



ADM Investor Services, Inc.

ADM Investor Services Market View

November 2, 2020 by Steve Freed VP ADMIS Grain Research

Soybeans, soymeal, soyoil and corn traded lower. Wheat traded higher. US stocks were higher. Crude was higher. Gold was higher. US Dollar was higher. Calm before the US election storm?

SOYBEANS

Soybean futures traded lower as funds reduced their net long in front of US election. Lack of any new US soybean sales to China also triggered some long liquidation. Jan soybean futures rallied from an August low near 8.80 to a recent high near 10.80 on dry US weather and increase China buying US soybeans. Open interest jumped from 828,000 contract to a high near 1,049,000 during the rally. Some long liquidation has dropped open interest to 918,000. Rallies would be supported by new China buying or less than Ideal South America weather. Managed funds are sellers of 5,000 soybeans, 1,500 soymeal, 2,000 soyoil and 4,000 corn. We estimate Managed funds are net long 204,000 soybeans, 79,000 soymeal and 87,000 soyoil. US Midwest 2 week forecast calls for normal to above temps and below normal rains. US soybean harvest is estimated near 91 versus 83 last week. One private group will be out later today their guess for US 2020 soybean crop. Some estimate the US soybean crop near 4,197 mil bu versus USDA 4,268. A second private guess will be out tomorrow. USDA is November 10. Low soybean 2020/21 carryout estimate is near 167 versus USDA 290. Weekly US soybean exports were near 76.5 mil bu versus 103.5 last week and 54.5 last year. Season to date exports are near 609.3 mil bu versus 351.1 last year. USDA goal is 2,200 mil versus 1,676 last year. Some are as high as 2,350.

January soybean futures chart



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CORN

Corn futures slipped lower on favorable US harvest weather and concern that increase cases of US Covid will reduce feed, food and fuel demand. Some feel There is already too much gas supplies. Dec corn futures rallied from an August low near 3.20 to a recent high near 4.20 on dry US weather and increase China buying US corn and now ethanol. Open interest jumped from 1,354,000 contracts to a high near 1,699,000 during the rally. Rallies would be supported by new China buying or less than Ideal South America weather. Managed funds were sellers of 4,000 corn. We estimate Managed funds are net long 216,000 corn contracts. US Midwest 2 week forecast calls for normal to above temps and below normal rains. US corn harvest is estimated near 83 pct versus 72 last week. One private group will be out with their estimate of US 2020 corn crop as of Nov 1 later today. Currently, some estimate corn crop near 14,520 mil bu versus USDA 14,722. Second private guess will be out tomorrow. USDA is November 10. Low estimate for US 2020/21 corn carryout is near 1,800 mil bu versus USDA 2,167. Weekly US corn exports were near 28.4 mil bu versus 26.8 last week and 11.1 last year. Season to date exports are near 270.3 mil bu versus 148.1 last year. USDA goal is 2,325 mil versus 1,778 last year. Some are as high as 2,600. Key will be overall demand especially from China and competition from either Ukraine or South America.

December corn futures chart



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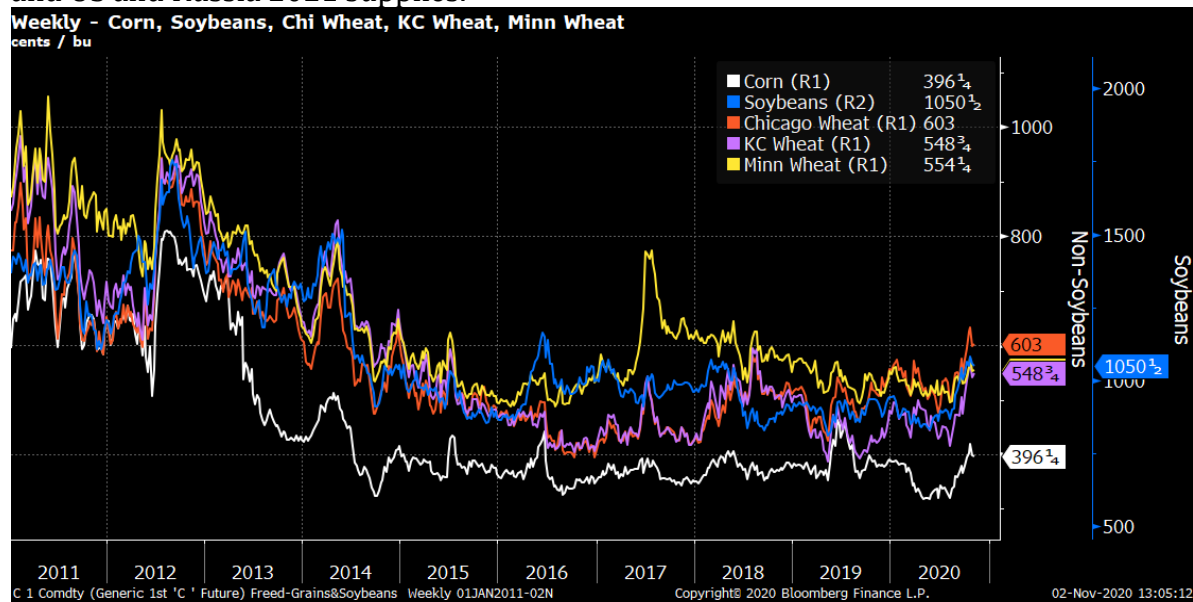


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WHEAT

Wheat futures traded higher. Some linked the buying to talk that cold and dry weather could stress the Russia wheat crop. There was also talk that China sold 2.7 mmt wheat from the reserve. Most of the buyers were feeders. Average prices was near \$9.57. Wheat may have also been supported by new global demand of 1.0 mmt with Turkey, Syria and North Africa demand improving. EU dropped their corn crop to 60.0 mmt versus USDA 66.0. Will this increase EU wheat feeding. Managed funds are net buyers of 4,000 wheat. We estimate Managed funds are net long 39,000 wheat. US Midwest 2 week forecast calls for normal to above temps and below normal rains. There continues to be signs that over the next 2 weeks, rainfall in Russia, South Brazil and Argentina will be less than normal. US Winter wheat crop rating could be 45 pct good/ex versus 41 last week. Weekly US wheat exports were near 10.5 mil bu versus 14.5 last week and 10.8 last year. Season to date exports are near 417.8 mil bu versus 401.1 last year. USDA goal is 975 mil versus 965 last year. Key for final US exports could be EU , Russia, Ukraine, Australia and Canada exports versus demand and US and Russia 2021 supplies.



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