

CROP TALK MARKET UPDATE

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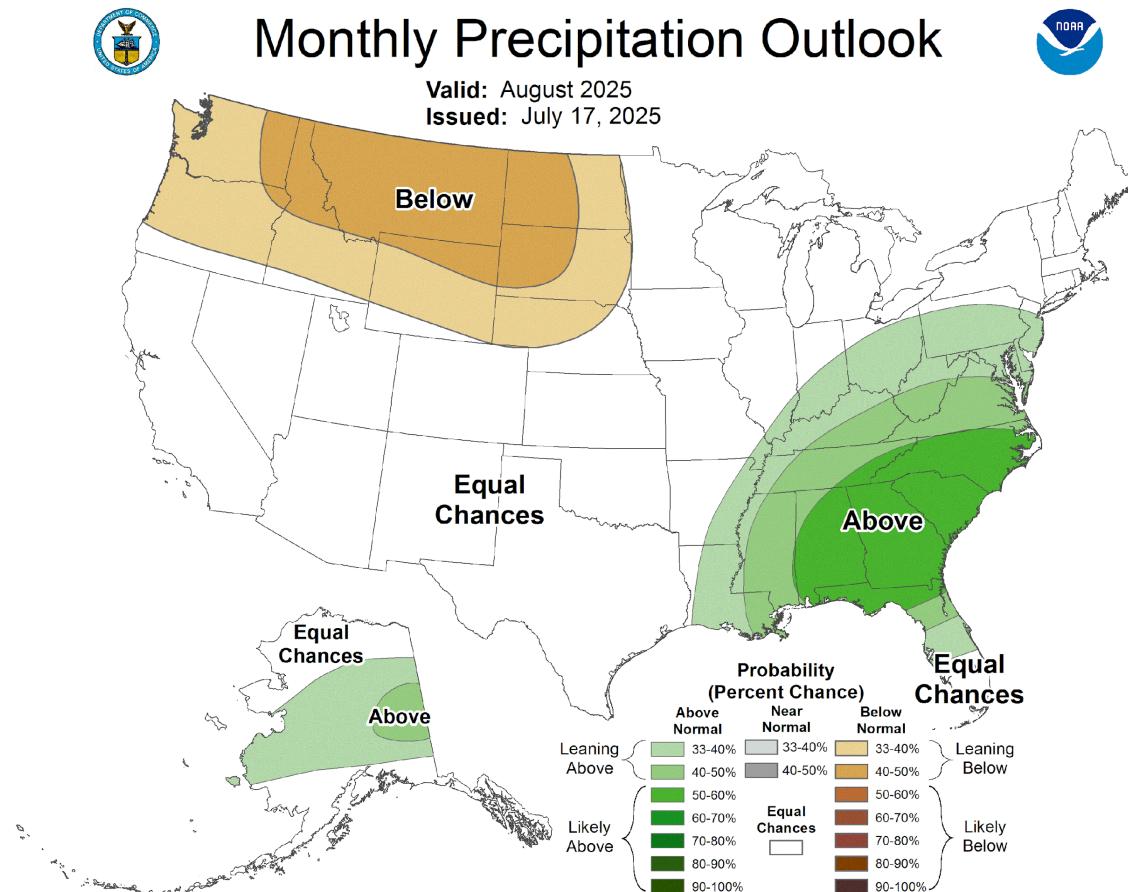
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THE RISE OF SOYBEANS

The increase in soybeans I am talking about is not a rise in prices but an improvement in yield potential. Weather has been the main factor affecting the soybean market, making it challenging as conditions change quickly. As the saying goes, if you don't like the weather, just wait five minutes. Since spring planting, there have been threats of heat ridges and less rainfall, but so far, the most significant weather factor that may have impacted yield potential occurred during planting, when heavy rains and flooding in some areas led to uneven stands.

Weekly crop condition ratings have been slowly improving over the summer while holding mostly steady. The first soybean condition ratings were released on June 2nd and have moved to 70% good/excellent on Monday, July 28th. The mild temperatures and frequent rains have led to traders removing potential weather premiums from the market.

Extended weather models from the Climate Prediction Center of the National Weather Service indicate that much of the Midwest and corn belt will likely see close to average temperatures and precipitation for August. Soybeans need rain in the first week of August to attain maximum yield potential, and currently, there isn't anything showing that they are at risk of losing yield.



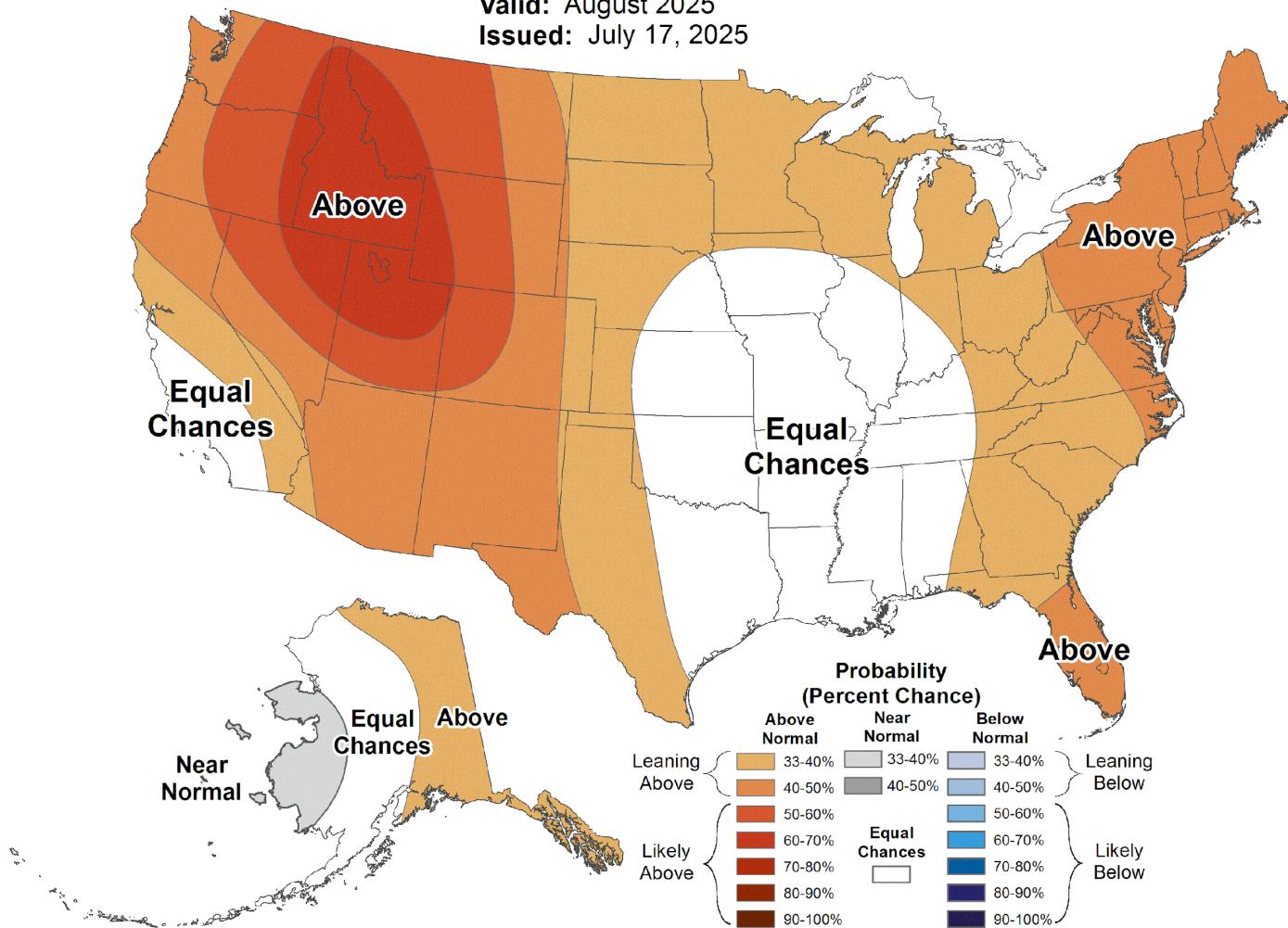
Source: National Oceanic and Atmospheric Administration, National Weather Service, Climate Prediction Center, July 17, 2025.



Monthly Temperature Outlook



Valid: August 2025
Issued: July 17, 2025



Source: National Oceanic and Atmospheric Administration, National Weather Service, Climate Prediction Center, July 17, 2025.

The past 8 days have been tough on soybean prices, as they have dropped 29 cents. There is a price zone at the current \$10.04 low that could signal the end of a corrective phase, but the next price target would be down to \$9.82, and based on the current outlook, additional downward pressure seems likely. This is an extended corrective pattern where prices have traded sideways since October 2024. The pattern has seen some large swings, with the overall range stretching \$1.14 from high to low. A drop below the July 14th low could accelerate the decline.



Source: E-signal, Dynamic Trader, July 29, 2025.

Government action and weather are key market drivers, and currently, it is the weather that's leading to lower prices, with insufficient models including a weather premium. Key trade talks between the U.S. and China are happening this week. This year, we've seen multiple tariff announcements and retractions, and now possibly another 90-day truce. Reports from soybean areas are inconsistent and less promising, but the early corn harvest shows that rain benefits grain production. The absence of a trade deal between the U.S. and China does not support higher demand for U.S. soybeans, and high-yield prospects could increase supply. Although speculative, the July WASDE report showed an increase in U.S. soybean ending stocks, with potential for more in upcoming reports, the next scheduled for Tuesday, August 12th. Farmers can still lock in \$10 soybeans to hedge against potentially lower prices. Remember that protecting those sales from higher prices can be done through buying calls or re-owning the bushels on paper.

Until next time,

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