

Wheat Margin Watch: September



Wheat prices and margins were steady the past two weeks, unable to recover early September losses. The Quarterly Grain Stocks and Small Grain Summary reports both revealed additional U.S. wheat supplies. Greater harvested acres by 5% and yields up 1.3 to 47.6 bpa, drove production for 2018 to 1,884 million bushels up from 1,740 million last year. All wheat stocks on September 1 were 2,379 million bushels versus 1,748 million in 2017. NASS estimated disappearance in the latest June-August quarter totaling 605 million bushels, which undershot last year by 8%. On the bright side, the trade environment improved dramatically, as the U.S. and Canada reached a resolution on a NAFTA 2.0 pact. While the agreement more critically influences movement of corn, pork and dairy products from the U.S., perceptions of greater global cooperation was welcomed across all markets. Winter wheat planting is ongoing and is just ahead of the average pace at 43% seeded. The October WASDE report will incorporate the updated data from NASS on the 2018 wheat balance sheet.



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 acre¹. Basis for the 2018 crop is estimated at \$-0.45 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 acre¹. Basis for the 2019 crop is estimated at \$-0.35 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.