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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 16, 2021**. This report is intended to be informative and does not guarantee price direction.*

After the June USDA report soybeans, corn and wheat futures traded lower. July soybeans traded from 16.50 to 14.50. July Chicago wheat traded from 7.00 and 6.49 and July corn from 7.00 to 6.46. July soymeal dropped from 400 to 370. Futures traded lower on demand concerns. In June, the USDA did not lower the U.S. 2020/21 corn carryout as much as expected and even raised the soybean carryout. Markets are trading conflicting U.S. Midwest 10-day weather forecasts after the USDA dropped weekly U.S. corn, soybean and spring wheat crop ratings more than expected.

In June, the USDA lowered the U.S. 2020/21 corn carryout to 1,107 mil bu. The USDA estimated the U.S. 2021/22 corn carryout to be near 1,357. Most analysts believe total demand will increase and could take 350 mil bu off the 2021/22 carryout. The USDA left China's corn imports at 26.0 mmt but some analysts believe final exports could be closer to 30-32 mmt. The USDA lowered the Brazil corn crop estimate to 98.5 mmt from 102 last month. Some estimate the crop now will be below 90 mmt. Most analysts feel corn futures could see increased price volatility going into the end of the 2020/21 market year. The three most commonly watched U.S. 10-day weather maps are all different with GFS wet, E.U. dry and Canada mostly dry.

In June, the USDA raised the U.S. 2020/21 soybean carryout to 135 mil bu. This was due to a lower crush as a result of lower soymeal demand. Most feel final demand could increase and could take the final carryout to near 100 mil bu. The USDA raised the Brazil soybean crop at 137.0 mmt and left the Argentina crop at 47.0. The USDA left China's soybean imports at 100.0 mmt and also left China's 2021/22 imports at 103 mmt. Concerns about U.S. and Asia vegoil demand dropped soyoil prices sharply. Concerns about China's demand and lower Argentina prices have weighed on soymeal prices.

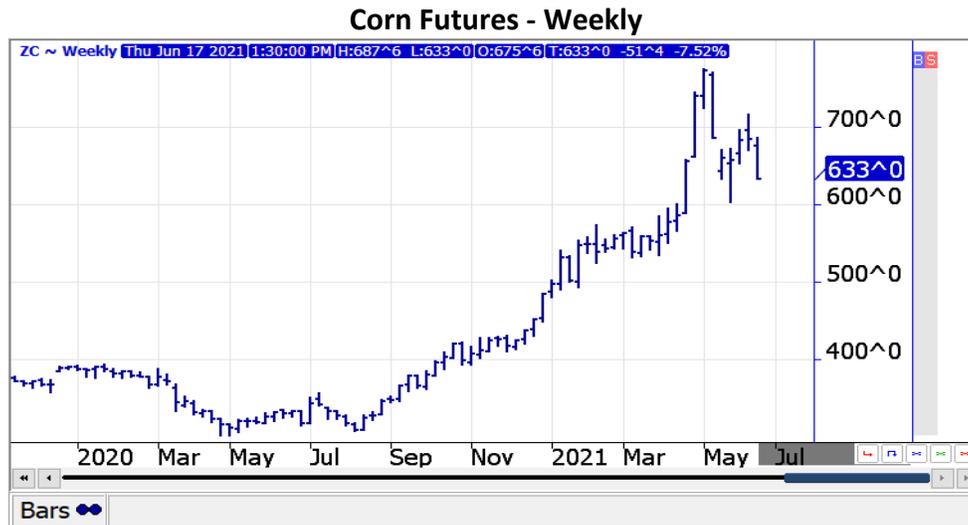
In June, the USDA lowered the U.S. 2020/21 wheat carryout to 852 mil bu vs 872 mil bu. The USDA estimates U.S. 2021 wheat crop to be near 1,898 mil bu vs 1,872 last month and 1,826 last year. The USDA estimates U.S. 2021/22 carryout to be near 770. Dry U.S. north plains and Russia HRS crop areas could lower crops there and offer support to HRS prices.

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Some analysts believe tightening U.S. corn and soybean balance sheets and a successful virus vaccine could increase demand for food and fuel late in 2021. The U.S. dollar could eventually trend lower on talk of higher 2021 U.S. debt.



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 17, 2021 and is intended to be informative and does not guarantee price direction.

Live Cattle

Boxed beef prices continued rallying from April, gaining \$35.00/cwt. Cash cattle prices traded sideways and live cattle futures bounced up and down in a \$5.00 range. The improving economy, consumers pulling grills out from the garage in the spring weather, family and friends gathering as more people had vaccinations, the opening of restaurants and global demand combined to push beef prices higher. However, strong beef demand was met with sufficient numbers of cattle.

For the producer, the increasing beef prices in May did not relate with higher cattle prices. Packers had inventories of previously purchased cattle and their own cattle, so they did not need large numbers of open market cattle. Live cattle futures reacted to the lack of demand in the cash cattle market and traded in a tight range.

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Live Cattle Futures - Weekly



Lean Hogs

Fifteen months ago the hog industry was collapsing. COVID 19 came when the global hog industry was expanding. Global pork producers expanded because China lost close to 40% of their hog inventories due to African swine fever and China was buying record amounts of pork. The unprecedented demand encouraged expansion. Suddenly COVID 19 happened, and hog expansion quickly reversed to contraction. On May 1, 2020 the packing industry changed methods of production and were back to working full time. The contraction of hogs and demand for pork put in a low price, and for the next twelve months, renewed global pork buying drove pork and hog prices to near contract highs. For twelve months lean hog prices have rallied in an unprecedented move. The hog market in May 2021 was a continuation of the previous twelve months moving to near record highs by the end of May 2021.

June 2021 lean hog futures during May 2021 started the month at \$109.72/cwt and moved up to \$117.25/cwt. Pork prices were driven by demand from Mexico, Japan and China, along with demand from Australia, New Zealand and countries throughout Asia. Demand for pork, because of its lower prices compared to beef and chicken, was in demand in the U.S. Consumers in the U.S. were repopulating restaurants with barbeque restaurants, the fastest growing segment in the industry and they were buying ribs, butts and picnics for home smokers bought while waiting out COVID 19 at home.



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Lean Hog Futures - Weekly



Charts from QST

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 17, 2021 and is intended to be informative and does not guarantee price direction.

Stock Index Futures

S&P 500 and NASDAQ futures advanced to new record highs in June due to vaccine and fiscal stimulus optimism, along with better than expected quarterly earnings results.

However, stock index futures dropped after the Federal Reserve in a hawkish surprise raised its inflation expectations and moved up the time frame on when it will hike interest rates. The Federal Open Market Committee indicated that rate hikes could come as soon as 2023, after signaling in March that it saw no increases until at least 2024. The Fed also raised its headline inflation expectation to 3.4%, a full percentage point higher than the March projection, but the post-meeting statement continued to say that inflation pressures are “transitory.”

In recent years stock index futures have shown a tendency to recover from bearish news and this time will probably be the case again.

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S&P 500 Futures - Weekly



U.S. Dollar Index

The U.S. dollar index advanced after Federal Reserve officials signaled their intention to raise interest rates sooner than previously forecast.

In spite of recent gains, bearish sentiment remains due to the belief that an increase in fiscal spending in the U.S. would raise the budget and current account deficits. In addition, there is the ever expanding Fed's balance sheet. The next major support on the daily chart for the September U.S. dollar index is the May low of 89.545.

Follow-through gains for the greenback are unlikely.

Euro Currency

The euro currency peaked in late May and has since traded sideways to lower. Euro zone retail sales were down 3.1% from a month earlier in April, following an upwardly revised 3.3% growth in March and compared with market expectations of a 1.2% decline.

The IHS Markit euro zone composite PMI increased to 56.9 in May, which is the highest since February 2018, from 53.8 in April and above the market consensus of 55.1.

Euro zone consumer prices increased in May, beating expectations. The annual inflation rate in the euro zone accelerated to 2.0% in May from 1.6% in April and above market forecast of a 1.9% advance. This is the highest reading since October of 2018.

The European Central Bank at its June 10 policy meeting said it would maintain its aggressive monetary stimulus in place. The ECB said it would keep its key interest rate at minus 0.5%, which was widely expected and continue to buy euro zone debt under an emergency 1.85 trillion euro bond-buying program (\$2.253 trillion) through at least March of 2022. The central bank said it would buy those bonds at a "significantly higher pace" than during the first months of this year, repeating a promise made in March.

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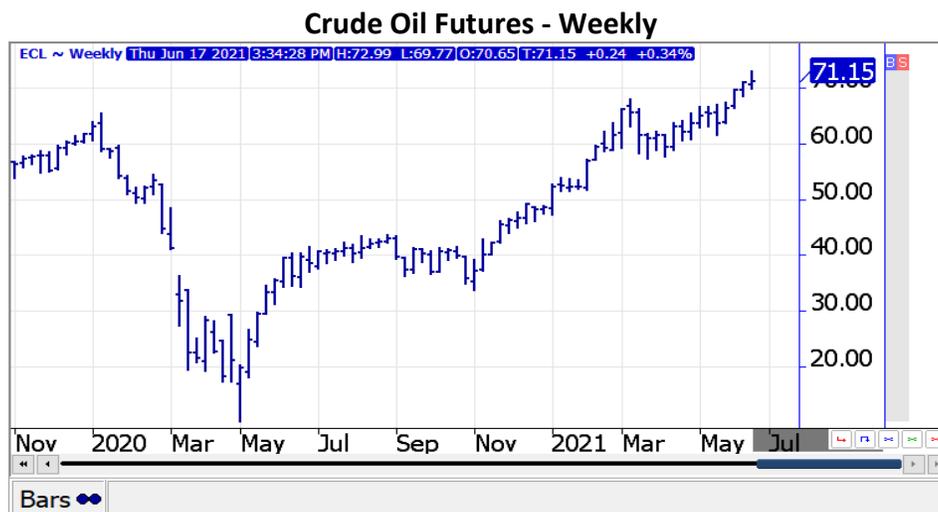


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Crude Oil

U.S. benchmark crude oil prices fell below \$70.00 a barrel due to a quickly-strengthening U.S. dollar, but then recouped some of those losses. U.S. dollar gains were a direct result of the FOMC signaling plans to start raising interest rates sooner than it previously indicated.

There was only temporary pressure on futures in response to increased attention regarding production of oil in the Middle East, which was spurred by Iran's potential re-entry into selling on the world market. The Iranian president said Iran had reached a broad outline to end oil sanctions but are still discussing final details.



Gold

Gold prices stair-stepped higher in May, increasing to their highest levels since early January, but topped on June 1. Futures quickly fell when the Federal Open Market Committee at its June 16 policy meeting offered a surprise hawkish policy statement.

Earlier in the month there was only a temporary setback when the minutes from the April meeting came in on the hawkish side. The minutes indicated that the policy makers were discussing a possible timetable for tapering its asset-purchase program.

Now that the hawkish FOMC statement is out of the way, which prompted sizable liquidation, it is likely that there will be recovery next week.



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Gold Futures - Weekly



Support and Resistance

Grains

September 21 Corn

Support 5.80 Resistance 6.60

September 21 Soybeans

Support 13.50 Resistance 15.00

September 21 Chicago Wheat

Support 6.40 Resistance 7.00

Livestock

August 21 Live Cattle

Support 116.50 Resistance 132.75

August 21 Lean Hogs

Support 95.00 Resistance 128.00

Stock Index

September 21 S&P 500

Support 4075.00 Resistance 4262.00

September 21 NASDAQ

Support 13800.00 Resistance 14400.00

Energy

September 21 Crude Oil

Support 67.25 Resistance 72.90

August 21 Natural Gas

Support 3.160 Resistance 3.300

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Metals

August 21 Gold

Support	1740.0	Resistance	1866.0
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July 21 Silver

Support	25.20	Resistance	26.90
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September 21 Copper

Support	4.0300	Resistance	4.2800
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Currencies

September 21 U.S. Dollar Index

Support	90.600	Resistance	92.500
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September 21 Euro Currency

Support	1.18400	Resistance	1.20800
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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 **16 June 2021**. 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 China's strong performance in foreign trade. Exports and imports jumped 27.9% and 51.1% year-on-year respectively. South Korea's exports also saw an increase of 45.6% year-on-year, the highest growth rate since 1988.

China

In May, the CAIXIN China manufacturing PMI edged up to 52.0 from last month's 51.9, which is the highest level this year. Demand for China's products continued growing, both domestically and from overseas. New orders climbed along with production. New export orders' growth recorded the fastest pace over the past five months. But, in light of rising prices of raw materials, some enterprises started to stock up, which put some manufacturers in a predicament of having a shortage of raw materials and led to an adverse impact on supply chain. The rapid rise in commodity prices has disturbed the order of economic operation and cast a shadow over business confidence. Employment stayed flat in May after a slight expansion in April. In the

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meantime, China's official manufacturing PMI dipped 0.1 percentage point to 51.0 from last month's 51.1.

Thanks to declining pork prices, China's consumer inflation remained moderate in April by standing at 1.3% year-on-year. Compared to last year, China's pork prices dropped 23.8%, on account of increasing supply. The PPI jumped 9.0% year-on-year, which was attributed to rising commodity prices, such as crude oil, iron ore and non-ferrous metals. But as commodity prices have undergone a significant decline recently and the consensus expectation of price hiking has been broken, it is difficult to maintain the same rate of inflation growth in the future. Therefore, PPI growth is expected to moderate in the months to come.

China's exports in dollar-denominated terms rose 27.9% year-on-year in May, while imports jumped 51.1%, suggesting the economy continued its recovery from the pandemic slump. The trade surplus for the month came in at \$45.53 billion. Consequently, China's foreign currency reserve reached a five-year high of \$3.22 trillion as of May 31. The Renminbi appreciated against dollar in the past few months. The USD/CNY penetrated 6.4 in May and reached a 3-year low of 6.35. Meanwhile, changes to the export structure took place as the impact of the COVID-19 pandemic faded. In the first five months, exports of mechanical and electrical products increased 31.9% year-on-year, accounting for 59.5% of the total export value. Foreign trade in the second half of 2021 is expected to gradually ease, as overseas supply recovers.

In May 2021, China imported 9.61 million tons of soybeans, up by 29% from last month and 2.5% compared to last year. In the first five months of 2021, China's soybean imports amounted to 38.24 million tons, up by 12.8% from last year. As delayed shipments from Brazil started to arrive, soybean imports for the next two months are expected to exceed 10 million tons, making the already sufficient supply larger. In the first five months, China imported over 20 million tons of corn, which is up by more than 900% from last year, mostly from the U.S.

Other Asian Countries

The Au Jibun Bank manufacturing PMI in May edged down within the expansion area to 53.0 from April's 53.6, as the overall expansion in new orders dipped. Export orders kept expanding in May, especially from key markets, especially China. Business optimism rose at Japanese goods producers in May, as firms continued to forecast a rise in output in the coming year. Japan's wholesale prices in May rose at the fastest annual pace in 13 years, adding concerns of cost-push inflation. The Japanese government lowered its assessment of the overall economy in its May economic report, marking the first downward adjustment in the coming three months. The authorities reiterated that they must pay sufficient attention to the downside risks to the economic outlook brought about by the return of the COVID-19, believing that certain parts of the economy will further weaken.

South Korea's manufacturing PMI dipped to 53.7 from last month's 54.6, thanks to the weakest increase in production since December 2020. New orders expanded for the eighth consecutive month and output increased solidly but were softer than in April. And because reopening of

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overseas economies boosted demand, South Korea's exports in May surged 45.6% from a year earlier, marking the highest growth rate since 1988. Manufacturers are strongly optimistic that domestic and external demand would further improve as the pandemic receded.

According to Australia Bureau of Statistic, Australia's unemployment rate for April 2021 decreased to 5.5% from previous month's 5.7%, marking a decline for the sixth month in a row. The wage subsidy program launched by the Australian government during the pandemic to stabilize employment ended at the end of March. The termination of the plan didn't have a significant impact on the employment situation from March to April. On June 1, the Reserve Bank of Australia announced it will hold its key interest rate at the historic low level of 0.1%.

The Reserve Bank of New Zealand projected for the first time in more than a year that its official cash rate may start to rise in the second half of next year, joining Canada in flagging a potential withdrawal of monetary stimulus as its economy recovers from the COVID pandemic. However, the RBNZ's monetary policy committee also said the increase would be conditional on the economy improving, as expected.

Questions or comments on this special monthly outlook, send them to sales@admis.com.

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