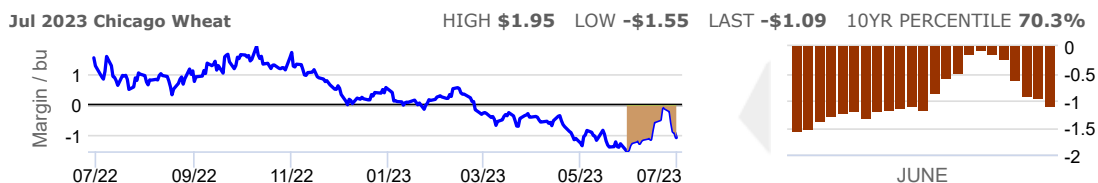


Chicago wheat futures had a mixed last half of June but finished mostly unchanged as geopolitical tensions, weak export demand, and solid domestic disappearance dominated the headlines. Drama in Russia amid a short-lived coup attempt spooked the wheat market as uncertainty arose surrounding the giant's ability to ship wheat globally. While tensions appear to have calmed for the time being, the event highlighted the tumultuous geopolitical risks faced in Eastern Europe in general and Russia in particular. Stats Canada also announced a marginal increase in planted wheat acreage from their April estimate. Export demand for U.S. wheat remains lackluster at best. Export shipments through the first several weeks of the marketing year (beginning June 1) are already 24 million bushels behind the historical pace needed to meet USDA's annual forecast. Outstanding new crop all wheat export sales are at a decade low for this point in the marketing year and are some 22 percent lower than the previous 10-year low. USDA NASS indicated through June 25 the winter wheat crop was 24 percent harvested, about 9 points behind the 5-year average. The spring wheat crop was rated 50 percent good/excellent as rains in the Dakotas were not enough to prevent further declines. Through June 27, 55 percent of winter wheat production area and 14 percent of spring wheat production area was affected by drought. USDA on June 30 released its Acreage report. All wheat planted area was pegged at 49.6 million acres. This was 9 percent higher than a year ago and in line with analysts' pre-report estimates. USDA also released its Quarterly Grain Stocks report. U.S. all wheat stocks on June 1 were pegged at 7580 million bushels, 17 percent lower than a year ago and lower than the pre-report trade average estimate of 611 million. The implied March-May disappearance of 366 million bushels was up 11 percent from the same period a year ago. The market will remain focused on the future of the Black Sea export corridor deal as well as the impact on improved precipitation prospects in major production areas. Our clients are evaluating adjustments as downward momentum continues to lighten delta and reopen upside opportunity.



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 \$-0.4 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 \$-0.45 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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