

Wheat Outlook

February 2, 2024

Volume 33, Number 6

Today's Newsletter

Market Situation

Crop Progress and Condition 1

Weather 5

Grain Use 7

Cash Wheat Prices 7

Marketing Strategies

Seasonal Index 8

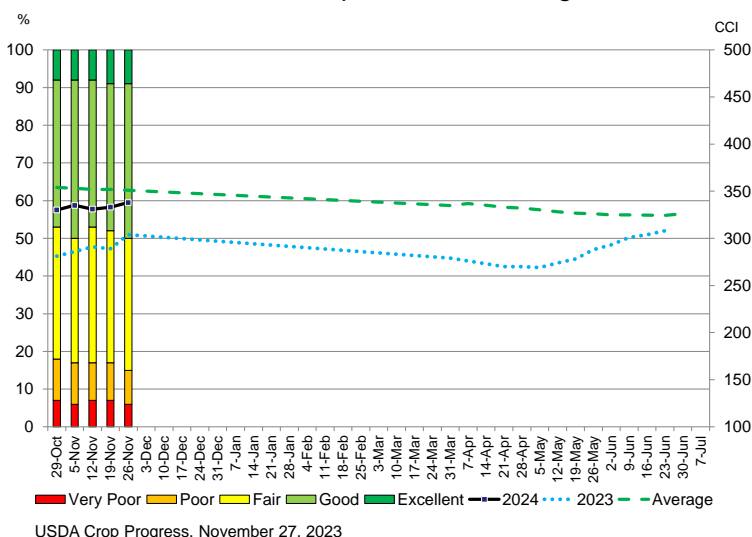
Marketing Plan 8

Upcoming Reports/
Events 9

Market Situation

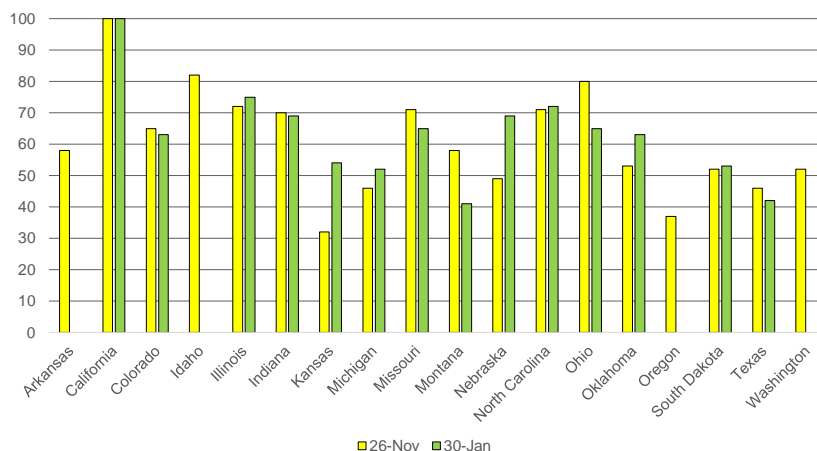
Crop Progress and Condition. USDA issued its last crop condition ratings of 2023 on November 27 and will resume these updates in early April. At that time, the condition of the U.S. winter wheat crop was much improved compared to 2023.

2024 U.S. Winter Wheat Crop Condition Ratings, November 26



The State Stories publication on January 30 provided updated crop condition ratings for winter wheat in select states. Compared to ratings in late November, the average share of wheat rated good and excellent increased from 61% to 63%. Notable is the significant improvement in major winter wheat producing states Kansas and Oklahoma.

2024 Winter Wheat Rated Good and Excellent



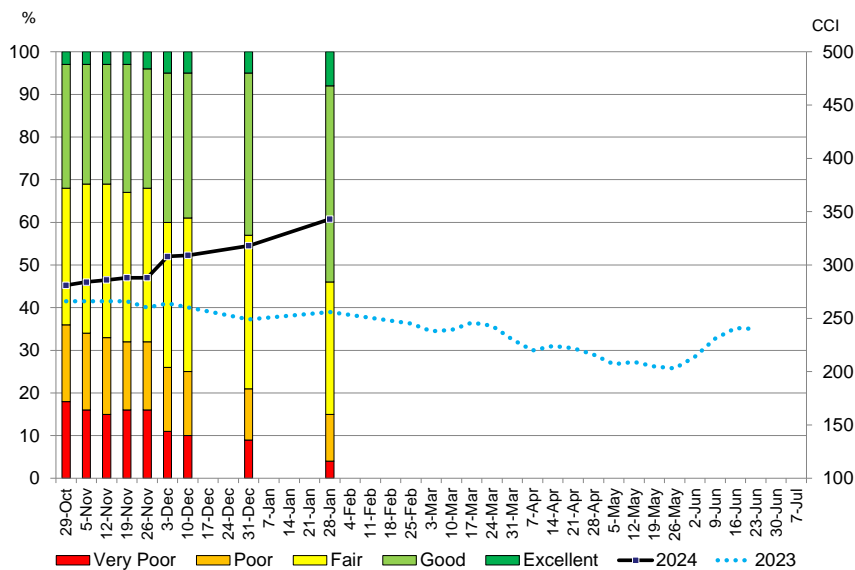
Wheat Outlook

February 2, 2024

Volume 33, Number 6

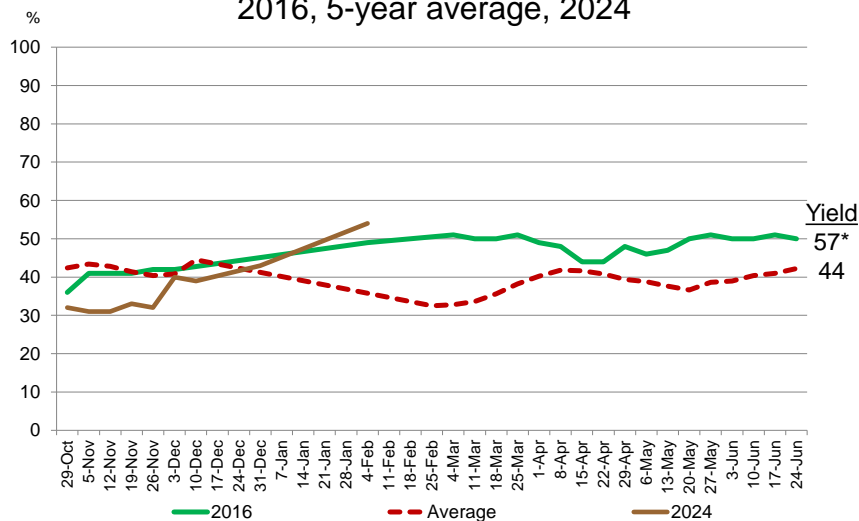
The Kansas winter wheat crop condition index as of January 28 is 343, compared to 256 last year. The share of crop rated good and excellent is 54%. This is higher than the good and excellent ratings at this time in 2016. Kansas set a record wheat yield that year with 57 bushels per acre.

2024 Kansas Winter Wheat Crop Condition Ratings, Jan 28



USDA Crop Progress, January 29, 2024

Kansas Winter Wheat Crop Condition Ratings Percent Good and Excellent 2016, 5-year average, 2024



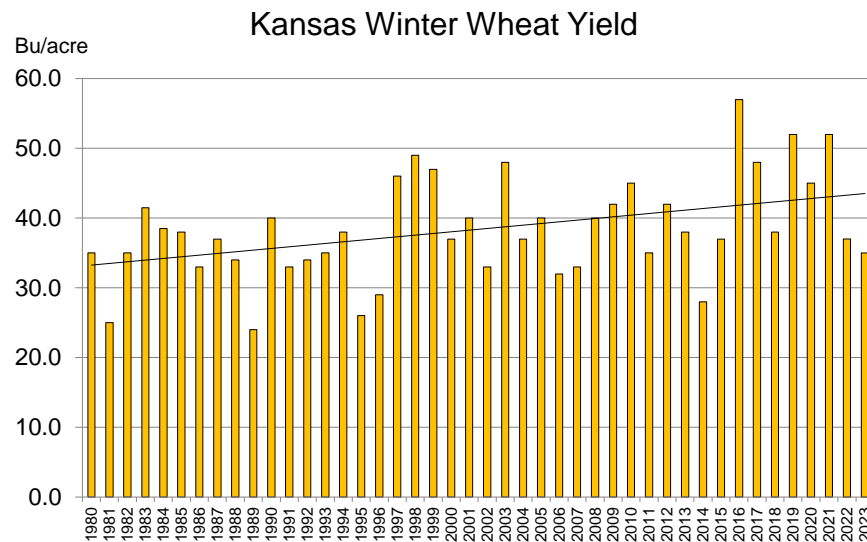
*Record high

USDA Crop Progress, January 29, 2024

Wheat Outlook

February 2, 2024

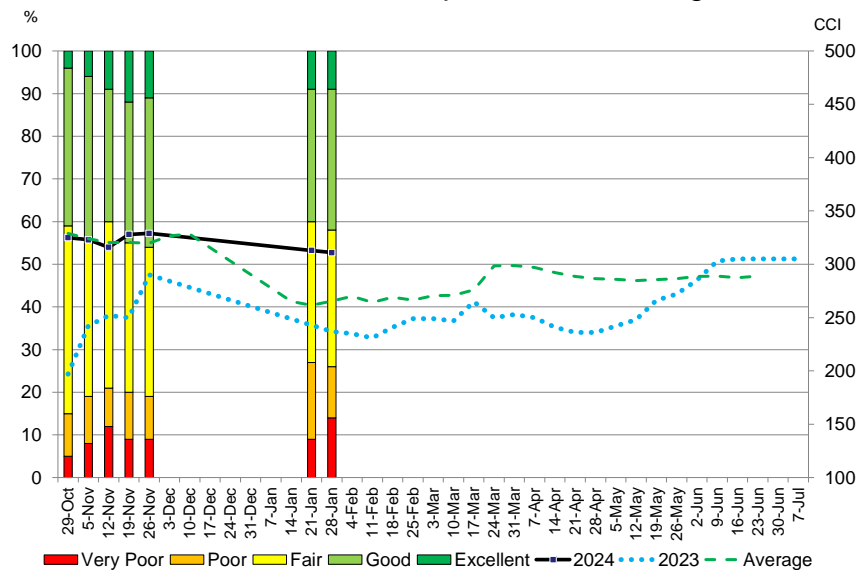
Volume 33, Number 6



USDA, NASS, 9/30/2023

Texas wheat crop condition ratings are down slightly this week but remain well above last year and average. The index on January 28 was 311. Last year it was 237, the average is 265.

2024 Texas Winter Wheat Crop Condition Ratings, Jan 28



USDA Crop Progress, January 29, 2024

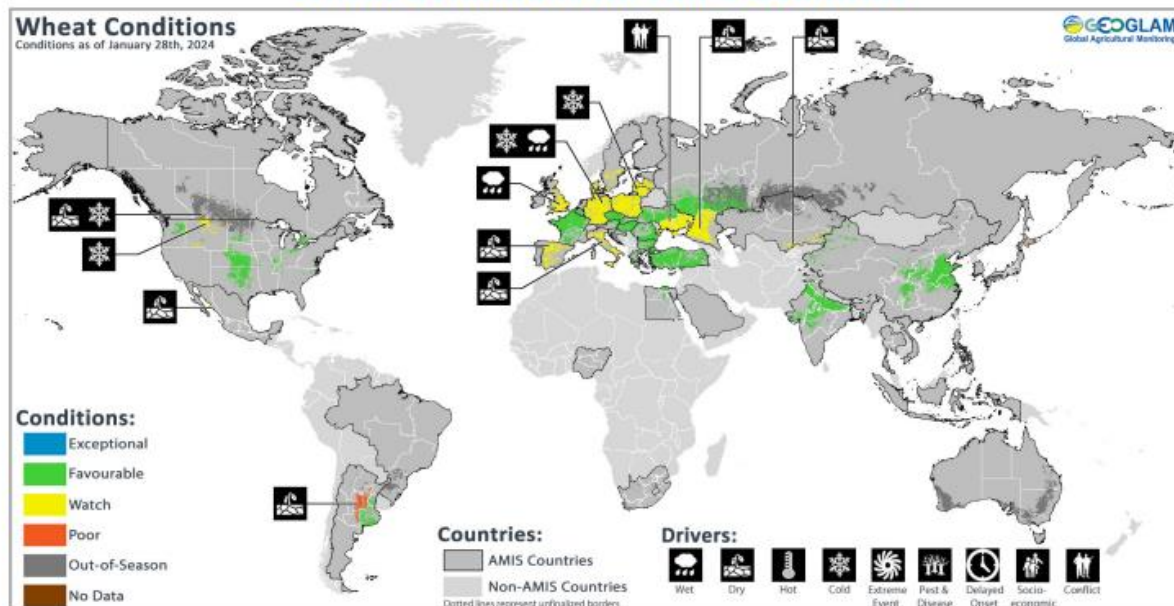
Wheat Outlook

February 2, 2024

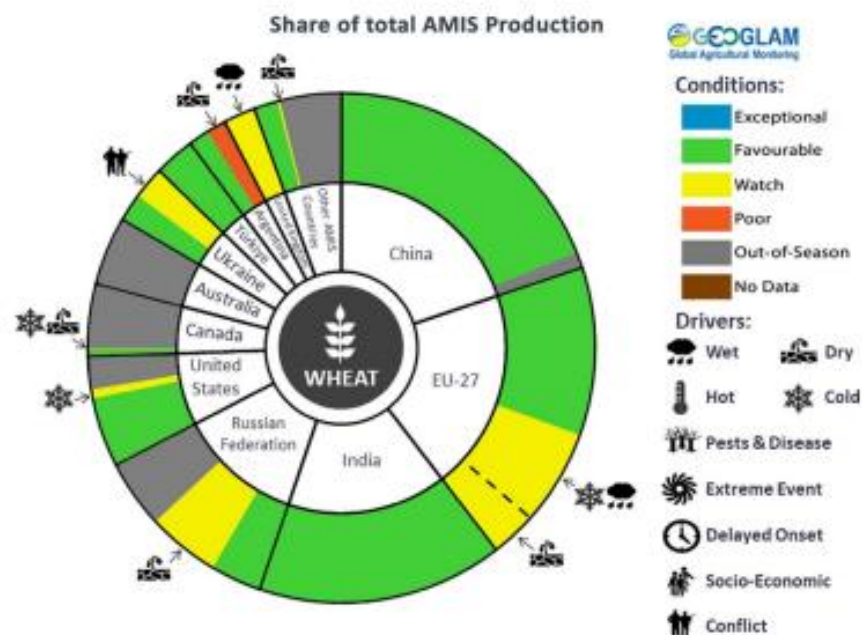
Volume 33, Number 6

The global GEOGLAM Crop Monitor for the end of January shows favorable wheat conditions for China, India, and most of the U.S. A range of weather impacts (cold, excessive moisture, dryness) can be found across Europe. Conditions in Ukraine are reported favorable outside of active conflict zones. Parts of Southern Russia are dry. Early severe drought impacted Argentina's wheat crop. Harvest is wrapping up.

Wheat Conditions for AMIS Countries



Wheat crop conditions over main growing areas are based upon a combination of national and regional crop analyst inputs along with earth observation data. Crop condition information is based upon information as of January 28th. Where crops are in other than favourable conditions the climatic drivers responsible for those conditions are displayed. Crop Season Specific Maps can be found in Appendix 2.



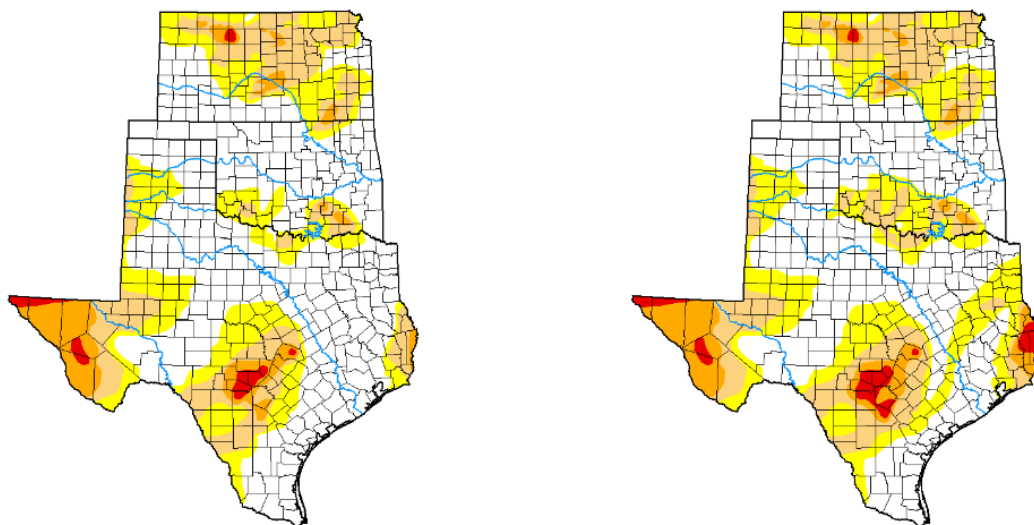
GEOGLAM Crop Monitor, cropmonitor@geoglam.org

Wheat Outlook

February 2, 2024

Volume 33, Number 6

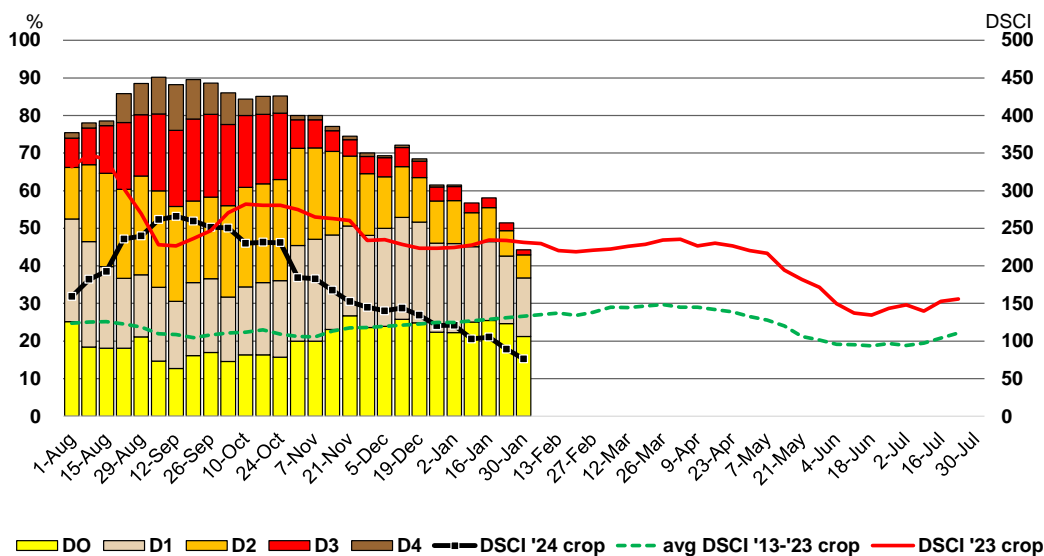
Weather. This week's drought monitor for the Southern Plains Climate Hub shows the area under drought and the drought severity index continuing to fall. Drought coverage fell 7% this week to 44%. The drought index is down 13 points to 76. The index a year ago was 231 and the 10-year average is 133.



Southern Plains Drought Monitor 1/30/2024

Drought Classification

None D0 (Abnormally Dry) D1 (Moderate Drought) D2 (Severe Drought) D3 (Extreme Drought) D4 (Exceptional Drought)



Drought Severity and Coverage Index (DSCI) = (D0*1)+(D1*2)+(D2*3)+(D3*4)+(D4*5);
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions

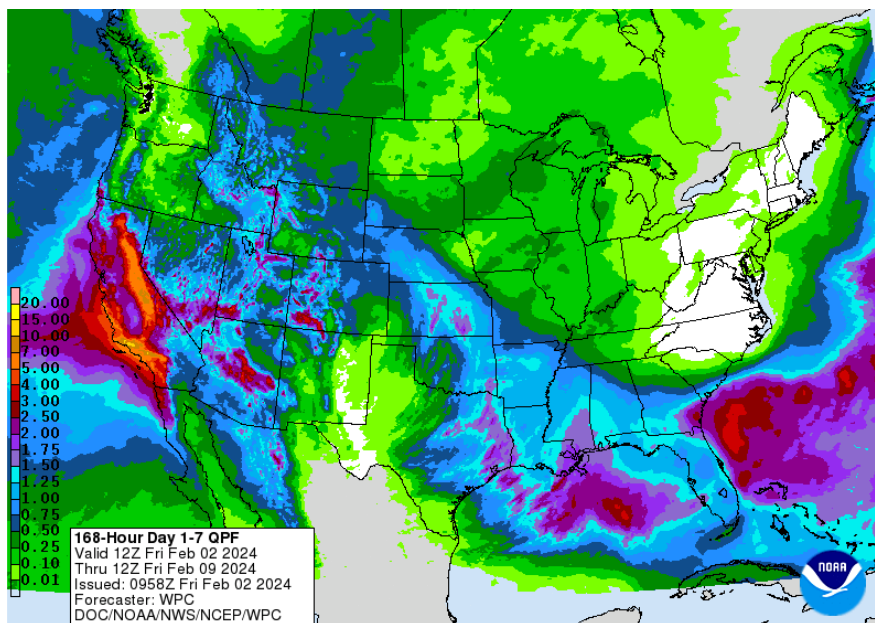
Drought Monitor, 2/1/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

Wheat Outlook

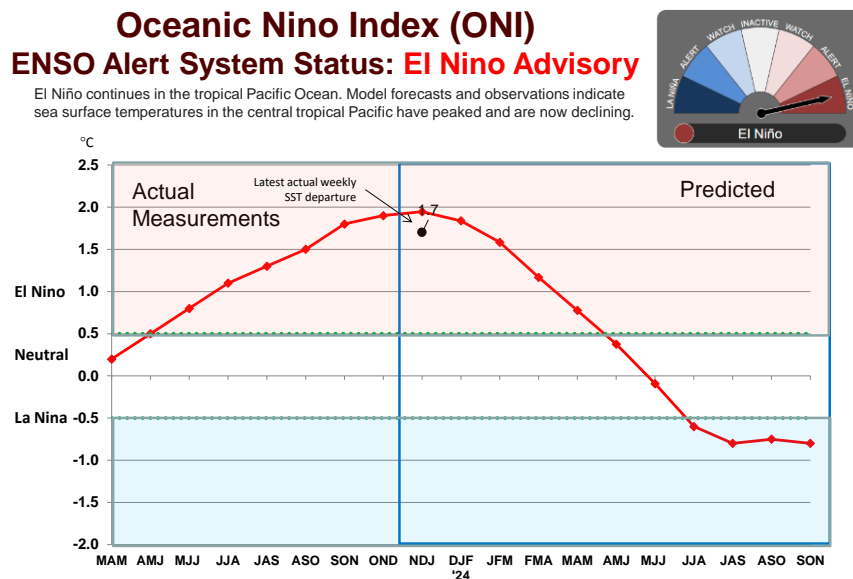
February 2, 2024

Volume 33, Number 6

Moisture prospects cover most of the Southern Plains the next 7 days (2/2-2/9/2024) with heaviest amounts from the Nebraska panhandle down across Kansas, Oklahoma, and the eastern half of Texas.



El Niño continues with this week's eastern Pacific, sea surface temperature departure from normal of $+1.7^{\circ}\text{C}$. It is likely that we have reached the peak of the current cycle. The forecast is for a transition to neutral conditions by the end of May with a return to La Niña by late summer.



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, January 29, 2024
http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/
Australian Bureau of Meteorology, <http://www.bom.gov.au/climate/enso/>

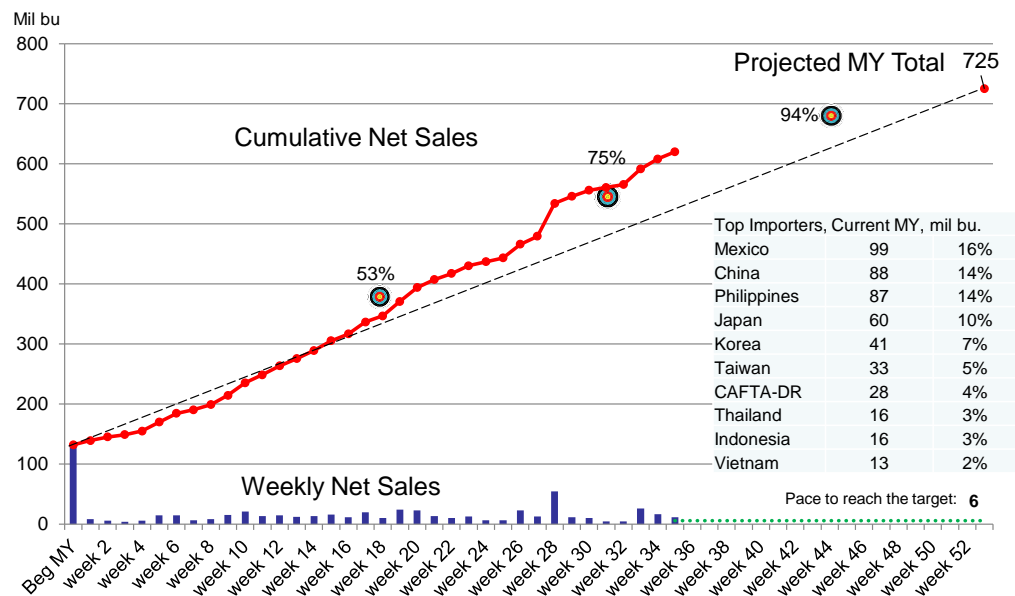
Wheat Outlook

February 2, 2024

Volume 33, Number 6

Grain Use. All wheat export sales are on track to reach USDA's marketing year target of 725 million bushels. As of January 25, sales stand at 620 million bushels, 85% of the projected total. Sales for the week were 12 million bushels, with the Philippines the top buyer at 3.6 million bushels. The weekly sales pace needed to reach 725 million bushels is 6 million.

2023/24 U.S. All Wheat Export Sales Commitments



Export Sales Commitments reported for 1/25/2024: 12 million bushels (Philippines: 3.6 mil bu)
 Total Export Sales Commitments this marketing year: 620 million bushels
 85% of the 2023/24 MY Export Sales Target of 725 million bushels (January WASDE)
 On average, about 94% of the marketing year total sales are accounted for by the end of March

USDA, Foreign Agricultural Service: 2/1/2024

Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis
January 4	6.26	5.41	-0.85		
January 11	6.16	5.34	-0.82		
January 18	6.05	5.23	-0.82		
January 25	6.37	5.55	-0.83		
February 1	6.21	5.35	-0.86	6.46	0.25
10-year avg			-0.55		0.78

USDA, AMS, Market News: TX cash = average (North, Central, and South Panhandle); Houston Port, DTN

Wheat Outlook

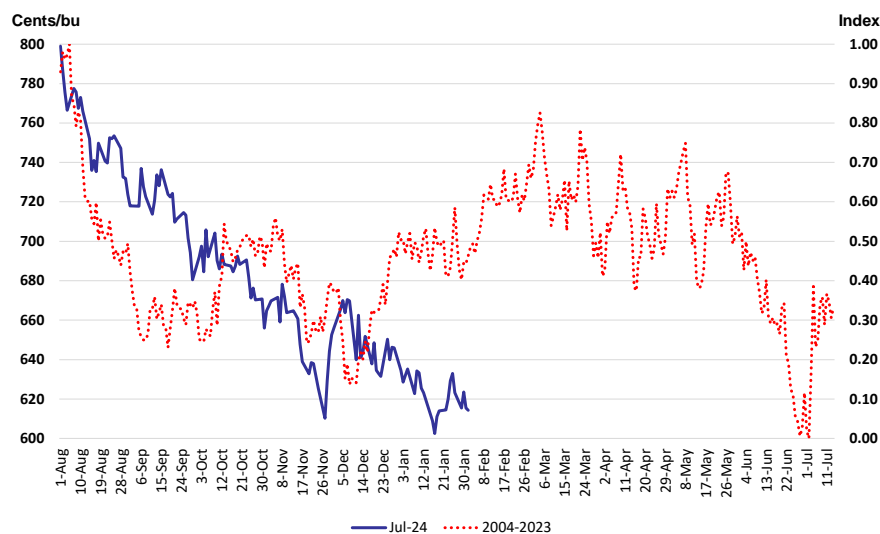
February 2, 2024

Volume 33, Number 6

Marketing Strategies

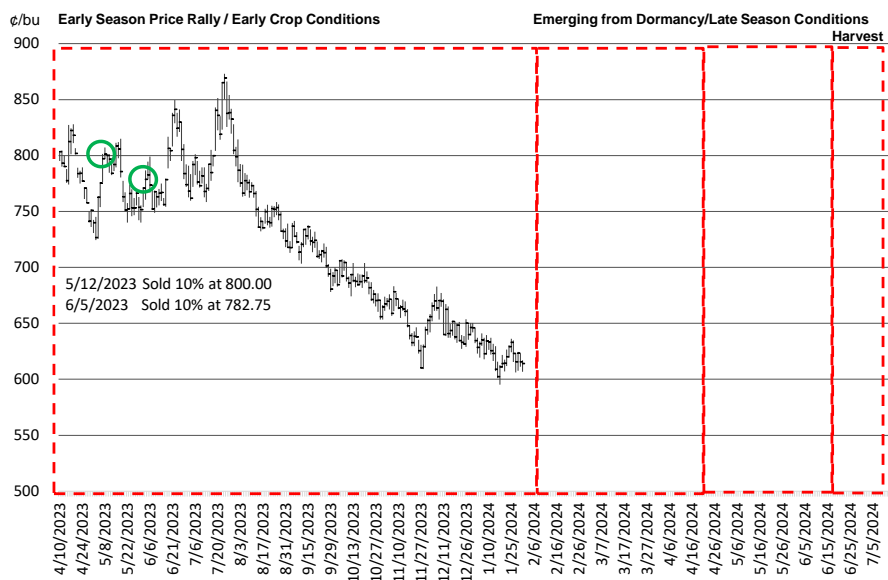
Seasonal Index. The seasonal price pattern of the July Kansas City wheat contract shows the best pricing opportunities in late-summer, just before planting. Later, in-season price strength is often associated with the crop condition in February/March as the crop breaks dormancy and April/May with late-season weather risk.

July 2024 KC Wheat Futures and
July KC Wheat Seasonal Index 2004-2023



Wheat Marketing Plan. I have priced the first 20% of the 2024 wheat crop.

July 2024 KC Wheat and Marketing Plan



Wheat Outlook

February 2, 2024

Volume 33, Number 6



Upcoming Reports/Events

February 6	Short-term Energy Outlook
February 8	Crop Production WASDE
February 13	Consumer Price Index
February 15-16	USDA Agricultural Outlook Forum
March 19-20	Federal Open Market Committee, Federal Reserve

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