

# Wheat Margin Watch: March



Wheat prices and margins were lower the past two weeks, as dry weather eased slightly throughout parts of the plains. NASS also revealed higher than expected stocks and seeded wheat acres in the Prospective Plantings and Quarterly Stocks Reports. While March 1 stocks of wheat trailed last year's estimate by 165 million bushels, the 1,494 million bushel figure was just ahead of expectations by 8 million. Perhaps even more persuasive to the market was the surprise increase to the all wheat intended seedings estimate of 47.34 million acres. This compares to 46.0 million planted last year and 46.5 million the USDA estimated at the Outlook Forum in February. The spring wheat intentions were 1.6 million greater than 2017, accounting for the rise. In spite of the acreage bump, NASS reports it would be the second lowest all wheat planted acreage since 1919. The initial crop progress report of 2018 revealed the winter wheat crop to be 32% in the good/excellent categories, while 30% are in the poor or very poor categories. Those ratings compare to last year's 51% good to excellent and just 14% poor or very poor. The wheat market will continue to pay close attention to the U.S. Plains weather, and will adjust quickly to potential extended spring dryness.



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 acre <sup>1</sup>. 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 acre <sup>1</sup>. Basis for the 2019 crop is estimated at \$-0.35 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.

The information contained in this publication is taken from sources believed to be reliable, but is not guaranteed by Commodity & Ingredient Hedging, LLC, nor any affiliates, as to accuracy or completeness, and is intended for purposes of information and education only. Nothing therein should be considered as a solicitation to trade commodities or a trade recommendation by Commodity & Ingredient Hedging, LLC. All references to market conditions are current as of the date of the presentation. Futures and options trading involves the risk of loss. Past performance is not indicative of future results. Please visit [www.cihmarginwatch.com](http://www.cihmarginwatch.com) to subscribe to the CIH Margin Watch report.