



ADM Investor Services Market View

October 15, 2020 by Steve Freed

Soybeans, soymeal, corn and wheat traded higher. Soyoil traded lower. US stocks were mixed to lower. US Dollar was higher. Crude was mixed to lower.

SOYBEANS

Soybean traded higher in nearby futures but lower in SX21. Nearby futures opened lower on increase tension between US and China. China President said China Military should put its mind on preparing for war. USDA did announce 261 mt US soybean sales to China. Trade guessees for US weekly soybean export sales are 1,500 to 2.200 mt versus 2,591 last week. Guessees for US soymeal sales are near 100-250 mt versus 272 last week. Argentina remains dry. There is talk of late plantings due to dryness. Argentina farmer remans a slow seller Of beans. This could reduce their crush which could help US soymeal export demand. This has helped CME soymeal futures. There are increase chances for rains across central Brazil. Rains are needed to improve crop outlook there. NOPA soybean crush for September was 161.5 mil bu vs 152.6 mil bu last year. This translates to a census crush of 171 mil bu, bringing Oct-Sept crush to 2,173 mil bu versus USDA's estimate of 2,170 mil bu. There is talk overnight that China bought 5 cargoes of US soybeans and 6-8 cargoes of Brazil soybean for Feb-June. Some feel increase China demand for US soybean could drop US 2020/21 soybean carryout below 200 mil bu versus USDA 290.

November soybean futures chart



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CORN

Corn futures traded higher. CZ traded over 4.00 for the first time since January. Managed funds are net buyers of 5,000 corn. We estimate Managed funds are net long 184,000 corn. Open interest continues to go higher on the rally. There is talk that China may import a total of 30 mmt of global corn. Some feel they could buy 4-5 mmt from Ukraine and 1-2 from Brazil. This could leave 23-25 mmt from US. USDA has 14 mmt plugged in their corn export guess to China. Increase exports to China could drop US 2020/21 corn carryout closer to 1,800. Trade guesses for weekly US corn export sales is near 600-1,200 mt versus 1,225 last week. Some US corn end users are beginning to price 2021 needs despite fact 50 pct of US corn crop is still left to be harvested. US farmer remain a slow seller of corn. Some feel now he may need 4.30 CZ to begin to sell cash. EIA weekly ethanol production increased from 923,000 barrels per day to 937,000 barrels per day (vs 971,000 last year), which was in line with expectations. On the higher production, US ethanol stocks increased from 19.7 million barrels to 20.0 million barrels. CZ made new highs for the move. Next resistance is 4.10 then 4.20. Support is near 3.80.

December corn futures chart



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WHEAT

Wheat futures traded sharply higher. WZ is near 6.18. WN21 is near 6.06. KWZ is near 5.59. KWN21 is near 5.78. This is the first time nearby Chicago wheat has traded over 6.00 since June, 2015. Matif and CME Black Sea futures continue to make new highs. Talk of Russia rains failed to offer resistance. Russian farmer continues to be a slow seller until he gets a good rain. Russian domestic wheat and flour prices are at all time highs. Talk of lower Argentina wheat crop due to dryness offered support. Argentina said they will not devalue their currency. Argentina also said they will not seize Bank deposits. Managed funds are net buyers of 10,000 wheat. We estimate Managed funds are net long 42,000 wheat. Open interest continues to increase on the rally. Weekly US wheat export sales are estimated near 200-600 mt versus 530 last week. Next WZ resistance is near 6.50.

December Chicago wheat futures chart



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