

Soybean futures traded the first half of July sharply lower before recovering most of those losses as weather forecasts demanded much of the attention heading in the market. USDA on July 12 released its monthly WASDE report. The soybean 2021/22 balance sheet was unchanged from last month. The national soybean yield estimate remained at 50.6 bushels per acre. Production and ending stock levels were slightly higher than the average analyst estimate and near the high end of the range. The old crop balance sheet featured offsetting changes to supply and use, resulting in an unchanged ending stocks level of 135 million bushels. Global new crop soybean ending stocks were increased 1.9 million tons to 94.5 million. This was above the upper range of analyst estimates and primarily attributed to higher stocks in Brazil and Argentina outweighing lower Chinese stocks. The building loss of the Canadian canola crop due to drought has been supportive of soy complex values. The latest crop condition ratings from USDA indicated 59 percent of the soybean crop is in good/excellent condition, 6 percent below the 5-year average. This has remained relatively steady over the last several weeks but remains the third lowest rating for this point in the year since 2012. From a demand perspective, new crop export sales have slowed slightly but outstanding sales remain ahead of year ago levels and above the 10-year average. The latest NOPA crush report indicated June crush marked the smallest monthly value in two years at 152.4 million bushels. Market attention will continue to focus on weather, domestically and internationally, and weekly crop condition ratings throughout the next several weeks. Our clients have been patient in extending coverage on old- and new-crop sales. They will look to layer into flexible strategies to provide protection to the downside and opportunity to the upside as the size of the crop comes into focus.



The estimated yield for the Nov 2021 crop is 61 bushels per acre and the non-land operating cost is \$348 per acre. Land cost for Nov 2021 is estimated at \$275 per acre¹. Basis for the Nov 2021 crop is estimated at \$-0.2 per bushel.



The estimated yield for the Nov 2022 crop is 61 bushels per acre and the estimated operating cost is \$348 per acre. Land cost for Nov 2022 is estimated at \$275 per acre¹. Basis for the Nov 2022 crop is estimated at \$-0.33 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.

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