



Daily Market Comments for Friday, November 16, 2018

by International Food Products Corporation

Macroeconomic News & Weather

- The USDA has paid out only \$840 mil of the \$12 bil promised to farmers as payments to offset the impact of the tariffs. The payments are not due to farmers until they report their harvest results. There is no indication that the entire sum will eventually be paid out.
- The biofuels industry got rolling again in October. Ethanol RIN generation and biodiesel production were up from September.
- For an overview of the new NAFTA (USMCA), click [HERE](#). The agreement still needs the approval of Congress. The changes in agriculture were minimal. Zero tariffs on agricultural trade were part of the old agreement and that continues. The U.S. did gain access of 3.9% of the dairy market in Canada.

Vegetable Oil – Soybean oil futures are down 25 points, this morning.

- The huge increase in palm oil stocks was partially due to the lack of Indian palm oil imports. The 2017/18 imports were down 8.7% from the previous year.

Price Outlook: Fats markets should remain under pressure; though significant downside is not expected.

Wheat – Futures are down slightly this morning.

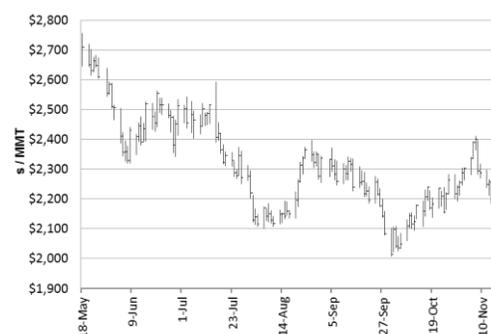
- The Russians have continued to export wheat despite the smaller crop. There is still no sign that it is cutting back exports and it is pricing wheat aggressively in the export market.

Price Outlook: Wheat markets to continue moving mostly sideways.

Cocoa – Futures are unchanged this a.m.

- Ivory Coast weather continues to be almost perfect. Drier conditions have allowed the crop to mature with the fungus (Black Pod).
- Third quarter grind data, released last month, showed good usage. Current economics suggest that good grind will continue into 2018/19. Demand for chocolate is good.
- Interesting article of the progress made in sustainable cocoa shows little progress.

Second Month Cocoa Futures



Price Outlook: Look for prices to continue their slow decline but remain in the longer term sideways pattern.

Sugar – #16 fell to 25 cents for the first time since June.

- In world market news, the International Sugar Organization lowered its sugar surplus from 6.75 mmt to 2.17 mmt for the 2018/19 crop year. For additional details, click [HERE](#).
- To review an article describing the growth of the organic sugar market, click [HERE](#).

Price Outlook: Winter has come to the upper Midwest. The freezing temperatures are good for the beet piles until they are processed.