



Monthly Global Research Newsletter

CHICAGO

ADM Investor Services
141 West Jackson Blvd.
Suite 1600A
Chicago, IL 60604
www.admis.com

LONDON

ADM Investor Services
International
4th Floor
Millennium Bridge House
2 Lambeth Hill
London EC4 V3TT
www.admisi.com

HONG KONG

ADMIS Hong Kong
Suite 908-10
9/F Lincoln House
Taikoo Place
979 Kings Road
Hong Kong
www.admis.com.hk

MARKET OUTLOOK FOR THE UNITED STATES AND SOUTH AMERICA

By Steve Freed, Vice President Research, ADM Investor Services

*The following report is an overview of the US and South American economic, political and crop situations as of **August 18, 2011**. This report is intended to be informative and does not guarantee price direction.*

The key events over the last 30 days have been the increased worries over global economic growth, word that the US Fed will not raise interest rates through 2013 and the bullish USDA August soybean and corn production estimates.

November soybeans are near 13.55 and continue to trade within the range established since the first of the year. December corn is near 7.13. The recent new contract high was 7.33. December Chicago wheat is near 7.42 and is typically a follower to financial and corn market trends.

UNITED STATES

- The environment for US commodities is mixed to negative. Prospects for a lower dollar, however, could cushion many commodities against slackening demand expectations. Deteriorating US domestic conditions increase the odds of a sharply lower US dollar in the coming months. With a mid-August reading showing a 13-year-low in US consumer confidence, the knock-on impact of the lack of political cooperation has already translated into budding recession fears.
- The USDA estimated the US 2010/11 corn carryout at 940 million bushels (mil bu) vs 1,708 mil bu last year. Its updated estimate of the US 2011/12 corn carryout is 714 mil bu.
- The USDA estimated the US 2010/11 soybean carryout at 230 mil bu vs 151 mil bu last year. Its updated estimate of the US 2011/12 soybean carryout is 155 mil bu.



- The USDA estimated the US 2011/12 wheat carryout at 671 mil bu vs 861 mil bu last year.
- The USDA estimated World 2011/12 corn ending stocks at 114.5 million metric tons (mmt) vs 122.9 mmt last year, World 2011/12 soybean ending stocks at 61.0 mmt vs 68.4 mmt last year and World 2011/12 wheat ending stocks near 188.9 mmt vs 191.7 mmt last year.

ARGENTINA

- The USDA estimated Argentina's 2011 soybean, corn and wheat crops near 49.0 mmt, 22.0 mmt and 15.0 mmt, respectively. It estimates the 2012 soybean, corn and wheat crops at 53.0 mmt, 26.0 mmt and 13.5 mmt, respectively.
- Argentina's presidential party won a recent election with more than 50 percent of the vote. This suggests the president should win the October general election. This could mean continued intervention by the government in private business, more nationalization of private business and more populism.

BRAZIL

- The USDA estimated Brazil's 2011 soybean crop at a record 75.5 mmt vs 69.0 mmt last year. The 2012 soybean crop was estimated at 73.5 mmt.
- Brazilian soybean inventories are still an issue, as production is up 6.0 mmt while exports are down 1.4 mmt, and the crushing volume remains steady compared to last year. Shipments for export will, most probably, continue throughout the third quarter of 2011, directly competing with US production. The crush is being affected by low margins. Meat production continues to grow.
- The US debt downgrade and European fiscal worries have weakened Brazil's currency, the real; however, Brazil's economic fundamentals remain strong. The Brazilian government announced new measures to discourage US dollar short selling, tax breaks for local manufacturers and a buy "Brazil" plan.