

Soybeans Margin Watch: January



Soybean prices and margins were steady over the past two weeks, but gained minor support from the release of several USDA reports. The final national soybean yield estimate for the 2017/18 bean crop was less than expectations at 49.1 bpa, and 0.4 less than the November harvest estimate. Drought-impacted yields in Kansas, South Dakota and North Dakota were a drag on national results. As a result, the production reduction was 33 million bushels, leaving total production at 4,392 million, still record high, on robust acreage numbers. December 1 stocks of beans were 3,157 million bushels, almost 9% greater than last year. While yields and production were lower, the carryout was higher due to a reduction to export expectations. The slow pace of sales this marketing year led the USDA to cut back 65 million bushels from the export estimate. Also, the crush forecast was lifted by 10 million to leave the carryout at 470 million bushels, up 25 million from December. Globally, the USDA bumped Brazilian production projections by two million metric tons and shaved the Argentinian estimate by one million, based on stubborn below-normal moisture there so far this season. Recent relief rains have covered most of the growing regions, but additional soakers are desired. Conversely, Brazil has had abundant precipitation and more is on the way, potentially delaying some harvest activity. The bean market will point to South American weather for direction prior to the next major USDA report, which will be the Prospective Plantings due at the end of March.



The estimated yield for the 2018 crop is 52 bushels per acre and the non-land operating cost is \$365 per acre. Land cost for 2018 is estimated at \$238 per acre ¹. Basis for the 2018 crop is estimated at \$-0.35 per bushel.



The estimated yield for the 2019 crop is 53 bushels per acre and the estimated operating cost is \$290 per acre. Land cost for 2019 is estimated at \$228 per acre ¹. Basis for the 2019 crop is estimated at \$-0.35 per bushel.

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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