



ADM Investor  
Services, Inc.

## ADM Investor Services Market View

### May 13, 2020 by Steve Freed

Soybeans, soymeal, soyoil, corn and wheat are lower. US stocks are lower. US Dollar is higher. Selling in grains follow negative USDA report. US Fed Chairmen talking lower economy and more stimulus will be needed is weighing on stocks and commodities.

### SOYBEANS

Soybeans traded lower. US Fed Chairman comments about lower US economy triggered new selling in grain futures. USDA did announce new US old crop and new crop soybean sales to China. Good rains are forecasted for the next 4-5 days across parts of the east HRW plans and much of the east Midwest. Next week temps warm to near to above normal. Weekly US Soybean export sales are estimated near 500-1,000 mt vs 653 last week. USDA could still be 50 mil bu too high in 2019/20 exports. US farmers could add 1.5 million more soybean acres. USDA estimates US 2020/21 soybean exports up 375 mil bu but China imports are up only 180 mil bu and 2020/21 South America crops are estimated to increase 375 mil bu. This could suggest US 2020/21 soybean carryout could be closer to 550 than USDA 405. Informa will be out tomorrow with an update on US 2020 planted acres by crop.

USDA SUPPLY/DEMAND US SOYBEANS								2020/21 Forecast		
					May	May	May	USDA Prosepective Plantings		
	14-15	15-16	16-17	17-18	USDA 18-19	USDA 19-20	USDA 20-21	Various Yields		
								Low	USDA	High
Planted Area (M Acres)	83.3	82.7	83.5	90.2	89.2	76.1	83.5	83.5	83.5	83.5
Harvested Area (Acres)	82.6	81.7	82.7	89.5	87.6	75.0	82.8	82.8	82.8	82.8
Yield (Bu/Acre)	47.6	48.0	51.9	49.3	50.6	47.4	49.8	48.0	49.8	52.0
Beginning Stocks (M Bu)	92	191	197	302	438	909	580	580	580	580
Production	3,928	3,927	4,296	4,412	4,428	3,557	4,125	3,974	4,123	4,306
Imports	33	24	22	22	14	15	15	15	15	15
Supply, Total	4,053	4,141	4,515	4,735	4,880	4,481	4,720	4,569	4,718	4,901
Crushings	1,873	1,886	1,901	2,055	2,092	2,125	2,130	2,130	2,130	2,130
Exports	1,842	1,943	2,167	2,134	1,748	1,675	2,050	2,050	2,050	2,050
Seed	96	97	105	104	88	97	100	100	100	100
Residual	50	18	42	5	43	4	35	35	33	35
Use, Total	3,863	3,944	4,214	4,297	3,971	3,901	4,315	4,315	4,313	4,315
Ending Stocks	191	197	302	438	909	580	405	254	405	586
Stocks/Use Ratio	4.9%	5.0%	7.2%	10.2%	22.9%	14.9%	9.4%	5.9%	9.4%	13.6%

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## CORN

Corn futures traded lower. On Tuesday managed funds were net buyers of corn futures. Still open interest increased. This could suggest new Shorts. US farmer is not selling and end user are not buying. Today Managed funds were net sellers of corn. 2 week favorable US Midwest weather forecast limits new buying. Weekly US corn export sales are estimated near 800-1,500 mt versus 775 last week. For corn, some feel USDA may be 400-450 mil bu too high in their estimate of US 2019/20 ethanol demand. This could put IS 2019/20 corn carryout closer to 2,500 mil bu versus USDA 2,098. Some feel US farmer may plant 1.0 million less corn acres. Still drop in crop cannot offset higher carryin and talk USDA may be 400 mil bu too high in their US 2020/21 demand guess. This could put US 2020/21 carryout closer to 4,000 mil bu than USDA 3,318. Weekly US ethanol production was up from last week but still below last year. Stocks were down from last week but are still above last year. Margins improved but are still negative. Weekly US ethanol production was near 181 mil gals. Production Needs to increase to 275 to reach USDA corn use goal. US House will introduce a 3 trillion Heroes Act. It includes 16.5 billion additional direct payment to farmers. It also includes financial support for ethanol producers and livestock farmers especially hogs and poultry.

USDA SUPPLY/DEMAND US CORN								2020/21 Forecast		
								USDA Prospective Plantings		
								Various Yields		
	14-15	15-16	16-17	17-18	May USDA 18-19	May USDA 19-20	May USDA 20-21	Lower	USDA	Higher
Planted Area (M Acres)	90.6	88.0	94.0	90.2	88.9	89.7	97.0	97.0	97.0	97.0
Harvested Area (Acres)	83.1	80.8	86.7	82.7	81.3	81.4	89.6	89.6	89.6	89.6
Yield (Bu/Acre)	171.0	168.4	174.6	176.6	176.4	167.8	178.5	170.0	178.5	182.0
Beginning Stocks (M Bu)	1,232	1,731	1,737	2,293	2,140	2,221	2,098	2,098	2,098	2,098
Production	14,217	13,602	15,148	14,609	14,340	13,663	15,995	15,232	15,994	16,307
Imports	32	68	57	36	28	45	25	25	25	25
Supply, Total	15,481	15,401	16,942	16,939	16,509	15,928	18,118	17,355	18,117	18,430
Feed & Residual	5,287	5,118	5,470	5,304	5,430	5,700	6,050	6,050	6,050	6,050
Food, Seed & Industry	6,595	6,647	6,885	7,057	6,793	6,355	6,600	6,600	6,600	6,600
Ethanol for Fuel	5,200	5,224	5,432	5,605	5,378	4,950	5,200	5,200	5,200	5,200
Domestic Total	11,883	11,765	12,355	12,361	12,223	12,055	12,650	12,650	12,650	12,650
Total Exports	1,867	1,899	2,294	2,438	2,065	1,775	2,150	2,150	2,150	2,150
Use, Total	13,750	13,664	14,649	14,798	14,288	13,830	14,800	14,800	14,800	14,800
Ending Stocks	1,731	1,737	2,293	2,140	2,221	2,098	3,318	2,555	3,317	3,630
Stocks/Use Ratio	12.6%	12.7%	15.7%	14.5%	15.5%	15.2%	22.4%	17.3%	22.4%	24.5%

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## WHEAT

Wheat futures are lower. Higher US Dollar and Fed Chairman comments That US economy will slow and more stimulus will be needed weighed on Stocks and commodities. Trade was hoping that slow reopening on the US economy would slowly help US economy slowly improve. Favorable Europe and Black Sea weather plus steep discount from old crop Russia Wheat export prices to new offers strong resistance to wheat futures. One group suggested that in May, 2021 Chicago wheat futures could be In a range of 4.20-4.80. Record World 2020/21 wheat end stocks should limit upside in wheat futures. There is also a chance of scattered rain across US south plains the next 3-4 days and May 20-23. USDA estimate of World wheat demand did not show drop in demand due to virus. US House will introduce a 3 trillion Heroes Act. It includes 16.5 billion additional direct payment to farmers. It also includes financial support for livestock farmers especially hogs and poultry. On Thursday, USDA will announce next 16 billion aid to farmers that could be available in June. Weekly US wheat export sales are estimated near 250-600 mt versus 379 last week.

USDA SUPPLY/DEMAND US WHEAT								2020/21 Projections		
								USDA Prospective Plantings		
	14-15	15-16	16-17	17-18	May USDA 18-19	May USDA 19-20	May USDA 20-21	Various Yields		
								Low	USDA	High
Planted Area (M Acres)	56.8	55.0	50.1	46.1	47.8	45.2	44.7	44.7	44.7	44.7
Harvested Area (Acres)	46.4	47.3	43.8	37.6	39.6	37.2	37.7	37.7	37.7	37.7
Yield (Bu/Acre)	43.7	43.6	52.7	46.4	47.6	51.7	49.5	46.0	49.5	51.7
Beginning Stocks (M Bu)	590	752	976	1,181	1,099	1,080	978	978	978	978
Production	2,026	2,062	2,309	1,741	1,885	1,920	1,866	1,735	1,866	1,949
Imports	151	113	118	158	135	105	140	140	140	140
Supply, Total	2,768	2,927	3,402	3,080	3,119	3,105	2,984	2,853	2,984	3,067
Food	958	957	949	964	955	962	964	964	964	964
Seed	79	67	61	63	59	60	61	61	61	61
Feed & Residual	113	149	161	47	90	135	100	100	100	100
Domestic, total	1,151	1,174	1,171	1,075	1,103	1,157	1,125	1,125	1,125	1,125
Total Exports	864	778	1,051	906	936	970	950	950	950	950
Use, total	2,015	1,951	2,222	1,981	2,039	2,127	2,075	2,075	2,075	2,075
Ending Stocks	752	976	1,181	1,099	1,080	978	909	778	909	992
Stocks/Use Ratio	37.3%	50.0%	53.1%	55.5%	53.0%	46.0%	43.8%	37.5%	43.8%	47.8%

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