



ADM Investor Services Market View

July 16, 2020 by Steve Freed

Soybeans, soymeal, soyoil and corn traded higher. Wheat traded lower giving back most of Wednesdays gains. US stocks were lower on concern rising virus cases could slow global economic recovery. China stocks dropped the most in five months. US Dollar was higher. Crude was lower. Gold was lower.

SOYBEANS

Soybean futures traded higher. News of new US soybean sales to China offered support. 7 day US Midwest rainfall should help US crops. 2 week forecast still suggest some ridging. NOAA 90 day US Midwest forecast calls for above normal temps and equal chance of normal rains. Weekly US soybean old crop export sales were near 313 mt. Total commit is near 46.3 mmt versus 48.6 last year. USDA goal is 44.9 mmt versus 47.6 last year. China soybean export commit is near 16.2 mmt. There is 2.6 mmt in the unknown. USDA estimates global soybean trade near 159.3 mmt versus 148.3 last year. Brazil exports are est near 89.0 versus 74.5 last year. China imports are est near 96.0 versus 82.5 ly. US new crop open soybean sales are near 8.1 mmt with China near 4.6. USDA announced 522 mt US soybean to China and 351 mt US soybean to unknown. Range of guesses for US 2020/21 soybean carryout is 300-550 versus USDA 425. Key is weather and final yield.

USDA SUPPLY/DEMAND US SOYBEANS	2020/21 Forecast									
	Jul							Jun 30 Acreage Report		
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	Various Yields		
				USDA	USDA	USDA		3% Lower	USDA Yield	3% up
Planted Area (M Acres)	83.3	82.7	83.5	90.2	89.2	76.1	83.8	83.8	83.8	83.8
Harvested Area (Acres)	82.6	81.7	82.7	89.5	87.6	75.0	83.0	83.0	83.0	83.0
Yield (Bu/Acre)	47.6	48.0	51.9	49.3	50.6	47.4	49.8	46.3	49.8	51.3
Beginning Stocks (M Bu)	92	191	197	302	438	909	620	620	620	620
Production	3,928	3,927	4,296	4,412	4,428	3,552	4,135	4,011	4,135	4,260
Imports	33	24	22	22	14	15	15	15	15	15
Supply, Total	4,053	4,141	4,515	4,735	4,880	4,476	4,770	4,646	4,770	4,895
Crushings	1,873	1,886	1,901	2,055	2,092	2,155	2,160	2,160	2,160	2,160
Exports	1,842	1,943	2,167	2,134	1,752	1,650	2,050	2,050	2,050	2,050
Seed	96	97	105	104	88	97	100	100	100	100
Residual	50	18	42	5	39	-46	35	35	35	35
Use, Total	3,863	3,944	4,214	4,297	3,971	3,857	4,345	4,345	4,345	4,345
Ending Stocks	191	197	302	438	909	620	425	301	425	550
Stocks/Use Ratio	4.9%	5.0%	7.2%	10.2%	22.9%	16.1%	9.8%	6.9%	9.8%	12.7%

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CORN

Corn futures traded higher. Good old crop US corn export sales and concern about China buying US/Ukraine corn offered support. 2nd week US Midwest weather forecast also could see above normal rains and above normal temps. Ongoing concern about resurgence of the virus in US and Asia offers resistance. Some feel USDA may be too high in their estimate of global and US demand. Over the next 7 days US Midwest rains will favor IA, NIL, N IN and OH. US Midwest 6-10 day call for normal rains in the east and above normal temps. US 8-14 day calls for below normal rains and above normal temps. NOAA 90 day US Midwest forecast calls for above normal temps and equal chance of normal rains. This could suggest an early harvest. Weekly US corn old crop export sales were near 981 mt. Total commit is near 43.4 mmt versus 49.6 last year. USDA goal is 45.0 mmt versus 52.4 last year. China corn export commit is near 2.1 mmt. USDA estimates global corn trade near 171.1 mmt versus 181.0 last year. Brazil exports are est near 34.0 versus 39.6 last year. Ukraine exports are est near 32.0 versus 30.3 last year. Argentina exports are est near 37.0 versus 37.2 last year. Range of guesses for US 2020/21 corn carryout is 2,200-3,100 versus USDA 2,648. Key is weather and final yield.

USDA SUPPLY/DEMAND US CORN								2020/21 Forecast		
								Jun 30 Acreage Report		
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	3% Lower	USDA Yield	3% up
					Jul USDA	Jul USDA	Jul USDA			
Planted Area (M Acres)	90.6	88.0	94.0	90.2	88.9	89.7	92.0	92.0	92.0	92.0
Harvested Area (Acres)	83.1	80.8	86.7	82.7	81.3	81.3	84.0	84.0	84.0	84.0
Yield (Bu/Acre)	171.0	168.4	174.6	176.6	176.4	167.4	178.5	173.1	178.5	183.8
Beginning Stocks (M Bu)	1,232	1,731	1,737	2,293	2,140	2,221	2,248	2,248	2,248	2,248
Production	14,217	13,602	15,148	14,609	14,340	13,617	15,000	14,550	15,000	15,445
Imports	32	68	57	36	28	45	25	25	25	25
Supply, Total	15,481	15,401	16,942	16,939	16,509	15,883	17,273	16,823	17,273	17,718
Feed & Residual	5,287	5,118	5,470	5,304	5,429	5,600	5,850	5,850	5,850	5,850
Food, Seed & Industry	6,595	6,647	6,885	7,057	6,793	6,260	6,625	6,625	6,625	6,625
Ethanol for Fuel	5,200	5,224	5,432	5,605	5,378	4,850	5,200	5,200	5,200	5,200
Domestic Total	11,883	11,765	12,355	12,361	12,222	11,860	12,475	12,475	12,475	12,475
Total Exports	1,867	1,899	2,294	2,438	2,066	1,775	2,150	2,150	2,150	2,150
Use, Total	13,750	13,664	14,649	14,798	14,288	13,635	14,625	14,625	14,625	14,625
Ending Stocks	1,731	1,737	2,293	2,140	2,221	2,248	2,648	2,198	2,648	3,093
Stocks/Use Ratio	12.6%	12.7%	15.7%	14.5%	15.5%	16.5%	18.1%	15.0%	18.1%	21.2%

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WHEAT

Wheat market giveth and then taketh away. Wheat futures closed sharply lower on lack of confirmation of US SRW sale to China. Funds bought 17,000 wheat contract on Wednesday but open interest went up only 3,000. US SRW barge basis firmed but there was no indication of a big jump in the basis that might reflect new business. Some feel that US will need to sell as much as 5 cargoes to China to tighten US SRW supplies enough to push futures higher. Liquidation of long wheat short corn spreads may have also weighed on Wheat values. Weekly US wheat export sales were near 764 mt. Total commit is near 8.3 mmt versus 7.8 last year. USDA goal is 25.8 mmt versus 26.2 last year. USDA estimates global wheat trade near 188.0 mmt versus 187.0 last year. Russia exports are est near 36.0 versus 34.5 last year. Europe exports are est near 27.0 versus 34.5 last year. Australia exports are est near 24.5 versus 9.2 last year. Range of guesses for US 2020/21 wheat carryout is 900-1,040 versus USDA 942. Key is final demand.

USDA SUPPLY/DEMAND US WHEAT								2020/21 Projections		
								June 30 Acreage Report		
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	Low	USDA	High
					Jul USDA	Jul USDA	Jul USDA	Various Yields		
Planted Area (M Acres)	56.8	55.0	50.1	46.1	47.8	45.2	44.3	44.3	44.3	44.3
Harvested Area (Acres)	46.4	47.3	43.8	37.6	39.6	37.2	36.7	37.3	36.7	37.3
Yield (Bu/Acre)	43.7	43.6	52.7	46.4	47.6	51.7	49.7	47.7	49.7	51.7
Beginning Stocks (M Bu)	590	752	976	1,181	1,099	1,080	1,044	1,044	1,044	1,044
Production	2,026	2,062	2,309	1,741	1,885	1,920	1,824	1,780	1,823	1,929
Imports	151	113	118	158	135	105	140	140	140	140
Supply, Total	2,768	2,927	3,402	3,080	3,119	3,105	3,007	2,964	3,007	3,113
Food	958	957	949	964	955	962	964	964	964	964
Seed	79	67	61	63	59	60	61	61	61	61
Feed & Residual	113	149	161	47	88	74	90	90	90	90
Domestic, total	1,151	1,174	1,171	1,075	1,102	1,096	1,115	1,115	1,115	1,115
Total Exports	864	778	1,051	906	937	965	950	950	950	950
Use, total	2,015	1,951	2,222	1,981	2,039	2,061	2,065	2,065	2,065	2,065
Ending Stocks	752	976	1,181	1,099	1,080	1,044	942	899	942	1,048
Stocks/Use Ratio	37.3%	50.0%	53.1%	55.5%	53.0%	50.7%	45.6%	42.5%	45.6%	50.8%

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