

Soybean futures traded higher throughout most of the last half of May before falling sharply on the last trading day of the month to end nearly unchanged. The market digested an improvement in domestic planting progress and bullish international headlines. USDA indicated U.S. farmers had planted 66 percent of the crop through the week ending May 29. This was one percentage point behind the 5-year average and in-line with pre-report estimates. Planting progress remains significantly behind historical norms in North Dakota and Minnesota. Planting in Iowa, Illinois, and Indiana is now ahead of average. Crusher demand remains robust. NOPA indicated its members crushed 169.8 million bushels of soybeans in April. This was 6.6 percent lower than March but 5.9 percent higher than a year ago. April's crush marked the second largest tally ever for April, behind only April 2020. Soybean stocks fell to 1.814 billion pounds, the smallest monthly figure since September 2021 and 25 million pounds less than traders expected. Soybean export shipments have been robust for this time of the year but remain 46 million bushels behind the historical pace needed to meet USDA's annual forecast. New crop soybean export sales have slowed in recent weeks but are at their largest level for this point in the year over the past decade. This is largely due to sales made to China in the first two months of the calendar year. Internationally, the balance sheet remains tight. Indonesia announced its decision to lift its palm oil export ban beginning May 23. The ban was announced in late April to tame soaring domestic cooking oil supplies but faced considerable backlash from local farmers. Negotiations continue on opening a Ukraine marine food export corridor but have been fruitless thus far. Lack of Ukraine sunflower oil has supported global vegetable oil markets. Russian President Vladimir Putin has stated he'd be willing to allow exports from Ukraine in exchange for concessions on sanctions from the West, which at this point remains unlikely. Market attention is focused on geopolitical developments and domestic planting progress. Our clients have benefited from layering into flexible strategies to provide protection to the downside and maintain opportunity to higher prices. They are patiently evaluating adjustments as the geopolitics play out and domestic production potential comes into focus.



The estimated yield for the Jul 2022 crop is 65 bushels per acre and the non-land operating cost is \$363 per acre. Land cost for Jul 2022 is estimated at \$252 per acre¹. Basis for the Jul 2022 crop is estimated at \$-0.1 per bushel.



The estimated yield for the Nov 2022 crop is 63 bushels per acre and the estimated operating cost is \$477 per acre. Land cost for Nov 2022 is estimated at \$277 per acre¹. Basis for the Nov 2022 crop is estimated at \$-0.32 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.

The information contained in this publication is taken from sources believed to be reliable, but is not guaranteed by Commodity & Ingredient Hedging, LLC, nor any affiliates, as to accuracy or completeness, and is intended for purposes of information and education only. Nothing therein should be considered as a solicitation to trade commodities or a trade recommendation by Commodity & Ingredient Hedging, LLC. All references to market conditions are current as of the date of the presentation. Futures and options trading involves the risk of loss. Past performance is not indicative of future results. Please visit www.cihedging.com to subscribe to the CIH Margin Watch report.