

Chicago wheat futures traded steadily lower throughout the first half of March. USDA on March 9 released its monthly WASDE report. U.S. domestic ending stocks were left unchanged this month at 836 million bushels compared to the average trade guess of 836 million. No changes were made to the U.S. domestic balance sheet. Global wheat ending stocks were pegged at 301.2 MMT compared to the average pre-report trade estimate of 305 MMT. The reduction was entirely due to China, where domestic feed use is projected up 5 MMT. Outside of China, world ending stocks are projected to increase by nearly 1.5 MMT. Snowfall in the U.S. southern Plains will help improve soil moisture levels in the region and give crops that are emerging from winter dormancy a much-needed drink of water. U.S. winter wheat crop ratings for the week ending March 14 were steady to higher. All wheat export sales are running at 90 percent of the USDA forecast compared, slightly ahead of average for this point in the year. After a strong start to the marketing year, shipments are running at a slower pace than what would be witnessed seasonally. The export shipment rate is running 58 million bushels behind the pace needed to meet the USDA forecast. Outstanding export sales of new crop wheat have just begun but are at their highest level for this point in the marketing year since 2016. Internationally, strong global consumption and geopolitics continue to be the focus of the marketplace. U.S. and Chinese officials are meeting on March 18 in Alaska to discuss an array of issues, including trade. Argentine export taxes and quotas may lead to reduced seedings. Russia's politics and how it handles its self-imposed trade barrier will continue to be the focus of the market. Our clients are remaining patient and evaluating potential adjustments to capture equity and employ more flexible strategies should the market continue to break.



The estimated yield for the May 2021 crop is 75 bushels per acre and the non-land operating cost is \$376 per acre. Land cost for May 2021 is estimated at \$166 per acre ¹. Basis for the May 2021 crop is estimated at \$-0.42 per bushel.



The estimated yield for the Jul 2021 crop is 75 bushels per acre and the estimated operating cost is \$376 per acre. Land cost for Jul 2021 is estimated at \$166 per acre ¹. Basis for the Jul 2021 crop is estimated at \$-0.28 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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