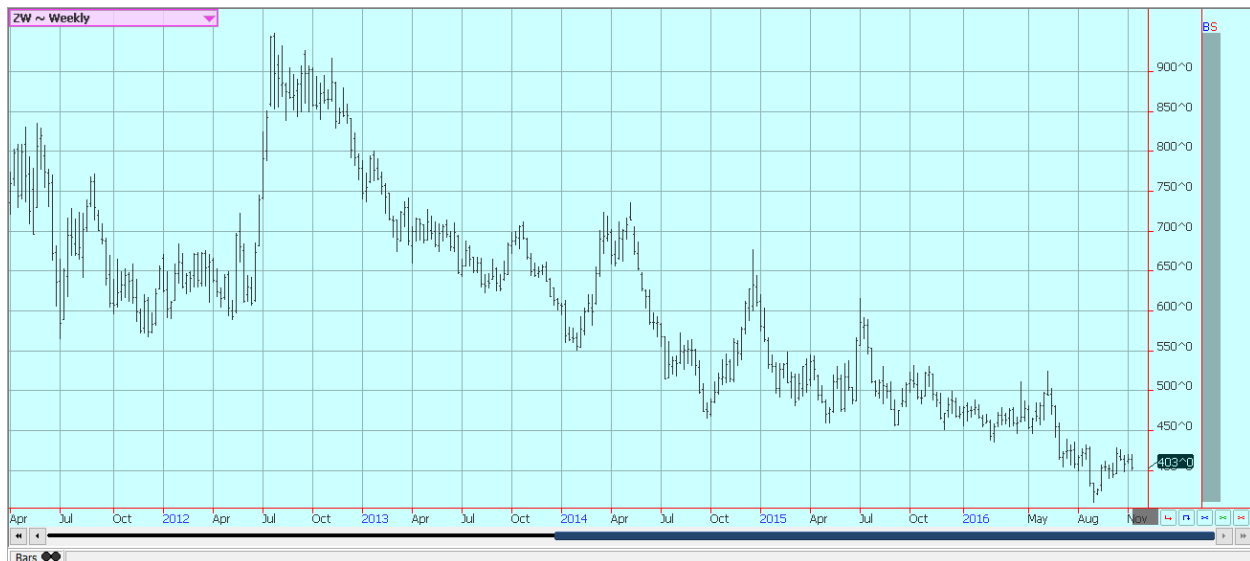


Weekly Ag Markets Update: 11/13/2016

By Jack Scoville

Wheat: US markets were unchanged to lower last week despite price strength in world markets. The weaker market was in Chicago as the Chicago contract often has to compete as a feed. There is plenty of feed available and more than expected after the surprising increase in Corn production estimates from USDA last week. Kansas City Wheat closed only slightly lower. However, Minneapolis closed higher. World markets remain relatively firm. Egypt is still buying from Russia and sometimes from Eastern Europe and is paying steadily higher prices. US prices remain relatively cheap by comparison, and US export sales showed a big improvement in the reports last week. The USDA production and supply and demand reports produced no real surprises for the market, although SDA left both Canadian and Australian production unchanged despite evidence that losses due to weather have occurred in both countries. US planting conditions are a mixed bag even with the current high crop condition ratings. It has been dry from West Texas north to Kansas, and the forecasts call for no real rain. Growing areas in the Delta and Southeast are also too dry, and there is no real significant relief in sight. This is especially true for parts of the Southeast. A severe drought is developing in Georgia and to the west in the region. It has been very warm in the Southeast as well. Harvest conditions in Canada are improved with drier and warmer weather. There are some forecasts for a freeze this week in Russia that might damage some new Wheat there. It has been cold and wet in much of Europe.

Weekly Chicago Wheat Futures



Weekly Kansas City Wheat Futures



Weekly Minneapolis Wheat Futures



Corn: Corn closed lower for the week. The USDA production and supply and demand reports were bearish for prices and the market responded. USDA estimated US production higher at 15.226 million bushels and increased yield estimates to 175.3 bushels per acre. Most in the trade had expected a small cut in production and yields. Ending stocks estimates were also raised and now stand at 2.403 billion bushels. World ending stocks estimates were cut slightly for 2015-16 to 209.4 million tons, but were raised for 2016-17 to 218.2 million tons. There was nothing bullish in any of the data and the market started to leak lower again. Futures are now at the lower end of the recent trading range, but have the capacity to move lower over time. For the short term, there is a chance that prices work higher as the harvest is almost over and selling from US producers will dry up. However, upside potential is limited without weather problems either in South America over the Summer there or in North America next year. There is too much corn and too many alternatives around to allow for major rallies without some type of supply shock. The production in the US also implies that the genetics involved to produce Corn have improved yields by more than anyone had realized until now. The weather in the US was far from perfect, yet a new record production was seen. Corn for now should hold a trading range and can trade between 330 and 370 basis the nearest futures contract.

Weekly Corn Futures:



Weekly Oats Futures



Soybeans and Soybean Meal: Soybeans and Soybean Meal were lower last week and closed on a weak note. Lower prices are possible this week based on the daily chart patterns. Soybeans futures could move close to \$9.50 per bushel over the next couple of weeks. USDA increased yield estimates more than expected last week to 52.5 bushels per acre and increased production to 4.361 billion bushels, also more than expected. Ending stocks were projected at 480 million bushels, and that should be a big enough number to keep any rallies in check. World ending stocks levels were also increased to 77.1 million tons for 2015-16 and 81.5 million tons for 2016-17, both well above the trade guesses and the estimates from last month. The US harvest is mostly over now and yield reports from many producers have been outstanding. US producers have been selling Soybeans this year as current prices are returning better than profits Corn. However, sales should tail off once the harvest finishes up and a post harvest rally becomes possible due to the great demand. Planting is active now in the northern half of Brazil. Planting got off to a slow start, but has been rapid lately and overall progress is now ahead of normal. It remains too wet in southern Brazil and northern Argentina for much progress to be made, but forecasts for this week call for better weather as it should be drier in both countries.

Weekly Chicago Soybeans Futures:



Weekly Chicago Soybean Meal Futures



Rice: World markets were mostly soft last week. Southeast Asian prices were sideways to weaker, and southern Asian markets were also unchanged to lower. US markets were weaker. US futures moved back closer to the contract lows again in response to the USDA reports. The reports did show less production, and the supply and demand reports showed unchanged to higher demand, but ending stocks were left at a high level. World data showed that there is going to be a lot of Rice. The US cash market remains soft as demand from the mills has been steady at low levels. The mills have not been able to find any big export business and report that domestic demand is steady. Export demand overall has been good from Latin America, but they buy Rough Rice and mill it at home. The daily charts show that futures closed at the lower end of the trading range on Friday. The price action and the volumes traded have not been real strong, so there is a chance for prices to move lower. However, the weekly charts show that futures are at an important support area, so the battle will be interesting to watch. US producers are not really selling as the harvest is about over and prices are well below the cost of production for many.

Weekly Chicago Rice Futures



Palm Oil and Vegetable Oils: Palm Oil closed sharply higher on the bullish MPOB report that was released on Thursday and then due to currency fluctuations on Friday as the Ringgit lost ground in a big way to the US Dollar. MPOB estimated October production at 1.68 million tons, down from 1.72 million in September and below trade expectations. Reports indicate that the production inside Malaysia and Indonesia has not recovered as well as expected. Exports were well above trade expectations at 1.43 million tons, and ending stocks were estimated at 1.57 million tons. The Ringgit moved sharply lower on Friday as emerging currencies lost in a big way against the US Dollar in the wake of the Trump election. The price spread between Palm Oil and Soybean Oil continues to favor Soybean Oil, but the USDA productions for Soybean Oil were negative. The spread got much tighter on Friday as Soybean Oil closed lower. Canola prices have been very strong as well. The weather has been poor for harvest in Canada for the last couple of weeks as the Prairies have seen some rain and snow. Warmer and drier weather returned last week. Forecasts call for drier weather again this week and it is hoped that farmers will finally be able to get the last of the harvest done. Vegetable oils markets in general and Palm Oil in particular look to remain strong as the world demand holds strong.

Weekly Malaysian Palm Oil Futures:



Weekly Chicago Soybean Oil Futures



Weekly Canola Futures:



Cotton: Futures in the US were slightly lower. The USDA reports were considered a little bearish for prices as US production was increased. US and world ending stocks estimates were strong. Production was estimated at 16.2 million bales, and ending stocks were increased. Most had expected production at or below 16 million bales. Ending stocks were estimated at 4.50 million bales, from 4.30 million last month and 3.80 million last year. World ending sticks were estimated at 88.31 million bales, from 87.35 million last month and 96.91 million last year. The charts show that futures are in a trading range again. It might be hard for the market to rally significantly for the next couple of weeks due to the active harvest. The harvest is continuing throughout the southern parts of the US, and reports have been good. Current weather forecasts call for warm and dry conditions in production areas that should be good for crop maturation and harvest activities. The classing data provided by USDA shows that the quality of the crop harvested so far is improving after a weak start. The quality should continue to improve as the harvest expands as conditions in most areas have been very good. Demand for US Cotton should remain relatively strong as the US has Cotton available. India has had a better crop so far this year and is harvesting. Prices should start to drop now as the new Cotton starts to hit the market. The monsoon has receded, so harvest should be very active.

Weekly US Cotton Futures



Frozen Concentrated Orange Juice and Citrus: Futures were lower despite a very short orange crop in Florida. USDA estimated the Florida crop at 72 million boxes, higher than its previous estimate, but down 12% from last year. The FCOJ yield was 1.47 gallons per box, about normal and above 1.41 gallons per box from last year. The weather in Florida looks calm and mostly dry, which will be good for crop maturation and initial harvesting. The harvest continues for the fresh market with the holidays not all that far away. Fruit is turning color in some groves, so the fruit is getting mature. Fruit size is reported to be uneven from multiple flowerings this year. Acid content is expected to be strong as the dry weather should keep water in the fruit to a minimum. Brazil saw more rains in Sao Paulo last week, and flowering should be continuing under good conditions. The overall tone of the

market remains very strong as the theme of reduced production and supplies due to crop losses caused by the greening disease continues to be the overriding factor in the market.

Weekly FCOJ Futures

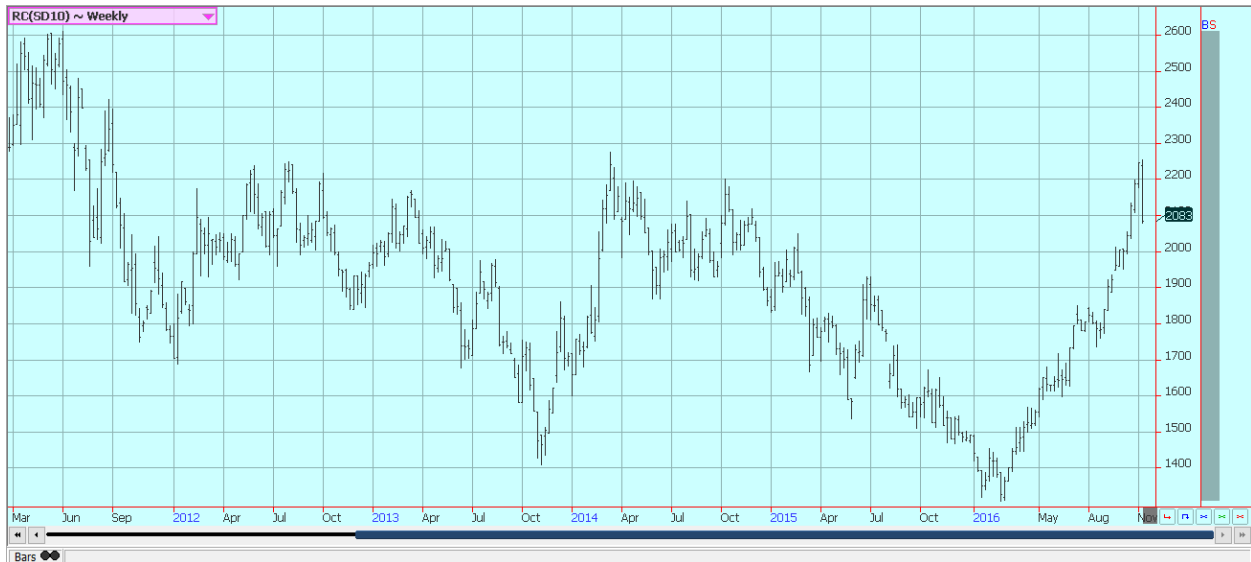


Coffee: Prices were sharply lower and reacted more to currency moves and political news than anything to do with Coffee. The Brazilian Real moved sharply lower last week and took the prices of Coffee along for the ride. Part of the selling was in response to the US elections as Trump promises a more protectionist import stance. It is hard to see how Coffee would be affected, though, as the US produces very little Coffee and it is produced only in Hawaii. The big problem for the Real was news of more legal problems for the government of Brazil. There was news that the new president there has also taken bribes, and this could mean more problems for the government and the people in the country. Investors might pull out due to these factors. London Robusta futures also moved sharply lower as the US Dollar moved higher. The weekly charts show that London moved through and closed at or below some important support areas. More selling is possible in that market this week. However, New York hit some targets for the move down on Friday and could find increased buying support on any further price breaks. The fundamentals of supply and demand have not really changed. Robusta production remains a problem in the world market, and London futures should remain elevated against New York. The Central American harvest is starting to be sold, and the Colombian harvest continues.

Weekly New York Arabica Coffee Futures

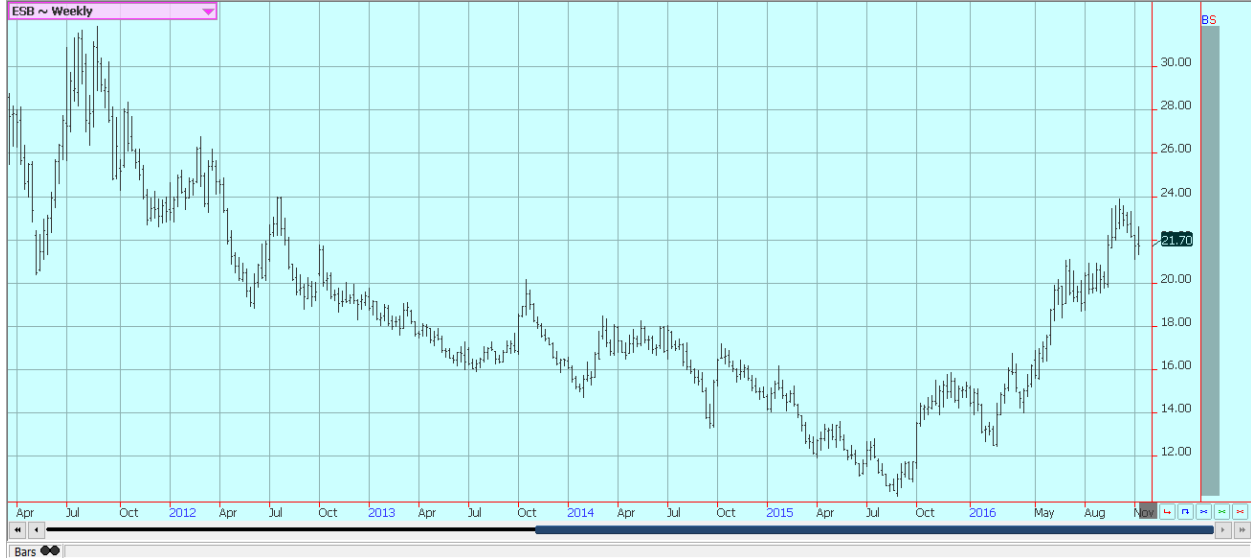


Weekly London Robusta Coffee Futures



Sugar: Futures closed lower again last week, and the trends are down on the weekly charts. New York closed with small losses, but London moved significantly lower on selling seen in the December contract before it goes off the board this week. Further long liquidation is possible over the next couple of weeks as the market pauses and refreshes. The funds are still holding big long positions and will need an extended period to reduce the exposure. Demand news over the last few weeks has been bearish for futures prices. China is the world's largest importer of Sugar, but could import significantly less for the future as it starts to liquidate massive supplies in government storage by selling them into the local cash market. A smaller crop than expected for Brazil is possible as rains in the center south region have been uneven so far this year. Current rainfall amounts have been high in many areas recently. However, the Brazilian Real has moved sharply lower in the past few sessions and this has hurt the pricing of Sugar in US Dollars. There could be smaller crops coming from India and Thailand due to uneven monsoon rainfall in Sugar areas in both countries. The monsoon has now withdrawn and dry conditions will help crop maturity and harvesting. The weather in other Latin American countries appears to be mostly good as rains remain sufficient.

Weekly New York World Raw Sugar Futures

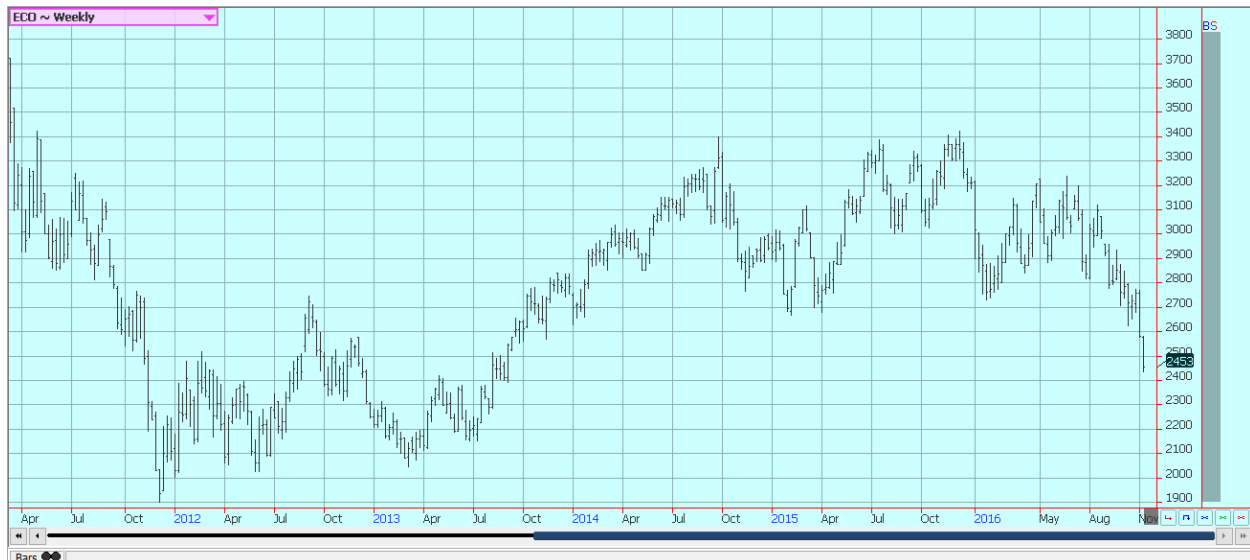


Weekly London White Sugar Futures

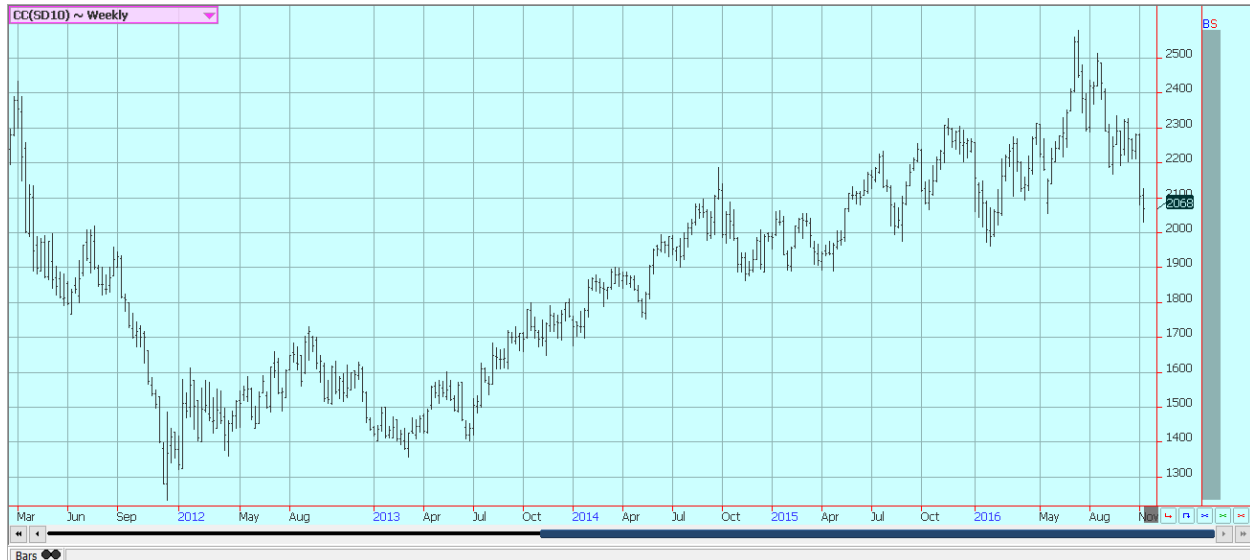


Cocoa: Futures markets were sharply lower and made new lows for the move. Trends are down in both New York and London. Overall price action remains weak and it is possible that prices will fall more in the next couple of months. The next production cycle still appears to be bigger as the growing conditions around the world are generally improved. West Africa has seen much better rains this year and alternating warm and dry weather with the rains. There have been some reports of disease to crops in the wetter areas, but so far there is not a lot of market concern. Bigger production is expected this year in all countries. East Africa is getting enough rain now, and overall production conditions are now called good. Good conditions are still being reported in Southeast Asia.

Weekly New York Cocoa Futures



Weekly London Cocoa Futures



Dairy and Meat: Dairy markets were higher last week. World markets were most positive as the FAO showed a recovery in prices in its monthly update. FAO expects prices to continue firm due to reduced production in Oceania and Europe. US prices are higher on good domestic demand. Butter and cheese demand is improving from wholesalers and retailers as both start to prepare for the holiday season. Raw milk demand has also been stronger. Inventories appear mostly good for butter, but are getting tight for cheese. Some manufacturers are having trouble sourcing milk, but milk production is generally strong due to the mild temperatures seen in much of the US. Dried products prices are mixed. Whey prices are strongest, and whole milk prices are good. NDM prices are weak.

US cattle and beef prices were higher last week in reaction to reports of higher beef prices and in response to higher prices paid in cattle markets the previous week. Cash cattle markets traded at steady prices at the end of last week and in light volumes. The charts show that market tested and then fell back from some stronger resistance areas. However, it appears that prices have found lows, and these could be important lows as the prospect of lower production next year comes more into focus. The recent Cattle on Feed report showed that potential, and also showed that producers are willing to keep cattle on grass due to the weak overall price structure. Demand is starting to improve overall as the wholesale market starts to look past Thanksgiving. Australia has less to offer and very high prices. Herd culling has slackened in both Australia and New Zealand. Pasture conditions in both countries is better than a year ago.

Pork markets have been firm. The cash market has also turned firmer, but fell back late last week and took futures with it. Pork demand has been relatively weak as consumers and exporters have looked to buy other meats and have been content to watch pork prices fall. There has been a lot of featuring in supermarkets in the US in an effort to stimulate demand, and it is starting to work as the pork cash market has improved in volume and somewhat in price. US export demand should start to improve on the lower prices. The charts that the market could develop a sideways trend for the short term or even turn higher for a short term rally as it appears very oversold.

Weekly Chicago Class 3 Milk Futures



Weekly Chicago Cheese Futures



Weekly Chicago Butter Futures



Weekly Chicago Live Cattle Futures:



Weekly Feeder Cattle Futures:



Weekly Chicago Lean Hog Futures:

