

Soybean futures traded higher throughout the second half of December as confirmation of losses in parts of Brazil and expected dryness throughout the coming weeks provided support. Declining global vegetable oil supplies have also provided support to the soy complex. U.S. soybean export shipments have been strong in recent weeks and are 32.9 million bushels ahead of the historical pace needed to meet USDA's annual forecast. Outstanding soybean exports sales have fallen in recent weeks and are below average for this point in the year. India is purchasing soybean oil-not uncommon, but annual volumes are typically small. U.S. soybean oil offers are the cheapest in the world and the sales pace is record-high for this point in the year. The U.S. has applied economic sanctions on the Belarus Potash Company, which will further tighten supplies and rally prices. Potash is resting at a 13-year high as global supplies tighten. Conditions in Argentina and southern Brazil continue to worsen as hot and dry forecasts are expected to persist. Crop losses in South America could provide support for U.S. soybean exports and all eyes will continue to focus on South American production potential. Argentina's planting progress through mid-December was the slowest rate in at least 20 years. Production reductions are expected in both countries between now and harvest. The January crop report will provide further clarity on global supply and demand as well as finalize the domestic 2020/21 balance sheets. Our clients have benefited from layering into strategies to provide protection to the downside. They will be patiently evaluating adjustments to strengthen delta should the market continue higher.



The estimated yield for the Jan 2022 crop is 62 bushels per acre and the non-land operating cost is \$345 per acre. Land cost for Jan 2022 is estimated at \$275 per acre ¹. Basis for the Jan 2022 crop is estimated at \$-0.15 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 ¹. Basis for the Nov 2022 crop is estimated at \$-0.33 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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