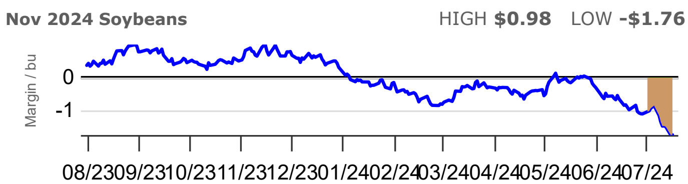
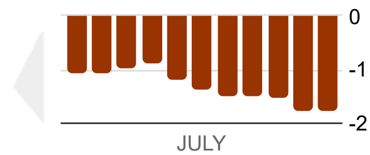
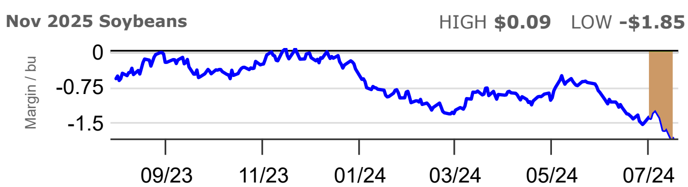
Soybeans Margin Watch: July

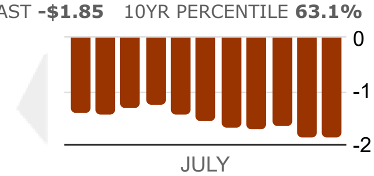
Soybean futures fell throughout the first half of July as crop conditions remain robust and new crop export demand remains absent. USDA indicated 68 percent of the soybean crop was rated good/excellent through the week ending July 14. This was 9 percent ahead of the 5-year average and even with the previous week. USDA on July 12 released its monthly WASDE report. For soybeans, the domestic 2024/25 balance sheet called for lower production and ending stocks. Production was lowered from last month on a slight reduction in harvested area to 85.3 million acres. Use was unchanged from June's forecast, even as outstanding sales remain slow for this point in the crop year. China did, however, book its first U.S. new crop beans of the year last week. New crop ending stocks were lowered by 20 million bushels from last month to 435 million bushels. This was slightly below the average analysts' pre-report estimate of 445 million bushels but within the range of estimates (350 to 507 million). The global balance sheet called for unchanged production and slightly lower ending stocks. Global stocks were pegged at 127.8 million metric tons, slightly higher than the average pre-report estimate of 127.1 million metric tons but within the range of estimates (125.5 to 128.1 million). NOPA indicated its members crushed 175.6 million bushels in June. While this was the largest crush rate on record, it was below market expectations of 178 million bushels. End-of-month soybean oil stocks were 6 percent lower than a year ago and 3 percent less than the average trade estimate. As we enter the heart of the growing season, market attention will remain focused on Northern Hemisphere weather and crop ratings in the coming weeks. Market participants will also be on the lookout for continued export bookings from major trading partners. Our customers are remaining patient on existing hedges, which provide protection against lower prices while maintaining upside opportunity. They are looking to reposition their hedges to retain protection but position themselves to benefit on a market rally should dryness and/or robust export demand develop.





The estimated yield for the Nov 2024 crop is 67 bushels per acre and the non-land operating cost is $513 per acre. Land cost for Nov 2024 is estimated at $275 per acre [1]. Basis for the Nov 2024 crop is estimated at $-0.4 per bushel.





The estimated yield for the Nov 2025 crop is 67 bushels per acre and the estimated operating cost is $513 per acre. Land cost for Nov 2025 is estimated at $300 per acre [1]. Basis for the Nov 2025 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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