



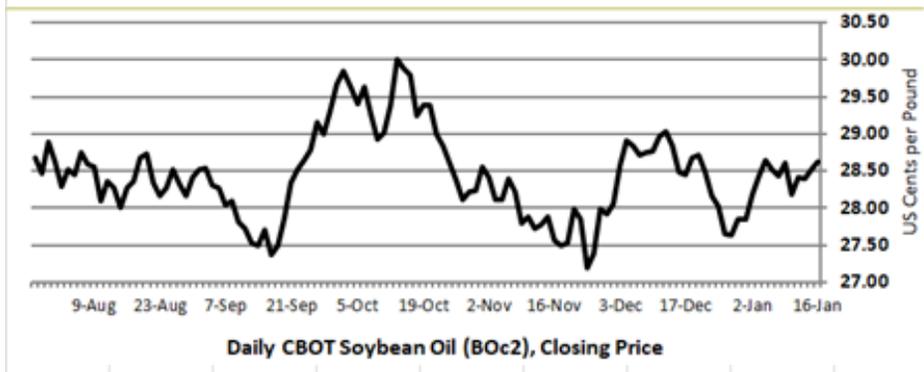
OILS

January 17, 2019

SOYBEAN OIL

EARLY MARKETS

Soyoil	Soybeans	Soymeal	Palm Oil
8-12 higher	2-4 higher	1 higher	10 lower



PREVIOUS SESSION

The complex moved lower yesterday, as technical selling, improving South American weather forecasts, and comments from US Trade Representative Robert Lighthizer pressured beans, which led the way down. Soybean oil followed suit and was partially supported by higher energy prices, ultimately losing 16 points on the day basis the March contract.

NOPA reported a record December crush at 171.8M bu, at the upper end of expectations and above the median guess of 169.9. Soybean oil stocks came in at 1.498B lbs, below the average market guess of 1.571B lbs, and represented the first report in months of an actual stock increase month-on-month. Market reaction was fairly muted, despite a limited US data environment.

Funds were estimated as net sellers of 4,000 beans, 1,000 meal, and 1,000 oil.

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TODAY'S SESSION

The complex is higher this morning, with soybean oil looking to erase yesterday's losses. No additional news this morning for the complex, but beans appear to have found a little technical support. Until further progress is made between the US and China and the US and itself, with this ongoing government shutdown, the market will continue to watch for headlines relating to both, as well as South American weather.

Last week's WASDE report will be delayed indefinitely until the end of the shutdown, after which, it is estimated the USDA will require roughly a week to compile data for release. Market expectations for the new crop bean carryout range from 798M to 980M bushels, with an average of 904M, which down from the December's WASDE forecast of 955M. Regarding Commitment of Traders data, which is also delayed, estimates show the funds at a still sizeable net short position of roughly 52-75K.

WEATHER

In Brazil, showers continued to favor the south, leaving the central and north regions considerably dryer. However, light moisture has now entered the forecast for this region, which will help to mildly improve the crop stress conditions. In Argentina, northern growing regions are still relatively wet, but dryer weather is expected in the 6-10 day forecast, easing some flooding and wetness concerns.

OUTSIDE MARKETS

Senator Chuck Grassley commented that Trade Representative Robert Lighthizer thought little progress was made with China on key issues in their meeting last week. While the overall tone of the meeting between top US and Chinese negotiators remains positive, the comment echoes thoughts that there is still a long way to go with negotiations, which will resume in late January.

British PM May's Brexit deal was overwhelmingly rejected by the House of Commons yesterday evening which has lent support to the GBP overnight as traders price in increasing chances of Brexit being delayed or cancelled. The opposition immediately tabled a vote of no confidence in the government - a vote which May is expected to win today. However with the EU setting their stall out that there will be no renegotiating of the current deal, a 'no deal' Brexit remains on the table as a downside risk to GBP and the EUR. Further EUR weakness was triggered by comments from ECB President Draghi yesterday afternoon that the recent economic developments in the eurozone have been weaker than expected and that 'a significant amount of monetary policy stimulus' is still needed, comments that were very much taken as dovish by the market.

PALM

It's the same story, different day. Palm traded in a tight range, closing close to a key level of \$518. Market continues to be content with current prices, and technical on palm should drive this market in the short term. Expect a retracement close to 500 on a close below 518. Lauric prices continue to grind lower - as we see better movement from origins post Holidays.

Source: **Cargill Global Edible Oil Solutions**