

Soybeans fell sharply throughout the last half of May as planting in the U.S. rolls on. The July soybean contract fell to a 16-month low amid macro-economic concerns and continued U.S. imports of Brazilian soybeans. Temperatures in parts of the Midwest are expected to peak in the mid-90s over the next week but the market does not yet seem too concerned about yield loss. USDA reported 83 percent of the U.S. soybean crop was planted through the week ending May 28. This was 17 points higher than the previous week and 18 points ahead of the 5-year average. Fifty-five percent of the crop had emerged through Sunday, 15 points ahead of average for this time of the year. Soybean export shipments have tailed off in recent weeks as the world's attention shifts to new crop South American soybeans hitting the market. Cumulative soybean exports are on the historical pace needed to meet USDA's annual forecast. Outstanding sales of old crop (2022/23) soybeans remain very weak. At 108 million bushels, this marks the lowest level of outstanding soybean export sales for this time of the year since 2013. New crop (2023/24) export sales have started to hit the books but are already behind the average pace for this time of the year. Old crop soybean meal total commitments continued to rise as Argentina's short crop created an opportunity for U.S.-sourced meal. Soybean oil export commitments, on the other hand, are at their lowest level for this point of the year in more than a decade as demand for feedstock by renewable diesel ramps up. Brazilian soybean prices continued to plummet as the country deals with record crops and exceptionally weak basis levels. The Black Sea Grain Initiative was renewed in mid-May for another two months, although Russia continues to threaten to pull out of the deal. Market attention will focus on weather across the U.S. Midwest and its potential impact on yield amid record global soybean demand. Our clients are remaining patient in pricing new crop soybeans and have looked to lighten delta on existing hedges to retain protection but reopen upside opportunity.



The estimated yield for the Jul 2023 crop is 65 bushels per acre and the non-land operating cost is \$363 per acre. Land cost for Jul 2023 is estimated at \$252 per acre¹. Basis for the Jul 2023 crop is estimated at \$0 per bushel.



The estimated yield for the Nov 2023 crop is 64 bushels per acre and the estimated operating cost is \$508 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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