



Daily Market Comments for Friday, October 12, 2018

by International Food Products

USDA October Report

- The USDA released new crop estimates yesterday. The surprise was a reduction in the corn yield. The table below summarizes the changes in ending stocks for the major crops. For more information, click [HERE](#).

U.S. 2018-2019 Ending Stocks				
million bushels	USDA		Range	USDA September
	October	Average		
Corn	1,813	1913	1704-2352	1774
Soybeans	885	905	778-985	845
Wheat	956	959	895-1024	935

Source: USDA, Bloomberg, Farm Futures

Vegetable Oil – Soybean oil prices up 20 points.

- Malaysian palm oil data was released this week. The pattern of better than expected production continued and stocks are at an 8-month high. For more information, click [HERE](#).

Price Outlook: Fats are likely to continue higher following the recent correction.

Wheat – Futures are up 2 cents this morning.

- USDA’s world changes were also relatively small.
- They reduced their estimate of Australia’s crop 1.5 mmt (to 18.5) but trimmed Australian exports only 1.0 mmt. They also reduced Russia’s crop 1.0 mmt but left Russian exports unchanged at 35 mmt.
- They held their EU crop and export estimates – they have EU exports at 23.0 mmt vs 23.3 year-ago despite the crop being 14 mmt smaller, a slow start of shipments and mostly uncompetitive EU prices.
- They left their Canadian estimates unchanged.

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

Cocoa – Futures held above \$2000 and are up \$40 today.

- Below average rainfall in most of Ivory Coast’s main cocoa regions last week is likely to boost harvests for the October-to-March main crop.
- Harvest is underway in the key areas of the Ivory Coast. Yields are excellent.
- Halloween demand will be a key metric. U.S. cocoa grind has not been robust. Second quarter grind was down 3%. The market wonders if the improved economy will offset the slowing demand by a more health-conscious consumer.

Price Outlook: Look for steady to slightly higher cocoa prices.

Sugar – #16 futures had little reaction to Thursday’s report.

- The October USDA report made the following changes:
 - Beet sugar production was reduced by 107,000 tons.
 - Cane sugar production was increased by 41,000 tons.
 - Imports were increased by 25,000 tons.
 - Stocks were cut to 12.7% of usage which is historically tight.

Price Outlook: Look for flat pricing for US sugar markets.

Second Month Cocoa Futures

