

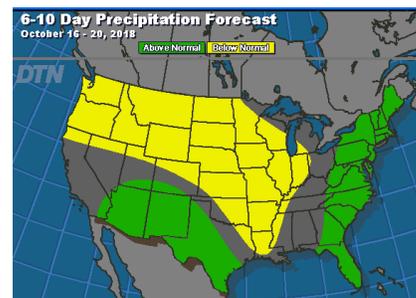


# Daily Market Comments for Wednesday, October 11, 2018

## by International Food Products

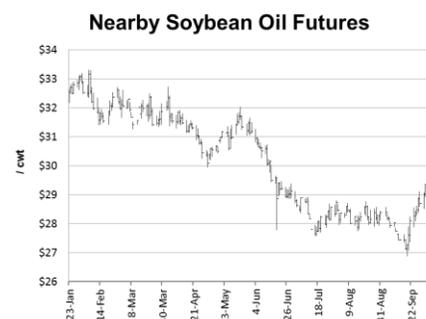
### Weather & Macroeconomic Factors

- USDA reports today at 11 am central time. The market is looking for slightly larger crop estimates. Read more about the market's expectations [HERE](#).
- Dry weather is in the forecast. That is perfect timing as the bulk of the corn and soybean harvest occurs in late October.
- The equities markets fell sharply yesterday. The early trading today is slightly positive.
- U.S. consumer prices rose less than expected in September, held back by a slower increase in the cost of rent and falling energy prices, as underlying inflation pressures appeared to cool slightly. For additional details, click [HERE](#).
- Initial claims for state unemployment benefits increased 7,000 to a seasonally adjusted 214,000 for the week ended Oct. 6. That was historically very low, but more than expected.



### Vegetable Oil – Soybean oil prices down 20 points.

- China's Feed Industry Association projects soymeal can drop 8% in pig feed rations, which can allow bean imports to drop 10 – 13 mmt. To read more on how China is trying to stem soybean demand due to tariffs on U.S. soybeans, click [HERE](#).
- The trade estimates for today's USDA reports show yield increases of 0.5 bu per acre to 53.3, after being raised 1.2 bu per acre in Sept and 3.1 bu per acre in Aug.
- The expectation for the USDA's new soybean oil supply and demand balance sheet is that a slightly larger crush will result in larger stocks and demand estimates will be unchanged.
- Malaysia released its monthly supply and demand data. Total use of Malaysian palm oil grew by nearly 700 TMT this past year to 19.7 MMT, but stocks at the end of Sept are 28% larger than a year ago. The combination of a larger carry-in, strong competition, and larger production is expected to keep palm oil futures under pressure.



**Price Outlook:** Fats are likely to continue higher following the current setback.

### Wheat – Futures are unchanged this morning.

- Russia's Ag Minister increased its wheat crop estimate to 68-69 mmt vs the previous estimate of 64.4 mmt.
- The October crop report is usually not important for the wheat market. How much they reduce their Australian crop estimate and whether they reduce U.S. feed/residual demand will be interesting points.
- For a complete review of the issues pushing grain prices lower this week, click [HERE](#). Better weather for the U.S. corn harvest and increasing global production estimates are providing the pressure.

**Price Outlook:** Wheat prices to trade in the established range.

### Sugar – #16 futures are holding just over 25 cents.

- Some snow reported in the upper Midwest will delay beet harvest in some areas. The longer-term impact on the crop is minimal.

**Price Outlook:** Look for flat pricing for U.S. sugar markets.