



ADM Investor Services, Inc.

ADM Investor Services Market View

November 24, 2020 by Steve Freed VP ADMIS Grain Research

Soybean futures ended unchanged. Wheat and soymeal traded higher. Corn futures were mixed with nearby slightly lower and CZ21 slightly higher. US stocks and Crude traded higher on talk of a smooth transition as Biden as the next US President. Crude was also supported by Biden pledge to restrict US crude oil fracking production. US Dollar and Gold were lower. There are some who feel a successful 2021 vaccine could increase food and fuel demand and trigger inflation which could begin to raise interest rates.

SOYBEANS

Soybean opened sharply lower on rumors that China crushers had cancelled 2-5 US soybean cargoes or switched the cargoes to Brazil. Lack of confirmation offered support near session lows. Rain over the next 5 days in Argentina and rains early next week across south Brazil also offered resistance. Fact soybean and soyoil futures had become over bought may have also triggered selling on the lower open. Some still feel that La Nina could still reduce early 2021 rains across south Brazil and east Argentina which could reduce 2021 crops there and help push corn and soybean futures higher. Liquidation of December soymeal and soyoil open interest before first notice day also offered resistance. Liquidation of popular long soyoil and short soymeal spread also weighed on soyoil and offered support to soymeal.

January soybean futures chart



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CORN

Corn futures traded sharply lower overnight on talk that China had cancelled or switched US soybean cargoes to Brazil. Fact Brazil was offering corn for Feb cheaper than US also triggered new selling. Liquidation of Dec open interest before first notice also weighed on prices. Liquidation of popular long corn and short wheat spread helped wheat prices and weighed on corn. Lack of confirmation of China cancelling soybean cargoes offered support near session lows. China has sold 13.5 mmt of wheat from reserves. Some feel this is for feeding. Word that soymeal demand was lower may have also weighed on corn prices. Some feel increase China demand for US corn would raise US exports and lower carryout to a level that would rally prices. Some of the dry areas of Argentina and south Brazil could see rains over the next 5-7 days. This could have also offered resistance to corn futures. Still most still feel that La Nina could reduce 2021 rains across south Brazil and east Argentina lower crops there. Weekly US ethanol production could be slightly higher than last week. Stocks could be down slightly. Margins have weakened. Lower US Dollar and higher energy markets may have offered support to corn near session lows.

March corn futures chart



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WHEAT

Wheat futures traded higher. Sharply lower corn and soybean trade may have triggered liquidation of popular long corn and soybean and short wheat spreads. Liquidation of December wheat open interest before first notice day may have also offered support. Fact USDA dropped US weekly winter wheat crop ratings from 46 pct good/ex to 43 versus 47 expected also offered support. Subsoil moisture reserves continue to decline across KS, CO, NE and the Dakotas. 30 and 90 day NOAA weather forecast calls for below normal rains and above normal temps for the southern 1/3 of US including the south plains. Most still feel wheat futures are range bound. Large 2020 World wheat supplies limits the upside. Potential for higher 2021 corn prices, lower US Dollar and concern over north hemisphere 2021 weather could offer support. Russia export prices remain high and limits the exports. Fact Russia will subsidize domestic millers suggest wheat may be available for export.

Chicago March futures minus KC March futures spread



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