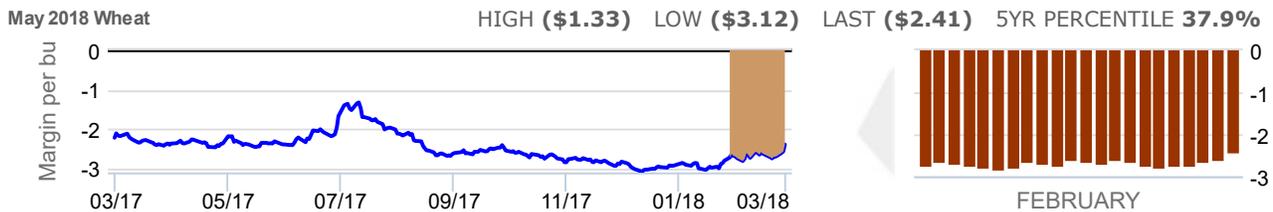


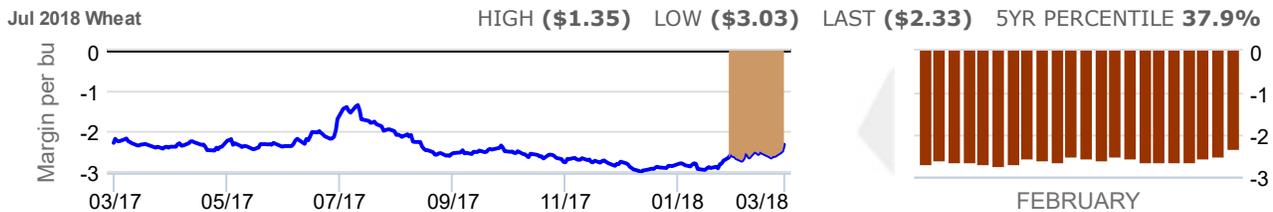
Wheat Margin Watch: February



Wheat prices and margins continued higher over the past two weeks as drought concerns through parts of the U.S. Plains have intensified. While limited areas did receive relief rains, large parts of Texas, Oklahoma and Kansas are indicated to be in extreme or severe drought. State estimates of winter wheat conditions in Kansas show nearly half the crop to be in poor or very poor condition, and in Oklahoma it is even worse, with just over three-quarters poor or very poor. Worries continue about the duration of the La Nina pattern this spring. U.S. export sales have been sluggish and remain behind the pace needed to meet the USDA expectation. The USDA Ag Outlook Forum estimates the all wheat seedings to be 46.5 million acres, 0.5 million greater than last year. NASS will soon begin surveying producers of their actual planting intentions and will publish the findings at the end of March. The wheat market is in a weather market, and will continue focusing on the U.S. Plains States moisture levels for direction on price.



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 \$-0.3 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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