

# Soybeans Margin Watch: August



Soybean prices and margins moved lower over the past two weeks. The Pro Farmer Crop Tour worked its way through the Midwest and encountered fields of beans with hearty pod counts and high yield potential. The tour's final estimate for national bean yield was 49.3 bpa, or 0.4 greater than the August WASDE expectation of 48.9 bpa. While final bean yields will depend on the moisture the crop receives from here on out, favorable finishing conditions could certainly result in an eclipse of last year's record achievement of 48.0 bpa. Weekly soybean export data continues to flourish as we approach the end of the marketing year. Sales stand at 103% and shipments stand at 97.4% of the USDA expectation of 1,880 million bushels. By all accounts it appears we will reach the export estimate. New crop sales of soybeans continue to be robust as well and are currently above the pace needed to reach the USDA 2016/17 estimate of 1,950 million bushels of beans exported. The market anticipates the yield read from NASS on the September WASDE report, and until then will focus on forward weather outlooks to gauge guesses on yields, which are clearly still vulnerable to any unfavorable shifts Mother Nature may bring. The recent pullback in price, in light of record yield expectations, has prompted some soybean producers to tailor their hedges to allow for upside opportunity in case actual yields fall short of the large expectations and demand remains strong or intensifies.



The estimated yield for the 2016 crop is 52 bushels per acre and the non-land operating cost is \$365 per acre. Land cost for 2016 is estimated at \$238 per acre<sup>1</sup>. Basis for the 2016 crop is estimated at \$0 per bushel.



The estimated yield for the 2017 crop is 53 bushels per acre and the estimated operating cost is \$339 per acre. Land cost for 2017 is estimated at \$228 per acre<sup>1</sup>. Basis for the 2017 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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