

# Wheat Margin Watch: October



Wheat prices and margins were slightly lower over the prior two weeks, and continue to trade within an extremely tight range. The October WASDE Report offered 0.3 million additional planted acres, but a 0.5 million reduction in harvested acres, as the summer drought throughout the high plains took its toll. However, the national wheat yield was increased 0.7 to 46.3 bpa, offsetting the harvested decline. Production projections are now estimated to be 1,741 million bushels, up two million from September. The feed and residual category was reduced by 30 million bushels, adding directly to ending stocks, increasing the carryout to 960 million bushels. This compares to 2016/17 ending stocks of 1,181 million. The USDA is anticipating less wheat feed use as U.S. corn supplies are the second-highest on record. Wheat export sales continue to lag the pace needed to meet the current expectation of 975 million bushels sold this marketing year, presently 7% behind. U.S. winter wheat seeding progress is 60% complete, behind the five-year average of 71%, although recent rains have slowed planting progress; the forecast is favorable, and should quickly allow advancement of field work. Given the market conditions, wheat producers are actively setting targets for taking action at more desirable price levels.



*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 \$-0.4 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 <sup>1</sup>. Basis for the 2018 crop is estimated at \$-0.4 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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