

Wheat Margin Watch: September



Wheat prices and margins steadied over the past two weeks and ended slightly higher. The September WASDE report left the domestic all wheat balance sheet entirely unchanged, instead deferring to the end-of-month Small Grain Summary and Quarterly Stocks Reports for more current data to alter the supply and demand situation. Globally, Russian production was amped to new record levels of 77.5 million metric tons, 5.0 million over last year's top mark. Adding to that were increases in Kazakhstan and Ukraine projections. The USDA brought down Canadian estimates to close the gap with Stats Canada data, only partially offsetting the FSU's gains. Overall ending stocks of global wheat continue to grow and are once again projected at record levels. Those projections temper the production issues that have cropped up, like the spring wheat drought conditions in the Plains of both the U.S. and Canada this past summer, as well as the persistent rains recently dogging up to 40% of Argentina's wheat crop. The U.S. all wheat export sales at 29% sold are just a trace behind pace to meet the USDA estimate of 975 million bushels shipped. As the spring wheat harvest wraps up, the winter wheat seeding is just underway at 5% complete. The weather outlooks offer encouraging forecasts for soil moisture replenishment throughout the winter wheat regions. As a result, many of our wheat producer clients continue to square hedges ahead of getting into the fields.



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 ¹. 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 acre ¹. 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.

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