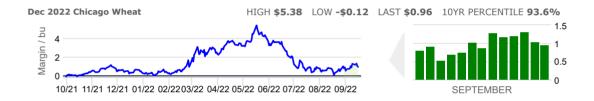
## Chicago Wheat Margin Watch: September



Chicago wheat futures traded mostly higher throughout the first half of September as non-Black Sea ending stocks remain tight. A potential U.S. railroad strike dominated headlines but was avoided at the midnight hour when railroad unions and companies reached a tentative agreement. USDA indicated 85 percent of the spring wheat crop was harvested through the week ending September 11, slightly behind the prior five-year average of 89 percent. Winter wheat growers had planted 10 percent of the crop, ahead of the normal 7 percent for this time of the year. FAS released its weekly export sales data after a technical glitch caused the data to be suspended over the past several weeks. All wheat export sales were as expected and remain behind the historical pace needed to meet USDA's annual forecast. Renewed dollar strength following greater-thanexpected U.S. inflation last month is keeping new buying limited. USDA on September 12 released its latest WASDE report. The 2022/23 domestic wheat balance sheet was unchanged from last month. Domestic endings stocks remain pegged at their lowest level since the 2013/14 crop year. The global balance sheet called for higher supplies, use, and ending stocks. Russian wheat production was raised by 3 million metric tons to a record-high 91 million tons. Despite logistical, reputational, and other geopolitical concerns, Russian wheat exports are forecast to be record large. Ukraine production was also increased 1 million tons to 20.5 million. Global trade was nearly unchanged with no changes to major exporters' trade forecasts. Global ending stocks were pegged to increase 1.2 million metric tons to 268.6 million, slightly higher than the average pre-report estimate 267.6 million metric tons but within the range of expectations. Russian President Putin has called for a review of the Black Sea Corridor deal, calling into question the likelihood of extension of the agreement past its November expiration date. Geopolitics will continue to dominate the market for the foreseeable future. Our clients have benefited from having coverage in place since early spring. This provides protection to the downside and allows for opportunity to participate in higher prices. They are looking to strengthen delta on existing hedges should the market move higher.



The estimated yield for the Dec 2022 crop is 88 bushels per acre and the non-land operating cost is \$420 per acre. Land cost for Dec 2022 is estimated at \$201 per acre. Basis for the Dec 2022 crop is estimated at \$-0.35 per bushel.



The estimated yield for the Jul 2023 crop is 80 bushels per acre and the estimated operating cost is \$477 per acre. Land cost for Jul 2023 is estimated at \$282 per acre <sup>1</sup>. Basis for the Jul 2023 crop is estimated at \$-0.4 per bushel.

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<sup>&</sup>lt;sup>1</sup> 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.