

# Soybeans Margin Watch: May



Soybean prices and margins moved slightly higher over the past two weeks, but continued to trade in a tight range. The much anticipated May WASDE report did little to boost market movement. The initial 2017/18 soybean balance sheet offered production at 4,255 million bushels, down 52 million from last year, in spite of an increase in intended area seeded of 6.1 million acres, as yield assumptions return to trend at 48.0 bpa from last year's bumper 52.1 achievement. Export and crush projections are both higher than last year, leaving the carryout below pre-report expectations at 480 million bushels. The most recent reading of the NOPA crush rate for April came in at 139.1 million bushels. That was below last month as well as last year, and was the third straight month of year-over-year declines, perhaps justifying the decrease of 15 million bushels to the old crop crush estimate. Old crop export expectations were raised by 25 million bushels as sales have eclipsed the USDA projection and shipments stand at 90% of the new estimate. However, U.S. exports should begin to slow as South American beans are harvested and ready to ship. U.S. soybean seeding is 32% complete, right on the five-year average in spite of less-than-favorable planting conditions so far this spring. Many soybean producers have been considering adjusting their existing positions to lighter deltas with additional flexibility as the uncertain nature of summertime weather approaches.



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 <sup>1</sup>. Basis for the 2017 crop is estimated at \$-0.35 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 <sup>1</sup>. Basis for the 2018 crop is estimated at \$-0.3 per bushel.

<sup>1</sup> 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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