



Mid-Day Grains

September 16, 2020 by Steve Freed

Grains are higher. SX is up 16 cents and near 10.07. SMZ is near 324.4. BOZ is near 34.81. CZ is up 2 cents and near 3.68. WZ is up 2 cents and near 5.40. US stocks are higher. Crude is higher. US Dollar is mixed. Gold is higher.

Managed funds were buyers of 14,000 soybeans, 5,000 soyoil, 6,000 soymeal, 2,000 wheat and 4,000 corn. Managed funds are net long 50,000 corn, 20,000 wheat, 207,000 soybeans, 44,000 soymeal and 96,000 soyoil.

US Midwest 2 week weather forecast suggest normal to below temps the first week and normal temps the second. 2 week rainfall will be mostly below normal. This should help summer crop maturation and early harvest. Hurricane Sally is adding weather premiums to energies.

Recent rally in soybean futures have been linked to steady China buying US soybean and lower US supplies. USDA announced 327 mt US soybean were sold to China. There is talk that today they bought 15-20 US soybean cargoes and 4-5 Brazil.

Some are estimating China 2020/21 soybean imports near 98 mmt versus 96 last year. USDA is 99. Some are over 100. US could ship 33 mmt versus 16 last year. Same group estimates Brazil exports at 58 mmt versus 71 last year? Argentina 7 mmt versus 9 last year.

Soybean may be experiencing the perfect storm with higher US export demand and lower US supply.

Some are estimating China 2020/21 corn imports near 15 mmt versus 7 last year. USDA is 7. Some are closer to 20. US could ship 9 mmt versus 2 last year. Same group estimates Brazil exports at 2 mmt versus 0 last year. Ukraine 4 mmt versus 5 last year.

Increase grain flow from last year to satisfy increase exports could have implications on spreads and basis and has US fob corn, soybean and HRW values sharply higher.

Weekly US wheat export sales are est near 300-700 mt versus 484 last week, corn 800-1,900 versus 1,823 last week and soybean 1,500-2,800 mt versus 3,161 last week.

Weekly US ethanol production was down 1.5 pct from last week and down 7 pct from last year. Stocks were down 1 pct from last week and are down 15 pct from last year.