

Soybeans Margin Watch: March



Soybean prices and margins declined following the end of March release of the Quarterly Stocks and Prospective Plantings Reports, as both stocks and intended seedings of beans exceeded expectations. Stocks were 1,735 million bushels, which is 204 million bushels, or 13.3%, greater than March of 2016. Seeding intentions grew to 89.482 million acres from the February USDA Ag Outlook Forum forecast of 88.0 million acres and last year's planted acreage of 83.433 million. This figure, on top of the ever expanding South American production estimates, portend to ample supplies of soybeans. The harvest progress in Brazil is almost three-quarters complete, with the Argentine harvest just underway. While that supply of South American beans will dominate the soybean export market through the summer and into U.S. harvest, domestic bean export sales stand just short of the USDA projection of 2,025 million bushels and almost 85% of those have already shipped. President Trump is meeting with the People's Republic of China's President Xi Jinping this weekend and certainly trade will be among the featured topics of conversation. The bean market will be all ears, given the massive amount of beans that China imports from U.S. sources, accounting for about half of all U.S. bean exports this year alone. Given the continued fluid news flow, soybean producers are maintaining some flexibility in hedge positions, while lightening delta in response to the recent move downward.



The estimated yield for the 2017 crop is 52 bushels per acre and the non-land operating cost is \$365 per acre. Land cost for 2017 is estimated at \$238 per acre ¹. Basis for the 2017 crop is estimated at \$-0.4 per bushel.



The estimated yield for the 2018 crop is 53 bushels per acre and the estimated operating cost is \$290 per acre. Land cost for 2018 is estimated at \$228 per acre ¹. Basis for the 2018 crop is estimated at \$-0.3 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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