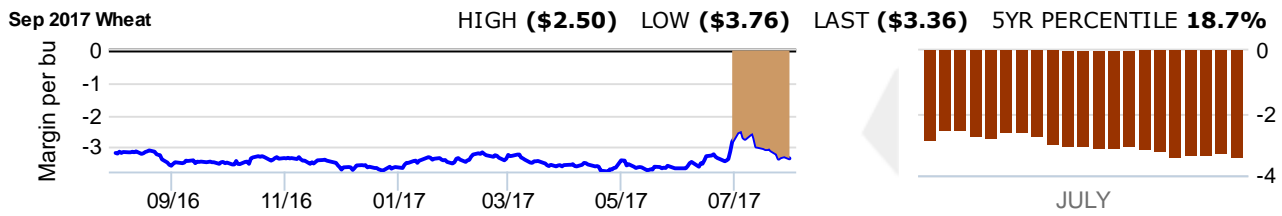


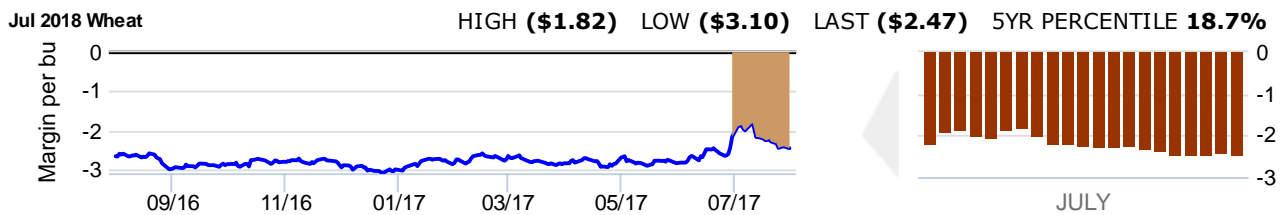
Wheat Margin Watch: July



Wheat prices and margins moved lower over the past two weeks as the market began to accept the reality of a short spring wheat crop this year. U.S. spring wheat production areas are currently estimated to be experiencing drought in over 50% of the planted area, concentrated mainly in the High Plains states of Montana and North and South Dakota. The conditions have deteriorated to just 31% in the Good/Excellent categories, while the Poor/Very Poor categories comprise 43% of the crop. The spring wheat harvest is currently underway and is 9% complete. The extended outlooks call for moderating temperatures and increased opportunities for rains, decreasing the chance of further spring wheat diminishment before the remainder of the crop crosses the combine. All wheat export sales at 37% of the USDA expectation are running right on pace to meet the estimate. Many wheat producers continue strengthen and extend their hedges, including adding forward coverage to additional acres of next year's wheat.



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 acre¹. Basis for the 2017 crop is estimated at \$-0.4 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 acre¹. Basis for the 2018 crop is estimated at \$-0.4 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.

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 to subscribe to the CIH Margin Watch report.