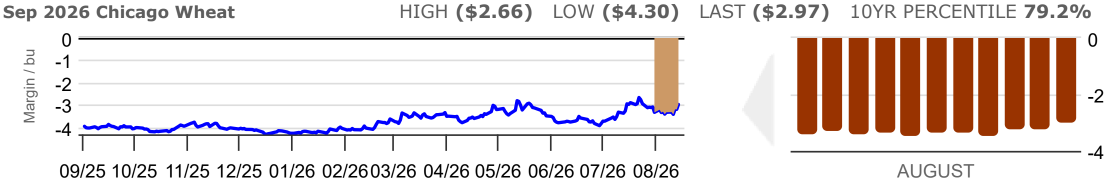
# **Chicago Wheat Margin Watch:** August

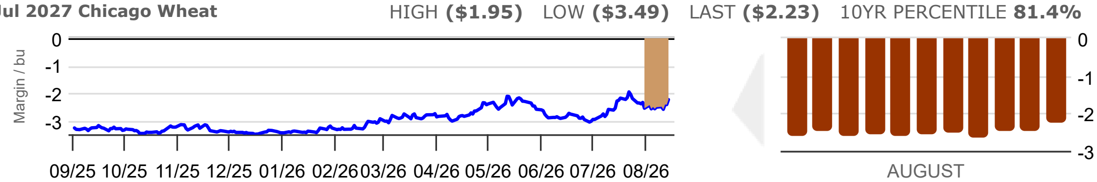
Chicago wheat futures closed higher over the past two week as volatility increases due to intensifying Black Sea conflict. As of August 9, Minneapolis wheat is rated 51% good-to-excellent, down 4 points from last week but ahead of its five-year average and harvest is 24% complete, up 19 points from the previous week. Winter wheat is 91% harvested with progress still needed from Idaho, Montana and Washington. On August 12, USDA released its monthly balance sheet. Domestically, all wheat production decreased by 5 million bushels to 1.531 billion, reflecting the decrease in yield to 47.8 bushels per acre. This change brought ending stocks down to 717 million bushels and remain the 6th lowest in the last 20 years and indicates a tighter stocks-to-use ratio of 38.26%, similar to 2023/24. On the global front, ending stocks were essentially left unchanged from last month. Production decreased to 819 MMT as USDA noted production issues in the E.U., U.K., and Brazil due to drought and high temperatures during the most critical growth period. Impacts from the Ukraine/Russia conflict were also addressed, stating, “Russia and Ukraine exports are lowered on logistical disruptions arising from the increased conflict between the two countries in the Sea of Azov and the Black Sea.” Exports for Russia are projected down 1.5 MMT to 46 MMT and down 1.0 MMT for Ukraine to 13.5 MMT. USDA forecasts Canadian and Kazakhstan exports to both increase 1.0 MMT as a result. Market attention will continue to monitor E.U. domestic demand and logistics in the Black Sea. Our clients are stepping into more coverage as open market margins strong, but that coverage remains flexible due to the smaller U.S. crop and the constraints the war in Ukraine can have on global trade.

**Sep 2026 Chicago Wheat** HIGH **($2.66)** LOW **($4.30)** LAST **($2.97)** 10YR PERCENTILE **79.2%**




*The estimated yield for the Sep 2026 crop is 86 bushels per acre and the non-land operating cost is $504 per acre. Land cost for Sep 2026 is estimated at $293 per acre [1]. Basis for the Sep 2026 crop is estimated at $-0.45 per bushel.*

**Jul 2027 Chicago Wheat** HIGH **($1.95)** LOW **($3.49)** LAST **($2.23)** 10YR PERCENTILE **81.4%**




*The estimated yield for the Jul 2027 crop is 87 bushels per acre and the estimated operating cost is $499 per acre. Land cost for Jul 2027 is estimated at $274 per acre [1]. Basis for the Jul 2027 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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