

# Wheat Outlook

September 12, 2017  
Volume 26, Number 58

**Today's Newsletter**

**Market Situation**

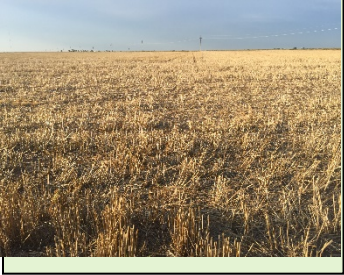
WASDE 1

Weather 5

**Marketing Strategies**

2018 Wheat Marketing Plan 6

**Upcoming Reports/Events** 8



## Market Situation

**WASDE.** No changes were made to U.S. wheat supply or use numbers in this morning's *World Agricultural Supply and Demand Estimates*.

The season average farm price estimate for 2017/18 was reduced by 20 cents per bushel to \$4.60. This reduction raised the estimated PLC payment to \$0.90 per bushel.

US WHEAT SUPPLY AND USE			September		
			2017/18	Net Change	% Change
AREA			9/12/2017	Aug to Sep	Aug to Sep
	Planted	mil acres	45.7	0.0	0.00%
	Harvested	mil acres	38.1	0.0	0.00%
	Percent Harvested				
YIELD	Harvested acre	bu/ac	45.6	0.0	0.00%
SUPPLY					
	Beginning stocks	mil bu	1184	0.0	0.00%
	Production	mil bu	1739	0.0	0.00%
	Imports	mil bu	150	0.0	0.00%
	Total Supply	mil bu	3074	0.0	0.00%
DEMAND					
	Food	mil bu	950	0.0	0.00%
	Seed	mil bu	66	0.0	0.00%
	Feed and residual	mil bu	150	0.0	0.00%
	Total Domestic Use	mil bu	1166	0.0	0.00%
	Exports	mil bu	975	0.0	0.00%
	Total Use	mil bu	2141	0.0	0.00%
	Ending stocks	mil bu	933	0.0	0.00%
	Stocks to Use ratio	percent	43.6%	0.00%	0.00%
	Days of Use on hand	days	159.1	0.0	0.00%
PRICE					
	Average farm price	\$/bu	4.30-4.90		
	Average farm price	\$/bu	4.60	(0.20)	-4.17%
	Reference Price	\$/bu	5.50	0.00	0.00%
	PLC Payment	\$/bu	0.90	0.20	28.57%

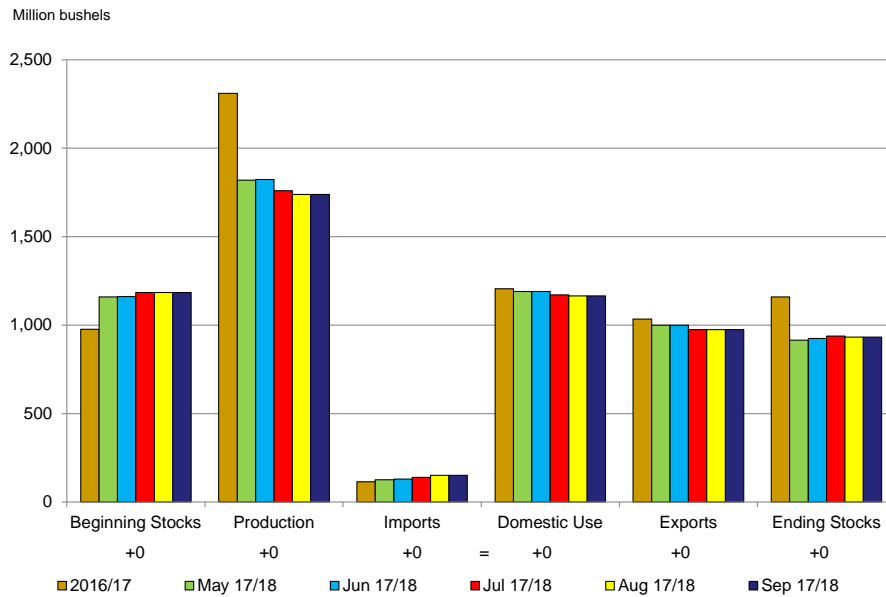
World wheat carryout for 2017/18 was reduced from a 131-day supply to 130 days, still the largest since the late 1990s. The size of the wheat crop in Russia increased by 3.5 mmt but this was offset somewhat by smaller crops in Australia (-1 mmt), Europe (-0.69 mmt), and a lower beginning stock estimate (-2.7 mmt). The net was a supply decrease of 1.1 mmt. Use was up 0.5 mmt which lowered global ending stocks by 1.5 mmt.

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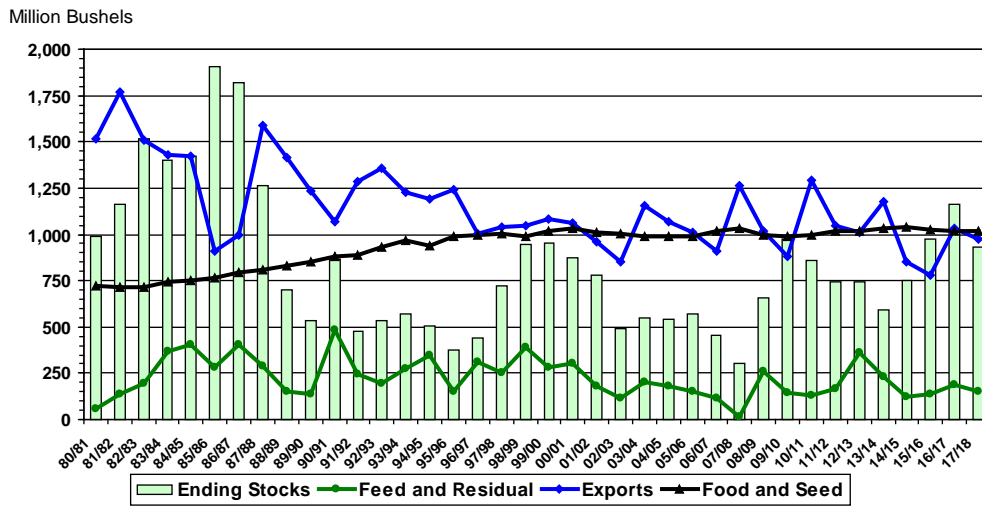
September 12, 2017

Volume 26, Number 58

## U.S. Wheat Supply and Demand, 9/12/2017



## U.S. Wheat Use



WASDE, 9/12/2017

# Wheat Outlook

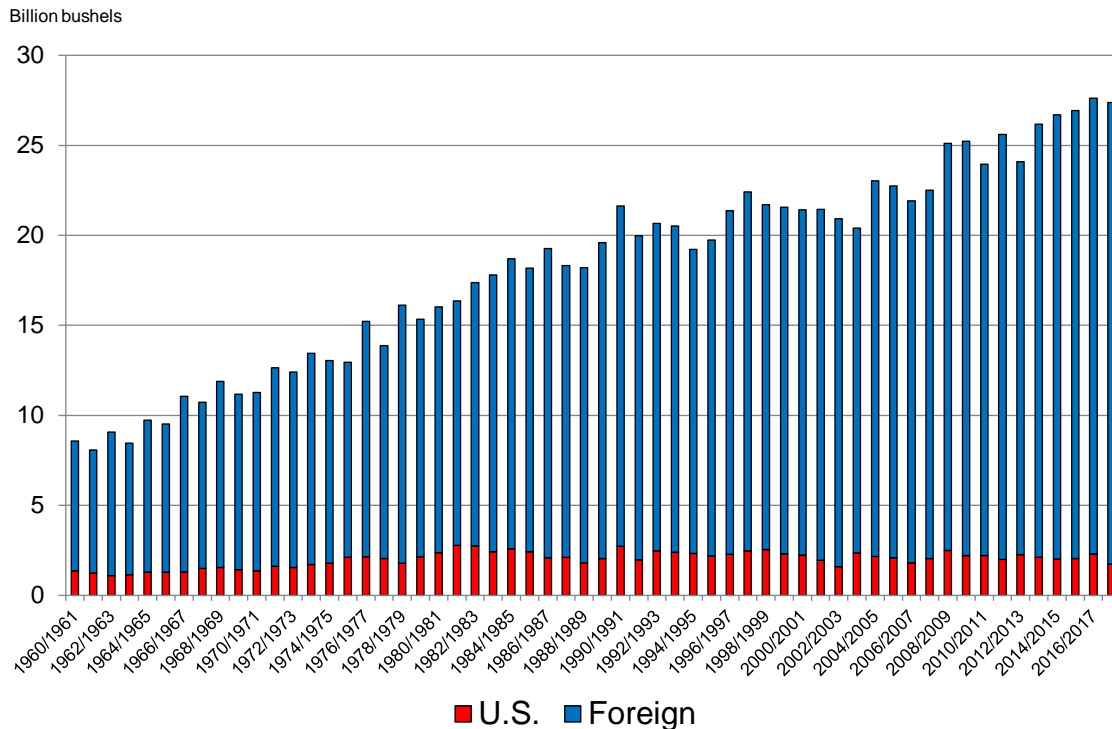
September 12, 2017

Volume 26, Number 58



WORLD	WHEAT	MMT								
		Beginning Stc	Production	Imports	Feed Use	Total Use	Exports	Ending Stocks	Stocks to Use	Days on hand
2005/06		156.48	618.87	110.15	111.31	620.92	116.16	154.43	0.25	90.78
2006/07		154.43	596.53	112.37	105.80	616.46	110.96	134.50	0.22	79.63
2007/08		134.50	612.65	107.31	101.20	617.80	109.56	129.35	0.21	76.42
2008/09		129.35	683.53	127.94	115.47	643.65	129.78	169.24	0.26	95.97
2009/10		169.24	687.09	133.64	117.72	654.39	135.80	201.94	0.31	112.64
2010/11		201.94	650.79	131.65	116.33	654.55	132.43	198.19	0.30	110.52
2011/12		198.19	695.99	149.32	146.87	696.92	157.78	197.26	0.28	103.31
2012/13		196.16	657.94	144.22	137.09	679.27	137.36	174.46	0.26	93.75
2013/14		177.07	715.26	158.36	126.77	697.95	165.91	193.77	0.28	101.33
2014/15		193.77	725.91	158.69	132.60	705.69	164.37	212.07	0.30	109.69
2015/16		217.51	737.00	169.95	136.51	712.08	172.85	242.42	0.34	124.26
2016/17		242.42	753.09	175.45	147.52	740.16	179.74	255.35	0.34	125.92
2017/18	May	255.35	737.83	178.53	138.54	734.89	178.35	258.29	0.35	128.29
2017/18	June	256.43	739.53	178.73	139.12	734.77	178.55	261.19	0.36	129.75
2017/18	July	258.05	737.83	178.02	139.31	735.28	178.42	260.60	0.35	129.36
2017/18	August	258.56	743.18	179.35	140.63	737.05	179.92	264.69	0.36	131.08
2017/18	September	255.83	744.85	179.35	140.61	737.54	180.03	263.14	0.36	130.22
	Net Change	(2.73)	1.67	0.00	(0.02)	0.49	0.11	(1.55)	(0.00)	(0.85)
	Percentage Change	-1.1%	0.2%	0.0%	0.0%	0.1%	0.1%	-0.6%	-0.7%	-0.7%

## World Wheat Production



WASDE 9/12/2017

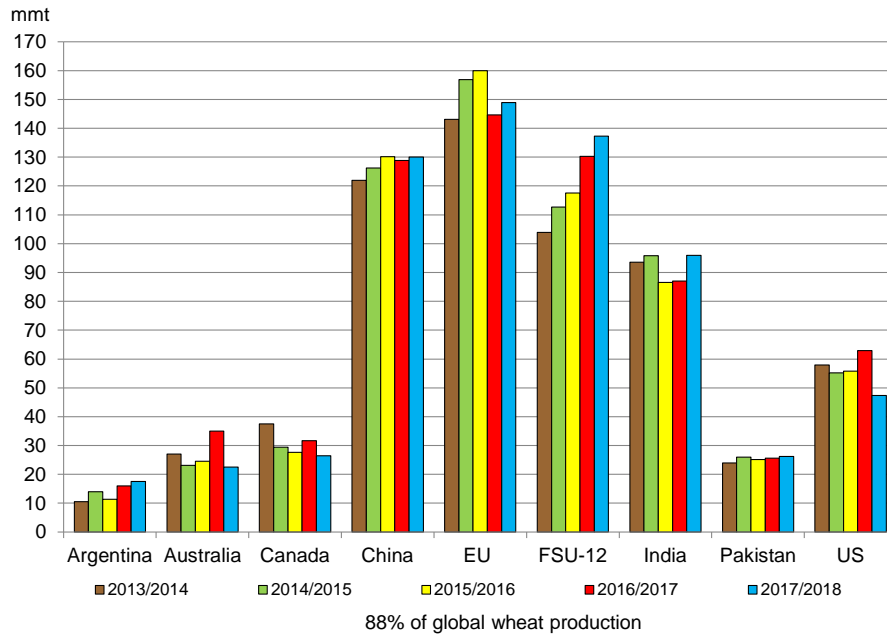


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September 12, 2017

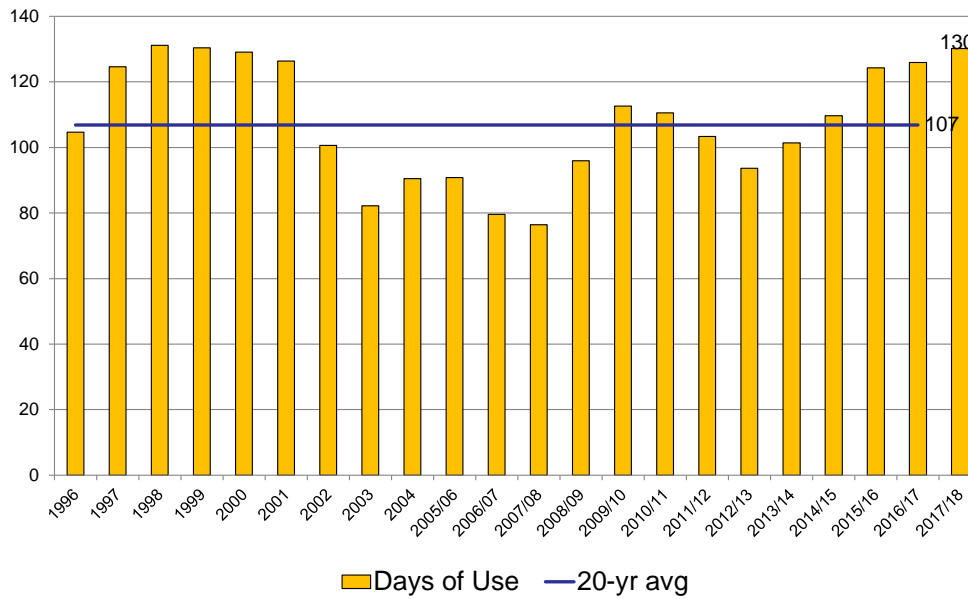
Volume 26, Number 58

## Wheat Production, Major Countries



WASDE, 9/12/2017

## World Wheat: Days of Use on Hand



WASDE, 9/12/2017

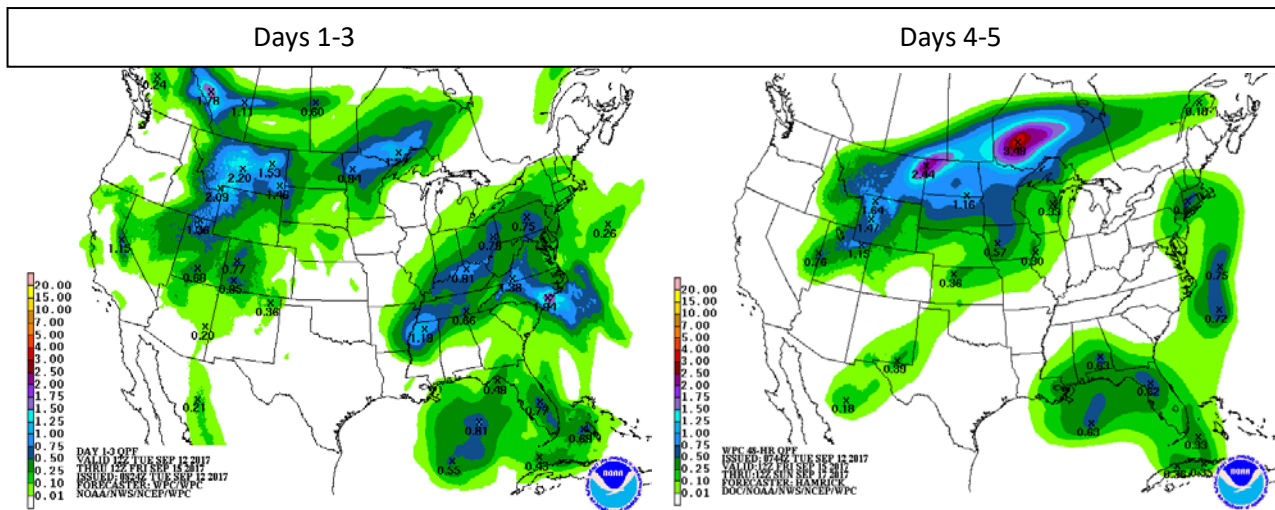
# Wheat Outlook

September 12, 2017

Volume 26, Number 58

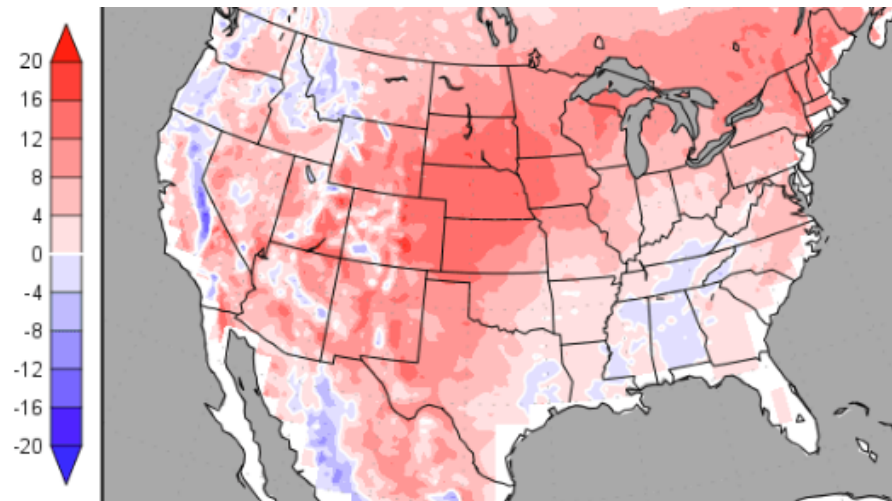
**Weather.** The precipitation forecast includes diminishing effects of Hurricane Irma on the eastern Corn Belt and improved rainfall prospects for the northern High Plains. Warmer than normal temperatures are expected for most of the country, especially the central portion of the High Plains, where it has been drier than normal in Kansas, eastern Colorado and northern Oklahoma.

Precipitation Forecast (<http://www.wpc.ncep.noaa.gov/qpf/day4-7.shtml>):



### Temperature Anomaly during the first period:

Tue, 12 SEP 2017 at 00Z  
-to-  
Wed, 20 SEP 2017 at 00Z



Temperature forecasts from the National Centers for Environmental Prediction.  
Normal Temperature derived from CRU monthly climatology for 1901-2000  
Forecast Initialization Time: 00Z12SEP2017

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September 12, 2017

Volume 26, Number 58

This week's Oceanic Nino Index from the Climate Prediction Center shows a moderate dip into La Nina territory late this fall and early winter before turning back to neutral conditions in early spring. The average forecast of models from the International Research Institute for Climate and Society predicts ENSO-neutral for the remainder of the year and into early 2018. The National Centers for Environmental Prediction Climate Forecast System favors La Nina this fall and winter. The Australian Bureau of Meteorology notes in today's ENSO update that 2 of its 8 models approach La Nina thresholds by the end of the year. The official ENSO outlook is inactive meaning there is little sign of El Nino or La Nina developing in the coming months. This week's temperature deviation reading was  $-0.6^{\circ}\text{C}$  from normal.

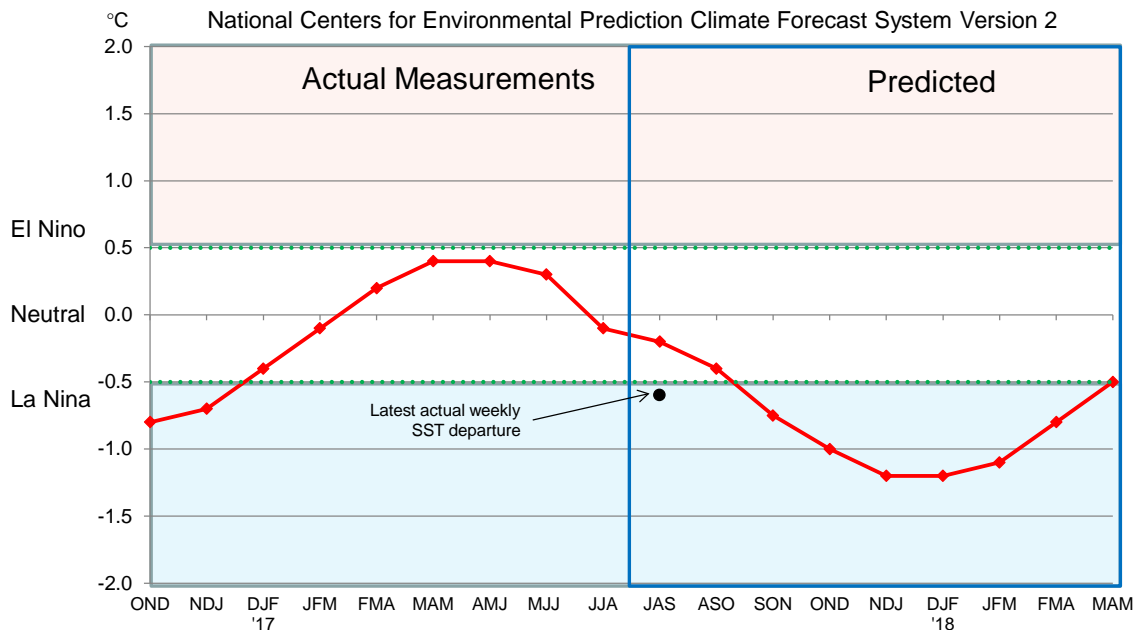
## Oceanic Nino Index (ONI)

ENSO Alert System Status: Not Active

ENSO-neutral conditions are present.

Equatorial sea surface temperatures (SSTs) are near-to-below average across the central and eastern Pacific Ocean.

ENSO neutral is favored (~85% chance during Jul-Sep, decreasing to ~55% during Dec-Feb) through the Northern Hemisphere winter 2017-18.



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, September 11, 2017  
[http://www.cpc.ncep.noaa.gov/products/analysis\\_monitoring/enso\\_advisory/](http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/)

## Marketing Strategies

**2018 Wheat Marketing Plan.** We are nearing the end of the price discovery period when RMA sets the base price for most 2018 winter wheat products. At current futures prices in the July 2018 Kansas City wheat contract, the base price is above last year but still in the lower ranges of the last 10 years.

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Volume 26, Number 58

**Your Price Criteria** Select New Criteria

Commodity: Wheat      Type: Winter  
 State: Texas            Practice: Conventional  
 Sales Closing Date: September 30, 2017      Year: 2018

## Base Contract: KCBT July HRW Wheat 2018 (KEN18)



Projected Price	Price Volatility	Harvest Price
<b>\$4.87</b> per Bushel	<b>0.16</b>	Not Yet Available

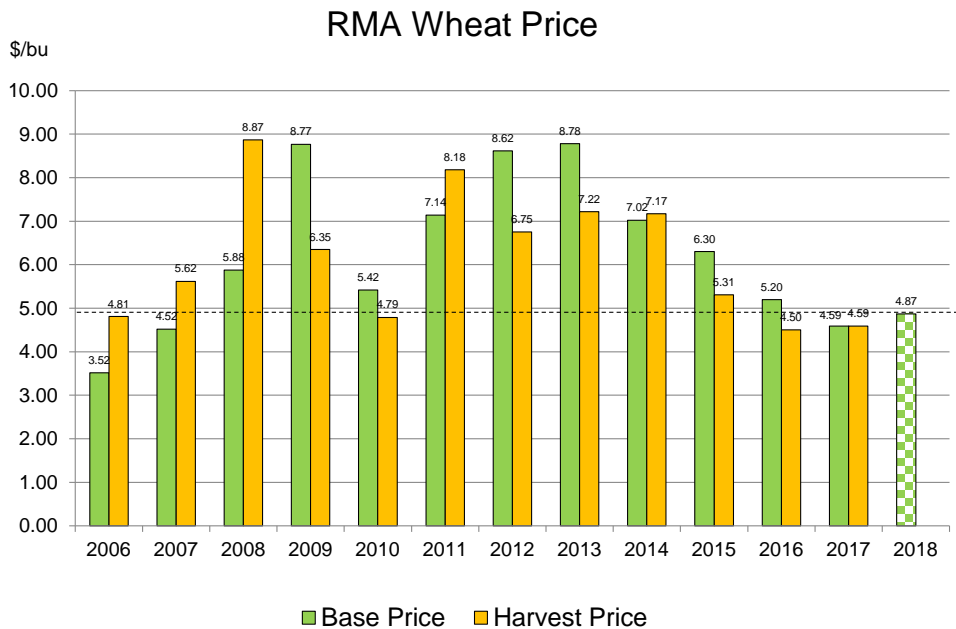
Status	In Discovery	In Discovery	Yet To Start
Start Date	8/15/2017	8/15/2017	N/A
End Date	9/14/2017	9/14/2017	N/A

► Projected Daily Prices

Send us your thoughts.

- (1) Yield Protection plans do not use Price Volatility or Harvest Price.
- (2) Area Risk plans of insurance are not included for the 2013 CY.
- (3) Market data and Implied Volatilities are licensed through [Barchart.com](http://Barchart.com).
- (4) RMA calculated values are not final until the discovery period has ended and the price is approved.
- (5) Market Price for Wheat is calculated from a base contract price for HRW Wheat.

<https://prodwebnlb.rma.usda.gov/apps/PriceDiscovery/GetPrices/YourPrice>



Base price setting period: August 15 through September 14  
 Harvest price setting period: June 1 through June 30

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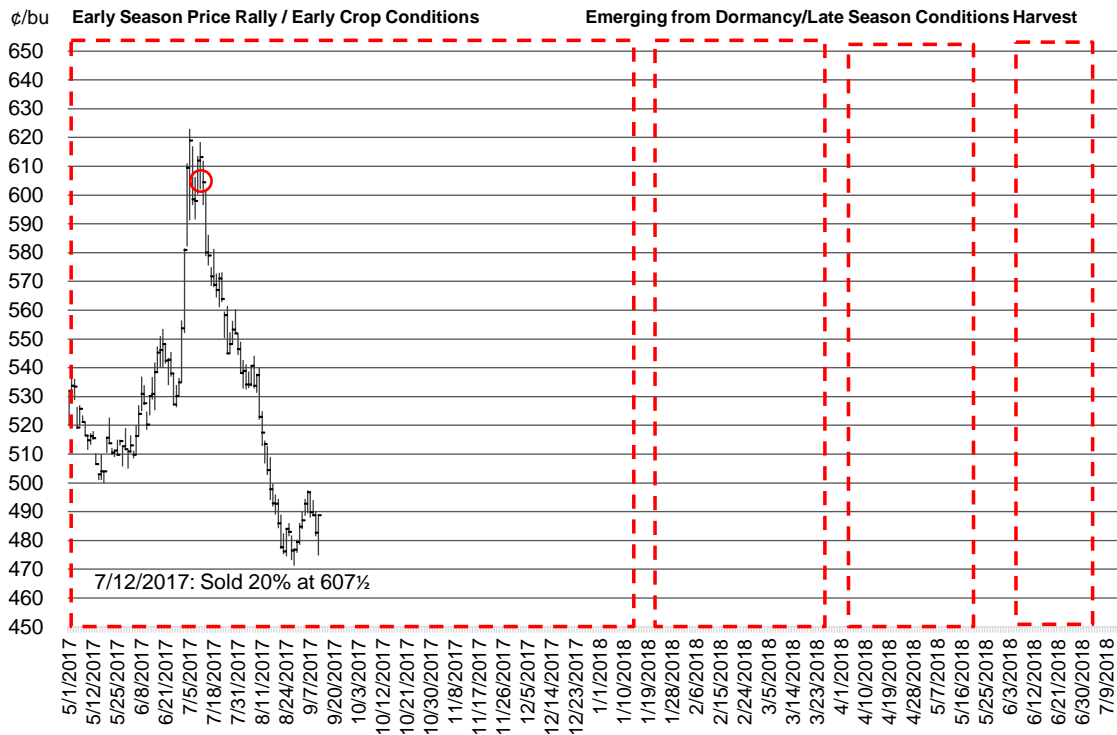
September 12, 2017

Volume 26, Number 58



I am 20% priced on the 2018 crop and expect to add to that total when we get a better handle on acres and yield prospects.

## July 2018 KC Wheat and Marketing Plan



### Upcoming Reports/Events.

Registration now open for TEPAP, brochure available at:

<http://tepap.tamu.edu/>

- |              |                           |
|--------------|---------------------------|
| September 22 | Cattle on Feed            |
| September 29 | Grain Stocks              |
|              | Small Grains Summary      |
| October 12   | Crop Production and WASDE |



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Volume 26, Number 58

### **Mark Welch, Texas A&M AgriLife Extension Economist**

600 John Kimbrough Blvd, Suite 335

College Station, Texas 77843

Tel. (979)845-8011

Fax. (979)845-4906

[JMWelch@tamu.edu](mailto:JMWelch@tamu.edu)

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