



ADM Investor Services Market View

May 15, 2020 by Steve Freed

Soybean, and corn traded higher. Wheat traded lower. US stocks were mixed. Crude was higher.

SOYBEANS

Soybeans were mixed. Hope for China buying additional US soybean offers support. Increase tension between POTUS and China offered new resistance. White House economic advisor suggested the trade deal is not falling apart. April US NOPA soybean crush was 171 mil bu versus 170 expected and 160 last year. Higher crush increased end of month soyoil stocks. Argentina soybean harvest is est near 87 pct. Crop is rated 21 pct good/ex versus 43 last year. US Midwest weather suggest normal to above temps and normal rains. US soybean plantings should be near 60 pct versus 38 average. This week, USDA estimated US 2020/21 soybean crop near 4,125 mil bu versus 3,557 last year. This includes planted acres of 83.5 versus 76.1 last year. This week, one private group estimated US acres could increase to 85.9 due to drop in corn prices versus soybeans. USDA estimated soybean Exports near 2,050 mil bu versus 1,675 this year. Key will be China buying. US 2020/21 soybean carryout is estimated near 405 versus 580 this year. Some feel US 2019/20 soybean exports could drop 50-100 mil bu. July soybean could be in a 8.20-8.80 range until more is known about China buying.

July soybean futures chart



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CORN

Corn futures ended marginally higher. Record World corn supplies and increase in US 2020/21 end stocks limits gains. Most doubt July corn will trade much above 3.40 without a weather problem. Next week's US Midwest weather looks warmer and drier. This should help crops grow out of recent cold weather and allow US farmers to complete plantings. US corn planting is estimated near 82 pct versus 71 average. Cold weather limits planting in ND where acres could drop as much as 1.0 million from intentions. ND prevent plant date is May 20. April US retail sales dropped 16 pct. This was more than expected. April US food service and drink buying was only \$36 billion or half of the total before the virus. April grocery sales also dropped from March. This week, USDA estimated the US 2020 corn crop near 15,995 mil bu. This includes 97.0 million acres and trend yield near 178.5 versus 167.8 last year. Some feel early plantings could suggest an even higher final yield. One private group estimated final US corn acres near 94.2 due to drop in prices. USDA estimated total 2020/21 demand near 14,800 mil bu versus 13,830 last year. Ethanol demand near 5,200 could be high. Exports of 2.150 versus 1,775 could also be high. Brazil 2020 harvest is estimated near 98 mmt with July exports starting near 3-4 mmt. Managed funds continue to have a large 191,000 contract short in corn.

July corn futures chart



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WHEAT

Wheat futures traded mixed. Talk of one 3,000 contract order to sell Chicago July wheat dropped that market off its highs. Early talk of France estimating their wheat crop down from last week supported higher EU wheat futures. Some forecast of a drier Europe and Black Sea forecast offered support. Some feel uncertain weather in Europe and Black Sea could offer support near 4.75 WN. USDA estimate of record World 2020/21 wheat production and end stocks could limit the upside in prices without a weather problem. This week, USDA estimated US 2020 wheat crop near 1,866 mil bu versus 1,920 last year. Food use is estimated near 964 mil bu versus 962 last year. Feed use is estimated near 100 mil bu versus 135 last year. Globally steep drop in corn prices could reduce wheat feeding. USDA est US exports near 950 mil bu versus 970 last year. This leaves a carryout near 909 versus 978 last year. US estimate of US 2020 HRW crop is 740 mil bu versus 833 last year. SRW crop is estimated near 300 versus 239 last year. Crop observation in KY this week suggested yields higher than average.

Chicago July wheat futures chart



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