



ADM Investor Services, Inc.

ADM Investor Services Market View

June 3, 2020 by Steve Freed

Soybeans, soymeal and wheat traded higher. Soyoil was lower. Corn was unchanged. US stocks were higher. US Dollar was lower.

SOYBEANS

Soybeans traded higher. Fact USDA announced another new US soybean sale to unknown has helped rally soybeans. There is still a lot of questions about how much US soybean China will buy but traders feel Phase 1 deal could be ok for now. US 2 week Midwest weather forecast starts warm and dry. Tropical storm in US Gulf could bring rains and cooler Midwest temps. This should be ideal for US summer crops. On June 11 USDA will update US/World soybean supply and demand. In May they estimated US 2020 crop near 4,125 mil bu versus 3,557 last year. This includes 83.5 million planted acres and a trend yield near 49.8 versus 47.4 last year. First crop rating near 70 pct good/ex suggest final yield could be higher. They estimated total US 2020/21 demand near 4.315 mil bu versus 3,901 this year. Some feel demand could be lower. This suggest final carryout could be higher than 405. USDA also estimated World 2020/21 crop near 362 mmt versus 336 this year. End stocks were 98 mmt versus 100 this year. China imports are estimated near 96 mmt versus 92 this year.

July soybean futures chart



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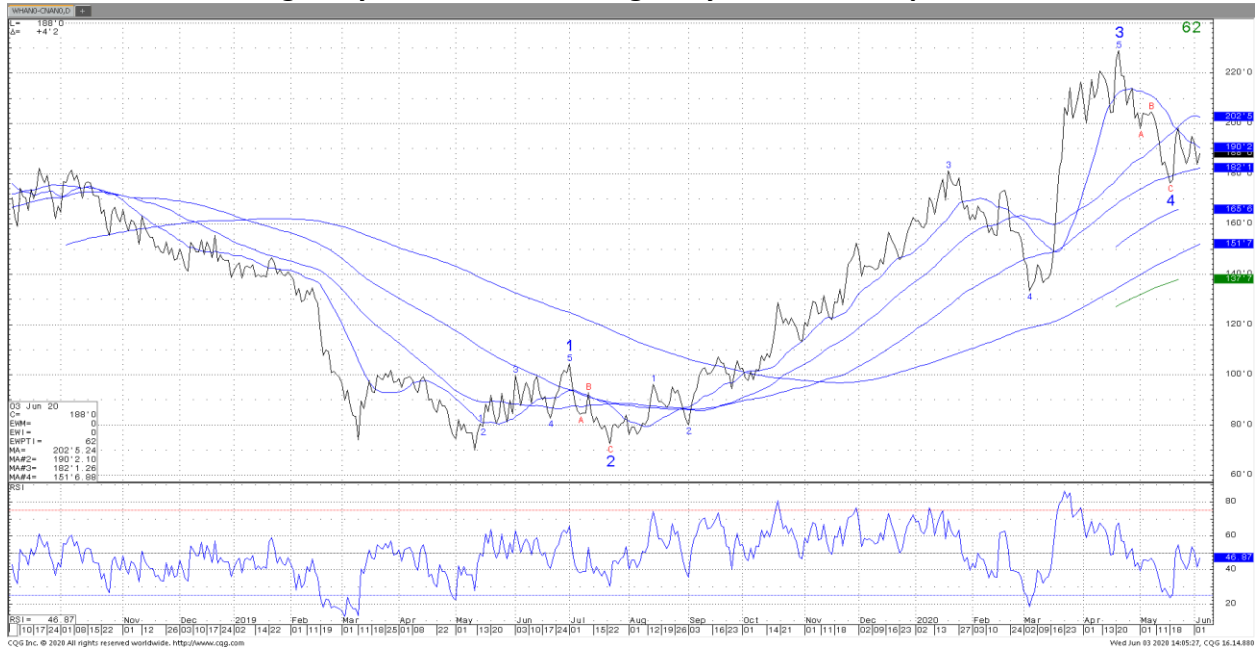


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CORN

Corn futures traded unchanged in light volume. Managed funds remain large net short corn futures and options. US 2 week Midwest weather forecast starts warm and dry. Tropical storm in US Gulf could bring rains and cooler Midwest temps. This should be ideal for US summer crops. In May USDA estimated US 2020 corn crop near 15,995 mil bu. This includes 97.0 million planted acres and a trend yield near 178.5. USDA crop rating near 74 pct good/ex could suggest final yield could be higher. USDA estimates total 2020/21 corn demand near 14,800 mil bu versus 13,830 this year. Some feel their 2019/20 corn demand could drop 300-350 mil bu. Trade could see US 2020/21 carryout closer to 3,500 versus USDA 3,318. Weekly US ethanol production was up 5 pct from last week but still down 27 pct from last year. Stocks were down from last week and last year. Margins remain negative. Weekly US old crop and new crop corn sales are estimated near 450-1,200 mt versus 475 last week. New crop South America corn prices remain below US. China continues to be a net buyers of Ukraine corn. Analyst continue to suggest farmers should sell cash corn on rallies. CZ is est to drop below 3.00 by harvest, assuming normal summer weather. US cash corn basis remains strong due to a lack of farmer selling.

Chicago July wheat minus Chicago July corn futures spread



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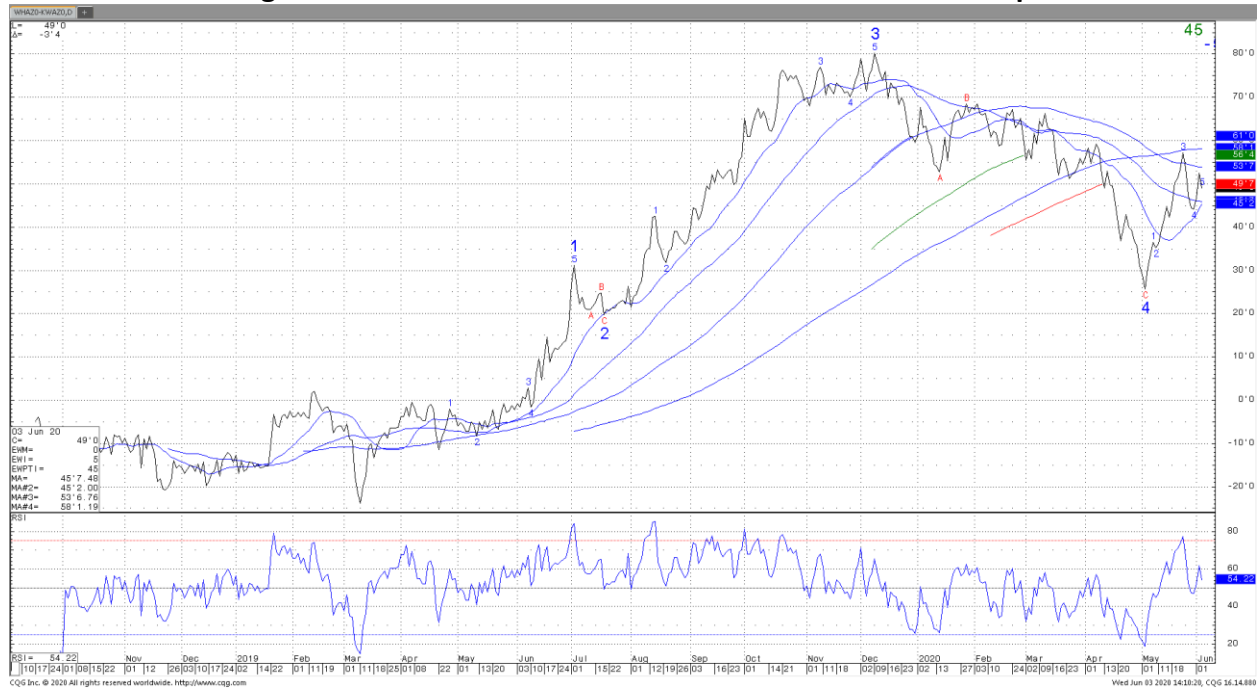
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WHEAT

This week, USDDA lowered US winter wheat crop ratings. Harvest is starting in OK. USDA first estimate of US 2020 spring wheat crop was above average. In May USDA estimated US 2020 wheat crop near 1,866 mil bu. Some feel final crop could be higher. USDA estimated total US 2020/21 wheat demand near 2,075 mil bu versus 2,127 last year. USDA also estimated World 2020/21 wheat crop near 768 mmt versus 764 last year. End stocks are estimated near a record 310 mmt versus 295 last year. Some question USDA World demand numbers. This could raise final end stocks. WN is near 5.10 with recent range 5.00-5.20. KWN is near 4.55 with recent range near 4.40-4.75. MWN is near 5.18 with recent range 5.00-5.30. Improved Europe and Black Sea weather has offered resistance to wheat futures. Summer prices up to Russian supply and export numbers. 2021 wheat futures are projected to trend lower. Russian export prices firmed today.

Chicago December wheat minus KC December wheat futures spread



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