

Wheat Margin Watch: April



Wheat prices and margins continued their sharp down move over the last half of April, leaving many puzzled given the unfavorable weather throughout the U.S. this spring. A slow start to spring wheat plantings has the market unfazed, as of April 28 only 13% has been sown, behind the five-year norm of 33% seeded at this juncture. Perhaps trumping the slow seedings are the robust winter wheat conditions. As of the same April 28 date, 64% of the winter wheat crop are in the good-to-excellent categories versus just 34% last year. Those USDA conditions were confirmed this week in anecdotes from the annual Plains Wheat Quality Tour throughout Kansas, Oklahoma and Nebraska. U.S. exports of wheat continue to lag the pace needed to meet the USDA expectation, but this latest price drop certainly will add to the competitiveness of U.S. origin wheat. Trade talks between the U.S. and China reportedly are going well and will move next week to Washington D.C., where many are hopeful for news of a final resolution. Given springtime weather uncertainty and potentially advancing trade discussions, clients continue to favor flexibility.



The estimated yield for the 2019 crop is 78 bushels per acre and the non-land operating cost is \$367 per acre. Land cost for 2019 is estimated at \$151 per acre¹. Basis for the 2019 crop is estimated at \$-0.45 per bushel.



The estimated yield for the 2020 crop is 78 bushels per acre and the estimated operating cost is \$367 per acre. Land cost for 2020 is estimated at \$151 per acre¹. Basis for the 2020 crop is estimated at \$-0.6 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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