



ADM Investor Services Market View

December 8, 2020 by Steve Freed VP ADMIS Grain Research

Soybeans, soymeal, soyoil, corn and wheat traded lower. Rains in Brazil, lack of New US corn and soybean sales to China and concern about increase virus cases triggered new yearend managed fund selling. US stocks were higher. US Dollar Was higher. Gold was higher.

SOYBEANS

Soybean traded lower. Asian soycomplex prices traded lower. Some feel lower China meat demand and higher soymeal stocks and lower crush margins may be slowing China buying. This despite continues talk of China buying new crop Brazil and US soybeans. Managed funds are sellers of 7,000 soybeans, 3,000 soymeal and 5,000 soyoil. We estimate Managed Money net long 193,000 soybeans; net long 64,000 lots of Soymeal, and; long 111,000 Soyoil. Some analyst are suggesting end users and managed money to buy Jan soybean near todays lows. They sight increase concern about South America weather forecast and tight US 2020/21 soybean balance sheet as supportive at current levels. They also feel after this weeks USDA report prices could begin to firm into USDA January report. Current World soybean export news is supportive. China Nov soybean imports were near 9.6 mt. Dec-Nov exports are near a record 102.3 mmt. US Nov soybean exports were near 10.6 mmt versus 6.8 last year. Sep-Nov exports were near 29.8 versus 16.6 last year. US shipped 21.1 mmt to China Sep-Nov versus 6.8 ly. SF near support. Resistance is now near 11.66

USDA 2020-21 South American corn and soy production

	USDA Dec. 2020-21 estimate	Average of analysts' estimates	Range of analysts' estimates	USDA Nov. 2020-21 estimate
ARGENTINA				
Corn	_____	49.25	48.00-50.00	50.00
Soybeans	_____	50.41	49.00-51.00	51.00
BRAZIL				
Corn	_____	109.09	105.00-112.00	110.00
Soybeans	_____	132.29	130.00-134.00	133.00



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CORN

Corn futures traded lower. Talk of lower Ukraine and China corn prices offered resistance. Recent increase in US farmer selling also offers resistance. March corn is trading below 20 day moving average support. Support is near 4.20 then 4.12. Managed funds are sellers of 9,000 corn. We estimate Managed Money net long 264,000 Corn. Some feel after this weeks USDA report prices could begin to firm into USDA January report. To push over resistance, grain futures need less than ideal 2021 South America weather, increase China buying US Ag goods and a successful vaccine that will increase food and fuel demand. Some talk that talks have stalled on the new \$1 trillion US Covid aid deal and concern over increase US virus cases could be negative to grain demand may be offering resistance to prices. CN-CZ21 spreads could invert more on talk US will export a record amount of corn Jan, 2021 through May. Weekly US ethanol data could show slight drop in production and increase in stocks. Talk of new virus shutdown and restrictions could slow rebound in gas use and ethanol use. On Thursday USDA will update US/World crop supply and demand balance sheets. Most look for only minor changes. US China Ag attaché estimates China corn imports closer to 22 mmt vs USDA Nov est of 13. January USDA report should show more increase in US corn demand and lower US 2020/21 corn carryouts

USDA 2020-21 U.S. grain and soybean ending stocks

	USDA Dec.	Average of	Range of	USDA Nov.
	2020-21	analysts'	analysts'	2020-21
	end-stocks	estimates	estimates	end-stocks
	estimates			estimates
Wheat	_____	0.874	0.850-0.900	0.877
Corn	_____	1.691	1.550-1.775	1.702
Soybeans	_____	0.168	0.120-0.190	0.190



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WHEAT

Wheat futures traded lower. Continued talk of higher Russia, EU and India wheat export supplies and higher Canada and Australia supplies has erased almost half of the weather rally from August to October. Some still feel that lower US and Russia 2021 crops could support prices. One analyst estimates Russia winter wheat crop near 50 mmt versus 62 last year. They cannot see Russia yield over 3.5 tph. Russia spring wheat crop could be near 22 mmt vs 21 LY. This suggest a final crop closer to 72 mmt than USDA estimate of 83.5. Some talk that talks have stalled on the new \$1 trillion US Covid aid deal and concern over increase US virus cases could be negative to grain demand may be offering resistance to prices. Talk of higher US debt could be negative to US Dollar. Talk of one pharmaceutical company selling more vaccines to other countries than US also could hurt US economic recovery and weigh on the Dollar. Still lower US Dollar may not help increase US wheat export share. On Thursday USDA will update US/World crop supply and demand balance sheets. Trade will be watching to see if they increase World wheat supplies.

USDA 2020-21 world grain and soybean ending stocks

	USDA Dec.	Average of	Range of	USDA Nov.
	2020-21	analysts'	analysts'	2020-21
	end-stocks	estimates	estimates	end-stocks
	estimates			estimates
Wheat	_____	321.14	318.50-325.50	320.45
Corn	_____	289.26	284.00-293.00	291.43
Soybeans	_____	85.11	81.00-86.52	86.52

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