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ADM Investor Services

Market View

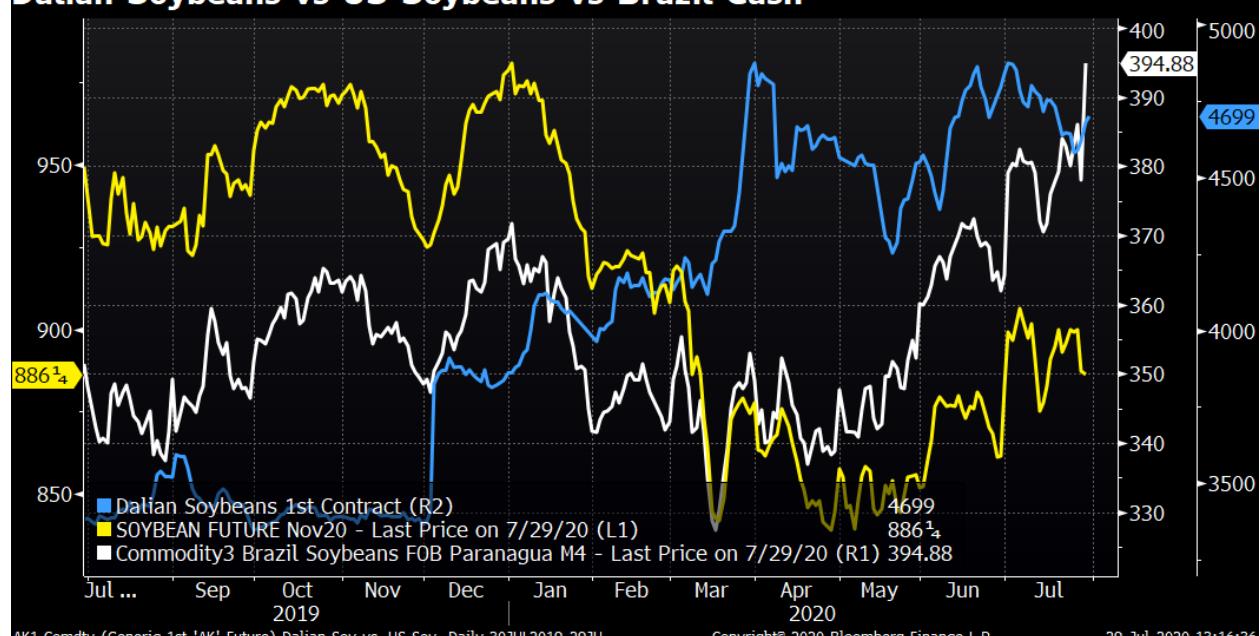
July 29, 2020 by Steve Freed

Soybeans, soymeal and corn trades lower. Wheat and soyoil traded higher. US stocks were higher. Crude was higher. Gold was higher. US Dollar was lower.

SOYBEANS

Soybean traded lower in part due to a lack of new US soybean sales to China, growing estimates of US 2020 soybean supplies and lower Dalian soymeal futures trade. Funds reduced their net long in soybeans, added to net short in soymeal and added to net long in soyoil. Over the next 7 days, US Midwest rains will focus on the south Midwest, Ohio valley and Delta. Midwest temps have moderated and are near normal. Next week rains should be scattered across the Midwest with reduce coverage in the northern areas. Soyoil futures may be supported by a turn higher in Malaysian palmoil futures overnight. There are some estimates that China Q4 hog production could be down 19 pct from last year due to African swine fever. There are reports that China is planning on investing into Argentina hog farms. Weekly US soybean export sales are estimated near 300-500 mt old crop versus 365 last week and 1,500-2,000 mt new crop versus 2,300 last week. Brazil July soybean exports were a record 308 mil bu. Closing of Argentina soybean plant and 2 port facilities due to the virus offered support to Brazil soymeal values.

Dalian Soybeans vs US Soybeans vs Brazil Cash



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CORN

Corn futures traded lower. Increase potential size of US 2020 corn crop without an equal increase in demand offered resistance. In just 10 short days the US corn crop has improved to the point that now a record yield is possible. Managed funds added to their net corn short. Dec corn is near contract lows. Over the next 7 days, US Midwest rains will focus on the south Midwest, Ohio valley and Delta. Midwest temps have moderated and are near normal. Next week rains should be scattered across the Midwest with reduce coverage in the northern areas. Field observation in S IL suggest corn yield near 280 bpa versus 215 last year. Crop maturity rate suggest the potential for an early US corn harvest. Normally, 50 pct of the US crop is harvested by Oct 17. This year, 50 pct could be done by Oct 3. Weekly US ethanol productions was up 5 pct from last week but down 7 pct from last year. Stocks were up 2 pct from last week and still down 17 pct from last year. Slow recovery of US fuel demand could suggest final US corn use for ethanol could be 200-400 mil bu below USDA estimate. Weekly US corn export sales are estimated near 200-550 mt old crop versus 220 last week and 400-1,000 mt new crop versus 2,327 last week. Brazil July corn Exports were a record 212 mil bu. There is talk of US offering a 5 million acre set aside program. Most discount the rumor.

Dalian Corn vs US Corn



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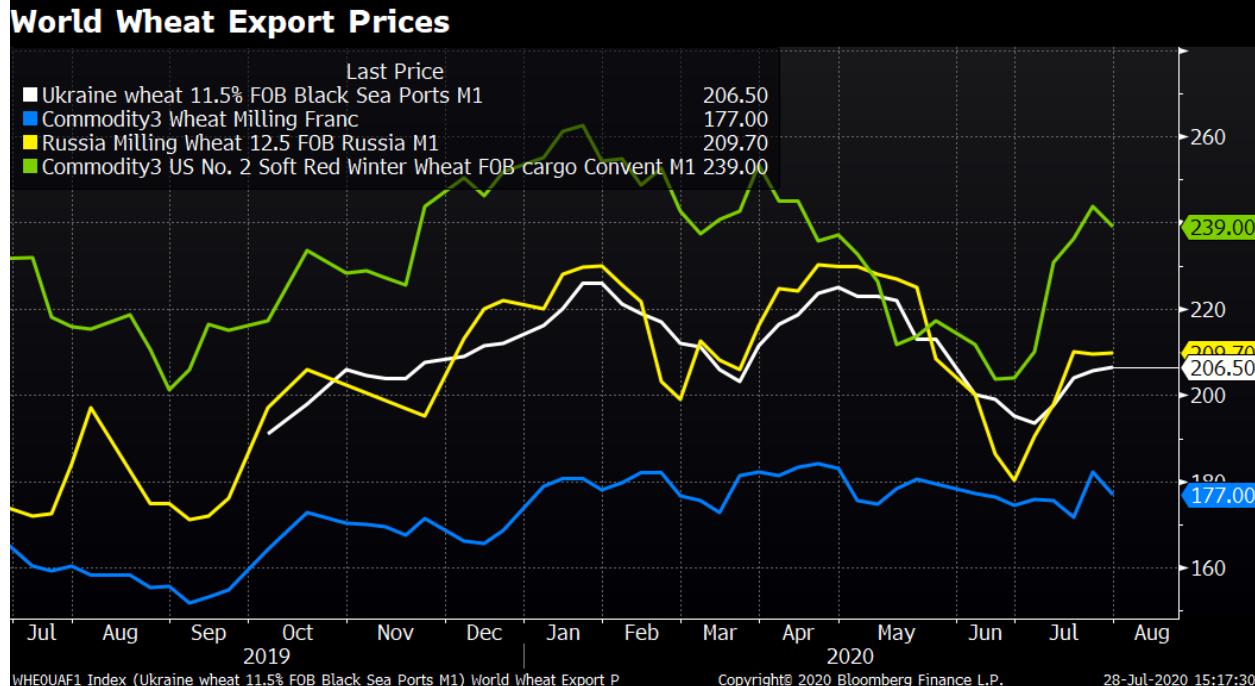
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WHEAT

Wheat futures traded higher. On again off again was on again today. Higher French Matif futures offered early support. Buying wheat and selling corn spread also helped wheat. Managed funds were net buyers of wheat and reduced their net short position. There was talk that Brazil may have bought 2-3 cargoes of US HRW wheat. Earlier there was talk that Argentina may have planted less wheat acres due to dry conditions. Weekly US wheat export sales are estimated near 250-650 mt versus 616 last week. Egypt weekly tender and higher Matif futures prices is offering support to wheat futures. US HRW prices are near Germany values but still below Russia. US SRW values are too high for export demand. Russia, Ukraine and Europe farmers remain reluctant sellers of wheat. Some feel USDA estimate of World wheat trade near 188 mmt may be too high. This could add to already record World end stocks near 314 mmt. Some feel N Africa, Middle East and even Asian buyers drop in revenues due to virus could reduce World trade.

World Wheat Export Prices



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