

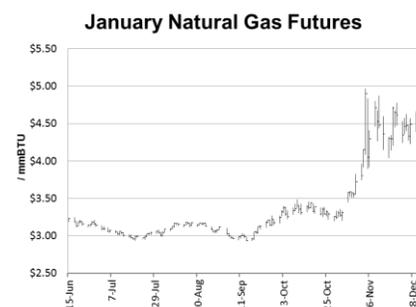


Daily Market Comments for Friday, December 14, 2018

by International Food Products Corporation

Macroeconomic News & Weather

- It is official, China bought 1.1 mmt of soybeans this week. It is a start, but traders see no indication it will continue and the markets remain under price pressure.
- China has said it will temporarily halt its additional 25 percent tariff on vehicles made in the United States. The relief will last for three months starting from January 1, as part of an agreed truce between Beijing and Washington.
- Natural gas prices are backing off as the weather turns warm.



Vegetable Oil – Soybean oil futures are down 10 pts this morning.

- Palm oil suppliers across Southeast Asia are struggling to cope with record output, with plantations delaying harvest and mills stalling on deliveries as storage tanks are full. For additional details, click [HERE](#).
- The current low prices of vegetable oils are likely building a strong demand base. The potential for El Nino in 2019 is increasing. Everyone is looking for a bullish story for the fats markets. For additional details, click [HERE](#).
- Informa's latest acreage forecast (reportedly survey-based) put 2019 planted bean area at 85.1 mil acres, down 4 mil acres from 89.1 this year.
- The \$1/gal biodiesel blenders' tax credit has been stripped out the final version of the year-end tax package. Recently, Rep Brady endorsed a seven-year extension and phase-out of the biodiesel tax credit and that can still proceed, but it would have to be a standalone bill that would likely not be addressed for some time.

Price Outlook: Look for a narrow trading range for the final 2 weeks of the calendar year.

Wheat – Chicago and Kansas City futures are unchanged.

- Strategie Grains said on Thursday that next year's EU soft wheat harvest will be 147 mmt, up 16 percent from a poor 127 mmt in 2018. The area sown was seen rising 6 percent while yields would gain 9 percent.
- Higher global prices are helping the U.S. wheat export outlook. Export sales for the week thru Dec 6 improved to 754 tmt, the 2nd-largest week so far this crop year.
- Informa's latest survey of winter wheat showed seeded area down nearly 300,000 acres from last year. Their Nov survey showed an increase of nearly 600,000 acres.

Price Outlook: U.S. wheat continues to be pulled higher by the European market. For additional details, click [HERE](#).

Cocoa – Prices are unchanged this morning.

- Industry sources are starting to talk about declines in production in the coming season (fall of 2019). Low prices historically result in lower production.
- The weather in W. Africa remains dry which is good for the final days of harvest and on-farm drying and processing. A huge crop is certain.

Price Outlook: Prices should remain very stable into early 2019.

