

# Wheat Margin Watch: June



Wheat prices and margins rallied hard over the past two weeks as the cool, damp spring quickly transitioned to a dry, hot pattern. The wet spring has negatively impacted the protein levels of the winter wheat, while the hot and dry start to summer has largely diminished spring wheat prospects, jolting prices across the board. The wheat market awaits the July WASDE report, when the USDA will offer the first glimpse into the spring wheat production estimate. The conditions of which deteriorated by 10 points this week to land just 45% in the Good to Excellent categories, which stands in contrast to 79% for last year's crop at this time. The June WASDE report did offer small adjustments that led to ending stocks higher by 10 million bushels. The winter wheat harvest is estimated to be 17% complete, just ahead of the 5 year average. Many wheat producers are considering strengthening delta to capitalize on the market movement higher.



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 <sup>1</sup>. Basis for the 2017 crop is estimated at \$-0.3 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 <sup>1</sup>. Basis for the 2018 crop is estimated at \$-0.3 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.

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