

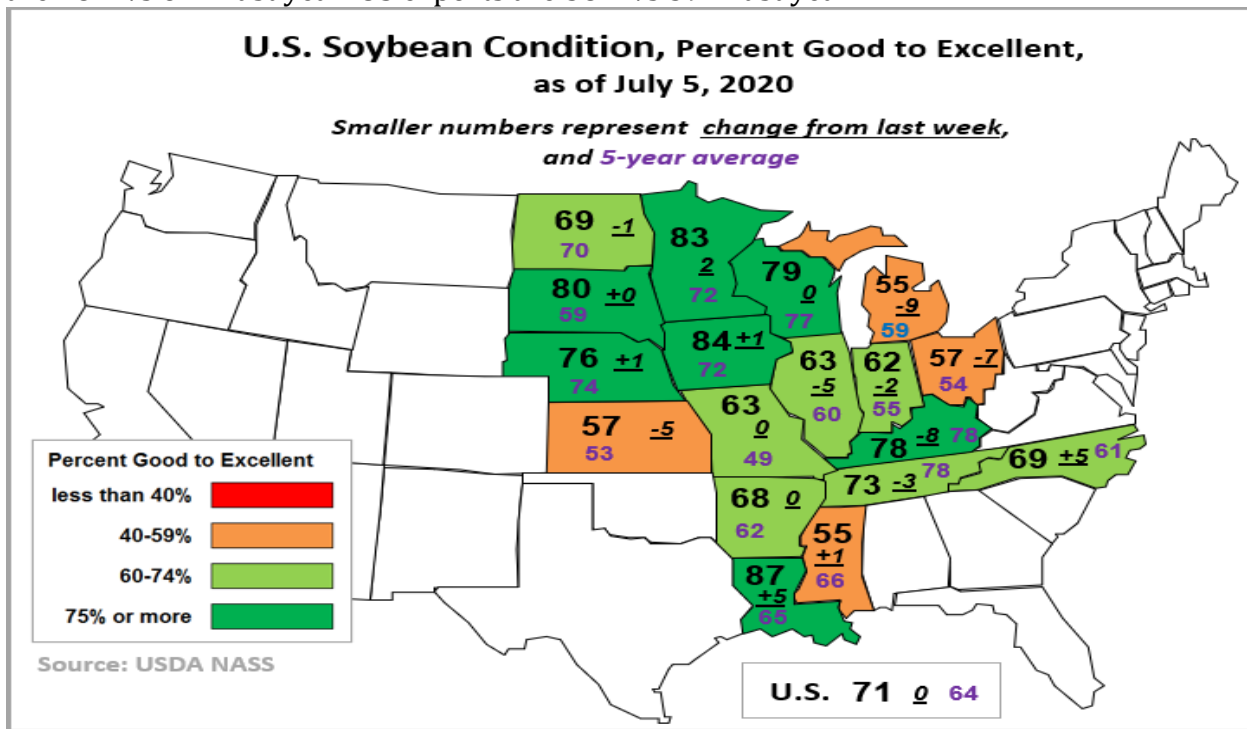
ADM Investor Services Market View

July 7, 2020 by Steve Freed

Soybeans, soymeal and corn traded lower. Wheat and soyoil traded higher. US stocks were lower. US Dollar was higher. Gold was higher.

SOYBEANS

Soybean traded lower. Fact September soybean futures tested the 200 day moving average and failed offered resistance. Concern about China buying pace of US soybean also offered resistance. US Midwest weather forecast remains uncertain. Some maps hint of rains this weekend and drier and warmer weather next week. Others do not show a ridge next week. Fact USDA left US soybean crops ratings near 71 pct good/ex also offered resistance. Crops improved in IA, MN and SD and offset drop in IL, IN, MI and OH. 82 pct of the crop is rated trend yield or higher .USDA should keep US the 2020 US soybean crop near 4,125 mil bu. This suggest US 2020/21 soybean carryout could remain near USDA 395 mil bu. US China attaches lowered their estimate of this year's China soybean imports to 90 mmt vs USDA 94 and next year 91 mmt vs USDA 96. World Sep-June soybean export are near a record 135.7 mmt vs 117.8 last year. China imports are near 82.3 vs 67.6 last year. Brazil exports are 78.2 vs 62.4 last year. US exports are 38.7 vs 39.2 last year.



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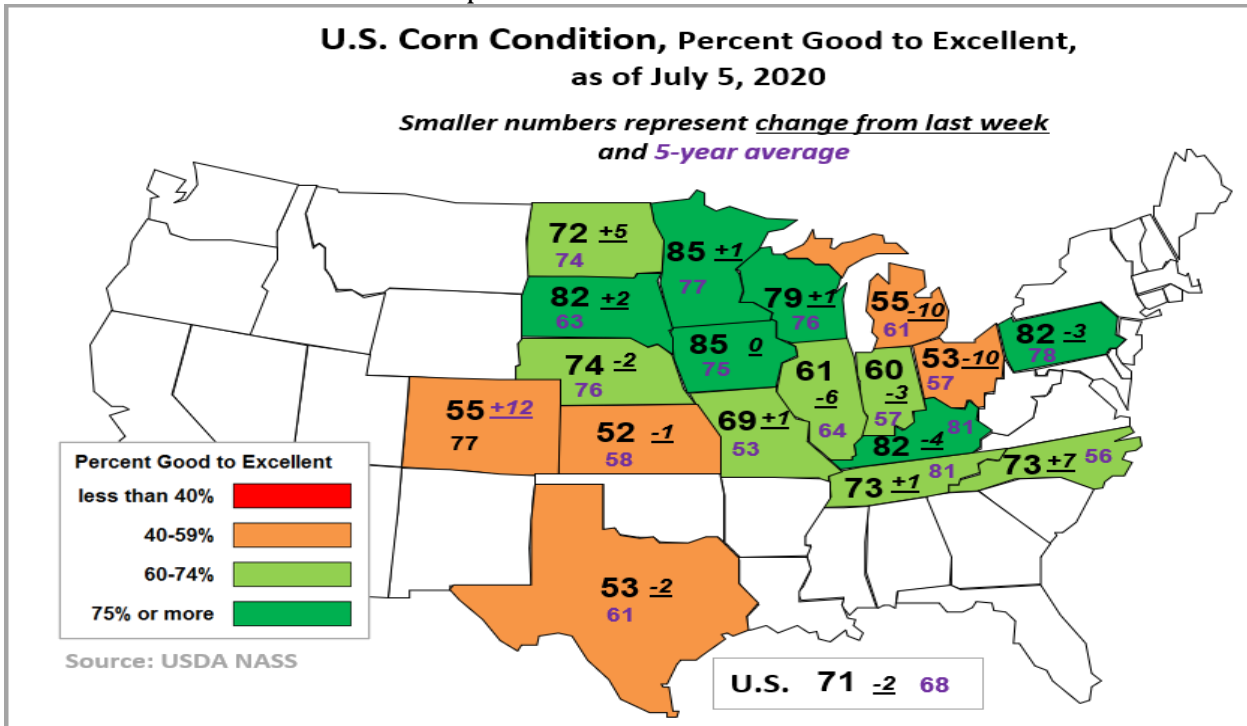


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CORN

Corn futures traded lower. Some feel that bullish response to USDA surprising June corn acres number had run its course and Managed funds had covered enough shorts for now. During the rally open interest has been declining suggest short covering versus new longs. Dec corn made a double top near 3.63. It will take bad US summer weather to push futures over this resistance level. US farmer turned an active seller of old crop supplies on the rally. They remain a reluctant seller of new crop. USDA dropped US 2020 corn rating 2 pct to 71 pct good/ex. 76 pct of the crop is rated trend yield or higher. On July 10 USDA should lower US 2020 corn acres which could drop the 2020 US corn crop from 15,995 to 15,000. This suggest US 2020/21 corn carryout could be closer to 2,700 versus USDA 3,323. Bears are trying to buy Sep short dated corn puts and sell Dec 4.00 calls to hedge against a lower trend in prices. China domestic corn prices continue to trend higher. This despite government aggressive selling of corn reserves. Import margins are positive and it is rumoured that recently China has bought up to 70 cargoes of Ukraine and US corn. Trade is looking for US weekly ethanol production to show continues small gains and stock drawdown. Demand is still below pre virus numbers.



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WHEAT

Wheat futures edged higher. Some feel US futures followed higher French prices. Russia estimated their 2020 all grain crop down 2 mmt to near 126 mmt. They estimated the wheat crop down 1.5 mmt to 78. Dry and warm weather could op their crop even further. Despite the talk of lower supplies Russia domestic prices have dropped amid slow export demand and harvest pressure. In their tender Egypt bought Russia wheat. USDA estimated US winter wheat harvest near 56 pct done. The crop is still rated 51 pct good/ex. USDA is expected to estimate US the 2020 US all wheat crop near 1,850 mil bu versus USDA 1,877. HRW crop could be near 710 versus 743, SRW crop near 290 versus 297 and HRS crop near 560. This suggest US 2020/21wheat carryout could remain near USDA 940 mil bu. Most feel USDA could keep World 2020/21 wheat end stocks near the record 316 mmt. Some could see a drop in Europe and Black Sea supplies.



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