



ADM Investor Services, Inc.

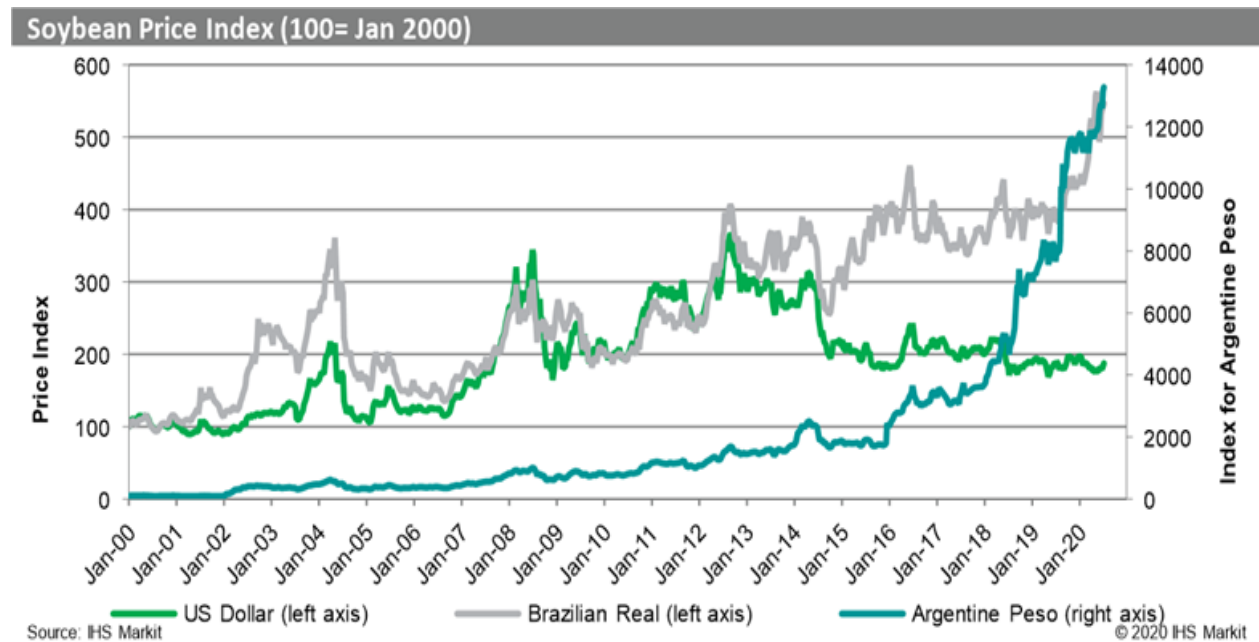
ADM Investor Services Market View

July 14, 2020 by Steve Freed

Soybeans, soyoil and wheat traded higher. Soymeal and corn were unchanged. US stocks were higher. US Dollar was lower.

SOYBEANS

Soybeans managed small gains after recent steep losses. USDA announced 129 mt new crop US soybean sales to China. This behind the pace to reach USDA goal and Phase 1 trade deal. Soyoil futures rallied on higher World vegoil prices. Higher prices led by palmoil and due to tighter supplies. Some feel improved US Midwest weather could limit the upside in SX to near 8.80. USDA lowered US 2020 soybean crop ratings to 68 pct good/ex. Drop was in NE and east states. Best crops remain in SD, IA, MN and WI. Forecast of rains this week in IA, IL and IN this week should help crops there. Some dropped their US soybean yield from 51 to 50 versus USDA 50. This is still not enough to push soybean prices significantly higher. Increase in global soybean demand from 2005 led by China triggered higher prices through 2012 to buy acres. Since then ending stocks have increased leading to lower prices. During that time Brazil pct of global soybean trade increased from 40 pct to 60 pct. Higher US Dollar has increased South America farmer net profits dramatically.



Source; Food and Ag Commodity Economics

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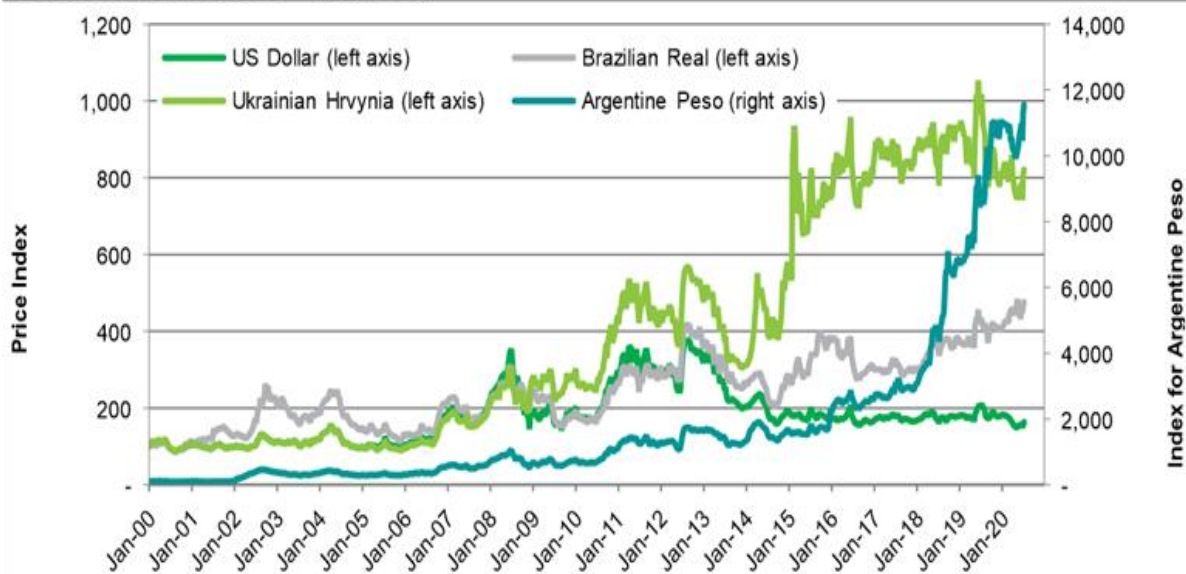


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CORN

Corn futures closed unchanged. Modest turnaround in grains linked to firm cash basis levels and increase US corn new crop sales to China. US stocks were up despite lower Wells Fargo earnings. Increase Covid cases after reopening parts of US economy could delay a rebound in economic growth and food and feed demand. USDA lowered US 2020 corn crop ratings to 69 pct good/ex. Drop was in NE and east states. Best crops remain in SD, IA, MN and WI. Forecast of rains this week in IA, IL and IN this week should help crops there. Some dropped their US corn yield to 177 versus USDA 178.5. This is still not enough to push corn prices significantly higher. Some are saying that last week's heat and dryness may limit corn prices below 3.00 but at the same time may limit corn prices over 3.80. China bought 1.762 mmt of US new crop corn. Some feel this and recent US and Ukraine purchases cleans up the available TRQ import quota. Increase in global corn demand from 2005 led by increase ethanol use triggered higher prices through 2012 to buy acres. Since then ending stocks have increased leading to lower prices. During that time Brazil, Argentina and Ukraine pct of global corn trade increased at the expenses of US share. Higher US Dollar has increased South America and Ukraine farmer net profits dramatically. Historically once July corn contract expires, Sep-Dec corn spread tends to widen. US farmer remains a reluctant seller of new crop corn.

Corn Price Index (100 = Jan 2000)



Source: IHS Markt

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WHEAT

Wheat prices traded higher. Managed funds were been buyers of 3,000 wheat. Managed funds are net short 7,000 wheat. Turnaround in grains linked to firm Europe and Russia prices. Increase US Covid cases after reopening parts of US economy could delay a rebound in restaurant food demand and economic growth. Paris futures were higher today. Quick end to US HRW harvest offered support. Egypt bought 114 mt Russia wheat in their tender. There remains concern that USDA failed to lower World grain demand due to impact Covid virus has had on global economies and food demand. Potential closing of US restaurants could also slow demand and switch demand back to groceries. Over the last 20 year, global wheat demand had steady but slower growth than corn and soybeans. Demand growth has been based on rate of human consumption and population growth. Global acres has held in a narrow band between 208 million and 224 million hectares. Lack of big increase in demand limited need for prices to rally to buy acres. Higher US Dollar has increased Ukraine and Russia farm prices versus US. This also led to a shift in acres from US to Black Sea.

Wheat Price Index (100= Jan 2000)



Source; Food and Ag Commodity Economics

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