



ADM Investor Services Market View

October 21, 2020 by Steve Freed

Soybeans, soymeal and corn traded higher. Soyoil was lower. Wheat traded mixed. US stocks were unchanged. Crude was lower. US Dollar was lower. Copper was higher.

SOYBEANS

Soybeans traded higher. Talk of tight Brazil and Argentina old crop soybean supplies and higher China hog numbers helped soybean and soymeal. Managed funds were net buyers of 5,000 soybeans and 2,000 soymeal. We estimate Managed funds are net long 252,000 soybeans, 93,000 soymeal and 81,000 soyoil. We estimate total Managed fund long near 725,000 contracts. Their record long was 779,000 on August 21, 2012. Daily trade volume has slowed. Soybean open interest is near record high. Weekly US soybean exports sales are estimated near 1,500-2,500 mt versus 2,631 last week. Rains are forecast for central Brazil and parts of Argentina. There were no new daily US soybean sales announced today. USDA estimates US exports near 59.8 versus 45.6 last year. China imports are estimated near 100.0 versus 97.4 last year. Some could see total China imports closer to 105.0. Some could see US final soybean exports near 64.0. Range of guesses for US 2021/21 soybean carryout is 170-255 mil bu versus USDA 290.

US SOYBEAN SUPPLY DEMAND	2020/21 Forecasts						2021/22 Forecasts		
	17-18	18-19	19-20	Informa 20-21	DCA 20-21	AgResources 20-21	USDA 20-21	AgResources 21-22	Informa 21-22
Planted Area (M Acres)	90.2	89.2	76.1	83.1	83.1	83.1	83.1	90.5	89.2
Harvested Area (Acres)	89.5	87.6	74.9	82.3	82.3	82.3	82.3	89.6	88.3
Yield (Bu/Acre)	49.3	50.6	47.4	51.9	51.9	52.3	51.9	50.5	52.0
Beginning Stocks (M Bu)	302	438	909	523	523	523	523	255	170
Production	4,412	4,428	3,552	4,268	4,268	4,305	4,268	4,525	4,591
Imports	22	14	15	21	15	15	15	20	21
Supply, Total	4,735	4,880	4,476	4,781	4,806	4,845	4,806	4,800	4,781
Crushings	2,055	2,092	2,165	2,160	2,180	2,180	2,180	2,180	2,180
Exports	2,134	1,752	1,676	2,350	2,250	2,275	2,200	2,275	2,160
Seed	104	88	96	100	100	135	100	135	88
Residual	5	39	16	32	38	35	36	35	46
Use, Total	4,297	3,971	3,953	4,642	4,568	4,590	4,516	4,490	4,474
Ending Stocks	438	909	523	170	238	255	290	310	307
Stocks/Use Ratio	10.2%	22.9%	13.2%	3.7%	5.2%	5.6%	6.4%	6.9%	6.9%

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CORN

Corn futures traded higher. Talk of tight South America old crop corn supplies, lack of US and Argentina farmer selling, lower Ukraine supply and rumors of China interest in US corn offered support. Managed funds were net buyers of 3,000 corn. We estimate Managed funds are net long 231,000 corn contracts. Their record long was 504,000 in August, 2010. We estimated total Managed fund long near 725,000 contracts. Their record long was 779,000 on August 21, 2012. Weekly US corn export sales are estimated near 800-1,400 mt versus 655 last week. There are reports that commercials are aggressive buyers of US corn barges today. USDA estimates US exports near 59.0 versus 45.1 last year. Ukraine is 30.5 versus 29.2 last year. There is new talk that Ukraine corn crop could drop below 30.0 mt versus USDA guess of 36.5. China imports are estimated near 7.0 mmt versus 7.0 last year. Some could see total China imports closer to 30.0. Some could see US final corn exports near 64.8. Weekly US ethanol production was down 2 pct from last week and down 8 pct from last year. Stocks were down 1 pct from last week and down 7 pct from last year. Range of guesses for US 2021/21 corn carryout is 1,855-2,255 mil bu versus USDA 2,167. Key is final exports.

US CORN SUPPLY DEMAND				2020/21 Forecasts				2021/22 Forecasts	
	17-18	18-19	19-20	DCA 20-21	Informa 20-21	USDA 20-21	AgResources 20-21	Informa 21-22	AgResources 21-22
Planted Area (M Acres)	90.2	88.9	89.7	91.0	91.0	91.0	91.0	92.0	92.0
Harvested Area (Acres)	82.7	81.3	81.3	82.5	82.5	82.5	82.5	84.6	84.4
Yield (Bu/Acre)	176.6	176.4	167.5	178.0	178.4	178.4	179.2	181.0	180.5
Beginning Stocks (M Bu)	2,293	2,140	2,221	1,995	1,995	1,995	1,995	1,931	2,255
Production	14,609	14,340	13,620	14,685	14,722	14,722	14,785	15,311	15,235
Imports	36	28	42	25	25	25	25	30	25
Supply, Total	16,939	16,509	15,883	16,705	16,742	16,742	16,805	17,273	17,515
Feed & Residual	5,304	5,429	5,827	5,775	5,825	5,775	5,750	5,900	5,850
Food, Seed & Industry	7,057	6,793	6,282	6,525	6,585	6,475	6,475	6,725	6,800
Ethanol for Fuel	5,605	5,378	4,852	5,100	5,150	5,050	5,050	5,300	5,375
Domestic Total	12,361	12,222	12,109	12,300	12,410	12,250	12,225	12,626	12,650
Total Exports	2,438	2,066	1,778	2,550	2,400	2,325	2,325	2,500	2,300
Use, Total	14,798	14,288	13,887	14,850	14,810	14,575	14,550	15,126	14,950
Ending Stocks	2,140	2,221	1,995	1,855	1,931	2,167	2,255	2,147	2,565
Stocks/Use Ratio	14.5%	15.5%	14.4%	12.5%	13.0%	14.9%	15.5%	14.2%	17.5%

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WHEAT

Wheat futures closed mixed. WZ was near 6.29. KWZ was near 5.69. MWZ was near 5.82. Managed funds were late sellers of 2,000 wheat. We estimate Managed funds are net long 64,000 wheat. Chicago wheat fund record long was 80,800 in August, 2012. KC wheat fund record long was 92,200 in July, 2017. Their current long is near 30,000. Minn wheat fund record long was 25,500 in June, 2011. Their current long is near 1,700. We estimate total Managed fund long near 725,000 contracts. Their record long was 779,000 on August 21, 2012. Dry US south plains HRW and Russia weather continues to push US futures higher and Matif and CME Black Sea wheat futures to new highs. Wheat is a weather market. Some showers are forecasted for US plains early next week. Weekly US wheat export sales are estimated near 200-800 mt versus 528 last week. USDA estimates US exports near 26.5 versus 26.2 last year. Russia is 39.0 versus 34.5 last year. EU is 25.5 versus 34.4 last year. Canada is 25.0 versus 24.6. Australia is 19.0 versus 9.5. Key will be US and Black Sea weather.

US WHEAT SUPPLY DEMAND				2020/21 Forecasts				2021/22 Forecasts	
	17-18	18-19	19-20	DCA 20-21	USDA 20-21	AgResources 20-21	Informa 20-21	AgResources 21-22	Informa 21-22
Planted Area (M Acres)	46.1	47.8	45.5	44.3	44.3	44.3	44.3	45.4	46.3
Harvested Area (Acres)	37.6	39.6	37.4	36.7	36.7	36.7	36.7	38.6	39.4
Yield (Bu/Acre)	46.4	47.6	51.7	49.7	49.7	49.7	49.7	48.6	49.4
Beginning Stocks (M Bu)	1,181	1,099	1,080	1,028	1,028	1,028	1,028	885	915
Production	1,741	1,885	1,932	1,826	1,826	1,826	1,826	1,875	1,945
Imports	158	135	105	130	125	125	111	140	99
Supply, Total	3,080	3,119	3,117	2,984	2,979	2,980	2,965	2,900	2,958
Food	964	955	962	962	960	960	942	965	960
Seed	63	59	60	61	61	61	63	60	64
Feed & Residual	47	88	102	100	100	100	70	90	68
Domestic, total	1,075	1,102	1,123	1,123	1,121	1,120	1,075	1,115	1,092
Total Exports	906	937	965	980	975	975	975	975	950
Use, total	1,981	2,039	2,089	2,130	2,096	2,095	2,020	2,090	2,041
Ending Stocks	1,099	1,080	1,028	881	883	885	918	810	917
Stocks/Use Ratio	55.5%	53.0%	49.2%	41.9%	42.1%	42.2%	44.6%	38.8%	44.9%

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