

Soybeans Margin Watch: October



Soybean prices and margins were slightly higher over the past two weeks. The October WASDE Report offered higher planted and harvested acreage, coupled with a lower yield estimate, that left total production projections unchanged. An increase of 0.7 million planted acres and 0.8 greater harvested acres offset a reduction of 0.4 bpa to national yields, leaving the estimate below expectations at 49.5 bpa. Ending stocks were also below expectations at 430 million bushels, as adjustments to old-crop beans led to reduced beginning stocks of 44 million bushels. U.S. soybean export sales continue to be lackluster and currently stand at 41% sold of the expectation of 2,250 million bushels. That compares to a 10-year average of 50% sold at this point to meet the estimate. However, a bright spot is shipments: that pace is running 4% above the average needed to meet the robust expectation this marketing year. The latest NOPA crush rate was 136.4 million bushels processed in September, behind last month's rate of 142.2, but well ahead of September 2016's 130.2 million. The bean harvest currently stands at 49% harvested, 10% behind last year and 11% behind the five-year average. While recent rains have all but halted progress, the forecast looks clear, which should enable harvest activity to quickly advance once the fields dry out. While the market has been within a tight range, soybean producers continue to target hedge positions at favorable price levels.



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 acre ¹. 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 acre ¹. 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.

The information contained in this publication is taken from sources believed to be reliable, but is not guaranteed by Commodity & Ingredient Hedging, LLC, nor any affiliates, as to accuracy or completeness, and is intended for purposes of information and education only. Nothing therein should be considered as a solicitation to trade commodities or a trade recommendation by Commodity & Ingredient Hedging, LLC. All references to market conditions are current as of the date of the presentation. Futures and options trading involves the risk of loss. Past performance is not indicative of future results. Please visit www.cihmarginwatch.com to subscribe to the CIH Margin Watch report.