



ADM Investor Services Market View

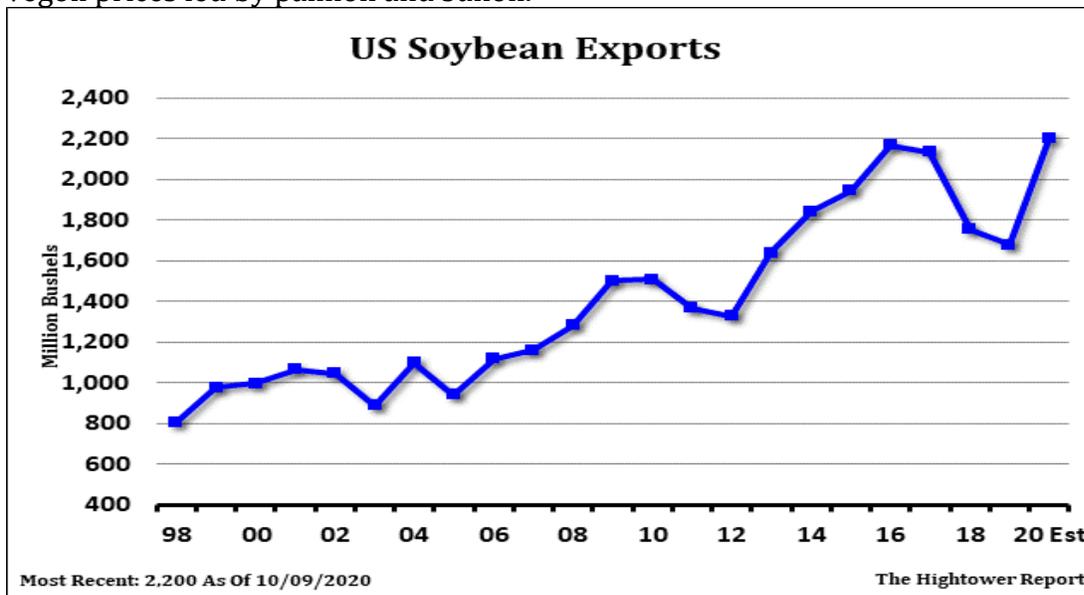
October 27, 2020 by Steve Freed VP ADMIS Grain Research

Soybeans, soymeal, soyoil, corn and wheat traded lower. Could be some long liquidation before month end and US elections. US stocks were mixed to lower. US Dollar was lower. Crude was higher.

Goldman Sachs sees a structural bull market for commodities emerging in 2021 as nearly all raw materials, with the exception of iron ore, coffee and cocoa are moving toward deficits as inventories are drawn down. If demand falters in coming weeks as winter in the northern hemisphere exacerbates Covid-19, markets will likely continue to rebalance, barring an outright collapse in demand. Goldman is maintaining its neutral near term and medium-term overweight for commodities and is now forecasting a 12-month return of 28%

SOYBEANS

Managed funds are net sold 2,000 soybeans, 4,000 soymeal and 2,000 soyoil. We estimate Managed funds are net long 251,000 soybeans, 94,000 soymeal and 88,000 soyoil. US soybean harvest is 85 pct done versus 57 last year. US soybean exports to date are near 14.3 mmt versus 8.0 last year. USDA goal is 59.8 mmt versus 45.6 last year. There were no new US soybean sales announced today. Tight old crop supplies has Brazil out of the soybean, soymeal and soyoil market. Some feel BOZ could trend higher due to higher World vegoil prices led by palmoil and sunoil.

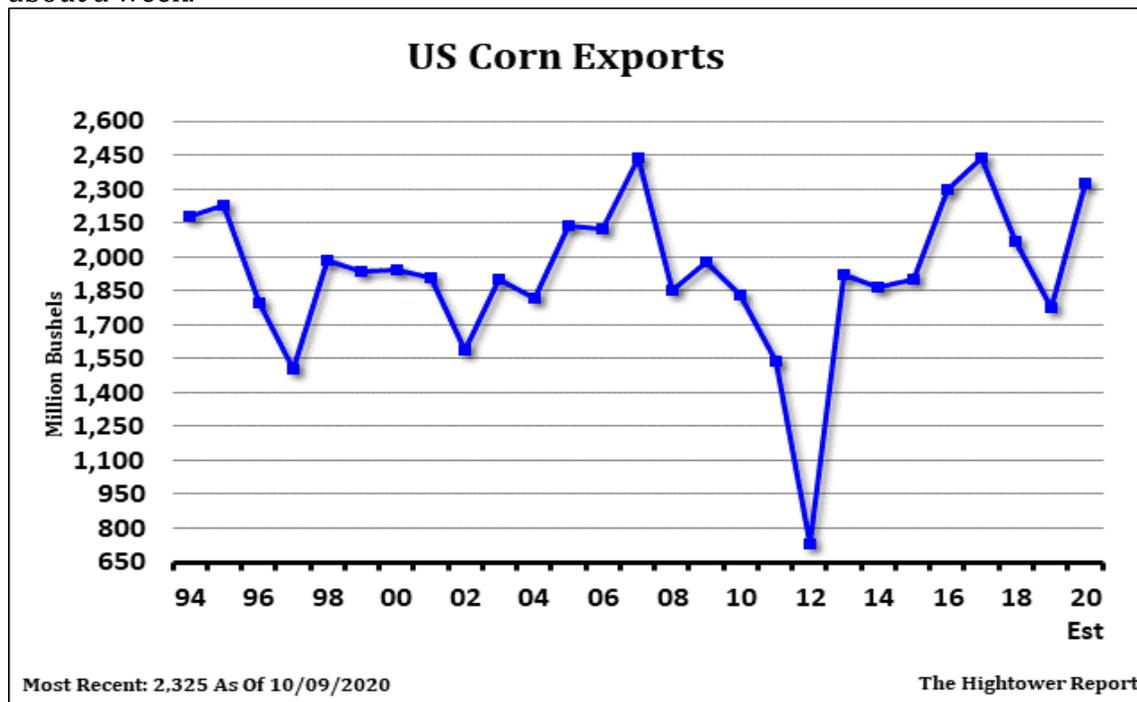




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CORN

Corn futures traded lower. Despite tight US supplies and increase demand for exports, there may have been some long liquidation before month end and US elections. USDA estimated US corn harvest at 72 pct versus 60 last week, 56 average and 38 last year. US farmer is selling some corn but a higher pct than normal is going to storage. US corn exports to date are near 6.1 mmt versus 3.4 last year. USDA goal is 59.0 mmt versus 45.1 last year. US corn export and domestic market needs to buy more corn. Commercial are still looking at higher demand for US corn exports than USDA guess and well above last year. USDA estimate of Ukraine corn crop could be 6 mmt to high. EU may need to find 18-20 mmt feed grain imports. Goldman Sachs sees a structural bull market for commodities emerging in 2021 as nearly all raw materials are moving toward deficits as inventories are drawn down. Three main drivers for the emerging bull market are structural underinvestment in the old economy, policy driven demand and macro tailwinds from a weakening dollar and rising inflation risks. Managed funds bought 2,000 corn. We estimate Managed funds are net long 251,000 corn. Brazil has rain falling in most of the nation at one time or another, but rainfall will be least frequent and least significant in the interior south. Argentina will receive showers today and Wednesday before dry weather occurs for about a week.



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WHEAT

On again off again wheat trade was back off again today. Talk of some fund long liquidation before month end and US elections may have weighed on wheat futures. Recent improvement in rains in US south plains and Russia limited the upside in futures. Quick advancement of EU wheat plantings weighed on Matif French wheat futures. 85 pct of US winter wheat crop is planted. USDA estimated that 41 pct of the US 2021 winter wheat crop was rated good/ex. This was well below the trade guess and last year. Kansas is 29. OK is rated only 11 pct good. TX is 37 G/E. CO is 24. MO IS 49. MI is 71. OH is 68. IL is 68. WA is 73. Significant precipitation is still expected in West Texas and from the Texas Panhandle through Oklahoma and south-central Kansas tonight into Thursday. This will significantly increase soil moisture and be beneficial for newly planted winter crops. US Midwest 6-10 day and 8-14 day weather forecast suggest normal to above temps and normal to below rains. US wheat exports to date are near 11.0 mmt versus 10.6 last year. USDA goal is 26.5 mmt versus 26.3 last year. week) with the USDA currently forecasting a 1% increase on the year.

December Chicago wheat futures chart



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