



MARKET SNAPSHOT SOYBEANS

June 30, 2022

Executive Summary

Drivers for the soybean industry include higher production, strong export demand and anticipated higher prices.

- Soybean production is forecasted to be up 4.6% year over year.
- Chinese imports of U.S. soybeans have strengthened export demand.
- The USDA average season price for 2022-23 soybeans is \$14.70 per bushel, up 10.1% from 2021.

Supply/Demand

Cold, wet conditions in the Midwest delayed soybean plantings, but the soybean crop returned to a normal development stage by mid-June. For 2022-23 crop, production is estimated at 4,640 million bushels, up 4.6% from the 2021-22 crop. Higher anticipated planted acres and yields will boost soybean production. While beginning stocks fell to 205 million bushels for the start of the 2022-23 marketing year (September-August), increases in both soybean supply and total uses are forecasted to bolster ending stocks. 2022-23 ending stocks are projected at 280 million bushels, a 75 million bushel increase from the 2021-22 marketing year.

U.S. soybean exports were strong during the month of April as importing countries focused their attention away from South American soybeans to U.S. soybeans. In a typical marketing year, Brazilian soybeans would dominate the export market. This year, Brazil exported 100 million fewer bushels in April 2022 compared to the previous year (reducing exports by 1/6th). To make up for the loss, U.S. exports increased, led by increases to China. 2022 soybean exports to China increased by 7.6 million metric tons compared to the previous year's season average (145% increase). The Chinese market is the largest purchaser of U.S. soybeans (purchasing \$14.1 billion of soybeans in 2021, quintuple the amount of the next largest country, Mexico).

China extended their zero-COVID policy until 2027. The zero-COVID policy disrupted supply chains, halting export growth and slowing global economic growth. As the largest export market for U.S. soybeans, this policy presents potential obstacles ranging from port shutdowns to increases in freight costs to a slowdown of total Chinese exports. (This played out to the extreme in 2018, when China added a 25% tariff to U.S. soybean imports causing an estimated \$3.23 billion soybean value loss for U.S. producers). While the ramifications of this policy are still unknown, it presents considerable risk to all U.S. commodities that are heavily traded with China.

U.S. Soybean Supply and Use

	2021/22 Estimate	2022/23 Projected	% Change
Area planted (million acres)	87.2	91.0	4.4%
Area harvested (million acres)	86.3	90.1	4.4%
Yield per harvested acre (bushels)	51.4	51.5	0.2%
Beginning stocks (million bushels)	257	205	-20.0%
Production (million bushels)	4,435	4,640	4.6%
Imports (million bushels)	15	15	-
Total supply (million bushels)	4,707	4,860	3.3%
Crushings	2,215	2,255	1.8%
Exports	2,170	2,200	1.4%
Total use	4,502	4,580	1.7%
Ending stocks (million bushels)	205	280	36.6%
Avg. farm price (\$/bu)	\$13.35	\$14.70	10.1%

Source: World Agricultural Supply and Demand Estimates. June 10, 2022.

Prices

Soybean season average price for the new crop is forecasted at \$14.70 per bushel, up 10.1% year over year and \$0.30 per bushel higher than May's forecast. Soybean prices averaged \$10.63 per bushel from 2010-2020. With even the most moderate price estimates for soybean prices at \$12.50 per bushel (Office of the Congressional Budget forecast), soybean prices will remain favorable for growers. Prices for soybean oil and soybean meal fell from last year but remain historically high. Soybean oil prices are \$0.05 lower at \$0.70 per pound, and soybean meal prices are forecast at \$400 per short ton, down 5.8% year over year.

Following a poor South American soybean crop, prices surged and soybean futures prices increased from \$12.10 in November to over \$16.60 per bushel for July 2022 futures contracts. There is mounting global pressure for the new U.S. soybean crop to make up for the 22 million metric ton decline in South American soybean production supporting higher soybean prices.

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