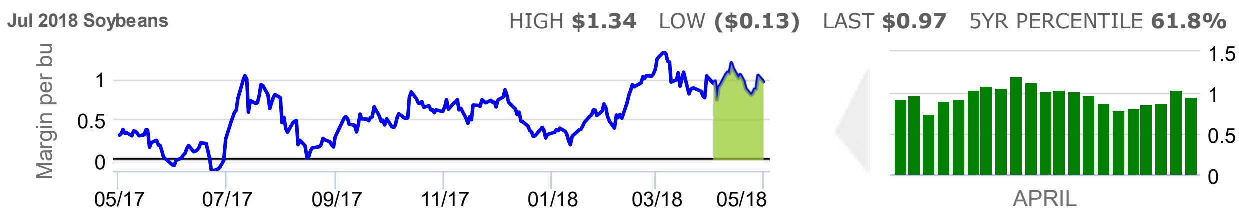
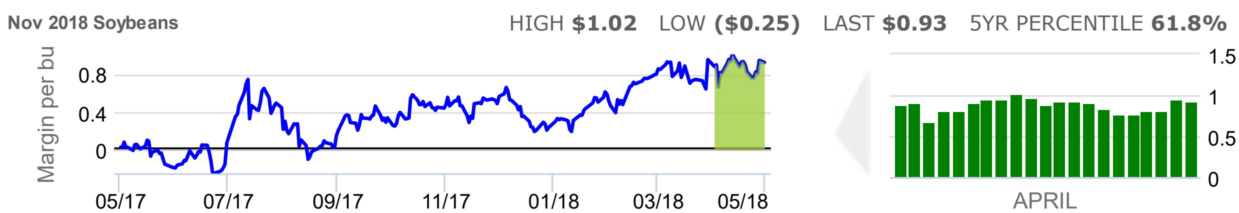
Soybeans Margin Watch: April

Soybean prices and margins were steady the past two weeks. Events in Argentina continue to support the bean market, and it is not only the drought stricken production woes as the catalyst this time. An accident at an export hub in Parana took a dock out of operation, potentially for up to twelve months, slowing export movement. A fire at a crush facility halted bean processing, and strikes have slowed work at other crushing plants. Argentina has also added to commitments to purchase additional beans from the U.S. recently. Brazil harvest progress is near completion and those beans are ready for export, easing the Argy deficits. The U.S. and China trade feud lives on, albeit with less rhetoric, as the two parties are set to meet later this month. The U.S. proposed $50 billion in new tariffs are still in comment period, also until later this month. As such, there is not clarity as to when they would officially begin. The recent NASS Fats & Oils Report revealed that 182 million bushels of soybeans were ground in March, out crushing last year by 21 million. U.S. soybean seeding is just underway at 5%, which is also the five-year average pace. It looks like the cool, damp spring has finally yielded to a more normal regime, allowing planting to proceed at normal pace. The market awaits the May WASDE report, which will offer the initial new crop balance sheet. USDA will use 88.982 million acres planted as a starting point to fill in the rest of the 2018/19 bean projections, and thus begins the push and pull of supply and demand against the uncertainties of summer weather.



The estimated yield for the 2018 crop is 59 bushels per acre and the non-land operating cost is $319 per acre. Land cost for 2018 is estimated at $222 per acre [1]. Basis for the 2018 crop is estimated at $-0.35 per bushel.



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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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