

Chicago wheat fell throughout the last half of May as the market digests the possibility of a deal to lift the Russian blockade of Ukrainian ports by early summer. The recent weakness comes despite ongoing weather concerns in most major production areas. Negotiations continue on opening a Ukraine marine food export corridor but have been fruitless thus far. Lack of Ukraine grain will likely push portions of the world into a food crisis in the third quarter of the year when Black Sea exports seasonally increase. Russian President Vladimir Putin has stated he'd be willing to allow exports from Ukraine in exchange for concessions on sanctions from the West, which at this point remains unlikely. Ukraine typically accounts for about 9 percent of global wheat trade. Domestically, portions of the country with significant wheat production received much-needed precipitation. As much as six times the normal amount of rain fell in central Kansas and central Oklahoma in the past week. USDA indicated U.S. farmers had planted 73 percent of the spring wheat crop through the week ending May 29. This was behind the 5-year average but significantly higher than pre-report estimates. Planting progress remains significantly behind historical norms in North Dakota and Minnesota. North Dakota accounts for about half of the country's spring wheat production. The winter wheat crop was rated 29 percent good/excellent. This was 21 percent behind the 5-year average, with good/excellent ratings in Montana, Colorado, Oklahoma, and Texas below 20 percent. All wheat export shipments have been lackluster over the as the marketing year comes to a close and are 100 million bushels behind the historical average needed to meet USDA's annual forecast. New crop wheat export sales have increased in recent weeks but remain behind the historical average for this point in the year. The Philippines, Mexico, and Japan have been making purchases over the past several weeks. Market focus remains on Black Sea geopolitics. Our clients continue to evaluate adjustments on existing hedges to possible lighten delta and reopen upside opportunity on the recent weakness.



The estimated yield for the Jul 2022 crop is 88 bushels per acre and the non-land operating cost is \$420 per acre. Land cost for Jul 2022 is estimated at \$201 per acre¹. Basis for the Jul 2022 crop is estimated at \$-0.68 per bushel.



The estimated yield for the Jul 2023 crop is 75 bushels per acre and the estimated operating cost is \$455 per acre. Land cost for Jul 2023 is estimated at \$226 per acre¹. Basis for the Jul 2023 crop is estimated at \$-0.63 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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