

Wheat Margin Watch: December



Wheat prices and margins were up slightly over the past two weeks, although wheat continues to trade in a very tight range. Large global wheat supplies were again confirmed in the December WASDE report. Global ending stocks were higher by 2.9 million metric tons to another record projection of 252.1 million metric tons, while global production was estimated at 751.3 million metric tons, also a record. Very favorable growing conditions led the USDA to raise the Australian production projection by 4.7 million metric tons, which accounts for the majority of the global bump. U.S. all wheat exports sales have reached the three-quarter mark, just ahead of the pace required to meet the USDA expectation. Shipments at just over half the expectation, however, are running about 4% behind the pace needed to reach 975 million bushels exported. Although the Argentinian wheat harvest is estimated to be over 50% complete, the wheat market is watchful for dry weather in that country as prolonged dryness could negatively impact final yields.



The estimated yield for the 2016 crop is 67 bushels per acre and the non-land operating cost is \$358 per acre. Land cost for 2016 is estimated at \$158 per acre¹. Basis for the 2016 crop is estimated at \$-0.55 per bushel.



The estimated yield for the 2017 crop is 68 bushels per acre and the estimated operating cost is \$358 per acre. Land cost for 2017 is estimated at \$150 per acre¹. Basis for the 2017 crop is estimated at \$-0.3 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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