



MARKET SNAPSHOT
SOYBEANS

Sept. 30, 2022

Executive Summary

Drivers for the soybean industry include a smaller domestic crop, weakening prices, and pressure from South America.

- Soybean production declined to 4.38 billion bushels for the 2022-23 crop.
- Argentina incentivized mass soybean sales and softened global soybean prices from record highs. South America is gearing up for a record crop. Despite these headwinds, U.S. soybeans will remain profitable.

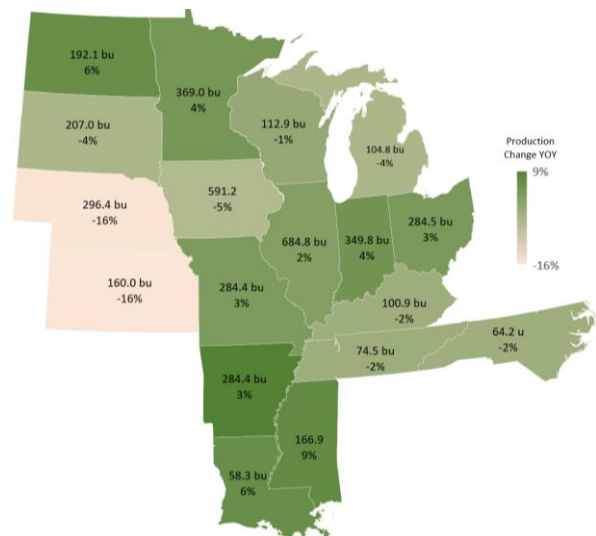
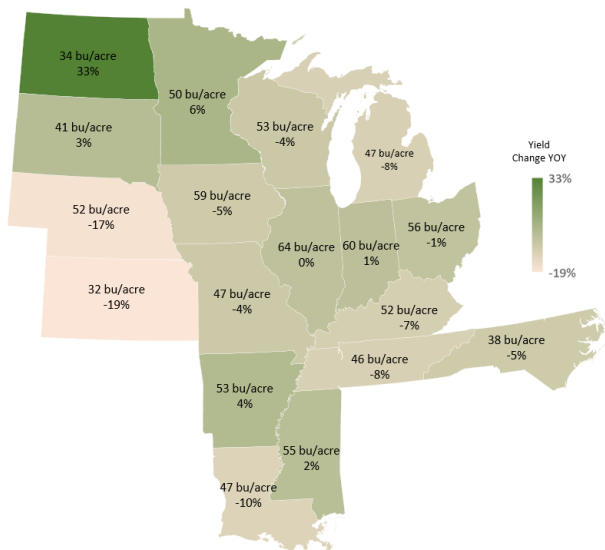
Supply/Demand

U.S. soybean harvest started Sept. 18 with 55% of the soybean crop in good or excellent condition. The USDA estimates the 2022-23 crop to be 4.38 billion bushels, down 1.3% from the 2021-22 crop. Ending stocks declined year over year based on lower beginning stocks, yields and production.

U.S. soybean production was reduced due to losses in the Eastern Corn Belt and Central Plains. Both regions experienced multiple headwinds of late planting followed by excessive heat with little rain. Only two of the major corn growing regions, the Delta and Northern Plains, had modest annual production increases (25 and 2 million bushels, respectively). The USDA projects national soybean yields of 50.5 bushels per acre, down 1.8% from 2021.

U.S. Soybean* Yields and 2021 vs 2022 Year over Year Change

U.S. Soybean* Production (in million bushels) and 2021 vs 2022 Year Over Year Change



Source: USDA Crop Production. Sept. 12, 2022. Compiled by Northwest FCS.
*Selected 18 states account for 96% of soybean production in 2021.

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U.S. Soybean Supply and Use

	2021/22 Estimate	2022/23 Projected	% Change
Area planted (million acres)	87.2	87.5	0.3%
Area harvested (million acres)	86.3	86.6	0.3%
Yield per harvested acre (bushels)	51.4	50.5	-1.8%
Beginning stocks (million bushels)	257	240	-6.6%
Production (million bushels)	4,435	4,378	-1.3%
Imports (million bushels)	15	15	-
Total supply (million bushels)	4,707	4,633	-1.6%
Crushings	2,205	2,225	0.9%
Exports	2,145	2,085	-2.8%
Total use	4,467	4,433	-0.8%
Ending stocks (million bushels)	240	200	-16.7%
Avg. farm price (\$/bu)	\$13.30	\$14.35	7.9%

Source: World Agricultural Supply and Demand Estimates. Sept. 12, 2022.

Prices

Soybean prices are softening. The USDA's forecasts the 2022-23 crop average price at \$14.35 per bushel, \$0.35 per bushel lower than July's forecast. November soybean futures have been volatile, reaching highs of \$15.82 per bushel in early June before falling more than \$2.30 at the end of July. Futures prices have settled in the \$13.75 to high \$14 range since August.

Prices for soybean oil and soybean meal weakened during the summer, falling further from the historically high 2021-22 prices. Since July, soybean oil price projections fell by \$0.05 to \$0.69 per pound. The USDA forecasts soybean meal prices will be \$390 per short ton, down 11.4% year over year. There is a silver lining for U.S. soybean growers. Even if prices for the 2022-23 crop decline to the most conservative estimate of \$12.50 per bushel (Office of the Congressional Budget forecast), soybeans will be profitable.

International

The government of Argentina raised soybean exchange rates to 200 Argentina peso per U.S. dollar, a 60 peso per U.S. dollar increase. Their goal was to incentive farmers to sell soybeans in storage and replenish Argentina's foreign currency reserves. The policy worked. Within the first week, Argentina's soybean sales grew 7x to 2.1 million tons of soybeans (4.7% of the 2021-22 crop sold in a week).

September is planting season for Argentina and Brazil. The dry winter conditions are encouraging farmers to favor planting soybeans over corn. Although producers will not harvest the new crop until March, agronomists predict that South America will have a record soybean production. Once this new crop comes to market, U.S. soybean prices will face greater downward pressures. Softening prices may encourage producers to sell now instead of storing soybeans.

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USDA Economic Research Service
www.ers.usda.gov/topics/crops/soybeans-oil-crops

USDA World Agricultural Supply and Demand Estimates
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