

# Soybeans Margin Watch: July



Soybean prices and margins were lower over the past two weeks. The extended heat that was predicted to linger in the Midwest broke and favorable moisture has fallen across much of the region, taking additional weather premium out of prices. As the critical pod-fill stage nears, current weather outlooks are mostly benign. Soybean crop conditions have been highly rated thus far, and have not experienced any seasonal (mid-summer) deterioration. The August WASDE report will incorporate the first field-based surveys from NASS into updated projections of yield and acreage. Further crop evidence will be forthcoming later in August, with various crop tours offering anecdotes from the fields about plant population and pod counts. On the demand side, U.S. soybean export sales have been brisk, standing at 106.4% of the USDA projection of 1,795 million bushels, while soybean shipments to date are running at 93% of the estimate. There are five weeks left in the marketing year to ship the balance of the orders. NOPA June crush was reported at just over 145 million bushels and remains just behind the pace needed to meet the USDA's lofty estimate. With prices falling over \$2 per bushel since the middle of June, some of our soybean producer clients are considering making adjustments to current hedges that would allow for more opportunity to participate in higher prices, while maintaining protection to all lower prices.



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<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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