

# Soybeans Margin Watch: December



Soybean prices and margins held on to gains from the end of last month and were fairly steady over the past two weeks. The USDA released the December WASDE report and left the entire domestic soybean balance sheet unchanged. The December report typically will leave production estimates unchanged and update them after NASS conducts the survey of approximately 90,000 producers to determine actual harvested acres, production and storage data. The survey is the basis for the final production estimates presented in the January WASDE report. Given that nearly 81% of the export expectation has been sold, almost 10% ahead of the average pace needed to meet the number; some participants thought an upward revision was a possibility. The USDA acknowledged the robust start, but cited potential competition from South America around the corner in the New Year as reason to stand pat. The soybean crop is seeded and reported to be doing well in Brazil. Argentina is off to a slower start than average, but almost two-thirds of the crop is now estimated to be in the ground. While recent dryness has been of minor concern, favorable moisture is in the forecast. The soybean market is keeping a watchful eye on the South American weather situation as the crucial development period there nears.



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 acre <sup>1</sup>. Basis for the 2016 crop is estimated at \$-0.25 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 acre <sup>1</sup>. Basis for the 2017 crop is estimated at \$-0.3 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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