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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 ***November 17, 2020.*** *This report is intended to be informative and does not guarantee price direction.*

Corn futures rallied from the recent lows to near 3.90 to 4.28. Drier than normal South American weather and a bullish USDA report offered support. The USDA estimated the U.S. 2020 corn crop will be near 14,507 million bushels. This was below the average trade guess and was down from its October estimate. The USDA estimated the U.S. 2020/21 corn carryout to be 1,702 million bushels and also below the average trade guess. Managed funds and commercials increased their buying and U.S. farmers increased their corn sales. The USDA lowered its estimate of the world 2020/21 corn carryout to 291.4 mmt due to the lower U.S. crop.

The USDA estimated the U.S. 2020 soybean crop to be near 4,170 million bushels and lowered the U.S. 2020/21 soybean carryout to 190 million bushels. This was bullish and prices rallied on concerns over dry South American weather and talk of continued China buying of U.S. soybeans. Managed funds increased their net long soybean, soyoil and soymeal positions. U.S. farmers increased cash sales. Some analysts believe soybean prices could trend higher if China continues to buy U.S. soybeans. The USDA left its estimate of China's 2020/21 soybean imports at 100.0 mmt versus 98.5 last year. Soybean futures rallied from 10.60 to 11.80.

In November, the USDA left the world 2020/21 wheat crop to be near to 772 mmt. The USDA left the world 2020/21 wheat carryout to be near a record 320 mmt versus 300 last year. Managed funds reduced some of their net long wheat futures due to rains in the Black Sea area. Wheat futures could find support from talk of dry weather in Russia and in the U.S. southern plains.

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Corn Futures - Weekly

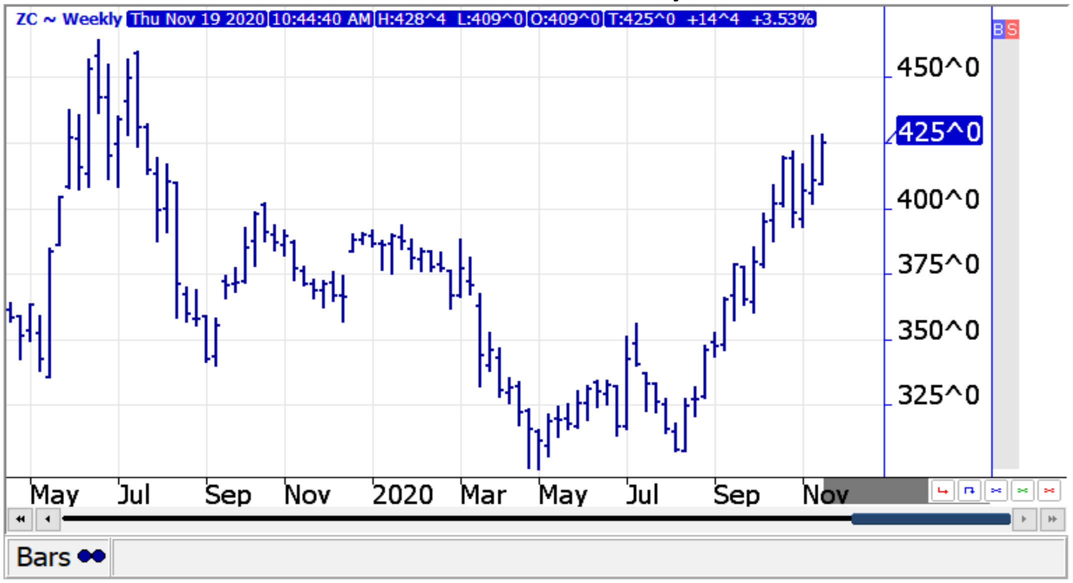

Chart from QST

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

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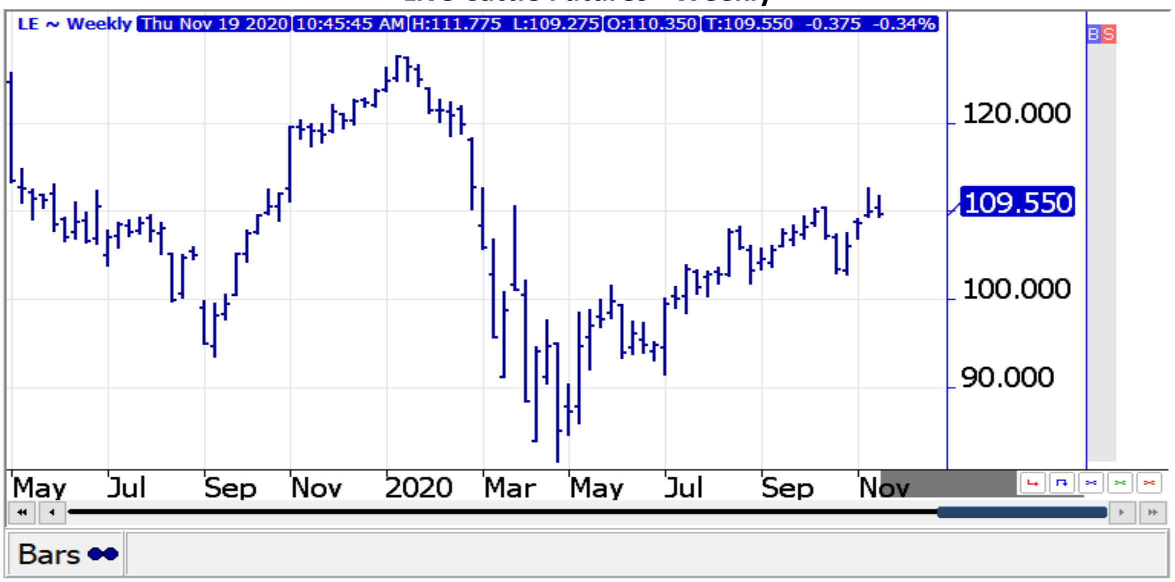
Live Cattle

Live cattle futures have been in a rolling wave-like trading pattern since a high price for live cattle futures was made on August 18. After making a high in August, live cattle futures dropped approximately $7.00/cwt to September 2, then reversed and moved up in September around $6.50/cwt to September 30. On October 1 and throughout October, live cattle dropped around $10.00/cwt to October 26 and since the end of October started moving higher into November. October is often a month where boxed beef moves lower. The grilling season is over and grills in the northern states are put away. October had far too many overfed cattle that moved to slaughter along with more than usual heavy select cattle sold. Heavy cattle in 2020 happened after feedlots last spring moved cattle from feedlots to subsistent feeding pastures when packers slowed production to a crawl. Cattle returned to the feedlots in late June and July with bigger frames and needed to be on feed to fill out. By the time cattle could grade choice, especially in the northern and Midwest states, they were weighing plus 1,550 pounds or more. At the same, time many cattle gained weight but did not grade choice and far too much select beef plugged the market. By the end of October, the problem with too many select cattle was cleaned up and beef markets absorbed heavy choice better because beef demand was growing from ground beef to the higher priced primal whole rib sections. December 2020 live cattle futures in October topped at $113.20 on October 1, fell to $102.52 on October 26 and closed on October 30 at $108.30/cwt.

Live Cattle Futures - Weekly

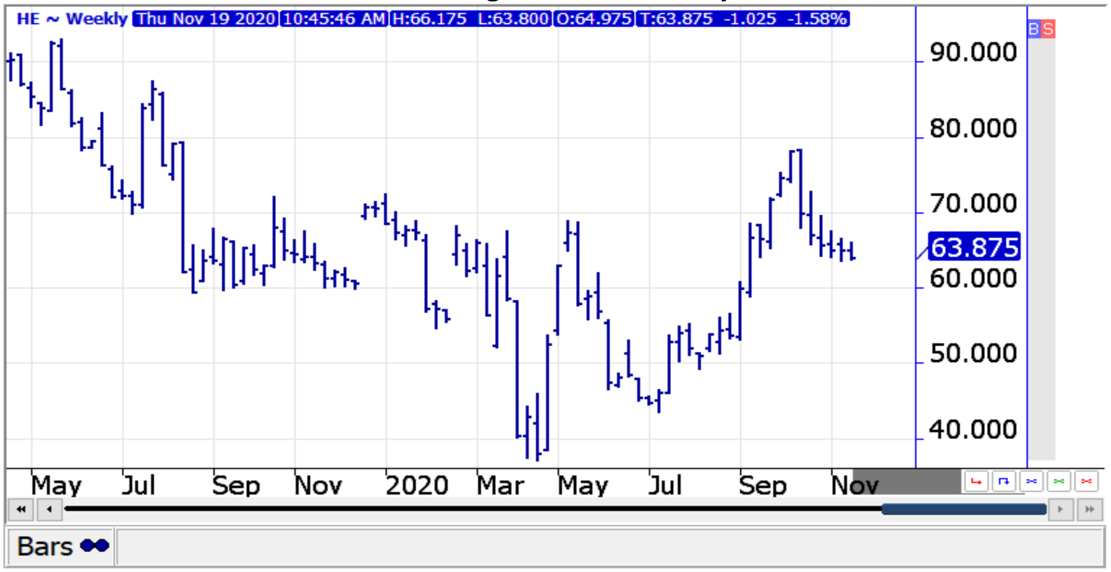


Lean Hogs

On April 4, October 2020 lean hogs reversed the downward move that happened because of the slowdown and plant stoppages due to COVID 19 and traded mostly sideways until July 31. On July 31 a rally began and until October 14 when October lean hogs settled, except for a few small setbacks and profit taking, rallied to from $49.40/cwt to settle on October 14t at $78.42/cwt. Pork export demand during 2020 from China and Mexico was exceptionally strong and the weak U.S. dollar gave exporters an advantage to buy U.S. pork.

The move higher was not only due to strong fundamentals. Speculators were a majority of the trading in October. Speculative traders bought October 2020 lean hogs and sold December 2020 lean hogs. On September 1, October lean hogs were .75/cwt under the price of December 2020 lean hogs. When October lean hogs settled on October 14, October lean hogs were $10.00/cwt over the price of December 2020 lean hogs. Speculative spread trading is a large part of lean hog trading and when trading lean hogs it important to monitor spread activity.

Lean Hog Futures - Weekly



Charts provided by QST

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

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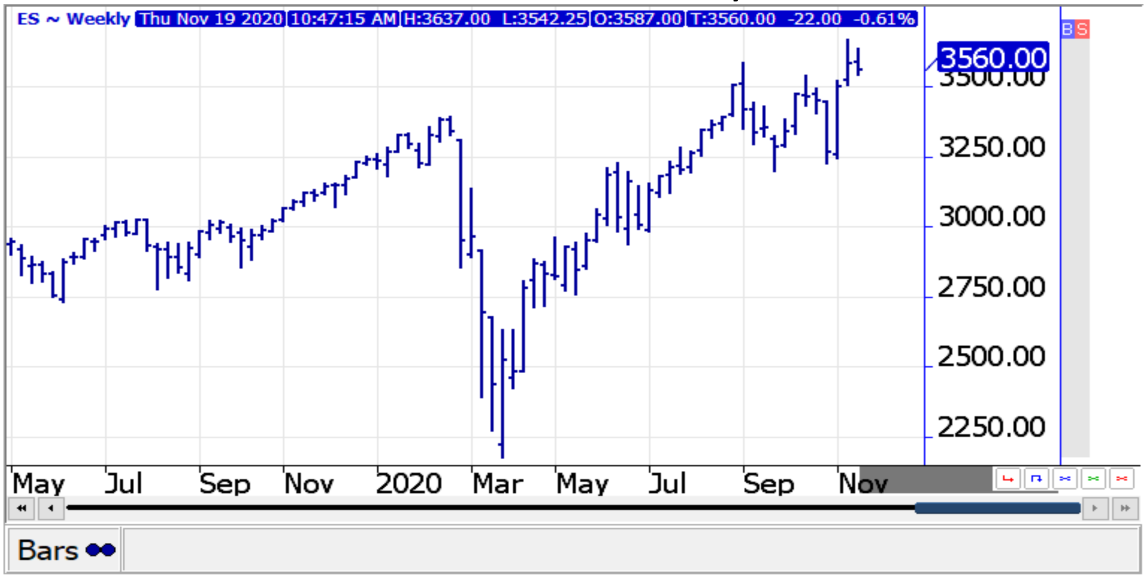
Stock Index Futures

S&P 500, Dow and Russell 2000 futures advanced to new record highs due to vaccine optimism, a flurry of merger and acquisition activity in the tech sector, along with better than expected quarterly earnings results. In addition, recent gains are linked to ideas that the Federal Reserve will remain accommodative for an extended period. Overall, stock index futures have been able to “climb the wall of worry.”

There is rule of thumb that new record highs in any market suggests follow-through strength is likely. In some cases, the additional strength can be substantial. The logic behind this is that, if the fundamentals are powerful enough to propel a market to new historical highs, they are probably strong enough to persist for a while longer and push prices even higher.

S&P 500 Futures - Weekly



U.S. Dollar Index

The U.S dollar has been weakening since May amid rising debt levels coupled with expectations for an extended period of low interest rates. In addition, the greenback has trended lower in November, as flight to quality longs were liquidated.

There was support for the U.S. dollar on news that October nonfarm payrolls increased 638,000 when a gain of 575,000 was expected and the unemployment rate improved to 6.9%, which compared to the anticipated 7.7%.

Longer term, the U.S. dollar will likely trend lower due to the Fed's "average inflation targeting" strategy, which suggests the U.S. central bank will remain accommodative for longer.

Euro Currency

The currency of the euro zone began its climb in June 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.

Many of the economic reports have been bullish for the euro currency. For example, the euro currency advanced after it was reported that the number of employed persons in the euro area increased by 0.9% on the quarter in the three months to September of 2020, recovering from the 2.9% drop in the previous period. This was the largest increase since the series began in 1995.

The was only temporary pressure on the euro on news that German economic expectations plummeted in November for the second consecutive month, according to the ZEW economic research institute. The measure of economic expectations fell to 39.0 in November from 56.1 in October. The assessment of the current economic situation in Germany slightly worsened, falling to minus 64.3 in November from minus 59.5 in October.

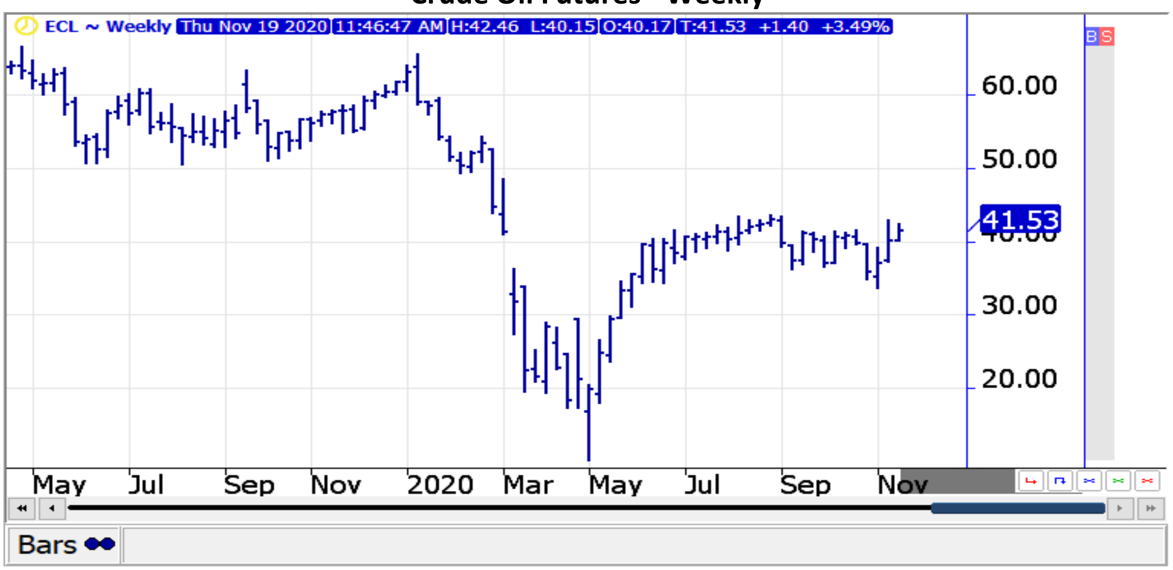
Interest rate differential expectations remain supportive to the euro currency. The currency of the euro zone is likely to trend higher longer term.

Crude Oil

January crude oil futures advanced over $9 in November after a weak finish in October. Much of the strength can be attributed to hopes of a global economic recovery due to vaccine optimism. However, gains were tempered when Federal Reserve Chairman Powell cautioned that "even in the best case, widespread vaccination is months into the future."

Also, U.S. benchmark oil prices gave back some of the earlier gains after a weekly EIA report gave numbers that were a mix of bullish and bearish. The report's headline number was slightly bullish as it showed U.S. crude oil inventories increased by only 769K barrels versus forecasts for a 1.2M barrel increase. But the data also showed an unexpected, 2.6M surge in gasoline stockpiles, and implied gasoline demand dropped sharply to 8.3M bpd, which is nearly 1M bpd less than a year ago. However, the technical aspects suggest crude oil prices will trend higher longer term.

Crude Oil Futures - Weekly



Gold

In recent weeks gold futures have trended sideways to lower as vaccine optimism prompted flight to quality vehicles to be liquidated. There is still talk of stimulus from Washington, but it may be a smaller package. Any additional stimulus will increase expected inflation, which should boost the appeal of gold.

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 global central bank interest rate policies, including a dovish Federal Reserve that promised to keep short-term interest rates near zero into 2023, 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.

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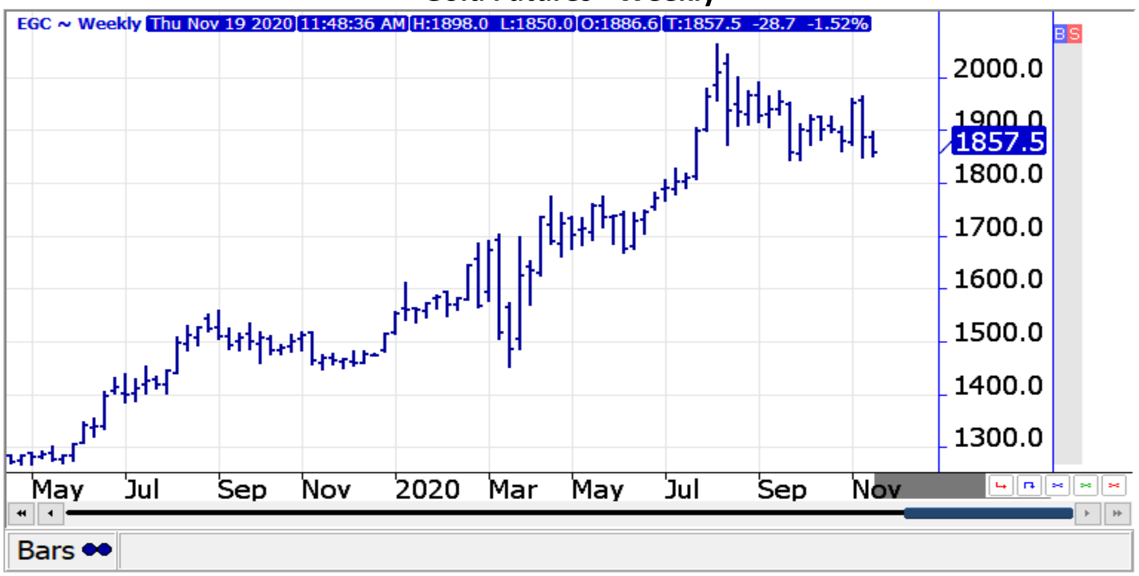
The most important fundamentals will be the tailwinds that are capable of sustaining a long-term bull market in gold futures.

Gold Futures - Weekly



Support and Resistance

Grains

December 20 Corn

Support 4.10 Resistance 4.50

January 21 Soybeans

Support 11.00 Resistance 12.00

December 20 Chicago Wheat

Support 5.80 Resistance 6.20

Livestock

December 20 Live Cattle

Support 103.00 Resistance 117.00

December 20 Lean Hogs

Support 61.87 Resistance 69.50

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Stock Index

December 20 S&P 500

Support	3510.00	Resistance	3690.00

December 20 NASDAQ

Support	11755.00	Resistance	12425.00

Energy

January 21 Crude Oil

Support	40.00	Resistance	44.30

January 21 Natural Gas

Support	2.500	Resistance	3.040

Metals

December 20 Gold

Support	1845.0	Resistance	1905.0

December 20 Silver

Support	23.300	Resistance	25.550

December 20 Copper

Support	3.0900	Resistance	3.3250

Currencies

December 20 U.S. Dollar Index

Support	91.300	Resistance	93.000

December 20 Euro Currency

Support	1.17850	Resistance	1.19570

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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 ***18 November 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 Reserve Bank of Australia's cut in its key interest rate to a record low of 0.1% but ruled out the possibility of negative interest rates. Chinese data continues to improve, with the PMI extending the rebound and trade data also recording strong growth.

China

In October, the Caixin China Manufacturing PMI improved from the previous month by standing at 53.6, which is an increase of 0.6 percentage points from the previous month and indicating the manufacturing industry is on track for a steady rate of expansion. New orders and production increased at the fastest pace in the past ten years, suggesting a speedy recovery in the manufacturing sector. Surveyed manufacturers' confidence for the next 12 months rose to the highest level since August 2014. Enterprises are actively willing to restock while still cautious about hiring. Considering that the monthly data on consumption, investment and industrial production released, according to the National Bureau of Statistics, last month were generally better than expected suggesting there is a high probability that the economic recovery will continue for several months. The official manufacturing PMI fell by 0.1 percentage point from last month to 51.4%. This slight drop was attributed to seasonal factors and related to holidays.

Due to a higher comparison base and the beginning of a fall in pork prices, China's consumer price index rose 0.5% year-on-year in October, which is a drop of 1.2 percentage points from the previous month. Food prices rose 2.2% year-on-year, and pork fell for the first time after 19 consecutive months of rising, coming in down 2.8% year-on-year. On a month-on-month basis, the CPI fell by 0.3%. The PPI fell by 2.1% year-on-year mainly because energy and commodity prices remained subdued. PPI growth is expected to stay around negative 2.0% year-on-year through the rest of this year, given weak energy and commodity prices. Monetary policy is likely to marginally ease in the coming months to counter the deflation pressure as well as the yuan appreciation.

China's export sector showed robust resilience in October. Exports in dollar-denominated terms rose to $237.18 billion, up 11.4% compared to last year, which is the highest reading over the past 19 months. Imports increased 4.7% year-on-year to $178.74 billion. The monthly trade

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surplus surged to $58.44 billion. Exports of COVID-19 related goods saw a significant increase, thanks to a controlled situation in China which led to a full recovery of production. As the second wave of coronavirus is sweeping through the rest of the world, and major economies in Europe went back to lock down, China's exports could stay strong in the rest of 2020.

China's soybean imports in October increased by 41% compared to the same period last year because of the previously delayed Brazilian soybean cargo clearance and the increase in the arrival of U.S. soybeans. China imported 8.69 million tons of soybeans in October, up from 6.18 million tons in the same period last year, but lower than the 9.8 million tons imported in October as the Brazilian soybean export season is nearing its end. The reason for the year-on-year increase in soybean imports is that compared with last year the profitability of domestic soybean crushing at the beginning of this year prompted oil plants to order large quantities of Brazilian soybeans. In addition, the domestic livestock industry's recovery from the Africa swine fever epidemic has helped boost soybean crush profits.

Other Asian Countries

Japan's manufacturing PMI in October increased to 48.7 from 47.7, while the service PMI was revised higher to 47.7. The Bank of Japan decided to apply a negative interest rate of -0.1% to the Policy-Rate Balances in current accounts held by financial institutions at the Bank. For the long-term policy, the bank would like to purchase a necessary amount of Japanese government bonds with no limit. Therefore, 10-year Japanese government bond yields will remain at around 0%. The BoJ will purchase ETFs and Trusts actively with a 12 trillion yen and a 180 billion yen limit annually. For the purpose of achieving the price stability target of 2.0%, the BoJ will continue with its "Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control. The central bank may launch the special program to support financing in response to the coronavirus and will not hesitate to apply additional accommodation, if necessary.

South Korea recorded a negative consumer price index in October. The CPI dropped to 105.65 from 106.20. In addition, the core inflation rate increased 0.1% year-on-year, following a 1.0% rise in the previous month, which was the lowest inflation in four months. Exports from South Korea decreased 3.6% after a downwardly revised 7.6% jump in September. However, the Bank of Korea kept its interest rate unchanged at 0.5%. Policymakers said that the economy is recovering, although at a slow pace.

The Reserve Bank of Australia reduced its cash rate to 0.1% from 0.25%, which is an all-time low. Policymakers indicated they will purchase A$100 billion of government bonds over the next six months. The unemployment rate of Australia edged up to 6.9% from 6.8%. However, the Australia Performance Services Index climbed to 51.4 from 36.2.

The Reserve Bank of New Zealand left its key interest rate unchanged at a record low of 0.25%. The central bank said that it will prepare additional support in order to meet the CPI and employment goals through a Funding for Lending Program (FLP), commencing in December. The Funding for Lending Program will reduce the interest rates and bank funding cost.