

Soybeans Margin Watch: March



Soybean prices and margins shot higher upon the release of the NASS Prospective Plantings and Quarterly Grain Stocks Reports. The final trading day of March brought unexpected fireworks in the form of less bean seedings this spring. Farmers intend to plant 88.98 million acres of soybeans, almost 2 million less than pre-report indications, and roughly 1 million fewer than both last year, as well as USDA's February Outlook target. The surprise of lower seeding intentions overtook revelations of higher than expected March 1 quarterly stocks of 2,107 million bushels. The Argentinian drought also has the market on alert, as production expectations are now roughly 500 million bushels less than where they started 2018. Bean harvest in Brazil is progressing and the crop may challenge last year's record production, but not enough to offset the severe Argy deficits. Another major concern for the soybean market is the state of trade relations between the U.S. and China. Tit-for-tat retaliatory measures have not yet led to any strike against U.S. soybean imports to China, but the threat of that possibility certainly looms should the relationship further deteriorate. The soybean market will weigh the trade issues along with the U.S. planting progress as it measures price going forward this spring.



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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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