

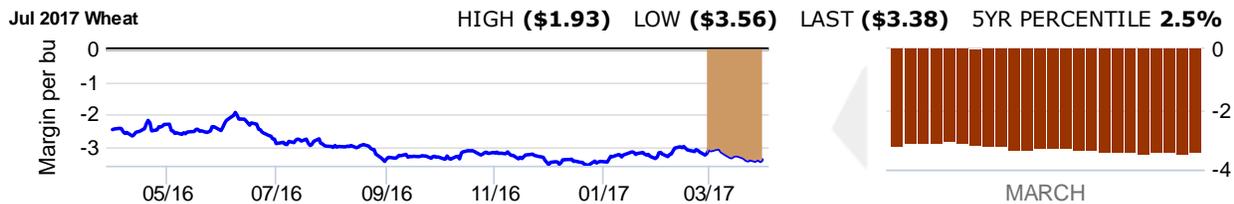
Wheat Margin Watch: March



Wheat prices and margins were down over the past two weeks following the end of March release of the Quarterly Stocks and Prospective Plantings reports. Wheat stocks came in higher than expectations at 1,655 million bushels and were 283 million bushels, or 20.6%, greater than March of 2016. The wheat seeding intentions were right in line with expectations at 46.059 million acres, but down over 4 million acres from last year; winter wheat accounted for most of the reduction. The first indication of the winter wheat condition was 51.0% in the GD/EX categories, which was less than last year's reading of 59.0%, but higher than many expected given the less-than-optimal weather over the past month. Conditions have improved as soaking rains hit most of the plains states, and the extended forecast shows a favorable mix of warm sun and moisture. U.S. wheat exports have shipped almost 75% of the USDA projection of 1,025 million bushels, but with nine weeks remaining in the marketing year, they lag the average pace of 80.9% to meet the estimate. India has reinstated a wheat import tariff of 10% as they have replenished their depleted stocks and expect more normal production this year. Wheat producers continue to monitor the weather, as frost or too many April showers could adversely affect wheat conditions and quality, and many are considering adding flexibility to existing hedge 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 ¹. Basis for the 2017 crop is estimated at \$-0.5 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 ¹. Basis for the 2018 crop is estimated at \$-0.3 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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