

# Wheat Margin Watch: October



Wheat prices and margins were under pressure the past two weeks, along with the rest of the grain and oilseed markets, but were off the lows as the U.S. received a tender from Egypt, confirming the U.S. competitiveness at current price levels. The export sales pace has gathered strength lately, however still lags the average pace to meet the USDA export expectation by nearly 15%. Many analysts are hopeful the U.S. will remain competitive on the global front as exportable supplies in Australia and Russia diminish. The U.S. winter wheat seedings are 78% in the ground, behind the 5-year average of 85%, but the initial condition show 53% stand in the good-to-excellent categories. Our wheat clients continue to prefer flexible hedges to fixed coverage, particularly with the recent setback.



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 acre<sup>1</sup>. 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 acre<sup>1</sup>. Basis for the 2019 crop is estimated at \$-0.35 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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