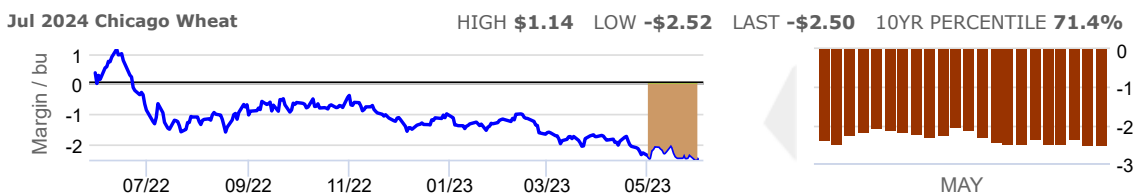


Wheat futures dropped to their lowest levels in more than two years throughout the last half of May as the complex is caught in a bearish macroeconomic trend and Russia continues to aggressively price new crop wheat. Russian offers fell to new seasonal lows as they aggressively work to clear excess inventories. El Niño's arrival has yet to negatively impact Australia's climate pattern, which continues to have rain in the forecast. The Black Sea Grain Initiative was renewed in mid-May for another two months, although Russia continues to threaten to pull out of the deal. Domestically, USDA reported 85 percent of the U.S. spring wheat was planted through the week ending May 28. This was 21 points ahead of the previous week and marginally below average for this time of the year. Fifty-seven percent of the crop had emerged through Sunday, 2 points behind average. Rainfall across the U.S. Plains gave the hard-red winter wheat crop a boost. USDA also reported 34 percent of the winter wheat crop was in good/excellent condition. This was 3 points better than the previous week and better the 29 percent good/excellent rating from a year ago. USDA also reported 72 percent of the winter wheat crop was headed, nearly identical to last year's pace. As we approach the end of the wheat marketing year, export shipments remain about 115 million bushels behind the historical pace needed to meet USDA's annual forecast. New crop (2023/24) wheat export sales have picked up in recent weeks but are at their lowest level over the past decade for this timeframe. Market attention will remain focused on the future of the Black Sea grain deal and global demand. Our clients have been active looking at adjustments to existing hedges to lighten delta and reopen upside opportunity on the recent break. They will be looking to scale into coverage should the market rebound in coming weeks.



The estimated yield for the Jul 2023 crop is 88 bushels per acre and the non-land operating cost is \$420 per acre. Land cost for Jul 2023 is estimated at \$201 per acre¹. Basis for the Jul 2023 crop is estimated at \$-0.3 per bushel.



The estimated yield for the Jul 2024 crop is 80 bushels per acre and the estimated operating cost is \$479 per acre. Land cost for Jul 2024 is estimated at \$222 per acre¹. Basis for the Jul 2024 crop is estimated at \$-0.3 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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