



ADM Investor Services Market View

October 22, 2020 by Steve Freed

Soybeans, soymeal, soyoil and corn traded higher. Soybean, soymeal and corn made new highs. Good weekly US corn and soybean export sales offered support. Rain and snow across the US Cornbelt slowed corn and soybean harvest this week. US Presidential debate is tonight. US stocks are higher. US Dollar is higher. Crude is higher. Gold and copper are lower.

SOYBEANS

Soybean traded higher. Talk of tight Brazil old crop supplies and slow Argentina farmer soybean selling offered support to nearby soybean and soymeal futures. We estimate US soybean harvest at 83 pct complete versus 75% average. Managed funds are net buyers of 7,000 soybeans, 4,000 soymeal and 2,000 soyoil. We estimate Managed funds are net long 261,000 soybeans, 96,000 soymeal and 82,000 soyoil. Weekly US soybean export sales were near 2.23 mmt. China sales were near 1.22 mmt. Total commit is near 45.3 mmt versus 18.2 last year. USDA goal is 59.8 mmt versus 45.6 last year. China commit is near 25 mmt with 11 mmt in unknown. USDA announced 152 mt US soybean to Mexico and 132 mt US soybean to unknown. There was also talk that yesterday China bought 9 US soybean cargoes. Rally in soymeal prices pushed nearby soybean crush margins to new highs for the move. World palmoil and sunoil prices are surging higher on supply concerns. This is helping soyoil futures. Some feel nearby soybean futures are near key resistance. Talk that US soybean exports to China could exceed record 36 mmt in 2016/17 and any South America weather problems could send futures even higher.

November soybean futures chart



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CORN

Corn futures traded higher. Talk of tight old crop Brazil and Argentina supplies and lower Ukraine supplies continues to help futures. Lack of US farmer selling continues to support futures, basis and spreads. The cattle on feed report will be released on Friday. Cattle on feed on October 1 are estimated at 103.2% of year ago levels, placements at 102.5% and marketings at 105.8% of year ago levels. The increased numbers would contribute to increased corn feeding. We estimate US corn harvest at 73% complete versus 57% average. Wet US Midwest weather pattern could also slow harvest. Managed funds are net buyers of 5,000 corn. We estimate Managed funds are net long 250,000 corn. Weekly US corn export sales were near 1.83 mmt. China sales were near 433 mt, Japan 490 and Mexico 377. Total commit is near 28.3 mmt versus 10.8 last year. USDA goal is 59.0 mmt versus 45.2 last year. China commit is near 10 mmt with 4 mmt in unknown. Some feel China will imports 30 mmt corn all origins versus USDA 7 mmt guess. Rally in CZ-CH21 corn spread due to slow farmer selling and increase in US export demand. CZ could trade over CH21 if China continues to buy IUS corn and US and Argentina farmer remains a slow seller. Some feel nearby corn futures are near key resistance. Talk that US corn exports to China could exceed 15 mmt and any South America weather problems could send futures even higher.

December corn futures chart



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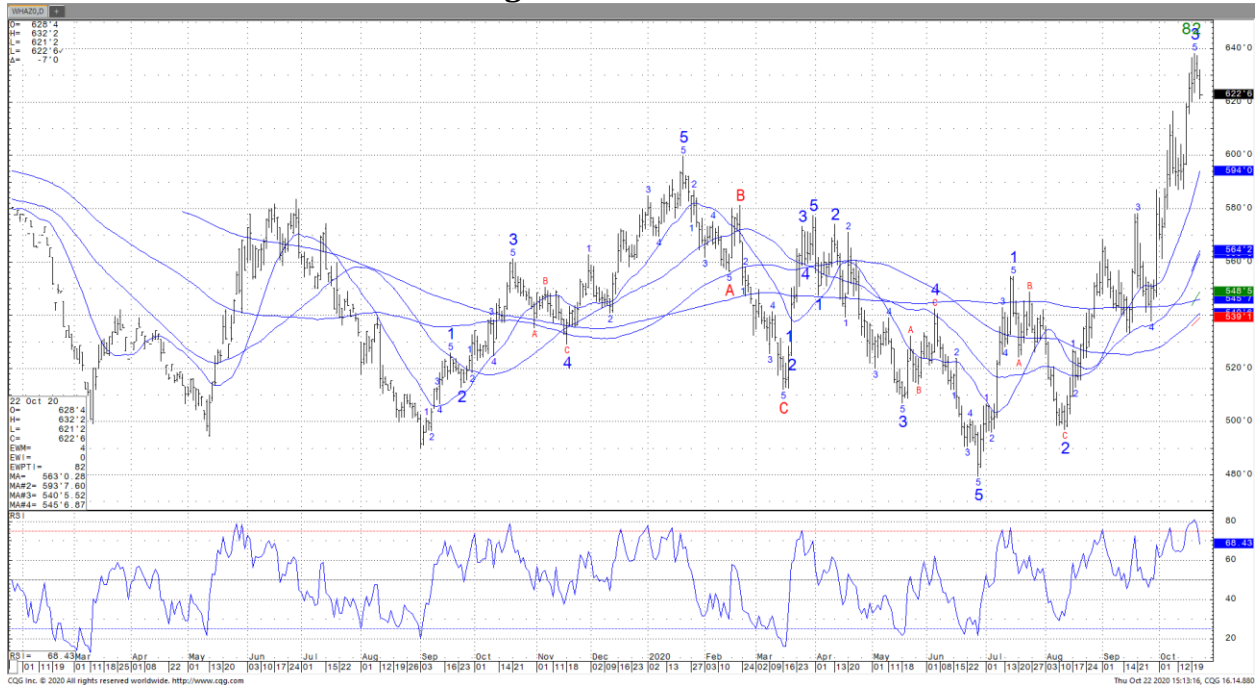
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WHEAT

Wheat futures traded lower. Forecast of showers for parts of Russia and US south plains weighed on futures. Noon GFS model updated added some rains for US south plains. WZ is near 6.23. KWZ is near 5.58. Wheat remains a weather market. Increase rains in global dry areas could trigger long liquidation. Return to a dry pattern especially in US and Russia could push futures above recent highs. Managed funds sold 2,000 wheat. We estimate Managed funds are net long 64,000 wheat. Weekly US wheat export sales were only 367 mt. Total commit is near 15.4 mmt versus 14.0 last year. USDA goal is 26.5 mmt versus 26.2 last year. Bears are adding 13 mmt to 2021 EU wheat crop. This would offset a drop of 5 mmt in Russia and 5 mmt in Australia. Net increase would be 4 mmt. This could offer Resistance to 2021 futures. Ukraine has shipped 10 mmt wheat. This is 60 pct of 17.5 mmt goal. Both Ukraine and Russia fob wheat prices are near season highs.

December Chicago wheat futures chart



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