

ADM Investor Services
Market View

July 12, 2018

by Steve Freed, VP of Grain Research

Soybeans, closed slightly higher. Corn and wheat closed higher post USDA July US/World supply and demand report. US Dollar was higher. US stocks were higher. Copper was higher. Meats were higher. Crude was lower.

Soybeans managed to bounce off session lows but closed about unchanged. USDA report was thought to be bearish given higher US and World 2018/19 end stocks. Some hope that the worse news may be done for a while but US trade war with China in not bullish US soybeans. Word from one China official that they may be willing to talk helped US stocks, meats and copper. USDA lowered US 2017/18 soybean carryout 40 mil bu due to higher crush and exports. USDA raised US soybean crop 30 mil bu due to higher acres. USDA the lowered US 2018/19 soybean exports 250 mil bu, raised crush 45 but end result, increase carryout 195 mil bu to 580. USDA also raised World 2018/19 soybean end stocks to 98.3 mmt from 87.0. They lowered China imports 8 mmt to 95.0. Weekly US soybean Export sales were near 6 mil bu. Total commit is near 2,111 mil bu vs 2,203 ly.

November soybean futures price chart

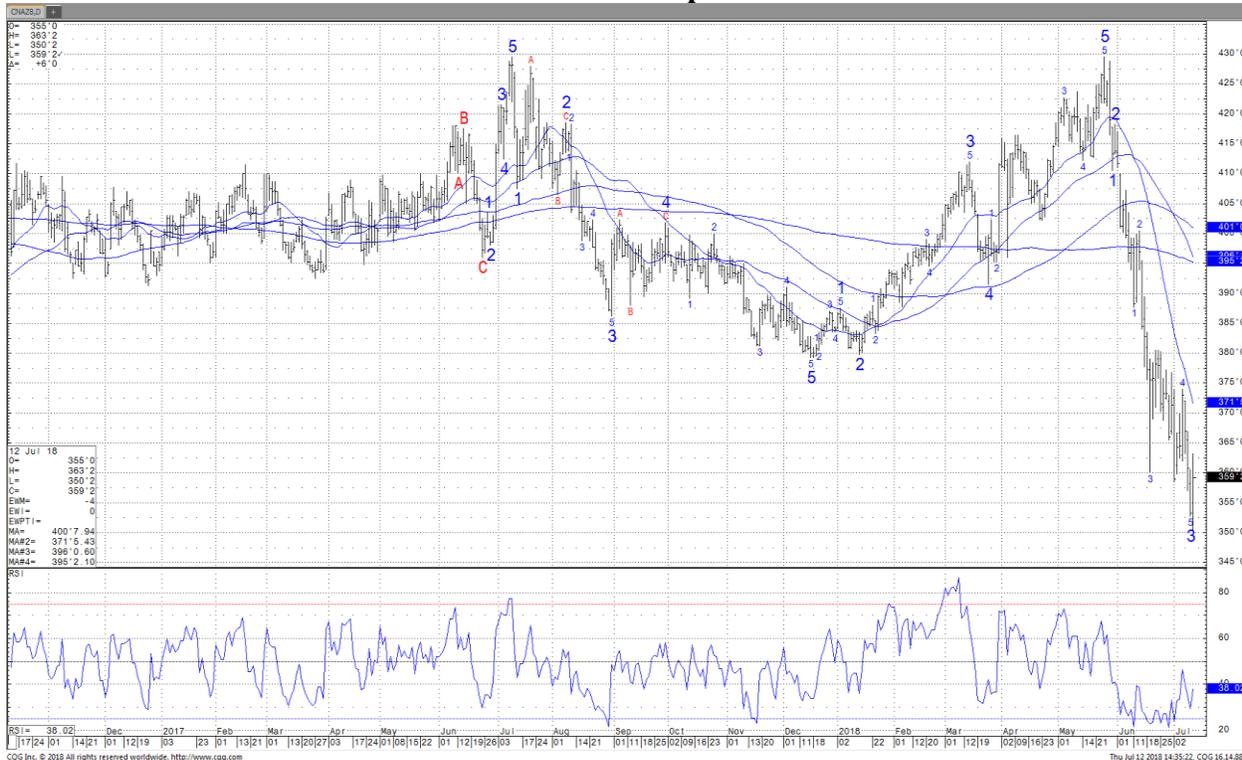


Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. The information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by Archer Daniels Midland Company. The author of this report did not have a financial interest in any of the contracts discussed in this report at the time the report was prepared. The information provided is designed to assist in your analysis and evaluation of the futures and options markets. However, any decisions you may make to buy, sell or hold a futures or options position on such research are entirely your own and not in any way deemed to be endorsed by or attributed to ADMIS.

ADM Investor Services Market View

Corn futures closed higher after USDA failed to increase US 2018/19 corn carryout as high as the trade was expecting. Corn bulls came out of hiding and suggested without a “big” US corn yield corn prices are too low. USDA raised US 2017/18 corn exports 100 mil bu and ethanol 25 mil bu. This offset a drop in feed us of 50 mil bu. USDA lowered US 2017/18 corn carryout 75 mil bu to 2,027. USDA then raised US 2018 corn crop 190 mil bu due to higher acres. 174 yield could still be low. USDA raised feed use 75 mil bu but lowered export 125 and ethanol 50. All of this kept US 2018/19 corn carryout near 1,552. Could support prices for now. USDA did lower US sorghum exports 40 mil bu. USDA lowered World corn end stocks to 152.0 mmt from 154.7. This due to a lower Russia crop and lower China end stocks. USDA still too low in China corn stocks. Weekly US corn export sales were near 16 mil bu. Total commit is near 2,287 mil bu vs 2,195 ly. Some feel final US corn exports could be higher than USDA new est of 2,225. Key now is final US 2018 corn yield. Current crop ratings esp in the heart of the US Midwest suggest US corn yield of 174 is too low. Rarely does the USDA change the July corn yield. Next big report will be August 10 when USDA uses field and farmer survey to estimate their first official yield.

December corn futures price chart



Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. The information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by Archer Daniels Midland Company. The author of this report did not have a financial interest in any of the contracts discussed in this report at the time the report was prepared. The information provided is designed to assist in your analysis and evaluation of the futures and options markets. However, any decisions you may make to buy, sell or hold a futures or options position on such research are entirely your own and not in any way deemed to be endorsed by or attributed to ADMIS.



Wheat futures closed higher after USDA lowered World wheat end stocks. Wheat bulls feel that drop in 2018 wheat prices have been overdone given the drop in World crop size. Some feel that early in 2019, Russia export supplies may slow. It is then that Russian prices could firm with US futures following. USDA lowered World wheat end stocks 5 mmt due to lower EU crop, lower China end stocks and lower Russia and Ukraine crops. USDA est World 2018/19 wheat crop near 736 mmt vs 745 previous and 758 last year. Demand is est near 749 mmt vs 741 last year. This leaves end stocks near 261 mmt vs 266 previous and 273 last year. Stocks to use ratio is near 35 pct. Need to drop below 30 pct to push prices higher. USDA increased US 2018 wheat crop from 1,827 mil bu to 1,881. This due to a higher spring crop, USDA raised US 2018/19 wheat carryin 20 mil bu due to lower feed use. USDA raised US 2018/19 US carryout 39 mil bu. Higher exports could not offset higher supply. Weekly US wheat export sales were near only 5 mil bu. Total commit is near 225 vs 321 last year.

September Chicago wheat futures price chart



Open an Account with ADMIS

Learn how to better manage risk exposure and hedge business activities. Visit admis.com or call 1.800.243.2649



ADM Investor Services, Inc.

Futures and options trading involve significant risk of loss and may not be suitable for everyone. Therefore, carefully consider whether such trading is suitable for you in light of your financial condition. The information and comments contained herein is provided by ADMIS and in no way should be construed to be information provided by Archer Daniels Midland Company. The author of this report did not have a financial interest in any of the contracts discussed in this report at the time the report was prepared. The information provided is designed to assist in your analysis and evaluation of the futures and options markets. However, any decisions you may make to buy, sell or hold a futures or options position on such research are entirely your own and not in any way deemed to be endorsed by or attributed to ADMIS.