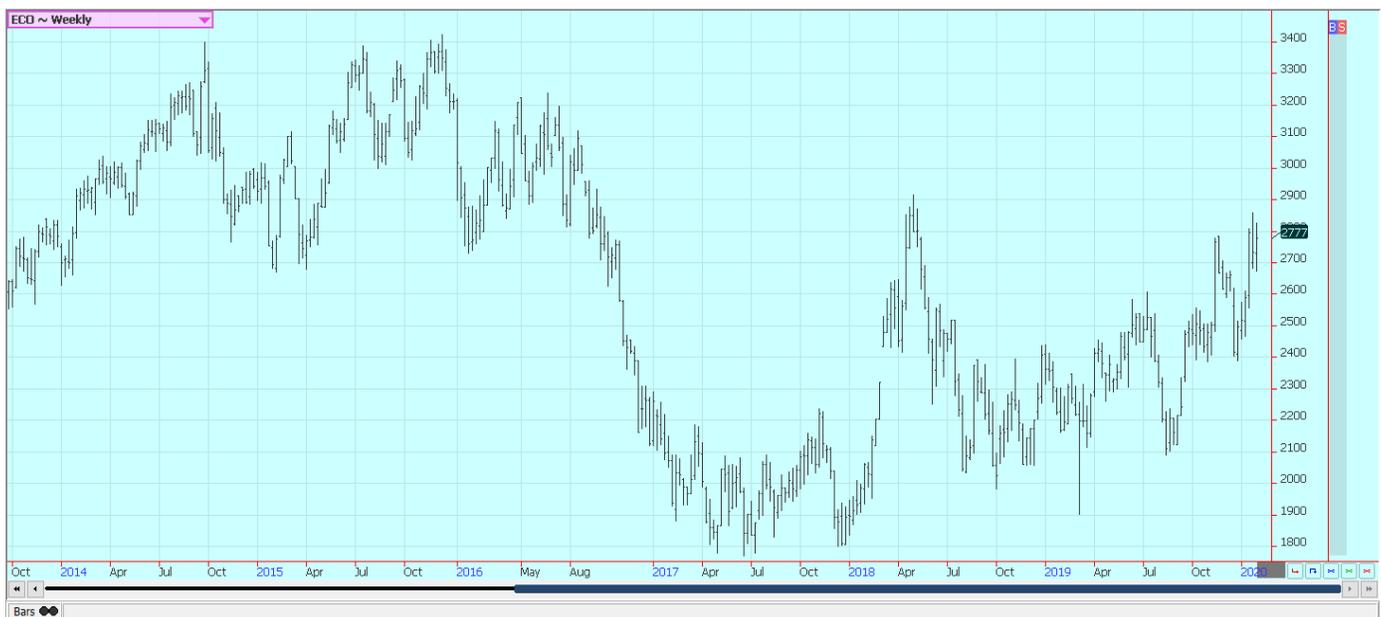
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Cocoa: Both markets closed higher after a see saw week that saw prices trade on both sides of unchanged. Maybe the market is about done with the current rally. Funds and other speculators were more two sided in trading. Producers were sellers in both 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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