

# Soybeans Margin Watch: June



Soybean prices and margins moved higher over the past two weeks, as the market shifted focus largely from fundamentals to weather. The cool, damp spring has quickly transitioned to a dry and hot start to summer, leading to the addition of weather premiums. The USDA left the old and new soybean balance sheets largely unchanged, except to lower old crop crush expectations by 15 million bushels. This in turn increased ending stocks by 15 million in each position. Old crop soybean exports continue to thrive, but the sales pace of new crop beans lag thus far, and are at the slowest pace since 2005/06. The U.S. soybean crop stands at 92% seeded, just ahead of last year and the five-year average. NASS released the initial condition estimate last week at 66% in the Good to Excellent categories, behind last year's 74% reading. The May NOPA crush estimate at 149.24 million bushels was over 10 million beyond April levels and six million above expectations. However, it was below last year's crush rate by three million bushels. With each new glance at a fresh weather outlook, the soybean market responds in kind. For that reason, many producers favor flexibility in their hedges.



*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 \$-0.28 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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