

Soybeans Margin Watch: September



Soybean prices and margins moved slightly higher over the past two weeks. In the Quarterly Grain Stocks report, soybean stocks as of September 1, 2016, were at 197 million bushels, five million bushels below pre-report expectations but six million bushels more than last year. The 197 million bushels figure will be the official ending stocks tally for the 2015/16 soybean crop year. Soybean export sales and shipments in the new marketing year are both running ahead of the pace needed to meet the USDA export expectation. In fact, soybean sales have reached almost 50% of the USDA export expectation just four weeks into the marketing year. Favorable crush margins in China have driven much of the activity. The U.S. soybean harvest has reached 26% completion, just 1% behind the five-year average, but 10% behind last year's pace. The anecdotes of yield have been impressive and outpace USDA's estimate of 50.6 bpa. The October WASDE report will reveal updated acreage and yield estimates, as well as incorporate the fresh stocks data into the balance sheet. The Brazilian soybean seeding is 5% in the ground; beneficial rains have boosted soil moisture to reach adequate levels for seeding across much of the key bean growing regions, which should accelerate planting progress. Later soybean seeding dates matter little to the bean crop, given normal growing conditions; however they do add weather risks to the Safrina corn crop down the line. Coming off this year's disappointing Brazilian corn production, a timely soybean crop seeding is desired. Our soybean producer clients are considering adding flexibility to existing hedges that offer participation to upside movement.



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 acre¹. Basis for the 2016 crop is estimated at \$-0.25 per bushel.



The estimated yield for the 2017 crop is 53 bushels per acre and the estimated operating cost is \$290 per acre. Land cost for 2017 is estimated at \$228 per acre¹. Basis for the 2017 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.

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