

# December 24th, 2018

By Jack Scoville

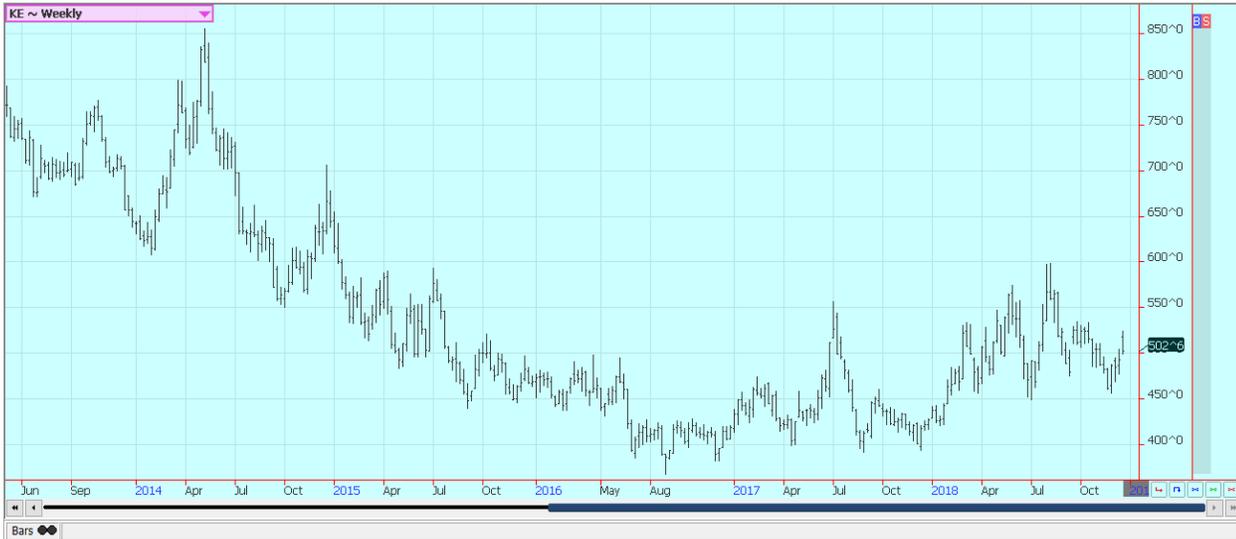
**Wheat:** Winter Wheat markets were lower for the week as Russia still has not regulated exports. Minneapolis futures were once again the weakest market. A meeting on Friday between the government and exporters was supposed to reaffirm the agreement between the two to limit exports or face controls, but instead produced an announcement that exports could actually be a little larger for the year than previously agreed to. The move caused selling in the US and all three markets are now in short term down trends on the weekly charts. However, world markets were firm to higher, so Wheat could respond with higher prices this week. The US market needs demand, and the weekly export sales report remain average at best. Ideas are that demand for US Wheat is about to improve, and the weekly charts show that higher prices possible in the next few weeks. 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. Australian and European prices have also been relatively strong. Argentine prices showed a little weakness last week as the weather in the country is about to turn drier and more favorable for the remaining Wheat crop to be harvested. The crop might have suffered some quality damage.

## Weekly Chicago Soft Red Winter Wheat Futures



## Weekly Chicago Hard Red Winter Wheat Futures

Past performance is not indicative of future results. Futures trading involves a substantial risk of loss.



### Weekly Minneapolis Hard Red Spring Wheat Futures



**Corn:** Corn was higher for the week, but price weakness in the middle of the week kept the weekly price gains small. Trends are down short term on the daily and up on weekly charts. The Corn market seems to find increased selling interest when prices get close to the 390 March area, and has failed now with the recent weakness in prices. Corn demand for ethanol has softened in the wake of the crushing move to lower prices over the last couple of months in petroleum futures markets. Ethanol prices have also weakened and blenders no longer have a profit margin and are cutting back on production. Export demand as noted in the USDA weekly sales reports represented a very strong week, and demand for US Corn in the world market and the domestic market is

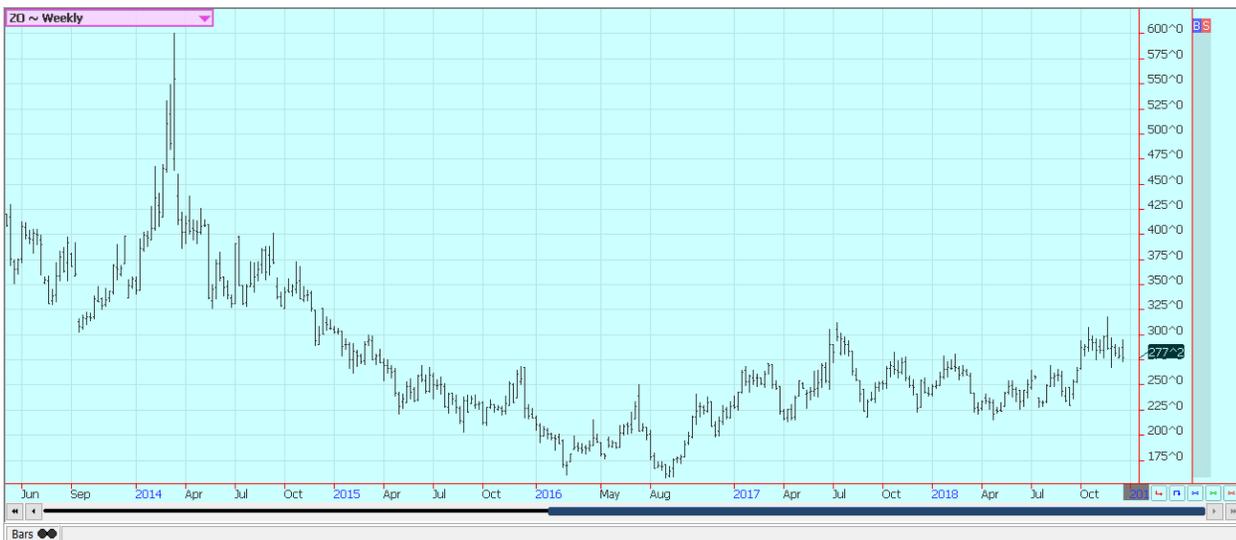
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considered strong. The weather in the Midwest was somewhat better for harvesting as conditions were warm and dry early in the week. Wetter weather was noted in central and eastern areas late in the week. Cool, but quiet conditions are expected for much of this week, although significant 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.

**Weekly Corn Futures:**



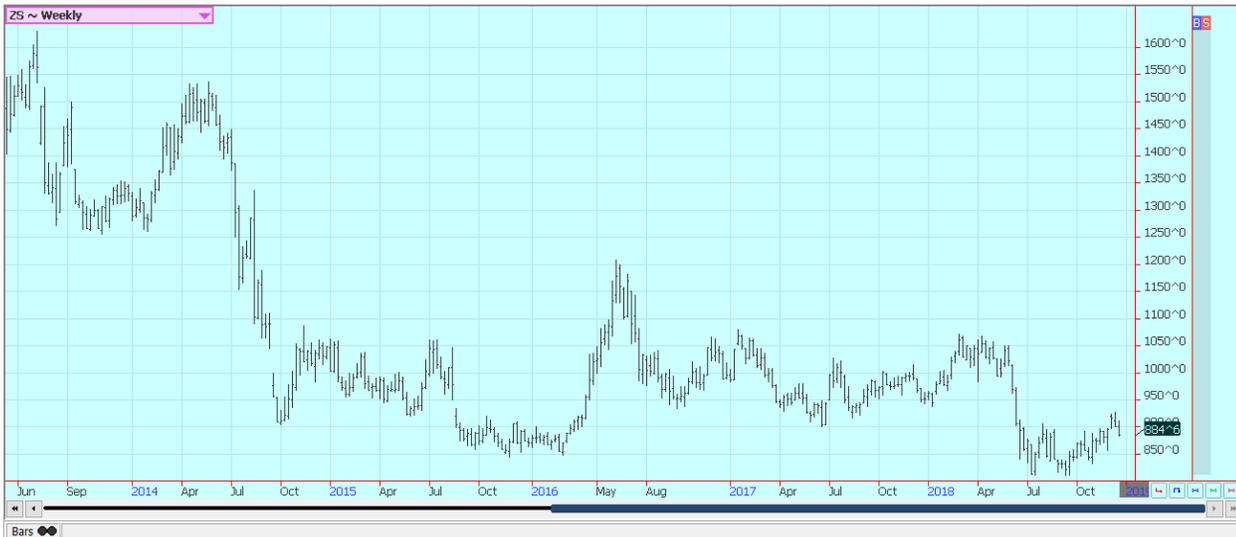
**Weekly Oats Futures**



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**Soybeans and Soybean Meal:** Soybeans and products were lower last week despite news of new Chinese purchases of US Soybeans. The weekly export sales report was very strong in part to the first round of Chinese buying, and they bought more last week. The country might have bought 4.0 million tons in the last couple of weeks. 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 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 trade war could intensify if an agreement is not found. 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 reports of limited harvest activity in western Parana and in the Mato Grosso. Meanwhile, ending stocks projections for the US are very high and give little reason to expect a major rally anytime soon.

**Weekly Chicago Soybeans Futures:**



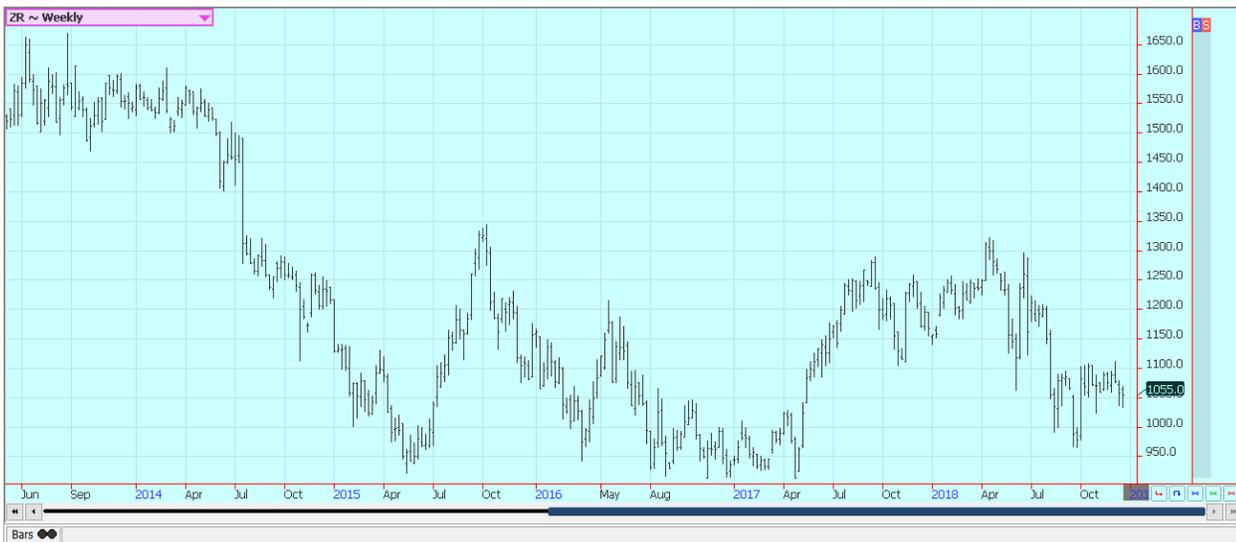
**Weekly Chicago Soybean Meal Futures**

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Rice: Rice was slightly higher on Friday, but slightly lower for the week in continued slow trading. Weekly charts show the potential for a down trend, and the quiet tone in the cash market is reflected in the futures market as buyers and sellers are not eager to be involved. The holiday period is usually very quiet for the US cash market, and this year has seen a slow trade and stable prices. 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. The export demand is holding relatively strong, and there is some mill demand. It will probably take until after the first of the year to see much movement in Rice futures and cash markets.

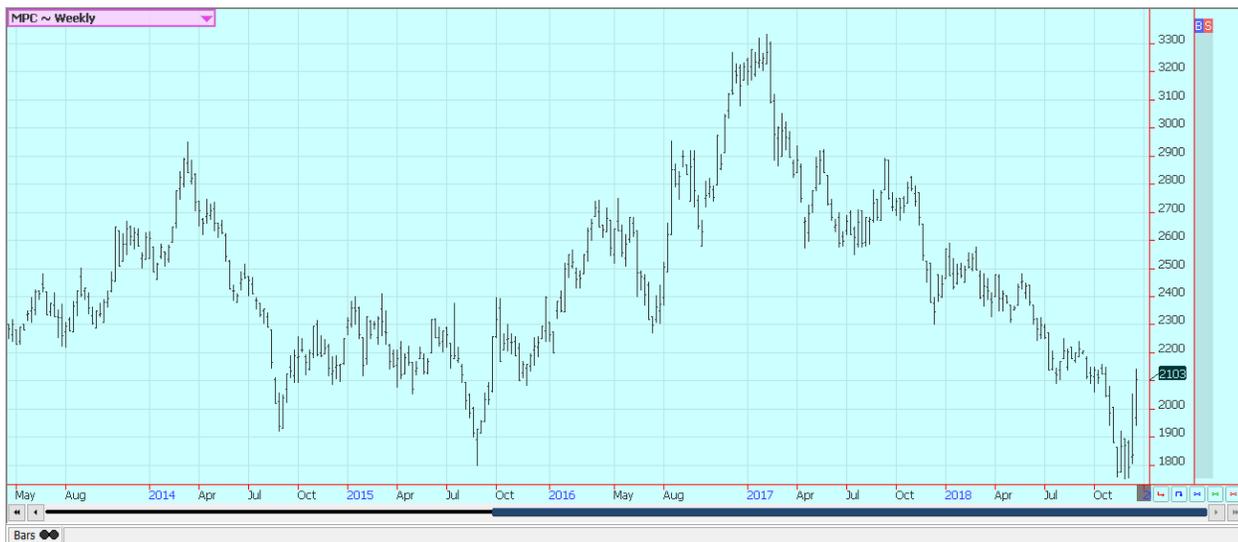
### Weekly Chicago Rice Futures



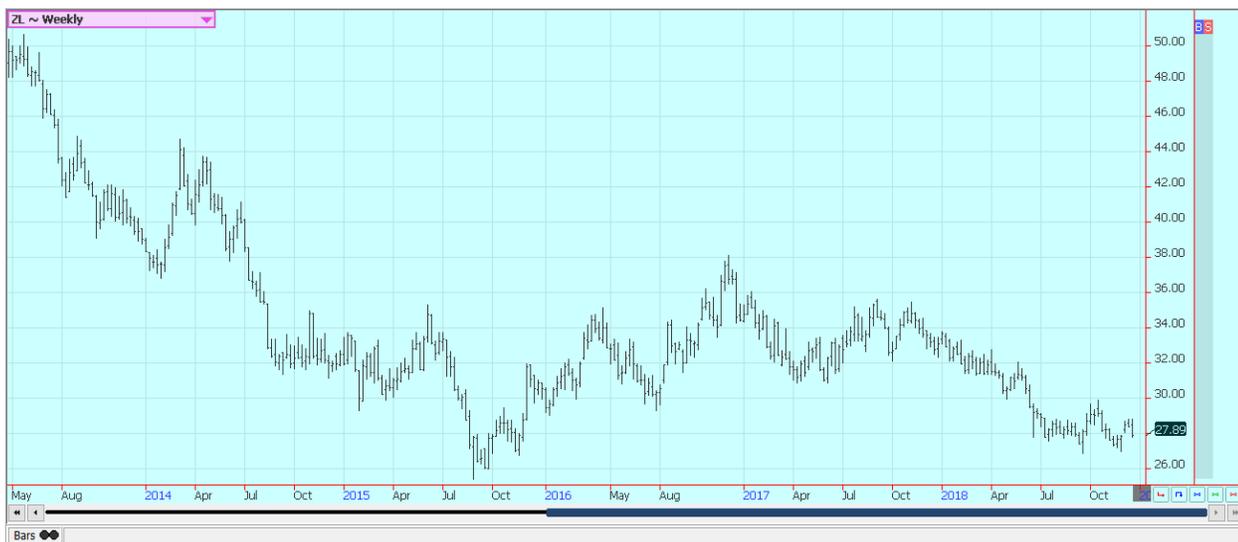
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**Palm Oil and Vegetable Oils:** World vegetable oils prices were mixed, with Palm Oil higher and the other markets lower. Demand remains below optimal levels in Palm Oil, and most in the market worried about finding enough demand to take up the increasing supplies. Production should start to fall soon as the weather will change and inhibit palm production. Daily charts show and weekly charts show futures in an up 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. The weaker petroleum prices hurt Soybean Oil demand for biofuels. Canola was lower on improved weather and as demand is only routine. Canola is taking its cues from Chicago and the reports of an abundance of Soybeans in the US and South America.

**Weekly Malaysian Palm Oil Futures:**



**Weekly Chicago Soybean Oil Futures**



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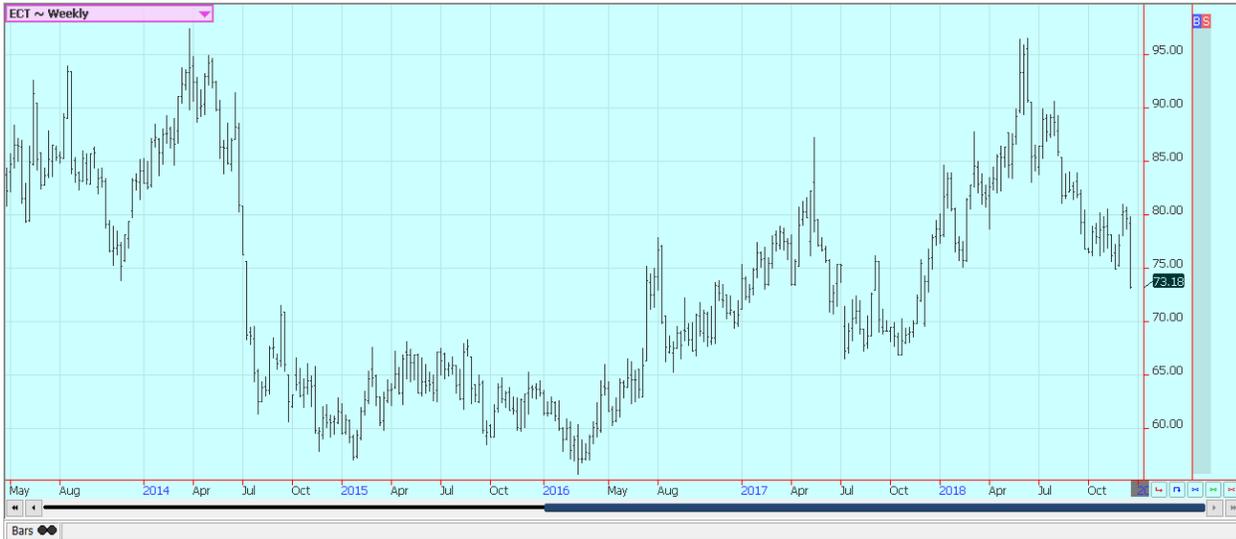
### Weekly Canola Futures:



**Cotton:** Cotton was sharply lower last week as weak overall demand continues to impact the US market. On the other hand, world production and supplies are going lower due to bad weather in the growing season for major producers around the world, including India, Pakistan, and Australia. China had problems with its growing weather, too. Demand for US Cotton has been disappointing, as the weekly export sales reports have shown average demand at best since the start of the marketing year. China has not bought any US Cotton this year and has been active in other markets, especially India. US prices are down and China might start to look at the US crop, but there have been worries about the quality of the US crop due to some extreme growing conditions in Texas and the Southeast over the Summer and Fall. Ideas are that the quality worries have kept some importers of US Cotton away from the market.

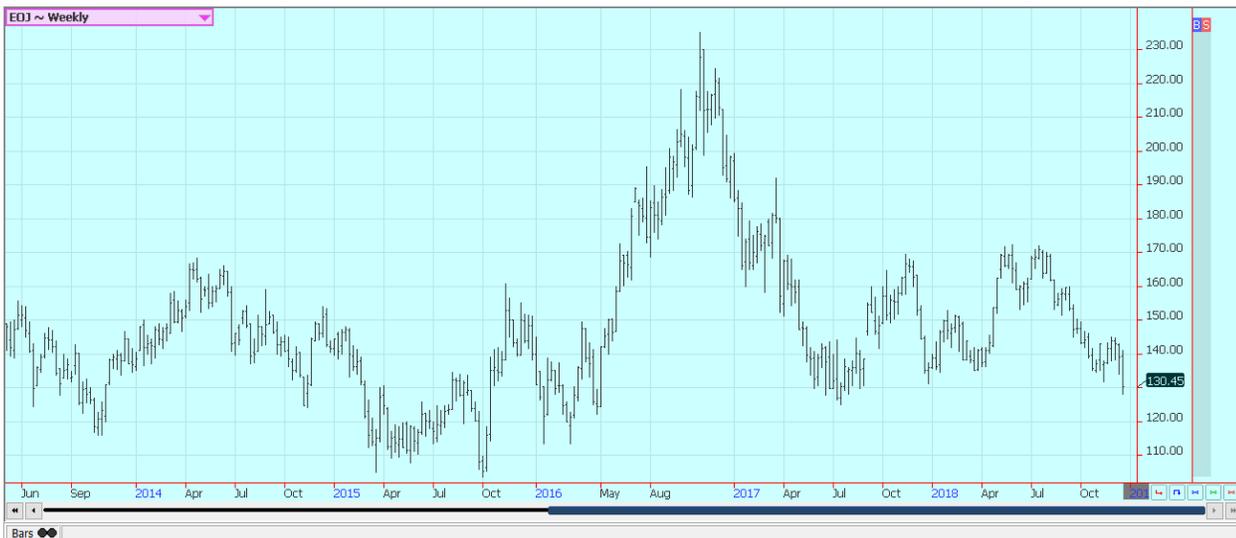
### Weekly US Cotton Futures

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Frozen Concentrated Orange Juice and Citrus: FCOJ was lower and made new lows for the move on the weekly charts. Warmer and drier weather was seen in Florida, and an as active harvest is likely. There were some significant storms reported on Thursday, but some dry areas probably welcomed the precipitation more than anything. Some selling was noted on demand concerns and both the domestic and export market remain soft. The Oranges harvest is active in Florida under good weather conditions. The fruit is abundant, but arrivals to packinghouses and processors are reported behind last year. 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 all processors are open in the state to take packing house eliminations and fresh fruit.

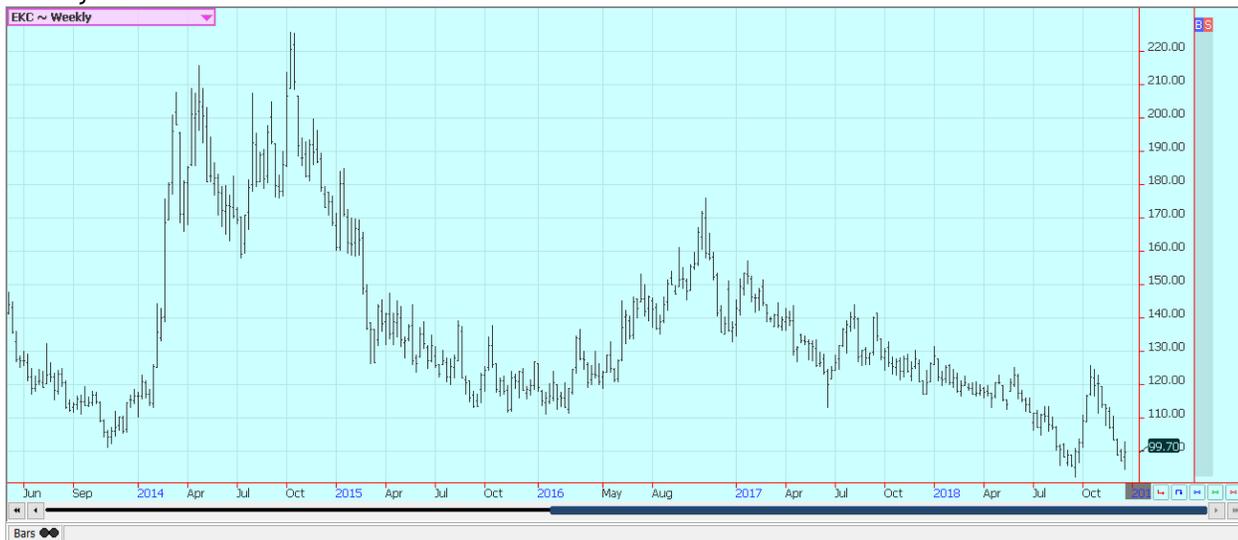
**Weekly FCOJ Futures**



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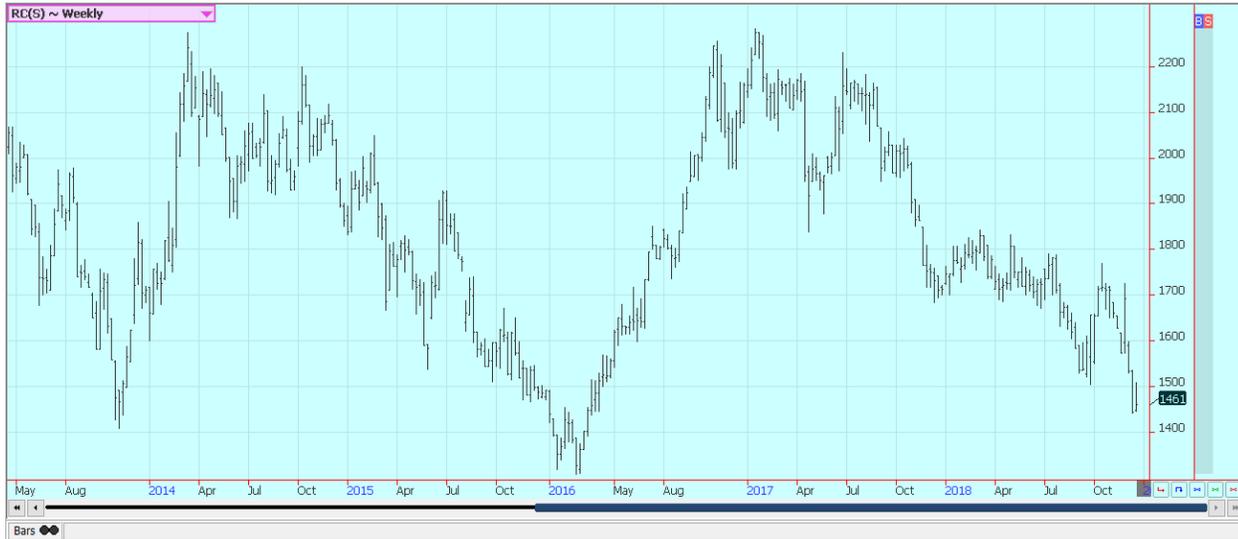
Coffee: Futures were higher in New York in reversal type trading last week. The market had become extremely over sold, and futures held a test of the March contract low on the daily charts. It could be a sign that the market has gone down far enough. Speculators were on both sides of the market and roasters were reported to be good buyers for the week. Currency relationships, and especially the rate between the US Dollar and the Brazilian Real, continue to be the driving force in Coffee trading. The Brazil crops are getting harvested now, and production estimates now range as high as 63.7 million bags. That is a big crop and the main reason to see prices in New York as low as they are right now. Producers are also looking ahead to next year, and production could drop sharply in the off production year. El Nino remains in the forecast and Coffee areas in Brazil could be affected by drought that could hurt production even more. 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.

#### Weekly New York Arabica Coffee Futures



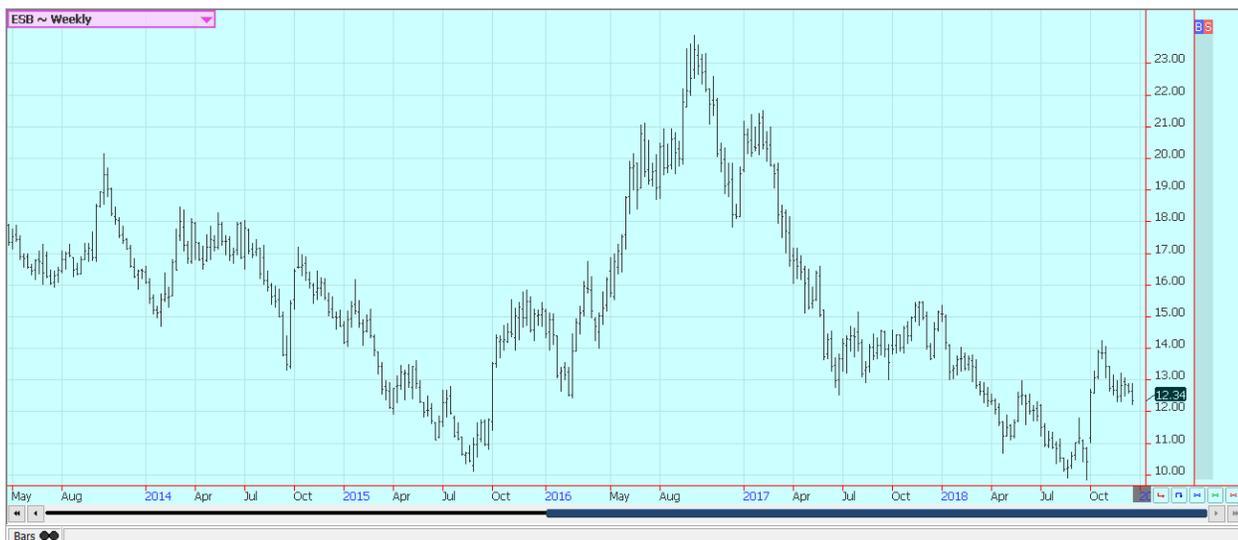
#### Weekly London Robusta Coffee Futures

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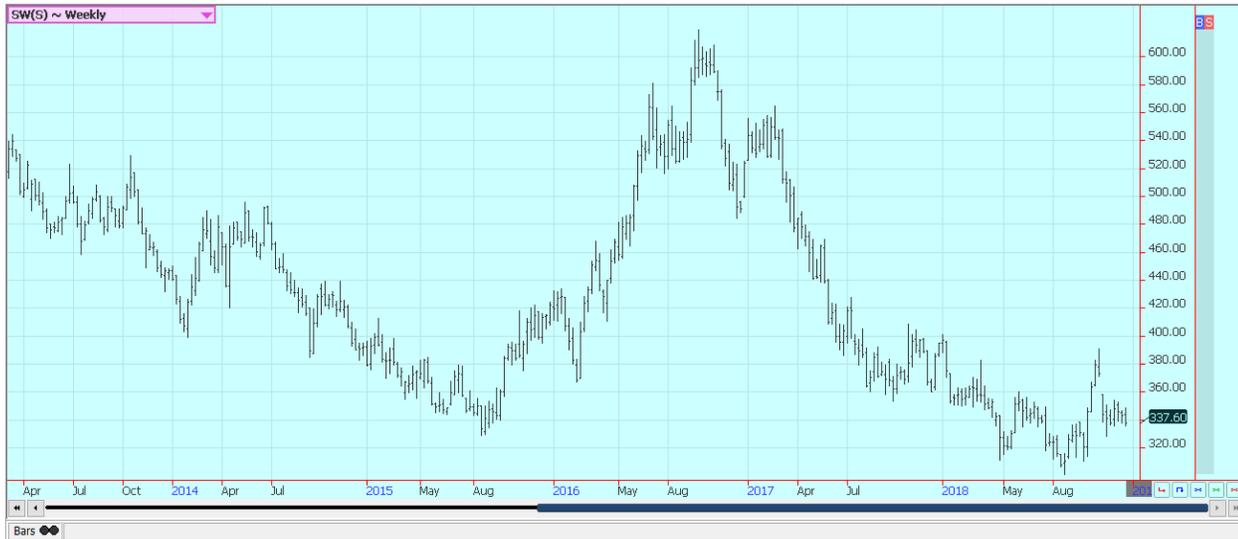
Sugar: New York closed a little lower last week. March futures are now near some support at about 1200. London was lower as well. Sugar was hurt by the weakness in petroleum futures that have hurt demand ideas. Brazil has been using a majority of its Sugarcane harvest to produce ethanol this year instead of Sugar, and there is some talk the mills might switch back to Sugar unless petroleum prices improve soon. There are 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. Northwest India had been experiencing hot and dry weather that could cut yields. It has not announced a reduction in its export goal of 5.0 million tons this year. Dry conditions continue in Brazil, the EU, and Russia, but conditions are mostly good in Ukraine. Very good conditions are reported in Thailand.

Weekly New York World Raw Sugar Futures



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### Weekly London White Sugar Futures



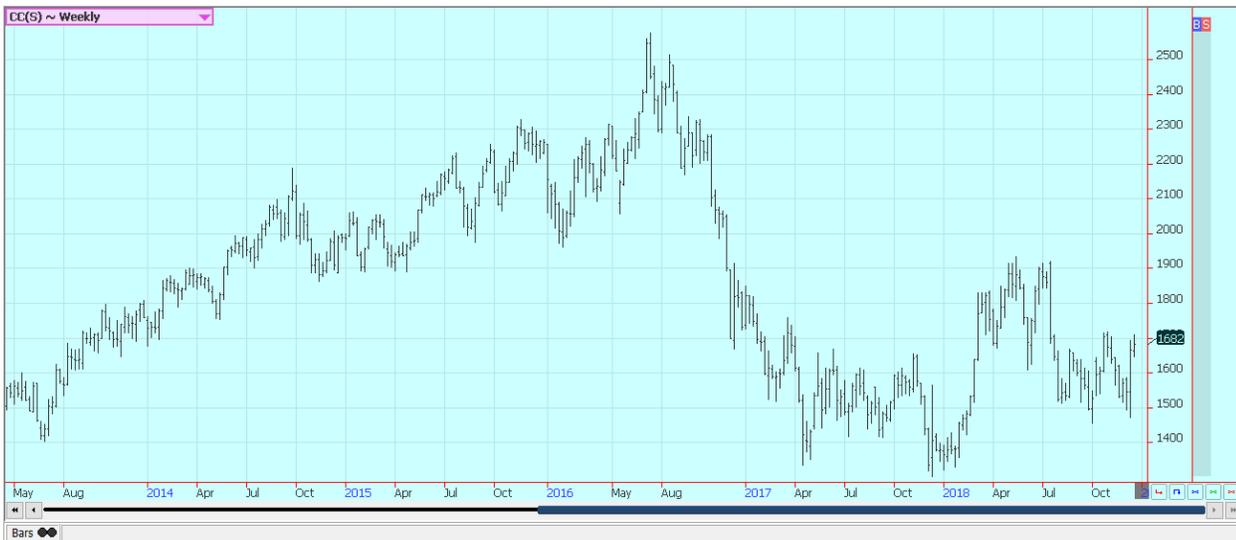
Cocoa: Futures closed higher for the week in New York and higher in London as the new main crop harvest comes to market in West Africa. Trends are now up in both markets. The outlook for strong production in the coming year is still around, and ports are said to have plenty of Cocoa on offer. The main 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. 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

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**Weekly London Cocoa Futures**



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