

# December 22nd, 2019

By Jack Scoville

**Wheat:** Wheat markets were higher for the week and were led higher by Chicago HRW and Minneapolis Spring Wheat futures. Those markets rallied in the face of reduced production potential for Australia and the new tax regime for Argentina. The Australian problem is very serious as record heat with almost no rain was noted in important growing areas. There is no relief in sight. SRW is finding some support on reduced production but also faces poor demand. Production increases in the northern parts of the world are greater than production decreases in southern countries and that has hurt the bull case for improved US Wheat demand. World prices have been weaker in the last couple of weeks and this was seen by the Egyptian tender where even the EU could not compete with Russia and eastern Europe. World prices will still be dictated by what happens in Europe and the Black Sea area and US prices will most likely remain a follower as the US tries to compete for sales. Chart patterns on daily and weekly charts imply more up pressure on prices this week.

## Weekly Chicago Soft Red Winter Wheat Futures



## Weekly Chicago Hard Red Winter Wheat Futures

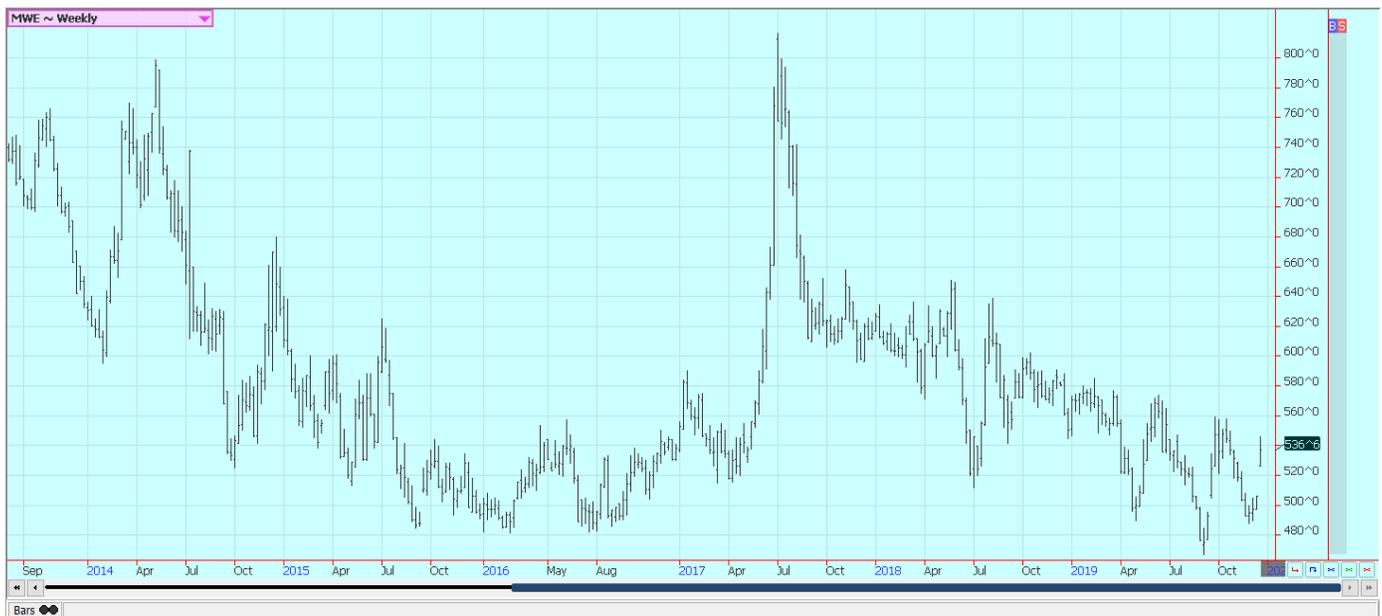
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### Weekly Minneapolis Hard Red Spring Wheat Futures



**Corn:** Corn gapped higher on the weekly chart with the roll to March and as there is little Corn available to the domestic cash market. The market has been short Corn as farmers have been holding. That means that there is very little Corn available to the domestic and international cash market. Ukraine has been selling and offers from Argentina have been at lower prices, but almost nothing is available here in the US and the US is still the king when it comes to Corn. The charts

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show a new leg up getting started last week. It was a thin trade over the holiday, but one with potential meaning for bulls and bears.

## Weekly Corn Futures:



## Weekly Oats Futures



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**Soybeans and Soybean Meal:** Soybeans and the products were higher for the week with Soybean Oil gapping higher for the second week in a row. Many producers have put their Soybeans into storage and not selling. This has caused basis levels to firm in the country and at the Gulf of Mexico. Domestic demand was strong in the NOPA data. The market was also affected by news headlines about the trade talks with China. Word most of the week that a Phase One deal was done and that tariffs on both sides would be cut back as a part of any deal helped support futures for much of the week. USDA showed that China continued to be a strong buyer in the US market in its weekly reports on Thursday.

## Weekly Chicago Soybeans Futures:



## Weekly Chicago Soybean Meal Futures

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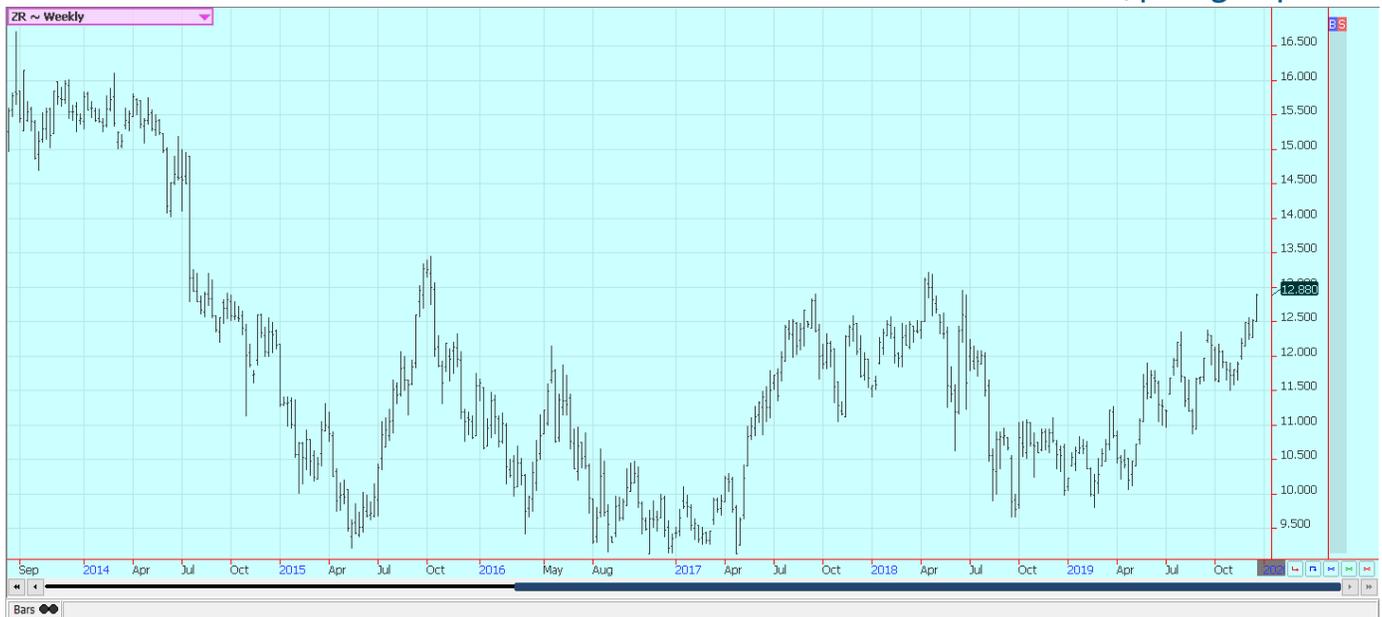
Rice: Rice was higher for the week. The weekly charts still display a bullish market and higher prices this week would be positive for the medium term. Demand for US Rice remains generally positive and the weekly export sales report was strong. The export sales pace in general has been very good and USDA could be forced to increase export demand and cut ending stocks estimate in future reports. The US domestic market is now quiet with the harvest mostly done and no one real interested in selling. Mills and exporters are thought to be covered but anyone who needs to buy paddy Rice from farmers will be forced to pay higher prices after not finding much selling interest at all.

#### Weekly Chicago Rice Futures

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**Palm Oil and Vegetable Oils:** World vegetable oils markets were higher. Palm Oil got positive production news from MPOB to go with stronger export news as the export demand has held well so far this month despite the increase in prices. Exports were down by 10% on a month to month basis, but still stronger than expected. MPOB showed that production in October was 2.5% lower than in September and this was less than expectations. Malaysia signed trade deals with China for another 1.5 million tons in 2020 and India for another 1.0 million tons. Soybean Oil was sharply higher and gapped higher for the second week in a row. Trends are up in Palm Oil and for Soybean Oil. Canola was higher last week along with the other markets. Harvest progress has been slow but producers have been active and have been delivering into the commercial system. The rate of deliveries is starting to back down now as farmers prepare to store the rest of the crop for the Winter.

**Weekly Malaysian Palm Oil Futures:**

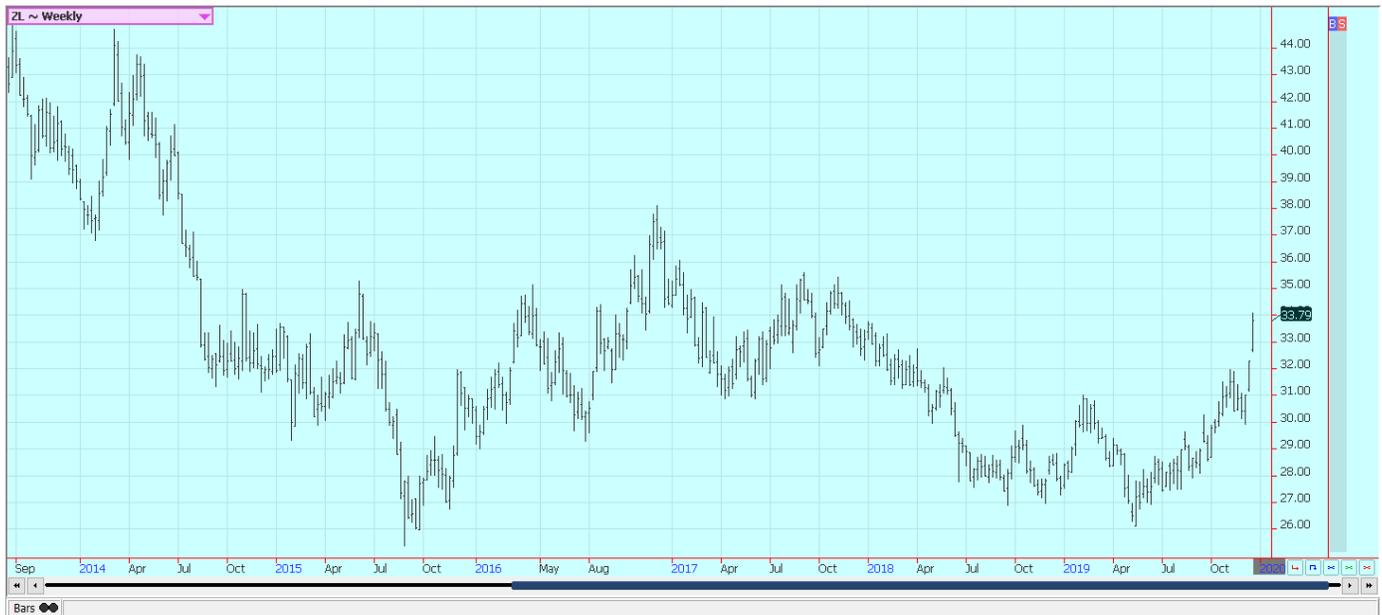
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**Weekly Chicago Soybean Oil Futures**

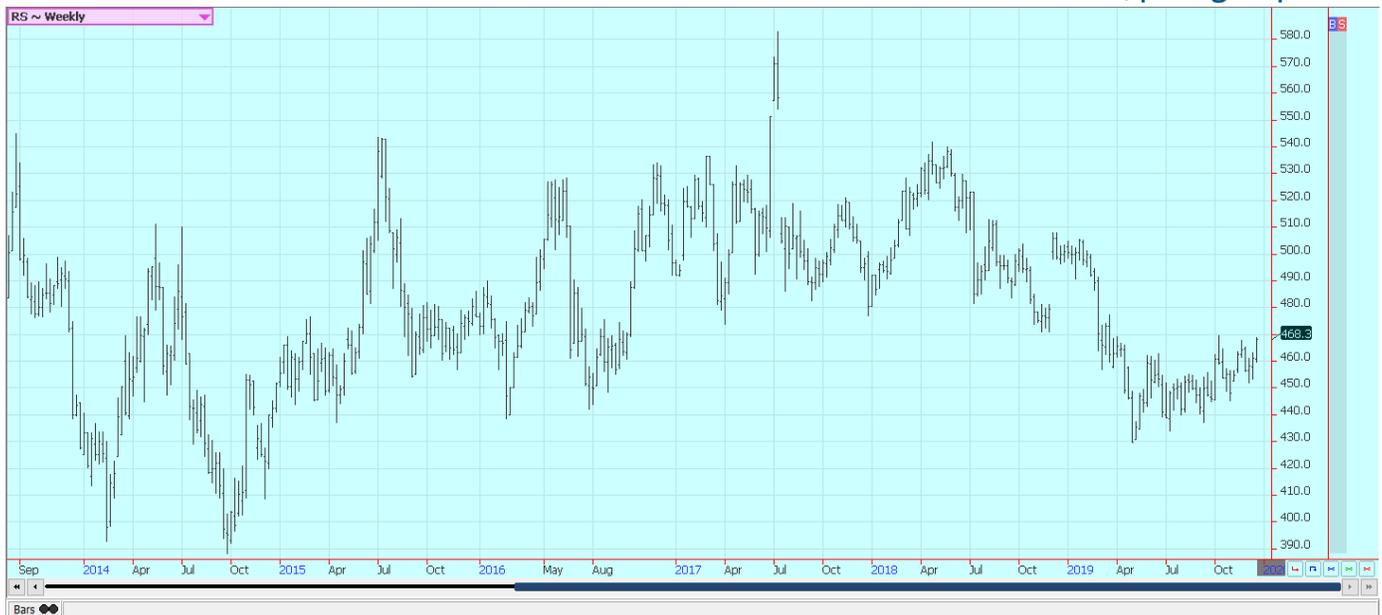


**Weekly Canola Futures:**

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Cotton: Cotton was higher last week. The market got some good news on Thursday as USDA reported another strong week of export sales. China was included as a buyer which has been considered important for Cotton demand moving forward. China has also been buying Cotton from Brazil as it needs higher quality Cotton to blend with its domestic production. The market has not been able to move a lot in terms of price for the last month as the harvest has been ongoing amid some stressful conditions. Last week featured very cold temperatures and some worry about quality but not enough to affect prices much. The harvest will start to wind down over the next couple of weeks.

#### Weekly US Cotton Futures

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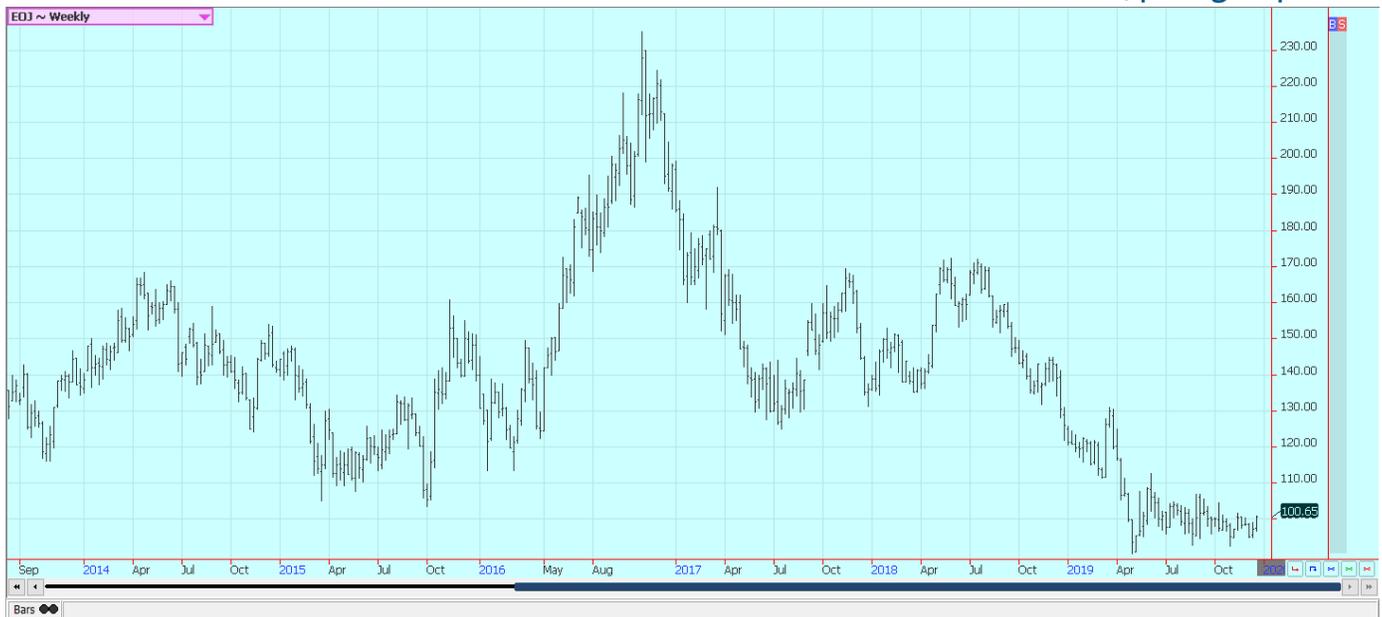
**Frozen Concentrated Orange Juice and Citrus:** FCOJ was higher for the week. Overall chart patterns suggest that the market is in a trading range and that prices are now ready to test the upper end of the range. USDA showed strong production last month at more than 77 million boxes of Oranges from Florida and demand remains weaker. Good growing conditions and increased oranges production estimates by USDA this season have been bearish. The weather has been great for the trees as there have been frequent periods of showers and no severe storms so far this year. Many areas have been dry lately and irrigation is being used. Crop yields and quality should be high for Florida this year. Inventories of FCOJ in the state are high and are more than 37% above last year.

#### Weekly FCOJ Futures

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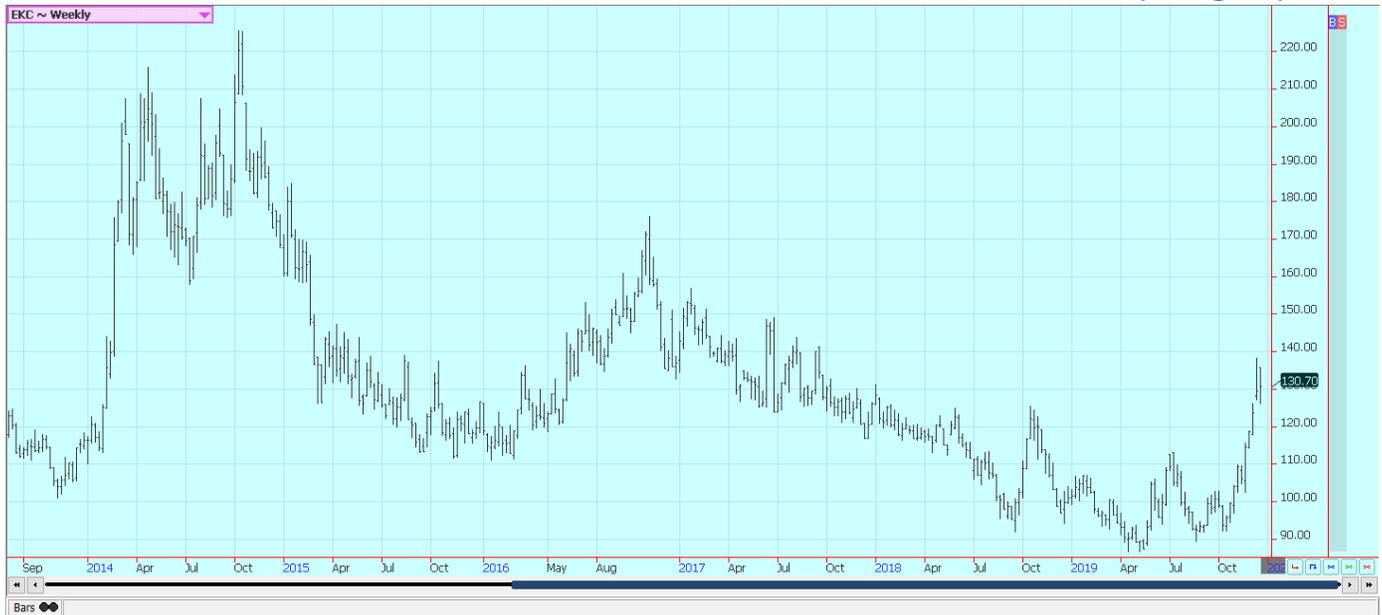
Coffee: Futures were higher for the week in New York and lower in London. Rains were reported in Brazil Coffee areas to help ideas of big production in the coming year, but overall it remains dry. The Brazilian crop is developing but some exporters say they are out of previous crop supplies to sell. It is dry in other parts of Latin America as well. Central America has had less than normal rains, especially in Honduras where a large part of the deliverable stocks come from. Peru is also too dry right now. The Asian harvest is underway but producers do not seem to be selling on ideas that prices are too low to provide profits. Vietnam exports remain behind a year ago, but the market anticipates bigger offers as producers and traders will need to create new storage space and are expected to do this by selling old crop Coffee. Reports from Brazil indicate that flowering is off to a very good start. Rains are expected again in Coffee areas this week. Overall the Coffee areas remain in a rain deficit but have had some timely rains to start the flowering. Vietnam crops are thought to be big despite some uneven growing conditions this year.

#### Weekly New York Arabica Coffee Futures

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**Weekly London Robusta Coffee Futures**



**Sugar:** Both markets closed a little higher for the week. Overall charts trends are trying to turn up for the medium term. Reports indicate that little is on offer from India. Thailand might also have less this year due to reduced planted area and erratic rains during the monsoon season. There is still more than enough Sugar for any demand and that India will have to sell sooner or later. Reports from India indicate that the country is seeing relatively good growing conditions and still holds large inventories from last year. However, these supplies are apparently not moving and this could be due to less government subsidy for mills and exporters. Reports of improving weather in Brazil imply

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good crops there. The Real has been trading near recent lows against the US Dollar and this should encourage export sales from Brazil as well.

## Weekly New York World Raw Sugar Futures



## Weekly London White Sugar Futures



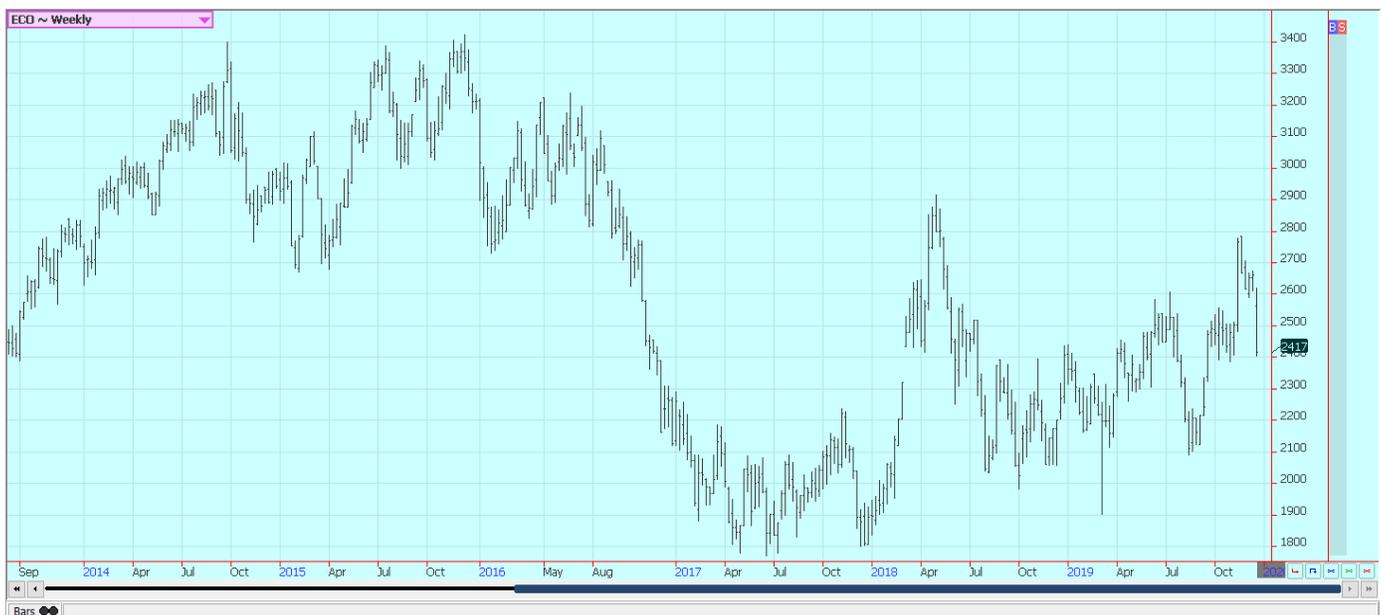
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Cocoa: Futures closed sharply lower in both markets and gapped to a sharply lower close in London. Harvest is now active in West Africa and reports are that good volumes and quality are expected. Ideas are that demand is currently very strong due to the current price action. The reports from West Africa imply that a big harvest is possible in the region. Ivory Coast arrivals are strong and are above year ago levels. The weather in Ivory Coast has improved due to reports of frequent showers. The precipitation is a little less now so there are no real concerns about disease. Ideas are that the next crop will be very good. Both Ivory Coast and Ghana are doing what they can do boost Cocoa prices and are inviting Nigeria and Cameroon into the minimum pricing system they are creating.

### Weekly New York Cocoa Futures



### Weekly London Cocoa Futures

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