



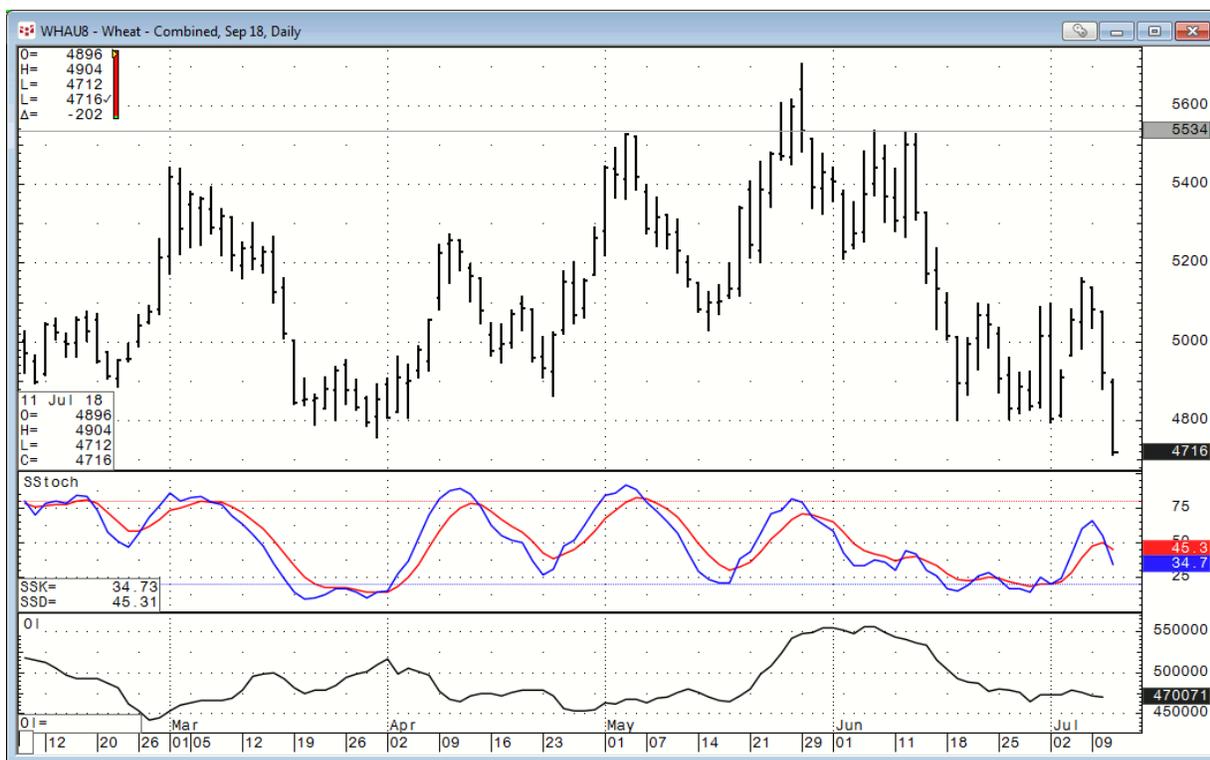
ADM Investor Services Market View

Wednesday, July 11, 2018

by ADMIS Research Team

SOYBEANS

Round two of the tariff war has begun with the Trump Administration set to impose additional tariffs on \$200 billion in Chinese goods. This has caused further technical/momentum type selling in the soybean market. November soybeans traded down to a new contract low at 847 ¼ and the lowest level for the most active contract since November 2015. China has vowed retaliation to Trump's \$200 billion worth of tariffs, but US exports into China at roughly \$133 billion compares to imports of Chinese goods at \$521 billion (a \$388 billion deficit). China appears to be suffering worse than the US with the Shanghai equity index down to a 2 ½ year low last week compared to the S&P which is still up 3.8% on the year. Weakness could also be due to a cooler weather forecast into next week. A cold front early next week should bring in cooler temperatures with beneficial rains in Wisconsin, Minnesota, northern Iowa and northern Nebraska of as much as 1.0 to 2.0 inches. Areas in Illinois, Indiana and Ohio could receive lesser amounts. The longer range ensemble maps (ECMWF) also showed a cooler outlook for the end of July and into the first week of August.



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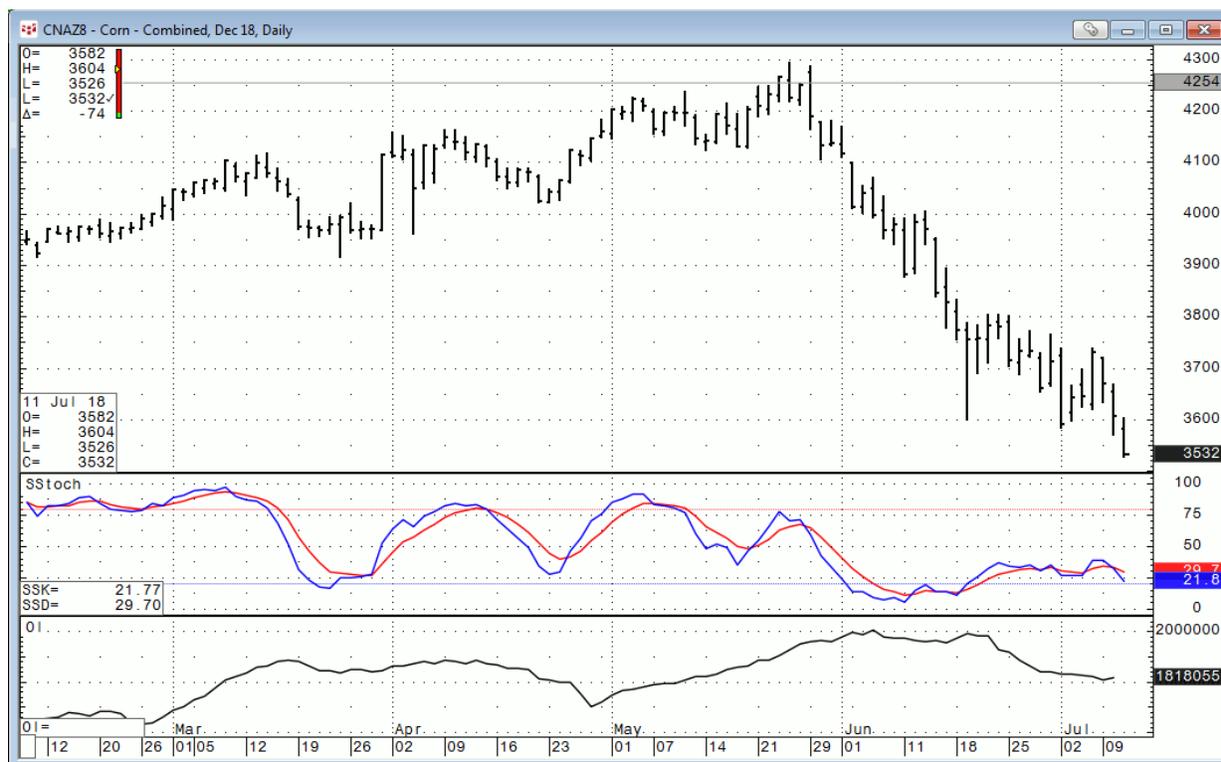
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Market View

CORN

December corn pushed down to a new contract low at 353 ½ on escalating US trade tensions with the Trump administration imposing an additional \$200 billion in tariffs on Chinese goods. The market was just above 354 going into the close. The weather forecast is also pressuring prices with temperatures remaining seasonal for most of the belt, with highs in the 80's to low 90's into the coming weekend. This weekend a front moves into the Midwest with cooler temperatures and rains favoring the western half of the belt with 0.5 to 1.5 inch rains in many areas. Wisconsin, Iowa, Minnesota, Nebraska and the Dakotas should receive the best coverage. Slowing ethanol production numbers were seen for the week ending July 6 averaging 1.033 million barrels per day. This is down 3.19% vs. last week and up 2.58% vs. last year. Total Ethanol production for the week was 7.231 million barrels. Corn used in last week's production is estimated at 107.6 million bushels. This crop year's cumulative corn used for ethanol production for this crop year is 4.89 billion bushels. Corn use needs to average 95.349 million bushels per week to meet this crop year's USDA estimate of 5.575 billion bushels. Stocks as of July 6 were 22.393 million barrels. This is up 1.90% vs. last week and up 5.72% vs. last year.



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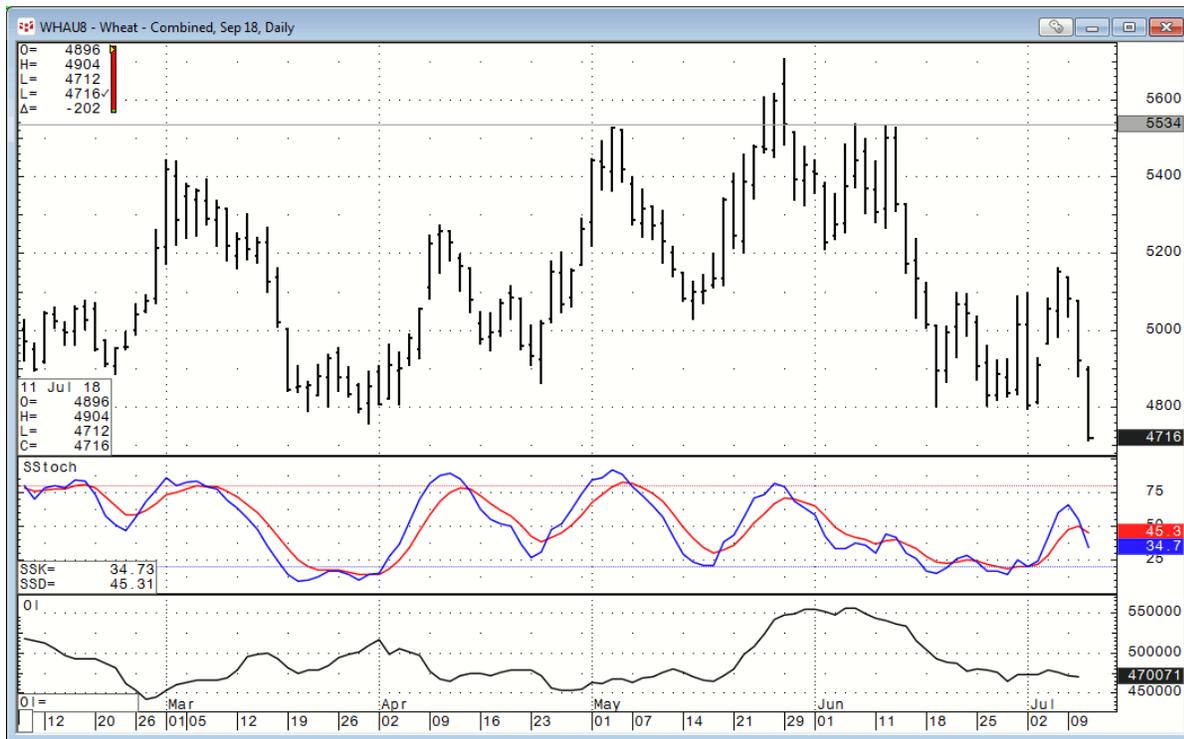
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Market View

WHEAT

Chicago September wheat extended down to 471 ¼, down 20 ¾ cents on the day and the lowest level since January 25th. Chicago September settled at 474, down 18 cents on the day and Kansas City September settled at 475 ¾, down 19 cents on the day. Spillover weakness was seen today from soybeans due to the fresh tariffs placed on China along with a stronger US dollar up over 0.50%. Matif December futures continue to slide closing down 1.2% on the day and are now down nearly 4.0% on the week. Traders are also expecting spring wheat production to come in at 600 million bushels in Thursday's report, up 44% from last year's total and offsetting the decline in winter production. IKAR revised their 2018-19 Russian wheat production to 70.8 million tonnes versus 71.5 million previously. They also lowered exports to 32.5 million tonnes from 33.0 million previously. The Russian Grain Union sees the 2018-19 Russian wheat exports at 30.0 million tonnes compared to 40.8 million in 2017-18. The USDA estimated Russian exports at 35.0 million tonnes in last month's report.



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