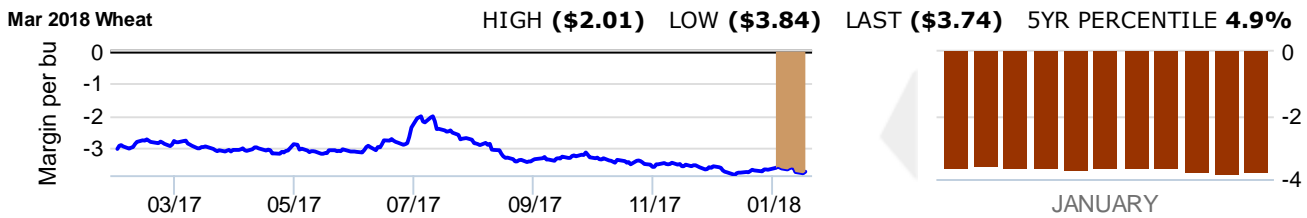


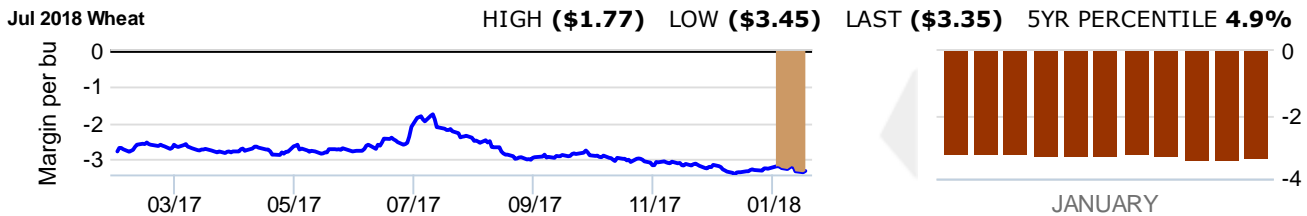
Wheat Margin Watch: January



Wheat prices and margins were steady over the past two weeks, but weakened after the release of the January WASDE and Winter Wheat Seedings reports. According to the USDA, all winter wheat seedings of 32.6 million acres will be the second-lowest planted acreage in U.S. recorded history. While historically low and off 100 thousand from last year, they were 1.2 million acres above the average pre-report expectation, sending wheat prices lower. December 1 stocks of wheat were recorded at 1,874 million bushels, a nearly 10% reduction from last year. Global stocks were also lower, though only fractionally so at 268.0 million metric tons. All wheat carryout was higher by 29 million bushels at 989 million, as imports were higher and feed and residual was reduced. The U.S. Plains are in need of moisture, but the market does not seem too concerned over increasing dryness at this point, and is instead focused on continued ample U.S. and global stocks.



The estimated yield for the 2018 crop is 67 bushels per acre and the non-land operating cost is \$358 per acre. Land cost for 2018 is estimated at \$158 per acre ¹. Basis for the 2018 crop is estimated at \$-0.25 per bushel.



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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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