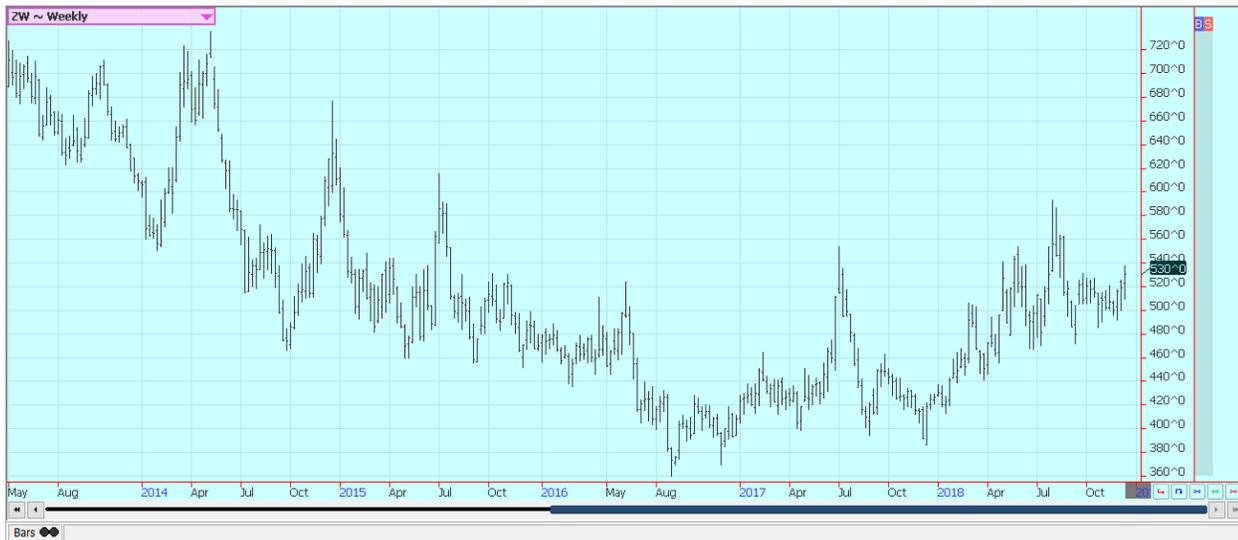


# December 10th, 2018

By Jack Scoville

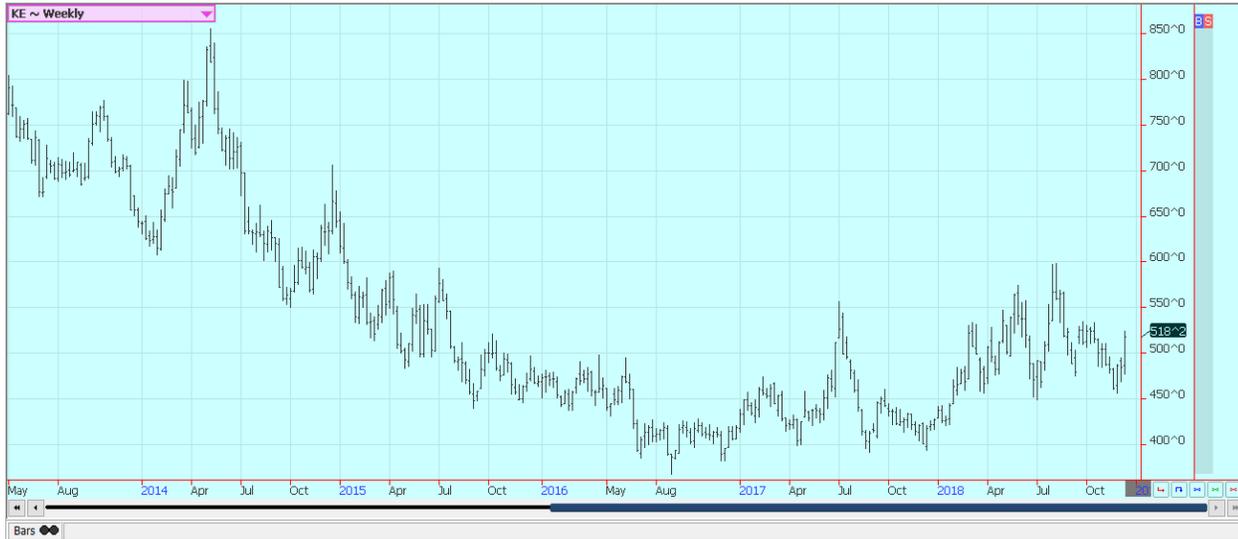
**Wheat:** Winter Wheat markets were higher for the week, while Minneapolis Spring Wheat closed slightly lower. Trends are up on the weekly charts in Chicago, but more mixed in Minneapolis. Ideas are that demand for US Wheat is about to improve, and the weekly charts show that more buying is possible in the next few weeks. In fact, Egypt has bought some US Wheat, and some has been sold into other North African countries lately. The planting of the Winter Wheat crops in the US was delayed due to bad weather. Too much rain and too much cold weather made getting the crop in and established in a timely fashion very difficult. World crop reports continue to indicate less production and tightening supplies. Firm prices extend from Russia to Australia on reduced world production, although Russia still shows the potential for strong exports this year. It remains very dry in Australia, although some eastern areas have seen some rain and conditions are called generally good in the west. It is reported to be wet and cold in Siberia for the Spring Wheat harvest there, and planting conditions are reported to be dry near the Black Sea. The Spring Wheat harvest in Siberia has been delayed due to snow storms, but Canada had a good crop this year.

## 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

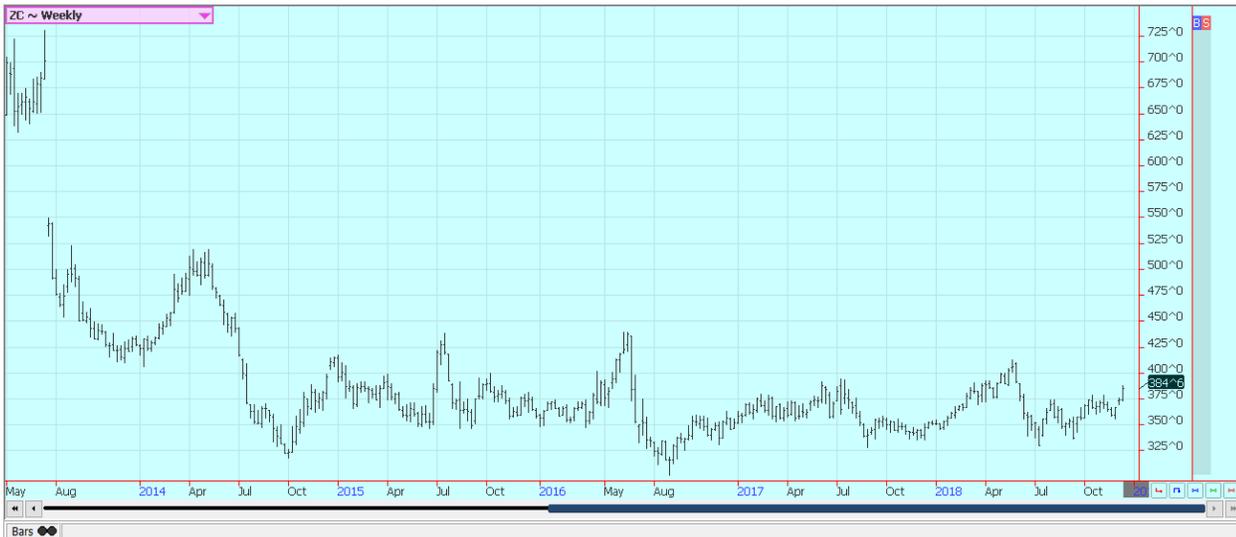


**Corn:** Corn was higher for the week and trends are mixed on the daily and up on weekly charts. The turn higher on the weekly charts came with the roll to March as front month on Friday, and it is possible that futures move a bit lower this week to test breakout levels near 370 to 375 on the weekly charts. Support begins at about 380 March on the daily charts. The Corn market seems to find increased selling interest when prices get close to the 390 March area. Export demand as noted in the USDA weekly sales reports represented a good week, but did not meet the million ton threshold and was considered a bit of a disappointment. The monthly supply and demand data released by USDA held no real surprises. The weather in the Midwest was improved for harvesting

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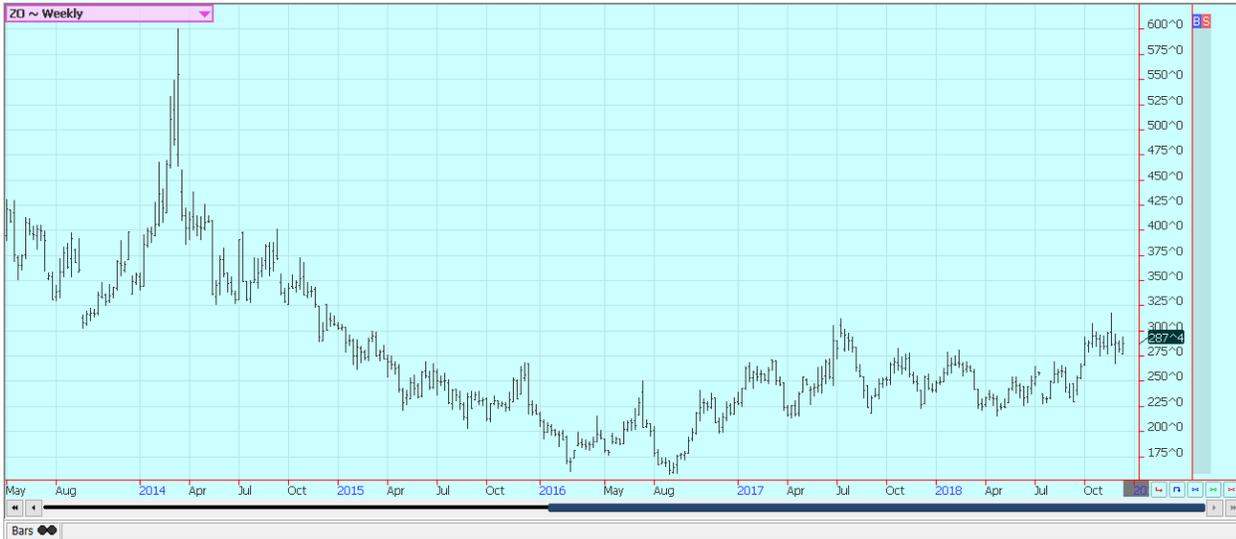
over the weekend. The temperatures were above normal, and it was mostly dry to help fields dry out after some precipitation last week. Big rains were noted to the south of the snow. Cool, but quiet conditions are expected for much of this week, although light precipitation is possible midweek from west to east. Planting progress in southern Brazil is reported to be ahead of the normal pace. Argentine planting progress is in line with its average pace. Neither country is expected to be a big player in the Corn export market this Winter or nest Spring. The Brazil Corn will most likely stay in the country as the short crops last year led to shortages and imports. Brazil could still be forced to import more Corn from Argentina in the near term as well. Brazil is not expected to be a player in Corn in the world market until the Winter crop becomes available in the middle of next year. Ukraine has been exporting some Corn, but its supplies are thought to be very limited this year. The US should remain the dominant seller in the world Corn and feed grains market for the next several months due to limited competition from South America and the Black Sea area.

Weekly Corn Futures:



Weekly Oats Futures

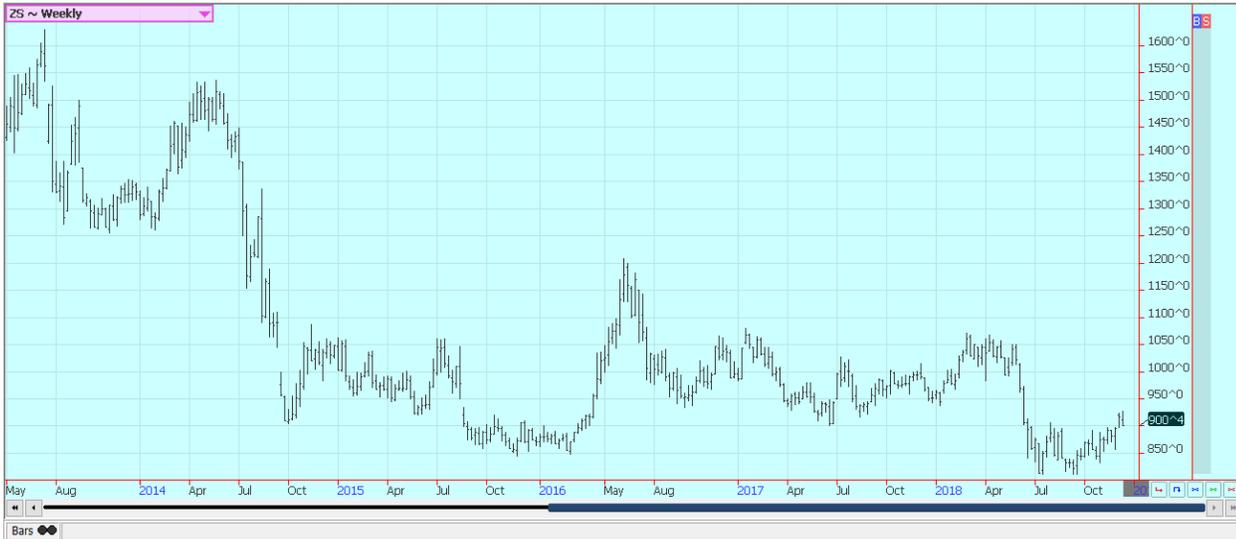
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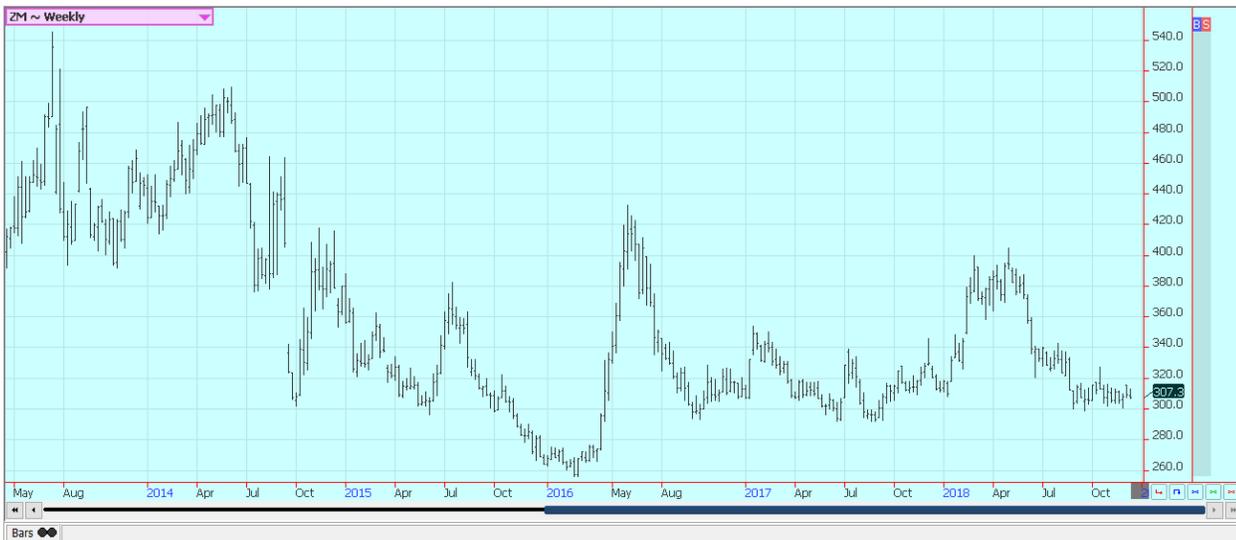
**Soybeans and Soybean Meal:** Soybeans and products were a little lower last week despite news of new Chinese purchases of US Soybeans. China bought US Soybeans to fulfill its part of an agreement made in Buenos Aires, and it is expected to buy more in the next few weeks. However, the news was anticipated, and the market knows that there are plenty of Soybeans to sell from the US and South America. Plus, there are no guarantees that the overall trade dispute will be resolved in the next three months, and the war could intensify if an agreement is not found. The US has agreed to keep the tariffs as they are in return for some Chinese buying in US ag markets and continued talks about opening up the Chinese markets and the rest of the disputed areas. China has refused to buy US Soybeans due to the trade disputes, and the US farmer has suffered, but now the market will look for business in the very short term. The US had a huge crop this year as producers anticipated stronger prices and strong Chinese demand. Brazil has been planting and plans on bigger crops. Argentina is also planting, but most of the trade attention is on Brazil. Producers in southern areas are ahead of the normal pace for planting progress, and there are ideas that the country could start to ship new crop Soybeans to China by the middle of January, a full month or more ahead of normal. Meanwhile, ending stocks projections for the US are very high and give little reason to expect a major rally anytime soon. The harvest is active again after wet weather last week, and farmers hope to get the rest of the US Soybeans harvest done very shortly.

Weekly Chicago Soybeans Futures:

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**Weekly Chicago Soybean Meal Futures**



Rice: Rice was higher on Friday, but lower for the week in continued slow trading. Weekly charts show the potential for a down trend, but January daily charts show reversal trading on Friday. It looks like short traders decided to cover as prices held an important support point on the charts just below the daily lows. The holiday period is usually very quiet for the US cash market, and this year seems to be no exception. However, basis levels have been firming as the market needs a little Rice and is not getting much offer from the producers. Producers do not seem interested in further sales at this time. Most producers would rather take part in holiday activities or go hunting rather than sell Rice, and the mills appear covered for now. The export demand is holding relatively strong.

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However, the exporters appear to be covered for now. It might take until after the first of the year to see much movement in Rice futures and cash markets. This is normal for the US Rice market.

## Weekly Chicago Rice Futures

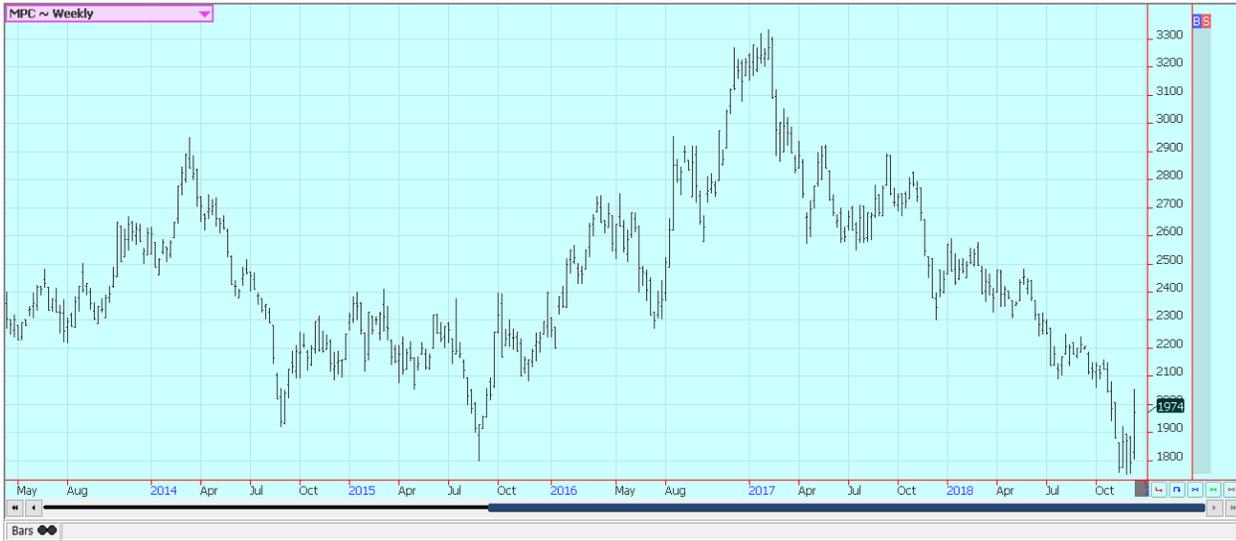


**Palm Oil and Vegetable Oils:** World vegetable oils prices were mixed, with Palm Oil higher and the other markets lower. Demand remains below optimal levels in Palm Oil, and most in the market worried about finding enough demand to take up the increasing supplies. Production has been trending seasonally higher, but should start to fall soon as the weather will change and inhibit palm production. Daily charts show mixed trends and weekly charts show futures in a down trend. Soybean Oil closed slightly higher in reaction to the strength in Palm Oil and despite weaker petroleum prices. Selling came late in the week as the petroleum markets are collapsing and causing bio fuels markets to move lower. Support is coming from less offer from South America. Canola was slightly lower on improved weather and as demand is only routine. The harvest is finally over. Farmers had a tough time getting into the fields due to rains, especially in the west, but finally wrapped up a week or so ago. Progress had been significantly behind normal, so the trade expects yield new losses. Yield reports are said to be below expectations.

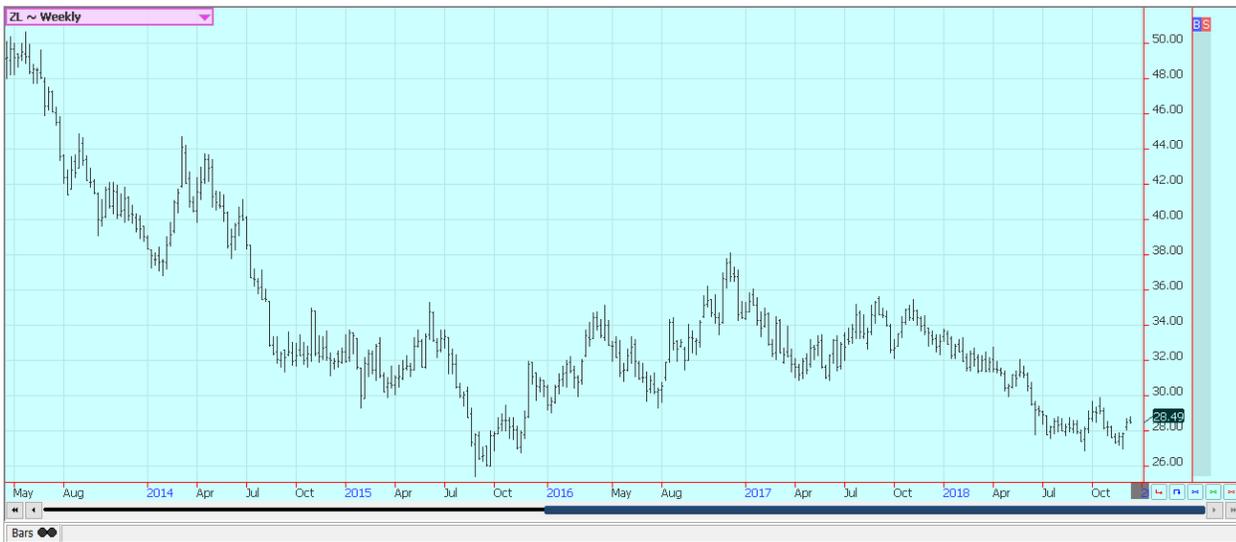
## Weekly Malaysian Palm Oil Futures:

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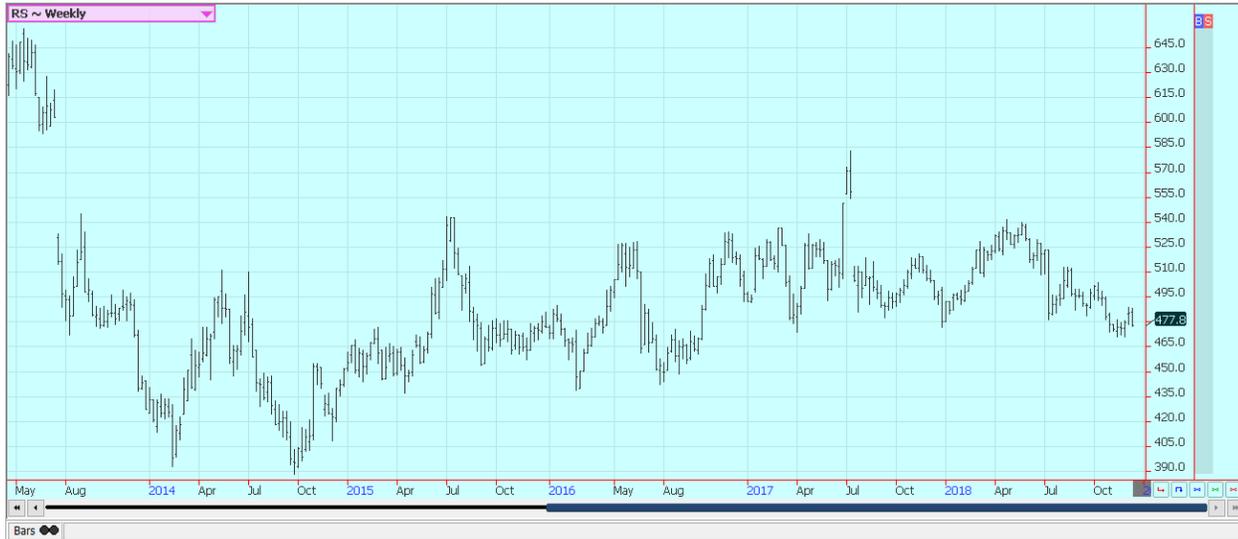


### Weekly Chicago Soybean Oil Futures



### Weekly Canola Futures:

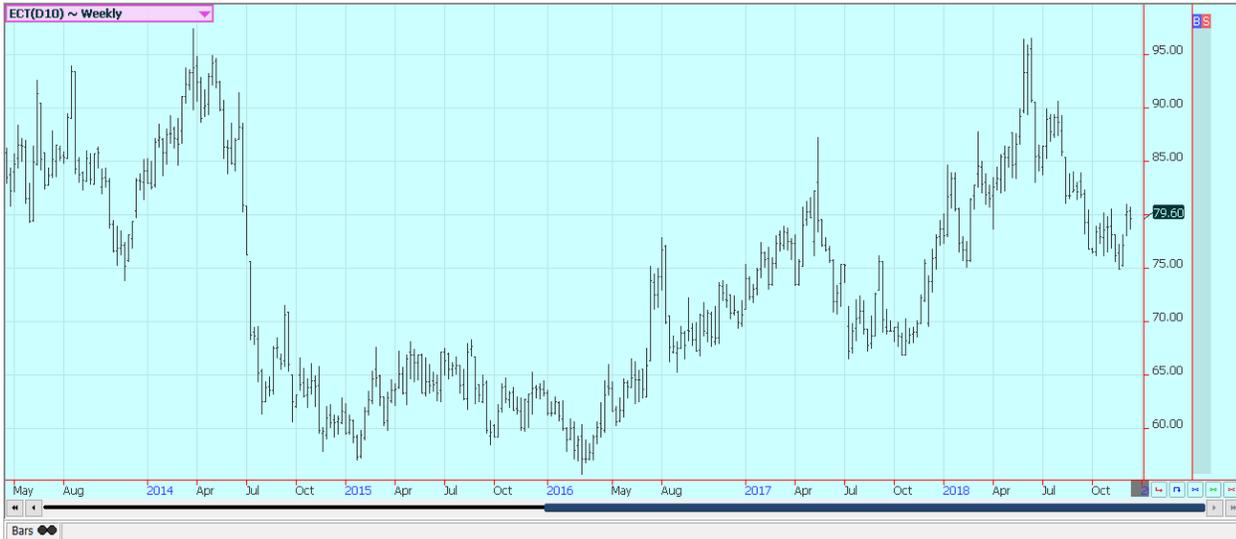
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**Cotton:** Cotton was higher on Friday, but lower last week. Futures were reacting to the mixed data presented in the USDA reports. USDA increased domestic production and ending stocks levels, but cut world production and ending stocks levels. The reductions were seen in India and China. The market is likely to rally this week due to the truce in the tariff war between China and the US that could finally create increased demand for US Cotton in world markets. Wire and anecdotal reports still suggest that the harvest pace is poor, but it should start to wrap up soon as the holidays are near. Most of the delays have been in Texas due to too much rain, but some delays in the Southeast have also been reported. The delayed harvest could cause quality losses. The market needs new demand. Export sales for the last few weeks have been poor, and the weakness in petroleum futures meant that more poly products could be produced cheaper to compete with Cotton.

#### Weekly US Cotton Futures

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**Frozen Concentrated Orange Juice and Citrus:** FCOJ was lower as warmer and drier weather was seen in the state, and an as active harvest is likely. Some selling was noted on demand concerns and both the domestic and export market remain soft. The soft domestic market has been a feature for several years as more and more people look to pills or other ways to get Vitamin C. The EU had been importing a lot of US FCOJ, but now all of that business is going to Brazil. It is still possible that a short term low has been made. The Oranges harvest is active in Florida under good weather conditions. The fruit is abundant. Florida producers are seeing small sized to good sized fruit, and work in groves maintenance is active. Irrigation is being used in all areas. Packing houses are open to process fruit for the fresh market, and a couple of major processors are open in the state to take packing house eliminations.

**Weekly FCOJ Futures**



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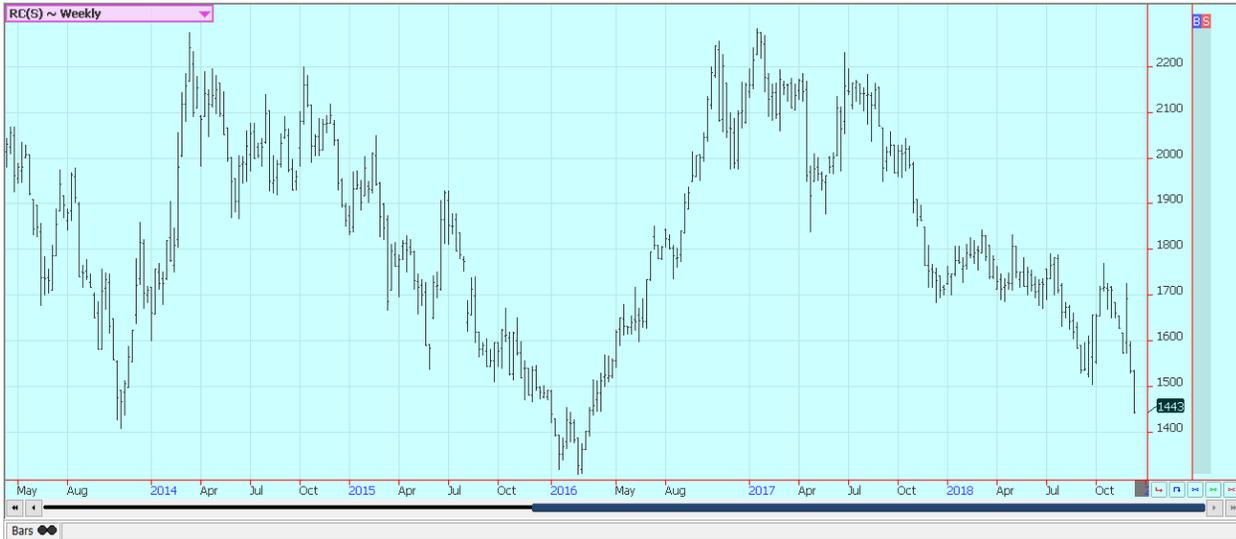
Coffee: Futures were lower in New York and in London last week. Currency relationships, and especially the rate between the US Dollar and the Brazilian Real, continue to be the driving force in Coffee trading, and weaker outside markets such as the extreme weakness in petroleum futures added to find selling interest on Friday. Commercials were said to be the best buyers. The Brazil crops are getting harvested now, but are not always finding their way to the market due to the overall Real strength against the Dollar. Producers are also looking ahead to next year. El Nino remains in the forecast and Coffee areas in Brazil could be affected by drought. This is the off year for production there, anyway, and a drought would mean even less production. Vietnam is active in its harvest. Production in Vietnam is estimated at or above 30 million bags, although sources in the country insist that the world trade estimates are too high and say the production will be less than 30 million bags. Producers in both countries are not selling much. Conditions are called good for harvesting in Central America

Weekly New York Arabica Coffee Futures



Weekly London Robusta Coffee Futures

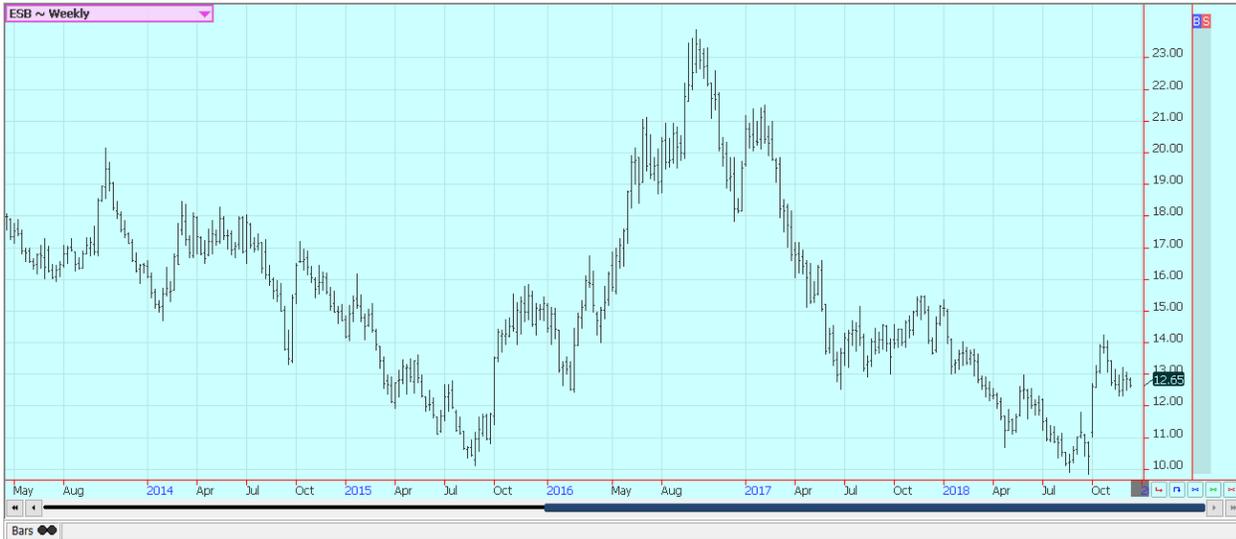
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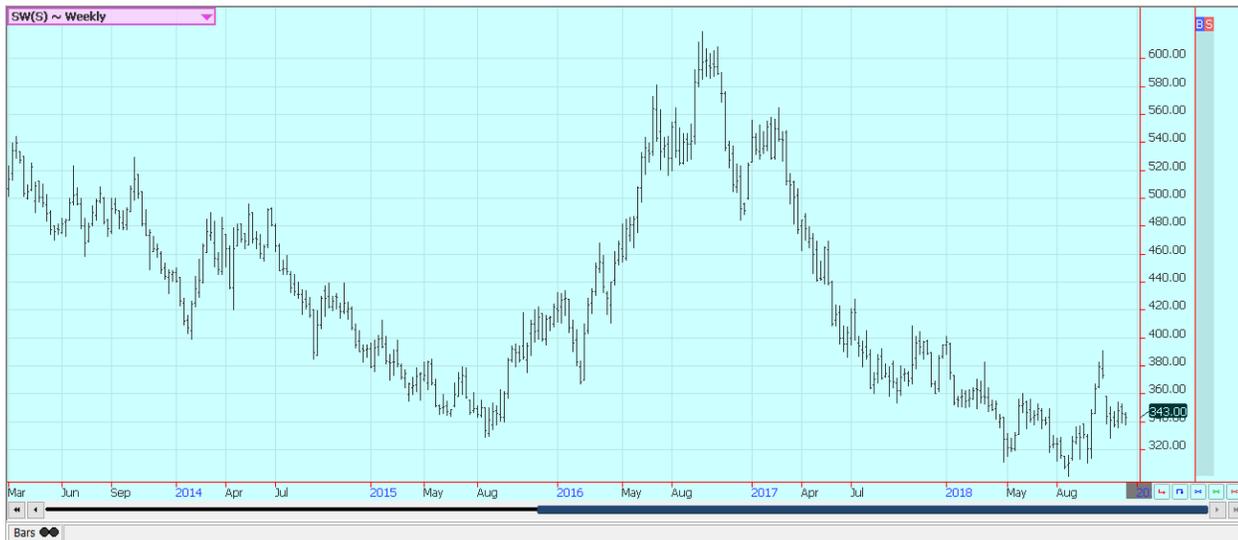
Sugar: New York closed a little lower last week. London was lower as well. Sugar was hurt by increased selling in Brazil due to the weaker Real against the US Dollar. Prices have also been hurt by the weakness in petroleum futures that have hurt demand ideas. There are now doubts on just how much production will be seen this year in India. Wire reports indicate that pests have invaded Sugarcane fields and are eating and destroying the crop. There is no indication of losses yet, but the implication of the reports is that the losses could be significant. Northwest India had been experiencing hot and dry weather that could cut yields. Dry conditions continue in Brazil, the EU, and Russia, but conditions are mostly good in Ukraine. Very good conditions are reported in Thailand. Brazil producers are worried about Cane production, and the market still talks about less production there this year. The dry weather in much of Europe and in southern Russia near the Black Sea has hurt Sugarbeets production potential in these areas.

Weekly New York World Raw Sugar Futures

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**Weekly London White Sugar Futures**



**Cocoa:** Futures closed higher for the week in New York and higher in London as the new main crop harvest comes to market in West Africa. Trends are still mostly down in both markets. The outlook for strong production in the coming year is still around, and ports are said to have plenty of Cocoa on offer. The main crop harvest is in its earliest stages in some parts of West Africa. Main crop production ideas for Ivory Coast and Ghana are being reduced, with Ivory Coast now estimating its main crop production at 1.985 million tons, down from previous estimates just over 2.0 million tons.

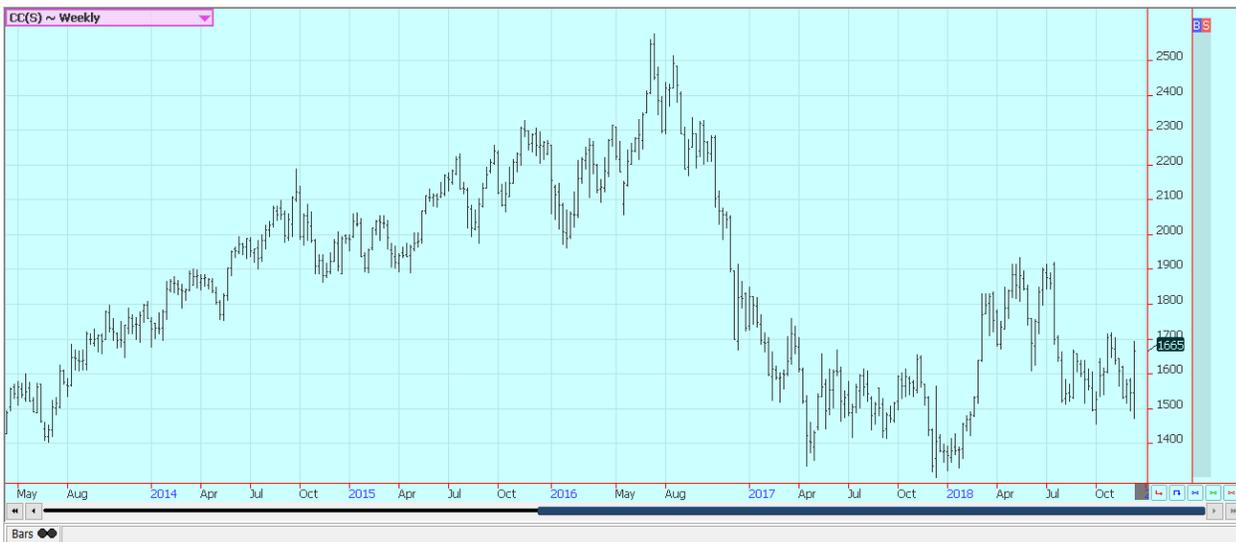
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Conditions appear good in East Africa and Asia. Demand is said to be improving as offers from the new harvest start to increase.

Weekly New York Cocoa Futures



Weekly London Cocoa Futures



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