



Weekly Outlook: Soybean Acreage and Exports

Todd Hubbs

Department of Agricultural and Consumer Economics
University of Illinois

May 6, 2019

farmdoc daily (9): 82

Recommended citation format: Hubbs, T. "[Soybean Acreage and Exports](#)." *farmdoc daily* (9): 82, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, May 6, 2019.

Permalink: <https://farmdocdaily.illinois.edu/2019/05/soybean-acreage-and-exports.html>

Soybean prices continue to fall with indications that a resolution to the trade fight with China may be fading. Concerns about the potential for more soybean acres and weak export prospects look to keep soybean prices under pressure.

Early concerns about 2019 soybean acreage due to a slow start to the planting season continue to build. Corn planting sat 12 percent behind the five-year average at 15 percent on April 29. Soybean planting came in at three percent, down from the five-year average of six percent. The USDA's weekly *Crop Progress* report is unlikely to see significant planting progress in the 18 major soybean producing states in either corn or soybeans over the next week. An expectation of a slow planting pace in the Corn Belt looks particularly likely with corn planting coming in well below the five-year average of 47 percent for the week ending May 3. The March Prospective Plantings report pegged soybean acreage at 84.6 million acres. Since 1997, final soybean acreage exceeded March intentions in 12 years and came in below during 10 years. Most of the large increases in soybean acreage occurred during the last ten years of strong demand growth. Over the previous decade, final corn and soybean acreage moved in the same direction from March planting intentions in nine of those years. For instance, both corn and soybean acreage increased from March intentions during the last three years. The lone exception came in 2014 when corn acreage decreased by 1.1 million acres while soybean acreage went up by 1.8 million acres.

The potential for an acreage switch is present. The incentive may be lacking. The harvest soybean to corn price ratio fell from 2.4 on April 15 to 2.2 at the close on May 3. The agronomic and price scenarios are still unfolding, but a shift out of corn acres may require significant delays based on current prices. It also brings into question the potential for expanded prevent plant acres. Based on field conditions and price incentives, the prospect of extensive prevent plant acreage appears high. Since 2007, the average total of prevent plant acres for corn and soybean equaled 1.6 million acres and 900 thousand acres respectively. The highest total for soybean prevent plant occurred in 2015 with 2.2 million acres. Whether the acreage shift into soybeans outpaces prevent plant acres remains uncertain. Estimates of actual planted area of spring crops will be released in the June 28 *Acreage* report.

We request all readers, electronic media and others follow our citation guidelines when re-posting articles from farmdoc daily. Guidelines are available [here](#). The farmdoc daily website falls under University of Illinois copyright and intellectual property rights. For a detailed statement, please see the University of Illinois Copyright Information and Policies [here](#).

The prospects of USDA lowering marketing year exports appear likely despite the potential for a resolution to the trade fight in the near term. The question is the magnitude of the drop. Soybean exports sit well behind the pace needed to meet the projection of 1.875 billion bushels for the marketing year. As of May 2, soybean exports total near 1.24 billion bushels. Soybean exports need to equal close to 640 million bushels from May through August to reach the current projection. With 17 weeks remaining in the marketing year, 37 million bushels per week are necessary to meet the USDA projection. Over the last five marketing years, soybean exports averaged 273 million bushels during those months. The largest total occurred last marketing year at 479 million bushels. A repeat of last year's performance seems unlikely given abundant South American crops without substantial buying from China.

As of April 25, 473 million bushels of soybean had been sold for export but not shipped. This number sits well below the 640 million bushels necessary to reach 1.875 billion bushels. On a positive note, outstanding sales sit 14 percent above the amount from the same period last year. Almost 60 percent of the outstanding sales total is booked for China and serves to highlight the importance of trade negotiations. If a resolution to the trade dispute with China occurs in early June, the prospect of delivering those sales and additional sales increases dramatically. Even with a trade deal, the probability of reaching the USDA projection appears remote.

The recent strengthening of the U.S. dollar to the Brazilian real and Argentine peso further weakens U.S. soybean export potential. High yields in both countries drive exports as they look to unload the crop under the weaker currency regime. These expanded supply levels come at a time when African swine fever reduced the Chinese hog herd substantially. The prospect of lower soybean demand from the world's largest importer seems unavoidable. This scenario places greater emphasis on not just resolving the trade impasse with China but the details of soybean purchases put forth in the agreement. A failure of the trade negotiations brings the prospect of a dramatic drop in exports this marketing year and ending stocks eclipsing 1 billion bushels.

YouTube Video: Discussion and graphs associated with this article at <https://youtu.be/9qPaKxjvFmQ>

References

USDA, National Agricultural Statistics Service. *Crop Progress (Weekly)*, <https://usda.library.cornell.edu/concern/publications/8336h188j?locale=en>.

USDA, National Agricultural Statistics Service. *Acreage (Annually)*, <https://usda.library.cornell.edu/concern/publications/j098zb09z?locale=en>.