

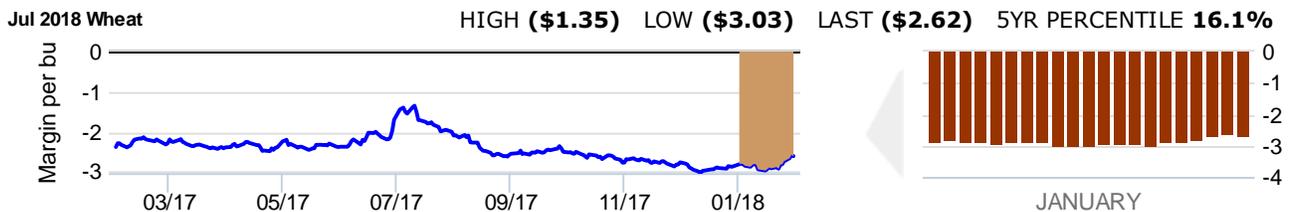
Wheat Margin Watch: January



Wheat prices and margins were sharply higher over the past two weeks as extended dryness has blanketed the U.S. Plains, inspiring insertions of weather premiums. While the winter wheat crop can recover from a drier-than-normal winter if adequate spring moisture aids its emergence from dormancy, the breath of severe and/or extreme drought conditions across Kansas, Oklahoma and Texas are growing, according to the most recent U.S. Drought Monitor. Winter wheat conditions across the Southern Plains, as reported by local state and extension offices, have deteriorated significantly since December, while the Northern Plains have fared slightly better, but are still indicated at well below last year's levels. U.S. weekly export sales and shipments are currently behind the average pace needed to meet the current USDA expectation, and the recent move up has diminished price competitiveness. The wheat market will continue to focus on the drought conditions in the U.S. and will be interested in the long-range spring moisture outlooks across the Plains.



The estimated yield for the 2018 crop is 71 bushels per acre and the non-land operating cost is \$344 per acre. Land cost for 2018 is estimated at \$157 per acre¹. Basis for the 2018 crop is estimated at \$-0.2 per bushel.



The estimated yield for the 2019 crop is 71 bushels per acre and the estimated operating cost is \$344 per acre. Land cost for 2019 is estimated at \$157 per acre¹. Basis for the 2019 crop is estimated at \$-0.35 per bushel.

¹ The Wheat Margin Watch yield, land and non-land operating cost values are based upon central Illinois low productivity farmland crop estimates in the "Historic Corn, Soybean, Wheat, and Double-crop Soybeans" report published by the Department of Agricultural and Consumer Economics at the University of Illinois.

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