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MARKET OUTLOOK FOR UNITED STATES & SOUTH AMERICA

Grain Market Outlook for the United States and South America by Steve Freed, Vice President of Grain Research, ADM Investor Services

*The following report is an overview of the US and South American economic, political and crop situations as of **June 19, 2020.** This report is intended to be informative and does not guarantee price direction.*

Corn futures traded slightly higher from the 3.09 low to a recent high near 3.34. Higher ethanol demand and uncertain U.S. summer weather supported prices. The USDA estimated the U.S. 2019/20 corn carryout to be near 2,103 million bushels, which was below trade expectations. Some analysts believe the USDA could still drop ethanol demand 250-300 million bushels and add that to the carryout. The USDA estimated the U.S. 2020 corn crop to be a record 15,995 million bushels. They also increased the U.S. 2020/21 corn carryout to 3,323 million bushels. This was negative to prices, and managed funds increased their net short positions. The USDA continues to estimate the world 2020/21 corn carryout to be a record 337.8 mmt. Corn futures are in a carry suggesting demand does not need farmers to sell their inventories now. U.S. crop conditions remain favorable, but parts of the Midwest could use normal temps and normal rains.

The USDA estimated the U.S. 2019/20 soybean carryout to be near 585 million bushels. Some analysts believe the USDA could still drop export demand 25-50 million bushels and add that to the carryout. The USDA estimated the U.S. 2020 soybean crop to be 4,125 million bushels. Some analysts think the final crop could be larger due to the increase in planted acres. They lowered the U.S. 2020/21 soybean carryout to 395 million bushels due to higher crush demand. This was positive to prices, and managed funds increased their net long positions. Soybean futures have little carry, which suggests demand needs U.S. farmers to sell cash. The U.S., South America and China soybean crush margins have declined.

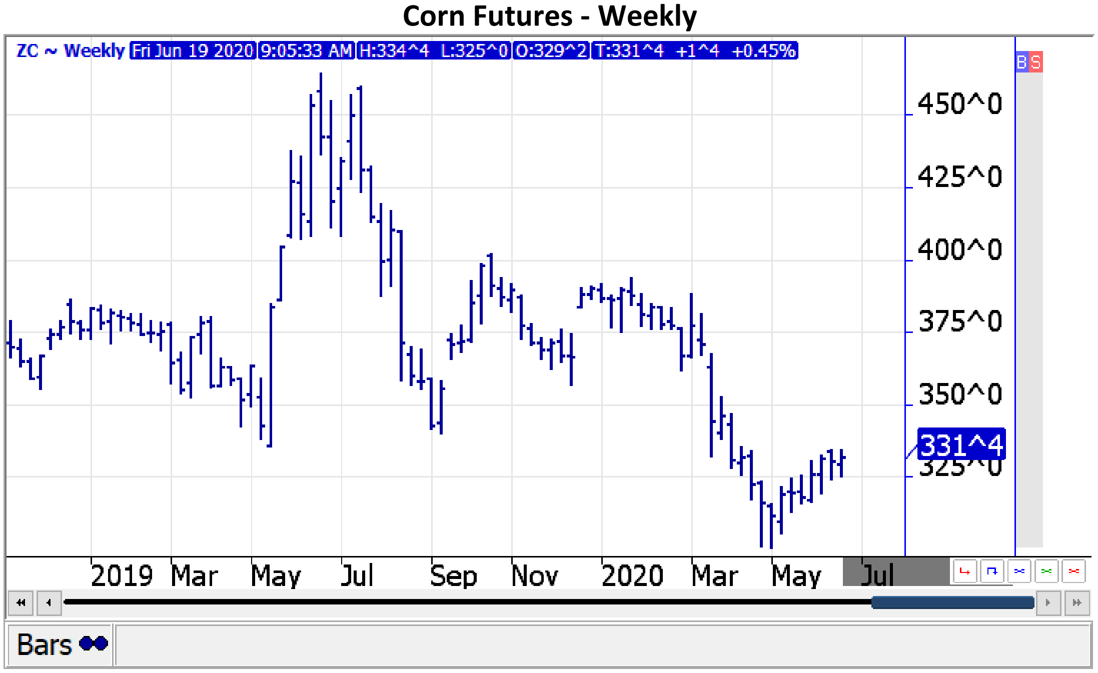
The USDA continues to estimate the Brazil 2020 soybean crop will be near 124.0 mmt versus 117.0 last year. The USDA estimated the Brazil 2020 soybean crop to be near 131.0 mmt. The Argentina 2020 soybean crop is estimated to be near 50.0 mmt versus 55.3 last year. The USDA estimated Argentina's 2020 soybean crop to be near 53.5 mmt. The USDA estimates China's 2020/21 soybean imports to be near 96.0 mmt versus 94.0 this year and 82.5 last year. The USDA continues to estimate Brazil's 2020 corn crop will be near 101.0 mmt. The USDA estimated Brazil's

2020 corn crop to be near 107.0 mmt. The Argentina 2020 corn crop is estimated to be near 50.0 mmt.

In June, the USDA raised the world 2020/21 wheat crop to be near to 773 mmt. Most of the increase was in China, India and Australia. They did lower the European crop. The USDA increased the world 2020/21 wheat carryout to be near 316.0 mmt versus 310.1, which was bearish to prices. The USDA also increased the U.S. 2020 wheat crop 11 mil bu to 1,877. This was also bearish to prices. Funds increased their wheat shorts after Russia announced it will not extend wheat export quotas into July.

U.S. Midwest weather has turned warmer and drier. The two-week forecast is for normal rains. The U.S. corn crop is rated 71% good/excellent. The U.S. soybean crop is rated 72% good/excellent. Both are above average. The U.S. 2020 spring wheat crop is rated above average and near 81% good/excellent. Rains in Europe and slow export demand dropped the MATIF futures to three-month lows.

Corn Futures - Weekly



Charts from QST

Livestock Outlook by Chris Lehner,
Senior Livestock Analyst, contracted by ADM Investor Services

The following report is an overview as of ***June 18, 2020*** *and is intended to be informative and does not guarantee price direction.*

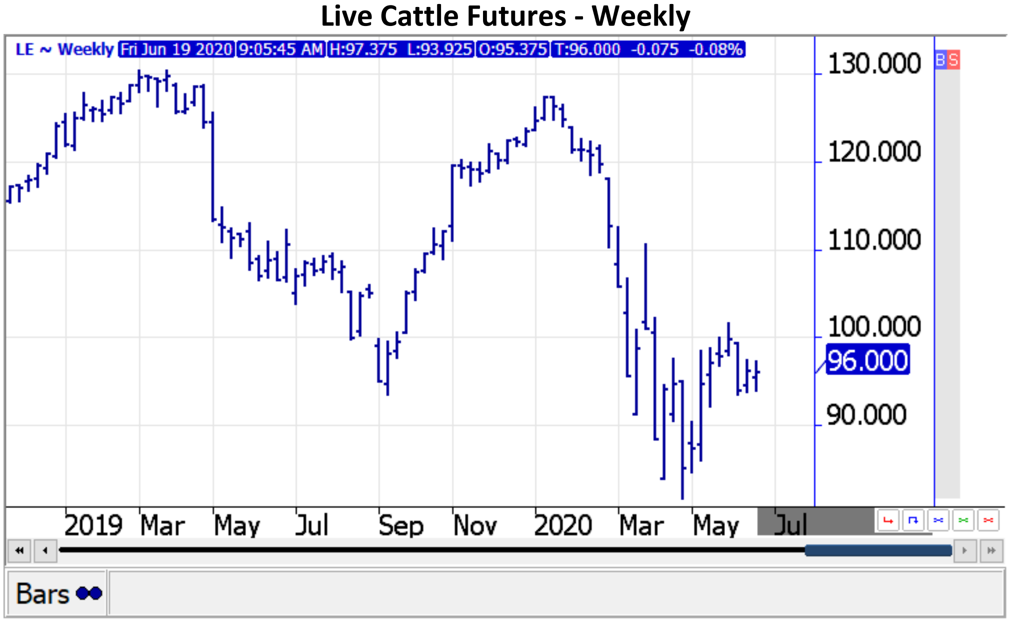
Live Cattle

After bottoming on April 6th and moving sideways throughout April, live cattle futures rallied in May following the rising beef market. June 2020 live cattle rallied $15.87/cwt and August 2020 live cattle gained $10.32/cwt. As boxed beef moved up, so did live cattle futures. On May 1st choice boxed beef was at $373.85 and in less than two weeks on May 12th choice boxed beef was at $475.39. Demand and price improvement for beef increased as cattle slaughter dropped. On Friday May 1st, the daily cattle slaughter was 77,000 head, down 8.6% from the last week of April and compared to the previous year down 36.8%. The demand for meat made retail grocery stores ration supplies by limiting what individual consumers could take home at one time. Consumers in 2020 also changed buying patterns. As global economies saw massive unemployment, shoppers were not buying high end cuts such as steaks and roasts. Demand exponentially increased for low cost proteins such as ground meat products.

For some cattle producers, cash cattle sales were almost impossible even as cash prices moved higher. They could not get a bid. Packers were compelled to use previously contracted cattle before they could buy cattle from feedlots selling on the showlist or open market. Many feedlots took cattle out of feedlots, off growing rations and were feeding grass and forage.

On April 28th President Trump signed an order with the Defense Protection Act requiring workers at meat processing facilities to work. By the end of May cattle slaughter was down just 6.9% and choice boxed beef on May 29th was down to $363.34.

Live Cattle Futures - Weekly



Lean Hogs

May 2020 started out with a continuation of lean hogs moving higher off the April 6th low, but after the first week the rally began to fade. From April 6th to April 30th June 2020 lean hog futures gained $17.75/cwt and for the first week of May 2020 another gain of $8.00/cwt. After topping the first week of May, June lean hogs dropped $11.00/cwt.

Pork processing facilities across the U.S. were hit hard with employee health issues and some slaughter facilities were shut down. Earlier this year daily slaughter levels were about to make a new record taking in 495,000 hogs to 499,000 hogs per day. On May 1st hog slaughter was down to 288,000 hogs, 38.6% lower than the same period in 2019 and about 42% lower before facilities were closed. For the hog producers selling on the daily cash market, the severe drop in daily slaughter made them last on the list of hogs to process. These producers euthanized hogs and pigs and aborted sows.

Demand for pork and the price for pork increased. From April 1st to May 1st the pork carcass cutout went from $62.05/cwt to $105.62/cwt From May 1st to May 14th where it topped at $129.17/cwt. At the end of May it was down to $88.20/cwt with hog slaughter back to 414,000/day.

The increase in slaughter is one reason hog prices dropped in May.

Lean Hog Futures - Weekly

Charts provided by QST

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Stock Index, Currency, Crude Oil and Precious Metals Futures Market Outlook by Alan Bush, Senior Financial Economist, ADM Investor Services

*The following report is an overview as of **June 19, 2020** and is intended to be informative and does not guarantee price direction.*

Stock Index Futures

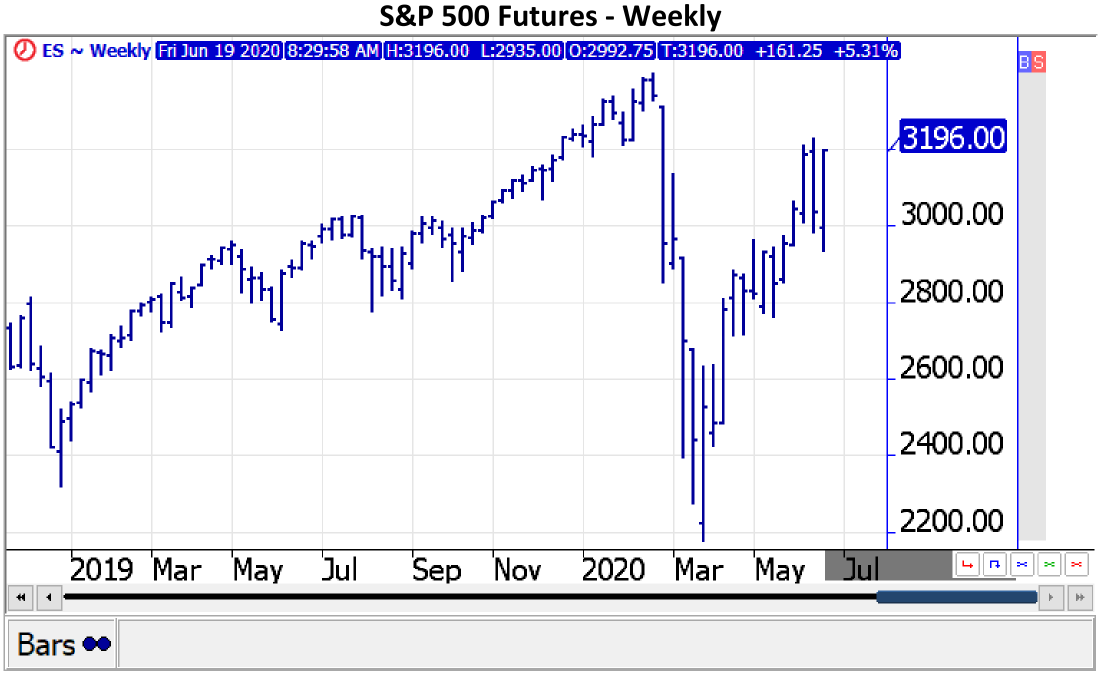
Stock index futures are substantially higher since the lows were made on March 23. The S&P 500 futures broke out above a six-week congestion pattern in late May. Also, NASDAQ futures were able to advance to a record high and above the psychological 10,000 level.

Much of the recent gains are linked to a variety of fiscal and Federal Reserve stimulus efforts. More recently there were gains due to a report that the Trump administration is considering a $1 trillion infrastructure plan. The plan would provide funds for roads and bridges and also for high-tech infrastructure, including 5G and rural internet.

Economic news has come in mostly stronger than expected. For example, nonfarm payrolls in May were much better than expected increasing 2,509,000 when economists anticipated a decline of 7,725,000. In addition, retail sales in May were up 17.7% when an increase of 7.5% was expected.

In recent weeks stock index futures have overperformed the news as the technical picture for stock index futures continues to improve.

S&P 500 Futures - Weekly



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U.S. Dollar Index

The U.S. dollar broke out to the downside from a two-month trading range. There was some selling pressure when it was reported that the first quarter U.S. gross domestic product was down 5.0% when a decline of 4.8% was anticipated.

More recently there are indications that interest rate differential expectations are beginning to favor the greenback, although all the major central banks are adding more accommodation to their banking systems in one form or another.

It is likely that the greenback will work higher in the weeks to come.

Euro Currency

The euro currency appears to be making a near term top now that much of the bullish news is out, especially when the European Central Bank at its regularly scheduled policy meeting almost doubled its asset-buying program. The ECB is adding EUR600 billion ($675 billion) to the EUR750 billion that it announced in March.

There was some support for the euro after a report showed euro zone unemployment increased but the increase was less than expected. The European Union's statistics agency said the number of people out of work increased 211,000 during April, lifting the jobless rate to 7.3% from 7.1% in the prior month. Economists had expected the jobless rate to rise to 8%.

German manufacturing orders declined sharply on the month in April. Manufacturing orders fell 25.8% in April when economists expected orders to fall 19.1% from the previous month. On an annual basis, orders declined 36.6%.

More recently there was pressure on the euro on news that the euro zone's trade with the rest of the world fell in March, with imports falling at the fastest rate since records began in 2009. The European Union's statistics agency said that, adjusted for seasonal variations, the area's purchases of goods from beyond its borders fell 9.0% from February, while its exports declined 8.9%.

Crude Oil

There were substantial gains in crude oil futures after prices collapsed last month to below $0 for the first time ever. Some of the recovery strength sending U.S. crude above $40 a barrel is due to traders becoming more hopeful that global fuel demand will rebound more quickly than anticipated. In addition, the industry's storage crisis easing.

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Also, crude oil prices advanced with producers curtailing output in response to ultralow crude prices. Prices advanced after the Organization of the Petroleum Exporting Countries reported high compliance with the cartel's production cuts in May.

The improving supply/demand situation suggests the uptrend for crude oil prices will continue.

Crude Oil Futures - Weekly

Gold

Since the lows were made on March 16, gold has advanced $335 to as high as 1788.8. The safe haven metal is still near a 7 ½ year high as investors are anticipating ultralow interest rates may become even lower.

In the longer term, gold will continue to be a safe haven asset in times of economic turmoil. In addition, there are the bullish influences of the accommodative central bank interest rate policies, aggressive buying of gold by central banks and gold's newly found status of having a "positive yield" when compared to negative yielding assets in parts of the euro zone and in Japan.

The most important fundamentals will be the tailwinds that are capable of sustaining a long term bull market in gold futures.

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Gold Futures - Weekly

Charts provided by QST

Support and Resistance

Grains

July 20 Corn

Support 3.10 Resistance 3.50

July 20 Soybeans

Support 8.00 Resistance 8.80

July 20 Chicago Wheat

Support 4.80 Resistance 5.20

Livestock

August 20 Live Cattle

Support 91.25 Resistance 102.25

August 20 Lean Hogs

Support 46.50 Resistance 64.00

Stock Index

September 20 S&P 500

Support 3005.00 Resistance 3300.00

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September 20 NASDAQ

Support	9795.00	Resistance	11005.00

Energy

August 20 Crude Oil

Support	37.40	Resistance	44.50

August 20 Natural Gas

Support	1.670	Resistance	1.820

Metals

August 20 Gold

Support	1710.0	Resistance	1795.0

September 20 Silver

Support	17.300	Resistance	19.250

September 20 Copper

Support	2.5650	Resistance	2.7100

Currencies

September 20 US Dollar Index

Support	96.500	Resistance	98.500

September 20 Euro Currency

Support	1.11150	Resistance	1.13200

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MARKET OUTLOOK FOR CHINA AND ASIA REGION

By Alex Poon, ADMIS Hong Kong & Kevin Yang, ADMIS Shanghai Representative Office

The following is an overview of the Chinese and Asian economic, political and crop situations as of ***17 June 2020****. This report is intended to be informative and does not guarantee price direction.*

The key Chinese and Asian event over the last 30 days has been the Covid-19 situation in the region showing indications of improving and the economy beginning to open up. As a result, China's PMI jumped and returned to the expansion area. However, exports data is poor across the region, especially for Japan and Korea, which are still suffering from poor overseas demand.

China

China's manufacturing sector saw a strong rebound in May. The CAIXIN China manufacturing PMI for May came in at 50.7. Recovering demand drove production to the highest level in 112 months. The new orders index slightly picked up but was still in the contraction area. New export orders sharply shrank thanks to dim overseas demand. Gloomy prospects eroded the employment situation, which continued to decline in May and has been contracting for five straight months. The official manufacturing PMI dropped 0.2 percentage point to 50.6 from last month's 50.8.

China's consumer inflation rate eased, as food prices especially pork prices stabilized. In May the consumer prices index increased 2.4% from last year, compared to a 3.3% increase in April. The food supply recovered as production and logistics resumed in an orderly manner. On a monthly basis, the CPI fell 0.8% and food prices declined 3.5%. Pork prices fell 8.1% from last month thanks to increased supply. The CPI is expected to fall further if demand does not significantly improve recover. A similar situation affected the PPI too, which declined 3.7% year-on-year in May, partly because of sluggish demand and fast-recovered production. Another factor is the plunge of crude oil prices, which took place in April.

In May, China's exports and imports in dollar-dominated terms declined. Exports fell 3.3% year-on-year, while imports dropped 16.7%. That resulted in a record monthly trade surplus of $62.93 billion. The sharp fall in imports was attributed to lower commodity prices, including crude oil, coal, natural gas and soybeans. Medical supplies exports surged, as the coronavirus spread globally. In the first five months of this year, textile exports, including masks, jumped 25.5%, becoming the second largest export commodity after machinery. Medical equipment exports increased over 85% from last year. China's exports performance for 2020 might be better than expected, because of the surging medical exports.

Due to the improved weather conditions in Brazil, shipments from the South American country substantially increased. Soybean imports in May jumped 24.7% year-on-year to 93.77 million tons compared to 67.14 million in April. In the first five months, China's imports of soybeans climbed 6.8% compared to last year to 33.88 million tons. As the crushing margin remains lucrative, soybean imports are expected to remain high in June and July. With lower stocks and escalating prices of Brazil soybeans, Chinese buyers have increased imports of U.S. soybeans. However, the growing tension between the two countries casts a shadow on trade prospects.

Other Asian Countries

Japan's manufacturing PMI in May dropped to 38.4 from 41.9, while the service PMI in May rose to 26.5 from 21.5. The Bank of Japan's monetary policy remained unchanged. The BoJ was ready to release more economic stimulus, including expanded lending programs, lower interest rates and ramped-up purchases of ETFs. However, offering subsidies, debt waivers for financial institutions or directly taking over of financial institutions was not on the table.

South Korea's consumer price inflation declined to -0.3% year-to-year in May 2020 from 0.1% in the previous month, which underperformed the expectation of -0.2%. The exports from South Korea still remained negative, -23.7%, which slightly outperformed the expectation of -25.1%. However, chip exports, South Korea's biggest source of trade income, unexpectedly rose 7.1%. The Monetary Policy Board of the Bank of Korea decided to lower the base rate by 25 basis points from 0.75% to 0.50% in order to support the economy and stabilize consumer price inflation at the target level.

The Reserve Bank of Australia decided to keep its key interest rate unchanged at 0.25%. The Board confirmed that the target for three-year yields would be maintained until progress was made towards the Bank's goals of full employment and the inflation target, and it would be appropriate to remove the yield target before the cash rate itself was raised. The Australia's manufacturing index edged up to 41.6 in May of 2020 from 35.8 in April. However, Australia's major import country, China, halted some imports of beef and tariffs on Australian and barley producers. Rumors were spreading that China will target more perishable goods of Australia.

The Reserve Bank of New Zealand's monetary policy will be released on 24 June. The Organization for Economic Co-operation and Development estimated that New Zealand's GDP will fall by 8.9% this year, which is worse than the OECD average of 7.5%.