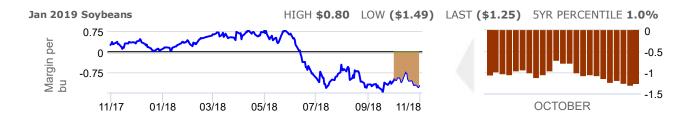
Soybeans Margin Watch: October



Soybean prices and margins were lower the past two weeks, as the market renews concerns of large supplies coupled with declining export demand. Export sales continue to be lackluster, which is not surprising given the global trade backdrop, as the current pace of sales stand at 38% of the USDA expectation, over 20% behind the average pace of sales over the past ten years. The on-again, off-again, saga of negotiations between the U.S. and China continues, with the latest rhetoric leaning in favor of a meeting between President Trump and President Xi at the end of November Group of 20 Summit in Argentina. The bean market certainly reacts quickly to any fresh developments regarding this much-anticipated encounter. On the bright side, September soybean crush rate was robust at 169.3 million bushels and beat last year's crush by 14.2 million bushels. The pace of Brazilian bean planting has been record setting, and currently stands at 64% seeded, while progress in Argentina is just underway. The U.S. bean harvest has accelerated on favorable weather and is now 72% complete, but still trails the 5-year average of 81%, as eight states continue to be at least 10% behind the average pace. Our soybean clients with fixed positions continue to consider adding flexibility, hoping for trade resolutions between U.S. and China.



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 acre ¹. Basis for the 2018 crop is estimated at \$-0.6 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 acre ¹. Basis for the 2019 crop is estimated at \$-0.4 per bushel.

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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.