



Daily Market Comments for Friday, March 22, 2019

by International Food Products Corporation

Macroeconomic News & Weather

- Massive flooding in the U.S. Midwest has knocked out roughly 13 percent of the nation's ethanol production capacity, as plants in Nebraska, Iowa and South Dakota have been forced to shut down or scale back production following the devastation.
- Anheuser-Busch InBev (BUD) was sued by MillerCoors over its Bud Lite ad campaign. MillerCoors said the ads deceive consumers into believing that it's Miller Lite and Coors Lite brands contain corn syrup. Corn sweeteners are used in the brewing process but are not found in the final product.

Vegetable Oil – Soybean oil futures are unchanged this a.m.

- Weekly soybean sales thru Mar 14th were disappointing at 399 tmt vs 1.9 mmt last week and 759 tmt last year.
- Western logistics remain a mess, trying to find trucks to move meal due to lack of rail service. A few processing plants have declared force majeure due to lack of rail service or embargoes in their area. For additional details, click [HERE](#).
- The EPA reported that 293 mil D4 RINs were generated in Feb vs 260 in Jan. The report suggested biofuel demand remained strong. However, the forward outlook continues to be clouded by EPA policy and their recent “soft” stance on small refiner exemptions from the mandate.

Price Outlook: Some support is expected for fats markets into the summer.

Wheat – Chicago and Kansas City futures are down 4 cents.

- Another week of slow export sales. Old crop export sales in the w/e Mar 14 were 299 tmt, near trade ideas but almost 100 tmt short of the pace needed to reach USDA's March export estimate.
- A Friday-into-the-weekend rain is expected for most of the hard red wheat areas. The weather appears to be favorable for HRW. Soft red wheat conditions are questionable. The key question is whether the Midwest and Southeast will dry out in time for soft red wheat to develop without unusual disease pressure.

Price Outlook: Look for pressure to return to wheat markets.

Sugar – The market is lower after yesterday's big break.

- The bulk of the flooding in the Midwest has been in western Iowa and E. Nebraska. However, there remains snow to melt and additional rainfall is coming to the Red River Valley sugar beet areas this weekend.
- Florida sugar cane producers are pushing back on the claims that their runoff is adding to the Red Tide problems in Florida. The environmentalists are trying to reduce that impact with stricter environmental laws or reduced sugar land for production.
- A late February, high profile story on the indirect subsidy the sugar industry received thanks to the sugar program had little impact on lawmakers. The fact that the sugar program is not a budgetary item but support prices by restricting supply falls on deaf ears everywhere but for food manufacturers.

Price Outlook: #16 sugar should be near the high of the expected very narrow range.

Nearby #16 Sugar Futures

