



ADM Investor Services, Inc.

ADM Investor Services Market View

October 1, 2020 by Steve Freed

Soyoil and wheat futures traded lower. Soybeans traded unchanged. Soymeal and corn traded higher. US stocks were mixed. Crude was lower. Gold was higher.

SOYBEANS

Soybean turned lower on lack of fund follow through buying and increase US farmer selling. US 2 week weather forecast should be favorable for harvest. Brazil looks dry until Oct 10. Rains could begin after Oct 10. On USDA Wednesday, funds bought 30,000 soybean and 11,000 soymeal contracts. They are now near a record long 222,000 soybean contracts, 73,000 soymeal contracts and 95,000 soyoil contracts. Weekly US soybean export sales were near 95.2 mil bu. Total commit is near 1,401 mil bu versus 520 last year. USDA goal is 2,125 versus 1,680 last year. China was best buyer. China has 752 mil bu bought with 389 mil bu in unknown. US soybean export commit is record large for this time of the year. Commit is up 881 mil bu over last year. USDA export estimate is for a 445 increase. USDA export number could be conservative. New crop US soymeal sales jumped 523 mt. There remains some concern about Brazil and Argentina crush rate. After USDA report, range of guesses for US 2020/21 soybean carryout is 325 to 440. Key is final yield. US August soybean crush is estimated near 175 mil bu and lowest in 6 months. Argentina dropped export tax 3 pct to 30 pct. This to encourage farmer selling, This is unlikely with Peso losing value every day.

Corrected US soybean Supply and Demand forecast

USDA SUPPLY/DEMAND US SOYBEANS	14-15	15-16	16-17	17-18	Sep USDA 18-19	Sep USDA 19-20	Sep USDA 20-21	2020/21 Forecast		
								September S&D With Various Yields		
Planted Area (M Acres)	83.3	82.7	83.5	90.2	89.2	76.1	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	
Yield (Bu/Acre)	47.6	48.0	51.9	49.3	50.6	47.4	50.9	51.9	52.9	
Beginning Stocks (M Bu)	92	191	197	302	438	909	575	523	523	523
Production	3,928	3,927	4,296	4,412	4,428	3,552	4,313	4,227	4,310	4,393
Imports	33	24	22	22	14	16	15	15	15	15
Supply, Total	4,053	4,141	4,515	4,735	4,880	4,477	4,903	4,765	4,848	4,931
Crushings	1,873	1,886	1,901	2,055	2,092	2,170	2,180	2,180	2,180	2,180
Exports	1,842	1,943	2,167	2,134	1,752	1,680	2,125	2,250	2,250	2,250
Seed	96	97	105	104	88	97	100	100	100	100
Residual	50	18	42	5	39	-45	38	38	38	38
Use, Total	3,863	3,944	4,214	4,297	3,971	3,903	4,442	4,568	4,568	4,568
Ending Stocks	191	197	302	438	909	575	460	197	280	363
Stocks/Use Ratio	4.9%	5.0%	7.2%	10.2%	22.9%	14.7%	10.4%	4.3%	6.1%	7.9%

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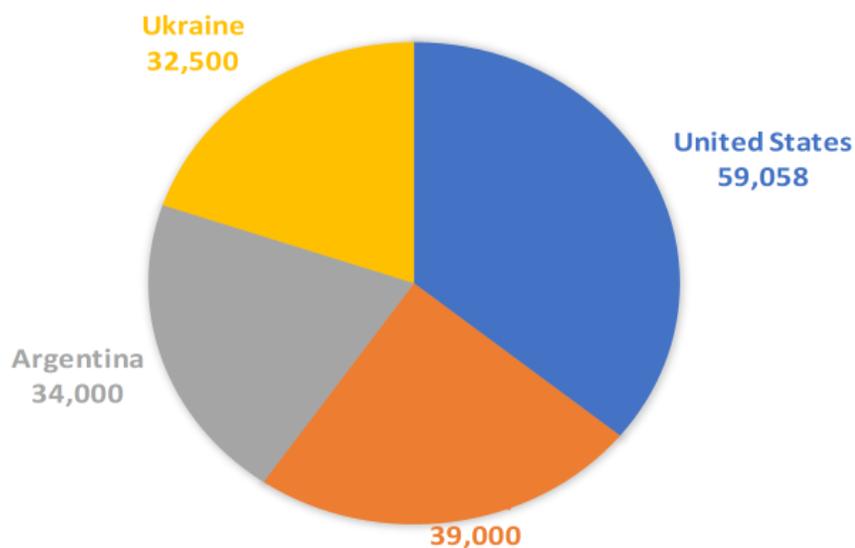


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CORN

Corn futures traded higher. Increase consumer buying and limited US farmer selling offered support. US 2 week weather forecast should be favorable for harvest. Brazil looks dry until Oct 10. Rains could begin after Oct 10. Parts of Russia and Ukraine remain dry. On Wednesday, funds bought 55,000 corn contracts. They are now long 152,000 corn contracts. Weekly US corn export sales were near 79.8 mil bu. Total commit is near a record 969 mil bu for this time of year versus 382 last year. USDA goal is 2,325 versus 1,765 last year. Commit is up 587 mil bu from last year. Unknown, Japan and China were best buyers. China has 396 mil bu bought with 140 mil bu in unknown. Commit is up 587 mil bu over last year. USDA export estimate is for a 560 increase. USDA export number could be conservative. After USDA report range of guesses for US 2020/21 corn carryout is 1,800 to 2,280. Key is final yield. Next USDA report is Oct 9. Bulls feel US corn yield could be closer to 177.0 versus 178.5. Final export demand could reach 2,525. Bears feel final yield could be near 179.5. Some estimate IL low ground corn yields near 150. High group is averaging 210-215. This suggest USDA state yield of 207 could be high. Private estimates of US corn crop will start tomorrow and Monday.

**WORLD CORN - 2020 TOP EXPORTING COUNTRIES
(1,000 MT)**



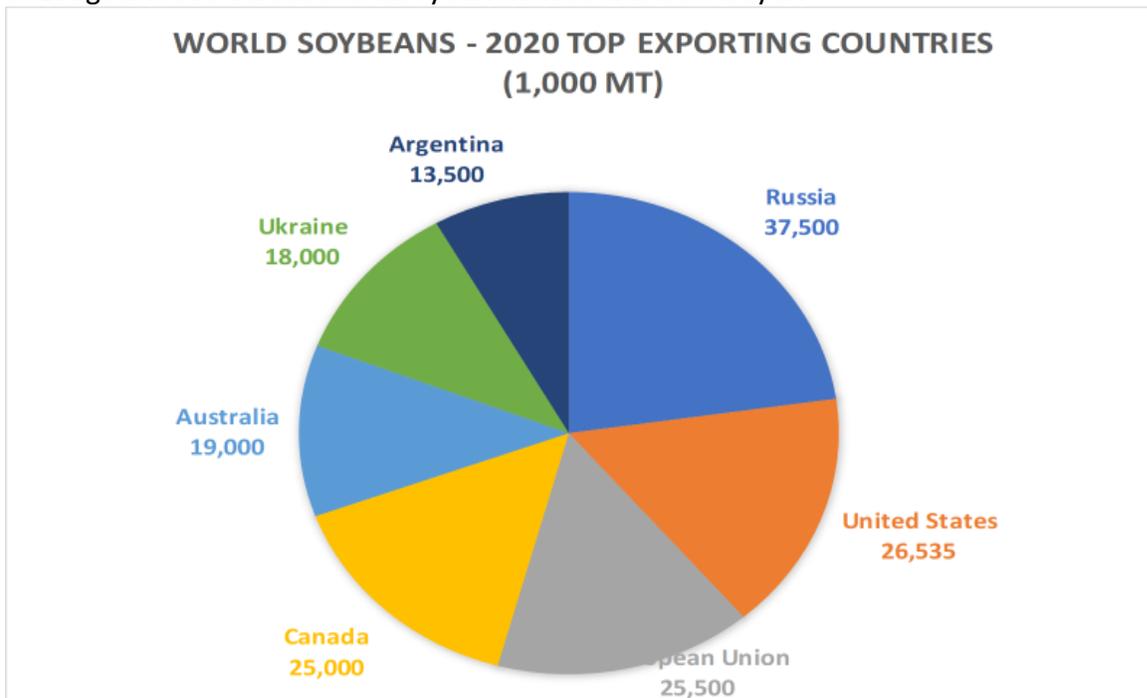


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WHEAT

Wheat futures trade lower. WZ range was 5,68 to 5,84. Lack of follow through technical and fund buying may have triggered long liquidation. On Wednesday Managed funds were net buyers of 25,000 Chicago wheat contracts. They are now estimated to be long 30,000 contracts. Some feel that prices could be overvalued. Most of Russia and parts of Ukraine are dry. Some feel current weather pattern is similar to 1966. In that year, October Russia weather remained dry. This could cause concern about germinations. In that same year, November turned wet but cold. Lower crop could force Russia to have export quotas. US south plains 2 week weather looks also to be drier and warmer than normal. Need a change in southern oscillator and less tropical systems in the gulf to open the gulf for moisture to move into the plains. Weekly US wheat export sales were near 18.6 mil bu. Total commit is near 514 mil bu versus 474 last year. USDA goal is 975 versus 965 last year. Mexico was best buyer.



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