



ADM Investor Services, Inc.

ADM Investor Services Market View

December 29, 2020 by Steve Freed VP ADMIS Grain Research

Soybeans, soymeal and corn traded sharply higher. Soyoil and wheat traded higher. US stocks were lower. US Dollar was lower and below \$90. Crude was higher.

SOYBEANS

Soybeans traded sharply higher on talk of lower South America and potential for increase demand for US exports. Nearby soybean futures traded over key resistance. Next resistance on the weekly chart is 15.00. Similar prices for soymeal is \$500. South Brazil and Argentina weather forecast calls for below normal rains. USDA estimates Brazil and Argentina soybean crop near 183 mmt versus 175 last year. Some estimates are as low as 170. A drop in the size could raise final US exports and crush and lower US 2020/21 carryout. China soybean crushers are reporting purchases of 7.5 mmt of beans for Jan, 7.0 mmt from the US. For Feb a total of 8.5 mmt has been purchased, 8.0 mmt from Brazil. For March 7.75 mmt has been purchased, all from Brazil. The question remains how many beans will Brazil be able to load and ship in Feb, how many beans will China use from domestic reserves, or will switches back to the US be in order?

Nearby soybean weekly futures chart



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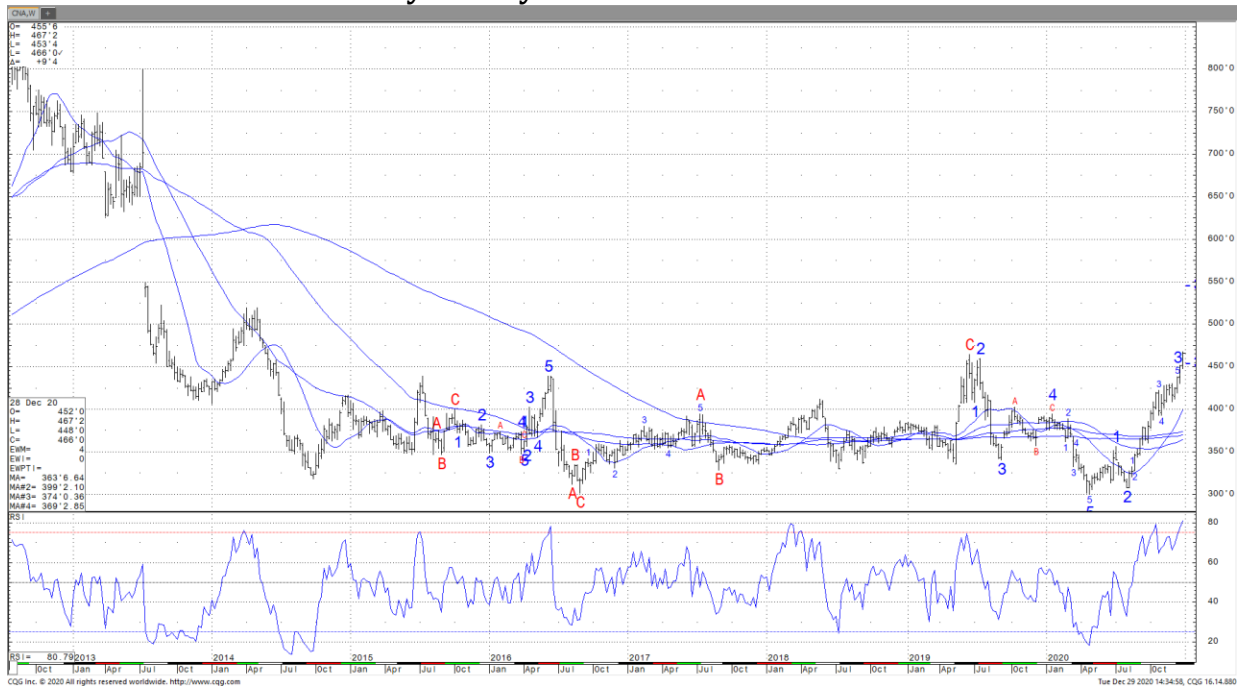
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CORN

Corn futures traded higher and made new highs. Domestic cash basis was also string. Some feel commercials need more ownership for record Jan- May US corn exports. Nearby futures traded over key resistance. Next level of resistance could be the 2014 highs near 5.19. USDA estimates Brazil and Argentina corn crop near 159 mmt versus 153 last year. Some estimates are as low as 146. A drop in the size could raise final US exports and lower US 2020/21 carryout. This should push prices higher. Drier than normal South Brazil and Argentina weather should lower crops there. Last week China may have bought as many as 10 cargoes of US corn, the first purchases in some time. While the official Chinese production estimate for the corn crop just harvested is 260-265 mmt, commercials and crop tours are in the 230-235 mmt range. All pointing to a 25-30 mmt corn import program. As much as 10 mmt of corn could be imported from Brazil and the Ukraine, this would leave 15-20 mmt coming out of the US. No one is sure of the next move from COFCO on corn purchases, but many in China feel they have to continue to buy to meet reserve requirements along with domestic feed and FS demand.

Nearby weekly corn futures chart



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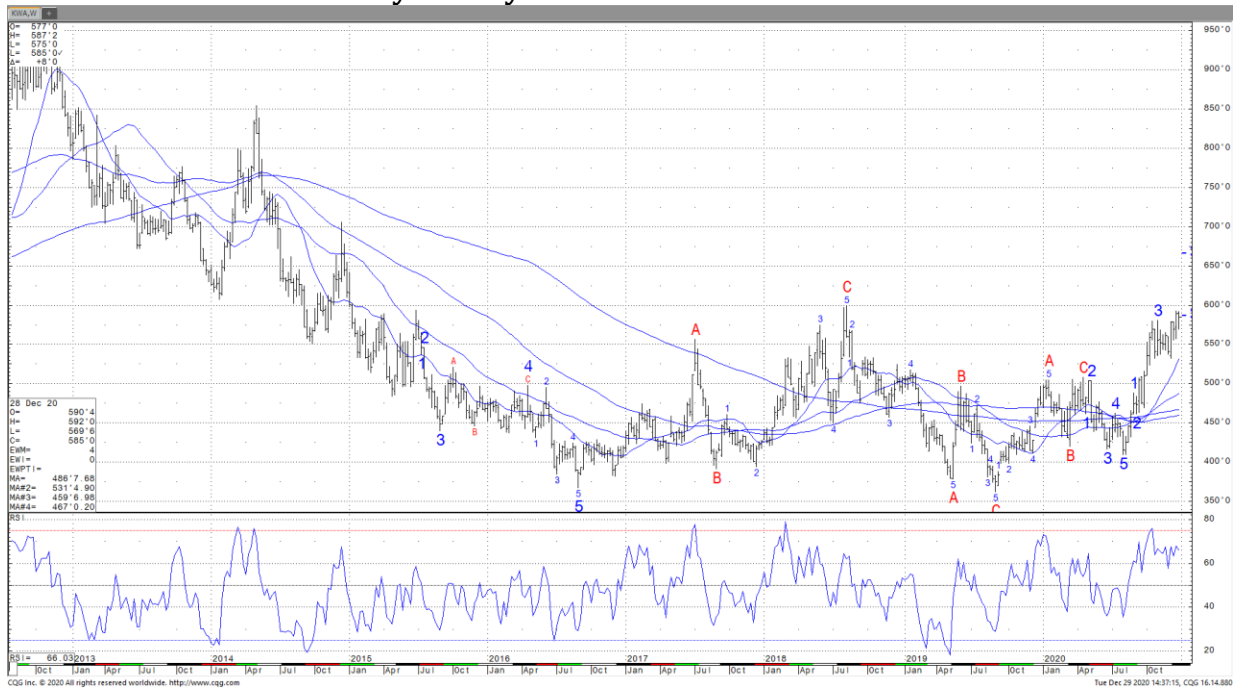
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WHEAT

Wheat traded higher but lagged the strong gains in soybeans and corn. Talk that Argentina strike may soon be over and some needed moisture could drop across some of the dry areas of US south plains and Russia. Still some feel higher corn prices and talk of lower wheat exports from both Russia and EU offers support. There is talk that Russia is slowing Wheat exports to try to keep supplies for domestic use and Ukraine is 70 pct sold of their export supplies. While nearby corn and soybeans were making new highs WH is still below key resistance near 6.38. Trade/close above that would suggest a test of the 2014 high near 6.77. KWH is also below key resistance near 5.98. Trade/close above that would suggest a test of the 2014 high near 7.05. KWH is also below key resistance near 5.87. Trade/close above that would suggest a test of the 2018 high near 6.39.

Nearby weekly KC wheat futures chart



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