

## Soybeans Over Corn:

Fundamentally we have a weekly report which does provide data in the form of export sales and shipment but also realize the percent of export sales is declining for corn and wheat while soybeans are trending higher. Rather than export 18 to 20% of a yearly corn crop, the past three years is closer to 15%. When it comes to wheat gone are the days of 48 to 51% of yearly production exported as we are now at a lower range of 39 to an optimistic 44%. The crop which does show signs of an increase are soybeans as we are now exporting 41 to 43% of annual production with 31 to 36% in the review mirror.

As you are to view via this graph, soybean exports from the US and Brazil continue to ebb higher with wheat in the US and Argentina falling. Be reminded there are planting and harvest time frames which vary for the soybeans and corn verses the wheat in the United States as well as South America. However if you are looking for basis appreciation and futures re-ownership of a commodity at harvest then give the nod to soybeans.

On a monthly basis the US Census Bureau is very good at reporting the soybeans crushed into soybean meal as well as soybean oil. The National Oilseed Processor Association continues to reflect a 6-7 million bushel reduction vs the US Census Bureau. Allendale Inc continues to advise it farmers and end users of the strong pace of exports as well as soybeans crushed.

USDA continues to advertise its new crop end stocks run 72% above the final estimate. Who better to reflect the inverse in soybeans and soybean meal than the farmer as well as crusher and exporter? At present we have a noted commercial which is presently merchandizing soybeans by canceling deliverable receipts of soybeans as the cash market remains strong.

Lastly we are not a huge proponent of weather forecast beyond 3-5 days but with the ongoing drought in northern Louisiana, main growing region of China and Canada, we look to the transition between La Nina to El Nino in late July to early August to perceptively be more bullish to soybeans than corn or wheat.

The question remains as to why farmers plant soybeans within the US, is it basis appreciation, China's and others demand, rotation of crops, or something else? Do you have complete control with your old and new crop?

We welcome your questions.....Joe Victor

Allendale Inc welcomes any questions you may have by calling 800-551-4626 or e-mail [research@allendale-inc.com](mailto:research@allendale-inc.com)

