



ADM Investor Services Market View

June 11, 2020 by Steve Freed

Soybeans traded unchanged. Soyoil traded lower. Corn traded higher. Wheat traded lower. US Fed Chairman negative US economic outlook pushed US stocks sharply lower. Crude was also lower. US Dollar was higher.

SOYBEANS

Soybeans traded unchanged. New US soybean export sales to China and unknown offered support. Favorable start to US 2020 soybean crop offered resistance. USDA dropped US 2019 soybean crop 5 mil bu. USDA also increased the crush 15 mil bu to 2,140. This due to higher soymeal export demand. The higher crush increased US soyoil end stocks. USDA left US 2020 crop at 4,125 mil bu. Some feel US 2020 soybean yield could be closer to 51.0 versus 49.8. USDA raised US 2020/21 soybean Crush 15 mil bu. This due to higher US domestic demand and also increased US 2020/21 soyoil end stocks. Oil World est World 2020/21 soybean crop near 363 mmt versus 337 this year and end stocks near 109 mmt versus 101 this year. USDA est World 2020/21 soybean end stocks near 96 mmt. USDA est Brazil soybean crop near 124 mmt and Argentina near 50 mmt. USDA est next year's Brazil crop near 131 mmt and Argentina at 53.5. USDA increase China soybean imports 2 mmt to 94 and est next year at 96 mmt. Weekly US soybean export sales were near 36 mil bu. Total commit is near 1,604 versus 1,723 ly.

USDA SUPPLY/DEMAND US SOYBEANS								2020/21 Forecast		
								USDA Prospective Plantings Various Yields		
	14-15	15-16	16-17	17-18	18-19	20-21	20-21	Lower	Low	USDA
					Jun USDA	May USDA	Jun USDA			
Planted Area (M Acres)	83.3	82.7	83.5	90.2	89.2	83.5	83.5	83.5	83.5	83.5
Harvested Area (Acres)	82.6	81.7	82.7	89.5	87.6	82.8	82.8	82.8	82.8	82.8
Yield (Bu/Acre)	47.6	48.0	51.9	49.3	50.6	49.8	49.8	45.0	48.0	49.8
Beginning Stocks (M Bu)	92	191	197	302	438	580	585	585	585	585
Production	3,928	3,927	4,296	4,412	4,428	4,125	4,125	3,609	3,974	4,123
Imports	33	24	22	22	14	15	15	15	15	15
Supply, Total	4,053	4,141	4,515	4,735	4,880	4,720	4,725	4,409	4,574	4,723
Crushings	1,873	1,886	1,901	2,055	2,092	2,130	2,145	2,145	2,145	2,145
Exports	1,842	1,943	2,167	2,134	1,748	2,050	2,050	2,050	2,050	2,050
Seed	96	97	105	104	88	100	100	100	100	100
Residual	50	18	42	5	43	35	35	35	35	35
Use, Total	3,863	3,944	4,214	4,297	3,971	4,315	4,330	4,330	4,330	4,330
Ending Stocks	191	197	302	438	909	405	365	79	244	393
Stocks/Use Ratio	4.9%	5.0%	7.2%	10.2%	22.9%	9.4%	9.1%	1.8%	5.6%	9.1%

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CORN

Corn futures managed to trade higher despite all of the negative equity and energy trade. There were rumors that someone had bought US corn export basis. Rumor was China. Today, US soybean export sales were higher than expected to China. USDA dropped the US 2019 corn crop 46 mil bu. This due to a small drop in harvest acres and a yield of 167.4 versus 167.8 previous. Thus was offset by a drop of 50 mil bu in ethanol demand. Carryout was left near 2,103 mil bu. Some feel final yield could be closer to 2,250. USDA left US 2020 corn crop near a record 15,995 mil bu. Some feel crop could even be bigger. Key now is weather over the next 30-50 days. Some feel US July weather could be warm and dry. USDA left US 2020/21 corn demand near 3,323 mil bu. Some feel final carryout could be near 4,000 mil bu. USDA dropped World 2019/20 corn carryout 2 mmt to 312 mmt. USDA also dropped World 2020/21 corn carryout 2 mmt to 337. This is still an adequate supply. USDA lowered China 2020/21 end stocks 2 mmt to 198 versus 208 this year. Weekly US corn export sales were only 26 mil bu. Total commit is near 1,619 mil bu versus 1,905 last year.

USDA SUPPLY/DEMAND US CORN								2020/21 Forecast		
								USDA Prospective Plantings Various Yields		
	14-15	15-16	16-17	17-18	18-19	May USDA 20-21	Jun USDA 20-21	Lower	USDA	Higher
Planted Area (M Acres)	90.6	88.0	94.0	90.2	88.9	97.0	97.0	97.0	97.0	97.0
Harvested Area (Acres)	83.1	80.8	86.7	82.7	81.3	89.6	89.6	89.6	89.6	89.6
Yield (Bu/Acre)	171.0	168.4	174.6	176.6	176.4	178.5	178.5	167.8	178.5	182.0
Beginning Stocks (M Bu)	1,232	1,731	1,737	2,293	2,140	2,098	2,103	2,103	2,103	2,103
Production	14,217	13,602	15,148	14,609	14,340	15,995	15,995	15,085	15,995	16,307
Imports	32	68	57	36	28	25	25	25	25	25
Supply, Total	15,481	15,401	16,942	16,939	16,509	18,118	18,123	17,163	18,123	18,435
Feed & Residual	5,287	5,118	5,470	5,304	5,430	6,050	6,050	6,050	6,050	6,050
Food, Seed & Industry	6,595	6,647	6,885	7,057	6,793	6,600	6,600	6,600	6,600	6,600
Ethanol for Fuel	5,200	5,224	5,432	5,605	5,378	5,200	5,200	5,200	5,200	5,200
Domestic Total	11,883	11,765	12,355	12,361	12,223	12,650	12,650	12,650	12,650	12,650
Total Exports	1,867	1,899	2,294	2,438	2,065	2,150	2,150	2,150	2,150	2,150
Use, Total	13,750	13,664	14,649	14,798	14,288	14,800	14,800	14,800	14,800	14,800
Ending Stocks	1,731	1,737	2,293	2,140	2,221	3,318	3,323	2,363	3,323	3,635
Stocks/Use Ratio	12.6%	12.7%	15.7%	14.5%	15.5%	22.4%	22.5%	16.0%	22.5%	24.6%

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WHEAT

Wheat futures traded lower after USDA raised US wheat crop and carryout and World wheat end stocks. USDA estimated US 2020 wheat crop near 1,877 mil bu or up 11. USDA left 2020/21 total US wheat demand near 2,075 mil bu and exports near 950. US 2020/21 carryout is now near 935. Some feel drop in export demand could increase final carryout. USDA increased World 2020/21 wheat end stocks 6 mmt to a new record 316 mmt. USDA increased India crop 4 mmt, China crop 1 mmt and Australia 2 mmt. They dropped Europe crop 2 mmt. They left Russia crop unchanged at 77 mmt but did lower Ukraine 1.5 mmt. USDA raised World trade 1 mmt due to higher Middle East demand. US south plains weather should be warm and dry which should help harvest. Black Sea weather is dry. Weekly US wheat export sales were only 9 mil bu. Total commit is near 214 mil bu versus 225 last year.

USDA SUPPLY/DEMAND US WHEAT								2020/21 Projections		
	14-15	15-16	16-17	17-18	Jun USDA 18-19	May USDA 20-21	Jun USDA 20-21	USDA Prospective Plantings Various Yields		
								Low	USDA	High
Planted Area (M Acres)	56.8	55.0	50.1	46.1	47.8	44.7	44.7	44.7	44.7	44.7
Harvested Area (Acres)	46.4	47.3	43.8	37.6	39.6	37.7	37.7	37.7	37.7	37.7
Yield (Bu/Acre)	43.7	43.6	52.7	46.4	47.6	49.5	49.8	45.0	49.8	51.7
Beginning Stocks (M Bu)	590	752	976	1,181	1,099	978	963	963	963	983
Production	2,026	2,062	2,309	1,741	1,895	1,866	1,877	1,732	1,877	1,947
Imports	151	113	118	158	135	140	140	140	140	140
Supply, Total	2,768	2,927	3,402	3,080	3,119	2,984	3,000	2,855	3,000	3,070
Food	958	957	949	964	955	964	964	964	964	964
Seed	79	67	61	63	59	61	61	61	61	61
Feed & Residual	113	149	161	47	90	100	100	100	100	100
Domestic, total	1,151	1,174	1,171	1,075	1,103	1,125	1,125	1,125	1,125	1,125
Total Exports	664	778	1,051	906	936	950	950	950	950	950
Use, total	2,015	1,951	2,222	1,981	2,039	2,075	2,075	2,075	2,075	2,075
Ending Stocks	752	976	1,181	1,099	1,080	909	925	780	925	995
Stocks/Use Ratio	37.3%	50.0%	53.1%	55.5%	53.0%	43.8%	44.6%	37.6%	44.6%	48.0%

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