

CROP TALK MARKET UPDATE

Provided by

Lance Wilson, Grain Marketing Advisor
Integrity Consulting Company

THE RISE OF SOYBEANS

Last week, I talked about the potential for increased corn yields, and today in the USDA Crop Production and World Agricultural Supply and Demand Estimates, the USDA posted an average corn yield of 188.8 bushels per acre, which is higher than the upper range of the pre-report estimates. Soybean yields were also posted higher than the average trade guess, with the USDA posting an average soybean yield of 53.6 bushels per acre, which is up 1.1 bushels from the July report and up from last year's average of 50.7 bushels.

Trade was expecting an increase in soybean yields, but what the USDA rocked the boat on was an adjustment to planted and harvested acreage. The newly planted acreage total of 80.9 million acres is 2.5 million acres less than what was posted in June and July, and harvest acres dropped to 80.1 million acres. The adjustments to the August balance sheet were not limited to the top three lines, as the supply side was also adjusted by a 20-million-bushel decline in carryover from the 24/25 marketing year and a drop in total supply of 63 million bushels. The demand side was reduced as well, with exports reduced by 40 million bushels due to the uncertainty of Chinese trade and the slow start to export sales for the 25/26 marketing year. Residual use declined 3 million bushels, resulting in a 20 million bushel drop to ending stocks from the July report. The average guess for U.S. soybean ending stocks was 359 million bushels, and the actual carryout posted by the USDA was 290 million.

SOYBEANS	2023/24	2024/25 Est.	2025/26 Proj.	2025/26 Proj.
			Jul	Aug
			<i>Million Acres</i>	
Area Planted	83.6	87.1	83.4 *	80.9
Area Harvested	82.3	86.1	82.5 *	80.1
			<i>Bushels</i>	
Yield per Harvested Acre	50.6	50.7	52.5 *	53.6
			<i>Million Bushels</i>	
Beginning Stocks	264	342	350	330
Production	4,162	4,366	4,335	4,292
Imports	21	25	20	20
Supply, Total	4,447	4,734	4,705	4,642
Crushings	2,285	2,430	2,540	2,540
Exports	1,700	1,875	1,745	1,705
Seed	75	70	73	73
Residual	44	29	37	34
Use, Total	4,105	4,404	4,395	4,352
Ending Stocks	342	330	310	290
Avg. Farm Price (\$/bu) ^{2/}	12.40	10.00	10.10	10.10

Source: USDA, World Agricultural Supply and Demand Estimates, August 12, 2025.

The soybean market has experienced considerable volatility since markets opened on Sunday evening. It began when President Trump posted on social media expressing hope that the U.S. and China could reach a trade deal that would see China quadruple its purchases of U.S. soybeans. This caused soybeans to close 23 cents higher on Monday, but when

trading resumed on Tuesday, traders capitalized on the rally to re-enter short positions on anticipation of bearish USDA reports, only to have the rug pulled out from under them and push them back to short covering on bullish numbers.

Technically, the November soybean chart indicates a potential move higher. When identifying market turns from a technical perspective, we examine price, pattern, time, and momentum. Remember that pattern interpretation is objective and can vary, but the chart below shows a completed ABC correction to the downside, with the A and C waves nearly equal in price. The B wave formed in an irregular flat correction, meaning the B of the B wave extended beyond the start of the A of the B wave. However, the A and C waves of the B correction were equal in both price and time. C waves typically develop in five waves, which can also be seen on the chart below. This covers the price and pattern aspects. Additionally, the A and C waves are correlated in time, with the A wave lasting five trading days and the C wave extending 13 days—both Fib numbers, related by a Fib ratio where 5 times 2.618 equals 13. The final indicator is momentum; on the weekly chart, it is turning bullish while in oversold territory, evidenced by the DT Oscillator on my charts. The daily chart also shifted bullish before the completion of the fifth wave of the C wave. Since the low on August 6th, prices have retraced 61.8% of the decline from the June 20th high, recovering 57 cents of the 93 cents lost to the August 6th low.



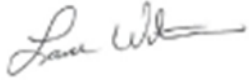
Source: E-signal, Dynamic Trader, August 12, 2025.

Since the August 6th low, we have already posted what we would call a correction of a larger degree, but confirmation that the larger correction is complete has not occurred. Confirmation that this is not just another corrective move would be having prices move through the (B) wave, which is at \$10.43. We have supportive fundamental news, despite larger expected yields which have not been confirmed, and technical analysis that would support higher soybean prices. So, what is the next catalyst that could lead to further acceleration of prices? Trade has gotten tired of the ongoing trade talks that have just led to additional extensions, but a trade agreement with China would lead to a potential increase in export demand and be the fuel needed to feed the bull.

On the flip side, what are your options if you sold \$10 beans? Several weeks ago, I discussed using options and buying calls to protect against a move higher if you were selling \$10 to eliminate price risk in the event of prices pushing lower, which was very possible heading into the report. For November call options, a \$10.00 strike is now valued at 49 cents, a \$10.40 strike at 27 cents, and a \$10.60 call is 18 cents/bushel. Call values increase as futures prices go higher, so what are the options if you did not buy calls to protect against a move higher? My advice is to wait for a corrective move lower,

which could be limited by the recent acceleration higher. If you want to re-own on paper and just buy futures outright, that would also be the time to look at going long, by making the market put you in by buying at a swing high and then using the low that is established before you get long being the place for a protective stop. You now have the opportunity to average up on any unpriced bushels as the prices move higher, but it is also my experience that we tend to get greedy and not take action as we keep wanting more. Remember that Brazil and Argentina will soon be planting their soybean crop for the coming year, and the USDA has Brazil estimated at 175 million metric tons, which would be 6 million above the last crop. This is also a good time to start pricing next year's crop if you haven't already begun, and placing a target near \$11 might not be a bad idea, as November 2026 soybeans are currently trading \$10.68/bushel. You never go broke locking in a profit, and it was just one year ago that soybeans traded down to \$9.36 on the September 24 contract.

Until next time,



Lance Wilson
Integrity Consulting Company
Grain Marketing Advisor

e wilson59602@mt.net

c. 406 231 5044

6350 Sleeping Giant View, Helena, MT 59602

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