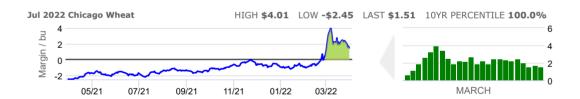
Chicago Wheat Margin Watch: March



Chicago wheat futures traded on either side of unchanged as markets continue to add and subtract Black Sea conflict premium. USDA on March 31 released its annual Prospective Plantings report. Acreage estimates were based on surveys conducted during the first two weeks of March. USDA pegged 2022 wheat acreage at 47.4 million acres. This was 1 percent higher than a year ago. The average analyst pre-report estimate was 47.763 million acres with a range of estimates from 46.2 to 48.9 million acres. If realized, this would mark the fifth lowest all wheat planted area since records began in 1919. USDA on March 31 also released its quarterly Grain Stocks report. All wheat stocks on March 1 totaled 1.02 billion bushels, 22 percent below a year ago. Analysts expected wheat stocks to range between 998 million to 1.325 billion bushels, with the average analyst estimate pegged at 1.064 billion. The indicated December 2021-February 2022 indicated disappearance of 353 million bushels was 10 percent below the same period a year ago. Drought in the U.S. Plains continues to take its toll on winter wheat conditions. While the Kansas crop's good/excellent wheat ratings rose 7 percent to 32 percent, most other areas were not as fortunate. The Texas wheat crop is rated 7 percent good (no excellent ratings) while Oklahoma fell to 18 percent good/excellent. All wheat export shipments remain relatively week and are 66 million bushels behind the historical pace needed to meet USDA's annual forecast. Outstanding old crop wheat export sales are at their lowest levels for this time of the year over at least the past decade. New crop wheat export sales have ticked higher over the past several weeks and typically begin to accumulate over the next three months. Internationally, much of the focus remains on the conflict in Eastern Europe. Reports of mines planted in the Black Sea, damage to Ukrainian ports, and the inability for carriers to obtain insurance to conduct commerce in the region complicate the region's ability to be a reliable supplier of wheat on the global stage for the foreseeable future. Meanwhile, Russian flour prices scored record highs over the past several weeks. Market participants will continue to focus on the prospect of success from any peace/ceasefire talks as well as crop health throughout the U.S. Plains. Our clients continue to evaluate adjustments on existing hedges and are patiently looking to extend coverage into deferred periods if the market continues to move higher.



The estimated yield for the May 2022 crop is 75 bushels per acre and the non-land operating cost is \$386 per acre. Land cost for May 2022 is estimated at \$163 per acre ¹. Basis for the May 2022 crop is estimated at \$-0.55 per bushel.



The estimated yield for the Jul 2022 crop is 75 bushels per acre and the estimated operating cost is \$419 per acre. Land cost for Jul 2022 is estimated at \$167 per acre ¹. Basis for the Jul 2022 crop is estimated at \$-0.7 per bushel.

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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.