

Soybeans Margin Watch: December



Soybean prices and margins were lower the past two weeks. The partial U.S. government shutdown has prevented the USDA from offering fresh data, although the grain inspection apparatus continues to operate. Weeks' ending December 20 and 27 revealed roughly 25 million bushels of beans shipped out each week, continuing to leave the shipment pace well behind last year and the ten-year average pace to meet the USDA expectation. President Trump was encouraged after speaking with President Xi over the telephone, and tweeted "Big Progress" ahead of low-level face-to-face meetings next week in China. Those meetings in China potentially set up higher-level talks in Washington D.C. proposed in late January. Rumors of large Chinese purchases gave the market a boost to begin the New Year, but those sales will remain unconfirmed until the government reopens, and USDA resumes full operations. The January Crop Report is also a victim of the shutdown, and will likely be delayed until the funding stalemate is resolved. Our soybean clients favor flexible strategies as U.S. and China relations continue to progress with multiple meetings planned this month.



The estimated yield for the 2018 crop is 59 bushels per acre and the non-land operating cost is \$319 per acre. Land cost for 2018 is estimated at \$222 per acre¹. Basis for the 2018 crop is estimated at \$-0.55 per bushel.



The estimated yield for the 2019 crop is 59 bushels per acre and the estimated operating cost is \$319 per acre. Land cost for 2019 is estimated at \$222 per acre¹. Basis for the 2019 crop is estimated at \$-0.4 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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