

# ***Soybean Market Outlook: My Opinions***

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# COVID-19 Timeline

- “Stay At Home” orders will be relaxed in about 30 days.
  - Likely to be re-instated in “hot spots”.
- School re-opening?
  - Not this spring.
  - Fall re-opening is unclear.
- Business re-openings:
  - Non-essential businesses – about 30 days.
    - Clothing stores, shopping malls, hair salons, dentists, auto dealers, parks, beaches, ...
    - Social distancing will be required.
    - Masks may be required.

# COVID-19 Timeline

- Business re-openings (cont.):
  - Restaurants and movie theaters – 45 to 60 days.
    - Require social distancing.
    - Require employees to wear masks and gloves.
    - What will consumer response be?
  - Attend sporting events and concerts – not until vaccine is widely available (12 – 18 months).
    - Alternative is to limit seating to promote social distancing.

# COVID-19 Timeline

- Economic recovery:
  - Strong rebound until fall 2020 (Sep. or Oct.), then slow growth.
  - Second “bubble” of infections likely in winter 2020/21 (Oct. 2020 – Apr. 2021).
    - Social restrictions and business closings may be re-instated.
  - Long term recovery will not begin until wide spread vaccination is available.
    - Consumers will feel comfortable returning to their “normal” lives.

# COVID-19 Timeline

- Economic recovery:
  - Crude oil price recovery will be slow.
    - Global supplies are very strong and global demand recovery will be slow.
  - Motor fuel prices (gasoline, ethanol and diesel fuel) will also be slow to recover.
  - Motor fuel demand will be strong this summer.
    - Summer vacations will be “local”.
      - Drive, not fly; no cruises.
    - Transportation fuel (diesel) to refilling supply chain.

# COVID-19 Timeline

- Economic recovery:
  - Meat demand will recover slowly, but prices will be weak.
    - Current record meat production and growing cold storage inventories (strong supplies).
    - Summer grilling season will help.
    - Consumers will be worried about being laid off again and will need time to rebuild personal finances (price sensitive buyers).
    - 2021 will see improved U.S. meat demand.
    - 2020 meat exports will be slow due to weakened global economy.

# Soybean Supply/Demand Outlook

- 2020 soybean plantings between 85.0 and 86.0 million acres.
    - Prospective Plantings report showed 83.5 million acres.
  - Crushing demand will stabilize.
    - USDA is assuming continued growth.
  - Export demand will return.
    - USDA estimate is close.
    - China will buy U.S. soybeans beginning in mid-August and follow traditional buying pattern.
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# Soybean Technical Analysis

- Price volatility will return in July and August.
    - U.S. weather conditions and yield expectations.
    - Small sales to China.
  - July CBOT Soybean futures price targets:
    - First major resistance at \$9.00
    - Second major resistance at \$9.20
    - Possible to reach \$9.50 with weather problems.
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# Soybean Basis Analysis

- Old crop soybean basis levels will continue to weaken (get more negative).
  - Increased farmer selling in late July are likely.
    - Clean bins to prepare for 2020 harvest.
    - May trigger Chinese purchasing.

# Soybean Technical Analysis

- Look for July volatility.
  - November CBOT Soybean futures price targets:
    - First major resistance at \$9.00
    - Second major resistance at \$9.30
    - Possible to reach \$9.70 with weather problems.
  - Harvest basis will be “typical”.
  - Seasonal basis pattern will hold.
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# Questions?

