



ADM Investor Services, Inc.

ADM Investor Services Market View

August 14, 2020 by Steve Freed

Quiet grain trade. Soybeans, soymeal, soyoil and corn edged lower. Wheat traded higher. US stocks were higher. Crude was lower. US Dollar was lower. Gold was lower.

SOYBEANS

Soybeans edged lower. Noon US Midwest weather forecast continued to support a drier than normal US Midwest forecast. Temps start cooler than normal but turn warmer later in the forecast. Some feel this kind of forecast could take the top off US record yield estimate. Next week Pro Farmer will have their annual US Midwest crop tour. What a week. Prices traded initially lower on better US soybean crop conditions. The USDA report was bearish especially soybean but the market continued to rally. After the report, USDA FSA reported lower than expected US corn soybean acres enrolled in crop insurance programs. This triggered massive buying of soybeans. Rally also triggered massive farmer selling. Still US Q4 soybean exports could be record. Total July World soybean and soymeal exports were near 15.4 mmt (SBME) versus 14.8 last year. Oct-July exports are 146.7 mmt versus 130.7 last year. USDA Oct-Sep goal is a record 176.4 mmt versus last year's record of 161.1. This week, USDA estimated World 2020/21 soybean production near 370.4 mmt versus 319.2 this year. Crush is estimated near 320.0 mmt versus 308.0 this year. World soybean trade is estimated near 165.5 mmt versus 164.5 this year. Brazil exports are 84.0 versus 93.5 this year? China imports are estimated near a record 99.0 mmt versus 98.0 this year.



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CORN

Corn futures edged lower. Noon US Midwest weather forecast continued to support a drier than normal US Midwest forecast. Temps start cooler than normal but turn warmer later in the forecast. Some feel this kind of forecast could take the top off US record yield estimate. Next week Pro Farmer will have their annual US Midwest crop tour. Historically, Pro Farmer does estimate a corn yield close to USDA final. What a week. Prices traded initially lower on better US corn crop conditions. Mondays US Midwest wind storm and a 2 week drier than normal US Midwest weather forecast triggered some short covering in corn. There was also some evening up before USDA August crop reports. The report was bearish but the market continued to rally. After the report, USDA FSA reported lower than expected US corn acres enrolled in crop insurance programs and higher corn prevent plant acres. This triggered massive fund buying of corn futures. Rally also triggered massive farmer selling especially corn. Weekly US corn export sales were less than market was expecting. Still US Q4 corn exports could double last year. Weekly ethanol use was disappointing. Fact China said they will not buy US ethanol offered resistance. This week, USDA estimated World 2020/21 corn production near 1,711.0 mmt versus 1,112.4 this year. Total domestic use is estimated near 1,164.8 mmt versus 1,121.2 this year. World corn trade is estimated near 184.6 mmt versus 171.2 this year. Will actual demand and trade increase that much?



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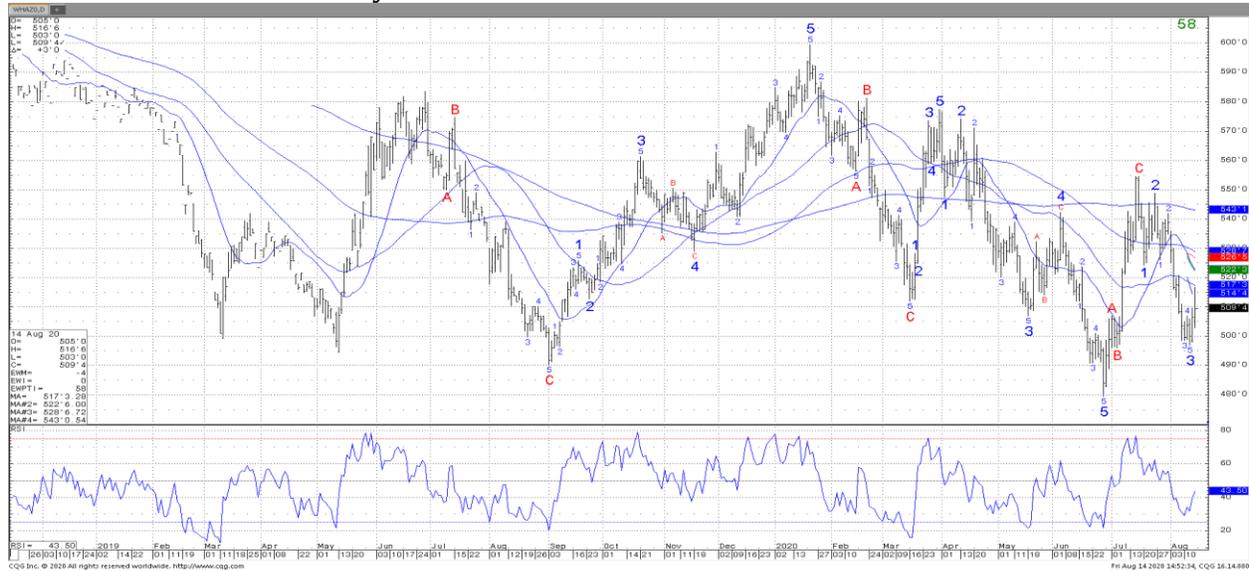


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WHEAT

Wheat futures held in a narrow range. Talk of higher World supplies and slow start to the export year continues to offer resistance to futures. In front of the USDA report managed funds sold wheat futures looking for bearish numbers. The report was bearish wheat but funds returned as buyers when corn prices rallied due to a positive USDA FSA acreage report. Most feel final World production numbers should increase from this weeks USDA estimate. Some also fear the final demand could also drop. Covid continues to impact domestic US demand and global wheat imports. Russia and Baltic export prices continue to drop looking for export demand. US winter wheat harvest is done but drier weather in plains could reduce 2021HRW planted acres. This week KC wheat tended to gain on Chicago. This week, USDA estimated World 2020/21 wheat production near 766.0 mmt versus 764.1 last year. World wheat trade is estimated near 188.0 mmt versus 189.0 this year. For some the export number seems high. USDA left US 2020 wheat crop near 1,838 mil bu versus 1,920 last year. They estimate total wheat demand near 2,086 mil bu versus 2,061 last year. Carryout is estimated near 925 versus 1,044 last year. USDA dropped HRW carryout from 423 to 390 and versus 521 last year. USDA increased HRS carryout from 270 to 293 and versus 280 last year.



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