

Soybeans Margin Watch: January



Soybean prices and margins were higher over the past two weeks driven by weather worries in South America. Extreme dryness in Argentina and potentially robust rains in Brazil have market participants bidding up beans. The forecasted wetness in Brazil is less concerning as it is simply delaying the start of harvest activity and may hamper bean movement to ports, but the moisture deficits in Argentina are driving the weather premium additions. The bean rally, however, ran out of steam at month-end on prospects of favorable long-term indications for rains in Argentina, but those have all disappointed so far this growing season, leaving sparse moisture and less-than-ideal coverage. Time will tell if the desired rains materialize. Perhaps benefiting from the world's largest exporter's weather woes, recent U.S. weekly soybean meal export sales scored the highest total this year. On the other hand, weekly U.S. soybean exports sales recorded the lowest total this marketing year, as is seasonally normal with South American beans beginning to come online. This year, however, expectations may be boosted depending on the duration of harvest delays. The soybean market will continue to be dominated by actual and forecasted South American weather.



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¹ The Soybeans Margin Watch yield, land and non-land operating cost values are based upon central Illinois low productivity farmland crop estimates in the "Historic Corn, Soybean, Wheat, and Double-crop Soybeans" report published by the Department of Agricultural and Consumer Economics at the University of Illinois.

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