

Soybeans Margin Watch: November



Soybean prices and margins held steady over the past two weeks. The November WASDE report again offered increases in yield, production and stocks. National yields are now estimated 1.1 bpa higher, at a record 52.5 bpa. Static acreage numbers, coupled with the yield update, drove production higher by 92 million bushels to total 4,361 million. The 480-million-bushel carryout of stocks is nearly double the low projection made in June's report. Export expectations were raised by 25 million bushels due to the vigorous pace of soybean sales and shipments so far this year. Pulling in the opposite direction are soybean meal export sales, which are running behind average and prompted a reduction in the soybean crush estimate by 20 million bushels. That decrease took place before NOPA released the October crush data which, at 164.6 million bushels, was the highest crush on record for the month of October. The election of Donald Trump has agricultural market participants wondering to what extent the pre-election anti-trade rhetoric will affect actual U.S. trade policy. Only time will tell. At 97% complete, the soybean harvest is deemed finished for the 2016 crop year. As our soybean producer clients set coverage targets for next year and beyond, they are taking into account the potential for South American weather to move markets and create opportunities.



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 \$-0.2 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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