ADM Investor Services, Inc.

Monthly Commodity Futures Overview
JULY 2024 Edition

Grain Market Outlook for the United States and South America by Mark Soderberg, Senior Grain Market Specialist, ADM Investor Services

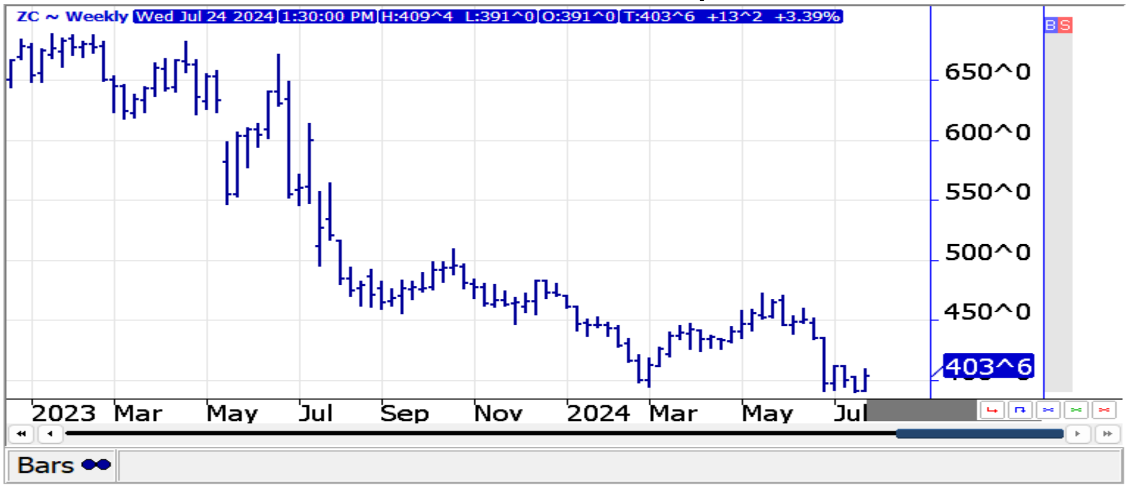
*The following report is an overview of the US and South American economic, political and crop situations as of **July 24, 2024.** This report is intended to be informative and does not guarantee price direction.*

Corn

The USDA cut old crop 23/24 ending stocks 145 mil. bu. to 1.877 bil. as feed usage and exports were both raised 75 mil. bu. Stocks were 165 mil. below expectations and below the range of guesses. 2024 production at 15.10 bil. was in line with expectations, following the higher acreage data from June. As expected, there was no change to the record U.S. yield forecast at 181 bpa. New crop usage was raised 100 mil. bu. with feed usage also up 75 mil., while exports were increased 25 mil. despite the historically slow start. New crop ending stocks at just below 2.10 bil. were well below the average trade estimate of 2.30 bil. Since the USDA reports, the market seems skeptical of the USDA usage figures, noted they will have to prove themselves over time, while also anticipating higher yields down the road.

Global stocks were revised up 1 mmt. to 311.6 mmt, which is in line with expectations. Argentine production was cut 1 mmt. to 52 mmt. with exports also down 1 mmt. Mexico's production was trimmed .6 mmt., while exports were revised up by .9 mmt. Ukraine's exports were increased 2 mmt. to 28 mmt. While speculative traders have pushed their short position out to a record 354,000 contracts recently, we are reminded that as of June 1, U.S. farmers were still holding just over 3 bil. bu. of corn. This is the highest level since 1987 and amounts to 600,000 contracts. I expect 2024 planted acres will be revised down by 500k in the August production report. I suspect it's just a matter of time before Dec-24 contract trades below $4.00.

Corn Futures - Weekly



Charts from QST

Soybeans

The USDA cut old crop 23/24 ending stocks 5 mil. bu. to 345 mil. as imports were cut 5 mil. Stocks were in line with expectations. 2024 production at 4.435 bil. was slightly above the average trade estimate of 4.415 bil. following the slightly lower acreage data from June. As we expected, there was no change to the U.S yield forecast at 52 bpa. New crop usage was left unchanged at 4.360 bil. leaving new crop ending stocks 435 mil., which is slightly below the average trade guess. Like corn, the soybean market is already anticipating higher yields down the road, while export demand will have to prove itself over time after a historically slow start.

Global stocks held steady at 128 mmt, which was in line with expectations. Argentine production was cut .5 mmt. to 49.5 mmt., while their exports were raised 1 mmt. to 5.6 mmt. Surprisingly, there was no change to the Brazilian production forecast as it held steady to 153 mmt. Their exports were also raised 1 mmt. to 103 mmt. With U.S. drought readings historically low, yield prospects remain high. However, markets will remain on high alert for expanding heat and dryness across the plains and western corn belt as we get closer to August. As of this writing, 29% of the crop is setting pods, which is slightly behind a year ago, however slightly above the 5-year average of 24%, while money managers sit on a record short position of 186k contracts. I expect 2024 planted acres will be revised down by 500k-750k in the August production report. I don't see a lot of downside risk for Nov-24 contract below $10.50 until we have a better handle on August weather.

Wheat

The USDA estimated all U.S. wheat production at just over 2.0 bil. bu., which is 95 mil. above expectations and above the range of estimates. Winter wheat production at 1.341 bil. bu. was up 46 mil. from June and 25 mil. above the average estimate. It was very close to our pre-report forecast of 1.345 bil. By class, production was HRW - 763 mil. up 37 mil., SRW - 344 mil. up 2 mil.

and white - 234 mil. which was up 8 mil. Spring wheat production at 578 mil. was a whopping 53 mil. above expectations. The average yield at 53.1 bpa is well above the 10-year high of 48.6 bpa in 2020. Wheat imports in 24/25 were cut 15 mil., while demand was revised up by 35 mil. (feed up 10, exports up 25) resulting in ending stocks growing to 856 mil., if realized, is a 5-year high.

Global stocks increased 5 mmt. to 257 mmt, vs. expectations of holding steady. There were no significant changes globally with most of the higher world supplies a result of higher U.S figures. Surging heat and lighter rainfall coverage may threaten to reduce later maturing spring wheat production.

Livestock Outlook by Chris Lehner,
Senior Livestock Analyst, contracted by ADM Investor Services

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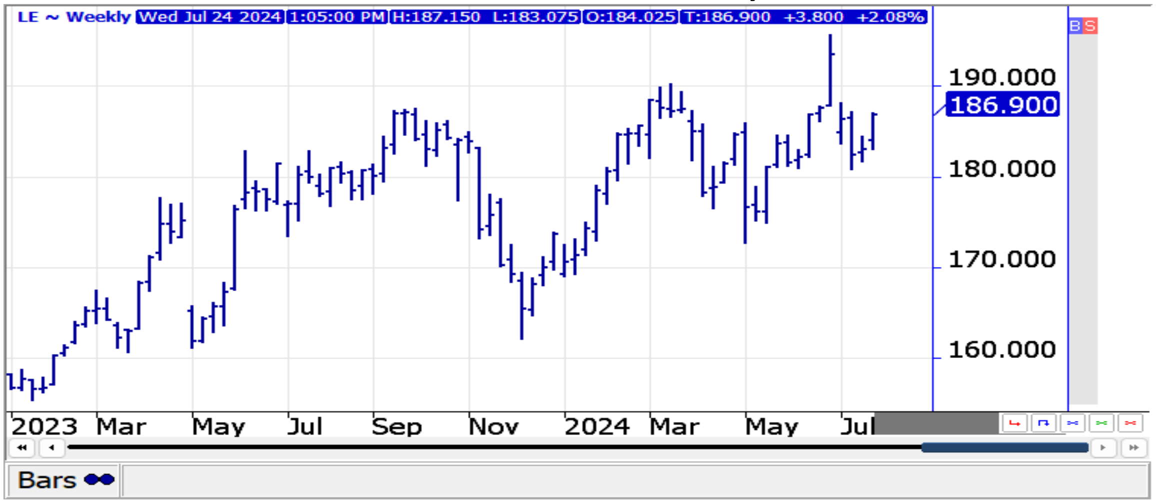
Live Cattle

By June 28, 2024 U.S. federal cattle slaughter was down 728,735 head, 4.5% less than the same period in 2023. Because of the lower number of cattle slaughtered, beef prices were high, but the high prices for beef did not stop Americans from buying it. It was especially true throughout June 2024 as prices moved higher because of beef demand for the July 4th holiday. Memorial Day, July 4th and Labor Day are historically known as periods of increased beef demand.

The accumulative choice boxed beef price on May 31, 2024 was $313.20, and select beef was $301.71. By June 14 prices were $319.89 and $303.81. On Friday, June 28 the cutout was up to $326.32 and $304.50. The biggest gains in the cutout were for the choice primal sections, rib primals, loin primals and brisket primals that make up the steaks and brisket. But there was also strong demand for primal chucks and rounds for both grades, often with select prices over choice as products were processed for ground beef hamburgers. Cattle prices moved with beef prices. On June 1 the 5-day negotiated steer price was $189.44, and by June 14 the price was $194.95, and on June 28 the price was up to $194.83.

Live Cattle Futures - Weekly

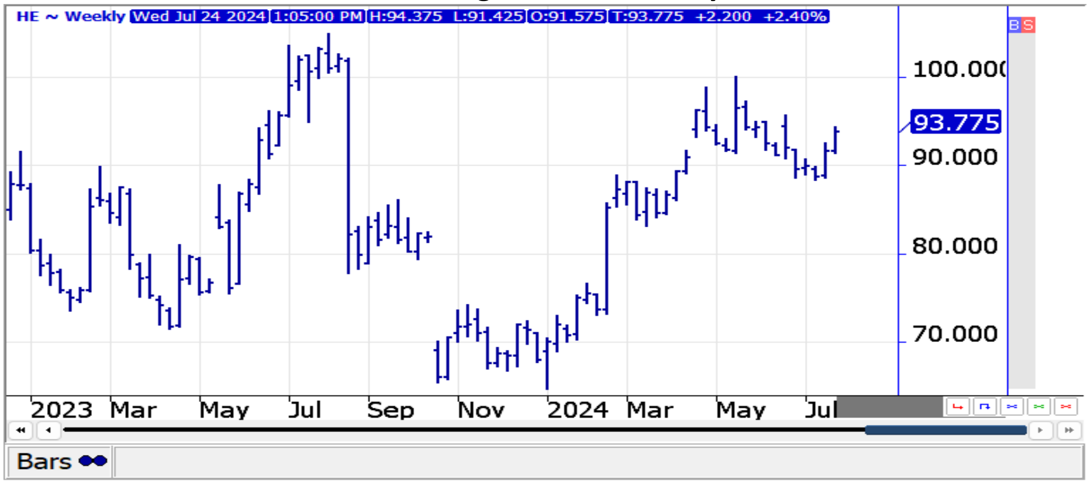


Lean Hogs

The lean hog market from the beginning of 2024 has had huge swings in prices, and the June 2024 lean hog contract is a good example. On January 3 as traders began the second day of new year, June 2024 lean hogs dropped to a low at $88.10, which ended up being the contract low for the contract. On reports of continued strong export demand and with U.S. cattle inventories expected to fall again in 2024, hog prices turned up and moved quickly higher. By April 10, 2024, June lean hogs rallied to $109.65, moving up $21.55 in the first quarter of 2024. However, there was a large difference between prices of cash hogs with the CME lean hog index at $89.84.

Although there was more than enough time before convergence was needed, other factors came into the lean hog market, such as a large speculative position where funds began buying June live cattle and selling June lean hogs. Traders almost reversed the first quarter for lean hog futures. From April 10 to when June lean hogs went off the board at $91.75, lean hogs dropped $17.90.

Lean Hog Futures - Weekly



All Charts from QST

Stock Index, Currency, Crude Oil and Precious Metal Futures Market Outlook by Alan Bush, Senior Financial Economist, ADM Investor Services

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Stock Index Futures

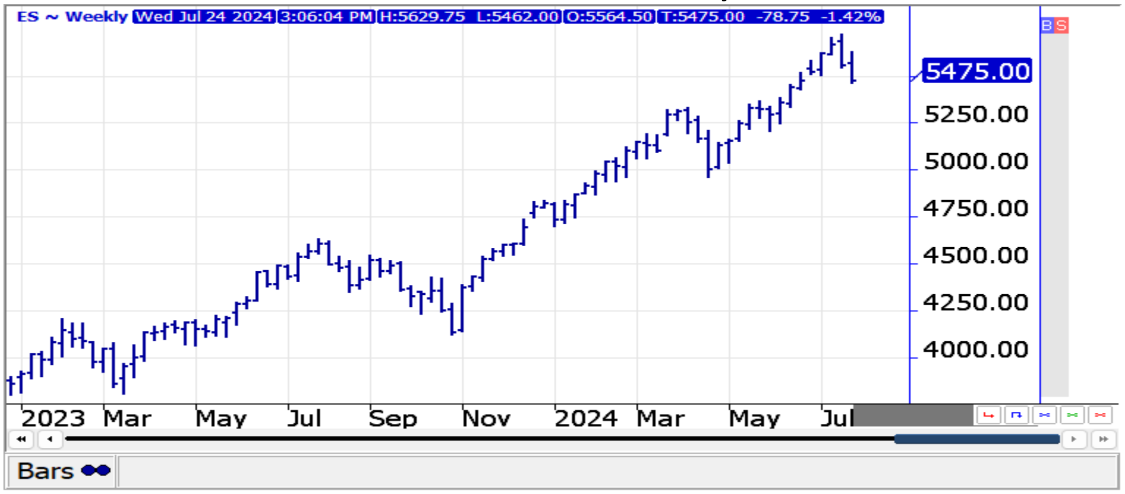
S&P 500 and NASDAQ futures advanced to new record highs at mid-month on the belief that the Federal Reserve may pivot to accommodation sooner rather than later. However, pressure has developed more recently in light of a series of weaker than expected corporate earnings reports, especially in the high tech area, which tended to more adversely affect NASDAQ futures.

On the data front, S&P Global flash PMIs for the U.S. showed the manufacturing sector unexpectedly contracted for the first time so far this year. The manufacturing index was 49.5 when 51.6 was expected. Existing home sales in June were 3.89 million when 4.00 million were anticipated, and new home sales were 617,000 when 640,000 were estimated.

Selling pressure is likely to be limited in light of increasing prospects of a more accommodative Federal Reserve this year.

Despite the recent sell-off, the long term fundamentals are bullish on balance.

S&P 500 Futures - Weekly



U.S. Dollar Index

In mid-July the U.S. dollar index declined to its lowest level since June 7 as it appears more likely that the Federal Open Market Committee may be forced to become more accommodative than many analysts had expected. The greenback weakened the most against the Japanese yen as it appears that the Bank of Japan may be increasing its key interest rate at its July 31 policy meeting, which is causing traders to unwind the long U.S. dollar - short Japanese yen carry trade.

While the U.S. Federal Reserve is likely to become accommodative this year, this bearish influence on the greenback will likely be offset by prospects of lower interest rates from other major central banks, including the European Central Bank and the Bank of England.

The flight to quality influence that supported the greenback earlier this month due to political turmoil in France appears to be diminishing.

Euro Currency

There was pressure on the euro currency after weak PMI data for the euro zone, which increased expectations that the European Central Bank will lower interest rates two more times this year. The HCOB Flash euro zone Composite PMI declined to 50.1 in July 2024, which is well under forecasts of 51.1.

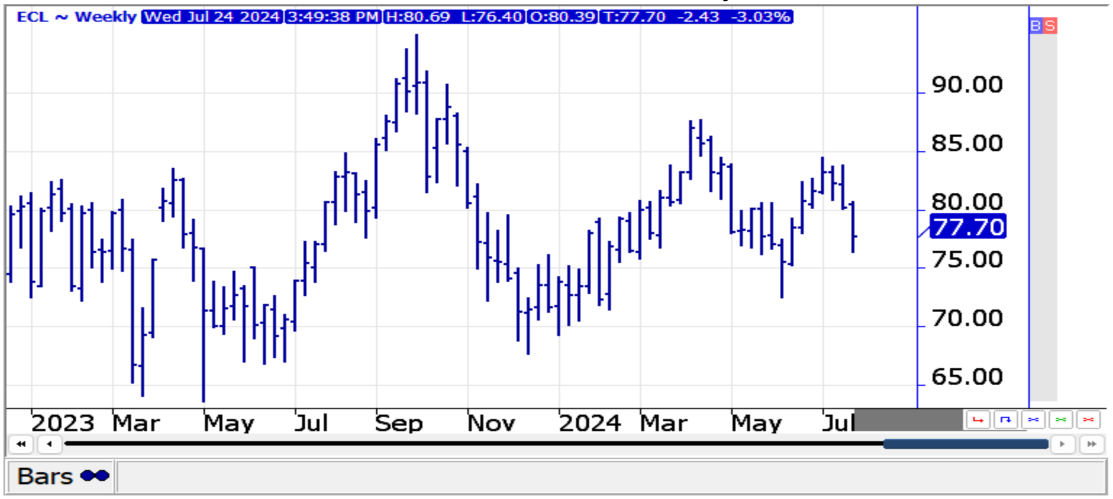
Interest rate differentials will be only neutral for the euro currency for the balance of 2024.

Crude Oil

September crude oil futures peaked on July 5 and have steadily marched lower. Increasing prospects of a global economic slowdown pressured prices. There was only a limited recovery when EIA data showed a decrease of 3.741 million barrels last week, which marked the fourth consecutive week of declines and exceeded market forecasts of a 2.05 million barrel draw.

There was downward pressure on prices due to renewed optimism about ceasefire negotiations between Israel and Hamas, while there was some support for crude oil futures due to the risk of short term supply disruptions In light of wildfires in Canada that are threatening over 10% of the region's crude oil production.

Crude Oil Futures - Weekly



Gold

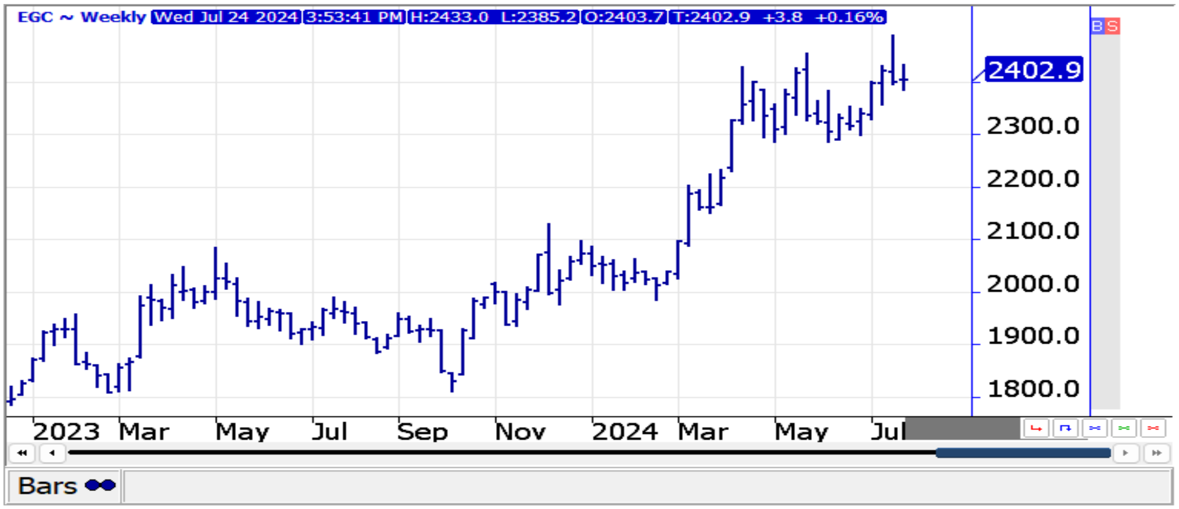
August gold futures advanced to record highs on July 17 in light of increasing prospects of a more accommodative Federal Reserve this year. Although there is a 95% probability that the Federal Open Market Committee will keep its fed funds rate unchanged at 5.25% to 5.50% at its July 31 policy meeting, financial futures markets are now pricing in three 25 basis point cuts in the fed funds rate this year.

There is a 95% probability that the FOMC will lower its fed funds rate by 25 basis points at its September 18 meeting. In addition, the probability of an additional rate reduction from the FOMC at the November 7 meeting is 60%, and there is a 56% chance of another 25 basis point rate cut at the December 18 meeting. Analysts anticipate several major central banks will become more accommodative this year, and some already have, which remains a bullish long term fundamental for gold prices.

Central banks continue their strong pace of buying gold, while the bullish flight to quality influence continues to underpin the market.

The long term fundamentals for gold are bullish on balance.

Gold Futures - Weekly



All Charts from QST

Support and Resistance

Grains

September 24 Corn

Support 4.00 Resistance 4.45

August 24 Soybeans

Support 10.50 Resistance 11.25

September 24 Chicago Wheat

Support 5.50 Resistance 6.15

Livestock

August 24 Live Cattle

Support 179.50 Resistance 188.25

August 24 Lean Hogs

Support 86.00 Resistance 97.00

Stock Index

September 24 S&P 500

Support	5395.00	Resistance	5608.00

September 24 NASDAQ

Support	18760.00	Resistance	20165.00

Energy

September 24 Crude Oil

Support	74.60	Resistance	79.80

September 24 Natural Gas

Support	1.970	Resistance	2.350