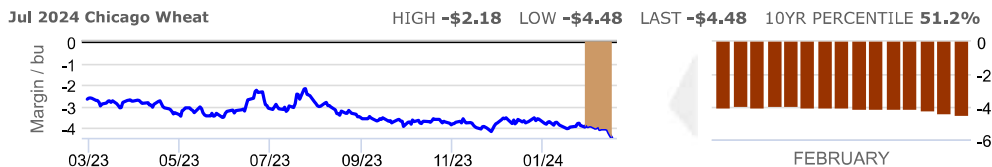


Chicago wheat futures fell through the first two weeks of February amidst USDA reports signaling decreases in domestic use and increasing stocks. On February 8, USDA released its monthly WASDE report. The 2023/24 domestic wheat balance sheet had only one minor adjustment to the balance sheet with USDA lowering food use by 10 million bushels. Food use is lowered by 10 million bushels due to lower wheat flour grind as indicated in the NASS Flour Milling Products report issued on February 1. With all other categories left unchanged, domestic ending stocks are forecast at 658 million bushels, up 10 million bushels from last month. Domestic all wheat use is at its lowest level in at least thirty years, while stocks-to-use are higher than a year ago but near the lower end of the range over the past decade. On February 15, USDA released its Grains and Oilseeds Outlook at the Annual Agricultural Outlook Forum. The 2024/25 outlook for wheat is for increased supplies, larger total use, and higher ending stocks. Wheat production is projected 5% higher than a year ago at 1.9 million bushels, which would be the largest in five years. Winter wheat seeded area is estimated at 34.4 million acres, a 6% decrease over last year, and total planted area is projected at 47.0 million acres, down 2.6 million acres from last year. While planted area is forecast lower than the previous year, harvested area increases year-to-year, as abandonment is expected to return to normal levels following two years of drought conditions in the Southern Plains. The all-wheat yield for 2024/25 is projected up two percent from last year at 49.5 bushels per acre and is based on a long-term linear trend. Domestically, approximately 14% of winter wheat production is currently experiencing drought, primarily along the central plains and pacific northwest. Export shipments have improved for the first two weeks of February. The pace of export shipments now sits at 78.2 million bushels behind the historical pace needed to meet USDA's annual forecast. Outstanding export sales totaled 224.3 million bushels, 35.8 million bushels above average for this point in the year. The U.S. dollar has risen steadily throughout the month thus far, partially in response to the January Consumer Price Index (CPI) report indicating inflation ticked up further than expected. Internationally, WASDE indicates world ending stocks are generally unchanged. USDA does mention increases for supply and demand, with demand increases outpacing the increase in supply expectations. While global ending supplies are little changed from last month at 259.5 MMT, this would represent the lowest stockpile total since the 2015/16 marketing year. In Europe, the French Farm Ministry cut winter wheat seeding estimates to 10.79 million acres, down 8% from a year ago and the second lowest estimate in the last thirty years. Ukraine is expected to harvest 23.4MMTs of wheat in the 2023-2024 marketing year, which would be up from the 21.5MMTs last year, according to USDA. Ukrainian exports are expected to decrease 2.1MMTs year-over-year. Moving into the second half of February, our clients were active lightening delta over the last two weeks while retaining upside opportunity as we gain further clarity on global stocks and production.



The estimated yield for the Mar 2024 crop is 80 bushels per acre and the non-land operating cost is \$493 per acre. Land cost for Mar 2024 is estimated at \$292 per acre¹. Basis for the Mar 2024 crop is estimated at \$-0.25 per bushel.



The estimated yield for the Jul 2024 crop is 81 bushels per acre and the estimated operating cost is \$487 per acre. Land cost for Jul 2024 is estimated at \$292 per acre¹. Basis for the Jul 2024 crop is estimated at \$-0.45 per bushel.

¹ The Chicago 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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