



ADM Investor Services Market View

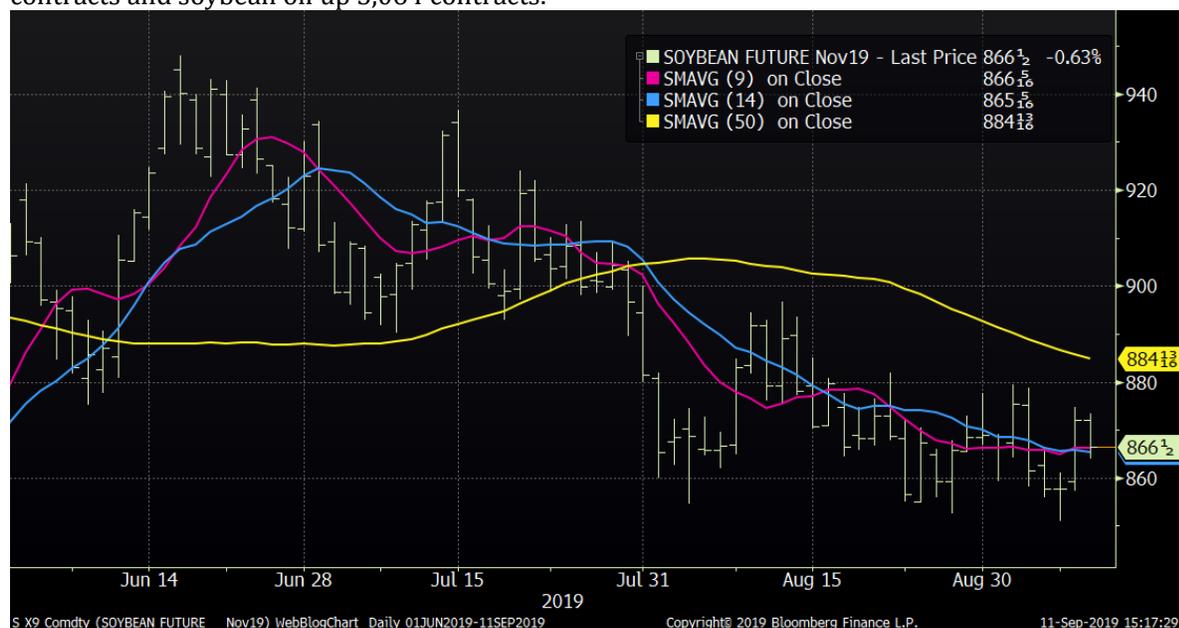
September 11, 2019

by ADMIS Research Team

SOYBEANS

The soybean market has stalled after yesterday's run-up from positive trade news between the US and China. November soybeans are down $6\frac{3}{4}$ cents at $865\frac{1}{4}$ at mid-day with December soybean meal down \$4.10 at \$294.00 December soybean oil is up .24 points at 28.77. The Chinese announced a range of goods to be exempt from the extra 25% tariffs put in place last year. The exemptions cover 16 categories of mostly industrial chemicals and oils and pharmaceuticals with the Ministry of Finance stating that further rounds of exemptions will be announced in due course. China announced that they will allow the import of soy meal from Argentina for the first time under a bilateral deal announced yesterday. The new deal comes at a time when China continues to expand its footprint in Latin American countries of Brazil and Argentina. Dryness in Brazil will push back soybean planting with Parana planting officially starts today and Mato Grosso can start on September 15th, however producers will wait until better condition develop.

The average estimates for Thursday's USDA Crop Production and Supply/Demand report has the soybean yield at 47.1 bushels per acre (45.5-49.0 range) compared to the August USDA estimate of 48.5 bushels per acre. Total production is seen at 3.581 billion bushels (3.434-3.745 billion range) compared to 3.680 billion bushels in August. The 2019-20 ending stocks are estimated at 655 million bushels (434-797 million range) compared with 755 million in the August report. World ending stocks are expected at 100.6 million tonnes (89.6-119.0 million range) compared with 101.74 million tonnes in the August update. The open interest in soybean went up 2,437 contracts on Tuesday with soybean meal down 764 contracts and soybean oil up 5,064 contracts.



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Market View

CORN

December corn has given back some of yesterday's gains trading at 359 ¼, down 2 ¼ cents at mid-session. The market recovered from the daily lows of 356 ¾ after a slightly positive ethanol production report for the week ending September 6th averaging 1.023 million barrels per day. This is up 0.99% vs. last week and up 0.29% vs. last year. Total ethanol production for the week was 7.161 million barrels. Corn used in last week's production is estimated at 87.61 million bushels. This crop year's cumulative corn used for ethanol production for this crop year is 87.61 million bushels. Corn use needs to average 90.04 million bushels per week to meet this crop year's USDA estimate of 5.475 billion bushels.

Stocks as of September 6 were 22.499 million barrels. This is down 5.47% vs. last week and down 1.73% vs. last year.

The trade awaits tomorrow's USDA report with the average yield estimate coming in at 166.5 bushels per acre (162.0-171.5 range) compared to 169.5 bushels in August. The harvested acres are estimated at 81.3 million (77.9-82.0 million range) compared to 82.0 million last month. Production is expected at 13.551 billion bushels (12.620-14.003 billion range) and compared to 13.901 billion in August. The ending stocks are estimated at 1.930 billion bushels (1.482-2.269 billion range) and compared to 2.181 billion last month. World ending stocks are estimated at 302.2 million tonnes (292.7-310.0 million range) and compared to 307.7 billion in August. The open interest in corn went up 15,329 contracts on Tuesday.



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WHEAT

Wheat markets traded inside Tuesday's extension up ranges giving back some of the gains. Chicago December traded at 478 1/2 down 3 3/4 cents at mid-session and Kansas City December was at 400 down 3 3/4 cents. Matif December futures are down 0.59% at 169 Euros. The US dollar has reversed higher trading up 0.35% which is providing some headwinds for the wheat markets. Dryness in Argentina's wheat regions has started to show deterioration issues with poor wheat growth. Very limited rainfall is expected over the next two weeks. Brazil's Parana region wheat region is also facing moisture stress on their wheat crops.

The Ukrainian Grain Association (UGA) pegged the 2019-20 wheat production at 28.3 million tonnes up from their previous estimate of 27.7 million. ABARES lowered their 2019-20 Australian wheat production estimate to 19.1 million tonnes compared to the latest USDA estimate at 21.0 million.

The average estimate for Thursday's report has 2019-20 wheat ending stocks at 1.020 billion bushels (0.989-1.066 billion range) and compared to 1.014 billion in August. The world ending stacks are estimated at 284.6 million tonnes (268.0-288.1 million range) and compared to 285.4 million last month. The open interest in Chicago went up 3,018 contracts on Tuesday and Kansas City went down 3,104 contracts.



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