



Daily Market Comments for Tuesday, January 8, 2019

by International Food Products Corporation

Macroeconomic News & Weather

- The President will address the nation today regarding a need for a border wall as government funding continues to keep the federal government shut down. Friday's USDA reports are already delayed indefinitely, and there does not appear to be any resolution in sight. For more on the shutdown and Trump's address, click [HERE](#).
- What is perhaps a sign of good-faith in negotiating with China, five genetically modified crops were approved for imports according to the Ministry of Agriculture and Rural Affairs. These crops are the first approved by China in over a year and the story of their slow approval process has been largely forgotten due to the trade war but were a major barrier nonetheless. Crops approved include canola, corn, and soybeans. For additional details, click [HERE](#).

Vegetable Oil – Soybean oil futures are up 6 points, this morning.

- Much of the trade talk news has taken a back seat to the ongoing U.S. government shutdown. However, the clock is ticking on the 90-day negotiation window.
- Malaysia is speaking out against the move by many European countries to reduce and eventually ban palm oil-based biofuels due to environmental concerns of deforestation and pollution. Malaysia's primary industries minister Teresa Kok claimed that this move "is going to affect bilateral relations between Malaysia and all these EU countries." Malaysia is the second largest producer and exporter of palm oil and their economy will feel a major reduction in demand from the EU.
- Palm oil prices were firmer in Malaysia during Tuesday's trade as seasonal slowing of production lent support to prices.

Price Outlook: Little major downside potential for fats markets.

Wheat – Chicago and Kansas City futures are up 7 cents.

- Wheat markets are firmer, this morning.
- Some data from the USDA is coming out, including the ERS Situation and Outlook is projecting a 25 million bushel decline in export demand for the 2018/19 crop year from the current WASDE report expectations. This takes expected exports to an even billion bushels. The reduction is due to the slow start to sales, with 41% of exports coming in the first six months of the marketing year compared to a usual 52%. For additional details, click [HERE](#).

Price Outlook: Look for some wheat price downside.

Cocoa –Futures prices are down 23 dollars, this morning.

- Hot and dry weather in much of Ivory Coast's cocoa producing areas are worrying farmers for the mid-crop (crop grown April-September). Winds off the Sahara Desert can reduce soil moisture and damage cocoa pods. For additional details, click [HERE](#).

Price Outlook: Expect some downside to the lower end of the established range, though poor Ivory Coast weather would be supportive if it persists.

Nearby KC Wheat Futures

