

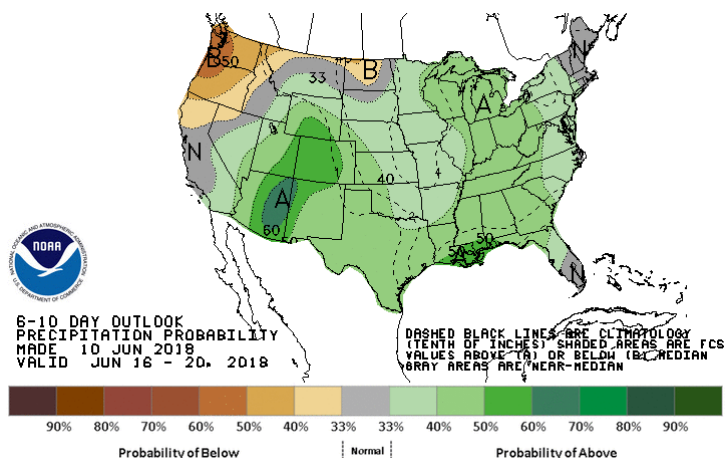


Daily Market Comments for Monday, June 11, 2018

by International Food Products

Weather & Macroeconomic Factors

- Precipitation forecasts show plenty of rainfall for much of the US in the coming week. The Corn Belt crops will benefit from the increased rainfall.
- The USDA will update its supply and demand forecasts on Tuesday.
- President Trump withdrew support from the G7 communique after leaving for Singapore. Following that decision, the EU will put in place countermeasures against US steel and aluminum tariffs (as Canada has done). German Chancellor Angela Merkel announced this move on Sunday.



Vegetable Oil – Soybean oil futures are down 7 points, this morning.

- Some French refineries are using imported palm oil from Malaysia for biofuel production. Local farmers are starting a blockade of those oil refineries in protest, arguing that they should be using locally produced feedstock.
- Despite the need for deficit cuts, Argentina is planning to continue its soybean export tax in the coming two years.
- Palm oil prices in Malaysia continue to fall as weak demand pressures the market.

Price Outlook: Look for ongoing pressure as demand for palm and soybean oils remains weak.

Wheat – Futures are down 7 and 6 cents in Chicago and Kansas City, respectively.

- Wheat markets continue to bounce around looking for direction. US winter wheat harvest is progressing and global factors continue to push and pull the market.
- Australia's dry conditions have been a concern for the global wheat market. Rains in the western growing regions of Australia provided relief, though the east remains dry.
- Russia's grain crop forecasts were reduced by top consulting firms SovEcon and IKAR due to cold and wet conditions in the spring. Last year, Russia harvested 135 mmt of grain, but this number will likely dip in 2018.

Price Outlook: Prices are expected to remain firm as global weather issues are supportive.

Sugar – #11 futures are up 14 cents.

- World sugar prices bounced up last week as the Brazilian real firmed.
- According to the CFTC's weekly report, speculators cut their net bearish position in global sugar, last week.

Price Outlook: Little change expected for US sugar prices.

Nearby Soybean Oil Futures

