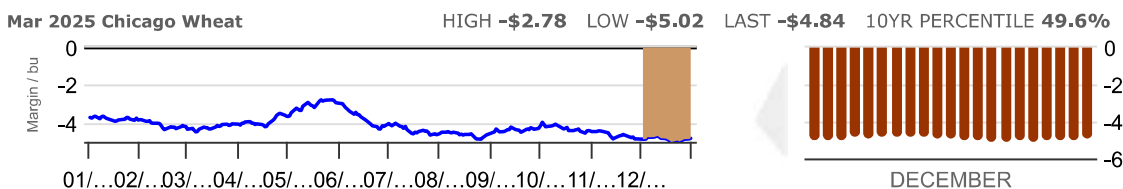
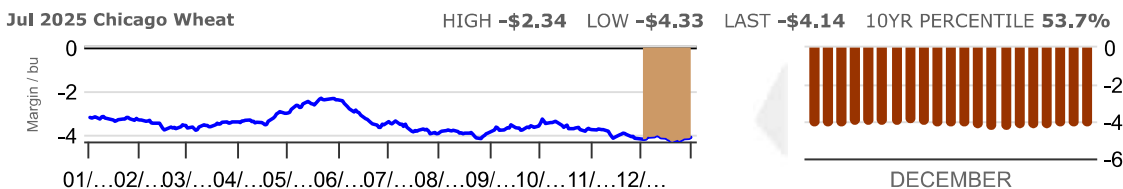


Chicago wheat futures finished the year with a marginal rally and remain near contract lows amid rangebound trading. Wheat supplies remain ample to fill domestic needs, and the market lacks any major world issues to rile prices for the time being. Reduced Ukrainian and Russian production, as well as a hard cap on Russian exports have done little to shift sentiments due to weaker international demand. U.S. exports are expected to be highest in four years, but the trend is clearly downward for the wheat export market and has been for the past 15 years. In addition to regional disadvantages, the U.S. wheat export market faces currency headwinds as the U.S. dollar finished 2024 at the highest annual closing print since 2001. While that sounds like hyperbole, the dollar is still 10% lower than where it traded in the 2001 year. The euro, which represents roughly 58% of the dollar index basket, has been falling sharply throughout the quarter with political uncertainties and economic issues arising in the bellwether states. A continued strengthening of the dollar cannot be discounted. Argentine wheat is the world's cheapest origin as Aussie wheat continues to drift lower as harvest advances. Despite the demand picture being negative for now, supplies are non-burdensome. USDA will publish the Winter Wheat Seedings report along with the monthly WASDE report on January 10 giving guidance on domestic supply changes. 2025 winter wheat acreage enrolled in RMA programs is down roughly 5% year-over-year and the lowest on record. Private forecasts are looking for all winter wheat area to come in around 22.8 million acres, down 1 million from last year. Along with this, USDA will also publish the Quarterly Grain Stocks report which indicates available supplies and gives a decent measure of usage pace through the second quarter of the crop year. Our clients are patiently evaluating adjustments on existing hedges. They are looking to maintain protection to lower prices while allowing for upside opportunity.



The estimated yield for the Mar 2025 crop is 81 bushels per acre and the non-land operating cost is \$523 per acre. Land cost for Mar 2025 is estimated at \$275 per acre<sup>1</sup>. Basis for the Mar 2025 crop is estimated at \$-0.5 per bushel.



The estimated yield for the Jul 2025 crop is 84 bushels per acre and the estimated operating cost is \$484 per acre. Land cost for Jul 2025 is estimated at \$300 per acre<sup>1</sup>. Basis for the Jul 2025 crop is estimated at \$-0.5 per bushel.

<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.

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