

Soybeans Margin Watch: June



Soybean prices and margins were again sharply lower the past two weeks, and finished the month at contract lows. Trade tensions and tariffs had soybean prices reeling, as doubts accelerated over future China bean purchases. As the calendar turns to July, the deadline for the Chinese retaliatory 25% tariff on U.S. soybean imports also nears. There has not been any reports of talks between the two nations, so a delay or breakthrough is unlikely. Perhaps a sign of some hope is President Trump's recent decision delay restrictions on Chinese investment in the U.S. via executive order. Instead, President Trump will defer to dual bills winding through Congress updating the Committee on Foreign Investment in the U.S. (CFIUS). The annual Acreage report revealed 89.557 million acres of soybeans planted, over 500,000 greater than the March Intentions report, but were 232,000 less than the pre-report estimate. Quarterly Stocks of beans were in line with expectations at 1,222 million bushels, and compare to 966 million last June. Current soybean conditions are 71% good-to-excellent, and compare to 64% last year. The market will continue to be dominated by trade talk, and rightfully so, but weather will be a key factor as crop maturity nears.



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.



The estimated yield for the 2019 crop is 59 bushels per acre and the estimated operating cost is \$319 per acre. Land cost for 2019 is estimated at \$222 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.

The information contained in this publication is taken from sources believed to be reliable, but is not guaranteed by Commodity & Ingredient Hedging, LLC, nor any affiliates, as to accuracy or completeness, and is intended for purposes of information and education only. Nothing therein should be considered as a solicitation to trade commodities or a trade recommendation by Commodity & Ingredient Hedging, LLC. All references to market conditions are current as of the date of the presentation. Futures and options trading involves the risk of loss. Past performance is not indicative of future results. Please visit www.cihmarginwatch.com to subscribe to the CIH Margin Watch report.