

Soybean futures initially fell in the last half of January before recovering most of the losses as the reopening of China following the Lunar New Year Holiday helped to send prices higher. Soybean export shipments have been ahead of expectations over the past several weeks and are only 17 million bushels behind the historical pace needed to meet USDA's annual forecast. Total commitments to China for this marketing year are 11 percent ahead of a year ago. Outstanding soybean export sales are at their highest level for this point of the year since the 2013/14 crop year and the 3rd highest of all time for this point in the year. Outstanding soybean export sales are 42 percent higher than a year ago. Forward domestic board crush margins continue to hover at or near decade highs, incentivizing crushers to continue to run near full capacity. Soybean meal prices have continued to march higher since mid-November after soybean oil was leading the charge throughout the first half of 2022. China's soybean imports from all sources in December were record-high for the month at 10.56 MMT. Argentine crushers continued to make unusual purchases of Brazilian soybeans. The USDA Ag Attaché estimated the 2023 Argentine soybean crop at 36.0 MMT, 9.5 MMT below the latest WASDE figure. La Nina conditions appear to be eroding swiftly in the region and will be closely monitored for the foreseeable future. Meanwhile, Brazil has harvested about 6 percent of its record soybean crop. EU soybean meal imports are 2.5 percent lower than a year ago. The EU is the world's 2nd largest feeder of protein meals and an increase in demand is needed to meet USDA's annual import forecast for the trade bloc. South American weather conditions/crop progress as well as Chinese demand will determine price direction in the coming weeks. Our clients have employed flexible positions to provide protection to the downside but maintain opportunity to higher prices. They are looking to strengthen delta and extend coverage through the next marketing year as the market continues to climb.



The estimated yield for the Mar 2023 crop is 65 bushels per acre and the non-land operating cost is \$363 per acre. Land cost for Mar 2023 is estimated at \$252 per acre¹. Basis for the Mar 2023 crop is estimated at \$-0.25 per bushel.



The estimated yield for the Nov 2023 crop is 64 bushels per acre and the estimated operating cost is \$506 per acre. Land cost for Nov 2023 is estimated at \$282 per acre¹. Basis for the Nov 2023 crop is estimated at \$-0.3 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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