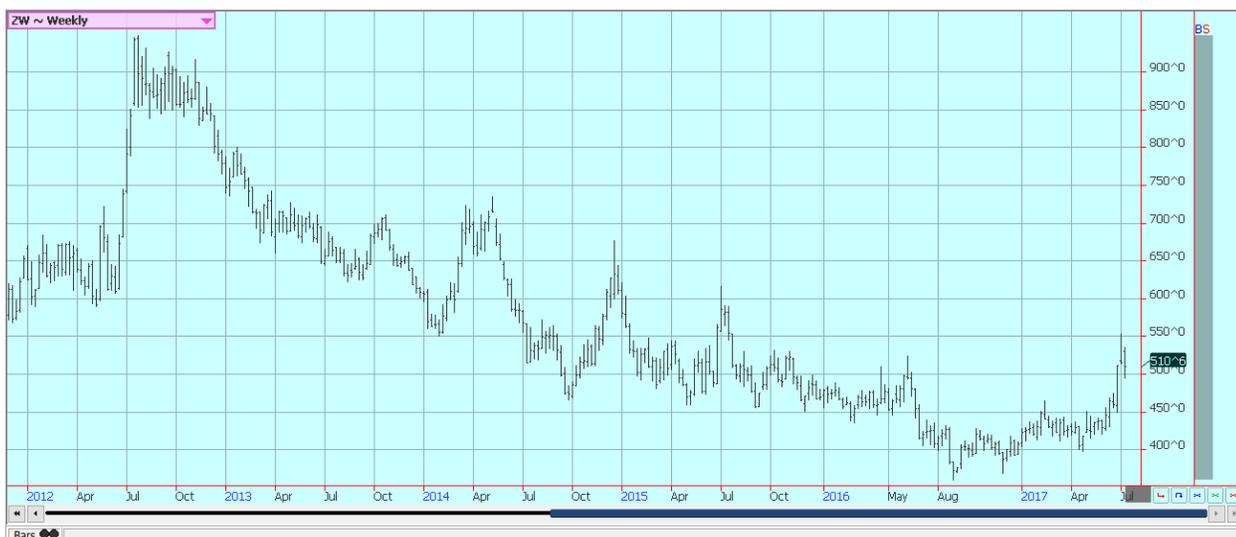


July 16th, 2017

By Jack Scoville

Wheat: US markets were generally lower in reaction to harvest pressure and the USDA reports that were released on Wednesday. Minneapolis Spring Wheat markets continued firm as the extreme weather in the US northern Great Plains and the Canadian Prairies continues. USDA estimated US All Wheat production at 1.760 billion bushels, down from 1.824 billion last month, but above trade expectations at about 1.746 billion bushels. Hard Red Winter and Hard Red Spring production were above trade expectations. The higher production and worries about feed demand pushed USDA to estimate US ending stocks at 1.184 billion bushels for the year just ending and 938 million bushels for the new crop marketing year. World ending stocks were estimated at 258.1 million tons and 260.6 million tons. The Kansas crop harvest is still very active, but is starting to wind down. Yield reports were mixed, but protein levels were considered generally satisfactory. Minneapolis remains well 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 and very hot 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 still going down and are creating concern about the potential for an even smaller crop. The Midwest has seen plenty of rain, and yields in general should be strong. Russia and Ukraine are reporting mixed yields and there are questions about European 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, from initial expectations closer to 24 million tons. The weekly charts still show the potential for Wheat prices to move significantly higher.

Weekly Chicago Soft Red Winter Wheat Futures

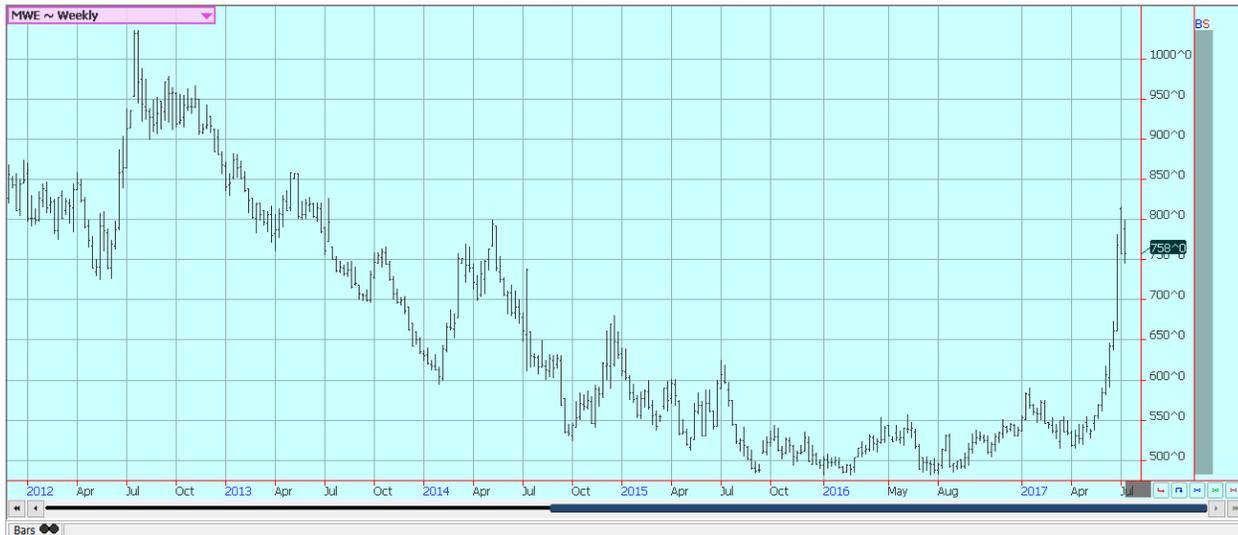


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Weekly Chicago Hard Red Winter Wheat Futures



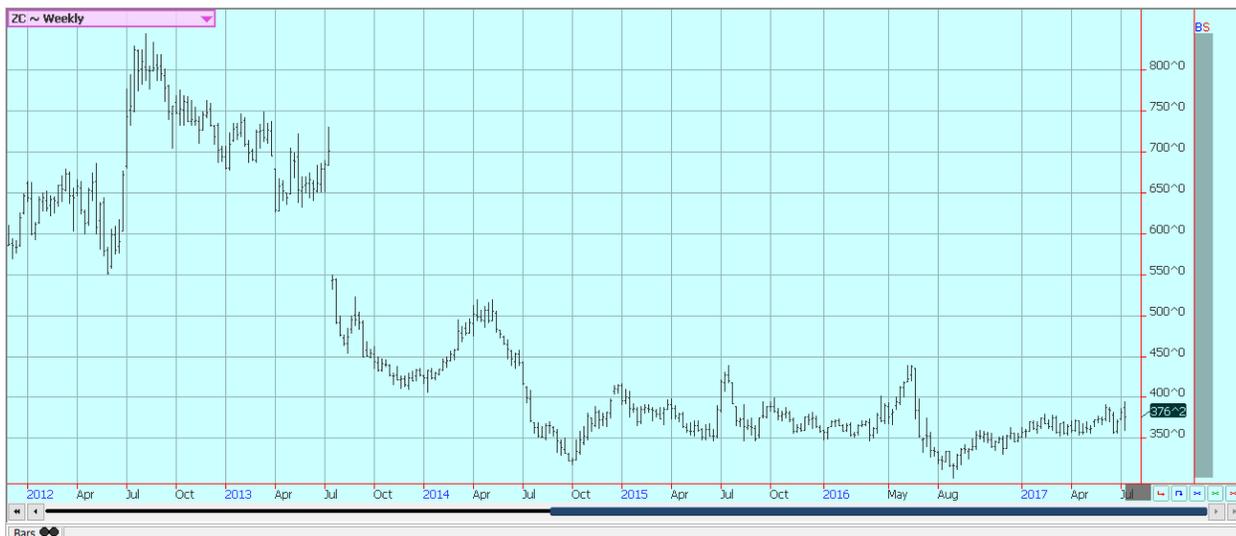
Weekly Minneapolis Hard Red Spring Wheat Futures



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Corn: Corn was lower and Oats were higher last week. USDA modified its planted and harvested area for the US in line with the data from the end of last month. It estimated US new crop Corn production at 14.235 billion bushels on a yield of 170.7 bushels per acre. Many will question the yield estimate given the extreme weather conditions seen in many parts of the Corn Belt this year. Ending stocks were adjusted up for the current year to 2.370 billion bushels to reflect the data from June 30, and ending stocks for the coming year were above the average trade guess at 2.325 billion bushels. USDA had estimated new crop ending stocks at 2.110 billion bushels last month. Weather problems and difficult growing conditions continue to support both markets overall. 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. However, long range forecasts have shown various forecasts over the last few days, so ideas about the growing conditions moving forward are mixed. 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, although stress has not been reported yet. Eastern production areas show the effects of heavy rains in many areas, particularly on later planted crops. Crop progress remains generally good, but is uneven due to the spread out planting seen at the start of the year. Pollination is seen 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.

Weekly Corn Futures:



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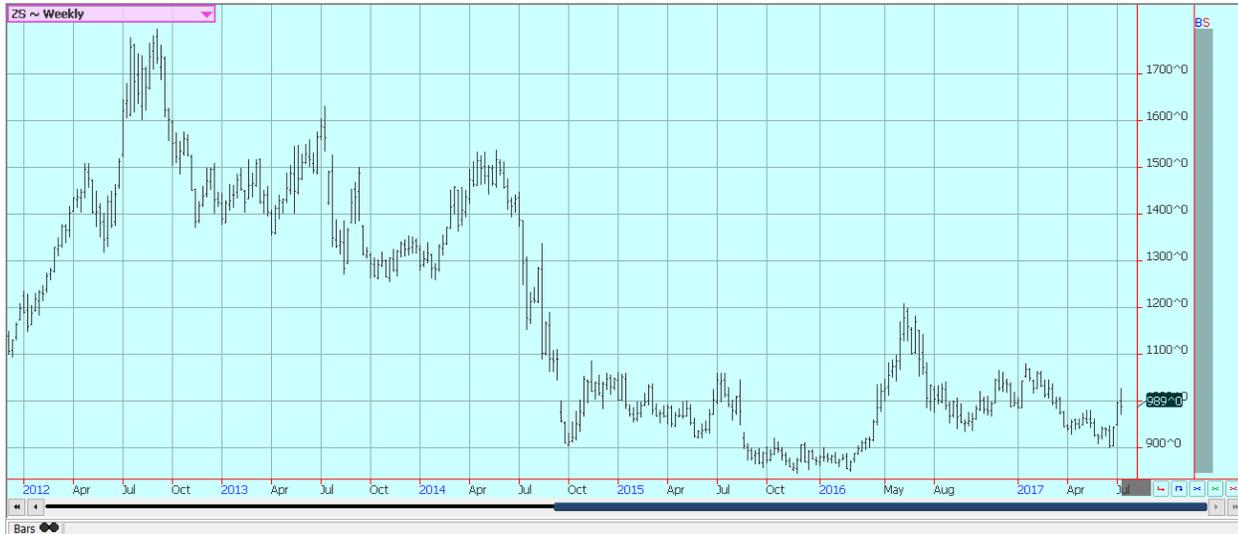
Weekly Oats Futures



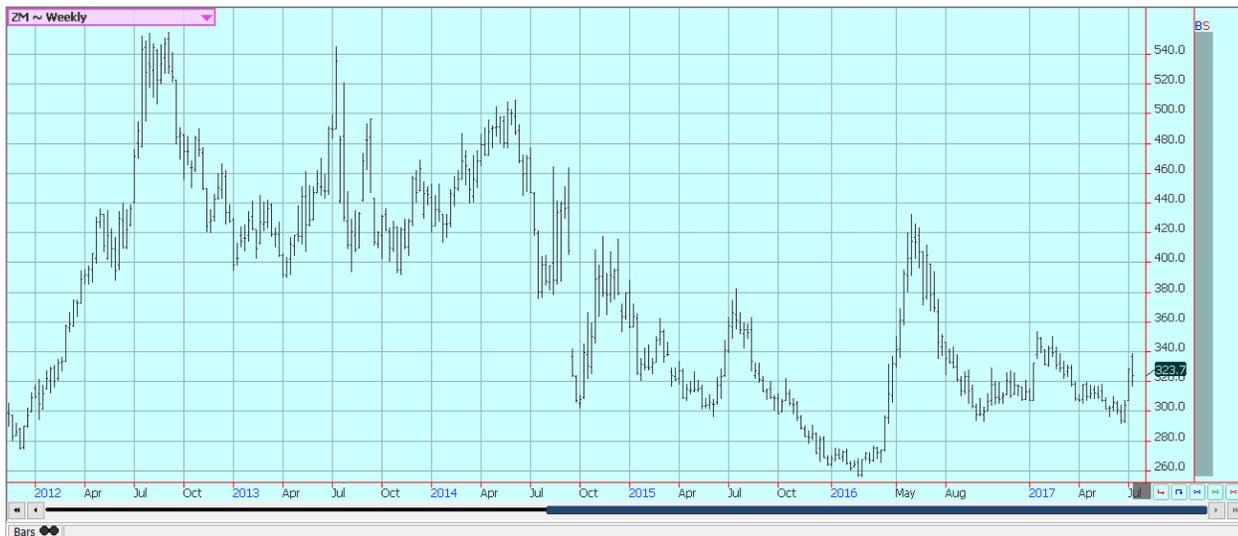
Soybeans and Soybean Meal: Soybeans and Soybean Meal were lower last week on variable weather forecasts and in response to the USDA monthly supply and demand estimates. USDA did increase old crop export demand and cut ending stocks for the current year to 410 million bushels. Ending stocks for the coming year were estimated at 460 million bushels as USDA made changes to reflect the reports from June 30. It now forecasts US new crop production at 4.260 billion bushels on yields of 48.0 bushels per acre. Hot and dry weather is still forecast to move into western production areas from the Great Plains this week. 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. The question is, how long will these conditions last and the computer models have not been consistent on this. A short period of hot and dry weather might not hurt the crop much, but an expanded time of hot and dry weather could hurt the crop as it goes into flowering next month. Eastern areas are forecast to see wetter and somewhat cooler weather this week, and this should be harmful for yields. Producers in the eastern Corn Belt are already reporting bad crops, and some are even considering abandoning the crop and claiming insurance. It has just been too wet for Soybeans to grow well. Soybeans have emerged. 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. Demand for US Soybeans remains strong, with solid export sales on a weekly basis that run above trade and USDA expectations. The weekly charts are showing the potential for a rally from current levels.

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Weekly Chicago Soybeans Futures:



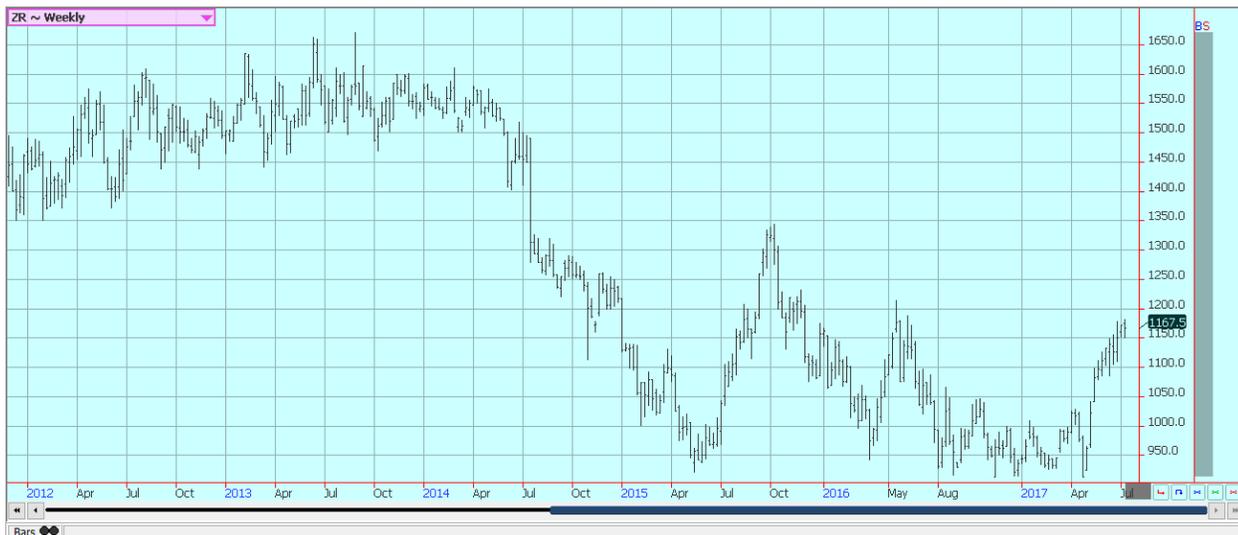
Weekly Chicago Soybean Meal Futures



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Rice: Rice closed lower last week as weather for growing showed some improvement and in response to the USDA reports. USDA did cut planted and harvested area in line with the indications from the reports on June 30, and also cut yield potential and the ration of planted to harvested area due to the poor growing year seen in many places that could increase abandonment and hurt yields. It also cut demand potential on the domestic side, which remains a problem for analysts as demand in the US market tends to be stable. Export demand was cut as well, leading USDA to keep ending stocks estimates relatively high at 32.6 million hundredweight, from 34.1 million last month and 46.1 million last year. World production was increased to 483.66 million tons and world ending stocks for the coming year were increased to 122.52 million tons, from 120.55 million last month, as USDA noted better growing conditions in India than last year. Growing conditions are improved there as the monsoon has been better, but coverage of rains has been spotty until now and there are still chances for weaker production than expected in India this year. The US production ideas are still thought to be too high by many in the trade. 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. Texas could begin to harvest in the next week to 10 days, and parts of Southwest Louisiana are already harvesting. The weekly charts show that the rally could move higher over time, with final targets near 1275 basis the nearest futures contract possible.

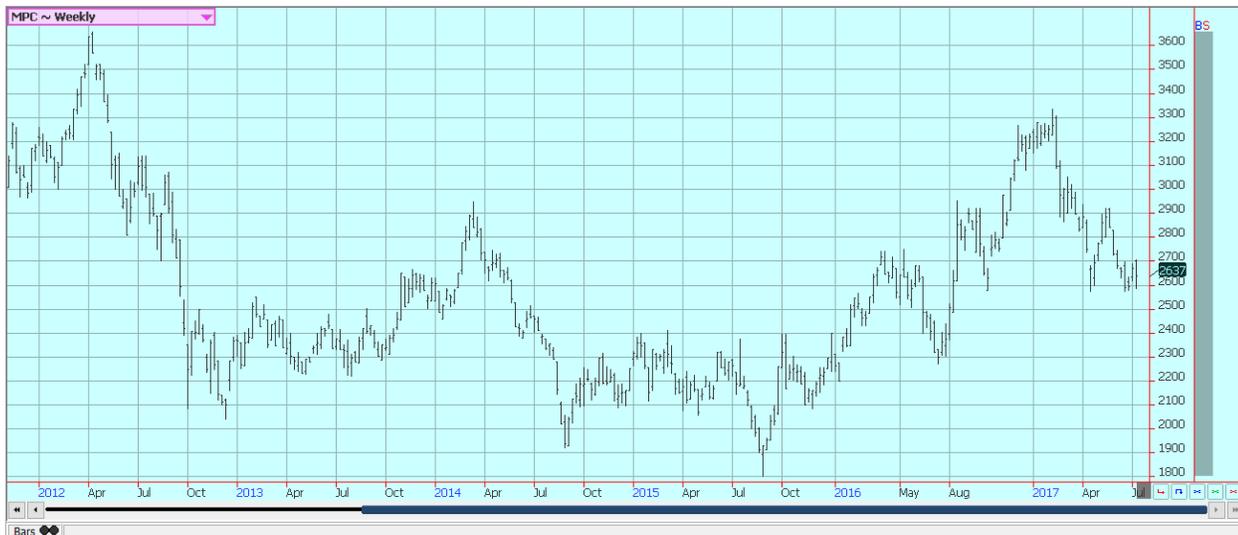
Weekly Chicago Rice Futures



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Palm Oil and Vegetable Oils: World vegetable oils markets were lower last week. MPOB released its monthly Malaysian statistics. June production was only 1.51 million tons, from 1.66 million in May. Exports were also weaker at 1.38 million tons, from 1.51 million in May. This left ending stocks at 1.53 million tons, from 1.56 million in May. The data was considered positive for prices, but Palm Oil could not hold gains as export demand is on the wane again. Export reports from the private sources so far this month are slightly lower than last month, and the trade fears that the trend to lower demand will continue. The weekly charts show that futures are holding some very important support areas, so the price action in this market needs to be monitored carefully for a potential change in trend. 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. Crude Oil futures have been range bound, but are generally trading at levels that should provide bio fuels producers a chance to make money. Canola remains relatively strong amid tight Canadian market conditions and adverse growing conditions. The crops are emerging and growing. Western areas of the Prairies remain too dry. Eastern areas have seen good rains, but many eastern areas have seen too much rain and crop production potential is suffering. Demand from both the processor side and the export side has been strong enough to generally support the market.

Weekly Malaysian Palm Oil Futures:

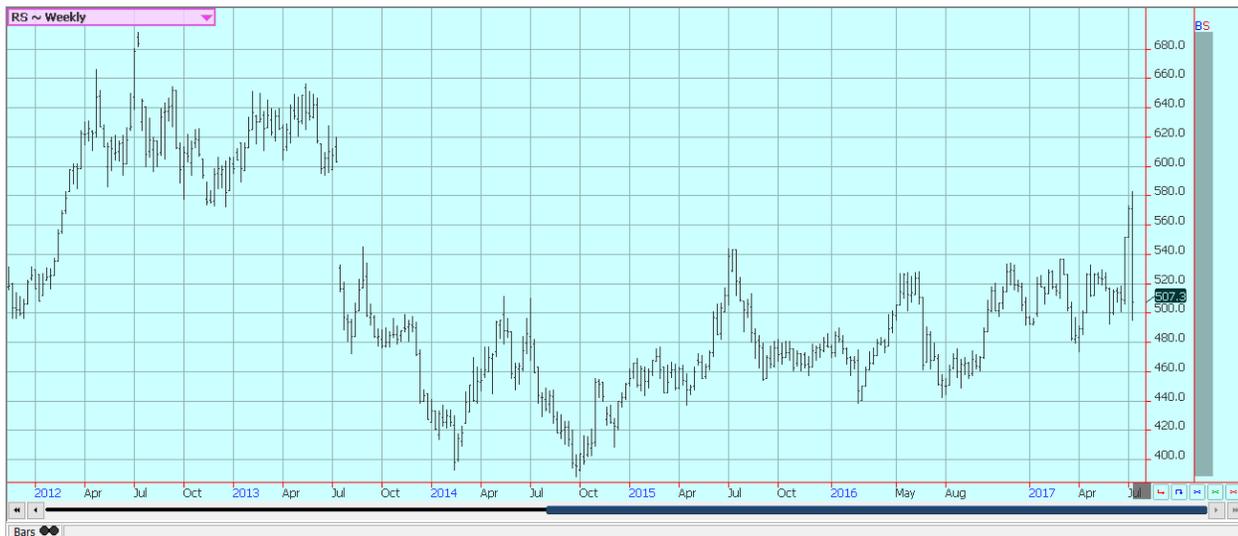


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Weekly Chicago Soybean Oil Futures



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. USDA released its monthly supply and demand updates on Wednesday and changed the production side to fit the planted area indications seen at the end of June. It made no other changes in its estimates. World data showed higher month to month ending stocks projections due to increased production potential in Asia, and mostly in India and Pakistan due to improved monsoon rains. However, the monsoon has been uneven, with some areas getting very good rains, but other areas showing stress due to a lack of rain over the last couple of weeks. The growing weather in the eastern 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 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 in relatively good condition. Warmer and drier weather is expected to continue this week in most of these production areas, and growing conditions could 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.

Weekly US Cotton Futures



Frozen Concentrated Orange Juice and Citrus: FCOJ closed lower last week, and trends are turning down on both the daily and weekly charts. Florida weather has shown improvement as rains continue in the state. These rains have been very beneficial as the state had been in drought. Trees have responded to the improved conditions and overall conditions now appear very good. 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 greening disease and drought. USDA estimated the past crop production at 68.7 million boxes, which is stable from June. Trees now are showing fruit of varying

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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



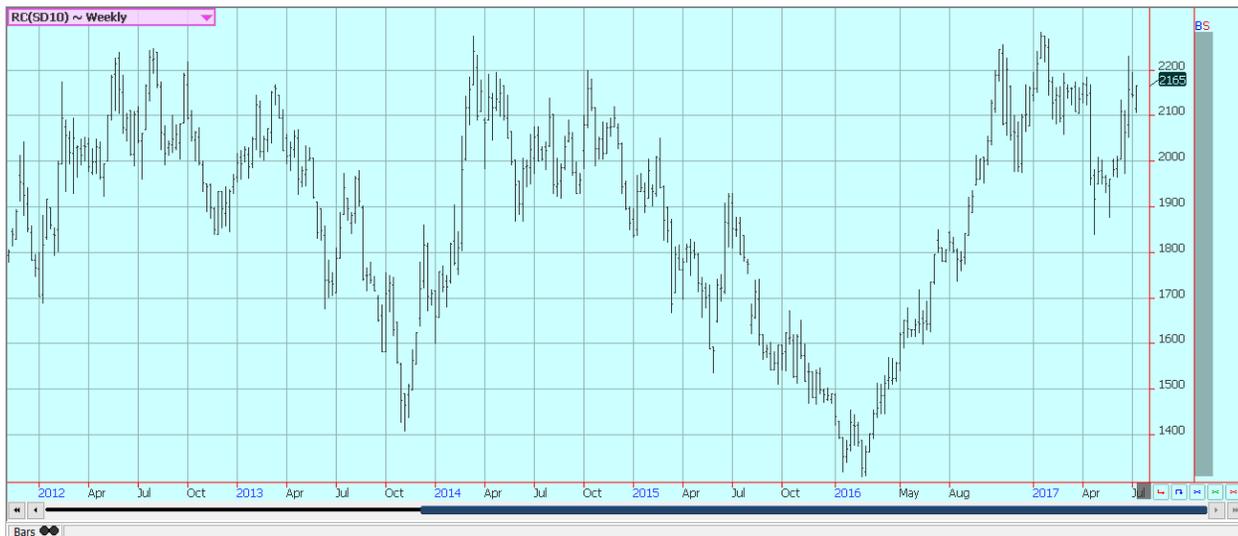
Coffee: It was a higher week in New York as that market apparently completed what could be an important low. New York futures are breaking down trends that have been in place on the daily charts since last November. The cash market got a little more animated last week as the price trends started to change. 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. They were also buying as the Real moved higher in response to the political situation in Brazil. Former president Lula was convicted of fraud and could go to jail, and this was viewed as a positive development for the Real. 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. 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, but cane processing remains below a year ago. It said that 47/6 million tons of Sugarcane were processed in the second half of June, down 1.4% from the previous period. Sugar was favored in the refining mix, with 3.97 million tons produced, up 6%, while 1.8 million liters of ethanol were produced, down 7.7%. Marketing year to date processing now stands at 198.7 million tons of cane, down 7.8%. Sugar production was 11 million tons, up 0.3% from last year, while ethanol production was just 7.6 billion liters, down 14.3%. 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. However, some northern and western areas have been missed lately and crops in these areas could be stressed. 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.

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Weekly New York World Raw Sugar Futures



Weekly London White Sugar Futures



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Cocoa: Futures markets were a little higher last week in consolidation trading. The overall market situation remains generally bearish, although fundamentals could change in the longer term. Harvest activities for the previous crop 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. It also reported some local flooding that could keep initial deliveries down. About 20% less delivery can now be expected for the first couple of months of the harvest. 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. Callebaut reported very strong earnings last week due to the weaker cocoa prices and still high chocolate prices that created strong processing margins. 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. Butter prices have been the strength of the market on reports of very good demand and adequate supplies. Cheese prices have been relatively weak. Demand is good for cream, but cream has generally been available to meet the demand. However, there are some shortages of cream in a few locations. Cream demand for Butter has been very good. Demand for Ice Cream has been mixed depending on the region. Cheese demand still appears to be 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 remains weaker in the last couple of weeks, but cattle prices have held relatively firm. Feedlots are very current with supplies and are concerned about extreme heat in feedlots that could hurt weight gain. However, ideas are that more supplies are coming as weight per carcass is stable and more cattle is coming to the market.

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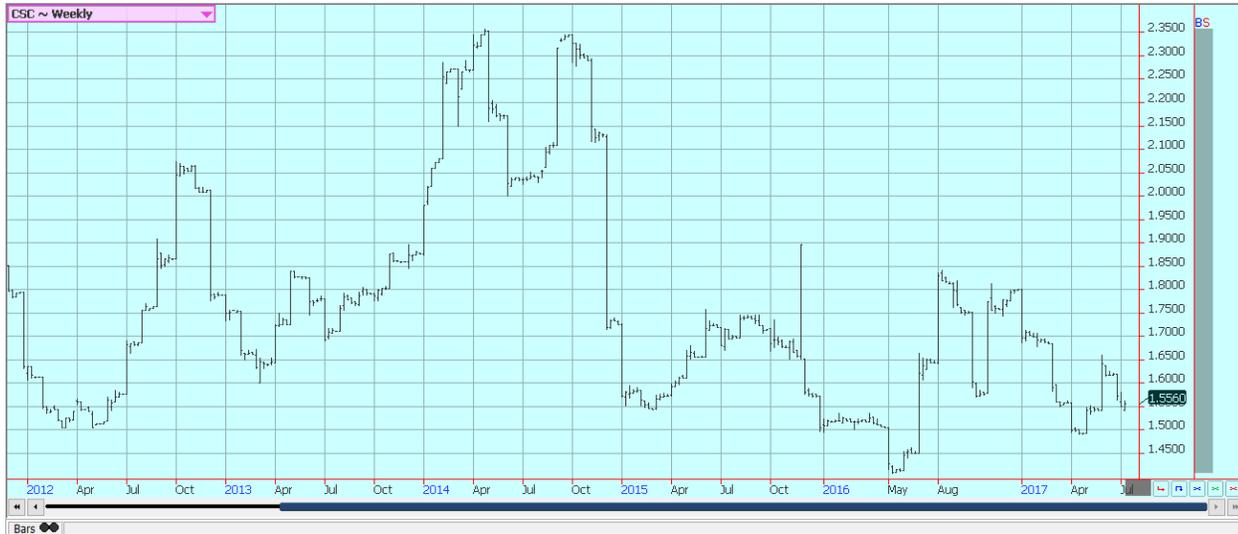
Pork markets and Lean Hogs futures were weaker as the market anticipates a trend change due to a seasonal trend to lower demand. Demand has been lower for the last couple of weeks and this has affected pricing. Demand starts to work lower as most of the Summer buying is done. There are big supplies out there for any demand. The charts show that the market could work lower.

Weekly Chicago Class 3 Milk Futures

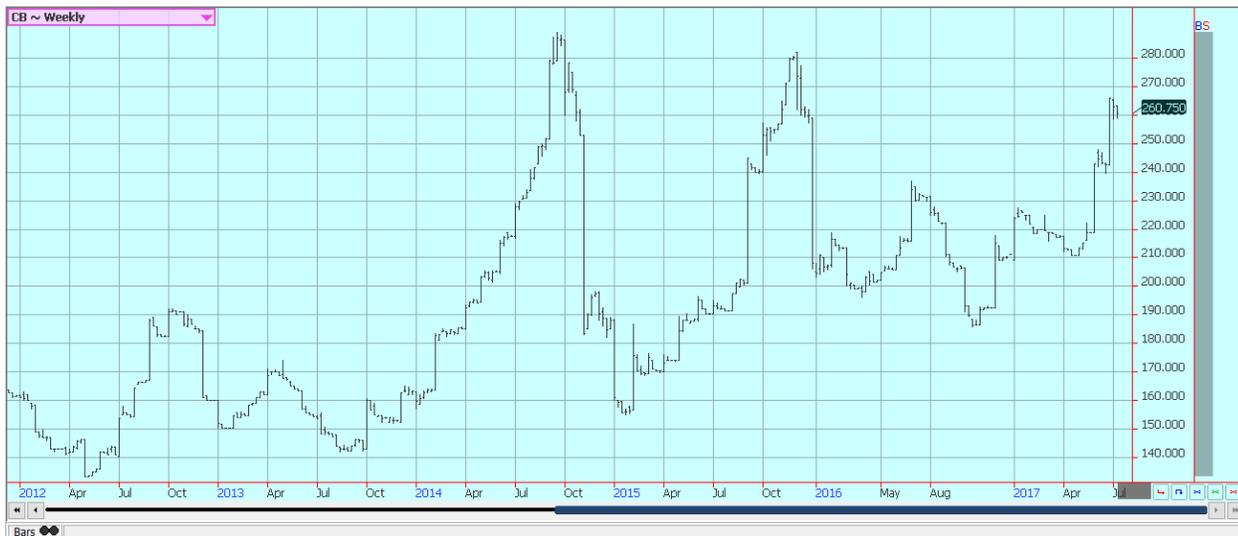


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Weekly Chicago Cheese Futures

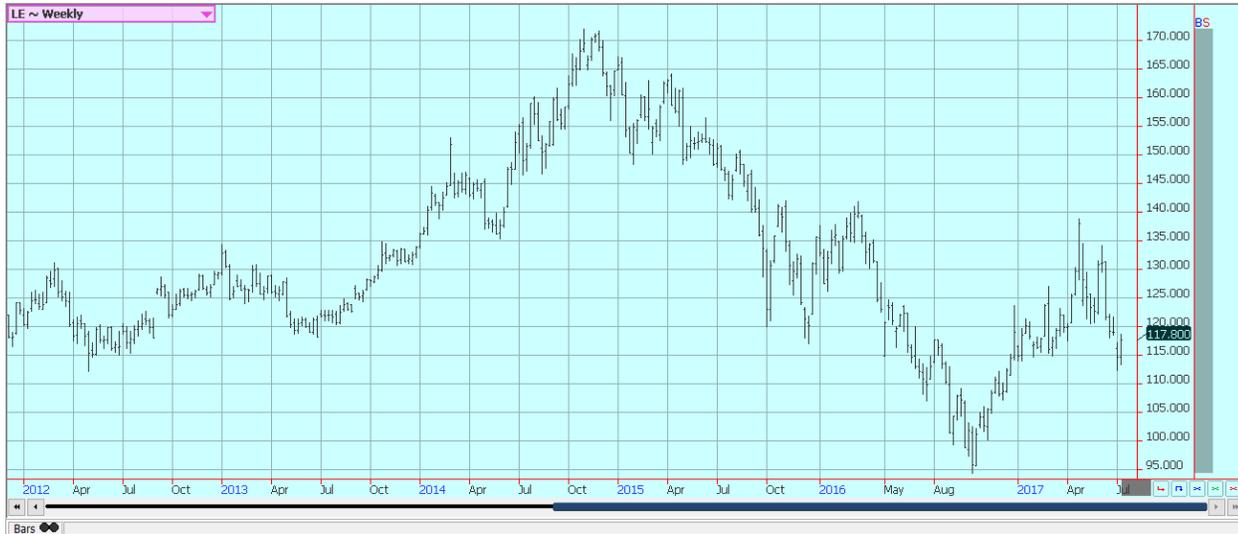


Weekly Chicago Butter Futures



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Weekly Chicago Live Cattle Futures:

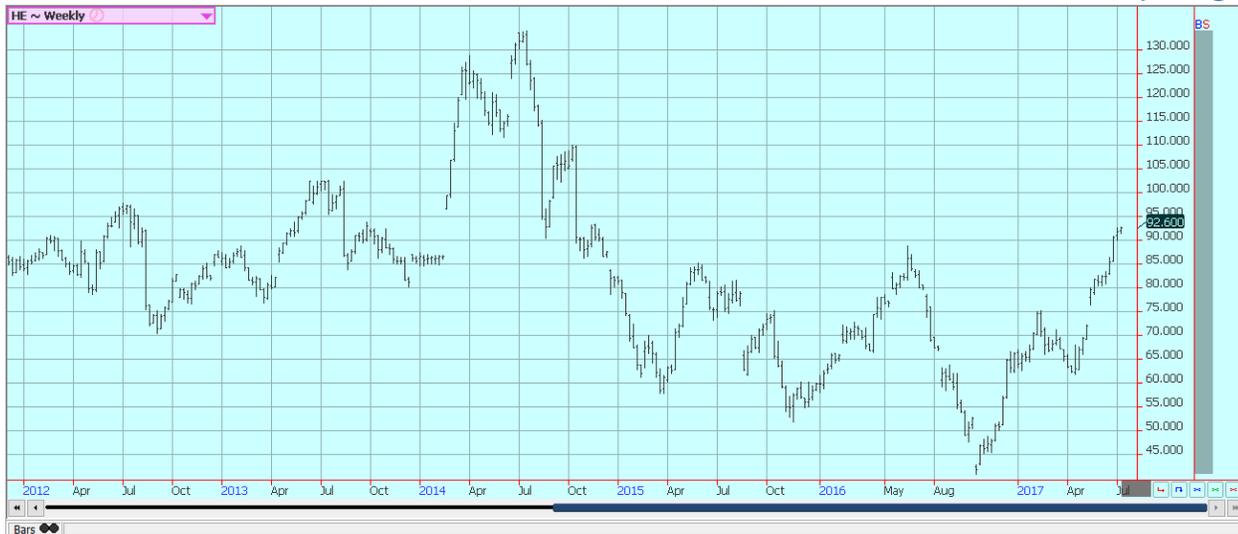


Weekly Feeder Cattle Futures:



Weekly Chicago Lean Hog Futures:

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