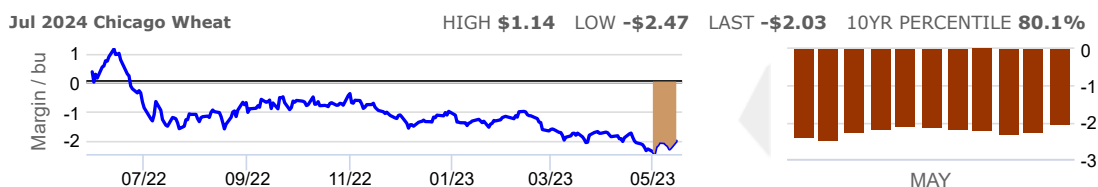


Chicago wheat futures bounced after setting new lows earlier in the month to finish the first half of May higher. USDA on May 12 released its latest WASDE report. The report provided the first glimpse at new crop balance sheets and incorporated acreage estimates from March's Prospective Plantings report. The 2023/24 domestic wheat balance sheet called for reduced supplies, exports, and ending stocks compared to a year ago. All wheat production was projected at 1.659 million bushels. This was an increase due to increased harvested area but slightly below the average analysts' estimate. Despite the bump in production, the report noted "the harvest-to-plant ratio is down from last year with above-average abandonment in Texas, Oklahoma, and Kansas". The all-wheat yield was lowered from a year ago by 1.8 bushels to 44.7 bushels per acre. Twenty-nine percent of the winter wheat crop was rated good/excellent through the week ending May 14, about 17 percent below the 5-year average. Domestic use was increased 1 percent from a year ago while ending stocks were lowered by 11 percent. All wheat stocks were lowered to 556 million bushels, below the lower end of analysts' pre-report estimate range ((585 to 622 million). If realized, ending stocks would be the lowest level in 16 years. Global wheat production was estimated at a record 789.8 million metric tons, due in large part to a large increase for Argentina. Russia is again expected to be the largest wheat exporter. Projected ending stocks were lowered 1.9 million tons from a year ago to 264.3 million. This was slightly above the average analysts' pre-report estimate but within the range of estimates (245.7 to 270 million). The Black Sea grain deal is set to expire May 18 with no additional talks planned through the end of the week. Market attention will remain focused on the future of this deal and what its impending cancellation has on displacing end user demand from the region. 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 continue to 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.

The information contained in this publication is taken from sources believed to be reliable, but is not guaranteed by Commodity & Ingredient Hedging, LLC, nor any affiliates, as to accuracy or completeness, and is intended for purposes of information and education only. Nothing therein should be considered as a solicitation to trade commodities or a trade recommendation by Commodity & Ingredient Hedging, LLC. All references to market conditions are current as of the date of the presentation. Futures and options trading involves the risk of loss. Past performance is not indicative of future results. Please visit www.cihedging.com to subscribe to the CIH Margin Watch report.