FRIEDBERG'S

Volume 28, No. 7C **August 20, 2026**

Friedberg Mercantile Group Ltd., 600-220 Bay Street, Toronto, Ontario M5J 2W4
Toronto area: 416-350-2903 Toll-free: 877-877-0906

Soybeans: Welcome back, China!

Supply

The weather for the 2026-27 US soybean crop has been choppy with a mixture of dry weather earlier in the summer and, more recently, excessive precipitation in some key regions. In mid-July, 65% of the crop was rated good-to-excellent. The current reading is 61%, just below the five-year average for this time of year. The USDA August crop report reflected the moderate deterioration, the yield estimate was revised to 52.7 bushels per acre (bpa), down from the July estimate of 53 bpa, and below the average of analysts' guesstimates of 52.9 bpa.

However, that wasn't even slightly bullish because the USDA also reported a much larger than expected increase in planted area. Harvested acres are now estimated at 85.8 million acres, up from the July estimate of 84.4 million acres. The jump in acreage trumped the drop in yields. The crop estimate was revised upwards by 44 million bushels, to 4.519 billion bushels.

November beans closed higher on the session and have rallied 60¢ per bushel since publication of the August crop report. Why?

Demand

For one thing, as mentioned earlier, we are not out of the weather woods yet. More importantly, though, the demand side mitigated the impact of more acres.

The USDA raised its estimate for the domestic crush by 30 million bushels, to 2.78 billion bushels. That compares with 2.445 billion and 2.655 billion bushels in 2024-25 and 2025-26, respectively.

The ending-stock estimate rose by only 10 million bushels from July, to 320 million bushels, or 7% of consumption. That's down from an average of 7.4% for the past two marketing years.

But we're not done with the demand side. The USDA maintained its forecast for 2026-27 US exports at 45.18 million tonnes. That compares with 41.37 million tonnes for the outgoing 2025-26 marketing year. China bought a scant 12.5 million tonnes. That is down sharply from its normal purchases of over 20 million tonnes, and just about all of it was in fulfillment of the deal made with the US last October.

An analysis of export sales for the new marketing year, which begins September 1, indicates that China may have reestablished a buying pattern that is more consistent with historical norm. Last year on this date, forward purchases for 2025-26, were zero. Yes, zero. And it pretty much stayed that way until the October deal was inked. A year earlier, forward purchases were 1 million tonnes on this date. The most recent USDA weekly export sales report shows that China has already bought 6.8 million tonnes for 2026-27. That is line with forward sales on this date when the Chinese were buying more than 20 million tonnes per annum from the US.

Futures and options trading is speculative and involves risk of loss. Past trading results are not indicative of future profits.
©2026 by Friedberg Mercantile Group Ltd. Reproduction in whole or in part is prohibited.

All else being equal with regular customers, we would have to say that a 45.18-million-tonne forecast for all destinations could prove to be a materially conservative estimate for final sales. And then, of course, the estimate for ending stocks would be too high.

Brazil

El Niño could further complicate matters. It is quite possible that some of the strength in the market is in anticipation of a rather generous estimate for Brazil. This past year, Brazilian output was 180.5 million tonnes. The USDA estimate for 2026-27 is 186 million tonnes. It is a very premature estimate for a crop that has not even planted. Mato Grosso is the largest soybean-growing state in Brazil – roughly 35% – and historically El Niño has brought drought to the region.

China, as we have discussed many times, grows only a fraction of its soybean needs. Over the past couple of years, while China and the US were engaged in their trade spat, Brazil was able to fill the void created by the retaliatory measures taken by China against the US. Clearly, as we enter the planting season, Brazil's vulnerability to a severe El Niño will come into play.

We are long a one-third-sized position in November soybeans, as per our May 21 recommendation. We were looking for evidence that Chinese buying would return. As illustrated, that may very well be happening. We now suggest establishing a full-sized position. Place sell stops at $11.50 per bushel, close only.

Sholom Sanik

Chart 1 – CBOT November soybeans



Chart courtesy LSEG

Futures and options trading is speculative and involves risk of loss. Past trading results are not indicative of future profits. This report is a solicitation for entering into a derivatives transaction. The author of this report may have a position in the underlying derivative securities mentioned in this report. The information in this report was obtained from sources we believe to be reliable but is not guaranteed by Friedberg Mercantile Group Ltd. or its affiliates. Derivatives are high-risk investments, and there can be no assurances that the securities mentioned or recommended will maintain their value at a constant amount or that the full amount of your investment will be returned to you. Derivatives' values change frequently, and past performance may not be repeated.