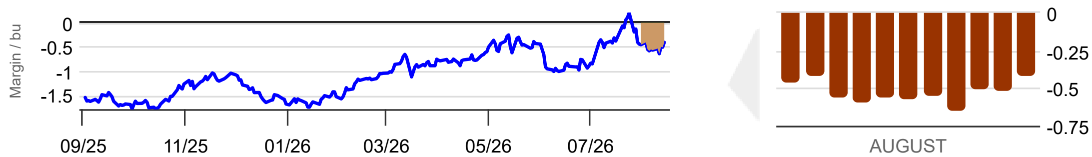
Soybeans Margin Watch: August

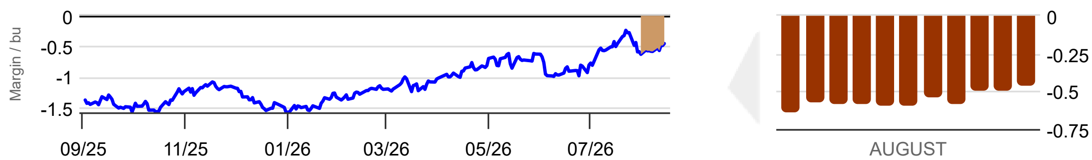
November soybeans closed roughly unchanged since the beginning of August as new crop demand is steady and weather remains favorable. Crop conditions decreased by a point to 62% in the last two weeks, right at the five-year average. Conditions are relatively strong and above the five-year average in Iowa, Minnesota, Tennessee and Kentucky. As of August 11, 26% of soybean planted areas are impacted by drought primarily in the Western Corn Belt. On August 12, USDA published its monthly balance sheet setting the tone for acreage and yield but both remain subject to change in the coming months. For new crop, total supply increased to 4.86 billion bushels, as planted acres increased to 86.8 million acres, offsetting the decrease in yield to 52.7 bushels per acre. Since May, USDA has used a trendline yield, however that changed in the latest report as survey-based data was reviewed. The changes to area and yield resulted in the production forecast increasing 44 million bushels from last month’s expectation. As for demand, expected soybean crush increased 30 million bushels to 2.78 billion bushels and exports were left unchanged. The crush increase was justified by the strong crush margins witness as well as the projected board crush well into 2027. Stronger demand for both soybean meal and oil is also helping to bolster crush margins. Overall, ending stocks increased by 10 million bushels to 320 million bushels, bringing the stocks-to-use ratio to 7.03%. On the global front, ending stocks increased marginally to 124 MMT, reflecting an increase in production and domestic use that offset the loss in beginning stocks. Market attention will monitor the upcoming crop tours and domestic crush capacity. Our clients have engaged flexible strategies that allow for participation in higher prices while maintaining protection to lower prices to account for the recent volatility.

Nov 2026 Soybeans HIGH **$0.20** LOW **($1.79)** LAST **($0.41)** 10YR PERCENTILE **69.5%**



The estimated yield for the Nov 2026 crop is 66 bushels per acre and the non-land operating cost is $501 per acre. Land cost for Nov 2026 is estimated at $293 per acre [1]. Basis for the Nov 2026 crop is estimated at $-0.3 per bushel.

Nov 2027 Soybeans HIGH **($0.24)** LOW **($1.59)** LAST **($0.46)** 10YR PERCENTILE **66.7%**



The estimated yield for the Nov 2027 crop is 67 bushels per acre and the estimated operating cost is $495 per acre. Land cost for Nov 2027 is estimated at $294 per acre [1]. Basis for the Nov 2027 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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