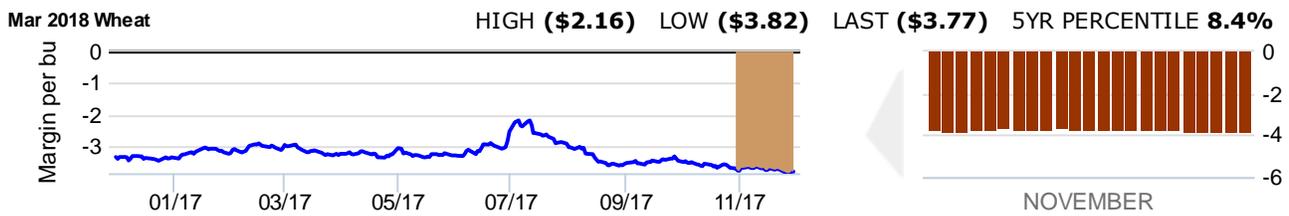


Wheat Margin Watch: November



Wheat prices and margins were again little changed over the course of the past two weeks and continue to be mired in an extremely tight trading range. The USDA released their annual 10-year baseline projections of the agricultural sector. While mostly for budgetary purposes, these projections do offer an idea of what the USDA has in store for the initial new crop balance sheets. The all wheat projections assume another reduction in planted acres to 45.0 million, on higher yields of 47.4 bpa and a smaller carryout of 813 million bushels. All wheat export sales stand at 63% of the expectation sold, well behind the pace needed to meet the estimate of 1,000 million bushels this year. Winter wheat conditions are currently 50% in the Good/Excellent categories, dropping 2% from last week and 8% from last year. This was the final reading from the USDA this year; the next crop conditions report is due out next April. Until then the market will rely on more localized state and county reporting, as well as weather outlooks across the plains.



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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