

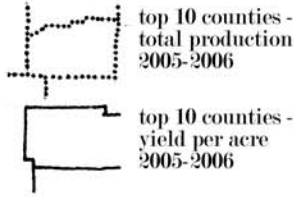
A Geography of Illinois Wheat.

100 years ago, Illinois farmers were one of the country's largest wheat producers. Acreage devoted to wheat has been declining ever since, and is now the third most common grain grown in the state, after corn and soybeans.

MARKETING.

Farmers have to decide where, when and how to sell their crop. In general, in areas and times of surplus (in wheat producing areas & just after harvest) prices will be lower. Grain elevators located close to major ports or centers of export or demand will pay higher prices for grain. Many factors complicate that basic equation, such as foreign demand and production, weather, and fuel costs. Wheat can be stored on the farm, sold to a grain elevator, or sold directly to customers. Illinois wheat farmers do not usually store their grain for long after harvest and typically will contract with their local elevator ahead of time to lock in a price for the season's crop.

LEGEND



PRODUCTION.

Illinois farmers grow soft red winter wheat. With Illinois' climate, soft red winter can be grown over the winter/spring, with enough time for a soybean crop after the June wheat harvest. Wheat production concentrates in the southern part of the state due to the longer growing season.

EXCHANGE.

Wheat was one of the original commodities traded on what was to become the Chicago Mercantile Exchange. The Mercantile Exchange (CME) / Board of Trade is a major center of the commodities market and one of the largest futures exchanges in the world. Other than the type of wheat futures traded (soft red winter) the CME has little physical or geographic relationship to the wheat grown in Illinois. Physical delivery on a futures contract is rare, as most transactions are for hedging or speculation. Still, farmers, brokers and grain elevator operators base the cash price for "real" wheat on CME prices, putting the CME at the heart of the Illinois farming community.

TRUCK (semi).

- 910 bushels
- Short haul / small volumes
- High carbon / low efficiency
- Cost driven by fuel costs
- Grain for domestic production in Chicago & points east.

TRAIN (hopper car).

- 3,500 bushels
- Large fixed costs, low-emissions
- Differential pricing structure
- Used to export grain to Asia through Pacific NW ports

TRANSPORT.

Chicago has historically been a hub for trade, due to a strategic location and early investments in technology (grain elevators, futures trading) and infrastructure (rail, highway & water).

BARGE.

- 52,500 bushels
- Long haul / slow
- Lowest emissions
- Seasonal (freezes)
- Mississippi River to gulf ports
- Mostly corporate (ConAgra, ADM, Cargill) grain for export; corporations also own their own barge fleets.

PROCESSING.

Wheat that is sold domestically is sold to millers and other food processors, primarily in the Chicago / Great Lakes region and points east. Soft red winter wheat is used in unleavened breads that need fine flour (pastries, crackers, cookies, etc). SRW wheat can also be an ingredient in all-purpose flour, but is unsuitable for yeasted breads. Food processing is the state's number one "manufacturing" industry, with a large concentration of facilities in the Chicago area.

CONSUMPTION.

In 2008, the average person in the U.S. ate 136.6 pounds of wheat. This is substantially less than the all-time high of 225 pounds/year in the late 1800s, but an increase over the low-carb diet craze of a few years ago.

