

# July 16th, 2018

By Jack Scoville

**Wheat:** Wheat markets were lower last week, but recovered from the worst levels by the end of the week. The USDA reports that were released on Thursday created a lot of new buying interest. US Wheat production estimates were above trade expectations due in large part to higher than expected production estimates for Spring Wheat. USDA expects 614 million bushels of Spring Wheat this year along with 1.193 billion bushels of Winter Wheat. Total US Wheat production is estimated at 1.881 billion bushels. USDA cut world production and ending stocks estimates this month, with ending stocks now estimated at 260.9 million tons, from over 273 million tons this year. Lower world production estimates were the reason for the lower ending stocks estimates. The EU crops are being downgraded. Private forecasters dropped French production estimates last week, citing too much rain initially and then hot and dry weather during the Summer. German crop production ideas are also less due to hot and dry growing conditions there. Ukraine has also seen hot and dry weather. Russian production estimates are lower due to hot and dry weather in southern areas and cold and wet weather in Siberia. US prices are competitive again in world markets due to the reduced production potential from overseas and world prices that have been increasing from previous levels.

## 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 closed lower again last week. the trade still looks for big production as demand has been softer as seen in the weekly export sales reports on Thursday. USDA increased domestic production estimates due to the increased planted area, but did not touch yield expectations. The trade widely expected yield estimates to go up once the field data starts to be tabulated. Producers are not so sure and have said that the weather has been variable enough to think that the yields might be trimmed a bit. Demand remained at a very high level on the domestic and export sides. Ending stocks were below trade expectations for the current year and at the low end of expectations for the

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coming year. Crop conditions remain mixed, with some areas in good to very good condition, but some areas have had some extreme weather. It has been hot and mostly dry in Ohio and Missouri. Southern Iowa has also seen warmer and drier weather. It has been very wet in some other areas, especially northwest and far north Iowa and far southern Minnesota. Crops in some of these areas are very short and might not get enough time to produce good Corn. The potential for a very good crop still exists, but the crop condition ratings would seem to be a little overstated at this time.

## Weekly Corn Futures:



## Weekly Oats Futures



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**Soybeans and Soybean Meal:** Soybeans and products were lower again last week due to ideas of good weather and on continuing fears about new Chinese demand. USDA showed better than expected demand for the current crop year, but showed that export demand could really get hurt next year. USDA increased production due to the higher planted area and did not change yield estimates. It increased demand for the current crop and ending stocks were lower than anticipated by the trade. USDA cut export demand by 250 million bushels for the next crop year due to the trade war with China. Ending stocks were increased by less than that amount due to the lower stocks estimates for the current year and an uptick in domestic consumption for next year. Traders hope that these estimates will help put a floor in the Soybeans markets as prices have gotten very cheap. Ideas are that Soybeans sales to China will suffer for an extended period, but other countries might buy on ideas that the current relatively cheap prices could encourage new demand. No one thinks that China will buy here in the short term, but they will need to buy here eventually. In the meantime, Brazil prices stay very strong with basis levels up to about 240 over futures. The US Soybeans crops have been very wet in the Midwest, and Soybeans prefer drier weather. Condition ratings remain high, but have started to slip in the last two weeks.

**Weekly Chicago Soybeans Futures:**



**Weekly Chicago Soybean Meal Futures**

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Rice: Rice was trapped in a range on the weekly charts and closed a little lower for the week. September was the strongest month and bull spreads in general were working due to tight nearby supplies. Current year ending stocks were higher despite the tight supply situation, but were increased for next year due to increased production caused by the increased planted area. New crop domestic demand was higher, but exports were a little lower as medium grain exports were down. Long grain export projections were unchanged. The average farm prices were lower for both crop years. The market overall shows the tight nearby supplies with farmers in the US mostly sold out. Most of the US crop appears in good shape. The charts still imply that higher prices are possible during the rest of the Summer. Rice is growing in all areas right now and condition ratings in general are strong. The weather along the Gulf Coast has been hot and that has pushed crop development. Producers in Texas and Louisiana are pleased with the crop condition and expect good yields. Crops farther north into Arkansas and Missouri are also reported in good condition, but crop development is behind the normal pace due to late planting caused by bad Spring weather. Rice yield ideas are high at this time.

#### Weekly Chicago Rice Futures

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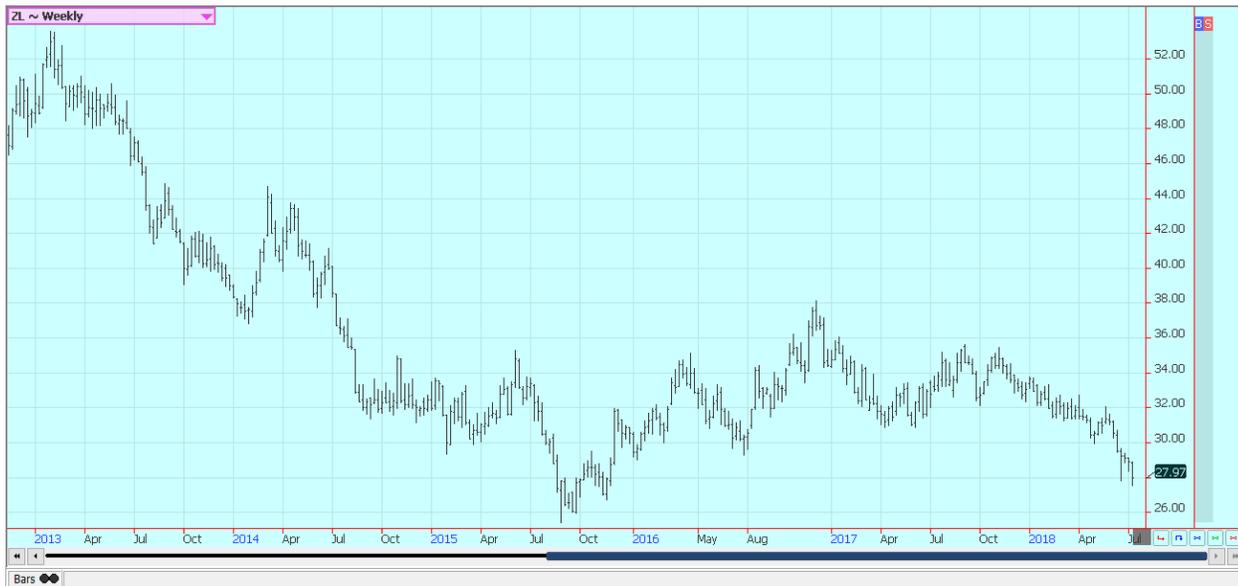
**Palm Oil and Vegetable Oils:** World vegetable oils prices were lower last week. The markets show the potential to work lower as production ideas remain generally high and as world vegetable oils demand has turned soft. Palm Oil is still hearing weaker demand reports from the private sources. MPOB said that June production was 1.33 million tons, from trade expectations of 1.36 million tons and from 1.53 million tons in May. Exports were 1.14 million tons, below expectations of 1.19 million tons and 1.29 million tons in May. Ending stocks were 2.19 million tons, from expectations of 2.15 million tons and from 2.17 million tons in May. The report was considered bearish for futures. Soybean Oil was locked in a sideways to lower trend all week and closed lower. Trends are sideways to down in the market. Canola was lower as Chicago prices continued to sink and as Canola sought to keep values in line with the world market. Some parts of the western Prairies saw some beneficial rains last week, and most areas are reported in good condition. Offers from farmers were down last week as they wait for higher prices and as they work in the fields.

### Weekly Malaysian Palm Oil Futures:

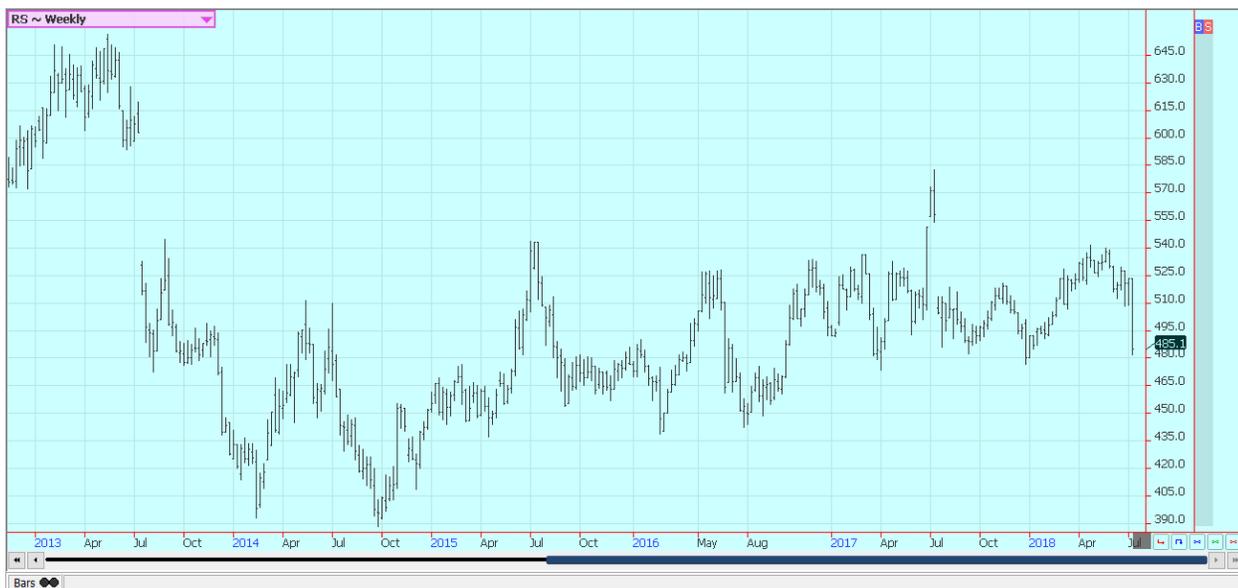


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**Weekly Chicago Soybean Oil Futures**



**Weekly Canola Futures:**



**Cotton:** Cotton was lower in early week trading, but exploded higher on Thursday in reaction to the USDA reports. The market tested into resistance near 9000 on the weekly charts, but faded to minor losses on Friday. It was still a very strong week for prices. USDA showed higher planted area, but less harvested area due to the big drought in the western Great Plains. The result was less

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production and ending stocks unchanged on a year to year basis at 4.0 million bales as demand should remain relatively strong. Ideas are that US Cotton especially is in a bad spot due to the extreme weather in western Texas, but a few showers have been reported. This week looks to be hot and dry and the dryland crops will be stressed again. The Southeast US began to dry out last week. The weather has improved in India and China. Lost Chinese production could have meant increased sales for the US, especially now since the US will have the quality the Chinese need. Drought conditions are developing in Pakistan, but the monsoon has arrived in southern India and has started to spread through the subcontinent. Pakistan and Northwest India are starting to see precipitation at this time.

Weekly US Cotton Futures



Frozen Concentrated Orange Juice and Citrus: FCOJ was higher once again on Friday and slightly higher for the week. It remains a weather market. There is nothing in the Atlantic to cause any concern for crops right now. Florida weather remains good and demand prospects remain poor, especially with the potential for lost Business with the EU. The tariff wars between the US and the EU are hurting export demand ideas. The EU imports a lot of FCOJ and these exports will most likely be hurt due to retaliation that will be made by Europe that included increased tariffs on US FCOJ. The growing conditions in Florida should remain good as the rainy season appears to be underway. Florida producers are seeing good sized fruit, and work in groves maintenance is active. Irrigation is being used. Brazil could use more rain as Sao Paulo has been hot and mostly dry. The harvest there is active, but will start to wind down soon.

Weekly FCOJ Futures

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Coffee: Futures in New York and London were lower for the week, but closed strong on Friday. The move Friday was partly technical as the charts show that New York futures were making four year lows. Brazil remains in focus as the harvest is underway. A very big crop is expected. It remains mostly dry in Arabica areas, and there is no rain in the forecast for the next week. Origin is still offering in Central America and is still finding weak differentials. It has been a little dry so far this year in the region. Speculators anticipate big crops from Brazil and from Vietnam this year and have remained short in the market. Robusta remains the stronger market as Vietnamese producers and merchants have not been willing to sell at current prices. Reports indicate that supplies in the country are less on lower than expected production. Vietnamese cash prices are weaker this week with good supplies noted in the domestic market. Current rains in the country are not enough to be completely favorable for the crops.

## Weekly New York Arabica Coffee Futures

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**Weekly London Robusta Coffee Futures**

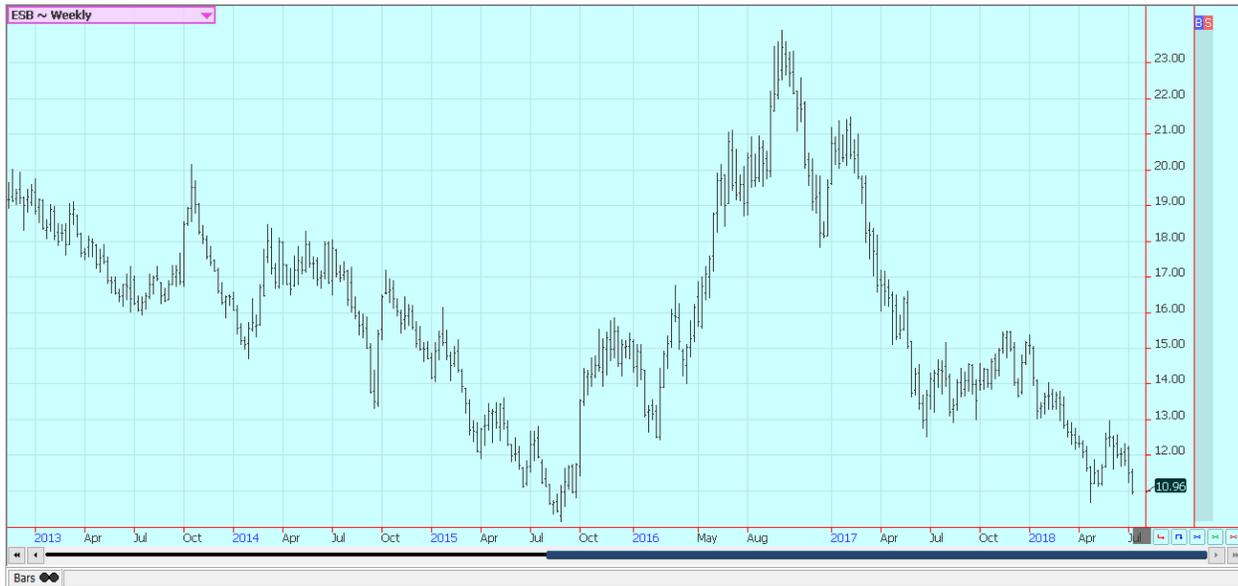


**Sugar:** Futures were lower in both markets again last week on ideas of ample world supplies. Prices have been supported by the dry weather in Brazil and stronger energy prices that encourage ethanol production. It is dry in parts of Brazil, including some Sugarcane production areas, and there is some talk of losses to the crop in the near future unless rains return soon. There are no real rains in the forecast for now. However, the initial harvest has been big and processing has been more active than last year. India is back to export Sugar this year after being a net importer for the last couple of years. Thailand has produced a record crop and is selling. Middle East and North African buyers

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are reported to be buying normal or less than normal am Australia is also selling right now and sources said that prices in Southeast Asia are cheap.

## Weekly New York World Raw Sugar Futures



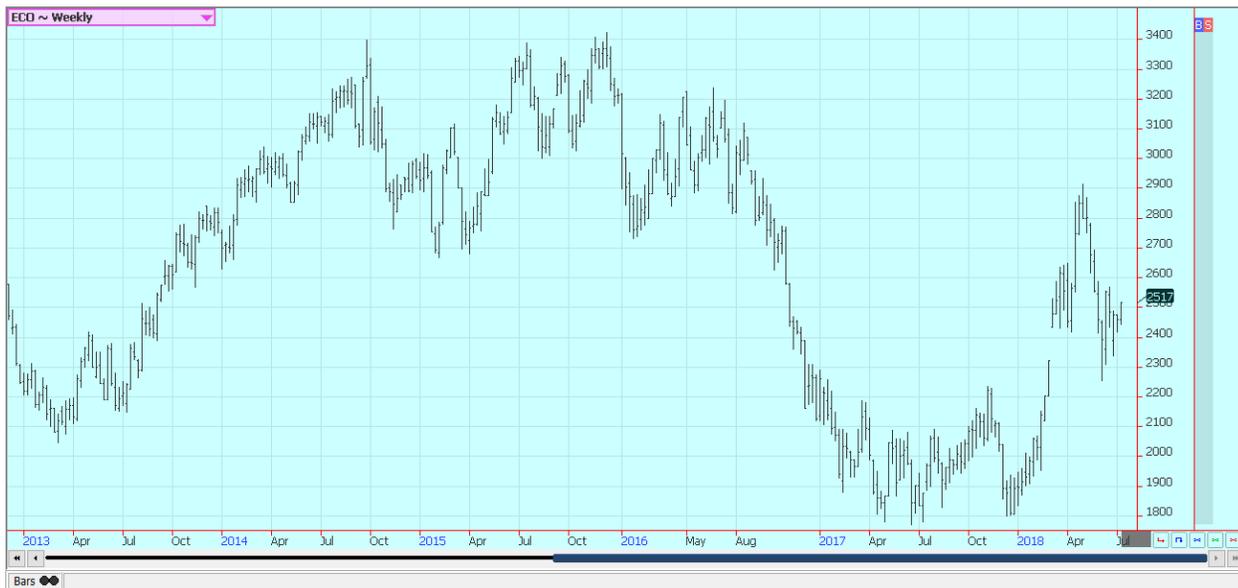
## Weekly London White Sugar Futures



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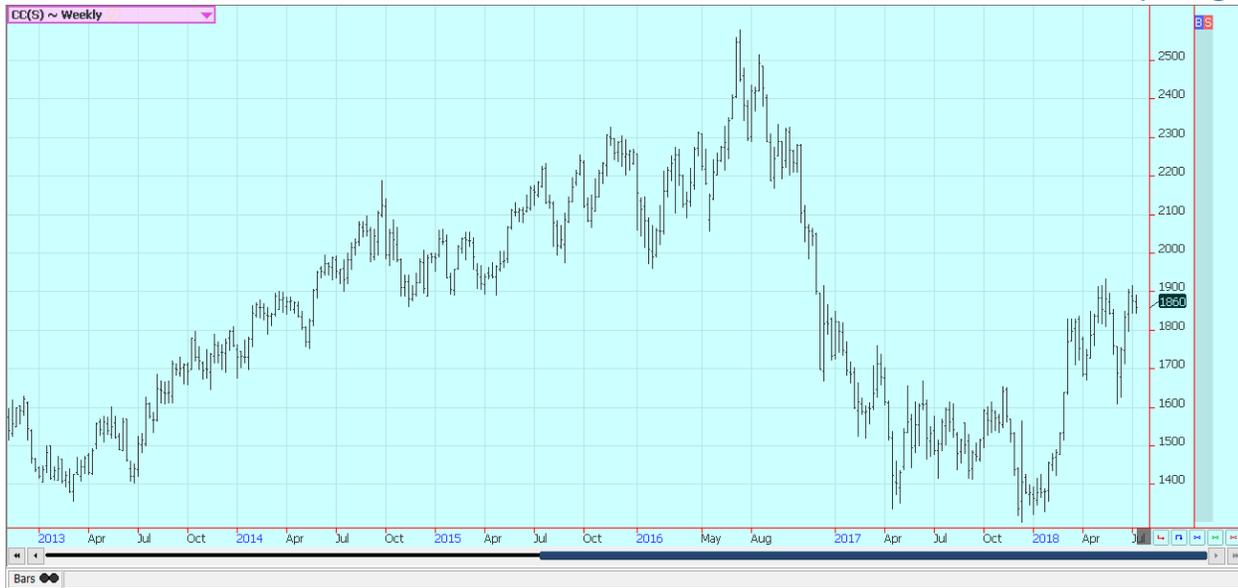
Cocoa: Futures were higher in both markets. Trends are sideways in both markets, but overall Price action suggests that further rallies can be expected. The outlook for strong production in the coming year has been enough to keep the prices in a short term range. Ideas that current weather conditions are good for crops in West Africa continue to circulate. There have been reports of good rains throughout the region and big yields are possible. There are still some concerns about demand as consumers are looking for healthier products to consume in many cases and as the world economy is still an issue. Showers and more seasonal temperatures have been seen in the last few weeks to improve overall production conditions in West Africa. Conditions also appear good in East Africa and Asia.

### Weekly New York Cocoa Futures



### Weekly London Cocoa Futures

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