

Soybean futures ended the first half of October lower after a bearish USDA report loosened the balance sheet. USDA on October 12 released its latest WASDE report, which called for higher production, slightly higher use, and larger ending stocks. Soybean production increased by 74 million bushels to 4.4 billion bushels. This was nearly identical to the average analyst estimate. Soybean yield increased to 51.5 bushels per acre, 0.9 bushels higher than a month ago. This checked in at the high end of the range of analysts' estimates (50.0-51.5). If realized, this would mark the second highest national soybean yield on record. Production increases of 2 bushels per acre were registered for Minnesota, Iowa, and Nebraska from last month's estimate. Soybean harvest last week reached 40 percent complete, 15 percent higher than the previous week and 9 percent ahead of the 5-year average. WASDE's crush was increased by 10 million bushels and exports were left unchanged. NOPA crush data for the month of September totaled 154 million bushels. This was below expectations and 7.7 million bushels below a year ago. Crush margins remain historically strong with soybean oil demand leading the way. Weekly exports marked a marketing year high last week and USDA made daily sales announcements during the week totaling 56 million bushels. Ending stocks increased by 135 million from last month to 320 million bushels. The average analyst stock estimate was 289 million bushels with a range of 192 to 373 million. Internationally, China's third-quarter pork production surged to its highest level in three years. China is expected to continue to secure grain and oilseeds amid strong forward soy crush margins and pressure from rising domestic prices, and a sharp rise in their Producer Price Index. Market attention will continue to focus on yield data coming out of the fields and export demand. Our clients have benefited from layering into flexible strategies to provide protection to the downside and opportunity to the upside. They will be patiently evaluating adjustments to capture equity should the market break continue.



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 acre<sup>1</sup>. Basis for the Nov 2021 crop is estimated at \$-0.29 per bushel.



The estimated yield for the Nov 2022 crop is 62 bushels per acre and the estimated operating cost is \$385 per acre. Land cost for Nov 2022 is estimated at \$275 per acre<sup>1</sup>. Basis for the Nov 2022 crop is estimated at \$-0.35 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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