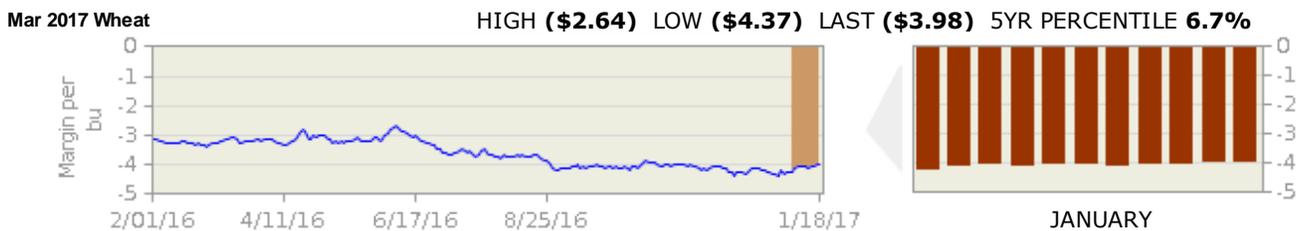


# Wheat Margin Watch: January



Wheat prices and margins moved higher after the release of the Winter Wheat Seedings, January WASDE and Quarterly Grain Stocks Reports. Total domestic winter wheat seedings are estimated to be 32.4 million acres, the lowest in over a century. All wheat stockpiles as of December 1, 2016, were estimated to be 2,073 million bushels, which was 327 million bushels, or 18.7%, more than 2015 levels. The market seemed to react to the reduction in acres, dropping off 10% from last year, more than the indication of higher stocks of wheat. The USDA offered only modest changes to the global wheat balance sheet, and now estimates ending stocks to be 253.29 million metric tons, another new record high for global stocks. The winter seedings report will also serve as the baseline for the new crop wheat balance sheet due in May. Given the move in the market, wheat producers are working to set targets for next year's crop, and are considering adjustments to existing positions.



The estimated yield for the 2017 crop is 67 bushels per acre and the non-land operating cost is \$358 per acre. Land cost for 2017 is estimated at \$158 per acre<sup>1</sup>. Basis for the 2017 crop is estimated at \$-0.6 per bushel.



The estimated yield for the 2018 crop is 68 bushels per acre and the estimated operating cost is \$358 per acre. Land cost for 2018 is estimated at \$150 per acre<sup>1</sup>. Basis for the 2018 crop is estimated at \$-0.3 per bushel.

<sup>1</sup> 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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