

# Special Soybean Report -- "Argentitis"

## Big crops portend lower prices, but "not so fast" say farmers

In spite of record crops both in the United States and South America, global prices for soybeans and meal remain in the high end of the recent range.

Lower than expected farmer marketing is keeping the export and crush supply pipelines underutilized in both South America and the United States. In addition, cold weather and unseasonably large amounts of snow in the eastern United States are hampering logistics and crush plants there. Finally, South American harvest and a recent trucker's strike is giving pause to the bear camp.

With an extra 900 million bushel of soybeans in the world for the 15/16 crop year (the combined equivalent output of Iowa and Illinois in 2014), the global market is destined for lower prices at some point this calendar year. These lower prices won't happen until the South American farmer can get more crop to port and cash soybean prices back to more normal levels. Stay tuned...



### New Crop Comments

The USDA surprised many in the trade last week with a lower than expected prediction of the 2015 soy acres. Most in the trade are not in agreement with these numbers, which are calculated based upon economist's formulas. Instead, trade is awaiting the March 31<sup>st</sup> release of the Prospective Planting Report, which is a survey of planting intentions collected from farmers nationally.

Symbol	@SH15	@SK15	@SN15	@SQ15	@SU15	@SX15	@SF16
Open Price	999' 2	1001' 2	1005' 4	1007' 0	994' 6	980' 0	985' 0
High Price	1029' 0	1032' 0	1036' 2	1034' 0	1016' 4	1002' 0	1006' 2
Low Price	999' 0	1001' 0	1005' 4	1007' 0	994' 6	979' 6	985' 0
Last	1016' 0 ↑	1018' 6 ↓	1023' 0 •	1020' 6 •	1005' 4 •	991' 4 •	996' 4 ↑
Change	16' 6	17' 2	17' 0	15' 4	14' 4	11' 6	11' 4
Symbol	@SMH15	@SMK15	@SMN15	@SMQ15	@SMU15	@SMV15	@SMZ15
Open Price	348.2	338.5	335.4	334.1	332.5	327.5	325.5
High Price	362.6	351.7	347.1	344.4	341.7	335.9	334.8
Low Price	348.2	338.5	335.4	334.1	332.3	327.5	325.5
Last	357.4 ↓	346.3 •	342.0 ↑	340.1 •	337.0 ↓	332.1 •	330.9 •
Change	9.1	7.8	6.6	6.4	5.5	5.8	5.4

At this point, the bean-to-corn price ratio is 2.41 to 1. This is much less than the ratio at this point last year looking ahead to the 2014 crop, but is still well above normal levels. At current levels, the Board is forecasting a jump in bean acres. The exact amount will remain unknown until the farmer hits the field this spring and their actions are reflected in the upcoming WASDE reports through the spring and summer.

At this point it's a matter of when, not if the soy complex will decide to trade lower.

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