

Soybeans Margin Watch: October



Soybean prices and margins were slightly lower over the past two weeks and continue to hold in a tight range. The spread from high to low over the period was just less than twenty cents, as not much fresh fundamentally entered the market. The U.S. bean harvest is nearing completion at 83%, just shy of the five-year average for this period of 87% complete. U.S. exports of soybeans have picked up the pace lately, which is common as the beans come off the combine. Cumulative shipments of 15.6% are running ahead of the average 10.3% pace needed to meet the expanded USDA expectation of 2,250 million bushels. However, forward sales are trailing the average pace by almost ten percent, casting concerns of meeting the number once the new crop beans are available in South America and hit the marketplace in first quarter 2018. Brazilian soybean planting near 30% is catching up to average after a slow start, as Argentina's seeding is just getting underway. With the U.S. harvest close to being finalized, the soybean market will now focus squarely on South American weather. The initial dryness in the main bean growing regions in Brazil is giving way to more seasonal rain opportunities, adding needed moisture to soils. The limited price movement has also limited opportunity, but soybean producers are ready to act whenever more favorable market levels occur.



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 acre¹. Basis for the 2017 crop is estimated at \$-0.4 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 acre¹. Basis for the 2018 crop is estimated at \$-0.5 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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