

Soybean futures finished the first half of October higher as early harvest results have been lower than expected and the monthly crop report provided support. USDA indicated 43 percent of the soybean crop was harvested through October 8. This was 6 percent ahead of the 5-year average and 20 points ahead of the previous week. USDA on October 12 released its monthly WASDE report. For this report, the World Ag Outlook Board used objective field studies along with farmer surveys, satellite observations and certified FSA acres. Yield estimates will be finalized in January. For soybeans, national average yields were lowered 0.5 bushels per acre to 49.6 bushels per acre mainly due to lower production forecasts in Kansas, Michigan and Nebraska. If these yields are realized, this would mark the second consecutive year of below-trend yields. With no adjustments to planted or harvested area, the yield reduction took production down 42 million bushels to 4.104 billion bushels. On the demand side, soybean crush was projected 10 million bushels higher to 2.3 billion bushels. Exports were expected to be 35 million bushels less than last month at 1.755 billion bushels due to increased competition from South America. The 2023/24 export forecast was roughly 12 percent below the previous crop year's shipments, but current outstanding sales of soybeans are currently running 32 percent behind last year as reported by FAS. Despite adjustments to both sides of the balance sheet, soybean ending stocks were unrevised from last month at 220 million bushels and a stocks-to-usage ratio of 5.26 percent. On the global balance sheet, Brazilian ending stocks were expected to be 1 million metric tons lower due to lower beginning stocks and slightly larger exports. China's ending stocks are also expected to be lower by 2 million metric tons due to lower beginning stocks and higher domestic usage. Market attention will be focused on South American weather and international conflicts over the coming weeks. Our clients are remaining patient in evaluating adjustments on existing hedges to strengthen delta while maintaining flexibility given the recent volatility we have witnessed.



The estimated yield for the Nov 2023 crop is 64 bushels per acre and the non-land operating cost is \$520 per acre. Land cost for Nov 2023 is estimated at \$292 per acre¹. Basis for the Nov 2023 crop is estimated at \$-0.45 per bushel.



The estimated yield for the Nov 2024 crop is 67 bushels per acre and the estimated operating cost is \$510 per acre. Land cost for Nov 2024 is estimated at \$300 per acre¹. Basis for the Nov 2024 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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