

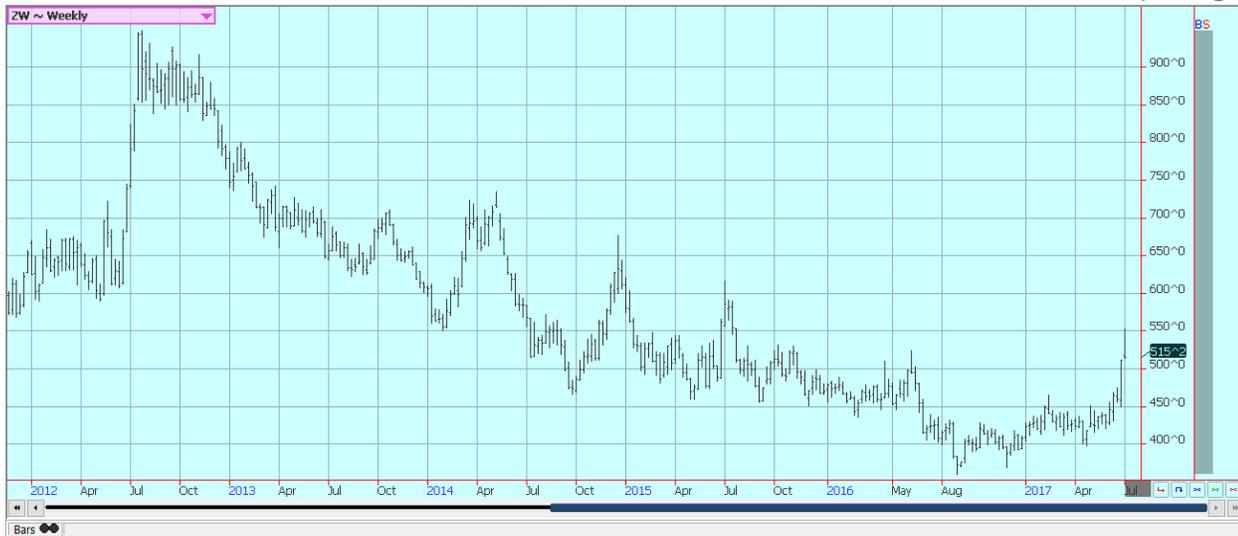
# July 9th, 2017

By Jack Scoville

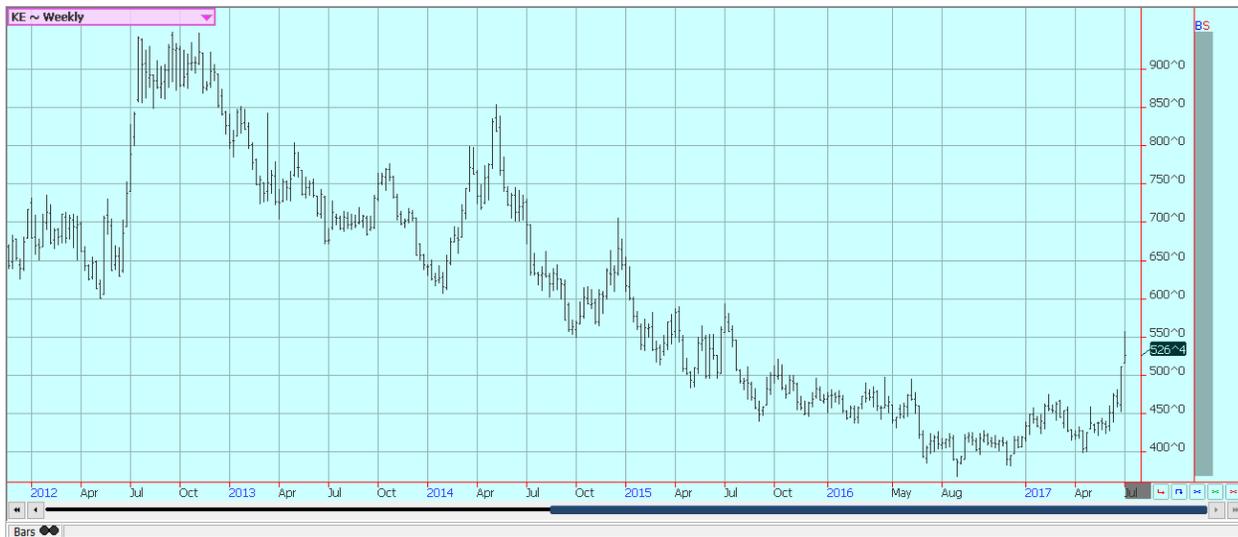
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Wheat: US markets were higher as inclement weather and poor growing conditions continued in the US and in some areas around the world. Minneapolis could not hold early week gains and finished lower for the week on reports of increased producer selling interest in the US and Canada. Futures gapped higher to start the week, but spent the last part of the week moving a little lower and traders tried to fill the gap at the end of the week. Trends are up on the weekly charts in all three markets. The harvest is mostly complete in Texas and Oklahoma, and reports continue to be mixed. Results indicate that the protein levels are not strong in these areas. Yields are lower as well. The Kansas crop harvest is very active. Yield reports were mixed, but protein levels were considered generally satisfactory. Minneapolis has been supported by bad growing conditions in Spring Wheat areas of the northern Great Plains and the Canadian Prairies. Provincial reports from Canada suggest that losses are possible from dry weather in western areas and too much rain to the east. It is dry in the Dakotas and Montana and the southern Prairies, while other parts of the northern Prairies have seen too much rain. The Spring Wheat conditions and ratings are creating concern about the potential for a smaller crop even as demand expectations increase due to the lower Winter Wheat quality and yields. This is reflected in the trade outlooks for the production reports that will be released by USDA on Wednesday. Winter Wheat production is expected to be slightly higher than last month, but Spring Wheat production estimates are expected to be sharply lower. All Wheat production estimates are expected to be less due to the Spring Wheat losses. The Midwest has seen plenty of rain, and yields in general should be strong. Russia is cutting back production expectations a bit and there are questions about Ukraine and Europe Wheat production. Australia has been hot and dry and production estimates are falling. Some now suggest that the crop there could be less than 20 million tons. World production will be less than previous expectations. The weekly charts show the potential for Wheat prices to move significantly higher.

Weekly Chicago Soft Red Winter Wheat Futures

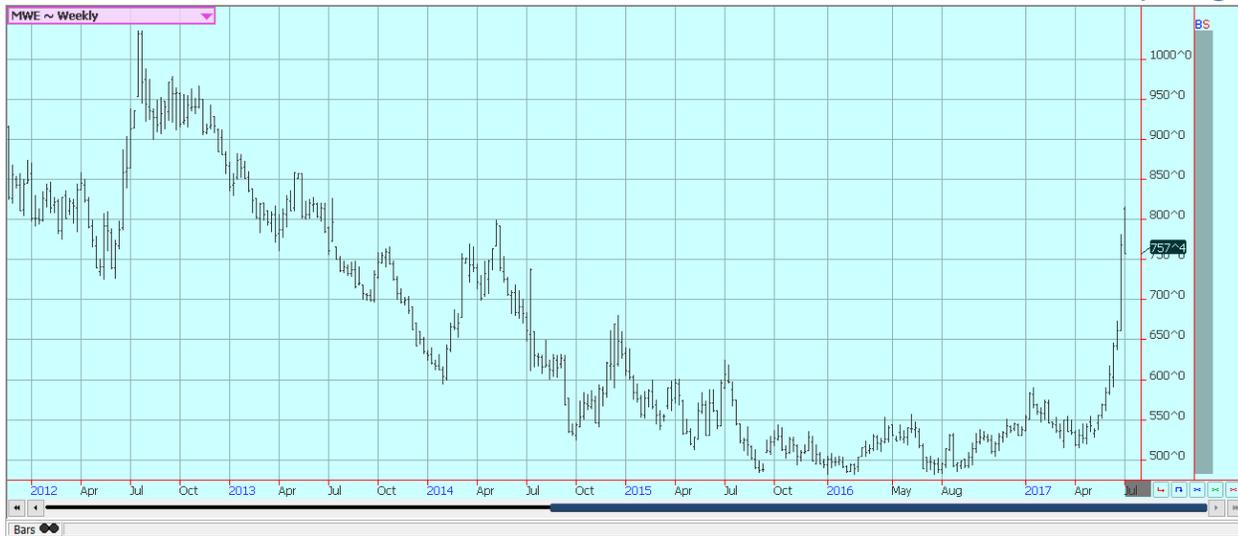


### Weekly Chicago Hard Red Winter Wheat Futures



### Weekly Minneapolis Hard Red Spring Wheat Futures

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Corn: Corn was higher and Oats were lower last week. Weather problems and difficult growing conditions continue to support both markets. Trends are up on the daily and weekly charts for Corn, and the weekly charts imply that rallies to 403 and 430 basis the nearby contract are possible. The Corn Belt weather forecasts call for hot and dry weather to invade western areas while eastern areas could continue to get frequent rains. Crops in some western areas are showing signs of stress as many areas have not had rain in quite a while and as topsoil moisture is starting to run short. There are reports that parts of central Illinois are too dry. Crop progress remains generally good, but is uneven due to the spread out planting seen at the start of the year. Pollination is starting on some fields, but other areas might not move to pollination until the end of the month. Ideas are already that the top edge of yield potential is gone, although the potential for very good production is still very much there. But, the weather must stay good and so far the weather has been variable at best. Variable and potentially stressful conditions are expected to return with hotter temperatures in western areas. The trade is concerned about the potential for more hot and dry weather later this Summer due to the much above normal temperatures seen this early in the season, and these fears will help keep buying interest in the market for a while or until July when reproduction will be done. Most analysts have cut yield projections already and now estimate yields at about 167 to 168 bushels per acre. Initial projects had been above 170 bushels per acre in line with USDA trend line yield calculations.

Weekly Corn Futures:



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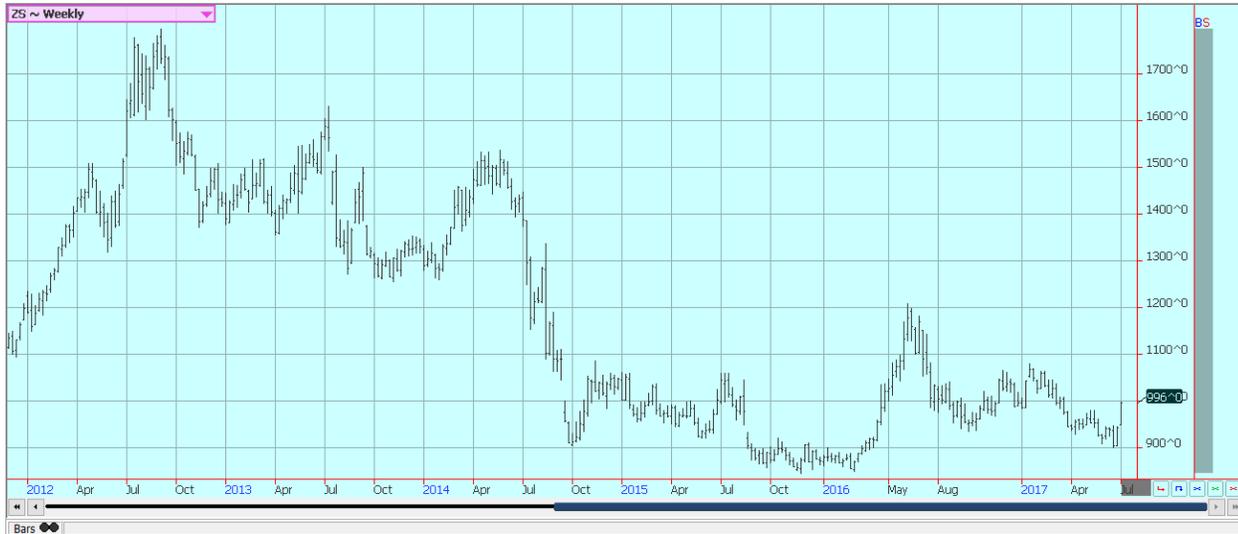
### Weekly Oats Futures



**Soybeans and Soybean Meal:** Soybeans and Soybean Meal were higher last week as hot and dry weather is forecast to move into western production areas from the Great Plains. Parts of Iowa and Minnesota had already been dry and topsoil moisture levels are low, so the hot and dry forecast is coming at a bad time for these areas. Eastern areas are forecast to see wetter and somewhat cooler weather this week. Soybeans have emerged. The weather has been very warm to promote growth, but Soybeans in many areas remain short and some crops are not canopied yet. Crop ratings are not as high as expected, but could show some deterioration in the data that will be released on Monday afternoon. However, USDA might not reflect the more difficult conditions in its supply and demand estimates on Wednesday as it will most likely combine the new planted and harvested area estimates with trend line yields. Demand for US Soybeans remains strong, with solid export sales on a weekly basis that run above trade and USDA expectations. The export sales report last week was relatively weak as prices have moved higher now. The weekly charts are showing the potential for a rally from current levels.

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Weekly Chicago Soybeans Futures:



Weekly Chicago Soybean Meal Futures



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Rice: Rice closed higher last week and closed at the weekly highs after holding support areas on the charts. The price action suggests that futures prices can continue to move higher. The potential for smaller US crops this year continues to support the move higher. The weather in most growing areas should improve this week on forecasts for warmer and drier conditions in the Delta and Gulf coastal areas. Many parts of the Delta and along the Gulf Coast remain too wet and this weather has affected production potential. There are ideas that USDA has overestimated planted area in Arkansas. Texas is in good to very good condition. California has good looking crops, but the crops were planted late so top yields are not likely. The Delta from Louisiana to Arkansas and Missouri remains the big problem area. Crops are in flood in the south and going into flood in the north. The crop condition improved on a week to week basis, but remains slightly behind the conditions of last year. Some harvest activity was reported last week in southwest Louisiana, but no yield reports were heard. Texas could begin to harvest in the next couple of weeks. The weekly charts show that the rally could move higher over time, with final targets near 1275 basis the nearest futures contract possible.

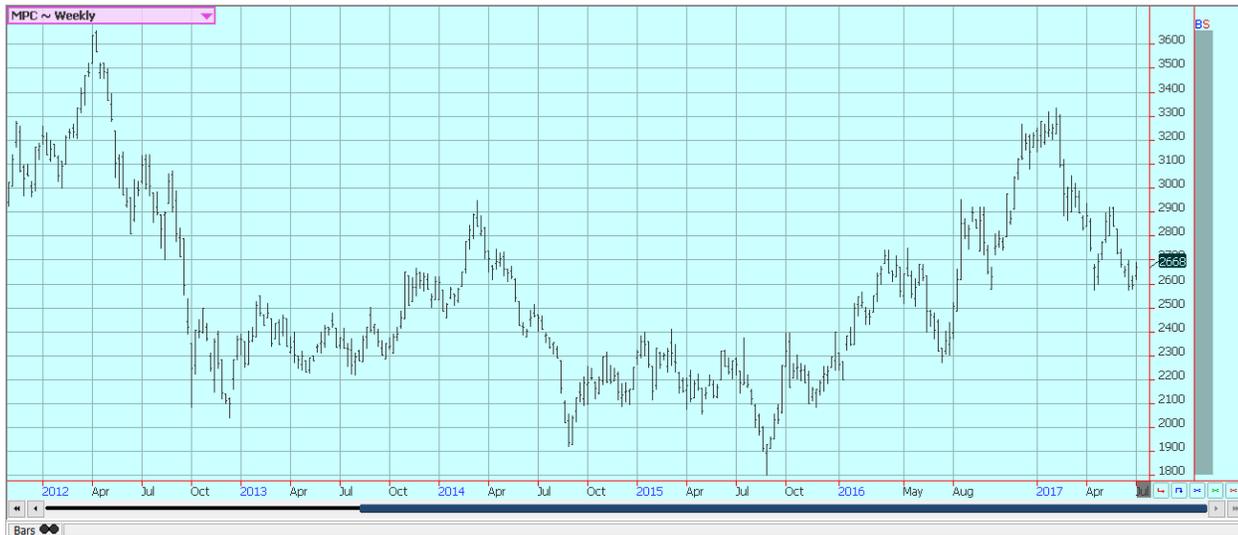
#### Weekly Chicago Rice Futures



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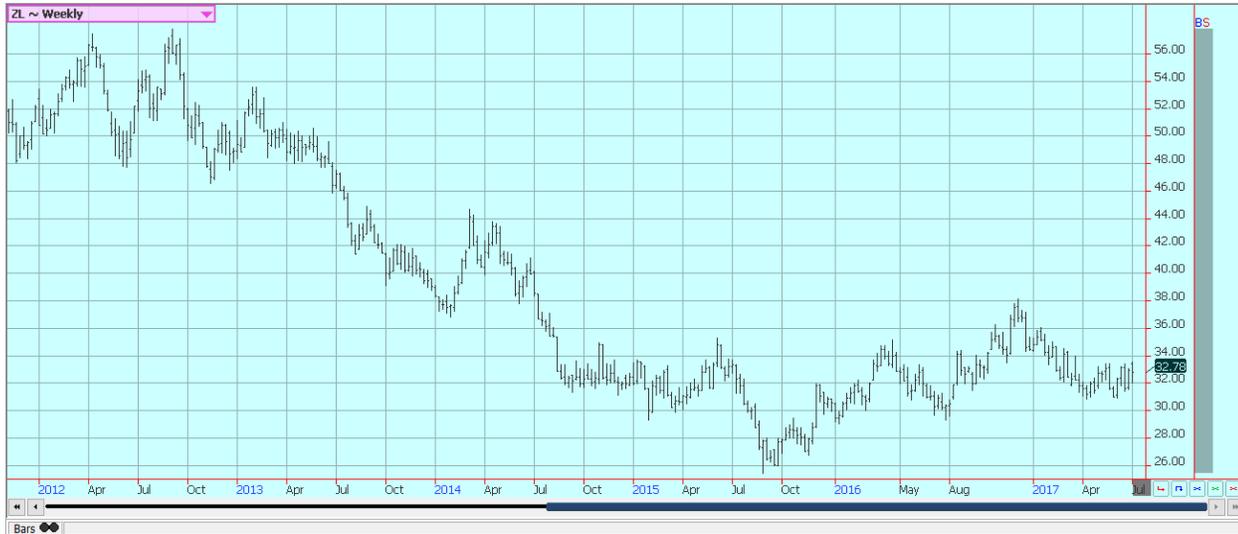
Palm Oil and Vegetable Oils: World vegetable oils markets were mostly higher last week, but Soybean Oil struggled due to domestic demand developments. EPA announced its proposed annual biofuels mandates, and the mandate for Soybean Oil based bio fuels was reduced due to what it called domestic market reality. The move by EPA implies that demand can drop for Soybean Oil in the coming year. Ethanol mandates remained high. The weekly charts for the various vegetable oils markets remain the weakest of all agricultural futures markets. Palm Oil is seeing weaker demand so far this month when compared to last month. Both of the private surveyors estimated Malaysian Palm Oil exports at 10% or more lower for June than in May. Reports from the interiors of Indonesia and Malaysia indicate that production conditions are mostly very good. Canola remains relatively strong amid tight Canadian market conditions and adverse growing conditions. Estimates from StatsCan of increased planted area did little to stem the rally last week, but a stronger Canadian Dollar caused some selling on Friday. The crops are emerging and growing. Western areas of the Prairies remain too dry. Eastern areas have seen good rains. Demand from both the processor side and the export side has been strong enough to generally support the market.

Weekly Malaysian Palm Oil Futures:

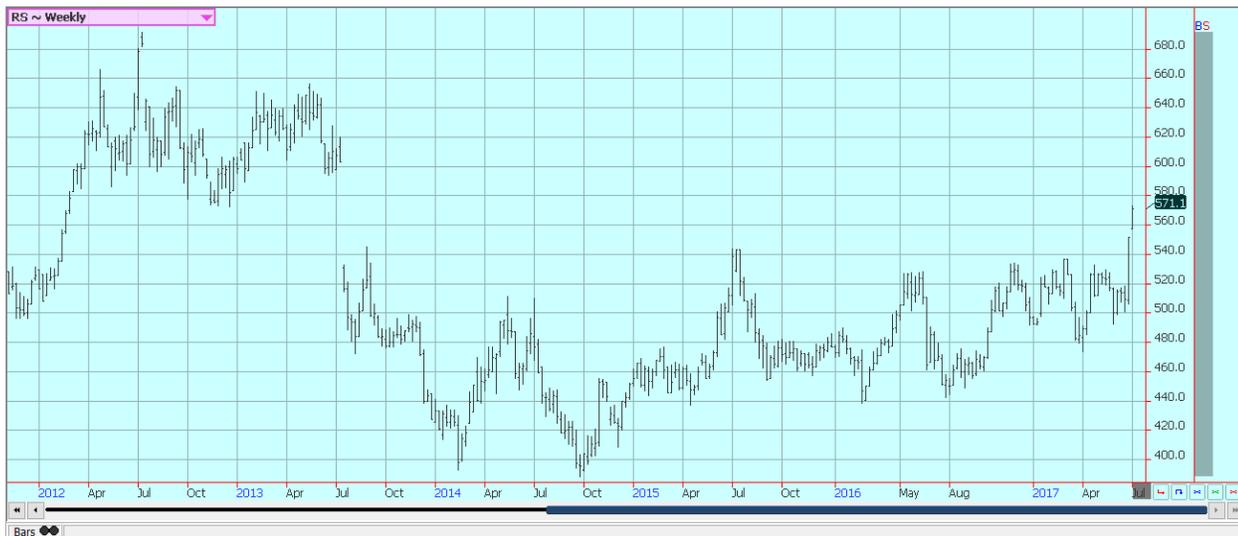


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Weekly Chicago Soybean Oil Futures



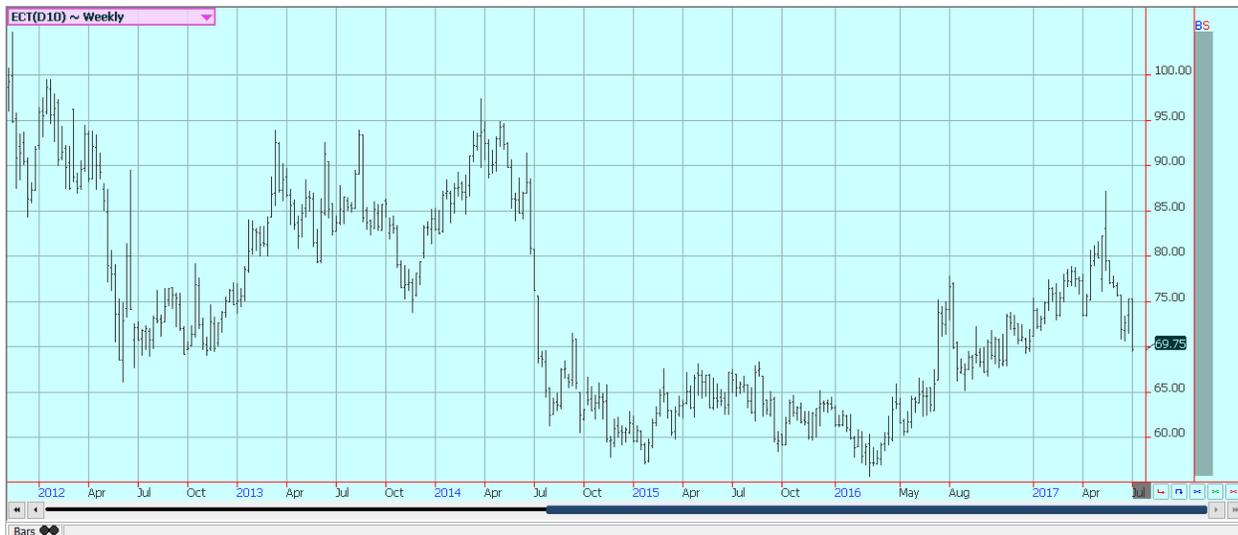
Weekly Canola Futures:



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**Cotton:** Cotton was lower and made new lows for the move on the weekly charts. Trends remain down on the charts. It is possible now that the market is in an extended trend lower that could last at least through the rest of the year. However, the current growing conditions are less than favorable in some areas. The growing weather in half of the US is generally good and crop conditions are reported to be good by producers and observers. These areas include parts of Texas, the Delta, and the Southeast. Warmer temperatures have arrived to support development and there has been enough rain. Texas and the desert Southwest and into California has seen extreme heat and mostly dry weather and dryland crops are suffering. Irrigated crops should be OK. Warmer and drier weather is expected this week in most production areas, and growing conditions should remain good in the east and continue to deteriorate in the west. The US and maybe the world will produce much bigger crops this year, with US crops bigger due as much to increased planted area as yield potential. Monsoon rains are appearing in India and Pakistan and ideas of bigger production in that part of the world. On the other hand, China has been too dry. Central Asia has been dry, but conditions are rated as good. Overall, the market expects more production in the world against stagnant demand.

**Weekly US Cotton Futures**



**Frozen Concentrated Orange Juice and Citrus:** FCOJ closed lower last week, but remains in a trading range on both the daily and weekly charts. Selling has abated with the Valencia harvest coming to a close. It is hurricane season, and an above average year is expected in the Atlantic. A system is currently in the Atlantic but is expected to remain a tropical depression as it moves west. It would not be a threat to crops if it comes onshore, but the exact course is not certain. The Pacific has also been active. Florida weather has shown improvement as rains continue in the state. These rains have been very beneficial as the state had been in drought. There are no systems in the Atlantic to cause concern about tropical storm development that could be detrimental to trees and fruit. The demand side remains weak and there are plenty of supplies in the US. Brazil has been exporting FCOJ to the US to cover the short Florida crop. Domestic production remains very low due to the

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greening disease and drought. Trees now are showing fruit of varying sizes and overall conditions are called good because of the irrigation and the recent rains. Brazil crops remain in mostly good condition.

## Weekly FCOJ Futures



Coffee: It was a higher week in New York as that market tried to form what could be an important low. The New York market action is important to watch as futures are trying to break down trends that have been in place on the daily charts since last November. The cash market remains very slow with almost no interest seen from roasters as they see the big US supplies and think that prices will remain cheap. Offers remain in the cash market, and differentials are stable. New York has featured some buying support from speculators as they have become more two sided in trading the market as the Winter season is approaching in Brazil. However, speculators and commercials are still mostly bearish and remain very short in the market in one way or another. London had been stronger as news surfaced that supplies in the cash market are tight due to reduced Vietnamese selling and tight supplies in the country. However, the market might have started to turn short term trends down on Friday. Offers are less and seen at high prices from Robusta countries such as Vietnam. Indonesia and Brazil are also very low on supplies. The Robusta market is still relatively strong compared to Arabica and due to the short supplies available to the market as it works to curb demand through the higher prices.

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### Weekly New York Arabica Coffee Futures



### Weekly London Robusta Coffee Futures



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Sugar: Futures in both London and New York were higher last week, and both markets now appear ready for a more two sided trade for the coming weeks. Frequent reports of increased supplies to the market that has pressured prices in the last few weeks, but this could now be part of the price. Production conditions have been better this year in Brazil, and a better harvest is anticipated in the next couple of months as the Sugarcane harvest moves to its peak. UNICA showed a big increase in processing of cane in its latest reports. Production in India and Thailand is expected to improve in the coming year as both countries anticipate better monsoons than the failed monsoons of last year. It is raining in parts of India now as the monsoon arrived a few weeks ago, and most Sugarcane areas appear to be getting good rains. India is now ready to increase import tariffs due to the outlook for increased local production. The Indian weather service estimates that the monsoon will be within the normal range. Thailand also hopes for an improved monsoon season this year and is getting rains now. China is still importing significantly less Sugar so far this year. The weather in Latin American countries away from Brazil appears to be mostly good. Most of Southeast Asia has had good rains and rains continue.

### Weekly New York World Raw Sugar Futures



### Weekly London White Sugar Futures



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Cocoa: Futures markets were lower last week and both markets are showing the potential for prices to work lower in the next few weeks. The overall market situation remains generally bearish, although fundamentals could change in the longer term. Harvest activities in West Africa are completed. Ivory Coast said last week that it had already sold more than 1.0 million tons of the next crop. That means that there is less offer in the cash market as much of this Cocoa has already been sold. The demand from Europe is reported weak over all, and the North American demand has been weaker. However, chocolate prices are falling in Germany and should be falling in other parts of the world now to help move product and to get the market flowing again as input costs are much lower now. The next production cycle still appears to be big as the growing conditions around the world are generally very good. West Africa has seen much better rains this year and now getting warm and dry weather. Growing conditions are good. East African conditions are now called good. Good conditions are still being reported in Southeast Asia.

#### Weekly New York Cocoa Futures



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### Weekly London Cocoa Futures



**Dairy and Meat:** Dairy markets were higher last week, and longer term trends remain up. However, price action in all three markets was weak at the end. Butter prices have been the strength of the market on reports of very good demand for the next six months and tightening supplies due to hotter weather. Cheese prices have been relatively weak. Demand is good for cream, but cream has been available to meet the demand. Cream demand for Butter has been very good as orders for print butter have increased. Demand for Ice Cream has been mixed depending on the region. Cheese demand appears to be getting weaker especially in western areas and for Italian varieties. Dried products prices are generally weaker. World prices have been firming in the last month, with European prices leading the way, especially for Butter.

US cattle and beef prices were lower and trends in cattle futures remain down. The beef market has been much weaker in the last couple of weeks and has been racing live cattle prices lower. Feedlots are very current with supplies and are pulling cattle ahead in order to take advantage of the high prices. However, ideas are that more supplies are coming as weight per carcass is higher and more cattle is coming to the market.

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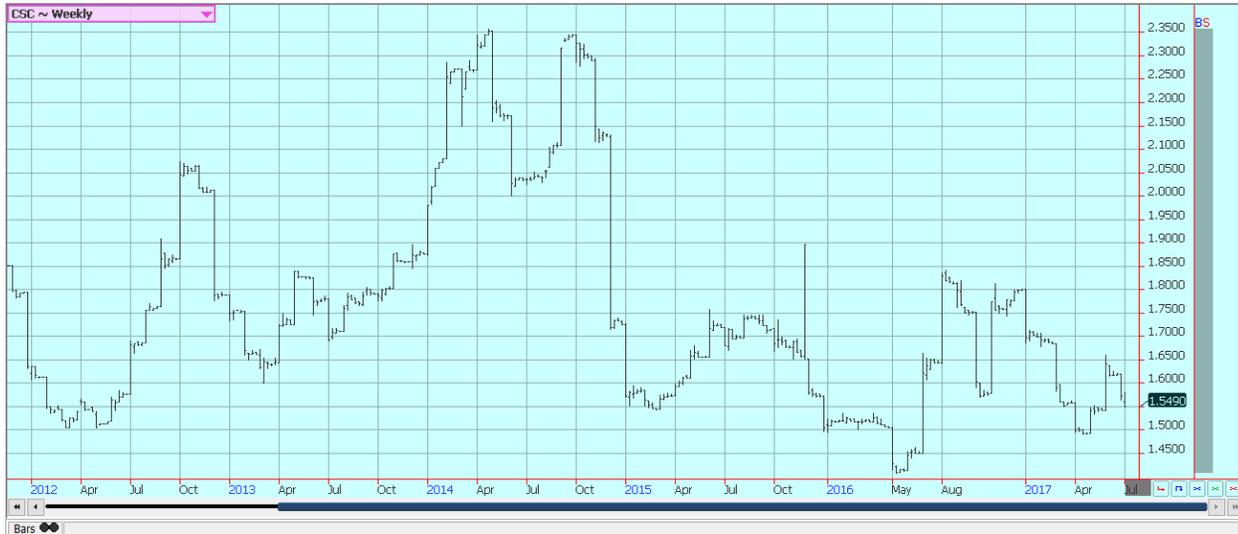
Pork markets and Lean Hogs futures were weaker as the market anticipates a trend change due to a seasonal trend to lower demand. Cash markets have had a firm tone inside the US despite strong hog availability. Pork demand remains stronger than expected, but packers have been pulling back from the market as they sense increasing supplies are coming. Demand also starts to work lower as most of the Summer buying is done. There are big supplies out there for any demand. The charts show that the market could work lower.

### Weekly Chicago Class 3 Milk Futures

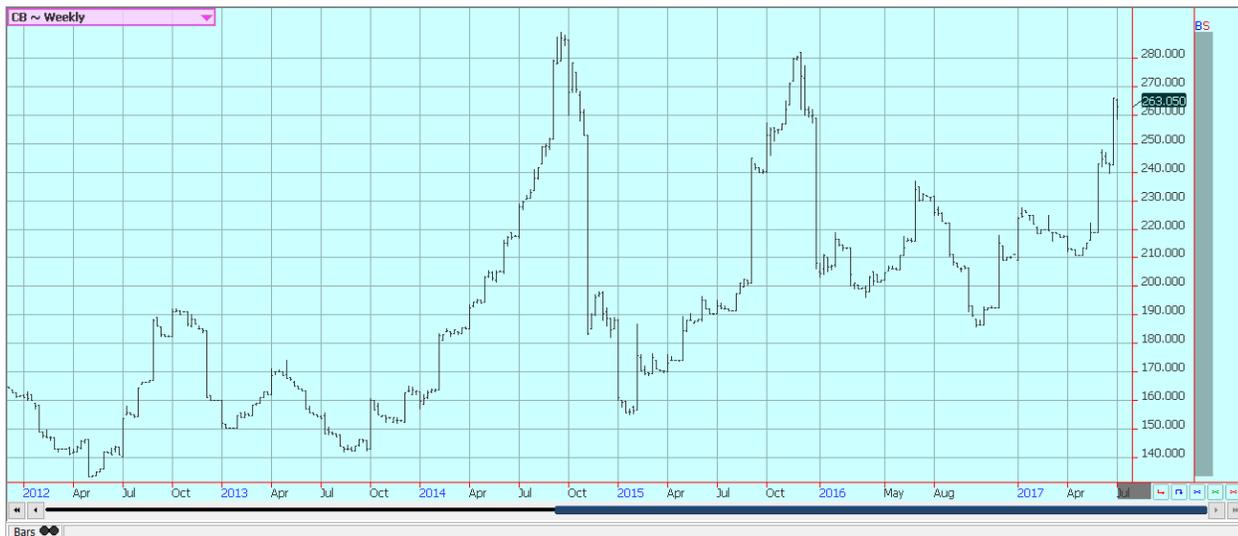


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### Weekly Chicago Cheese Futures

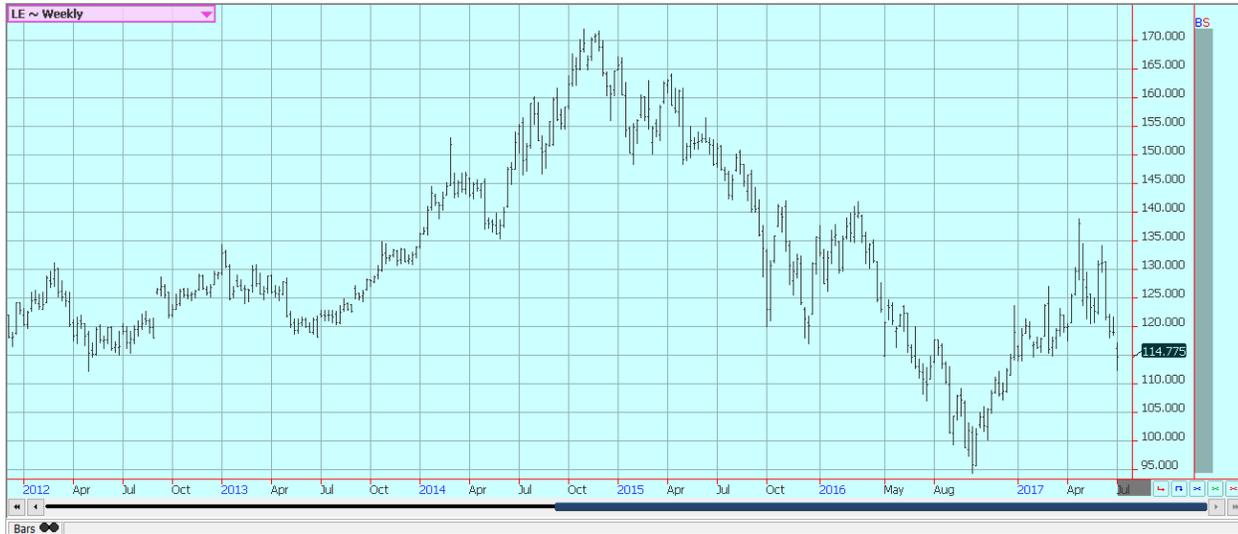


### Weekly Chicago Butter Futures

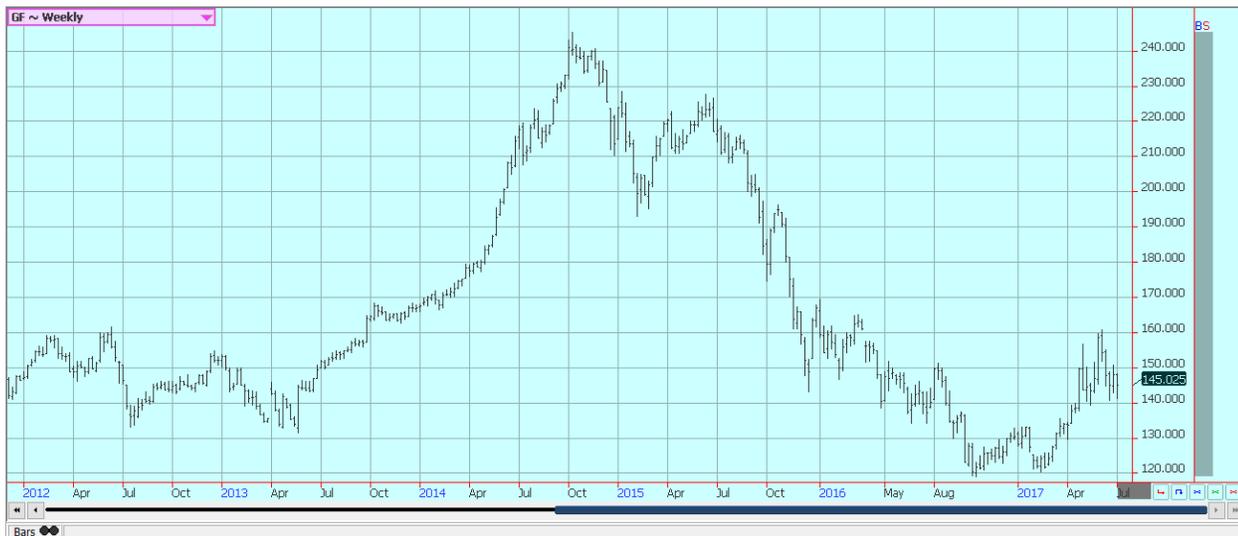


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Weekly Chicago Live Cattle Futures:

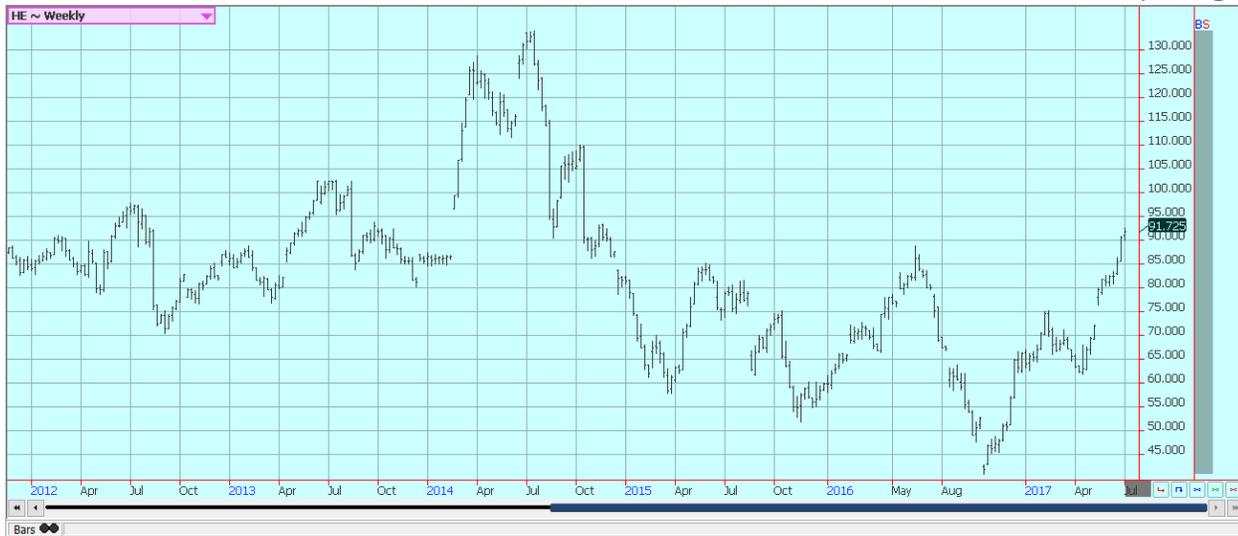


Weekly Feeder Cattle Futures:



Weekly Chicago Lean Hog Futures:

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