



ADM Investor Services, Inc.

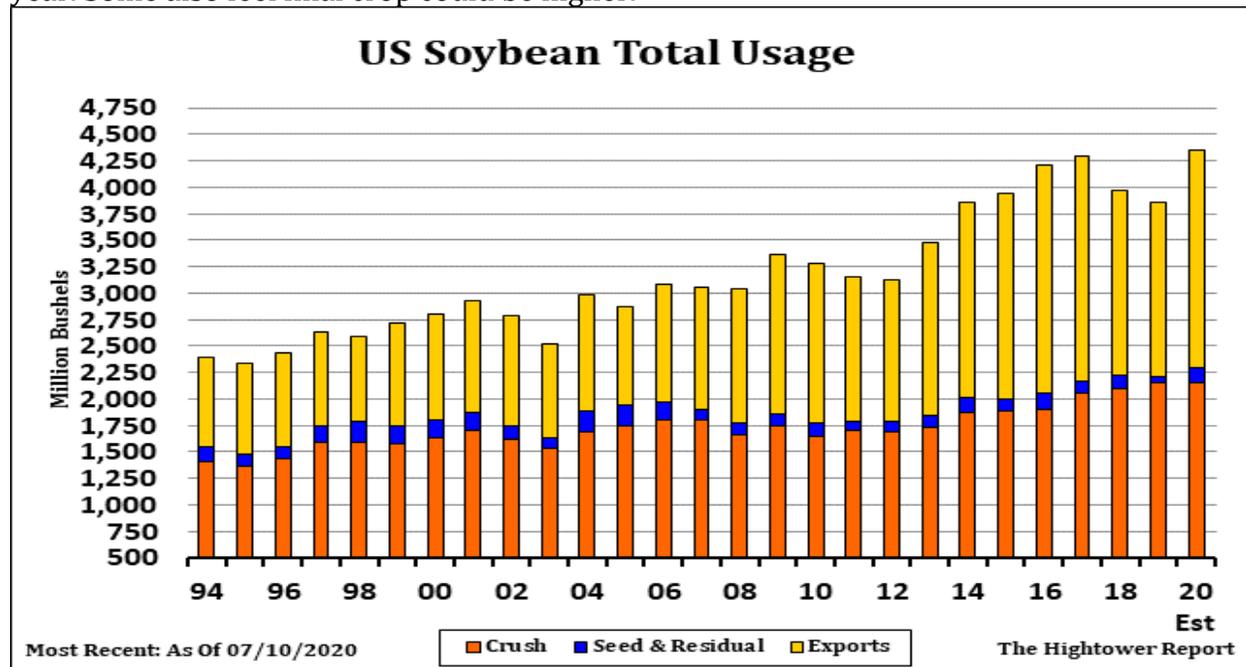
ADM Investor Services Market View

July 22, 2020 by Steve Freed

Soybeans, corn and wheat traded higher. US stocks were mixed. US Dollar was lower. Gold was higher.

SOYBEANS

Soybean managed to traded higher. Soybeans open lower on concern that worsening US and China relations might jeopardize China buying US Ag goods especially soybeans. News that China bought 894 mt US soybean offered support. Most of the sales were for 2020/21. Brazil soybean export prices have rallied sharply in part due to low supplies, lack of farmer selling and currency changes. US 7 day US Midwest weather looks favorable for crops. Weekend temps could be warmer than normal but cold front next week could drop temps. This could dry out the Midwest. Weather experts though feel maps are too dry? Trade estimates US weekly old crop soybean export sales near 300-700 mt versus 313 last week and new crop 1,000-2,000 mt versus 767 last week. Managed funds are long soybean due to Hope China will continue to be a buyer of US soybeans. USDA estimates US 2019/20 soybean exports near 1.650 mil bu versus 1,752 last year. Some feel final exports could be below this. USDA also estimates US 2020 soybean crop near 4.135 mil bu versus 3,552 last year. Some also feel final crop could be higher.



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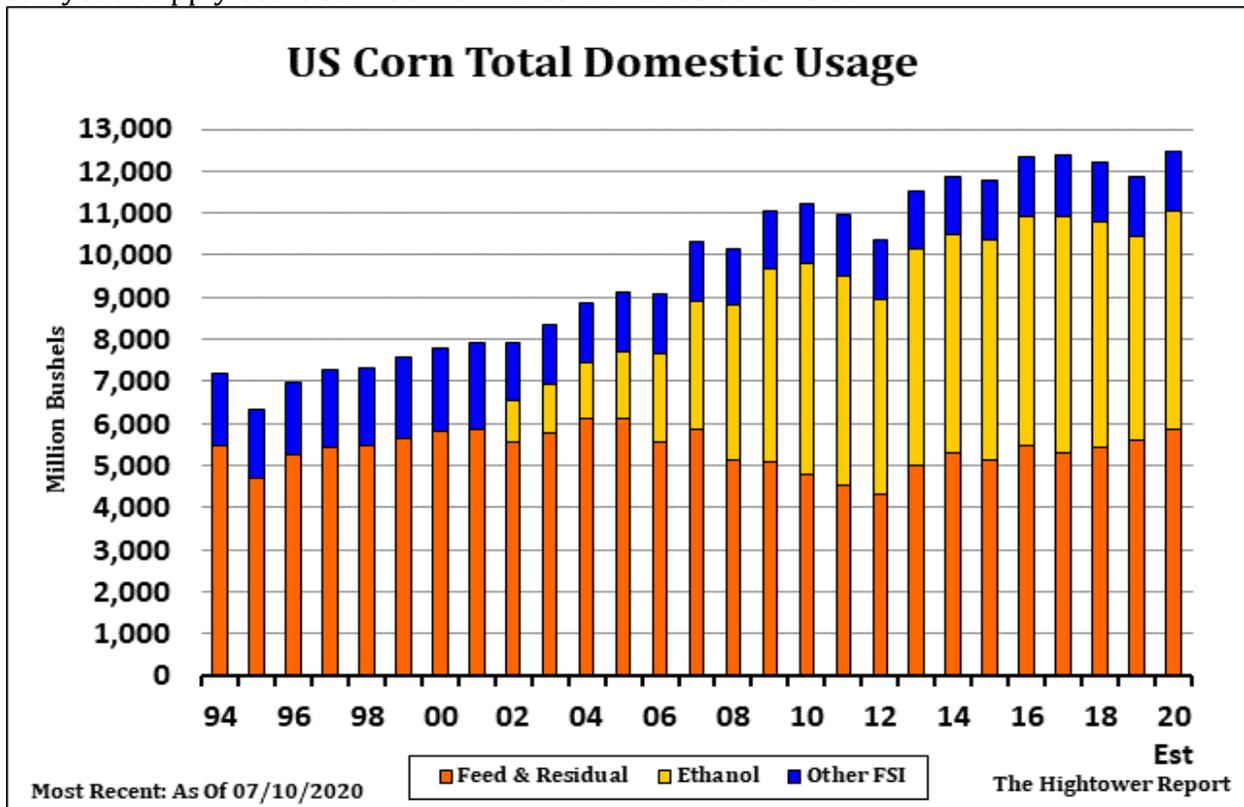


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CORN

Corn futures managed small gains on lite volume. Some feel corn and wheat futures are trying to correct an oversold position. Managed funds have added to net corn position on improved US 2020 crop outlook and slowing ethanol demand. There has been some talk that parts of the China corn acres may have been impacted by floods. This could increase their import demand. Still, China has started to sell rapeseed and rice from reserve for feed. US weekly ethanol production was down 2 pct from last week and down 12 pct from last year. This in line with talk that gasoline demand has not increased as much as hoped. Weekly corn demand was near 91 mil bu versus 99 needed to reach USDS goal. Stocks were down 4 pct from last week and down 16 pct from last year. Margins have turned negative. US 7 day US Midwest weather looks favorable for crops. Weekend temps could be warmer than normal but cold front next week could drop temps. This could dry out the Midwest but could also help US corn yields. Some are forecasting US 2020 corn yield near 180.5 and a crop near 15,248 mil bu. Extra 250 mil bu versus USDA could increase the carryout. Supply bears still look for fall corn futures below 3.00.



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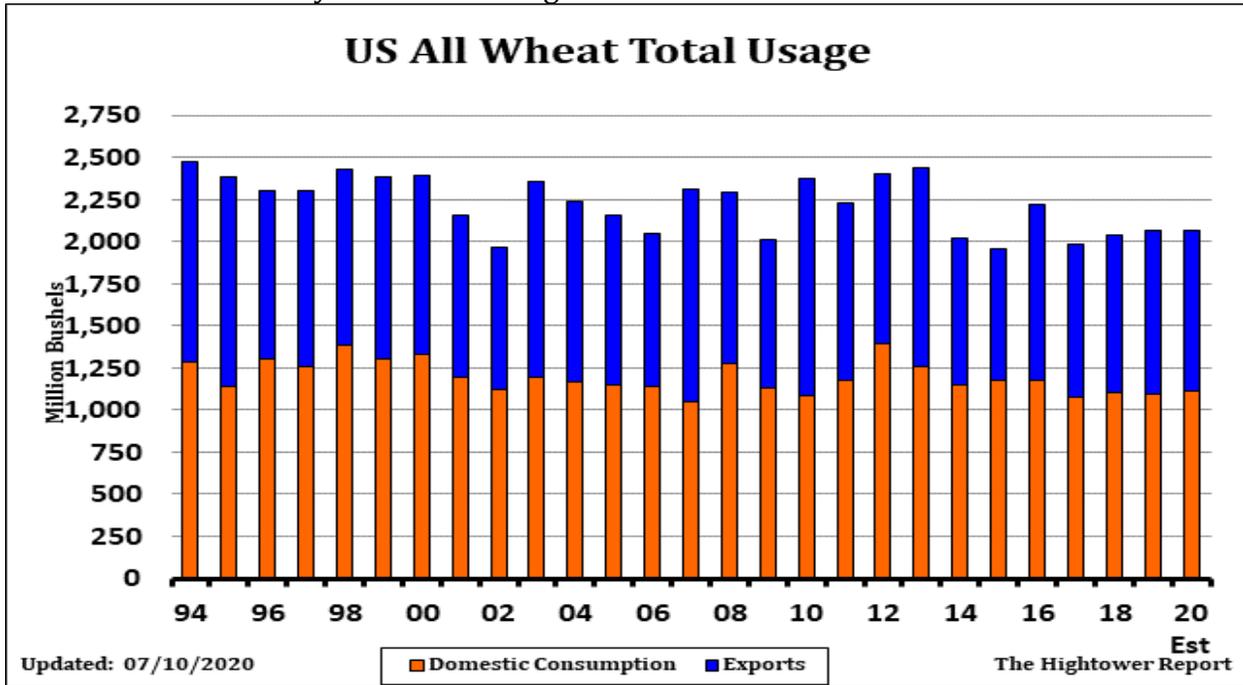


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WHEAT

Wheat futures managed small gains on lite volume. Recent drop in US Dollar and talk of a virus vaccine may have supported some Commodity markets today. Weekly US wheat export sales are estimated near 300-600 mt versus 764 last week. Global export demand remain slower than normal and expectations. Some feel Covid has reduced importers revenues and ability to buy food for imports. This lower demand has offset the talk of lower Europe and Russia 2020 supplies. Change in Russian Ruble has also slowed farmer selling there. US HRW export prices are competitive compared to German prices but still above Russia. US SRW prices still too high for new export demand. Russia winter wheat harvest yields are improving but spring wheat areas remain dry. Chicago Sep wheat futures remain in a board 5.00-5.50 trading range. Fact USDA is still estimating World 2020/21 wheat end stocks near 314 mmt versus 297 last year offers resistance to prices. Concern that Q4 raw material demand will be down due to Covid suggest lower prices in the fall. End user remain mostly hand to mouth given uncertain demand.



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